

The Hong Kong Polytechnic University
Department of Logistics and Maritime Studies
Research Seminar

Credit Event Contagion in Supply Chains

by

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Date: 9 March 2018 (Friday)
Time: 10:30am - 11:30am
Venue: R601, Shirley Chan Building
The Hong Kong Polytechnic University

(Conducted in English)

Abstract:

We document that supply-chain contagion exists in the Credit Default Swap (CDS) market. Extreme jumps in the CDS spread of a customer are associated with CDS spread changes that are in the same direction for the supplier. The same pattern holds for customers when suppliers have large CDS jumps. Furthermore, credit risk contagion extends to higher supply-chain tiers. Firm and supply chain attributes contribute to CDS supply chain contagion. Particularly, credit risk contagion is magnified by longer term supply chain relations, with differentiated products and with the usage of trade credit. The contagion is moderated when a customer is investment grade and has more inventory.

Bio:

Jing Wu [吴靖] is an assistant professor at City University of Hong Kong College of Business. He received his PhD (major in operations, minor in economics & finance) and MBA from the University of Chicago Booth School of Business, and his bachelor degree in electronic engineering from Tsinghua University. His research interests include supply chains, operations and finance, economic networks, and machine learning applications. His work appears in several INFORMS and IEEE conferences and journals. He designs and teaches PhD level Statistical Machine Learning at College of Business. Prior to joining CityU, he worked at Deutsche Bank in New York as a quantitative equity strategist.

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All are welcome!