

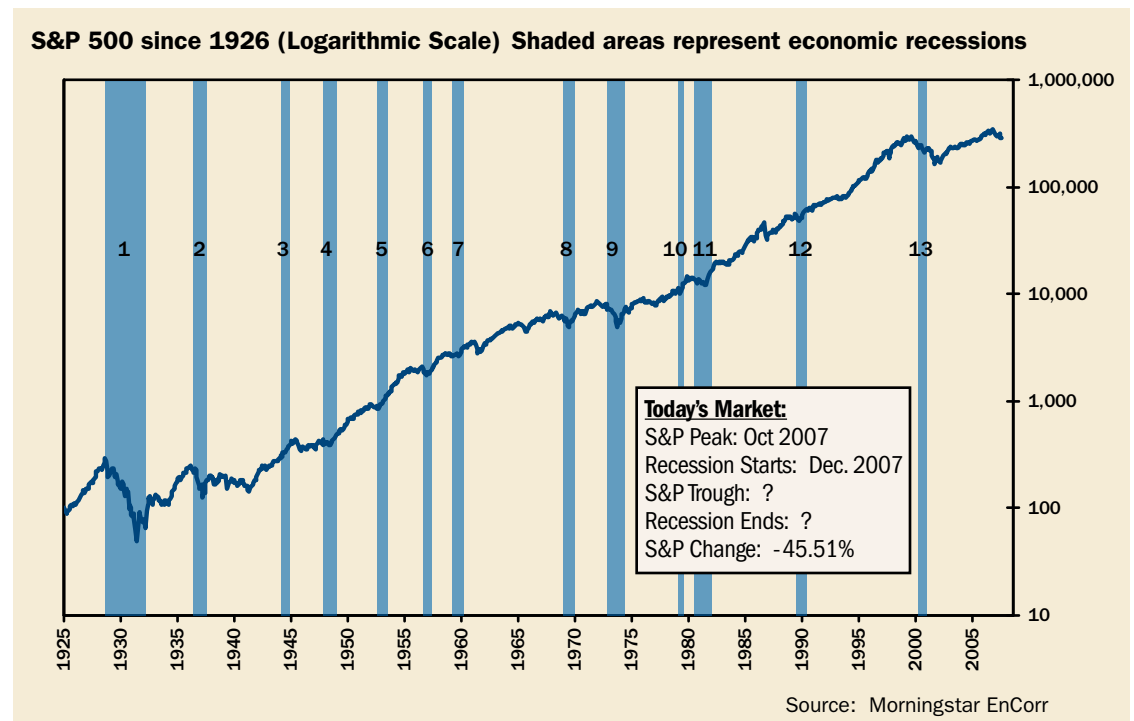
What History Tells Us About Stocks During a Recession

Investors should not lose sight of the post-recession period


With stocks down as much as 47.6% in 2008, many have watched their portfolio values deteriorate while waiting for the market to reach bottom. If the economy has entered a recession and it proves to be of average length, stocks may be close to a near-term bottom. However, history shows us that over the last 75 years the US economy has gone through 13 recessions, lasting from 10 to 11 months on average. During those time periods, stocks have tended to hit bottom an average of 3 months before the end of the recession and have performed well during the post-recession period.

The US economy plays an integral part in the suffering global economy and it is possible that we may see a recession similar to that of the 16 month slump of the 1970's. It is generally considered unlikely that we would see a recession like the Great Depression of the 1930's, which saw the economy shrink for nearly four years.

The graph and chart below provide a synopsis of the recessions the US economy has faced over the last 80 years:



	Date	Recession Starts	S&P Peak	S&P Trough	Recession Ends	S&P Change
1	Aug 1929 - March 1933	Aug-29	Aug-29	Jun-32	Mar-33	- 83%
2	May 1937 - June 1938	May-37	Mar-37	Mar-38	Jun-38	- 50%
3	Feb 1945 - Oct 1945	Feb-45	Oct-45	N/A	Oct-45	16%
4	Nov 1948 - Oct 1949	Nov-48	Jun-48	May-49	Oct-49	- 10%
5	July 1953 - May 1954	Jul-53	Dec-52	Aug-53	May-54	- 9%
6	Aug 1957 - April 1958	Aug-57	Jul-57	Dec-57	Apr-58	- 15%
7	April 1960 - Feb 1961	Apr-60	Dec-59	Oct-60	Feb-61	- 8%
8	Dec 1969 - Nov 1970	Dec-69	Nov-68	Jun-70	Nov-70	- 29%
9	Nov 1973 - March 1975	Nov-73	Dec-72	Sep-74	Mar-75	- 43%
10	Jan 1980 - July 1980	Jan-80	Feb-80	Mar-80	Jul-80	- 10%
11	July 1981 - Nov 1982	Jul-81	Nov-80	Jul-82	Nov-82	- 17%
12	July 1990 - March 1991	Jul-90	May-90	Oct-90	Mar-91	- 15%
13	March 2001 - Nov 2001	Mar-01	Aug-00	Sep-01	Nov-01	- 30%



Buying and holding in a bad market may lead to greater returns

Managing your emotional response to these uncertain economic times requires perspective and focus on the big picture. Holding stocks while the economy is in a recession may feel like the wrong thing to do, but as illustrated in these charts, stocks have tended to rebound well before the economy pulled out of recession. In many cases, stocks rebounded quickly with strong upswings that were clustered in a few days or weeks. Consider that \$1 invested in stocks from February 1966 through May 2007 would have grown to \$16.58 in that period. That's a 7% annual return. However, investors who were out of the market in the five best days each year during that span were left with only 11 cents. That is a good argument for sticking to a buy and hold strategy.

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Returns and principal invested in stocks are not guaranteed. Holding a portfolio of securities for the long-term does not insure a profitable outcome and investing in securities always involves risk of loss.

Source: Stocks are represented by the Standard & Poor's 500®, which is an unmanaged group of securities and considered to be representative of the stock market in general. The Northwestern Mutual Financial Network is a marketing name for the sales and distribution arm of The Northwestern Mutual Life Insurance Company, its affiliates and subsidiaries. Securities offered through **Northwestern Mutual Investment Services, LLC (NMIS)**, member FINRA and SIPC. 1-866-664-7737. NMIS is a wholly owned company of Northwestern Mutual. Northwestern Mutual is not a broker-dealer.

The Northwestern Mutual
Life Insurance Company • Milwaukee, WI
www.nmfn.com

92-0603 (1008)



Northwestern Mutual
FINANCIAL NETWORK®