



Capital Windows: 1st Quarter 2008 (as of 01/23/2008)

- The average U.S. 30-year fixed mortgage rate decreased to 5.52%, .37 percentage points down from a year ago.¹
- U.S. crude oil fell to \$89.95 on January 22, more than 10% below their record-trading price of \$100.09/barrel on Jan 3rd.²
- The Dow ended the 4th quarter down 4.5%, the S&P lost 3.3%, and the Nasdaq declined 1.8%. However, the major indexes had overall gains for 2007, where Dow was up 6.4%, Nasdaq 9.8% and the S&P gained 5.5%.³
- Inflation as measured by the CPI was up 4.1% in 2007. In the last 25 years there have been only 4 years (1987-90) when inflation was greater than 4.1%.⁴
- The Fed dropped the key Federal Funds Rate an additional 75 bps from 4.25% to 3.50% on January 22nd, the biggest reduction in target rate since 1990. The Fed had dropped the rate from 4.75% to 4.25% during the 4th quarter.⁵
- 10-year Treasury notes currently yield 3.308%, down from 4.808% one year ago but with a slow uptick from a year-low in September. Markets show increased demand for the safety of government debt due to continuing credit market turmoil.⁶
- Total number of IPOs filed for 2007 was 234 compared with 198 completed deals for the entirety of 2006.⁷
- The US has experienced 9 recessions in the last 55 years. The average performance of the S&P in the 12 months prior to these recessions has been a loss of 4.4%.⁸
- The low point for the S&P 500 during the recession of 2001 occurred on 9/21/01. In the 6-months that followed, the S&P GAINED +20.4% on a total return basis.⁹
- The earnings of the S&P 500 companies are projected to grow 16.1% during 2008 over their 2007 levels.
- The number of existing homes for sale in the USA peaked at 4.56 million in July 2007 and then dropped to 4.27 million by November. The July figure was the highest number recorded since October 1991.¹⁰
- Gold has spiked in price against fears of recession and continues to set record highs. Last week it set a high of \$914.40 and closed yesterday at \$880.80 an ounce.¹²

¹ Wall Street Journal. "Market Data Center." 01/23/2008

² Wall Street Journal. "Signs Hint of Waning Demand." 01/23/2008

³ Glencrest Investment Advisors, Inc. "Investment Review and Outlook."

⁴ Behind The Numbers. "By The Numbers\$ 01/21/08 Edition" 01/21/2008

⁵ MSNBC. "Federal Reserve Makes Emergency Rate Cuts" 01/22/2008

⁶ Wall Street Journal. "Market Data Center." 11/7/2007

⁷ IPOHome. "The Strongest IPO Market that Nobody is Talking About" 12/14/2007

⁸ Behind The Numbers. "By The Numbers\$ 01/21/08 Edition" 01/21/2008

⁹ Behind The Numbers. "By The Numbers\$ 01/21/08 Edition" 01/21/2008

¹⁰ Behind The Numbers. "By The Numbers\$ 01/21/08 Edition" 01/21/2008

¹¹ Behind The Numbers. "By The Numbers\$ 01/21/08 Edition" 01/21/2008

¹² Wall Street Journal. "Silver Rises, Still Plays Second Fiddle." 01/22/08