

Business

PORTFOLIO

Feb. 22, 2011

Dow Jones Industrials	-178.46
	12,212.79
Nasdaq composite	-77.53
	2,756.42
Standard & Poor's 500	-27.57
	1,315.44
Russell 2000	-21.86
	812.96

Unrest rattles markets, oil prices jump

NEW YORK — Stocks fell sharply and oil prices spiked to their highest level in two years Tuesday as unrest in Libya worsened.

Oil prices jumped 6 percent to \$95 a barrel. The fight between protesters and forces loyal to the Libyan leader Moammar Gadhafi threatens oil production from the world's 15th largest oil exporter, accounting for 2 percent of global daily output. Libya also sits atop the largest oil reserves in Africa.

The Dow Jones industrial average sank 178.46 points, or 1.4 percent, to close at 12,212.79. Bond prices rose as investors sought safety.

Consumer comeback skips Wal-Mart's aisles

NEW YORK — Wal-Mart is missing out on the consumer comeback.

The world's largest retailer failed to reverse an almost two-year slide in a key revenue measure in its fourth quarter, it said Tuesday, after all but promising in November it would do just that.

Outside its aisles, holiday shoppers spent more, and consumer confidence is now at its highest point in three years. Wal-Mart had fewer customers.

Wal-Mart's mistakes in merchandising and pricing, along with financial stress on its lower-income customers, forced it to rely on international growth and cost-cutting to post a 27 percent increase in net income in its fourth quarter.

Wal-Mart's 1.8 percent decline in revenue at U.S. discount stores open at least a year, its seventh straight quarterly drop, was worse than feared.

— The Associated Press



Bobby Haven/The Brunswick News

America's Swimming Pool Co. manager Marcus Kuja, left, looks on as pool technician Jonathan Harrington checks levels at the Waterfront at Golden Isles Marina condominiums pool while pool technician Sherry Brinson cleans the pool.

Service businesses hold hope for spending return

Strategies shift without customers' discretionary income

By SHANESSA FAKOUR
The Brunswick News

Weathering a recession and a recovering economy has been challenging for many businesses, but particularly for those whose services fall under the category of "discretionary spending."

When times are tight, a consumer who has the discretion to spend or not spend for a product or service that can be deferred, is highly likely not to spend.

For the past couple of years, Another Landscape Co. has worked with customers who can no longer budget to do more than the bare minimum when it comes to maintaining their lawns, said Terry Loper, owner.

"Sales have dropped drastically, by 30 percent from 2009 to 2010," Loper said. "Major corporations have done away with fertilization and pest control."

He said most of his customers are no longer paying for landscape design and installation, and those who request lawn maintenance services during the winter are cutting back from twice a month to once a month.

However, business looks like it will be turning around this spring.

"Ninety percent of our custom-

ers are going to (weekly) service, starting March 1," Loper said.

To stay afloat during the recession, the company has increased its commercial customer base and focused on providing competitive lawn maintenance services and prices, Loper said.

His strategies to improve business in 2011 include more advertising and increasing the number of personal contacts with current and potential customers, to build relationships with them.

America's Swimming Pool Co., a franchise that provides pool maintenance and equipment repair in Glynn County, has relied on advertising, flat-rate pricing and referrals to generate new business during the economic downturn.

The company, which opened in 2008, increased its sales by 51 percent from 2009 to 2010, said Marcus Kuja, general manager. "We grew a lot in a short period of time," Kuja said.

The company gained new commercial clients by repeatedly contacting resorts and apartment and condominium property managers, and paying attention to customer service.

"We help them set their pool budget for the whole year by offering flat-rate pricing," Kuja

said. "We also provide a quick followup when they call."

During the cooler fall and winter months, the company makes 80 stops a week to maintain pools, but as summer approaches, business is expected to grow 20 to 30 percent, he said.

The company has also reached out to residential clients, some of whom own second homes with pools on St. Simons Island, said Bill Poe, franchise co-owner. Poe and Rex Putnal also own a franchise store in Savannah.

"The service is a luxury, but we have found that in Glynn County, a lot of people don't understand swimming pool chemistry and how it works, and would rather have someone there who they can call and will follow up with them in 24 hours," Poe said.

Consumer confidence reaches 3-year high

By ELLEN GIBSON
The Associated Press

NEW YORK — Americans are feeling more chipper about the economy than they have in three years.

The Consumer Confidence Index rose to 70.4 this month, up from 64.8 in January, as Americans expressed more optimism about their income prospects and the direction the economy is headed, a private research group reported Tuesday.

It's the strongest reading since the early days of the most severe recession the U.S. has seen since the 1930s.

A robust stock market and falling unemployment are lifting

Americans' spirits in spite of rising food and energy prices and a still-weak housing sector.


In addition, a cut to the Social Security tax meant Americans started seeing more money in their paychecks in January, which may be boosting consumer spending.

Retailers including Macy's Inc., Home Depot Inc. and VF Corp., maker of Lee jeans and Vans shoes, reported better-than-expected earnings Tuesday. Home Depot posted its first annual revenue increase since before the housing crash in 2006, while Macy's, the country's second-largest department store chain, saw sales at stores open at least a year climb 4.3 percent.

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Home prices hit post-bust lows

By DEREK KRAVITZ
The Associated Press

WASHINGTON — Home prices in a majority of major U.S. cities tracked by a private trade group have fallen to their lowest levels since the housing bubble burst, and analysts expect further declines this year. The Standard & Poor's/Case-Shiller 20-city home price index fell 1 percent in December from November. Prices fell in all but one of the metropolitan markets tracked.

The only city to see a gain was Washington, where hiring by the federal government has helped boost the region's job market.

Eleven of the markets hit their lowest point since the housing bust, in 2006 and 2007: Atlanta, Charlotte, N.C., Chicago, Detroit, Las Vegas, Miami, New York, Phoenix, Portland, Ore., Seattle and Tampa, Fla.

The housing sector is struggling even while the rest of the economy is showing signs of a slow but steady recovery. The latest evidence of this divide came Tuesday when the Conference Board said its Consumer Confidence Index rose in February to its highest point in three years. The index surveys how people feel about

hiring and income, and how they see that changing over the next six months.

By contrast, the outlook for housing in 2011 is not promising. Construction of new homes has fallen to a rate of about 600,000 homes built per year. In a healthy economy, builders expect to construct about 1 million homes each year. Homeowner vacancy rates are near record highs and the creation of new households in the United States is at its lowest point in four decades.

"Despite improvements in the overall economy, housing continues to drift lower and weaker," said David M. Blitzer, chairman of the index committee at Standard & Poor's.

The damage from the real estate bubble has spread well beyond the Sun Belt, where new homes cropped up at a frantic pace during the mid-2000s. In many places, prices are expected to keep falling for at least the next six months and several analysts said they expect prices to fall at least another 5 percent.

Some of the worst declines are in cities hit hardest by foreclosures and high unemployment, including Detroit, Phoenix and Tampa. A home that sold for \$250,000 in

the Motor City in 2000 now sells for roughly \$163,150, according to the housing report. Homes in Las Vegas and Cleveland now sell, on average, for less than they did a decade ago. Many people are holding off buying or selling homes because they fear the market hasn't hit bottom yet.

A large number of homes that aren't selling are contributing to a second wave of price declines since the boom years. Many of them have been vacant for months.

In December, prices fell for the sixth straight month and for the eighth time in the past 11 months. Foreclosures are also expected to increase as the year goes forward.

"There's just way too many homes out there relative to demand and we're not going to see that change anytime soon," said Joshua Shapiro, chief U.S. economist for MFR Inc.

The housing recovery is uneven across the United States. Coastal cities in California and the Northeast are faring much better than the Midwest and Southeast. That's mainly because they benefit from expensive and somewhat recession-proof housing markets buoyed by low unemployment and limited new construction.



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