

SFG Finance Committee

Market Report

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Current events:

- The Democratic Party of Japan claimed victory in elections over the Liberal Democratic Party, which has been in control of Japan for half a century. News of the victory was met by gains in the Yen and Nikkei.
- Governor Charlie Crist has appointed his former chief of staff and campaign manager, George LeMieux, to take the place of Republican state senator Mel Martinez who resigned.
- Hedge funds run by Cerberus Capital Management face more than \$5.5 billion in redemptions as investors pull their funds in response to the poor economy and losses in the fund. Cerberus had made significant investments in Chrysler and GMAC.
- The government's "Cash for Clunkers" program ended on 9/21. The program received about 690,000 applications for total government rebates in excess of \$2.87 billion. Consumer spending in July was reported to have increased by 0.2%.

Equities: Jonathan Saxer

Equities in the states have seen better days, but not this year. Reasons for this summer's bull-beat-bear turn stem from the following:

- Consumer Confidence – In any bull market, this is the obvious fuel that is pooled from positive media, company highlights, and positive census information.
- Less-Frequent Foreclosures – add to financials strength, giving them a push towards regaining much needed capital.
- Bernanke – After extensively researching the Crash of '29, this Federal Reserve Chairman convinced many managers to halt self-interest, and help the economy to the best of their abilities.

Fixed Income: Kimberly Crofford

- The bond market has been driven by equities, and there is further skepticism of whether the economic recovery is real. The U.S. government sold a record \$28 billion of seven-year notes in the previous week, in which they held a 3.09 percent yield compared to last month's 3.369 percent yield. Overall, investors invested in \$109 billion of government notes.
- According to Merrill Lynch & Co.'s U.S. Treasury Master Index, demand for "safe" government debt helped Treasuries to bounce back up 0.4 percent in July plus another 0.7 percent in August. The Barclay's Capital U.S. Aggregate Bond Index has progressively risen since May. Within the past three months, it has gained 3.82%.
- U.S. single-family housing prices have risen 1.4 percent in June, while consumer confidence has risen in August. Current housing prices are indicative of an economic recovery. However, mortgage defaults have risen in recent months, because of high unemployment rates (currently 9.5%) and the poor housing market in the second quarter.
- The U.S. government along with The Federal Reserve has contributed more than \$12 trillion in attempts to revive the economy after the financial crisis. According to the Congressional Budget Office, the projected deficit for this year is to reach \$1.6 trillion and another \$1.4 trillion in the coming year.

Commodities: Keene Chau

- In May and June, crude oil prices continued to rally, rising above \$70 a barrel. In July, prices fell on account of the poor economic situation and a weak summer driving season. Energy prices this summer were much lower than the record highs set in the previous summer (2008). The Energy Information Administration forecast prices to average \$60.35 in 2009, as fuel consumption continues to fall, they do not predict consumption to grow until 2010.
- Gold peaked near \$990 an ounce in June, as the dollar weakened on inflationary fears, and the federal government continues to increase spending. In March, the national debt increased to a value of over 11 trillion dollars.
- Prices for agricultural products were low this summer, due to the lower cost of fuel and feed inputs. The USDA predicted that livestock, dairy, and poultry demand will remain low throughout the year leading to lower prices. High grain production this year has also depressed prices.

Additional

- Upcoming events:
 - First general meeting featuring Capital One (9/3/09)
 - SFG Tailgate with Siemens (9/19/09)
 - Career Showcase: Non-Technical Day (9/29/09)

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