MODERN ARCHITECTURE OF THE WORLD FINANCIAL MARKETS

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https://doi.org/10.35945/gb.2018.05.018

KEYWORDS: LIQUIDITY, FINANCIAL MARKET, FINANCIAL CRISIS, RESERVE CURRENCY, CORRELATION, CAPITAL EXPORT, CAPITAL IMPORT, GOODS MARKET, HEDGE – FUNDS

During the recent years following the Crisis of financial market in 2008 sufficient materials appeared for the analysis of the processes which gave rise to the crisis and the opinion on how the architecture of global financial market was changed. Moreover, the financial market, different from the real economy, was significantly recovered and the people, involved in the crisis, felt quite well. The exchange indexes of many countries mostly have taken out the deduction, which they suffered from in summer and autumn of 2008. Of course, this situation differs for different countries and indexes, however, in general, the financial market is characterised with optimistic expectations. However, the strong increase of the market was mostly based on the real figures, certifying the sustainable rise of global economy, and by expecting the new wave of quantitative mitigation from the side of Federal Reserve System (FRS), allowing the global exchange markets to receive "drug" in the form of the following portion of liquidity. The decision of FRS in November 2009 on procurement of long-term treasury bonds for 600 billion appeared to a signal of the rally for global exchange and commodity markets.

What motivates the financial markets during the last years? As multiple researchers state – it is the liquidity and only the liquidity. It prevents the markets from crashing upon issuance of negative macroeconomic data – the markets are redeemed. And on the contrary, in case of occurrence of additional positive news with the "field of economic fights", it is the liquidity that motivates markets for new heights.

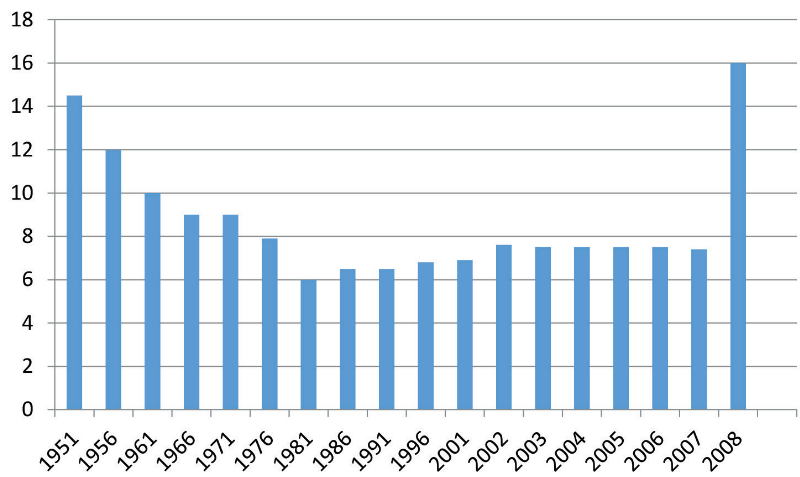
It is interesting that some researchers reject the influence of the liquidity of the financial markets. In the recent researches R. Darius and S. Radde [Darius, Radde. 2010] try to evaluate how really the liquidity manages financial and commodity markets. Hence, they give rise to the unexpected result regarding the fact that during the last decade, the global liquidity influenced not only the commodity and financial risks (according to the authors, this influence is insignificant), but, in the first place, on the US Real Estate market. The authors relate the significant growth of prices on US market of real estate with the increase of the global liquidity. It must be noted that the authors consider the global liquidity. They allocate offering money in the countries of G7 and the growth of the volumes of gold and foreign currency reserves to the latter.

How can we determine the dynamics of the factors affecting liquidity? One of such factors includes increasing FRS tariffs. Between the dynamics of FRS assets and that of S&P index reflecting 90% of capitalization of US exchange market, the dependence is clearly observed.

This is characteristic that, during relatively reduction of assets FRS at the US exchange market, lop-sidedness was created. The Bulls are unable to raise markets and the Bears have no grounds for depression of markets down – the existence of liquidity is supports purchasers.

The current growth of assets of FRS is of unprecedented nature, as in absolute, so – in relative scales. This rise has several peculiarities. In the first place, it is related with the abso-

Figure 1.Correlation of total assets of FRS against GDP. %



Source: [Stella, 2009]

lute size of assets. On maximum, these assets reached almost 2.6 billion US Dollars. On the other hand, the relative share of assets of FRS in relation with GDP of USA reached maximum values with recession of 1930s in US economy. In the third place, the structure of the assets is strongly changed. If before the Crisis the assets were basically represented with the treasury bonds, today a larger share in the assets is represented by the bonds of federal agencies, even commercial bills, which speaks of the absolute deterioration of the quality of FRS assets.

The second tour of quantitative mitigation commenced in autumn of 2010 foresaw procurement of long-term treasury bonds, in other words, raising quality of portfolio of Federal Reserve System. In the first tour of qualitative mitigation, orientation of FRS on procurement of securities of federal agencies was directed towards balancing of profitableness per each sectors of the market of credit liabilities of the USA and the activation of mortgage market. These activities were focused on decreasing of profitableness on bills, related with hypothecation, in order to mitigate funding opportunities for banks, issuing mortgage credits. This, in its turn, gave rise to the decreasing the rates on mortgage credits for households. Currently, activities of the US regulator oriented towards changing the yield of return downward, on “dumping” additional amount of liquidity and “pushing out” investors in into the risky assets.

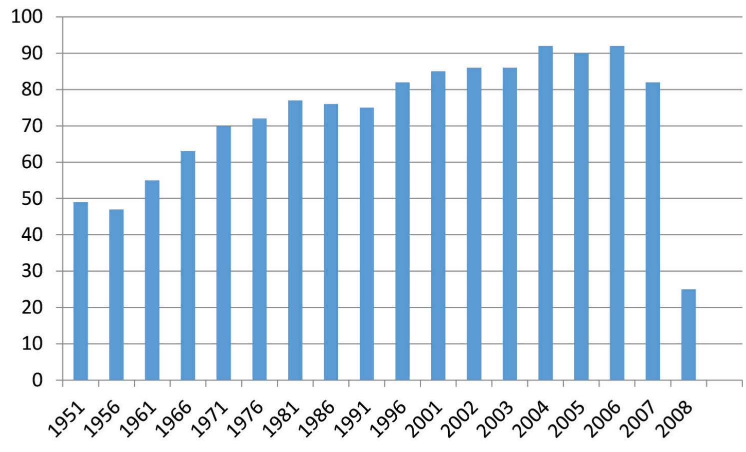
Moreover, it is evident that orientation exclusively on the liquidity of the sources from curing financial crisis is characterized with negative outcomes. The example of Japanese mystery, which turned into the lost decade, speaks of the danger of long-term recession, getting of US economy into the “liquidity trap”, which will give rise to the period of recession at the financial markets. Another threat is related with the increasing the sizes of the state debt, increasing the face value of the market of state bonds, which will give rise to the fluctuations at the markets. This is spoken by the situation at the market of the state debt of peripheral European states. Of course, the situation at the US market is strongly different from Japanese one, by the fact that the US market is more flexible, and the market structures occupy larger share on it. This allows it rely on more rapid curing of the economy, though the dangers are clear. Moreover, sooner or later, increasing liquidity will give rise to the inflation growth. And though this does not take place in the US economy (where, on the contrary, deflation moods prevail), in different countries (for example, in China), the threat of the growth of inflation proves to be theoretical. This makes the Central Bank of China to take real steps on restraining credit activities of the banks.

Ostrich Effect: Dollar and Crisis. During the period after the Crisis of 2008, the value of currency market has strongly been increased for the dynamics of exchange markets. This is the dynamics of currency rates, that became determinant for the dynamics of increasing exchange indicators. Under the conditions of the crisis, the role of “protecting” assets was played by three currencies – US Dollar, Japanese Yen and CHF Franc. Each of them has its own background.

Investors’ interest in US Dollar was caused by several factors. In the first place, US Dollar remains to be reserve currency. Notwithstanding the entire critics of FRS policy from the side of multiple market participants, monetary regulators of multiple countries, in case of occurrence of crisis phenomenon at the market, the investors acquire US Dollars. As earlier, US Dollar remains to be main reserve currency (about 60%) and basic currency at FOREX market (according to the Bank of International Settlements, 84.9% of entire turnover of the market fall within US Dollar with the volume of 4 billion US Dollars on daily basis, and 39.1% - on Euro). For example, at the end of 1980s, the share of gold in Forex reserves fell to the marking below 50%, and the role of US Dollar was claimed by other currencies (namely Japanese Yen). What is the share of Yen today? It is insignificant. During the last period, the recovery of US Dollar, as the reserve currency, took place at the global market. And though during the last years the share of US Dollar was decreased in total volume of Forex reserves, it still remains to be the currency No. 1 in the total structure of Forex reserves of the world.

Herewith, it will be understood that the volumes of

Figure 2. Share of treasury bonds and the bonds of federal agencies in total assets of FRS, %



Source: [Stella, 2009]

these reserves significantly increasing during the last years (according to the first half of 2010, they reached the marking of 8 billion US Dollars), make it impossible to perform their rapid restructuring in favour of another currency, moreover when there is no currency being able to claim the role of global reserve currency in the world.

Herewith, the relation of the dynamics of exchange rate of US Dollar against inflow of sources at the market of US treasury bonds has been strengthened. R. McCauley and P. McGuire [McCauley, McGuire. 2009] counted that the maximum volume of acquisition of US treasury bonds from the side of non-residents, fell within the 3rd and the 4th quarters of 2008 (Table 1). Out of 363 billion US Dollars, falling within US equity market, 323 billion fell within the market of treasury bonds. Herewith, the discounted bonds were subject to maximum demand. Demand on coupon bonds was much lower. It is no coincidence that during crisis period at the market of state bonds of the USA anomaly occurred which was related with the negative yield at the market of discount treasury bonds of USA. Negative balance on the acquisition was maintained at the market of the agencies' bonds, corporate bonds and shares. At the same time, during this period the significant deduction of official shares of the USA took please abroad. This gave rise to the additional demands for US Dollars from the side of investors, seeking the "safe" haven.

Still, other markets of state bonds are unable to play the alternative role. However, markets of state bonds in Europe and Japan are comparable to US market per book value. Moreover, from pure quantitative point of view, Japanese and European markets stand before US market of state bonds (Figure 3).

Herewith, these markets are not comparable per liquidity. For example, at the main bond market of Europe – the market of German state bonds – the monthly volume of trades amounted 500 billion Euros, while the volume in the USA in the amount of 500 billion US Dollars represents the average annual value. Before the crisis, the markets of Europe and Japan gave way to the US state bonds. Moreover, this is characteristic for Japanese market, where the rate of return per 30-year bonds did not overcome 2% (compared with 5% on US treasury bonds). This gave rise to the fact that there almost were no foreign investors at the Japanese market of state bonds. If at the developed markets share of foreign investors are within 30-70%, at the Japanese market, this share during the last year did not exceed 5%. Due to this, we do not need to speak about Japanese alternative. Besides this, taking into account the high relations of the sized of state debt in relation with GDP, the Japanese regulator is not interested in rising volatility at the internal market. Inflow of foreign investors may give rise to the increasing rate of return at this market, which is related with the serious problems of debt service.

Figure 3. Markets of state bonds (% in book value against total price of four largest equity market)

Japan 34% - EU zone 34% - The United Kingdom 5% - USA 27%

Source: data of central European bank

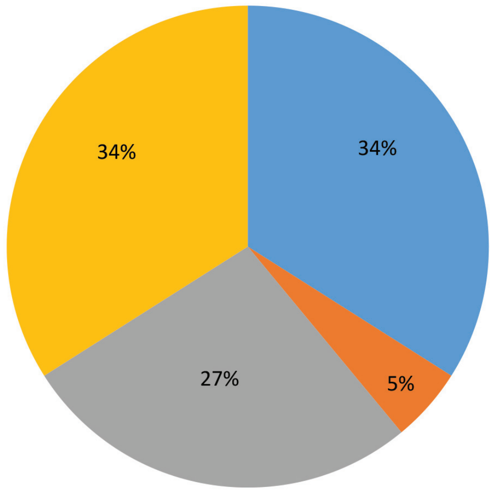


Table 1

Net Sale and Purchase of Treasury Bonds, Billion US Dollars

Type of securities	Before crisis			
	2005 – 2nd quarter of 2007	3rd quarter of 2007 – 2nd quarter of 2008	3rd quarter of 2008 – 4th quarter of 2008	1st quarter of 2009 – 2nd quarter of 2009
Private investors	368.8	-36.0	358.4	-244.6
Acquisition by foreigners	765.0	189.9	60.0	12.7
Treasury securities	-19.7	73.2	323.1	62.0
Coupon	-22.9	-10.3	49.9	73.5
Discount	2.1	83.5	273.0	-11.8
Securities of agencies	20.9	-107.4	-183.0	-98.8
Corporate bonds	572.8	82.5	-78.5	-34.3
Shares	191.0	141.6	-1.6	83.6
Acquisition by US investors	-396.1	-225.9	298.4	-257.2
of foreign bonds	-247.7	-113.3	200.7	-179.1
of foreign shares	-148.5	-112.6	97.7	-78.1
Official foreign assets in USA	494.7	614.3	199.1	391.8
Treasury bonds	194.2	172.1	103.9	275.9
Treasury bills	-27.2	66.4	486.9	207.7
Official US shares abroad	5.0	-62.1	-1046.7	875.9

As for the European bond market, though it is comparative to US market per its book value, though the events of 2010-2011 showed that this market is extremely segmented. The great amount of state bonds of European zone are treated on it, however these are the bonds with different credit history, different investment rating and different liquidity (Figure 4).

The events of 2011, showed the thread of segmentation of bond market. Herewith, the domains on the bonds of separate states in regards with the German state bonds (representing orienteer for the yield in European zone) reached critical values. In 2010 and 2011, the market of state bonds of "peripheral" Europe is fluctuating. The problems are occurred in Greece, Portugal, Ireland, and in the autumn of 2011, in Spain, Italy and France fell under suspicion. Herewith, the issue of probability of bankruptcy per such bonds and the entity to be responsible (the state itself, European Union (though extremely abstractly) or Germany, as the strongest country – the locomotive of European integration) is arisen. Notwithstanding the fact that the special anti-crisis fund has been established and that European states actively perform negotiations about the mechanism of overcoming such situations all these do not rise the attractiveness of the European bond market for long-term investors at all. Until today, the European financial market remains segmented. Still the European zone does not issue European state bonds, thus restricting the opportunity for using this market as "reliability anchor" during financial fluctuations.

Moreover, at the same time, under the conditions of low interest rates and high level of liquidity at the European market, the great volume of short-term portfolio investments is made from the side of foreign investors. This is proved by the statistics of the European Central Bank as well. At the beginning of the autumn of 2010, the European equity market fell within 1 billion US Dollars. This is the speculated capital. Until Europe in general and the European zone (particularly) fail to create adopted rules of issuance, turnover and possible (or impossible) default at the bond market of the states of the European zone, the European market can compete to the market of US state bonds.

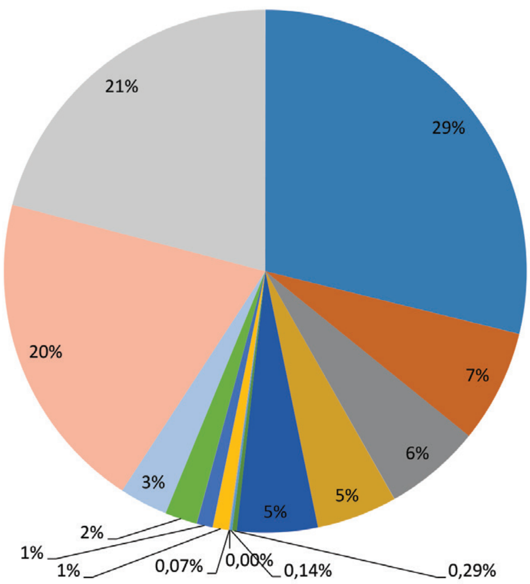
The bond markets of international financial institutes are unable to compete with the US market of treasury bonds as well. It does not exist. Separate small issues of securities do not change the general image. The markets of securities of international financial institutes (IMF, and World Bank) have not been created. The attempt for creating the alternative currency in the form of Special Drawing Rights (SDR) did not foresee borrowings of issuance of securities, nominated in this currency. Besides this, the issuance of the bonds by the international financial institutes, legislative moments occur. As in case of issuance of "unified" European bonds gives rise to the emerging questions, who will be the issuer, who will be responsible for the liabilities per these securities and how (which assets) they are guaranteed.

It must be noted that the direction of the flows per equity accounts, as before, so after the crisis, is not changed. This is proven by the statistics of International Monetary Fund. The countries with the net surplus of trade balance and emerging countries remain to be the largest exporters of equity. Particularly, Russia is at the 5th place of the listing. Conversely, the largest importer of the capital worldwide is the USA (Figure 5). The main inflow of foreign capital falls within this country. Of course, it must be noted that these data often depend on the largest transactions at the market of merger and acquisition, which may essentially change the situation with the cross-border overflow of capital. However, in general the balance between the exporters and importers are still maintained.

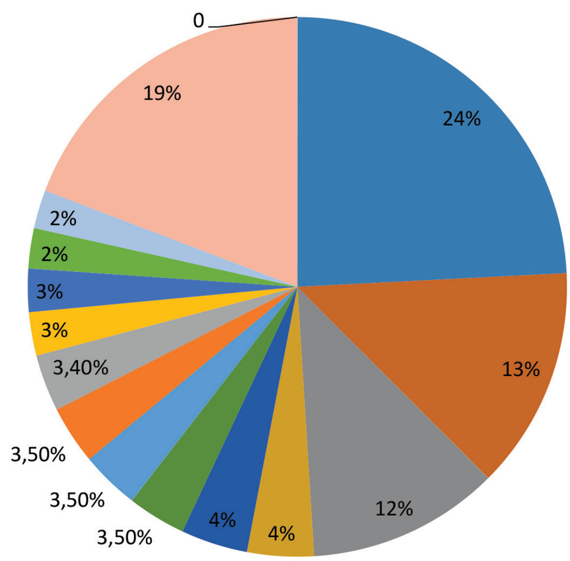
Besides this, the significantly increased correlation of the dynamics of monetary and exchange markets during the

Figure 4.Market of state bonds of European zone per book value (in %, against total value) per the issuer-states. Germany 21% - Italy 29% - France 20% - Spain 7% - Austria 3% - Belgium 6% - Portugal 2% - Finland 1% - the Netherlands 5% - Ireland 1% - Greece 5% - Malta 0.07% - Luxemburg 0.002% - Slovenia 0.14% - Cyprus 0.29%

Source: Data of European Central Bank



EXPORT



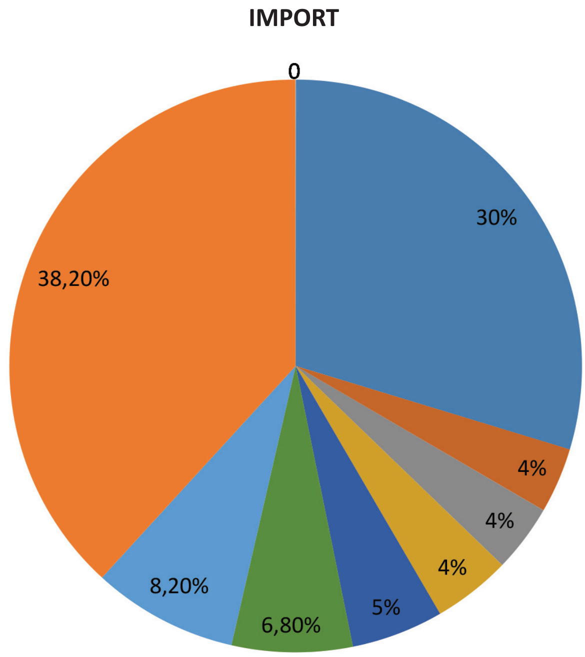


Figure 5.Capital share in countries export and import

Crisis period, may be explained with the fact that before the autumn of 2008, the significant part of the sources for procurement of foreign assets fell within US market of institutional investors. According to FRS, the US investors invested about 5 billion US Dollars (according to the accumulated result) into the market of foreign shares as of September 2008. Closing positions by US investors at the global market gave rise to the sharp fall of quotation at the exchange and commodity market and gave rise to the quotation of US Dollar, as it foresaw repatriation of profit, which automatically gave rise to the escape to US Dollar.

The dependence of the market and the operations carry trade, anticipating borrowing in low-return currencies and investments in high-return currencies (for example, in Japanese Yen) has been significantly increased and they were placed in the high-profitable currencies (US Dollar, Pound Sterling, New Zealand Dollar). Herewith, during recent period, Japanese industries started active participation in the operations carry trade at the Japanese market. They invested their savings (these are the most (these are the highest savings of industries in the world – 14 billion US Dollars) into foreign currencies, guaranteeing them at the market of derivatives from sharp increase of Yen, against other currencies. Under the conditions of the crisis, the closing the positions of carry trade took place. This inevitably strengthened the demand from the side of the participants of global market on US Dollar and gave rise to its rise.

It is an interesting fact that before falling of global financial markets, repatriation of return had commenced at the Japanese market, which was related with the commenced process of decreasing interest rates, making operations carry trade ineffective. In its turn, this gave rise to the strengthening Yen against other currencies and initiated fall of Japanese exchange market. By the way, the correlation between the dynamics of the correlation between US Dollar/Yen and the dynamics of exchange market are identified clearer at the Japanese exchange market, than at other exchange markets. This is greatly related with the fact that the significant part of issuers is presented by the exporters, and their financial position is significantly depended on the competitive ability of national currency. In the event of the significant deterioration of strengthening their financial position giving rise to the sharp deduction of Japanese exchange market. However, Japanese exchange market started the deduction much earlier. The commenced repatriation of the return made investments in Japanese shares uninterested.

Herewith, under the conditions of the sharp deduction of interest rates turn of cash flows took place – many foreign financial investors, attracted by low interest rates in the USA actively started operations at US market and investing at the developed and emerging markets. Many experts even speak about the new phenomenon at the market carry trade, when US Dollar became the main source of funding. One of the reasons for rapid recovery of global exchange markets became “Escaping from US Dollar” which replaced “Escape from Risk” characterising crisis times.

The sharply increased demand on US Dollar during the crisis may be related with the closing of credit positions. The significant part of non-American banks before crisis made borrowings in US Dollar. The starting fall of national currency and decreasing the leverage gave rise to the reverse reaction of the markets – the banks were to close actively their currency positions.

The presented analysis show that, due to several reasons, currently US Dollar keeps playing the role of the most reliable asset, the investors are hiding behind in case of danger. Surprisingly, this takes place even in the case, when the danger comes from the US economy. In this case, actions of the investors look like the ostrich hiding its head under the sand when frightened. Such conduct may hardly be named rational though it has one logic explanation. Before finding the alternative to US market of treasury bonds per liquidity, reliability and availability at the global equity market the situation déjá-vu will take place every time, as soon as the global financial system faces the following crisis.

Commodity Market: What Determines the Dynamics – Fundamental Factors or Demand from the Side of Financial Investors? Another peculiarity includes the strongly increased role of non-banking organization at the currency market which may include pension, investment, hedge-funds, sovereign funds and other institutional investors. The demand from the side of these institutes is often of conjunctive nature and is related with the general situation at the market.

Calculations, performed by T. Adrian and Kh. Shin [Adrian, Shin, 2008], evidence the fact that the share of financial (nonbanking) intermediaries in relation with the banking assets has been significantly increased during the last 30 years.

However, authors of the article did not take into account the assets of the largest institutional investors at US market. Before the crisis, in 2008, the assets of pension funds amounted 16 billion US Dollars, assets of investment funds -

12 billion US Dollars, while bank assets in the USA amounted "totally" 11 billion US Dollars.

Changing the structure of financial intermediaries gave rise to the increase of the demand from the side of financial investors at the market during the last decade which was expressed in increasing the share of speculators and reducing the share of hedgers at the emerging market. It is noteworthy that even in the USA opinions appear regarding the necessity for reducing influence of financial investors on the dynamics of commodity futures, restricting opportunities for carrying out operations by them. Leaving evaluation of purposefulness of such restrictions aside (and we consider them senseless and harmful, affecting comparativeness of pricing at the market), occurrence of such opinions itself speaks of the changing of the structure of investors. However, in any case, we may conclude that the influence of financial factors on the determination of the price of commodity assets became essentially higher.

Several recent surveys reject the significant influence of financial investors on the pricing of commodity assets. For example, survey of H. Scott and D. Sanders [Scott, Sanders, 2010], dedicated to the evaluation of the influence of the role of index funds in pricing of futures at the agricultural goods did not confirm the existence of ties between the dynamics of agricultural futures and inflows (outflows) of the resources from the side of indexed funds in these dividends.

Moreover, it must be recognised that taking into account only the action of fundamental factors, it is difficult to explain the growth of commodity assets. At the global financial market the correlation between the dynamics of commodity assets and the dynamics of the exchange rate of US Dollar is strengthened.

In many ways, the dynamics of commodity market depends on the dynamics of currency before the Crisis in 2004-2008. A balloon started blowing at the commodity market. Specialists from International Settlement Bank [Moanski, Health, 2007] speak about the increasing correlation at the market of commodity assets.

The growth of commodity assets had fundamental reasons. For example, the growth of the prices at four metals and energy carriers was explained with the high rates of the growth of global economy and especially the growth of demand from the side of emerging markets. It was emphasized that this growth was related with the fact that the capital intensity and the energy intensity of the emerging economies (especially of Chinese one) is a bit higher than in developed countries. The demand on agricultural products is related with the fact that in the emerging countries the share of the middle class has significantly been increased which represents the demand on more qualitative and caloric meal. During the recent years the growth of this demand was not accompanied with the increase of respective offer. Moreover, in many developed countries, the absolute reduction of the areas for agricultural cultures took place. In case of increasing demand on agricultural products should give rise to the sharp rise of the demand on products which took place immediately before the crisis.

However, besides the fundamental preconditions in the growth of the demand at the commodity assets the significant share falls within the financial constituent. In this regard, the oil market is the most remarkable. No fundamental factor can explain the rise of futures on oil from 80 to 147 and further fall to 30.

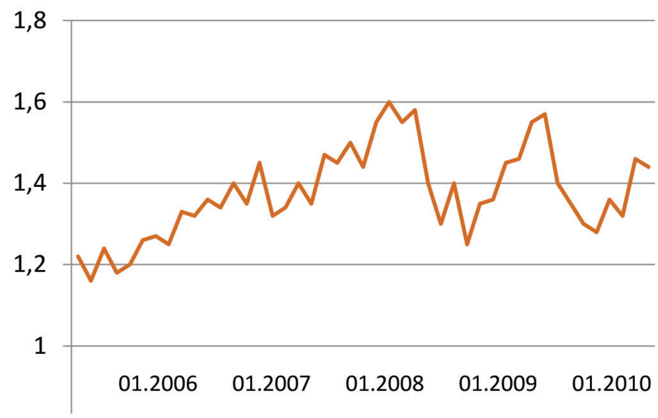
It is evident that the speculative balloon was formed at the market at the background of decupling expectation, at the background of forecasted deviation in the industrial dynamics of developed and emerging markets. This made investors search for secure assets, which is considered to be the commodity market. Herewith, market of oil futures in view of liquidity attracted investors more than other commodity assets. In the beginning of 2008, many hedge-funds used arbitration schemes, using short trades for the shares of financial sector and purchasing securities of oil companies. This strategy was based on the assumption, on potential growth of prices, on energy carriers and decreasing financial market under the conditions of mortgage crisis. Under the conditions of the crisis and the sharp fall of all markets oil appeared similar to other assets.

Herewith, commodity assets were being increased and fell in the opposing direction compared with the dynamics of US Dollar. Impairment of US Dollar pushed commodity assets forward. Under the conditions of the crisis the falling interest of investors in risky assets and escaping in the quality gave rise to the growth of US Dollar exchange rate. Strengthening exchange rate of US Dollar and "Escaping to Quality" gave rise to sharp fall of price on all commodities and exchange assets. Herewith, the restoration of financial markets in the beginning of 2009, in particular way is explained with the recovery of the investors' interests in commodity market at the background of impairment of US Dollar (Figure 6). Further expectation of mitigation of quantitative figure foresaw the strengthening of information moods and growth of demand among investors in assets, being capable to protect from inflation. These traditionally include commodity assets.

S.G. Cecchetti and R. Moessner carry out the researches on the subject of how the acceleration of the price growth at the commodity assets (energy carriers, metals and food products) influenced on the growth of prices in the most of the countries [Cecchetti, Moessner, 2008]. As a result, the authors make conclusions that no sustainable dependence (at

Figure 6. USD against EUR

Source: Data from the website www.yahoo.com



least, for 10-year period) is being observed. In other words, the significant increasing in prices on commodity assets during the last 10 years did not bring rise to the significant acceleration of inflation in the developed and emerging countries (including insignificant exceptions). The indicators of the inflation were mostly influenced by the "product" inflation; however, this influence was not insignificant. Moreover for the most investors the commodity assets under the conditions of the expected growth of inflation and low interest rates (this latter is much more important) are considered as asset with the capacity of making much higher profit than traditional instruments (mostly at the bond market). This determines the interest of financial investors in investment into the commodity markets. As we have already mentioned, this interest is cycled and is related with the dynamics of the exchange rate of US Dollar. Changing the trend at the market USD-EUR is considered to be the signal for acquisition or resetting commodity assets.

The additional factor of strengthening influence over the exchange market of other segments of financial market was changed in the profitability base of banking sector. During the Great Modernization, the structure of banking returns has significantly been changed. If in the 1980s, for the most of the banks, basis for the item of incomes was commercial crediting, today the significant share falls within the different crediting and noninterest incomes (including the operations at the exchange market). For the banks, mostly in the countries with the market model, the share of incomes from the operations at the exchange market, not related with the crediting of corporate sector, has been significantly increased. This strengthened the threat for stability of financial markets in general and the banking market gave rise to the strengthening the correlation of all segments of the financial market.

In the recent report of the Bank of International Settlements regarding conditions at the exchange market [Triennial Central Bank..., 2010], published in September, 2010, the authors speak about the sharp increase in the amount of operations at the exchange market from the side of financial organizations, not representing the bank-dealer. According to the classification of the Bank of International Settlements, they include small and middle commercial banks, central banks and other financial intermediaries (investment and pension fund, hedge-funds etc.). This trend is prevailing at the global exchange market during the last decade. New players are appearing on it – i.e. hedge-funds, actively participating in the extension of the scales of financial globalization, or sovereign funds, representing emerging markets, though, there are the funds from the developed markets (for example, Norwegian Pension Fund) and seeking instruments for investment of sources under the conditions of non-development of local financial risks.

People Die for the Metal, or Why the Cost of Gold Is Being Increased? The reasons for increasing the demand on gold may be explained absolutely differently. For long period of time the gold leg behind other assets in dynamics (mostly financial). Decreasing the share of gold in FOREX/gold holdings from 60 to 9%, from 1980 through 2005 was decreasing the demand on gold as the investment resource. This gave rise to the fact that during 20 years at the gold market lop-sidedness was observed. However, since 2002, strong Bull trend was being observed at the market. At the same time, the increase in gold may be explained with several factors.

The first one is related with the impairment of US Dollar during the period from 2002 through 2008 (US Dollar against Euro fell from 0.8 to 1.6). In this regard, gold played the role of any commodity asset, protecting from inflation. Under such conditions, the growth of the price on gold was insignificantly different from the growth of other commodity assets. This is the reason for essential fall of the price on gold from the beginning of the crisis. It fell in price by more than 30% during half a year.

However, further the growth was recovered at the gold market. The interest of the investors in gold is related with the fact that the investors lost faith in paper money. The growth of the state debt, increasing the budgetary deficit, possible strengthening of inflation expectations gives rise to the demand for alternative instruments. Under the conditions of uncertainty of conjuncture at the global exchange spaces, gold is one of the most principle candidates for such asset. This is another reason for increasing trend.

In the third place, characteristic for all commodity spaces, the increasing demand on gold was initiated by low interest rates and high liquidity. Sharp falls in prices on gold in 2004 and 2006 were related with the increasing of interest rates, which speaks of the fact that the price of gold, as no other commodity, strong dependence on the conduct of financial investors at the market is seen. In 2008-2010 the share of such financial investors in forming the price on gold was increased.

Herewith, as it can be seen in the survey of Sh. Roache and M. Rossi [Roache, Rossi, 2009], gold is much different of other commodities by its dynamics, which does not only has sustainable negative correlation with the dynamic of US Dollar, but also in many ways, trend on the gold market is determined with the data of American microeconomic statistics. In case of worsening the situation in US economy, the market interprets these data as the signal for decreasing the exchange rate of US Dollar against other currencies and provoking searching of reliable investments.

At the same time, returning to the golden standard or other versions of building global financial systems around the gold. This is related with the low reserves of this metal, which may not be able to provide continuous functioning of financial and commodity markets, low level in FOREX gold reserves, with the changed structure of financial market.

CONCLUSION

Based on the above-mentioned we can come to general conclusions. During the crisis the strengthening the correlation between different financial and commodity markets was increased. James Montier (GMO) noted in his survey that the correlation between returns of hedge-funds of different styles investing into the different financial and commodity instruments in 2003-2009, was strengthened from 0.3 to 0.9. Still, the dynamics of the segments of financial market is significantly determined by the situation on the exchange market; herewith, the main issue for the dynamics of risky and reliably assets is still the appreciation of US Dollar or depreciation of US Dollar, synonym to which is "Escape from the risk" or by increasing "the risk appetite". This may be explained by the maintenance of mono-central architecture of global financial system where there is the shortage in reliable high-liquid instruments. This latest allows the maintenance of the function King of the Mountain to the function of treasury bonds of US market, under the conditions of origination tensions at the global financial market and the asset of the last investment. During the last period, the architecture of the global financial system has not been significantly changed: the misbalances remained which rose to the crisis of 2008 and which may become the source of new fluctuations at the financial markets.

We may paraphrase Hegel regarding the fact that the financial markets do not make any challenges from the previous crisis. Moreover, the increase in the correlation between different segments of financial and commodity markets create the potential threat for more global crisis, national and international regulators will be ready for. The architecture of the global financial market still suffers from misbalance. Notwithstanding large sizes of financial markets, there still is the shortage in investment instruments. Strengthening the correlation between different markets gives rise to the question on reasonableness of diversification. The question on what will take place earlier – will the architecture of financial market be changed or will the new global financial crisis be commenced?

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MODERN ARCHITECTURE OF THE WORLD FINANCIAL MARKETS

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https://doi.org/10.35945/gb.2018.05.018

KEYWORDS: LIQUIDITY, FINANCIAL MARKET, FINANCIAL CRISIS, RESERVE CURRENCY, CORRELATION, CAPITAL EXPORT, CAPITAL IMPORT, GOODS MARKET, HEDGE – FUNDS

SUMMARY

The work presents modern tendencies of financial markets development, it analyses basic motive powers of financial markets after 2008 financial crisis including liquidity, financial risks, fund indicators, etc. The work explains Strau's effect, namely how sharp it is to increase the currency market influenced by the dynamic of fund markets.

The article explains definite factors of goods market dynamic from a different point of view, from the view of fundamental and financial investors, namely, the work studied the increasing role of non-bank organizations on the currency market, the influence of structural changes of mediators on activation of financial investors' work; on increasing their influential spheres and on increasing the raw materials activities dynamic in the world financial market.