

# MARKET REPORT

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*The market report is made by Investment society. The purpose is to provide the members of the student association with a short and informative newspaper to get a brief view over the big events in the financial world during the past week. Our intention is to produce it on a weekly basis and we would love to get feedback from YOU since this is a new project for Investment society. Please send inputs to [ispres@sasse.se](mailto:ispres@sasse.se)*

## **The world today**

The world market today behaves fairly unpredictable. The two current main themes are firstly the undervalued Chinese currency which acts as an upper stimulating the export industry enabling China's GDP to grow 10% annually. Secondly the huge governmental deficits around the world provide further instability. Banks across Europe are linked in the sense that they own each other's debts. The result is that problems in one country will most likely move on through the intertwined banks causing problems in another country, almost like a game of domino. Investors shift from worrying about these two main themes to some sort of exaggeration of positive news and this is creating a turbulent market. The big question is: will we be able to manage these current problems and see a rally in the stock market or are we in the beginning of another crisis with a much deeper impact than the last one? only the future will tell.

### **Strong industrial production in Germany**

The industrial output rose by 2.9 percent in October, and by 11.7 percent compared to the same month last year, compared to the analysts estimates of 1 percent and 10 percent compared to last year. The German industry is currently booming and the production trend is still positive according to the German ministry of industry.

### **U.S wholesale inventories**

Inventories rose by 1.9% and sales are up 2.2% in October, that is more than twice what was expected. Recent data also indicates a rise in sales in November by more than predicted and there is a confident outlook in retail. USA is dependent upon an increase in consumption and hope that Christmas will start a trend from saving to spending to fuel the economy.

### **Swedish real estate prices**

The Riksbank's investigators are concerned that the real estate prices in Sweden are too high and not in proportion to the expected interest rate development. Both household debt and real estate prices are increasing and The Riksbank's actions have not yet proven to be effective. In the worst case scenario, this will lead to a housing bubble.

### **Americas purchase index**

Purchase index in America went down to 56,6 from 56,9 in November but remains higher than the analysts estimates. According to a rough generalization, an index above 50 is pointing towards economic growth. Export and import are fueling the purchasing index in America.

*" If you have a harem of 40 women, you never get to know any of them very well"*

- Warren Buffett about diversification