# Vente

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# Traces pour la compétence "Vente"

- intitulé : Pour mener une vente complexe
- Apprentissages critiques développés :
- 1. AC32.01 | Identifier les techniques d'achat employées par un acheteur professionnel
- 2. AC32.02 | Elaborer des outils de gestion et de calcul efficaces (facture, échéancier, devis) pour la vente complexe
- 3. AC32.03 | Maîtriser les codes propres à l'univers spécifique rencontré : achat, finance, industrie, international, etc

## **Global Markets and Institutions**

## First Assignment

## Chapter 7:

- 1 : Economy of scale helps the existence of financial intermediaries because thanks customers deposit, multiple customers can lend money to borrowers with lower interest (the overall operating costs are lower).
- 2: Dating can solve the adverse selection problem, because the adverse selection occurs before a contract is signed. Giving more transparent information should be a method to vanish averse selection (e.g: lemon cars, the sellers has more information on the product than the buyer).

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#### Chapter 8:

- 1: Financial crisis = Major disruption in financial markets characterized by sharp declined in asset prices and firm failures. Asymmetric creates barrier between savers and borrowers, so it helps to define a financial crisis, because borrowers don't trust lenders so it slows down the financial system.
- 2: The mortgage brokers who originates the loans didn't make effort to verify if the borrower could pay off (or not) the loan. But it was not their problems, because brokers were paid depending on the quantity of loans they contracted (whether the borrowers are not bankable). The brokers encourage the households to falsify their information, so they can contract a mortgage loan which is above their earnings, and the banks didn't know. The residential housing known a boom and bust, asset price boom and bust, and increase in uncertainty between 2002 and 2006, which led to the global financial crisis of 2007-2009 (then follow banking crisis, and debt inflation.)
- 3: The lending practices started to be revealed which conducts the value of the house being decreased (even below the price of the loan). Home owners just gave back the keys of their houses. The decline in the US housing market led the value of mortgage-backed securities to collapse. So the assets value decreased, so did the net worth of the banks. The banks were weakened and reduced money lending, meaning more of financial frictions in financial markets.
- 4 : Financial frictions : The financial frictions are the financial barriers made by the lack of information from the borrower to the lender. This lack of information is the first lever of the first stage of a financial crisis.
- 5 : Failure of a major financial institution lead to an increase in adverse selection and moral hazard, because it becomes hard to acquire information on the credit worthiness of banks.

#### Chapter 17:

- 1:-reserves
- -securities
- -commercial loans
- -physical capital

Figure 1: 1er livrable semestre 5 en global markets and institutions

## 16- Profit diagram for a future defined on Treasury Bonds - Buyer's perspective

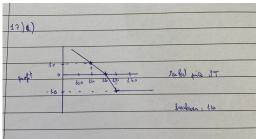
I:



II: Bond futures are contractual agreements where the asset to be delivered is a government or Treasury bond. A bond futures contract can be held until maturity, and it can also be closed out before the maturity date.

III

17- Profit diagram for a forward defined on Treasury Bonds - Seller's perspective 1.



II: Selling the forward is a good deal because as we can see on the diagram, the price of the spot is expected to decrease. The breakeven rate is at 120 points, and then, everything is out of money.

# 18- Using Foreign Currency forwards for speculation

a-b) If I want to bet on the fall of the peso relatively to the dollar, I would sign a buying forward contract, and then wait the peso to fall to buy 1 000 000 pesos at a lower price in dollar. Then you just have to wait the value of the peso to increase relatively to the dollar. This position is a long term position, because you don't know if and when the value of the peso relatively to the dollar will grow.

# 19- Using Foreign Currency forwards for speculation a) Maturity for the exchange rate = $1\ 000\ 000\ x\ 0,15 = 150\ 000\$$ for $1\ 000\ 000PS$ Real rate at expiration date = $1\ 000\ 000\ x\ 0,10 = 100\ 000\$$ for $1\ 000\ 000PS$

In as much as you sell a forward with an exchange rate at USD= 0,15PS on the expiration date, you will gain on the speculation because the real exchange rate was even lower on the expiration date.

Figure 2: 1er livrable semestre 6 international finance