

## Headline News:

**12/20/11:** US Okays Request to Move Upper Peninsula Casino  
([www.wsj.com](http://www.wsj.com))

**12/16/11:** Chukchansi Gold Resort & Casino Enters into Support Agreement  
([news.gnom.es](http://news.gnom.es))

**12/14/11:** River Rock Completes \$200 million Debt Deal  
([www.pressdemocrat.com](http://www.pressdemocrat.com))

**12/13/11:** Supreme Court Takes Wayland Casino Case  
([www.woodtv.com](http://www.woodtv.com))

**12/8/11:** Potawatomi Tribe Proposes Renewable Energy Plant  
([www.jsonline.com](http://www.jsonline.com))

**12/7/11:** Construction to Begin on New Lake County Casino

## TFA Announcement:

**10/31/11:** TFA Announces Formation of Tribal Board of Advisors  
([www.prweb.com](http://www.prweb.com))  
([www.IndianCountryToday.com](http://www.IndianCountryToday.com))

## Looking Up

By Kristi Jackson

After a flat 2011, stocks ended up nicely on this first trading day of 2012. A triple digit gain in the Dow will help start our year off grinning. How long will this last? Likely not too long – but that’s ok – as we provide an overview of the pros and cons of the current economic environment, we appear to be on the right track.

2009 was horrendous. 2010 was dormant. 2011 was tepid. Most signs are pointing to a steady-as-she-goes continued slow recovery in 2012.

Many indications of positive momentum exist:

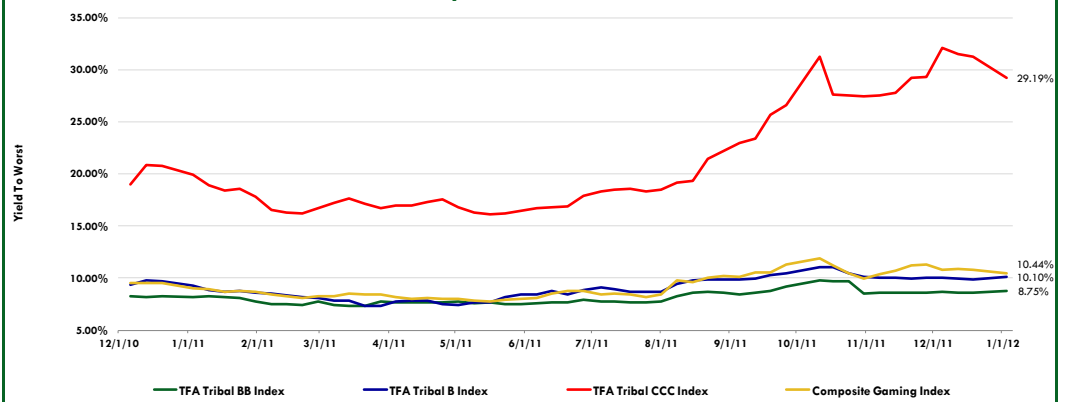
- Household debt: levels are down. During the past two years, consumers have reduced debt and increased savings to more comfortable

levels. This dynamic should bode well for an increase in discretionary spending in 2012.

- Employment: modest growth continues. While nearly 13 million people remain out of work, the unemployment rate is now below 9% for the first time in over two years.
- Interest rates: historical lows persist. The Fed has indicated it plans to keep key borrowing rates next to zero through next year. Low rates encourage much needed investment.
- Home prices: stability in most markets. Much of the recent housing bubble has deflated and coupled with low interest

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**TFA Index Chart: A Comparison of HY Bond Interest Rates**



Source: Wall Street High Yield Research  
Notes: Yield to Worst represents the current average interest rate on bonds that comprise each index. Composite Gaming Index represents the average market interest rate of over 80 corporate and Tribal high yield gaming issues

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rates, affordability has surged.

- Corporate earnings: strongly up 17% in 2011. Companies doing well, backed by consumer spending versus simply cost-cutting, should lay the foundation for increasing employment.
- Bank lending: flush with cash and looking to lend. Banks are competing and lowering rates for attractive projects.

These indicators are all positive reinforcement for our continuing economic recovery. For businesses, more aggressive capital expenditure plans can finally be dusted off given some prediction for enhanced customer activity and a source for the financing. While the majority of economists are predicting slow GDP growth in 2012, even a 2% annual growth is a much needed nudge for our confidence in business sustainability and a help for planning purposes.

These positives do not come unaccompanied by risk however. While more signs are pointing up, a few cautionary signals do still exist:

- Eurozone: weakness persists, and the region is more than likely headed for recession. A deeper than expected downturn affects all

economies in our interconnected world.

- US elections: less is accomplished by the government while politicians are focused on campaigning.
- Housing foreclosures: a huge inventory still exists. Many banks are just starting to unload their portfolios which will continue to put pressure on prices in certain markets (CA, AZ, NV and FL to name a few).
- Higher taxes: indications are for increases beginning in 2012. Higher taxes may have an effect of crowding out consumer discretionary spending and keep a lid on growth.
- Cautious lenders: while actively looking to lend, they are selective. Much more careful (read: time-intensive and extensive) diligence and tighter structures.

The uncertainty caused by the above risks leads to the predominantly cautionary growth forecast for 2012. One small step forward without taking two steps back is a huge positive given our recent economic history. Undoubtedly, hiccups will continue along the way, but that's ok, the upward trend is welcomed. We are looking up – not down for the first time since 2007.

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