



Stanton & Castleton, Inc.

An independent firm

Let's Review: Our Monthly Newsletter.....10/01/09

This month:

The “New Normal” or “Back to Normal”, these are the choices we face today. In the one camp championed by Pimco’s Bill Gross the next five to seven years will be a period of “New Normal”. Our understanding is this boils down to a lower, 1%-2%, GDP growth rate for the next several years. The primary reasons are the massive level of public debt borrowed to both bail out and stimulate the economy, the public’s new determination to not re-leverage (rather to deleverage), a further move to lower consumption, the inevitable rise in taxes of all varieties to pay for our past sins and new desires (National Health Care)...resulting is a much slower recovery and longer period without substantial new job creation.

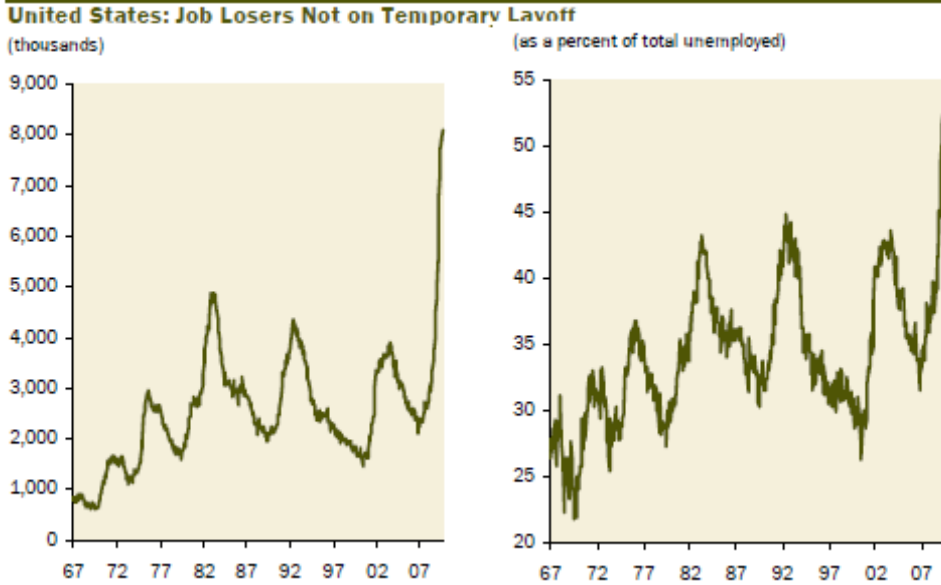
The other side can be seen through JP Morgan’s Dr. David Kelly who in short is seeing a more normal recovery building, pushed along by the effective government stimulus programs in place, the normal inventory rebuilding and new buying born of confidence and necessity by the businesses of the nation. The result will lead to 3%-4% + GDP growth spurred on by the resulting new job creation.....and we are not clear that we have that yet.

We see both sides of the argument....and still our position is: “it’s all about jobs” any sustainable recovery in the economy will be driven by net new job creation. So far we are on the cautious side of this puzzle. It is true the rate of unemployment increases has slowed; but the overall rate of unemployment is still going up. The Federal Reserve has suggested the rate could reach 10.5% nationally in 2010. When you also factor in the large number of jobs that have been down sized to part-time and the fact that the average hours worked hit an all time low of 33 hours (this is equivalent to another 2 million lost jobs) we have to remain cautious. In a few days we will publish a more in-depth 4th Quarter Capital Markets Outlook for those interested in the details. For now we are enjoying the recovery so far this

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

year and developing an outlook to defend our gains while continuing to participate in the recovery.

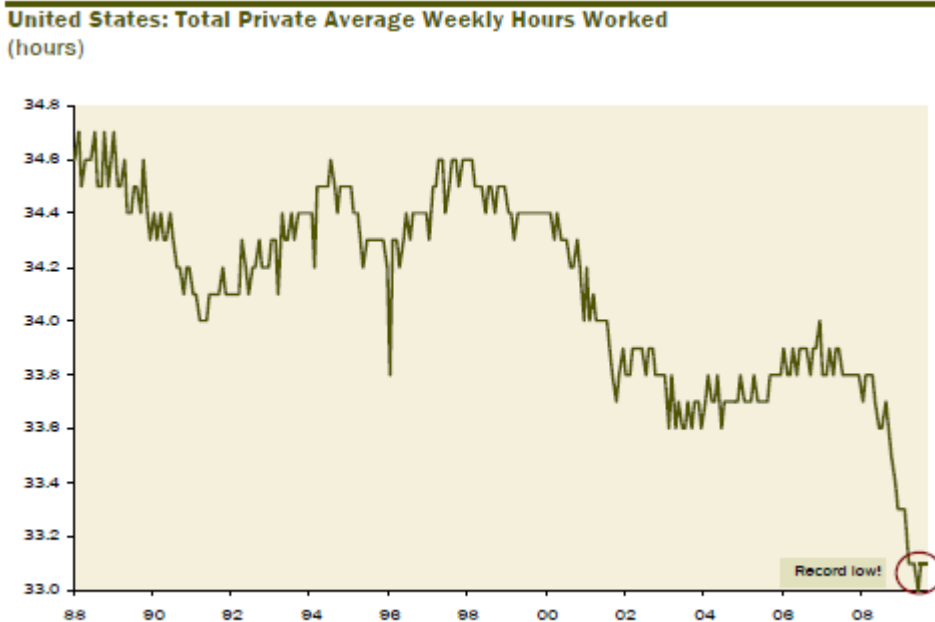
CHART 17: PERMANENT JOB LOSERS SURGE TO RECORD HIGHS



Source: Haver Analytics, Gluskin Sheff

And

CHART 19: HOURS WORKED STILL AT A RECORD LOW



Source: Statistics Canada, Census Bureau, Gluskin Sheff

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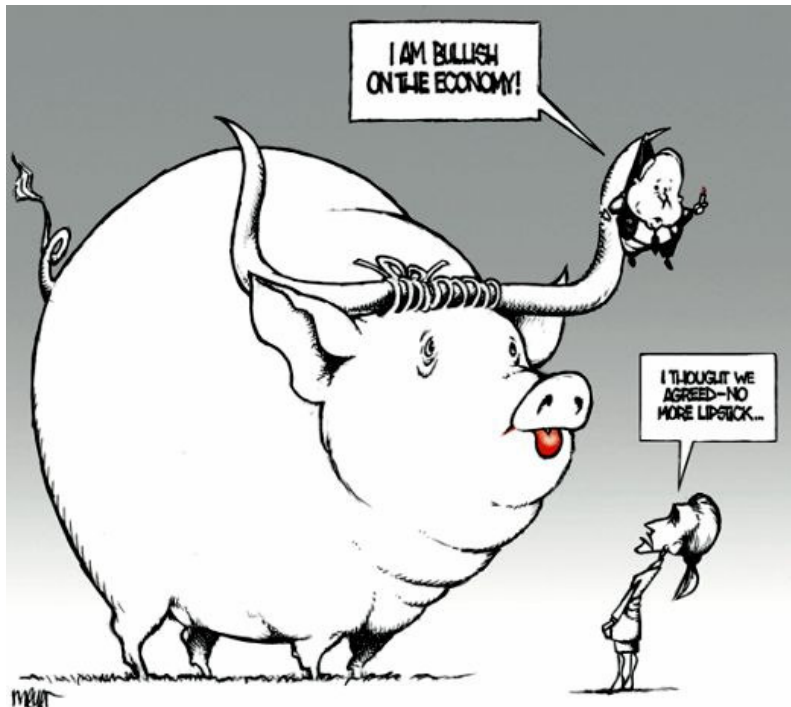
Bob Stanton, Branch manager / Registered Principal:

Well Joyce and I are already worn out with school, football and baseball for Ethan and Cole. Both are doing great so no complaints. Except that I can not wait for Ethan to get his drivers’ license so we can retire as chauffeurs! As for Jordan...he is doing well although last I heard he could be deployed in March rather than October....I think you all know our wish. Cheers!

Ron Castleton, Branch manager / Registered Principal:

Big news this month is that our youngest, Ari, just turned 16 years old. Of course, the topic at the dinner table is all about cars. Amazing how he can remember so many details about so many various vehicles, yet can’t seem to remember the answers for the science quiz! Sunny & I are undecided at the moment, but feel we should be able to leverage this into a few more “A”s on the report card!

This month “Financial Topic”: One more cartoon!



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

**Benjamin Graham
The Intelligent Investor**

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The Numbers:

Closing Values – monthly change / as of 09-30-2009

DOLLAR	weaker	NASDAQ	2,122.42	+113.36
10-YR YIELD	3.3%	S&P 500	1057.08	+36.46
VOLUME	1,773,000,170	DJIA	9,712.28	+216.00

Numbers Provided by Standard & Poor's

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

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