

# News report report examples

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## **News Report 1: Pressure Builds On Merkel As Spain Calls For Bank Aid**

(Donahue, 2012)

The article throws light on the existing debt crisis in Europe and efforts made by its member countries to sail through this difficult situation. The financial condition of Spain is the prime focus of this article. The unemployment and industrial outputs have been declining in Europe for the past two years.

According to the United States President Barack Obama, the leaders of Europe have not made sufficient efforts to control the crisis situation. With deteriorating financial condition of Spain, its Prime Minister has resorted to calling for a ‘banking union’ to fight the worsening problem. A banking union is a centralised system of banking to empower the lending institutions with financial aid. French Prime Minister and Union Commissioner are also vouching for a ‘banking union’ and suggest channelization of aid through a common pool of fund, rather than through governments. However, leaders in Spain are apprehensive of the financial aid and its associated conditions. Thus, Spain intends to fight the situation on its own. Spain plans to sell sovereign bonds of short term and long term maturity to come out of this crisis.

The crisis in Spain’s financial sector offers opportunities to the international investors. The real estate sector of Spain appears to have good future growth potential. Given the high unemployment rate, domestic demand in this sector is low. The financial panic discourages people to part with their liquidity and invest in real estate. The banking sector has also been hit

badly; hence home loans are not highly encouraged by the banks. These three factors cause asset mispricing, and lowering of prices. Thus, foreign investors can expect good long term benefits from investment in Spain.

## **News Report 2: Investors Underestimate Opportunity in Agriculture**

(Saefong, 2012)

The article discusses the impact of global downturn and future of the agriculture sector. Agricultural commodities and commodity futures have not performed too well in the last one year. The seasonality and uncertainty in agricultural commodity have also contributed to its poor performance. These communities are trading at relatively lower prices, a concern for short term investors. Having said that, market for agricultural commodities is unique for a few reasons. First, demand for agricultural goods is significantly inelastic. This is because it caters to the basic human needs that are essential in daily life. The inelasticity of demand poses good prospect for future higher returns. Second, agricultural prices are relatively less volatile and serve as a less risky investment in the investment portfolio. It also helps in portfolio diversification. Third, the overseas demand for the commodity is high, especially in the emerging markets. Thus, the sector has high international business opportunities.

## **News Report 3: Consumerism the Byword for East Africa's Rising Middle Class**

(Mutch, 2011)

The article describes the cultural shift and growing consumerism in Africa. There has been a drastic change in the African lifestyle and spending habits. It has witnessed a significant growth in materialistic aspirations in recent years. This can be contributed country's economic growth and rise in per capita income. Infrastructural and industrial development in Africa is in full swing. The expanding economy results in emergence of a dominant middle class, with a huge demand for cosmetics, consumer durables, automotive and real estate. The demand for cosmetics is high due to the rising number of self-dependent women in the society. They are working, independent, fashion conscious and attempt to look their best. They like wearing a loud make up increasing the demand for cosmetics. Demand for consumer durables like washing machine and plasma televisions are also on the rise in the emerging middle class segment. The country is also witnessing a heavy traffic with new cars flocking the roads. People are also aspiring to own big, well-decorated houses to flaunt their newly acquired wealth.

Thus, Africa has huge international business potential in the consumer durables, cosmetics, car and housing segment. As the spending aspirations are building up, brand consciousness is sure to grow. This is a big opportunity for the highly successful consumer brands. There is a need to build brand specific aspiration value in people to boost demand. This can be done by initiating targeted marketing and promotional activities in potential markets. Since, the middle class is driven by emotions and aspirations; marketing campaigns need to be developed on similar lines. The success of this overseas business depends on a thorough understanding of this newly emerging segment.

## **News Report 4: Bloomberg BNA Offers Comprehensive Update on the Business of Doing Business in India (Bloomberg BNA, 2012)**

The article discusses the existence of huge business opportunities in India and the need to make related considerations. High demand levels is one of the major boost to the Indian economy, which can be contributed to the country's high population density and fast growing middle class population. The article mentions that at this growth rate India can become world's second largest economy, overtaking the United States. This makes India an attractive location for international investment. The country offers investment potential in terms of foreign direct investment. The perception with respect to investment in India has shifted from an only IT focus to involvement in the core sectors, consumer durables and retailing. Retailing has emerged as a huge business prospect. Availability of cost-effective manpower is also an added advantage.

With opportunities come risks and other considerations. Investment in India is risky considering the prevalence of corruption, ever changing tax system and inefficiencies in the legal system. Though the government has been making conscious efforts to remove the loop holes in the system, there is still a long way to go. Other considerations are inadequate public education, shortage of infrastructure, significant influence of regulators and understanding of the complex legal issues. The legal complexity includes issues in creating mergers and acquisitions, and joint ventures. It becomes difficult to decide on the appropriateness of legal entity to be used for running business successfully and profitably. The vast diversity in India, in

terms of culture, ethnicity, language and values, also create difficulty in segmenting the population and understanding it in a comprehensive manner. Thus, business opportunities are immense in India, but there is a need for a few considerations to ensure profitability.

### **News Report 5: Optimism for Global Markets on the Rise: Investors Approaching Global Investment Opportunities over the Next Decade (The Wall Street Journal, 2012)**

The article is about an investment sentiment poll conducted across 19 countries that contribute to more than 70 % of the gross domestic product of the world. The survey concludes that positive sentiments are related to long term investment. Real estate forms the biggest chunk of the investment portfolio of majority of the people surveyed. Global uncertainties have adversely affected confidence of investors, who are consciously adopting risk management approaches for investment. Investors displayed a strong short term bias to invest in their country of origin for two reasons. Firstly, investors have a confidence that investment is safe in the home country. Secondly, investors find investing in global markets cumbersome and lack adequate knowledge about the related technicalities. However, investors were more open to invest overseas in the long term. Investing in equities of emerging markets is being seen as a profitable move. Risk, brand recognition and performance are three important factors that affect the investment decision of most of the investors.

Thus, there is a positive correlation between investor sentiment and investment in overseas equity and bonds, in the long term horizon. However, financial institutions need to build their capability in risk management, brand

recognition and asset performance. Risk management will include those elements of risk that are for the investor, like ease of transaction, awareness about good performing assets and a sound legal system. Brand recognition can be built through extensive brand building activities aimed at the target segment. Endorsements from local financial experts will help in building a positive image of the brand. It is also important to highlight the past performance of the company to the investors, in a transparent manner. This will help gain investor confidence.

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