

HIGHLIGHTS OF THIS ISSUE

In this issue, we briefly update our existing themes. We then present **Three Arrows & a Funeral**, our spotlight piece, which explores future market implications from the recent policy changes in Japan, both locally and, more importantly globally.

- **Santa Claus's** rally came after all, it was not uniform and it is now behind us.
- It left US yields perilously shy of the 3% mark with follow-up questions for **high yield and EM local currency markets**. The former are better positioned, the latter already plenty shaken.
- We thus think about fixed income looking at **a new credit instrument**, which has little US treasury yield risk.
- Finally, and farther away from the US interest rate saga, **China** is throwing another bone for the markets to chew, this time a positive one, at least in the first instance.
- In our **Three Arrows & a Funeral** spotlight piece, we don't purport to know what lies ahead in Japanese markets, which are often thought of as sudden graveyards for many a financial market career. We do believe, however, that currently the risk is asymmetric to the downside, especially for equities. We would argue that Japan is indeed a top global market risk for 2014.

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