**Questions and comments on the spot:**

1. Credit constraint can be correlated with firm size. – From Marc
2. Are there any financial hedging tools for firms to hedge the exchange rate risk? -From Marc
3. Is sourcing diversity measured by the number of source countries or the number of supplying firms? – By Deyu Rao
4. Is there price heterogeneity within the HS 6-digit product category? – By Deyu Rao
5. Is the price the raw price or price weighted by units? – By Deyu Rao
6. Do we have a way to verify the measure of credit constraints whether affects firm-level financial conditions? - By Yang Lu
7. All credit constraints variables are unitless? - By Yang Lu
8. Why no FPC for Chinese measures in Table 2? – By Junlong Feng
9. Why the triple interaction term with tangibility is not significant? – By Yang Lu

**Follow-up comments:**

1. Yang Lu: You may want to check the correlation between the number of sources with the tangibility measure. If they are highly correlated, it may explain why the interaction term is insignificant.
2. Deyu Rao: For the interactions on page 35 and other pages, given that the indices are unitless, in the literature they usually:
   1. report marginal effect at average level (e.g., for column 2, the baseline effect/pass-through is 0.332, then report 0.332+0.598\*average of FPC).
   2. pick one (important) column and report the distribution of RER (as a function of both the baseline and interaction coefficients) for the real data. e.g., report the distribution of v=\_b[RER]+\_b[RER\*FPC]\*FPC. The results might be noisy though.
   3. Split continuous variable to dummy (e.g., high/low FPC, split by median or some percentile, highest 25%=1, etc.) and use this instead. This is better in cases when you are trying to make the argument qualitatively, rather than pinning down the impact quantitatively. Your key findings (like p32) are qualitative arguments now, but you might be able to dig deeper.