Financial Stability Monitoring

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Financial Stability Analysis
May 2013
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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-Eurosysteem MFI Assets

Source: Eurostat
European MFI Ownership of Sovereign Debt

Government Securities Ownership as % of non-Eurosysten MFI Assets

Source: Eurostat
Stock: Index ~ 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
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