

Markets Hold Steady After Harrowing Day on Wall Street **Wednesday, September 25, 2008**

Jittery investors watched nervously Tuesday morning as Goldman Sachs, one of the two remaining large New York-based investment banks, announced earnings of \$845 million (down 70% from the \$2.09 billion it earned in the same quarter of 2007). Later, the focus was on the Federal Open Market Committee (FOMC) as it held the fed funds rate stable at 2%. After an initial drop, the Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) finished at 11,059.02 for a gain of 141.51 on the day. Other important indexes finished up, also, though the positive results hardly erased the previous day's dramatic losses.

On Monday, the Dow fell 504.48 points and finished below 11,000 for the first time since July 15 as fallout from the housing industry debacle continued to cut a swath through Wall Street. Over a frenetic weekend Merrill Lynch & Co. became an arm of Bank of America, while Lehman Brothers, unable to find a buyer, ended up in bankruptcy court. With Bear Stearns having vanished into JPMorgan Chase & Co. earlier in the year, only Goldman Sachs and Morgan Stanley remain of the traditional big New York investment banks and brokerage houses.

It is a stunning reconfiguration of the once-familiar Wall Street landscape. Much of this is the result of loss of investor confidence as venerable institutions seem to have lost the ability to manage risk.

Even in such times as these, there is sometimes good news. Energy prices fell sharply (Brent crude finished Tuesday at \$89.60 a barrel on the New York Mercantile Exchange) and food costs rose just 0.6%, resulting in an overall decline of 0.1% in consumer prices in August, the first decrease in nearly two years. Inflation fears were hardly tamed, but they became less insistent.

In its statement Tuesday afternoon, the FOMC noted continuing slowing of economic growth and softened household spending. Inflation is expected "to moderate later this year and next year," it said, although the prognosis is uncertain.

Opinion varies as to whether more distress is in store, although the view generally is that no matter what happens, global economic and market recovery will be slow.

We have consistently pointed out that no one knows what the markets will do tomorrow, although long-term investors who have weathered such tumultuous markets have historically come out ahead. Investors in for the long-term can be confident in the knowledge that accounts with Raymond James are prudently handled by a company known for conservative business principles and disciplined management practices.



In order to deliver relevant financial information in a timely manner we are continually updating the [Market View](#) section of our website www.emrja.com. The most recent update to Market View is an audio file found in the Professionally Speaking box on the left side of the page, which features our Chairman and CEO, Tom James addressing specifically what happened in the investment markets on Monday. If you have questions about the state of the financial services industry or would like to discuss how your portfolio and your specific investments are faring, please feel free to contact us.

[Market View "Tom James discusses, Merrill Lynch, Lehman Brothers Disappearance a Tragedy for Wall Street"](#)

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