

Rising Home Sales Report Cools U.S. Market Volatility

Fearful and uncertain investors, concerned about the severity of a global recession and shaken by revised revenue forecasts from several major firms, drove world stock exchanges down spectacularly Friday in what amounted to a worldwide sell-off.

However, perhaps buoyed by a favorable housing report, U.S. markets held up better than most. The Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks), finished the week at 8,378.95, down 3.5% for the day. In contrast, Japan's Nikkei index fell 9.6% on the day, while London's FTSE 100 and Germany's DAX 30 Index both dropped 5% Friday.

The corporate news that upset investors wasn't entirely unexpected. Sony in Japan, Daimler in Germany and Microsoft Corp. in the United States all issued profit warnings or dampened forecasts. And leaders of the Organization of Petroleum Exporting Countries (OPEC), meeting in Vienna, announced a production cut of 1.5 million barrels of oil a day in a move to prop up prices in the face of diminishing demand. OPEC said that the "dramatic collapse" of oil prices might endanger existing oil projects, which, in turn, could lead to a future supply shortage. The price of Brent crude for December delivery closed at \$61.48 a barrel on the New York Mercantile Exchange – down 11.1% for the week and off 58.2% from its July high of \$147.27. It was the lowest closing price in nearly 17 months.

The positive news on the housing front came from the National Association of Realtors, which reported that existing-home sales rose 5.5% in September to the highest level in 13 months. It is the largest monthly percentage increase in five years.

Analysts seemed to agree that measures taken by governments to ease credit markets are beginning to work – but that it is a slow process and not the quick fix some investors apparently expected.

Despite the unease that reigns supreme at the moment, dedicated investors shouldn't allow their financial plans to be derailed, said Raymond James Chairman and CEO Tom James in an audio recording this week. History suggests that even in markets like this, investment opportunities often exist – opportunities missed by those who stay away entirely.

If you have questions relating to the market or to your specific investments please contact Tim Eyerman or Brian Mezey.

Tim Eyerman, AIF

Senior Vice President, Investments
Retirement Plan Consultant
440-801-1635

tim.eyerman@raymondjames.com

Brian J. Mezey, AIF

Financial Advisor
Retirement Plan Consultant
440-801-1634

brian.mezey@raymondjames.com

Great Northern Corporate Center II, Suite 101
24950 Country Club Boulevard North Olmsted, Ohio 44070
Office of Supervisory Jurisdiction: 1800 E 9th St. Cleveland, Oh 44114 • Phone 800-321-8190

