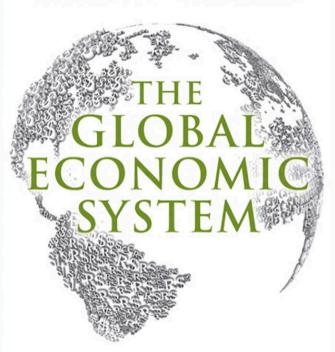
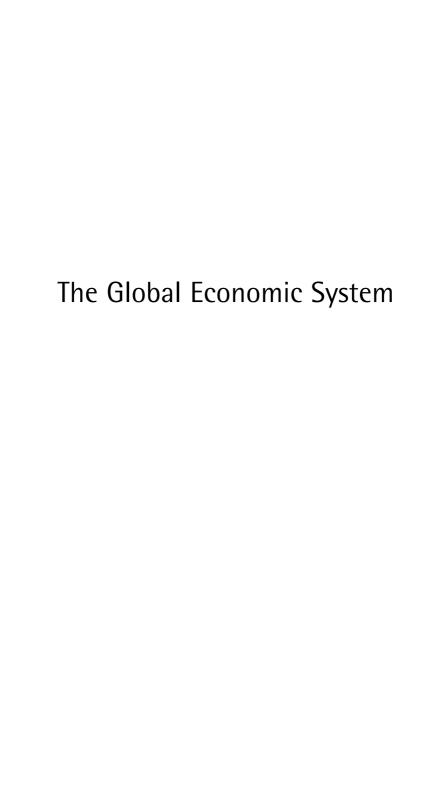
GEORGE CHACKO • CAROLYN L. EVANS HANS GUNAWAN • ANDERS SJÖMAN



HOW LIQUIDITY SHOCKS AFFECT FINANCIAL INSTITUTIONS AND LEAD TO ECONOMIC CRISES



Global Economic System, The: How Liquidity Shocks Affect Financial Institutions and Lead to Economic Crises, Portable Documents

Table of Contents

Contents

Chapter 1 Motivation for Understanding Liquidity Risk

- 1.1 Peso Problem
- 1.2 Liquidity RiskThe Peso Problem of Our Time
- 1.3 WorldCom
- 1.4 Hedge Fund Returns
- 1.5 The Structure of This Book

Endnotes

Chapter 2 Liquidity Risk: Concepts

- 2.1 Introduction
- 2.2 What Is Liquidity?
- 2.3 Model of Liquidity Costs
- 2.4 Liquidity Risk and Liquidity Shocks
- 2.5 Liquidity Risk Premium



- 2.6 Why Bear Liquidity Risk?
- 2.7 Liquidity-Driven Investing (LqDI)
- 2.8 Liquidity Risk Exposure in Bank Balance Sheets
- 2.9 Propagation of Liquidity Shocks: Systemic Risk
- 2.10 From Liquidity Crisis to Credit Crisis Endnotes

Chapter 3 The Great Depression

- 3.1 The Stages of a Liquidity Shock
- 3.2 Recognizing a Liquidity ShockInterpreting the Data
- 3.3 Setting the Stage for the Triggerthe Background for the Great Depression
- 3.4 Stage 1: The Trigger
- 3.5 Stage 2: Change in Liquidity Demanded Throughout the Economy
- 3.6 Stage 3: Changes in Bank Balance Sheets
- 3.7 Stage 4: Banks Change Activities to Bolster Balance Sheets
- 3.8 Stage 5: Effect on Liquidity and Availability of Credit Throughout the Economy
- 3.9 Stage 6: Real Effects of Decline in Liquidity
 Observed Throughout the Economy
- 3.10 Conclusion: The Great Depression, a True



Liquidity Shock

Endnotes

References

Chapter 4 Japans Lost Decade

- 4.1 The Stages of a Liquidity ShockRevisited and Expanded
- 4.2 Recognizing a Liquidity ShockInterpreting the Data
- 4.3 Setting the Stage for the Triggerthe Background to Japans Lost Decade
- 4.4 Stage 1: The Trigger
- 4.5 Stage 2: Change in Liquidity Demanded Throughout the Economy
- 4.6 Stage 3: Changes in Bank Balance Sheets
- 4.7 Stage 4: Banks Change Activities to Bolster Balance Sheets
- 4.8 Stage 5: Effect on Liquidity and Availability of Credit Throughout the Economy
- 4.9 Stage 6: Real Effects of Decline in Liquidity
 Observed Throughout the Economy
- 4.10 Conclusion: Japans Lost Decade, a Liquidity Shock That Dragged On

Endnotes

References



Chapter 5 The Great Recession

- 5.1 The Stages of a Liquidity ShockSame Applies Now as with the Great Depression
- 5.2 Recognizing a Liquidity ShockInterpreting the Data
- 5.3 Setting the Stage for the Triggerthe Background to the Great Recession
- 5.4 Stage 1: The Trigger
- 5.5 Stage 2: Change in Liquidity Demanded Throughout the Economy
- 5.6 Stage 3: Changes in Bank Balance Sheets
- 5.7 Stage 4: Banks Change Activities to Bolster Balance Sheets
- 5.8 Stage 5: Effect on Liquidity and Availability of Credit Throughout the Economy
- 5.9 Stage 6: Real Effects of Decline in Liquidity
 Observed Throughout the Economy
- 5.10 Conclusion

Endnotes

References

Chapter 6 Conclusion

- 6.1 A Liquidity Crisis
- 6.2 Bank Accounting Changes
- 6.3 Bank Nationalization



- 6.4 Debt Guarantees
- 6.5 Central Bank Lending
- 6.6 Monetary Policy
- 6.7 Fiscal Spending
- 6.8 Preventing Liquidity Crises

Endnotes

Index

