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Courtesy of Edmundo Braverman

December 31, 2007

Dow Jones – 13,264.82

S&P 500 – 1,468.36

January 2008 – Storm Clouds on the Horizon

- January 18 – Rising oil prices and the hint of a housing crisis prompt President Bush to propose further tax cuts in order to stimulate the economy.
- January 21 – Panic selling begins in the international markets in response to the increasing probability of an imminent American recession.
- January 22 – Reacting to plunging international markets, the Federal Reserve slashes interest rates by .75%, the single largest one-day cut in Fed history.
- January 28 – 31 year old French trader Jerome Kerviel is charged in connection with the loss of over \$7 billion on behalf of his employer, Societe Generale. Though charged with breach of trust, falsifying documents, and breach of computer security, the charges fell short of outright fraud because he apparently did not wrongfully enrich himself. Many American traders speculate that Kerviel's losses were a result of an emotional breakdown caused by the grueling 35-hour French work week.
- January 29 – The House approves President Bush's economic stimulus proposal, rebating \$300-\$600 to individuals earning under \$75,000 and couples earning under \$150,000. The plan is estimated to cost \$145 billion. That'll fix everything, right?

February 1, 2008

Dow Jones – 12,743.19

S&P 500 – 1,395.42

February 2008 – Darkening Skies

- February 1 – Bureau of Labor Statistics reports the loss of 17,000 jobs in January. It is the first net loss of American jobs in 52 months.
- February 1 – Microsoft launches a hostile bid to take over Yahoo for \$44.6 billion. Though ultimately unsuccessful, Yahoo's share price will decline more than 70% from the bid price by year-end.
- February 7 – Senate passes stimulus package. Stimulus checks will begin to arrive in May.

March 1, 2008

Dow Jones – 12,266.39

S&P 500 – 1,330.63

March 2008 – More of the Same

- March 4 – John McCain becomes Republican nominee for U.S. President.
- March 10 – After a Times article exposes the content of federal wiretaps, New York Governor Eliot Spitzer admits his involvement in a prostitution ring and is pressured to resign. Couldn't happen to a nicer (or more deserving) guy.
- March 11 – The second government intervention of the year begins, as the Fed offers \$200 billion in discount Treasuries to the major banks and allows them to post mortgage-backed securities as collateral.
- March 12 – Eliot Spitzer resigns as Governor of New York.
- March 16 – The Federal Reserve loans JP Morgan Chase \$30 billion to take over the collapsing Bear Stearns, hoping to stave off a market panic. Bear Stearns sells for 10% of its current market price.
- March 18 – The Federal Reserve *again* cuts short-term interest rates by .75%
- March 31 – HUD Secretary Alphonso Jackson announces his resignation due to an ongoing federal investigation into allegations that he granted housing contracts to cronies.

April 1, 2008

Dow Jones – 12,654.36

S&P 500 – 1,370.18

April 2008 – April Showers

- April 10 – Senate approves Housing Relief Bill designed to help the increasing number of homeowners in foreclosure. The bill, estimated to cost \$15 billion over 10 years, provides a \$7,000 tax credit to individuals who buy homes in foreclosure. The unintended consequence of the bill is that it creates artificial demand for homes in foreclosure, dragging down the property values of those homes that are for sale but not in foreclosure.
- April 19 – President Bush nominates Steven Preston, current head of the Small Business Association, to succeed Alphonso Jackson as Secretary of Housing and Urban Development.

May 1, 2008

Dow Jones – 13,010.00

S&P 500 – 1,409.34

May 2008 – The Calm Before the Storm

- May 3 – Microsoft rescinds its offer to buy Yahoo when Yahoo rebuffs Microsoft's revised offer of \$33 per share (or \$47.5 billion), up from the original \$29.40 per share offered in February.
- May 14 – The House passes the Farm Bill at a cost of \$307 billion, increasing farm subsidies and expanding food stamp benefits.
- May 21 – President Bush vetoes the Farm Bill, calling it “bloated”. House overrides Bush's veto 316 to 108.
- May 22 – The Senate overrides Bush's veto 82 to 13 and the Farm Bill becomes law.

June 1, 2008

Dow Jones – 12,638.32

S&P 500 – 1,400.38

June 2008 – June Gloom

- June 3 – Barack Obama becomes Democratic nominee for U.S. President.
- June 6 – More unemployment woes as the unemployment rate jumps from 5% to 5.5%, the

largest monthly increase in 22 years.

- June 18 – Hoping to ease oil prices and garner precious political capital, President Bush urges Congress to suspend the Offshore Drilling Ban.
- June 27 – Bill Gates retires from the day-to-day operations of Microsoft. He remains available to the company in an advisory role.

July 1, 2008

Dow Jones – 11,382.26

S&P 500 – 1,284.91

July 2008 – The Gathering Storm

- July 13 – Due to collapsing stock prices causing a crisis of confidence, the Treasury crafts a plan to step in and save Fannie Mae and Freddie Mac. The two companies either own or guarantee 50% of American mortgages. The plan will cost billions and must be approved by Congress.
- July 14 – President Bush signs an executive order lifting the ban on offshore drilling. However, the Congressional ban remains in place.
- July 23 – The House approves the Treasury's plan to bailout Fannie Mae and Freddie Mac if necessary.
- July 26 – The Senate approves the Treasury's plan to bailout Fannie Mae and Freddie Mac if necessary.

August 1, 2008

Dow Jones – 11,326.32

S&P 500 – 1,260.31

August 2008 – Hurricane Season

- August 8 – Busted by the highly respected news outlet *The National Enquirer*, John Edwards admits to having an affair with a campaign aide while his wife suffers from incurable cancer, confirming years of rampant speculation that he is, in fact, the world's biggest douchebag.
- August 23 – Hoping to shore up his shaky foreign policy credibility, Barack Obama taps longtime Senator Joe Biden to be his Vice Presidential running mate and further infuriates Hillary Clinton supporters.
- August 29 – Hoping to steal momentum from the Democratic National Convention, John McCain picks unheard-of Alaskan Governor Sarah Palin to be his Vice Presidential running mate.
- August 30 – With a massive hurricane bearing down on the city of New Orleans, Mayor Ray Nagin orders the evacuation of over 2 million people, making it one of the largest mass evacuations in U.S. history.

September 2, 2008

Dow Jones – 11,516.92

S&P 500 – 1,277.58

September 2008 – The Perfect Storm

- September 5 – Bureau of Labor Statistics reports that unemployment has surged to 6.1%, the highest level in five years.
- September 7 – Fannie Mae and Freddie Mac are placed under government conservatorship, essentially bankrupt. Hank Paulson defends the move as “crucial” to avoid economic meltdown worldwide.
- September 14 – Bank of America acquires Merrill Lynch for \$50 billion, less than half its

market valuation in the past year. Unable to find a buyer, 158-year old Lehman Brothers prepares to file for bankruptcy protection.

- September 15 – Lehman Brothers declares bankruptcy and the Dow falls more than 500 points.
- September 16 – The House passes a bill to expand offshore drilling and the Federal Reserve steps in with \$85 billion to rescue struggling insurance giant AIG.
- September 17 – The Dow drops 685 points on the heels of the AIG rescue.
- September 20 – President Bush asks Congress to authorize a \$700 billion bailout package to enable the Treasury Department to stabilize the market by buying up toxic assets. It is the largest proposed bailout in U.S. history.
- September 26 – Washington Mutual, the nation's largest savings and loan, is seized by federal regulators. JP Morgan Chase steps in to buy the bank at rock bottom prices.
- September 28 – Congress and the Treasury come to terms on the \$700 billion bailout. A vote is scheduled for the next day.
- September 29 – In a move that stuns the world, Republicans in Congress block the passage of the bailout bill, sending the market into free fall. When the smoke clears, the Dow has dropped 778 points, its single largest one-day decline in history.
- September 30 – The Dow roars back 485 points for its 7th largest point gain in history.

October 1, 2008

Dow Jones – 10,831.07

S&P 500 – 1,161.06

October 2008 – Meltdown

- October 1 – Senate passes bailout bill. The Senate's version of the bill increases FDIC insurance limits from \$100,000 to \$250,000 and tacks on another \$150 billion in tax breaks and incentives.
- October 3 – The House passes the sweetened deal and the President signs it into law, creating the TARP (Troubled Assets Relief Program). The Labor Department reports the loss of 159,000 jobs in September.
- October 6 – In a violent reaction to the passage of the bailout, world markets collapse. Europe and Asia suffer the steepest declines in two decades, and the Russian stock market closes down almost 20%.
- October 8 – The Nikkei drops 9.4% and the Hang Seng drops 8.2%
- October 9 – Panic grips the market and the New York Stock Exchange posts its most active day in history. The Dow closes down 679 points after swinging 869 points intraday. The government of Iceland suspends their stock market and nationalizes three banks.
- October 10 – The most volatile day in Dow Jones history. As the Bush administration begins to waffle on how the bailout funds should be allocated, the market whipsaws over 1,000 points intraday to settle down another 128 points.
- October 11 – The G7 meets to discuss a strategy to stop the bleeding, as other economies worldwide begin to collapse. Suspending stock market trading altogether is one of the ideas put forward, but quickly voted down and then denied.
- October 13 – Volatility is the order of the day as the Dow screams back 936 points to post the largest point gain in history. It also marks the 2nd largest intraday swing of 966 points.
- October 14 – The Bush administration announces the funding of \$250 billion into the nation's nine largest banks, as part of the \$700 billion package. Cries of nationalization reverberate through the market.
- October 15 – In what is becoming a month for the books, the Dow posts its 2nd largest single-day point loss in history when the market crashes 733 points.
- October 16 – The Dow swings 815 points to close up 401 points on the day.

- October 22 – The Dow closes down 514 points, or 5.69% for the day.
- October 27 – The Dow closes down 554 points, or another 7.18% for the day.
- October 28 – A little relief as the Dow moves higher by 889 points, its 2nd largest one-day point gain in history.
- October 30 – U.S. Gross Domestic Product drops .3% to mark the first drop in GDP since 1991, and to confirm the suspicion that the U.S. is officially in a recession.

November 1, 2008

Dow Jones – 9,336.93

S&P 500 – 968.75

November 2008 – Aftermath

- November 4 – Barack Obama is elected the 44th President of the United States.
- November 7 – The Labor Department announces that the unemployment level is now at 6.5%, the highest level since 1994, after 240,000 jobs were lost in October.
- November 12 – The Bush administration announces that they are changing gears on the disbursement of the bailout funds and will now use part of the money to assist banks in lending direct to consumers.
- November 13 – The market embraces the liberalization of the bailout funds and rewards the measure with a 553 point gain in the Dow after a 911 point intraday swing.
- November 15 – The G20 nations meet to discuss the crisis and, while measures such as greater banking oversight and limits on executive compensation are discussed, nothing of any real merit is accomplished.
- November 19 – The market stumbles again, closing down 427 points and under 8,000 for the first time since 2003, in response to the Labor Department report that the Consumer Price Index fell by a whole percentage point, the largest drop since 1947.
- November 20 – Congress tells U.S. automakers “no-dice” on their requested \$25 billion bailout. Ironically, it was revealed that the CEOs of the automakers flew to Washington in private jets to beg for money.
- November 21 – The market makes a comeback, closing higher by 494 points.
- November 23 – The government steps in to save Citigroup to the tune of \$326 billion. This includes covering up to \$306 billion in potential losses and a direct injection of \$20 billion into the faltering company.
- November 25 – The government announces another \$800 billion in giveaways. \$600 billion will be used to guarantee the bad debt underwritten by Fannie Mae and Freddie Mac, and the other \$200 billion will be used to assist consumers in obtaining car loans, student loans, business loans, and credit card debt.

December 1, 2008

Dow Jones – 8,149.09

S&P 500 – 816.12

December 2008 – Clean Up

- December 1 – Confirming what everyone already believed, the Bureau of Economic Research announced that the U.S. economy had been in recession since December of 2007. The Dow responded by dropping 680 points.
- December 5 – The unemployment rate edges up to 6.7% after 533,000 jobs were lost in November. It was the largest number of jobs lost since 1974.
- December 10 – The House approves a \$14 billion bailout package for GM and Chrysler, under the provision that they must submit a restructuring plan and answer to a “Car Czar”. Ford says,

“Thanks, but no thanks.”

- December 11 – Bernard Madoff was arrested in New York and accused of running the largest Ponzi scheme in history. He himself estimated the losses would top \$50 billion. The arrest reverberated through the market as both institutions and A-list individual clients scrambled to determine the extent of their exposure. Meanwhile, the Senate refuses to pass the auto bailout bill.
- December 16 – In a desperate attempt to turn the economy around, the Fed cuts rates from 1% to .25% and then finally to 0%.
- December 19 – President Bush announces his own bailout package for GM and Chrysler, loaning the companies \$17.4 billion to make it through the next quarter.

December 31, 2008

Dow Jones – 8,776.39

DOWN 34%

S&P 500 – 903.25

DOWN 38.5%