

# Glossary

## Explanation of terms

**Emerging Markets (EM)** – An economy not yet fully developed in terms of, amongst others, market efficiency and liquidity.

**Liquidity** – Liquidity refers to the ability to sell securities quickly without having to significantly reduce the price.

**Risk-on/ risk-off** – Risk-on/ risk-off describes an investment behaviour that is only based on a changed risk perception.

**Developed Markets (DM)** – Developed Markets (DM) is an economy fully developed in terms of, amongst others, market efficiency and liquidity.

**U.S. Federal Reserve Board (Fed)** – The U.S. Federal Reserve Board (Fed) is the board of governors of the Federal Reserve; it implements U.S. monetary policy.

**BRIC** – BRIC is the abbreviation for the four large emerging economies Brazil, Russia, India and China

**Eurozone** – The Eurozone is formed of 19 European Union member states that have adopted the euro as their common currency and sole legal tender.

**Bunds** – Bunds is a commonly used term for bonds issued by the German federal government with a maturity of 10 years.

**Euro periphery (bonds)** – Euro periphery (bonds) are government bonds issued by countries of the Eurozone deemed to be less advanced in their economic development than core European countries such as Germany or the Netherlands. See also Periphery.

**Investment Grade (IG)** – Investment Grade (IG) describes bonds judged by rating agencies to be of at least medium quality (usually BBB or above).

**High yield (HY)** – High yield (HY) describes bonds which are sub-investment grade.

**Gross domestic product (GDP)** – Gross domestic product (GDP) is the value of all goods and services produced by a country's economy.

**Soft landing** – A soft landing is when an economy's rate of growth slows in a controlled fashion without major disruptive effects on employment, external balances etc.

**Asian Crisis** – The Asian crisis affected much of East Asia during 1997-1998, with currency devaluations followed falling stock markets and rising foreign debt burdens.

**Flash crashes** – Flash crashes are short-lived market falls, which may be due to model-based trading-models or market manipulation.

