



## Stanton & Castleton, Inc.

An independent firm

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

This month:

What is a “V” shaped recovery? Well it feels like what we have experienced in the investment markets these past 5 months, rising 50% or more from the March 2009 lows. However, the basic economy is not experiencing such a dramatic recovery. At best we can say the rate of decline has slowed in unemployment and perhaps we could see a slight positive 3<sup>rd</sup> quarter GDP growth in 2009 on the heels of massive Government spending taking hold in August spurred in large part by the “cash for clunkers” program.

What we have to ask is while this is great for now are we going to see new job creation and spending (other than government spending) building into the 4<sup>th</sup> quarter and beyond. If the answer is a resounding yes, then we could see continued gains in all markets. If we believe the economy will cool with the decline in Government stimulus programs then markets may feel some downward pressure in the coming months. Lastly, we could conclude a bit of both...some cooling with the lack of federal stimulus offset in part by the beginnings of new business growth. We believe this third option is most likely and as such that some pause to the markets dramatic rise is to be expected. We will view these moments as opportunities to build on investments that will do well as the economy turns toward growth in 2010 and beyond.

One thing we know: back in March of 2009 the consensus was loud and clear that we would NOT see a “V” shaped recovery...and six months later that is just what we got in the markets! Now only a small minority feel we have a risk of a “W” shaped recovery. What is that? It is just like the shape; we see a second dip back before the “real” recovery takes hold. Our position is we want to be positioned to weather a “W” but not miss out on the “V”.

Can we grow our way out of recession while our nation debt is soaring, tax rates going up and the prospects for a nationalized health care system under consideration? Maybe...maybe not, we will have to tread carefully in the

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

coming months. Recent history has been the best lesson for maintaining a healthy skepticism of both financial analysts and government policy makers. Our motto: plan for the worst and hope for the best!



The “W” recovery in 1980-82 recession

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

The new school year has arrived...whoo hoo! I love the boys but too much of a good thing can get to you. Joyce deserves a brake from all the testosterone in our house so we are going to get away for a weekend soon....true I will be with her but that is a good thing...hopefully! Next month I will have to give you a “sports” update and fill you in on the amazing things Jordan is doing.

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

Well...we dodged the hurricanes and had terrific time in the Florida Keys. Although it was hot & humid, we had a great time playing in the beautiful turquoise waters.

Now we are back to the “dry” heat....and the focus is on: Back to School”. Adam is already back at SDSU, Sean leaves for Cal Poly in a week and Ari starts his High School junior year next week! Ahhhh yes, now our vacation really begins.

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



“I know nothing about the subject,  
but I’m happy to give you my expert opinion.”

“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 / as of 08-31-2009**

<b>DOLLAR</b>	neutral	<b>NASDAQ</b>	2,009.06	+30.56
<b>10-YR YIELD</b>	3.4%	<b>S&amp;P 500</b>	1020.62	+33.14
<b>VOLUME</b>	1,515,142,020	<b>DJIA</b>	9,496.28	+324.68

*Numbers Provided by Standard & Poor’s*

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

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