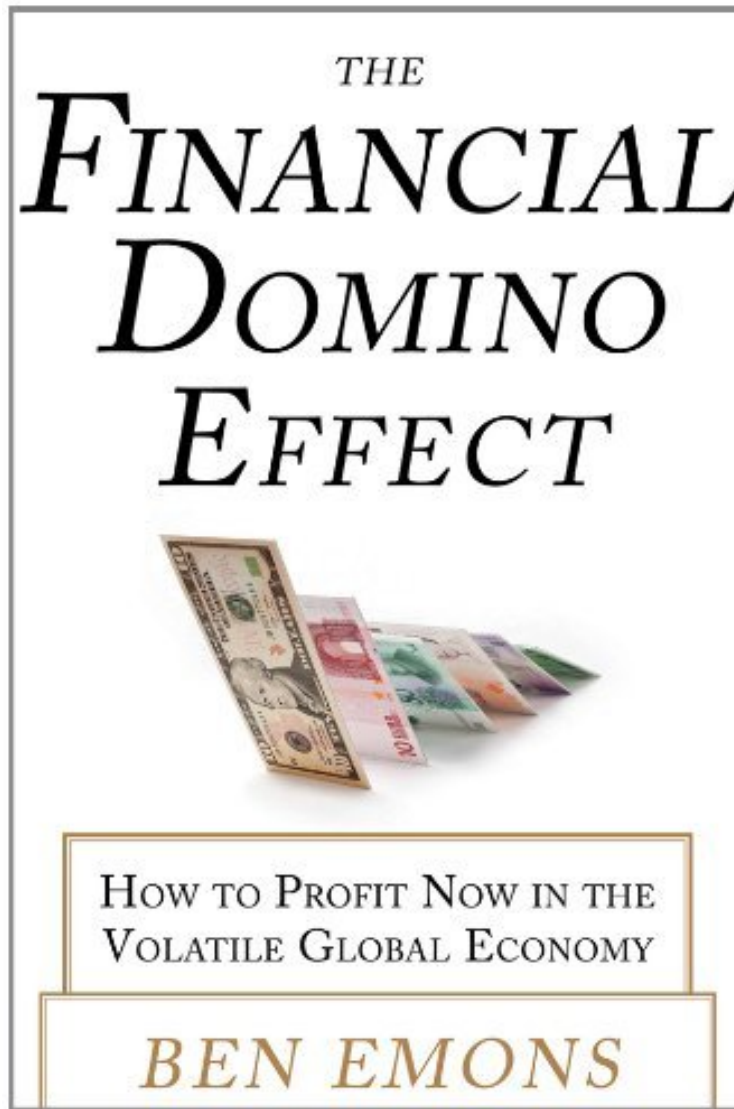


(Library ebook) The Financial Domino Effect: How to Profit Now in the Volatile Global Economy

# The Financial Domino Effect: How to Profit Now in the Volatile Global Economy

*Ben Emons*

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**Ben Emons : The Financial Domino Effect: How to Profit Now in the Volatile Global Economy** before purchasing it in order to gage whether or not it would be worth my time, and all praised The Financial Domino Effect: How to Profit Now in the Volatile Global Economy:

2 of 2 people found the following review helpful. Interesting, Well Written, and RecommendedBy Voracious ReaderAs the introduction alludes to, developing a framework to analyze the interaction of politics, the global economy, and financial markets, is essential when managing a portfolio, regardless of whether you are an individual

investor or sophisticated institution. Ben Emons begins by building a framework upon which we can make sense of the cause and effect dynamics that move asset prices, elicit policy responses, are transmitted via the financial markets, impact global economies, and then impact asset prices to close the loop. The second half of this book focuses heavily on the Eurozone, applying the before mentioned framework to make sense of how the European periphery, core, policy makers, banks, investors, and others, interact. Emons does a deep dive into how policy makers have attempted to avoid a Greek exit from the European Union, and concludes that despite the costs, and a Greek exit is still a likely outcome. Additionally, if Greece exits the Eurozone, this would be the beginning of the end of the Eurozone as we know it. The final chapter discusses strategies for navigating markets and ends with a recommendation for the composition of a portfolio positioned to maintain and increase in value in the event of a Greek exit, or other adverse market movement for that matter. This book is well written, an easy read, and is appropriate for a variety of readers. As an American attempting to make sense of the deluge of Eurozone headlines over the past three years, I appreciate the detail in which Emons describes the various Eurozone policies, their rationale, and how the market has responded. I recommend this book.

2 of 2 people found the following review helpful. Great book to help you better understand the Euro Crisis and how it is impacting your investments...By Richard Ow

This book can help you understand how the Euro Crisis and the various dominoes fall (and there are many dominoes). Concepts you learn from business school in macroeconomics, corporate finance, capital markets and risk management are all used in conjunction with historical cases to support the author's perspective. After gaining this insight, it will enable you to choose the right investment vehicles (particularly in government bonds and TIPS) and time your investments better. I love this book because it helped me connect all the dots and see the logic behind the decisions made in Europe during the Crisis. The author explains it in great detail without over-complicating it for the reader. Great weekend read!

0 of 0 people found the following review helpful. excellent book!!By avm1968

As a Portfolio Manager with direct involvement and exposure to the markets and issues he addresses, Mr Emons brings a high level of credibility and practical knowledge to the matter. Well written, thoroughly researched, and insightful. Given ongoing social and political turmoil worldwide, and its inherent effect on markets and economies, this is a very timely piece. Whether you are involved in the financial markets professionally, a private investor, or simply curious about financial markets, this is a must read!

Predict and profit from the chain reactions of market turmoil

If you care about the inner dynamics and investors' reactions to the emerging new financial world that will increasingly consist of path-dependent, multimodal, fat-tailed outcomes, Ben Emons's new book is a must-read. In a coherent and clear framework, Ben shows how falling dominoes in a world of fast markets and uniquely new possibilities creates a market landscape we might never have prepared for.

Vineer Bhansali, Managing Director, Portfolio Manager, PIMCO

At some point after getting your financial life in order, you may well have money to invest. Where should you put it, especially when worldwide markets are in flux? Ben Emons, a senior vice president at Pimco, the investment company that runs the world's largest bond fund, addresses that question in *The Financial Domino Effect*.

The New York Times

A great book; it's a very smart book. This is not general reading but it's something accessible to anyone.

Tom Keene, Bloomberg Radio

When a major political or financial event happens, the impact disseminates like a contagion across markets and sovereign boundaries. Like a row of toppling dominoes, the effect of the crisis accelerates along various paths. *The Financial Domino Effect* enables you to benefit from these moving catastrophes and helps you navigate current changes taking place in governmental and financial systems. At the heart of this progressive book is a powerful framework for analyzing and interpreting the variety of connected influences in the three main domino effects categories: social-political, economic, and financial. By examining the aftermath of such recent milestone events as the collapse of Lehman Brothers, the Occupy Wall Street movement, and the Middle East protests, it shows you how to apply domino theory to become a more knowledgeable and astute portfolio manager. Written with the everyday investor in mind, this hands-on resource takes you to the next level by delving into such consequential topics as: How easily complex domino effects can become and what it means to your portfolio

Six symptoms in the aftermath of a financial or sovereign crisis

financial crisis responses, such as quantitative easing (QE), credit easing, and competitive quantitative easing (CQE)

How the dissemination and speed of domino effects relate to monetary transmission

The second part of the book goes into great depth examining the euro zone debt crisis through the framework. This crisis is particularly unique because it is a domino effect of three kinds: social, economic, and financial; and it has not fully played out. This timely guide takes you step by step through the crisis to a final analysis. In the end, you will be prepared to plan for the myriad of far-reaching consequences and balance your portfolio. Financial crises will happen with high frequency. *The Financial Domino Effect* helps you stay on top when it all goes down.

NY Times October 6 2012 Three main financial "dominoes":

Sociopolitical. A political or social movement.

Economic. An event like the housing crisis.

Financial. An event like Lehman Brothers.

In sociopolitical unrest, the places to be are Treasury bills, Treasury inflation-protected securities, cash and commodities -- because some people like to invest in the tangible. Has a financial domino set off uncertainty? Gold

and selected equities are where you should invest. An economic domino, choose Treasuries and high-quality corporate bonds. From the Author: Dear reader, *The Financial Domino Effect* is a real time book. Even that many examples are past crisis situations, the concept of a domino effect in financial markets is a "live event" that strikes portfolios negatively and positively every day. The framework is fairly straightforward. Identify three main categories of domino effects: social-political, economic and financial. Look at a specific occurrence which category it most resembles. Then draw the likely path towards an outcome which then ties into an investment strategy. For example, the US faces another potential debt ceiling crisis this summer while the economy softens due to the sequester and the Federal Reserve is considering tapering its purchase program. What domino effects does an investor face? Social-political: debt ceiling negotiation between Democrats and Republicans. Effect: uncertainty in Washington that affects markets and the economy. Economic: sequester (automatic spending cuts) slows the economy but housing remains strong. Financial: despite the sequester and debt ceiling, the Fed goes ahead and tapers asset purchases to avoid market distortions. The slowdown of the economy, the uncertainty of the debt ceiling and the Federal Reserve scaling back can adjust growth expectations lower. This hypothetical example shows that a domino effect is complex and intertwined, connected. Moreover it is important to categorize the different effects and layout a potential outcome with a logical investment conclusion. *The Financial Domino Effect* uses a basic framework and straddles it across different complex market situations. Each time a crisis happens, investors can hopefully use the basic framework to evaluate a path that leads to the most likely outcome. In addition, the book shows that such path comes along with symptoms like financial repression but also positive domino effects like quantitative easing. I hope you will enjoy my book. Sincerely, Ben Emons Author of *The Financial Domino Effect*. About the Author: Ben Emons is a portfolio manager at Pacific Investment Management Company (PIMCO). He has 18 years of investment experience and regularly writes about a range of central bank and macroeconomic topics on the PIMCO website ([pimco.com](http://pimco.com)).