



# Stanton & Castleton, Inc.

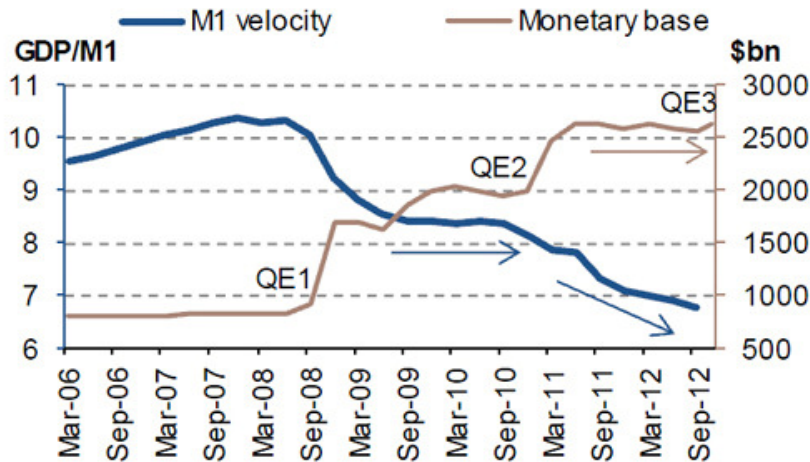
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## Let's Review: Our Monthly Newsletter.....05/01/2013

This Month:

When the Federal Reserve began their unprecedented program of Quantitative Easing (QE) no one envisioned it would last over 5 years. In fact we often hear of QE1, QE2 and QE3 with little mention to the additional “QE4” we offered Europe by opening “unlimited” direct credit swaps with the European Central Bank in the fourth quarter of 2012 as the recession in Europe began to threaten the Euro currency.

The effect of well over a \$ Trillion dollars of government support has been modest on the overall economic growth in this weakest U.S. recovery on record, however the equities markets have soared. In part it was a reflection that we avoided a possible depression and saw a reversal from contraction, but it was fueled but the unlimited funds the Federal Reserve has injected into the banking system. These funds found little headroom in lending (traditional banking functions that spur new economic growth) but rather in flowing into markets seeking some return above the Zero interest rate policy of the FED. We see this by the complete collapse of the velocity of money.



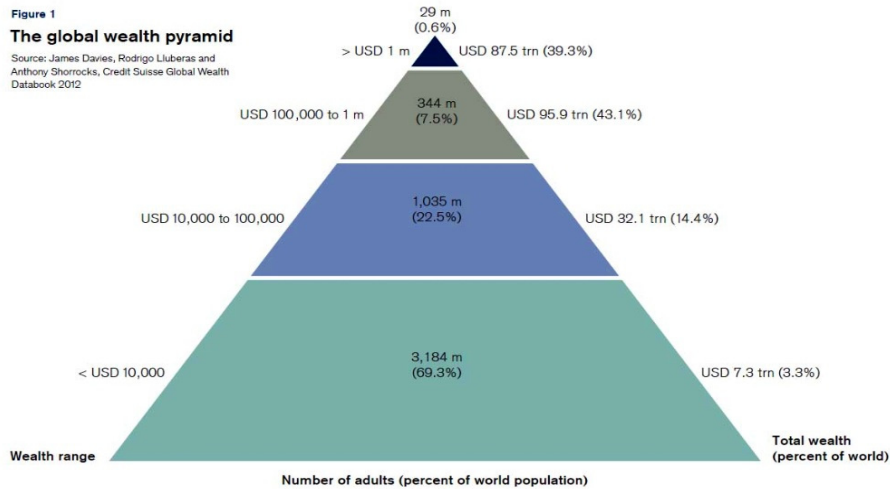
Source: Federal Reserve, SG Cross Asset Research

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

This is also contributing to a trend towards wealth concentration:



As we enjoy the market gains, while still worried of overall global growth, the recent discussions of when the FED will end their QE programs have stirred some market nervousness. On 5/11/13 Jon Hilsenrath WJS article headlined “Fed Maps Exit From Stimulus” began a nervous discussion. This was followed his May 22 article where Hilsenrath states “this time when the fed shuts off bond buying it won’t be... predictable”

All of this was summarized in Rana Foroohar’s article headline: “Dow 15,000: Don’t Fight the FED, But Be Afraid” (Business.time.com). What can we make of all this? Well, the Federal Reserve will one day try and “taper off” their QE programs and it may have unintended consequences. But that is what investing is...risk management. We just want to avoid the extremes and hit the long term averages.

**Bob Stanton** (registered principal):

Joyce and I are in the stretch run to the school year end...funny how we look forward to its end, because we don’t have to think about missing homework! Next we will be looking forward to summers end and back to school...ha!

**Ron Castleton** (registered principal):

Last Thursday evening we were startled to hear our little pooch Sparky yelping in our backyard. We rushed out to see what the ruckus was to find

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Sparky in the jaws of a large coyote. Fortunately, upon seeing us, the coyote let the dog go and we were able to save him. The emergency vet found him bitten and bruised but OK. We have 6 foot walls surrounding our yard so that crafty coyote was quite the jumper. You can check him out on Facebook, Sparky Castlecruiser

***Amy Negri*** (administrative assistant):

Last Monday I was sitting at a stop light, cars on both sides, and see a bee in my car. For those of you who don't know me well; I am not a fan of any insect, arachnid or reptile. I immediately started sweating, arms waving 100mph in front of me, threw the car in park and as I'm unbuckling to jump out of the car I realized the bee was on the outside. Go ahead and laugh, the couples in both cars did ;)

***Kevin Kraus*** (Business Development):

Knute just took his last final exam to complete his second year of college and will be home for the summer soon....time is flying! Am looking forward to Memorial Day to welcome the summer!

***This month “Financial Thought”:***



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

**Benjamin Graham  
The Intelligent Investor**

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

***The Numbers:***

**Monthly Closing Values and Changes / 04-30-2013**

<b>DOLLAR</b>	Stronger vs. Euro	<b>NASDAQ</b>	3,328.79	+61.27
<b>10-YR YIELD</b>	1.68%	<b>S&amp;P 500</b>	1,597.57	+28.38
<b>GOLD</b>	\$1,478.70	<b>DJIA</b>	14,839.80	+315.75

*Provided by Standard & Poor's*

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