



September 5, 2008

Dancing With Bears – Wall Street’s Latest Woes

Dear Friends,

U.S. markets declined sharply Thursday, with the Dow Jones Industrial Average (an unmanaged index of 30 widely held stocks) falling nearly 345 points or 3% for the year’s third biggest one-day decline on a percentage basis. The Standard & Poor’s 500 (an unmanaged index of 500 stocks) and the NASDAQ composite (an unmanaged index of all common stocks listed on the NASDAQ National Stock Market) also finished the day with steep declines.

Several factors triggered the meltdown, including widespread concern that the two U.S. mortgage giants – Fannie Mae and Freddie Mac – could fail, weakness in employment reports, indications of slow growth from the Federal Reserve, and mixed reports from the retail sector.

However, it’s important to note that while some of these factors – like the fate of Fannie and Freddie – could have important ramifications for the future, others – like the weekly employment data – likely have little long-term significance.

The latest week’s rise in unemployment applications, for example, followed three weeks of declines. And no one knows what next week’s data will look like.

Given the market’s substantial fluctuations and equally substantial uncertainty about the future, what’s an investor to do?

To succeed in this highly volatile market, I believe the best course is to look beyond the short-term, albeit sometimes dramatic, swings in economic data and focus instead on the future. Ultimately, the more successful path is to develop a long-term strategy designed to achieve your financial objectives – and maintain it despite the ups and downs of often irrational financial markets.

If you have any questions or concerns about your portfolio, your investment strategy or any other aspects of your financial life, please don't hesitate to call Jon at (813) 221-1956 or email wallerandwax@raymondjames.com.

Sincerely,



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