



Economy and society

Trading (9)

Two-track audio
14:30 minutes

01:20 Youngsters respond to the question of what constitutes trading and what goods are commonly traded in. Livestock trader Urs Jaquemet is looking for cattle for his next auction. Today he is seeing farmer Markus Annen to take a look at mother cow Giselle and her two-month-old calf Congo. The two animals are praised for their beauty and robustness. Economist Hans Geiger explains the functions of intermediaries and outlines some of the risks they take.

04:38 Youngsters offer their ideas on how market prices are determined. Jaquemet's and Annen's definitions of an appropriate price for Giselle and Congo diverge. After some negotiating, they arrive at a compromise and agree to 5'200 Swiss francs. A handshake clinches the deal. External factors can greatly influence prices. If one particular product is in high demand, buyers are prepared to pay more than for an equivalent competing product. Hans Geiger explains how market prices form and how they change.

07:31 A Vianco truck picks up Giselle and Congo. Trade without transport is unthinkable today. Trucks carry commercial goods throughout the world in great quantities. Thanks to world trade, almost everything is now available everywhere. In 2008, Switzerland exported goods worth about 215 billion Swiss francs. The World Trade Organization WTO, based in Geneva, coordinates trade worldwide.

10:07 Youngsters give their definition of the term «margin». Economist Hans Geiger illustrates its meaning by way of the cattle trade. Livestock trader Jaquemet demonstrates how Vianco calculates margins in order to arrive at six percent of the selling price.

12:45 The auction is in progress, and numerous potential buyers have turned up. Some 70 animals are for sale. Now everything hinges on the dealer. Giselle and Congo are sold at 5,700 francs. About 10 cattle have not been sold at the end. Vianco will have to keep and feed them for the time being.