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Autor o Editor
Ramo Gencay, Daniele Signori

Counterparty risk is an important determinant of corporate credit spreads. However, there are only a few techniques available to isolate it from other factors. In this paper we describe a model of nancial networks that is suitable for the construction of proxies for counterparty risk. Using data on the U.S. supplier-customer network of public companies, we nd that, for each supplier, counterparties' leverage and jump risk are signicant determinants of corporate credit spreads. Our ndings are robust after controlling for several idiosyncratic, industry, and market factors.