



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

April 27, 2009

THAT WAS THE WEEK THAT WAS

Monday, April 27th.

- General Motors announces 23,000 factory worker job layoffs in the U.S. and Canada by 2011; cuts U.S. and Canadian dealerships by 42%; closes 16 assembly, stamping and powertrain plants in the U.S. by 2012 and reduces salaried and executive positions further, by an unspecified amount.
- Whirlpool 1st. quarter profit falls by 28% to \$68 million (U.S.), as sales declined by 23% to \$3.6 billion (U.S.)
- The Canadian Auto Workers Union (CAW) ratifies a new agreement with Chrysler Canada, after voting to accept concessions amounting to \$240 million (CAD) per annum
- Nortel seeks to extend creditor protection for 90 days to July 30th. The company's auditor, Ernst & Young, says *"the restructuring of Nortel will require significant additional time to formulate an agreed upon restructuring strategy"*.

Tuesday, April 28th.

- S&P/Case-Shiller home price index shows the pace of decline in house prices in 20 major U.S. cities moderated slightly in February to down 18.6% from a year ago, compared to January's report of down 19% year-over-year
- Daimler reports 1st. quarter loss of \$1.7 billion (U.S.), citing lower sales across its product line from luxury cars to 18-wheel trucks
- Wall Street Journal reports that U.S. regulatory officials have told Bank of America and Citigroup that they may need to raise more capital, based on the results of the government's recent stress tests of lenders
- Petro-Canada reports a 1st. quarter loss of \$47 million (CAD) due to mark-to-market valuations and foreign currency losses on the company's long-term debt
- Canadian unemployment insurance claims increase by 7.8% in February
- Nexen 1st. quarter profit falls by 79% to \$135 million (CAD) versus a profit of \$630 million (CAD) in the period a year ago
- Pioneer Electronics eliminates 9,800 jobs
- U.S. consumer confidence index rose 12 points to 39.2 in April, compared to a revised level of 26.9 in March
- Potash Corp. to raise \$1 billion (CAD) via bond issue

Wednesday, April 29th.

- U.S. Real Gross Domestic Product declined at a 6.1% annual rate in the 1st. quarter, closely matching the 6.3% decline in the 4th. quarter of 2008. This consecutive 2-quarter contraction represents the worst in more than 60 years, as the American business sector curtailed new investments, announced job layoffs and reduced inventories.
- The U.S. Treasury announces a record \$71 billion (U.S.) quarterly refunding for May, including the issuance of \$35 billion (U.S.) new 3-year notes maturing May 15, 2012; \$22 billion (U.S.) new 10-year notes maturing May 15, 2019 and \$14 billion (U.S.) new 30-year bonds maturing May 15, 2039. All of these auctions will take place during the week of May 4th
- The German government predicts a 6% contraction in the country's economy this year, sharply revising a



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previous forecast of a 2.5% contraction

- Europe's largest oil company, Royal Dutch Shell PLC, reports a 62% drop in 1st. quarter net profit to \$3.49 billion (U.S.) compared to \$9.08 billion (U.S.) net profit in the same period a year ago
- With municipal bond investigations spreading to Europe from the United States, the Guardia de Finanza in Milan (the financial police of Italy) seized about \$300 million (U.S.) in assets of four global banks, JP Morgan Chase, Deutsche Bank, UBS and Depfa, whose officials have been accused of fraud.
- Canadian economy loses 79,600 jobs in February
- Textron announces 2,300 job layoffs at Cessna and suspends production of its new business jet, the Cessna Citation Columbus
- Starbucks fiscal 2nd. quarter earnings decline by 77% to \$25 million (U.S.)
- Federal Reserve Board Open Market Committee (FOMC) reaffirms existing monetary policy stating it will keep the fed funds rate range at 0 – 0.25% for "an extended period" and maintain existing programs to purchase mortgage-backed securities and U.S. Treasury bonds, without any changes.
- At the Bank of America annual shareholders' meeting in Charlotte, North Carolina, President & CEO Ken Lewis loses his title as Chairman to Walter E. Massey (See *Winter Warning, The Clash of Cultures – February 2, 2009*)

Thursday, April 30th.

- Chrysler forced into bankruptcy protection, following a breakdown in negotiations between the U.S. Treasury and the company's bondholders
- Exxon Mobil's 1st. quarter profit declines by 55% to \$4.55 billion (U.S.) compared to \$10.89 billion in the period a year ago, due to lower oil prices and reduced energy demand
- U.S. real consumer spending declined by 0.2% in March, after increasing by 0.9% in January and 0.1% in February
- Dow Chemical's 1st. quarter profit declines by 97% to \$24 million (U.S.) reflecting a reduced global demand for chemicals
- U.S. initial jobless claims decline by 14,000 last week to a level of 631,000, while continuing claims rose to 6.3 million in the week ended April 18th.
- Canada's gross domestic product (GDP) declined by 0.1% in February

Friday, May 1st.

- Cameco Corp., the world's biggest uranium miner, reports its 1st. quarter profit declined by 40% to \$82 million (CAD), citing weaker results in its uranium and gold operations
- Forestry giant Domtar posts 1st. quarter loss of \$45 million (U.S.), due to a sharp drop in pulp prices
- Japan's unemployment rate climbs to 4.8% in March
- U.S. factory orders fall by 0.9% in March
- Chrysler's vehicle sales fell by 48% in April compared to the same period a year ago, underscoring the challenge it faces attracting buyers while it reorganizes in bankruptcy
- April vehicle sales for General Motors, Ford and Toyota fell by 33%, 32% and 42%, respectively.
- Chevron reports its 1st. quarter profits falls by 64% to \$1.84 billion (U.S.), down from \$5.17 billion (U.S.) in the



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period a year ago, due to weaker oil and gas prices

- U.S. Institute for Supply Management (ISM) index rose to 40.1% from 36.3% in March. This index has been below 50% for 15 consecutive months, indicating that most firms surveyed are experiencing some contraction in their business
- University of Michigan consumer sentiment index rose to 65.1 in April from 57.3 in March
- In Broward County civil court, Florida Attorney General, Bill McCollum, seeks financial restitution from former Countrywide Financial CEO Angelo Mozilo, personally, accusing him of deceptive trade practices by giving customers false or misleading interest rates on home mortgages and intentionally placing people in homes that he knew they couldn't afford

Countrywide's parent company, Bank of America, has previously settled a State of Florida corporate lawsuit out of court by neither, admitting nor, denying any guilt; further underscoring the incompetence of B of A President and CEO Ken Lewis

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