

## U.S Dollar falls to a new 15-month low

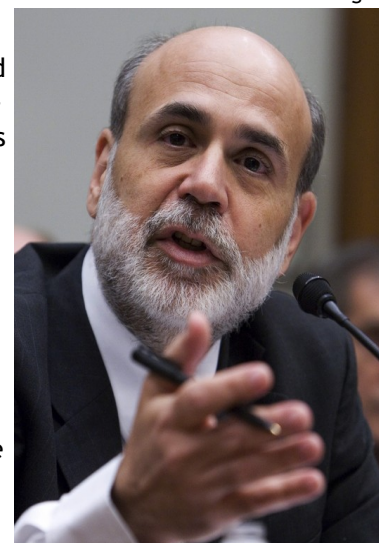
Derek Weigel

The U.S Dollar spiralled to its lowest point in 15 months late on Monday night, further fuelling doubts of the U.S Dollars ability to be the global reserve currency. The Dollar Index, which tracks the U.S Dollar to a basket of foreign currency stumbled a further 0.6% in recent trading, and Monday it fell to 74.679; the lowest it has been since August 2008.

The Federal Reserve Chairman, Ben Bernanke, gave a speech on Monday 16th

November in response to the tumbling dollar, where he tried to restore confidence in the weakening currency. Bernanke firmly stood by the Dollar stating that the Federal Reserve would "help ensure that the dollar is strong and a source of global financial stability" and that the Federal Reserve was "attentive to the implications of changes in the value of the dollar." The speech somewhat restored confidence. U.S equities markets responded by rallying to produce gains on

the Dollar on Tuesday. However, the streak lasted only a day and on Wednesday the Dollar restarted its slide. In other news, U.S retail sales in October raised by a stable 1.4%, following a steep rise in automobile sales due to the "cash for clunkers" scheme. However, October 2009 sales were down by 1.7% compared to those of October of last year. The numbers show that despite still teetering on the edge of recession, consumer spending is beginning to increase.



Ben Bernanke, Federal Reserve Chair, attempts to restore confidence.

### Markets

On Thursday, FTSE 100 Index (FTSE:FSI) closed at 5,307, 1.67% below its 52-week high of 5,397, set on November 16, 2009. Despite the Bank of England's encouraging outlook of economy, which nevertheless has been the strongest of any forecast, it has made since it was granted independence in 1997.

Yesterday saw Dow Jones Industrial Average (DJI:DJI) closed at 10,332, 1.01% below its 52-week high of 10,438, set on November 17, 2009 and the NIKKEI 225 INDEX (n225:NIK) closed Friday at 9,498, 11.79% below its 52-week high of 10,767, set on August 31, 2009.

Shopay Ghesmat

### Winners & Losers

Company	Price	Change
OLD MUTUAL PLC	120.50 p	3.61 % (4.20 p)
FRESNILLO PLC	902.50 p	3.56 % (31.00 p)
LONMIN PLC	1,731.00 p	2.73 % (46.00 p)
JOHNSON MATTHEY	1,589.00 p	2.58 % (40.00 p)
THOMAS COOK GROUP	209.80 p	-3.98 % (-8.70p)
TUI TRAVEL PLC	249.40 p	-2.27 % (-5.80p)
HAMMERSON PLC	430.90 p	-2.05 % (-9.00p)
BRIT LAND CO PLC	477.50 p	-1.89 % (-9.20p)

### JPMorgan Unveil Cazenove Deal

Bradley Wright

US investment bank JP Morgan Chase will take full control over UK stock broker Cazenove in a £1bn tie up. The rumoured deal, reported last week, will see JP Morgan buy the remaining 50% of Cazenove it does not already own.

The deal will see a number of Cazenove staff receive large million pound plus windfalls, as the stock broker has been managed as a partnership. It is widely believed Cazenove is the Royal family's bank and its roots trace back to 1819.

2004 saw JP Morgan and Cazenove originally join forces, with the American investment bank acquiring a 50% stake in the then independent bank. The two banks merged investment banking operations, forming JP Morgan Cazenove.

Under this deal, JP Morgan had until February 2010 to exercise an option to acquire the remaining 50% of the UK stock-

broker, and officially announced the deal yesterday (GMT) morning. Reports have suggested Cazenove Chairman David Mayhew could be in line for £19mn for his part in the tie up.

The deal will certainly strengthen JP Morgan's European presence, as the bank integrates JP Morgan Cazenove in its U.K. investment banking and brokerage operation. It will combine cash equities and research operations for the first time.

JP Morgan will pay 535 pence for the remaining shares, valuing the Queen's stock broker at £2bn. The combined firm will cut 'some' jobs according to Naguib Kheraj, JP Morgan Cazenove CEO, 'but not many' as the firm is fully integrated into JP Morgan's operation. Mayhew and Kheraj will remain in their positions and will help with the integration.

## Company Profile

**Name:** JP Morgan Chase Pearl Boateng

**Share price:** 42.985 (US \$) down 0.395 (price change), (percentage change 0.91%)

**Overview:** JPMorgan Chase & Co. is a leading global financial services firm with assets of \$2 trillion and operations in more than 60 countries. It is currently traded on the NYSE and JPM. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands.

The following businesses operate under the JP Morgan brand: Investment Bank, Asset Management, Treasury Services, Worldwide Securities Services, Private Banking, Private Client Services, One Equity Partners.

The following operate under the Chase brand: Branch, ATM, telephone and online banking, Credit card, Small business, Home finance and home equity loans, Auto finance, Education, finance and Insurance. The commercial banking businesses include: Middle Market, Corporate, Commercial Real Estate, Business Credit, Equipment Finance.

·JP Morgan Chase received the 5<sup>th</sup> largest amount (\$25billion) under the 2008 US bailout bill (TARP) via the US treasury.

### **Figures for 3<sup>rd</sup> quarter 2009:**

·Firm-wide revenue of \$28.8 billion, resulting in record year-to-date revenue

·Tier 1 Common ratio increased to 8.2%, Tier 1 Capital ratio of 10.2%

·Net income of \$3.6 billion, compared with net income of \$527 million in the third quarter of 2008. Earnings per share were \$0.82, compared with \$0.09 in the prior year.

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## New Chairman at Lazard

Sunny Shah

Mr. Kenneth Jacobs has been appointed as the new chairman for Lazard after the unexpected death of Bruce Wasserstein last month. Fellow bankers are happy with his appointment, as the veteran banker is known for his low-key leadership style and was the dealmaker who wrested control of the company earlier this decade, also launching its initial public offering.

Mr. Jacobs who joined Lazard in 1988 and was named vice-chairman seven years ago, aims to stick with a strategy he helped Mr. Wasserstein to execute. His credentials as a skilled

merger adviser and as a lieutenant to Mr. Wasserstein should help ease his transition to the top post.

According to Roy Smith, "Lazard has straddled itself between two business models - the large integrated investment bank, and the small, flexible boutique firm and the real question for Wasserstein's successor is whether to try to continue this delicate business strategy or to sell the firm"

Lazard's board has faith that Mr. Jacobs is an extremely talented, capable banker and a good strategic long-term thinker who would help the Bank grow.

## Strictly Bites

Sarah Lloyd

UBS announced ambitious pre-tax profits of \$14.8bn over the next 3-5 years. This was an attempt to recover from the bad news relating to the Swiss bank in recent weeks. Analysts were cautious and somewhat sceptical as this would be a dramatic turnaround.

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Standard Chartered's Chief Executive, Peter Sands has warned that augmented capital and liquidity requirements would not be absorbed by banks but that the increased cost would instead be passed on to customers. Furthermore, he highlighted the potential negative impact of increased regulation upon London as a financial sector.

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Asset Management Fund, Gartmore, plans to launch an IPO. The move is viewed as an effort to overcome its net debt of £150mn. 42 per cent of the fund is owned by staff whilst the remainder is held by a private equity fund—Hellman & Friedman. The latter assisted Gartmore with a £500mn management buy-out in 2006, which was the largest ever in the asset management industry.

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The Spanish Central Bank wants a third of the country's savings banks to be absorbed by stronger institutions. The Bank's governor hopes that at least 15 mergers will have occurred by next spring.

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The Building Society Association of UK has bemoaned the unlevel playing field created by the government backing of the banking sector. As building societies have insofar not required government aid, the discrepancies between the banks and the societies has been epitomised by the difficulties faced by the latter in what is being called "an unlevel playing field".

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Japan has marked its first four-week straight drop in over a year. The Nikkei fell 0.5 per cent on Friday as Sony continued to slide after it failed to reassure investors. However, the Japanese banking sector has helped to mitigate the Nikkei's downward slide.

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Predictions were made that banks will be finding other ways than CoCo Bonds (Contingent Convertibles) to meet capital requirements. Lloyd's CoCo's are, however, continuing to spark interest in markets as the first post-crisis attempt to meet regulators' concerns about existing hybrid bonds.

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As AOL plans for its "spin-off" from Time Warner it announced on Thursday that it will be reducing its work-force by a third. The aim is to save \$300mn annually. AOL was once the world's largest internet provider and now is asking for voluntary departures ahead of compulsory redundancies. Approximately 100 job cuts have already occurred this month.