

The Stock Market Game™



Week In Review

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It's been another wild week on Wall Street with the economic rescue package dominating the headlines. The House shot down the initial \$700 billion plan on Monday sparking a huge stock sell off causing the Dow to fall 778 points – its worst single-day loss ever. As credit markets remained frozen and the unemployment rate rose for the ninth straight month, a revised version of the plan made it through the Senate on Wednesday night and faced the House of Representatives today. As of this writing, the House has passed the Emergency Economic Stabilization Act (EESA), but awaits the President's signature on the bill. Advocates of the plan argue it was crucial for the government to address the credit crisis threatening the well-being of the economy and would free up banks to lend more. Opponents say the plan rewards Wall Street mistakes, puts the financial burden on taxpayers and fails to address the real economic problems facing Americans. Regardless of whether you agree with the advocates or opponents of the EESA, it's clear this is a monumental event with long-term impacts.

The markets seemed somewhat calmer this morning as investors keep a close eye on the fight for Wachovia. Earlier in the week, the company agreed to sell its banking operations to Citigroup for \$2.2 billion in a deal requiring the involvement of the federal government - the FDIC would cover any losses over \$42 billion on Wachovia's \$300 billion loan portfolio. However, Wells Fargo provided a sweeter offer – \$15 billion for all of Wachovia's assets with no strings attached. Unlike many of its financial peers, Wells Fargo has managed to ride out the credit crunch and turmoil in the housing market and reported better than expected earnings for the second quarter in July. But Citigroup remains determined to close the deal and is not giving up its plan to buy Wachovia just yet. *This may be a great story for your SMG students to follow and provide updates for their classmates.*

With the current status of the economy and the collapse of many long-standing financial institutions, don't be surprised if your Stock Market Game students grow frustrated that their total equity remains in the red for a good portion of their trading session. If you haven't done so already, now is the perfect time to get your students ready to participate in [InvestWrite](#) – The Stock Market Game's national and state-wide essay competition. The program allows students to synthesize what they are learning during the trading simulation while strengthening their writing skills by responding to a real-world investing scenario. To help prepare your students for the program, be sure to check out the *How to InvestWrite* lesson in the **Teacher Support Center**. It's located in the *In the Classroom* section under *Lesson Sequence*. Essays are due December 5, 2008. Good luck to those participating!