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Chief Investment Officer

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November 17, 2008

### **Volatility Display Continues on U.S. and World Markets**

Dear Friends,

It turns out that market volatility isn't a passing fad that went away after Halloween. The Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) has raced up and down the chart in spectacular ways during the first half of November. On Friday, it ended down 337.94 points, losing 4.99% for the week despite a huge 552.59-point rally on Thursday. Uncertainty continues to dominate the thinking of investors, who at times seem to ignore a day's bad news; on other days, continuing indications of a poor economy are just too much to ignore. Global markets had an equally stormy ride.

Retail figures continued to disappoint, plunging 2.8% in October, slightly worse than expected by economists. Even excluding autos - car sales dropped 5.5% for the month - you had to reach back to 1974 to find a year when retail sales fell for four months running. Retailer J.C. Penney Co. announced its third quarter net income fell 52% compared to the year before, with same-store sales slipping 10%. Abercrombie & Fitch Co. said its third quarter profit declined 46%, with same-store sales dropping off 14%.

In the meantime, with global demand falling, the closing price of crude oil futures Friday dropped to \$57.04 a barrel on the New York Mercantile Exchange, a drop of 6.6% for the week and decline of 41% year-to-date.

Investors waiting for global measures to begin to improve liquidity and the credit crunch were still assessing U.S. Treasury Secretary Henry Paulson's announcement this week that he is changing course on the projected use of the \$700 billion contained in the Emergency Economic Stabilization Act of early October. Instead of buying troubled assets from banks, the focus has shifted to injecting money into banks and bolstering the market for consumer spending, including credit card receivables, auto loans and student loans. Some economists, including 2008 Nobel Prize winner Paul Krugman, hailed it as a wise move.

Analysts with a long view tend to agree there are opportunities to be found in markets like these and that, given time, the financial measures national banks and governments have made around the globe to shore up the global economy will begin to take hold.

**Please mark your calendars and RSVP for our 25<sup>th</sup> Annual Client Breakfast at the Hyatt in Downtown Tampa**

**Saturday, January 17, 2009**

**8:30am – 11:30am**

**RSVP: [wallerandwax@raymondjames.com](mailto:wallerandwax@raymondjames.com) or (813) 221-1956**

**Bring friends, family and coworkers**

If you have questions about your portfolio or about the market, please feel free to contact us at 813-221-1956.

Sincerely,



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