

**QUANTITATIVE  
FINANCE  
SOCIETY**

**QFS OPEN OUTCRY**

*November 28, 2017*

# BRAINTEASER

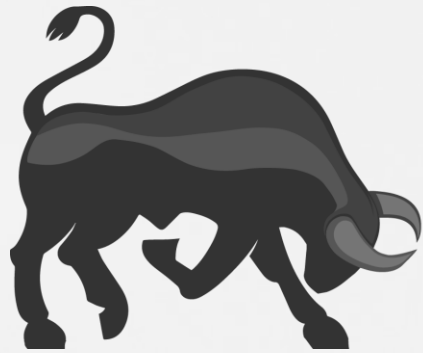
- A warden lines up 10 prisoners single file and puts a red or a blue hat on each prisoner's head. Every prisoner can see the hats of the people in front of him in the line - but not his own hat, nor those of anyone behind him. You do not know the number of each colored hat.
- The warden starts at the end (back) and asks the last prisoner the color of his hat. He must answer "red" or "blue." While everyone hears the answer, no one knows whether an answer was right.
- On the night before the line-up, the prisoners are allowed to devise a strategy to maximize the number of correct guesses. What should they do? What is the expected value of the number of correct guesses?
- Hint: the best strategy is a lot better than 50%

## BRAINTEASER - ANSWER

- Person 1 follows a rule: “if they see an odd number of red hats, they will say ‘red’, if there is even number of red hats, they will say ‘blue’”
- Person 1 will have a 50/50 chance of getting his own hat correct
- Assume P1 sees an even number of red hats and says “blue”
- Person 2 will hear what person 1 said, and if he still sees an even number of red hats, he knows he is wearing a “blue” hat. If he sees an odd number of red hats, he knows he’s wearing a “red” hat
- Person 3 will hear P2’s hat, and this process will continue to the front of the line
- EV of 9.5 correct guesses

# MARKET UPDATE

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**QUANTITATIVE  
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**QFS OPEN OUTCRY**

# WHAT IS OPEN OUTCRY?

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# 1 POINT

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Which of the following is considered a safe haven currency?

- A. Japanese Yen
- B. Chinese Renminbi
- C. Australian Dollar
- D. South African Rand

# 1 POINT

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How is Yellen's successor, Jerome Powell, positioned on rates relative to her?

- A. More Dovish
- B. More Owlsh
- C. More Hawkish
- D. About the Same



# 1 POINT

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Which country suffers from the highest inflation rate?

- A. Greece
- B. Venezuela
- C. North Korea
- D. Equatorial Guinea

## 3 POINTS

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Which entity has the lowest ratings from credit rating agencies?

- A. Greece
- B. Egypt
- C. Tesla
- D. Venezuela

## 2 POINTS

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Which entity has the highest ratings from credit rating agencies?

- A. Apple
- B. The US Government
- C. Johnson & Johnson
- D. European Union
- E. Proctor & Gamble

## 2 POINTS

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Which country's central bank did George Soros NOT attack?

- A. Turkey
- B. Malaysia
- C. UK
- D. Thailand

## 2 POINTS

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The partners of Long-Term Capital Management were responsible for which financial breakthrough?

- A. Mortgage-Backed Security
- B. Black-Scholes Model
- C. Value Investing
- D. Capital Asset Pricing Model

## 3 POINTS

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How much money would an investor have lost if they missed the best 10 days of the year between February 1989 and February 2009?

- A. 80%
- B. 75%
- C. 50%
- D. 10%
- E. 2%

## 3 POINTS

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What is the current Labor Force Participation Rate in the United States? This is the % of all Americans that are employed or looking for work

- A. 63%
- B. 54%
- C. 82%
- D. 47%
- E. 72%

# 1 POINT

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Which of the following securities are most volatile?

- A. Commodity Futures
- B. Corporate Credit
- C. US Equities



## 3 POINTS

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Which of the following financial ratios does not make sense to use in company analysis?

- A.  $EV/EBIT$
- B. Price/Sales
- C. Price/EBITDA
- D. Price/Free Cash Flow

## 2 POINTS

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Which finance executive came out most optimistic about Bitcoin?

- A. James Gorman of Morgan Stanley
- B. Ray Dalio of Bridgewater
- C. Jamie Dimon of JP Morgan
- D. Tidjane Thiam of Credit Suisse

# 1 POINT

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Which of the following strategies do hedge funds NOT invest in?

- A. Museum Art
- B. Madoff Fraud Recovery Claims
- C. High-end violins
- D. Catastrophe Bonds
- E. Society's General Well-being

## 4 POINT

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Which fund did not help finance Robert Mugabe's campaign in exchange for mining rights?

- A. Credit Suisse
- B. Blackrock
- C. Och-Ziff
- D. Elliot Management

## 5 POINTS

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You are playing a game of Russian Roulette using a gun that has 6 chambers and 2 randomly located bullets. Your opponent goes first and draws a blank (empty chamber). Do you want to re-spin the gun before you pull the trigger? Do you want to re-spin the gun if you know the bullets are next to each other?

- A. Yes, Yes
- B. Yes, No
- C. No, Yes
- D. No, No

# 1 POINTS

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Which country is Bill Browder famous for investing in?

- A. Denmark
- B. Argentina
- C. China
- D. Russia

## 2 POINTS

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Give us a 10 point wide spread on what you believe USDJPY trades between. [ie 1000 1010]

## 3 POINTS

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Name one of our QFS GM topics this semester. However, note that you will only get points if no other group wrote the same topic.



## 2 POINTS

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You believe the US yield curve will steepen. How do you play the trade?

- A. Short 2Y, short 10Y
- B. Short 2Y, long 10Y
- C. Long 2Y, short 10Y
- D. Long 2Y, long 10Y

## 2 POINTS

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Estimate price of gold  $\pm$  \$20 per oz

# 1 POINTS

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What was Paulsons most famous trade?

- A. Short Spanish housing market
- B. Shorting subprime bubble
- C. Shorting Lehman
- D. Long JNUG

3 POINTS

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Name three countries with negative rates

# 1 POINTS

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Whats the Fed inflation target?

- A. 1%
- B. 2%
- C. 3%
- D. 4%

## 2 POINTS

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Chilean economy is very reliant on this commodity

- A. Zinc
- B. Copper
- C. Chilean seabass
- D. Oil

1 POINTS

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What does FAANG stand for?

# 1 POINTS

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What does VIX measure?

- A. Basket of precious metal prices
- B. SPY Volatility
- C. Basket of EM equity indexes
- D. FTSE Volatility



1 POINTS

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Whats the central bank of Europe called?

## 3 POINTS

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What is not one of the Fed's initiatives?

- A. TAF
- B. ABCPMMMF
- C. QE
- D. TDFSC

## 4 POINTS

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Guess the size of the balance sheet of the 3 major central banks. Give a spread of 2 trillion

2 POINTS

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Name three countries in OPEC

## 2 POINTS

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Which of the following European countries doesn't use the Euro or isn't pegged to the Euro

- A. Germany
- B. Hungary
- C. Portugal
- D. Denmark

1 POINTS

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What is the central bank of Japan called?

1 POINT

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What company is the largest component of NASDAQ?

## 2 POINTS

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What does NYSE and CME stand for?



## 2 POINTS

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How many companies are in the primary Russell Index?

2 POINTS

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Who is the current US Secretary of the Treasury?

2 POINTS

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How many Federal Reserve Banking Districts are there?

## 2 POINTS

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What was the S&P record high (closing price)?  
+/- 100 points

Bonus points for the Month & Year.

2 POINTS

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What is the market cap of Apple?

+/- 50B

## 3 POINTS

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What is the current price for one share of Berkshire Hathaway (class A shares)?

+/- 10%

2 POINTS

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What is the current US unemployment rate?

2 POINTS

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What is the current US unemployment rate?



1 POINTS

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What is the Brazilian currency called?

## 2 POINTS

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What is the big difference between Nasdaq and S&P 500?

2 POINTS

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How many countries are there in OPEC