



SCUOLA
NORMALE
SUPERIORE

SEMINARIO DI FINANZA QUANTITATIVA

Martedì 13 settembre 2016
ore 11:00

Scuola Normale Superiore
Pisa
Aula Bianchi Scienze

Gabriele La Spada
(*Federal Reserve Bank of New York*)

terrà un seminario dal titolo:

“Competition, Reach for Yield, and Money Market Funds”

Abstract:

Do asset managers reach for yield because of competitive pressures in a low-rate environment? I propose a tournament model of money market funds (MMFs) to study this issue. When funds care about relative performance, an increase in the risk premium leads funds with lower default costs to increase risk-taking, while funds with higher default costs decrease risk-taking. Without changes in the premium, lower risk-free rates reduce the risk-taking of all funds. I show that these predictions are consistent with MMF risk-taking during the 2002-08 period and that rank-based performance is indeed a key determinant of money flows to MMFs.

Tutti gli interessati sono invitati a partecipare.

Classe di Scienze Matematiche e Naturali