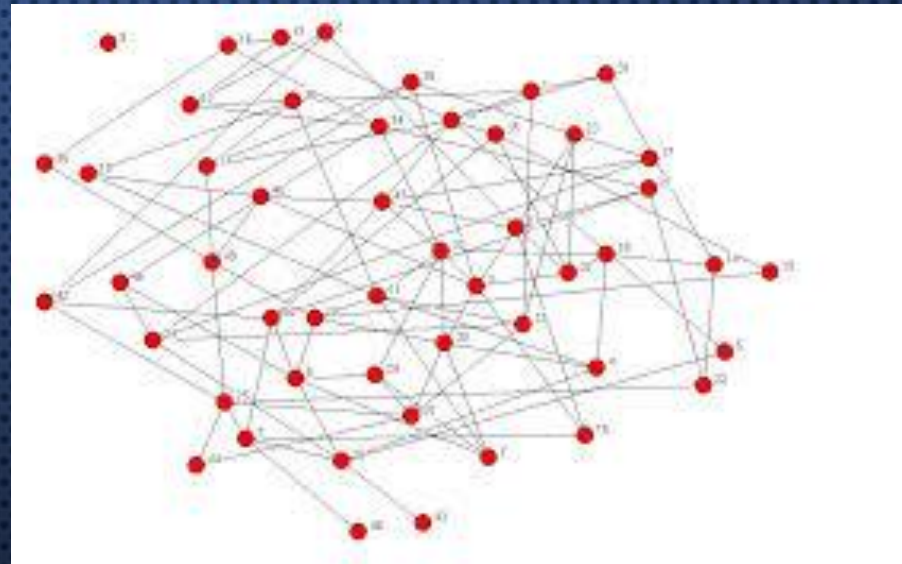
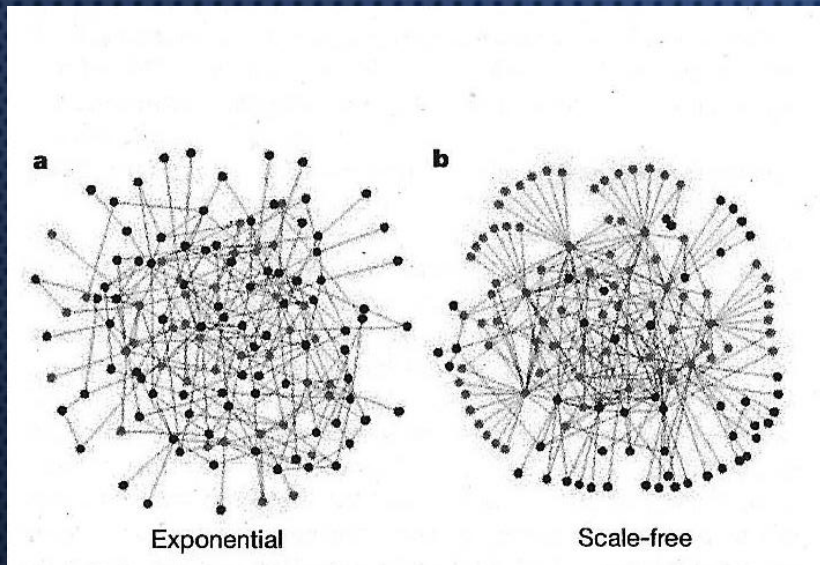


INTERCONNECTEDNESS, STABILITY, AND THE RESPONSE TO THE CRISIS

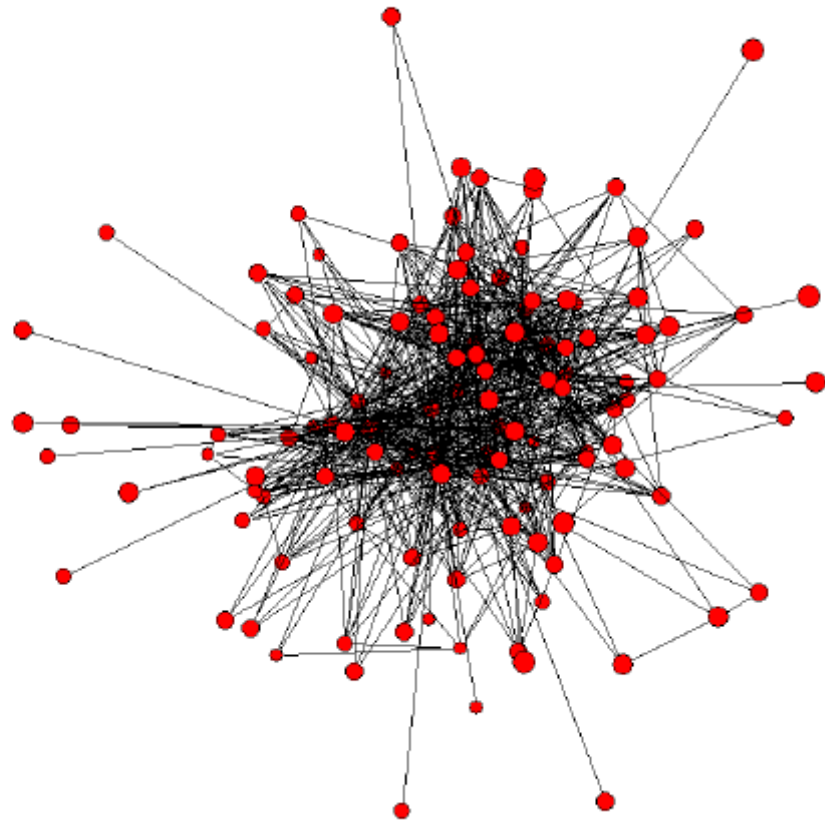
DERMOT TURING

KELLOGG COLLEGE, OXFORD

Models



Sources: Albert et al. (2000),
University of Bologna



Real Network: Brazil

Source: Cont et al. (2012)

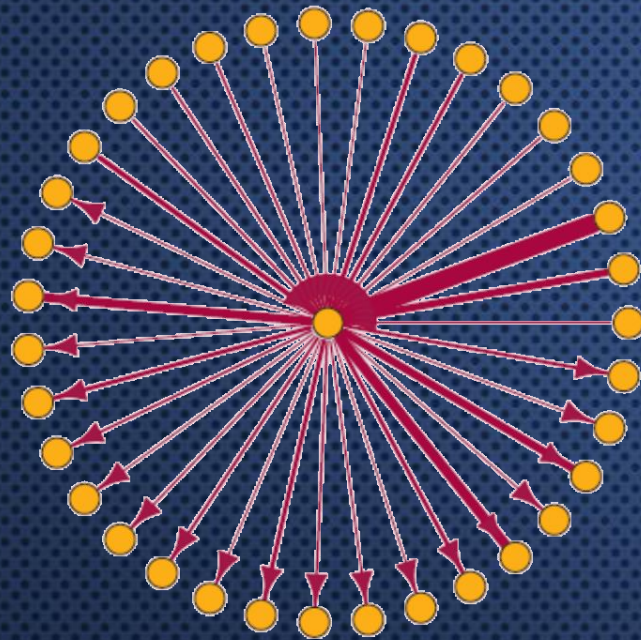
Contagion (1)



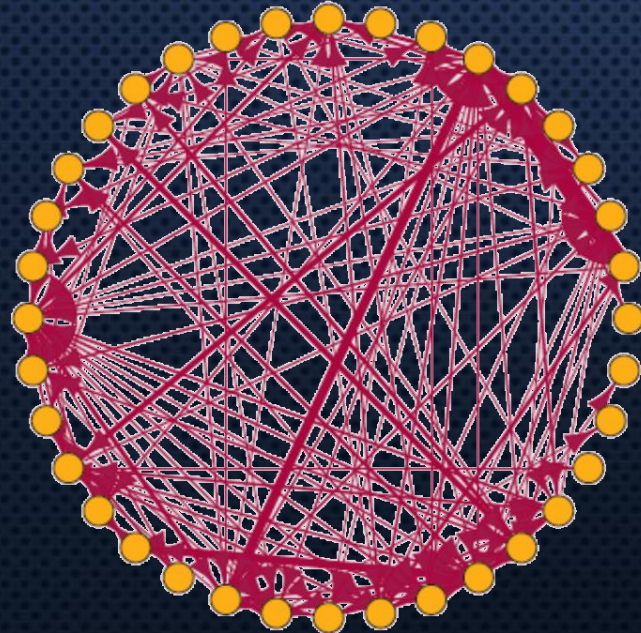
Contagion (2)



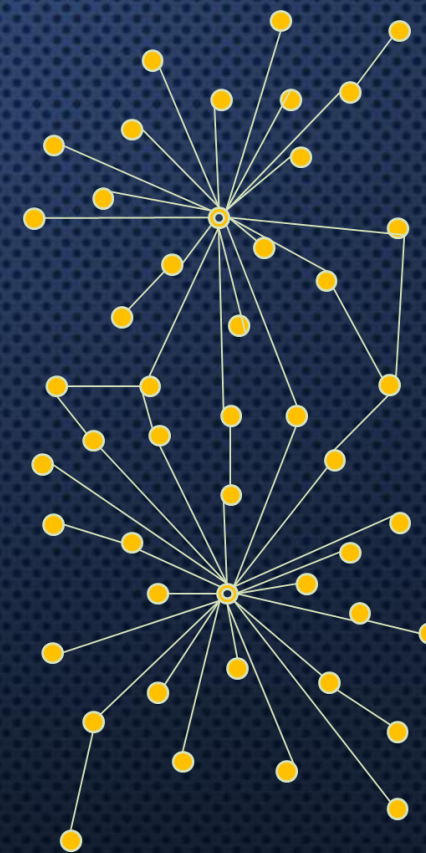
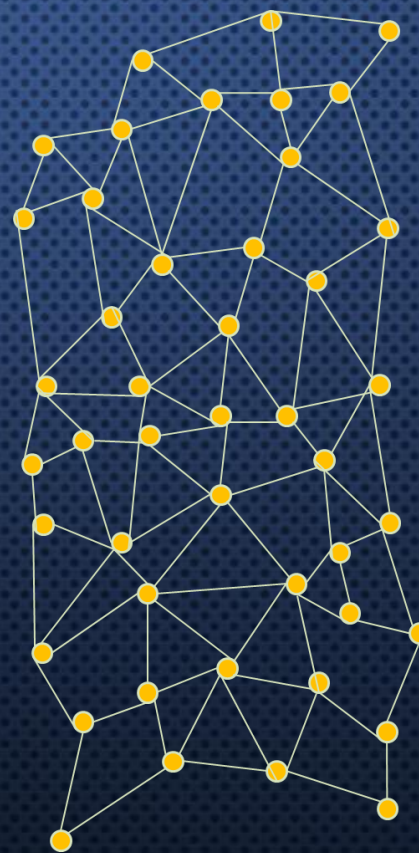
Centrally cleared trades



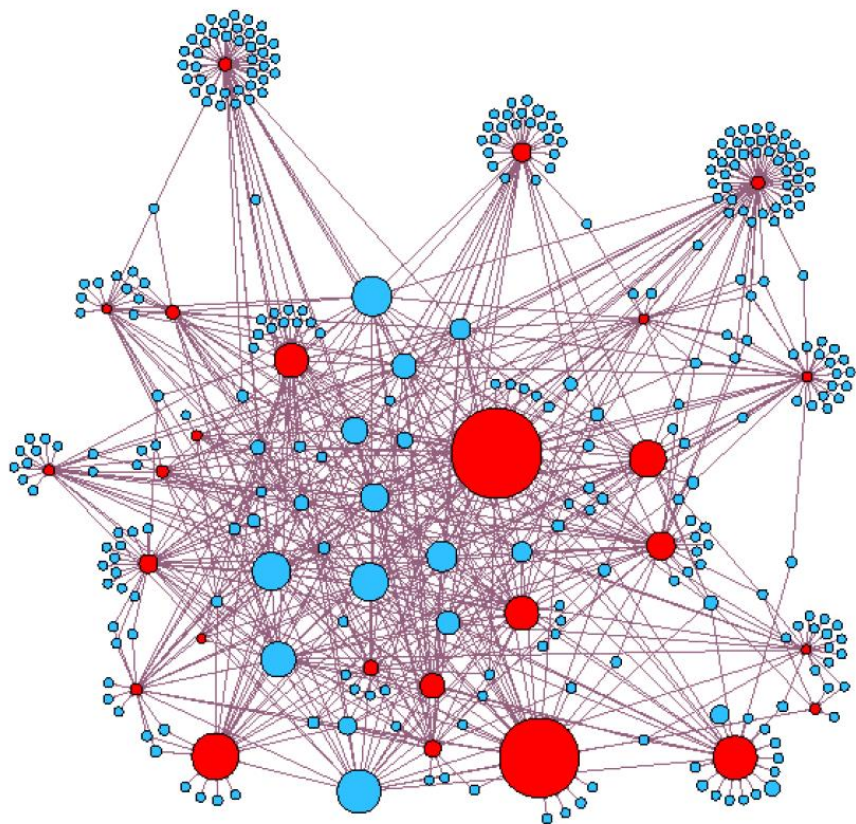
Counterfactual had they not been centrally cleared



Clearing models

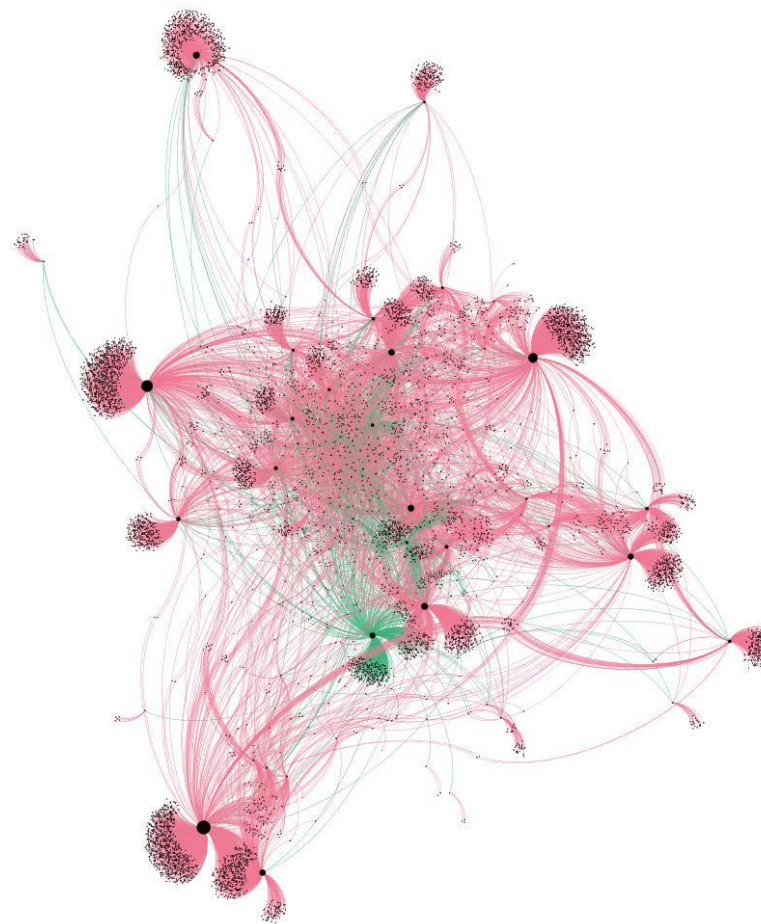


Sources: Bank of England (2018), Turing (2016)



Sources: FSB (2018), Fiedor
et al. (2017)

Real Clearing



Clearing and liquidity



CONCLUSIONS

Interconnectedness

- Loss of connectedness is destabilizing
- Topology impact of Type 1 contagion is substantial, but wrong question
- Not just a developed-world issue

Post-crisis reforms

- May have increased aridity risk
- Repo market lessons to be digested

