



Those who cannot remember the past are condemned to repeat it. Santayana

December 15, 2008

THAT WAS THE WEEK THAT WAS

Monday, Dec. 8th.

- Dow Chemical announces the closing of 20 plants and the idling 180 plants worldwide and 5,000 full-time employee layoffs, plus 6,000 contractor jobs; as well as the sale of some subsidiaries.
- President Elect Obama proposes creation of a massive infrastructure spending program to include repairs to roads and bridges; schools; sewer systems; mass transit; electrical grids; dams and other public utilities.
- 3M Company cuts 1,800 jobs and issues a warning on its profit outlook for 2009.
- Ford to cut 4,616 jobs at Volvo.
- Canadian Housing Starts fell by 172,000 in November.
- German industrial output fell in November.
- Anheuser Busch – Inbev to cut 1,400 jobs in the U.S.
- The Tribune Co. which owns newspapers the Chicago Tribune, the Los Angeles Times, the Baltimore Sun and Major League Baseball's Chicago Cubs, files for bankruptcy.
- Texas Instruments warns that its 4th. quarter profit will be half of analyst's expectations.
- Federal Express cuts profit guidance for fiscal 2009.
- Royal Bank raising \$2.3 billion (CAD) with issuance of 57 million common shares at \$35.25 (CAD).

Tuesday, Dec. 9th.

- New York City's comptroller, William Thompson, projects that 165,000 local area jobs will be lost over the next three years, of which 35,000 will be Wall Street related. The City's budget has been "*pared to the bone*" and the municipality is seeking bailout funds from the U.S. Government.
- The Democratic leadership is working on a \$15 billion (U.S.) short term loan for the automakers Chrysler and General Motors, with the moral support of the incoming Obama administration. Rumoured details include a common share purchase by the U.S. Federal Reserve Board and the appointment of a "*Car Czar*" to oversee and report on automaker restructuring progress, through the three month term of the loan.
- Sony cuts 8,000 full-time jobs and 8,000 part-time jobs and closes plants.
- The Bank of Canada cuts the Bank Rate by 75 basis points to 1.5% citing a worsening global economic recession and benign inflation. This represents the lowest level for the Bank Rate since 1958.
- U.K factory output drops 1.4% in October.
- Airline industry expected to lose \$2.5 billion (U.S.) on a global basis in 2009.
- Fitch Ratings slashed its credit ratings on mall owner General Growth Properties by 8 levels to 'C' noting that "*default of some kind appears imminent*".
- Great West Lifeco to raise \$1 billion (CAD) through sale of common shares.

Wednesday, December 10th.

- China's producer price index eases to 2% in November.
- Japan's machinery orders decline 4.4% in October.
- CitiGroup cuts 1,000 jobs at its Japanese retail brokerage unit, Nikko Cordial Securities Inc.
- GMAC needs to raise \$30 billion (U.S.) of additional capital to become a bank holding company
- Eastman Kodak withdraws profit and sales guidance for 2009
- Mining giant Rio Tinto announces 14,000 job layoffs worldwide, cuts capital expenditures for 2009; will cut debt by \$6.6 billion (U.S.) by December /09



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- China's exports drop 2.2% in November
- Office Depot to close 112 stores across the U.S. and Canada
- George Weston sells U.S. bakery unit to a Mexican company for \$2.5 billion (U.S.)
- Wholesale inventories in the U.S. fell by 1.1% in October
- By a vote of 237 to 170 the U.S. House of Representatives approved a \$14 billion (U.S.) rescue package for the U.S. auto industry. The vote now moves to the U.S. Senate where Republicans are expected to voice opposition to the plan in a vote scheduled for Friday, December 12th.
- For the fiscal year ended September 30, 2008, the U.S. Government deficit climbs to \$164.4 billion (U.S.)
- State of California current fiscal deficit approaches \$15 billion (U.S.)

Thursday, December 11th.

- Stanley Works laying off 2,000 workers in U.S.
- BCE to demand \$1.2 billion (CAD) breakup fee from purchasing group, as privatization deal is finally dead due to solvency test. BCE to reinstate common share dividend and initiate a share buy-back plan.
- Nexen, Encana and Petro-Canada cut back on capital spending plans ranging from 15% to 25% for 2009.
- American trade deficit grows to \$57.2 billion (U.S.) in October from \$56.6 billion (U.S.) in September
- U.S. jobless claims rose by 58,000 to 573,000 in the past week
- Residential foreclosure filings in the U.S. rise by 28% in November
- Goldman Sachs lowers 2009 outlook for China's economic growth from 7.5% to 6%.

Friday, December 12th.

- Bank of America announces 35,000 job layoffs over the next 3 years
- Without wage concessions from the United Auto Workers union (UAW), the proposed \$14 billion (U.S.) bridge loan to automakers Ford, Daimler Chrysler and General Motors collapses from a lack of Republican support in the U.S. Senate by a 52-35 procedural vote
- U.S. retailer KB Toys declares bankruptcy, laying off 11,000 employees throughout 460 stores nationwide
- U.S. prosecutors accuse Bernard L. Madoff, former Chairman of the Nasdaq Exchange, of a \$50 billion (U.S.) fraud / ponzi scheme through his investment advisory company Madoff Securities.
- SEC charges Madoff Securities with securities fraud
- In a \$50 million (U.S.) takeover deal with private investors, Alitalia Airlines is no longer a debt laden, state-owned company.
- U.S. Producer Price Index declines by 2.2% in November, representing the fifth consecutive monthly decline
- U.S. Retail Sales fall by 1.8% in November, representing the fourth consecutive monthly decline
- Japan announces a \$250 billion (U.S.) stimulus plan to create jobs, increase business loans and assist laid-off workers
- European industrial production falls the most in 15 years during October
- Canadian industrial production dips to 77.4% in the 3rd. quarter

Ian A. Gordon, Bolder Investment Partners, Ltd. (604) 742-3200, igordon@bolder.net

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