INVESTMENT RESEARCH & ANALYSIS JOURNAL - www.iraj.gr

Volume 3 / N 1 / Spring 2008

Contents

Investment Opportunities in Waste Management through the Private Finance Initiative
Prof. Dr. Hans Wiesmeths

Abstract : This paper investigates the potential of a mutually beneficial cooperation between the public and the private sector in the area of waste management. We thereby leave the context of traditional private-public-partnership projects and address the issue of appropriate framework conditions set by the public authorities through directives, acts and ordinances, which then open interesting investment opportunities for private finance and private capital. The paper makes use of the concept of Integrated Waste Management and analyses the interaction of the public and private sector by means of case studies, most of them taken from Germany.

The Death of the Credit Markets: Suicide, Homicide, or Accidental Death?
Laurence Copeland

Abstract : At the time of writing (end-August 2008), the credit crisis is just over one year old. At this point, it is as yet unclear whether the worst is over or whether, as some of us fear, there is still a long way to go until the excesses of the past decade unwind. However, I will argue here in favour of the following interpretation of events: that, far from being a 3-, 4-, 5-…..sigma event triggering a collapse in the market for asset-backed securities, the

crisis actually consisted of nothing more unusual than the bursting of a price bubble – albeit a bubble of unprecedented intensity and of global extent. In statistical terms, we are dealing here not with second, third, or
fourth moments, but with first moments of the distributions i.e. with expected values of prices and returns.

Corporate Governance and the Cost of Equity Capital

Vida Mojtahedzadeh, Sedighe Bolooki

Abstract : Separation of ownership and control in corporate organizations creates information asymmetry problems between shareholders and managers that on one hand expose shareholders to agency risk; on the other hand companies face the risk of increase in the cost of equity capital; since shareholders try to neutralize the agency risk by demanding more return from managers. Corporate governance encompasses a broad spectrum of mechanisms intended to mitigate agency problems and the cost of equity capital by increasing the monitoring of managements' actions, limiting managers' opportunistic behavior, and improving the quality of firms' information flows. This research attempts to study the effect of financial information quality, which is an evidence of corporate governance, on the cost of equity capital. To gain this goal, the related literature was reviewed carefully and two hypotheses were developed by which the influence of earnings transparency and abnormal accruals, as proxies of financial information quality, on the cost of equity capital was studied. The sample of the study were 86 listed companies in Tehran Stock Exchange (TSE). The hypotheses were analyzed by the use of multi and stagewise regression and f and t tests. The results indicated that the variables, earnings transparency and abnormal accruals, have no effect on the cost of equity capital in the sample of this study.

Interest rate risk and Bank Common Stock Returns: Evidence from Greek banking sector.

Eleftherios Aggelopoulos, Athanasios Bellas, Georgios Zafeiropoulos

Abstract : On this paper, we will examine the interest rate sensitivity of common stock returns of commercial banks to current and unanticipated changes in interest rates as perceived by investors in Greek financial market. Taking into account that interest income accounts for 70%** of the Greeks banks' total operating income, it will be interesting to survey how fluctuations in the base interest rate influence operating performance of Greek banks and consequently investors expectations. We will employ a variant of the capital asset pricing model to analyze the separate effects of market return and current and unexpected interest rate changes on bank stock returns. In order to model interest rate expectations we will use the Box-Jenkins modeling procedure in a three stage model.

Incorporation of Foreign Transactions in Input-Output Analysis Approaches and Practices

Vassiliki Malindretou, Charalambos Economidis

Abstract : This article focuses on the methodology of a particular aspect of input-output analysis, namely the incorporation of imports in the input-output table. The incorporation problem will be examined initially in relation to the development problems of less developed countries, because the way in which incorporation evolved has been important for these countries. Also presented is the evolution of the incorporation of imports in the inputoutput table firstly of the UN for 1993, with 4 methods of presentation outlined, as well as for 1999 and the changes that have been made in the meantime, along with the corresponding table of Eurostat for 2001 and 2008, in order to track the development of this discussion for all countries and in particular for the European Union member states. The presentation concludes with a comparison of the methods adopted by the UN and Eurostat. According to the Eurostat approach, due to a lack of data and the extensive inter-dependency between European countries, the classification of imports into competitive and non-competitive goods is not feasible. Instead, the adopted method is the classification of imports by geographic area.