The Euro rose slightly against the US dollar from 1.2968 to 1.2981 last Friday because the market is anticipating a rescue plan for Spain - EU's fourth-largest economy. The direction of the EUR/USD was undecided this month. With the announcement of the Fed to carry out QE3 and the backing by the ECB to purchase bonds of troubled European countries, the EUR/USD shot up to a high of 1.3171, only to trade below 1.30 due to uncertainty over Spain's bailout. With the ECB backing indebted countries such as Spain, Italy and Greece, the downside of the EUR/USD is limited. However, investor's lack of confidence in these countries will cap the upside as well. Thus, the EUR/USD is expected to be range bound between 1.27 and 1.33.

Another currency that is expected to be range-bound is the Brazilian Real. Its value declined against the US dollar last Friday after bad results from the September Empire Manufacturing Survey. Major indexes were also affected by rumors of tapping into strategic petroleum reserves.

On Wednesday, equities increased following two important announcements: The Bank of Japan raised its asset purchase target in an attempt to weaken the yen through an injection of additional liquidity into the market. Also, data on existing US home sales and building permits showed a slight increase.

Thursday's market saw a slow start after Japan reported a wider-than-expected trade deficit and the French and Eurozone PMI readings came out to be short of expectations. Overall, all major indices decreased this week with the DJIA decreasing by 0.1% to 13579.47 and the S&P 500 decreasing by 0.4% to 1460.15.

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This week was overall a quiet week for equities following the announcement of QE3. Stocks began the first two days of the week on a negative note after bad results from the September Empire Manufacturing Survey. Major indexes were also affected by rumors of tapping into strategic petroleum reserves.

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**Fixed Income**

- Jeffries Group Inc, a global securities and investment banking group that has served clients for over 50 years, has recently announced high expectations based on the beginning of a successful September. Based on information from the firm’s investment banking backlog and results from the firm’s trading, CEO Richard Handler said that the fixed income trading business has been very solid in September. Handler adds that the company has seen robust client flow in every asset class within its fixed income trading business. This includes products such as high-yield bonds, credit, mortgages, and municipal bonds.
- Treasury bonds rose again on Friday, marking its fifth straight increase and signaling a growing hesitancy over the effectiveness of fresh monetary stimulus to boost the global economy. Treasury bonds were initially sold by Investors because of the Federal Reserve’s decision to buy mortgage-backed securities in a third round easing, called QE3. The benchmark 10-year yield shot to a peak of 1.899% on Monday only to fall back down recently, largely due to the price recovery helping to recoup all of the QE3-driven selloff. Kevin Giddis, head of fixed income at Raymond James/Morgan Keegan, mentions a difference of opinion on the effectiveness of QE3. He states that the bond market is not forecasting a future of economic prosperity. This month, we have seen both the European Central Bank and the Bank of Japan increase the size of their asset-purchases programs. However, doubts have been raised on whether liquidity from banks will help boost global economic growth. Anthony Cronin and Marx Bowens, both head of treasury trading at their respective firms, predict uncertainty and difficulty with regards to the future of the economy. Other traders however, such as Ray Remy, head of fixed-income trading at Dainew Capital Markets, believe the Treasury bond market will win out in coming months. Remy explains that the Fed would increase purchase of Treasury bonds in 2013 when Operation Twist wraps up in December. He states that mortgage-backed securities are not enough to push down high unemployment rates, and that the economic environment will be favorable for lower bond yields in the coming months.

**Commodities**

- Gold futures have been climbing to their highest level in more than six months due to a stronger euro and speculation about the ECB’s bailout program with Spain. The most actively traded December delivery contract went up $7.80, or 0.4%, to $1,778.00 a troy ounce on the Comex division of the New York Mercantile Exchange (NYMEX). With both governments planning to stimulate the market, some investors fear that more liquidity can cause inflation and drag down the purchasing power of their currencies, thus result in surging commodities price namely gold. China’s recent weaker economic data is building up expectations that the world’s second largest economy might launch its own stimulus plan.
- China’s state-run Cctic (China International Trust & Investment Copr.) and Venezuelan government have come to agreement on developing the Las Cristinas gold mine. This mine on southern Bolivar state is estimated to contain about 17 million ounces of gold, one of the largest reserves in the world. President Chavez invited the Chinese officials to his palace, and they have agreed on further cooperation in Venezuela’s oil industry. Such sequence of events demonstrates the deepening ties between these two countries, with China now the biggest creditor of Venezuela, in exchange for increasing oil shipments. The US crude oil futures settled rebounded on Friday after four sessions of consecutive declines. Oil rallied from lows under $80 per barrel in June, ever since ECB’s President Mario Draghi voiced determination to save the euro and the Fed announced its QE3. But a weaker dollar made crude oil relatively cheaper for buyers with other currencies, and raised oil prices along with stock markets and other commodities such as copper sand wheat.

**M&A & Capital Markets**

- A bust of activity was in IPO market on last Thursday, and Trulia, the real-estate website operator, has leapt as much as 43% of its debut price and has become the 10th best IPO debut of the year. Similar trend is observed with Susser Petroleum Partners, a wholesale distributor of motor fuels, and Sprit Realty Capital, a REIT or real estate investment trust. However, two stocks delayed/canceled its listing last Friday.
- Universal Music Group has received approvals from both EU and the US Federal Trade Commission for its proposed purchase of EMI Recorded Music. Due to the significant size of the deal, the EU has set a tough condition that requires Universal to sell as many as a third of EMI’s assets. On the other hand, the US regulator imposed no further restriction.
- The largest cable company, Liberty Global, has launched a tender offered to buy roughly half of Belgium’s Telenet Group Holding for a total value of $2.5 billion last Thursday, September 20th. The company proposed a generous 35 euros share, pushing the share price over 12 percent in the afternoon on Thursday. The venture of Liberty into the European market might encounter some issues with regulations and Europeans’ appetites of more expensive cable services, but Liberty looks strong in its own financial terms.
- The second-largest automaker after Volkswagen in Europe, PSA Peugeot Citroën was discussing with J.S.C. Russian Railways the sale of 75 percent of its Gefco logistics business to avoid further loss. The proposed price is around $1 billion, with Peugeot receiving special dividend fee of 100 million euros paid by Gefco.

**Brain Teaser**

Three men (A, B, C) are in a dual, where they take turns shooting. Person A gets to shoot first, Person B gets to shoot second, and Person C gets to shoot third. Person A and C are both amateur shots; Person A hits his target 1/3 of the time, person C hits his target 1/2 of the time. Person B is an expert and hits 100% of the time. Where should person A first shoot to maximize his chances of winning the game?

**Updates**