



Schorpp Capital Management, P.C.

623 Georges Rd.
North
Brunswick, NJ
08816

Volume 5, Issue 2

2nd Quarter 2009

How Does this Market Downturn Compare to Previous Ones

Using the Dow Jones Industrial Average going back 100 years we find ten declines of over 40% or more. Our peak to trough decline in this present downturn is 53.44% from 10/9/2007 to 3/5/2009. The only other larger decline was -89.2% during the depression from 1929 to 1932. We can't glean much from this downturn or any other one for that matter. But one thing has repeated itself over and over again. A bull market, often a powerful one, has taken place after every bear market. This pattern has taken place without fail.

Often you will hear that

it is different this time. Let's look at some of the headlines of past market drops. Business Week August 1979, "The Death of Equities", Time November 1987, "The Crash, After a wild week on Wall Street the world is different", Time 1990, High Anxiety, "Looming Recession, govt. paralysis, and the threat of War are giving Americans the case of the jitters. As you can see the press is never going to let a good financial crises go unnoticed. These types of headlines sell magazines.

The next point you may be thinking about is; are we headed for another

great depression? Let's look at it this way; I'm going to give you two choices, buy stocks from the period January 1928 to December 1937 or January 1999 to December 2008. My guess is most of you would say I'll take the latter period. But you would be wrong. If you were to invest \$100,000 in both periods the depression era account would have a value of \$100,180. While the most recent period the account would be \$87,010, based on the S & P 500. Is it possible we have already gone through our own depression when it comes to stock prices?

Tip of the Quarter

Use Credit Cards to Your Advantage

1. *Using a credit card gives you more leverage to return the product then if you used cash. If you fail to get the goods you were promised you can get the charges reversed pretty quickly.*
2. *Credit cards are essential when traveling. They are safer then currency and needed when checking into hotels or renting a car.*
3. *Credit cards can be helpful in emergencies.*
4. *Statements from credit cards can be helpful for budgeting.*
5. *Take advantage of reward points that credit card companies offer.*

1st Quarter Performance of Various Asset Classes

SPY (S&P500)	-11.87%
QQQQ	1.91%
DJIA	-13.30%
Russell 2000	-15.35%
Hang Seng	-6.03%
10yr. Treasury	9.22%
Oil Futures	18.86%

1st Quarter Review

The first quarter of 2009 saw tremendous volatility. We have a new president, and an economy that is beginning to see the light at the end of the tunnel. The last three weeks of March saw a

rally. This rally may be for real. We never try to time the markets but the damage has been severe and I feel we have seen the bottom. I think it is safe to say that the 1st quarter 2009 is when the

sun finally came out and shone on our investment portfolios.

Please keep the faith in this great country of ours there is no place on Earth quite like it!!