

SFG Finance Committee

Market Report

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Equities: Kim Crofford

- The rally within the stock market has increased the S&P 500's index by 54% since early March, but its winning streak may be coming to an end. The high U.S. unemployment rate of 9.7% has concerned many investors, because of its high impact on possible consumer spending. In fact, last Friday's data showed new orders of long-lasting manufactured goods falling by the largest margin in seven months.
- Regardless of last week's loss within the S&P 500, Dow Jones Industrial Average, and the NASDAQ by 2.2, 1.6, and 2.0 percent accordingly, the S&P 500 still has gains of 14% this quarter on top of 15% gains in the previous quarter. Being that we are in a recovery, stocks are a very attractive investment as opposed to other alternatives.

Fixed Income: Jonathan Saxer

- Spanish BBVA issued 1.8 billion Pounds (2.0 billion Euros) of convertible 5% locked-5 yr. bonds.
- The government issued a record \$112 billion worth of Treasury's this week. \$29 billion offering of 7-year notes, \$40 billion sale of 5-year notes and a \$43 billion sale of 2-year notes on Thursday, Wednesday and Tuesday, respectively.
- The yield on the benchmark 10-year note fell 14 basis points on the week, or 0.14 percentage points, to 3.32 per cent.
- Prices for longer term Treasury's increased Friday after reports on durable goods orders and new home sales raised concerns about the economy and boosted demand for the safety of U.S. debt. As bond prices increase, yield decreases. So you are purchasing a less risky investment that won't return as much as a lower priced bond.

| Sep 27 9:46am ET † | Price | Change | Yield | Yld Chng |
|--------------------|-----------|----------|-------|----------|
| 2 yr | 100 | -2/32 | 0.98 | +0.05 |
| 5 yr | 100 1/32 | +1/32 | 2.36 | -0.01 |
| 10 yr | 102 17/32 | +17/32 | 3.32 | -0.06 |
| 30 yr | 107 | +1 14/32 | 4.09 | -0.08 |

Commodities: Dessi Sevdina

- Crude traded near \$67 a barrel in New York on optimism about an economic recovery in the U.S., the world's biggest energy consumer
- Oil stockpiles rise around the world as demand stays low, prices to stay low until economic recovery is established firmly
- Gold futures: December gold rose \$2.50 to \$994.10, trading was slow because of observed holiday
- Copper: Copper futures retraced most of their early decline amid the possibility of a strike in Chile and the stronger tone in equities. Initially, they had tumbled in response to a stronger U.S. dollar and concerns about Chinese demand. December copper fell \$1.35.
- There is a rise in wheat and corn stockpiles as farmers decrease quantity of livestock and the need for food

Currencies: Rachel Morin

- The yen reached its highest close in relation to the dollar (trading at 89.62 per dollar) since February. This activity is in line with speculation that Japan's new government plans on allowing the currency to appreciate.
- The dollar appreciated the most that it has in four weeks in relation to the euro following the European Central Bank President's declaration that it is extremely important to have a strong greenback. President of the World Bank, Robert Zoellick, reportedly stated in a speech on Monday, September 28th, that the dollar's dominance as the world's main reserve currency will be challenged as the global economy recovers from the financial crisis.

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