

# PS1 Q2: Discussion

Computation Study Group

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# Xin's Codes

- Elegant implementation
  - clear structure
  - readable
  - financial shock + tfp shock  $\rightarrow$  mechanism
- If I were him,
  - introduction
  - variable & parameter name
  - equation id
  - customized figure
  - two shocks in one file

# Literature

- Jermann and Quadrini (2012, AER): fact + model
  - external financing cycles
  - debt financing: procyclical
  - equity financing: countercyclical
  - *aggregate* series
- Covas and Den Haan (2011, AER): fact
  - sorting by firm size (heterogeneity matters!)
  - small firms (bottom 90%)
    - debt financing: procyclical
    - equity financing: procyclical
  - small firms (top 1%)
    - debt financing: procyclical
    - equity financing: countercyclical
- Covas and Den Haan (2012, EJ): model
- Begenau and Salomao (2019, RFS, lead article): model