

Market Review

- On concerns of the rising oil prices, the stock market generally goes down this week. The Dow ends up at 12,169.88, and S&P 500 ends the week flat. The financial sector is under selling pressure. Citigroup and Morgan Stanley are down 3% and Goldman Sachs down 2%
- Bernanke is positive on economy recovery in the US. Data shows that unemployment rate is down to 8.9%. However, the Fed is unlikely to draw money back until a lower and more stable employment rate
- The state and local governments have been going headwind on the economy recovery to close the budget gap. They have been decreasing spending, raising taxes and laying off workers. They are facing challenges in the long term. They even have difficulties to meet obligations for health care and pension funds.

Currency

- Interest rate differentials weaken dollars against UK pounds, Swiss Franc and especially EUR. ECB President Jean-Claude Trichet on Thursday says that there is "strong vigilance" of higher commodities prices. His comments raise general expectation that ECB is going to raise interest rate next month, sending EUR/USD higher to more than \$1.40 on Friday.
- Canadian dollars reaches highest level since 2007 due to strong GDP data, narrowing of trading deficit.

Commodities

- Oil ends up above \$100 this week on unrest in the Middle East. Recently the price of oil has a strong inverse relationship with the stock markets. Rising oil price also sending Gold and Silver to new highs.
- World food prices rose 2.2% in February. High volatility in oil market would possibly push food prices even higher, and high price of oil increases demand for corn as it can be turned into alternative energy resources, ethanol.

Bond

- Municipal-bonds are facing a fragile market since late last year although the yield is going down in the recent month. One major reason is the downgrade of tobacco bonds, which causes a large sell-off late last year. BlackRock suggests focusing on yield of muni bonds. It comments that people tend to focus on their default risks rather than paying attention to high yield.

Dealbook Review

- Two months into 2011, global M&A activity has a 9% increase from 2010, stands at \$435 billion. Oil and gas has been busiest player in the deal market as BP's \$9 billion deal and Enesco's \$7.5 billion deal announced, and real estate and finance follow after.
- J.P. Morgan tops on global and the U. S. league tables, whereas Goldman Sachs is No.2 on global while Morgan Stanley is No.2 in the U.S.; in the same period in 2010, J.P. Morgan was only eighth global and was not even in top.10 in the U.S.
- Over this week, big banks for the first time released their legal exposure in the 10Ks. For which, Goldman could face about \$3.4 billion in litigation cost, Citigroup for more than \$4 billion, J.P. Morgan for more than \$4.5 billion, and Morgan Stanley set the *lowest* to only \$518 million among big banks.

Mergers & Acquisitions

- Ventas plans to acquire Nationwide Health Properties in an all-stock deal valued at \$5.8 billion, creating a large health-care real-estate-investment trust as demand for senior housing grows.
- Citigroup agreed to sell its Egg U.K. credit-card business to Barclays, marking the latest in a series of credit-card portfolio sales by the U.S. bank as it pulls back from consumer lending in Europe
- BP's \$7.2-billion deal to jump into India's oil and gas sector with Reliance Industries is the first sign of new investment that could attract more players, helping to boost output and meet surging demand.

Financial Institutions

- Citigroup boosted top executives' pay levels for 2010 by 33% to 50%, reflecting the bank's return to profitability, and Wells Fargo awarded CEO John Stumpf shares currently worth \$18.5 million
- Bank of America and mortgage-bond investors have agreed to continue discussions over efforts by the investors to recoup losses on mortgage loans packaged by Countrywide.

Capital Market

- American International Group and MetLife said all the MetLife securities offered to investors were sold for a total of \$9.67 billion, putting AIG closer to its goal of fully repaying its government bailout.
- Only one initial public offering is expected this week, but bankers and analysts say they expect more listing activity in March and April.