

SFG Finance Committee

Market Report

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Equities: Kimberly Crofford

- On Monday, global stocks rallied after G20 policy makers set a goal to keep emergency economic aid in circulation until an economic recovery was certain. This boosted risk-taking with regard to U.S. stocks. Analysts are skeptical about the rally, its strength, and an actual “economic recovery”. Instead they believe that “free money” has come into play and that we are actually “re-inflating” the whole situation.
- The Dow Jones industrial average was up 1.57% to 10,180.92, the Standard & Poor’s 500 Index was up 1.68% to 1,087.30, and the Nasdaq Composite Index was up 1.52% to 2,144.51.

Fixed Income: Keene Chau

- A story published by Bloomberg on Nov. 11th describes the increase in companies going into bankruptcy and how creditors are joining together to plan “pre-packaged” bankruptcies for troubled firms. The pre-packaged bankruptcies involve planning and negotiations between creditors and management prior to declaration of Chapter 11 bankruptcy. This growing trend looks to benefit creditors, as the average recovery rate in pre-packaged bankruptcy is higher than with average bankruptcy filings.
- The higher than expected October unemployment number, 10.2%, has been a troubling sign for the economy. Credit card companies are bracing for higher rates in delinquencies going into 2010. Credit card company earnings will also be affected by new Credit Card Accountability Responsibility and Disclosure Act.
- US Treasury Secretary Tim Geithner spoke in Tokyo about his concern for the weakness in the US Dollar and the growing US deficit, he also spoke of the current weakness of the US economy and the continued need for government support and stimulus until the recovery becomes self sustaining.
- A financial services reform bill drafted in the US Senate has targeted credit rating agencies. It would expose the ratings agencies to a higher degree of liability. The bill intends to address issues in the rating agencies that led them to miss the problems in bad mortgages that sparked the financial crisis.

Commodities: Keene Chau

- Oil production in the Gulf of Mexico has resumed after gulf platforms evacuated workers and shut down operations in precaution as Tropical Depression Ida moved through the Gulf. Prices were down over the weekend as worries about storm disruption abated.
- On Tuesday prices of Crude Oil rebounded about \$80/bbl as US equities rallied and renewed optimism that demand for fuel is on the road to recovery.
- Gold has rallied above \$1100.00/oz. The price of gold surged to a record all-time high this week.
- On Nov 5th the Wall Street Journal published a story about Nord Stream AG joint venture project which cleared the last regulatory hurdles in seeking international approval to build an 11 billion dollar pipeline underneath the Baltic Sea. This pipeline would bring natural gas supplies from Russia directly to Germany, reducing European reliance on pipelines that run through Ukraine, a supply that has been prone to disruption.

Currencies: Rachel Morin

- The dollar continues its descent, nearing a 15 month low, as the euro and other high yielding currencies reached recent highs following the G20's pledge to keep emergency stimulus spending in place until global financial recovery is assured.
- Obama announces that in his visit to Beijing, China next week he will raise the issue of the yuan currency with Chinese officials. Obama states that he is confident that the US and China can "arrive at a broad set of policies that encourages trade that benefits both countries".
- Brazil's real reached a 14 month high following an advance in stocks. The real has been the top-performing currency this year against the dollar, gaining a 36 percent advance.

Upcoming SFG Events:

- Chomp Out Hunger Food Drive, 11/19/09
- Thanksgiving Break – No Meeting, 11/26/09

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