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Real Euros in Real Time

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When the alarm goes off at 4:30 a.m. for University of Dayton finance student Justin Walker, it's not for an early workout at the recreation center.

Justin is up and running for certain, but he's running in one of the fastest moving financial circles around — trading euros in the spot currency market — the most liquid and fluid market in the world, trading 24 hours a day, Sunday evening through Friday afternoon.

It's not a simulation or training exercise; he's using real money and real leverage and his peers in the University of Dayton's Hanley Trading Center may be the only business students in the U.S. who have swapped simulations for the real thing, trading both euros and Australian dollars in the spot market.

How does it feel? "It's daunting and exhilarating," according to Justin.

Currency trading is just a small part of the experiential education at the Hanley Trading Center, where students are exposed to the huge, fast-growing derivatives market. They use some of the most sophisticated professional trading software available to gain hands-on trading experience that translates into proven job skills that high-octane trading firms are seeking.

Derivatives encompass a wide variety of trading instruments, including options, options on options, futures, commodities and even stock indexes, according to John Rapp, chair of the University's department of economics and finance. With a daily turnover of more than $4 trillion, the over-the-counter currency market dwarfs the combined U.S. equity and bond market by about 40-to-one.

"The Hanley Center is a state-of-the-art trading room, equipped with the same hardware, software and real-time data used by practicing traders," Rapp said. "With the experience of our clinical director adding her deep, real-world understanding of the industry, our students are getting the education and exposure enabling them to successfully compete for highly sought-after jobs."

A highly successful commodity trader and risk practitioner, Leslie McNew, clinical professor of finance and center director, says she's teaching the theory, the practice and the culture of the trading industry, helping students learn how to network, interview and build their résumés. She's especially pleased that of last year's 28 Hanley Center traders, 27 found jobs or internships, with nearly half in the rapidly growing, higher-paying area of alternative investments.

McNew established the student-run Flyer Forex Fund with her own money in 2010. Under student management, the fund posted a 5.3 percent return the first year and an 8.4 percent return last year. The student traders use a cutting-edge non-discretionary algorithmic model that incorporates trend indicators including volatility, momentum and GIRTH to manage a currency portfolio using leverage, she said.

"This model is the wave of the future on Wall Street and is highly useful in today's chaotic climate," McNew said. "With the Flyer Forex experience, our students are becoming well-equipped for positions that require this highly advanced, sophisticated knowledge."

Along with trading the currency, the students have developed upgrades to the mathematical model, produced and monitored risk factors and written an in-depth policy and procedure manual so knowledge can be passed from one year to the next, she said.

An advisory board of 16 trading and risk professionals from major investment banks, energy companies and hedge funds help guide the fund.

In the last three years, McNew has sponsored trips to New York, Houston and Chicago, where students visited energy and investment banking companies, complete with opportunities to network and interview through McNew's network in the alternative investment field. On the third annual trip to Houston this January, students made 20 site visits and participated in 39 mock or real interviews. About half of the students looking for positions came away from Houston with jobs or internships.

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With its growing reputation, the Hanley Center has been designated by the BG Group, a world leader in natural gas, as one of five hiring centers for its financial rotation program.

McNew said the designation is important because it is an acknowledgement of the Hanley Center as a good training site for a career in the growing energy industry and may result in more hiring opportunities for Hanley Center students.

The Hanley Center was launched in 2007 with a gift from George Hanley, a 1977 University of Dayton graduate, CEO of Hanley Group Capital and a founder/principal of Infinium Capital Management.

Cate Camerota, junior finance and economics major who recently interviewed for finance internships, said her Hanley Center experience and credentials made the professionals stand up and take notice.

"This experience really set me apart from the competition," said Camerota. "They were astonished by my resume. One said 'I've never seen anything like this."

Camerota says the program is demanding, she regularly spends 10 hours a week outside of class, but the rewards are worth it.

"It has been the best experience I've ever had in college. I've grown so much and learned so much."

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