

Liquidity Mismatch

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Technological liquidity

- **Reversibility** of investment

Market liquidity

- **Specificity** of capital
Price impact of capital sale

Funding liquidity

- Maturity structure of debt
 - Can't **roll over** short term debt
- Sensitivity of margins
 - **Margin**-funding is recalled

Liquidity
~~Maturity mismatch~~

- Distribution of Liquidity Mismatch (with Gorton & Krishnamurthy)
 - Across sector
 - Substitutability of sector
 - Wealth shifts/undercapitalization likely, also shift risk premia