Sandra Navidi

The Value of Financial Networks

Sandra Navidi is an international consultant. Admitted as an attorney in Germany and New York, she came to the U.S. in 2001. A decade later she launched her consultancy firm BeyondGlobal (www.beyond-global.com), which provides macroeconomic research and strategic positioning advice. As a financial expert in international media and keynote speaker at events, she has analyzed complex financial scenarios in hundreds of interviews and dozens of speaking engagements. She is known for her top-level network of decision-makers in the private and public sectors.

» TRADERS´: Ms Navidi, you have built a top class network in the financial industry. How did you build that?

Navidi: I came to New York in 2011 for a job offer as general counsel at an alternative investment firm. Working in structured finance, which essentially deals with the repackaging of risks, had made me wary of the amount of leverage in the system. In the years before the 2008 crisis, I became aware of Nouriel Roubini's research, which was prescient with regard to the subprime crisis and the ensuing domino effects. In January 2009, at the height of the crisis, I began working with Nouriel, until I launched my own firm in 2011. I did not so much deliberately set out to build a network, but rather always tried to surround myself with smart, interesting people with an edge. Exposure to fora such as the World Economic Forum, the IMF, think tanks and my work with Nouriel Roubini, have significantly contributed to the expansion of my network.

TRADERS´: Before the financial crisis, institutions worldwide were active in trading high-risk credit products, although there were warning voices. Why was it that the participants seemed to be blind about the risks?

Navidi: People seemed to assume that rising asset prices were a law of nature and would continue to eternity. Everyone was riding the wave, nobody wanted to miss out, all eager to dance until the music stopped. Plus, Americans are very creative and good at selling ideas and narratives. Their enthusiasm is infectious, they are very smart and everyone wanted to believe the story.

TRADERS´: What advantages does your network bring to you and to the customers who you advise?

Navidi: I work in an area, where everyone is extremely smart and well-educated, so those who are well connected have a distinct competitive advantage. Today's world is very complex and more uncertain than ever. An international network of experts and decision-makers that can provide original, authentic and relevant information is invaluable. Someone who is the source of information is also best equipped to put it into context for you. In a sense, I work as kind of an intelligence officer for my clients, obtaining information and providing an unbiased interpretation and assessment that enables

» I am sort of a blend of an outsourced Chief Intelligence, Risk and Network Officer. «

them to make more informed decisions. My experience at the interface of finance, economics and law has equipped me with a solid understanding of my clients' needs and the ability to serve them.

TRADERS´: Is there any information on the market that is not known to all market participants?

Navidi: Most certainly, particularly with regard to emerging markets and countries where reliable information is hard to come by. For instance, China is so unbelievably big and complex and its political economy is hard for outsiders to assess. In cases like this, it is important to have a multitude of reliable sources, preferably decision-makers and then complement that information with other well-researched sources. Ultimately, the best investors also very much rely on their instincts. Even legendary investor George Soros to a large extent trusts his gut feeling.

TRADERS´: What specific sources do you use for your research?

Navidi: I work with a variety of sources: Partially with numbers from official sources like the Treasury, the Congressional Budget Office and the Bureau of Labor Statistics. I also take into account information and research from central banks like the Fed, the ECB and the Bank for International Settlements, international organizations like the IMF and OECD, think tanks like the Group of Thirty, Bretton Woods and Brookings and academic research from the likes of Harvard and MIT and research firms. But the direct dialogue with economists at these organisations and the exchange of thought with academics like Nouriel Roubini and practitioners who influence the economy with their decisions like CEOs of blue chip companies is invaluable.

TRADERS´: Which kind of companies count as your clients?

Navidi: I mainly work with financial service providers and family offices, and also with international media outlets. All sorts of clients, including corporate ones, retain me for speaking engagements.

F1) No-Go Russia

A few years ago private equity companies invested in Russia, but political arbitrariness and the risk of expropriation have made it too high risk at present. Sanctions and the devaluation of the ruble weighed on the stock markets.

Source: www.tradesignalonline.com

» Russia is a lawless country. «

TRADERS´: You are writing a book about financial networks. Do you have a time frame when it will appear?

Navidi: Publication of my book in German-speaking countries is scheduled for February 2016 and I am currently in talks to sell the international rights. I have been working on it for more than three years and it has been a labor of love, so I am quite excited for it to materialize.

TRADERS´: Can you give us a few examples of research topics you deal with?

Navidi: The topics are of a macroeconomic nature, for example the outlook of countries like Greece or Spain, economic development in emerging markets like India and China, the impact of geo-economic events like sanctions on Russia, or whether and how to enter into a foreign market. Part of my work often involves "translating" these matters into easily understandable terms for my clients' clients, media and speaking engagements.

TRADERS´: Can you describe a concrete example?

Navidi: Russia was an interesting case. I have always been leery of its political leadership. Originally, most investors were reluctant to invest. But during the financial crisis many of them were desperate for investment opportunities and bought into emerging markets, including Russia. Putin had established a direct investment fund and the fact that it was government-backed convinced many big players to invest. But the low growth environment exacerbated by Western sanctions and the resulting lack of opportunities are not conducive to establishing trust and making profitable investments, so many investors have withdrawn. Russia is a lawless country. Authoritarian regimes always carry the risk of opaqueness, corruption, arbitrariness and misappropriation. Right now, Greece is a hot topic. Clients are looking at assets at highly distressed prices, but they are reluctant to invest because they do not trust the system. In the end, the risk may not be worth the investment.

TRADERS´: Do you also trade in the markets yourself?

Navidi: I do not trade, neither for myself, nor on behalf of other people. I invest in passively managed funds such as ETFs with a focus on global equities.

TRADERS´: According to studies, women are better at investment decisions, as they are not as strong as men in tending to take excessive risks. Do you have any idea why, in spite of this, so few women in the financial sector are on the move?

Navidi: The financial sector is dominated by men, a macho culture and the old boys' club. The higher up the food chain you go, the fewer women you will find. Women are largely excluded from male networks and even if they reach fairly senior positions they are never quite plugged into the power channels to the same extent that men are. The culture is so homogeneous, because men prefer to work with other men who are like them. This is an important topic that I also address in my book, since more diversity would contribute to making the financial sector more resilient. «

www.beyond-global.com
www.twitter.com/sandranavidi
https://www.facebook.com/SandraNavidi
www.youtube.com/sandranavidi

That is how I see the markets.

We live in times of great structural geo-economic uncertainty, which is exacerbated in terms of speed, scope and complexity by technologisation, financialisation and continuing globalisation. Increasingly, political decisions rather than fundamentals determine the dynamics of financial markets, which have been decoupling from the real economy. In light of the resulting distortion and unpredictability, one assumption is certain: Volatility will persist.

Interview: Oliver Klemm – Professional Trading of DAX Futures P. 108

TRADERS´

ISSN 1612-9423
08
£ 6,50 (UK), 8,00 € (D), 8,50 € (A), sFr 10,90 (CH), 8,70 € (BeNeLux), 8,90 € (SF, E, P, CY, Malta)

Special: Interviews from the NYC Traders Expo – Part 1 P. 51

Your Personal Trading Coach

August/September 2015
www.tradersonline-mag.com

Following Institutional Footprints

Profit from Takeover Chatter P. 70

Better the Devil You Know

Why You Should Trade Volatile Stocks P. 94

Insights from Trading Legend Mark Minervini

How to Trade Like a Champion Market Wizard

P. 30