

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



Stanton & Castleton, Inc.

An independent firm

Let’s Review: Our Monthly Newsletter.....08/01/09

This month:

It has been a year since the global financial meltdown began. During this time we went through the various emotional stages often provoked when uncertainty and fear take hold. Here is a picture we have used in the past that sums up this “ride”:

The cycle of market emotions

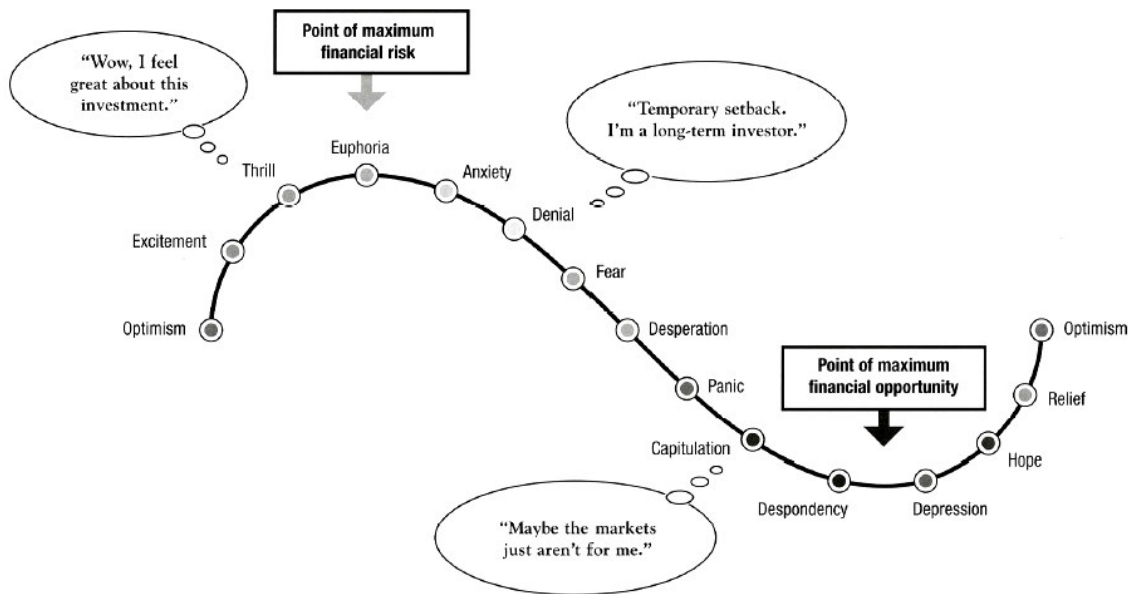


Chart source: Westcore Funds / Denver Investment Advisers LLC, 1998

The consensus is we are facing a “100 year occurrence” at least that is how Ben Bernanke (Federal Reserve Chairman) has described our current recession.

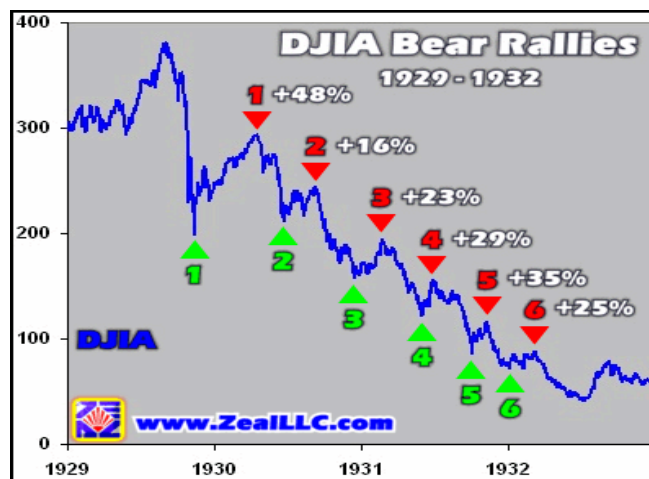
These concerns lead to comparisons to the Depression that ran from 1929 thru 1934. In our view today’s problems are no where near those terrible times. During the Great Depression we had 25% + unemployment...for

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years! While we are not clear of all recessionary risks to the market today, we have not come close to the economic contraction of 1929.

There has been a lot of speculation that this recession is officially over on the heels of a 50% market run up from the March 2009 lows. In our view the overall upbeat tone is good for the country’s psyche; however, we are not past the many risks that still exist. We earlier stated our expectation was for a positive overall market for 2009 by years end. Well it came a lot sooner than expected. This reminds us to be cautious. While it is true most of the economic indicators are becoming less negative or declining at a slower rate it is likely we not have seen the economic bottom. The markets are forward looking and so this run up in market values is based on an expectation of improving sales, revenue, profits and earnings. In our view now would be a good time to be cautious and play “show me” with the market.

Keep in mind Real GDP is still not expanding, unemployment is still rising the Institute for Supply Management ISM ((Tempe, Arizona) — Economic activity in the **manufacturing sector** failed to grow in July for the 18th consecutive month, while the **overall economy** grew for the third consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business®**.) is still 48.9% under 50% is considered recessionary, corporate profits are still in decline overall and most importantly bank lending is also still in decline. We have never emerged from a recession without these indicators turning positive. In fact the current rally is one of the largest of it’s kind given the economic numbers. This is why we are both pleased with the improvement to valuations but cautious they may be a bit ahead of themselves, bear market rallies happen.



We are not predicting another huge selloff, rather we want to be mindful of normal market behavior today and in the past.

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Bob Stanton, Branch manager / Registered Principal:

Our news is Joyce and I had our 28th anniversary! Yeah it has flown by...still looking forward to all the good times ahead! The boys: summer is over this month...whoo hoo! Jordan was stationed in NC with Marine 2nd Recon Camp Lejeune. He is doing real well and looks like he will not be deployed until 2010....we are happy about that.

Ron Castleton, Branch manager / Registered Principal:

Always the contrarians, The Castleton's are heading for the Florida Key's.....in the midst of hurricane season! With a little luck we will be there just between big blows. Of course, we will still have to deal with that 95F / 95 % humidity – I'm sweating just thinking about it. No matter what happens, it will be good to get away to a new locale. Nobody said “family time “was going to be easy.

This month “Financial Topic”: One more cartoon!



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**Benjamin Graham
The Intelligent Investor**

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The Numbers:

Closing Values – monthly change / as of 07-31-2009

DOLLAR	neutral	NASDAQ	1,978.50	+143.46
10-YR YIELD	3.5%	S&P 500	987.48	+68.16
VOLUME	1,515,142,020	DJIA	9,171.6	+724.61

Numbers Provided by Standard & Poor's

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

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