國立暨南國際大學九十二學年度博士班研究生入學考試試題

311 商學文獻評述〈國企所甲組適用〉

（本試題共 6 頁，第 1 頁）

考生注意：1. 依次序作答，只要標明題號，不必抄題。
2. 答案必須寫在答案卷上，否則不予計分。
3. 試題隨卷繳回。

Please read the following articles and answer questions in English.

1. Buying Corporate Bonds Gets Easier

Saturday June 7, 7:27 am ET

By Linda Stern

WASHINGTON (Reuters) - Pssst! Wanna buy some corporate bonds? It's easier than ever. Several big name companies now issue their bonds in $1,000 denominations at fixed rates and maturities, so you can buy a bond as easily as you would a bank CD.

Why would you want to? Well, that's another question.

Some financial experts say that this is entirely the wrong time to be buying bonds. As the economy recovers, interest rates -- now at 40-year lows -- will be moving up, and bond holders stuck with low-yielding securities will get squashed as the value of their bonds fall. And, with the new tax cut penalizing bond income compared to stock income, bonds aren't exactly tempting.

But there are very sound reasons for buying bonds. First of all, almost all investment portfolios should be balanced with both stocks and bonds at all times. That's the lesson we learned during the three-year bear market, right? So even if the bulk of your money is in the stock market, the piece that you keep in bonds should insulate you from stock market routs and keep some income coming in at all times.

Once you've decided to hold a portion of your money in bonds, you have to decide how.

You could buy bond mutual funds. There's at least one fund for every type of bond and the advantages are numerous: You get lots of bonds for low fees and access to issues you wouldn't be able to get on your own. You get diversification, so that if any one company defaults, you won't get hurt too badly. But bond mutual funds have two problems that individual bonds don't. They charge management fees, and they never mature. Because a bond fund portfolio is full of individual bonds that are always maturing and being traded in and out, there's never the certainty that your investment will hold its worth. If you own a bond fund and interest rates go up, your shares may be worth less on any given day, and may never again be worth what you paid for them. If interest rates go down, you can see your money reinvested at ever lower rates.

Individual bonds, on the other hand, carry more certainty. Buy a bond and you can cash predictable interest check every six months. Hold it until maturity, and you can cash it in at face value.

With enough money, you can use a strategy called "laddering" to build a solid bond portfolio. To build a bond ladder, buy bonds (or bank CDs, the same principle works) that mature in one-year intervals. Buy a one-year, a two-year, a three-year, a four-year, and a five-year bond. Every year, as your bond or CD matures, reinvest the proceeds in a five-year CD. After four years, you'll have a nice mix of five-year bonds. They'll outearn one-year bonds, but you'll have one fifth of your money coming back to you every year, as the bond its in matures. That enables you to keep investing at higher rates if rates are climbing.

Anyone with a little cash to spare could ladder CDs or Treasuries (at http://www.treasurydirect.gov), but it is easier to ladder corporate bonds, which often pay higher interest. These bonds can be found online at http://www.direct-notes.com, the marketing Web site of LaSalle Broker Dealer Services, a firm which distributes bonds to brokers.

And, they can be found at http://www.internotes.com, the Web site of Incapital LLC, another bond distributor. These bonds are unusual: Instead of being sold at auction, like Treasuries, or on the open trading market, like most corporate bonds, they are posted on these sites with specific rates and maturities and the promised rates are good for purchases made any time during that week. There are sales commissions already subtracted before the offering prices of the bonds are listed.

What kinds of deals are available right now?

On Direct Notes, GMAC "Smart Notes" are paying 5 percent for five years and 2.75 percent for one year. At Internotes, GE Capital, a company with a higher bond safety rating than GMAC, is paying 2.7 percent for five years and 4 percent for 10.

Maybe you're underwhelmed. Right now you can pick up a Treasury I-bond, guaranteed to match inflation, that pays an annual rate of 4.66 percent for at least six months.

Not every corporate bond will be your best deal ever. But ventures like Direct Notes and Internotes allow small guy investors to comparison shop, and it's no great trouble to check the bond prices before you roll over your next CD. You might find something you like.

2. Return of the wealth effect?

The stock market's recent rally should give the economy a boost, right? Not so fast.
June 6, 2003: 5:10 PM EDT
By Mark Gongloff, CNN/Money Staff Writer

NEW YORK (CNN/Money) - After a three-year bear market, when the term "wealth effect" became a cruel joke, stocks are suddenly soaring. Could the rebound in the market mean the return of the "wealth effect," when people feel richer because their portfolios are fatter, and so go out and boost spending, thereby boosting the economy? Hold the phone.

" The consumer didn't die. People lost all kinds of money in the stock market, and it didn't seem to affect them. " Robert Brusca, Native American Securities.

Since bottoming out on March 11, the Dow Jones industrial average is up more than 20 percent, the S&P 500 index is up about 25 percent, and the Nasdaq is up about 30 percent. That has led some economists to speculate that consumers, whose spending fuels two-thirds of the economy, will see their retirements account improving and will feel even better about putting more of their paychecks back into the economy.

"I would interpret higher stock prices in two ways," said former Federal Reserve Governor Lyle Gramley, now a consulting economist with Schwab Washington Research. "It's an indication of improving confidence in the economy's recovery, and it increases the confidence and wealth of consumers, adding to consumer spending."

What's more, in a rising market, businesses can raise more money by issuing stock than they can in a falling market, giving them more cash to invest in improvements and hire workers.

"You're effectively lowering the cost of capital for corporations, and anything to lower that cost will help in inducing more plant and equipment spending," said Northern Trust senior economist Paul Kasriel.

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Waiting for good dough

Of course, businesses haven't started doing that just yet. And business investment and hiring is crucial for the economy to regain strength, most economists believe. Since the 2001 recession started, employers have cut about 2.5 million jobs. Companies, shell-shocked by the recession, terror attacks, corporate scandals, war and other woes, have been reluctant to spend and hire until they see enough demand to justify it.

These factors have conspired to knock the economy around in 2002 and 2003 -- gross domestic product (GDP) posted only two strong quarters of growth in 2002 and has been weak in the first half of 2003. The stock market, too, has rallied from time to time, but those rallies haven't been sustained.

Given the recent history of ups and downs, some consumers and businesses might be inclined to stay on the sidelines for longer than usual, meaning the economic impact of the recent stock market gains might be diluted.

"It will have some positive effect, but I don't think there's a strong conviction the stock market rally is going to be sustained," said Wells Fargo chief economist Sung Won Sohn. "No one is really cashing it in and beginning to spend more money."

Sohn believes that, in order for the rally to hold long enough to start generating a "wealth effect," it will have to be accompanied by sustained improvement in corporate profits and stronger GDP growth for at least two or three quarters, a scenario that's not yet in the bag.

"Clearly, the economic fundamentals of monetary and fiscal policies, as well as the falling value of the dollar, support a recovery," Sohn said. "What we're not sure of is how strong the recovery is going to be."

And some economists wonder if there really is much of a correlation between stock prices and how consumers behave. After all, consumers have kept plugging along, barely cutting their spending, despite the queasy ups and downs of the bear market.

"Where was wealth effect during that time?" asked Robert Brusca, chief economist of Native American Securities. "The consumer didn't die. People lost all kinds of money in the stock market, and it didn't seem to affect them."

3. Japan's foreign reserves hits record high after forex intervention

Fri Jun 6, 3:31 AM ET

TOKYO (AFP) - Japan's foreign exchange reserves in May reached a record high after the Bank of Japan actively bought the dollar on the foreign exchange market to drive down the yen, the Ministry of Finance said.

Reserves in May rose by 43.6 billion dollars from the previous month to a record 543.1 billion dollars. The reserves have hit successive record levels since last December as the government has attempted to put the brakes on the surging value of the Japanese yen.

"As announced by the Bank of Japan, it used around four trillion yen (33.9 billion US dollars) for forex market intervention. This is the main driver behind the increase in the forex reserves," a finance ministry official said.

The central bank stepped into the market in New York from mid-May in a bid to weaken the Japanese currency. The yen had risen sharply against the dollar on comments by US Treasury Secretary John Snow that he was comfortable with the weakness of the dollar.

The Japanese government is desperately trying to weaken the yen in a bid to improve the competitiveness of Japanese firms and so they will be able to generate more profits when they repatriate profits generated overseas.

A sharp rise in the euro against the dollar, as well as rising prices of US and European bonds, also contributed to the increase of the nation's foreign reserves, the official said. "As the euro rate rose against the dollar, the value of the euros (which Japan holds) increased when calculated in dollars," he said.

Only dollar equivalents of total foreign reserves were released. The foreign reserves consist of securities and deposits denominated in foreign currencies, International Monetary Fund (news - web sites) (IMF) reserve positions, IMF special drawing rights and gold.

Of the May total, foreign currencies accounted for 523.8 billion dollars, gold 8.9 billion dollars, IMF reserves 7.8 billion dollars and special drawing rights 2.6 billion dollars, the ministry said.

Questions:

1. As companies issue their corporate bonds in affordable amount denominations such as $1000, so most of people can buy a bond as easily as purchase a bank certificate of deposit (CD). Please analyze possible effects on the financial markets and money supply according to the basic economic theories. (40%)

2. Should the recent rally of the stock market boost the slow U. S. economy? (30%)

3. Japan has adopted the floating exchange rate system since 1973. It is well known that the balance of payments should be balanced under the floating exchange rate system. If it is so, why do Japan's foreign reserves continuously increase during the past decades? (30%)