Worldâ€™S Super Rich Almost Unaffected By Global Debt Crisis

The global stock exchanges may have taken a hammering in 2011 but it appears the world's super rich have still managed to weather the economic crisis quite well, thanks to varied investments in fixed-term deposits, artwork and even diamonds.

Harald Schmidt / dpa / The Interview People

The dollar millionaires of this world registered a combined loss of 700 billion dollars last year, just a little less than the 880 billion dollars the countries of the eurozone have so far had to pump into the European Stability Mechanism (ESM) in efforts to protect the faltering euro currency. But for the world's rich the loss meant a modest and eminently manageable wealth reduction of 1.7 percent.

They still have a combined wealth of 42 trillion dollars, according to the financial services company Capgemini SA and the Royal Bank of Canada. Germany's economy, for comparison, was worth 2.57 trillion last year. The world's number of High Net Worth Individuals (HNWI), or people with liquid assets of one million US dollars, meanwhile, rose to 11 million people. Millionaires from the United States, Japan and Germany make up half of this figure, and have an average wealth of more than 3 million dollars.

The millionaires of the Asia-Pacific even managed to avoid a reduction in wealth in 2011. And although the world's millionaires did suffer a loss in 2011, it was somewhat tempered by the increases of the previous two years. In 2010, assets increased by 3.7 trillion dollars, while in 2009 the increase was 6.2 trillion. However, no investor likes to lose money and the global political insecurity of the past year has had a significant effect on economic growth and stability, leading many investors to look to more secure financial products.

“Investors seem to be favouring retention of capital in cash and term-deposits,“

says Capgemini Consulting's Klaus-Georg Meyer. Global economic growth is expected to slow further in 2012, while investors also do not expect to see a solution any time soon to the European debt crisis.

The yearning for high returns is not what it was among investors but not every millionaire is happy to simply let money sit in a fixed-deposit account. According to the Capgemini report, the global economic and financial crisis has caused many millionaires to invest a proportion of their wealth in art or jewellery, although these investments are not calculated as financial wealth.

China, which was ranked fourth worldwide with 562,000 HNWIs, is a particularly strong market for artworks and antiques, accounting for 30 percent of the global market in 2011. The US dropped to second place on 23 percent, just one percentage point ahead of Great Britain.

In the same period, the number of millionaires in China increased by more than 5 percent from 535,000 to 562,000, although this number is quite small considering the overall size of the country's population.

The Capgemini report is convinced that the value of artworks will continue to increase. While wary investors were able to enjoy a 10-percent increase in gold prices in 2011, an even greater profit was to be found in diamonds.

Production levels remained constant but demand from China and Asia as a whole increased, leading to a 20-percent increase in prices in just 12 months. Looking to the future, regardless of whether they invest in shares or bonds, wealthy private investors are going to have to prepare for ongoing market swings leading to high profits or major losses, says Capgemini.