

# SFG Finance Committee Market Report

**SFG Finance Committee - Market Report**  
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## **Equities:** Dessi Sevdina

- Asian stocks declined, led by building-material producers and commodity companies as U.S. senators discussed cutting a tax credit for homebuyers and after oil prices.
- Brazilian stocks are inexpensive even after a 73 percent rally for the Bovespa index this year; earnings per share will likely grow 46 percent next year and 23 percent in 2011.
- U.S. stocks slid on concern lawmakers will phase out a tax credit for homebuyers and Bank of America will have to sell shares to pay back its government bailout.
- The S&P 500 fell 1.2 percent to 1,066.95 at 4:04 p.m. in New York (Oct.26); the Dow retreated 104.22 points, or 1.1 percent, to 9,867.96.
- Almost five stocks dropped for each that rose on the New York Stock Exchange.

## **Fixed Income:** Rachel Morin

- Bond prices fall once again this week as the US Treasury auctions off \$123 billion in debt. The fall in prices is due to both the surplus in the market and speculation that the Fed will raise interest rates sooner than is expected.
- Fannie Mae announced on Monday its intent to sell \$1B 3-month benchmark bills and \$1B 6-month benchmark bills on Wednesday.
- Dubai will have its first sale of bonds in 18 months, rated the same as companies one level above junk bonds.

## **Commodities:** Kim Crofford

- On Thursday, the ICE futures U.S. dollar index rose 0.2 percent, causing commodity prices to fall. Since the higher dollar makes commodities more costly for foreign investors, their demand decreases. In the long run, however, the dollar is expected by many analysts to weaken even more than it already has – moving commodity prices higher.
- Last week, gold reached a record high of \$1,072 an ounce, but since then it has traded in the range of \$1,040 to \$1,070 an ounce. Silver dropped to \$17.5450 per ounce, Platinum fell to \$1,363.60 an ounce, and copper slipped to \$2.9980 a pound. Oil prices set a high of \$82 a barrel last Wednesday, but then retreated to \$81.19 a barrel.
- The exception to this downward trend in commodity prices is Cocoa, which rose to \$3,392 a ton. Cocoa prices have increased by 64 percent since a year ago, due to fears of a shortage in supply.

## **Currencies:** Jonathan Saxer

- Low consumer confidence in the United States has sent the \$ increasing, as demand is reduced for high yields in other countries.
- On top of that, carrying trades have continued to squeeze the dollar, and some economists and currency analysts suggest this is another bubble waiting to pop.
- However, BoA currency analysts have pointed out that the dollar has taken three month lulls 19 times since 1990.
- This suggests that even though carrying trades invoke empty profits, those trading have been doing so since the early 90's. Since then, no true dramatizations of the dollar have taken place, and so analysts also predict that there won't be any such events any time soon.
- The British pound is looking very optimistic since retail reports have dished out huge gains in the UK.

<i>Currencies</i>		\$1 U.S. Dollar
Euro	(+.0037)	.6759 Euros
Yen	(-.4100)	91.8 Yen
Pound	(-.0014)	.6108 B Pounds

## **Upcoming SFG Events:**

- Day of Difference – Community service event, 11/06/09
- SFG Poker Tournament, 11/09/09

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