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Formula 1 – Singapore in the Spotlight

Already the 6th edition of the only night race of the F1

Several tens of millions of spectators worldwide on TV and Internet and close to 100,000 visitors live along the track will follow the 6th edition of the Formula One race in Singapore - the only night race of the F1 race series – this Sunday the 22nd September.

Considering that merely 15 years ago only some chosen ones could easily point Singapore on the world map it is impressive to see the global presence of the city state today. How things have changed in just a bit over a decade!

Singapore has made big effort to be recognized worldwide and the presence through the Formula One race is well planned. Being located in the heart of the world's growth area, Singapore is perfectly equipped to tap on the huge opportunities in the region.



Economy in Singapore

With a population of currently 5,4mn – increasing by 100,000 a year! – Singapore attracts more than one million tourists per month, and the number is growing fast.

Singapore is dominated by ethnic Chinese who represents about 75% of the population. Being known as proficient and hard working, they drive the economy – all in the sense of a rolling stone gathers no moss.

Catching up the current leader, Switzerland, in wealth management with big steps, Singapore has won many awards and has already established itself in the top positions in many categories:

- The world's easiest place to do business
- Top 2 most competitive city in the world
- 4th top destination in the world
- Among the 5 busiest ports in the world

In addition, Singapore is worldwide ranked among the top 5 least corrupt country.

<http://app.singapore.sg/about-singapore/awards-and-rankings>



Singapore - Secure, safe and stable

The high quality of life in Singapore is certainly also related to the safe environment of the city; there is relatively little crime for a city of this size.

Singapore became independent in August 1965 and this democratic country has become one of the world's most prosperous nations, with a highly developed free market economy and strong international trading links.



The Singapore Dollar

Since 1985, Singapore adopted a more market-oriented exchange regime, classified as a Policy Band, in which the Singapore dollar is allowed to float (within an undisclosed bandwidth of a central parity) but closely monitored by the Monetary Authority of Singapore (MAS) against a concealed basket of currencies of Singapore's major trading partners and competitors. This, in theory, allows the Singaporean government to have more control over imported inflation and to ensure that Singapore's exports remain competitive.

All issued Singapore dollar currency in circulation are fully backed by international assets in the Currency Fund (including Gold and foreign currencies) to maintain public confidence. The foreign reserves officially stood at over US\$260 billion, as of August 2013.

Investments in Asia

The outflow from Asia has made big headlines the last few months. Estimates suggest a total outflow of USD 140bn in the first six months of 2013. A lot? Surprisingly no! Within two years, USD 152bn flowed out when the European debt crises erupted. And five years ago – at the time of the Lehman collapse – a total of USD 350bn left the region.

With this money flowing out of Asia, when will the region run dry? It doesn't. Since 2001 some USD 2,4trn of capital has flowed into Asia-10. Even with the outflows totaling USD 800bn over the last five years, there is still a net amount of USD 1.6trn of long-term invested capital staying in Asia.

Why is so much money coming to Asia? That's easy. Asia is where the world's growth is being generated and will continuously be generating in the future. With a growth rate of 6% - or more – Asia is overrunning the world at a high speed. And money will flow where the growth is. This is a structural change which will last, compared to cyclical money that is opportunity driven.

And surely Asia will make mistakes down the road – the West is a great teacher when it comes to that. But the economic pendulum has definitely been set in motion towards the east and is not going to be stopped by some short-term cyclical money outflow.



Summary

Being right in the heart of the booming area – the population in Asia is over 5x that of Europe - our team of specialists gets the local vibes first and live. Located where the sun rises, we are always a step ahead – some 6 hours – to understand the markets before Europe enjoys its first croissant.

We are looking forward to discuss further the long term potential of investing in Asia with you.

Your Helvetic Team/DM

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