

Summary

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“Financial Predictors of Real Activity and the Propagation of Aggregate Shocks”

Bond yield and retail interest rate spreads are presumed to lead real activity on the basis of financial accelerator mechanisms, markup cyclicalities or simply because they are forward-looking. Empirical results for Austria show that retail interest rate spreads outperform many other indicators in this respect. Nevertheless, there is no evidence for a financial accelerator being behind this finding. The euro area corporate bond market may, however, represent a shock propagation channel of certain relevance for the Austrian economy. Keywords: Leading indicator, business cycle, shock propagation, financial accelerator, bank markup. (JEL E32, E44, G12, G21)