



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

February 9, 2009

THAT WAS THE WEEK THAT WAS

Monday, February 9th.

- Nissan / Renault announces 20,000 job layoffs worldwide and experiences first full year loss in 9 years in 2008
- Precision Drilling suspends monthly distribution
- Canadian housing starts fall by 153,500 in January
- Whirlpool net earnings decline by 76% in the 4th. quarter
- Kingsway Financial announces 750 job layoffs
- Rohm & Haas profit plunges 82% in the 4th. quarter

Tuesday, February 10th.

- Wal-Mart announces up to 800 job layoffs in its Arkansas home offices
- General Motors announces 10,000 job layoffs of its salaried workers globally, of which 3,400 are U.S. employees and cuts executive pay by 10% for a temporary period
- Union Bank of Switzerland (UBS) announces another 2,000 job layoffs, after reporting a \$6.92 billion (U.S.) loss for the 4th. quarter of 2008
- Vehicle sales in China fall by 14% in January, as the country's inflation rate drops to 1%
- Standard and Poors (S&P) cuts Alcoa's credit rating to "BBB"
- Testifying before the House of Commons Finance Committee, Bank of Canada Governor Mark Carney stuck to his forecast of 3.8% economic growth for Canada in 2010. *"We don't do optimism and we don't do pessimism. We don't do spin ... we do realism at the Bank of Canada".*

What are you smoking, mister? Give your head a shake!

Wednesday, February 11th.

- Canadian exports to the U.S. declined by 10% to record a \$458 million (CAD) deficit in December; the first deficit since 1976
- Chinese exports fell by the most in 13 years in December
- U.S. trade deficit narrowed by 14% to \$40 billion (U.S.) in December
- U.K unemployment level reaches 12-year high of nearly 2 million people
- Pratt and Whitney announces 1,000 job layoffs
- Grand Cache Coal to cut 100 jobs and cut production

Thursday, February 12th.

- Chinese mining giant, Chinalco, invests another \$19.5 billion (U.S.) in Rio Tinto
- Harley Davidson cuts dividend by 70%
- U.S. Congress passes \$789 billion (U.S.) economic stimulus package
- Pioneer Corp. announces 10,000 job layoffs
- Nexen reports \$181 million (CAD) loss in the 4th. quarter, due in part to asset write downs
- U.S. home foreclosures exceed 250,000 in January
- U.S. retail sales rose 1% in January and the December report was revised from minus 2.7% to minus 3%



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- Sun Life Financial reports a drop of 77% in profits in the 4th. quarter to \$129 million (CAD) versus \$555 million one year ago.
- Manulife Financial posts a \$1.8 billion (CAD) loss in the 4th. quarter because steep stock market declines forced the company to increase cash reserves in order to support its variable annuities business
These dramatically lower and largely unexpected financial results for Sun Life and Manulife will greatly disappoint and unnerve investors, equity analysts and investment counselors alike.
- U.S. new claims for jobless benefits fell by 8,000 while continuing jobless claims rose marginally to 4.81 million, in the week ended February 6th.
- Toyota Canada to curtail production and cut costs
- Borgwarner announces 4,400 job layoffs, representing 24% of its work force
- Province of Alberta issues a new report on the future of oil sands development, with a focus on environmental impact
- Today completes the U.S. Treasury quarterly refunding of \$67 billion (U.S.) of notes and bonds; with the auction of \$14 billion (U.S.) of 30-year bonds at a yield of 3.54%. Later this month, the Treasury will introduce 7-year note auctions on a monthly basis, as well as double the number of 30-year bond auctions in a fiscal year from 4 to 8.
Since the U.S. operating budget deficit will likely surpass \$1.2 trillion (U.S.) in the current fiscal year, the Federal Government's appetite for domestic and foreign funding will remain voracious. Interestingly, China continues to purchase U.S. Treasuries because it can't find a better alternative sovereign credit at the moment. The above notwithstanding, at some juncture the world's willingness to fund American deficits will founder, especially at relatively low levels of interest rates, as exist today. The exponential increase in the U.S. debt bubble is likely to produce an unhappy ending because the U.S. Treasury cannot solve America's deficit problems simply by issuing more debt.

Friday, February 13h.

- Vehicle sales in Europe decline by 27% in January
- Air France - KLM to cut 1,200 jobs after reporting a loss of 194 million euros in the 3rd. quarter
- Telus 4th quarter profit drops 29% to \$285 million (U.S.)
- Eurozone GDP declines by 1.5% in the 4th. quarter of 2008
- Tembec cuts 100 jobs and imposes a salary freeze for 2009
- University of Michigan consumer confidence index falls from 61.2% in December to 56.2% in January
- Air Canada reports a loss of \$727 million (CAD) in the 4th. Quarter

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