­­­­Annotated Bibliography

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Anand, A., Irvine, P., Puckett, A., & Venkataraman, K. (2013). Institutional trading and stock resiliency: Evidence from the 2007–2009 financial crisis. *Journal of Financial Economics,108*(3), 773-797. doi:10.1016/j.jfineco.2013.01.007

This is one of a string of papers to follow Amber Anand's work, predominantly on market execution and the effects of algorithmic trading. This paper specifically relates the effects that conflicts of interest have on proper order execution. Essentially, when you as the broker own a platform of exchange, you can easily route order flow from your clients through that platform to your own benefit, without really breaking fiduciary responsibility. THis is relevant to my research because it shows that any municipality looking to place a large futures trade should err towards using brokers without affiliated trading systems, in order to ensure a fairer shake and a better deal.

Esposito, E., & Whitehead, A. K. (2011). *The future of futures: The time of money in financing and society*. Cheltenham: Edward Elgar.

Esposito explains the time value of money and how futures influence the future of the time stream which they're created. The main thesis of the book is that implementing futures allows for the implementor to create a different future for themselves. This idea is supported by her claim that the underlying product of futures is uncertainty itself. Using them reduces variability in the lives of the people using them. Applied to my own research as evidence for the benefits from derivatives hedging.

Griffin, J. M., & Shams, A. (2017). Manipulation in the VIX? *SSRN Electronic Journal*. doi:10.2139/ssrn.2972979

John Griffin is a Professor of Finance at UT Austin who focuses on market irregularities and manipulation. This paper caused a stir because it showed how the VIX (the main volatility index) was susceptible to blatant manipulation. Although very open to debate, the evidence is compelling that some manipulation does happen, although perhaps not to the extent Griffin supposes. This is relevant to my research as a pressing to focus not only on what you're buying (as a municipality or state) but also how the index your product may be based off of is calculated and, to that end, manipulated. Buyers of futures products should heed the warning here - taking settlement means settlement risk, a risk which very smart players can sometimes move to their advantage and your detriment.

Stowell, D. P., & Mclarty, T. (2009). Porsche, Volkswagen, and CSX: Cars, Trains, and Derivatives. *Kellogg School of Management*. doi:10.4135/9781473989610

This paper comes Johnny Kang, PhD student at Kellogg. This paper is an excellent case study of when derivative exposure moves markets. Porsche, through equity settled swaps, essentially gains a controlling stake in Volkswagen, which ends up moving the market in an absolutely rapid way. VW, for a day, becomes the most valuable company on the planet by market cap. This is relevant to my research because, where derivatives hedging used by the entirety of states exposed to various industries, serious market dynamics may be effected and notional exposure could far outweigh the true existing commodity (c.f. GLD, the gold ETF, and its claims on more gold than has ever existed).

He, Z., Krishnamurthy, A., & Milbradt, K. (2016). What Makes US Government Bonds Safe Assets? *NBER*. doi:10.3386/w22017

Zhiguo He is a professor of Finance at the Booth School of Business, well renowned for his scholastic record. This paper talks about the safety of US Government bonds, from a slightly behavioral perspective and explains how liquidity actually makes two comparably safe assets (they give the example of treasury bonds versus Swiss bonds) trade at notably different prices. This is relevant to my research because it touches on some aspects of narrative economics. If the municipalities of the United States were to become even further safer in terms of hedging, then the United States (as in its tax revenue streams) also become safer, meaning the United States could issue debt even cheaper prices then previously warranted, due to underlying risk mitigation of the risks of its municipalities.