

SFG Finance Committee

Market Report

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Equities: Dessi Sevdina

- Stocks in the US, Europe, and Asia drop on valuations, as the dollar rises and oil falls.
- U.S. stocks fell, pulling the Dow Jones Industrial Index down from an 11-month high.
- The S&P 500 Index fell 0.3 percent to 1,064.66; The Dow dropped 41.34 points, or 0.4 percent, to 9,778.86. Five stocks retreated for every two that rose on the New York Stock Exchange.
- Gains in health-care and technology limited the market's decline, hence the NASDAQ was the only index with a gain among all major world indexes
- AIG jumped 21 percent to \$48.40 for the biggest gain in the S&P 500, while Wal-Mart had the steepest gain in the Dow, rising 1.6 percent to \$50.91
- Bank of America lost 2.2 percent as reports are coming in concerning the fund repayment to the Government

Fixed Income: Keene Chau

- Bond prices continue to decrease as supply of bonds increases, the treasury is planned to auction \$112 billion dollars in treasury notes this week.
- A strategic advisor at Pimco, Richard Clarida, stated that it is very likely that the government will keep rates low (0-0.25%) through 2010 as we cautiously enter into a recovery cycle. Clarida does not see inflation being a big threat in the coming year.
- Analysts at Citigroup have noticed strong growth in high yield bond issuance, \$98.6 billion dollars of high yield securities have been issued year to date, which is a 62% increase what was issued by this time last year. The prices of junk bonds have increased as many investors believe that the default rate will drop as the economic recovery continues.
- President Obama spoke against large banks in the student loan business claiming that the banks were receiving an un-warranted subsidy. The president supports legislation that would shift much of the lending in the \$92 billion student loan industry away from banks and Sallie Mae to programs run by the Department of Education.

Commodities: Rachel Morin

- The world's biggest consumer of sugar, India, slowed its purchasing of the commodity. Following adverse weather conditions, both Brazil and India have been unable to produce sufficient amounts of sugar, leading to a second global-production deficit. To make up for the destitute harvest, India has been importing copious amounts of cane. Though, with an improving climate and crop, India has decreased the amount of sugar purchased, leaving the good in technical "no man's land".
- Gold has been an interesting commodity to watch in the past few weeks. Due to its hedge value, the price of gold can be viewed as inversely related to the price of the dollar. Gold closed last week at a record closing high of \$1020.20 per ounce, as the dollar maintained a six-day high above the euro.
- Increased supplies of domestic grain led to the fourth session fall on wheat futures expectations. Wheat is the fourth-largest U.S. crop.
- China Investment Corporation (CIC) acquires a 15% stake in major commodities trader Noble Group Ltd. Statements from CIC claim that the investment is a part of the Chinese sovereign-wealth fund's plan to increase diversification.

Currencies: Kimberly Crofford

- On Monday, the U.S. dollar hit a two-week high, rising 1% against the yen (92.04 yen/dollar). One reason for a stronger dollar in the past couple of weeks is that speculators think the Federal Open Market Committee may imminently announce a removal of government stimulus.
- As policy makers discuss further stimulus goals, The Fed's target rate for its overnight loans will remain from 0.00 – 0.25% at its two day policy meeting which will begin Tuesday. Future outlook for the next three to six months in the U.S. economy rose 0.6 percent in August.
- The ICE Futures dollar index .DXY monitors the greenback against six currencies. This index rose 0.5% to 76.776 after rising to its highest level since September 10th, of 77.108.
- While the euro fell 0.2% to \$1.4672, the pound reached a five month low of 90.78 pence against the euro upon the Bank of England's announcement that the pound's sustainable exchange rate may have fallen due to emphasis on economic disparity.

Additional:

- Upcoming events:
 - SFG Flag Football - Game 3, 9/28/09
 - Career Showcase – 9/29/09

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