

FINANCIAL FRONTLINE NEWSLETTER

WEEK: March 25. To March 30

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S&P 500

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Market Recap

- On March 15th, officials in China widened the trading range of the RMB currency band to 2%. One goal is to depreciate the real exchange rate which is significantly overvalued and may be depressing export growth.
- On Monday, March 17th, US industrial production data showed an upbeat rise of 0.6 % in February.
- On Wednesday, March 19th, there was a substantial interruption in the market after a policy statement by Chair Janet Yellen which sent Dow down more than 100 points.
- On Wednesday, March 19th, major US banks stocks rose after Fed's announcement that lenders are allowed to charge higher interests rates for loans and credit card balances.
- On Friday, March 21st, S&P 500 set record for intraday high climbing above the index's prior record reached two weeks earlier.

Foreign Exchange

- Since late February, Chinese government has intervened to drive down the value of RMB against dollar by 2.8 % since 2014. It is believed that such sharp depreciation of RMB may bring a currency war as Chinese exports are once again being very competitive. Chinese government explained the move as a way to drive out speculators. While some other argue that the currency is approaching its real market value since trade surpluses have been shrinking for a long time.
- News on Mar. 24th showed that Venezuela's Socialist government is loosening its currency regulations. It is believed that in the near future, Venezuela will launch a new currency market with a flexible exchange rate determined by the market forces.

Fixed Income

- Latin America's two biggest countries, Brazil and Mexico, filed briefs supporting Argentina in its legal dispute with dissatisfied creditors, boosting hope that the nation will hold off a second default in 13 years.
- The Standard & Poor's 500 Index are clinging to a fifth straight quarterly advance. Such a feat has only been accomplished seven times since 1957. The better-than-expected consumer confidence data out on March 25 are providing more upside.
- China Internet Funds have been called a "blood-sucking vampire" by a famous commentator on state-run television. China's largest banks are calling for regulators to hinder its rapid expansion.

Commodities

- Natural gas slips near 10-week low on forecasts for mild weather after storm which will reduce demand for the heating fuel on the heels of a snowstorm. Gas slipped as much as 1.1 percent. The futures have slumped 32 percent.
- Gold traded above a five-week low in New York as investors weighed the crisis over Ukraine against the outlook for higher U.S. Interest rates. Gold for June delivery added 0.2 percent to \$1314.40 an ounce today. It reached \$1305.90 yesterday, the lowest since Feb.14.

M&A/Capital Market

- McCormick & Co. said its first-quarter earnings rose 8.6% due to the \$122 million acquisition of Wuhan Asia-Pacific Condiments Co., the maker of DaQiao and ShuShiLe brand bouillon products, in order to expand McCormick's presence in China.
- Dell continues its software expansion by acquiring a predictive analytics company StatSoft for an undisclosed amount. Dell announced Monday that the StatSoft Software will be packaged with Dell x86 servers.

Brain Teaser

Brainteaser

If it were two hours later, it would be half as long until midnight as it would be if it were an hour later. What time is it now?

Answer: 9pm