



Discussion on “The Cross-Border Credit Channel and Lending Standards Surveys”

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Disclaimer: Views expressed here are those of the author and do not necessarily reflect the position of the Reserve Bank of New Zealand.



Summary

- Motivated by changes in the monetary transmission mechanism after GFC, this paper investigates the cross-border spillover effects of UMP controlling of lending standards.
- Use credit condition data from Senior Loan Officers (SLO) surveys in a GVAR model
- The SLO data provide information about credit conditions, even under ZLB and UMP periods



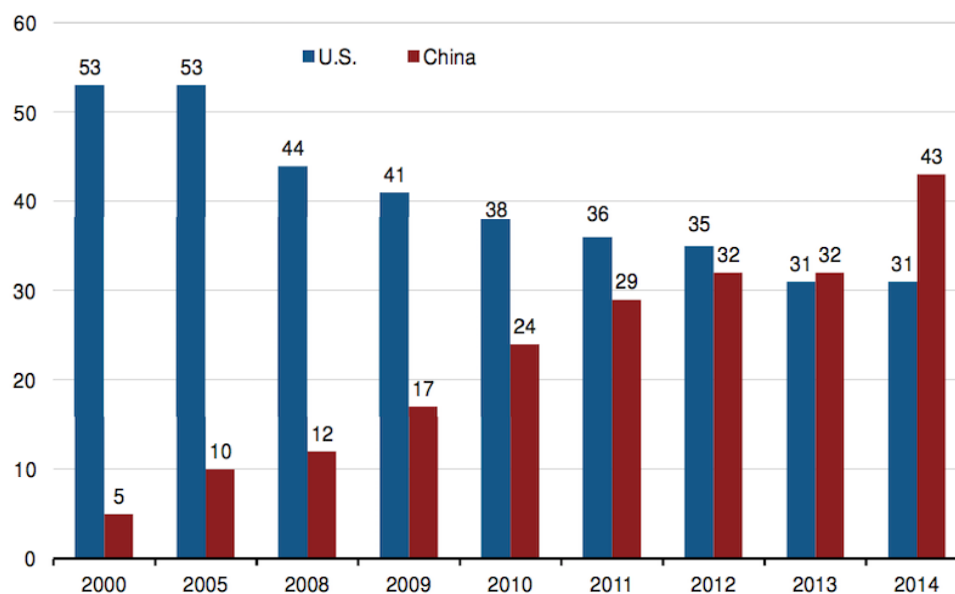
Findings

- Negative shocks to loan supply and demand have significantly negative effects on domestic output growth and interest rate spreads.
- Cross-border effects of UMP depend on the credit conditions in respective countries.
 - Eurozone loan demand shock has larger effects globally than the US shock.



Comments on GVAR setting

- In setting the GVAR, the weak-exogeneity assumption is crucial, tests need to be presented
 - missing China block?



Data source: IMF



Comments on GVAR setting

- Consequently, how global is the ROW block in the model?
- How uncorrelated are the cross-country residuals?

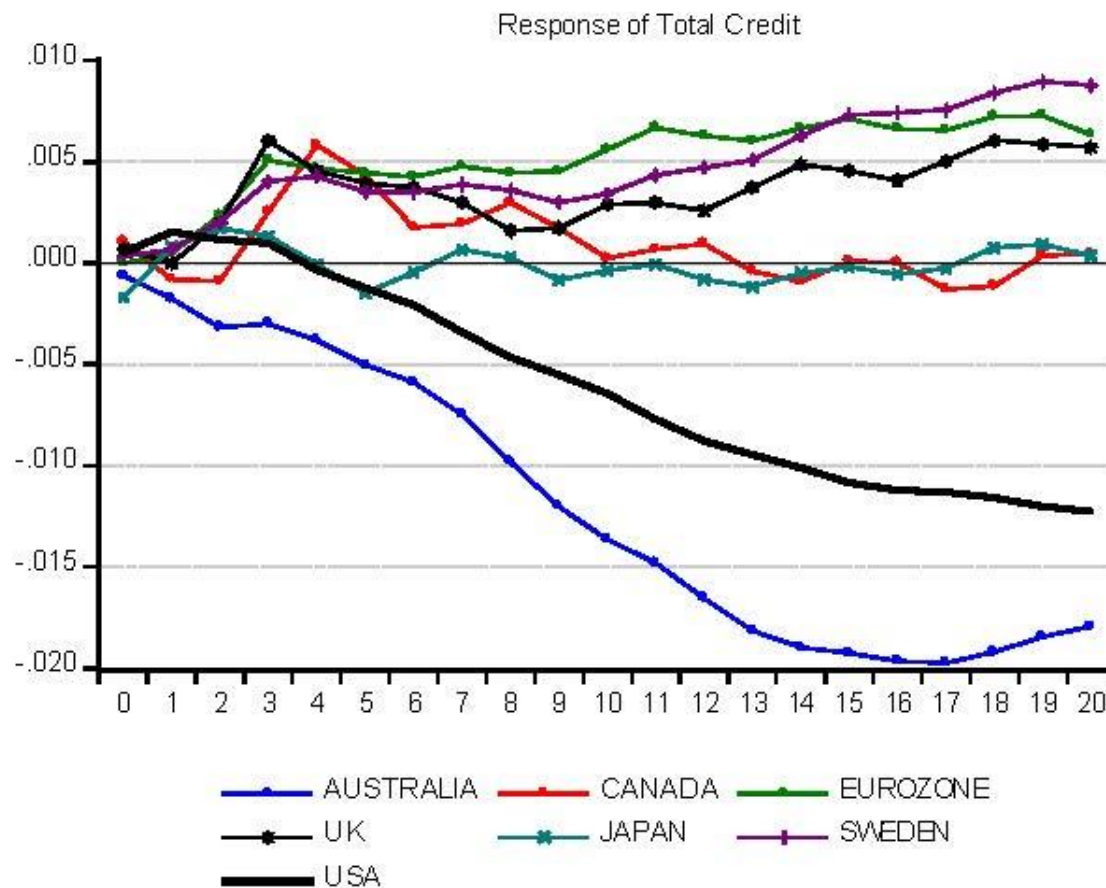


Other Comments

- There are no confident bands reported. So it is difficult to know how significant are the quantitative results.
- Why are lending standards responses to the US or EU shocks totally different? What is the story?
- How do the results compare to other studies?
 - E.g. Eickmeier and Ng (2015)
- One noticeable difference is the IRF of total credit to loan supply tightening shock, why?



Filardo and Siklos (2016)





Eickmeier and Ng (2015)

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Impulse responses of credit for selected countries/regions

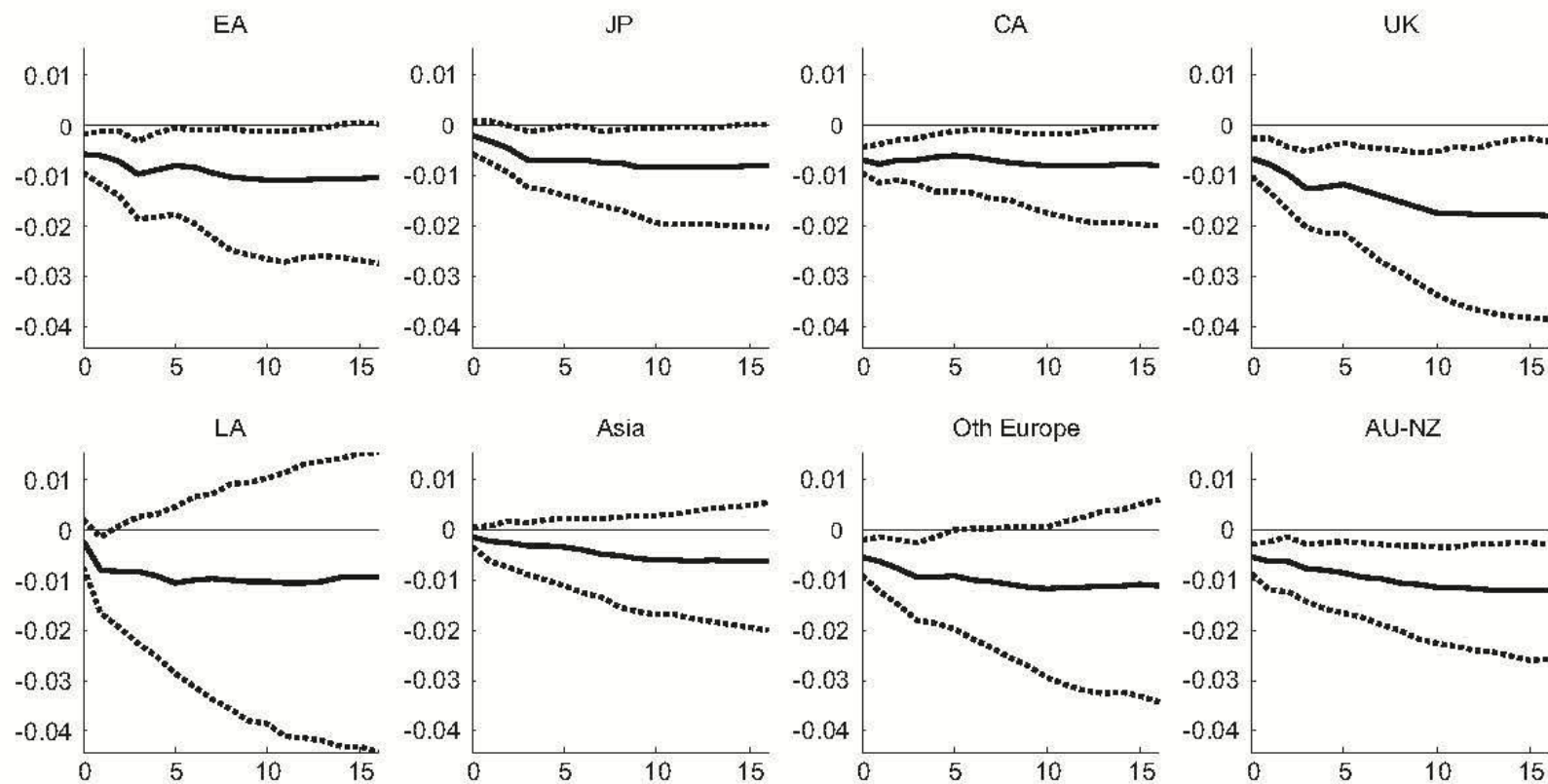


Fig. 2. (continued)



Robustness

- Other weighting schemes
 - Foreign direct investment, portfolio investment, claims of domestic banks...
- Other identifications
- Alternative measures of UMP, such as shadow short rates (Krippner, 2013).