Off the Charts

And You Thought 1931 Was Bad for the Market

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THIS is shaping up as the year when almost nothing went up.

Even after Friday's large stock market rally, only 10 of the stocks in the Standard & Poor's 500, the premier American stock index, are higher than they were at the end of 2007, and the index itself is down almost as far as it was in the worst year it ever experienced, at the height of the Great Depression
Although the accompanying charts focus on the United States, similar things can be said in most markets. Only a handful of European stocks are up this year, and within the once buoyant Chinese and Indian stock markets, there are almost no stocks showing gains.

There has, in other words, been nowhere to hide from the collapse of 2008.

The ubiquity of the problems reflects how integrated the international financial system has become, as well as the fact that most of the world is now in recession or getting close to it.

Moreover, many asset prices were pumped up in years past by excessive debt, and are now falling as many investors choose to, or are forced to, reduce their borrowing.

Standard & Poor's has been keeping statistics on the breadth of the 500 stocks in the index only since 1980. Until now, 2001 was the worst year on record in that regard, when just 131 of them rose. But unless there is a substantial year-end rally, that figure could be 10 times the one for 2008.

One measure of the depth of the market malaise is that there are as many stocks in the S.& P. 500 that have declined by 90 percent this year - 10 - as there are stocks that have risen at all. Several of the winners, among them Rohm & Haas, the chemical company, and UST, the maker of snuff tobacco, are up only because they agreed to all-cash takeovers early in the year. Their acquirers are down sharply.

So far this month, the figures are little better. Just 24 of the stocks in the index are up. S.& P. has been keeping track of the monthly figures only since 1999. Until this year, the lowest number rising in a month was 56 in September 2002 - just before the last bear market ended. That number was challenged in September of this year, when 65 rose, and shattered last month, when just 28 of the 500 stocks showed gains.

The S.& P. 500 has lost more than a third of its value in a calendar year only twice before, both during the Great Depression. It fell 41.9 percent in 1931, and 38.6 percent in 1937. The worst post-Depression year, until now, was 1974, when the index fell 29.7 percent amid the worst postwar recession the country has yet seen.

But this year, the index is down 45.5 percent. Amazingly enough, it has done better than leading indexes in many other countries, at least when currency changes are filtered out.

Measured in dollars, the leading indexes in Britain, France, Germany, Canada, China, India, Australia, Brazil and Mexico have all lost more than half their value. Japan's leading index is down almost 50 percent in yen, but just 40 percent in dollars because of the rise of the yen this year.

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