

Discussion of “What Impact Has the Crisis Had So Far?”

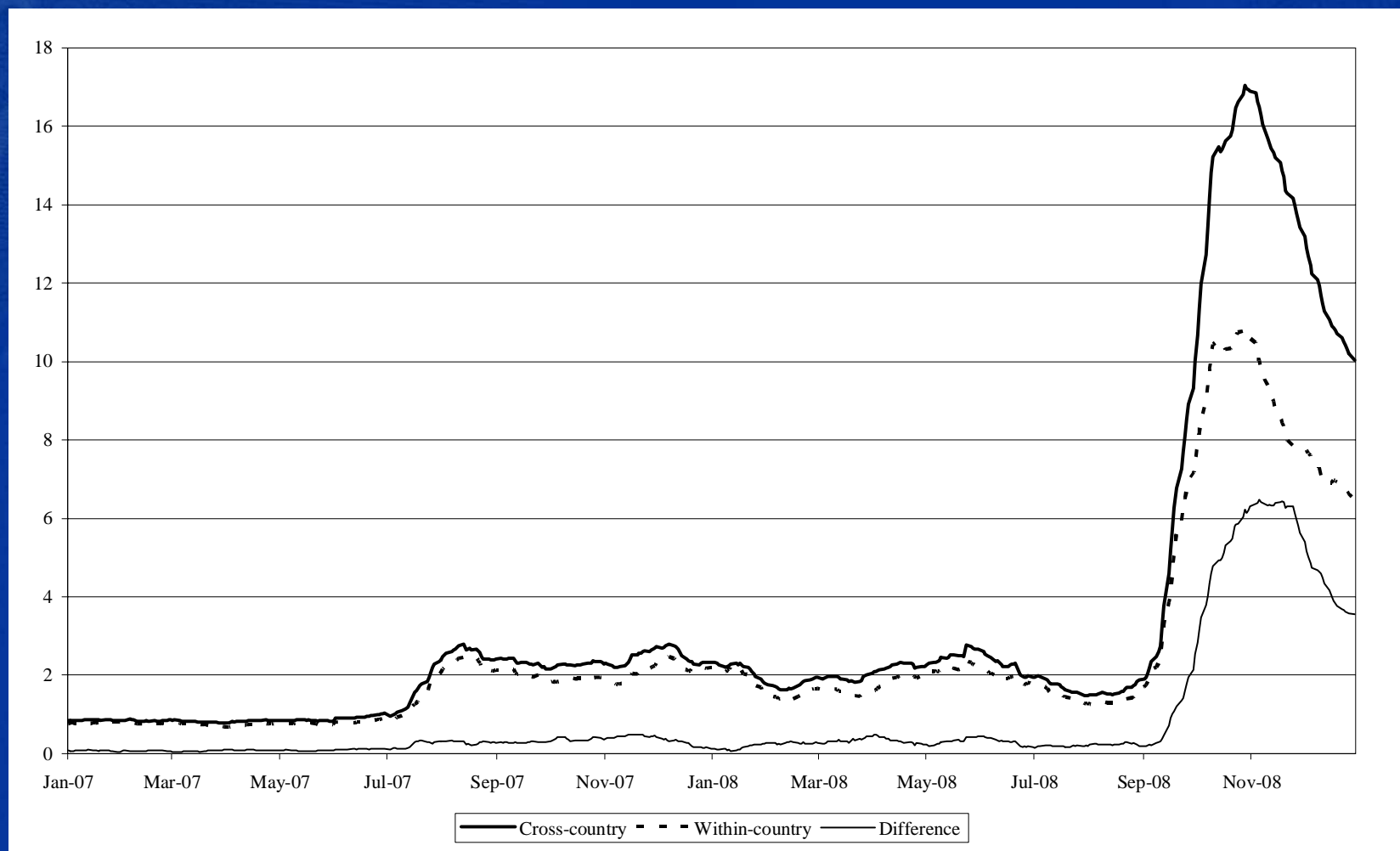
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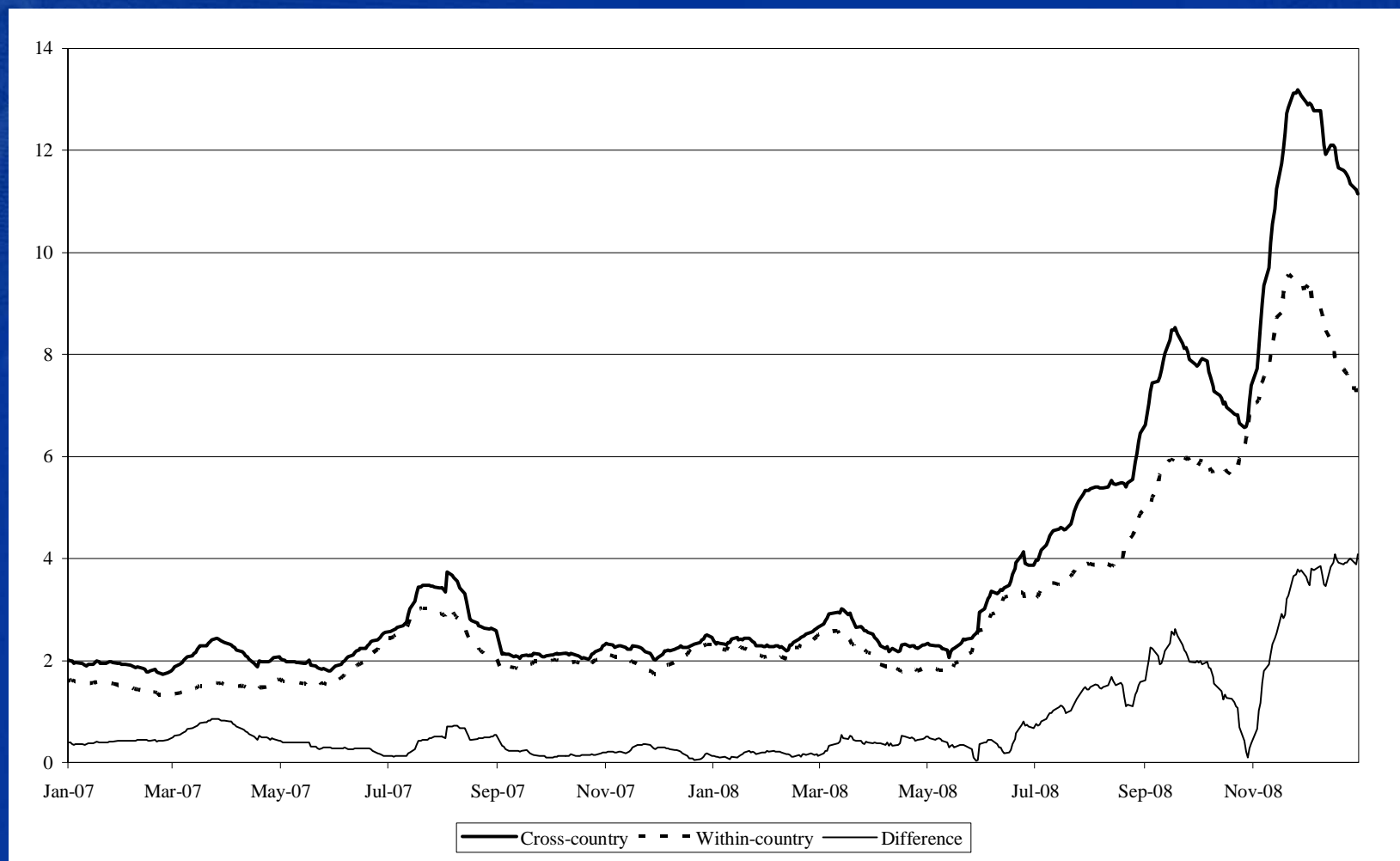
**Bruegel, International Monetary Fund, National Bank of Belgium Conference
“After the Storm: The Future Face of Europe’s Financial System”
Brussels, 23-24 March 2009**

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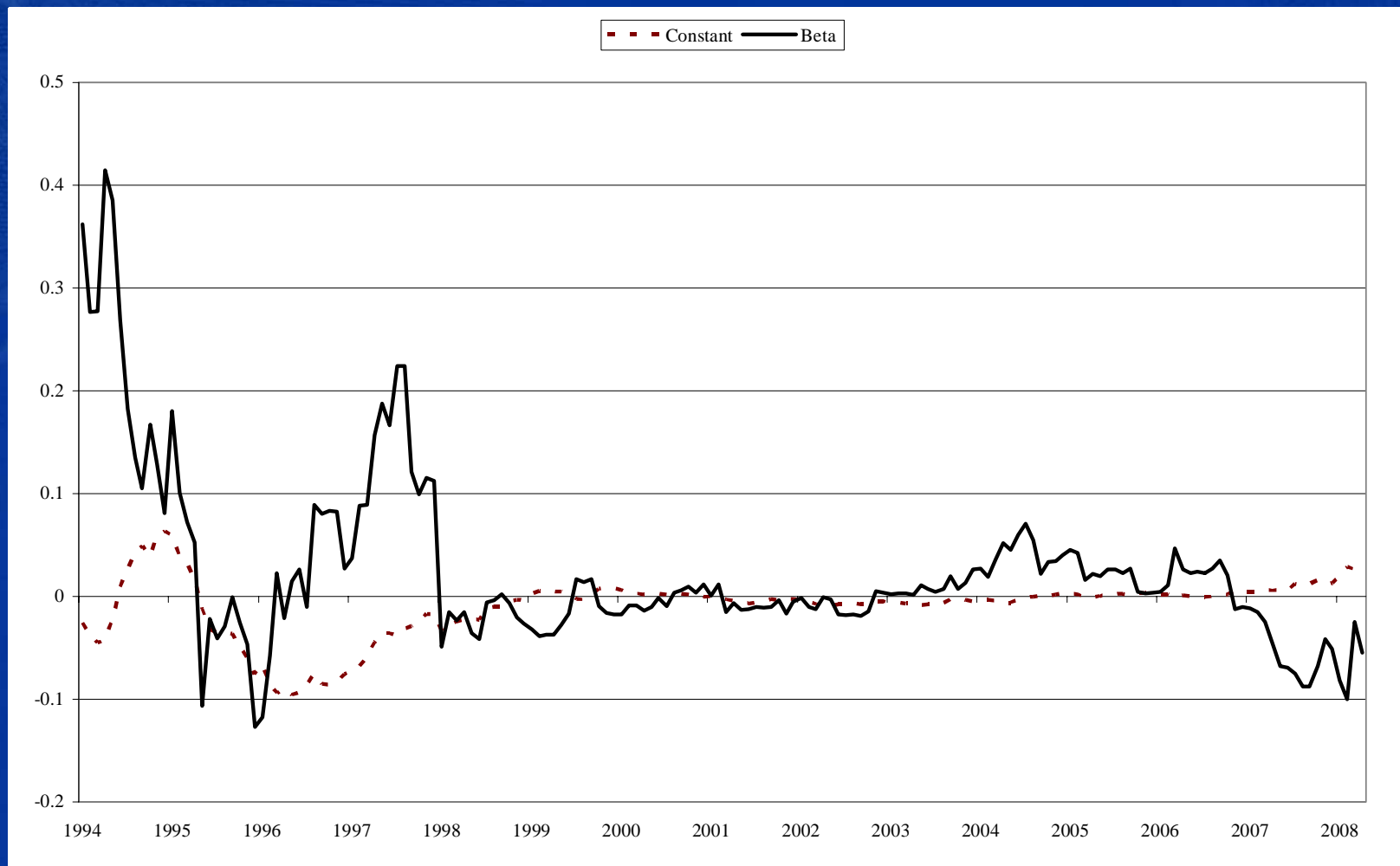
Standard deviation of 12-month Euribor (bp)



Standard deviation of 12-month Eurepo (bp)



Beta 10-year sovereign yields relative to DE



Annex

State banks and reallocation of capital

	All countries (1)	No Low-Income (2)	High Income (3)
<u>Panel A: Second Stage Estimates</u>			
Capital Markets Size (FD)	0.341***	0.329**	0.367*
stand.error	(0.095)	(0.110)	(0.190)
p-value	0.00	0.01	0.07
<u>Panel B: First Stage Estimates</u>			
Legal Formalism	-0.058**	-0.079**	-0.066**
stand.error	(0.028)	(0.028)	(0.046)
p-value	0.04	0.01	0.02
Insider Trading Legisl.	0.013***	0.011***	0.008**
stand.error	(0.003)	(0.003)	(0.003)
p-value	0.00	0.00	0.03
Gov. Ownership of Banks	-0.381***	-0.326***	-0.308**
stand.error	(0.089)	(0.099)	(0.136)
p-value	0.00	0.00	0.03
OID test; J-statistic	0.279	1.344	1.7220
<i>p-value</i>	0.86	0.51	0.42
1st Stage R2	0.606	0.616	0.475
Countries	56	48	26

Source: Hartmann, Heider, Papaioannou and Lo Duca (2007), ECB Occasional Paper no. 71