



LGT-FA

FINANCIAL FOCUS



LGT Financial Advisors LLC  
A Registered Investment Advisor

*Trust, Confidence, Experience*

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## By the Numbers

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# May 2011

**Fed Intent** - The Fed announces its plan to raise, lower or maintain short-term interest rates at the end of every Fed meeting. This practice did not exist until 1994. On 3/24/11, the Fed announced plans to hold quarterly news conferences where the Fed chairman will answer questions about Fed policy decisions. The first ever quarterly news conference will take place on 4/27/11. The Fed was created in 1913. (source: Federal Reserve)

**Getting Close** - The government estimated on 4/4/11 that the US will reach its self-imposed \$14.3 trillion debt ceiling no later than 5/16/11. (source: Treasury Department)

**Expected to Increase** - Net interest costs of the federal government (i.e., interest paid to holders of Treasury debt) are projected to be \$225 billion during fiscal year 2011 (i.e., the 12 months ending 9/30/11), then rising to \$792 billion during fiscal year 2021, a +252% increase over the decade. (source: Congressional Budget Office)

**Tax Break Change?** - Senate bill # 727, proposed on 4/5/11 by Senator Ron Wyden (D-OR), would remove the federal tax-exempt feature of municipal bonds issued after calendar year 2011. Investors in municipal bonds would instead receive a tax credit equal to 25% of the interest earned from the bond. Interest received from municipal bonds issued before 1/1/12 would be grandfathered from the legislation and would continue to be federally income tax exempt. (source: Senate)

**In the Red Again** - The US government had a \$188 billion deficit in March 2011, extending its streak of consecutive monthly deficits to 30, an all-time record. (source: Treasury Department)

**They Are Wrong** - 22% of more than 1,200 Americans surveyed in mid-February 2011 incorrectly believe that the "Patient Protection and Affordable Care Act" (aka ObamaCare) that was signed into law by President Obama on 3/23/10 has been repealed and is no longer the law of the land. (source: Kaiser Family Foundation)

**Sign Me Up** - If you are a US citizen and your 65th birthday is 4/18/46, you may sign up for Medicare. Your initial Medicare enrollment period is 7 months long, running from 3 months before your birthday month (April in this example) to 3 months after your birthday month, i.e., the 7 months from 1/1/11 to 7/31/11. (source: Medicare)

**What Each Pays** - The total cost of Medicaid (\$465 billion in calendar year 2011) is shared between the federal government and the 50 state governments. Legislation has varied the amount paid by each group over time, but beginning in July 2011 the split of Medicaid expenses will be 57% paid by the federal government and 43% paid by state governments. (source: CBO)

**More Out Than In** - The worldwide daily consumption of oil today is 87 million barrels. The worldwide daily production of oil is 70 million barrels (source: Department of Energy)

**First Time Ever** - The 12 countries that make up OPEC are expected to generate a record \$1 trillion of revenue during 2011 assuming oil prices average at least \$100 a barrel for the year. (source: OPEC)

**Lights On** - 44% of the electricity in the USA is generated from coal, 23% from natural gas, 20% from nuclear power, 7% from hydropower and just 2% from wind power. (source: Energy Information Administration)

**Leader of the Pack** - Toronto Blue Jays outfielder Jose Bautista led the American League with 54 home runs in 2010, his 7th year in the big leagues. In his first 6 seasons (2004-09), Bautista had hit only 59 home runs. (source: Baseball-Reference.com)

**Few Stocks, Large Impact** - The 10 largest stocks in the S&P 500 made up 19% of the total stock market capitalization of the index as of 3/31/11. Thus, 2% of the stocks in the index (i.e., 10 out of 500) represented 19% of the total value of the index. The S&P 500 is a market-cap weighted index. (source: S&P)

**Has Happened Before** - The US government has been forced to shut down (due to Congressional stalemates over budgetary issues) 17 times in our nation's history before the current 2011 impasse. (source: Congress)

**More Cash, Less Credit** - Consumer borrowing (e.g., credit cards and auto loans but not including home mortgages and home equity loans) in the USA totaled \$2.42 trillion as of 2/28/11. That amount of indebtedness is 5.1% less than the \$2.55 trillion of nationwide consumer credit as of 2/28/09. (source: Federal Reserve)

**Inflation** - The Bank of China (i.e., China's Fed) has raised its benchmark short-term interest rate 4 times since 10/20/10 (i.e., over the last 5 1/2 months) in an effort to combat rising food prices, most recently on 4/5/11. (source: Bank of China)

**Ready for Takeoff** - Atlanta's Hartsfield-Jackson International Airport is the world's busiest airport with an average of 2,603 takeoffs and landings per day in calendar year 2010, more than 950,000 in total during the year. (source: Airports Council International)

**Show Me the Money** - The combined payroll of the 5 major league baseball teams with the smallest 2011 opening day payrolls is \$217 million. The 5 teams are Kansas City, Tampa Bay, Pittsburgh, San Diego and Cleveland. The New York Yankees have an opening day payroll of \$203 million this year, the largest in major league baseball. (source: MLB)