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## Market Commentary

June saw markets reacting strongly to a mix of positive and negative economic news, including a speech by Fed chairman Bernanke that didn't mention additional quantitative easing, and Greece narrowly avoiding a bond crisis for at least the next few months. After six weeks of declining markets, investors were finally rewarded when, based on a surprisingly strong purchasing managers' report and reported increases in housing prices and pending home sales, the market gained more than 6% in the last week of June.

**GDP:** The third and final read on real GDP for the first quarter of 2011 was revised upward to 1.9% from 1.8% because of lower imports (subtracted from GDP) and higher inventory adjustments. A significant portion of this GDP increase was due to autos, which is worrisome, because future GDP growth expectations may prove to be overstated

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## The Many Faces of Inflation

During the recent 2007-2009 recession, it seems all we've seen and heard about the economy was bad news: the housing market collapsing, 401(k)s suddenly being worth much less than before, a lifetime of savings almost disappearing in a few months, rising unemployment, and fluctuating prices. Now that the recession has officially ended in June 2009 and we're on the road to recovery, inflation may become a concern once again. In this uncertain economic climate, it may be helpful to learn about the different types of inflation and their immediate effects.

**Inflation:** Inflation is defined as a continuing rise in the general prices of goods and services. Simply put, if prices, on average, are going up in an economy, then you've got inflation. With a set amount of money in an inflationary environment, consumers are able to buy less and less over time. High rates of inflation can generate uncertainty, lower productivity and discourage investment. The leading measure of inflation in the United States is the Consumer Price Index (CPI). The government can change its monetary policy to control the money supply and keep inflation in check, although this is not the only variable affecting inflation. In November 2010, the Federal Reserve announced it would buy back long-term Treasuries in order to inject money into the economy, a policy called quantitative easing, which can trigger higher inflation. [...MORE](#)

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Established in 1968, [BCG Securities, Inc.](#) is a full-service broker-dealer and advisory firm specializing in providing innovative investment strategies, financial planning, and retirement plan design to individuals and corporations. With over \$1 billion in client assets under management, BCG Securities is known for its outstanding commitment to delivering quality investment solutions and service.

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## New Credit Card Rules

On May 22, 2009, the Credit Card Accountability, Responsibility and Disclosure Act was signed into law, and it went into effect on Feb 22, 2010. This piece of legislation was aimed at reforming the worst practices of credit card companies and required the Federal Reserve to issue new rules to ensure that late charges and penalty fees levied on consumers were reasonable. "With this new law, consumers will have the strong and reliable protections they deserve. We will continue to press for reform that is built on transparency, accountability, and mutual responsibility-values fundamental to the new foundation we seek to build for our economy," President Obama said.

According to CreditCards.com, the average credit card debt per household was \$15,788 (as of March 2010) and there were 609.8 million credit cards held by U.S. consumers (January 2010 report by Federal Reserve Bank of Boston). Needless to say, the new legislation will have a profound effect on many. Here are some important features of this legislation

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**BCG Securities, Inc.**  
600 Delran Parkway, Suite B  
Delran, New Jersey 08075  
(888) 394-BCGS (2247)  
[www.bcgsecurities.com](http://www.bcgsecurities.com)

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