

COVID-19 WEBINAR SERIES



Policy Research @ HKIAPS | Hong Kong Institute of Asia-Pacific Studies
The Chinese University of Hong Kong

COVID-19 and Supply Chain Risk

PROGRAMME

27 November 2020, 11:00 AM–12:15 PM (GMT+8)

11:00–11:05 AM

Welcoming Remark

Prof. Fanny M. CHEUNG

*Senior Advisor,
Faculty of Social Science &
Hong Kong Institute of Asia-Pacific Studies, CUHK*



11:05–11:25 AM

Paper Presentation

Prof. Jing WU

*Assistant Professor, Department of Decision Sciences and
Managerial Economics, CUHK Business School*



In this seminar we will examine how supply chain activity has been reflected in credit risk during different phases of the COVID-19 pandemic. Specifically, we will examine credit default swap (CDS) spreads and US-China supply chain links. In the analysis, considerable effects were found on the propagation of credit risk. The CDS spreads of firms with Chinese supply chain partners increased in parallel with supply chain disruptions during the economic shutdown period of the pandemic. Furthermore, following the re-opening in China, these spreads decreased as economic activity resumed in that country. It was also found that household demand has been an important driver of this supply chain credit risk behaviour. The resumption of supply chain activity alone has not been enough to lead to a decrease in the credit risk of sectors catering to household demand during periods of dampened household spending. Therefore, having a more global customer base can mitigate the effects of shocks to local household demand. While a firm's leverage and the duration of its supply chain magnified its supply chain driven credit risk during the pandemic, cash holdings, growth opportunities, an investment-grade rating, and the centralization of supply chain networks moderated such effects.

11:25–11:40 AM

Prof. Vernon N. HSU

*Choh-Ming Li Professor of Decision Sciences and
Managerial Economics, CUHK Business School*



11:40–11:55 AM

Prof. Sean X. ZHOU

*Chairperson, Department of Decision Sciences and Managerial
Economics, CUHK Business School*



11:55 AM–12:15 PM

Q&A Session