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TUESDAY, MARCH 4, 2008

MARGIN CALLS

Manitoba bans new hog farms

AGRICULTURE • Environmentalists called it overdue, but hog farmers were stunned by the Manitoba government's decision to ban new hog farms in a wide swath of the province.

Premier Gary Doer's NDP government released the results of a year-long environmental review of Manitoba's \$1-billion hog industry Monday. Coupled with that, the government announced an indefinite ban on new or expanded barns in three regions of central Manitoba.

The temporary ban on hog farms in the rest of the province, in place since the review began in November 2006, was lifted.

"When we introduced the pause, we did so to determine whether the growth in the industry was environmentally sustainable," said Conservation Minister Stan Struthers.

"Clearly, in some parts of the province, the answer is no."

Struthers said the ban covers areas that have too many hog barns too close together, or where the land is prone to flooding that could wash manure into the watershed.

Maple syrup stocks dry up

QUEBEC • Maple syrup producers in Quebec are counting on this year's harvest to make up for two nearly catastrophic seasons that left the reserves empty.

The last drops of Quebec maple syrup were sold last week. Only two years ago, the province had 30 million kilograms of syrup — the equivalent of a year's crop — in stock.

But it didn't last long. In 2007, Quebec sold 40 million kg of syrup but the producers only delivered 23 million kg.

"We didn't expect to sell all of our reserves so fast," said Serge Beaulieu, head of the provincial producers' federation.

Sales of syrup increased by 50 per cent in Quebec in the past year, thanks to a promotional campaign, while exports rose 15 per cent, Beaulieu said.

"We can't complain about those numbers... But we have to be able to keep up with the demand," he added.

Quebec produces more than 75 per cent of the world's supply of maple syrup and 91 per cent of the Canadian share.

To cope with the demand, the federation has given quotas to new producers and asked its members to increase production when possible.

HERALD ENERGY



Niko Resources CEO Edward Sampson targets Pakistan's under-explored offshore gas fields

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YOUNG HOUSE-HUNTERS COME UP EMPTY



Colleen De Neve, Calgary Herald
Evelyn and Kent Hummelle and their two-year-old daughter, Jorgia, couldn't find a Calgary home in their price range, so the newcomers from Ontario decided to rent.

New MLS listings, prices both rise

Average single-family house sells for \$471,696

MARIO TONEGUZZI
CALGARY HERALD

New MLS listings soared in February compared with last year, while sales plunged but average sale prices continued to rise.

Data released by the Calgary Real Estate Board on Monday showed the average sale price of a single-family home in Calgary metro for February was \$471,696, up 5.16 per cent from February 2007's \$448,557. The average sale price for a condominium for the month was \$311,812, an increase of 3.31 per cent compared with last year's \$301,812.

CALGARY MLS SALES

	FEBRUARY 2008	FEBRUARY 2007	% CHANGE
SINGLE-FAMILY HOMES			
New listings	2,981	2,206	35.13 %
Sales	1,252	1,942	-35.53 %
Average price	\$471,696	\$448,557	5.16 %
CONDOMINIUMS			
New listings	1,244	889	39.93 %
Sales	562	895	-37.21 %
Average price	\$311,812	\$301,812	3.31 %

SOURCE: CALGARY REAL ESTATE BOARD

For some people, those average sale prices in the city have forced them to look at renting properties as opposed to owning them. Kent Hummelle and his wife, Evelyn, along with their two-year-old moved to Calgary from Toronto in May.

"We looked and looked and looked, but it's out of our

price range," said Kent, who works in human resources in the oil and gas sector.

"I'm the sole support for our family. While looking, we have actually entered into a lease for a house. We're locked in for a year. We were looking."

SEE MLS, PAGE C8

Analyst sees oil climbing to \$120

Panic selling of greenback likely trigger

SHAUN POLCZER
CALGARY HERALD

Even as oil prices hit another record Monday, a New York-based oil price forecaster said a barrel of crude could hit \$120 US before it starts falling back again.

Oil closed \$102.45 a barrel after hitting \$103.95 on expectations that OPEC will rebuff calls for more supplies and after the U.S. dollar briefly

touched new lows.

ALSO SEE ■ Zimmerman Q&A C4

Walter Zimmerman, president of United Energy brokerage consultants, said in Calgary that oil will inevitably continue to rise as long as the U.S. Federal Reserve continues to cut interest rates and the greenback continues to fall.

"The risk to the financial markets is that this dollar slide turns into an avalanche and people start panic selling (the currency). That gives you \$120 oil," he said.

One OPEC source said the producer group may discuss a small increase of 500,000 barrels a day, citing high oil prices, while reiterating that the supply-and-demand picture doesn't support an increase in output.

But Zimmerman said oil markets are no longer linked to fundamentals, and oil prices will continue to rise even though global inventories keep rising.

"All signs point to another big dump in the dollar and that's going to raise energy prices regardless of what the fundamentals are."

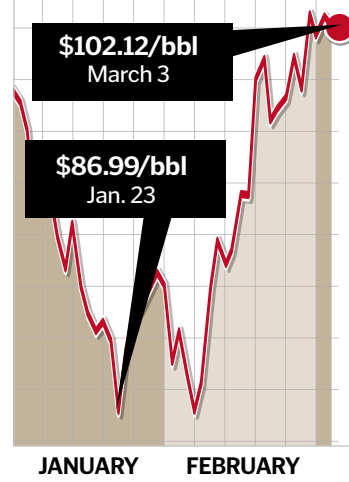
Gains were clipped, however, by expectations that weekly government inventory data due on Wednesday will show an eighth weekly increase in U.S. crude oil stocks.

Nonetheless, Zimmerman predicted oil would broach the \$105 mark later in the week and keep rising through the year.

The ensuing inflation triggered by high energy prices will eventually trigger a full-blown recession that brings all commodities — oil included — back down to earth.

"In a stagflation environment, energy prices are capped and will correct lower. In a deep-blown recession, energy prices will sell off in a corrective re-

The crude oil roller-coaster



“Yeah, it's been a good party since 1998, but maybe it's time to be thinking about hedging some of your production

WALTER ZIMMERMAN,
PRESIDENT,
UNITED ENERGY

“Yeah, it's been a good party since 1998, but maybe it's time to be thinking about hedging some of your production against some of these very high values we're seeing.”

The U.S. dollar briefly tumbled to lifetime lows against the euro and a basket of major currencies early Monday, prompting a wave of buying in oil and other commodities.

“There is no top in sight yet for crude futures because hedge funds are looking at how far the U.S. dollar will fall,” said Phil Flynn of Alaron Trading in Chicago.

“They are buying commodities to hedge against inflation because hanging on to the dollar means they lose value.”

Speculators on the New York Mercantile Exchange increased net long positions in crude oil futures last week to the highest in seven weeks, according to the Commodity Futures Trading Commission.

Further support for oil came from signs that OPEC has no plans to raise oil production at its meeting in Vienna this week. OPEC president Chakib Khelil said the cartel would be increasing output “to meet demand that doesn't exist.”

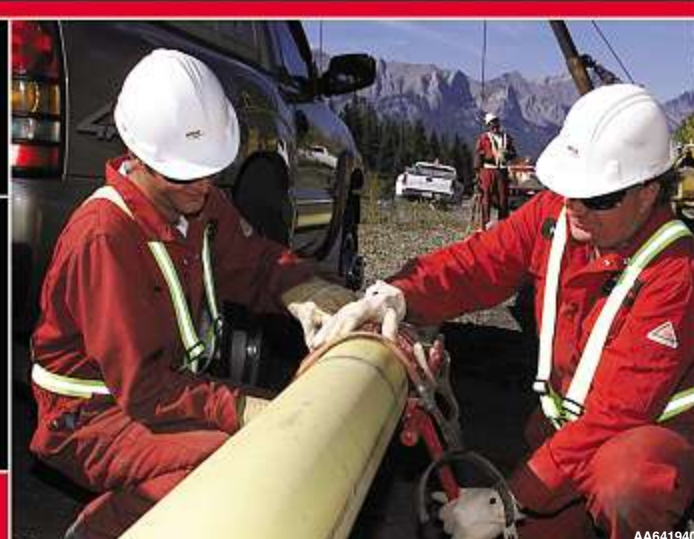
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Americans' love of vodka blooms

Imports surge as distilling monopoly ends

CHARLES PERRY
LOS ANGELES TIMES

Not long ago, Stolichnaya was the only Russian vodka Americans seemed to know about. But today, you can find up to 35 brands — and the pace of new arrivals is picking up. “It seems like a new brand is coming on every day,” says John Nigoghosian, vodka buyer at **Mission Liquor** in

Pasadena, Calif.

This could keep going for a while, because there are about 300 vodka distilleries in Russia. The collapse of the Soviet government and its monopoly on distilling is perhaps the ultimate reason for this surge. Add to that the recent American craze for premium vodkas from all sorts of places — France (Grey Goose), Scandinavia (Finlandia), even Alameda, Calif. (Hangar One). Why not go to the source?

Another important reason for the boom in Russian imports has to be that more Americans are looking at vodka the Russian way — not as a mixer but as something to take neat, freezer-cold, with snacks, or “zakuski.” Drinking

vodka this way can reveal subtle, fascinating distinctions between brands.

Such is the mystique of Russian vodka. So high are the marketing stakes that there was recently a legal squabble in the U.S. courts over ads and statements by Russian Standard — the best-selling brand in Russia — claiming that Stolichnaya is actually a Latvian vodka and not “authentically Russian.”

In the end, the court deferred to the opinion of the National Advertising Division of the Council of Better Business Bureaus (NAD).

Division director Andrea Levine says, “Because Stolichnaya is distilled in Russia from Russian wheat and Russian yeast, it is inaccurate to deny its Russian

origin,” although it’s filtered and bottled in Latvia.

Vodka is distilled at a high proof (alcohol content) then redistilled at least twice more to make it smoother on the palate. “Now there’s a competition for who can distill the vodka more times,” Nigoghosian says. “Imperia is boasting that it’s distilled eight times. Or distillers may say they filter it so and so many times — one vodka is filtered 14 times.”

Add to vodka’s extreme purity the fact it’s not aged and you have what some might consider a flavourless beverage — compared with wine or whiskey. It has no “nose” except for a general alcohol aroma. Appreciating vodka calls for a different approach to tasting.



Lawrence K. Ho, Los Angeles Times

More Americans now look at vodka the Russian way — freezer-cold, with snacks or “zakuski.”

FROM CI MLS: Price growth seen

“For us, the amount of income for a house was just way out of a possible range to reach. It wasn’t a matter of even being picky, it was a matter of not being able to afford anything except for a bachelor or a one-bedroom condo . . . There’s a lot on the market right now, but it doesn’t mean the prices have come down enough. We’ve seen a little bit of a price drop,” said Kent.

The average sale price of a single-family home peaked last July at \$505,920 then dropped for several months. But prices in the past few months have started to increase again. The average sale price of a single-family home in December was \$444,769. In January, it had increased to \$455,297.

For condos, the average sale price in December was \$304,719, then increased to \$311,232 in January.

“It appears as though things are picking up as we move into the final month of this quarter,” said Ed Jensen, CREB’s president. “I don’t anticipate we’ll see the blistering market that we experienced in the early parts of 2006 and 2007, but I do anticipate stability in this now corrected market. Calgary is a very desirable place to live at the moment, with our strong economy, low unemployment rates, strength in the oil and gas industry. People are still moving here and that’s great for real estate.”

The February numbers pale in comparison to 2007, which was a very strong year in the local real estate market. For single-family homes, new listings increased 35.13 per cent over last year, while sales dropped 35.53 per cent. In the condominium market, new listings were up 39.93 per cent and sales were down 37.21 per cent.

But the February sales have increased from January. Single-family home sales were up 15.6 per cent on a monthly basis, while condo sales were up 23.8 per cent.

New listings decreased 1.4 per cent for single-family homes in February compared with January, and by 11.5 per cent on a monthly basis in the condo market.

All indications are that for both buyers and sellers there is confidence in the long term for the local housing market, said Jensen.

“They are realizing that every year can’t be a record year. 2006 and 2007 were anomalies. They were so huge that if we pull those numbers out and we look at 2004 and 2005, which were great years, we are coming more to that normalized marketplace. I think people understand we can’t compare to last year every year,” he said.

The total sales this past February are strong numbers, added Jensen.

“That is a good, solid sales month. If we keep comparing to record years, of course, the stats don’t look good. But if we pull those out I think we see a good solid economy here,” he said.

The steeper price movement in 2007 was experienced in the third or fourth month of the year, said Lai Sing Louie, senior market analyst in Calgary for Canada Mortgage and Housing Corp.

“The supply levels are higher. They’re expected to be higher. There’s a lot of multi-family units, condominium/apartment units, under construction in the new home market, so we expect that trend of rising supply to continue for a little while,” he said.

“We’ve noticed that sales trend pulling back and there has been a moderation in demand. Net migration is pulling back from the year before. We’re expecting a drop of about 40 per cent in net migration. It’s showing in terms of the demand and in sales in the marketplace.”

Louie said for 2008, average price growth will be in the single-digit range for the year.

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