

Trophies are a sign of winning. On Wall Street, TROPHY ASSETS are as American as apple pie. Think: Rockefeller Center in Manhattan or Citigroup.

This week, Citigroup got a much needed capital infusion to help it overcome the credit crunch from an unlikely source. We're not talking about the Federal Reserve-although their carefully chosen words sent stocks surging later in the week. We mean Abu Dhabi, the richest city in the world and capital of United Arab Emirates . This soaking-in-oil-money city announced it would be taking an ownership stake in the largest US bank, the beleaguered Citigroup. The stock market applauded the fresh injection of capital-posting gains of 3% this week, but some Americans frown on foreigners' increasing control over our nation's trophy assets.

In fact, 2007 is proving to be the most active year for foreign acquisitions in the US since 1990, when Japanese were buying up Rockefeller Center and Columbia Pictures. Today, the list of acquirers is more diverse: British, Russian, German, and Chinese companies are eyeing prized American businesses and properties that have gone on clearance sale as the dollar has been pounded down to record low values. In one of the largest of these deals, General Electric sold its Plastics business to a Saudi Arabian company this year.

However, it works both ways. Foreign investment in US businesses overall pales in comparison to the staggering value of assets that US companies-and individuals-own abroad. Exxon alone owns billions of dollars of prized resource-rich property in countries from Angola to Zimbabwe. US-based GE owns \$630 Billion of foreign assets, including stakes in national trophies like France's railway. Yes, Americans own much more than our share of trophy properties worldwide. Globalization is not merely about trading with foreign nations, it is also about investing in them.

As students of the world economy, we are not concerned about lowering country barriers to ownership. Global capital mobility is allowing funds from abroad to shore-up undervalued US companies, while allowing Americans to invest in the high-growth overseas economies. Trophies are great-strong economic growth and efficient capital markets are better.

	11.30.2007	12.31.2006	%Change
DOW JONES	13,371	12,463	+7.15%
S&P 500	1,481	1,418	+4.23%
NASDAQ	2,661	2,415	+9.97%
Bond YIELD	3.97%	4.71%	-15.71%*

Bond Prices



Bond Yield %



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