

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



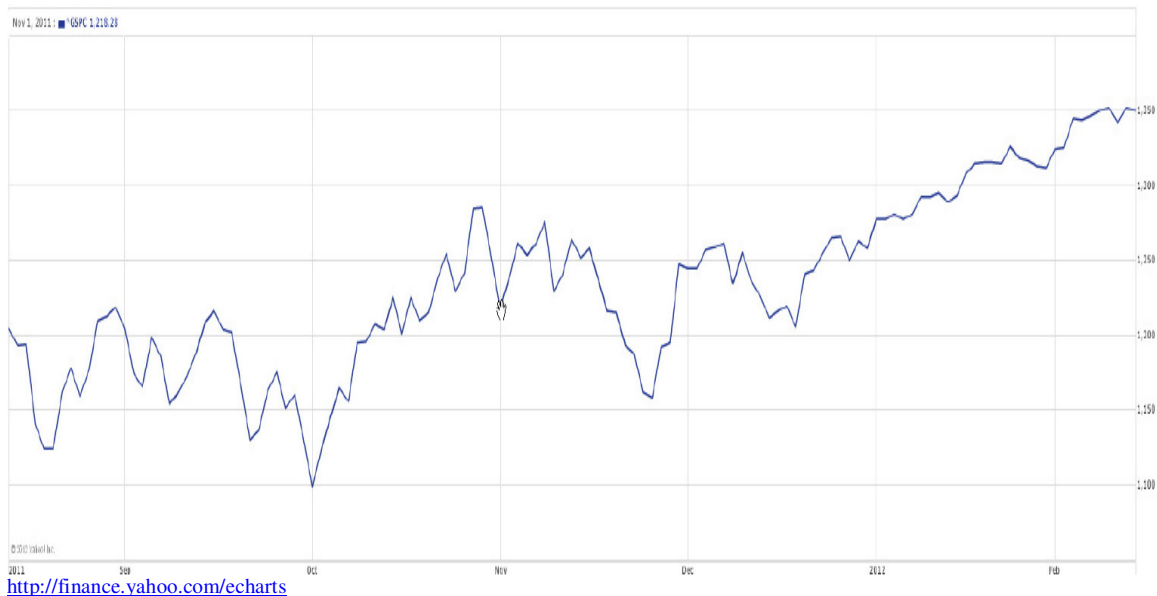
Stanton & Castleton, Inc.

An independent firm

Let's Review: Our Monthly Newsletter.....02/01/2012

This Month:

We do not want to break the “never look a gift horse in the mouth” rule because its origins remind us to just be grateful and kind in accepting gifts ... its rude to question the reason or source. However, when managing money and risk it is also wise to be careful not to be a lemming! Since a closing low of 1099.23 on October 3 2011, the S&P 500 has risen almost 23%! During this time we have seen Europe fall into recession, China’s growth rate is still 35% below its second quarter 2007 peak and the US posts a 1.7% real GDP growth rate in 2011 (down from 3% in 2010).



While we have made great strides in shoring up the US banking systems and avoided a second depression, it would be a mistake to assume its “all good” now. We only have to say aloud the following: “the US Federal Reserve has announced our current zero interest rate policy will be in effect for at least three more years” and “in adding two million jobs this past year unemployment is still 8.3% and total federal tax revenue are down 1.5%? A recent parody on the old Abbott & Costello baseball sketch tells the story:

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COSTELLO: *I want to talk about the unemployment rate in America.*

ABBOTT: *Good Subject. Terrible Times. It's 9%.*

COSTELLO: *That many people are out of work?*

ABBOTT: *No, that's 16%.*

COSTELLO: *You just said 9%.*

ABBOTT: *9% Unemployed.*

COSTELLO: *Right 9% out of work.*

ABBOTT: *No, that's 16%.*

COSTELLO: *Okay, so it's 16% unemployed.*

ABBOTT: *No, that's 9%...*

COSTELLO: *WAIT A MINUTE. Is it 9% or 16%?*

ABBOTT: *9% are unemployed. 16% are out of work.*

COSTELLO: *IF you are out of work you are unemployed.*

ABBOTT: *No, you can't count the "Out of Work" as the unemployed. You have to look for work to be unemployed.*

COSTELLO: *BUT THEY ARE OUT OF WORK!!!*

ABBOTT: *No, you miss my point.*

COSTELLO: *What point?*

ABBOTT: *Someone who doesn't look for work, can't be counted with those who look for work. It wouldn't be fair.*

COSTELLO: *To who?*

ABBOTT: *The unemployed.*

COSTELLO: *But they are ALL out of work.*

ABBOTT: *No, the unemployed are actively looking for work... Those who are out of work stopped looking. They gave up. And, if you give up, you are no longer in the ranks of the unemployed.*

COSTELLO: *So if you're off the unemployment roles, that would count as less unemployment?*

ABBOTT: *Unemployment would go down. Absolutely!*

COSTELLO: *The unemployment just goes down because you don't look for work?*

ABBOTT: *Absolutely it goes down. That's how you get to 9%. Otherwise, it would be 16%. You don't want to read about 16% unemployment do ya?*

COSTELLO: *That would be frightening.*

ABBOTT: *Absolutely.*

COSTELLO: *Wait, I got a question for you. That means they're two ways to bring down the unemployment number?*

ABBOTT: *Two ways is correct.*

COSTELLO: *Unemployment can go down if someone gets a job?*

ABBOTT: *Correct.*

COSTELLO: *And unemployment can also go down if you stop looking for a job?*

ABBOTT: *Bingo.*

COSTELLO: *So there are two ways to bring unemployment down, and the easier of the two is to just stop looking for work.*

ABBOTT: *Now you're thinking like an economist.*

COSTELLO: *I don't even know what the hell I just said*

(<http://www.jsmineset.com/2012/02/04/in-the-news-today-1092/>)

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Bob Stanton (registered principal):

Almost spring in California.... And that is baseball season! Best of luck to my nephews Andrew and Austin....this could be the year they both play more in the “big” than the minors! Go Angles & Yankees!

Ron Castleton (registered principal):

With the boys all self sufficient (that’s really a funny joke) – Sunny & I have decided it time for a romantic Road Trip...just the two of us...all alone...on the wide, open road!!!! Our initial thoughts were a fly/drive trip to the Pacific Northwest since neither one of us has spent any time up there...but thinking about that, there’s a whole slew of places we have never seen....Anybody care to offer up a suggestion or two!?!?!?

Amy Duranso (administrative assistant):

This is why I moved to California...the winter weather! Ok, maybe Ryan had something to do with it too ;) 7 months til I’m the Mrs! Have I mentioned how fun wedding planning is?!

Kevin Kraus (Business Development):

Heading to Maryland to watch Knute play lacrosse soon and am pretty excited for him....then it’s back to work developing business... know anyone I should be speaking to?

This month “Financial Topic”: One more cartoon!



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**Benjamin Graham
The Intelligent Investor**

The Numbers:

Monthly Closing Values and Changes / 01-31-2011

DOLLAR	stronger	NASDAQ	2,813.84	+226.69
10-YR YIELD	1.79%	S&P 500	1,312.41	+54.81
VOLUME NYSE	4,235,549,952	DJIA	12,632.91	+415.35

Provided by Standard & Poor's

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