

Accepted Manuscript

Title: Financial Stress and Equilibrium Dynamics in Term Interbank Funding Markets

Author: Emre Yoldas Zeynep Senyuz

PII: S1572-3089(17)30226-7
DOI: <https://doi.org/doi:10.1016/j.jfs.2018.01.002>
Reference: JFS 598

To appear in: *Journal of Financial Stability*

Received date: 31-3-2017
Revised date: 21-12-2017
Accepted date: 5-1-2018

Please cite this article as: Emre Yoldas, Zeynep Senyuz, Financial Stress and Equilibrium Dynamics in Term Interbank Funding Markets, *Journal of Financial Stability* (2018), <https://doi.org/10.1016/j.jfs.2018.01.002>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Financial Stress and Equilibrium Dynamics in Term Interbank Funding Markets*

Emre Yoldas[†]

Zeynep Senyuz[‡]

December 2017

Abstract

Interbank funding markets are central to the functioning of the financial system and the transmission of monetary policy. Libor-OIS spreads have been widely-used indicators of conditions in these markets. We construct models that incorporate the long-run equilibrium relationship between term Libor and OIS rates and their regime-dependent dynamics. We find strong evidence for three regimes in the interbank funding market that resemble different pricing of risk and equilibrium outcomes. We provide point and interval estimates for stress thresholds that may serve as benchmarks for policy makers and market participants in assessing funding conditions. We provide evidence of asymmetric adjustment of rates toward long-run equilibrium, and shed light on the role of different policy measures in the adjustment process.

Keywords: Interbank markets, Libor-OIS spread, credit risk, liquidity risk, cointegration, threshold models, GARCH, DCC

JEL Classification: C32, E44, E52, G01, G21

*We would like to thank two anonymous referees, Beth Klee, Karin Loch, participants of the 2017 North American Summer Meeting of the Econometric Society, 2017 European Meeting of the Econometric Society, 2016 NBER Summer Institute Forecasting and Empirical Methods Workshop, IFABS 2016 Barcelona Conference, XXIV International Rome Conference on Money, Banking and Finance, 2015 International Workshop on Financial Markets and Nonlinear Dynamics, 2014 Annual Symposium of the Society for Nonlinear Dynamics and Econometrics, and seminars at the American University, Federal Reserve Board, and UC Riverside for useful comments. Special thanks to Bernd Schlusche and Selva Demiralp for their contributions to an earlier version of this paper. Andrew Watrous provided research assistance. The views expressed in this paper are solely the responsibility of the authors and should not be interpreted as reflecting the views of the Board of Governors of the Federal Reserve System or of anyone else associated with the Federal Reserve System.

[†]Federal Reserve Board, Division of International Finance. E-mail: emre.yoldas@frb.gov

[‡]Federal Reserve Board, Division of Monetary Affairs. E-mail: zeynep.senyuz@frb.gov

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات