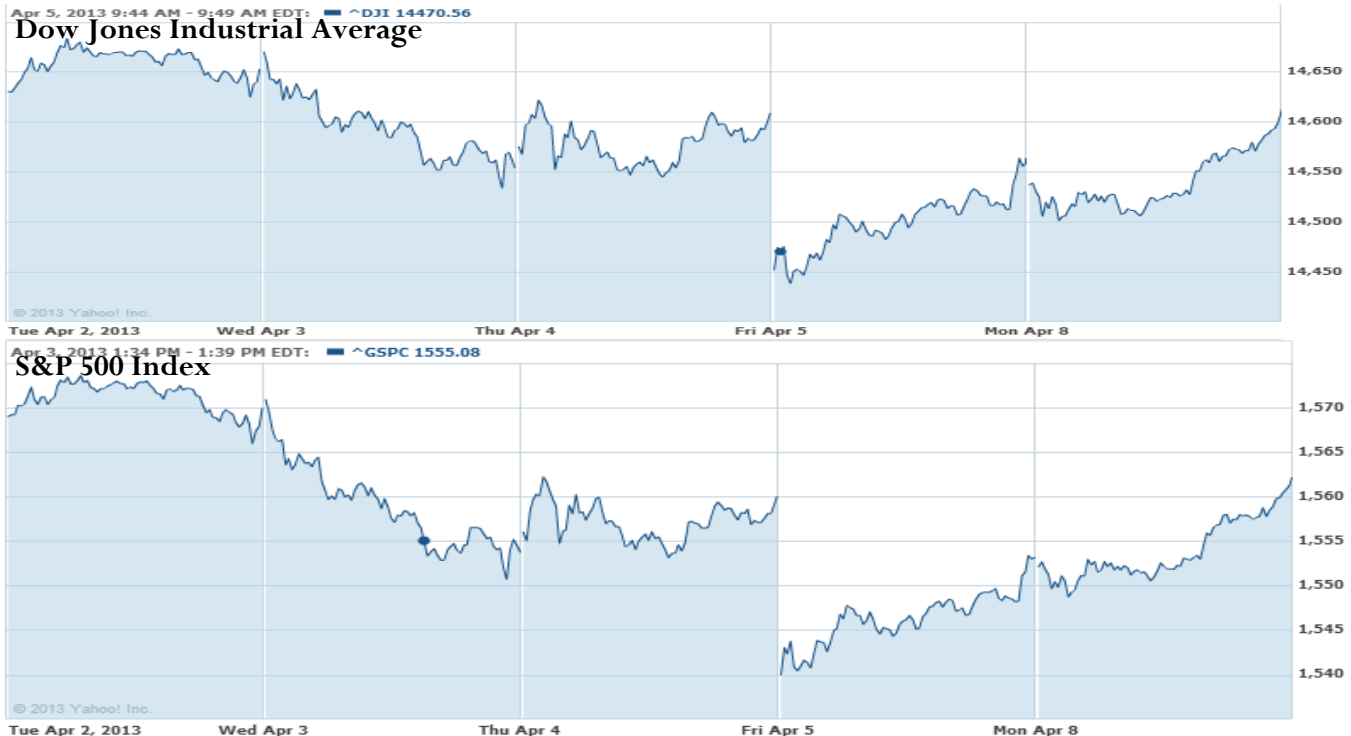


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MARKET RECAP

- JPMorgan Chase won a court victory today that may have saved it \$769 million. The case could also let other banks off the hook in future fraud suits related to mortgage backed securities. FSA Asset Management and subsidiaries of the French bank Dexia sought damages of \$774 million for fraud in 65 mortgage-backed securities sold by Bear Stearns JPMorgan, or Washington Mutual, according to court documents.
- The U.S. Federal Reserve could begin cutting back on its massive bond-buying program this summer if the economy continues to pick up steam, a top Fed official said on Wednesday. The Fed is buying \$85 billion in Treasuries and mortgage backed securities each month to push down long-term interest rates and encourage hiring, and has vowed to continue the program until there is substantial improvement in the labor market outlook. "I expect we will meet the test for substantial improvement in the outlook for the labor market by this summer. If that happens, we could start tapering our purchases then," said San Francisco Federal Reserve Bank President John Williams.

FOREIGN EXCHANGE

- North Korea's military threats have taken a toll on the South Korean won, which plummeted to its lowest in six months. Although the won has had a significant gain last year, being one of Asia's best-performing currencies, this year the economy is slowing and investors are piling on bets that the Bank of Korea will cut rates to revive growth. Stocks are also taking a beating, and overseas fund managers have also pulled money out of South Korean bonds. The won was down 4.2% against the dollar this year during Asian trading hours Wednesday, falling as low as 1,123.5 won per dollar.
- The U.S. dollar, along with U.S. stocks, dropped against the euro and most other major currencies after a surprisingly weak U.S. jobs report. The Labor Department reported nonfarm payrolls rose by 88,000 in March, the smallest increase since last June. The euro rallied against the dollar to as high as \$1.3029. The British pound rose to \$1.5337 from \$1.5234, from the affirmation of the nation's triple-A credit status. The Japanese yen fell against the dollar after plunging in the previous session when the Bank of Japan launched an aggressive monetary-easing program. The dollar fetched ¥97.69 compared to ¥96.34 late Thursday.

Market Highlights

Dow Jones Industrial Ave.	14,565.25 ↓7.6
S&P 500	1,553.28 ↓8.89
NYMEX	93.43 ↑0.08
10-YR. TREAS.	1.75
FED Funds Rate	0.16
Unemployment Rate	7.60

FIXED INCOME

- Nasdaq is betting on both an increase in electronic trading in that market and a pick-up in Treasury transactions once the US Federal Reserve ends its quantitative easing policy of purchasing bonds and suppressing interest rates. For BGC, the sale delivered a handsome return for a subsidiary that generated \$100m in turnover last year, less than 6 per cent of its total revenues. Howard Lutnick, chief executive of BGC, says the price Nasdaq is paying meant the market was “clearly undervaluing the assets of the company.” “We will also have the financial wherewithal to maintain our dividend for the foreseeable future,” he says. Last year, BGC earned \$183.4m and paid dividends to shareholders and limited partners of \$182.9m. For Nasdaq, the deal represents its boldest move to push beyond its core business of equities trading, as weak investment appetite and fierce competition have cut into industry profits.
- The volume of transactions in the country’s Fixed Income Exchange (FIE) grew by a double-digit pace in 2012 as the favorable sentiment on the Philippines lifted demand for peso-denominated government and corporate bonds. Total transactions in the FIE, which is the country’s secondary market for bonds issued by government and private entities, amounted to 5.057 trillion last year—up by 21.5 percent from the 4.162 trillion registered the previous year. In its 2012 report, the Bangko Sentral ng Pilipinas said that the favorable economic performance of the Philippines, as well as the increase in global liquidity, fueled the appetite of local and foreign investors for Philippine securities. Portfolio investors’ positive sentiment on the Philippines was cemented by the decision of Moody’s Investors Service and Standard & Poor’s last year to upgrade the country’s credit rating to just a notch below investment grade, the BSP said.

COMMODITIES

- U.S. soybean prices slumped to a fresh 10-month low amid fears that export demand for the oilseed will slow due to a bird-flu outbreak in China. Traders worry the outbreak will lead to reduced poultry consumption in China and prompt producers to cull their flocks to prevent the spread of the new bird-flu strain.
- Natural-gas futures surged, rising to a 20-month high as investors focused on falling U.S. gas supplies. The decline, which was larger than analysts had expected, also pushed total stockpiles 2.1% below the five-year average for this time of year. Stocks had held above average since September 2011.
- India lifted most controls over the sugar sector on Thursday, a step that will likely boost investment in the industry but add to the government’s food-subsidy cost.

M&A & CAPITAL MARKETS

- Cisco has announced that it plans to acquire Ubiquisys. Headquartered in Swindon, U.K, Ubiquisys is a leading provider of intelligent 3G and long-term evolution small-cell technologies. Cisco thinks that the acquisition of Ubiquisys will further help strengthen its mobility expertise to deliver more intelligent mobile Internet networks. The acquisition of Ubiquisys exemplifies Cisco’s innovation framework based on a build, buy and partner approach. Cisco will pay approximately \$310 million in cash and use retention-based incentives to acquire the entire business and operations of Ubiquisys. The acquisition is expected to be completed in the fourth quarter of Cisco’s fiscal year 2013.
- American Realty Capital Properties, Inc has announced that it is willing to consider all options in order to acquire Cole Credit Property Trust III, Inc. (“CCPT III”). However, it has also stated that it is only subject to constructive and meaningful engagement on the part of the CCPT III special committee. ARCP said that it was disappointed by the continuing refusal of the CCPT III special committee to engage with us with respect to its takeover proposal and accused that CCPT III special committee did not have constructive progress on reviewing

BRAIN TEASER

Five pirates looted a chest full of 100 gold coins. Being a bunch of democratic pirates, they agree on the following method to divide the loot:

The most senior pirate will propose a distribution of the coins. All pirates, including the most senior pirate, will then vote. If at least 50% of the pirates (3 pirates in this case) accept the proposal, the gold is divided as proposed. If not, the most senior pirate will be fed to shark and the process starts over with the next most senior pirate... The process is repeated until a plan is approved. You can assume that all pirates are perfectly rational:

they want to stay alive first and to get as much gold as possible second. Finally, being blood-thirsty pirates, they want to have fewer pirates on the boat if given a choice between otherwise equal outcomes.

How will the gold coins be divided in the end?

UPDATES