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FINANCIAL FOCUS



Lane Gorman Trubitt, L.L.P.
Accountants & Advisors

Your Accounting for a New Economy

By The Numbers

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1. **Expectations** - 42% of more than 3,000 American investors surveyed in May and June 2009 believe the long term average annual return of stocks in the future will be **at least 9%** before-tax (source: Vanguard Center for Retirement Research).
2. **Double Your Pleasure** - **29 of the stocks** in the S&P 500 (i.e., just under 6% of the 500 stocks in the index) were up **+100% YTD** through the end of October, i.e., each stock has doubled in value over the last 10 months (source: NASD100.com).
3. **Small Caps** - The Russell 2000 closed at a bear market low on 3/09/09 or **8 months ago**. In that 8 month period (i.e., 3/9/09 to 11/9/09), the **small-cap oriented stock index** has **gained +70.8%** on a total return basis. The Russell 2000 index is an unmanaged index of small-cap securities which generally involve greater risks (source: Russell).
4. **Bond Market** - More than \$1 trillion of **corporate bonds** have been issued in the US in 2009, an all-time record. The old record was \$992 billion, set in 2007 (source: Financial Times).
5. **A Little Help** - The **size of the US economy** grew by +3.5% in the 3rd quarter of 2009 (i.e., change measured from the end of the 2nd quarter to the end of the 3rd quarter then restated as an annualized number), the first positive gain reported since mid-2008. An estimated +2.2% (of the +3.5% rate) came in the areas of 1) vehicle purchases and 2) residential construction, categories that have been **assisted by governmental legislation** (e.g., “cash for clunkers” and the first-time home buyer tax credit) (source: Commerce Department).
6. **Kiddie Buyer** - A **first time home buyer** (subject to income restrictions) that signs a purchase agreement by 4/30/10 and closes by 6/30/10 will qualify for a **tax credit** that is worth 10% of the cost of the home **up to \$8,000**. President Obama signed **an extension of the tax credit** into law last week. Taxpayers as young as **4 years old** have filed the credit. Please consult a qualified tax advisor or real estate professional for details (source: IRS).

7. **Whatever Ben Says** - Following the **10-0 vote** last Wednesday of the Federal Open Market Committee (FOMC) to make no change to the current level of **short-term interest rates**, Fed Chairman Ben Bernanke is now **“batting” over 95%** on his recommendations to the FOMC, i.e., in 32 FOMC votes taken since Bernanke became Fed chairman in February 2006, 310 members have voted in favor of the chairman’s **recommended course of action** and only 15 members have voted against his suggestion (source: Federal Reserve).

8. **Doctor Ordered** - Americans had 3 million **CAT scans** (i.e., computerized axial tomography) in 1980 compared to 60 million CAT scans that are performed annually today (source: Christopher Moore, Newsweek).

9. **Overweight** - The House of Representatives debated the House Democrats’ **health care bill** this last weekend. The bill is 1,990 pages long, 8 1/4 inches tall and weighs 19.6 pounds (source: House).

10. **Unreliable** - Less than 1 in 4 Americans today (23%) trust that our nation’s **elected officials in Washington** (i.e., House, Senate and White House) will do “the right thing” a majority of the time, the lowest percentage recorded in a dozen years (source: NBC News).