

# Financial Stability Monitoring

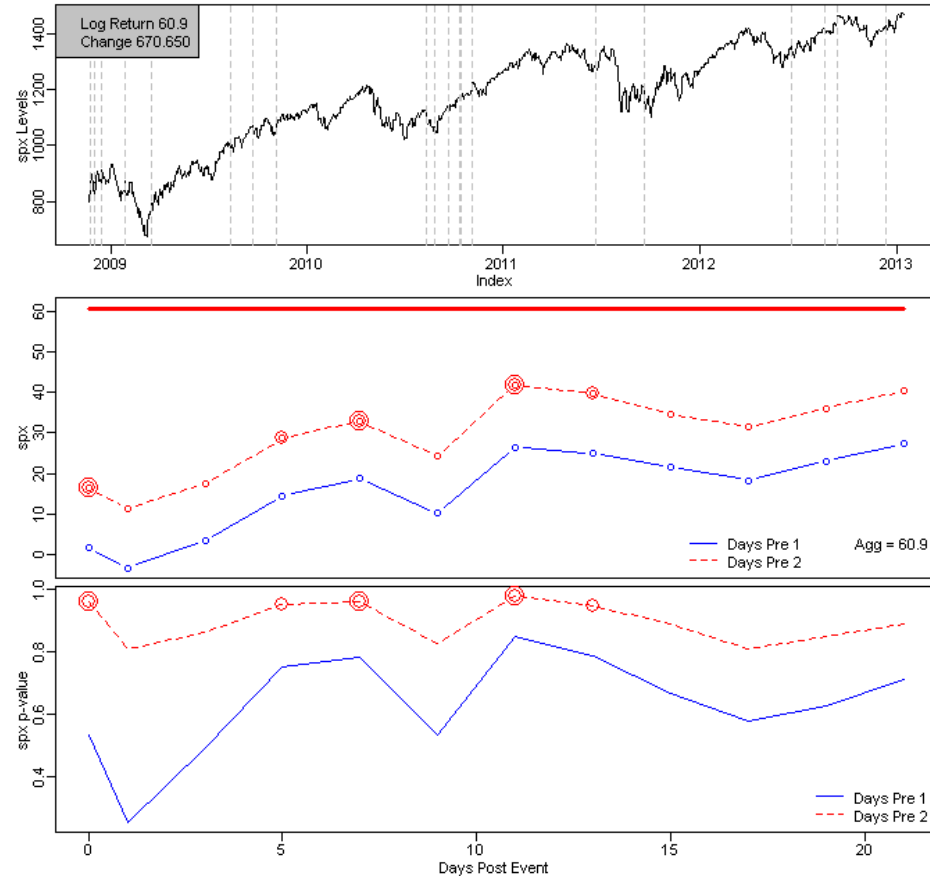
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Cleveland Fed/OFR  
Financial Stability Analysis  
*May 2013*

# Disclaimer

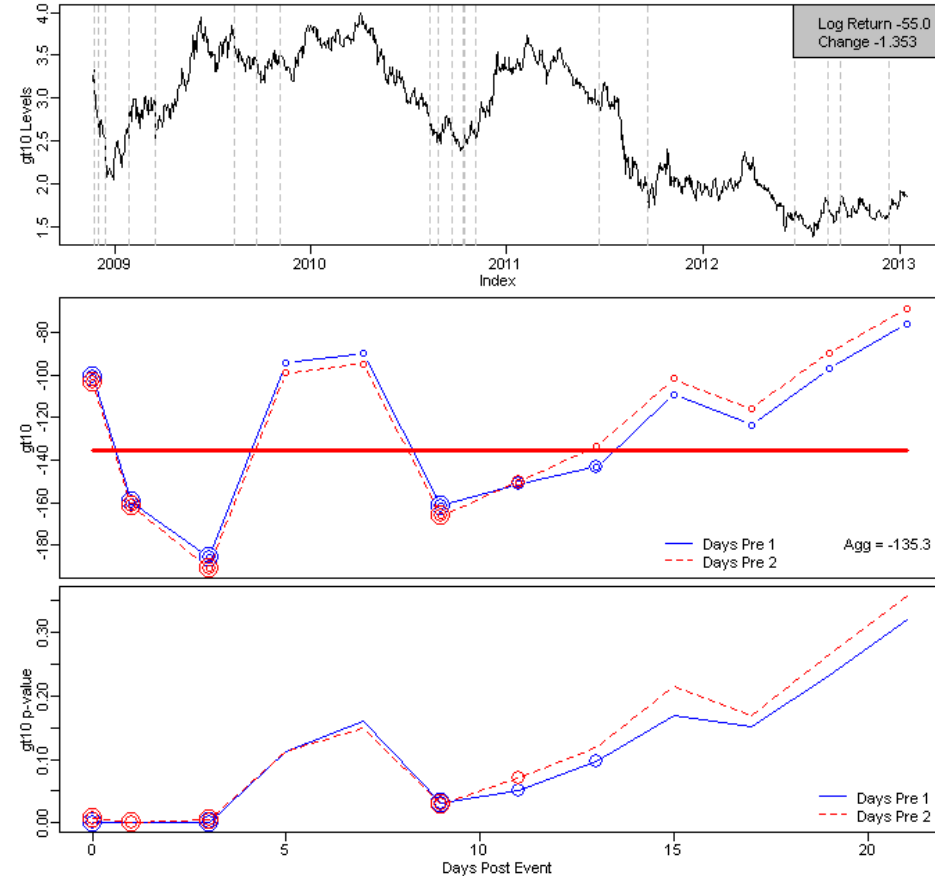
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# Price Responses to Fed QE

FedQE Event Study **spx**



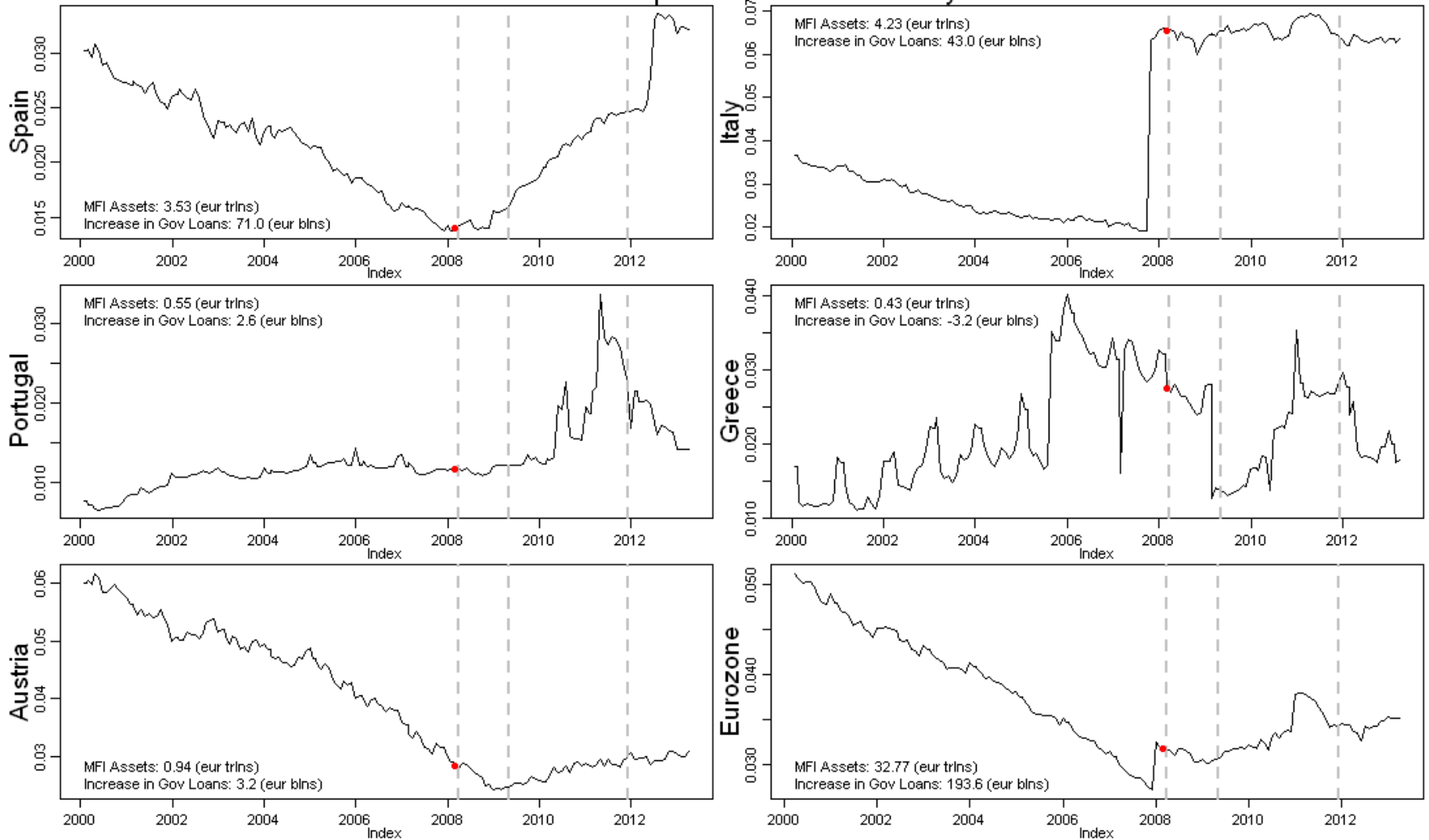
FedQE Event Study **gt10**



Source: QE dates from Fawley and Neely (2013), Bloomberg

# European MFI Loans to Governments

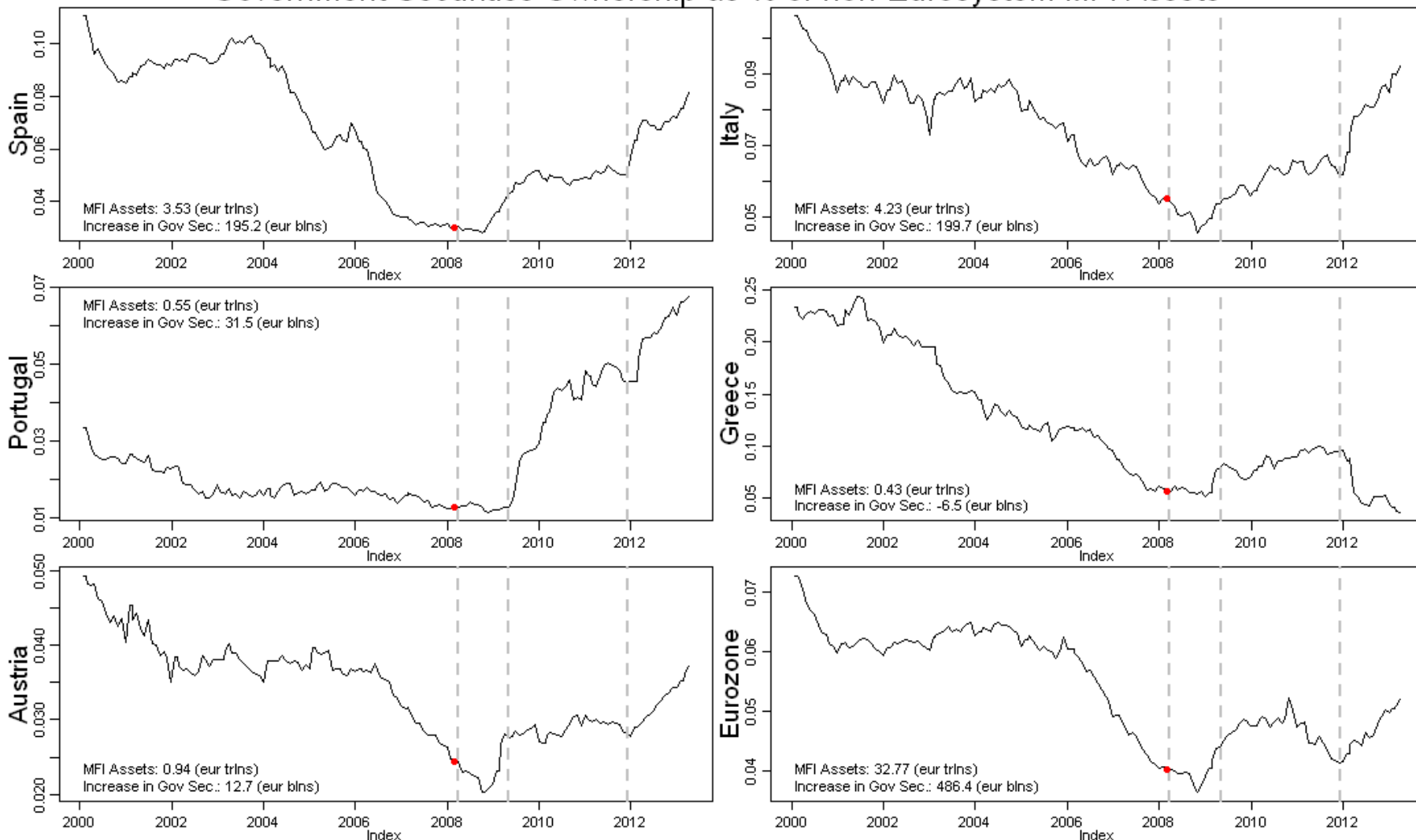
Government Loans Ownership as % of non-Eurosystem MFI Assets



Source: Eurostat

# European MFI Ownership of Sovereign Debt

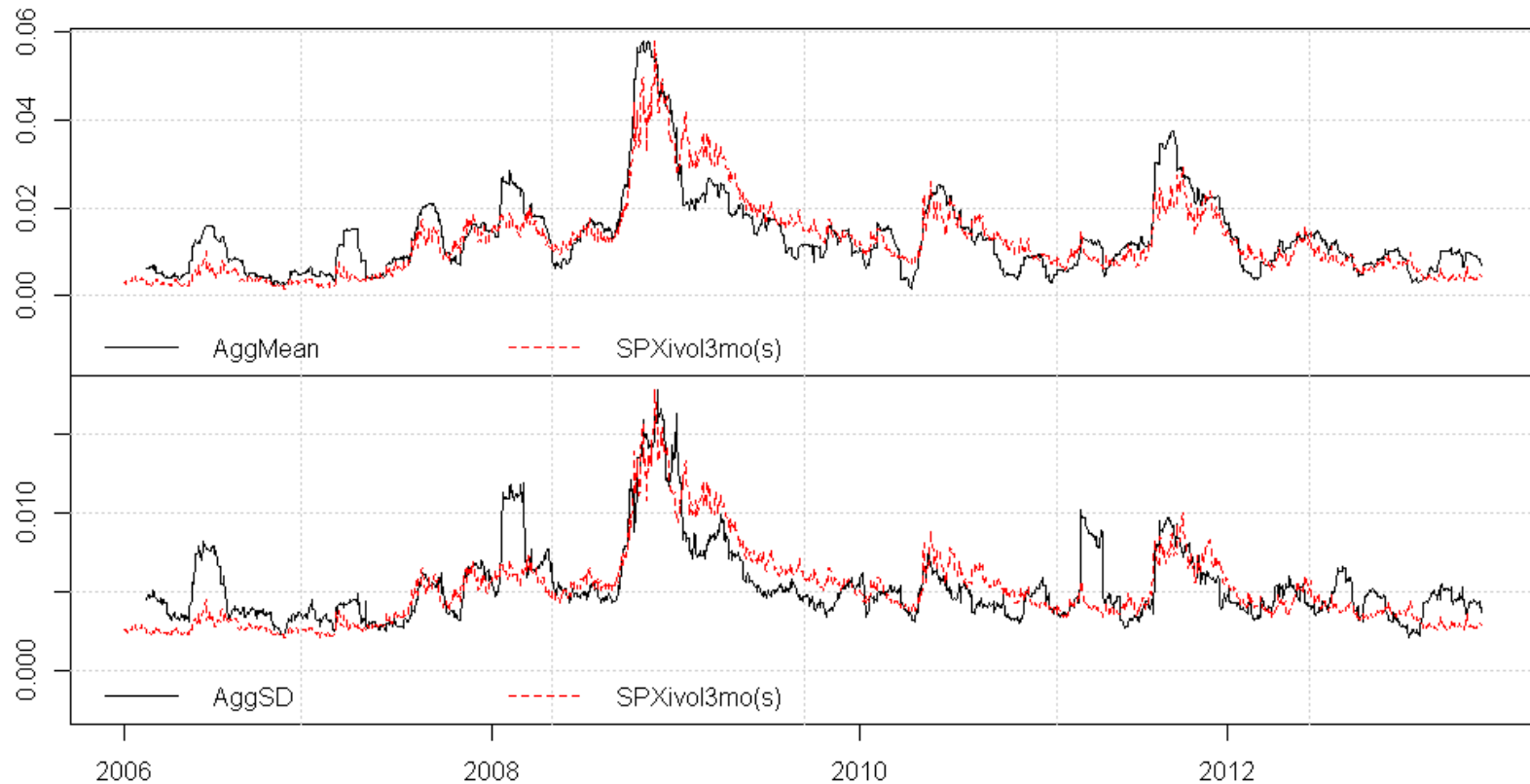
Government Securities Ownership as % of non-Eurosystem MFI Assets



Source: Eurostat

# Stock: Index $\sim$ Single Name Tail

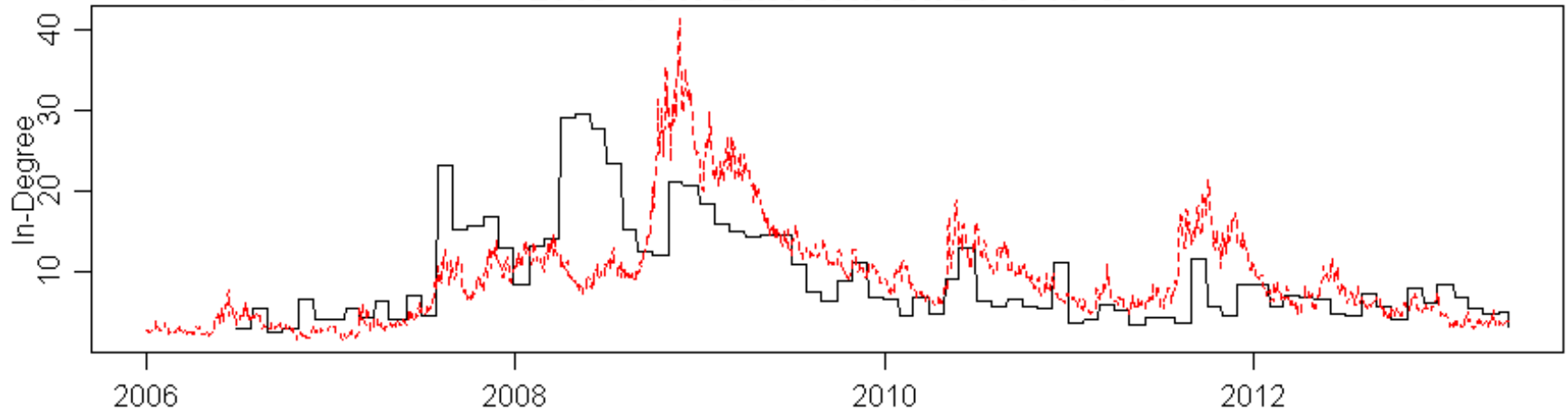
Aggregate 2013-05-20 Index TDEP level = 0.15 window = 45 days for = Stocks



# CoRisk Network Measures

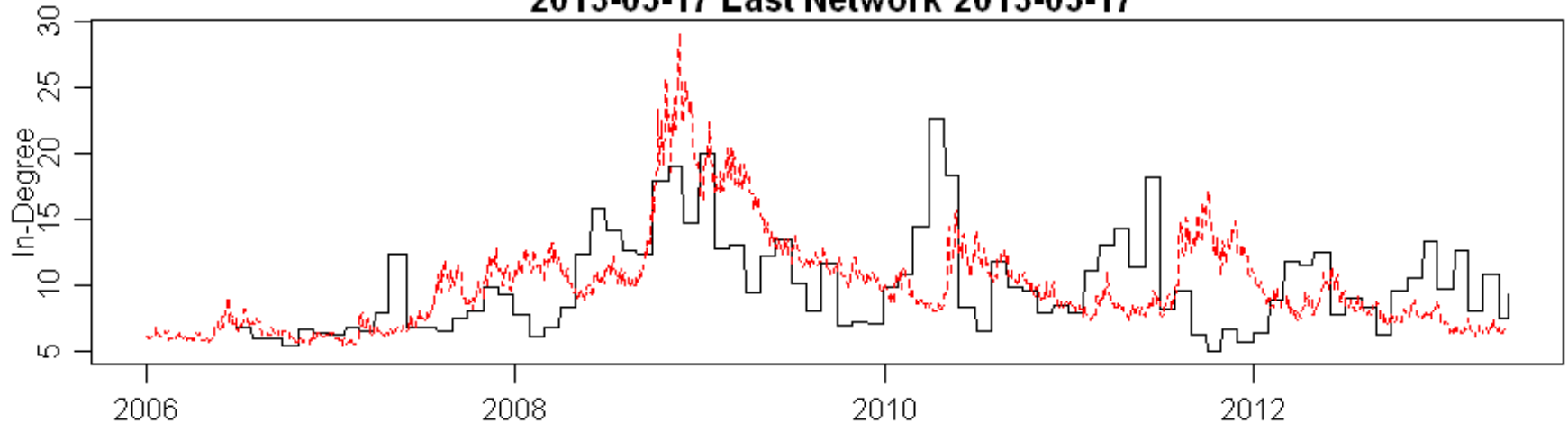
**dT = 0 for CDS Win = 180 Level = 0.05 Thresh = 0.15 #Secs = 64**

**2013-05-17 Last Network 2013-05-17**



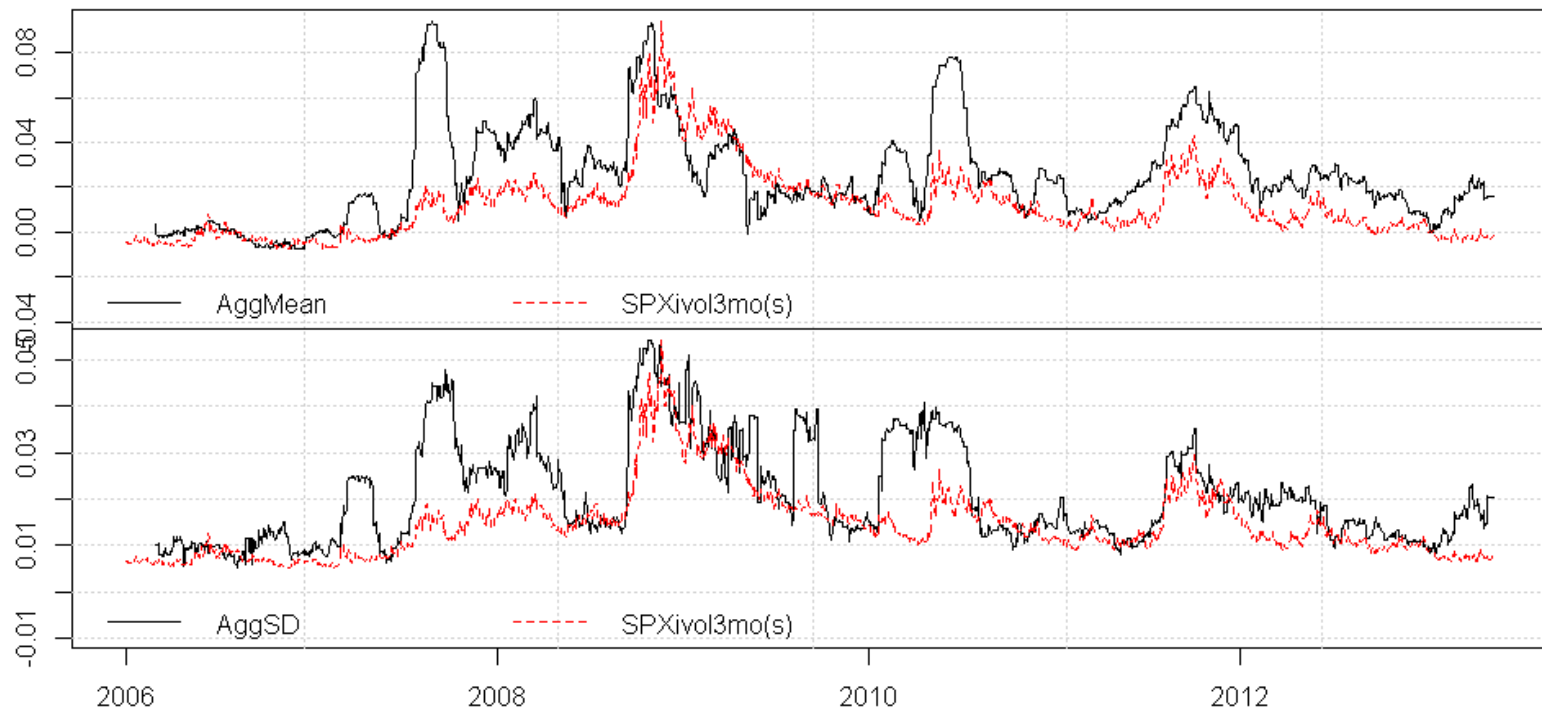
**dT = 42 for Stock Win = 120 Level = 0.1 Thresh = 0.75 #Secs = 123**

**2013-05-17 Last Network 2013-05-17**



# CDS: Single Name ~ Index Tail

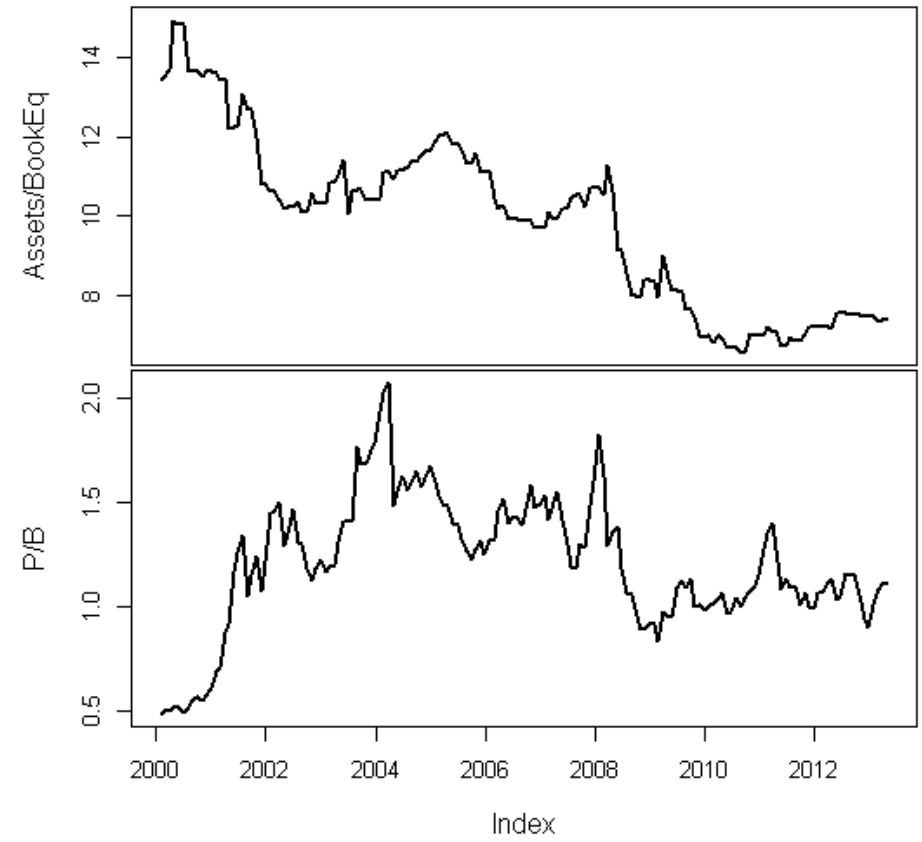
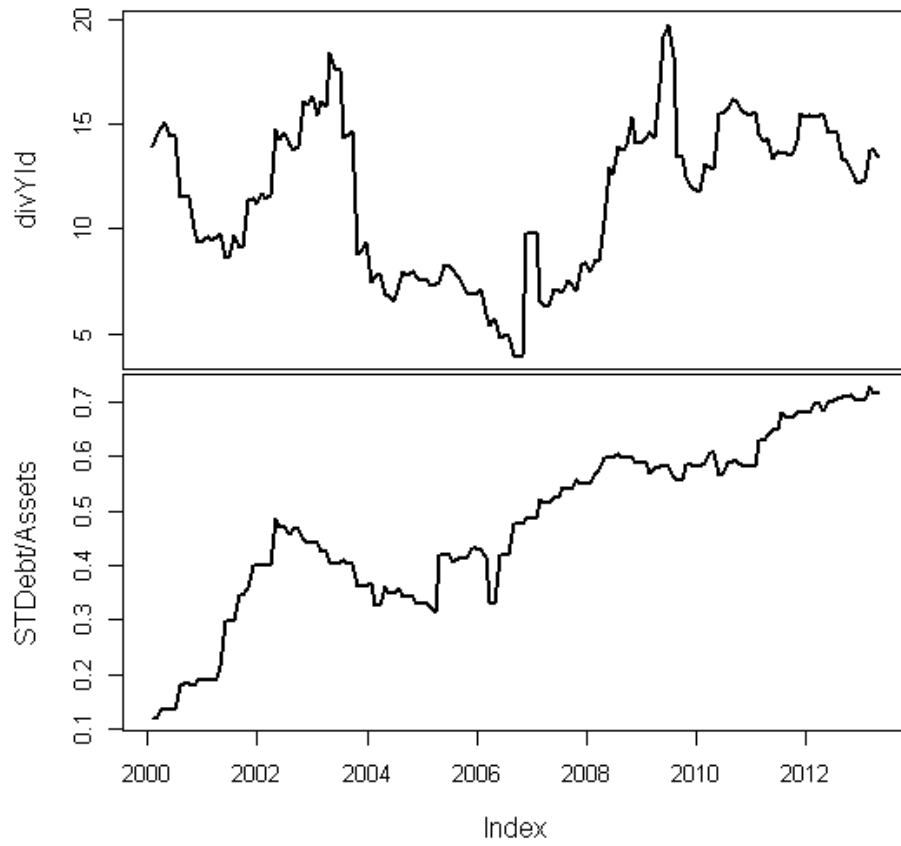
Aggregate 2013-05-14 SingleName TDEP level = 0.2 window = 60 days for = CDS



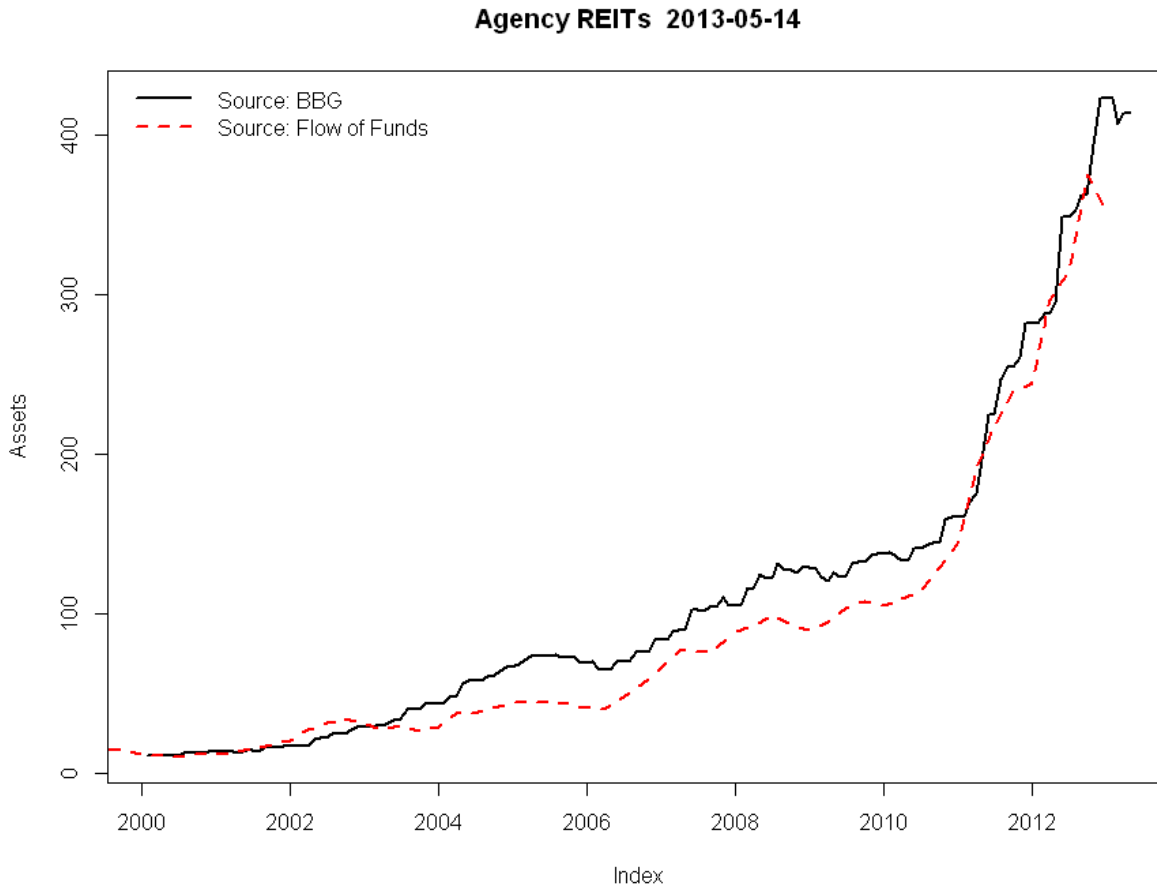


# Agency REITs

Agency REITs 2013-05-14



# Assets Under Management



- Low yields are causing leverage to build up in the system
- Even though each REIT is relatively small (largest mkt cap is 14bln), the commonality of strategy across the sector poses a risk
- The larger concern is that this is just one of many emerging pockets of levered risk