

# News paper summary



**AIG Posts Rise in Profit** In its latest report, AIG posted a 13% rise in second-quarter profit, aided by firm results in its main operations. The firm reported net income of \$3.07 billion, up from \$2.73 billion in the previous year's similar quarter. The firm's operating earnings rose by 11% to \$1.83 billion. The results showed improvement in the property-casualty insurance unit, after a slow first quarter that had provoked concerns among some investors and analysts. While net premiums declined by 1% to \$9.21 billion in the quarter, the unit posted pretax operating income of \$1.36 billion, up 25% from the previous year's similar period.

#### Coffee Producers Sell More at Home

The biggest producers of coffee are focusing on their best customers, a move that is driving up prices. Coffee consumption is rising in Brazil, Colombia and Vietnam, the countries that produce 60% of the world's beans. Brazil's consumption of coffee is expected to reach 1.03 million tons this year. Rising incomes have enabled consumers in producing nations to not only consume more coffee, but also demand higher quality. Consumers are also switching from cheaper substitutes such as tea. Brazil's coffee production has increased by 61% over the last decade, but its exports have only risen by 34%, with the rest consumed locally. U.S. importers are paying higher prices because they compete with Brazilian buyers.

#### Espírito Santo Saga

In the ongoing official unraveling of Espírito Santo Saga, multiple threads have led to Eurofin, a small Swiss company. Eurofin Holdings SA was the only auditor of Espírito Santo's books, which were discovered to be riddled with irregularities. The firm is also indirectly connected to Banco Espírito Santo through its chief financial officer, João Moreira Rato. Mr. Rato's partner, João

Poppe, is the nephew of Ricardo Espírito Santo Salgado. Eurofin also helped Banco Espírito in creating debt products that were sold to retail investors recently. Portuguese authorities suspect that the profits were used to finance other troubled Espírito Santo entities. The authorities are seeking to establish Eurofins multifaceted relationship with Espírito Santo.

#### Goldman Rethinks Hedge Funds Services

Goldman Sachs Group is reconsidering its business with hedge funds; it is discarding less-profitable customers and increasing fees on others in an attempt to adapt to new banking rules. The regulations have forced the bank to allocate more capital, reducing profits from its business. The changes highlight the way Wall Street is trying to conform to the changing landscape. The bank also is pulling its cash from its internal hedge fund. Banks are seeking to neutralize the impact of rigorous capital requirements while delivering higher returns. Other banks such as Deutsche Bank and the Bank of America are charging customers more to finance their businesses.

#### Patience and Vulcan's Rocky Road

Vulcan Materials Company avoided the death grip last week. The Congress granted the shaky Highway Trust Fund short-term reprieve just days before curtailing the funds for nearly 6, 000 transportation projects. Vulcan's financial results, an immediate concern, are due to be released on Tuesday. Analysts foresee it to have earned 39 cents up from 22 cents in the previous year. However, it has missed 21 previous consensus projections since 2007. Nevertheless, the stock is still attractive to investors with long-term views because its business is not only difficult to replicate but also impossible to compete.