



### Capital Windows: 4th Quarter 2008 (as of 11/06/2008)

- Crude oil futures settled below \$ 65 for the first time since August 2007 as U.S demand hit a nine-year low.<sup>6</sup>
- For the first time since the Great Depression, the Fed is bypassing ailing banks and lending directly to American corporations in an effort to unclog the commercial paper market.<sup>6</sup>
- Around the world, 6 central banks lowered interest rates on October 8, 2008. The Fed lowered short-term rates on October 28th to 1%, its 6<sup>th</sup> rate reduction in calendar year 2008.<sup>2</sup>
- As of the Nov 06, 2008 close, the ongoing bear market for the S&P 500 was down 41.72% from its all time closing high, making it the 3<sup>rd</sup> worst bear market of the last half century.<sup>3</sup>
- More than 1,000 banks closed in 1930 as a result of the Depression, 3 years before the FDIC was created. 17 US banks have been taken over by the FDIC in 2008.<sup>4</sup>
- <sup>6</sup>

Key Rates	Current	1-year ago	% Change
Federal Funds	+1.00%	+4.75%	-3.25%
30-yr fixed mort.	+6.33%	+6.18%	+0.32%
10-yr T- Notes	+3.730%	+4.647%	-0.574%

- A total of 7 IPOs averaging \$ 146 million went through during third quarter '08, a sharp drop from the 45 deals averaging \$ 271 million that went through during the same quarter last year. A modest 58 M&A deals took place among venture-backed companies.<sup>5</sup>
- A total of 31 IPOs have taken place in 2008 with an average return of -29%.<sup>1</sup>

→<sup>6</sup>

Index	Year to Date	10 Year Annualized Average
Dow	-32.77%	+0.45%
S&P	-36.97%	-1.65%
NASDAQ	-38.02%	-0.66%

- The average P/E ratio of the DJIA for the past four consecutive quarters is 15.68. The average P/E ratio of the S&P 500 22.07.
- Third quarter GDP came in at -.3%. 52 economists surveyed expect GDP to contract in the fourth quarter as well as the first quarter of 2009. If this bears out, it would mark the first time US GDP has contracted for three consecutive quarters in more than half a century. Economists put the odds of recession in the next 12 months at 89%.<sup>6</sup>
- As of August 2008, the national median home price had fallen 9.5 percent in the preceding 12 months, to \$203,100 due to rising foreclosures, increasing inventory, and decreased availability of consumer credit.
- Venture capitalists invested \$7.1 billion in 907 deals in the third quarter of 2008. Activity was down 7 percent compared to the second quarter of 2008.<sup>5</sup>
- The IPO window is seen as closed tightly by many prominent Venture Capitalists. This may provide an advantage to early stage companies as they are able to close the gap while more mature competitors sit around and wait for the IPO window to open.<sup>7</sup>

<sup>1</sup>ipohome.com, <sup>2,3,6</sup> Wall Street Journal. "Market Data Center." 11/06/2008

<sup>4</sup><http://www.fdic.gov/bank/individual/failed/banklist.html>,

<sup>5</sup>[www.nvca.org](http://www.nvca.org), <sup>7</sup>Todd Kimmell on [www.fastcompany.com](http://www.fastcompany.com) 10/10/2008