

P.R.I.M.E. Finance

Panel of Recognized International Market Experts in Finance

An Economist's Perspective



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An Economist's Perspective

Analyse transaction

- What was it meant to do?
 - Hedge / reduce costs / make gains?
 - Likely effectiveness given what was known?
 - More complex than necessary?
- Scenarios
 - Likelihood?
 - Risk vs. Return/Price?



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An Economist's Perspective

- Portuguese Transport companies against Banco Santander Totta
- Structured and leveraged swaps
- Presided by Justice Blair in UK High Court 03/2016
 - “...the fact that a swap is not a hedge does not mean that it is necessarily speculative...” (1)
 - “Even though the swaps were risky does not mean that they cannot be seen as managing interest rates” (2)
 - “...it could be said that **all swaps contain an element of speculation** ...The same could be said of most investments.” (3)

Notes

(1) Final Judgement, Paragraph 217, page 43

(2) Final Judgement, Paragraph 221(4), page 43

(3) Final Judgement, Paragraph 231, page 46



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