

SFG Finance Committee

Market Report

SFG Finance Committee - Market Report

University of Florida - Gainesville, FL

Tuesday, November 03, 2009

Keene Chau – Vice President – Finance

keene@ufl.edu

www.ufsfg.com

Equities: Rachel Morin

- U.S. stocks rose this week as Ford Motor Company's profit exceed its projections (26 cents a share rather than projected -20 cents). Due to this surprise third-quarter profit, Ford stated that they would begin to repay as much of the \$10.7B of secured debt they received from the government by Dec 2011 and the remainder in 2013. In an effort to improve its balance sheet, Ford will also be offering \$3B in new stock and stock securities.
- Stanley Works and Black & Decker Corp. agreed to a \$4.5B deal that combines two iconic brands in power-tools and hand-held tools. Stanley Works, although the smaller of the two companies, will be the acquirer and the merged company will be based at Stanley's headquarters in New Britain, CN.
- After filing for bankruptcy, CIT's shares fell 61 percent on the morning trade. CIT hopes to emerge from bankruptcy by the end of the year and still be lending in order to retain clients.

Fixed Income: Jonathan Saxer

- Ten year up 4 bps to 3.43%
- Rising manufacturing, construction, and pending home sales all cause U.S. Treasuries to fall. This positive information has a reciprocal effect on U.S. debts.
- Next week the U.S. will be announcing the sale of \$81B worth of notes and bonds.
- **HUGE INFORMATION FOR YOU TO THINK ABOUT!!!**
Bank of America, Capital One, and China are all buying loads of U.S. treasuries. BoA and Cap 1 have a little more than 1% of their assets in Treasuries, even though last major recession each corporation had nearly 8%. China currently holds \$797B worth of U.S. Treasuries, making them one of the most prolific creditors of the U.S.

Commodities: Dessi Sevdina

- Gold jumped to a record after India's central bank bought 200 metric tons of the metal from the International Monetary Fund.
- Industrial metals slumped on concern that governments will remove economic-stimulus measures, crimping demand for raw materials- copper and lead both fell as much as 2.8 percent.
- Coffee futures slumped on speculation that yesterday's 5.1 percent jump was overdone and on concern that a rising dollar will erode demand for some commodities.
- A rise in the dollar, which will affect demand for US exports, also affected wheat futures: December futures fell 1.5 cents, or 0.3 percent, to \$5.185 a bushel.
- Researchers have also cut forecasts for corn and soybeans in the US (the world's largest grower and exporter).

Currencies: Kimberly Crofford

- Canadian Finance Minister, Jim Flaherty, reported on Monday that this weekend's G20 meeting will revolve around foreign exchange rates and the danger of declaring certain banks as "too big to fail". Flaherty is concerned that banks are remaining to take risks, knowing that they may still have the capability to be bailed out.
- The dollar and yen fell against the euro and other high-yielding currencies, as expectations for rate-hikes boosted attraction towards perceived riskier currencies. U.S. gross domestic product rose by 3.5 percent in the third quarter which exceeded expectations by 0.3 percent. This has been the first increase in GDP since the second quarter of 2008. Outlook for confidence in economic growth continues to improve.
- The euro increased 0.4 percent at \$1.4771 and rose 0.5 percent at 133.28 yen. The U.S. dollar also rose up 0.1 percent against the yen to 90.21 yen/dollar.

Upcoming SFG Events:

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

This report was produced by student members of the Student Finance Group- Finance Committee for educational purposes; it is not intended for use in the making of decisions regarding the purchase or sale of any securities. Securities markets inherently involve risk and past performance is not necessarily an indicator of future performance.