

SLOWDOWN

Rate cuts prime global economy

REUTERS
NEW YORK

The United States and China kicked off what is likely to be a global round of interest rate cuts, part of a barrage of measures deployed around the world to fight a deep economic slowdown.

Norway also cut interest rates Wednesday and Britain indicated it may lift self-imposed limits on government borrowing to counter a recession that stems from the financial crisis triggered by the collapsed U.S. housing bubble.

Japan may cut rates Friday and the European Central Bank and Britain are expected to add to the monetary easing next week as authorities remain fearful that the worst financial crisis in 80 years will cause a long global recession.

“I don't think anyone believes that any interest rate cuts are going to affect the underlying issues”

CHIP HANLON, PRESIDENT OF DELTA GLOBAL ADVISORS

U.S. regulators are putting the final touches on a new federal program that could provide up to \$600 billion in government guarantees of home mortgages to help prevent foreclosures, a source familiar with the talks said.

The government hopes to announce the program as soon as Thursday,

the source said.

The International Monetary Fund approved an emergency short-term liquidity facility for emerging market economies to help them weather the credit crisis.

The U.S. Federal Reserve cut rates by half a percentage point, in line with most analysts' forecasts.

The Fed said the pace of U.S. economic activity appeared to have slowed markedly and it expected inflation to moderate as a result of lower energy and commodities prices.

Major U.S. stock indexes rallied more than two per cent before falling back to close lower. Analysts said the rate cut had already been priced in and the outlook remains grim.

“Bigger picture, I don't think anyone believes that any interest rate cuts are going to affect the underlying issues surrounding mortgage-related and consumer-related credit,” said Chip Hanlon, president of Delta Global Advisors in Huntington Beach, Calif.

China, increasingly appearing to be the world's last engine of economic growth, cut its interest rate to 6.66 per cent from 6.93.

Norway's central bank cut rates by half a percentage point to 4.75 per cent, signalling more moderate cuts ahead.

The interest rate cuts and expectations of action in the United States, lifted world stock markets and sent the U.S. dollar plunging, sparking a seven per cent surge in oil.

Japan's Nikkei index ended up 7.7 per cent and European shares climbed 7.5 per cent.

Wall Street followed Tuesday's 10 per cent rally, its second-biggest rise ever, with a volatile day. The Dow ended down 0.82 per cent and the S&P 500 fell 1.11 per cent, reversing a rally after the Fed cut.

British Finance Minister Alistair Darling said Britain is moving into recession and the government will need to spend more and forget about its self-imposed limits on borrowing for the time being.

The Bank of Japan will consider cutting rates Friday but will watch market conditions before deciding, a source with knowledge of the matter told Reuters.

The European Central Bank and the Bank of England are expected to ease policy at their regular meetings next week.



Herald Archive, Bloomberg

Nearly three-quarters of Albertans plan renovations over the next two years, despite the economic slowdown.

Alberta homeowners country's top renovators

Equity gains finance desire for improvements

MARIO TONEGUZZI
CALGARY HERALD

Renovation intentions in Alberta are the highest in the country, despite a cooling economy.

A survey, released Wednesday, indicates 74 per cent of Alberta residents plan to make improvements to their homes within the next two years.

The Ipsos Reid survey said renovation intentions among Albertans are the highest in Canada, up five percentage points from last year.

Intentions to renovate in the next 12 months are also among the highest in the nation, at 58 per cent.

RBC's fifth annual Renovation Survey also found that, with an average renovation budget of \$12,422 per household, Albertans plan to spend more on their home renovations than homeowners in any other region of the country.

“Once again this year, Alberta has the highest percentage of renovators in the country,” said Don Peard, vice-president for mortgage specialists at RBC. “Despite an economic softening, Albertan homeowners remain ever keen on pulling out their hammers, paint brushes and spades to get their home makeovers underway.”

According to the poll, 71 per cent of

CANADIAN RENOVATIONS		
	Intentions	Spending
Alberta	74%	\$12,422
B.C.	69%	\$10,064
Sask./Man.	71%	\$9,743
Ontario	71%	\$12,306
Quebec	67%	\$8,463
Atlantic Canada	73%	\$10,042

Renovate or sell/move		
Region	Renovate	Sell
Alberta	71%	23%
B.C.	75%	19%
Sask./Man.	75%	17%
Ontario	75%	19%
Quebec	74%	17%
Atlantic Canada	78%	15%

Source: RBC's 5th Annual Renovation Survey

spending in Alberta this year is expected to increase by 7.9 per cent from a year ago to \$5.2 billion, with another 4.9 per cent increase in 2009 to \$5.4 billion.

For 2008 and 2009, the CMHC is forecasting for Alberta some of the strongest growth rates in renovation spending in the country, said Richard Corriveau, regional economist for the CMHC. Nationally, renovation spending is forecast to increase 3.3 per cent this year to \$5.1 billion and 4.2 per cent in 2009 to \$5.3 billion.

“A primary reason for Alberta's strength has been that Albertans have received huge equity gains in their homes from the rapid price increases in 2006 and 2007,” said Corriveau.

“They have been tapping in on those equity gains to finance their renovation expenditures. . . . With a record for sales in Alberta for 2006 and a near-record performance in 2007, it is natural that renovation spending would be heightened in subsequent years as people personalize their newly purchased home to meet their tastes and requirements.”

The RBC survey also found overall intentions across the country to purchase a home in the next two years remain steady at 22 per cent and have not changed since January.

“Despite recent economic events, we've noted that Canadians still believe a home is a good investment and many are continuing with their home improvement plans,” said Catherine Adams, RBC's vice-president for home equity financing.

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people in the province said a primary reason for renovating is to make their homes more attractive, the highest percentage in the country, along with B.C.

The most popular choices for renovations and home improvements among Albertans include exterior landscaping (44 per cent), new floors (37 per cent), and decks and patios (35 per cent). Bathrooms (34 per cent) and new windows and doors (27 per cent) also ranked among the most likely makeover choices.

According to Canada Mortgage and Housing Corp.'s Housing Market Outlook for the third quarter, renovation

Criminals cash in on financial turmoil

FRAUD • Internet fraudsters will try to exploit the global financial crisis by sending fraudulent e-mails purporting to offer cash-strapped consumers new mortgages, loans or money from failed banks, a Microsoft executive said Wednesday.

Tim Cranton, an Internet safety expert at Microsoft, said there are early signs criminals have already begun trying to cash in on the economic turmoil.

“We have seen an increase in some mortgage refinance type of scams,” he told Reuters. “We are anticipating that they'll become more sophisticated.”

— Reuters

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David J. Sandmeyer, President and Chief Executive Officer of Rife Resources Ltd. and Freehold Royalty Trust, is pleased to announce recent senior officer appointments. Bill Ingram has been appointed Executive Vice-President and Chief Operating Officer. Mr. Ingram joined Rife in 1984 and was most recently Vice-President, Production. Darren Gunderson, who joined Rife in 1991, is now Vice-President, Finance and Chief Financial Officer, and Garry Bieber, who joined Rife in 1985, is now Vice-President, Production.

William O. Ingram
Executive
Vice-President and
Chief Operating Officer

Darren G. Gunderson
Vice-President,
Finance and Chief
Financial Officer

Garry W. Bieber
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IN BRIEF

From Herald News Services

Mall owners put brave face on slump

RETAIL • While retailers in North America are bracing for the worst winter season in years, shopping mall owners are trying to be optimistic about the prospect of steep declines in year-over-year consumer spending.

Quoting the “winter of despair” passage from Charles Dickens’ A Tale of Two Cities, Mary Lou Fiala, chairwoman of the International Council of Shopping Centers, told a national conference assembly Wednesday the industry will “navigate through the storm.”

Fiala said the retail real-estate industry should be able to withstand economic headwinds because it has avoided the overbuilding that would have created optimal conditions for bankruptcies, and because new retail developments such as mixed-use lifestyle centres are more in tune with modern consumers’ needs and demands.

U.S. may guarantee \$600B in mortgages

FINANCE • U.S. regulators are working on a new federal program that could provide government guarantees for up to \$600 billion US of home mortgages to help prevent foreclosures, a source familiar with the discussions told Reuters on Wednesday.

The plan, being hammered out by the Federal Deposit Insurance Corp. and the U.S. Treasury Department, could provide guarantees for up to three million at-risk mortgages, said the source, who spoke on condition of anonymity.

The Treasury Department said Wednesday it is working with the FDIC and other policy-makers on foreclosure-prevention measures but no detailed plan has been reached.

Maple Leaf Foods says listeria impact lingers

HEALTH • Maple Leaf Foods Inc. chief executive Michael McCain said Wednesday it could be a year before the impact of this summer’s listeria outbreak no longer weighs on the company’s financial performance.

“In terms of exact time, there is a great deal of evidence that the range will be in the six to 12 month bandwidth,” McCain said. “We are approaching it with patience.”



Michael McCain

In the first earnings report since the outbreak, the company said it lost \$12.9 million in the third quarter, compared with a profit of \$220.4 million a year ago.

In August, Maple Leaf recalled deli meats and suspended production at a Toronto plant identified as the source of a listeria outbreak that led to the deaths of at least 20 people.

Lost sales related to the recall reduced operating profit by \$14 million in the third quarter.

The company also booked one-off charges of \$19 million related to product returns and sanitation, McCain said.

Maple Leaf expects to book an additional \$6 million to \$11 million in one-off charges related to the recall in the fourth quarter.

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