

BUSINESS **Analysts weigh in on financial crisis**

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SAN JOSE, CA (KGO) -- The closing bell on Wall Street sounded a new sense of alarm on the state of the U.S. economy. It turned out to be one of the worst days in Wall Street history.

This is a nightmare, not just for [Wall Street](#), but also for the rest of us on 'Main Street.'

On Wall Street, the Dow Industrials nose-dived more than 500-points to below 11,000, the worst showing since the September 11th attacks in 2001, and one of the worst days ever.

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Two federal agencies put the brakes on more taxpayer-supported bailouts. The on-going turmoil is making credit tighter, and is spreading to non-bank companies.

Unlike [Bear Stearns](#), [Lehman Brothers](#) got the cold shoulder from the treasury and the Federal Reserve -- no bailout. Now the firm and its 12,000 employees are swallowing a bitter pill.

"If you just keep stepping in and keep rescuing and keep rescuing, it doesn't restore confidence by the market participants that things are okay in the market," said Stanford Group analyst Anne Mathias.

However, investors sent a clear message of concern, driving the DOW down 504 points. Credit is getting hard to get for Wall Street.

University of San Francisco business professor Jon Fisher says consumers are also feeling what he calls an unprecedented credit stranglehold on the

economy.

"Lehman didn't get access to capital, and that means the typical consumer isn't getting access to capital, and this is in the form of mortgages, this can be in the form of debt on credit cards and autos," said Fisher.

Insurance giant [AIG](#) was also shopping for a loan from the federal government, but was told to look to private sources.

Terry Connelly is a former investment banker. He says the aig situation sends out a danger signal. Connelly is dean of the Ageno School of Business at Golden Gate University.

"AIG represents a mutation of this virus, if you will, into the everyday world of insurance. It affects you and me. Imagine going home tonight and wondering if your property or casualty insurer is going to be money-good if you have a problem," said Connelly, J.D.

The [Federal Reserve](#) meets on Tuesday and is under pressure to cut interest rates, but there is risk in doing that.

"I don't think the government should be pressured into rate cuts that will further exacerbate other critical problems like inflation and the value of the dollar," said Fisher.

The days ahead could provide additional unsettling news.

Two other big investment banks, [Goldman Sachs](#) and [Morgan Stanley](#), will be reporting their quarterly earnings later this week.

California's monthly jobless report is due out Friday.

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