

February 13<sup>th</sup>, 2011

**Weekly Wrap:** The S&P 500 posted its biggest daily percentage decline thus far in 2012 on Friday after an about-face on Greece's long-awaited debt deal ended a five-week streak of gains for equities. For the week, the S&P fell 0.2 percent and Friday's losses snapped a three-day string of gains. The Dow fell 0.5% for the week while the MSCIW world benchmark was down by 0.3% and the FTSE slipped 0.68%.

Concerns that gridlock could keep Greece from getting more bailout money spurred some relatively aggressive selling that resulted in the stock market's worst session since December. Ensuing losses also sent the stock market into the red for the week, snapping a streak of five straight weekly gains.

However markets should be buoyed by the news that Greece's parliament has passed a controversial package of austerity measures early Monday morning which was demanded by the eurozone and IMF in return for a 130bn-euro bailout to avoid default.

Prior to Friday stocks didn't move very dramatically. As such, the broad market finished with a fractional loss on Monday. Trade on Tuesday, Wednesday, and Thursday finished with modest gains after the broad market managed to overcome some modest morning selling pressure. Those measured moves still put the S&P 500 at its best level in seven months by Thursday. Earnings last week were generally upbeat, but the reports had little influence on overall trade.

Some analysts said they saw Friday's decline as just a pause in an overall higher trend. Even with the day's decline, the benchmark S&P 500 index is up 6.8 percent since the start of the year and remains at seven-month highs.

Fed Chairman Bernanke testified to the Senate Budget Committee about the economy and its outlook in the first half of the week, but because his comments did not deviate from those delivered last week to the House Budget Committee market participants considered it a non-event.

Index	Last Week	This Week	Daily	Weekly	YTD
DJI (US Index)	12845.13	12801.23	-0.34%	-0.34%	4.78%
S&P 500 (US Index)	1344.33	1342.64	-0.13%	-0.13%	6.76%
FTSE 100 (UK)	5892.20	5852.40	-0.68%	-0.68%	5.03%
DAX (German)	6764.83	6692.96	-1.06%	-1.06%	10.16%
CAC (French)	3405.27	3373.14	-0.94%	-0.94%	4.68%
Nikkei (Japan)	8929.20	8947.17	0.20%	0.20%	5.82%
HangSeng (Hong Kong)	20709.94	20783.86	0.36%	0.36%	12.75%
S&P/ASX 200 (Australia)	4296.00	4245.30	-1.18%	-1.18%	3.63%
MSCIW (World Index)	1273.46	1269.66	-0.30%	-0.30%	7.05%
Baltic Dry Index	648.00	715.00	10.34%	10.34%	-58.86%
Volatility Index(vix)	17.76	20.77	16.95%	16.95%	-11.24%
Euro Stoxx 50	2507.89	2480.76	-1.08%	-1.08%	4.66%

Commodity Prices USD	Last Week	This Week	Daily	Movement	YTD
Oil	96.85	99.62	2.86%	2.86%	-1.43%
Gold	1720.4	1730.4	0.58%	0.58%	10.43%
Silver	33.75	33.82	0.21%	0.21%	21.35%
Palladium	704.5	699	-0.78%	-0.78%	11.13%
Gas	2.575	2.43	-5.63%	-5.63%	-19.64%
Copper	3.838	3.9	1.62%	1.62%	13.69%
Corn	641	636.2	-0.75%	-0.75%	-0.28%
Cotton	96.24	90.61	-5.85%	-5.85%	-0.84%

Exchange Rates	Last Week	This Week	Daily	Movement	YTD
GBP/USD	1.58134	1.57853	-0.18%	-0.18%	1.69%
EUR/USD	1.31232	1.32481	0.95%	0.95%	2.23%
EUR/GBP	0.82972	0.83929	1.15%	1.15%	0.54%
USD/YEN	76.56907	77.6306	1.39%	1.39%	-4.95%
USD/AUD	0.93297	0.93114	-0.20%	-0.20%	-4.95%
GBP/MYR	4.75984	4.77681	0.36%	0.36%	-2.90%

10 Year Bond Yields	Last Week	This Week	Daily	Movement	YTD
US	1.93	2.00	3.63%	3.63%	6.38%
UK	2.20	2.11	-4.26%	-4.26%	6.62%
German Bund	1.93	1.91	-1.04%	-1.04%	4.20%
Japan	0.98	0.98	-0.20%	-0.20%	-0.31%
Australia	3.97	4.03	1.58%	1.58%	9.84%
Brazil	11.47	11.35	-1.03%	-1.03%	0.38%

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European Economic news was also in the mix this week, but a focal point was European Central Bank (ECB) President Draghi's decision to expand ECB collateral guidelines, effectively making policy there more accommodative. The ECB did keep its target lending rate at 1.00%, though. The Bank of England opted to leave its target rate at 0.5%, but expanded its lending program by 50 billion to 225 billion pound.

Ratings agency S&P downgraded 34 of 37 Italian banks, including banking giant UniCredit, citing worries over the industry and economic risks in the country. The move comes after the ratings agency's downgrade of Italy's sovereign rating in January to BBB+, along with downgrades of nine other euro zone countries.

Adding to woes, Chinese January trade data fell the most since the depths of the financial crisis, signalling further demand decline.

This week sees a busy week of economic news in the US with manufacturing, production housing market sentiment and business inventories and retail sales being released as well as December quarter GDP assessments from Japan and the eurozone.

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