Problem Set 1

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1 Average pass-through

1.1 Bank and firm fixed effects

Below I estimate the fixed effects regression:

```
library(lfe)
dep_vars <- c("lncredit", "intrate")
index_vars <- c("firmid", "bankid") # for entity fixed-effects
indep_vars <- colnames(dt)[!colnames(dt) %in% c(dep_vars, "date_q")]
output <- lapply(
  1:length(dep_vars),
  function(i) {
    col_names <- c(dep_vars[i], indep_vars)
    mod_data <- dt[,.SD,.SDcols=col_names]
    setnames(mod_data, dep_vars[i], "y")
    col_names <- colnames(mod_data)
    f <- paste("y ~", paste(col_names[!col_names %in% c("y", index_vars)], collapse = " + "))
    f <- as.formula(paste(f, paste(index_vars, collapse = " + "),sep = " | "))
    t0 <- Sys.time()
    message(sprintf("Fitting model for: %s", dep_vars[i]))
    mod <- felm(f, data = mod_data)
    message(sprintf("Converged after %0.2f seconds.", as.numeric(Sys.time()-t0)))
    return(mod)
  }
)
names(output) <- dep_vars
```

The table below

1.2 Firm and time fixed effects

1.3 Controlling for scales

2 Discussion

Table 1:

	Dependent variable:	
	y	
	(1)	(2)
mpshock_l	−0.140***	5.446***
	(0.006)	(0.005)
gdp_l	0.0001	0.056***
	(0.001)	(0.001)
infl_l	−0.00003	0.005***
	(0.001)	(0.001)
bdepo_l	−0.0001	0.013***
	(0.001)	(0.001)
bcet1_l	−0.003	−0.012***
	(0.003)	(0.003)
bsize_l	0.002	−0.020***
	(0.001)	(0.001)
blar_l	−0.001	−0.024***
	(0.001)	(0.001)
Observations	2,893,870	2,385,286
R^2	0.339	0.359
Adjusted R^2	0.333	0.352
Residual Std. Error	2.429 (df = 2868814)	1.806 (df = 2360230)
Note:		*p<0.1; **p<0.05; ***p<0.01

Table 2:

	Dependent variable:	
	y	
	(1)	(2)
mpshock_l	−0.136	−0.241***
	(0.110)	(0.088)
gdp_l	−0.0001	0.058***
	(0.001)	(0.001)
infl_l	−0.00001	0.005***
	(0.001)	(0.001)
bdepo_l	−0.001***	0.007***
	(0.0002)	(0.0001)
bcet1_l	−0.008***	−0.007***
	(0.001)	(0.001)
bsize_l	0.002*	−0.008***
	(0.001)	(0.001)
blar_l	−0.003***	−0.004***
	(0.0003)	(0.0002)
mp_x_bdepo_l	−0.014***	0.153***
	(0.001)	(0.0005)
mp_x_bcet1_l	0.097***	−0.270***
	(0.002)	(0.002)
mp_x_bsize_l	−0.001	0.037***
	(0.006)	(0.005)
mp_x_blar_l	0.010***	−0.089***
	(0.001)	(0.001)
Observations	2,893,870	2,385,286
R^2	0.339	0.390
Adjusted R^2	0.333	0.383
Residual Std. Error	2.429 (df = 2868859)	1.762 (df = 2360275)
Note:		*p<0.1; **p<0.05; ***p<0.01

Table 3:

	Dependent variable:	
	y	
	(1)	(2)
mpshock_l	-0.031^{***}	1.245^{***}
	(0.001)	(0.001)
gdp_l	-0.0001	0.058^{***}
	(0.001)	(0.001)
infl_l	-0.00001	0.005^{***}
	(0.001)	(0.001)
bdepo_l	-0.012^{***}	0.043^{***}
	(0.002)	(0.001)
bcet1_l	-0.025^{***}	-0.005^{***}
	(0.002)	(0.001)
bsize_l	0.003^{*}	-0.010^{***}
	(0.001)	(0.001)
blar_l	-0.018^{***}	-0.017^{***}
	(0.002)	(0.001)
mp_x_bdepo_l	-0.035^{***}	0.371^{***}
	(0.001)	(0.001)
mp_x_bcet1_l	0.057^{***}	-0.158^{***}
	(0.001)	(0.001)
mp_x_bsize_l	-0.0003	0.009^{***}
	(0.001)	(0.001)
mp_x_blar_l	0.013^{***}	-0.120^{***}
	(0.001)	(0.001)
Observations	2,893,870	2,385,286
R^2	0.339	0.390
Adjusted R^2	0.333	0.383
Residual Std. Error	2.429 (df = 2868859)	1.762 (df = 2360275)
Note:		*p<0.1; **p<0.05; ***p<0.01