

FINANCIAL FRONTLINE NEWSLETTER

WEEK: SEPTEMBER 6 - SEPTEMBER 13

FALL2011ISSUE 2

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- Warned with “orderly default” by Germany, on Sunday, the Greek government announced a new property tax that covers two billion euros in new budget cuts for this year in exchange for fresh aid from its international creditors.
- Due to the fear of Europe’s debt crisis, euro hit a seven-month low against the dollar and crude-oil futures fell by 2% on Friday.
- On Thursday, President Obama asked congress for \$447 billion in cuts to boost economic growth. In Obama’s job plan, he emphasized the payroll-tax cuts for employees and employers.
- On Friday, stocks slid again extending the prior session’s slide, and ended up with a 2.7% loss. The drop led to the 5th loss of S&P 500 in six sessions.

FOREIGN EXCHANGE

- Switzerland’s central bank is taking actions to repel floods of capital into the country and cap its currency appreciation. SNB will stop the Swiss Franc appreciation against euro when it hits 1.20 francs per euro.
- ECB would not raise the interest rate due to low economic growth and prolonged debt problems in its peripheral countries. Speculation over a Greek default sent the EUR to a 10year low against the JPY (EURJPY: 105.3) and a six month low against the USD (EURUSD:1.36).
- Japan would not follow Switzerland’s step to control its Yen appreciation as Japan needs to commit to a free-floating exchange rate.

FIXED INCOME

- The 10-year US treasury yield dipped to 1.918% on Friday. With fears over Greece, the safe-haven German bonds also face higher demands. 10 year bond yield hit all time low at 1.78%. However, the credit default swap hit 80, 74% higher than what it was two months ago.
- Corporates deluged 3.1 billion new debts on Tuesday, as companies continue to borrow at bargain-basement rates.
- BP and Bosch-Siemens are planning to raise funds in the burgeoning offshore yuan markets in Hong Kong through “dim sum” bonds.

Market Highlights

Dow Jones Industrial Ave.	10,992.13 ↓245.18
S&P 500	1,154.23 ↓19.74
NYMEX	85.87 ↑2.27
10-YR. TREAS.	2.125%
FED Funds Rate	0.12
Unemployment Rate	9.10%

COMMODITIES

- Gold achieved modest gains on Friday as investors reacted to the drop in the equity markets by putting money in Gold which they consider a safe-haven asset. The uncertainty of the European debt crisis, along with Obama's unveiling of a new job plan, has led to a 9% jump in the CBOE Gold ETF Index, a measure of volatility of options based on the SPDR Gold Trust.
- A large reserve of oil was discovered on Friday by a consortium of energy companies off the coast of French Guiana. This consortium is made up of Tullow Oil PLC, Royal Dutch Shell PLC and Total SA. This is monumental as it will open up new opportunities for a region not known for oil production. London-based Tullow jumped 15% following the announcement.

M&A & CAPITAL MARKETS

- Google took acquisitions on Zagat, a 32-year-old restaurant-review company. This action will provide the research giant company benefits from advertisement attracted by this rating business, and will also help Google fill the gap in its listings of Place pages.
- AT&T and Deutsche Telekom have been fighting to rescue the \$39 million acquisition deal of T-Mobile as the Justice Department filed the lawsuit to block the takeover. To facilitate the deal, AT&T recently claimed that T-Mobile is "doing just awful" despite the potential growing market apparently exists.
- The IPO market has been very quiet as the market continues to decline. Investors now are sitting on cash watching the market, and the private-equity (PE) companies are probably faring even worse than many others. Carlyle Group LP, a star in PE, just filed the document on Tuesday for an IPO in 2012 as it hoped to be part of the upbeat market next year.

LEGAL & REGULATORY

- Washington regulators continued to set rules in the quest of preventing any repetition of 2008 financial crisis. Major new rules for derivatives market suggested may not be finalized until 2012.

WORD SEARCH

ACQUISITION
 APPRECIATION
 BORROW
 CASH
 DEFAULT
 DERIVATIVES
 DIMSUM
 ENERGY
 PERIPHERAL
 SAFEHAVEN
 SWITZERLAND
 TULLOW
 VOLATILITY
 ZAGAT

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J	N	O	E	S	A	A	Q	U	I	O	Y	Z	L	P
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Z	D	G	I	S	W	C	F	T	A	S	R	G	E	E
I	G	P	T	T	W	W	A	W	G	E	E	C	V	P
O	Y	J	A	C	I	I	Y	U	H	G	N	S	K	G
E	K	G	V	I	C	S	T	P	P	S	E	D	B	K
V	A	E	I	E	U	P	I	Z	D	T	P	O	R	Q
Z	I	U	R	D	O	R	L	U	E	V	R	N	G	C
L	C	P	E	Q	E	A	I	S	Q	R	K	N	B	R
K	P	B	D	P	M	F	T	X	O	C	L	N	N	T
A	G	E	P	N	D	G	A	W	M	U	A	A	V	Y
K	K	E	U	W	O	L	L	U	T	L	R	S	N	K
D	N	L	J	O	P	G	O	V	L	U	K	T	H	D
E	T	X	J	F	X	N	V	K	O	T	V	J	E	P