Market Update, Investing Apps, Careers in Finance
Market Overview

- Up ~1% since last week’s meeting
- Up 6.1% since Jan 8

- Up 5.8% since Feb 8, 2018
- Up 16.2% since Dec 24
- Fell ~20% from Oct-Dec
Headlines

- Bonds Signal Warning For Stocks
- Nasdaq Nears Bear-Market Exit
Headlines

- Toyota Takes $3.6 Billion Hit in Holdings
Headlines

● Uber Intensifying Pursuit in Middle East
● Snap Inches Closer to a Profit
The Dollar

“Strong dollar bad! Weak dollar good!”

- Dollar vs. Naira
- Strong dollar = nobody else buys US stuff
  - Hurts US companies who sell internationally
- Strong dollar = US importers buy stuff
  - Helps US companies who buy internationally
- Domestic firms
- Why do investors care?
Earnings

- Grubhub
  - Missed estimates, still not bad (+40% YoY)
  - Competition increasing

- Snap
  - Still not profitable, but better

- GM
  - Keep on truckin’
  - International slowdown

- Alphabet
  - Beat expectations, shares fell
  - Cost-per-click decrease
Are Investing Apps Good For Us?

By Henry Lewand
“The Stock Market Has Been Turned Into a Game For Inexperienced Investors” - Wall Street Journal

New App Market Emergences - You Invest, M1 Finance, Webull, Robinhood
Problem #1 - Low / 0 Commission Fee is Abused

Commission Fees influence how we view risk

Lack of attachment to an asset

People do not have an initial incentive to do research
Problem #2 People Utilize These Apps for Entertainment
Problem #3 - Ease of Buying on Margin

Buying on Margin - Borrowing money from a broker to purchase a stock

No need to do this - especially for inexperienced or cash poor investors

For $10 a month, Robinhood users can Access $2,000 to use to buy on margin
Problem #4 - Intraday Trading

Day Trading - The buying and selling of securities on the same day, often online, on the basis of small, short-term price fluctuations.

Investors should ideally react to events such as scandals, earnings reports, C-Suite Level Changes, and Market News.

Reacting to day to day minor fluctuations of people buying and selling is essentially speculating and not sustainable.

These apps do not have enough news built in to give valued information (Bloomberg).
Problem #5 Cash Poor People Investing Too Much

If you have $1,000 in a bank account, you really shouldn't have $500 in one of these apps.

Tax implications for people who move money back and forth too often. (Feds always lurking)
Problem #6 Lack of Educational Tools
Market Alternatives
Hot Takes

Take a longer term approach to investing

Remember that these apps use real money and should not be used as a game

Explore apps outside of Robinhood, which might fit your needs better

Never borrow on margin

Do not invest more than you can afford to lose.
Careers in Finance

GSO Capital Partners

M&T

Goldman Sachs

L.L.Bean

Evercore

United States Federal Reserve System
Non-Financial Services

- Every company in some respect has roles dealing with finance

  - Ex: LL Bean posted a financial analyst role a few weeks ago, pieces of job included building profit and loss statements, cash flow statements

- Government Jobs

  - Excluding postal service workers, our government employs two million people (Congressional Research Service)

  - CBO provides budget and economic information to congress, Federal Reserve via FFR sets interest rates
Buy Side Jobs

- Buy side vs. Sell side
- Working for a hedge fund (many different kinds of funds such as value, event driven, activist, macro)
- Private Equity
- Venture Capital
Investment Banking

- Provides various financial-related and other services to individuals, corporations, and governments
  - Raising financial capital, M&A advisory, IPOs, trading of derivatives and securities
  - Placed into industry or product group
  - Buy side vs. Sell side deals, Capital Raising
- Starting out, placed into an industry group or product group (coverage vs. capital markets)
- Learn about a variety of businesses, long hours, analytical skillset
What is Sales and Trading?

- S&T is the business by which banks and other broker dealers buy and sell various securities on behalf of their clients.
- These businesses make money by charging a commission for their services.
- Investment Bankers in DCM and ECM focus on the primary market, this is where securities are offered for the first time.
- The business of S&T focuses on the Secondary Market, this is the market where securities that have already been offered trade.
Who are the big players?
What are the roles?

- **Sales**
  - Try to pitch ideas to investors
  - Use the infrastructure, research, and reputation of the firm to gain and maintain clients
  - Usually sales people specialize in a specific product and get to know it very well i.e (equities, bonds, derivatives)

- **Traders**
  - After the financial crisis banks are no longer allowed to engage in proprietary trading (prop trading). This is when a bank trades using their own money
  - Execute orders for the client and try to obtain the best price possible (agency trading)

One of the most famous bond traders ever--->