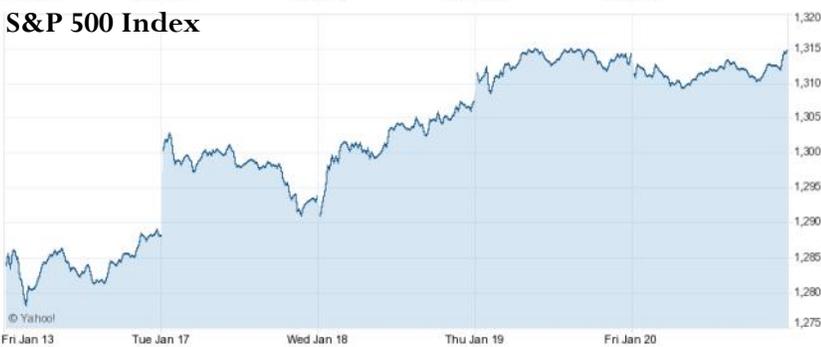
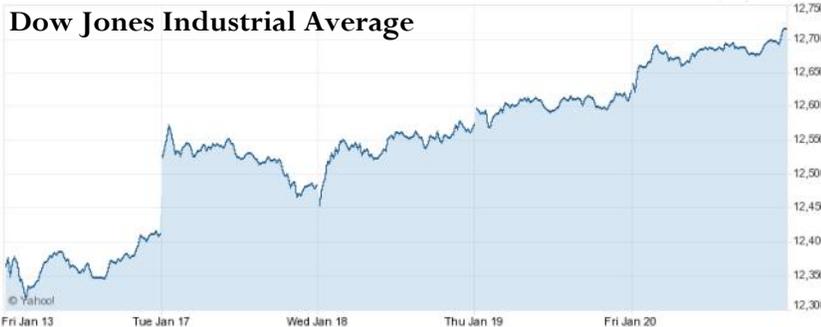


FINANCIAL FRONTLINE NEWSLETTER

WEEK: JANUARY 16 - JANUARY 22 SPRING 2012 ISSUE 1 FINANCIAL.FRONTLINE.SOCIETY@GMAIL.COM



- The S&P 500 turned positive in the final minutes last Friday, which made it the best closing level since last summer. The broader market achieved the third consecutive weekly gain from the beginning of the year and posted a promising start.
- Last week, the Dow ended at a six-month high with 12720.48 points in green. The earnings of IBM pushed up blue-chip stocks for the fourth consecutive session.
- Germany rejected a larger planned euro-zone bailout fund despite for conversations about restructuring Greek debt over the weekend. This renewed fear of a Greek default.

FOREIGN EXCHANGE

- Greece and its private investors are likely to reach a deal about writing down 50% face value of Greece's debt by swapping old bonds with new bonds which have longer maturities but lower interest rates. This deal can decrease EUR4billion a year in interest payments.
- After Standard & Poor's Ratings Services downgraded the sovereign credit ratings of nine euro-zone members, the European Union's financial markets chief, Michel Barnier, said that the central problem is with the region's economies and that the future of the euro is not in danger. Mr. Barnier also said that European governments are now in the process of building a stronger and more integrated Europe and he has full confidence that the euro is robust.

FIXED INCOME

- Standard & Poor's downgraded the credit rating of the European Financial Stability Facility from AAA to AA+ after lowering the ratings of nine euro-zone countries. However, the bailout fund experienced fair demand in the auction that took place last week. Meanwhile, the restructuring of Greek debt continues.
- 10-year-note U.S. Treasury yield reached 2.07%, the highest levels since early December, as Greece shows progress in dealing with its debt crisis. Treasury prices fell along with the investors' demand for US Treasury for their safety. Goldman Sachs recommended the investors go short on Treasuries.

Market Highlights

| | |
|---------------------------|----------------|
| Dow Jones Industrial Ave. | 12,720.48 |
| S&P 500 | 1,315.38 |
| NYMEX | 99.35 ↑0.65 |
| 10-YR. TREAS. | 2% |
| FED Funds Rate | 0.08 |
| Unemployment Rate | 8.50% |

COMMODITIES

- Silver futures rose on Friday to their highest point, of 3.8% at \$31.675 a troy ounce in six weeks because of optimism on industrial demand of silver. Healthy economic data from the U.S. and China boosted confidence in the silver market, which is sensitive to economic indicators.
- Crude-oil futures slumped, as investors feel that tension between Iran and the West can be alleviated. Brent crude on the ICE futures exchange traded \$1.57 lower at \$109.85 a barrel. Besides, investors' concerns over Europe's economic situations are keeping the demand for oil low, and thus, are pressing crude-oil futures price at a low level.

M&A & CAPITAL MARKETS

- According to the Wall Street Journal, business is slow in this economy and is forcing law firms to "merge or die" due to the fact that there is fierce competition for top partners in the law firms. Law firms seeking growth turn their eyes to mergers as over 60 deals within the legal industry were completed last year, a 54% increase from that in 2010.
- India's Supreme Court ruled that Vodafone Group was not liable for the \$2.5 billion in back taxes that came with the purchase of the Indian assets of Hong Kong's Hutchinson Telecommunications International in 2007. This allows Vodafone to have more money to further invest in India and other rapidly emerging markets.
- Pembina Pipeline Corp. agreed to buy natural-gas-liquids infrastructure company Provident Energy Ltd. for US\$3.1 billion in stock, creating Canada's third largest energy infrastructure company.
- The Chinese government and securities regulators encouraged more listings of mainland companies in Hong Kong to use Yuan as dominant currency.

WORD SEARCH

AAA

EUROZONE

FUTURES

GERMANY

GOLDMANSACHS

GREECE

HUTCHINSON

PEMBINA

SILVER

TREASURY

VODAFONE

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