



Liquidity Conference

A conference jointly sponsored by the Federal Reserve Bank of New York
and the Bendheim Center for Finance of Princeton University
Organizers: Tobias Adrian and Markus K. Brunnermeier

Federal Reserve Bank of New York, 33 Liberty Street, New York , NY 10045
12th Floor Conference Room
Thursday December 13, 2007

Overview

Financial markets experienced extraordinary events in 2007. The increase in delinquency rates in subprime mortgages coupled with the mismatch of the maturity structure of off-balance-sheet conduits and structured investment vehicles (SIV) led to a sudden drying up of the asset-backed commercial paper market, higher money market interest rate spreads, and the failure of several financial institutions, including a classic bank run in the United Kingdom.

This conference brings together experts in liquidity and researchers who analyze the underlying mechanisms that cause liquidity dislocations. The goal is to further the understanding of these mechanisms and to link them to current policy tools.

Agenda

- 8:30 a.m. Registration and Breakfast
- 9:00 a.m. Welcoming Remarks by Timothy Geithner, President, Federal Reserve Bank of New York
- 9:15 a.m. **Understanding the Subprime Mortgage Crisis**
Yuliya Demyanyk, Federal Reserve Bank of St. Louis and Otto Van Hemert, New York University
Discussant: Charles Himmelberg, Goldman Sachs and Columbia University
- 10:00 a.m. Coffee Break
- 10:15 a.m. **The Response of Corporate Financing and Investment to Changes in the Supply of Credit**
Michael Roberts, University of Pennsylvania and Michael Lemmon, University of Utah
Discussant: Augustin Landier, Old Lane and New York University
- 11:00 a.m. Coffee Break
- 11:15 a.m. **Imperfect Competition in the Inter-Bank Markets for Liquidity as a Rationale for Central Banking**
Viral Acharya and Denis Gromb, London Business School, and Tanju Yorulmazer, Federal Reserve Bank of New York
Discussant: Adriano Rampini, Duke University
- 12:00 p.m. Buffet Lunch
- 1:00 p.m. **Understanding the Securitization of Subprime Credit**
Adam Ashcraft and Til Schuermann, Federal Reserve Bank of New York
- Precautionary Reserves and the Interbank Market**
Adam Ashcraft, Jamie McAndrews, and David Skeie, Federal Reserve Bank of New York
- The Federal Home Loan Bank System: Lender of Next-to-Last Resort?**
Morten Bech, Federal Reserve Bank of New York
- 2:15 p.m. Coffee Break

- 2:30 p.m. **Why Are Almost All ABCP Vehicles Sponsored by Non-U.S. Banks?**
Carlos Arteta, Mark Carey, and Ricardo Correa, Board of Governors of the Federal Reserve System
- What Happened to the Quants in August 2007?**
Andrew Lo and Amir Khandani, Massachusetts Institute of Technology
- The Quant Liquidity Crunch**
Kent Daniel, Goldman Sachs Asset Management and Northwestern University
- 3:45 p.m. Coffee Break
- 4:00 p.m. **Panel Discussion**
John Geanakoplos, Yale University and Ellington Capital Management
Diana Hancock, Board of Governors of the Federal Reserve System
Chi-Fu Huang, Platinum Grove Asset Management
Brian Peters, Federal Reserve Bank of New York
Hyun Shin, Princeton University
Jeremy Stein, Harvard University
- 5:30 p.m. Adjourn
- 6:00 p.m. Dinner (for panelists, speakers, discussants and by invitation), Restaurant Les Halles, 15 John Street.