Bulls & Bears Press

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DJIA 12266.39 ▼ 0.9%	**NASDAQ** 2271.48 ▼ 1.4%	**S&P 500** 1330.63 ▼ 1.7%
OIL $101.84 ▲ $3.03	**GOLD** $974.30 ▲ $4.80	**EURO** $1.5180

Top Stories

- EU fines Microsoft record $1.3 billion
- New home sales near a 13-year low
- Dollar hits record low versus Euro
- S&P removes MBIA from Credit Watch, reaffirms triple-A Rating
- Portfolio Cap lifted on Freddie and Fannie

Market Summary

Monday 02/25/08

Stocks started off on a weak note on rumors of a fire sale at Citigroup, despite word of a possible video-game merger between Electronic Arts and Take-Two Interactive. Stocks, however, eventually recovered and the major indices all rallied on news that Standard & Poor's took bond insurer MBIA off Credit Watch and reaffirmed its triple A ratings for both MBIA and Ambac Financial. The dollar, meanwhile, rallied on stronger-than-expected home sales data, spurring a decline in both crude and gold.

Tuesday 02/26/08

Stocks received a boost this morning as IBM upped its earnings outlook and announced that it would buy back $15 billion worth of its own stock. This news was welcomed in the face of overwhelming negative economic data. Despite reporting a significant fall in earnings as a softer US housing market hurt retail sales, Home Depot ended the day flat. Target, Office Depot, and CVS, meanwhile, all released earnings that were more or less in line with estimates. The Dow finished its second straight session with a triple-point gain, despite crude closing at a record.

Wednesday 02/27/08

Stocks started off on uneasy footing as investors learned that the European commission slapped Microsoft with a massive fine, and the Commerce Department reported slumping demand for durable goods. Nonetheless, an address by Fed chairman Ben Bernake seemed to soothe the markets. Bernake claimed that although inflationary pressures have increased, the Fed was still open to further rate cuts. Gold reached a record high, while the Dow ended the day with a slight gain. An announcement that the portfolio caps at Fannie Mae and Freddie Mac would be removed helped to quell losses. Investors hoped that such a move would improve liquidity and increase lending in the secondary mortgage market.

Thursday 02/28/08

The day started on a bearish note as the Commerce Department announced that the Gross Domestic Product would enjoy narrower-than-expected growth of 0.6%, sparking recession concerns. Jobless claims, meanwhile, jumped to their highest level since January, while Fed Chairman Ben Bernake testified that rising inflation was making his job more difficult. All of this negativity overshadowed news by Apple that it would meet its expected iPhone sales targets and that it was looking to make the iPhone available on more carriers. The Dow finished with a triple-digit loss.

Friday 02/29/08

Concerns about subprime mortgage-related losses continued to weigh down markets. Dow component American International Group reported a massive quarterly loss of $5.29 billion, following a disappointing earnings report from Dell. Selling pressure accelerated after a UBS analyst warned that he expects as much as $350 billion in additional subprime write-downs, and the Commerce Department revealed that personal spending was flat in January. Furthermore, news that the Ambac Financial bailout was in trouble sealed the coffin and sent the Dow to a 315 point loss, its second worst day of the year.

Questions or comments? Want to contribute? E-mail us at: Bulls.Bears.Press@gmail.com

This Week's Issue

The Week in Quotes

"I don't anticipate stagflation."
-Ben Bernake, Federal Reserve Chairman, dismissing concerns that the U.S. will go through a period of weak growth and high inflation as it did in the 1970s

"That's interesting. I hadn't heard that."
-President George Bush, saying he was unaware of predictions of $4-a-gallon gasoline in the coming months

"Like Eli Manning, we know what it's like to be underestimated and questioned."
-Edward Lampert, a Sears investor, likening the retail company to the New York Giants' quarterback after it posted a 47% drop in net income

"Talk is cheap. Flouting the rules is expensive."
-Neelie Kroes, EU Competition Commissioner, on fining Microsoft Corp. a record $1.3 billion for charging rivals too much for software information

"I try to avoid commenting on my successor because he has enough problems."
-Alan Greenspan, former Fed chairman, on Ben Bernanke and the troubled state of the U.S. economy

Subscribing Universities

- Brown
- CalTech
- CMU
- Columbia
- Duke
- Haverford
- Indiana-U
- McGill
- Princeton
- Rice
- U-British Columbia
- UC-Berkeley
- U-Chicago
- U-Michigan
- UNC
- UVA
- Wharton

Profiles on Two Commodity Traders

By Rohith Salim

Andrew J. Hall, a 57 year old oil trader from Southport, Connecticut, made over $250 million in 2007 betting on what he anticipated would be a change in the way the world valued oil.

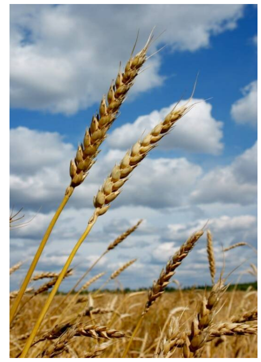
In the beginning of 2003, Hall came to the conclusion that long-term and short-term energy prices would soon abandon their historical relationship with one another. For more than a decade, the price of a barrel of oil has ranged from $10 to $30. Hall concluded that the price per barrel would grow dramatically because the demand, mainly driven by the fast-paced economies of China and India, would outstrip supply. Today, the price per barrel of oil is over $100 and continuously rising.

In 2005, Hall's secretive trading unit, Phibro, contributed around $800 million in pretax revenues to Citibank. In the same year, he earned over $125 million, more than five times as much as the then CEO Charles Prince. Last year, Phibro generated close to 10% of the bank's total net income.

Hall used to tell his friends that "benign neglect" by Citigroup is why Phibro has thrived so far. However, due to recent success by the group many top executives at Citigroup want to establish Phibro as a prestigious investment fund for Citigroup clients

Today, after 15 straight profitable years, Hall is considering breaking out on his own. He is currently one of the world's top contemporary art collectors and has bought a nearly 1000 year old castle in Germany to display his collection. Andrew Hall is a prime example of a trader who has been able to capitalize on the commodities market with great success.

By Mehnt Bhatia



Evan Dooley, 40, a US based trader started working for Commodities in MF Global, one of the largest commodity brokers in November 2005. Two months later he founded the Global Equity Exchange.

His recent trades in wheat futures cost his company a staggering $141.5 Million. Although, the loss caused was of small magnitude in comparison to famous rogue traders such as Jerome Kerviel and Nick Leeson, it still made up about 6% of the company's equity. In light of the loss, the company stock fell by about 27%.

Dooley had built up a position of several thousand contracts on wheat that plummeted by 25%, thereby causing the huge losses. On 27th February 2008, the day of the trade, when the price of wheat fell, the number of wheat contracts shot up from the daily average of 125,000 to 283,000.

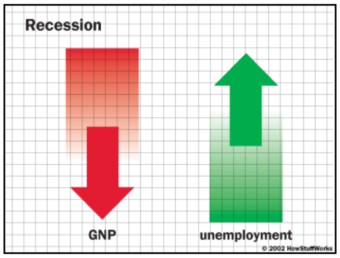
The losses endured came as a shock to traders who were already dumbfounded by the sudden plunge in the price of wheat. The computer systems that were put in place for preventing this kind of incident clearly failed. The Chief Executive of the company said that it would not be easy for the company to recover these losses with its insurance policy.

This rogue trade has brought big problems for the company. Other than the fall in its stock, the Company now has to convince its customers and explain to them why things went wrong and how it will not affect them. Evan Dooley is a great example of a trader who took the risk of betting really high on commodities and ended up loosing a lot of money.

The Current Economy

By Emily Anderson

One of the biggest questions of the day is if the U.S. economy is going into a recession. No one can argue that the economy is currently limping along, and many contend that it feels like how it was before the 1991 recession. The Head of the Minneapolis Federal Reserve recently said that the current excesses in residential construction, the housing market decline, and the credit crunch all resemble the "headwinds" environment that prevailed 17 years ago. With all of these factors coming together it could be some time before we are able to pull out of it. The downturn may not be permanent, but it is something to worry about for now.



One of the problems in today's market is the subprime housing fall. The most obvious effect of this subprime slump is that people cannot afford their houses, and hence get kicked out. This gives the bank the house, and the bank simply puts it on the market. The bank, however, is not giving out as many loans as they are also losing money with all of these failed mortgages. So with less people getting loans, and hence less demand and more houses on the market, the housing market is tumbling with very little to slow it down.

Why is this hurting the economy so much? To start with, fewer contractors are building houses so that means that everyone from painters to plumbers, architects, decorators, lumberyards, and pavement companies are getting less work. Plus, the money people would use to decorate their new home is not being spent. Add that to the fact that even people with houses are spending less because they feel like they have less money. This is due to the fact that their house, one of their most valuable assets, is not worth as much as a result of a slowing economy.

Unfortunately the housing market is not our only worry. The increased fear of a recession is beating the dollar down, creating severe challenges not just for the U.S., but also for sugar traders in Brazil, central bankers in the Persian Gulf, and a host of others. The Euro has broken through the symbolic $1.50 mark and the dollar has been sliding against other currencies as well. The sliding dollar, as Federal Reserve Chairman Ben Bernanke recently pointed out, could be the bright spot in an economy dealing with a softening labor market and turmoil in the housing industry. A weak dollar could be just what the economy needs to help exports, jobs, and the ever-increasing national debt. There are some pessimistic voices in the crowd predicting that the U.S. dollar will soon be replaced as the main currency of the world due to the huge U.S. national debt, but most people hold true to the dollar in saying that it being so integrated in every aspect of business, it would be hard to let it go.

The Fed has increasingly been cutting interest rates in order to jump-start the economy but, as always, there is a fine line between helping the economy and causing inflation. As a result of a weak dollar and a volatile stock market, people are putting their fate in commodities, and hence driving its prices up. Prices of oil and gold have been hitting record highs. With the dollar being so weak and oil prices being so high it is very possible that inflation could take over, bringing the U.S. economy from a bad situation to a worse one.

The U.S. economy is currently in a state of turmoil, being attacked from all sides. Whether this will lead to a recession or not, only time can tell. What we do know is that while many factors have to be balanced and dealt with, the U.S. economy has been through worse and will undoubtedly rebound to go through more in the future.

The VISA IPO

By Madhav Bhagat

Visa on February 25th announced plans to go public in what could be the largest public offering in US history. Visa, headquartered in San Francisco, is the world's leading payment processor, with more than $3.2 trillion in electronic payments and related transactions in 2006.

In the 12 months that ended in September 2007, the company's revenue jumped 22 percent as the number of payment transactions rose around the world. The company posted a loss of $1.08 billion for the fiscal year because it set aside more than $2.6 billion to settle lawsuits.

Visa's IPO, even if priced at the lower end of the estimated range, would surpass the $10.6 billion AT&T Wireless raised in its IPO in 2000. And if demand is strong enough, it could be almost as big as the two largest past deals combined — AT&T's offering and Kraft Foods' $8.7 billion IPO in 2001.

Visa plans to sell 406 million shares valued at $37 to $42 each, raising at least $15 billion for the company. Just over half of the shares are going to the public and the rest to Visa’s member banks. JPMorgan Chase, which is the company’s largest stockholder, holding almost 23% of the shares, stands to gain the most. Even if valued at the midpoint of the offer price, JPMorgan would receive an estimated $1.1 billion. Taking into consideration the shares of the banks, the total enterprise value of Visa will be around $33 billion at the offering. By comparison, online auctioneer eBay has a market capitalization of roughly $38 billion.

Visa, is following the footsteps of its smaller rival, MasterCard which went public in May 2006. Since going public two years ago, MasterCard shares have soared 408%. MasterCard’s successful public offering made Visa go forward with its own plans of going public. In line with the plans, Visa has been reorganizing its global management structure since October 2006, consolidating its global operations with the exception of those in Europe.

Like MasterCard, Visa is a card processor - not a lender - so it makes its money through fees from the banks issuing its cards and the merchants accepting them. And like MasterCard, Visa could see more struggling consumers increasingly use their cards for such high-cost necessities as health care, food and gasoline, which could boost the fees Visa earns.

Analysts say that the timing of the offering is risky, given the falling demand for stocks and the worries that the US economy might be entering a recession. However, Visa’s offering would generate a windfall for the member banks which own the company. Most of these members are currently stung with huge losses stemming from the mortgage-linked investments and could use the extra cash. However, some analysts are also arguing that if the offering works it could work as an encouraging sign to the stock markets and may even help loosen the credit knot.

When the offering price is set, Visa CEO Joseph Saunders will be granted 831,444 options to buy Visa stock, an award worth about $11 million, according to the company's registration. Senior management, including CEO Joseph Saunders, consists largely of new executives recruited because of their experience running public companies.

The Visa shares will have the sticker symbol V on the New York Stock Exchange. J.P. Morgan Securities Inc., Goldman, Sachs & Co., Banc of America Securities LLC, Citi, HSBC Securities (USA) Inc., Merrill Lynch & Co., UBS Investment Bank and Wachovia Securities are underwriting the offering.

The Stock Analysis Series

By Chi Hoong Ng

This week we will research and analyze **Freeport-McMoran Copper & Gold Inc (FCX)** as a potential investment**.**

Step 1 – Find out how the company makes its money.

Freeport-McMoran Copper & Gold Inc (NYSE:FCX) through its majority-owned subsidiary, PT Freeport Indonesia, is engaged in copper, gold, and silver mining and production operations. FCX holds approximately 90.64% of PT Freeport Indonesia, while the Government of Indonesia holds the remaining. FCX is the world's largest publicly traded copper company after it acquired Phelps Dodge Corporation. FCX currently has mines in North America, Peru, Chile, Congo and Indonesia. FCX also smelts and refines copper concentrate and market refines products. The primary customers for FCX concentrate are companies in Asia, Europe, and international trading companies.

Step 2 – What sector does the company belong to, and how has that sector performed?

Freeport-McMoran Copper & Gold Inc is part of the metal mining sector. The mining sector has performed well, thanks to the worries about the outlook of the U.S economy, inflation worries in China, high demand from China, and the supply shortage in South Africa. Overall the metal mining sector is doing great, but one needs to beware of higher speculative activities in the future market that might cause the mining sector to be overvalued.

Step 3 – How has the stock performed?

The company's stock price has grown significantly over the past year, up approximately 62.40%. FCX's last quarter's low earnings ($1.36 per share) has caused the stock to be downgraded by several analysts, including Jim Cramer. During the recent interview with Richard Adkerson, FCX's CEO, he believed that FCX would be able to do better next quarter and that its stock price would reach a 7-week high mark.

Step 4 –What do comparisons tell you?

Freeport-McMoran is the only stock in the current sector that received a downgrade from analysts. This has made its P/E ratio (13.38) appear to be lower than its competitors, but higher than the industry average. The main concern investors should have is that its PEG (5-year expected) ratio is currently only 0.17. However, last year's Phelps Dodge deal could bring FCX back into the picture.

Step 5 – Can the stock survives its balance sheet?

Freeport-McMoran's last quarter's report shows $41 billion in total assets and $23 billion in total liabilities. The numbers from last year's report are no longer valid because FCX has acquired Phelps Dodge Corporation (NYSE:PD) for $25.9 billion in cash and stock and it sold its international wire and cable business to General Cable Corporation (NYSE:BGC).

Step 6 – In light of your homework, does this stock look like a good investment?

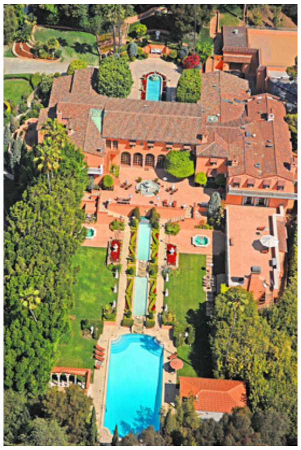
FCX is worth buying after the downgrade because FCX is one of the few mining companies that are not being affected by the electricity outrage in South Africa. FCX should also be able to benefit from the high gold price.

The Top 5 Series

By Stuti Bhageria

MOST EXPENSIVE HOUSES

No. 1 $165 million- Beverly Hills, California

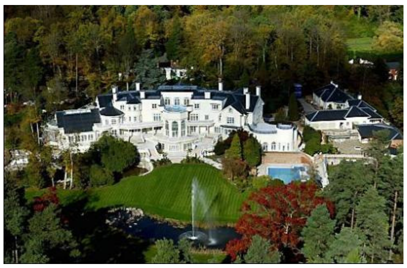


Recently available on the market, this expansive villa sits on six and a half acres in Beverly Hills. Built in 1962, it presently has 40 bathrooms (that's a lot of toilet paper) and 29 bedrooms (allowing you to sleep in a different room for every day of the month). The compound comprises six buildings, three swimming pools and a movie theater. The villa was featured in the 1972 film The Godfather. Make them an offer they can't refuse, and it's yours.

No. 2 Bran Castle $140 million- Brasov, Romania

Currently owned by Dominic von Hapsburg, the Bran Castle was once home to the Romanian prince Vlad the Impaler. The castle was built in 1212 and sits across 20 acres. It boasts 17-bedrooms and rests on the top of a cliff offering views across the country-side and surrounding mountains. Presently the owner runs it as a museum.

No. 3 Updown Court, $138 million- Surrey, England



Bigger than Buckingham Palace or Hampton Court palace, it consists of 103 bedrooms and 53 acres of gardens. Several ballrooms and grand entrance ways punctuate this house, which has a panic room, an indoor squash court, bowling alley, 50-seat cinema, heli-pads, space for eight limousines and a heated marble driveway. The marble bathrooms are nice, of course, but the indoor spas, jacuzzis and pools with views of the grounds are even better.

No. 4 Hala Ranch, $135 million- Aspen, Colorado

This 95-acre ranch owned by Prince Bandar bin Sultan bin Abdul Aziz, former Saudi Arabian ambassador to the U.S. boasts a 56,000-square-foot mansion with 15 bedrooms and 16 baths. The estate features several smaller buildings, stables, a tennis court and an indoor swimming pool. It also has its own private barbershop and beauty salon just off the master suite.

No. 5 Maison de L'Amitie, $125 million- Palm Beach, Florida

In 2004, Donald Trump bought former health care executive Abe Gosman's palace, Maison de L'Amitie, at a bankruptcy auction for $41.25 million. This 43,524 square foot French Regency-style estate has the most glamorous eight-bedroom and nine-bathroom main residence, including a large Ballroom, Library, Media Room, Billiard-Wine room, a Conservatory renovated with Venetian plastering, two additional powder rooms and top-of-the-line kitchen. The garage area accommodates 36 vehicles in addition to a separate Christmas Wrapping room, multiple storage rooms, professional laundry facilities, and ancillary staff rooms for estate maintenance functions. This property is truly Palm Beach living at its finest.