Publications & Other Research

1996
1996
1996
1996
1996
1996
1996
1996
1996
1996
1996
1996
1996

Federal Reserve Bank of New York
Research and Market Analysis Group

The Research and Market Analysis Group produces a wide range of publications and other research of interest to readers. Each underscores our commitment to share with you information of timely business, academic, and policy importance.

These include:

The *Economic Policy Review*—our flagship publication—is a policy-oriented research journal focusing on macroeconomic, banking, and financial market topics.

Current Issues in Economics and Finance is the Bank's newsletter-style publication, centering on timely economic, financial, and regional topics.

Staff Reports are technical papers based on preliminary research findings and are designed to stimulate discussion and elicit comments. *Staff Reports* are intended to meet high publication standards, as their ultimate goal is publication in high-quality academic and business journals.

Research Papers are technical papers, also based on preliminary research findings and designed to stimulate discussion and elicit comments. However, *Research Papers* do not undergo the comprehensive review processes to which *Staff Reports* are subject.

Indexes of recent issues from each series are featured in this brochure. We invite you to order copies from any series, as well as to add your name to their mailing lists. A detachable order form is included for your convenience, which also contains information on obtaining and ordering copies directly via the Internet.

In addition, members of the Research and Market Analysis Group publish in outside journals and other publications. Also featured in this brochure is a list of these recent papers. For copies, please fax your requests to us directly at (212) 720-8254.

Economic Policy Review

1996

Volume 2, Number 1 (April)

Volume 2, Number 2 (October)

Banks with Something to Lose: The Disciplinary Role of Franchise Value
Rebecca S. Demsetz, Marc R. Saidenberg, and Philip E. Strahan
As protectors of the safety and soundness of the banking system, banking supervisors are responsible for keeping banks' risk taking in check. The authors explain that franchise value—the present value of the stream of profits that a firm is expected to earn as a going concern—makes the supervisor's job easier by reducing banks' incentives to take risks. The authors explore the relationship between franchise value and risk taking from 1986 to 1994 using both balance-sheet data and stock returns. They find that banks with high franchise value operate more safely than those with low franchise value. In particular, high-franchise-value banks hold more capital and take on less portfolio risk, primarily by diversifying their lending activities.

What Do Chain Store Sales Tell Us about Consumer Spending?
Ethan S. Harris and Clara Vega
Released at both weekly and monthly intervals, chain store indexes provide a timely measure of the sales performance of large retail companies. This article investigates whether the indexes can also play a role in tracking and forecasting consumer spending as a whole. The authors begin by exploring the extent to which developments in chain store sales are representative of retail sales trends overall. They then conduct formal statistical tests of the relationship between chain store data and official measures of total retail sales and personal consumption expenditure. They find that monthly chain store indexes, if given the appropriate weights in forecast models, significantly improve the accuracy of predictions for several measures of consumer spending.

Determinants and Impacts of Sovereign Ratings
Richard Cantor and Frank Packer
The authors conduct the first systematic analysis of the determinants and impact of the sovereign credit ratings assigned by the two leading U.S. agencies, Moody's Investors Service and Standard and Poor's. Of the large number of criteria used by the two agencies, six factors appear to play an important role in determining a country's credit rating: per capita income, GDP growth, inflation, external debt, level of economic development, and default history. In addition, the authors find that sovereign ratings influence market yields—particularly those on non-investment-grade issues—independently of any correlation with publicly available information.

Current Issues in Economics and Finance

1996

The Yield Curve as a Predictor of U.S. Recessions

Arturo Estrella and Frederic S. Mishkin (June)

The authors find that the yield curve—specifically, the spread between interest rates on the ten-year Treasury note and the three-month Treasury bill—significantly outperforms other financial and macroeconomic indicators in predicting recessions two to six quarters ahead.

Consolidation and Competition in Second District Banking Markets

Jith Jayaratne and Christine Hall (July)

The consolidation rate in the Federal Reserve's Second District banking markets generally outpaced the national average between 1989 and 1994. Nevertheless, these banking markets remain relatively unconcentrated, with midsized banks increasing their market share at the expense of large banks in three of the five markets examined.

Securitizing Property Catastrophe Risk

Sara Borden and Asani Sarkar (August)

The trading of property catastrophe risk using standard financial instruments such as options and bonds enables insurance companies to hedge their exposure by transferring risk to investors, who take positions on the occurrence and cost of catastrophes. Although these property catastrophe risk instruments are relatively new products, they have already established an important link between the insurance industry and the U.S. capital market.

Repo Rate Patterns for New Treasury Notes

Frank Keane (September)

Despite the enormous popularity of the market for repurchase agreements, the behavior of interest rates on "repo" transactions is not well understood. An analysis of new data for 1992-95 reveals that repo rates on recently issued Treasury notes rise and fall in a regular pattern as the Treasury auction cycle progresses.

Has the Stock Market Grown More Volatile?

David Laster and Kevin Cole (October)

The record number of fifty-point daily moves in the Dow Jones Industrial Average in 1996—forty-five in the first three quarters alone—has attracted considerable media attention. An analysis traces this phenomenon to two basic causes: the record level of the Dow and the return of stock price volatility to post-World War II norms following several years of low volatility.

New York State's Merchandise Export Gap

Howard Howe and Mark Leary (November)

New York's merchandise export performance has trailed the nation's for several years. The cause of this gap is not easy to identify: the state maintains a relatively healthy mix of customer markets, remains well represented in industries with strong foreign demand, and continues to enjoy declining labor costs. A broader look at New York's competitiveness, however, reveals that high nonlabor costs may be hurting the state's manufacturing sector and thus its volume of exports.

Bank Branches in Supermarkets

Lawrence J. Radecki, John Wenninger, and Daniel K. Orlow (December)

The largest U.S. commercial banks are restructuring their retail operations to reduce the cost disadvantage resulting from a stagnant deposit base and stiffer competition. As part of this effort, some banks are opening "supermarket," or "in-store," branches: a new type of banking office within a large retail outlet. An alternative to the traditional bank office, the supermarket branch enables banks to improve the efficiency of the branch network and offer greater convenience to customers.

Staff Reports

1996

The Effects of Inflation on Wage Adjustments in Firm-Level Data: Grease or Sand?

Erica L. Groshen and Mark E. Schweitzer (January)

The authors study the effects of inflation on wage changes made by firms in a unique thirty-seven-year panel of occupations and employers drawn from the Federal Reserve Bank of Cleveland Community Salary Survey. The authors' analysis identifies two relative prices embedded in wage changes and then draws inferences about the costs and benefits of inflation from the adjustments in these relative prices.

Error Correction Mechanisms and Short-run Expectations

Angelos A. Antzoulatos (February)

Reflecting the nature of economic decisions, the error correction mechanism (ECM) in the error correction representation of a system of co-integrated variables may arise from forward-looking behavior. In such a case, the estimated ECM coefficients may misleadingly appear to be insignificant or to have the opposite-than-expected sign if the variables in the error correction representation do not adequately capture short-run expectations. The author explores the nature of this problem with a theoretical model for consumption and demonstrates how severe the problem can be with U.S. data.

Capital Account Liberalization as a Signal

Leonardo Bartolini and Allan Drazen (March)

The authors present a model in which a government's current capital-controls policy signals future policies. Controls on capital outflows evolve in response to news on technology, contingent on government attitudes toward taxation of capital. When there is uncertainty over government types, a policy of liberal capital outflows sends a positive signal that may trigger a capital inflow. This prediction is consistent with the experience of several countries that have recently liberalized their capital account.

Multiple Ratings and Credit Standards: Differences of Opinion in the Credit Rating Industry

Richard Cantor and Frank Packer (April)

Rating-dependent financial regulators assume that the same letter ratings from different agencies imply the same levels of default risk. Most "third" agencies, however, assign significantly higher ratings on average than Moody's and Standard and Poor's. The authors show that, contrary to the claims of some rating industry professionals, sample selection bias can account for at most half of the observed average difference in ratings. They also investigate the economic rationale for using multiple rating agencies.

Rational Speculators and Exchange Rate Volatility

C.L. Osler and John A. Carlson (May)

The authors examine whether the presence of rational, fully informed speculators may increase exchange rate volatility under floating exchange rates, depending on the extent of speculative activity and the types of economic shocks that dominate.

Investment, Pass-Through, and Exchange Rates: A Cross-Country Comparison

Jose Campa and Linda S. Goldberg (June)

Although large changes in real exchange rates have occurred during the past decades, the real implications of these movements remain an empirical question. Using detailed data from the United States, Canada, the United Kingdom, and Japan, the authors theoretically and empirically look at the implications of exchange rates for time series of sectoral investment. Important differences exist in investment endogeneity across high and low markup sectors, with investment in low markup sectors significantly more responsive to exchange rates.

Technology, Factor Supplies, and International Specialization: Estimating the Neoclassical Model

James Harrigan (October)

The standard neoclassical model of trade theory predicts that international specialization will be jointly determined by cross-country differences in relative factor endowments and relative technology levels. The author uses economic theory to specify an empirical model of specialization consistent with the neoclassical explanation. According to the empirical model, a sector's share of GDP depends on both relative factor supplies and relative technology differences, and the estimated parameters of the model have a close and clear connection to theoretical parameters. The model is estimated for manufacturing sectors using a twenty-year, ten-country panel of data on the industrialized countries. Relative technology levels and factor supplies are both found to be an important determinant of specialization.

Housing Demand and Community Choice: An Empirical Analysis

Carol Rapaport (November)

Housing demand reflects the household's simultaneous choice of neighborhood, whether to own or rent the dwelling, and the quantity of housing services demanded. Existing literature emphasizes the final two factors, but overlooks the choice of community. The author develops an econometric model that incorporates all three components, and then estimates this model using a sample of Tampa, Florida, households. Incorporating community choice increases the price elasticity of demand and reduces the differential between white and comparable nonwhite households. The results are robust to the inclusion of permanent income and taxes.

When Liberal Policies Reflect External Shocks, What Do We Learn?

Leonardo Bartolini and Allan Drazen (December)

The authors present a model where policies of free capital mobility can signal governments' future policies, but the informativeness of the signal depends on the path of world interest rates. Capital flows to "emerging markets" reflect investors' perception of these markets' political risk. With low world interest rates, emerging markets experience a capital inflow and engage in a widespread policy of free capital mobility; with higher rates, only sufficiently committed countries allow free capital mobility, whereas others impose controls to trap capital onshore, thus signaling future policies affecting capital mobility. These predictions are consistent with the recent experience of capital flows and policies affecting capital mobility in developing countries.

Is There Endogenous Long-Run Growth? Evidence from the U.S. and the U.K.

Kei-Mu Yi and Narayana R. Kocherlakota (December)

The key feature of endogenous growth models is that they imply that permanent changes in government policy can have permanent effects on growth rates. The authors develop and implement an empirical framework to test this implication. In the authors' estimation, they use time series data spanning 100 years for the United States and 160 years for the United Kingdom. Their findings show that it is possible to have endogenous growth even when U.S. and U.K. GDP growth rates appear to be stable over time. The authors conclude that at the aggregate level the production function appears to exhibit constant returns to scale in reproducible inputs.

Research Papers

1996

Are Exchange Rates Excessively Volatile? And What Does "Excessively Volatile" Mean, Anyway?
Leonardo Bartolini and Gordon M. Bodnar (No. 9601)

Exchange Rate Cointegration across Central Bank Regime Shifts
Jose A. Lopez (No. 9602)

Consumer Payments over Open Computer Networks
John Wenninger and Daniel Orlow (No. 9603)

American Employer Salary Surveys and Labor Economics Research: Issues and Contributions
Erica L. Groshen (No. 9604)

European Integration and Asymmetry in the EMS
Merih Uctum (No. 9605)

Has the Cost of Fighting Inflation Fallen?
Gabriel S.P. de Kock and Tanya E. Ghaleb (No. 9606)

Capacity Utilization-Inflation Linkages: A Cross-Country Analysis
Gabriel S.P. de Kock and Tania Nadal-Vicens (No. 9607)

Determinants and Impacts of Sovereign Credit Ratings
Richard Cantor and Frank Packer (No. 9608)

Predicting U.S. Recessions: Financial Variables as Leading Indicators
Arturo Estrella and Frederic S. Mishkin (No. 9609)

Capital Flows and Current Account Deficits in the 1990s: Why Did Latin American and East Asian Countries Respond Differently?
Angelos A. Antzoulatos (No. 9610)

Did the Good Guys Lose? Heterogeneous Traders and Regulatory Restrictions on Dual Trading
Peter R. Locke, Asani Sarkar, and Lifan Wu (No. 9611)

Volatility and Liquidity in Futures Markets
Peter R. Locke and Asani Sarkar (No. 9612)

Two Factors along the Yield Curve
Frank F. Gong and Eli M. Remolona (No. 9613)

Research Papers
(Continued)

What Do Chain Store Sales Tell Us about Consumer Spending?
Ethan S. Harris and Clara Vega (No. 9614)

Debt and Deficit Ceilings and Sustainability of Fiscal Policies:
An Intertemporal Analysis
Merih Uctum and Michael Wickens (No. 9615)

Europe and the Maastricht Challenge
Michel Aglietta and Merih Uctum (No. 9616)

Rational Bias in Macroeconomic Forecasts
David Laster, Paul Bennett, and In Sun Geoum (No. 9617)

The Effects of Corporate Antitakeover Provisions on Long-Term Investment:
Empirical Evidence
James M. Mahoney, Chamu Sundaramurthy, and Joseph T. Mahoney (No. 9618)

A Three-Factor Econometric Model of the U.S. Term Structure
Frank F. Gong and Eli M. Remolona (No. 9619)

Do Banks Follow Their Customers Abroad?
Daniel E. Nolle and Rama Seth (No. 9620)

The Relative Importance of National and Regional Factors in the
New York Metropolitan Economy
Jonathan McCarthy and Charles Steindel (No. 9621)

Effects of Household Creditworthiness on Mortgage Refinancings
Stavros Peristiani, Paul Bennett, Gordon Monsen, Richard Peach, and Jonathan Raiff (No. 9622)

Do Mergers Improve the X-Efficiency and Scale Efficiency of U.S. Banks?
Evidence from the 1980s
Stavros Peristiani (No. 9623)

Consumption and Credit: A Model of Time-Varying Liquidity Constraints
Sydney Ludvigson (No. 9624)

The Channel of Monetary Transmission to Demand:
Evidence from the Market for Automobile Credit
Sydney Ludvigson (No. 9625)

Central and Eastern Europe: Financial Markets and Private Capital Flows
Dorothy M. Sobol (No. 9626)

The Effects of Daily Price Limits on Cotton Futures and Options Trading
Joan Evans and James M. Mahoney (No. 9627)

Foreign Banks, Profits, and Commercial Credit Extension in the United States
Philip Molyneux and Rama Seth (No. 9628)

Can a Fiscal Contraction Strengthen a Currency? Some Doubts about Conventional Mundell-Fleming Results
Richard Cantor and Robert Driskill (No. 9629)

Entry Restrictions, Industry Evolution, and Dynamic Efficiency: Evidence from Commercial Banking
Jith Jayaratne and Philip E. Strahan (No. 9630)

Interest Rate Expectations and the Shape of the Yield Curve
Joseph R. Dziwura and Eric M. Green (No. 9631)

Franchise Value, Ownership Structure, and Risk at Savings Institutions
Elijah Brewer III and Marc R. Saidenberg (No. 9632)

Price Formation and Liquidity in the U.S. Treasuries Market: Evidence from Intraday Patterns around Announcements
Michael J. Fleming and Eli M. Remolona (No. 9633)

Ongoing Restructuring of Retail Banking
Daniel K. Orlow, Lawrence J. Radecki, and John Wenninger (No. 9634)

Foreign Investment Fluctuations and Emerging Market Stock Returns: The Case of Mexico
John Clark and Elizabeth Berko (No. 9635)

Consumer Sentiment and Household Expenditure: Reevaluating the Forecasting Equations
Sydney Ludvigson (No. 9636)

Inflation Risk in the U.S. Yield Curve: The Usefulness of Indexed Bonds
Frank F. Gong and Eli M. Remolona (No. 9637)

Outside Journals and Other Publications: 1996 and Forthcoming

Papers listed below are available only by faxing your requests to the Research and Market Analysis Group, at (212) 720-8254.

Angelos Antzoulatos

"Error-Correction Mechanisms and Short-Run Expectations." *Southern Economic Journal*. 62, no. 4 (April).

"Exchange-Rate Pass-Through in U.S. Manufacturing Industries: A Demand-Side Story," with J.Yang. International Trade Journal 10, no. 3 (fall).

"Consumer Credit and Consumption Forecasts." *International Journal of Forecasting* 12, no. 4 (December).

"On the Excess Sensitivity of Consumption to Information about Income." *Journal of Macroeconomics*. Forthcoming.

Leonardo Bartolini

"Are Exchange Rates Excessively Volatile? And What Does Excessively Volatile Mean Anyway?" with Gordon Bodnar. *IMF Staff Papers* 43 (March).

"Capital Account Liberalization as a Signal," with Allan Drazen. *American Economic Review*. Forthcoming.

"Foreign Direct Investment and the Exchange Rate in the APEC Region," with T. Bayoumi and M. Klein. In T. Ito, ed., *Exchange Rate Movements and Their Impacts on Trade and Investment in the APEC region*. IMF Occasional Paper. Forthcoming.

"Speculative Attacks and Central Bank Intervention: Soft vs. Hard Rules for Exchange Rate Targeting." *Economic Policy*. Forthcoming, April 1997.

"Treasury Bill Auctions: Issues and Uses," with C. Cottarelli. In M. Blejer and T. Ter-Minassian, eds., *Macroeconomic Dimensions of Public Finance*. London: Routledge. Forthcoming.

"When Liberalization Reflects External Shocks, What Do We Learn?" with Allan Drazen. *Journal of International Economics*. Forthcoming.

Richard Cantor

"Comments on the Mexican Term Structure of Interest Rates." In E. Altman, J. Mei, and R. Levich, eds., *The Future of Emerging Market Capital Flows*. Forthcoming.

Richard Cantor and Frank Packer

"Sovereign Risk Assessment and Agency Credit Ratings." *European Financial Management* 2, no. 2 (July).

"The Determinants and Impact of Sovereign Credit Ratings," *Journal of Fixed Income*, December.

"Discretion in the Use of Split Ratings: The Case of the NAIC." *Journal of Insurance Regulation*. Forthcoming.

Angela Chang

"Tax Policy, Lump-Sum Pension Distributions, and Household Saving." *National Tax Journal* 49, no. 2 (June).

Rebecca S. Demsetz and Philip E. Strahan

"Diversification, Size, and Risk at Bank Holding Companies." *Journal of Money, Credit, and Banking*. Forthcoming.

Arturo Estrella

"Comment on 'The Behavior of Interest Rates Implied by the Term Structure of Eurodollar Futures.'" *Journal of Money, Credit, and Banking* 28, no. 3 (August).

Linda Goldberg

"Black Markets for Currency, Hoarding Activity and Policy Reform," with Il'dar Karimov. *Journal of International Economics*. Forthcoming.

"Exchange Rates and Investment Response in Latin America." In Benjamin J. Cohen, ed., *International Trade and Finance: New Frontiers for Research, Essays in Honor of Peter B. Kenen*. Cambridge, Mass.: Cambridge University Press. Forthcoming.

"FDI, Trade and Real Exchange Rate Linkages in Developing Countries," with Michael Klein. In Reuven Glick, ed., *Managing Capital Flows and Exchange Rates: Lessons from the Pacific Basin*. Forthcoming.

"Is Optimum Currency Area Theory Irrelevant for Economies in Transition?" In Richard Sweeney, Clas Wihlborg, and Thomas Willet, eds., *Currency Policies for Emerging Markets*. Boulder, Colo.: Westview Press. Forthcoming.

"Strategic Trading in a Two-Sided Foreign Exchange Auction," with Rafael Tenorio. *Journal of International Economics*. Forthcoming.

James Harrigan
"Openness to Trade in Manufactures in the OECD." *The Journal of International Economics* 40, nos. 1-2 (February).

Jean Helwege
"Is There a Pecking Order? Evidence from a Panel of IPO Firms," with N. Liang. *Journal of Financial Economics* 40 (March).

"Understanding Aggregate Default Rates of High Yield Bonds," with Paul Kleiman. *Journal of Fixed Income*. Forthcoming. Reprint, Federal Reserve Bank of New York *Current Issues in Economics and Finance* 2, no. 6 (May).

"Financing Growth After the IPO," N. Liang. *Journal of Applied Corporate Finance* 8, no. 4 (winter).

"Determinants of Savings and Loan Failure: Estimates of a Time-Varying Proportional Hazard Function." *Journal of Financial Services Research*. Forthcoming.

Jean Helwege and David Laster
"Stock Market Valuation Indicators: Is This Time Different?" with Kevin Cole. *Financial Analysts Journal* 52, no. 3 (May/June).

Matthew Higgins
"Asian Savings, Investment and Foreign Capital Dependence: The Role of Demography," with Jeffrey Williamson. In Jeffrey Sachs and David Bloom, eds., *Emerging Asia*. Cambridge, Mass.: Harvard University Press.

Jith Jayaratne
"A Note on the Implementation of Cable TV Rate Caps." *Review of Industrial Organization*, December.

Jith Jayaratne and Philip Strahan
"The Finance-Growth Nexus: Evidence from Bank Branch Deregulation." *Quarterly Journal of Economics* 111, no. 3 (August).

Frank Keane
"The Market for Collateralized Mortgage Obligations (CMOs)," with Julia Fernald and Martin Mair. *Research in Financial Services Private and Public Policy* 8.

David Laster

"Stock Market Valuation Indicators: Is This Time Different?" with Jean Helwege and Kevin Cole. *Financial Analysts Journal* 52, no. 3 (May/June).

Jose Lopez

"Forecast Evaluation and Combination," with F.X. Diebold. In G.S. Maddala and C.R. Rao, eds., *The Handbook of Statistics: Statistical Methods in Finance*. Vol 14. Amsterdam: Elsevier Science. Forthcoming.

Cara S. Lown and Stavros Peristiani

"The Behavior of Consumer Loan Rates During the 1990 Credit Slowdown." *Journal of Banking and Finance*. December.

Sydney Ludvigson

"The Macroeconomic Effects of Government Debt in a Stochastic Growth Model." *Journal of Monetary Economics* 38 (August).

Jim Mahoney

"Board Structure, Antitakeover Provisions and Stockholder Wealth," with Joseph T. Mahoney and Chamu Sundaramurthy. *Strategic Management Journal*. Forthcoming.

"Risk Management of Correlation Products." *European Financial Management*. Forthcoming.

Frederic S. Mishkin

"The Channels of Monetary Transmission: Lessons for Monetary Policy." *Banque de France Bulletin Digest*, no. 27 (March). [Also "Les Canaux de Transmission Monétaire: Leçons pour la Politique Monétaire," in *Bulletin de la Banque de France*.]

"Comment on Capital Flows to Latin America: Is There Evidence of Contagion Effects?'" In Guillermo A. Calvo, Morris Goldstein, Eduard Hochreiter, eds., *Private Capital Flows to Emerging Markets After the Mexican Crisis*. Washington, D.C.: Institute for International Economics.

"Interest Rates and the Business Cycle." In David Glasner, ed., *Business Cycles and Depression: An Encyclopedia*. New York: Garland.

"The Rational Expectations Revolution: A Review Article of Preston J. Miller, ed., *The Rational Expectations Revolution, Readings from the Front Line*." *Journal of International and Comparative Economics* 5.

Frederic S. Mishkin *(Continued)*
"Understanding Financial Crises: A Developing Country Perspective." In Michael Bruno and Boris Pleskovic, eds., *Annual World Bank Conference on Development Economics 1996*. Washington, D.C.: World Bank.

"The Yield Curve as a Predictor of Recessions in the United States and Europe." In *The Determination of Long-Term Interest Rates and Exchange Rates and the Role of Expectations*. Basle: Bank for International Settlements.

"Bank Consolidation: A Central Banker's Perspective." In Yakov Amihud and Geoffrey Miller, eds., *Mergers of Financial Institutions*. Irwin Professional Publishing. Forthcoming.

"Comment on Japanese Monetary Policy, Rules or Discretion: Part II." In Toward More Effective Monetary Policy: *Proceedings of the 7th International Conference of the Institute for Monetary and Economic Studies*. Bank of Japan, Macmillan Press. Forthcoming.

"Evaluating FDICIA." In George Kaufman, ed., *FDICIA: Bank Reform Five Years Later and Five Years Ahead*. Greenwich, Conn.: JAI Press. Forthcoming.

"Inflation Targeting: A New Framework for Monetary Policy?" with Ben Bernanke. *Journal of Economic Perspectives*. Forthcoming.

"The Mexican Financial Crisis of 1994-95." In Scheherazade S. Rehman, ed., *Financial Crisis Management in Regional Blocs*. Amsterdam: Kluwer Academic Publishers. Forthcoming.

"The Predictive Power of the Term Structure of Interest Rates: Implications for the European Central Bank," with Arturo Estrella. *European Economic Review*. Forthcoming.

"What Monetary Policy Can and Cannot Do." In *Monetary Policy in Transition: Strategies, Instruments and Transmission Mechanisms*. Vienna: Oesterreichische Nationalbank. Forthcoming.

Don Morgan
"Is Bank Lending Still Special?" with Charles Himmelberg. In Joe Peek and Eric S. Rosengren, eds., *Is Bank Lending Important for the Transmission of Monetary Policy?* Federal Reserve Bank of Boston, Conference Series no. 39 (March).

Don Morgan *(Continued)*
"The Credit Effects of Monetary Policy: Evidence Using Loan Commitments." *Journal of Money, Credit, and Banking*. Forthcoming.

Carol Osler
"Chartists: Chaos Theorists in Disguise?" with William Clyde. *Journal of Futures*. Forthcoming.

"Short-Term Speculators and the Propagation of Exchange-Rate Shocks." *Journal of International Economics*. Forthcoming.

Sangkyun Park
"Banking and Deposit Insurance as a Risk-Transfer Mechanism." *Journal of Financial Intermediation* 5, no. 3 (September).

"The Relationship between Government Financial Condition and Expected Tax Rates Reflected in Municipal Bond Yields." *National Tax Journal*. Forthcoming.

"Risk-Taking Behavior of Banks under Regulation." *Journal of Banking and Finance*. Forthcoming.

Gabriel Perez Quiros
"What Do the Leading Indicators Lead?" with James D. Hamilton. *Journal of Business* 69, no. 1.

Stavros Peristiani
"Do Mergers Improve the X-efficiency and Scale Efficiency of U.S. Banks? Evidence from the 1980s." *Journal of Money, Credit, and Banking*. Forthcoming.

"Mutual-to-Stock Conversions in the Thrift Industry in the 1990s," with Thierry Wizman. *Journal of Economics and Business*. Forthcoming.

Carol Rapaport
"Housing Demand and Community Choice." *Journal of Urban Economics*. Forthcoming.

Robert Rich
"Oil and the Macroeconomy: A Markov State-Switching Approach," with Jennie Raymond. *Journal of Money, Credit and Banking*. Forthcoming.

Outside Journals and Other Publications: 1996 and Forthcoming
(Continued)

Anthony Rodrigues
"Common Movements in Volatilities." In *Financial Market Volatility: Measurement Causes and Consequences*. Basle: Bank for International Settlements. March.

Rae Rosen
"What Can Academics Tell Us About Regional Growth?" In Susan V. Raymond, ed., *The Technology Link to Economic Development*, *Annals of the New York Academy of Sciences*. Vol. 787.

"Opening Doors: Why New York City and State Must Increase Their Access to the Global Market for Business and Financial Services," with Reagan Murray. Council on Foreign Relations. Forthcoming.

Philip E. Strahan
"Regulatory Incentives and the Thrift Crisis: Dividends, Mutual-to-Stock Conversions and Financial Distress," with Randall S. Kroszner. *Journal of Finance* 51, no. 4 (September).

Joseph Tracy
"The Best Business Schools: A Market-Based Approach," with Joel Waldfogel. *Journal of Business*. Forthcoming.

Eric van Wincoop
"The Intertemporal Elasticity of Substitution: An Exploration Using a U.S. Panel of State Data," with Paul Beaudry. *Economica* 63, no. 251.

"A Multi-Country Real Business Cycle Model with Heterogeneous Agents." *Scandinavian Journal of Economics* 98, no. 2.

"Wages, Profits, and the International Portfolio Puzzle," with Laura Bottazzi and Paolo Presenti. *European Economic Review* 40.

Gavin Wellington
"Hedging MBS Call Risk with a Puttable Callable Bond." *Derivatives Week*, April 22.

Kei-Mu Yi
"A Simple Time Series Test of Endogenous vs. Exogenous Growth Models: An Application to the United States." *Review of Economics and Statistics* 78, no. 1 (February).

Kei-Mu Yi *(Continued)*
"Consumer Durables, Permanent Terms of Trade Shocks, and the Recent U.S. Trade Deficits." *Journal of International Money and Finance* 15, no. 5 (October).

"Is There Endogenous Long-Run Growth? Evidence from the U.S. and the U.K.," with Narayana Kocherlakota. *Journal of Money, Credit, and Banking*. Forthcoming.

Egon Zakrajšek
"The Importance of Credit for Macroeconomic Activity: Identification Through Heterogeneity," with Simon Gilchrist. In Joe Peek and Eric S. Rosengren, eds., *Is Bank Lending Important for the Transmission of Monetary Policy?* Federal Reserve Bank of Boston, Conference Series no. 39 (March).