



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

April 20, 2009

## THAT WAS THE WEEK THAT WAS

### Monday, April 20th.

- Bank of America reports net income of \$4.25 billion (U.S.) in the 1st. quarter, with Merrill Lynch contributing more than \$3 billion of this revenue from securities trading profits. The bank also added \$6.4 billion (U.S.) to its loan loss reserves
- Oracle announces takeover of Sun Microsystems for \$9.50 (U.S.) per share
- Export Development Canada to raise \$1 billion (CAD) via bond issue
- General Motors announces another 1,600 job layoffs
- The European Commission is investigating whether airlines are using their alliances to block competition in the trans-Atlantic market

### Tuesday, April 21st.

- Quebecor World files bankruptcy plan in the U.S.
- Teck Cominco profit falls by 30% to \$194.5 million (CAD) in the 1st. quarter, as the company enters talks to restructure its debt
- Caterpillar posts loss in the 1st. quarter on job cuts
- Dupont's 1st. quarter profit declines by 59%; the company cuts its profit outlook for 2009 by 16% and plans to cut operational costs by \$1 billion (U.S.)
- Bank of Canada cuts the Bank Rate by 25 basis points to 0.25% and expects that level to remain in place through June, 2010. The Bank expects the Canadian GDP to contract by 3% in 2009 and grow by 2.5% in 2010 and by 4.7% in 2011.

*At least for the short term, Bank of Canada Governor Mark Carney finally wakes up and smells the coffee! Could it be that Mr. Carney is suppressing a latent desire to become a chartered bank economist? Having let his prescient genie out of the bottle to erroneously forecast GDP growth in January, perhaps he'll have more success predicting administered interest rate levels. (See THAT WAS THE WEEK THAT WAS, Tuesday, February 10th.*

- Canadian wholesale sales decline by 0.6% in February
- Bank of Montreal cuts its prime lending rate to 2.25%
- Bank of New York Mellon reports net income plunged 51% on weak fee revenue and investment losses in the 1st. quarter. The bank cut its quarterly dividend from 24 cents per share (U.S.) to 9 cents per share (U.S.).
- Yahoo to cut 5% of its work force

### Wednesday, April 22nd.

- U.K. budget deficit could grow to \$290 billion (U.S.), as the government imposes a new income tax rate for high wage earners of 50% in 2010
- U.K. jobless claims climb to a record number
- IMF expects a global GDP contraction of 1.3% in 2009 and predicts a sluggish recovery in 2010
- Canadian Pension plans declined in value by 16% from April, 2008



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- Morgan Stanley posts a 1st. quarter loss of \$578 million (U.S.) compared with a \$1.3 billion (U.S.) profit a year ago and cuts its quarterly dividend to 5 cents (U.S.) per share from 27 cents (U.S.) per share
- Boeing's 1st. quarter profit declines by 50% to \$610 million (U.S.) compared to the 1st. quarter of 2008, reflecting reduced air traffic demand and falling production rates
- General Motors, not only announces its inability to make a \$1 billion (U.S.) loan payment due on June 1st. but also, the suspension of production at most North American plants for eight weeks this summer
- Freddie Mac's Chief Financial Officer, 41-year old David Kellerman, commits suicide in his Virginia home

## **Thursday, April 23rd.**

- U.S. initial claims for state unemployment benefits rose a seasonally adjusted 27,000 to 640,000 in the week ending April 18th., while continuing claims rose by 93,000 to a record 6.137 million in the week ending April 11th.
- Potash Corp. posts 1st. quarter net income fell by 46% to \$308.3 million (CAD), as sales declined by 51% to \$1.89 billion (CAD)
- Canadian retail sales rose by 0.2% in February
- Suncor Energy posts 1st. quarter loss of \$189 million (CAD), citing low oil prices, accounting charges and foreign exchange losses
- United Parcel Service 1st. quarter profit falls by 56% to \$401 million (U.S.), as trade and business deteriorated with the global economy
- Toyota Motor's global vehicle production fell by 58.4% in March, while Honda's production fell by 38.6%, both companies citing steep declines in domestic auto sales
- Italian automaker Fiat reports a \$536 million (U.S.) loss in the 1st. quarter, citing slumping sales for trucks and construction equipment
- Abitibi Bowater files a \$300 million (CAD) claim against the Province of Newfoundland & Labrador under NAFTA, citing that the government's expropriation of the company's natural resource rights last December, following a permanent mill closure, were arbitrary and illegal
- Union Pacific Railroad could announce up to 4,000 additional job layoffs
- U.S. existing home sales fell by 3% in March to a 4.57 million annual rate, compared to a 4.71 million annual rate in February. The median sale price was down 12% from a year ago
- The U.S. Treasury Dept. is reportedly directing Chrysler to prepare a Chapter 11 bankruptcy filing, under which UAW members' pensions and retiree health care benefits would be protected, as well as Fiat of Italy completing a merger with the company

## **Friday, April 24th.**

- U.S. durable goods orders declined by 0.8% in March, compared to a 2.1% increase in February which was revised downward from a previously reported increase of 3.5%
- U.K. gross domestic product contracted by 1.9% in the 1st. quarter
- Ford Motor Co. reports a loss of \$1.8 billion (U.S.) in the 1st. quarter, compared to a net income of \$477 million (U.S.) in the same period one year ago



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- U.S. new home sales declined by 0.6% in March, compared to a 4.7% increase in February which was revised downward from a previously reported increase of 8.2%
- Government of Canada records an a surplus of \$823 million (CAD) in February
- China discloses that it has secretly raised its gold reserves by 75% since 2003 to hold 1,054 tonnes, valued at \$30.9 billion (U.S.) at current prices close to \$900 (U.S.) per ounce, against a total of almost \$2 trillion reserves. This confirmation will likely make other central banks examine their underweight gold holdings.

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