Readme File

Replication Guide: Asymmetric Effects of Monetary Policy on Firms

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This replication file uses quarterly and annual Compustat data files which can be obtained from WRDS Wharton Research Data Services.

- **1.Prepare dataset.do**

The file merges the Compustat quarterly dataset with aggregate variables and arranges the dataset for analysis. The downloaded quarterly data should be stored under Stata/Raw_data folder.

- **2. New variables and trims.do**

This file creates new firm-level variables and defines the sample trimming procedure.

- **3. Annual data merge.do**

This file merges annual Compustat variables with the quarterly Compustat variables. The downloaded annual Compustat data is stored in Stata/Raw_data/Annual folder.

- **4. Estimation Prep.do**

This file prepares the data for estimation.

- **5. Descriptive Stats.do**

This file produces Table 7 (Descriptive Statistics), Appendix Figure A1 (Time series of monetary policy shocks), and Appendix Figures C8-C10.

Estimations

52. LP prep_Baseline.do

This file prepares the data for the following LP estimations. The reader should change the response variables in line 78 to achieve the respective Figure. This do file connects to a couple of different do files in lines 141-150.

1. **52A.LP_MP_Asym**: produces the main **Figures 1-3** in the Figures folder.
2. **52A.LP_MP_Asym_Table**: generates Appendix Table C12, which shows the baseline estimates plotted in Figures 1-3 in table format.
3. **52A.LP_MP_No sign split.do**: creates Appendix Figure B7 using pooled monetary policy shocks.
4. **52A.LP_BUSINESS_CYCLE.do**: produces business cycle interaction estimates in Appendix Table B4.
5. **Produce_FigB5.do**: generates Appendix Figure B5.

Appendix Figures B2-B4 and B6, and Tables B2 and B6 are also reproducible using the **LP prep_baseline.do**. with the specified options included the do file.

TABLES 1-6: SINGLE HETEROGENEITY

The **"Do/HETEROGENEITY"** folder contains the do-files that produces single-group heterogeneity results, Tables 1-6.

82.MP_Asym_IV_het_size produces Table 1.

82.MP_Asym_IV_het_dividend produces Table 2.

82.MP_Asym_IV_het_leverage produces Table 3.

82.MP_Asym_IV_het_liquidity produces Table 4.

82.MP_Asym_IV_het_credit_rating produces Table 5.

82.MP_Asym_IV_het_age produces Table 6.

ROBUSTNESS:

Under the robustness folder, there are 6 files:

52.LP prep_Romer.do: produces Appendix Table B3.

52A.LP_BUSINESS_CYCLE: produces Appendix Table B4 (see above).

52A.LP_MP_No sign split.do: produces Appendix Figure B7 (see above).

52.LP prep_SmallLarge shocks.do connects to **52A.LP_SmallLarge shocks** to produce Appendix Table B5.

Produce_FigB5.do: generates Appendix Figure B5 (see above).

TABLES C7-C11: DOUBLE HETEROGENEITY:

Under the folder "Do/DOUBLE HETEROGENEITY", there are five starter do files. These do files connect to respective 82A. LP files and produces Online Appendix Tables C7 to C11. These files are as follows:

82.MP_Asym_IV_het_doublecut_DIV_SIZE.do produces Table C7

82.MP_Asym_IV_het_doublecut_CREDIT RATING_SIZE.do produces Table C8

82.MP_Asym_IV_het_doublecut_DIV_AGE.do produces Table C9

82.MP_Asym_IV_het_doublecut_SIZE_AGE.do produces Table C10

82.MP_Asym_IV_het_doublecut_DIV_CREDIT.do produces Table C11