

COMPANIES MARKETS BUSINESS WITH REUTERS

World markets Monday, Oct. 1

United States		Last	Chg	12 mo. %
U.S. Dow Jones Indus.		13,560.84	+123.71	+23.2
U.S. S&P 500		1,489.26	+8.59	+25.9
U.S. S&P 100		688.44	+4.64	+28.4
U.S. Nasdaq composite		3,118.76	+2.53	+25.2
U.S. NYSE composite		8,306.29	+55.29	+20.8
U.S. Russell 2000		888.73	+1.28	+28.6

The Americas		Last	Chg	12 mo. %
Mexico IPC		41,118.01	+251.05	+23.0
Canada S&P/TSX		12,376.65	+58.19	+6.8
Brazil Bovespa		59,848.36	+672.50	+12.3
Argent. Merval		2,463.34	+17.61	-1.8
Chile Stock Market select		4,232.09	+1.87	+28.6

Europe and Middle East		Last	Chg	12 mo. %
Euro Stoxx 50		2,498.81	+44.55	+14.8
Britain FTSE 100		5,820.45	+78.38	+11.6
Germany DAX		7,326.73	+110.58	+31.3
France CAC 40		3,434.98	+80.16	+14.7
Italy FTSE MIB		15,523.10	+427.28	+5.3
Spain IBEX 35		7,794.10	+75.60	-8.2
Switzerland SIX		6,610.91	+15.03	+19.1
Sweden OMX 30		1,085.14	+20.00	+20.0
Russia RTS		1,512.86	+37.16	+10.6
Czech Rep. Prague Stock Exch.		967.63	+14.29	+3.6
Israel Tel Aviv		1,190.15	closed	+20.4

Asia		Last	Chg	12 mo. %
Nikkei 225		8,796.51	-73.65	+2.1
H.K. Hang Seng		20,840.38	closed	+5.7
Australia All Ordinaries		4,408.27	+1.93	+7.6
China Shanghai composite		2,086.17	closed	-12.8
S. Korea Kospi		1,986.21	closed	+11.9
S&P CNX Nifty		5,719.50	+16.20	+15.6
Taiwan Taiex		7,675.72	-39.44	+1.4
Singapore Straits Times		3,057.86	-2.48	+13.2
Thailand SET		1,297.57	-1.22	+39.3
Indonesia Jakarta composite		4,236.29	-26.27	+2.6

Exchange rates

Major currencies	\$1	Chg.	€1	Chg.	£1	Chg.
Euro	0.776	-0.002			1.251	-0.006
Dollar			1.289	0.003	1.613	-0.003
Pound	0.620	0.001	0.789	0.004		
Swiss franc	0.938	-0.002	1.208	0.001	1.513	-0.005
Yen	77.990	0.090	100.54	0.410	125.81	-0.110

Asia							
Australian dollar	0.964	0.001	1.243	0.004	1.556	-0.002	
Chinese renminbi	6.284	unch.	8.102	0.024	10.137	-0.021	
Hong Kong dollar	7.754	unch.	9.995	0.023	12.507	-0.023	
Indian rupee	53.270	-0.470	67.583	-0.350	84.564	-0.863	
Indonesian rupiah	9875.00	10.000	12342.2	41.585	15444.5	-12.565	
Malaysian ringgit	3.059	0.004	3.943	0.014	4.934	-0.003	
Philippine peso	41.680	0.030	53.726	0.164	67.230	-0.077	

World 100

The companies with the largest market capitalization, listed alphabetically by region. Prices shown are for regular trading. A ● or ● indicates stocks that reached a new 52-week high or low.

Company	Last	Chg	12 mo. %	52-wk price range
Abbott Laborat.	69.25	+0.69	+3.60	● 50.15 ● 69.88
Amazon.com	257.9	-1.4	+10.1	173.1 ● 257.9
Apple	668.4	+0.1	+68.4	363.6 ● 702.1
AT&T	37.85	+0.15	+3.26	27.41 ● 38.25
Bank of America	9.04	+0.21	+4.6	4.99 ● 9.93
Berkshire Hath.	134.083	+1383	+25.9	100.000 ● 134.584
Caterpillar	86.21	+0.17	+1.8	70.55 ● 116.20
Cheniere	117.4	+0.8	+28.0	89.9 ● 117.9
Class Systems	19.82	-0.08	+20.1	15.12 ● 21.19
Citigroup	37.1	+0.45	+2.80	23.11 ● 36.08
Coca-Cola	38.46	+0.65	+8.5	37.14 ● 41.12
Comcast	35.80	-0.14	+61.9	20.36 ● 36.43
ConocoPhillips	57.83	+0.45	-8.9	50.82 ● 78.22
Exxon Mobil	92.14	+0.69	+27.8	69.24 ● 92.30
General Electric	22.92	+0.21	+4.8	14.69 ● 22.73
Google	758.8	+4.3	+43.5	495.5 ● 756.5
Home Depot	60.47	+0.10	+40.0	31.59 ● 59.75
IBM	170.7	+3.3	+18.7	168.6 ● 205.5
Intel	23.13	+0.47	+3.7	20.62 ● 29.18
J&J	69.28	+0.37	+9.5	61.27 ● 69.53
JPMorgan Chase	41.40	+0.92	+35.9	28.38 ● 46.27
Kraft Foods	9.999	401	unch.	n.a. ● 10.174
McDonald's	92.17	+0.42	+4.7	85.83 ● 101.74
Merck	45.40	+0.31	+4.2	31.05 ● 45.23
Microsoft	26.55	-0.22	+15.5	24.30 ● 32.85
Occidental Petrol.	86.27	+0.21	+15.0	68.48 ● 105.48
Oracle	31.68	+0.22	+7.6	25.51 ● 33.69
P&G	69.59	+0.23	+10.9	59.27 ● 69.76
PepsiCo	70.85	+0.08	+1.3	60.29 ● 72.58
Pfizer	25.08	+0.23	+4.28	17.33 ● 24.96
Philip Morris	90.40	+0.46	+4.26	61.76 ● 93.38
Qualcomm	69.28	-0.24	+21.9	47.65 ● 68.59
Schumacher	73.03	+0.70	+21.1	57.72 ● 80.00
United Technol.	76.95	+0.66	+9.9	68.31 ● 86.89
UPS	72.32	+0.75	+14.5	62.00 ● 81.11
Verizon	45.78	+0.21	+24.3	35.35 ● 45.89
Visa	136.6	+2.4	+55.9	84.3 ● 135.0

Interest rates

10-year govt	Ask yield	Chg	12 mo. ago
Britain	1.734%	+0.001	2.523%
France	2.176	+0.011	2.652
Germany	1.448	-0.009	1.988
Japan	0.753	-0.008	0.996
United States	1.622	-0.024	1.955

1-year govt	Ask yield	Chg	12 mo. ago
Britain (bank)	0.183%	-0.015	0.514%
France	0.017	+0.005	0.648
Germany	-0.044	+0.006	0.379
Japan	0.083	unch.	0.108
United States	0.153	+0.002	0.096

Metals, energy		Last	Chg	12 mo. %
Aluminum		1,796.51	-73.65	+2.1
Copper		20,840.38	closed	+5.7
Gold		4,408.27	+1.93	+7.6
Palladium		2,086.17	closed	-12.8
Platinum		1,986.21	closed	+11.9
Silver		5,719.50	+16.20	+15.6
Brut crude		7,675.72	-39.44	+1.4
Light sweet oil		3,057.86	-2.48	+13.2
Natural gas		1,297.57	-1.22	+39.3
WTI oil		4,236.29	-26.27	+2.6

Futures

Agricultural	City	Units	Delivery	Last	Chg
Corn	Chicago	\$/bu	Dec.	7.56	unch.
Cotton	N.Y.	\$/lb	Oct.	0.69	unch.
Soybeans	Chicago	\$/bu	Nov.	15.75	-0.34
Wheat	Chicago	\$/bu	Dec.	9.74	-0.28
Rice	Chicago	\$/cwt	Nov.	15.34	-0.14
Cocoa	N.Y.	\$/ton	Dec.	2,442.00	-74.00
Coffee	N.Y.	\$/lb	Dec.	1.77	+0.03
Sugar	N.Y.	cts/lb	March	21.03	+1.45
Orange juice	N.Y.	cts/lb	Nov.	113.60	+0.45

Cross rates

Cross rates							
	\$1	€1	£1	¥100	One ruble	One Swiss franc	One Can. doll.
Australia	0.964	1.243	1.556	1.236	0.031	1.028	0.981
Brazil	2.026	2.612	3.267	2.596	0.065	2.159	2.060
Britain	0.620	0.799	1.000	0.794	0.020	0.660	0.630
Canada	0.983	1.268	1.585	1.260	0.316	1.048	1.008
China	6.284	8.102	10.137	8.054	0.201	6.897	6.369
Denmark	5.781	7.454	9.326	7.410	0.186	6.161	5.878
Euro zone	0.776	1.021	1.251	0.994	0.025	0.826	0.797
India	52.370	67.583	84.644	67.201	1.686	55.874	53.200
Japan	77.990	100.54	125.61	25.01	80.07	83.090	79.349
Mexico	12.827	16.538	20.892	16.460	0.030	13.669	13.024
Russia	31.096	40.101	50.171	39.900	33.14	31.624	30.624
Switzerland	1.229	1.585	1.983	1.575	0.039	1.301	1.250
S. Africa	8.366	10.757	13.458	10.700	0.270	8.891	8.463
South Korea	112.234	143.041	174.156	142.610	35.742	118.225	113.916
Sweden	6.949	9.063	11.329	9.026	0.230	7.055	6.754
Switzerland	0.938	1.209	1.512	1.202	0.030	0.956	0.926
Taiwan	29.273	37.739	47.220	37.500	0.943	29.138	29.764
U.S.	-	-	1.000	1.000	0.031	1.066	1.017

The Americas	\$1	Chg.	€1	Chg.	£1	Chg.
Argentina peso	4.698	0.003	6.056	0.018	7.578	-0.009
Brazilian real	2.026	unch.	2.612	0.005	3.267	-0.011
Canadian dollar	0.983	-0.001	1.268	0.004	1.585	-0.002
Chilean peso	472.80	-1.650	609.16	-0.704	782.30	-4.984
Mexican peso	12.827	-0.029	16.538	0.011	20.692	-0.091
Venezuelan bolivar	4.289	unch.	5.529	0.013	6.918	-0.013

Middle East and Africa		Last	Chg	12 mo. %			
Egyptian pound		6.096	0.005	7.858	0.025	9.833	-0.010
Israeli shekel		3.802	-0.013	5.030	-0.005	6.294	-0.033
Saudi riyal		3.750	unch.	4.854	0.011	6.049	-0.011
South African rand		8.366	0.061	10.757	0.082	13.458	0.034

Company (Country)	Last	Chg	12 mo. %	52-wk price range
Argentine peso	4.698	+0.25	+38.4	46.50 ● 69.23
Sentander (ES)	68.80	+0.08	-2.4	4.04 ● 6.60
SAP (DE)	65.11	unch.	+43.8	35.83 ● 56.69
Sberbank (RU)	92.33	+1.25	+30.0	62.85 ● 103.32
Siemens (DE)	78.67	+1.06	+14.3	63.06 ● 79.71
Statoil (NO)	148.7	+0.8	+20.6	119.5 ● 162.4
Telcel (MX)	10.42	+0.05	-28.7	8.63 ● 15.83
Total (FR)	39.28	+0.68	+19.3	30.38 ● 42.70
Unilever (GB)	2.774	+0.22	+19.3	1.938 ● 2.326
Vodafone (GB)	176.3	+0.6	+1.2	159.5 ● 191.0
Volkswagen (DE)	142.9	+1.0	+23.4	88.5 ● 155.1

Company (Country)	Last	Chg	12 mo. %	52-wk price range
Agric. Bank (CN)	2.46	closed	-0.4	2.40 ● 2.76
Bank of China (CN)	2.70	closed	-5.6	2.58 ● 3.08
BHP Billiton (AU)	33.12	+0.08	-6.8	30.18 ● 38.69
CSA (AU)	55.85	+0.08	+2.7	42.93 ● 57.59
CDB (HK)	5.38	closed	+6.3	4.43 ● 6.60
China Life (CN)	18.90	closed	+28.0	14.74 ● 20.00
China Mobile (HK)	85.95	closed	+11.6	72.60 ● 92.55
Shinhan (KR)	30.10	closed	-8.9	24.70 ● 36.90
CNOOC (HK)	15.90	closed	+19.4	11.32 ● 18.10
Huawei (CN)	2.382	-1.5	+3.2	2.153 ● 3.295
ICBC (CN)	3.75	closed	-6.0	3.64 ● 4.48
Unilever (JP)	390.30	-3.0	+4.6	320.0 ● 445.0
NTP (JP)	3.785	+6.5	+3.7	3.295 ● 4.030
NTT DoCoMo (JP)	126.60	unch.	-10.0	123.80 ● 146.200
PetroChina (HK)	10.16	closed	+4.7	9.01 ● 11.86
Rio Tinto (AU)	53.36	unch.	-16.7	48.63 ● 72.30
Samsung (KR)	134,000	closed	+68.8	758,000 ● 1,400,000
Sinopac (HK)	7.24	closed	-5.0	6.42 ● 9.64
Toyota Motor (JP)	2,589	-51	+11.6	2,376 ● 3,635
TSMC (TW)	88.90	-90	+26.5	67.20 ● 88.90
Westelec (AU)	24.94	+0.09	+20.8	18.73 ● 24.97

Data are at 1700 U.T.C. Prices are in local currencies. Source: Reuters

IN THE NEWS * WORLD BUSINESS



Egypt's Giza pyramid, one of the most popular sites in Egypt. The country expects 11.5 million tourists in 2012 and 14.5 million in 2013.

SINGAPORE

AIRLINES SET TO INCREASE PROFIT AS PASSENGER NUMBERS RISE

A group representing the world's airlines on Monday raised its earnings forecasts for 2012 and said that it expected improved performance in 2013 as efforts by North American airlines to trim capacity have increased profit margins and demand in Asia has helped up despite a weak global economy.

The group, the International Air Transport Association, which represents about 80 percent of carriers worldwide, said it now expected the \$630 billion airline industry to make a net profit of \$4.1 billion this year, up from an earlier forecast of \$3 billion but still less than half the \$8.4 billion in 2011.

The group also said that industry profit would rise to \$7.5 billion next year, with the number of passengers rising 4.5 percent and cargo growing 2.4 percent. Profit margins will remain thin, at 1.1 percent in 2013, compared with 0.6 percent in 2012, the association said. (REUTERS)

PARIS

LAGARDERE VOICES DISCONTENT WITH TERMS OF EADS-BAE MERGER

LAGARDERE, the French media conglomerate that is a major shareholder in European Aeronautic Defense & Space, said Monday that the conditions attached to EADS's planned merger with BAE Systems were unsatisfactory. "Despite the industrial and strategic potential attributed to it, this plan has not yet demonstrated that it was creating value for EADS," Lagardere said, adding that it considered the merger conditions "currently unsatisfactory." A spokesman for EADS declined to comment. EADS, the parent company of Airbus, and BAE Systems, the British military contractor, announced last month that they were in talks to merge. (REUTERS)

BERLIN

FORMER E.C.B. ECONOMISTS ASSAIL BANK'S PLEDGE TO BUY BONDS

Two former chief economists at the European Central Bank have criticized the institution's plan to buy unlimited amounts of government bonds to bring down interest rates for countries like

Italy and Spain.

Otmar Issing and Jürgen Stark said in separate interviews published Sunday that the E.C.B. was overstepping its mandate. Mr. Issing told the BBC in an interview to be broadcast Monday that the bond-buying program was "something very dangerous because here the E.C.B. is doing the business that is not done by governments."

Der Spiegel quoted Mr. Stark as saying that the E.C.B. had "overstepped its mandate" and had started to finance government debt. (AP)

PARIS

FORECAST FOR AD SPENDING GROWTH THIS YEAR IS TRIMMED TO 3.8%

ZenithOptimedia, a market research company that is part of the advertising agency Publicis, on Monday forecast that global advertising spending would increase 3.8 percent this year, down from the 4.3 percent it predicted in June.

ZenithOptimedia said it reduced its estimate because the European debt crisis had led companies to cut their marketing budgets. It said it saw brighter times ahead, with growth increasing to 4.6 percent in 2013 and 5.2 percent in 2014.

The company said advertising spending in developing markets would expand 8 percent next year, with Internet advertising jumping 15 percent. (REUTERS)

DUBAI

IRAN RESTORES ACCESS TO GMAIL

The Iranian authorities have reopened access to Google's e-mail service a week after blocking it, a government official and Iranians users said Monday. Iran blocked access to tens of thousands of Web sites on the grounds that they were criminal or immoral. Iranian news agencies said the ban on Gmail was connected to an anti-Islam film posted on YouTube that incited outrage across the Muslim world. (REUTERS)

TORONTO

BUSINESS WITH REUTERS

E.C.B. faces a test of its credibility



Paul Taylor

INSIDE EUROPE

PARIS Buying unlimited quantities of bonds is sometimes described as a central bank's nuclear option: an overwhelming force that threatens speculators with annihilation.

Like nuclear weapons, the bank's powers to print money and buy securities are best held in reserve as a deterrent. Having to use them to defend a country or a policy objective could cause unintended damage and expose fatal weaknesses in the political will to sustain the action.

Mario Draghi, the European Central Bank president, seemed to borrow from the Cold War lexicon of deterrence in July when he told financial markets that the E.C.B. would do "whatever it takes to preserve the euro. And believe me, it will be enough."

But the Draghi Doctrine was soon questioned by skeptics in the financial markets and the commentariat. Did he really have the weapons? Would he use them? Could he secure support from key stakeholders — most importantly Germany, Europe's economic powerhouse? Could he act without that? And could he keep going after a first strike?

The E.C.B. chief sought to answer the doubters when he outlined a strategy for buying unlimited quantities of short-dated bonds of any euro zone country that requested assistance and stuck to the bank's strict conditions. The word "unlimited" was meant to serve as a warning and to signal resolve. It shouted, "Don't even think of betting against the central bank, because we can overwhelm you."

Market players used to the adage "never bet against the Fed" were supposed to hold the E.C.B. in similar awe.

A senior central banker, asked if the new policy was analogous to a nuclear weapon, said the E.C.B. stood ready to fight anyone speculating on a breakup of the euro zone, "if necessary with massive retaliation."

But Mr. Draghi's big bazooka was undermined from the outset by the public opposition of the German central bank. Even though the Bundesbank president, Jens Weidmann, was alone among E.C.B. policy makers in voting against the decision, he has used his position to sap German public trust in the policy and by extension in the E.C.B.

"The key element in deterrence is credibility — making those you are trying to deter believe that you actually would do what you say you would do, that you have not just the military means but the political will," said Simon Lunn, a former NATO defense planner and expert on nuclear strategy.

"Does the E.C.B. have the will, given that it depends on a range of diverse stakeholders, just as NATO does? And can that will be sustained when the going gets tough?" asked Mr. Lunn, who served at NATO headquarters during the 1980s European missile crisis.

In that phase of the East-West conflict, NATO had agreed to deploy U.S. medium-range missiles in five European countries to counter Soviet SS-20 rockets threatening Western Europe. The strategic aim was to demonstrate that the United States was "coupled" with its European allies and had the political resolve to launch a nuclear strike if they were attacked with either conventional or nuclear weapons.

The victors' version of history is that the Soviet Union blinked, just as it had during the 1962 Cuban missile crisis, and the West went on to win the Cold War without firing a shot. That account omits many of the difficulties along the road, which hold lessons for the E.C.B. today.

The U.S. missiles scared the Europeans they were meant to protect at least as much as they unnerved the Russians, spawning a large anti-nuclear movement and raising doubts about the resolve of allied governments to see the deployment through.

The U.S. deterrent was credible partly because Washington had dropped an atom bomb on Japan in 1945. No one could be sure it would not resort to nuclear warfare again. The E.C.B.'s "nuclear" credibility is harder to establish.

The bank's previous, halfhearted intervention stunted borrowing costs

only temporarily for weak euro zone countries and did not keep Greece, Ireland and Portugal from being shut out of capital markets and forced into full bailouts. The disclosure that E.C.B. policy makers had set a weekly limit on bond-buying made it easy for speculators to game the system.

Banks and hedge funds used the central bank's Securities Markets Program as a chance to dump poor-quality debt on the central bank and run — not exactly the E.C.B.'s desired outcome. There was also no mechanism to ensure that governments stuck to promised economic and fiscal reforms. Within weeks of the E.C.B.'s intervention in August 2011 to buy Italian bonds, then-Prime Minister Silvio Berlusconi laughed off the reform pledges he had made to obtain central bank support.

Mr. Draghi was determined to avoid another such fiasco when he designed the new Outright Monetary Transactions policy. The bank would buy bonds only if a country accepted strict conditionality and international supervision, he declared, and would stop the support if a government veered off course.

But monitoring by the European Union and the International Monetary Fund is so humiliating that the target states, Spain and Italy, are desperate to avoid requesting assistance. Yet many market players will believe the E.C.B. only if they see it buying bonds on a huge scale.

There are also doubts about the credibility of the E.C.B.'s threat to stop supporting a country that goes off track, if the result would be to tip Spain or Italy into default. The euro zone has not dared to risk that even with Greece, which is far smaller.

Richard Portes, a professor of economics at the London Business School, said the E.C.B. had undermined its own deterrence. "To defend the euro, they should have made the intervention unconditional, set a specific cap on bond spreads and stated explicitly that if a country is insolvent in the E.C.B.'s judgment, they will let it go," he said.

As an example of successful deterrence, he cited the Swiss National Bank's policy of capping the franc's exchange rate against the euro.

"I don't think the S.N.B. had to intervene in any significant volume," Mr. Portes said. "Once they had said they would do whatever it took to defend that parity, nobody was going to test it."

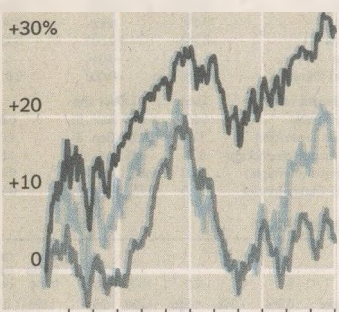
Paul Taylor is a Reuters correspondent.

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CARE FOR ELDERLY CHINESE CREATES OPPORTUNITY

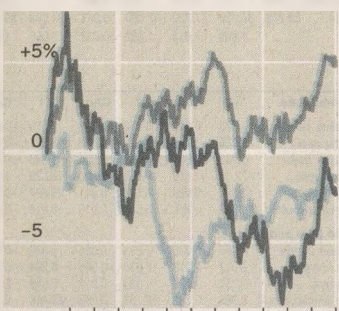
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STOCK INDEXES



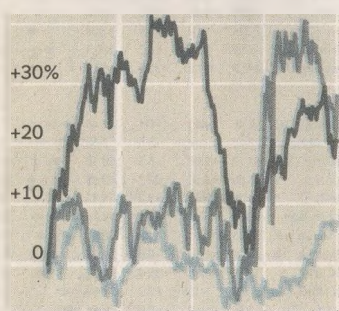
UNITED STATES S&P 500	1,449.26	+8.59	52-week +25.9%
EUROPE DJ Stoxx 50	2,498.81	+44.55	+14.8
JAPAN Nikkei 225	8,796.51	-73.65	+2.1

CURRENCIES



EURO €1=	\$1.29	+0.003	52-week -2.1%
YEN ¥100=	\$1.28	-0.001	-1.7
POUND £1=	\$1.61	-0.003	+4.6

COMMODITIES



OIL Nymex light sw. crude	\$92.36 a barrel	+0.17	52-week +20.9%
GOLD New York	\$1,780.10 a tr. oz.	+5.70	+7.1
CORN Chicago	\$7.57 a bushel	+0.01	+28.0

Data as of 1700 U.T.C.
Source: Reuters
Graphs: Custom Flow Solutions

REUTERS BREAKINGVIEWS

Spain blows a chance to prove itself

Spain is doing its Don Quixote impression again. The latest attempt at shoring up trust in its imploding banking system was supposed to be the final one. Madrid was expected to pump enough capital in its lenders to lay concerns to rest. But the rosy assumptions chosen by the government are still too close to Cervantes's ever-dreaming literary character.

That may seem an odd reaction to a stress test that finds a €59 billion, or \$76 billion, hole in Spanish bank balance sheets. Popular, a major private bank rather than an ailing caja, now needs to find over €3 billion of capital, a sum that approaches its market value. And the stress test's assumption of a 6.2 percent cumulative drop in Spanish gross domestic product in 2012-13 is more than double current forecasts.

But half of the 14 banks tested get off with no requirement to increase capital. The main reason is that Spain thinks its banks can make €59 billion of profit over the next three years.

It's not impossible that these profits could materialize. But to decisively break the "doom loop" between the banks and their ailing sovereign, a really conservative approach would have been better. Without the leg up from profits, BBVA is the only one of the 14 banks under review that wouldn't need capital. Throw in the tests' other weaknesses — like the failure to stress banks' equity portfolios, and the assumption that there's still some value in undeveloped land — and the industry as a whole would need €112 billion, according to JPMorgan.

Another way to look at it is to compare Spain's stress test with that of Ireland. The Irish test assumed that the overall sector took credit losses of 24 percent. Spain's equivalent number is 17 percent. Spanish banks would have needed €94 billion had they used the Irish criteria, according to Nomura.

Spanish banks might protest they are in better shape. But that's not the point. The European Union made €100 billion of capital available to restore confidence in the system. Prime Minister Mariano Rajoy's only excuse for not using the whole lot was his promise that the assumptions would be conservative enough. Given that they aren't, Spain has missed yet another opportunity. **GEORGE HAY**

An offer Xstrata shareholders shouldn't refuse

It has been messy, but Xstrata's directors were right to embrace Glencore's revised \$33 billion bid. The proposal offers acceptable value and the two sides have found a clever way around some of the governance issues that had threatened to undermine the deal. The alliance still faces challenges, but Xstrata shareholders should vote yes.

When Glencore made its initial offer in February, few would have guessed that this supposedly inevitable deal would prove so complicated. Certainly not Xstrata's board, which recommended the commodity trader's proposed "merger of equals" at an 8 percent premium. Glencore's revised terms more than doubled the premium to 18 percent above the pre-deal status quo. That's reasonable compensation for a takeover, given that Glencore already has partial control of Xstrata with a 34 percent equity stake.

Shareholders wanting more need to face reality. The combination makes industrial sense and Glencore is the only real bidder. Xstrata representatives will also command a majority on the board even after the mining group's chief executive, Mick Davis, leaves.

The new offer also neutralizes concerns about retention bonuses for top Xstrata bosses. An extra payday just for hanging around looked egregious when Xstrata people were set to run the combined company. Now it seems like a prudent way to encourage top talent to stay after the Glencore chief, Ivan Glasenberg, takes over from Mr. Davis after six months.

The merger needs approval from 75 percent of shareholders, but a separate vote on the retention payments has a 50 percent hurdle. The two are no longer bound together, so shareholders can back the deal and not the payments.

As offers go, it's no knockout, but it's good enough. A combined Glencore-Xstrata would face challenges, not the least being a merging of the cultures at the mining group and the trading house. Shareholders with lingering doubts would be better off voting yes and selling, rather than leaving Glencore's final offer on the table. **KEVIN ALLISON**

REUTERS
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INTERNATIONAL TRAVELER

25-DAY, 6-CONTINENT ADVENTURE OFFERED TO RAFTING ENTHUSIASTS

There are white water rafting trips, and then there are white water rafting voyages. Mountain Travel Sobek, a California adventure travel company, offers the latter: a 25-day, six-continent journey along nine rivers with Class III through V rapids next year.

The trip, from May 9 to June 2, promises rafters scenery and excitement as well as relatively easy access to international airports. It starts in the Sierra Nevada, in California, then moves on to the Rio Toachi, in a rain forest in Ecuador. Next is the Noguera Palaresa, in the Pyrenees in Spain, followed by the Athi River in Kenya, which borders Tsavo National Park. In India, rafters will run the Tons River, in the Himalayas, then push on to Queensland, Australia, for four days of Class V rapids on the North Johnstone River.

On the trip, limited to 12 travelers, paddlers will have free time in Barcelona, Cairns, Delhi and Nairobi. The price, \$8,695, includes guides, accommodations and meals, but not around-the-world airfare.

NEW ZEALANDERS TO CELEBRATE STEAMSHIP AND GOLD DISCOVERY

New Zealanders in and around Queenstown plan to celebrate two milestones

in October: the 100th birthday of the steamship Earnslaw and the 150th anniversary of the discovery of gold in Central Otago.

The Earnslaw's century of service on Lake Wakatipu will be honored with a weeklong birthday party that starts on Oct. 14 and includes special lake cruises, period costumes and live entertainment, the Queenstown tourism office said.

Thousands of locals and visitors are expected to turn out to pay tribute to steamer, known as the "Lady of the Lake," one of the oldest tourist attractions in Central Otago and the only remaining coal-fired passenger vessel still operating in the Southern Hemisphere.

Over New Zealand's Labor Weekend, Oct. from 19 to 22, there will also be districtwide activities related to the discovery of gold. More than 50 "Gold 150" events, most of them free, will be held in Arrowtown, Glenorchy and Kingston over four days.

ACCOR SAYS EXPANSION PLANS FOR BRAZIL ARE ON SCHEDULE

The hotel operator Accor has announced plans to add 13,819 rooms in Brazil by 2016, generating more than 3,600 jobs.

Accor said it was on track in Brazil to achieve its goal of opening 22 hotels,

with 3,068 rooms, by the end of this year. Since January, Accor has also signed contracts for the development of 19 new hotels, 42 percent of which will be operated under a franchise model.

The company says its goal is to open 4,000 new rooms, or about 25 hotels, every year in Brazil. It said its partners would invest about \$1.5 billion by 2016 in Brazil.

SINGAPORE

LEGO ARTIST TO EXHIBIT WORKS AT ARTSCIENCE MUSEUM SHOW

For the first time in Southeast Asia, the New York-based artist Nathan Sawaya will be showcasing his largest collection of 52 large-scale Lego sculptures at the ArtScience Museum at the Marina Bay Sands in Singapore.

"The Art of the Brick" will present stunning displays of intricate sculptures made from Lego bricks from Nov. 17 to April 14, Marina Bay Sands said.

In another first for ArtScience Museum, Mr. Sawaya has been commissioned to build a Lego sculpture of the museum. The sculpture is expected to be unveiled on the opening day of the show.

Tickets to "The Art of the Brick" are available on the ArtScience Museum Web site and at all Marina Bay Sands box offices. Information on Mr. Sawaya can be found at www.brickartist.com.

Traveler's forecast

High/low temperatures, in degrees Celsius and degrees Fahrenheit, and expected conditions.

C Clouds	Sh Showers
F Fog	S Sun
H Haze	Sn Snow
I Ice	SS Snow showers
PC Partly cloudy	T Thunderstorms
R Rain	W Windy

	Tuesday		Wednesday			
	°C	°F	°C	°F		
Abu Dhabi	39/28	102/82	S	39/26	102/79	S
Almaty	20/7	68/45	S	20/5	68/41	S
Athens	27/19	81/66	S	31/21	88/70	S
Bangkok	32/24	90/75	T	33/24	91/75	T
Barcelona	23/17	73/63	S	25/18	77/64	S
Beijing	25/13	77/55	PC	26/13	79/55	S
Belgrade	23/15	84/59	Sh	24/12	75/54	PC
Berlin	19/9	66/48	S	19/12	66/54	S
Boston	24/16	75/61	C	23/17	73/63	C
Brussels	17/11	63/52	C	15/9	59/48	Sh
Buenos Aires	18/11	64/52	R	20/11	68/52	S
Cairo	33/19	91/66	S	32/21	90/70	S
Chicago	20/13	68/55	PC	21/13	70/55	PC
Frankfurt	18/10	64/50	C	18/11	64/52	C
Geneva	18/7	64/45	S	21/10	70/50	PC
Hong Kong	29/25	84/77	S	30/25	86/77	S
Istanbul	28/16	82/61	C	27/19	81/66	PC
Jakarta	33/24	91/75	T	33/23	91/73	T
Johannesburg	28/13	82/55	S	29/14	84/57	S
Karachi	36/25	97/77	S	36/25	97/77	S
Kiev	17/13	63/55	PC	24/12	75/54	PC
Lagos	30/24	86/75	R	29/24	84/75	T
Lisbon	24/16	75/61	PC	25/16	77/61	S
London	17/11	63/52	Sh	15/8	59/46	Sh
Los Angeles	36/20	97/68	S	32/18	90/64	PC
Madrid	23/10	73/50	S	24/11	75/52	S
Manila	29/25	84/77	R	29/25	84/77	R
Mexico City	21/9	70/48	T	21/11	70/52	PC
Miami	31/25	88/77	T	31/26	88/79	T
Moscow	13/8	55/46	C	13/10	55/50	Sh
Mumbai	32/27	90/81	R	32/26	90/79	R
Nairobi	31/13	88/55	S	30/14	86/57	S
New Delhi	36/24	97/75	H	35/22	95/72	H
New York	23/19	73/66	Sh	27/18	81/64	T

