

HIGHLIGHTS OF THIS ISSUE

In this issue, we briefly update our existing themes. We then present in the spotlight piece our **Reservoir Dogs** theme, which attempts to delve into the effects of oil prices on a large array of asset prices.

- As promised, solid macro support ultimately kept market risk alive during the past eventful month. With most risky assets approximately recovered to pre-tsunami levels, the calculus of risk is still problematic. This is no time for heroes.
- In our **Earth, Wind & Fire** theme, the catastrophe in Japan will likely affect positively the infrastructure-cum-energy theme; however, the counterweight, within our **Paying the Piper** theme, is that Japan will need to find a way to pay for this.
- In our **By & Large** theme, in theory, we should be seeing a lot more M&A deals this year. The theory is nonetheless missing one ingredient.
- In our spotlight piece, it is all about oil prices. Oil prices are very high; however, they could be going higher in the near term. Is there a tipping point? We opine on the level of oil prices which changes things for the rest of the markets and it is closer than most think. Finally, and most importantly, we explore the effect of oil prices on equity, currency, fixed income and commodity markets.

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