



SPB APL \$98,66 (0%) V \$79,91 (0%) GILD \$86,55 (0%) SBUX \$57,9 (0%) FB \$121 (0%) BABA \$84,49 (0%) JNJ \$125,03 (0%) TSLA \$222,27 (0%) AMZN \$744,86 (0%)

Guide to Risk Management at Brexit and military mutiny in Turkey



Roman Nekrasov, founder market-lab.org 7.18.2016 18:48 552

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Твитнуть

Unexpected results of the referendum and Brexit military coup in Turkey have shown that international investors are facing a new challenge - political risks. How to manage the issue [investigated](#) by scientists from the University of Amsterdam and Duke University. The sample included a survey of more than 1,000 CEOs worldwide.

Over the past 15 years has increased the value of political risk among investment managers. They became even outweigh the commercial (market) risk. More than 50% of the companies refused from foreign direct investment, referring to the high political risks. Political risk affects the direct and financial foreign investment under the influence of objective factors (pre-election uncertainty, political conflicts, etc.) and subjective (psychometric evaluation of the political leaders of the level of risk companies in a given country).

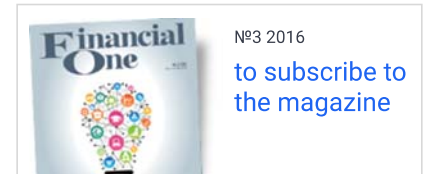
Scientists have identified 8 Political risk assessment metrics: 1) Election uncertainty 2) conflict risks, 3) social unrest, 4) corruption, 5) political instability, 6) the quality of institutions in the host country, 7), the risk of sovereign debt; 8) market imperfections. At the same time, risk aversion heads is an important factor in explaining how their companies respond to political risk.

According to the behavioral model of the Amsterdam researchers found that the head of the personal risk profile associated with investments in politically risky countries. And in companies headed prone to risk managers, as paradoxical as it sounds, most likely, will avoid investments in politically risky countries. This is due to the effect of risk aversion on the company, taking into account the interests of shareholders and managers age (under 45 years).

diversification of investments between the two countries (57.8%) The most popular way to political risk management in the financial sector managers named. The second and third place - the abandonment of investment in risky countries (44.4%) and an increase in the volume of research to investment decisions (44.4%).

In the non-financial sector won a variant with the avoidance of risky investments in the country (51.6%). And he walked with a noticeable advantage. Probably it affects the inertia of investment, when investors withdraw from the country more difficult than in the financial sector. It is therefore easier simply not enter therein. On the second increase in the volume of research (42.7%) and the involvement of partners from the local and international companies (41.9%), to share the risk with them.

As firms manage political risk



NEW MATERIALS

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INTERVIEW

ALL

“The price of art, as well as

Methods to Manage Political Risk (percentage of respondents)	Full Sample	Non-Financial	Financial	North America	Europe	Asia	Other Regions
Avoid Investing in Risky Countries	48.6	51.6	44.4	51.6	46.4	42.0	64.3
Increase Research Before Investment	43.5	42.7	44.4	40.9	42.9	48.0	42.9
Diversify Investment Across Countries	39.3	25.8	57.8	32.3	42.9	40.0	71.4
Reduce Investment in Risky Countries	35.1	33.1	37.8	31.2	39.3	36.0	42.9
Increase Use of Partners/Consortia	34.6	41.9	24.4	39.8	33.9	26.0	28.6
Lower Company Profile in Risky Countries	25.7	29.0	21.1	24.7	30.4	24.0	21.4
Increase Hurdle Rate on Projects in Risky Countries	25.2	26.6	23.3	26.9	28.6	18.0	21.4
Increase Currency/Commodity Hedging	18.2	18.6	17.8	21.5	14.3	22.0	0.0
Increase Use of Political Risk Analysts	17.3	11.3	25.6	15.1	14.3	26.0	14.3
Increase Security Personnel	15.4	22.6	5.6	21.5	8.9	14.0	7.1
Alter Supply Chain Management	15.4	25.8	1.1	23.7	12.5	8.0	0.0
Diversify Investment Across Industries	15.4	7.3	26.7	12.9	10.7	22.0	28.6
Use Political Risk Insurance	15.0	16.9	12.2	9.7	21.4	16.0	21.4
Enhance Public Relations in Risky Countries	14.5	16.1	12.2	15.1	12.5	16.0	14.3

Source: Erasmo Giambona, John R. Graham, Campbell R. Harvey The Management of Political Risk, 2016

Consequently, investors are more inclined to political risk in the financial sector, while they actively manage them, setting limits on risky countries and using diversification of investments between the two countries.

At the end of the study, the researchers concluded that the study of political risk in the light of the investment - is an important area that needs to be continued with the new experience. As you can see, the political life of the world throws them more and more new empirical materials.

Tags: risks , Brexit , Turkey

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As abroad struggling with binary options services

11.04.2016 14:50 8868

In recent months the site, offering trade binary options, came under particularly heavy fire of financial regulators around the world. According to the prevailing trends, the financial authorities in different countries finally decided to count binary brokers are not traders or investment companies, and organizers of gambling. Accordingly, their activities are not subject to the usual financial regulation and should be discontinued.

Sberbank CIB is waiting until the end of the week crude oil at \$ 43.92

the shares depends on the situation" »



Andrey Gritsenko, General Director of "Capital Asset Management"

ACTIVITIES AND SPECIAL PROJECTS

July 28th. IR Magazine Russia & CIS Awards

on 24-25 August. Business Forum "Forex in Russia"

on 9 September. Professional architectural workshop Vasily Oleynik

23 September. Blockchain & Bitcoin Conference Kiev in 2016

on October 27-28. III Conference "Investing in Health"

Breaking news



French media were told

who would get Russian medals in Rio

The German professor-composer taking the drug and sex slave



Recognition Munich

arrow in the murder hit on video



unknown to Hyundai

kidnapped the girl in the center of Moscow

Champion in freestyle wrestling Fadzayev return their medals if clean athletes will not be allowed to Rio

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Former intelligence officer: Putin's reaction will be very tight



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Working pensioners may be left without pensions


11.04.2016 13:44  3144

However, as experts warn the market will remain volatile, and prior to the meeting in Doha is still possible profit.




News net.finam.ru

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07.21.2016 10:31  772


How to become a trader - the main theme, in which we questioned the stock exchange community that public universities it has learned what there are interesting programs online that offer education and brokers in their exchange universities.

Experts: blokcheyn-revolution in the world of finance is inevitable

11.04.2016 17:56  4090

April 8 Blockchain & Bitcoin Conference Russia-2016 brought together financiers, blokcheyn enthusiasts, representatives of banking institutions and all those interested in promoting kriptotehnology in Russia. The participants tried to determine what place in the new industry devoted to our country, and how far, Russian companies have advanced in the application of "chain" of mechanisms.

Ivanov worried in the first quarter and unemployment rates

04.06.2016 17:48  2259

"Although we are still seeing a high sensitivity to the level of prices and a strong tendency to move to cheaper goods, there are still signs of further normalization of consumer habits - maybe it indicates that the recovery is approaching (even though it will be gradual)" - written by experts Investment Research, Sberbank.

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