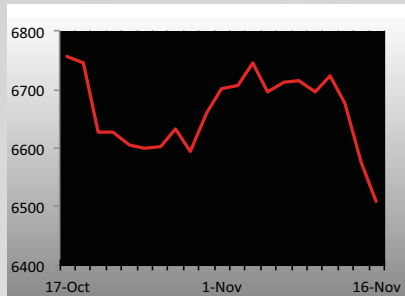




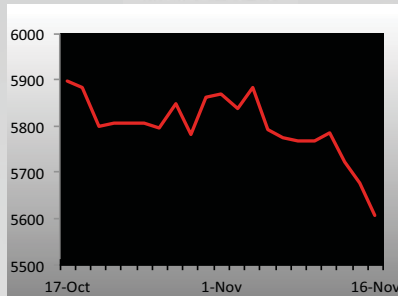
# INTOUCH

## Major Stock Markets at a glance

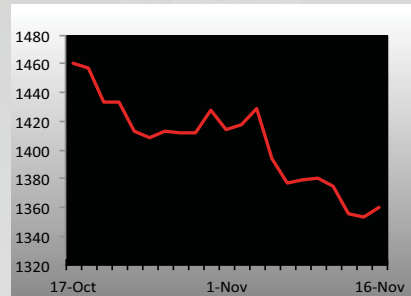
Switzerland SMI



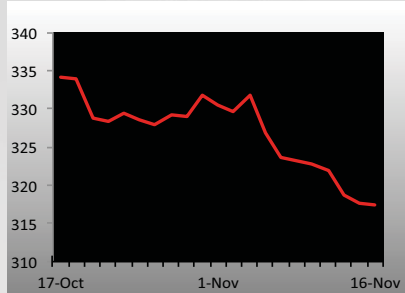
UK FTSE 100



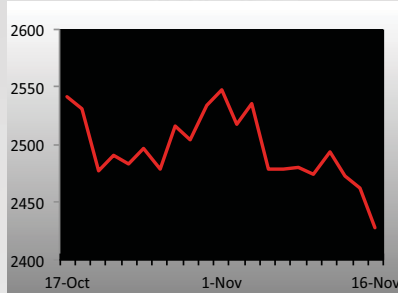
USA S&amp;P 500



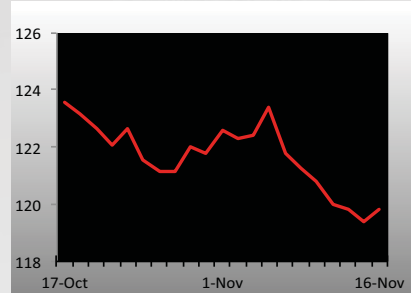
MSCI World Index



Euro Stoxx 50



MSCI Asia Pacific



## Weekly Notables

- **European finance ministers** aim to stitch together **Greece's** next aid payment this week as a sputtering euro-area economy and a spat with the **International Monetary Fund** cloud efforts to resolve the debt crisis. The finance chiefs are due to meet in Brussels for the second time in a week after they agreed last week to keep Greece's bailout aid flowing.
- The **International Energy Agency (IEA)** said in a report that the **US** could pass Saudi Arabia and Russia to become the **world's biggest oil producer** by 2020 and that it could even become **self-sufficient** in energy by 2035.
- According to the **Financial Stability Board (FSB)**, a global financial policy group comprised of regulators and central bankers, **shadow banking industry** has grown to about **\$67 trillion**, \$6 trillion bigger than previously thought, leading global regulators to seek more oversight of financial transactions that fall outside traditional oversight.
- **Credit-rating agencies** came under more fire, this time in **Italy**, where prosecutors asked a judge to order seven employees from **Standard & Poor's and Fitch** to stand trial for allegedly violating market rules when they announced downgrades on Italian sovereign debt.
- **HSBC** said it was in talks to sell its **\$9.3 billion** stake in **China's Ping An Insurance**, stepping up a programme by Europe's biggest bank to shed non-core parts of its business to boost profitability. HSBC spent **\$1.7 billion** to build up a **15.6% stake** in China's second-largest insurer in 2002 and 2005, but a sale has been widely expected as part of its three-year recovery plan in the wake of the 2008 financial crisis and regulatory reforms.
- **Lufthansa**, Germany's biggest airline, **reached a deal** on pay and conditions with flight attendants, ending a dispute that disrupted its global services during the summer
- **Apple** and **HTC**, which is based in Taiwan and one of the world's biggest makers of smartphones, **resolved** all their outstanding legal issues over patents by entering into a **ten-year licensing arrangement**. It is the first patent dispute Apple has settled with a handset-maker that uses the Android operating system (HTC also sells devices that run on Microsoft's software).

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At a glance.....

MARKET	09/11	16/11	1-Week	90-Day	YTD
Swiss SMI	6715.2	6508.66	-3.08%	-0.32%	9.64%
Euro Stoxx 50	2479.82	2427.32	-2.12%	-1.79%	4.78%
Dow Jones	12815.4	12588.3	-1.77%	-5.17%	3.03%
Nasdaq	2904.87	2853.13	-1.78%	-7.26%	9.52%
S&P 500	1379.85	1359.88	-1.45%	-4.11%	8.13%
Canada TS300	12196.8	11877.7	-2.62%	-1.75%	-0.65%
FTSE 100	5769.68	5605.59	-2.84%	-4.22%	0.60%
DAX	7163.5	6950.53	-2.97%	-1.28%	17.84%
CAC 40	3423.57	3341.52	-2.40%	-4.21%	5.75%
Nikkei 225	8757.6	9024.16	3.04%	-1.51%	6.73%
Hong Kong HSI	21384.4	21159	-1.05%	5.18%	14.78%
Shanghai Comp.	2069.07	2014.73	-2.63%	-4.74%	-8.40%
Australia AS30	4482.46	4360.14	-2.73%	-0.77%	6.06%
Em. Markets	990.98	969.82	-2.14%	-0.13%	5.83%
MSCI World	323.25	317.35	-1.83%	-2.52%	5.96%
MSCI Asia/Pac.	121.28	119.85	-1.18%	-0.74%	5.26%

Benchmark Bonds Yields

	09/11	16/11	CHG
US 10-Yr	1.61	1.58	-0.03
UK 10-Yr	1.74	1.73	-0.01
EU 10-Yr	1.35	1.33	-0.02
SWI 10-Yr	0.44	0.44	0.00
JPN 10-Yr	0.74	0.73	-0.01
US 5-Yr	0.64	0.61	-0.03
UK 5-Yr	0.72	0.75	0.03
EU 5-Yr	0.36	0.35	-0.01
SWI 5-Yr	0.03	0.03	0.00
JPN 5-Yr	0.19	0.18	-0.01
US 3-M	0.09	0.08	-0.01
UK 3-M	0.34	0.32	-0.02
EU 3-M	0.02	0.02	0.00
SWI 3-M	0.03	0.03	0.00
JPN 3-M	0.11	0.11	0.00

Selected Currencies - November 16, 2012

	\$	€	£	¥	A\$	C\$	CHF
\$	1	0.7860	0.63	81.420	0.9686	1.0015	0.9468
€	1.2723	1	0.80	103.59	1.2323	1.2742	1.2046
£	1.5871	1.2474	1	129.21	1.5372	1.5894	1.5026
¥	0.0123	0.0097	0.01	1	0.0119	0.0001	0.0116
A\$	1.0324	0.8115	0.65	84.057	1	1.0340	0.9775
C\$	0.9986	0.7849	0.63	81.296	0.9672	1	0.9454
CHF	1.0562	0.8302	0.67	85.993	1.0229	1.0576	1

Selected Commodities

	09/11	16/11	1-Week	90-Day	YTD
Index	292.22	293.56	0.46%	-3.27%	-3.85%
Gold	1731.2	1713.8	-1.01%	6.05%	9.60%
WTI Crude	86.55	86.92	0.43%	-10.70%	-11.60%
Silver	32.598	32.328	-0.83%	15.11%	16.10%
Platinum	1554.8	1559.3	0.29%	5.77%	11.30%
Aluminium	85.86	87.34	1.72%	6.12%	-2.49%

Central Bank Rates

	09/11	16/11	CHG
US	0.25	0.25	0.00
UK	0.50	0.50	0.00
EU	0.75	0.75	0.00
SWI	0.00	0.00	0.00
JPN	0.10	0.10	0.00

THOUGHT PROVOKING

“Divide and rule, a sound motto. Unite and lead, a better one.”

**Johann Wolfgang von Goethe**  
(1749 - 1832)

## The Ick Factor

You see that worn-out old fiver in your wallet? You're more likely to spend it than you would the brand-new bill next to it. That's what two Canadian professors found in a recent study published in the *Journal of Consumer Research*. In a paper titled "[Money Isn't Everything, but It Helps If It Doesn't Look Used: How the Physical Appearance of Money Influences Spending](#)," Theodore Noseworthy, associate professor of marketing at the University of Guelph, and Fabrizio Di Muro, assistant professor of



marketing at the University of Winnipeg, say a currency's physical appearance can alter someone's spending behavior. It turns out people want to get rid of crumpled old bills more than they do fresh ones.

The findings challenge the notion that money is fungible — meaning that one \$10 bill is as good as another \$10 bill and that people only perceive the face value of money, and not its physical appearance or condition. "It shouldn't matter what money looks like," Noseworthy says. "But we show it does matter. If I gave you a crisp, new \$20 bill, I don't want you to give me crumpled bills back."

So why would we rather go out of our way to hold onto new bills and get rid of older bills? As with other consumer goods, people tend to favor the new over the old. "We tend not to like money that looks like a lot of others have touched. It's gross," says Noseworthy. "People want to get rid of worn currency because they're disgusted by the contamination of others." And they tend to spend those worn-out bills faster.

In one phase of the study, subjects were given \$20 (either worn or crisp bills) and assigned a shopping task. They were told they could spend as much as they liked on a selection of products of varying prices in a mock retail lab (under the guise that the researchers were interested in how they prioritized their spending). Participants given the worn money spent more on average than those with the new bills.

"Where someone with a crisp bill would tend to hold on to it... someone with a worn bill tends to use it as soon as they get it," says Noseworthy.

The look of money also impacts our willingness to take risk with that money. In another phase of the study, participants were awarded \$10 (either a worn or crisp bill) for completing an anagram successfully, and then given the option to "gamble" that money on one more anagram question. If they got it wrong, they'd lose the \$10; if they got it right, they got \$20 (either a worn or crisp bill which the participants saw in an envelope). Participants who got the worn \$10 and were enticed with a new bill were more likely to gamble their money than those who were awarded a crisp bill and enticed with a worn one, and they also gambled more than those who were awarded and enticed only with worn bills.

Adding a social element to the mix, however, reversed that behavior in another experiment. When they believed they were being monitored by peers, participants were far more apt to spend a brand-new bill.

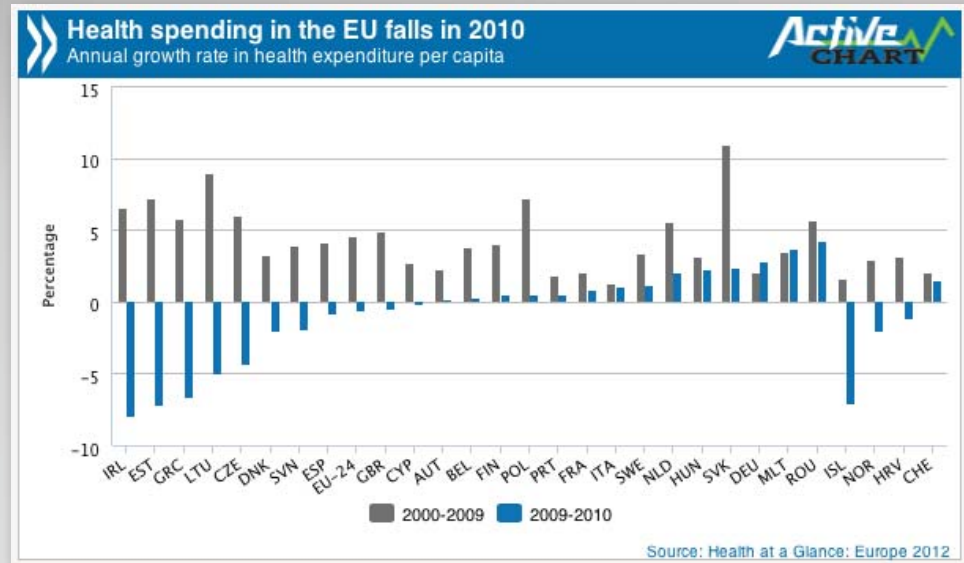
The participants were more likely to spend more of their new-looking money, even if they had to pull out four freshly-printed \$5 bills rather than one tattered \$20 bill. "People put a premium on crisp currency because they take pride in owning bills that can be spent around others," the authors say.

Turns out money isn't viewed merely a means of acquiring products but as a product for consumption itself, Noseworthy says.

Source: The Exchange

## Chart of the week

Health spending fell across the European Union in 2010, as cash-strapped governments curbed outlays to help cut budgetary deficits, according to [Health at a Glance: Europe 2012](#), a new joint report by the OECD and the European Commission. This drop in spending per person and as a percentage of GDP reverses increases seen in the years before the economic crisis, when health spending per person grew two or three times faster than



incomes in many countries. From an annual average growth rate of 4.6% between 2000 and 2009, health spending per capita fell to -0.6% in 2010. This is the first time health spending has fallen in Europe since 1975.

In Ireland, health spending fell 7.9% in 2010, compared with an average annual growth rate of 6.5% between 2000 and 2009. In Estonia, health expenditure per person dropped by 7.3% in 2010, following growth of over 7% per year from 2000 to 2009, with reductions in both public and private spending. In Greece, estimates suggest that health spending per person fell 6.7% in 2010, reversing annual growth of 5.7% between 2000 and 2009.

The report cautions that the reduction or slowdown in spending in nearly all EU countries may have a long-term impact on health care outcomes. Spending on disease prevention accounts for only 3% of total health spending

Governments, under pressure to protect funding for acute care, are cutting other expenditures such as public health and prevention programmes. In 2010, on average across EU countries, only 3% of health budgets was allocated to prevention and public health programmes in areas such as immunisation, smoking, alcohol drinking, nutrition and physical activity.

The report notes that spending on prevention now can be much more cost-effective than treating diseases in the future. More than half of adults in the European Union are now overweight, and 17% are obese. Obesity rates have doubled since 1990 in many European countries, and now range from 8% in Romania and Switzerland to over 25% in Hungary and the United Kingdom. Obesity and smoking are the major risk factors for heart disease and stroke which accounted for over one-third (36%) of all deaths across EU countries in 2010.

Finland, France and Hungary have recently introduced taxes on unhealthy food and drink as part of their efforts to counter obesity. These "fat taxes" are designed to change eating habits, while at the same time generating public revenues that may be used to support other public health and prevention programmes.

The OECD and European Commission's *Health at a Glance: Europe 2012* presents key indicators of health status, determinants of health, health care resources and activities, quality of care, health expenditure and financing in 35 European countries, including the 27 EU member states, 5 candidate countries and 3 EFTA countries.

Other findings from the report include:

Health spending as a share of GDP was highest in the Netherlands (12%) in 2010, followed by France and Germany (11.6%). The share of GDP allocated to health was 9.0% on average across EU countries, down from 9.2% in 2009.

Doctors: Despite concerns of shortages, the number of doctors per capita has increased in almost all EU member states over the past decade from an average 2.9 per 1 000 population in 2000 to 3.4 in 2010. Growth was particularly rapid in Greece and the United Kingdom.

Generalist/Specialist balance: There are now many more specialists than GPs in nearly all countries due to lack of interest in traditional "family medicine" practice and a growing remuneration gap. The slow growth or reduction in generalists raises concerns about access to primary care for certain population groups.

Source: OECD