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MARGIN CALLS

FROM HERALD NEWS SERVICES

Chrysler cuts back on clocks

AUTOMAKING • Chrysler LLC, which is seeking \$5 billion US in additional federal aid to survive, has lowered the thermostat, dimmed the lights and stripped the clocks from the walls of its sprawling headquarters to save cash.

The automaker's headquarters in Auburn Hills, Mich., includes a 15-storey office tower and a technical centre covering 48.4 hectares, making it the second-largest office complex in the United States behind only the Pentagon.

To cut costs, Chrysler has removed half of the fluorescent light bulbs in overhead lighting fixtures (projected annual savings: \$400,000), dropped the temperature in the building by four degrees (\$70,000) and stopped clearing snow from rooftop parking decks (\$310,000).

Details of the cost savings efforts were posted on a Chrysler blog (<http://blog.chryslerllc.com>) last week.

The company did not specify a total cost savings target for the steps it has taken at its headquarters.

Chrysler's larger rival, **General Motors Corp.**, has taken similar steps to cut costs, dimming lights and turning off escalators in its Detroit headquarters.

Business trust falls in survey

CONFIDENCE • Canadians appear to have lost their faith in the free market and the companies that operate in it, says a survey released by global PR firm **Edelman**.

In just one year, business has lost the trust of 66 per cent of Canadians polled in the 10th annual international study, known as the Edelman Trust Barometer.

Another 70 per cent said they would like greater control over business across all industries.

"There has been a crisis of trust across the globe this year, and it's clear that Canada has not been immune," said Freda Colbourne, chief executive of Edelman Canada.

The study illustrates a burgeoning distrust of business at a time when the U.S. financial system is being blamed for the world's economic woes, when Canadian pension funds are losing billions of dollars and when high-profile scams like Bernard Madoff's Ponzi scheme are stealing the headlines.

A year ago, business was tied with non-government organizations as one of the most trusted institutions.

Dell aims to save \$1B more

COMPUTERS • Dell Inc., the second-largest maker of personal computers, plans to cut an additional \$1 billion US in annual costs by 2011 as the company struggles to gauge the length and severity of the PC slump.

Chief executive Michael Dell has already pared jobs and off-loaded about a quarter of manufacturing to partners, a bid to save \$3 billion annually within two years. The company tacked on the additional \$1 billion to its savings goal Friday after fourth-quarter sales missed analysts' estimates.

"We cannot predict how deep or long this slowdown will be," chief financial officer Brian Gladden said.

Sales fell 16 per cent to \$13.4 billion US last quarter. The PC industry had its slowest holiday season in six years as recession-wary consumers put off buying.

Rebound predicted

Hopes grow in new bank forecasts

JOHN MORRISSY
 FINANCIAL POST
 OTTAWA

There's light at the end of the tunnel. So say reports from two major banks forecasting the Canadian economy will begin to rebound in the second half of this year from the worst global decline since the Second World War.

Despite growing pessimism that such a recovery will materialize, the **Bank of Montreal** and **National Bank** say the combined might of dramatic

rate cuts worldwide, massive stimulus plans, a turnaround in the battered U.S. housing sector and a weakened Canadian dollar will turn the tide.

"Virtually all major economic players have launched fiscal stimulus plans of unprecedented magnitude. This megadose of global stimulus is likely to make itself felt by later this year," said Yanick Desnoyers, National Bank Financial's assistant chief economist.

In a separate report, Douglas Porter, deputy chief economist at **BMO Capital Markets**, said that however brutal the downturn is, Canada is much better positioned through early interest rate cuts and quick stimulus measures than it was in previous recessions.

For a populace constantly inundated with sharp stock-market declines and gloom-end-doom predictions, Porter said the sky isn't falling.

"Looking at some of the global economic numbers you have to wonder," he said, "but Canada does have a lot of relative advantages. While it may not feel like it, it is cushioning the blow."

"Policy-makers have responded aggressively around the world and I think that eventually that will halt the decline and stabilize things late this year and lead to at least a mild recovery in 2010."

However, he cautioned that what an economist sees as a recovery can still feel very bad for the average person, at least in the early stages.

He also warned that no

recovery will be sustainable without a turnaround in the United States and that considering the severity of the decline, Canada's economy still has to go through some tough quarters before a serious turnaround can take hold.

Nevertheless, Desnoyers points to "a ray of hope" emerging from the U.S. housing sector, which was at the epicentre of the global downturn and which will be central to any recovery.

For one, he said, median home prices, previously inflated by the easy subprime money that greased the U.S. housing bubble, have returned after 30 months of steep declines to the historical average of 2.9 times household income.

With mortgage rates at the

lowest level in more than 40 years, he added, affordability is at an all-time high.

At the same time, the stock of single-family homes on the market has now dropped to 8.7 months of sales, and housing starts have plunged to an annual rate of 500,000, a number too low to sustain demand for the 1.2 million homes that population growth will create.

"All this puts the housing market on the road to balance. Prices could stabilize in 2009 despite job losses," said Desnoyers.

Porter said a fundamental difference between the downturns in the early 1980s and 1990s and the current one is the speed with which policy-makers have lowered rates and pumped dollars into the system.

NEW RESTAURANT SAYS 'CHEESE!'



Lorraine Hjalte, Calgary Herald

Janice Beaton has added a restaurant extension, called **FARM**, focusing on fresh and local food, to her Janice Beaton Fine Cheese shop.

Fine food retailer tries new recipe

GINA TEEL
 CALGARY HERALD

Nothing brings people together, or sets the mood, better than good eats.

Few in Calgary have cornered the good food, good times market quite like Janice Beaton has.

Beaton is owner of **Janice Beaton Fine Cheese**, a retail specialty cheese shop, and **FARM**, a restaurant extension of the shop.

Between the two, customers can buy a slab of fine cheese to enjoy with crostini, dried organic fruit and other accoutrements on a takeout basis, or pull up a chair and dig into a platter of imaginative nibblers or homespun dishes crafted from fresh local produce and meats.

FARM, described as a casual tasting room, is the

latter. It's a place where customers can explore a range of the shop's cheeses and meats paired with wine or beer, or opt for dishes like a Janice Beaton Fine Cheese famous goat cheese fritter salad or comfort food like macaroni and cheese.

The food focus is all about fresh, local, and sustainable. The atmosphere is warm and friendly, and compliments FARM's core philosophy.

"We're a lot more about sharing," Beaton said. "That's what our food is about."

FARM is just the latest venture for Beaton, a serial entrepreneur. She's one of three original partners that opened **Caffe Beano** in 1989, another business known for its cosy digs, social atmosphere and tempting fare.

With all three businesses

consolidated under one roof as of last fall, Beaton has not only cornered the market on good fare, but seemingly much of the east end of the building on 17th Avenue and 9th Street S.W., as well.

The cheese shop and FARM, which meet in the middle of a shared north-south space, respectively, are now located in the same building as Caffe Beano, a move that was a homecoming of sorts for Beaton.

The cheese shop, which now fronts 16th Avenue S.W., was originally located farther down 17th Avenue S.W. on 8th Street.

"Choosing to move to this building for me, because I'd started here with Beano in 1989, just made a lot of sense," she said.

Being two doors away from Beano also made

sense from a cross-market perspective, on several different levels. Right from the concept stage, the theme at Beano was to create a communal coffee shop that accommodated everyone.

That same philosophy was also the underpinning for the cheese shop, Beaton said.

"It was like, 'Let's have a place where people can come in and slow down and taste good food.' It's not just, 'here's a Cryovac piece of cheese in a case,'" she said.

The same rings true at FARM.

Business has been brisk since FARM opened last fall, and Beaton is focused on strengthening the business in its new form.

SEE CHEESE, PAGE B9

SMALL BUSINESS

Janice Beaton
 Fine Cheese

- Opened in 2000;
- Carries accoutrements, from cheese knives and cheese boards (bamboo or larchwood) to crackers and crisps;
- Wide range of cheese and charcuterie platters and gift boxes;
- Fondue pot, fondue cheese and raclette machine and cheese;
- Pates, fair GRAS, quince paste, mustards; olive oil, balsamic vinegar, fleur de sel, mustards; and
- Eighteen to 20 per cent of business is corporate giving.

Numbers expected to confirm recession

FINANCIAL POST
 OTTAWA

This week will kick off with some economic data expected to provide evidence of the recession most feel has been in effect in Canada for months.

On Monday, Statistics Canada will report fourth-quarter gross domestic product. Most analysts are expecting a 3.6 per cent decline from the same period a year earlier, the worst results since 1991. That would follow growth of 1.3 per cent

in the third quarter.

The most commonly used definition for a recession is two straight quarters of economic shrinkage. Charmaine Buskas of **TD Securities** said she has no doubt these fourth-quarter numbers will be the first in a string of negative growth numbers, showing that Canada is indeed in recession.

"Our expectation is that we'll see the first half of 2009 post pretty weak numbers, so it's sort of the beginning of the official (recession)," she said.

Her forecast is for a 4.2 per

cent contraction in 2008's last quarter, based largely on the weak trade and consumption data she's already seen.

Recent reports have shown Canada posting its first trade deficit in more than 30 years in December, and the same period saw the biggest month-to-month drop in retail sales in almost 20 years.

Meny Grauman, an economist with **CIBC World Markets**, is thinking along the same lines.

"We expect (GDP) to fall by close to four per cent, and

making matters worse, we are looking for an even bigger slide in the first quarter of 2009," he wrote in a note.

The United States government on Friday said its economy contracted a worse-than-expected 6.2 per cent in the fourth quarter, the biggest decline since 1982.

More bad news for the U.S. is expected this coming Friday as February employment numbers are released. After the loss of 598,000 jobs in January, the most in 34 years, Buskas is expecting an even bigger

loss for February.

And news like that can only be bad for Canada, which counts on the U.S. as a destination for most exports, she warned.

With that in mind, the Bank of Canada on Tuesday is expected to shave another half point off its overnight lending rate to another all-time low of 0.5 per cent in its efforts to provide economic stimulus.

Buskas said the stock market will watch closely the central bank's statement on the economy.