



## Stanton & Castleton, Inc.

An independent firm

### *Let's Review: Our Monthly Newsletter.....12/01/08*

This month:

It is official: the government says we are in a recession. In fact they say we have been since December of 2007. If ever there was a contest for stating the obvious this would be the hands down winner. We know this is very unscientific; however we must be near the end of the recession because “they” now say it will last well into 2009. We have noticed that every government official (elected and appointed), every company CEO, every market analyst, every T.V. pontificator and anyone else we can think of have gotten a lot wrong over the last year. The latest is both Merrill Lynch and Goldman Sachs have both officially removed their \$185 - \$200 a barrel of oil predictions for December 2008.

Our position is that in this peculiar period of history a host of factors came together causing “unprecedented” chaos in the world economies. The majority of us have been swept up in the turmoil and are trying to keep from making irrational decisions. This may be the toughest time of our adult lives and the experience should make us better...if we survive!

One thing we have noticed: when did so many become so negative? Our recent and past generations in the US have faced and endured far more dangerous times and persevered. We have always had an underlying optimism and belief in our ability to learn from our errors and improve. The recent streams of endless doomsayers on TV and in print have completely missed the point. While this has been gut wrenching to live through, we will get through it with a stronger less leveraged economy. We have been working a lot of extra hours, taking the position that now is the time to try and learn from the markets so we can be better prepared going forward.

Where are the positives? Let's start with energy prices. Oil has fallen to \$46.96 a barrel, gasoline futures are \$1.06 (12-02-2008) down 66% and 68%. We were able to buy gas for \$1.83 today! It was only two months ago

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we paid \$4.65. So the average household with 2 cars is saving over \$485 per month. Now let’s look at food costs in the futures market: Wheat, Corn, Soybeans are down 51%, 57% and 60% respectively this year. Milk, coffee and orange juice are down 33%, 33% and 63% respectively this year. Live cattle are down 20% and the list goes on. Below is a chart for the CRB index: a commodity price index made up of 19 key commodities.

## CRB Index Futures (CR, ICE [NYBOT]) Weekly Price Chart



Much of the costs for these goods are related to the fuel cost to harvest and transport, so we should begin to see meaningful declines in food cost at your local grocer in the coming quarters. Also, let’s not forget about the positive effect of 1% interest rates. Our collective borrowing costs have dramatically declined. This is a huge savings for the economy. Finally we have felt the impact of the market declines. Yet, keep in mind, any dollars put to work now may benefit from a strong return in an economic recovery. We know this recession has been difficult to endure and the fear of more to come can be at times overwhelming, we are confident in a recovery going forward.

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

Most of you know my #2 son, Jordan, joined the U.S. Marines in October. He has been in boot camp for two months and will graduate in January. This has been the longest time Joyce and I have gone without seeing him...harder than we expected! We only communicate via letters. He is doing great, scoring at the highest levels in all the physical testing, getting the top rifle qualification and also making friends with young men from all over the U.S. We are very proud and can not wait to see him on 01-09-2009. He will be home for 10 days and then off to more training...as a U.S. Marine.

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

Kids were all home for Thanksgiving and we had a Castleton feast! This year I did not try to deep fry a turkey so our fire insurance was lower. Great holiday, family, food, football and pie... all the essentials. We have a few weeks before the kids come back on winter break so Sunny and I are going to try and enjoy the quiet...before the storm.

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

Vacation.....

Bye

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



**“I've heard enough truth  
for today. Can we get back to  
the happy fantasies?”**

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

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**Benjamin Graham  
The Intelligent Investor**

***The Numbers:***

**Closing Values – monthly change / 11-28-2008**

<b>DOLLAR</b>	stronger	<b>NASDAQ</b>	1,535.57	-185.38
<b>10-YR YIELD</b>	2.95 %	<b>S&amp;P 500</b>	894.74	-74.01
<b>VOLUME</b>	787,022,976	<b>DJIA</b>	8,829.04	-495.97

*Numbers Provided by Standard & Poor's*

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

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**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>

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