

The 2008 Financial Meltdown: On This Day Eight Years Ago Lehman Filed For Chapter 11: There Have Been 672 Rate Cuts Since

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Eight years ago the world, and the western financial system changed forever, when the impossible became all too real when Wall Street woke up to news that what until a few days ago was one of the world's largest investment banks had filed for bankruptcy, which would proceed to unleash the most unprecedented period of central bank micromanagement, and market manipulation in history.

Courtesy of Reuters [Vikram Subhedar](#), this is what the front page of Reuters looked like on that day.



And here, appropriately enough, is a brief walk down memory lane courtesy of Deutsche Bank's Jim Reid:

How time flies. On this very day eight years ago Lehman Brothers filed for Chapter 11 bankruptcy protection in what still is the largest bankruptcy filing in US history. The reality is that we are still living in the very long shadow of the events that occurred around this time. This default certainly marked the point where central banks started to go into overdrive to prop up the financial system. The problem is that they haven't been able to stop and have had to get more and more aggressive to keep the plates spinning.

We estimate that since the collapse of Lehman, Central Banks around the world have cut interest rates 672 times. A phenomenal statistic and that's before we even get to unconventional measures.

As a bit of fun it's interesting to have a look at where markets are now based on last night's close versus this time 8 years ago. Starting first and foremost with the Treasury market, 10y yields are at 1.698% this morning which compares to 8 years ago when they were at 3.389%. At the current 0.758% yield, 2y yields are down from 1.706% while 30y yields (currently 2.450%) are down from 4.022%. At the other end of the risk spectrum, the S&P 500 at 2,126 now is up a whopping +102% in total return terms in the 8 years. In commodity markets Gold has risen from \$787/oz to \$1323/oz now, or +73% while WTI Oil has more than halved from \$101/bbl to the current \$44/bbl level. The standout though has to be what's happened to Bunds in that time with the 10y yield falling from 4.185% to 0.020% now. This would look even more incredible had it not been for Bunds bouncing back into positive territory recently.

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