

Word for securities is  
undoubtedly an  
exciting



**ASSIGN  
BUSTER**

Word Count: 2811A.

G. Edwards Inc. The industry for securities is undoubtedly an exciting and fast paced industry. This means that brokerage firms such as A. G.

Edwards and Sons must always be watching the stock prices on every stock in the market so that they can give their clients maximum profit. When A. G.

Edwards and Sons clients do well then in turn so does the brokerage firm. A.

G. Edwards Inc. is not the biggest corporations in America, but yet it is still a very large corporation and has great importance in the industry for which it participates. This paper will give an in depth explanation about how A.

G. Edwards functions as a corporation. Along with competition from the government, banks and other brokerage firms there is also probably the biggest factor involved of interest rates. Interest rates are indirectly proportional to the activity in the stock market. This means that when the interest rates fall the market for securities becomes active. This is due to the fact that people want the highest yield on their money and when interest rates are low, investing money into a bank would yield less money than it would have before at a higher interest rate.

So people tend to want to put their money into something that will give them a higher yield and stocks are just that. An example of this inversely proportional relationship is always being demonstrated and was demonstrated in the past few years. At the end of 1992 to the beginning of 1993 the volume in most businesses was at record levels obtaining a pre-tax net income for the whole industry of 9.1 billion dollars setting a new record

for the second year in a row (Hoovers Company & Industry Database, 1993, p. 1 (Hoover, 1993, p. 1)). This trend continued when in the beginning half of 1993 offerings (new business for the company) exceeded those of 1992 (Hoover, 1993, p.

2). Examples of this are as follows; more than 700 billion dollars of debt was issued in 1992 and then in the first half of 1993 another 440 billion dollars of debt was issued (Hoover, 1993, p. 2). More than half of this debt was due to asset-backed debt such as credit cards and other charges made to credit (Hoover, 1993, p. 2). These debts were included because the debts were more or less sold to banks and other money lending institutions who were more willing to take the risk for the high interest rate. This drop in interest rates did wonders for the brokerage firms involved and also corporations that had acquired debt over the years. The fall of interest rates was great for the brokerage firms because of the increase in business with the public's desire to invest.

So the corporations used it to issue off more stock to the public to pay off their debts (Hoover, 1993, p. 2). As if interest rates didn't have enough effect on brokerage firms, there is also the heavy competition that was involved. This competition is not only from other top brokerage firms such as Merrill Lynch, Morgan Stanley, Primerica (Smith Barney Shearson), Salomon, and Goldman Sachs, but there is also competition from big banks and securities over seas.

Banks have a number of ways to compete with security firms, but the most prevalent and direct is through mutual funds. Since the late 1980s banks have been aggressively competing with mutual fund sponsors by issuing

there own mutual funds to the public (Hoover, 1993, p. 3). Mutual funds that are issued by banks are now the fastest growing part of the mutual fund industry, with 10.

6 percent of total assets and 30 percent of new sales (Hoover, 1993, p. 3). There has just recently been a large amount of competition from markets overseas and this competition continues to increase.

There are a few theories as to what has caused so many U. S. investors to invest in foreign markets. It is supposed that it is either individual investors who want to further their portfolio or investing in foreign markets to try and avoid interest rates and changes in currency (Hoover, 1993, p. 4).

The investment in foreign markets has also been attributed to technology and the fact that up to date information can be obtained instantly from any place in the world (Hoover, 1993, p. 4). But whatever has caused it global securities have skyrocketed. Before the organization and structure of the company a brief history and explanation of the company will be discussed. A.

G. Edwards & Sons was founded in 1887 by Benjamin