

FINANCIAL FRONTLINE NEWSLETTER

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S&P 500



Market Recap

- Due to the government shut down, several industries have performed weakly, including the Aerospace, Bio Tech, and Life Sciences. Also, government official data has not been available for investors to make informed decisions, so many investors are keeping a close eye on quarterly earnings reports.
- The market reacted to the government shutdown with neither a panic to sell, nor a frenzy to purchase. With the volatile messages from DC about the possibility that an agreement will be made, the market has fluctuated.
- The Fed, which lost part of the spot light due to the conflict in the white house, might be shifting heads soon following Obama's announcement that he supports Janet Yellen as Ben Bernake's replacement.

Foreign Exchange

- Credit Suisse (CSGN.VX) has found no evidence of foreign exchange market manipulation and believes that such a liquid market would be difficult to rig, its chairman said in an interview published on Sunday.
- The U.S. has launched a criminal investigation of potential manipulation of the foreign-exchange market, according to a report in Bloomberg News on Friday. The probe comes amid other ongoing investigations in Switzerland and the U.K. into possible rigging of foreign-exchange rates.

Fixed Income

- The US could become the first major western country to default on its debt since Nazi Germany 80 years ago. Failure by the world's biggest economy to pay its debt in an interconnected, globalized world risks an array of devastating consequences that could lay waste to stock markets from Brazil to Zurich and bring the \$5 trillion market in Treasury-backed loans to a halt.
- Canadian Finance Minister Jim Flaherty said today he's discouraged by the lack of progress in talks between U.S. President Barack Obama and Republican lawmakers in Congress to lift the country's debt ceiling and avoid a default.

Commodities

- NGLs (Natural gas liquids, mostly ethane and propane) have slightly increased in price this past week. NGLs are a critical component of the upstream energy production, since it largely affects the ultimate earnings and revenues of the upstream companies.
- Natural Gas for November delivery jumped up 1.4 percent to \$3.776 per million British thermal units on the New York Mercantile Exchange. This is the biggest weekly gain in the past 11 months. The main reason for the gains in natural gas futures is the cold US weather, which will result in an increase in demand for natural gas, and thus an increase in the natural gas prices.

M&A / Capital Markets

- As of October 14th, the French government still has been debating whether Electricite de France SA (EDF) should have an extension from 40 to 50 years in amortizing its nuclear reactors. Increasing the extension would add value to the largest nuclear operator, as it would improve its earnings and cut debt. In any case, EDF must improve its safety before any sorts of approval.

Financial Term

Simple Moving Average: Calculated by finding the average stock price over a certain period of time: add the closing price of the security for a number of time periods and dividing this total by the number of time periods. Short-term averages respond quickly to changes in price while long-term averages are slow to react, so traders watch for short-term averages to cross above long-term averages to signal the beginning of an uptrend.