

'Housing markets are safe!' tally:

## Definitions

Tranches

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Subprime

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Subprime Mortgage Bonds

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Credit Default Swap

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Collateralized Debt Obligation (CDO)

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Synthetic CDO

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Adjustable Rate Mortgages

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To short

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# The Big Short (Film)

Guided note taking

- 1) What does Michael Burry predict will happen?
  
- 1) How did he back up his prediction? Why was this information hard to find?
  
- 2) How much money did Burry 'short'?
  
- 3) Why do his bosses think this is a bad idea?
  
- 4) What did FrontPoint find out at the empty housing estate in Florida?
  
- 5) What did they find out when talking to mortgage brokers?
  
- 6) How did the dancer have 5 properties?
  
- 7) What strategy did Brownfield Capital use to turn their \$110,000 into \$30,000,000?
  
- 8) Why did the Credit Rating Agencies (eg Standard and Poor's) give investments good ratings?
  
  
- 10) According to Ben, what happens as US unemployment increases by 1%



# The Big Short (Film)

Guided note taking

11) When banks realise the price of CDOs are about to fall, what do they do?

12) How much profit did Burry's hedge fund make?

13) How many people in the US lost their jobs?

14) How many people in the US lost their homes?

15) How many bankers went to jail?

Explain the concept of Moral Hazard using an example from the film

Explain the concept of Regulatory Capture using an example from the film

