

ROUGH NUMBERS

DECEMBER 2008

A little perspective by the numbers...As of December 15, 2008...

BEAR MARKET – 100 days ago the S&P 500 was down 14.1% YTD (total return). As of last Friday, the S&P 500 is down 38.7%YTD. Thus the S&P 500 has **fallen 28.6% in the last 100 days**, a performance that would rank as the **6th worst bear market** of the last half-century. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market (source: BTN Research, S&P).

NOT WORTH AS MUCH – 100 days ago the **stock market capitalization** of the S&P 500 was 10.9 trillion. As of last Friday's close of business, the market capitalization of the stock index had fallen to \$7.7 trillion, a **loss of \$3.2 trillion**. By comparison, the US government **spent 3 trillion** for the entire 2008 fiscal year (source; S&P, Treasury Department).

AMAZING VOLATILITY – 100 days ago was 9/06/08. As of that date, the S&P 500 has produced **26 days** with a gain or loss of **at least 4%** in the **previous 7,626 days**, a period of almost 21 years. As of today, the S&P 500 has had **26 days** with a gain or loss of **at least 4%** in the last **100 days** (source: BTN research).

WHOOOPS – 100 days ago 9 Wall Street equity strategists **predicted** where the S&P 500 would finish the year 2008. Their **average year-end forecast** was 1363. The stock index close last week was 880 (source: Baron's).

BONDS – 100 days ago the yield on the 10-year Treasury note was 3.69%. As of last Friday the yield on the 10-year note was 2.60%, a **drop of more than 1%**. The last time the yield on the 10-year note changed (either up or down) by more than 1% **over the course of a calendar year** was 2002 (source: BTN Research).

MORTGAGE MESS – 100 DAYS AGO was the first weekend in September and rumors surfaced that the US government might be forced to **take control of mortgage giants** Fannie Mae and Freddie Mac. The 2 firms have issued more than **\$5 trillion of debt and mortgage backed securities**. The seizure of the companies was announced by Treasury Secretary Hank Paulson on Sunday 9/07/08 and included a pledge to make as much as **\$200 billion** available to deal with **future mortgage defaults** (source: Wall Street Journal).

CLOSE THE DOORS – 100 days ago Lehman Brothers was in the investment banking business, as it had been for the **previous 158 years**. When no "white night" emerged to rescue Lehman Brothers, the firm that had invested heavily in **sub prime mortgages** was forced to file for bankruptcy protection on Monday 9/15/08. The company, which began in 1850 in Montgomery, AL and **had survived the Great Depression**, listed \$639 billion of assets in its court filing, the **largest US bankruptcy ever** (source: Wall Street Journal).

HOUSING INDUSTRY – 100 days ago **303,879 homeowners** had received at **least 1 foreclosure-related filing** (e.g., default notices, auction sale notices and bank repossessions) in the previous month (August 2008). **259,085 homeowners** received a foreclosure in November 2008 (source: RealtyTrac Inc.).

EMPLOYMENT SITUATION – 100 days ago the unemployment rate in the USA was 6.1% and the number of idle workers nationwide was **9.38 million**. Today the unemployment rate is 6.7% and the number of out-of-work Americans is **10.33 million**. Thus over the last 100 days **950,000 workers have lost their jobs** (source: DOL).

GAS – 100 days ago the nationwide average price of a **gallon of gasoline** was \$3.67. The average price fell for 86 consecutive days, a streak that ended last Saturday (12/13/08). The cost of a gallon of gasoline dropped to \$1.66 on Saturday, **down \$2.01** from 100 days ago (source: AAA)

OIL – 100 days ago the **price of oil** was 106.23 a barrel. The price of a barrel of oil closed last Friday at \$46.28, **down \$60 a barrel or 56%** in the 100 day period (source: New York Mercantile Exchange).