



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS

- NEWS RELEASE -

FOR IMMEDIATE RELEASE

What Are Your Stock Market Dollars Worth?

EDWARDSVILLE, IL, December 6, 2010 - Vicki Rolens, Managing Director of the Federation of American Consumers (FACT), says that members are frequently wondering about the real purchasing power of money they've invested in the stock market in recent years.

"One way to find the answer," she says, "is to measure one's stock market holdings not in dollars but in what they can buy today relative to what they could have bought a few years ago." To do this, she says, you simply take the Dow Jones Industrial Average (DJIA) and convert it, for purposes of this exercise, into a Purchasing Unit."

She explains:

"As this is being written, the Dow Jones Industrial Average (DJIA) is 11,118. That translates into a single Purchasing Unit of 11,118. In 2005 the DJIA was 10,718 -- which comprises a Purchasing Unit of 10,718.

"In today's world, your DJIA Purchasing Unit would let you own 8.15 ounces of gold. In 2005, the DJIA Purchasing Unit would have bought 24.1 ounces of gold -- nearly three times as much."

Other examples:

A 2010 DJIA Purchasing Unit would buy 131 barrels of crude oil -- compared to the 214 barrels which a 2005 DJIA Purchasing Unit would have bought.

A 2010 DJIA Purchasing Unit would buy 2,666 pounds of coffee -- in 2005, 3,258 pounds.

A 2010 DJIA Purchasing Unit would buy 4,043 gallons of gasoline -- in 2005, 4,806 gallons.

A 2010 DJIA Purchasing Unit would buy 8,552 navel oranges -- in 2005, 12,043 navel oranges.

Rolens says, "This system lets you see what has happened to your stock market dollar -- assuming your holdings have been more or less in keeping with the DJIA -- over the course of just 5 years. It is a gauge of purchasing power, then and now. It helps you figure out if your investment dollars have kept up with the price of goods and services."

"All-in-all," concludes Rolens, "the DJIA is hovering pretty much where it was in early 2001 -- 11,000 or thereabouts. According to the Bureau of Labor Statistics, if you adjust for inflation, the Dow would need to climb beyond 13,500 in order to have the same purchasing value in 2010 as it had a decade ago."

Does this mean people shouldn't invest in the stock market?

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Rolens says, "This is a question the would-be investor should discuss with an experienced, trusted financial advisor. Perhaps the next 5 to 10 years will be better than the last. Maybe a carefully managed portfolio will out-perform the Dow. It's possible that overall results will be improved by dividend-paying stocks. About all that any of us can do is get professional guidance -- and hope."

This news release has been issued by the Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the Encyclopedia of Associations, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from medical insurance and dental discounts to prescription drug savings and scholarships. FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025