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CLIENT BULLETIN

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➤ *Costly Stay*

The average cost for nursing home care in San Diego County for 2015 is \$7,817 per month for a semi-private room and \$10,646 for a private room.

➤ *Explain Please*

I love numbers but I still can't figure this one out – with 23 people in a room, there is a 51% chance that 2 people will have the same birthday. (Source: BTN Research).

➤ *Ditch the Dow*

While many people use “the Dow” as a measure for overall stock market performance, it is actually a narrow index of just 30 companies. It started out in 1896 with 12 companies, and of those only General Electric remains in the current 30. What makes it an especially poor proxy for the stock market is that it is price-weighted, meaning that stocks with high prices influence it more than companies that simply have lower stock prices. For example, Goldman Sachs, recently priced around \$180/share, has about twice the influence on the index as Johnson & Johnson (priced near \$90/share) even though J & J's market value is more than three times larger. (Source: Motley Fool Research).

➤ *Not Getting your COLA*

Earlier this month the Social Security administration announced that there will be no Cost of Living (COLA) adjustment to social security benefit payments for 2016. The index for urban wage earners (CPI-W) that the adjustment is based on has actually declined from a year ago thanks mainly to a 23% drop in fuel prices. Congress enacted automatic increases in 1975 when inflation was high and there was pressure to regularly raise benefits. Only twice before, in 2010 and 2011, have there been no increases.

➤ *Older Rides*

We are all driving older cars and holding onto them longer. A recent IHS Automotive survey found that the average age of all passenger cars and light trucks on the road in the U.S reached a record-high 11.5 years old in 2015. At the same time, the average length of ownership exploded to 77.8 months – up nearly 26 months since 2006. The primary reasons cited for the increases were improvement in quality and the 2008-2009 recession.

➤ *No Interest*

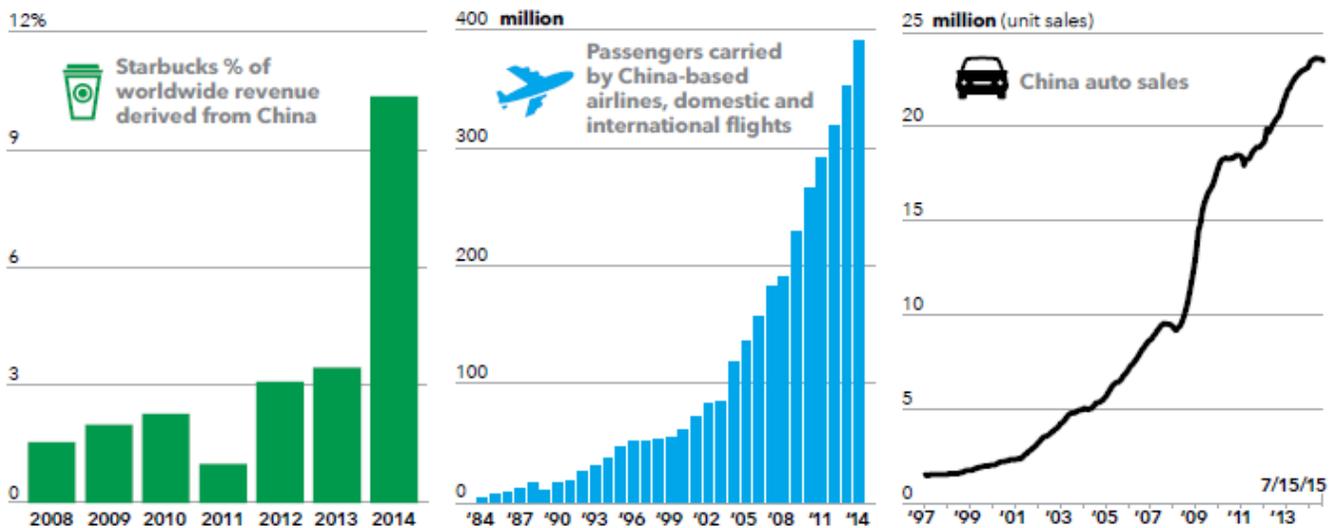
It used to be that interest-free loans were a perk primarily available to the offspring of financially well-off parents. When these types of loans are made, it is the borrower who truly benefits. The good news for borrowers is that interest-free loans are making a comeback. The bad news is that the U.S. government is the borrower and average U.S. citizens (and other countries) are being asked to be the lender. The U.S. Treasury made history recently when it sold a new, 3-month T-bill that yielded 0%. That's right folks, the government will happily hold onto your money and then give it back to you 3 months later and not pay you a penny for doing so. This is all the more remarkable considering that on November 3rd the Treasury Department runs out of accounting steps to pay its bills and can't continue to operate without an increase in the debt limit. It is befuddling that a huge swath of "risk free" assets are now priced, at issue, to generate losses.

➤ *Rocky Mountain High*

A legal purchase of marijuana in the state of Colorado is subject to a 15% marijuana excise tax, a 10% marijuana state sales tax, a 2.9% general sales tax and various local sales taxes that can bring total taxes to 30%. (Source: state of Colorado).

➤ *China Still Rising*

Sharp declines in China's stock market, declining commodity prices and the prospect of higher U.S. interest rates have left some unsure about the viability of the "emerging markets" story. While these are significant developments and sources of near-term volatility, there are still many attractive investment opportunities in developing nations. China in particular is in the early stages of moving from investment-led economic growth toward an economic structure more reliant on consumption. So while the overall pace of economic activity has slowed, Chinese consumers have continued to serve as a source of earnings growth for many domestic firms and multinationals. The charts below illustrate that China's shift to a consumption-based economy is well underway. (Source: World Bank, Factset; China Association of Automobile Manufacturers)



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