



# Stanton & Castleton, Inc.

An independent firm

## *Let's Review: Our Monthly Newsletter.....09/01/08*

This month:

S&P 500 returns during and after recessions

<i>Recessions</i>	<i># of months</i>	<i>During R</i>	<i>1 year</i>	<i>3 year</i>	<i>10 year</i>
Jul 1953 - May 1954	10	17.94%	25%	100%	179%
Aug 1957 - Apr 1958	8	-3.94%	6%	26%	107%
Apr 1960 - Feb 1961	10	16.68%	20%	28%	50%
Dec 1969 - Nov 1970	12	-5.28%	0%	28%	17%
Nov 1973 - Mar 1975	16	-13.13%	-27%	6%	73%
Jan 1980 - Jul 1980	6	6.58%	13%	27%	188%
Jul 1981 - Nov 1982	16	5.81%	-18%	15%	196%
Jul 1990 - Mar 1991	8	5.35%	9%	26%	302%
Mar 2001 - Nov 2001	8	-1.80%	-1%	-3%	
<b>Average</b>	<b>10</b>	<b>3.14%</b>	<b>2.95%</b>	<b>28.20%</b>	<b>139.16%</b>

Source: <http://investmentscientist.com/2008/01/25/recession-and-stock-market-performance>

Ok we think this could be a recession. The question is how do we manage investments during this period...and the answer is that depends on a lot of factors. First let's look at what we might expect. The average recession since 1950 has lasted ten months and if we believe this one started in September 2007; we are currently ten months into this recession. If you examine the S&P 500 returns in the chart above you see that during a recession most returns were positive! Let's look deeper into the numbers and we can see that the low point during a recession was always negative. Looking at the recession of July 1981 – November 1982 (sixteen months) the total return was a positive +5.81%. However if we look at the lowest point during that period (August 1982) the S&P 500 was down -21.8% from July 1981.

That is the real lesson here...markets can recover and often they do so very quickly when things appear at the worst. From August lows of 1982 to November 1982 the S&P 500 rallied 35.26%! Think about that, after enduring 13 months of a falling market when both the Pope and President Reagan were shot during the worst recession in 40 years we hit bottom and

*Stanton & Castleton, Inc. / an independent firm*

1151 Dove St., Suite #115, Newport Beach, CA 92660 / 949.975.0955 / 877.975.0955 / [www.stantoncastleton.com](http://www.stantoncastleton.com)  
 Securities & investment advisory services offered through Raymond James Financial Services, Inc. Member FINRA/SIPC

rallied before anyone knew it was over. IF you had packed up and left the market in the summer of 1982 you may never have recovered. That is the lesson, in time markets recover and as long as the confidence in economic growth and capitalism are with us this should continue to be true.

So where are we now and what do we do? We still think a second half recovery can begin in 2008, although this may be a recession the markets can begin to turn in anticipation of a 2009 recovery. We are continuing to run portfolio design simulations to both ensure your allocation is sound right now and to determine if there are any reasonable changes that can be made.

For now we will watch the credit market closely looking for an indication that things are stabilizing. In addition we see a building benefit from the recent decline in oil, gas, grain prices and the strength in the US Dollar. If these trends continue things could improve sooner than expected. Although we will remain cautious our basic nature is to find the positive and help you take advantage of it.

**Just in case we are not being clear...**we think in one or two years we will look back and see that **fall of 2008 was a great time to add to your investments or start investing**, so send us your bank CD's, IRAs we do not already manage...and pass our name along to the people you care about.

***Bob Stanton**, Branch manager / Registered Principal.*

Joyce and I are getting ready for school to start with Ethan going into 10<sup>th</sup> grade and Cole starting Jr. High. As I remember it these were both challenging years for me so we may have our hands full. We are also very proud of our son Jordan who has decided to join the USMC. He has been weighing this for 2-3 years and reached his decision. As you can imagine were both proud and nervous for him...but I can tell you he is a remarkable young man and will be a great addition to the corp...and we are all fortunate we have him looking out for us all.....Ooh Rah!



**Ron Castleton**, Branch manager / Registered Principal:

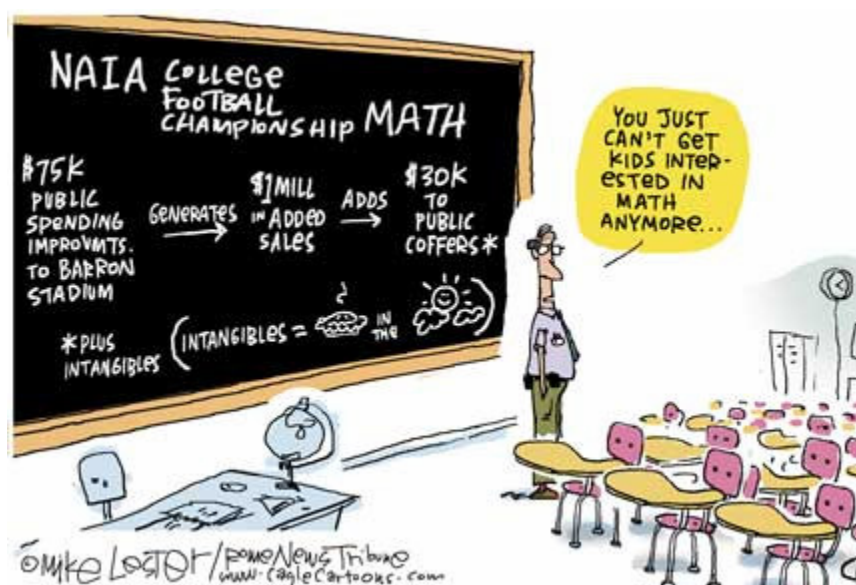
D.C. was great! Sunny and I had a fun time away taking in the sights. The history in D.C. can be overwhelming but we were lucky enough to get a personal tour of the Library of Congress...thanks Tori! Ok we also got a little time in for our national pastime...baseball! We saw my Dodgers vs. the Nationals...if only Vin Sculley was calling the game (and they won) it would have been perfect. O yeah, I went to a meeting or two....wink.

**Charity Van Horn**, Client Service Manager:

The guys have recently given me more “responsibility” (work) so I thought this would be a good spot to let you know I will be calling you all over the next month to say hello and complete some file information. Other than that I am still looking for vacation ideas!

Bye

*This month “Financial Topic”: One more cartoon!*



*Ahh...school and football starting*

**“In the end, how your investments behave is much less important than how you behave.”**

**Benjamin Graham**  
**The Intelligent Investor**

*The Numbers:*

**Closing Values – monthly change / 08-31-2008**

<b>DOLLAR</b>	stronger	<b>NASDAQ</b>	2,367.52	+41.97
<b>10-YR YIELD</b>	3.81 %	<b>S&amp;P 500</b>	1,282.83	+15.45
<b>VOLUME</b>	960,033,984	<b>DJIA</b>	11,543.55	+165.53

*Numbers Provided by Standard & Poor's*

© 2006 Raymond James Financial Services, Inc. Member FINRA/SIPC

This newsletter is published for residents of the United States only. Raymond James' financial advisors may only conduct business with residents of the states and/or jurisdictions for which they are properly registered. Therefore, a response to a request for information may be delayed. Please note that not all of the investments and services mentioned are available in every state. Investors outside of the United States are subject to securities and tax regulations within their applicable jurisdictions that are not addressed on this site. Contact your local Raymond James office for information and availability. Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Any opinions are those of Robert Stanton, Ronald Castleton and not necessarily those of RJFS or Raymond James. Expressions of opinion are as of this date and are subject to change without notice. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Investments mentioned may not be suitable for all investors. You should discuss any tax or legal matters with the appropriate professional. The Dow Jones Industrial Average (DJIA) is a price weighted index of 30 actively traded blue-chip held stocks. Diversification and asset allocation does not assure a profit or protect against loss.

**(Referral Hotline: 877-975-0955)**

**M<sup>3</sup>**

**Manage.....Monitor.....Maintain**

For a more in depth discussion on our services and approach to asset management...or if you would like to read past issues of our newsletter just click this link:

<http://tinyurl.com/65vypu>