

DAILY GLOBAL COMMENTARY

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Equity Prices of Major World Markets – Recovery Is Here? May 12, 2008

The Fed stepped in on March 18 and lowered the federal funds rate 75 bps to 2.25%. Just a few days prior to this action, the Fed negotiated the Bear Stearns deal and announced the PDCF and TSLF programs. It appears that equity prices in the U.S., Europe, Japan, and India show a noticeable recovery from this tumultuous period in March, while stock price indexes in China, Brazil, and Russia have also posted gains from their recent lows. The recent low of the S&P500 was on March 10. The recent low in Europe, Japan, and India occurred on March 17. We remain skeptical because the worst of the weakness in U.S. business activity is not here yet. The pictures and table speak for themselves.

Table 1 Recent Movements in World Equity Prices

Stock Indexes	Peak		Bottom			Latest		% Gain From Bottom
	Date	Level	Date	Level	% Loss From Peak	Date	Level	
S&P 500	10/09/07	1565.15	03/10/08	1273.37	-18.64%	05/12/08	1400.00	9.94%
Dow Jones ex. US	10/31/07	291.11	01/23/08	231.73	-20.40%	05/09/08	261.23	12.73%
FTSE Eurofirst 300	06/01/07	1806.90	03/17/08	1355.30	-24.99%	05/09/08	1509.10	11.35%
Nikkei 225	07/09/07	18261.98	03/17/08	11787.51	-35.45%	05/12/08	13743.36	16.59%
Dow Jones China 88	10/16/07	530.54	04/18/08	288.35	-45.65%	05/12/08	337.07	16.90%
Bombay Sensex	01/08/08	20873.33	03/17/08	14809.49	-29.05%	05/12/08	16860.90	13.85%
Bovespa - Brazil	12/06/07	65790.81	01/21/08	53709.11	-18.36%	05/09/08	69645.70	29.67%
RTS- Russia	12/12/07	2359.85	02/07/08	1887.41	-20.02%	05/08/08	2283.99	21.01%

Chart 1

Standard & Poor's 500 Stock Price Index

1941-43=10



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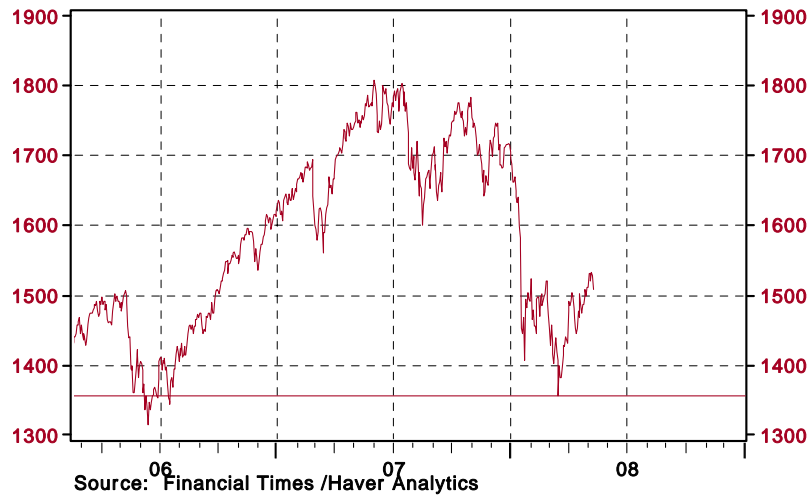
Chart 2

Dow Jones Global Index: World excl U.S.
12/31/91=100



Chart 3

Eurofirst 300 Eurozone: FTSE Share Price Index
7/25/97=1000 (I)

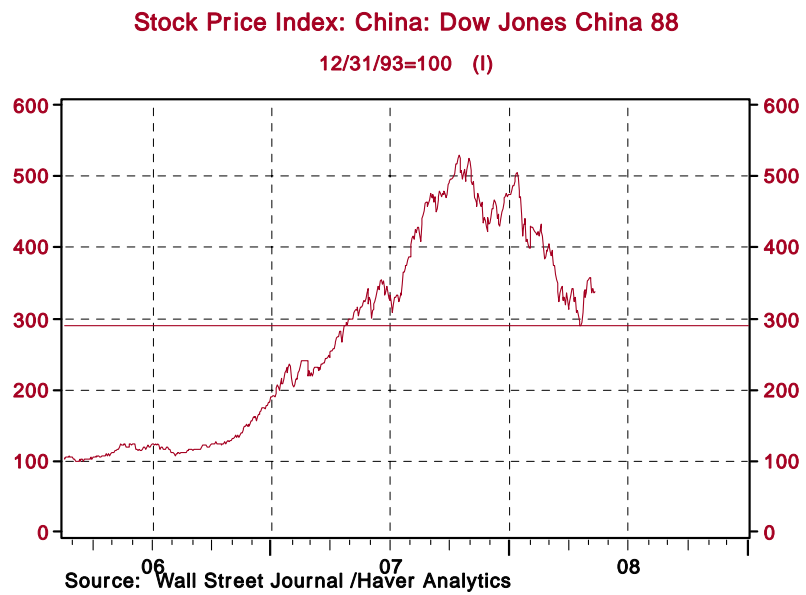


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Chart 4



Chart 5



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Chart 6

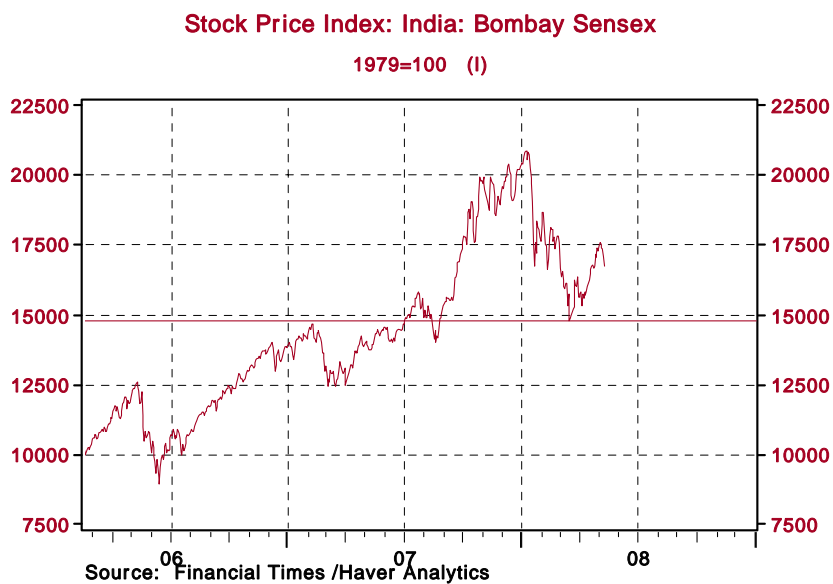
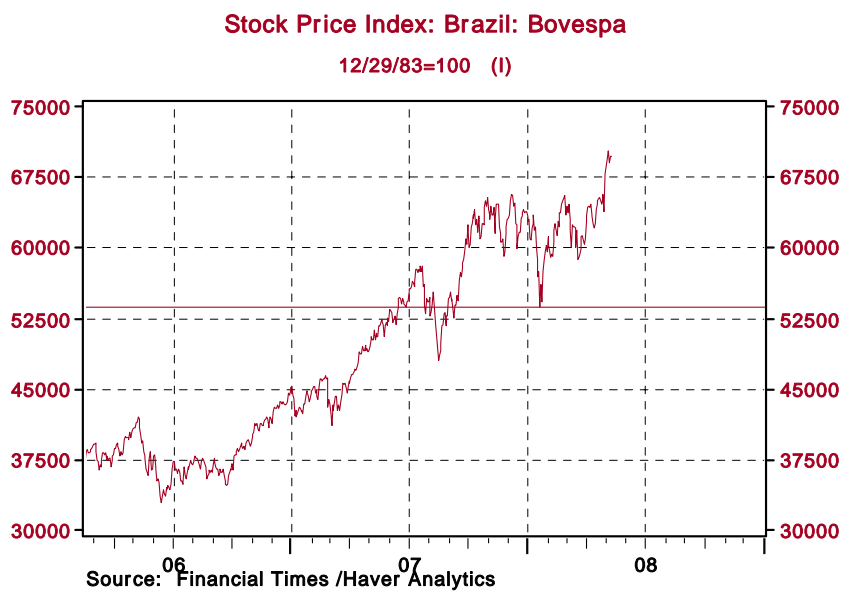


Chart 7



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Chart 8



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