



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

December 22, 2008

THAT WAS THE WEEK THAT WAS

Monday, Dec. 22nd.

- Ireland bails out 3 domestic banks for \$7.6 billion (U.S.).
- Toyota Canada predicts \$2 billion (CAD) loss for the current fiscal year.
- Textron, the maker of Cessna aircraft, announces 2,200 job layoffs.
- Canadian Consumer Confidence Index plunges in December, to its lowest level in 26 years.

Tuesday, Dec. 23rd.

- For the first time in 13 years, Fedex has withdrawn as an advertiser for the NFL Super Bowl Championship, representing a cost saving of \$3 million (U.S.).
- Unisys announces 1,300 job layoffs, representing 4% of its global work force.
- General Motors and Ford Motor received downgrades on their debt from two major credit rating agencies. Standard and Poors Rating Agencies (S&P) cut GM's unsecured debt rating to (C) from (CC), saying that debt holders could see a "significant decrease" in value, in the event of a bankruptcy. Meanwhile, Moody's Investor Service cut Ford's debt rating to (Caa1) from (Caa3), saying that the company may have to restructure its balance sheet to reach the same union concessions that GM and Chrysler are likely to achieve, in light of their receiving emergency loans from the U.S. Government.
- Darrel Dochow, the director of the west division of the Office of Thrift Supervision (OTS), a regulatory arm of the U.S. Treasury, has been removed from his position, for approving a plan by IndyMac Bank to overstate its financial situation as being "well capitalized", in a May /08 federal filing. A federal inquiry has determined that this allowed IndyMac to avoid regulatory restrictions only 2 months before it collapsed. This renews questions about the OTS relationship with failed thrifts Washington Mutual and Countrywide Financial.
- U.K. economy shrank by 0.6% in the 3rd. quarter.
- U.S. 3rd. quarter GDP unchanged at minus 0.5%.
- U.S. existing home sales declined by 8.6% in November.
- U.S. new home sales drop by 2.9% in November.
- American Express to access \$3.39 billion (U.S.) from TARP.

Wednesday, Dec. 24th.

- Jobless claims rose by 30,000 to 558,000 in the week ending December 20th.
- U.S. orders for durable goods declined by 1% in November.
- Air Canada obtains \$235 million (CAD) 5-year loan from GE Capital.
- Canadian GDP shrinks by 0.1% in October.

Friday, Dec. 26th.

- Japanese industrial output declines by 8% during November
- GMAC receives approval to become a bank holding company



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Ian Gordon Economic Forecaster & Interpreter of the KONDRATIEFF CYCLE

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- Finance Minister Flaherty reveals that the Federal, Quebec, Ontario and Alberta Governments have finalized the terms of a \$3.5 billion (CAD) backstop guarantee for the non-bank asset-backed commercial paper market, of which the Federal portion is \$1.3 billion (CAD). We observe that, despite exposure to non-bank ABCP by Canaccord Capital, Credential Securities (credit union brokerage arm), and Citizen's Bank of Canada (VanCity Savings subsidiary); the Province of British Columbia was not a participant in this backstop guarantee. In his statement issued by the Finance Department, Mr. Flaherty said "The Government's decision to support this restructuring plan reflects its ongoing commitment to protect financial stability and ensure the health of Canada's capital markets in these very challenging times."

Message to Mr. Flaherty: Give your head a shake, mister! **In no way**, can private sector exposure to non-bank asset-backed commercial paper (ABCP) be deemed a taxpayer responsibility. Totally, this was just another pathetic, politically-motivated decision.

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