

COMMODITY MARKETS AS A LEVER OF THE ECONOMY.

Nasriddinov Diyorbek Abduvohid o'g'li¹

¹Bachelor's degree of University of World Economy And Diplomacy,
International economy and management faculty, 2nd course

Email: nasriddinov.diyorbek779@gmail.com

Zakirova Sayyora Alimovna²

²Doctor of Economic Sciences, Professor of University of World Economy
and Diplomacy.

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Annotation: The mechanisms for attracting capital by large businesses differ from those available to medium and small businesses, Among the parameters affecting the EFR and the SVFR. Medium-sized businesses were looking for and finding new ways to a more affordable debt capital. The exchange rate and the direction of movement of the global capital are also affected by the difference in interest rates in different countries.

Keywords: financial leverage, EFR, SVFR, favorable market, pearl, appetites,

Who determines the capital structure in Russia – the domestic business itself or, perhaps, it spontaneously develops under the influence of external circumstances? It is obvious that businesses are trying to play the financial market using different financing strategies.

The differences in the strategies implemented are determined primarily by the scale of the business. In general, it can be stated that Russian companies and corporations have sufficiently mastered financial strategies, including management of the capital structure, but after 2003, the interests of large businesses focused on external borrowing, while small and medium-sized businesses maintained and strengthened their positions in the domestic financial market.

The mechanisms for attracting capital by large businesses differ from those available to medium and small businesses. If the representatives of the former withdraw their financial assets to international stock exchanges and receive cheap loans from the largest European and American banks, then small businesses are content with very expensive loans from domestic banks. It turns out this picture:

Today, large businesses and banks are facing a liquidity crisis that began in the world in the second half of 2007, and finally realized the growing financial risk. The risk assessment will probably have to be carried out by medium and small businesses, sous, and ultimately by the entire population of Russia. The conditions of long-term lending in the domestic financial market have tightened - the cost of loans has sharply increased after a long period of decline, volumes

have decreased.

The observed differentiation of financial strategies depending on the scale of domestic business entities is associated, in our opinion, with the degree of influence of environmental factors on them. The more resistant a company is to the effects of external factors, the more it stands by itself be more careful in managing the structure of your capital. Therefore, to begin with, we will determine which of the factors of the external and internal environment the domestic business can use (and really uses) to increase the effect and impact of financial leverage.

The magnitude of the impact of the financial lever is sufficient, but it accurately shows the degree of financial risk associated with the firm. The greater the share of expenses in the taxable profit were (before interest payments on servicing the borrowed capital), the greater the impact of the financial leverage and the greater the risk of non-repayment of the loan.

The financial risk generated by the financial lever consists of the risk of a fall in the return on assets of the company below the cost of borrowed capital (the differential becomes negative) and the risk of achieving such a sign leverage, when the company is no longer able to service the borrowed capital (the borrower defaults).

Among the parameters affecting the EFR and the SVFR, we will single out those that companies can manage to some extent, related to external factors. Managed although not to the full extent, the parameter of return on assets can be attributed to it, since its value is determined by:

The cost of servicing borrowed capital Profit before taxation and payment of interest. – 30% is determined by the qualification of management, the ability of managers it is beneficial for the company to use favorable market conditions not only in the sale of products, but also by attracting external capital. The average cost of borrowed capital also refers to manageable factors, although indirectly: the price and other parameters of the availability of loans for a company are largely determined by its credit rating, credit history, growth dynamics, sometimes by scale and industry affiliation. Finally, the leverage of the financial lever, that is, the ratio of debt and equity (its structure) is determined by the company itself.

The parameters of the financial leverage effect that are not controlled by companies include the income tax rate. Is it possible, by varying these parameters, to increase EFR? Does the scale of the company's business depend on its ability to manage, for example, return on assets?

It is obvious that the profitability of the assets of companies supplying

products for export, with favorable market conditions, is not always the result of management influence alone. Today, companies engaged in the extraction of fuel and energy and other minerals mining, coke production, petroleum products, chemical, metallurgical production and the production of go to metal products or providing communication services, in conditions of favorable market conditions, receive and consume rent. Almost all business in these areas of activity is represented by large and largest corporations, often with solid state participation.

The current situation on the world markets is exceptionally favorable favorable market conditions contribute to an increase in the profitability of exporting companies not only in the sale of products, but also when attracting inexpensive capital in foreign financial markets. Indeed, until recently, external long-term loans were available to these corporations at a rate of 6-7%, whereas in Russian banks the cost of loans are 2-2.5 times higher. The largest Russian companies. it was simply difficult for TUI to refuse loans, since they were presented to them, one might say, on a silver platter.

"Foreigners literally ran after Russian banks, primarily with state capital, offering them money... There is a lot of free money in the world, and Russia remains an attractive country for investments – a solid trade surplus, budget surplus, huge reserves, not too high inflation. "2 Finally, the capabilities of the largest corporations to manage the capital structure are maximized, since the favorable market conditions and cheap borrowed capital have for some time significantly reduced for them not only, not only financial, but also general market risk.

Since the second half of 2007, the situation with the influx of cheap money from Western financial markets has changed dramatically. This, for example, is evidenced by the following fact: TINKOFF Credit Systems Bank, hoping to place bonds on 1.5 billion rubles, was able to sell "on the move" only for 270 million rubles, and with a yield of 18%, which has not been on the market for more than four years.

3. Director of the Institute for Globalization Problems M.G. Delyagin believes that the deterioration of the financial situation caused by the mortgage crisis in the United States and the rise in the cost of food This means the end of such a business model, when cheap Western loans covered the losses of the largest domestic corporations.

By November 2007, large Russian businesses had already lost the ability to re-credit and increase new external debt. This means that insolvent debtors may soon appear, whose debts will be transferred to creditors, which will expand the

scope of a possible crisis and involve the banking system in it. In this regard, finance predict a significant expansion in the number and scale of mergers and acquisitions in the financial sector, and the value of assets of Russian banks may fall significantly. Prices will "slide" under the influence of the American mortgage crisis, the lack of liquidity in the international capital markets and other "purely Russian" factors. The latter analysts include forced reduction of owners' price appetites when selling Russian banking assets. Thus, the "pearl" of the domestic banking system, the Russian Standard Bank, is likely to be sold to "Vneshtorgbank" not with a coefficient of 7 to the amount of capital (as planned at the negotiation stage), but only 2-3. For VTB, this is a huge gain, and for the market, it means not only the formation of fundamentally new price guidelines, but also a stricter standard of business conditions, lower margins, and increased competition for customers.

Already in November 2007, many foreign banks were shutting down their lending programs in Russia, doing only to collect money on previously issued loans. Of the Russian banks, only a few of the largest ones provided loans, the rest threw all their funds to cover cash gaps. The following facts indicate a change in the strategy of the banking system: in September 2007, domestic banks withdrew 320 billion rubles from securities; the maximum amount of funds was withdrawn from debt obligations, which decreased by 16% (to 1.5 trillion rubles). According to experts, Russian banks, faced with a shortage of attractive investment objects, have built a genuine pyramid in the bond market, buying bonds, putting them into repo, receiving funds and buying bonds again. Now this pyramid is collapsing. Iconic from the perspective of depth assessment. The liquidity crisis in Russia is the decision on an unscheduled allocation in November 2007 from the federal budget 180 billion rubles . "for development", but in fact – for replenishment liquidity of the three largest state-owned banks Russia.

Repo (French: report) – 1) an exchange transaction in the securities market, which consists in the sale of securities with the simultaneous conclusion of a transaction on their subsequent redemption after a certain period at a higher price. Represents a kind of loan, the payment for which is a difference in prices; 2) A transaction conducted on the foreign exchange market of the country, concluded in a combination of a cash transaction for the sale of foreign currency in exchange for the national, with the reverse simultaneously concluded a transaction on the purchase of the national currency at a higher price. But let's return to the calculation of the effect of financial leverage: according to the last of the parameters listed above, determining the effect and strength of the impact

of financial leverage, is income tax – not a business-controlled factor. It "works" in favor of domestic corporations, because, as the formula shows, the higher the tax rate, the lower the financial effect. Russia boasts one of the lowest income taxes in mire, the rate of which is 24%. Having gained access to cheap Western loans, the domestic big business "skimmed the cream" also in this direction. Well, medium and small businesses, involuntarily remaining loyal to the domestic financial market, had to be content with the sources that this market provided. It must be admitted that the flow of "hot" Western money splashed onto the Russian market contributed to a gradual decrease in the cost of domestic loans for corporation. The banking margin, which peaked in 2004, when the largest banks gained access to the foreign equity market, gradually decreased, as a result, the price of loans in the domestic market decreased markedly. It was during that period that the scale of mortgage lending to the population and housing construction grew. Cheaper, although still expensive compared to Western ones, domestic creams still found their use, working for Russia.

Medium-sized businesses were looking for and finding new ways to a more affordable debt capital. Thus, since 2003, the scale of borrowing through the issuance of corporate bonds by medium-sized companies has been noticeably expanding. At the same time, bonds were often placed by closed subscription, which, as is known, significantly reduces the issuer's costs for the launch. Indeed, a closed method of placing a bond, the method practiced at a relatively small (but sufficiently accurate for medium-sized businesses) scale of issue, on the one hand, provides the issuer not only with capital, but also and a good credit history for future possible IPOs, and on the other hand, it allows him to get borrowed capital at a hundred and five times lower than the bank.

Why do members of a closed subscription agree to a low yield? The fact is that those who are interested in the implementation of the investment⁵ are attracted to the closed subscription. Our project, – suppliers of equipment, raw materials, purchasers of 5 products, local authorities, who are interested in the emergence of new jobs and the investment attractiveness of their 5 city, district. In the end, in addition to profitability, subscription participants receive other benefits: suppliers raw materials are a reliable sales market, buyers are a reliable supplier, and local authorities – new jobs, increased tax revenues. Such sources of borrowed capital are practically inaccessible to small businesses. Those companies that were not included in state programs to support small business and did not get access to cheap loans through them had to attract expensive bank loans, look for partners with capital, turning them into co-

owners, losing independence, or go into the shadows and develop at the expense of reduction of tax and extra-budgetary payments.

Does (and to what extent) financial risk affect the formation of financial strategies of different scale subjects of Russian business? From the formula given at the beginning of the article for calculating the impact of financial leverage, it follows that the higher the financial risk, the more expensive the borrowed capital is. It is clear that according to this criterion. Of the 35th financial risk in the conditions of favorable market conditions was borne by the largest corporations⁵ exporters of raw materials and low-grade products, which received a move to cheap Western debt markets. But the companies medium and small businesses that borrowed on the domestic, more expensive market also faced higher financial risk.

The same situation is observed with respect to domestic banks that failed to gain access to cheap Western loans. Since the rates on interbank loans, although decreased, but to a lesser extent than for the banks of the first (6-7%) and the second round (7-8%), medium and small domestic banks had to settle for a lower margin, established at 8-9%. Under the influence of cry by the end of 2007, the rates on interbank loans increased again by 1.5–2%, and less for banks of the first and more for the third round. No less significant for domestic business entities are other internal factors that have a different effect on financial strategies. Without considering them in detail here, we will list them:

- * The level of the required profit margin, profitability (the "appetites" of companies are not the same, respectively, their financial strategies and risks differ);
- * Cost structure (level of operational leverage correl it depends on the industry affiliation and depends on the capital⁵ the intensity of the technologies used);
- * The company's industry affiliation, its organizational and legal form, the stage of the life cycle, age, place in the market.

Since in an open economy, and the Russian economy is approaching its standards, the impact of the external environment on the company's activities is great, it can be assumed that external factors also affect the effect of financial leverage in a wider range of directions than internal ones, and therefore their influence may be big. External to the business are such factors as the dynamics of the bank margin, the average market. ³⁶ of the economic value of bank loans and non-bank sources⁵ for the corporate sector.

Taking into account the changes in the external environment introduced by state policy in various spheres of the economy, the list of considered internal and external factors affecting the effect of financial leverage and the strength of

its impact has been expanded. Indicators of the impact on the financial behavior of the company of external factors that cause the strengthening or weakening of the effect of financial leverage, we will consider changes in government policy and market conditions emerging on world markets. The impact of market conjunction in the world markets of raw materials, metals and other low-conversion products, as well as in the financial markets by the end of 2007 has basically already been considered. We will only add that not 5 the constancy of the ruble and the main currencies used for international settlements also noticeably change financial behavior of Russian companies and banks, primarily those with access to foreign markets.

The peculiarity of the current situation is that in the last two years. The exchange rate of the US dollar, still the main currency of international settlements, has been falling against the ruble and a number of other national currencies. First of all, relative to the euro. The ruble exchange rate relative to the European currency although it is decreasing, but in the last 3-4 years, the pace of this decline has been slowing down, which forces large exporters, including Russian ones, to switch to the euro in calculations.

As you know, the dependence of the national currency rate on the rate of inflation is especially high in countries with a large volume of international exchange of goods, services and capital. The relationship between the dynamics of currencies and the relative volume of inflation is the most clearly manifested when calculating the exchange rate based on export prices. In this respect, both Russia and the United States are approximately in an equal position, with the only exception that Russian exports of oil and gas is accompanied by a long and high increase in world prices for these products, which has a positive impact on Russia's planned balance sheet, and the United States, in the context of an expensive and unsuccessful military operation in the Middle East, has the balance of payments deficit.

Just like other countries⁵ exporters, Russia benefits It has a wide arsenal of means of regulating international credit relations – these are tax and customs privileges, state guarantees and subsidizing interest rates, subsidies and loans. However, to a greater extent, the Russian state supports large corporations and banks, as a rule, with solid state participation, that is, itself. But medium and small businesses get little from the flow of benefits spilling onto large businesses. On the contrary, loans for the purchase of imported equipment are provided to small and medium-sized companies, not included in small business support programs, on 6 By the beginning of the new millennium, the dollar accounted for more than 50% of international payments, about 90% of oil

payments, and 70% of external debt.

The exchange rate and the direction of movement of the global capital are also affected by the difference in interest rates in different countries. An increase in interest rates stimulates the inflow of foreign capital into the country and vice versa. and the movement of speculative, "hot" money increases the instability of the plan balances. The table shows the dynamics of the refinancing rate of the Central Bank of the Russian Federation from June 1998 to the present. During this period, the rate was continuously decreasing, and the rate of change became more stable. So, if from 1993 to 2000 the refinancing rate changed 5-9 times during the year, then since 2002 it has changed only once or twice a year. Already at the beginning of 2008 in connection with the observed from the middle 2007.

Conversion should become an element of exchange rate policy, and the inclusion of a huge array of funds in the exchange rate formation process should make the pricing mechanism more market-oriented. But it is unlikely that interest rate regulation is productive but due to the need to control liquidity, which means it can hinder economic growth. The proposal of the Central Bank of the Russian Federation is assessed by many as very risky.

It is possible to fight inflation only by increasing interest rates, but this has a negative impact on the growth and well-being of the financial sector. In addition, a still significant trade surplus may lead to a noticeably to strengthen the ruble exchange rate, which the Central Bank does not have the ability to control in this scheme. An increase in the refinancing rate is inevitable, if only because it cannot be below the level of inflation according to the results of 2007, it exceeds 11%. At the same time fact. There is no logical connection between the rate and the borrowing price for commercial banks, that is, an increase in the refinancing rate may not affect the level of inflation in any way.

The increase in rates in Russia began back in 2007. So far it concerns only loans to banks secured by claims against their borrowers. In fact, it is not the rate that has been raised, but the cost of one of the types of refinancing. The annual rate, for example, of a three-month loan increased by 1%, of a six-month loan – by 0.5%, on average, loans will rise in price by about 1.5%. In this regard, some banks have already increased their rates on loans and deposits for legal entities. Most likely, this practice will also spread to private clients, and not only newly taken loans will become more expensive.

At the same time , the Central Bank lowered the rate of deductions to the Mandatory Reserve Fund for ruble deposits. This measure is justified by the fact that in Europe the norms of mandatory reserving are lower, and Russian banks

find themselves in unequal conditions.

In general, the above allows us to draw the following conclusions:

1. External and internal factors in relation to business affect the effect of financial leverage and the strength of its impact, and this has a different effect on the financial behavior of domestic companies and banks of various scales.
2. External factors related to the state regulation of certain areas of business activity (taxation, the dynamics of the cost of bank loans, government financing of business support programs, etc.), as well as the impact of the market (yield of bonds and stocks, dynamic prices on the world market, the dynamics of exchange rates, etc.), have a stronger influence on the effect of financial leverage than internal factors controlled by the business itself.
3. An assessment of the degree of influence of external factors, primarily government regulation, on the financial behavior of business entities of various scales shows that it is oriented primarily to support banks and large businesses, sometimes to the detriment of the interests of medium and small businesses.
4. The peculiarity of a large Russian business that maximal but uses the effect of financial leverage in its fit financial strategies, consists in the significant participation of the state. Since October 11, 2007, the Bank of Russia has reduced the norms of mandatory reserves for the obligations of credit institutions to individuals in the currency of the Russian Federation for three months – from 4.0 to 3.0%, for obligations to non-resident banks in the currency of the Russian Federation of the Russian Federation and in foreign currency, as well as on other obligations of credit institutions – from 4.5 to 3.5%.
5. Actually engaged in the management of the capital structure in a changing external environment and by virtue of its capabilities, only business in which the state does not participate, that is, medium and small companies. The state does this for big business, creating a regime of the greatest benevolence for it.
6. The management of the capital structure and the formation of appropriate financial strategies by medium and small business companies pushes them beyond the legal field even more than before 2004, as the financial market has grown. These are now built and adjusted to the interests of large-scale business with state participation.
7. The global liquidity crisis, in which through The Russian economy is also involved in the external financial market, which may further weaken the financial capabilities of medium and small business and lead to mass bankruptcies of enterprises of these categories, while large businesses will be protected by the state.

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