

FINANCIAL FRONTLINE NEWSLETTER

WEEK: November 13-November 21 Fall 2013 ISSUE 9

FINANCIAL.FRONTLINE.SOCIETY@GMAIL.COM

S&P 500



Market Recap

- The S&P 500 declined 1.32% and the Dow decreased 0.97% today, the lowest drop for the S&P 500 since late August.
- Twitter's shares rose 73% and drove the company's value to \$25 billion
- Third Quarter U.S. GDP growth measured by the U.S. Bureau of Economic Analysis indicated a 2.8% growth from the second quarter's 2.5%, an uplifting sign before the government shutdown. However, data for fourth quarter may be weaker due to government shutdown.
- The Fed made no modification in asset purchases after the Federal Open Market Committee(FOMC), though the purchasing managers' indexes(PMI) and ISM are all stronger than expected. The consumer confidence and investor risk appetite still suggest a relatively slow economy.

Foreign Exchange

- Goldman Sachs on Thursday became the latest big bank to acknowledge that it was the subject of a series of wide-ranging investigations into the potential manipulation of the \$5-trillion-a-day foreign exchange market.
- President Nicolas Maduro is tightening control of Venezuela's foreign exchange system and intensifying the pursuit of currency speculators that the government has accused of waging an "economic war" against his rule.
- HSBC, Britain's biggest bank, said on Monday that third-quarter earnings, increased by their cost-reduction program, rose 10 percent from the period a year earlier.

Fixed Income

- Treasuries fell the most in two months as reports showed the economy expanded in the third quarter beyond projections and added more jobs in October than forecast. This has boosted speculation that the Feds is moving closer to a reduction of \$85 billion of monthly bond-buying.
- Kenya Power Ltd., the country's sole electricity distributor, is considering selling Eurobonds to help fund its expansion plans and reduce its exposure to the domestic currency, Acting Managing Director Ben Chumo said.

Commodities

- After the US Department of Agriculture released the domestic crop production and world market estimates, corn and soybean prices jumped up due to the positive forecast in the reports. CBOT December corn increased by 1.1% and CBOT November soybeans increased by 0.5%.
- Although the natural gas prices increased during the last few weeks due to the cold winter weather, the prices fell down sharply this week because of the warm weather outlook. The natural gas price closed at \$0.20 per MMBtu lower than the prior week's close price.

M&A & Capital Markets

- After Facebook Inc director Marc Andressen sold 2.28 million Facebook shares at around \$50 per share on November 6, it still holds 4.57 million of Facebook shares. Selling a third of its shares, Andressen says the investment thesis was successful and that the venture-capital firm is still heavily investing in Facebook.
- Twitter Inc's IPO raise to \$2.1 billion prompts other companies including Box, Square, and Airbnb to quicken their IPO plans, as of November 8. Twitter is the epitome that low profits does not have to be an obstacle to high market value.

Financial Term

Overhead:

In accounting, overhead is expenses that do not include direct labor, direct materials, or receivables. Despite how well or poorly a business is operating, overhead must be paid for on an ongoing basis. For example, fixed overhead expenses may include rent, utilities, and insurance, as these do not relate directly to the product or service a business is offering. Overhead expenses can be fixed, meaning the expense costs the same each month, or can be variable and changing.