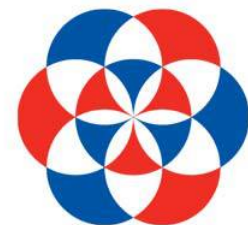


# BUSINESS & ECONOMICS



DOHA  
BRITISH  
SCHOOL

## This month's headlines

### Business:

- Will Elon Musk change Germany Or will Germany change Elon Musk?
- Welcome to Diversifying, a new money podcast for a changing world
- Western businesses pull out of Russia
- Ford splits gas-powered and electric vehicle businesses but doesn't spin them off

### Economics:

- Russia says its economy is taking 'serious blows' as isolation grows
- January home sales jump 6.7% despite a record low supply
- Millions in Bitcoin pouring into Ukraine from donors

## Websites and events



INTERNATIONAL WEEKLY NEWSPAPER  
[HTTPS://WWW.ECONOMIST.COM/](https://www.economist.com/)

WHAT CAN YOU DO WITH AN ECONOMICS DEGREE?  
MARCH 23  
[CLICK HERE TO REGISTER](#)

BEING A LEADER AND THE EFFECTIVE EXERCISE OF  
LEADERSHIP  
MARCH 24  
[CLICK HERE TO REGISTER](#)

INSEAD WORKSHOP: VENTURE CAPITAL,  
BUSINESS ANGELS, AND STARTS UPS  
APRIL 13  
[CLICK HERE TO REGISTER](#)

## STOCKS & SHARES

AAPL (Apple Inc)	+6.83%
TSLA (Tesla Inc)	+29.38%
LVMH	+14.24%
GOOGL (Alphabet)	+6.25%
BRK. A	+8.27%
AMZN (Amazon)	+12.30%
MSFT	+6.75%
9988 (Ali Baba)	+18.44%
GME (GameStop)	+47.77%

# Business

## Entrepreneur of the month



Charles Schwab

### Who is Charles Schwab?

The Charles Schwab Corporation, Charles Schwab being the founder, is an American multinational financial services company. It offers banking, commercial banking, investing and related services including consulting, and wealth management advisory services to both retail and institutional clients

### What has Charles Schwab done?

Schwab took an early lead in the industry, offering a combination of low prices and fast, efficient order executions, and soon became the nation's largest discount broker since he pioneered discount sales of equity securities starting in 1975 and transformed a struggling firm into one of the nation's largest traders.

## Fun Fact!

A small business is defined as an enterprise that has fewer than 500 employees. So technically, that kid who opens his lemonade stand on the corner every summer is a small business owner.

## Business concept

**The marketing mix:** a combination of factors that can be controlled by a company to influence consumers to purchase its products.

These include: price product, place and *promotion*

Promotion gives the customer details about the product, the price and the place to buy it from.

2 types of promotion:

### 1. Above the line promotion

- Advertising that involves the use of media such as television, radio, newspapers, etc

### 1. Below the line promotion

- Promotional methods that do not use media like in-store promotions, sponsorships, public relations, etc

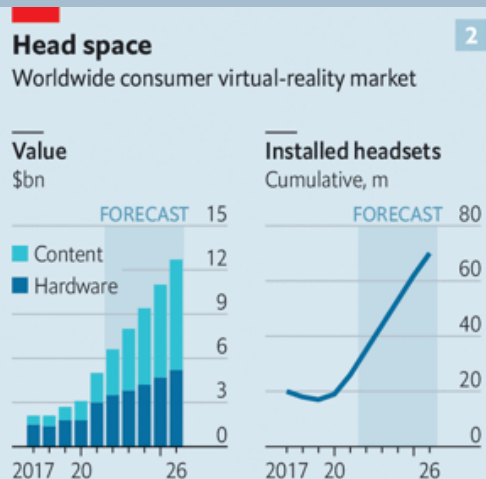


## From Apple to Google, big tech is rushing to build VR and AR headsets

Source: The Economist

Nearly every large technology firm is rushing to develop a VR or AR headset, convinced that what has long been a niche market may be on the brink of becoming something much bigger. Meta's VR strategy revolves around ads, the source of Facebook's riches. It is selling headsets as fast as it can in order to build an audience for advertisers. Meta is also monetising its app store. From next year the market for VR content will surpass that for VR hardware (see chart).

However, can headsets go beyond gamers and professionals? Tony Fadell, known as father of the iPod says he believes they will be popular but not revolutionary - like smart watches.



# Economics

## THE ECONOMIC CONSEQUENCES OF THE WAR IN UKRAINE

RUSSIA HAS THE 11TH LARGEST ECONOMY IN THE WORLD AND IS ONE OF THE LARGEST COMMODITY PRODUCERS. THE IMMEDIATE GLOBAL IMPLICATIONS WILL BE HIGHER INFLATION, LOWER GROWTH AND SOME DISRUPTION TO FINANCIAL MARKETS.

AMID REPORTS OF EXPLOSIONS ACROSS UKRAINE, THE PRICE OF BRENT OIL BREACHED \$100 PER BARREL ON THE MORNING OF FEBRUARY 24TH AND EUROPEAN GAS PRICES ROSE BY 30%. PRICES FOR COMMODITIES THAT RUSSIA SUPPLIES LIKE NICKEL, ALUMINIUM AND PALLADIUM, WHEAT AND POTASH (USED IN FERTILISERS) HAVE BEEN RISING AND WILL LIKELY CONTINUE RISING FOR SOME TIME.

AN ECONOMIC REPRECUSION FOR RUSSIA IS HAVING THE EU, US AND THEIR ALLIES AGREEING TO CUT OFF A NUMBER OF RUSSIAN BANKS FROM THE MAIN INTERNATIONAL PAYMENT SYSTEM, SWIFT. PICKING CERTAIN RUSSIAN BANKS WILL ENSURE THE SANCTIONS HAVE THE MAXIMUM IMPACT ON RUSSIA, WHILE PREVENTING TOO MUCH IMPACT ON EUROPE.

DEFENSE BUDGETS ARE LIKELY TO RISE IN EUROPE, THE US, AND SOME OTHER COUNTRIES TO REFLECT THE INCREASINGLY DANGEROUS GLOBAL SITUATION. THIS WILL NOT REDUCE GDP GROWTH, BUT IT WILL REDUCE PEOPLE'S WELL-BEING, BECAUSE RESOURCES DEDICATED TO DEFENSE ARE RESOURCES THAT CANNOT GO TOWARD CONSUMPTION OR INVESTMENT IN EDUCATION, HEALTH CARE, OR INFRASTRUCTURE.

INCLUDING DIVIDENDS, THE S&P 500 GAINED 135% FROM MARCH 2009 THROUGH JANUARY 2013, DURING WHAT PEOPLE REMEMBER AS THE "GREAT RECESSION."

**Fun Fact!**

IT GAINED THE EXACT SAME AMOUNT FROM 1996 TO 2000, DURING WHAT PEOPLE REMEMBER AS THE "GREATEST BULL MARKET IN HISTORY."

## Economic concept

### Monopolies

A monopoly in its **purest form** is when one single business dominates the whole market – it has 100% concentration.

A **near pure** monopoly occurs when one firm has a market share in excess of 90 percent

A **dominant** firm is one which accounts for a significant share of a given market and are typically considered to have market shares of 40% or more.

*key characteristics of a monopolistic market:*

- Firms have price-setting power
- Barriers to entry are high – costly to enter / long run profits maintained
- Economies of scale available
- Consumers may face a limited choice of supplier and pay higher prices
- Few close substitutes reduces the cross-price elasticity of demand



## Surging food prices take a toll on poor economies

Source: The Economist

Sri Lanka, burdened by foreign debts and struggling to recover from effects of the pandemic on its tourism sector, the government is now approaching the IMF for help. Now with a devaluation of the currency and the impact of the Russian-Ukrainian war on commodity markets consumer prices are soaring. Food accounts for more than 20% of consumer spending across most of the emerging world. Sri Lanka's foreign-exchange reserves shrank from more than \$8bn in 2019 to around \$2bn earlier this year. Egypt has also struggled as it imports nearly two-thirds of the wheat it consumes, the majority of which comes from Russia and Ukraine.

