

Political Unrest Spread around the World as protest movements continued in Bahrain, Libya, Yemen, Iran, Iraq, and Egypt. The stock markets in the Persian Gulf region tumbled Sunday, extending sharp recent losses, amid mounting concerns that fast-spreading regional unrest may derail a broader economy recovery.

<http://online.wsj.com/article/SB10001424052748703498804576155913482083724.html>

Split in Economy Keeps Lid on Prices

Consumer prices were 1.6% higher in January than a year earlier after being dormant for months. But a tug of war between the prices of goods and the prices of services, playing out beneath the surface, could keep inflation from becoming the worry it is in China, Europe and many emerging markets.

<http://online.wsj.com/article/SB10001424052748703312904576146500586838290.html>

G-20 Deal Reached, but Outcome Open to Interpretations as negotiator from the world's leading economies haggled all night over seemingly technical details regarding how to measure global economic imbalances. The key argument centered in exchange rates and fiscal and monetary policies will be taken into consideration when determining whether a country's policies lead to imbalances.

<http://online.wsj.com/article/SB10001424052748703407304576153890049850736.html>

A Ruling to Chill Street

A Delaware court decision that found Barclay Capital "secretly and selfishly manipulated" the sale of Del Monte Foods Co. has become a shot across the bow for other Wall Street firms.

<http://online.wsj.com/article/SB20001424052748703561604576150770642063688.html>

Market Review

- Generally, this was a rewarding week. The Dow Jones Industry went up 123.33 to 12391.52 points closing on Friday. The S&P 500 and Dow hit two year highs, while the Nasdaq hit a three-year high. The major driver was the energy sector.
- Federal Reserve is more optimistic about the economy recovery than weeks ago, but it will not call an early end for the \$600 QE2 plan. The Fed believes that the unemployment rate is high around 9.0% and the inflation rate given the rise of food and other commodities is still mild.

Currency

- Concerns about unrest in the Middle East push the dollar down and attracts investors to invest in Swiss franc which is considered a safer currency during times of turmoil.
- The Portuguese government is under pressure of seeking bailout from the European Union and IMF(International Monetary Fund) following Greece and Ireland
- ECB executive board member Lorenzo Bini Smaghi momentarily said that the central bank should monitor the recent inflation, pushing the EUR/USD higher to 1.3698 on Late Friday.
- China will allow yuan foreign-exchange options to be traded domestically starting in April, providing more hedging abilities

Commodities

- Gold is making headway in China as rising inflation and currency appreciation risks make the metal a more attractive alternative for investors. The demand has tripled during the past 10 years
- Silver jumps to near 31 year high. It has gained 4.5% this year. Commercial traders are adding short positions on silver futures throughout February, which means that they are locking the prices.

Bonds

- Junk bonds yields drops to an average of 6.837%, prices has been rising for the past two years and investors are looking for investment yield higher than US treasuries, and they are paid less than years ago. Meanwhile Lower yield helps the companies to lower the cost of borrowing.