



Financial Management Association



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Date : 10/19/2009

Volume 14: Issue 2

<http://www.templefma.com>

Faculty Advisor: Insights



5 Reasons You're Not Getting Interviews (5 More Reasons in the next Issue)

How many times have you believed you had ideal qualifications for a job, but never heard back from the company about your résumé and cover letter? Good intentions, good grades, and wishful thinking are not sufficient to get you the interview you want. A recent article by global recruiters Robert Half International, revealed some reasons why. If you have had this problem, consider these potential problems:

Contd. on page 3) R. Stephen Kamp kamp@temple.edu

Upcoming Events...

Fed Said to Consider Clearing Banks, Drain Facility

October 19th, 2009 – FMA Member Meeting- Vanguard, Guest Speaker Mike Borragine

October 26th, 2009 – FMA Member Meeting- Pricewaterhouse Coopers, Guest Speaker Channda Dunbar

November 2nd, 2009 – FMA Member Meeting- Met Life, Guest Speaker Matt Marino

November 9th, 2009 – FMA Member Meeting- Lincoln Financial Group, Guest Speaker Kelly Zanto

November 16th, 2009 – FMA Member Meeting- Johnson & Johnson

The Federal Reserve is considering accessing money market funds through clearing banks or creating a facility to drain the record amount of cash added to the financial system, according to people familiar with the plans.

Those methods may help conserve the capital of the 18 primary dealers that act as counterparties for open market transactions as the Fed removes some of the more than \$1 trillion the central bank pumped the economy.

Dealers would face constraints on capital if they were the sole counterparties on all the so-called reverse repurchase transactions while they're still repairing balance sheets after booking losses and writedowns in the aftermath of the worst financial crisis since the Great Depression. In a reverse repo, the Fed sells securities for a set period, temporarily decreasing the amount of money available in the banking system.

www.bloomberg.com

Special Visit from our very own Professor Kamp

President's Corner

On October 12th, Professor Kamp gave some wonder insight on resume and cover letter techniques. Make sure your resume contains key words, preferably from the job description, in order to pass the first screening, and your resume can actually get in front of a person.

Also, in order to ensure that you are a qualified candidate to the employer, have examples in your resume or during the interview that you possess critical/analytical skills, team work, and leadership.

Professor Kamp stressed the importance of the employer is not there to hire you. Their job is to get rid of 180 applicants when there are only 20 position available and 200 people applied for the position.

FMA Members,

As Seniors are aware, we are approaching the peak of the recruiting season for full time positions. Since many of you will be interviewing during this period, you need to begin polishing your interview skills. Here are some tips for the interviews: Plan ahead and do your research, Role play, Maintain solid eye contact, Be positive, and have solid questions that display your knowledge of the company. While interviewing can cause anxiety for some people, good preparation will improve your success.

For Juniors or Sophomores, begin doing your homework now. Companies such as JP Morgan Chase, Prudential Financial, as well as many other financial institutions are doing the bulk of their summer recruiting during the Fall semester. Be sure to use FoxNet, make CSPD happy, and yourself employed! Keep in mind, most of summer interns receive offers for full time positions upon completion of the internship programs.

-Ariel Maidansky, President

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Dow, Up 15%, Has Best Quarter Since '98

The stock market continued to confound the skeptics in the third quarter, ending near its highs for the year with many of the riskiest stocks leading the charge. The rally that began in early spring gained steam over the summer. The Dow Jones Industrial Average jumped 15% in the latest three months for its biggest quarterly gain since the fourth quarter of 1998 and its best third quarter since 1939.

In many cases, the market's leaders were stocks that investors had left for dead earlier in the year. One winner was [MGM Mirage](#), up 88%, and another was [Hartford Financial Services Group](#) Inc., up 123%. [American International Group](#) Inc. nearly doubled, even though many long-term investors think its shares are essentially worthless. In the bond market, too, the rule of thumb was low credit quality equals high returns.

After seven months of big gains for stocks, investors are concerned about the underlying strength of those risky companies. "You're going to start to see a gulf between the winners and losers emerge...as it comes to the fore which companies are likely to perform and which ones are not," said Karl Mills, chief investment officer for money-management firm Jurika Mills & Keifer.

For the past three months, those concerns were on the back burner as the Dow rose 1265.28 points to 9712.28. Even after a 0.3% decline on the last day of the quarter, the Dow is up 48% from its March 9 low and up 11% this year, although still down 31% from its October 2007 record. The 28% gain over the past six months was the best performance since the two quarters ended in March 1987.

The Standard & Poor's 500-stock index gained 137.76 points, or 15%, to 1057.08, in the third quarter, leaving it up 17% for the year and up 56% from its March low but off 32% from its October 2007 high. It also was the S&P's best quarter since 1998, when the global financial markets were recovering from the Asian financial crisis and the Internet stock bubble was expanding. Then, the market continued to rise until the bubble burst in 2000.

In the final days of the latest quarter, weak consumer-confidence data led to a modest decline Tuesday; on Wednesday, stocks swung between gains and losses before finishing lower after the Chicago Purchasing Managers Index indicated manufacturing sector weakness and a separate report reflected a weak job market.

The powerful rally came as the economy overall showed signs of stabilization. Corporate profits have come in above reduced expectations, in large part due to cost cutting. It steamrolled concerns that consumers remain hobbled by debt, high unemployment and depressed home prices.

The big gains followed a brutal bear market that hit hardest those companies with the shakiest balance sheets, heavy debt loads and high fixed costs. The Fed responded by cutting interest rates essentially to zero and flooded the credit markets with additional money, buying up Treasuries, government-backed mortgage securities and agency debt.

As investors took advantage of the easy money and moved back into riskier assets in the latest quarter, many of the biggest decliners during the crisis posted the largest gains. Financial stocks were the best-performing sector in the S&P 500 last quarter, gaining roughly 25%; followed by materials, up about 21%; and the consumer-discretionary category, which includes autos and casinos, up about 19%. Small-company stocks, too, posted big gains. The Russell 2000 rose 19% and is up 76% from its March low.

In Wall Street lingo, buying volatile stocks is called a "beta trade." It refers to a financial statistic known as the "beta," a measure of an individual stock's moves in relation to the market. A stock with a beta of one posts returns in line with the market. If it has a beta of two, it historically moves twice as much as the market.

It was a similar story in the bond market, where high-yield, low-rated junk bonds were the best-performing category. Within the junk-bond market, which often tracks stocks, the riskiest debt posted the biggest gains. The rally in junk has taken the gap between yields on triple-C-rated corporate debt, deemed to carry a risk of default, and Treasuries below their long-term average. But spreads on higher-quality single-B and double-B debt are above average.

But as markets were closing out the third quarter with gains, the Fed appears to have begun mapping out its exit strategy. The Fed said it will be winding down its program for buying Treasuries at the end of October, and plans to end buying of mortgage and agency debt at the end of the first quarter of 2010.

Original Article by Tom Lauricella

<http://online.wsj.com>

Faculty Advisor: Insights (Contd. From Page 1)

1. You fail to follow directions. If you sent a cover letter that was not requested your correspondence will neither be read nor considered. You have succeeded in demonstrating you cannot follow simple directions.

2. You only focus on the "top tier" companies.

It can be tougher to get into top-tier companies where competition is fierce, while other firms can often provide more hands-on experience quicker.

3. You need to customize your résumé.

Research employers and customize your materials by explaining why you're interested in a particular position and how you could make a contribution to the company. Present yourself as the solution to a specific need.

4. Your cover letter isn't enticing.

Your cover letter should function like a newspaper headline – it must convince the reader that your résumé is worth reading. Describe your **achievements**, not just your duties. Get the reader's attention in the first 15 seconds.

5. You don't reference keywords.

Large companies often scan applications using software that looks for certain keywords to determine which candidates to call for interviews. These keywords often come directly from the job description. Be sure your cover letter and résumé contain keywords. Résumé scanning isn't "nice" – but it is real and often impossible to avoid.

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Goldman Sachs Seeks to Restart Commercial-Backed Debt

Goldman Sachs Group Inc. may sell the first commercial-mortgage bond since June 2008, taking advantage of an untapped Federal Reserve program.

The five-year, \$400 million loan to Developers Diversified Realty Corp. made by a unit of the New York-based bank is secured by 28 shopping centers. Developers Diversified Realty Corp. It will be used to repay debt on those properties and others, and to reduce the outstanding amounts of credit facilities, Developers Diversified said yesterday in a statement.

Developers Diversified and Goldman Sachs are working with the Fed to qualify the loan for the central bank's Term Asset-Backed Securities Facility to unfreeze the \$700 billion market for securities backed by commercial mortgages, according to the statement.

The pipeline of issuers under TALF has shrunk as unsecured debt markets opened up to real estate companies, and this deal would mark the first since the Fed program was opened to newly issued commercial-mortgage-backed securities in June.

Drop in Issuance

Sales of U.S. commercial-mortgage-backed debt slumped to \$12.2 billion last year from a record \$237 billion in 2007 as the credit crisis sapped demand, choking off financing to borrowers with maturing debt, according to JPMorgan Chase & Co. data. Michael DuVally, a Goldman Sachs spokesman, declined to comment.

The TALF was opened in March to revive the market for securities backed by consumer loans. The program draws investors by offering Fed loans toward the purchase of top-rated debt. The program has helped spur \$135.7 billion in sales of consumer and business asset-backed securities, Bank of America Corp. data show.

The program isn't likely to have a "big impact" for newly issued commercial-mortgage securities, said Vishwanath Tirupattur, an analyst at Morgan Stanley.

Assembling Bonds

It takes several months to assemble a pool of commercial mortgages to package as bonds, and banks are reluctant to write new loans without a means to protect against price swings on the debt.

A single commercial mortgage-backed bond sold in 2007 could contain 200 loans on as many as 350 properties, according to data compiled by Bloomberg. The U.S. government pushed to revive the market for commercial real estate amid a pullback in lending and a 36 percent drop in property prices from their October 2007 peak.

About \$524 billion of commercial mortgages held by U.S. banks and thrifts are scheduled to come due before 2012, half of which probably won't qualify for refinancing because they exceed 90 percent of the property's value, according to distressed-assets investor Lone Star Funds. At least \$410 billion, or two-thirds, of commercial mortgages bundled and sold as bonds coming due by 2018 will have difficulty refinancing, according to data from Deutsche Bank AG.

Original Article by Sarah Mulholland and Christine Harper
www.bloomberg.com