

## Putting the Crisis du Jour in Perspective

As human beings it is easy to become overwhelmed by the negative news of the day and then "awfulize" it, or project dire consequences that will surely follow. To put current events in perspective, we have compiled a list of negative news items since the founding of our firm in 1988. Investors worried about most, if not all, of these events at the time.

<b>1988</b>	
December	Pan American flight 103 from London to New York crashed in Scotland, killing 283. British authorities later confirm a bomb caused the crash.
<b>1989</b>	
March	Exxon Valdez runs aground in Prince William Sound, Alaska, spilling 11 million gallons of oil.
<b>1990</b>	
February	Drexel Burnham Lambert files for bankruptcy.
August	Iraq invades Kuwait.
<b>1991</b>	
January	U.S. begins military action against Iraq.
<b>1992</b>	
January	R.H. Macy files for bankruptcy.
January	TWA files for bankruptcy.
August	Hurricane Andrew hits Florida and Louisiana, becomes the costliest hurricane in U.S. history.
<b>1993</b>	
February	Bomb blast at The World Trade Center in New York
<b>1994</b>	
January	A destructive earthquake registering 6.8 on the Richter scale hits Southern California
March	Stock market selloff reduces Dow Jones Industrials by 9.7 percent from January peak.
December	A leveraged investment strategy led to huge losses for an Orange County, California, investment fund. The County filed for bankruptcy protection, the largest such municipal filing ever.
<b>1995</b>	
January	The Clinton Administration announced a program of loans and currency swaps to prop up the Mexican peso. The peso had been devalued by more than 40 percent against the U.S. dollar in just over a month.
January	U.S. trade deficit soared by 68 percent to a monthly record of \$12.2 billion.
April	Bomb blast at an Oklahoma City federal building.

	U.S. Dollar hits post World War II lows against the Japanese yen and the German mark.
November	Budget impasse caused partial federal government shutdown and furlough of non-essential federal employees.
December	President Clinton authorized U.S. troops to move into Bosnia.
<b>1996</b>	
December	The federal government shut down partially again as budget talks stalled.
<b>1997</b>	
February	U.S. trade deficit hits 8-year high.
October	The Dow Jones Industrial average posted its worst one-day point loss ever, down 554.26 points, or 7.18 percent.
<b>1998</b>	
March	OPEC agrees to reduce crude oil production by 2.1 million barrels per day and maintain lower levels of output for a full year.
July	IMF agrees to provide Russia with an assistance package worth \$14 billion.
August	The Dow Jones Industrial average fell 512.61 points, wiping out what remained of the year's gains. The NASDAQ Composite fell 140.43, its worst point drop ever.
September	Russia devalues currency and restricts international transactions, including debt repayments.
November	Brazil reaches a pact with leading countries and lenders on a \$42 billion rescue package, in a move aimed at preventing the financial crisis from spreading throughout South America.
<b>1999</b>	
January	Brazil devalues its currency, sending U.S. stocks into a free fall.
January	The 1998 trade deficit hit an all-time high of \$175 billion, 58 percent more than the shortfall recorded in 1997.
December	The world braces for Y2K amid predictions of massive computer failures on January 1, 2000. Doomsday forecasters stockpile food, water and weapons in anticipation of a global shutdown of commerce and resulting anarchy.
<b>2000</b>	
August	World oil prices rise because of increasingly tight supplies. U.S. inventories are at their lowest level since 1976 and crude prices have increased significantly, contributing to costlier gasoline and heating oil.
December	Dow and NASDAQ record losing years for the first time since 1990.

## 2001

September	Terrorists attack World Trade Center and the Pentagon.
December	Enron files for bankruptcy.
December	Markets fall for a second straight year for the first time since 1974.

## 2002

July	WorldCom files for bankruptcy.
July	The Dow Jones industrial average sinks to its lowest level in nearly four years. Both the Nasdaq and S&P 500 are at their lowest levels since the first half of 1997.
August	IMF grants an emergency loan to Brazil.
August	U.S. Airways files for bankruptcy.
December	United Airlines files for bankruptcy.

## 2003

February	Doctors in Hong Kong report the first case of a flu-type virus "Atypical Pneumonia," now more commonly known as Severe Acute Respiratory Syndrome (SARS).
March	Operation Iraqi Freedom begins.
July	S&P lowered California's bond rating from "A" to "BBB".
December	U.S. confirms first case of "mad cow" disease.

## 2004

April	International oil prices hit a 3-1/2 year high.
August	Hurricane Charley hits Florida
September	Three powerful hurricanes (Frances, Ivan, and Jeanne) hit Florida and neighboring states.

## 2005

August	Hurricane Katrina hits Louisiana, becomes the deadliest hurricane since 1929 with over 1,800 deaths. Total property damage was estimated at \$81 billion, nearly triple the damage caused by Hurricane Andrew in 1992.
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## 2006

January	Alan Greenspan steps down after more than 18 years as Chairman of the Federal Reserve; Ben Bernanke takes over.
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## 2007

January	The plunge in new home sales was the biggest drop since 1990 and sales of existing homes saw its biggest decline since 1989.
February	Rising default rates hits subprime mortgage industry hard.
February	Dow Jones industrial average down 416 points, biggest one-day point loss since 2001, after declining markets in China and Europe and a steep drop in durable goods orders triggered a massive sell-off on Wall Street.

July	The Dow Jones industrial average drops 311.50 points, or 2.3 percent amid concerns about housing and credit markets.
August	The Dow Jones industrial average down 387.18 points, or 2.8 percent as worries about the global credit market sparked a broad sell-off in stocks.
August	The Federal Reserve injected \$38 billion into the banking system in an effort to provide liquidity as needed to keep financial markets operating normally.
August	The Dow Jones industrial average closes down 280.28 points, or 2.1 percent, as investors were hit by fresh worries over declining consumer confidence, falling home prices, shrinking profits on Wall Street and uncertainty about the Federal Reserve.
November	The Federal Reserve injects \$41 billion in temporary reserves into the US money markets.
November	Members of the Writers Guild of America go on strike. (No, RCG clients did not really worry about this one; just wanted to see if you were still reading at this point.)
December	Banks, mortgage lenders, real estate investment trusts and hedge funds continue to suffer significant losses as a result of mortgage payment defaults and mortgage asset devaluation.

## 2008

February	Crude oil price tops \$100 a barrel.
March	Gold futures hit \$1000 an ounce for the first time.
March	Crude oil hits new high of \$140 a barrel.
July	IndyMac Bank seized by federal regulators.
September	The U.S. government takes over Fannie Mae and Freddie Mac.
September	Lehman Brothers files for bankruptcy.
September	The Federal Reserve loans \$85 billion to American International Group (AIG).
September	U. S. Treasury provides temporary guarantees for money market mutual funds.
September	Washington Mutual seized by the FDIC, and its banking assets sold to JP MorganChase.
October	The Emergency Economic Stabilization Act (commonly referred to as a bailout of the U.S. financial system) became law.
October	Worst week for the U.S. stock market in 75 years; highest volatility day ever recorded in its 112 year history.

## 2009

February	President Obama signs the \$787 billion economic stimulus package into law.
March	Dow Jones Industrial Average drops below 7000 for the first time since 1997.
April	Swine Flu declared a public health emergency.

April	Chrysler files for bankruptcy.
June	General Motors files for bankruptcy.
<b>2010</b>	
March	President Obama signs landmark health care overhaul bill.
April	Massive oil spill in the Gulf of Mexico.
April	Ash clouds from an Icelandic volcano shut down airports across Europe.
<b>2011</b>	
January/February	Commodity prices soar; Uprisings in the Middle East
March	Powerful earthquake and tsunami devastates Northern Japan.
March	U.S. joins airstrikes in Libya.
May	Osama bin Laden killed.
August	Wall Street suffers worst selloff in two years.
August	S&P downgrades U.S. credit rating.

*I am an old man and have known a great many troubles,  
but most of them never happened.*

~ Mark Twain

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