

# North America HVAC News

## May 2011

International Market Strategy



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## 1 BRG's Preliminary Reports Available Immediately

**1 April 2011**-- BRG has published its preliminary reports on the 2010 heating and cooling markets in many countries of the world. To obtain a copy of these 'product summaries and forecasts' please contact our building products division at [bpstaff@brggroup.com](mailto:bpstaff@brggroup.com). The following reports are available, both in pdf format and in our new ENTERPRISE database system:

**2011 Boiler Market Reports**(countries covered: USA, Canada, China, France, Germany, the UK, Italy, Spain, Belgium, the Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Boiler types covered in the reports include:

- Wall-Hung Gas Condensing
- Wall-Hung Gas Non-Condensing
- Floor-Standing Gas Condensing
- Floor-Standing Gas Non-Condensing
- Oil Condensing
- Oil Non-Condensing
- Electric
- Solid Fuel

**2011 Water Heater Market Reports**(countries covered: USA, Canada, China, France, Germany, UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Water heaters covered in North America:

- Tankless Gas Condensing
- Tankless Gas Non-Condensing
- Tank/Storage Residential Gas Condensing
- Tank/Storage Residential Gas Non-Condensing
- Tank/Storage Commercial Gas Condensing
- Tank/Storage Commercial Gas Non-Condensing
- Tankless Electric

- Tank/Storage Residential Electric
- Tank/Storage Commercial Electric
- Oil
- Indirect Cylinders Separate
- Solar Storage Tanks
- Hybrid Water Heaters
- Heat Pump Water Heaters

**2011 Solar Thermal Market Reports**(countries covered: USA, France, Germany, the UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Products covered in the reports include:

- Flat Plate Collectors
- Vacuum Collectors
- Unglazed Collectors
- Solar Storage Tanks

**2011 Heat Pump Market Reports**(countries covered: USA, Canada, France, Germany, UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Products covered in the reports include:

- Ground Source
- Exhaust Air-Water
- Outside Air-Water
- Heat Pump Water Heaters
- Air-to-Air Heat Pumps (where relevant)

**2011 Furnace Market Reports**(countries covered: USA, Canada). Products covered in the reports include:

- Gas Condensing Furnaces
- Gas Non Condensing Furnaces

- Electric Furnaces
- Oil Furnaces

**2011 Air Conditioner Market Reports**(countries covered: USA, Canada). Air conditioner types covered in the reports include:

- Condensing Units
- Air Handlers
- Air-Air Heat Pumps
- Residential Package Units
- PTACs
- Mini-Splits
- Window/Wall Units
- Portable Air Conditioners
- VRFs

**2011 Radiator Market Reports**(countries covered: China, France, Germany, UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Radiator types covered in the reports include:

- Steel Panel
- Towel Warmers
- Aluminium
- Cast Iron
- Decorative
- Other Steel
- Fixed Electric Heat Emitters

**2011 Biomass Boiler Market Reports**(countries covered: USA, Canada, France, Germany, UK, Italy, Spain, Belgium, Netherlands, Austria, Sweden, Poland, Russia, Czech Republic, Turkey). Boilers covered in the reports include:

- Fossil Fuel/Universal
- Logwood/Bifuel
- Pellet
- Wochip
- Other

To obtain these product summaries and forecasts, a table of contents, or for more details about the report contents or our new Database, please contact us at [bpstaff@brggroup.com](mailto:bpstaff@brggroup.com)

Other regions and countries that we are covering this year:

**The Middle East:**

- Saudi Arabia
- UAE
- Bahrain
- Oman
- Qatar
- Kuwait

**Other Countries in the Americas**

- Mexico
- Brazil
- Argentina
- Chile
- Columbia

To receive more information about the products covered in the Middle East and South American (or other country) reports, the publication dates on these, or for further questions, please contact us at [bpstaff@brggroup.com](mailto:bpstaff@brggroup.com)

**Source:** BRG CONSULT NORTH AMERICA

## 2 DAIKIN Says Puts Efforts to Buy GOODMAN On Hold

**1 April 2011**-- Japan's DAIKIN INDUSTRIES LTD said on Friday that it has put on hold its efforts to buy U.S. air conditioner maker GOODMAN GLOBAL, citing the uncertain outlook for the Japanese economy following the March 11 earthquake.

Kaori Yamada, a spokeswoman for Japan's largest air-conditioner maker, said the company could reconsider the acquisition again in the future if the economic outlook becomes clear.

DAIKIN had said on January 14 that it was considering buying GOODMAN among other acquisition targets in what bankers estimated could be a \$4 billion deal.

Shares of DAIKIN were up 5.4 percent at 2,625 yen. The Nikkei average .N225 fell 0.1 percent.

**Source:** [www.reuters.com](http://www.reuters.com)

## 3 GREE and SOLEUS AIR Merge to Create GREE USA

**26 January 2011**-- SOLEUS AIR and GREE ELECTRONIC APPLIANCES have formed a new partnership to create GREE USA. With this new partnership, GREE USA becomes an instant leader in both commercial and retail in Heating, Ventilating, and Air Conditioning (HVAC). GREE's long history of manufacturing reliable and durable products combined with SOLEUS AIR's U.S. infrastructure, product innovation, and commercial and retail presence, help form one of the most competitive and innovative companies in the competitive HVAC industry.

GREE ELECTRONIC APPLIANCES has manufactured HVAC products for some of the most recognized brands in the United States. Now, as GREE USA, GREE will be manufacturing and selling HVAC products direct to retailers and commercial HVAC contractors. Retailers and contractors will both benefit as GREE shifts its focus from manufacturing for other brands to its own brand lines. GREE USA products will showcase enhanced features, new technology, cutting edge designs, and increased reliability at competitive prices. The new partnership with SOLEUS AIR gives GREE an instant presence in the U.S. market and access to industry leading innovation and design.

"This merger positions us to offer even greater value to our customers and partners," said Tyler Scott, VP of Sales and Marketing, GREE USA. "In addition to the strategic benefits of combining SOLEUS AIR and GREE, GREE USA can shift current market focus to products rich with features as well as a new found focus on design, technology and value. At a particularly challenging time for the global economy, this partnership vaults us into becoming an instant industry leader—one focused on world-class engineering and best of breed HVAC products."

GREE USA will be headquartered in City of Industry, CA, the home of SOLEUS AIR, and retain a presence in Cincinnati, OH which will focus on sales, marketing, and product development.

Source:[www.clubdoonline.com](http://www.clubdoonline.com)

#### 4 GREE to Build US Factory

**8 April 2011**-- ZHUHAI, Guangdong - China's largest air conditioner maker is planning to build a factory in the United States this year.

Dong Mingzhu, president of GREE ELECTRIC APPLIANCES, said negotiations with local business authorities are under way, but would not name the state or city.

All will be revealed when the deal is sealed, she said, but would not give a timeline.

GREE operates eight factories, five in China and one each in Brazil, Pakistan and Vietnam, with the overseas plants contributing 20 percent of its volume.

It chalked up profits of about 4.6 billion yuan (\$703 million) on sales of 60 billion yuan in 2010, an increase of 47 percent year-on-year.

GREE also produces air conditioners in China that are sold under different brands for the US market.

Dong said she is prudent about expanding globally. "Our plan to build a factory in the US is purely due to our increasing demand in the US market," she said.

"In the last three years we have been selling our own brand in supermarkets and dealer stores and we've received continuous good feedback from our American customers."

Dong's confidence in the US market is also boosted by GREE's moves in testing solar energy-powered air conditioners.

So far, about 50,000 solar energy air conditioners are being assessed in selected areas in the US.

Dong said GREE, which is listed on the Shenzhen stock market, has no plan to be listed overseas.

GREE kept its global presence low key until last year's World Cup soccer tournament in South Africa where it not only had advertised heavily, but had supplied air conditioners to all the stadiums.

Chen Yongjun, associate dean of the School of Business from Renmin University of China in Beijing, said GREE's US expansion is a sign the company is revving up its gears to catch up on the international market.

"Apparently, GREE's global ambition grows bigger as it cements its leadership in China," Chen said.

**Source:**[usa.chinadaily.com.cn](http://usa.chinadaily.com.cn)

## 5 AO SMITH Announces 14% Increase in 1st Q earnings

**19 April 2011**--Milwaukee, Wis.— A. O. Smith Corporation (NYSE:AOS) today announced first quarter earnings from continuing operations of \$24.2 million or \$.52 per share, an increase of \$2.9 million above last year's first quarter.

Sales for the manufacturer of residential and commercial water heaters increased \$50.7 million to \$417.4 million in the quarter ended March 31 compared with \$366.7 million for the same period last year. Sales gains were led by a 51 percent increase in China, as a result of continued geographic expansion and an increased number of retail and specialty stores selling the premium A. O. Smith brand. Additionally, sales in the U.S. increased as a result of new energy efficient products launched last year. Finally, sales in both China and the U.S. increased during the quarter due to customer demand in advance of an announced April 1 price increase primarily related to higher steel costs.

Earnings from continuing operations increased approximately 14 percent to \$24.2 million or \$.52 per share compared with 2010 earnings from continuing operations of \$21.3 million or \$.46 per share, primarily due to higher sales. First quarter 2011 operating margins of 11.7 percent were down slightly from the 12.0 percent operating margins achieved last year principally due to higher selling costs supporting the North American Takagi tankless water heater acquisition and the company's renewable product introductions.

The company made a \$45 million pension contribution during the first quarter and expects to contribute an additional \$130 million to its pension plan later this year. Primarily as a result of the pension contribution, the company's debt-to-capital ratio increased to approximately 27 percent from 23 percent at the end of 2010.

### Discontinued Operations

Sales of the discontinued Electrical Products Company in the first quarter increased approximately 28 percent to \$201.5 million, \$43.7 million higher than in the same period last year. The higher sales contributed to after-tax earnings from discontinued operations of \$16.8 million or \$.36 per share compared with \$9.5 million or \$.21 per share achieved last year; and operating margins improved to 11.6 percent from 9.1 percent last year.

## Outlook for 2011

“The first quarter supports our view of how 2011 will unfold,” Paul Jones, chairman and chief executive officer, observed. “We are continuing to benefit from market growth and consumer demand in China. In North America, our new high-efficiency water heating products introduced last year will continue to benefit sales. While the U. S. economy is recovering, we are mindful of the twin ‘headwinds’ of the weak new housing market and rising commodity prices. We responded to the rise in steel costs with a global price increase effective in April. At this time, we are not changing our forecast of earnings from continuing operations of between \$1.90 and \$2.10 per share for this year, excluding the potential impact from any future acquisitions,” Jones said.

## Acquisition Strategy

“A. O. Smith is one of the leading water heater companies in the world,” Jones continued. “We plan to take advantage of our leadership in water heating and our developing expertise in water treatment technology and use the expected proceeds from the sale of Electrical Products Company to focus on a number of water-related strategic initiatives. We will look to grow our core residential and commercial water heating and water treatment businesses into fast-growing geographic markets. We will continue to pursue acquisitions in China and India where we have strong and growing platforms as well as new markets such as Africa, Southeast Asia, and South America.

“We also intend to expand our core product line by looking at acquisitions, joint ventures, or other business relationships that will allow us to expand our product offerings of boilers, heat pumps, and other high efficiency products,” Jones explained. “Finally, we will pursue opportunities in water themed technologies that will be attractive to our customers and channel partners and leverage our core competencies to create value for our shareholders.”

## Electrical Products Company transaction

A. O. Smith Corporation entered into the definitive agreement to sell Electrical Products to Regal Beloit Corporation for \$875 million on Dec. 12, 2010. On Feb. 4, the companies each received a request for additional information and documentary material from the U. S. Department of Justice regarding the sale. The companies are working cooperatively with the Department of Justice as it reviews the proposed transaction. Subject to regulatory approval, the two companies expect a mid-year closing.

As part of the definitive agreement, A. O. Smith is to receive 2.83 million shares of Regal Beloit stock at closing. The shares have appreciated since the definitive agreement was signed. During the first quarter, the company purchased equity contracts for 50 percent of the expected shares to protect a portion of the appreciation. At the end of the quarter, the contracts were marked to market as required under accounting rules, resulting in a \$1.6 million charge, which is

included in other expense.

**Source:** [www.aosmith.com](http://www.aosmith.com)

## 6 FERGUSON Reports Revenue Growth

**25 April 2011**-- FERGUSON's parent company WOLSELEY PLC announced its first-half results for the 2011 fiscal year, reporting revenue increase of 5% on a like-for-like basis.

FERGUSON's like-for-like revenue growth for the first six months was 9%, with a further 4% of growth due to the strengthening of the U.S. dollar. All of FERGUSON's major business units generated growth, driven principally by stable new residential and repair and remodel markets. As well, all major businesses continued to gain market share in the first half. FERGUSON sales accounted for 40% of WOLSELEY's total revenue.

"We are very pleased with our performance for the first half of our fiscal year," explained FERGUSON CEO Frank Roach. "It was nice to see year on year growth and out-performance in all of our businesses."

FERGUSON's blended branches, which service residential and commercial customers, had a strong first half with solid growth, as the remodel markets held up well. The industrial PVF and HVAC businesses were also strongly ahead. The commercial fire and fabrication business, which provides fire protection products and services, returned to like-for-like revenue growth in the period, although commercial markets generally continue to lag residential markets. FERGUSON's trading margin was 5.5%, up from 4.1% in 2010.

**Source:** The Wholesaler

## 7 Biofuels Targets are 'Unethical'

**13 April 2011**-- EU biofuels targets are unethical, according to a report by the Nuffield Council on Bioethics. Its authors recommend the targets should be lifted temporarily until new safeguards are put in place for biofuels grown in Europe or imported. But they stop short of calling for a complete halt to biofuels, which some environmentalists want. And they hold out the hope that new technologies may be able to develop biofuels from cellulose.

Crucially, they hope this could be done in a way that does not damage the environment or compete with food crops. However, they acknowledge that progress towards these new biofuels is too slow, and that the next-generation fuels available are too expensive. They want governments to do more to encourage biofuels that use less land, fertiliser and pesticide.

The Council is an independent body that was set up 20 years ago to ponder ethical issues raised by developments in biology and medicine.

It has been studying biofuels for 18 months - specifically relating to the EU Renewable Energy Directive target that biofuels should account for 10% of transport fuel by 2020, a much-criticised mandate originally designed as part of Europe's strategy to combat climate change.

Based on what it says is a set of ethical values which will be widely shared, the report says biofuels should:

- not be at the expense of human rights;
- be environmentally sustainable;
- contribute to a reduction of greenhouse gases (some currently increase greenhouse gases);
- adhere to fair trade principles;
- have costs and benefits that can be distributed in an equitable way.

These principles would be backed by a mandatory - and strictly enforced - EU certification scheme, a little like the Fairtrade scheme.

The authors rehearse a familiar list of complaints about current biofuel production: it strips biodiversity when forests or peatlands are cleared to grow fuel crops; current biofuels produce too little energy; biofuels are imported from countries which often have low environmental standards; biofuels compete with food crops and contribute to pushing up food prices.

Currently 3% of UK road fuel is biofuel. The report notes that only a third of that met an environmental standard in 2009/2010. The report's chair is Joyce Tait, scientific advisor to the Economic and Social Research Council's Innogen Centre at Edinburgh University. Professor Tait told BBC News: "It is clear that current EU policies as currently produced and incentivised are unsuitable and unethical. We clearly need a new overarching ethical standard backed up by certification to improve the way the world produces biofuels."

Responding to the challenge from some campaigners that cropland should not be used to fuel the cars of the rich, she said: "There are numerous conflicts with food crops. There are ways of dealing with that through food prices. It's not controllable in the direct sense but it's controllable with the certification we envisage so that biofuels do not compete with food crops."

### **'Optimist at heart'**

She admitted: "Multiple requirements for land use are not able to be met with current technology, current disturbances caused by climate change and current population growth requirements - we are going to have to improve."

Her co-author Ottoline Leyser, professor of plant development at the University of Cambridge's Sainsbury Laboratory, said: "We have to have a sustainable supply of food and fuel.

"We need fuel to grow food. We have to consider it as a piece, and factor in ecosystems and biodiversity, too."

Professor Leyser said the report had not attempted to calculate whether the world had enough land to supply the needs of food, fuel and wildlife, but that she was optimistic that there would be enough.

"I'm an optimist at heart. We will have to reduce our use of fuel and reduce our consumption of meat - but we will have to do this to adapt to the future anyway."

Critics say the authors are naïve in thinking that certification schemes will work, and too wedded to technology solutions.

Kenneth Richter, Friends of the Earth's biofuels campaigner, told BBC News: "The Government must simply scrap biofuel targets and instead focus on greener cars and improved public transport, fast and affordable rail services, and incentives to get people cycling and walking."

Robert Palgrave from the Biofuelwatch campaign was scathing about the Council's conviction that certification would guarantee that agricultural land would not be swallowed by biofuels.

He told BBC News: "We have serious concerns that an Indirect Land-Use Factor, far from being a step towards stopping agrofuel use in the EU could potentially make things even worse.

"There is no scientific credible way of calculating the full climate impacts of agrofuels. Indirect impacts are not just about 'hectare for hectare' displacement; they are also about the interaction between land prices and speculation, about the impacts of roads, ports and other infrastructure on forests, about policy changes which affect land rights, about scarcely-understood interactions between biodiversity, ecosystems and the climate."

**source**-- [www.bbc.co.uk](http://www.bbc.co.uk)

## 8 Shale Gas 'Worse Than Coal' for Climate

**12 April 2011**-- The new kid on the energy block, shale gas, may be worse in climate change terms than coal, a study concludes. Drawn from rock through a controversial "fracking" process, some hail the gas as a "stepping stone" to a low-carbon future and a route to energy security.

But US researchers found that shale gas wells leak substantial amounts of methane, a potent greenhouse gas. This makes its climate impact worse than conventional gas, they say - and probably worse than coal as well.

"Compared to coal, the footprint of shale gas is at least 20% greater and perhaps more than twice as great on the 20-year horizon, and is comparable over 100 years," they write in a paper to be published shortly in the journal *Climatic Change*.

"We have produced the first comprehensive analysis of the greenhouse gas footprint of shale gas," said lead author Robert Howarth from Cornell University in Ithaca, US.

"We have used the best available data [and] the conclusion is that shale gas may indeed be quite damaging to global warming, quite likely as bad or worse than coal," he told BBC News.

Greenhouse gas emissions from shale gas are predominantly down to two things: carbon dioxide produced when the gas is burned, and methane that leaks out while the well is being exploited. Figures from the US government and industry indicate that at least a third more methane leaks from shale gas extraction than from conventional wells - and perhaps more than twice as much. Extracting the gas involves a complex sequence of processes including drilling down and then sideways along a shale bed, cracking the rock with hydraulic pressure or explosions (fracking), placing plugs in the shaft and then "drilling out" these plugs.

Coal, by contrast, is associated with a much smaller methane release during mining; but burning it produces about twice as much CO<sub>2</sub> as burning natural gas. Molecule for molecule, methane is a much more potent greenhouse gas than CO<sub>2</sub>; but it lasts for a much shorter time in the atmosphere. Figures from this research team indicate that over a 20-year period, the net warming impact of using shale gas is worse than coal - and, perhaps more surprisingly, that conventional gas may be worse than coal as well.

Over a 100-year timeframe, conventional gas is almost certainly better than coal - but shale gas could be worse. The precise numbers depend most on leakage rates. Dr Howarth's group used "best practice" estimates; in the real world, therefore, the leakage and the climate impact could be even worse.

"No-one knows for sure to what extent industry uses best practices; and unfortunately, at least in the US, industry does not want government or the public to know," he said.

Some communities see shale gas as a route to local riches, as well as energy independence "The Environmental Protection Agency has proposed rules that would require industry to report methane emissions, but several companies have sued the EPA to try to prevent such reporting."

With greenhouse gas emissions resuming their rise as societies emerge from recession, and with growth in fossil fuel use expanding at a faster absolute rate than renewables, some analysts and even climate campaigners have seized on the option of expanding gas use as a "transitional fuel" on the way from high-carbon coal-burning to low-carbon alternatives.

The new US analysis suggests this may not be a sensible strategy, given that the total carbon footprint appears bigger - especially if the gas comes from shale formations. Current projections suggest that within 25 years, half of the US natural gas output will come from shale, while many other countries are also pursuing the technology. The first trial fracking in the UK took place last month, in Lancashire.

Euan Nisbet, a geologist who runs several methane monitoring and research programmes from Royal Holloway, University of London, suggested the detailed balance might vary between geological formations.

"By trying to evaluate the greenhouse gas footprint of shale gas extraction, Howarth and his team are asking important questions about this new bonanza," he said. "I suspect the debate on this will be long, and the answers will be different for each shale gas formation; but it is important that we tackle this debate."

"We also need to be very careful to account fully for the greenhouse footprint of conventional gas piped over long distances, for instance in the import of Asian gas to Europe, or Norwegian gas to the UK. The energy choices are not easy."

The UK Department for Energy and Climate Change (DECC) is preparing to issue more fracking licences around the country, and a spokesman said it would "closely monitor developments and consider the need for additional research to improve our understanding of the implications for policy".

Robert Howarth, however, was less equivocal. "We should not proceed to view shale gas as a 'transitional fuel' to be used over the next few decades to replace other fossil fuels, but rather work harder to move towards truly green renewable fuels as quickly as possible, such as wind and solar."

**Source:** [www.bbc.co.uk](http://www.bbc.co.uk)

## 9 U.S. New-Home Sales Rise 11.1% in March

**25 April 2011**-- WASHINGTON —Sales of new homes rose 11.1% in March, the Commerce Department said Monday, marking a mild improvement from the worst-ever showing as the dampening effect of winter storms and an expiring California tax credit wore off.

The still-bleak reading of a seasonally adjusted annual rate of 300,000 represented a 21.9% nosedive from March 2010 levels.

However, the level beat a MarketWatch-compiled economist estimate of 290,000, and February's low reading of 250,000 was revised up to 270,000.

U.S. stocks were weaker in morning action on Monday, though an exchange-traded fund tracking home builders saw modest gains.

Analysts had attributed February's weakness in part to winter storms that depressed figures in the East and the Midwest, as well as a California tax credit that's now expired. The data in March bore out that view.

Sales in the Northeast jumped 66.7%, those in the Midwest improved 12.9% and those in the West increased 25.9%, while sales in the South edged 0.6% lower.

"With March sales gaining in every region except the South, the data are another reminder that activity readings in January/February were restrained by severe weather. Builder sentiment data and mortgage purchase applications have shown no collapse or subsequent surge," said Steven Wieting, an economist at Citi.

But by region, sales are between 9.1% and 34% worse than the same period last year. The still-high unemployment rate, a glut of cheaper existing homes on the market and the large number of underwater mortgages have all combined to depress the market for new homes.

"Distressed sales continue to rob demand from new home sales and construction activity," said Yelena Shulyatyeva, an economist at BNP Paribas.

On a three-month moving average—which reduces the month-to-month variance in the hugely volatile release—sales fell to a 294,000 rate from 305,000. The March reading has a margin of error of 21.7%, the Commerce Department said.

The median sales price rose 2.9% to \$213,800 from an upwardly revised \$207,700 in February, though they are 4.9% below selling prices from March 2010.

The average sales price actually fell 3.8% to \$246,800, as the number of houses sold in the \$400,000-to-\$499,000 range dropped to 4% of the total from 9% of February's total.

At the end of March, 183,000 houses were up for sale, representing a supply of 7.3 months at the current sales rate, down from a supply of 8.2 months in February.

Inventories are now at the smallest level since 1967 after a "relentless slide," said David Resler, chief economist of Nomura Securities International.

"This lean supply of unsold homes may give builders some hope (however faint) that a pickup in sales will require new construction," he said.

10 Construction Employment Increases in Some Cities

**26 April 2011** --*Dallas Area and Bay City, Mich. Top List of Metros Adding Jobs; Atlanta Area, New York City Lost the Most, While Lewiston, Idaho Had the Largest Percentage Decline*

Construction employment increased in 138 out of 337 metropolitan areas between March 2010 and March 2011, decreased in 153 and stayed level in 46, according to a new analysis of federal employment data released today by the Associated General Contractors of America. But association officials said that the industry's five-year employment slump is far from over, and could worsen as public construction winds down.

"Even with more metro areas adding jobs than in any 12-month period since November 2007, the fact is most areas are far below previous construction employment peaks," said Ken Simonson, the association's chief economist. "With federal stimulus, base realignment and Gulf Coast hurricane-protection projects slated to end soon, many areas are at serious risk of another downturn in construction employment."

Dallas-Plano-Irving, Texas again added more construction jobs (9,800 jobs, 10 percent) than any other metro area during the past year while Bay City, Michigan, added the highest percentage (25 percent, 200 jobs). Other areas adding a large number of jobs included Chicago-Joliet-Naperville, Illinois (3,900 jobs, 4 percent); Warren-Troy-Farmington Hills, Mich. (2,800 jobs, 10 percent); and Northern Virginia (2,600 jobs, 4 percent). Large percentage gains also occurred in Flagstaff, Arizona (24 percent, 400 jobs); Elkhart-Goshen, Indiana (20 percent, 500 jobs); and Houma-Bayou Cane-Thibodaux, Louisiana (18 percent, 900 jobs).

The largest job losses were in Atlanta-Sandy Spring-Marietta, Georgia (-6,800 jobs, -7 percent) and New York City (-6,800 jobs, -6 percent), closely followed by Los Angeles-Long Beach-Glendale, California (-6,600 jobs, -6 percent). Lewiston, Idaho (-38 percent, -500 jobs) lost the highest percentage. Other areas experiencing large percentage declines in construction employment included Steubenville-Weirton, Ohio-West Virginia (-26 percent, -500 jobs); Bend, Oregon (-16 percent, -500 jobs); and Lafayette, La. (-15 percent, -1,000 jobs).

Association officials said that private nonresidential and multifamily construction appear to be stabilizing or picking up in most markets, but that the gains are likely to be offset by pending drops in public construction. Noting that prices for many key construction materials continue to rise, association officials cautioned that delaying investments in public construction could likely force taxpayers to pay more for the same work in the future.

“There is nothing fiscally responsible about buying high instead of buying low when it comes to infrastructure investments,” said Stephen Sandherr, the association’s chief executive officer. “If public officials would cut red tape and costly regulations like they are cutting construction budgets, that would help boost private sector demand.””

**Source:** [www.agc.org](http://www.agc.org)

## 11 Bank of Canada Announces Bank Rate

**12 April 2011:** The Bank of Canada announced that it is maintaining its key policy rate at 1.00%. The tone of the Bank's release was relatively upbeat. The global economic recovery is becoming more firmly entrenched and is expected to continue at a steady pace. In the United States, growth is solidifying. European growth has strengthened, despite ongoing sovereign debt and banking challenges in the periphery. Robust demand from emerging-market economies is driving the underlying strength in commodity prices. In Canada, growth is rebalancing toward business investment and net exports, and away from government and consumer spending.

The Bank noted that despite the significant challenges that weigh on the global outlook, global financial conditions remain very stimulative and investors have become noticeably less risk averse.

Overall, the Bank expects Canada's economy to expand by 2.9% in 2011, 2.6% in 2012 and 2.1% in 2013.

Headline inflation is projected to rise to around 3% in the second quarter of 2011 before converging to the 2% target by the middle of 2012. This short-term volatility reflects the sharp increase in energy prices and the ongoing boost from changes in provincial indirect taxes. Core inflation is expected to rise gradually to 2% by the middle of 2012 as excess supply in the economy is slowly absorbed, labour compensation growth stays modest, productivity recovers and inflation expectations remain well-anchored. The persistent strength of the Canadian dollar could create headwinds for the Canadian economy, putting additional downward pressure on inflation through weaker-than-expected net exports and larger declines in import prices.

Reflecting all of these factors, the Bank has decided to maintain the target for the overnight rate at 1.00%

**Source:** [Canadian Chamber of Commerce](#)

## 12 March 2011 PHCP Wholesalers' Sales Report Up 12.2%

**29 April 2011:** The confidential report produced by the Profit Planning Group shows that total product sales for March 2011 were up 12.2% or up \$48 million

compared to March 2010. All regions were up except for Atlantic Canada.

Year-to-date all product sales were up 7.7% or \$80 million for a year-to-date total of \$1,132 billion dollars.

- Industrial PVF had another huge month of growth particularly in Alberta and West. A big oil sand project in Alberta is driving the pvf number up.
- Plumbing was up in all provinces with excellent growth in Ontario and Quebec;
- Waterworks was down. I suspect that the longer than anticipated cold weather and snow had a negative influence;
- HVAC/R had another excellent month in Ontario and Quebec.
- Hydronics had a good month in BC and Ontario

**Source:**CIPH

### 13 Conservatives Win, Election Gets Less US Attention

**3 May 2011:**Amid bin Laden news, Canada's election gets even less U.S. attention than usual.

WASHINGTON —Canadian Twitterers who broke Elections Canada laws are getting almost as much attention in the United States as Stephen Harper's Conservatives finally winning their much-coveted majority amid the historic collapse of the Liberal party.

Still enthralled by the killing of Osama bin Laden by U.S. Navy SEALs almost 10 years after the terrorist attacks of Sept. 11, 2001, Americans are paying even less attention to the political situation north of the border than they usually do, especially since Jack Layton's "socialists" failed to form the government.

The Wall Street Journal ran a staff-written story on the events, while the Washington Post posted a story from The Associated Press on its website. The New York Times ran the AP piece in Tuesday's print editions.

Other U.S. news organizations had news on the vote, including the Voice of America.

"The results of the five-week election campaign brought the biggest surprise in recent Canadian memory," the news outlet reported. "The opposition Liberal Party was decimated, landing in third spot behind the New Democratic Party. The Liberals have never had such a disastrous result since the founding of Canada."

Time Magazine, however, had a piece about how "social media-savvy Canadians defied a longstanding ban Monday by broadcasting results from the federal election before every last ballot had been cast."

"This is about as dangerous as it gets in the Great White North."

That wasn't the only diehard Canadian stereotype in the piece.

"Chances are the Twitterers needn't worry so much ... Elections Canada seems as docile and polite as the next Canadian," wrote Time's Hillary Brenhouse, noting the federal agency only acts on complaints.

The Hollywood Reporter, devoted to entertainment news, even had an item about the brouhaha in the Canadian Twitterverse, as well as the apparent glitch at the CBC that saw the network flouting election blackout laws by reporting results before 10 p.m. ET.

Given the bin Laden news, Canada-U.S. relations experts say, it's not surprising that the Canadian election received even less attention than it would have otherwise. But that doesn't mean those in positions of power didn't keep an eye on events and prefer the outcome to a continuing series of minorities or fragile coalitions.

"The U.S. wants to know what they're getting from Canada, and that there aren't any surprises," David Biette, director of the Canada Institute at the Woodrow Wilson International Center for Scholars, said Tuesday. "Definitely with a Harper majority, we don't have to pay too much attention to the instability of minority governments."

"In terms of Canada-U.S. relations, it's good to have a stable relationship without any undue risk."

Some have pointed out that a Harper majority ensures bilateral energy issues won't become a bigger political hot potato than they are right now, with some environmentally conscious Democrats vehemently opposed to both Alberta's oilsands and the TransCanada Keystone XL pipeline.

Layton had proposed a moratorium on new oilsands projects until environmental issues were better managed. The U.S. State Department, meantime, is expected to make a decision in the fall on whether to greenlight the pipeline.

Most importantly, says Chris Sands, a Canada-U.S. relations expert at the Washington-based Hudson Institute, a Harper majority signals continuing goodwill between the two countries.

"When you look at Canada, it's pretty much pro-American, and when I say that, I mean no one wants to blow us up or secede from the continent, and everyone

appreciates the importance of the trade partnership," he said.

"You certainly have some who believe Canada should be diversifying and developing other major trade partnerships, but this election seems to move things in the direction of a stronger Canada-U.S. relationship."

Biette says now that Harper has his majority, he'll perhaps worry less about the domestic politicking some observers believed was behind the prime minister's decision to speak so much French earlier this year during a joint televised announcement with Obama about border security.

American news networks immediately hit the mute button during Harper's long French monologue, returning to their studios to discuss the situation in Egypt.

"What an opportunity he blew," Biette said.

"That's something Americans really don't like \_ when Canadians come here and do domestic politics on a U.S. stage. You just don't do it when you get that kind of access to the president; you don't. The prime minister had a big American audience and he blew a golden opportunity. Maybe now, that sort of thing will be of less concern to him."

**Source:**The Canadian Press