

Answer on Question #43963 – Economics – Finance

Why are financial markets more risky to participate in than are markets for goods and services?

Solution

Financial markets are more risky, because they are speculative, i.e. perhaps like getting positive and negative financial results. They are part of commercial risks. The main risks of the financial markets related to the following factors: the stagnation of the stock market due to stop rising energy prices; risks of foreign capital outflow; devaluation of the national currency; outpacing the growth of external borrowing by banks and non-financial sector; growth of trading in the futures market with insufficient security transactions; buildup of risk in the repo market; small capacity of the financial services market, which prevents the growth of financial intermediaries, the stock market is dependent on oil prices. This price is an indicator of the global economy, the stability of the financial system and the level of cash liquidity in it, political stability in oil-exporting countries and other factors.

In the course of providing services transferring any material assets to the buyer is not performed. Likewise, there is no transfer of intangible values, which may be the right property (e.g., patents and copyrights are the product, not the service). Although some intangibles may well be transferred in the course of providing services, such as legal advice when there is a transfer to the client with necessary legal information. Many of the services (which also notes) only benefit the consumer at the time they are provided, such, for example, rent a car, or financial services. On the other hand, certain types of services are useful to the consumer in a very long time. Such, for example, health and education services (because people can use their knowledge and health for many years), but also have personal services (short) period of aftereffect.