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Looking for the Center of Financial Mass

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If you try to estimate where the current center of financial mass is as a point on the surface of Earth — a weighted average of geographic coordinates of various stock exchanges weighted by the value traded at those exchanges — it's 34.7 degrees of northern latitude and 23.9 degrees of eastern longitude. You will be surprised to hear that the center of global financial trading activity currently is in the middle of the Mediterranean Sea, right off the coast of Crete, the cradle of Western civilization and remarkably close to Athens, which is, of course, the source of the current financial crisis.

The set of inputs that leads to the current result assumes that the two largest financial centers are in New York at 40 degrees of northern latitude and 74 degrees of western latitude and Shanghai (N31,E121), where the value traded daily in stocks is $29 billion and $10 billion, respectively, followed by Tokyo at 35 degrees of northern latitude and 139 degrees of eastern longitude, with roughly $15 billion daily value traded and London at 51 degree of northern latitude and 0.12 degrees of western longitude with $6.7 billion traded daily in stocks.

Moscow (N55.7, E37.6) with $2 billion daily traded is the only 3,000 kilometers from Crete's Iraklion as London with $6.7 billion traded daily and is much closer than Shanghai, New York or Tokyo. This is what most people refer to when they say that Moscow has moved much closer to the global center of financial mass. Still, Barcelona in Catalonia, for example, or Limassol on Cyprus is much closer to Crete than Moscow or London. This is if you are looking at places most susceptible if further negative developments in Greece continue. (It is not, however, the purpose of this article to pursue this crisis route.)

Interestingly, 150 years ago, in the middle of the 19th century when stock trading on Asian bourses was negligible, and South American exchanges had not yet been developed, the center of financial mass was estimated at N44, E10 ¡.e. remarkably close to Florence, which, coincidently, was the financial center at that time in history. These two examples perhaps point to the fact that some relationship between the geographic center of financial mass and

the actual center of trading activity is quite possible.

Digging further, in 1,000 AD, at the beginning of the Crusades, the center of mass moved to (N38, E53) ¨ — remarkably close to what is now Tehran, which was probably a very important financial center at the time, lying between Venice and silk-wrapped China.

The further emergence of northern European financial centers moved the center of financial mass to Constantinople, or what is now known as Istanbul, by 1500 AD. Quite an amazing result, given the coincidence that Constantinople probably was quite an important center of global finance at the time.

Anticipating the emergence of Africa in the future, e.g. if we assume some decline of the Western financial centers in New York or London and the emergence of the African continent as a significant part of stock trading activity, the center of financial mass on these assumptions is then moved to (N31, E46), which is less than the 50 kilometers from Tel Aviv.

The center of financial mass between the BRICS countries is in Deli.

If you are looking for a set of conditions that bring the financial center closer to Russia - the reversal of importance in stock trading between China and the U.S., the emergence of Africa, developments in Southeast Asia and a move of American financial centers from the east coast to the west coast moves the center of the financial mass much closer to N55, E37, which are the coordinates for Moscow. Pretty radical set of conditions, but who knows, it may be possible one day.

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