Market Summary

Friday 10/12/07

Stocks ended the week on a high, after a Thursday downturn sparked by a tech sell-off. Oil rose to an all-time high. Strong economic news, McDonald’s forecast, and merger speculation fueled the gains.

Thursday 10/11/07

Despite hitting record intraday highs, stocks closed lower, to a selloff in tech shares, speculation regarding numbers from Baidu.com, the announcement of imminent layoffs at JP Morgan and comments from European central bankers.

Wednesday 10/11/07

Light volume and mixed results from Boeing, Alcoa, and Chevron sent the Dow down, Nasdaq up, and the S&P generally unchanged. Union workers started a short-lived strike at Chrysler, while shares of troubled bank Northern Rock rose on new investor interest.

Tuesday 10/10/07

Mixed close for the markets as profit warnings weighed down the Dow. The NASDAQ and the S&P gained modestly.

Monday 10/09/07

Wall Street rallied after the release of the official notes from Federal Open Market Committee’s September 18th meeting with the Dow and S&P hitting record highs.

Upcoming Events

UIC Board Meetings
4:30pm Every Tuesday

The Board of UIC meets every Tuesday at 4:30pm. Everyone is welcome to just drop in and participate. Join us sometime and give us your opinion regarding the decisions that impact UIC.

After the Bell Radio Show
7:00pm Every Tuesday,

Tune in to 88.3FM WRCT to hear the golden words of Steve Karolyi every Tuesday on CMU's first and only business radio talk show. Call in at (412) 621-9728 or AIM CMUAftertheBell. It's After Hours.

Week’s Main Highlights

Record-breaking day on Wall Street. After Friday’s jobs report, S&P 500 closes at all-time high; Dow hits all-time high during the session, closes short of its record; Nasdaq hits 6-1/2 year high; bonds slump.

Ford, Chrysler negotiate with UAW. Ford Motor Co. and Chrysler LLC are negotiating with the United Auto Workers over the amount they would put into a retiree healthcare trust and may not contribute as much as General Motors Corp. did.

$101B battle for ABN drawing to a close. The $101 billion battle for Dutch bank ABN Amro, the biggest banking buyout ever, is coming to a close, according to a published report.

Top Stories

Dow, S&P hit record Highs

Blue-chip averages hit intraday and closing highs after minutes from last central bank meeting add to bets that the Fed can lower rates again this year.

Chrysler workers strike briefly before reaching deal

The United Auto Workers union reached a tentative four-year contract with Chrysler on Wednesday, hours after going out on strike and the same day General Motors workers ratified a separate four-year pact.

Google shares rise above $600

Internet search behemoth Google saw its stock surge past $600 Monday after some Wall Street analysts had released favorable reports on its business operations.
Arnold, 33, runs Centaurus Energy LP, a hedge fund that trades energy products out of Houston, Texas. This year he was the youngest person to join the ranks of the Forbes list of 400 richest Americans as #317 with an estimated his net worth of $1.5 billion. Trader Monthly on the other hand, estimated his income from 2006 alone to be between $1.5 - $2 billion, making him the highest paid hedge fund manager of last year, ahead of big names like Eddie Lampert and Steve Cohen.

Before Centaurus Energy, Arnold, a Vanderbilt alum, was a natural gas trader for Enron. He is credited with making $750 million for Enron trading natural gas in 2001, of which he was awarded $8 million for a bonus. After the Enron crash, he founded Centaurus in 2002 with his $8 million bonus and outside investment. The fund currently has more than $3 billion in assets under management and with its 3-and-30 fee structure (3% management fee and 30% of profits), it’s understandable how Arnold makes his money.

It is rumored that Centaurus has finished above 200% return every year since its inception, except for 2005 when it returned 178%. Arnold keeps his trading secrets to himself but besides top energy traders he also keeps on his payroll ex-Enron CEO Greg Whalley and a meteorologist. During the $6 billion collapse of hedge fund Amaranth Advisors, Centaurus is widely credited with being on the other side of the trades. Arnold is definitely one to watch in the future.

Tepper, a successful hedge fund manager and the founder of Appaloosa Management, donated $55 million in March 2004 to CMU’s Business School hence renaming it to the Tepper School of Business. Tepper has an estimated current net worth of $1.2 billion and is ranked by Forbes as the 645th richest person in the world. In 2003, Tepper was considered to be “the hottest investor on wall street” and was one of the top 10 money earners in Institutional Investor’s Alpha’s Ranking of the world’s 25 Highest-Paid Hedge Fund Managers in 2004.

David Tepper attended Peabody High School in the East Liberty neighborhood of Pittsburgh, Pennsylvania. At the University of Pittsburgh he paid his way through school by working at the Frick Fine Arts library. He graduated with honors receiving his Bachelor of Arts degree in Economics. He also dabbled in the markets during college. After graduation he entered the finance industry working for Equibank as a Credit Analyst in the Treasury department. In 1980, unsatisfied with this position he enrolled at CMU to pursue a Master of Science in Industrial Management.

Tepper was the former head of junk bond trading at Goldman Sachs. In 2001 he generated a 61% return by focusing on distressed bonds, and in the fourth quarter of 2005 he pursued what he saw as better opportunities in Standard & Poor’s 500 stocks. He made significant gains year after year by “investing in the diciest of companies,” such as MCI and Mirant. Investments in Conseco and Marconi also led to huge profits for the company’s hedge funds while Tepper “keeps the market on edge.”