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News You Need to Know

JOB LOSSES: NO END IN SIGHT

That giant sucking sound is U.S. jobs going down the drain: 651,000 positions disappeared in February, said the Labor Dept. on Mar. 6, with the unemployment rate jumping to 8.1%. And forecasters say we ain't seen nothin' yet. On Mar. 10, Bloomberg reported that economists in its monthly survey expect U.S. joblessness to reach 9.4% by yearend. The World Bank predicted on Mar. 8 that "the global economy is likely to shrink this year for the first time since World War II." That's why Treasury Secretary Timothy Geithner, headed for a meeting of the Group of 20 finance ministers in London, will be pushing his brethren for far stronger stimulus.

—Edited by Harry Maurer & Cristina Linblad

CITI SPURS THE STREET

Longing for some reason to hope, Wall Street caught a whiff of good news from Citigroup (C) on Mar. 11 and promptly staged the biggest rally of the year, with the Dow jumping 379 points, or 5.8%. In a memo sent to employees the night before, CEO Vikram Pandit said the beleaguered bank had booked more than $8 billion in operating profit in January and February. And after putting Citi through a stress test that used more pessimistic assumptions than the Fed's own upcoming tests, Pandit proclaimed his confidence in its capital strength. Citi stock rose 38% that day, though that's not saying much, since it closed at 1.45, far below the 7 it traded for at the start of the year and a world away from its peak of about 55 in 2007.

Traders were also cheered by two other developments. Fed Chairman Ben Bernanke, in a Washington speech, said he favors easing the strict mark-to-market rules that force financial institutions to carry assets on their books at their current value—which these days is often zero, since there's no market at all. And the SEC announced that it will examine reinstating the so-called uptick rule, which sets limits on the short-selling many feel has exacerbated the dizzying fall in the equity markets. In other banking news, New York Attorney General Andrew Cuomo on Mar. 11 accused Merrill Lynch of "misleading" Congress about the timing of those now-infamous bonuses.

See "Citi: Pandit's Defense Boosts Wall Street"

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GEITHNER SPEAKS

Appearing on PBS's *Charlie Rose* show on Mar. 10, Treasury Secretary Geithner sketched in some details of his promised public-private partnership to extract toxic assets from bank balance sheets. The basic idea is that Washington will offer financing to private investors to buy the assets—and will inject capital into the banks as an incentive to sell them, presumably at deep discounts. "The art" in carrying out the plan, Geithner told Rose, will be to price the government loans cheaply enough to make them attractive now, but high enough to send investors to private lenders once the credit markets start to function more smoothly.

—Edited by Harry Maurer & Cristina Linblad

SCANTY STIMULUS?

The world's biggest economies aren't doing enough to counteract the downturn—at least, so says a March paper from the Brookings Institution. Looking at the Group of 20 nations, economist Eswar Prasad and researcher Isaac Sorkin figured that the various stimulus plans announced by governments add up to a little more than 1.1% percent of global GDP, whereas the IMF has said 2% is what's needed to drag the world out of its slump. Only the U.S. and China "have responded forcefully, with impressive packages," they write. (Brookings Institution)

—Edited by Harry Maurer & Cristina Linblad