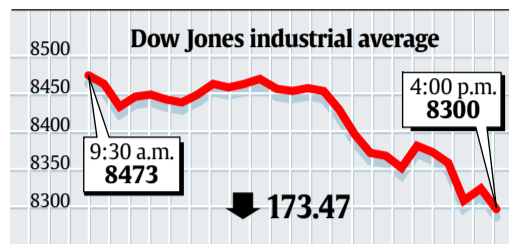


Thursday, May 28, 2009

Moneyline

Wednesday markets



Index	Close	Change
Nasdaq composite	1731.08	▼ 19.35
Standard & Poor's 500	893.06	▼ 17.27
Treasury note, 10-year yield	3.75%	▲ 0.2
USA TODAY Internet 50	106.16	▼ 1.01
Oil, light sweet crude, barrel	\$63.45	▲ 1.00
Euro (dollars per euro)	\$1.3919	▼ 0.0068
Yen per dollar	95.20	▲ 0.2400

Sources: USA TODAY research, MarketWatch.com

► Market scoreboard with currencies, 4B

Daily market news on your cellphone

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Oil, gas hit high for the year

Oil and gasoline prices hit a new high for the year Wednesday despite expectations that OPEC will not cut production. Benchmark crude for July delivery rose \$1 to settle at \$63.45 a barrel on the New York Mercantile Exchange. Prices haven't been that high since early November. Retail gasoline prices, which are up 19% in the past month, rose 0.9 cents overnight to \$2.434 a gallon, according to auto club AAA, Wright Express and Oil Price Information Service. Prices are now 10 cents higher than a week ago and 38.4 cents a gallon higher than a month ago. It's also a high for the year.

TiVo records first-quarter loss

TiVo reported a fiscal first-quarter loss as subscribers quit the service. The loss of \$4.1 million, or 4 cents a share, compared with a profit of \$3.6 million, or 4 cents, a year earlier, it said Wednesday. Sales fell 9.7% to \$54.9 million in the period ended April 30, beating the \$53.8 million average of six analysts' estimates compiled by Bloomberg News. Total subscribers fell 16% to 3.2 million, TiVo said.

N.Y. shuts two debt-collection firms

New York officials have closed two debt-collection firms as part of a probe into alleged abuses in the collections industry. New York Attorney General Andrew Cuomo says they illegally hounded debtors, harassed their neighbors and threatened to have them arrested for not paying their bills.

Briefly ...

Responding to the economic pressures on its shoppers, Costco Wholesale said it will soon accept food stamps at two of its New York City stores as part of a pilot program. ... **Delta Air Lines** said it's significantly scaling back its plans for a \$50 fee for a second checked bag on international flights, as some major competitors so far have refused to match it. The fee will only apply to travel between the U.S. and Europe. ... Well-known hedge-fund manager **Arthur Samberg**, founder of Pequot Capital Management, plans to liquidate his main hedge funds because a federal inside-trading probe has "cast a cloud over the firm."

By Eric Nordwall from The Associated Press, Bloomberg News and staff reports

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USA TODAY Snapshots®

Do worries about your small business keep you awake at night?

Yes: 65%
No: 35%

Source: Employers Holdings poll of 500 small-business owners with fewer than 100 employees

By Jae Yang and Keith Simmons, USA TODAY



Personal Technology

Another e-book on the shelf

The Cool-er e-book reader is nifty gadget that costs less than market leader Kindle. But it has a way to go to catch up. 3B

It's crazy not to switch. The Simply Everything® Plan saves you \$475 a year over comparable AT&T and Verizon plans.



Coverage not available everywhere. *Savings* based on base monthly rates for Verizon Nationwide Premium Plan Unlimited and AT&T Nation Talk, Text & Web Unlimited plus AT&T Navigator (excluding taxes, surcharges, premium content and other fees). Restrictions apply.

Repeat buyers boost home sales

Some are moving up; rest are bargain-driven investors

By Stephanie Armour
USA TODAY

More repeat buyers appear to be buying homes, contributing to a slight uptick in existing-home sales this spring. First-time buyers' share of existing-home sales in April declined to 40% from over half in March, according to the National Association of Realtors. The majority of buyers are now repeat buyers, which includes owner-occupants who are moving up to larger or more expensive homes. Investors make up the rest of the market.

Sales of existing homes last month rose 2.9% to a seasonally adjusted annual rate of 4.68 million units from 4.55 million in March, the NAR reported Wednesday. Still, that was 3.5% below April 2008 levels. Home sales are rising in areas that have had a large number of foreclosures, such as California, Ne-

vada and Florida.

Activity from repeat buyers is important for increasing sales of midprice homes and for clearing out inventory of unsold homes. At the end of April there were 3.97 million existing homes for sale, a 10.2-month supply at the current sales pace, compared with a 9.6-month supply in March. Economists say a six-month supply is healthy.

"During the spring season we see existing-home owners put their homes on the market," says Lawrence Yun, chief economist at NAR. "First-time buyers are releasing the existing-home owners, who are then able to sell to make their purchases. It's a chain reaction."

But the market may not yet be drawing large numbers of repeat buyers who are trading up to larger or more expensive homes.

"The move-up buyers aren't there. People are sit-

West shows strength

Change in seasonally adjusted annual rates of existing-home sales in April vs. April 2008:

Northeast	▼ 10.5%
Midwest	▼ 9.9%
South	▼ 8.9%
West	▲ 19.4%
U.S.	▼ 3.5%

Source: National Association of Realtors

► It's a buyers' market in condos, 3B

ting on the sidelines trying to judge the market," says Coldwell Banker CEO Jim Gillespie. "I believe it's more investors."

Some economists say that even with more repeat buyers and a tax credit for first-time home buyers, the housing market's recovery is still faltering because of the economy and job losses.

"Sales will continue to drop in the second half of the year, because the economy is losing so many jobs and the GDP (gross domestic product) is still dropping," says Patrick Newport at IHS Global Insight.

The national median price for existing homes was \$170,200 in April, 15.4% below 2008.

Sales of foreclosed properties and others that sold for less than their mortgage balance continue to pull down the median price because they generally sell at discounts. They represented 45% of all existing-home sales in April.



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@jonesdel: Topic: Is U.S. economy evolving away from capitalism? Your thoughts please.

Del Jones, USA TODAY reporter Read Del Jones' Twitter feed at twitter.com/jonesdel



@jack_welch: moving but will moderate or reverse as economy plays out

Jack Welch, former CEO of GE



@SteveCase: Think USA needs government-led economic surge right now to stabilize things; key is exit strategy, once threats subside

Steve Case, Revolution CEO and chairman, and AOL co-founder

Is the USA drifting away from capitalism toward a European-style hybrid of capitalism and socialism? Let's tweet some CEOs and see what they think.

Turns out that the top tweeting executives nationwide widely agree with former CEOs Jack Welch of General Electric and Steve Case of AOL that the country has made a detour, but a necessary one, to get around the economic wreckage. Most recommend a quick return to the interstate of capitalism.

Tweeted Ken Robbins, president of Re-

sponse Mine Interactive, an Atlanta tech company that helps companies boost revenue from search engines and interactive media: "Government (Gummit) controls business. I ate Chinese 2 days ago. The restaurant had 9 licenses/permits on the wall. (1of2)."

Huh? This is not your typical treatise on the challenges facing the U.S. economy. This story is largely an interpretation of what the executives say, because all interviews, top to

bottom, were completed on Twitter. Undertaking an experiment, USA TODAY might be the first major news outlet to report an entire story on the Web's hottest new hot spot, limiting itself to the growing number of CEOs it could reach via the tweet. There were no phone calls. No e-mails. No next-day delivery. Of course, nothing face to face. Only tweets from Welch, Case and 19 other top executives. Even most of the photos of

Please see COVER STORY next page ►

Jack Welch photo by Michael Springer, Bloomberg News

GM closer to bankruptcy as bondholders say no

By Sharon Silke Carty
USA TODAY

DETROIT — General Motors said Wednesday that not enough bondholders agreed to an exchange offer, which expired at midnight Tuesday, to make the deal go through. GM's board will meet shortly to discuss the next steps, which will likely include bankruptcy filing.

The automaker attempted to persuade bondholders to trade in \$27.2 billion in unsecured public debt notes in exchange for a 10% stake in the restructured automaker. GM needed 90% of bondholders to agree to the plan. On Wednesday, the automaker said the amount of notes turned in

was "substantially less than the amount required by GM to satisfy the debt reduction requirement" set forth by the U.S. Treasury.

GM needed to get the deal done to qualify for more loans from the U.S. government. It faces a Monday government deadline to complete certain restructuring moves.

Another of the required moves may be completed today, however, as United Auto Workers members begin voting on cost-cutting contract changes negotiated by UAW leaders and GM. Included is taking a 20% stake in GM to satisfy part of GM's debt to a union-run retiree health trust.

The U.S. government, which would commit billions more to GM's court-

supervised restructuring, stands to become the majority owner.

Still, the White House said it was continuing to talk with bondholders. "We're working towards — our hope

► GM may lose Dow slot, 5B

is — an agreement with all the stakeholders involved to continue General Motors, and I think we're making progress," spokesman Robert Gibbs said. "Hopefully, we'll have news to report soon on that."

Meanwhile, Germany scrambled Wednesday to protect GM European unit Opel from a bankruptcy filing by the parent. Government officials met with Opel bidders in Berlin on a plan

to separate Opel assets from GM and provide it with loans until a sale can be closed. Italy's Fiat, Canadian auto parts company Magna, Belgian equity firm RHJ and China's Beijing Automotive Industry Corp. are vying for Opel.

While GM garnered much of the attention, Chrysler on Wednesday made its final pitch in a marathon bankruptcy hearing in New York for its plan to sell most of its assets to a venture with Italian automaker Fiat.

The hearing for debt holders protesting the sale was likely to continue today. If Judge Arthur Gonzalez OK's the sale, the company could emerge from bankruptcy within weeks.

Contributing: Wire reports