The euro hit its six-week-lowest against the dollar, plunging to as low as $1.3144 in intraday trading, following the news that the amount of the region's payback of European Central Bank's emergency loans would be about half of the expected level, €61 billion. Although increased confidence toward German business pulled the euro back up slightly, the European Union economists expect economic contraction to continue on this year. Further threatening the stability of the euro is the upcoming weekend's Italian election, which many expect will split the Parliament and further delay the country from recovering from its longest recession in 20 years.

Foreign exchange markets in the coming week will likely depend on the Fed Chairman Ben Bernanke's two-day trip to Congress on delivering a testimony which would clarify the Fed's stance on slowing down its quantitative easing policies. Many analysts expect Bernanke to defend the bond-buying program, and the Fed minutes seemed to confirm this and immediately sent the dollar higher. However, dollar may plunge even deeper if Congress fail to reach a solution to stall the automatic spending cuts, scheduled to take effect on March 1.
**Fixed Income**

- Revenue from commodities trading at global investment banks fell by a quarter last year from 2011, making the asset class the worst performer in the fixed-income business of banks, an industry survey showed on Thursday. Low market volatility and shrinking client activity were reasons for the drop, and the effect was particularly evident in energy and precious metals businesses, according to the survey by the London-based Coalition, a financial services analytics company. "Performance was also subdued by ongoing concerns about increased regulation and capital sensitivity, pushing banks to re-evaluate their commodities strategies," an executive summary of the Coalition Index said. "Energy, investor products and precious metals options businesses were notably affected," according to the survey, which covered a total of 10 top banks on Wall Street and in Europe.

- In contrast to January, where riskier assets had buoyant performance with global equities returning over 5%, high yield bonds rallying and core government bonds selling off, February has been a month of frustration for investors as the momentum has been lost and markets have moved sideways. Since the start of the month, core government bond yields have been stuck in very narrow ranges, high yield bonds have flat lined and equities have only managed to eke out small gains. Given the extent of the moves witnessed in the second half of 2012 and the first few weeks of 2013, it was to be expected that markets would at some point need to consolidate. The question now is if this is just a pause before financial assets restart their march higher or the beginning of a retracement?

**Commodities**

- China this past week returned from the Lunar New Year holiday, but the country's copper buyers are acting as if they are still on vacation. Copper slumped 5.4% this week, its worst week since December 2011, as the widely expected increase in demand from the world's biggest buyer failed to materialize.

- Gold prices ended at a seven-month low, resuming their downward march, as some investors opted to leave the market amid dissatisfaction with the yellow metal's performance. Gold for February delivery, the front-month contract, fell $5.80, or 0.4%, to $1,572.40 a troy ounce on the Comex division of the New York Mercantile Exchange, its lowest settlement price since July 18. Gold is down 6.1% this year.

- Maersk Friday warned of a grim outlook for the container-shipping industry this year as spare tonnage in Europe and Asia risks putting downward pressure on freight rates after the Danish company's own price increases and cost cuts contributed to improved profit in the fourth quarter.

**M&A & Capital Markets**

- Magellan Midstream Partners, L.P. has agreed to acquire approximately 800 miles of refined petroleum products pipeline from Plains All American Pipeline, L.P. for $190 million. The CEO Michael Mears said that the acquisition helps to utilize Magellan's expertise in transporting and storing petroleum products and that the pipelines are a natural extension of Magellan's existing refined products distribution system. The acquisition also allows Magellan to capture new market. The acquisition is expected to close in the second quarter of 2013 subject to regulatory approvals.

- Ark Restaurants Corp. has announced that it will reject the proposal from Landry’s, Inc. to acquire Ark Restaurants for $22 per share. Ark Restaurants thinks that the deal is not compelling and not in the best interests of its shareholders. The CEO said that the acquisition proposed by Landry's undervalues his company and its future potential. He believes that Ark shareholders will be better served by his existing team.

**Brain Teaser**

We are playing Russian roulette, with a standard 6-chamber revolver. I put two bullets in adjacent chambers, spin, point the gun at my head, and pull the trigger. Click. I'm still alive. It's now your turn, and I hand the gun to you, and give you two choices.

Would you rather, assuming you want to live,

a) Re-spin, aim at your own head and pull the trigger.
b) Do not spin, aim at your own head, and pull the trigger.

Why?

**Updates**

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