



Hedging Strategy. The case of Metallgesellschaft Refining and Marketing

By Quint Hintjes

GRIN Verlag Apr 2014, 2014. sonst. Bücher. Book Condition: Neu. 208x144x7 mm. This item is printed on demand - Print on Demand Neuware - Essay from the year 2013 in the subject Business economics - Operations Research, grade: 7.5, Maastricht University, language: English, abstract: Specializing in mining, commodity trading, specialty chemicals and financial services, Metallgesellschaft AG (hereafter MG) was one of largest German Industrial Corporation, with over 20,000 employees and an average revenue of \$10 billion annually, who's headquarter was located in Frankfurt. The financial statements presented by the board in December 1993 reported that the U.S subsidiary Metallgesellschaft Refining and Marketing (hereafter MGRM) suffered huge derivative-related losses of over \$1bn dollar. Due to the gravity of the losses, it caused a serious threat of bankruptcy to the parent company MG. Many theories try to explain the management failure at MGRM that caused the huge speculative loss. The commonly accepted theory is that the management and board of MG were ill informed about its subsidiaries activities and speculation, making them vulnerable for making irrational decisions, which is represented by their overreaction, in particular to liquidize the outstanding contracts, which MGRM had with their clients. Many critics believe this heavily amplified...



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