

Investment Forum Program for Wednesday, September 24 at 11:30

Session Focus: The past week has been the most tumultuous and momentous for financial markets within living memory—and possibly for the entire history of the nation. Perhaps the best function the forum can perform is an attempt to take it all in and digest what has occurred. An attempt will be made to converse with greater depth of introspection than have our elected representatives. A few noteworthy events are cited below:

- Some stocks reached 52-week highs during the height of the turmoil. To name just a few, they include Boston Properties, Chubb, General Mills, Kellogg, Leggett & Platt, Nicor, PNC, Pentair, Plum Creek Timber, Potlatch, Public Storage, Tootsie Roll, U.S. Bancorp, Wells Fargo, and Zale. There may be something to the idea of diversification after all.
- Analysts at Citigroup, Merrill Lynch and Morningstar were unable to explain weakness in pipeline MLPs in the face of strong fundamentals and speculated on hedge fund liquidation in these thinly traded stocks.
- United Airlines (jet fuel) and VeraSun Energy (corn for ethanol production) were prominent among commodity buyers whipsawed by attempts to seek shelter in hedged positions in volatile trading markets.
- Constellation Energy, parent of Baltimore Gas & Electric, suddenly collapsed into the waiting arms of Warren Buffett's MidAmerica Energy because of losses in unregulated electricity trading markets.
- Treasury Secretary Hank Paulson took the unprecedented step of a government takeover of AIG so deftly that it must have aroused the envy of Hugo Chavez and Vladimir Putin.
- Speaking of Putin, amid the U.S. markets turmoil a collapse of financial markets in Russia gained little attention. Will BRICs become BICs?
- For the first time in modern history, the creditworthiness of the U.S. federal government was brought into question.
- Concern for inflation subsided, and interest rates on short-term U.S. Treasury securities reached lows not seen since The Great Depression.
- Perma-bear James Grant avoided the temptation to publicly gloat over his prescient warning regarding Morgan Stanley, perhaps chastened by his recent buy recommendation on AIG.
- Finally, a clueless moderator on the PBS NewsHour repeatedly inquired of guest panelists why momentous actions were being undertaken by appointed officials rather than equally clueless elected representatives.

On the Website: New articles which may be of interest to retired investors are posted regularly at www.olligmu.org/~finforum/.