

# INDY BUSINESS BULLETIN



## Execs: Anthem, Cigna Deal Built on 'Synergies'

Executives behind the \$54 billion merger between Indianapolis-based Anthem Inc. (NYSE: ANTM) and Cigna Corp. (NYSE: CI) believe it will clear the multitude of federal and state regulatory hurdles because of the merger's "complimentary" nature. The companies say the combination will result in annual savings of nearly \$2 billion. Anthem employs 5,000 Hoosiers and plans to keep its Indianapolis headquarters and its name, while maintaining a "significant" presence at Cigna's current Connecticut headquarters.

## Indiana Manufacturers Part of 3D Printing Initiative

Plymouth-based Indiana Technology and Manufacturing Companies and the University of Notre Dame are part of a multi-million dollar advanced manufacturing partnership. The \$11 million collaboration is led by the University of Pittsburgh and Johnson & Johnson (NYSE: JNJ).

## Purdue to Host U.S.-China Conference

Scientists from the U.S. and China are planning to meet in West Lafayette to address global challenges involving the Earth's Critical Zone. Purdue University will host the U.S.-China EcoPartnership for Environmental Sustainability conference in October.

## Home Building Permits Notch Higher

The Indiana Builders Association says single-family building permits throughout the state were up by 11 percent in June, compared to the same month a year earlier. June numbers have slowly increased each year during the last five years.

## Nonprofit Takes Over Historic Property

A Lafayette building once used as a pavilion at the 1904 St. Louis World's Fair is now in the hands of a nonprofit. Bob and Ellie Haan have donated their historic property to the Haan Mansion Museum of Indiana Art Inc., which the organization says will help preserve the 10,900 square-foot home and the family's large art collection.

## I&M Breaks Ground on First Solar Facility

Fort Wayne-based Indiana Michigan Power has broken ground on its first solar generation facility. The Marion project is part of a \$38 million solar effort involving four sites in Indiana and one in Michigan.

## Dow Agro Profit Jumps

Indianapolis-based Dow AgroSciences LLC is reporting second quarter net income of \$1.1 billion, compared to \$882 million during the same quarter the previous year. The company says continued strength in demand fueled "outstanding second quarter and first-half results."

## VA Approves \$38M Clinic in Northern Indiana

A \$38 million veterans medical clinic in Mishawaka has been approved by the U.S. Department of Veterans Affairs. The South Bend Tribune reports St. Joseph County Health Care Center will replace the current outpatient facility in downtown South Bend.

## Terre Haute's Coke Connection Continues

After 100 years, one of Terre Haute's claims to fame is still paying off. The Coca-Cola Co. (NYSE: KO) has issued special glass bottles that pay tribute to the original, now iconic design created in 1915 by the Root Glass Co. in the city. For every case sold over the next five months, the global beverage maker will donate a quarter to the Vigo County Historical Society and Museum. The organization will put the money toward a \$3 million capital campaign. Development Director Susan Tingley says the Vigo County Historical Museum attracts visitors from all over the world looking to learn more about the bottle's Wabash Valley roots.

## Potential Lilly Blockbuster Shows Promise

Forgetting the names of your family, where to go and how to tackle day-to-day tasks are just a few of the obstacles Alzheimer's patients deal with. However, Indianapolis-based Eli Lilly and Co. (NYSE: LLY) says it is encouraged by results of a late-stage study on a potential therapy that could slow the disease. Lead Alzheimer's researcher with the Indiana University School of Medicine Dr. Martin Farlow was at the Alzheimer's Association International Conference in Washington D.C., and says the results show promise.

## Fishers, CloudOne See Eye-to-Eye on Tech

Indianapolis-based CloudOne Inc. is moving its headquarters from Indianapolis to the new Nickel Plate District in Fishers. The technology company says it plans to add more than 60 workers by 2019 and occupy the third floor of the city's \$28 million mixed-use development known as The Switch. Chief Executive Officer John McDonald says Fishers' drive to be a technology hub was a major factor in the decision to relocate. McDonald believes the city is poised to make a name for itself inside and outside central Indiana. Mayor Scott Fadness tells Inside Indiana Business CloudOne will play a "huge role" in the city's future development.

## Economic Development Again on Record Pace

Economic development activity in Indiana is on pace for a record year in 2015, with deals, jobs and investment numbers all tracking at peak levels, according to the state's top business development executive. "It's going to be a really strong year for the Indiana Economic Development Corp.," said Secretary of Commerce Victor Smith, during an interview on Inside Indiana Business Television. "The capital amount we're sitting at just halfway through this year almost equals all of last year combined," said Smith.

# CHINA IN THE NEWS



Joanna Zhou (周娜), now residing in Knoxville TN, immigrated to Indianapolis with her husband from Beijing in 2013, where she worked in Human Resources for a U.S. Fortune 500 company.

## Argentina-China media cooperation very important: VP

Enhanced Argentina-China media exchanges will help promote the bilateral ties and enhancing cultural cooperation among developing countries is very important to the multi-polarization of international relations, Argentine Vice President Amado Boudou said Tuesday. Boudou, who is also head of the Senate, made the remarks at a signing ceremony of a news services agreement between the Senate and China's Xinhua News Agency. This document was inked in the presence of Boudou, Chinese Ambassador to Argentina Yang Wanming and Xinhua representatives, within the framework of the comprehensive strategic partnership that the two countries have forged.

## Argentina副总统强调阿中媒体合作非常重要

阿根廷副总统兼参议长阿马多·布杜28日在此间表示,加强发展中国家文化、特别是媒体交流“对于国际关系多极化非常重要”,阿根廷和中国的媒体交流合作有利于两国关系的发展。当天,布杜在阿根廷参议院与新华社签署机构新闻服务协议时致词说:“阿根廷和中国在国际社会扮演着重要角色,当前国际秩序正经历重要重组,我们与中国最重要的通讯社签署服务协议,其意义在于为我国的议员和工作人员了解这一进程提供更广阔的视角,是两国关系发展的重要一步。”根据当日签署的机构新闻服务协议,阿根廷参议院将通过新华社新闻服务获取有关中国的一手资讯,并向新华社及时发布阿根廷参议院的重要立法活动信息。此外,阿根廷参议院国际关系司表示,愿同新华社相关机构共同开展包括专题研讨会、联合调研等合作,共同推动两国全面战略合作伙伴关系发展。

## China to improve urban underground infrastructure

China will enact several new measures to improve urban underground infrastructure in an effort to upgrade urbanization and economic development, according to a decision by the State Council, China's cabinet, on Wednesday. Better urban underground infrastructure will stimulate investment, increase the supply of public goods, and improve modern urbanization, which serves as China's new growth engine, according to a statement released after an executive meeting of the State Council presided over by Premier Li Keqiang. The meeting urged more effective steps to develop urban underground infrastructure, utilize underground space, improve urban carrying capacity and satisfy people's needs. 国务院部署推进城市地下综合管廊建设 城市建设重心向地下转移

28日举行的国务院常务会议部署推进城市地下综合管廊建设,扩大公共产品供给提高新型城镇化质量。分析人士指出,这一创新之举意味着城市建设重心从地上设施建设向地下设施建设和地下空间开发利用转移。城市地下综合管廊,是指在城市地下用于集中敷设电力、通信、广电、给排水、热力、燃气等市政管线的公共隧道。国务院常务会议将这一设施定义为创新城市基础设施建设的重要举措,国家重点支持的民生工程,旨在破解长期存在的城市地下基础设施落后等突出问题。

## German experts train China pig farmers

Eight pig farmers in east China's Jiangxi Province have received training from German experts in a program to improve local pig breeding. All the farmers passed a several-hour-long exam on Tuesday and will train local pig farmers in villages and breeding cooperatives. During years of growth, China's pig breeding industry is posing more threat to the environment. Pan Rongzhou, one of the trainees, said the country's pig breeding industry mainly uses industrial methods to tackle pollution, but most farmers are not willing to spend money on any measures. Trainer Dieter Staack said the pig breeding industry in Germany pays great attention to environmental protection. Many local pig farmers are building methane-generating pits, orchards and fish ponds to reduce the impact of pig excrement on environment. "The program is a win-win cooperation," said Staack. "With it, we can promote our breeding philosophy and techniques in China and

China can also ease environmental degradation."

“洋老师”教中国“猪倌”如何养猪

28日,由德国KTC和中方共同组织的首期生猪养殖技术培训迎来最后的大考。在经历“洋老师”们的最终考核后,八名学员通过考试,顺利结业。“中德生猪养殖业培训项目”是德国教育与科研部资助的职业培训体系推广项目,由德国“中国生猪养殖业培训项目联合组织”(简称“KTC联合组织”)负责项目实施,江西省山江湖开发治理委员会办公室是项目的中方合作伙伴。此次“德国生猪繁育和仔猪管理技术培训”是项目的具体实施。

## Top Chinese coal mining company reports sharp profit drop

China Shenhua Energy Co. Ltd., the country's largest coal mining group, reported on Wednesday that its net profits dropped 45.6 percent to 11.73 billion yuan (1.9 billion U.S. dollars) in the first half of the year. During the January-June period, the company's business income came in at 87.78 billion yuan, down 32.1 percent year on year. Shenhua attributed the drop to weak demand that affected both sales and prices. Coal sales by China Shenhua Energy slipped 24.2 percent during the period. Government policies to encourage the use of non-fossil fuels have also affected sales, the company added. Coal accounts for about 66 percent of China's primary energy consumption, 35 percentage points higher than the world average. The country's coal output fell in 2014 for the first time this century as a result of slowing economic growth, government efforts to reduce air pollution and increased investment in renewable energy. 上半年采矿业利润大幅下降 煤炭和石油价格双双大跌

能源局表示,上半年能源消费和燃煤发电增速都放缓。统计局最新发布的数据显示,1月份-6月份,采矿业实现利润总额1396.1亿元,同比下降58.8%。具体来看,主要是由于煤炭、石油和天然气开采业利润下降导致的。今年上半年,煤炭价格和原油价格不断下跌,导致相关企业亏损严重,煤炭行业亏损面高达九成,油企以及油服企业的利润也大幅下滑甚至亏损。卓创资讯分析师刘新伟向《证券日报》记者表示,原油、铁矿石及煤炭的价格在近年均出现大幅度下跌,这是影响采矿业利润最重要的一个方面。

## Price of life can prove expensive for expatriates in Beijing

Released a few days ago, Mercer's 21st annual Cost of Living Survey has found that Beijing is the seventh most expensive city to live in for expatriates. Shanghai came in at sixth and Hong Kong came in second. The survey included 207 cities across five continents and measures the comparative cost of more than 200 items in each location, including food, housing, transport, clothing, household items and entertainment. Not sure if the report's listing of Cape Town and subsequent explanation of where it ranks is a compliment: "Despite climbing five spots, Cape Town (200) in South Africa, continues to rank as the least expensive city in the region, reflecting the weak South African Rand against the US dollar." Mercer: 2015年全球城市生活成本前十 香港上海北京上榜

东京正在走下坡路。过去20年的很大一部分时间里,东京都拥有外侨眼中全球生活成本最高城市的“殊荣”。如今,这座日本最大的城市甚至未能跻身前十名。至少,这是咨询公司美世(Mercer)在其生活成本年度调查中得出的结论。东京从第七名滑落至第11名,而2013年这座城市还曾占据第三名的位置。东京排名下滑背后的原因是,过去一年里日元相对美元走软。事实上,汇率波动让2015年排行榜的座次发生了很大变化。今年美世第21年发布这一排行榜。美世咨询师凯特·菲茨帕特里克(Kate Fitzpatrick)表示:“汇率波动总是会对排名产生很大影响,但今年它的影响格外突出。”日元和欧元相对美元和人民币都已大幅走软。此外,今年初瑞士出人意料取消汇率上限后,瑞士法郎的汇率也已走强。因此,苏黎世和日内瓦双双上升一位,在前五名中占据两席。瑞士首都伯尔尼下滑一位至第九名,但这完全是因为上海、北京和首尔的表现太过抢眼。这次调查对一篮子逾200种商品和服务的价格做了比较,并考虑了国际标准居所的租金成本。这一篮子商品和服务包括进口主食、汉堡包和电影票等等。

# FINANCIALLY SPEAKING

## External shocks to stocks usually short-lived



Mr. Kim is the Chief Operation Officer and Chief Compliance Officer for KIRR Marbach & Co. LLC, an investment adviser based in Columbus IN.

Greece has been on the brink of default twice in the past five years, so a third visit to the edge of the cliff shouldn't be a surprise. While a default leading to an exit from the Eurozone would lead to tragic circumstances for the citizens of Greece, Greece accounts for only about 2% of the Eurozone economy. Additionally, the contagion risk to the global financial system of a Greek default is materially lower than it was five years ago.

Sam Stovall, Chief Equity Strategist for S&P Capital IQ, wrote a terrific report in September 2013, "Shocks & Stocks." He noted the U.S. stock market has encountered a variety of unanticipated shocks over the past 70-years since World War II, including wars/near wars, assassinations/attempted, terrorist attacks and financial collapses. He graciously gave me permission to share the table below.

He said the initial shock sent the S&P 500 down a median of 2.4% during the subsequent trading day, took six days to reach bottom and fully recovered in the next 14 days. Some events obviously took much longer to play out than the medians would suggest. However, he noted those extreme situations generally occurred during long-term bear markets and did not precipitate the initial decline.

The lesson, according to Stovall, is "Should history repeat itself, and there is no guarantee it will, unanticipated events that occur within bull markets that throw markets for a loop are typically assessed for their economic impact in short order, allowing opportunistic traders to step in an quickly push share prices back to breakeven and beyond."

In other words, "Sell the scare, buy the bombs." You probably don't recall, but at the time of the report, investors were gripped with fear about the negative market fallout from the expected retribution targeting the government of Syria for its use of chemical weapons against its own people. Stovall said, "If so, it would probably be one of the most anticipated/unanticipated events in modern history." Sound familiar?

The U.S. Open always features high drama and twists and turns of fate. Jason Day collapsed from a bout of vertigo on Friday, but gutted it out and played in the final pairing on Sunday. Dustin Johnson let his 2-stroke lead slip away, but rallied with a birdie on the 17th hole and had a putt to win on the 18th. Golf's newest phenom, Jordan Spieth (age 21) had a

disastrous double bogey on the 17th hole, but coolly recovered for a birdie on the 18th. In the end, Spieth prevailed, becoming only the sixth player to win both the Master's and U.S. Open in the same year.

This historic occasion is a good opportunity to update a past column with lessons from golf applicable to investing.

Jason DeSena Trennert is Managing Partner/Chief Investment Strategist of Strategas Research Partners, LLC. I have followed his work throughout my career. Trennert is also an avid golfer and penned an essay, "The Greatest Games—Golf as a Metaphor for Investing...and Life."

Trennert cited The Lure of Golf, where Herbert Warren Wind wrote, "There are few contemplative golfers who have attempted to analyze why the golf virus hits a man so hard. The game's singular fascination, in their consensus, rests on the fact that while you play against par, against your opponent, against the topography, and against the elements, in golf, as in no other sport, your principal opponent is yourself."

Trennert drew the following parallels between golf and Wall Street: 1) It's hard to have everything going for you at the same time. It's rare to be equally proficient off the tee and on the green. It's similarly difficult for investors to capture the market's fundamental, technical, and psychological rhythms simultaneously. Trennert says, "More often than not, success comes not from perfection, but from a series of small successes that allows you to grind out solid performance."

2) Each investment decision and golf shot is independent of the next and performance can be fleeting. There are no "gimmies" in golf or investing. It doesn't matter if you crush a 5-iron 247 yards to within twelve feet of the cup, if you 3-putt. Ask Johnson. Similarly, it doesn't matter if you once had a profit in a stock. It's where you sold it that counts. All golfers know the pain of having an otherwise great round spoiled by one or two bad holes. Trennert says for investors, success is increasingly a function not of just picking the right stocks, but avoiding the bad ones.

3) Both games are humbling and can seem like they're unfair. In investing, professionals know there is no difference between being smart and making money. It doesn't matter where you went to school; performance ultimately equals smarts. Trennert says, "Because no style points are awarded in either, investing and golf may be the fairest games of all."

4) Ultimately, the highs and the lows keep you coming back. The romance involved with golf and investing is both are extremely difficult and can never truly be mastered, which makes success all the sweeter.

Investors can be their own worst enemy. Tiger Woods is finding out the same is true in golf. As Lao Tzu said, "Mastering others is strength. Mastering yourself is true power."

# PURDUE TO HOST U.S. CHINA CONFERENCE

Scientists from the U.S. and China are planning to meet in West Lafayette to address global challenges involving the Earth's Critical Zone. Purdue University will host the U.S.-China EcoPartnership for Environmental Sustainability conference in October.

The annual conference is scheduled for October 22-24 at the Beck Agricultural Center in West Lafayette and the Holiday Inn Lafayette-City Center.

U.S.-China EcoPartnership Director Timothy Filley says this will be the first time that earth scientists from the U.S. and China will meet for this workshop in the U.S. He says the Critical Zone is thought of as the Earth's skin, which is the "land surface that extends

from the top of the plant canopy to the bottom of aquifers." He says climate change and "rapid" growth in human population are putting mounting pressure on the Critical Zone.

"International coordination and collaboration in Critical Zone science is crucial to understanding the factors that control dynamics across the planet's varied landscapes and geology that support society," Filley said.

Up to 120 participants can register for the conference. The cost is \$100. Purdue says all of the sessions will be in English.

Table with 10 columns: Market Shock Events, Prior Day, Next Day, % Chg., Level, Bottom, % Chg., Days to Recover. Lists various market events like Japanese Tsunami, Flash Crash, Lehman Bankruptcy, etc.