



Romney & Ryan
On their way to the throne?

EC NEWS Letter 11



EU rewarded the Nobel Peace Prize

ECONOMIC CONSULTANTS

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Editor

Lars Johan Myrtroen,

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The Nobel Peace Prize 2012!

As usual the committee surprised us with their nomination. Only the last night before announcing the award the EU was mentioned as one of the possible candidates. The argument for awarding EU was "The union and its forerunners have for over six decades contributed to the advancement of peace and reconciliation, democracy and human rights in Europe." I could not have agreed more.



The Nobel Medal

As always when something good is said about the EU in Norway the left wing parties (read communists, Marxists and socialists) are on their barricades making also this to something of a Norwegian Yes or No to a Norwegian membership. It is really painful to see how far they are from being able to understand what drives the world in a positive direction, not to mention their lack of historical knowledge.



Nobel Institute in Oslo

It is also embarrassing to see when the same people are demonstrating in the streets of Madrid, Athens and Lisbon. These countries were lifted from terrible inhuman dictatorships and were given billions in support to develop into modern democracies. It can hardly be blamed on the rest of Europe that they are unwilling and unable to establish sound financial and fiscal systems and start spending according to income.



The Nobel Committee 2012

Peace is the most important and fundamental base for building nations where people can live and thrive. Equally important is to adapt Human Rights and have own constitutions built on those. Thanks to EU we are close to see all of Europe united into one union. We are still lacking a few of the countries from the old Yugoslavian republic, but in a few years time they will have joined. Turkey announced long ago their interest and for these countries the process of harmonising own legislation with the rest of the countries inside the Union have brought fundamental rights and progress to many people.

It is rather typical that the two perhaps richest countries in the world Switzerland and Norway have chosen to stay outside – solidarity is a word they should be reminded of.

US Election!

Election Day is approaching fast and as expected a very close race is what we see. I have followed the campaign quite closely and I think it would be best for the US economy with a change. A man willing to spend 60 billion US on a dead industry does not deserve to waste even more of taxpayers' money in investing in dead end streets. However I am bit concerned on Romney's financial medicine so I hope he will be listening to my "fellow partisan", John Tamny in Forbes, very well meant advice and good understanding of what is the best route ahead. It is often said that the single best path to peaceful foreign policy is free and open trade. If individuals in different countries around the world are trading with each other, the incentives for armed conflict are greatly reduced.

Conversely, and to paraphrase Fredric Bastiat, "when goods can't cross borders, armies eventually do." A lack of trade means countries do not have a rooting interest in the health and success of other countries, thus making war appear less costly.



Frédéric Bastiat

During the last debate Obama came back with his own platitude about how "America is indispensable", after which he inadvertently revealed how illiterate he is economically. To keep America strong "let's bring back manufacturing jobs" when in fact, a return of those low wage jobs would signal a weakening an America. Obama added that "we've cut oil imports", but with the world awash in oil, that too is not a compliment. Better to let less advanced countries source oil for the global markets so that the US can direct always limited resources to industries with profit margins ranked higher than #112.



Obama & Romney's last debate

Embarrassingly for Romney, he came back with stock retort that "I know what it takes to create jobs", brought up his five point economic plan, and then made the false assertion that small businesses are the engine of US economy. In fact they are not. In truth, it is the growth of big business that fosters the creation of small ones in clusters around the big ones.

Politics is never about the truth. Never! And I repeat; for once try to listen to those who understand and learn from history. Best of luck with the election!

The Norwegian Labour Party continues to reveal its true colours!

After the terrorist attack on July 22nd last year, the Norwegian PM said “More openness more democracy”. A year later they try everything to make the underlying reports from the investigating committee except from the public. And as always the argument is the risk revealing national interest and security. They put a new minister in place, a young woman not having turned 30 years old in front and she is dancing like a puppet on the string. But a strong opinion and renowned lawyers have been putting pressure on and gradually the government is turning 180 degrees – and the minister is looking rather ridiculous.



Mr. Trond Giske Minister

Left wing rhetoric's is always; keep the wages for leaders low and that people working for the government should not be wage leading. Every year the Minister of Trade and Industry Mr. Trond Giske, comes out saying that he will instruct the BoD's to keep a sound and low profile making sure that the gap between leaders and workers is kept as low as possible, protecting the “Norwegian model”. But finally this year revealed by the Press no one in the real estate business makes more money than the CEO in the state owned real estate company Entra. The CEO making NOK 5.3 mill, four times more than one of the major

private hotel owners. And as if that was not enough, the same minister is pushing the BoD's in other companies where the state is a major owner to hire his personal friends. You think Putin is bad – well Mr. Giske will easily find an admirer there!

Currency & Interest Rates

The Norwegian Bank's (Norges Banks) Executive Board decided today to keep the key policy rate unchanged at 1.5 percent. This was expected and what can they do – the independent governor is under Labour pressure if one likes to admit it or not, and not much has changed and the interest rate is still far higher than our competitors keeping the currency strong and continuing to weaken exports. However it seems that keeping the pressure on housing prices in the perhaps three major cities under control is more important. What a pity!

"The Norwegian economy is still faring well, but inflation is low. External growth is sluggish and interest rates abroad are very low. Against this background, the key policy rate is kept unchanged at 1.5 per cent," says Deputy Governor Jan F. Qvigstad – as he has been saying for the last half year.

Although **Denmark** lowered its interest rate to a historical low in July, we see no improvement for their economical future. The currency fell initially against the NOK and other major trading partners which were positive, but we see no improvement in their trade balance so a pretty grim future is ahead of them at least for the next six months.

Danish ministers raised their voices when Norwegian authorities decided to increase customs on goods important for Danish exports, (same did the Swedes). With a command economic philosophy for the farming industry and the farmers subsidised more than any other European country, the Labour/Leftwing government is taking steps in the very worst direction. On a short term view this is very bad – long term all polls are telling us that this government will not be re-elected next year, so one can only hope for better times.

The Swedish economy is doing very well especially when looking at the international conditions. During the 2nd World War one said “Look to Norway”. Today I say “Look to Sweden”. They have a very good government obviously doing most things right and lead by a wise PM and a Minister of Finance who has been rewarded “Best EU Finance Minister by FT, many governments have a lot to learn. Perhaps corrupt Greek leaders should be granted a crash course in how to run a country.

EUR/USD is trading around 1.30. I guess we may see some interesting movements if Romney wins the election. If not I think we will see a pretty dull future here.

The UK. In a speech today Mr. Charlie Bean said “My first seven years at the Bank coincided with one of the most tranquil periods in British macroeconomic history. The past five years since the eruption of the global financial crisis have been anything but. It has been a challenging but humbling experience. We knew less than we thought. And we forgot some of the lessons of history. As a result of the crisis, we have

found ourselves providing liquidity support in unexpected ways, deploying unconventional monetary policies in alien circumstances, and developing a whole new lexicon of macro prudential policies. Hopefully we will be in a position to leave our successors both wiser and with a better toolkit to deal with similar challenges in the future.”

Well I hope he is right, but what will happen when and if we have a new Gordon Brown at the wheel and banks that deserves to go down is kept artificially alive to the cost of the ordinary taxpayers once again.

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Latest New Tech

Windows 8 is here so I thought it nice to give you some of what's new.

I know many people hate new versions, but like it or not the world is moving forward and if looking back to the late 80's the improvements have been huge. Microsoft sold 630 million of its Windows 7 version in three years time – It will be interesting to see the figures for 8 in 2015.



Windows 8

New features and functionality in Windows 8 include a faster start-up through UEFI integration and the new "Hybrid Boot" mode (which hibernates the Windows kernel on shutdown to speed up the subsequent boot), a new lock screen with a clock and notifications, and the ability for enterprise users to create live USB versions of Windows (known as Windows To Go). Windows Explorer, which has been also renamed File Explorer, now includes a ribbon in place of the command bar. File operation dialogs have been updated to provide more detailed statistics, the ability to pause file transfers, and improvements in the ability to manage conflicts when copying files. A new "File History" function allows incremental revisions of files to be backed up to and restored from a secondary storage device, while Storage Spaces allows users to combine different sized hard disks into virtual drives and specify mirroring, parity, or no redundancy on a folder-by-folder basis.

Task Manager has also been redesigned, including a new processes tab with the option to display fewer or more details of running applications and background processes, a heat map using different colours indicating the level of resource usage, network and disk counters, grouping by process type, friendly names for processes and a new option which allows to search the web to find information about obscure processes.

Latest on MEC

MEC is experiencing strong progress in its home market. Head of Sales Mr. Steinar Slette has really started getting a grip on the heavy vehicle market and now 20.000 units is reported in total sales. In the US heavy weight Mr. Van D. Hipp Jr. (Chairman and CEO of American Defense International, Washington DC) has started pulling his weight and we anticipate seeing major contracts being signed up in the US market in the near future. The technology will make a huge impact on pollution from cars and if installed on diesel driven cars the owners can start driving with good conscience again.

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



Enjoy the US election – no matter outcome it will affect us all one way or another!

LJ Myrtroen
Senior Partner