TABLE III

FIRST-STAGE REGRESSION

	ΔL_f		
	(1)	(2)	(3)
Lehman exposure	−0.359***		
	(0.088)		
ABX exposure		−0.262***	
		(0.093)	
Bank items			0.422***
			(0.108)
Firm-level controls	Yes	Yes	Yes
Product group FE	Yes	Yes	Yes
$E[\Delta L: \text{IV}_{p90} - \text{IV}_{p10}]$	−0.247	−0.361	0.479
Observations	1,658	1,658	1,658

Notes. $^*p < .10$, $^{**}p < .05$, $^{***}p < .01$; the standard errors are clustered by firm and product group, and the regression is weighted by initial sales. The firm-level controls are the firm's listed status, four-digit NAICS fixed effects, age, size, bond rating, number of loans, amount of loans, loan type, loan-year fixed effects, multi-lead fixed effects, number of loans due in the post-Lehman period fixed effects, loan spread, loan maturity, and lagged $\Delta \ln P_{fg}$.

Table III. All the estimated coefficients are intuitive and statistically significant.

In Online Appendix S6, I also conduct numerous robustness checks regarding concerns such as product quality and variety, retailers' decisions, local conditions, purchaser behavior, foreign exposure, initial cash holdings, pretrends, and external validity. In particular, I use the quantity information available in the Nielsen data and find that the firms that face a negative credit supply shock increase their market share. If the negative credit supply shock measures the negative demand shock, the firms facing this shock would experience a decrease in market share rather than an increase in market share. I show this result and rationalize it with the inventory adjustment hypothesis in Section IV.A.

The other assumption of the regression analysis is the long-term firm–bank relationship or the existence of switching costs when companies must form new relationships with banks. If companies can quickly change to other banks when their previous lenders cannot issue loans, these companies might not be affected by a bank shock. However, it is very unlikely that firms can easily find a new lender quickly because of the adverse selection for switchers that prevents lenders from providing new loans. In addition, the monitoring cost is likely to decline more for repeated