

### AEROSPACE



GENE BLEVINS/LA DAILY NEWS

A jet takes off from Van Nuys Airport before a backdrop of snow-covered Angeles National Forest mountains at the end of a rainy period of 2010. Sales of business jets are forecast to rise.

# Business jet sales to top \$18 billion

By **Alwyn Scott**  
*Reuters*

Sales of business jets are expected reach \$18.4 billion this year, up about 8 percent from last year, a sign of further economic strengthening despite some pockets of weakness notably in Asia, according to a forecast by Honeywell Aerospace.

The forecast expects continued recovery from the economic low of 2009, and a growing demand for bigger jets with longer range, including those made by Bombardier Inc. and Gulfstream, a unit of General Dynamics Corp.

The higher cost of the bigger jets will keep overall spending moving higher even as the actual number of jets sold is expected to be down about 1 percent compared with last year because of problems in the supply chain that hampered manufacturing, Honeywell said.

The survey forecast up to 9,250 new business jets will be delivered through 2023, worth more than \$250 billion.

The number of jets expected to be purchased in Asia in the next five years fell in the latest survey from a year ago.

Also, the Asian share of global demand over the next five years should drop to 5 percent from 7 percent, according to the survey, which tallies pur-

chase expectations from more than 1,500 business jet operators around the world.

Asian buyers are expected to buy jets equivalent to 24 percent of their fleet in the next five years, down from an expected 34 percent in last year's survey.

"Purchase expectation in China held strong," said Rob Wilson, president of Honeywell's business and general aviation division. "It was the Asia component around China that dropped," including relatively slow growth in India.

The share of global demand in Latin America held steady at 18 percent, the survey said, showing continued economic strength.

Jet buyers are expected to

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replace or add to the equivalent of 39 percent of their fleets over the next five years, also unchanged.

However most of those purchases were expected in the next three years, in part because of older fleets in the region, especially in Brazil.

The share of global jet purchases in North America jumped to 61 percent in the latest survey from 53 percent a year ago, partly because of economic recovery and also reflecting weakness in Asia and Europe.

The fleet turnover expectation rose to 28 percent over five years.

That is up from 25 percent previously.

Europe's share of global demand fell to 12 percent from 18 percent, the survey found, reflecting a "fairly long period of weak growth," Wilson said. "That may improve."

European purchase expectations declined to 25 percent, well below the 30 to 33 percent figure reported in the past three years.

The European responses to the latest survey may be skewed, Wilson noted.

That is because there were only minimal survey response from operators in Russia.

The eastern European country is typically a strong market.

### INTEREST RATES

## Rising rates equate to costlier living

By **Anthony A. Saccaro**

The last time interest rates were this low was, well ... never! But recently, thanks to Ben Bernanke and crew at the Federal Reserve, they are on the rise. What does this mean to you? Probably more than you think.

When rates go up, daily living becomes more expensive for those who don't pay cash. You will pay more when you buy a car, use your credit cards or purchase a home.

For example, if you finance \$450,000 for a home today at the current rate of 4.49 percent (30-year fixed rate in September according to Freddie Mac), you will fork over an extra \$105,000 in interest over the life of the loan than if you had purchased the home last year when the rate was only 3.35 percent.

But that may be the least of your concerns as rates continue to climb. Many savers, especially retirees or those who are close to retirement, have their money in bond

funds because they want to protect their principal. They are worried about the stock market, and bonds are safer, right? Well... maybe.

Individual bonds offer two very important guarantees—a guaranteed interest rate and a guaranteed maturity date, which means that at some point in the future, you'll get your investment back (assuming the issuer doesn't go broke). However, between the time you buy the bonds and the time they mature, their value will fluctuate.

Because bond values fluctuate opposite of interest rates, the value of your bonds will likely go down as rates go up. That's okay though, because it is only a paper loss — if you hold your bonds to maturity, you'll get your principal back, plus the guaranteed interest.

But many investors, especially those who have retirement accounts such as a 401(k) or a 403(b), are in danger because they own bond funds, not individual bonds. With a bond fund, you lose the two

most important guarantees that individual bonds offer.

Bond funds don't guarantee an interest rate and they don't mature. Because of this, when your bond fund loses value, it may be a permanent loss and not a paper loss. This can be shocking to investors who consider bond funds to be a "safe" investment.

Bond funds have experienced significant losses in the last few months, and it's fairly certain that interest rates will continue to climb, causing further depreciation in bond value. If you have bond funds, now is a great time to meet with your advisor and review your portfolio. Being proactive could keep your portfolio from suffering unnecessary losses.

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### News feed

#### TOYS

#### Hasbro 3Q results climb 17 percent this quarter

PAWTUCKET, R.I. — Hasbro's third-quarter net income rose 17 percent, buoyed by a favorable tax adjustment, higher international sales and strength in girls' toys domestically.

Results beat expectations and shares jumped 8 percent in morning trading.

Toy sales overall have been weak in North America, Europe and Australia, due to a weak video game market, an uncertain economy and continued popularity of electronic gadgets like smartphones and tablets. Hasbro's revenue rose just 2 percent. Sales were strongest in the girls' category, led by My Little Pony. Revenue from games also rose, while sales in the boys' category fell and preschool sales slipped. The quarterly results come as toy makers gear up for the holiday season, which can account for up to half their annual revenue.

Larger rival Mattel, based in El Segundo, last week reported its net income rose 16 percent as revenue rose 6 percent to \$2.21 billion, boosted by sales of dolls like Barbie and Monster High.

— *The Associated Press*

#### REAL ESTATE

#### Sales of existing homes fall 1.9 percent

U.S. home resales fell in September and prices cooled as higher mortgage rates took the edge off the housing market recovery.

The National Association of Realtors said on Monday that sales of previously owned homes fell 1.9 percent last month to an annual rate of 5.29 million units.

At the same time, the median price rose 11.7 percent in September from a year ago to \$199,200. While that was the 10th straight month of double-digit gains, it was the smallest increase since April.

"This softening had been expected in response to the increase in mortgage rates that began in May," said Daniel Silver, an economist at JPMorgan in New York.

The Realtors group said a combination of high home prices, barely rising salaries and higher mortgage rates was hurting affordability, which hit a five-year low in September according to its gauge. The trade group said sales probably peaked in July and August.

— *Reuters*

#### RECALL

#### Hyundai to recall 27,500 cars for brake problem

Hyundai says it will recall 27,500 Genesis Luxury cars to fix problems that could cause the brakes to fail.

The automaker says the recall affects cars from the 2009 through 2012 model years.

Brake fluid in the cars will be changed and dealers will inspect brake control modules to see if they need to be replaced.

Hyundai says fluid in the cars doesn't have a corrosion inhibitor. As a result, a gel can build up on valves in the braking system. That can cause loss of braking.

Dealers will pick up the cars and give customers loaner vehicles.

The move comes after the U.S. government announced an investigation on Monday.

The company had already initiated a service campaign in March to replace the brake fluid in the affected cars as they were brought into the dealers.

The fluid had been replaced in about 60 percent, or about 40,000, of the vehicles, according to a spokesman with the company.

— *Associated Press/Reuters*

#### RATE RIGGING

#### Injunction lifted on names of traders

A British court has lifted an injunction preventing the Wall Street Journal from publishing the names of traders who may be implicated in the rate-rigging case involving the London interbank offered rate, or LIBOR.

The Southwark Crown Court's decision came in a case surrounding former trader Tom Hayes, who was arrested last year. British authorities contacted the individuals last month and said their role in the alleged conspiracy was being examined.

Dow Jones & Co. published the names on several of its platforms last week, noting in the story that the list could change, and that inclusion didn't mean the individuals would be charged with a crime. The names were removed after the order, but will be restored.

The court lifted the injunction, but omitted the names in court documents. Hayes, a former UBS and Citigroup trader, allegedly conspired with 22 others to manipulate Libor benchmark interest rates, a London court heard on Monday.

— *Associated Press/Reuters*

### Gas Watch

A daily look at fuel prices in the Southland.

#### L.A.-LONG BEACH

**\$3.79**

Per gallon of regular unleaded.

From one day ago: \$0.00.

From one week ago: -\$0.03.

From one month ago: -\$0.24.

#### INLAND EMPIRE

**\$3.75**

Per gallon of regular unleaded.

From one day ago: \$0.00.

From one week ago: -\$0.04.

From one month ago: -\$0.24.

**Commodities:** Benchmark crude fell \$1.59 to close at \$99.22 a barrel. Gold rose \$1.30 to close at \$1,315.70 an ounce and silver gained 36 cents to end at \$22.23 an ounce.

### Data

	Ex	Div	Yld	PE	Close	Chg	YTD%Chg
Amgen	Nasd	1.88	1.7	19	113.64	-1.28	+31.8
Boeing	NY	1.94	1.6	22	121.47	-1.05	+61.2
Cheesecake	Nasd	.56	1.3	23	43.48	-.27	+32.9
Cherokee	Nasd	.40	3.0	17	13.48	+1.0	-1.7
DineEquity	NY	3.00	4.1	12	72.70	-.28	+8.5
Diodes	Nasd	...	...	39	25.29	-.02	+45.8
Disney	NY	.75	1.1	20	67.61	+4.6	+35.8
ElectroRnt	Nasd	.80	4.3	19	18.40	-.82	+19.6
FedNatHld	Nasd	.12	1.1	19	10.51	+1.5	+96.4
HealthNet	NY	...	...	23	30.78	+0.4	+26.7
j2Global	Nasd	.99	1.8	21	55.17	+6.2	+80.3
JkksPac	Nasd	...	...	...	4.93	+0.6	-60.6
KB Home	NY	.10	.6	...	16.57	-.60	+4.9
LennarA	NY	.16	.5	18	34.71	-.33	-10.2
LockhdM	NY	5.32	4.2	14	125.30	-3.60	+35.8
NTech	Nasd	...	...	88	22.89	-.01	+197.7
NorthropG	NY	2.44	2.4	12	100.20	-1.39	+48.3
OnAssign	NY	...	...	30	34.54	-.21	+70.3
PubStrg	NY	5.00	2.9	38	170.74	-1.42	+17.8
Raytheon	NY	2.20	2.9	12	75.07	-1.79	+30.4
Ryland	NY	.12	.3	7	38.83	-1.18	+6.4
Semtech	Nasd	...	...	33	31.10	+0.7	+7.4
SuperiorInd	NY	.72	3.9	18	18.55	-.02	-9.1
TutorPerini	NY	...	...	12	23.75	+0.7	+73.4
UnicoA	Nasd	1.00	7.9	43	12.58	-.01	-6
WellPoint	NY	1.50	1.7	10	87.60	+1.22	+43.8