

Market keeps quivering

by: LAURIE WINSLOW World Staff Writer
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Stock indexes plunge and then battle back. A Tulsa investor describes it as panic selling.

Passage of the multibillion-dollar rescue plan last week did little to ease jitters on Wall Street on Monday as news of financial woes overseas captured headlines, leaving some analysts to wonder just how low the stock market could go.

The Dow Jones Industrial Average plummeted about 800 points before recovering somewhat and closing down 370 points, or 3.58 percent, at 9,955.50 — the first time in four years it had dropped below 10,000.

The Standard & Poor's 500 index shed 42.34 points to close at 1,056.89, and the Nasdaq composite index fell 84.43 to 1,862.96.

Markets reacted as reports outlined investors' worries about the worldwide ramifications of the credit crisis. A global sell-off was apparent after governments across Europe rushed to prop up failing banks, and Germany, Ireland and Greece also said they would guarantee bank deposits.

As for how far the Dow could fall, the Tulsa money manager Fred Russell said: "It can go to 9,500 or 9,000. No one knows when it's going to bottom because no one can anticipate the extent of disillusion and panic we might see. We do know that there are some shrewd buyers, including Warren Buffett, who are salivating at some of the prices."

Russell cited Helmerich & Payne Inc., shares of which his firm was buying Monday morning for less than \$32 each. Their price in June was nearly \$77 a share.

"Amid the chaos and fear are some very delectable, succulent bargains," said Russell, the principal of Fredric E. Russell Investment Management Co.

Investors are throwing away stock in companies with strong balance sheets along with those that probably won't make it, he said.

"The selling is indiscriminate, and it's characteristic of panic selling," he said.

As in the past, the stock market could see a bounce after the presidential election, but Russell cautioned, "We thought that same thing about the bailout, and we were wrong."

"I think investors might take a tough, hard look at their portfolios and weed out the walking wounded, and focus on the companies that are flush with cash."

Tom Warburton, the principal of Warburton Capital Management of Tulsa, said about 90 percent of the calls it has received have been from clients wanting to buy.

He said he can't predict what the market will do, but he takes a long-term approach.

"I tell people the stock market is lot like my wife — it's very hard to predict and sometimes it's

difficult to endure, but over the long haul it's treated me just fine," Warburton said.

He noted that this is the third most powerful bear market in 60 years. But it has not yet approached the plunges of 1973-74 and 2000-2002, when the S&P 500 index was down 43 percent from its high. The S&P 500 at the close of trading Monday was down 28 percent for the year to date and 32 percent from 52 weeks ago.

It's historically accurate to say that the stock market rises after a presidential election, but Warburton said he was not certain that idea is supported by anything stronger than anecdotal evidence.

"My view is that humans are resilient, economies are resilient, markets are resilient, and 10 years from now this will look like a wonderful time to have invested," he said.

James Redman, the principal and founder of Gibraltar Capital Management Inc. in Tulsa, noted that the stock market was lower than he would have anticipated.

"At this point in time based on the fundamentals, I think the market should begin to find the bottom and begin to rebound, but that is if we can control the flow of just game-changing news, both domestically and abroad," he said.

He predicted that the market will rebound relatively soon, maybe weeks or months, once investors begin to focus on company fundamentals — balance sheets, earnings power and other strengths — instead of headlines.

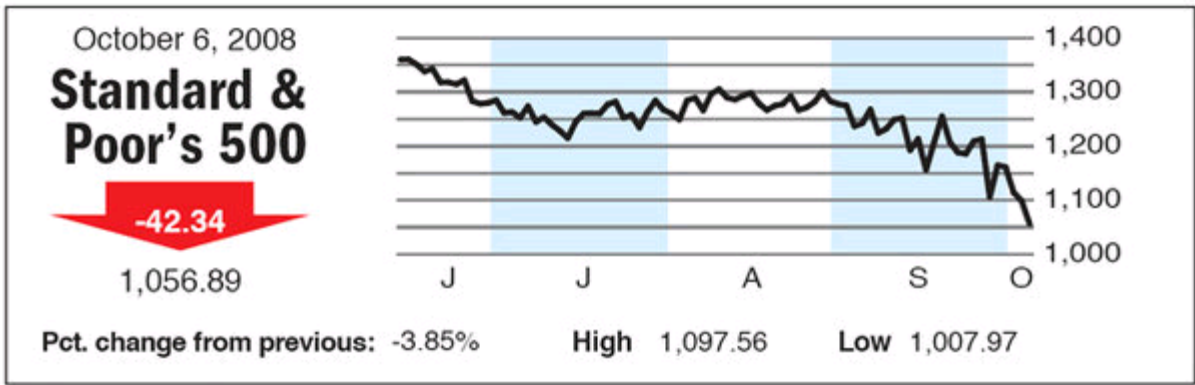
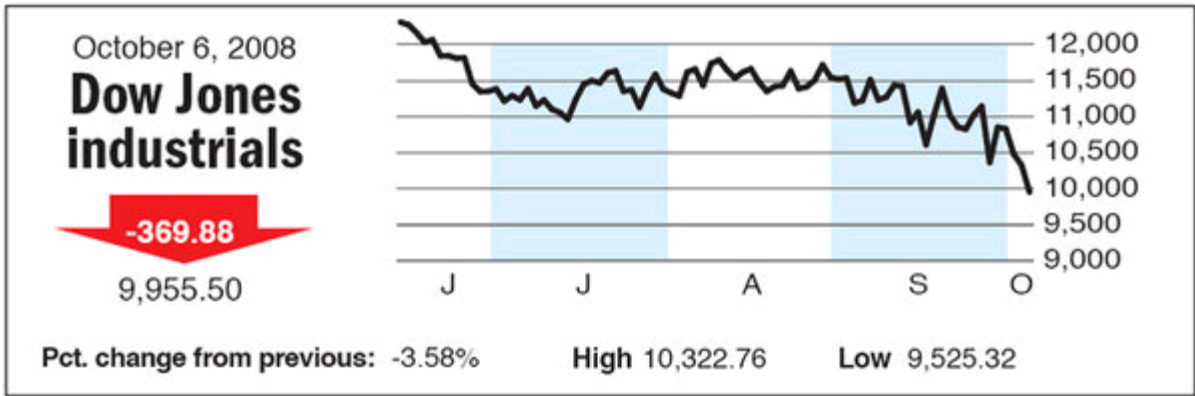
Last week's news focused on the bailout, and this week everyone is focused on the downturn overseas, he said.

"When there's nothing for us to focus on except for the fundamentals, and the credit markets begin to operate somewhat, stocks will bounce, but that is what has to happen," he said. The Associated Press contributed to this report.

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