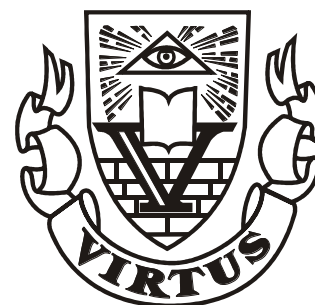


RISK GOVERNANCE & CONTROL: Financial markets and institutions

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This paper sets a prospective framework to study the impact of opening more mines to meet future growing demand on Australia's economy. The structure is aimed at decomposing investments and exports variables into Uranium exports and Uranium Exploration expenditure and analyse their impacts on each State GSP (Goods State Product) and for Australia as a nation. The demand and supply factors affecting the uranium market are defragmented before providing the research methodology and data specifics. Later analysis is expected to have policy implications by serving as a guide to pull down State Regulatory barriers like those imposed currently in Queensland, which is rich with uranium deposits and allow only uranium exploration but no uranium mining. Empirical findings would suggest whether exporting the carbon free energy would add value to Australia's different competing states and as a whole globalized economy.

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Anton Theunissen

This paper develops a continuous time, contingent claims model of mortgage valuation with strategic behavior to show that mortgages that are securitized are characterized by significantly higher loan to value ratios than mortgages held on the balance sheet of the originator, if securitized mortgages cannot be renegotiated. Insofar as securitization inhibits loan modification, it serves as a credible threat to the borrower that default will provoke foreclosure. This enhances the value of the lender's claim on the loan collateral, the home, and she is willing to lend more per dollar of collateral value. An important implication of the analysis is that the higher loan to value ratio for the securitized mortgage does not imply that the securitized mortgage is characterized by looser underwriting standards than the mortgage held on balance sheet. Higher loan to value ratios for securitized mortgages do not necessarily constitute evidence that securitization encourages risky lending.
