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Will Earnings Reports Signal A Bottom?

Page 28

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ALAN ABELSON • 5
The Gang of 20 goes long stocks

MICHAEL SANTOLI • 14
New ways to play market volatility

SHAKY CHIP MARKET • 16
It's too soon to buy Applied Materials

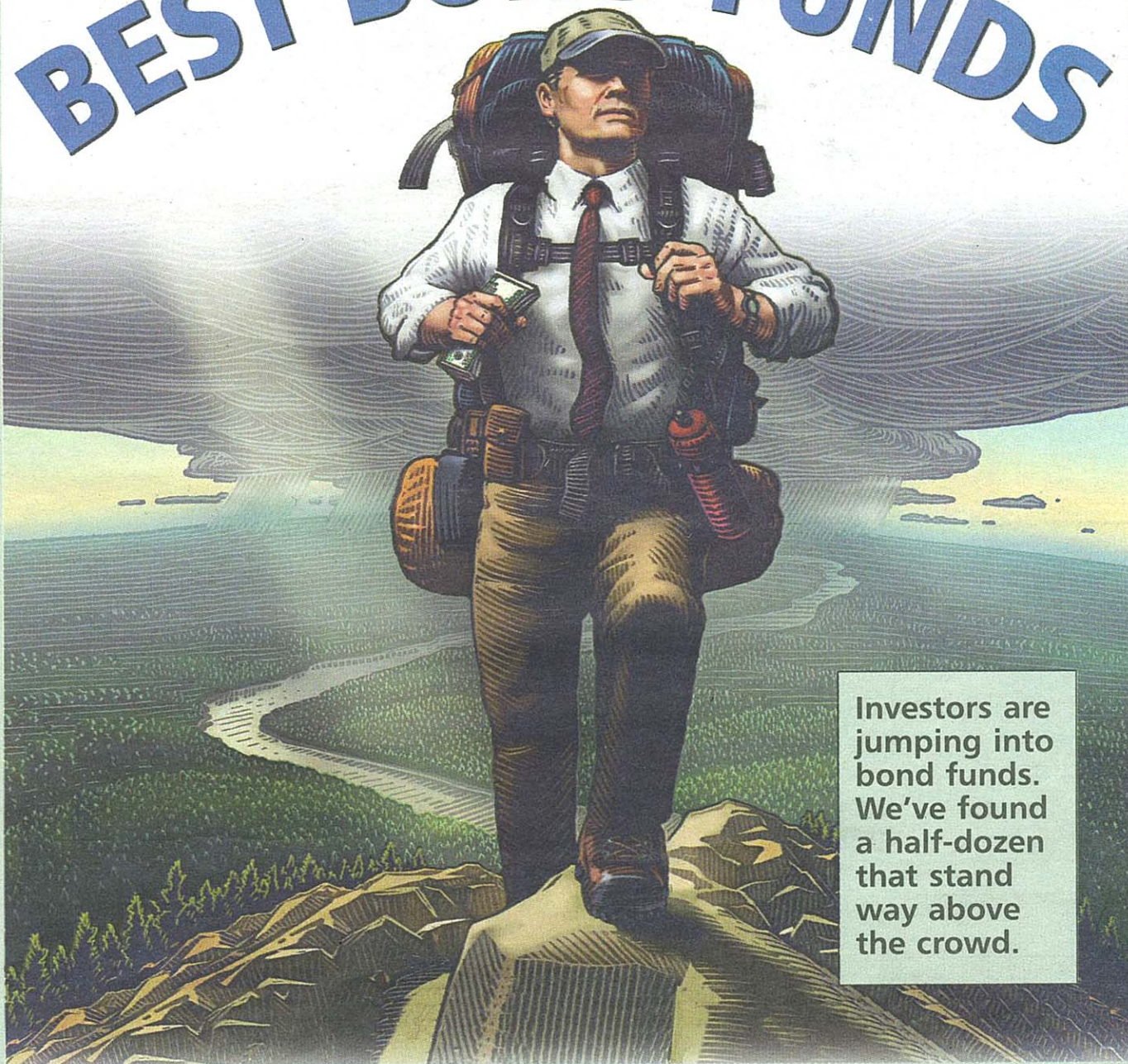
AFTER U.S. SHAKE-UP • 23
What auto landscape will look like in 2014

BUMBLING GIANT • 24
Leveraged bets hammer Apollo

CORNING • 32
Flat-screen TV boom buoys glass maker

THE TRADER • M3
After Dow 8000, a pause looms

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REVIEW &

Dow Indicator

Dow Industrials 8017.59 + 241.41 Dow World Index 162.13 + 5.94 10-Year Treasury Bonds 2.91 + 0.15

They Said What? The Recession

Now that the Organization for Economic Cooperation and Development has predicted a global economic contraction for this year, including a 4% decline in U.S. gross domestic product, some are wondering whether the Obama administration's calls for a fourth-quarter turnaround were too optimistic.

When will the U.S. recession end?

■ Martin Feldstein

Professor of Economics, Harvard University

"I see no firm basis for predicting when the economy will begin a sustained increase. I believe it won't be in 2009. Sometime in 2010 is possible, but is still no more than a hope. It will be difficult to have a sustained rise until the financial system is working again."

■ Dolly Lenz

Vice Chairman, Prudential Douglas Elliman Real Estate

"The fourth quarter. Financial markets will recover sooner than real estate, but volatility needs to end before many can feel really comfortable buying."

■ Wilbur Ross

Founder and Chairman, WL Ross & Co.

"A year from now. The stimulus and programs like the [Troubled Asset Relief Program] will preclude a depression, but recovery won't begin until real-estate prices stabilize, consumer and business confidence returns and consumer credit becomes reasonably available again."

■ Arch Crawford

Publisher, Crawford Perspectives

"We're heading for a major world depression that could go on for a long time. The market and economy will probably look better in the next few months, but both will get much worse than we've seen yet."

Out Like a Lion

Stocks in the broad market put up their best month since October 2002, with the Standard & Poor's 500 rising 8.54% for March. On a quarterly basis, the Dow Jones Industrial Average had its worst first quarter in percentage terms since 1939, falling 13.3%. On the week, the Dow finished up 3.1% to 8017.59. The S&P was also up—3.3% to 842.50.

Down, and Counting

Job losses in the U.S. continued in March at a feverish pace, with non-farm payrolls plunging 663,000 in the month and the unemployment rate surging 0.4 percentage point to 8.5%, a 25-year high. January's loss was revised to a steeper loss of 741,000. Job losses for the 16 months since the recession began have now topped five million.

Riding Off Saddle Bags Full

The Obama administration ousted General Motors' CEO Rick Wagoner, and gave the auto maker 60 days to produce a reorganization plan. Obama said the U.S. would back new-car warranties. Wagoner, who was replaced by president Fritz Henderson, probably will leave with a \$21 million package.

Leaders Joining Hands

The leaders of the Group of 20 nations agreed to triple the IMF's lending power to \$750 billion and expand its reserve currency by \$250 billion. They also agreed to tighten financial regulation.

So Much for Transparency

The U.S. accounting regulator, under pressure from lawmakers, eased fair-value rules for banks. Meanwhile, U.S. and foreign regulators agreed to move toward stricter capital requirements for banks around the world.

She Said:

"We simply need to end 'too big to fail.' We want to put a stake through the heart of it."

FDIC Chairman Sheila Bair, at a meeting of the American Bankers Association.



The Numbers

The market for U.S. initial public offerings fell to its lowest level in 30 years in 2008, reports PricewaterhouseCoopers:

\$29.4 billion: Proceeds of U.S. IPOs in 2008

54.9%: Decline in the value of U.S. IPOs from 2007 to 2008

57: The number of initial offerings in the U.S. in 2008, an 80.7% drop from 2007's total

\$17.9 billion: Proceeds from Visa's IPO, the most ever

60.9%: Visa's share of total U.S. IPO proceeds in 2008

Can They Do That?

U.S. banks that have received massive bailouts from the government are considering participating in the Treasury's \$1 trillion plan to help them sell toxic assets and revive the banking system, the Financial Times reported.

Down They Go

Home prices fell by a record 19% in January from January 2008, the Standard & Poor's Case Shiller index said. Sales of vacation homes and investment properties plunged 30% in 2008, the National Association of Realtors said. The median sales price of second homes sank 23%, to \$150,000.

Sales Skid Off the Road

U.S. auto sales plunged in March, with GM's sales sinking 45% from a year earlier. Ford Motor's sales dropped 41%, and Toyota and Chrysler saw 39% drops. GM said it would make some car payments for customers who lose their jobs.

Bonus Boon

Fannie Mae and Freddie Mac expect to pay \$210 million in retention bonuses to 7,600 employees over 18 months. However, the median cash salary plus bonus to the CEOs of 200 big U.S. companies fell 8.5% in 2008, to \$2.24 million, according to an analysis for The Wall Street Journal.

Odds 'n' Ends

■ Former Illinois Gov. Rod Blagojevich was indicted on federal charges of extortion and racketeering. He maintained his innocence.

■ The Senate passed a \$3.53 trillion budget resolution for 2010.

■ Massachusetts regulators accused Fairfield Greenwich of misrepresenting its lack of knowledge of Bernard Madoff's operations. Fairfield called the charges false.

PREVIEW

For more

information about coming economic reports—and what they mean—go to Barron's Online's free Economic Calendar at barrons.com

Thursday 9: Chain-store sales for March should show some improvement from February, albeit on the strength of sharply reduced prices.

Monday 6

SEC Chair Mary Schapiro and Goldman Sachs Chairman and CEO Lloyd Blankfein are among speakers at the Council of Institutional Investors' spring meeting, through tomorrow.

Fed Governor Kevin Warsh speaks about the markets and the economy.

Diageo holds a conference call.

Markets are closed in China, the Philippines, Thailand and Vietnam.

Tuesday 7

Consumer credit is seen declining by about \$1 billion in February.

The Bank of Japan is expected to hold rates steady at 0.1%

Coming Earnings

Day	Consensus Estimate	Year Ago
M		
Brightpoint (1Q)	-0.03	0.09
NATCO Grp (1Q)	0.48	0.56
C & D Technologies (4Q)	0.04	-0.24
Jos (A.) Bk Cloths (4Q)	1.51	1.45
Apogee Enterprises (4Q)	0.31	0.49
Immucor (3Q)	0.22	0.27
T		
Int'l Speedway (1Q)	0.62	0.80
Ruby Tuesday (3Q)	0.11	0.23
Chatterm (1Q)	1.13	0.97
Alcoa (1Q)	-0.57	0.44
Bed Bath & Beyond (4Q)	0.44	0.66

Consensus Estimate

Day	Time	Consensus Est	Last Period
T	3:00	February Consumer Credit	-\$3.0 bil / \$1.8 bil
W	10:00	February Wholesale Inventories	-0.6% / r-0.9%
Th	8:30	February International Trade	-\$36.0 bil / -\$36.0 bil
	8:30	March Import Prices	0.9% / -0.2%

Unless otherwise indicated, times are Eastern. f-Final; p-Preliminary; r-Revised
 FOR MORE INFORMATION about coming economic reports - and what they mean - go to Barron's Online's free Economic Calendar at www.barrons.com

Some dismal recent economic numbers have increased speculation the Reserve Bank of Australia might cut rates again.

Alcoa reports first-quarter earnings, marking the season's unofficial start.

Emerson Electric holds a conference with investors.

Lukoil reports full-year results.

Bed Bath & Beyond and International Speedway hold conference calls on quarterly results.

Wednesday 8

The SEC meets to consider reinstating the "uptick rule," which holds that short sales can occur only as a stock price is rising. The agency abolished the rule in 2007.

The Fed releases minutes from its policy meeting in March.

Wholesale inventories are seen falling 0.5% in March.

Mosaic, Constellation Brands, Family Dollar Stores and Shaw Communications discuss quarterly results.

Bank of Thailand is seen cutting its key rate by at least a quarter of a percentage point.

Chinese life insurer Ping An is expected to post a quarterly loss.

An FDA panel looks at an expanded use for AstraZeneca's Seroquel.

Thursday 9

U.S. retailers report March chain-store sales. Kurt Karl, chief U.S. economist at Swiss Re, expects about a half-percentage-point rise, as prices have become attractive. He expects the February trade balance to show "not a pretty picture," with a slight improvement from falling imports, a sign of continued economic weakness.

March import prices are expected to rise about 1% on higher energy costs.

The Bank of England is likely to hold interest rates steady at just 0.5%.

Bank of Korea is seen holding steady.

The U.S. bond market closes at 2 p.m. Markets are closed today and tomorrow in Mexico and the Philippines.

Pep Boys holds an earnings conference call before the market opens.

Minneapolis Fed President Gary Stern and Kansas City Fed President Thomas Hoenig give speeches.

Bookings start for Tata Motors' Nano, the world's cheapest car.

Friday 10

Many major markets, including those in the U.S., are closed for Good Friday. Also closed: Australia, Hong Kong, India, Singapore and Canada.

The federal deficit is expected to widen in March \$150 billion, from last year's \$48 billion.

The International Energy Agency issues its monthly oil market report.

Treasury Auctions: Page M47.

Contemplating Recovery

An Upturn? Let Us Pray



When a respected economist and banking expert is summoned to an Ivy League club to opine on prayer, it could mean a market bottom is nigh.

Columbia Business School Professor Charles Calomiris, who advises governments and companies on financial regulation and writes on global capital flows, thinks if we have bottomed, we may float here awhile. But the market did rally after he spoke on "Hope, Prayer and the Economic Crisis" at an event sponsored by a New York Greek Orthodox church.

Biblical

In an economic crisis of biblical proportions, one academic and noted adviser counsels us to meditate on exemplary figures.

If Americans transform their bitterness and jealousy, they would see that government can absorb significant risk, restore liquidity and elevate stock prices, he says.

To get there, he recommends introspection on exemplary characters. From the Bible: Ruth is rewarded for steadfast devotion after suffering through famine and loss. Job learns humility through trials and despair. Christ made the tough choices during crisis...

Even J.P. Morgan had fellow bankers consider the collective good during a 1907 financial panic. And Andrew Mellon, falsely accused as a tax cheat, resisted retribution and established an art museum. Then again, it might be easier for a camel to pass through the eye of a needle.

—DIMITRA DEFOTIS

Edited by Robin Goldwyn Blumenthal