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BIDS & OFFERS

Losing at World Cup Can Hit a Nation's Stocks

A Catty Fight for Morgan Stanley Web Domain

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On June 9, Costa Rica will face off against host Germany in the inaugural match of the 2006 World Cup. And Americans will again discover that people in the rest of the world seem to have a penchant for soccer.


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Germany loses, the DAX drops? Marcell Jansen hopes not.

So great is this penchant that a loss in a significant international match can lead to a loss in a country's stock market the next day, according to the findings of By three economists -- Alex Edmans, of MIT, Diego García of Dartmouth and Oyvind Norli of the Norwegian School of Management -- in a forthcoming paper in the Journal of Finance.

The more critical the game, the authors found, and the more important soccer (or football, as nearly everyone else calls it) was for a country, the bigger the effect of a loss on stocks. In Europe, the loss effect seems especially pronounced. Wins don't seem to push stocks up (winning is expected, isn't it?).

Though their intention is to study the effects of national mood on stocks, the authors hypothesize investors could take advantage of loss effect by, say, betting against stocks of both countries before an important match.

Morgan Stanley Purrs

Morgan Stanley recently went to an arbitration panel to wrest control of an Internet domain name from a cat. In the case of *Morgan Stanley vs. Meow*, the feline-registered domain name at issue was mymorganstanleyplatinum.com.

Turns out that a business consultant named Michael Woods registered the domain name to demonstrate in his seminars how companies like Wall Street's Morgan Stanley don't register obvious Internet addresses. To emphasize his point with humor, Woods registered the disputed Internet address under the name "Meow," claiming to be a cat.

Obviously amused, the arbitrator noted, "Respondent maintains that it is a cat, that is, a wellknown carnivorous quadruped which has long been domesticated." But in a stroke of legal pique, he harshly noted that "the common cat...cannot speak or read or write." Largely on that basis, the arbitrator sided with Morgan Stanley, finding that the domain name registered by the cat is identical or confusingly similar to Morgan Stanley's trademarks. Meow.

30 and Up

Just how brutal was last Tuesday's stock market performance?

The Dow Jones Industrial Average lost 1.6%, a decline of about 184 points to 11094.43. Worst yet, all 30 Dow components suffered losses, which has happened just 22 times over the last 10 years, according to data crunched by WSJ Market Data Group. That translates into an 0-for-30 performance once every 114 trading days, or 0.88% of the time.

The worst 0-for-30 day in the last decade took place on Aug. 31, 1998, when the industrial average lost 512 points, or 6.37% of its value, to close at 7539. The Journal's coverage of the day talked about a "historic" day amid fears of the Asian economic crisis then ripping through financial markets.

Normal market logic might suggest that the day after such steep drops might present a prime opportunity for buying stocks. Well, maybe.

Of those 22 occurrences, the DJIA turned upward 14 times in the next day of trading. And on Wednesday, the average clawed back another 77 points. For the year, the average is up 4.9%.

Betting Your Hedges

Barbaro may be off limits to bettors at the Belmont Stakes. But, on an estate north of London, thousands of well-heeled will be wagering on another race whose favorites have names such as Bear Measurisk (odds 5 to 2) and X-Market Alternative Investments (4 to 1).

These are among dozens of firms contending for awards for providing the best service to hedge funds. The ceremony will take place this Wednesday at a conference called "Hedgestock" sponsored by Albourne, an investment consultant. But first, the 4,000 attendees can place bets.

The odds were crafted by Andy Briggs, a British bookmaker who usually handles horse races. "I called a half dozen friends at investment banks," he says.

The favorite for best stock lender is **Goldman Sachs Group** Inc. (7 to 4), while **Citigroup** Inc. odds are a low 12 to 1, alongside **Merrill Lynch** & Co. **Bear Stearns** Cos., a conference sponsor, languished at the bottom of the category of "most reasonable" lender to hedge funds, with 16 to 1 odds.

Simon Ruddick, managing director of Albourne, said profits go to a charity, Teenage Cancer Trust. "We thought this would keep people through the awards ceremony, which otherwise could get incredibly dull," Mr. Ruddick says.

Fee to Be You & Me

You don't read all that pesky, tiny type at the bottom of mutual-fund prospectuses? Take heart.

Even elite M.B.A. students have trouble picking through the gobbledygook that describes mutual-fund fees, according to a study by a trio of researchers. Students, given a limited choice of funds, didn't flock to those with the lowest fees, the study found.

Researchers James Choi of Yale University's Graduate School of Management, David Laibson of Harvard University and Brigitte Madrian of the University of Pennsylvania's Wharton School gave Harvard University undergraduates and Masters of Business Administration candidates at Wharton a hypothetical $10,000 to invest in up to four Standard & Poor's 500-stock index funds.

Funds picked by the M.B.A. students carried average annual fees of $421, including sales charges -- about $10 less than those picked by college students and far more than the lowest-cost option, with annual fees of $309, the study found.

According to the researchers, students who took part in the experiment should be better equipped than average investors to make smart choices: The M.B.A.s scored, on average, 1453 on their Scholastic Aptitude Tests, putting them in the top 2% nationwide, while the Harvard students scored in the top 1%.

--With Justin Lahart, Peter Lattman, Ianthe Jeanne Dugan and Judith Burns

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