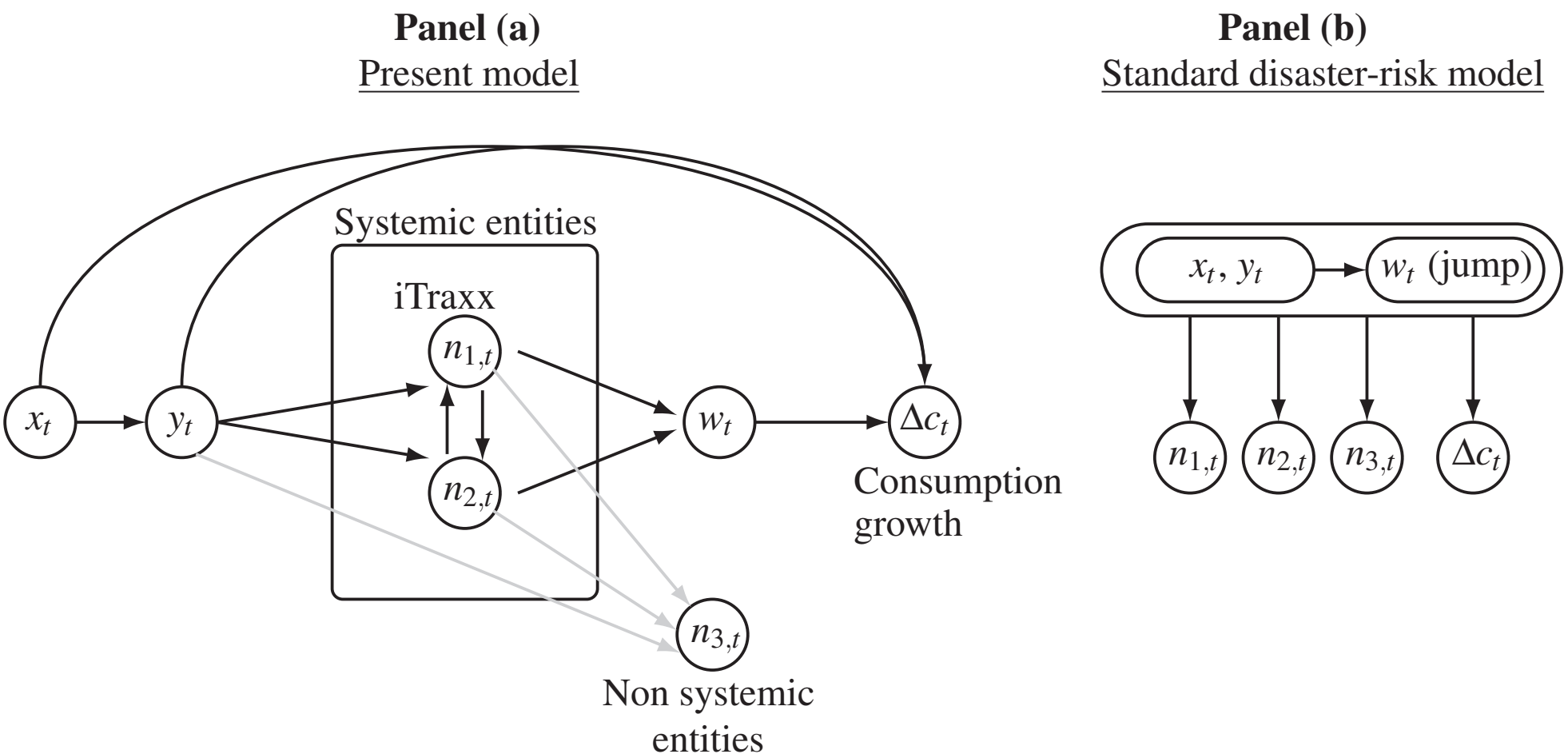
Panel (a)
Present model
Systemic entities
iTraxx
x_t
y_t
$n_{1,t}$
$n_{2,t}$
$n_{3,t}$
w_t
Δc_t
Consumption growth
Non systemic entities
Panel (b)
Standard disaster-risk model
x_t, y_t
w_t (jump)
$n_{1,t}$
$n_{2,t}$
$n_{3,t}$
Δc_t