

Headlines from the Summer

- The city of Detroit filed for chapter 9 bankruptcy protection on July 18. It is the largest municipal bankruptcy filing by debt in U.S. history, estimated to be around \$20 billion.
- The Obama administration reached an agreement with the Bashar al-Assad regime to destroy Syria's stockpile of chemical weapons after using the nerve agent sarin to kill more than 1,400 people outside of Damascus in August.
- After a slow start in the first half of 2013, China's manufacturing index has climbed to 51.2 from 50.1 in August, increasing expectations for the rest of the year.

Things to Watch For

Borrowing costs in the United States are increasing from record lows as the Federal Reserve raises interest rates. For the first time since the financial crisis, inflation, not deflation, has become the imposing factor shaping monetary policy. In Europe, however, Mario Draghi, President of the European Central Bank, expects to keep its key rates "at present or lower levels" for an extended period amidst anemic growth.

Investment Banking Terminology:

"Go-shop" provision – A target company negotiates with a single bidder before announcing its acquisition. The target will then search for other bidders after the deal is announced. This type of mechanism is used to satisfy the board of director's "Revlon duties" to ensure the board seeks out the highest price for shareholders, as deemed necessary for Delaware-incorporated companies.

Market Snapshot for June 1, 2013 – October 1, 2013

As of October 1st	October 1st	QTR % Δ	LTM % Δ
S&P 500	1695.00	5.0%	17.3%
Gold	\$1,290.75	3.9%	(27.8)%
Oil	\$102.04	4.1%	10.3%
10 Yr. T-Note	2.66%	6.4%	62.6%

Currency Crisis in Southeast Asia

Over the past five years, and especially the last six months, currencies in Southeast Asia have plunged, up to 57% against the U.S. dollar. India, Thailand and Indonesia have taken the biggest hits as investors have removed their money, which is mostly denominated in US dollars, and recommitted it into developed, stable, growing economies, such as the United States, where the economy has begun showing signs the deleveraging is over. This recent capital flight in the region has undermined economic growth, stalling the development of emerging sectors, such as information technology and manufacturing.

Major Mergers and Acquisitions

- On September 3, Microsoft agreed to acquire Nokia's handset and services business for \$7.2 billion in an effort to reshape itself for the mobile era that has largely passed the company by.
- On September 2, Verizon agreed to spend \$130 billion to buyout Vodafone's stake in the company. This was one of the largest buyouts in the past decade.
- Cisco agreed to buy Sourcefire, a cybersecurity services company, for \$2.7 billion, on July 23. Cisco paid \$76 a share in cash, a 30% premium.
- IBM bought SoftLayer Technologies, a cloud computing company, for \$2 billion, on June 4th.

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