

DJIA 12606.30 ▼ 1.5%

NASDAQ 2439.94 ▼ 2.6%

NIKKEI 14110.79 ▼ 4.0%

OIL \$92.69 ▼ \$5.22

10-YR TREASURY ▲ 12/32, yield 3.808%

EURO \$1.4778



Top Stories

- KB Homes posts wider-than-expected loss
- Bank of America to acquire Countrywide Financial
- Bear Stearns chief Jimmy Cayne set to quit
- Merrill Lynch may need to announce further write-downs in the fourth quarter

Market Summary

Friday 01/11/08

The day was off to a promising start with Bank of America confirming the rumored purchase of Countrywide Financial. Unfortunately, investors had other things on their minds, as American Express announced it would be taking a fourth-quarter charge and The New York Times reported that Merrill Lynch may have to deal with a substantial write-down in the fourth quarter. The end result of all this news was a rather sizeable drop from the Dow, S&P, and Nasdaq.

Thursday 01/10/08

The trading day started out with a downside bias yet again as investors reacted to a string of disappointing same-store sales reports from the retail sector. Snapping the market back to life, Federal Reserve Chairman Ben Bernanke made an uncharacteristically bold statement of further interest-rate cuts, and Bank of America stepped up to announce it's in late-stage talks to buy out struggling mortgage lender Countrywide Financial. Alcoa, meanwhile, reported better than expected earnings somewhat easing recession fears.

Wednesday 01/09/08

After yesterday's flurry of news, today started calmly, allowing the Dow to quickly ascend to a 100-point gain. Fears of recession, however, quickly dampened investors' appetite for stocks. Nonetheless, an upped earnings forecast from Dow component DuPont helped the bulls win out when all was said and done. The Dow member raised its earnings outlook on the strength of solid overseas sales. This news, coupled with a pullback in oil prices, put the day's losses on hold and helped propel the index to a triple-digit gain as the final hour of trading began to wind down.

Tuesday 01/08/08

Management shake-ups at Bear Stearns and Starbucks competed for headlines with KB Home's massive fourth-quarter loss. Countrywide, meanwhile, found itself once again battling bankruptcy rumors. The Dow tumbled 238 points below the 12600 level for the first time since April 2007, with the S&P and Nasdaq also finishing the day sharply lower.

Monday 01/07/08

Bargain-hunting held losses in check, as worries about the economy continued to hold down the markets. Dow component IBM received an early downgrade, signaling a potentially rough day for the venerable average. A drop in crude oil, however, and the aforementioned bargain-shopping helped stem major losses.

Upcoming Events

UIC Board Meetings

4:30pm Every Tuesday
UC Alumni Lounge

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

Congratulations, to freshman economics major Kent Yeung, who dominated the competition during the month-long Carnegie Equities Challenge. Yueng had an astounding 624% return utilizing a short-bias strategy aimed at small-cap technology firms.

Investing Quotes of the Week

"I have a problem with too much money. I can't reinvest it fast enough, and because I reinvest it, more money comes in. Yes, the rich do get richer."

-Robert Kiyosaki

"You get recessions, you have stock market declines. If you don't understand that's going to happen, then you're not ready, you won't do well in the markets."

-Peter Lynch

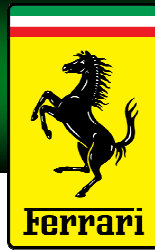
"Understanding how to be a good investor makes you a better business manager and vice versa."

-Charlie Munger

"When buying shares, ask yourself, would you buy the whole company?"

-Rene Rivkin

Getting



Rich

Just the Basics By Dylan Ozmore

1. Go to Graduate School - The U.S. Census Bureau reported in 2006 that an average person over the age of 25 employed in the U.S. could expect to earn \$26,505 as a high school graduate and \$43,143 with a bachelor's degree. A master's on average nets \$52,390, a doctorate \$70,853, and a professional degree (J.D., M.D., etc.) a whopping \$82,473. Don't forget these are just averages, for example the average M.B.A. graduate from Stanford earned \$125,527 in 2006.

2. Start Your Own Business - Although starting a business can be very risky, if done correctly can reap massive benefits. Just about every very rich person you ever heard of started their own business including Bill Gates, Michael Dell, the Waltons, and we all know what happened to those guys from Google. For the most part, the only other way to get into the billionaire's club is to have inherited or invested your way to riches, which takes us to number three.

3. Invest, Invest, Invest - If you had invested \$10,000 in the S&P500 (a broad stock market index) from 1990-1999 you would have ended up with \$53,290. In 2007, Google stock alone rose over 50% and keep in mind there are many other investments outside of stocks including bonds, commodities, derivatives, currency, and real estate. Average returns on these investments are drastically greater than those offered in any savings account. A great way to learn about investing no matter what you're majoring in is by getting involved with our investment club.

4. Chose the Right Profession - This may seem obvious but some professions just simply pay more than others. The big three are medicine, law, and finance, but there's several others including engineering and computers. These days being a hedge fund manager is the best way to go, according to Alpha Magazine the average, yes average, person who runs their own hedge fund raked in a very nice \$315,096. The average bonus? \$4,935,070.

GAME PUZZLE #4

Problem:

You order a pizza for six people. The diameter of the pizza is 12 inches. What would the diameter have to be to feed eight people?



Solution of last week's puzzle:

Each pad needs to cover $6000/27$ square feet to choke the pond. The size of each pad is 2^N after N days, so you need to solve: $6000/27 = 2^N$. The solution is $N = 7.8$ days.

Congratulations to the winners:

1. Anand Bhatia
2. Young Jun Lee

Rules:

Contestants must email their answers to kwanchoo@cmu.edu by Friday. Names of those that correctly solve the puzzle will be posted in next week's issue in the order in which they submitted. The first person to solve three puzzles will be rewarded with a \$25 gift card to Starbucks.