



## Module 1 - Introduction

# The Role of Global Capital Markets

## Welcome and Introduction (Getting organized)

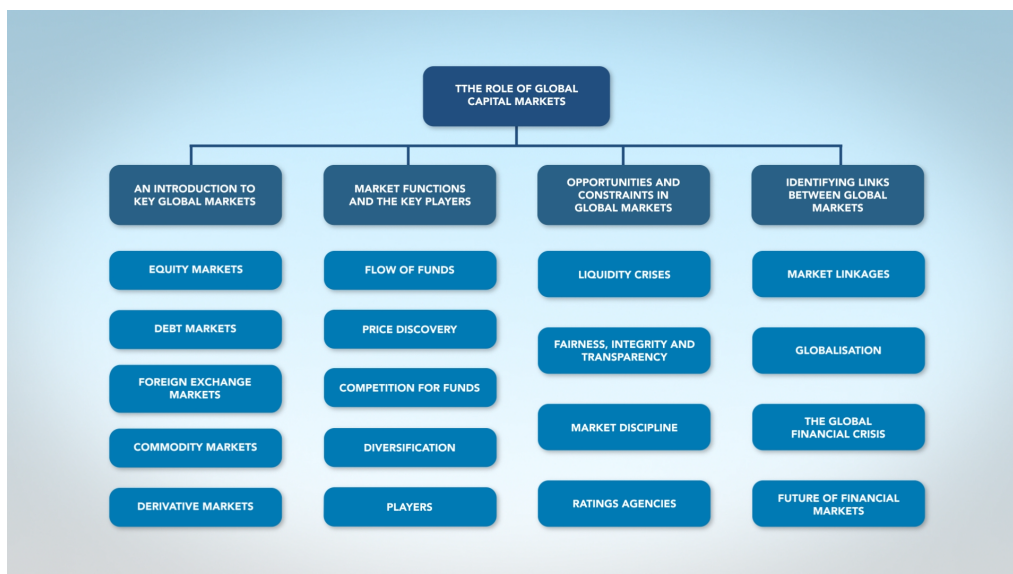
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## Introductions and features

- The role of global capital markets
- Second course of four in the specialization 'Essentials of Corporate Financial Analysis and Decision-Making'
- Each course is 'self-contained,' yet integrated and connected within the specialization
- Four modules per course
- Quizzes and reflective assessment
- Corporate 'check-ins' and capstone

## Motivation

*What/where are those markets?*

*Why do markets exist?*

*Who 'drives' the financial markets?*

*Why do companies need financial markets?*

*Why do some markets have a bad reputation?*



### A different angle

- Our starting point is to understand global financial markets from a corporation's perspective – efficiency of its business operations and financial decision-making
- Sound financial decision-making requires knowledge and understanding of capital markets
- Who's interested?
  - Analysts and managers

### Core business of our corporation

- Buying (importing) grains to process into cereals
- Exporting cereals overseas
- Producing cereals overseas
- Borrowing short-term money to streamline cash flow
- Borrowing long-term money to finance takeovers (Pringles)
- Issuing new, or repurchasing outstanding shares





## Financial statement of our corporation

### Liabilities

(\$USD millions)	2014	2013
<b>Current liabilities</b>		
Current maturities of long-term debt	607	289
Notes payable	828	739
Accounts payable	1,528	1,432
Other current liabilities	1,401	1,375
<b>Total current liabilities</b>	<b>4,364</b>	<b>3,835</b>
<b>Non-current liabilities</b>		
Long-term debt	5,935	6,330
Deferred income taxes	726	928
Pension liability	777	277
Other liabilities	500	497
<b>Total Non-current Liabilities</b>	<b>7,938</b>	<b>8,032</b>
<b>Total liabilities</b>	<b>12,302</b>	<b>11,867</b>

## Definition of a capital/financial market

Financial markets provide financial intermediation between surplus units (investors/lenders) and deficit units (borrowers) to more efficiently allocate scarce capital.

Global capital markets are traditionally located in financial centers, but are becoming increasingly virtual, thereby:

- Improving global access to capital
- Increasing investment opportunities.





## Global capital markets

- Equity market
- Debt market (money/bond markets)
- Foreign exchange market
- Commodity market
- Derivatives market



## Source list

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