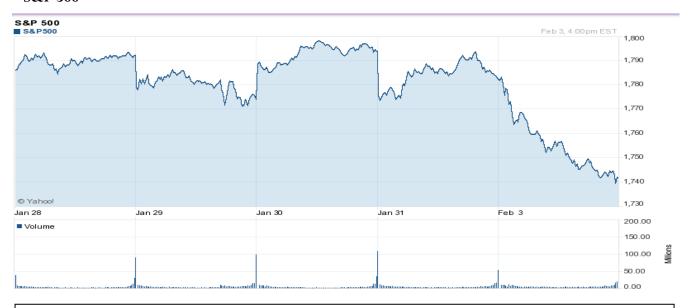
FINANCIAL FRONTLINE NEWSLETTER

WEEK: Feb 3. To Feb 10

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S&P 500



Market Recap

- Financial system stress in China is real and worrisome. A clear sign is the seven-day Shanghai stock exchange repo rate that has exceeded 10% on a number of occasions this month.
- The FED reduced its bond purchasing program to 65 billion in February from the 75 billion in January, seeing more upbeat news in the economy.
- Janet Yellen was sworn in Monday as the Chair of the Federal Reserve, taking on the responsibility to wind down the bond purchasing program.

Foreign Exchange

- The greenback decreased against yen last Friday due to the concerns in emerging markets and the panic in global stock markets. Investors fear that emerging markets may develop in a lower rate in the future as weak Chinese data was released. So they ditched those high-yielding currencies and flocked to yen amid the stockmarket selloff.
- Euro has been appreciating consistently since August last year, continuing the trend, the Euro rose against dollar the most in almost four weeks after the release of manufacturing data. The stunning high data broke the record in more than 21 years, boosting optimism within the region.

Fixed Income

- Upon last week's decision by the Federal Reserve to reduce stimulus, central banks in Europe will probably maintain a steady course this week. The European Central Bank and the Bank of England will hold their key rates at record lows, so is the benchmark rate in Reserve Bank of Australia.
- As Euro-area government bonds rallied, it is speculated that European Central Bank will take more measures to stimulate the economy because of the slowing inflation.
- Since uneven economic data and an exodus from emerging-market assets boosted demand for the safety of U.S. government securities, treasury 10-year yields dropped the most since Aug 2011.

Commodities

- Copper, little changed in New York, traded near the lowest price in almost two months after an official gauge indicated manufacturing slowed in China, the biggest consumer of the metal. Aluminum touched the lowest level since 2009.
- The gold and silver market have met all expectations for a major bottom to take place towards the late part of December 2013.

M&A/Capital Market

- PreCision Dermatology Inc. has signed an agreement to be acquired by Valeant Pharmaceuticals International
 Inc. for \$475 million dollars. The acquisition may make Valeant Pharmaceuticals world's top five drug
 companies by the end of 2016
- AMC Networks completed its acquisition of Chellomedia (the international content division of Liberty Global) for 750 million Euros. The acquisition offers AMC Networks entensive TV channels in more than 390 million households in 138 countries, providing AMC to distribute its programming accross an extensive global footprint.

Brain Teaser

Sally likes 225 but not 224; she likes 900 but not 800; she likes 144 but not 145. Which does she like - 1600 or 1700?