



**Flagstad – Lofoten- Norway
Happy Summer Holidays!**

EC NEWS Letter 7



Rio + 20 Summit

ECONOMIC CONSULTANTS

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The Monetary Union reaches an Agreement

Rio + 20, what came out of it?

REC - raise 1.3 bln NOK in share sale!

Editor

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Rio + 20, what came out of it?

A week ago the Rio summit ended. The result was hailed as a success by the 100 heads of state who attended. Given how environmental summits have fallen off the cliff in recent years as global economic turmoil squashes political will to take on climate and conservation issues, the mere fact of agreeing to talk again in the future constitutes victory. In the end, the conference was a conference to decide to have more conferences. Faced with the real prospect of complete failure, negotiators who struggled for months to hammer out a more ambitious final document ended up opting for the lowest common denominator. Just hours before the meeting opened Wednesday, they agreed on a proposal that makes virtually no progress beyond what was signed at the original 1992 Earth Summit, removing the kind of contentious proposals activists contend are required to avoid an environmental meltdown. In fact for those who remember Mrs. Bruntlands speech back in 1992 and compare that to today's Norwegian PM Mr. Stoltenberg speech, it was just a copy.

"We've sunk so low in our expectations that reaffirming what we did 20 years ago is now considered a success," said Martin Khor, executive director of the Geneva-based South Centre and a member of the UN Committee on Development Policy. Indeed, the word "reaffirm" is used 59 times in the 49-page document titled "The Future We Want". They reaffirm the need to achieve sustainable development (but not mandating how); reaffirm commitment to strengthening international cooperation (just not right now); and reaffirm the need

to achieve economic stability (with no new funding for the poorest nations).

Banning diesel driven cars!

The local authorities in Oslo, Norway's capital, made a resolution banning cars driven by diesel in the oncoming winter. I guess all those people listening to the Socialist government urging people to buy diesel fuelled cars some years ago must feel like idiots. At the time the government stated that diesel gave less pollution than ordinary gas and even stimulated this by letting diesel be sold far cheaper than gas. Anyone with normal senses could just smell and see that this could not be true, but no – as always they knew what was best. And no because of the strong pollution created by these vehicles and also finally scientifically proven the out put can create cancer, local governments all over will ban use. But how is that going to work – you can not close down the cities.

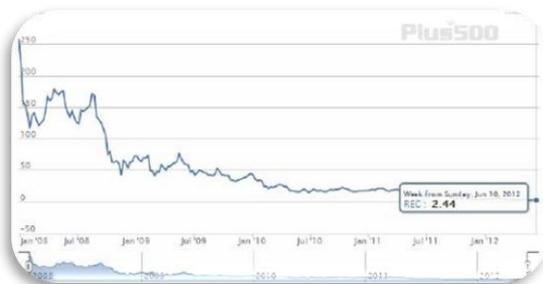
The Global Challenge

We have an overwhelming challenge. The rich countries are not willing to reduce their standard of life and the rest of the world see no reason why they should not aim for the same standard. With huge populated countries like China and India picking up and creating huge growth, pollution follows at the same speed. Left wing fanatics on the in Europe are crying for full stop in fossil energy consumption and increased duties. And what would that help? Norway could scrap all its cars and the world would not have a chance of feeling the difference. The only thing that actually can help is

continued efforts in research finding better and cleaner ways in how to produce energy.

REC - raise 1.3 bln NOK in share sale!

OSLO, June 22 (Reuters) - Struggling solar equipment firm Renewable Energy Corp. (REC) will take a 3.5 billion Norwegian crowns (\$589 million) impairment charge in the second quarter and plans to raise 1.3 billion crowns to pay down debt, it said on Friday.



Share prices 2008 - 2012

Oslo-based REC, which has struggled with weak demand and high costs, plans to sell 866.7 million new shares in a private placement for 1.5 crowns each, well below the share's last close at 2.92 crowns.

"The proceeds from the private placement will be used for a partial cash redemption of 100 million euros of the company's outstanding convertible bonds, investments related to sustaining a leading industry position, strengthening of the balance sheet and general corporate purposes," REC said. It added that the planned impairment charge relates primarily to its Singapore wafer, cell & module facility.

"The impairment charge to be recognized in the second quarter is primarily driven by expectation of further reduction to module

prices, and is subject to changes in key assumptions up to the reporting of the second quarter," it added.



Share prices last week

It will also book an additional expense related to closing its Heroya 3 & 4 operations in Norway, lowering its earnings before interest, taxes, depreciation and amortization (EBITDA) by 750 million in the second quarter. (\$1 = 5.9419 Norwegian kroner)

REC (Renewable Energy Corp.) has made a private placement of 1.300 million against certain existing and new shareholders at a price of NOK 1.50 and will propose that this be approved at the Extraordinary General Meeting of the company. It is stated in a message Friday. The General Assembly will be held 18 July and is expected to make the issue around 19 July if approved.

The company is considering an additional repair offering of up to 300 million shares. The proceeds will be used for partial repayment of the company's convertible bonds, investment, strengthening the balance sheet and general corporate purposes. Among the shareholders who are allocated shares in the offering are Umoe controlled by the chairman Jens Ulltveit-Moe who receive 266,666,666 new shares. Stein Erik Hagen Canica, linked to director

Peter Ruzicka, was awarded 106,666,666 new shares. The stock traded Friday excluding subscription rights to repair issue.

Arctic Securities, DnB Markets and Nordea Markets were facilitators

Orkla, REC's biggest shareholder did not take part in the issue. According to their earlier statements they are not going to put any more money into REC. This latest exercise reduces Orkla's participation to less than 20% (provided everything is sanctioned in the EGA on July 13th).

No one is willing or perhaps able to estimate a new share price target. Short term may show profitable for investors with a day trader perspective, but on long term we wonder if this Norwegian fairy tale will have a happy ending.

China maintains its hostile attitude towards Norway.

Former Norwegian PM and Foreign Minister Magne Bondevik, was denied visa to China. Once again they demonstrate how strongly they disliked the Nobel Peace Prize award to the Chinese freedom of speech activist Jo shan bong. Once again their communist leaders are showing the world how little they understand and how they value democratic rights, still acting like sulky babies. Unfortunately once again some Norwegian leaders also show how little they understand talking about bowing down to Chinese pressure. Unfortunately still the world is far to forgiving on nations like China on the cost of millions of people just demanding a freedom which was their right from the day they were born!

Currency

The Norwegian Central Bank made a statement under its latest meeting which

may have back fired. By announcing that there would be no changes in the interest rate before next year the NOK jumped quite bit losing the slightly weaker position it has maintained towards major currencies for quite while. Over time though it will be difficult to keep a low position and a challenge to the countries exports is inevitable.

Interest Rates

Very little happened over the last weeks in Europe and the US. Only the Danes choose to reduce it interest rate. The benchmark interest rate in Denmark was last reported at 0.45 %. Historically, from 1992 until 2012, Denmark Interest Rate averaged 3.90% reaching an all time high of 15.00 % in November of 1992 and a record low of 0.4500 Percent in May of 2012. In Denmark, interest rates decisions are taken by the Board of Governors of the Central Bank of Denmark (Danmarks Nationalbank). The main interest rate is the lending rate. The Danish central bank follows the path set by the ECB and the lending rate will be raised or lowered when the ECB changes the refinance rate.

The Monetary Union reaches an Agreement !

Italy and Spain created the drama and force EU leaders to change plans. The 17 euro countries have agreed to open up for both crisis-hit banks and countries with otherwise healthy finances in the euro zone may receive direct assistance from the EU emergency fund ESM. Italy and Spain are satisfied and unblock a growth package in the EU.



Germany's Chancellor Angela Merkel, European Commission President Jose Manuel Barroso and EU Council President Herman Van Rompuy

After a three and a half hour long emergency meeting said EU President Herman Van Rompuy early Friday morning that the leaders of the euro zone have agreed to create a mechanism that allows for the emergency fund to help to lower interest rates not only to crisis-affected countries but also countries with reasonably healthy finances, and recapitalise crisis banks.

He said they should make sure to make emergency fund more flexible when it is important to reassure the markets and restore a degree of stability around the state bonds to member states. Crisis support to be able to go directly to banks that need recapitalise, without the need for the country's government and thus weigh government finances. But this will only happen after by the latest in December the creation a new banking supervision with ties to the European Central Bank ECB has been established.

Spain has a strong desire to avoid emergency assistance to the crisis-hit banks to increase the country's national debt.

Counter Market Pressure!

Euro countries also allows countries that manage their finances, to have access to emergency funds EFSF and ESM if they are exposed to tough market pressures and are unable to borrow at a manageable rate.

They should not have to get their finances and budgets reviewed by the EU, the ECB and the IMF as Greece, Portugal and Ireland have had to accept, with drastic requirements for savings and cutbacks as a result. Thus, the other 15 euro area countries bowed to pressure from Spain and Italy for immediate help to avert them succumbing to the euro crisis because of the exorbitant interest rates they must pay to sell their government bonds.

Block Lifted!

After the euro leaders agreed to change the terms of emergency aid to Spanish banks and Italy, decided the two countries to unblock a new growth contract worth 120 billion euro EU countries agreed late Thursday. EU leaders agreed to spend 120 billion euros, to the immediate growth initiatives, to boost the economy. But most of that amount is money already allocated.

Italian Prime Minister Mario Monti was very pleased with the night's result, but made it clear that Italy has no immediate plans to take advantage of the availability of emergency assistance.

Mr. Monti and his Spanish colleague Mariano Rajoy delayed the growth the agreement by refusing to sign before Germany agreed to immediate action to calm down the nervous financial markets and lower their interest payments. The two received support for pressure on Germany from France's new President François Hollande that after the meeting confirmed that Italy and Spain retained the support of the agreement, but that he expected the agreement will be finished by Friday.

"All must strive as markets realize that the measures are effective. Everyone needs that Italy and Spain have lower interest rates and that Spain's banks are recapitalise because it will ease the situation for the entire euro zone", Mr. Hollande said after the EU meeting and before the euro countries sat down in another meeting.

Growth Pact !

The new Growth Pact EU leaders struggled to agree on, is to redirect unused EU funds to countries that need them most, plus a capital injection of 10 billion euros to the European Investment Bank. EIB said that with the new booster they will be able to borrow 60 billion euros for new projects. The investment bank will also issue so-called joint project bonds to finance infrastructure programs with a value of 4.5 billion euros.

The summit between the strongly divided EU leaders Thursday and Friday is the 19th Summit since the debt crisis exploded in the euro zone in 2010.

Among the topics at the summit is a roadmap towards a closer political union with more transfer of power to Brussels as a long term solution to the crisis. This includes increased EU control over national budgets, a Bank and a separate Union Finance Ministry for the euro zone.

Indices

So how are the stock exchanges keeping up? After having been swimming around more or less constantly dipping in Spain and Greece we saw a significant rise this morning. It will be interesting to follow and see if the Monetary Union finally has been able to find a workable path out of the crisis.

Net Trading

Information and markets in 19 countries now available. Make the EC page your own homepage and have access to updated rates in all major markets. All major Indices, Stocks, Commodities, or Currency rates are there and with a click you can see the latest development or study historic data.



Now you can also follow your positions without sitting in the office, just a click on your mobile phone and you are in. Instruction for downloading the **plus500 mobile app**.

Latest New Tech

How many times have you not experienced that your phone has fallen into water, kids put them into the toilet or in the bath tab. So you need a tough one! Typically, rugged

phones tend to look like kids toy phone. However, the latest **Sony Xperia Advance** definitely doesn't look like one and definitely doesn't act like one. It is fully featured with outstanding specs and boasts the highest water and dust resistant in its class. We are still unsure about its ability to withstand drops and shocks but its abilities to extreme conditions like water and scratch resistant should be sufficient to label it under the rugged category. One of its significant features is the ability to use the touch screen despite under the rain.



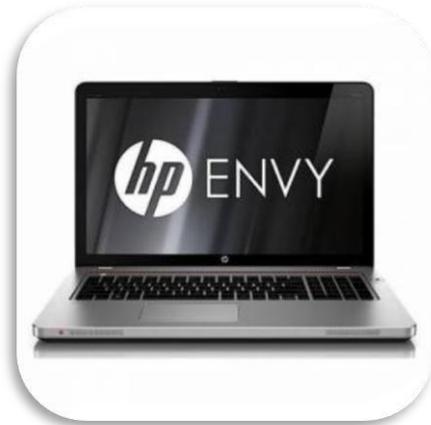
Sony Xperia Advance

Running on Android 2.3 Gingerbread, its also equipped with all the usual Sony smartphone features including xLoud Experience, TrackID, digital 3D surround sound, and Timescape, among others. Specs of the Sony Xperia Advance includes a 3.5-inch capacitive touchscreen display (480 x 320 resolution), a 5.0 megapixel camera module (with LED flash and 720p video), aGPS, HSPA, WiFi, Bluetooth, DLNA, 4GB of built-in user storage and microSD card expansion (up to 32GB). This smartphone is powered by dual-core 1GHz NovaThor processor combined with 512MB of RAM. Sony has not informed us about the release

date nor pricing, but you can get more information from Sony's official website.

The HP ENVY 17

The HP ENVY 17 is a laptop computer with a beautiful display, an outstanding feature set and powerful performance. This computing device excels in almost every aspect and offers many features and tools that we could rant and rave about.



HP Envy 17

We were highly impressed with this laptop's large display screen and outstanding audio features. The ENVY 17 has a two-year warranty in addition to HP's excellent customer support, which are advantages to using this computing device. With so much to offer and many features and tools that blow other laptops away, it is easy to see why the HP ENVY 17 receives our Top Review this month.

If you want any information on our exiting projects, you are more than welcome to contact us. Just click below and you are in!!

