



**PENHALLOW ASSOCIATES LIMITED**  
A Financial Knowledge Company

## **Practical Economics for Financial Markets**

**Classroom: Duration 1 Day, Price: £745**

**Virtual Learning: Duration 6 Hours, Price: £580**

### **Overview**

Changes in the global economy drive much of the activity in the various financial markets – equities, bonds, FX, etc. This course explains the key drivers in the current world economy. It takes a very practical approach and is illustrated throughout with many current and historical examples.

### **Who should attend**

Anyone who feels they need to understand more about the major macroeconomic issues we currently face – so:

Fund managers  
Lending officers  
Treasury staff  
Sales and trading staff  
Risk managers  
Regulators and supervisors

### **Key learning objectives - to understand:**

- How an economy grows
- How growth is financed
- The flow of funds between the main sectors and between economies
- The role of the financial sector
- The benefits and risks of credit/debt
- Why cycles seem unavoidable
- The role of banks and the Central bank
- The impact of inflation
- The impact of demography
- The relationships between trade balances, current accounts and capital accounts
- The influences on an exchange rate

## Agenda

- The goal: real GDP per head growth
- GDP – what it is and its limitations as a statistic
- An attempt at a Balance sheet
- Recent economic performance
- The limits of knowledge
- How economies grow – productivity growth, the need for investment and savings
- The main sectors in a free market economy – Corporate, Household and Government plus the Financial sector – the flow of funds between them and how in an isolated economy they sum to zero
- The impact of credit on growth – how bank lending drives money creation, the impact of the crisis
- The impact of bank regulation on credit growth
- The role of the Central Bank – interest rates, inflation and unemployment
- Economic cycles – and why they persist, trend growth rates and capacity constraints, etc.
- The problem of asset prices
- Trade and growth, globalisation and the extension of supply chains
- The impact of changing commodity prices, especially oil
- Crisis measures: Quantitative Easing and its impacts, and now 'QT' – Quantitative Tightening
- The impact of globalisation on wages and inflation
- The Fixed Income/bond markets – how yields are determined, the importance of anchoring inflation expectations
- The risk of high debt levels
- The impact of demography and particularly ageing
- Trade balances, the current account and the link with savings rates – e.g. China and Germany's export surpluses, savings surpluses and their consequences
- The impossible trinity: choose two of the three - the free flow of capital, an independent monetary policy, a stable exchange rate
- FX rates – the influences, growth and interest rate differentials, etc.
- The world's reserve currency – the dollar
- The Eurozone and its growth and debt problems and especially the Italian problem
- Emerging Markets growth; dollar debt risk

## Trainer Profile



### **Mike Stafferton**

Mike has over eight years' in-house experience in Derivatives and Origination with what was a top Japanese Securities house and over 16 years' experience as an independent consultant in the capital markets and related areas. He has a particular focus on Securitisation and Basel/CRD. He is also an Associate of Moody's.

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