

# SFG Finance Committee

## Market Report

**SFG Finance Committee - Market Report**  
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### Equities: Rachel Morin

- The S&P 500 increased to a one-year high under speculation that corporate earnings will improve. Oil and metal prices gained as the value of the dollar continued to lose. For the first time in nearly four decades, the S&P 500 and the value of the dollar are moving in opposite directions. The correlation coefficient of -0.45 is the lowest in the history of the dollar index.
- Analysts from Bank of America believe that the recent stock rally will soon come to an end, due to the insufficient number of shares being traded. The rally of S&P 500 stocks occurred on a very low volume of shares, prompting the question of the upturn's sustainability.

### Fixed Income: Kim Crofford

- Last Thursday, the dollar sunk to 14-month lows due to concern over the Fed's zero interest rate policy. With such a weak currency, U.S. assets have become much less attractive to other countries. Demand has been very weak during U.S. debt auctions this year in which investors have kept a close eye on, because of the escalating budget deficit.
- In the mean time, inflation expectations are low – keeping a cap on interest rates. There is also anticipation of an estimated \$1.5 trillion issuance in Treasury Bonds to hit the market next year.
- U.S. Treasury debt prices fell on Friday with 2 year notes yielding 0.96 percent while 10 year notes yielded 3.30 percent.

### Commodities: Jonathan Saxer

- Saudi Arabia is cutting shipments of oil to Asia, and will reduce even more in November.
- Because of the weak dollar, gold soared \$7.50 this week. Technical trades and futures contracts lately have also contributed to this increase. With investors claiming the market is overbought right now.
- NAL oil (NAE-UN.TO) last traded at 12.45 (down .9) acquires Alberta.

Commodities Prices			
<u>Energy</u>	<u>Metals</u>	<u>Livestock</u>	<u>Crops</u>
Light Crude: 74.15	Gold - 1065	Pork bellies – 82.75	Corn – 381.75
Natural Gas – 4.59	Silver – 17.84		Soybeans – 993.00
Unleaded Gas – 1.83	Platinum – 1,360.70		
	Copper – 2.79		

### Currencies: Dessi Sevdina

- Optimism for the global economic recovery curbed demand for safe-haven currencies.
- The yen (safe currency) traded near a two-week low against the euro, while the New Zealand (risky) dollar rose against 16 Asian counterparts.
- "Any repeat of the broadly positive earnings surprises seen in Q2 is likely to lead to further gains for commodity currencies at the expense of the U.S. dollar," Gareth Berry, a currency strategist in Singapore at UBS AG
- The U.S. dollar will strengthen against the euro and commodity-backed currencies by less than previously estimated over the next three months, UBS AG said, revising earlier forecasts; it has dropped against all 16 of its most-active counterparts this year
- The dollar is expected to trade between \$1.40- \$1.50 per euro at the end of this year
- The commodity-backed currencies of Australia, New Zealand, Canada, Brazil, South Africa and Norway, have been the biggest gainers against the dollar this year as traders bet on assets that would benefit from a global recovery

### Upcoming SFG Events:

- Arkansas v. UF – SFG Tailgate – Sponsored by Wells Fargo, 10/17/09
- CEI Ambassadors' Business Cup, 10/18/09
- Day of Difference – Training Days, 10/20/09 – 10/21/09
- SFG General Meeting – Stalla CFA, 10/22/09

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