



## *Of Mice, Men and Morals...*

As the events in the international financial markets unfold, many local investors are wondering if we, in our corner of the world, would be affected in any way. The effects of the global financial crisis touched our shores recently, and even regionally, given the fate that befell the CL Financial and Stanford Groups.

It was most interesting to view the reactions of various sectors across the population, and even those of some international figures. When times are dire, it is only then one sees the true mettle that people are made of (pun unintentional). So the following article separates the wheat from the chaff as it were with some lessons that we can take away from the whole thing.

### **Mice**

*John Thain and Sir Fred Goodwin, respective former heads of Merrill Lynch and Royal Bank of Scotland.* Merrill paid \$3.6 billion in bonuses to certain staff despite reporting a fourth quarter loss of \$15.8 billion, just prior to the company being taken over by Bank of America in January. The payments are currently the source of a probe by the State of New York Attorney General Andrew Cuomo. Sir Fred led RBS to the worst corporate loss in British history and later apologized to the UK Treasury Committee for the bank's failure. This was not before he was allowed to resign and qualified for a pension worth £703,000 per year. The bank later admitted that had he been fired, his pension would have been £416,000 per year. In an irony of ironies, one of Merrill's employees who was paid a bonus for 2008 actually advised RBS on the acquisition of Dutch rival ABN Amro, an acquisition that former RBS Chairman Sir Tom McKillop described as a 'big mistake'.

### **Men**

*Vikram Pandit, Citigroup CEO and Leonard Abess, a Miami Executive.* Pandit revealed before Congress last month that he will take a salary of \$1 in Citi's current fiscal year. Abess distributed the \$60 million he realized from the sale of shares in City National Bank of Florida to his employees, talk about setting an example.

### **Moral**

We are reminded of George Orwell's *Animal Farm*, where at the end, the edict reads, 'all animals are equal, but some are more equal than others'. There is definitely something wrong with a corporate culture that rewards failure, and is so bonus-oriented that common sense and ethics seem to be as old-fashioned as bell-bottomed pants.

### **Mice**

*Rick Santelli, financial reporter for the CNBC network.* The former Wall Street trader totally lost the plot on national television in a five-minute rant where he publicly criticized President Obama's economic recovery plans, with particular reference to the housing market, and the 'subsidizing of losers' mortgages'. Someone should remind Mr Santelli that Senator McCain lost and it is time to move on.

## **Men**

*US President Barack Obama and Treasury Secretary Timothy Geithner.* The enormity of the task of steering the US economy through these troubled waters cannot be overstated. Treasury Secretary Geithner has impressed as being firmly in touch with the work necessary to unfreeze the credit markets and unravel the web that enveloped the housing market in his recent testimony before the US Congress. The 44<sup>th</sup> US President's handling of the economy this year could very well be the defining period of his entire term.

## **Moral**

Many are called, but few are chosen. A coincidence perhaps, but President Obama was born in the Chinese Year of the Ox, and this year is also the Year of the Ox. These people are described as 'dependable, tireless and possessing an innate ability to achieve great things'. They also tend to 'engage all the trials of the whole world and seek solutions'. If there is a time that such traits are required in a US President, it is surely now.

## **Mice**

*A few elements in the media.* The former Chairman of the CNN Group Mr. Ken Gordon stated that journalists had a 'sacred responsibility' when it came to reporting news. That responsibility has not been evident recently, as the financial reporting in some newspapers has been short of the expected editorial oversight. In these times of uncertainty, the last thing the public can endure is unreliable news reports.

## **Men**

*The wide pool of former stockbrokers;* mostly retired, pursuing private enterprise, or consulting. Surely advice can be sought from these men and women regarding the best course of action in reviving the local Stock Market. One idea in such a course is the possible divestment of State assets into investment companies that can be listed on the Trinidad and Tobago Stock Exchange.

## **Moral**

Leave the sensationalism and hyperbole for the comic section. Waste not, want not; an enormous pool of expertise is available in a wide spectrum of disciplines locally and the powers that be should make use of these resources before it dries up like a cascadura pond in the dry season.

## **Conclusion**

Tis better to calm the fears of the masses, rather than scare them off the seat of their pants. Investors need to keep their wits, heads, and money about them while others are losing theirs. Rational, well-thought through decisions in times of turmoil will win out versus uniformed mass hysteria.

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### ***Current Happenings in Local and International Markets:***

- Guardian Holdings spends \$1.5 million so far in share buyback
  - Govt to make offer to BWIA shareholders
  - LJ Williams holds hand on capital expenditure
  - Manufacturers ask Govt for stimulus package
  - RBC, Scotiabank among world's 50 safest banks
  - Major SVL shareholder dumps shares
  - FCIB stands vigilant with solid performance for 2008
  - Browne: No plans to devalue T&T dollar
  - Neal & Massy incurred TT\$1billion debt for BS&T
  - U.S. consumers' mood edges up in March
  - U.S. trade gap narrows for record sixth month
  - Pandit Says Citigroup Having Best Quarter Since 2007
  - China Consumer Prices Fall for First Time Since 2002
  - U.K. Manufacturing Drops Most Since at Least 1968
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***Table 1: Regional Market Performance (as at 12 March 2009)***

<b>Index</b>	<b>Closing Value</b>	<b>Weekly Change (%)</b>	<b>Monthly Change (%)</b>	<b>YTD Change (%)</b>	<b>1 Year Change (%)</b>
TTSE Composite	833.48	-1.31	-1.43	-1.12	-15.44
All Trinidad	1,143.73	-0.59	-0.55	-0.95	-5.48
JSE Index	80,927.09	-1.82	-3.10	0.97	-27.26
JSE Select	1,774.58	-2.92	-3.65	-10.59	-43.59
All Jamaica	64,875.54	-3.01	-5.85	-12.32	-43.19
BSE Composite	872.61	-3.78	-4.59	-5.14	-14.81

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**Table 2: International Market Performance (as at 12 March 2009)**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
S&P 500	750.74	9.99	-10.11	-16.88	-42.64
Nasdaq Composite	1,426.10	9.73	-7.50	-9.57	-36.44
Dow Jones Industrial	7,170.06	8.73	-9.61	-18.30	-40.79
German Dax	3,956.22	7.06	-10.24	-17.75	-40.05
FTSE 100	3,712.06	5.16	-11.66	-16.29	-35.74
Nikkei 225	7,198.25	-3.16	-6.58	-17.71	-44.03
Hang Seng	12,001.53	-1.72	-9.27	-16.58	-48.76
DJ Eurostoxx	1,962.64	5.96	-11.39	-19.94	-46.19

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