

# ResearchUPDATE

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Research and Statistics Group [www.newyorkfed.org/research](http://www.newyorkfed.org/research)

## Economist-Bloggers Offer Perspectives on Recent Consumer Spending Trends

In practically every news report on the economy, we hear about the rise—or fall—of consumer spending. Accounting for about 70 percent of U.S. economic activity, consumer spending is widely hailed as the main engine of economic growth. When Americans buy more goods and services, businesses generate higher sales and profits and can afford to hire workers. Less consumer spending generally results in slower economic growth.

To inform the public and policymakers, the *Liberty Street Economics* blog recently examined two topics related to consumer spending: how consumers have reacted to the expiration of the payroll tax cut of 2011-12 and how they are coping with unprecedented levels of student loan debt.

In **My Two (Per)cents: How Are American Workers Dealing with the Payroll Tax Hike?** Basit Zafar, Max Livingston, and Wilbert van der Klaauw explore the implications of the payroll tax cut—and its subsequent expiration—for U.S. workers.



Basit Zafar

The tax cut, which was in place during all of 2011 and 2012, reduced Social Security and Medicare taxes withheld from workers' paychecks by 2 percent. This tax cut affected nearly 155 million workers in the United States, and put an additional \$1,000 a year in the pocket of an average household earning \$50,000. As part of the "fiscal cliff" negotiations, Congress allowed the 2011-12



Wilbert van der Klaauw

payroll tax cut to expire at the end of 2012, and the higher income that workers had grown accustomed to was gone.

The authors find that the tax cut led to a substantial increase in consumer spending and facilitated the pay-down of debt. In addition, they point to a recent consumer survey that suggests that the expiration of the payroll tax cut is likely to lead to a substantial reduction in spending and contribute to a slowdown, or possibly a reversal, in the debt pay-down. However, given other concurrent changes in the macroeconomy, such as the increase in housing wealth of U.S. consumers over the last year, it may be difficult to detect the response to the tax hike in aggregate statistics.

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Meta Brown

Another obstacle to economic growth may be consumers' unprecedented levels of student debt. Student loans are considered by economists to be "good debt," since study after study has shown that college graduates earn more over a lifetime. But an increasing number

of borrowers are struggling to pay them off. There are now more consumers with student debt—at higher levels than ever before—and delinquencies have been growing.

In **Young Student Loan Borrowers Retreat from Housing and Auto Markets**, Meta Brown and Sydnee Caldwell examine trends in homeownership, auto debt, and total borrowing, and find that high levels of student debt may be dampening young workers' post-schooling economic activity.

The bloggers observe that for the first time in at least ten years, thirty-year-olds with no student loans are more likely to have home-secured debt (mortgages) than those with student loans, and that the same pattern holds for auto market participation for twenty-five-year-olds. By the end of 2012, student

loan borrowers were actually less likely to hold mortgage and auto debt than their peers with no student debt.

Brown and Caldwell put forth two reasons why consumers with student loans are withdrawing from the housing and auto debt markets: First, a weakening in the labor markets since 2007 has likely lowered graduates' expectations of their future income. Declining participation in the housing and auto debt markets may be a result of graduates decreasing their consumption, and thus debt, levels in response to these lower expectations.

A second reason could be more limited access to credit. In response to the recent recession and credit crunch, lenders have tightened underwriting standards in all major consumer debt markets. Consumers with substantial student debt therefore may not be able to meet the stricter debt-to-income ratio standards that are now being applied by lenders. In addition, repayment delinquency has become more prevalent among student borrowers.

Both of these factors—lower expectations of future earnings and more limited access to credit—may have broad implications for the ongoing recovery of the housing and auto markets, and of U.S. consumer spending more generally. ■

## Research Group Publications and Other Media

- *The Economic Policy Review*—a policy-oriented journal focusing on economic and financial market issues.
- *EPR Executive Summaries*—selected *Economic Policy Review* articles, in abridged form.
- *Current Issues in Economics and Finance*—concise studies of topical economic and financial issues.
- *Second District Highlights*—a regional supplement to *Current Issues*.
- *Staff Reports*—technical papers intended for publication in leading economic and finance journals.
- *Publications and Other Research*—an annual catalogue of our research output.
- *Liberty Street Economics*—a blog that enables our economists to engage with the public on important economic issues quickly and frequently.

# How Did Consumers Respond to the Great Recession? By Shedding More Than \$1 Trillion in Debt

Since the onset of the financial crisis, households have reduced their outstanding debt by about \$1.3 trillion. [Editor's note: As of first-quarter 2013, this figure is \$1.45 trillion.]

While part of this reduction stemmed from a



Andrew Haughwout

historic increase in consumer defaults and lender charge-offs, particularly on mortgage debt, other factors were also at play.

In **The Financial Crisis at the Kitchen Table: Trends in Household Debt and Credit**

(*Current Issues in Economics and Finance*, vol. 19, no. 2), Meta

Brown, Andrew Haughwout, Donghoon Lee, and Wilbert van der Klaauw use a rich new data set on individual credit accounts to investigate the consumer behavior underlying these trends.

This data set—the Federal Reserve Bank of New York Consumer Credit Panel—is an ongoing panel of quarterly data on individual and household debt. It is created from a large sample of U.S. consumer credit reports provided to the New York Fed by Equifax, one of three national credit reporting agencies.



Donghoon Lee

These choices, along with banks' stricter lending standards, helped drive this deleveraging process.

The authors note that, in light of recent modest improvements in credit availability, an important question is how much further consumers' voluntary actions will lower aggregate debt before spending resumes. While the pay-down of debt has helped improve household balance sheets, it has also likely contributed to slow consumption growth since the beginning of the recession. Therefore, "the trajectory for consumer indebtedness has important implications for consumption and economic growth going forward." ■

The authors' analysis of the Consumer Credit Panel reveals that households actively reduced their obligations since 2008 by paying down their

current debts and reducing new borrowing.

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## Out of the “Shadows”: A Look at a Critical Banking System

The nature of financial intermediation has changed in step with the rapid growth of the market-based financial system. “Shadow banks” now serve a critical role, yet they are still a mystery to some. A forthcoming study in the *Economic Policy Review* helps to demystify the banks by describing the institutional features of the shadow banking system.

Authors Zoltan Pozsar, Tobias Adrian, Adam Ashcraft, and Hayley Boesky also consider the system’s economic role and its relation to the traditional banking system as well as offer observations on the future of shadow banks in light of recent reform efforts. They argue that an understanding of the “plumbing” of the shadow banking system is an important underpinning for any study of financial system interlinkages.

Shadow banks are financial intermediaries that conduct maturity, credit, and liquidity transformation without explicit access to central bank liquidity or public sector credit guarantees. They intermediate credit through various securitization and secured funding techniques, including asset-backed commercial paper and securities, collateralized debt obligations, and repos. The banks contributed to asset price appreciation and credit expansion prior to the recent financial crisis. During the crisis, however, the shadow banking system’s vulnerabilities and fragility were exposed, compelling the Federal Reserve and other government agencies to provide emergency support.



Tobias Adrian

Using the Fed’s “Flow of Funds” data, Pozsar and his coauthors calculate that shadow bank liabilities grew to nearly \$22 trillion in June 2007, compared with about \$14 trillion in traditional banking liabilities. Yet the size of the shadow banking system has contracted substantially since then, while traditional banking liabilities have continued to grow.

As such, the authors contend that despite efforts to address the excesses of credit bubbles, the shadow banking system will likely continue to play a significant role in the financial system for the foreseeable future. Furthermore, higher capital and liquidity standards for traditional banking entities are “likely to increase the returns to shadow banking activity,” partially because reform efforts have done “little to address the tendency of large institutional cash pools to form outside the banking system.”

The study, *Shadow Banking*, updates a 2010 paper published in the *Staff Reports* series; it includes a series of online appendixes that depict graphically the processes of the shadow banking system and its many components. ■

An understanding of the “plumbing” of the shadow banking system is an important underpinning for any study of financial system interlinkages.

## Top Blog Posts of Q2

Our *Liberty Street Economics* blog publishes on economic topics twice a week—more frequently when there is a post on a newly released report or on a pressing topic.

Listed below are the top five posts in the second quarter.

- **Are Stocks Cheap? A Review of the Evidence**

Fernando Duarte and Carlo Rosa  
May 8 – 38,985 downloads

- **Young Student Loan Borrowers Retreat from Housing and Auto Markets**

Meta Brown and Sydnee Caldwell  
April 17 – 9,627 downloads

- **Crisis Chronicles: 300 Years of Financial Crises (1620-1920)**

James Narron and David Skeie  
June 24 – 5,226 downloads

- **Grading Student Loans**

Meta Brown, Andrew Haughwout, Donghoon Lee, Maricar Mabutas, and Wilbert van der Klaauw  
March 5 – 4,337 downloads

- **Do Big Cities Help College Graduates Find Better Jobs?**

Jaison Abel and Richard Deitz  
May 20 – 4,203 downloads ■

## Most Downloaded Publications

Listed below are the most sought-after Research Group articles and papers from the New York Fed's website and from the Bank's [page](#) on the Social Science Research Network site.

### New York Fed website, second-quarter 2013:

- **Cash Dollars Abroad**

Rebecca Hellerstein and William Ryan  
*Staff Reports*, no. 400,  
October 2009 – 16,353 downloads

- **Why Are Banks Holding So Many Excess Reserves?**

Todd Keister and James McAndrews  
*Staff Reports*, no. 380,  
July 2009 – 4,197 downloads

- **The Financial Crisis at the Kitchen Table: Trends in Household Debt and Credit**

Meta Brown, Andrew Haughwout, Donghoon Lee, and Wilbert van der Klaauw  
*Current Issues in Economics and Finance*, vol. 19, no. 2, 2013 – 3,365 downloads

### SSRN website, second-quarter 2013:

- **The Corporate Governance of Banks**

Jonathan R. Macey and Maureen O'Hara  
*Economic Policy Review*, vol. 9, no. 1,  
April 2003 – 257 downloads

- **Transparency, Financial Accounting Information, and Corporate Governance**

Robert M. Bushman and Abbie J. Smith  
*Economic Policy Review*, vol. 9, no. 1,  
April 2003 – 253 downloads

- **Determinants and Impact of Sovereign Credit Ratings**

Richard Cantor and Frank Packer  
*Economic Policy Review*, vol. 2, no. 2,  
October 1996 – 229 downloads

For lists of the top-ten downloads, visit our [website](#). ■

## Recently Published

Mary Amiti. 2013. “Import Competition and Quality Upgrading,” with Amit Khandelwal. *Review of Economics and Statistics* 95, no. 2 (May): 476-90.

Rajashri Chakrabarti. 2013. “Accountability with Voucher Threats, Responses, and the Test-Taking Population: Regression Discontinuity Evidence from Florida.” *Education Finance and Policy* 8, no. 2 (Spring): 121-67.

Rajashri Chakrabarti. 2013. “Do Vouchers Lead to Sorting under Random Private School Selection? Evidence from the Milwaukee Voucher Program.” *Economics of Education Review* 34, June: 191-218.

Marco Cipriani. 2013. “Like Mother Like Son? Experimental Evidence on the Transmission of Values from Parents to Children,” with Paola Giuliano and Olivier Jeanne. *Journal of Economic Behavior and Organization* 90, June: 100-11.

Thomas Eisenbach. 2013. “Macroeconomics with Financial Frictions: A Survey,” with Markus Brunnermeier and Yuliy Sannikov. In Daron Acemoglu, Manuel Arellano, and Eddie Dekel, eds., *Advances in Economics and Econometrics*. Tenth World Congress of the Econometric Society. Vol. 2. Cambridge, U.K.: Cambridge University Press.

Andreas Fuster. 2013. “What Goes Up Must Come Down? Experimental Evidence on Intuitive Forecasting,” with John Beshears, James Choi, David Laibson, and Brigitte Madrian. *American Economic Review* 103, no. 3 (May): 570-4. Papers and Proceedings of the 125th Annual Meeting of the American Economic Association.

Tanju Yorulmazer. 2013. “Liquidity Hoarding,” with Douglas Gale. *Theoretical Economics* 8, no. 2 (May): 291-324. ■

### Follow Us on Twitter!

The Research Group has a Twitter feed, designed to offer the first word on developments in the Group, such as:

- new publications and blog posts,
- updates on economists’ work and speaking engagements,
- live reports from conferences,
- postings of key indexes and data,
- media coverage of the Group’s work.

Follow us at [@NYFedResearch](https://twitter.com/NYFedResearch).

## Papers Presented

- “The Gender Unemployment Gap,” Stefania Albanesi. University of Uppsala seminar, Uppsala, Sweden, May 21. With Ayşegül Şahin. Also presented at a Stockholm School of Economics seminar, Stockholm, Sweden, May 22; a Sveriges Riksbank seminar, Stockholm, Sweden, May 23; and a Latin American Studies Association–World Bank seminar, Washington, D.C., May 31.
- “Jobless Recoveries and Gender-Biased Technological Change,” Stefania Albanesi. Society for Economic Dynamics annual meeting, Seoul, Korea, June 29. With Ayşegül Şahin.
- “The Impact of Housing Markets on Consumer Debt: Credit Report Evidence from 1999 to 2012,” Meta Brown. Midwest Economic Association meetings, Columbus, Ohio, March 23. With Sarah Stein and Basit Zafar. Also presented at a University of North Carolina at Chapel Hill seminar, Chapel Hill, North Carolina, April 17, and a New York University conference, New York City, June 1.
- “Financial Education and the Debt Behavior of the Young,” Meta Brown and Basit Zafar. Thirty-Ninth Eastern Economic Association annual meetings, New York City, May 10. With Jaya Wen.
- “The Forward Guidance Puzzle,” Marc Giannoni. Twenty-First Centre for Economic Policy Research European Summer Symposium in International Macroeconomics, Izmir, Turkey, May 23. With Marco Del Negro and Christina Patterson.
- “The Inflation Output Trade-Off Revisited,” Marc Giannoni. University of Tokyo seminar, Tokyo, Japan, June 27. Also presented at the Society for Economic Dynamics annual meeting, Seoul, Korea, June 29. With Gauti Eggertsson.
- “Banking Globalization, Transmission, and Monetary Policy Autonomy,” Linda Goldberg. *Two Decades of Inflation Targeting: Main Lessons and Remaining Challenges*, a conference sponsored by Sveriges Riksbank, Stockholm, Sweden, June 3.
- “Micro, Macro, and Strategic Forces in International Trade Invoicing,” Linda Goldberg. Cornell University seminar, Ithaca, New York, April 18. With Cédric Tille.
- “Size, Complexity, and Liquidity Management: Evidence from Foreign Banks in the United States,” Linda Goldberg. *Financial Crisis and the Global Financial System*, a conference sponsored by the Bank of Japan’s Institute for Monetary and Economic Studies, Tokyo, Japan, May 29.
- “Size and Complexity in Global Banking,” Linda Goldberg. *Global Banks, International Capital Flows, and Financial Integration*, a conference cosponsored by the European Research Council, the London Business School, the Federal Reserve Bank of New York, and the Centre for Economic Policy Research, London, England, April 12.
- “Geographical Reallocation and Unemployment during the Great Recession: The Role of the Housing Bust,” Fatih Karahan. 2013 Annual Search and Matching Conference, University of Mainz, Mainz, Germany, May 16. With Serena Rhee.
- “Unemployment Benefits and Unemployment in the Great Recession: The Role of Macro Effects,” Fatih Karahan. Seventh Annual Conference on Macroeconomics across Time and Space, cosponsored by the Federal Reserve Bank of Philadelphia and the National Bureau of Economic Research, Philadelphia, Pennsylvania, May 3. With Marcus Hagedorn, Iourii Manovskii, and Kurt Mitman. Also presented at the North American Summer Meeting of the Econometric Society, Los Angeles, California, June 14, and the Society for Economic Dynamics annual meeting, Seoul, Korea, June 28.
- “What Do Data on Millions of U.S. Workers Say about Labor Income Risk?” Fatih Karahan. North American Summer Meeting of the Econometric Society, Los Angeles, California, June 16.

- “How Do Banks Scramble for Liquidity? Evidence from the Asset-Backed Commercial Paper Freeze of 2007,” Anna Kovner. Federal Reserve Bank of Chicago Forty-Ninth Annual Conference on Bank Structure and Competition, Chicago, Illinois, May 8. With Viral Acharya and Gara Afonso.
- “The Pre-FOMC Announcement ‘Drift,’” David Lucca and Emanuel Moench. Western Finance Association meetings, Incline Village, Nevada, June 20. Also presented by Moench at a CIRANO (Center for Interuniversity Research and Analysis on Organizations)/Bank of Canada workshop, Montreal, Quebec, Canada, April 11.
- “Forecasting through the Rear-View Mirror: Data Revisions and Bond Return Predictability,” Emanuel Moench. Western Finance Association meetings, Incline Village, Nevada, June 19. With Eric Ghysels and Casidhe Horan.
- “Pricing TIPS and Treasuries with Linear Regressions,” Emanuel Moench. Bank of Canada seminar, Ottawa, Ontario, Canada, May 3. With Michael Abrahams, Tobias Adrian, and Richard Crump.
- “Banking across Borders,” Friederike Niepmann. Deutsche Bundesbank seminar, Frankfurt, Germany, April 11. Also presented at the Twenty-First Centre for Economic Policy Research European Summer Symposium in International Macroeconomics, Izmir, Turkey, May 21.
- “Banking across Borders with Heterogeneous Banks,” Friederike Niepmann. CESifo Annual Area Conference on Global Economy, Munich, Germany, May 17.
- “U.S. Dollar Funding Premium of Global Banks,” Asani Sarkar. Eighth annual conference of the Financial Intermediation Research Society, Dubrovnik, Croatia, May 31. With Warren Hrungr.
- “The Effects of the Saving and Banking Glut on the U.S. Economy,” Andrea Tambalotti. *Advances in DSGE Models*, a workshop at the University of Milan Bicocca, Milan, Italy, June 13. With Alejandro Justiniano and Giorgio Primiceri. Also presented at a University of Padova seminar, Padova, Italy, June 18.
- “How Does Risk Management Influence Production Decisions? Evidence from a Field Experiment,” James Vickery. Kauffman Foundation–Brandeis International Business School Fourth Entrepreneurial Finance and Innovation Conference, Boston, Massachusetts, June 10.
- “Securitization and the Fixed-Rate Mortgage,” James Vickery. Federal Reserve Bank of Chicago Forty-Ninth Annual Conference on Bank Structure and Competition, Chicago, Illinois, May 10. With Andreas Fuster. Also presented at the Western Finance Association meetings, Incline Village, Nevada, June 18.
- “Credit Constraints, Subjective Expectations, and College Choice in Urban Pakistan,” Basit Zafar. *Political Economy of the Muslim World*, a conference jointly organized by the Baker Institute of Public Policy at Rice University and the Association for Analytic Learning about Islam and Muslim Societies, Rice University, Houston, Texas, April 6. With Adeline Delavande.
- “Determinants of College Major Choice: Identification Using an Information Experiment,” Basit Zafar. University of Edinburgh seminar, Edinburgh, Scotland, May 20. With Matthew Wiswall.
- “Gender, Competitiveness, and Labor Market Expectations,” Basit Zafar. University of Essex seminar, Essex, United Kingdom, May 22. With Ernesto Reuben and Matthew Wiswall. ■

## New Titles in the *Staff Reports Series*

### Macroeconomics and Growth

*No. 613, April 2013*

#### **The Gender Unemployment Gap**

Stefania Albanesi and Ayşegül Şahin

Albanesi and Şahin study the evolution of gender differences in unemployment from a long-run perspective and over the business cycle.

*No. 615, May 2013*

#### **Dynamic Effects of Credit Shocks in a Data-Rich Environment**

Jean Boivin, Marc P. Giannoni, and Dalibor Stevanovic

The authors reexamine the evidence on the propagation mechanism of credit shocks to economic activity. Such shocks are found to have important effects on real activity measures, aggregate prices, leading indicators, and credit spreads.

*No. 618, May 2013*

#### **Inflation in the Great Recession and New Keynesian Models**

Marco Del Negro, Marc P. Giannoni, and Frank Schorfheide

The authors use a standard DSGE model, available prior to the recent financial crisis and estimated using data up to third-quarter 2008, to explain the behavior of key macroeconomic variables since the crisis.

*No. 621, May 2013*

#### **Inflation Risk and the Cross Section of Stock Returns**

Fernando M. Duarte

Duarte argues that the inflation risk premium arises because high inflation lowers expectations of future real consumption growth.

### International

*No. 609, April 2013*

#### **Banking across Borders with Heterogeneous Banks**

Friederike Niepmann

Niepmann develops a general equilibrium model of trade and foreign direct investment in banking to explain the heterogeneity in banks' foreign operations.

*No. 611, April 2013*

#### **A Bargaining Theory of Trade Invoicing and Pricing**

Linda Goldberg and Cédric Tille

Goldberg and Tille develop a theoretical model of international trade pricing in which individual exporters and importers bargain over the transaction price and exposure to exchange rate fluctuations.

*No. 614, May 2013*

#### **Going Global: Markups and Product Quality in the Chinese Art Market**

Jennie Bai, Jia Guo, and Benjamin Mandel

The authors exploit some special features of the Chinese fine-art market to study the influence of quality and markups on international prices.

### Microeconomics

*No. 610, April 2013*

#### **Up Close It Feels Dangerous: “Anxiety” in the Face of Risk**

Thomas M. Eisenbach and Martin C. Schmalz

Eisenbach and Schmalz model an “anxious” agent as more risk averse to imminent, rather than distant, risk. They show that costly delegation of investment decisions is a strategy for coping with agent anxiety.

*No. 612, April 2013*

#### **Shared Knowledge and the Coagglomeration of Occupations**

Todd M. Gabe and Jaison R. Abel

Occupations with similar knowledge requirements tend to coagglomerate, or locate near one another, and the importance of this shared knowledge is greater in metropolitan areas than in states.

*No. 617, May 2012*

#### **The Impact of Housing Markets on Consumer Debt: Credit Report Evidence from 1999 to 2012**

Meta Brown, Sarah Stein, and Basit Zafar

The authors investigate the effects of large swings in the housing market on nonmortgage borrowing, including student, credit card, auto, and home equity debts.

## Banking and Finance

*No. 616, May 2013*

### **The Risk of Fire Sales in the Tri-Party Repo Market**

Brian Begalle, Antoine Martin, James McAndrews, and Susan McLaughlin

The authors conclude that limited tools are available to mitigate the risk of pre-default fire sales and that no established tools currently exist to mitigate the risk of post-default sales.

*No. 620, May 2013*

### **Trading Partners in the Interbank Lending Market**

Gara Afonso, Anna Kovner, and Antoinette Schoar

There is large and persistent heterogeneity in the extent to which some banks concentrate lending and borrowing across counterparties, observe Afonso, Kovner, and Schoar.

*No. 622, May 2013*

### **The Microstructure of China's Government Bond Market**

Jennie Bai, Michael Fleming, and Casidhe Horan

The authors describe the history and structure of the Chinese government bond market and assess its liquidity and informational efficiency.

## Quantitative Methods

*No. 619, May 2013*

### **Time-Varying Structural Vector Autoregressions and Monetary Policy: A Corrigendum**

Marco Del Negro and Giorgio Primiceri

Del Negro and Primiceri correct a mistake in the estimation algorithm of Primiceri's 2005 time-varying structural vector autoregression model and propose a new algorithm for the estimation of VAR or DSGE models with stochastic volatility. ■

# Research and Statistics Group Publications and Papers: April–June 2013

Publications are available at on our [webpage](#) or may be accessed by clicking on the publication titles below.

## ECONOMIC POLICY REVIEW, VOL. 19, NO. 1

### TBA Trading and Liquidity in the Agency MBS Market

James Vickery and Joshua Wright

### Unintended Consequences of School Accountability Policies: Evidence from Florida and Implications for New York

Rajashri Chakrabarti and Noah Schwartz

### Trading Activity and Price Transparency in the Inflation Swap Market

Michael J. Fleming and John R. Sporn

## CURRENT ISSUES IN ECONOMICS AND FINANCE, VOL. 19

### No. 2

#### The Financial Crisis at the Kitchen Table: Trends in Household Debt and Credit

Meta Brown, Andrew Haughwout, Donghoon Lee, and Wilbert van der Klaauw

### No. 3

#### Securities Loans Collateralized by Cash: Reinvestment Risk, Run Risk, and Incentive Issues

Frank Keane

### No. 4

#### New Jersey's Abbott Districts: Education Finances during the Great Recession

Rajashri Chakrabarti and Sarah Sutherland

### No. 5

#### Paying Paul and Robbing No One: An Eminent Domain Solution for Underwater Mortgage Debt

Robert Hockett

## STAFF REPORTS

### No. 609, April 2013

#### Banking across Borders with Heterogeneous Banks

Friederike Niepmann

### No. 610, April 2013

#### Up Close It Feels Dangerous: "Anxiety" in the Face of Risk

Thomas M. Eisenbach and Martin C. Schmalz

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*No. 621, May 2013***Inflation Risk and the Cross Section of Stock Returns**

Fernando M. Duarte

*No. 622, May 2013***The Microstructure of China's Government Bond Market**

Jennie Bai, Michael Fleming, and Casidhe Horan

**LIBERTY STREET ECONOMICS BLOG***April 1***How Liquid Is the Inflation Swap Market?**

Michael Fleming and John Sporn

*April 3***I Want My Money Now: The Highs and Lows of Payments in Real Time**

Parinitha Sastry and David Skeie

**Just Released: February Report Points to Moderate Regional Economic Growth**

Jason Bram and James Orr

*April 5***Historical Echoes: Central Bank and Paper Money Innovator Given Death Sentence for His Efforts**

Amy Farber

*April 8***Does Import Competition Improve the Quality of Domestic Goods?**

Mary Amity and Amit Khandelwal

*April 10***Foreclosures Loom Large in the Region**

Jaison R. Abel and Richard Deitz

*April 12***Historical Echoes: The Invention of the ATM—A Case of Multiple Independent Discovery?**

Amy Farber

*April 15***Do Treasury Term Premia Rise around Monetary Tightenings?**

Tobias Adrian, Richard Crump, and Emanuel Moench

**Just Released: April Empire State Manufacturing Survey**

Jason Bram and Richard Deitz

*April 17***Young Student Loan Borrowers Retreat from Housing and Auto Markets**

Meta Brown and Sydnee Caldwell

*April 19***Historical Echoes: FedSpeak as a Second Language**

Amy Farber

*April 22***The Effect of Superstorm Sandy on the Macroeconomy**

M. Henry Linder, Richard W. Peach, and Sarah K. Stein

**Japanese Inflation Expectations, Revisited**

Benjamin R. Mandel and Geoffrey Barnes

*May 6***Uncertainty, Liquidity Hoarding, and Financial Crises**

Tanju Yorulmazer

*May 8***Are Stocks Cheap? A Review of the Evidence**

Fernando Duarte and Carlo Rosa

*May 10***Historical Echoes: What Do the New York Fed and Grand Central Terminal Have in Common?**

Amy Farber

*May 13***Capital Controls, Currency Wars, and International Cooperation**

Bianca De Paoli and Anna Lipińska

May 14

**Just Released: The Geography of Student Debt**

Andrew Haughwout, Donghoon Lee,  
Wilbert van der Klaauw, and Joelle Scally

May 15

**My Two (Per)cents: How Are American Workers Dealing with the Payroll Tax Hike?**

Basit Zafar, Max Livingston, and Wilbert van der Klaauw

May 17

**Historical Echoes: The “Mississippi Bubble”—When One’s Back Could Be Rented Out as a Writing Desk**

Amy Farber

May 20

**Do Big Cities Help College Graduates Find Better Jobs?**

Jaison R. Abel and Richard Deitz

May 22

**Foreign Borrowing in the Euro Area Periphery: The End Is Near**

Matthew Higgins and Thomas Klitgaard

May 23

**Just Released: The New York Fed Staff Forecast—May 2013**

Jonathan McCarthy and Richard Peach

May 24

**Historical Echoes: Seeing through the Blackout of 1965 and Other Trials**

Amy Farber

May 29

**Piggy Banks**

Donald P. Morgan and Katherine Samolyk

May 31

**Historical Echoes: How to Choose a Bank, Past and Present**

Amy Farber

June 3

**Data Link Helps Shed Light on Banks and Public Equity**

Anna Kovner, Phoebe White, and Lily Zhou

June 5

**Drilling Down into Core Inflation: Goods versus Services**

M. Henry Linder, Richard Peach, and Robert Rich

**Just Released: New York’s Latest Beige Book Report Points to Sustained Growth**

Jaison R. Abel and Jason Bram

June 24

**Crisis Chronicles: 300 Years of Financial Crises (1620–1920)**

James Narron and David Skeie

June 26

**States Are Recovering Lost Jobs at Surprisingly Similar Rates**

Jason Bram and James Orr

June 27

**Just Released: Are Recent College Graduates Finding Good Jobs?**

Jaison R. Abel and Richard Deitz

June 28

**Historical Echoes: Skull Bumps and Economic Behavior**

Amy Farber

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