

**“WE NEED TO SEEK A SUSTAINABLE PLACE FOR THE FUTURE OF FINANCE,” SAYS JOHN ROGERS,  
CFA, PRESIDENT AND CEO, CFA INSTITUTE**

***Highlights from the CFA Institute and CFA Society Czech Republic 5<sup>th</sup> Annual European Investment Conference, Prague***

**19 October 2012, Prague, Czech Republic:** At the annual [CFA Institute European Investment Conference](#), held in partnership with the Chartered Financial Analyst Society of the Czech Republic ([CFA Society Czech Republic](#)), the world’s leading financial and economic commentators gathered to examine the challenges and opportunities which face the global financial industry, and the implications for investors in Europe.

John Rogers, CFA, President and CEO of [CFA Institute](#), entreated conference participants to “seek a sustainable place for the future of finance.” Here are the [blog](#) highlights from the European Investment Conference 2012:

**Anatole Kaletsky**, co-chairman and chief economist of [GaveKal Dragonomics](#): **“Europe has been the main source of day-to-day and week-to-week volatility in financial markets, but it hasn’t set the trends.”**

- In the opening session of the conference Anatole Kaletsky dissected enduring European political and economic dilemmas and evaluated a range of potential scenarios.
- Kaletsky downplayed the real economic importance of Europe to the global economy stating that there is a chance that Germany might even leave the eurozone to ensure the euro’s survival as a currency.
- The eurozone has contributed nothing to global growth over the last four years, and as such a negligible contributor to incremental growth, its role is often overstated. “Europe has been generating tremendous amounts of noise, but most of the signals for financial markets have come from the United States,” Kaletsky said.
- Popular beliefs about the correlation between “risk off” trades and the euro are regarded as completely spurious by Kaletsky; the euro is more or less where it was in 2009, whilst the S&P 500 Index has more than doubled over the same period.
- Read the [full blog](#) here and [listen again](#).

**Wolfgang Münchau**, European economics columnist for the [Financial Times](#), and managing director of [Euro intelligence](#): **“Breaking up is hard to do...”**

- Münchau described the rolling European sovereign debt crisis and the banking crisis as two drunks supporting each other to keep from falling. He admitted that the ECB’s new bond-buying programme, (Outright Monetary Transactions, OMT), addresses many crisis points.
- But OMT may never be taken up, or worse, it may create political resentment in Germany and reduce scope for any political manoeuvre. In any case, it needs a banking union to be effective.
- Spain? Münchau fears the worst for Spain, given its present policy trajectory. He stated that a severe recession, fiscal overshoot, and a future possibly worse than Japan was likely.

- Greece? Münchau does not think it will be much better as austerity becomes ever harder to implement, political change is likely and a default is all but certain.
- Read the [full blog](#) here.

**Felix Zulauf**, president of [Zulauf Asset Management AG](#): **“Eurozone on track to be the shortest currency union in history.”**

- Crushing any residual optimism among delegates after Wolfgang Münchau’s cautionary forecast, Zulauf highlighted slowing growth in China as a portent to a global economic crisis that will strike every single region.
  - “Excessive” booms always lead to a bust, and China’s will be no exception. Zulauf stated that recent Chinese growth was actually far closer to 3% than official reports of nearly triple that level. In his
  - view, market commentators underestimate the problems in China; consequently, public growth forecasts for Australia, Latin America, and other natural resource countries are too high.
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- The eurozone is on track to be the shortest currency union in history, Zulauf said, with the possibility of federal union the only alternative to breakup.
  - Read the [full blog](#) here.

**Catherine Lubochinsky**, Professor of Economics and Finance, [University of Paris 2 \(Panthéon-Assas\)](#): **“Politics provide the best pointer to the future of the euro.”**

**Markus C. Kerber**, Professor of Public Finance and Political Economy, [Technische Universität Berlin](#): **“...the euro has no future.”**

- Professor Catherine Lubochinsky analysed the genesis of the crisis and what the issues revealed about transfers, competitiveness, and sovereignty. Optimistically, she highlighted the potential for creative cooperation with rescue funds, stabilisation tools, and unified regulatory institutions, and the need for a banking union.
- Professor Markus Kerber declared emphatically that “the euro has no future.” The only question that remained, he stated, was how to bring the matter to a close and proposed a radically different solution: the creation of a parallel currency zone amongst the countries with a current account surplus. The new currency would be heralded as the Guldenmark and it would allow those countries who did not wish to “gamble with their fiscal solvency” to exit the eurozone as a group.
- Read the [full blog](#) here and [listen again](#).

Follow the conference through the conference [blog](#) and Twitter updates #eic2012.

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## **NOTES TO EDITORS**

### **About the European Investment Conference**

The annual European Investment Conference brings together noted researchers, speakers, writers, investment professionals, academics, and experts to examine unique regional issues as well as a broad range of global investment topics. Participants share ideas and build rewarding relationships while taking home the latest perspectives, research, and practical solutions to European and global investment challenges.

### **About CFA Institute**

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organisation is a champion for ethical behaviour in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 110,000 members in 139 countries and territories, including 100,000 charterholders, and 136 member societies. For more information, visit [www.cfainstitute.org](http://www.cfainstitute.org).

### **About CFA Society Czech Republic (formerly Czech CFA Society)**

The CFA Society Czech Republic ([www.czechcfa.cz](http://www.czechcfa.cz)), is a non-profit organisation for financial practitioners founded in April 2002 in the Czech Republic. As one of the 136 member societies of CFA Institute, its mission is to promote the highest standards of professional excellence, integrity and ethics within the Czech investment community. The society currently has over 130 members, mostly CFA charterholders, and more than 600 candidates from the Czech Republic and Slovakia registered in the CFA Program. *The society's sponsors are: OVB Allfinanz, Ernst & Young, ING Investment Management and Thomson Reuters. Local media partners of the European Investment Conference are: ČT24, Ekonom, iHNed.cz and DBM (Donath Business & Media) as the PR partner.*