

READ ME FILE

Title: The Real Effects of Debt Covenants: Evidence from Australia

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Description

This 'read me' file details the replication files for RDP 2022-05. The 'Data' folder contains Stata's dta files. The 'Codes' folder contains Stata's do files that are used to produce the results presented in the paper and the appendices. The Stata codes were run on Stata MP 16 (64 bit).

If you make use of any of these files you should clearly attribute the author in any derivative work.

Folder structure

The main folder contains the 'rdp-2022-05-read-me.pdf' and the xlsx file 'rdp-2022-05-graph-data.xlsx', which provides the publically available data for the figures as printed in the RDP in excel format.

It also contains the following folders:

Data

The two files in the 'Data' folder are the primary inputs to the 'Codes' files:

- connect4_covenants.dta: this contains the panel data of covenants for Australian non-financial listed firms between 2002 and 2020, constructed by the author using business financial reports and the methodology outlined in the paper.
- BTCS_yearly.dta: this contains the monetary policy shocks series constructed annually in Beckers (2020).

The data obtained from Morningstar is not publically available due to third party copyright.

Codes

This folder contains the files you can use to reproduce the analysis, including:

- 01. Data Setup.do: this code cleans data and sets up variables for analysis.
- 02. Direct Effects - Regressions.do: this code estimates the direct effects of debt covenants in Section 3.
- 03. Indirect Effects - Regressions.do: this code estimates the indirect effects of debt covenants via monetary policy transmission in Section 4.
- 04. Main Tables and Graphs.do: this code produces summary statistics tables and graphs in the main paper and the appendices.

Output

Results from running '01. Data Stup.do' saved here, and then used when running the other code files.

Reference

Beckers B (2020), ['Credit Spreads, Monetary Policy and the Price Puzzle'](#), RBA Research Discussion Paper No 2020-01.

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