4th Quarter 2011 Newsletter

Monetta Young Investors

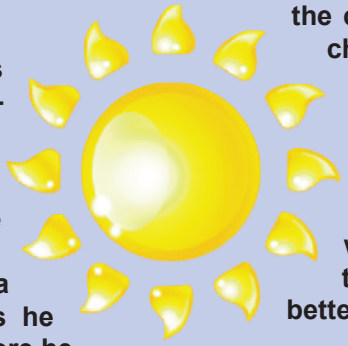
Becoming an...

Informed Investor

TODAY'S TOPIC:

How the Economy Works

Understanding how the financial system can affect economic growth is not easy. The following example shows how even a short-term loan can improve the economic outlook in a small town.



It's a slow day in Littletown. The sun is beating down, and the streets are deserted. Times are tough. Littletown's citizens are all in debt and living on credit.

On this particular day, a banker from the east coast is driving through town. He stops at the Littletown Motel and lays a $100 dollar bill on the desk and says he wants to inspect the rooms upstairs before he decides whether to spend the night. As soon as the man walks upstairs, the motel owner grabs the $100 dollar bill and runs next door to pay his debt to the butcher. The butcher takes the $100 and runs down the street to pay his debt to the pig farmer. The pig farmer takes the $100 and heads off to pay his bill at his food supplier. The food supplier takes the $100 and runs to pay his debt to the hotel owner, who let the food store owner's brother stay at the hotel on credit. The hotel owner then places the $100 back on the counter so it looks like the money never changed hands. At that moment the banker comes down the stairs, picks up the $100 dollar bill and says that the rooms are not satisfactory. He pockets his money and leaves town. Even though no one produced anything or earned anything, the whole town is now out of debt because of this short-term loan and now has a much better attitude about the future.

If the traveler had stayed overnight, Littletown's economic growth would have improved since the hotel operator could have used the money he earned to purchase products and services from other people in town.

On a very small scale, Littletown's economy works much like the economy in your hometown.

Congratulations to Benkirane from Palos Hills, IL.
Last quarter's Online Challenge Winner of a $25 Target Gift Card!

The economy is made up of all the goods and services that people want and need. People work to produce the goods and services and earn money for their efforts.

The money earned is used to buy the products they want or is saved for future purchases. The health or growth of an economy is measured partly by the amount of money people save, how much money they borrow, how many people are working and the direction of prices.

Based on the following factors, can you determine if the economy is getting stronger or weaker?

ECONOMIC FACTORS	STRONG	WEAK	HINT
1. Higher savings rate			*People are spending less money*
2. Fewer jobs available			*More people are looking for work*
3. Price of goods decline			*No demand for products*
4. High credit card balances			*Future borrowing is limited*
5. Wages rise			*People have more money to spend*
6. Taxes are reduced			*More take-home pay*

Answers: 1. weak 2. weak 3. weak 4. weak 5. strong 6. strong

Featured Partner
American Bankers Association

Lights, Camera, Save!
Video Contest Wants You!

Kids - create a 30 - 90 second video that shares your best money saving tips and you could win a $3,000 savings bond.

Starts Oct. 1, 2011
Ends Nov. 1, 2011

Sponsored by American Bankers Association

www.teachchildrentosave.com

Laughing Studio

What did Mr. & Mrs. Money name their kid ?

Buck.

What position did the monster play on the soccer team ?

Ghoulie.

What snakes make the best accountants ?

Adders.

Submitted by Ethan in Lawrenceville, Georgia

What happened when the skunk wrote a book ?

It became a best smeller.

Kids, if you have a joke that you would like to submit, please send it to info@monetta.com. If we use your joke we'll send you a special prize!

Spotlight

Kid-Themed Investments

crocs™

Crocs™ were started in Boulder, Colorado as a simple boat shoe. Today Crocs™ can be found in more than 120 styles for men, women and children.

Did you know Crocs™ makes shoes and boots that change color based on their temperature...they are called Crocs™ Chameleons.

Crocs™ are named after Crocodiles because they are tough and strong, and are as comfortable on land as they are in the water.

Crocs™ also sell shoe charms (Jibbitz™). These are ornaments that come in a variety of characters and designs that can be clipped into the holes of your Crocs™

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Game Studio

Win A Surprise!

Economic

Terms

S	E	C	I	V	R	E	S	Z
V	K	T	N	Y	C	C	B	P
D	X	L	N	U	R	O	M	Y
G	O	O	D	S	R	L	O	M
B	S	O	S	R	V	Q	N	O
W	R	A	O	E	R	T	E	N
P	N	W	V	G	G	H	Y	O
J	R	L	S	E	X	A	T	C
R	C	R	E	D	I	T	W	E

Borrow
Credit
Economy
Goods
Money
Produce
Save
Services
Taxes
Wages

Word Search

OBJECTIVE:
Find all the words in the list. Look horizontally, vertically and diagonally. Circle your answers.

Name _____

Address _____

City _____ **State** _____ **Zip** _____

Phone _____

E-mail _____

Age _____

Mail or email to: info@monetta.com

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Mail the puzzle back with your name and address to Monetta Games at 1776-A South Naperville Road, Suite 100, Wheaton 60189 or email to: info@monetta.com. **Entries must be received by December 15, 2011.**