

North America

United States

A civil fraud lawsuit was filed Thursday, February 4, against Bank of America's former CEO Ken Lewis and CFO Joseph Price. Charges state that losses at Merrill Lynch, the bank's investment banking and wealth management division, were hid from shareholders before the vote to approve the merger. Andrew Cuomo, the Attorney General responsible for filing the lawsuit, also presented evidence to Congress that the government resisted disclosing Merrill's losses. A settlement was reached between the Securities and Exchange Commission and Bank of

America for a total of \$150 million. Mr. Cuomo also reported a failure to disclose Merrill bonus payments and later charges related to the losses. Accordingly, Bank of America will not get a fresh start following Lewis' departure. It must "rake over" the details of decisions made following the hurried decision to acquire Merrill Lynch in 2008.



Australia

A tight relationship with the emerging markets in Asia, especially China, allowed Australia to be one of the industrialized countries that averted the recession. At an early stage of the economic downturn, the Reserve Bank of Australia cut interest rates. While domestic conditions were favorable, it was the large demand from Asian emerging markets that resulted in a considerably milder-than-expected downturn. As a result, Australia was able to avert the recession fairly quickly, reporting economic growth between 0.2% and 0.6% in the first three quarters of 2009.

Europe

Germany

German government officials said that Germany will pursue the purchase of Swiss bank data. German Finance Minister Wolfgang Schäuble said that they are working on obtaining this data from an informant asking for €2.5 million (\$3.5 million) without breaching privacy laws or other statutes. The Swiss bank data includes account information of about 1,500 Germans who are hiding their money from German tax authorities.

The German public overwhelmingly favors buying the information in order to prosecute those who are avoiding German taxes, which are among

the highest in Europe. German authorities suspect that they will be able to recoup about €200 million in back taxes by using the information this data will provide.

United Kingdom

Is the United Kingdom's economy turning around and climbing out of the recession? It appears that way because key factors of manufacturing activity in the U.K. have reached the highest levels seen in 15 years. One such key factor is the Purchasing Managers Index (PMI), which shows the percentage of purchasing managers in a certain sector who reported better business conditions than in

the previous month. The PMI index is based on five major fields: new orders, inventory levels, production, supplier deliveries, and the employment environment.

In December, the PMI in the UK grew from 54.6 to 56.7. A PMI above 50 generally indicates that the economy is expanding. With this and other news indicating an economic turnaround, many economists in the UK believe the Bank of England will stop the bond-buying program it used to stimulate demand.

Latin America

Panama and Columbia

Latin American leaders and experts are asking President Obama to push Congress to ratify trade agreements with Panama (signed June 2007) and Colombia (signed November 2006). Trade agreements with those nations currently remain stalled. Some hope that the recession and the enormous trade deficit with China will motivate the US to focus its trade with its current bilateral trade partners such as Mexico (NAFTA) and Central America. China also hopes to increase its

investment in Latin America by increasing trade, yet it is wary because of its inadequate understanding of political actions and risks of Latin American nations. Many are encouraging Obama to make a free trade agreement with Brazil since it is Latin America's largest country and could increase US exports abroad.

Brazil and Peru

Brazil and Peru are investing heavily in highways and waterways to connect to each other. Three highways

and a number of waterways are being constructed to improve travel across the mountains and jungles of Peru. The purpose is to open Peru's access to the Atlantic Ocean and Brazil's access to the Pacific.

Panama

Panama was the only Latin American country to increase its exports last year. Overall the Latin American region faced a 23% decline overall in exports. Venezuela reported that its trade dropped the most.

Asia

Japan

Japan's central bank has held its key interest rate unchanged as widely expected. The seven member policy board voted unanimously to keep the overnight call rate target at a super-low 0.1 percent. It maintained its assessment of the world's second biggest economy, saying conditions are improving but that domestic consumption remains weak. The Bank of Japan said defeating deflation and returning to sustainable growth is a "critical challenge."

India

The Indian government is closely monitoring the Chinese response to its concerns over the widening trade

gap, which is expected to cross \$20 billion in the current financial year. If China fails to take adequate steps in the next few months to reduce the deficit and move towards a more balanced trade, India will take retaliatory measures. China has proposed a number of measures for increasing India's exports to China such as the removal of tariff and non-tariff barriers that currently restrict the import of power plant equipment from India and the removal of restrictions on imports of basmati rice, fruits, and vegetables.

China

Beijing is likely to let its currency begin rising in value again this year

in response to growing pressures at home and abroad. Beijing allowed its currency to rise about 20 percent between July 2005 and July 2008, but put on the brakes to help stabilize its exports when the global financial crisis hit. President Barack Obama pushed China's exchange rate practices to the top of the bilateral agenda this month when he complained countries that undervalue their currency put U.S. companies at a huge competitive disadvantage. Many Western economists maintain that China's currency is undervalued by 25 to 40 percent, giving Chinese companies an unfair advantage in international trade.

Africa and the Middle East

Africa

Africa's main telecommunications network, Zain, may be on verge of a buyout. South Asia's biggest phone company Bharti Airtel may pay \$9 billion to buy Zain's operations in Africa.



The total size of the transaction is \$10.7 billion, including \$1.7 billion

of debt. Zain's African business spans 15 countries from Nigeria to Uganda. This is the most recent transaction of Bharti Airtel to expand its investments around the world. These transactions include a failed attempt to purchase South Africa's MTN group. The deal is still negotiations, but a concluding date for the turnover is tentatively set for March 25th of this year.

Middle East

One of Abu Dhabi's first and most

lucrative onshore oil developments is about to become even richer. The Bab oilfield was first discovered and chartered in 1958. It is one of the Emirates best producing oil fields. As of this week, the Government of the United Arab Emirates has approved the extension of the Bab oilfield that will open up more than 500 million barrels of oil. This oil will be available in the coming months and will boost output capacity by more than 14%. The governmental decision was accompanied by US \$700 million.

GMSA Activities

The global management student association gathered in an after-class club activity as members were given an opportunity to share their international experience with other members. The evening passed by as students took their turn to give a one to two minute presentation about cultural and business experience abroad. Students have participated on student exchange programs, study abroad programs, internships, LDS employment services, and various teaching assignments all over the world. "It was amazing to hear what other people have done abroad," says McKay Fitt, GMSA President. "We have an amazing group of students that will become future global leaders."

Upcoming Events

February 26: High School Business Language Competition. Volunteers needed from 9:00am - 1:00pm
Contact McKay Fitt for more details
mckayfitt@gmail.com

The club meets every other week and activities range from speaker invites, company visits, and various leadership training. On February 19, the club visited with Union Pacific and CargoLink to learn about the role of Utah regarding imports and exports.

