

## "What Can the Emerging Markets Learn from the Turmoil of the U.S. Mortgage Industry?"

Terence Ma (South Street Securities, USA)

The global economic crisis (a.k.a. the "Great Recession") of 2007-2008 spotlights the complexity as well as the importance of the mortgage industry and its social and political implications. While subprime mortgage-backed securities ("MBS") are widely perceived as the culprit of the Great Recession, the Obama Administration's push to rescue "under-water" mortgages may also result in undesirable outcomes if the program is not managed properly. The operations and risks associated with the mortgage industry are often misunderstood and the extent of the potential loss is misjudged. With the instructor's extensive experience of developing new businesses in the MBS and ABS markets, the students will learn from a practical perspective about the risks associated with mortgages, including

- \* how to identify the risks inherent in the MBS markets;
- \* how to devise the appropriate mathematical models to quantify the risks; and
- \* how to evaluate the results to make an informed business decision.