# Corrigendum to "Systemic Risk and the Macroeconomy: An Empirical Evaluation"

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## 1 Second-stage covariance

Table 5 describes the second stage of PQR as "Cross-section covariance of $x_{it}$ and $\hat{\phi}_i$" but the code (eg line 83 of `verb.m`) computes the regression coefficient which is the covariance scaled by the variance of $\hat{\phi}_i$. Since this is the same number for every cross section, the third-stage regression adjusts for that rescaling and the results are unchanged. The table should read "Cross-section regression of $x_{it}$ on $\hat{\phi}_i$". We thank Noam Tanner for bringing this to our attention.