

YAHOO! FINANCE

The last Dow record: My, how things have changed

At the last Dow record, the market was still a party, Bernie Madoff was still in business

AP By Christina Rexrode, Associated Press | Associated Press – 8 hours ago

Remember the world on Oct. 9, 2007? That was when the Dow Jones industrial average last set a record high.

It was a headier time back then: pre-financial crisis, pre-bailouts, pre-Great Recession. The stock market still felt like a party. The economy, salaries and investments seemed to go only up. Bernie Madoff was still running his Ponzi scheme. John Edwards was still a viable presidential candidate. Tiger Woods was still only known for his golf.

The Dow, a stock index that is followed as a gauge for the rest of the market, hit its highest close, 14,253.77, on Tuesday. Compare that with the day five years, four months, three weeks and six days ago, when it set its previous high of 14,164.53, and my, how things have changed.

OCCUPY WHAT STREET?

Back then, Bear Stearns still existed. So did Lehman Brothers, Wachovia and Washington Mutual. Fannie Mae and Freddie Mac were just mortgage lenders, not wards of the government. Far fewer people knew what it felt like to have their fortunes undone by a worldwide meltdown.

The vitriol against the banking industry was still pretty tame. "Occupy Wall Street" wasn't a thing. Mitt Romney, making a run for president, was criticized more for being a Mormon than for being a rich financier.

A "London whale" meant a whale from London, not the trader who caused a surprise \$6 billion loss at JPMorgan Chase in 2012. TARP was something you used to cover a lawnmower. Now it's the Troubled Asset Relief Program, which the government used to bail out banks, carmakers and insurers, beginning in 2008.

Nobody outside Alaska had heard of Sarah Palin. Steve Carell was still on "The Office," and it was still funny. Barry Bonds was still a home run champion, not a convicted felon in a steroids case. The first iPhone was new on the market, and the top-selling phone in the U.S. was the Motorola Razr, a "dumb" folding phone.

A FILL-UP FELT LESS LIKE A STICK-UP

The worst of the economic calamity was almost a year away. And even now, though the panic of the financial crisis is gone, its repercussions linger.

In October 2007, gas cost \$2.77 a gallon. The average had never soared to more than \$4, as it would the following summer. It's now about \$3.74.

This was when jobs were easier to come by. The unemployment rate was 4.7 percent. Nearly a quarter century had passed since it had last hit 10 percent, as it would in 2009. It's now at 7.9 percent, well above the desired rate of around 5 percent.

This was when the U.S. was growing consistently. The economy hadn't had a losing quarter, meaning it shrank rather than grew, since 2001. But starting in the first quarter of 2008, it would shrink for five of six quarters. The economy has been growing the past three years, though it expanded at an annual rate of just 0.1 percent in the fourth quarter.

HOMES WERE STILL SWEET

This was when people believed their income could rise every year. The median annual household income would start falling, after adjusting for inflation, in 2008. It's now around \$50,054, according to the latest data available from the Census. In 2007, after adjusting for inflation, it was \$54,489.

This was when Americans took for granted the idea that housing was a good investment. The median sale price of an existing home was almost \$207,000, still close to the record of \$230,000, according to the National Association of Realtors. It would start falling in the summer of 2008 and crater at \$156,000 in early 2011. It's now around \$174,000.

A TURNING POINT QUICKLY TURNED AROUND

If the 2007 record teaches anything, it's that milestones and celebrations can evaporate quickly and severely.

A month after the Oct. 9, 2007, record, the Dow had shed 8 percent of its value. A year after, it was down almost 40 percent. At its worst point in the Great Recession, in March 2009, it had dropped 54 percent from its peak to 6,547.05.

Joe Gordon, managing partner at Gordon Asset Management in North Carolina, remembers, and is underwhelmed by the latest Dow record.

"You can hit these milestones," Gordon says. "But then it can always end badly."

AP writers Ben Walker, Christopher S. Rugaber and Jonathan Fahey contributed.

LOOK FOR

1. Penny Stocks to Watch

7. Top Stock Picks

2. Best Dividend Stocks

8. Affordable Health Insurance

3. Jim Cramer Stock Picks

9. Hot Penny Stocks

4. Gold Spot Price

10. Penny Stock Picks

5. Retirement Calculator

11. 2013 Stock Picks

6. 5 Places to Retire

12. Top Stocks to Buy Now

ads by Yahoo!



Copyright © 2013 The Associated Press. All rights reserved. The information contained in the AP News report may not be published, broadcast, rewritten, or redistributed without the prior written authority of The Associated Press.

Copyright © 2013 Yahoo! Inc. All rights reserved. /

New User? Register Sign In Help

Get new Yahoo! Mail apps

Mail My Y! Yahoo!

Search Search Web

- HOME
- INVESTING
- NEWS
- PERSONAL FINANCE
- MY PORTFOLIOS
- EXCLUSIVES

Get Quotes Finance Search

Wed, Mar 6, 2013, 9:47AM EST - US Markets close in 6 hrs and 13 mins

Dow ↑0.21% Nasdaq ↑0.06%

More On ^GSPC

QUOTES

Summary

Components

Options

Historical Prices

CHARTS

Interactive

Basic Chart

Basic Tech. Analysis

NEWS & INFO

Headlines

\$SPX

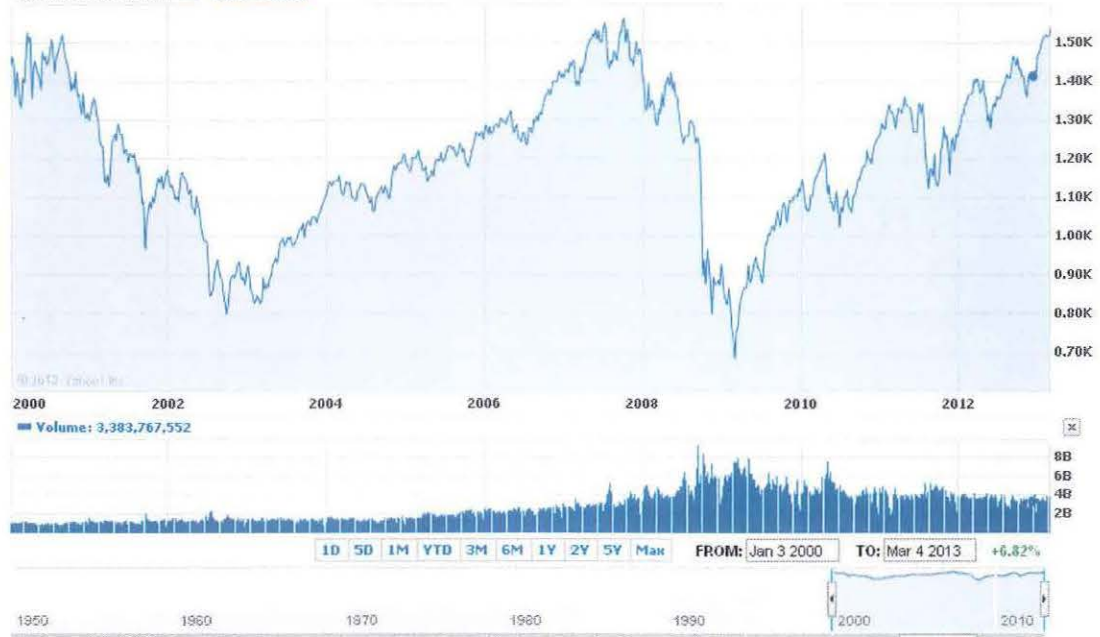
S&P 500 (^GSPC) - SNP

1,543.31 ↑3.52 (0.23%) 9:47AM EST

Add to Portfolio

Enter name(s) or symbol(s) GET CHART COMPARE EVENTS TECHNICAL INDICATORS CHART SETTINGS RESET

Week of Dec 10, 2012: ^GSPC 1413.58



Basic Chart | Full Screen | Print | Share | Send Feedback

S&P 500 (^GSPC) - SNP

Prev Close:	1,539.79	Day's Range:	1,539.79 - 1,544.71
Open:	1,539.79	52wk Range:	1,266.74 - 1,543.47

Quotes delayed, except where indicated otherwise. Currency in USD.

Headlines

- U.S. stocks open up, extending record run at MarketWatch Wed 9:42AM EST
- U.S. stocks open up, extending record run at MarketWatch Wed 9:41AM EST
- Stocks Open Higher, Dow Extends All-Time High, After ADP Report at CNBC Wed 9:30AM EST
- Timing the stock market should set off your alarm at MarketWatch Wed 8:57AM EST
- Rally Not Over, but Stocks No Bargain: Cooperman at CNBC Wed 8:56AM EST
- Wednesday Morning Cheat Sheet: 3 Stories Moving Markets at Wall St. Cheat Sheet Wed 8:36AM EST
- [video] Will Sequester Jeopardize Recovery? at CNBC Wed 8:35AM EST
- Fear indexes on the rise on global stock markets at MarketWatch Wed 8:30AM EST
- Stock Futures Signal Further Climb After ADP at TheStreet Wed 8:30AM EST

Federal FREE Edition

It's your money. Keep more of it — and file taxes FREE. with expert live tax answers

TurboTax Federal refund \$1,575

Prepare, print & e-file FREE

TurboTax from Intuit The power to keep what's yours.™

Free Testosterone Boost 40+

Men over 40 are seeing shocking boosts in free testosterone with this

Nugenix.com