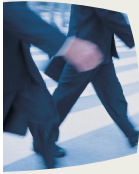




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Financial Engineering CLUB

ADDRESSING THE NEEDS OF INDIVIDUAL COLLEGE INVESTORS BY
PLANTING THE SEEDS FOR A SECURE FUTURE THROUGH EXPERIENCE
IN RISK MANAGEMENT.

A Few Words From Our Beloved President, Savannah Haney

Dear Classmates,

It is with my greatest pleasure that I welcome you to the Financial Engineering Club. Let me start by introducing myself. By now you know my name is Savannah Haney and I am the President of FEC. I am a senior finance and accounting major. I have been a member of FEC for two years now. The first thing I noticed when I joined the club last year was the dedication of the members and their willingness to learn. I became intrigued by the club and found myself longing to learn more. The Financial Engineering Club is founded on the basic premise that we all learn together. I find that to be the greatest strength of the club and a key motivation behind each of its members. We consider ourselves a team. The club focuses on expanding our

knowledge of the derivatives market and increasing our understanding of various developments in finance. We concern ourselves mostly with risk management and derivative valuation. We achieve these goals by attending conferences, organizing school events, and visiting different businesses. We also spend a lot of time constructing and working with our own Hedge Fund. This helps students to better understand the more technical side of risk management. The Financial Engineering Club welcomes any and all students who are interested in learning more about Finance and looks forward to working together with other students to broaden our education. I look forward to seeing all of you. I hope you have a wonderful and successful year.

Savannah Haney, President.

MISSION: The mission of the Financial Engineering Club is to enhance its members' capabilities and elevate their perspectives in order to advance in the field of risk management and derivative valuation. The club focuses on increasing the awareness and understanding of various developments in finance, including risk management, hedge fund management, and portfolio management.

BUILDING BONDS

General meetings are typically on Thursdays at 5:00 pm. For up-to-date info: check your e-mail or contact Savannah at FEC.SHaney@yahoo.com

What would you like to read about? Send business-related ideas to: VenusEcholalia@aol.com

FEC 2008 Positions

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Dr. Gordon H. Dash

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Fed Rate Drop?



What is all the buzz about? Well the story starts off with the housing craze. Interest rates have been pretty low in recent years, making the prospects of buying a home all the more enticing. Mortgage companies start lending money out left and right. They lend to people with good credit (prime market) and to those with less than good credit (sub-prime market). These people with sub-par credit end up buying a house that is beyond their realistic means. By getting a variable rate mortgage, they believe they can afford a bigger house. However, once interest rates rose, these knuckleheads couldn't make their mortgage payments and up goes a FOR SALE sign. This does not happen to a few people, it happens to millions.

What happens from here? Things get worse. Mortgage companies are not getting paid, making it tougher for people to get new mortgages. The

troubled homeowners are now having trouble selling their homes because getting a mortgage is more difficult for those wanting to buy. This spiraling effect ends up damaging the economy. A few major mortgage companies declare bankruptcy, unemployment rates increase, and productivity slows down significantly. Can anyone see the Great Depression coming?

Recently, the chairman of the board Ben Bernanke decided to cut interest rates. He faced the dilemma of deciding how much to cut the rate. Too little of a drop would not affect the economy enough, too much of a drop would cause much inflation. Benanke chose to cut the rate by 50 basis points. This is the biggest cut the chairman could take. Instantly, stocks rallied on this good news. Hopefully, the cut will stimulate growth and we will not go into a recession. Written by Kelly Shea

Dr. Dash introduces the Thomson TSB 200

By: Dr. Dash, Savannah Haney

As you might know, the College of Business has a state-of-the-art trading room equipped with Thomson ONE, an information delivery and trading platform. Luckily for us, the CEO of Thomson Financial, Richard J. Harrington is a URI graduate and we get to play with the software for free. The Thomson ONE software platform is a database of complex financial information. Users can customize a desktop for easy access to relevant information. As a dynamic firm, Thomson Financial is constantly designing and developing new products for its customers. One of those new products, Squawk Box, is now part of the pedagogical base of BUS 421, Speculative Markets. A primary objective of the course is to introduce students to the exciting world of hedging by the use of option and futures contracts.

Thomson's Squawk Box will enhance the hands-on approach by bringing "real world" meaning to the classroom. In class, students

will apply volatility control to the stocks on the Squawk Box's TSB 200 list. The design goal of the TSB 200 is to identify high volatility, high-beta stocks for customer wealth-building and trading.

Beta is a quantitative measure of the volatility of a given stock, mutual fund or portfolio relative to the overall market. By matching this list with the course goals of BUS 421, the class will work with risk-reducing strategies to sustain wealth when markets (and, hence individual stocks) are moving in a bearish pattern. On the other hand, when markets are bullish the goal is to develop student analytics that lead to profit enhancement from the use of derivative securities.

Not only is BUS 421 able to work with this unofficial index, but members of the FEC will be playing around, trying to get the maximum return with the minimal risk.

Take advantage of Thomson's generosity and use the software they provide. Or you can join FEC and be able to play with this highly volatile index. Either way, whenever you see Mr. Richard Harrington, thank him for making our college snazzy!

SMARTER INVESTING: Experience vs. Discipline

Dive deeper into Finance than just your classes. Knowledge is power; however, experience and networking gets you the job!

FUTURE NETWORKING EVENTS:

1. **11/02/07 Trip to New York City with Quinnipiac University.** Students interested in learning about the latest industry trends and advice about starting a career on Wall Street should attend.
<http://www.quinnipiac.edu/financeconference.xml>
2. **11/06/07 Financial Services Symposium.** Hear what the CEOs and presidents of local companies and government officials have to say about the "innovative growth of financial services". Starts at 8:00AM at the Rhode Island Convention Center.

Quote of the Week:

**"DO WORK SON"
-Big Black, Rob & Big**



Financial Engineering Club

<http://www.fecuri.net>