

JEM 037 Financial Markets – otázky ke státní závěrečné zkoušce

1. What is a Collateralized Debt Obligation (CDO)? What are its main features and why was it popular before the crisis in the US sub-prime segment? What are the main risks related to holding of this instrument?
2. What causes crises and severe recessions? Discuss at least three different views.
3. Define global, market and balance sheet/funding liquidity. What are the main differences? Are these concepts of liquidity anyhow interrelated?
4. Give a definition of market liquidity. Discuss the three main dimensions of market liquidity.
5. What is balance sheet/funding liquidity? Is there a difference between funding liquidity and funding liquidity risk?
6. Describe money markets and their functions. How did money markets changed in the financial crisis? Explain and discuss the measures the ECB took as a reaction to the crisis (focus on money markets).
7. What are the assumptions of the models with efficiency? Discuss their realism.
8. Explain the main predictions of CAPM. What are the main findings of the violation of CAPM?
9. Explain the reasons for the popularity of behavioral finance. What are the main differences between the models with the assumption of behavioral finance, full rationality, and bounded rationality?
10. Name and explain at least 4 behavioral biases, which can explain the financial market participants' deviation from the total rationality.
11. What is Basel III? What new does Basel III introduce? What the goal of these new measures? What are the problems related to Basel III implementation? What is Basel III criticized for?
12. Name at least four types of risk. Explain with which tools (or by what kind of measures) the appropriate type of risk is managed.
13. Explain the reasons for which firms hedge. What are the empirical research findings on the types of firms, which hedge?
14. Name managers' incentives and how these incentives may lead to the inefficient decisions. Why is it difficult to control managers? Why are they still provided with some level of discretion? How can we influence the managers' incentives to solve the principal-agent problem?
15. What kind of information signal can we obtain from companies' announcements, reports or financial decision? How will the market react to the appropriate information signal?
16. Explain how the foreign exchange market works. Describe spot and forward exchange rates, and spot and forward segments of the forex market; accentuate the key differences.
17. Describe differences among mergers, acquisitions (M&A) and restructuring. Discuss incentives for and (dis)advantages of M&A plus sources of potential gains.