

The Biz

Credit & Collection News from Caine & Weiner

Volume 9 Issue 1

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Caine & Weiner and the NACM Gateway Region forge alliance partnership

Woodland Hills, CA—Caine & Weiner has been selected to be the alliance partner of St. Louis, MO-based NACM Gateway Region, effective April 1st.

Caine & Weiner's selection follows the recent unanimous decision by the NACM affiliate's Board of Directors to be acquired and become a subsidiary of NACM Midwest, with whom Caine & Weiner has had an alliance partnership since March, 2004.

"We feel we can add value to NACM Gateway Region's collection services by being able to offer Caine & Weiner as their third party associate," said Phil Lattanzio, President and COO of NACM Midwest. "NACM Gateway Region will gravitate to Caine & Weiner's state of the art, on line system together with their unparalleled collection service and high rate of return."

NACM Gateway Region oversees ten credit groups with a combined membership of 360 members. Since a diverse group of industries are represented by the members, the alliance partnership directly benefits



them by providing a host of different services, such as domestic and International services, commercial and consumer account handling and 3rd and 1st party expertise—eliminating the need for them to seek out these services from multiple providers.

"We are exceptionally pleased to have been selected as the collection partner of this esteemed NACM affiliate," said Greg A. Cohen, President & CEO of Caine & Weiner. "We are committing local resources to provide optimal service to their members."

"Our primary goal," said Cohen, is to deliver the appropriate combination of services to increase their cash flow and be a viable valued-added partner."

U.S. economy shrinks 6.2%

The U.S. economy suffered a 6.2 percent pace of decline at the end of 2008. The GDP fourth-quarter figure was far worse than the 5.4 percent rate expected by most analysts.

Durable goods orders sank like a stone in January, indicating that capital expenditure by businesses in the U.S. has continued to shrink.

This suggests that business

confidence is still extremely low. The drop was the sharpest since the first quarter of 1982 and came as the world's largest economy was winding up a full year of recession.

World Bank predicts the global economy will shrink this year

Washington—In one of the bleakest assessments yet, economists at the World Bank predicted that the global economy and the volume of global trade would both shrink this year for the first time since World War II.

The World Bank said in a new report that the crisis that began with junk mortgages in the United States was causing havoc for poorer countries that had nothing to do with the original problem. As a result, it said nations in Latin America, Africa and East Asia had not only their growth stifled but their access to credit as well.

The bank's assessment for 2009 was grimmer than those of most private forecasters. It did not provide a specific estimate, but bank officials said its economists would be publishing one in the next several weeks.

Even extremely pessimistic forecasters have predicted that the global economy would eke out a tiny expansion on continuing, if slowed, growth outside the United States and Europe. In late January, the International Monetary Fund reduced its estimate for global growth this year to just 0.5 percent, the lowest level in more than 60 years.

In its new report, prepared for a meeting of finance ministers from the 20 industrialized and large developing countries, the World Bank warned that the financial disruptions are all but certain to overwhelm the ability of institutions like it and the International Monetary Fund to provide a buffer.

Robert B. Zoellick, president of the World bank pleaded for wealthy governments to create a "vulnerability fund" and to set aside a

fraction of what they spend on stimulating their own economies to help others.

"This global crisis needs a global solution and preventing economic catastrophe in developing countries is important for global efforts to overcome this crisis," Mr. Zoellick said in a statement. "We need investments in safety nets, infrastructure, and small and medium-size companies to create jobs and to avoid social and political unrest."

The bank said that developing countries, many of which had been growing rapidly in recent years, were being devastated by plunging exports, falling commodity prices, declining foreign investment and vanishing credit.

The impact of the global slowdown varies widely among countries, and the drop in prices for oil and other commodities has created both winners and losers. But the emerging-market countries face a combined shortfall of at least \$270 billion and as much as \$700 billion over the next year or two, the bank said.

Central European countries like Poland, Hungary, and the Czech Republic are hurting from the diminished exports to Western Europe. They are also reeling from a severe credit crisis among major European banks, which have taken huge losses on American mortgages and mortgage-backed securities.

Under the "vulnerability fund" proposal, when rich countries set stimulus financing for their own countries, they would set aside an additional 0.7 percent to help stabilize poorer countries.

Consumers seeking debt help on rise

An increasing number of consumers with higher-than-average incomes are seeking help with debt-settlement and credit counseling.

CareOne Services Inc, located in Baltimore, MD. reported 65,000 inquiries from cash-strapped U.S. consumers in January, compared with 56,500 for the same month a year earlier.

According to Mike Croxson, the president of CareOne, the company also reported a 6.8% increase in calls from consumers with higher FICO scores compared with a year earlier. FICO scores of 750 and higher are considered excellent. Scores of 600 or less are considered sub prime, he said.

In January, Croxson noticed an increase in customers with credit scores above 551. Much of that growth came from clients with scores of 651 or higher, he said.

CareOne also has seen a 2% increase in inquiries over the past year from consumers with annual incomes exceeding \$50,000. Typically the firm's customers earn between \$35,000 and \$40,000.

"As the recession continues to take a toll on markets, unforeseen circumstances such as job loss and increased interest rates on fixed expenses are making it harder for consumers to manage and stay on time with financial commitments," Croxson said.



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U.S. bankruptcy filings continue upward trend

U.S. Bankruptcy filings surged 37 percent in February from a year earlier, with more Americans seeking protection from their creditors as the economy sank into its deepest recession in at least a quarter century.

Total filings for individuals and companies rose to more than 103,000, according to data compiled by Automated Access to Court Electronic Records.

Commercial filings rose to 6,303, up 47 percent from the same month a year earlier, the group said.

"It's not surprising that more people are declaring bankruptcy as the U.S. is going through one of the deepest recessions since the 1930s," said Sal Guatieri, a senior economist at BMO Capital Markets in Toronto. "A lot of people are losing their homes, their jobs and their wealth."

The spike in filings comes as 3.6 million Americans have lost their jobs since the recession began in

December 2007 and foreclosures last year rose to an annual record. President Barack Obama signed a stimulus package in January and proposed a record budget for 2010 to jumpstart the economy and put it on a path of sustained growth.

Faltering consumer demand has precipitated recent Chapter 11 filings by retailers such as Everything But Water LLC, the largest U.S. retailer of women's swimwear, and Ritz Camera Centers Inc., the largest chain of camera stores.

A decrease in newspaper advertising brought on filings in late February by the parent of the Philadelphia Inquirer and by Journal Register Co. and its 20 daily newspapers and 159 non-daily publications. Car sales, running at the weakest pace in more than a quarter century, are threatening the future viability of auto maker General Motors, which is seeking \$16.6 billion in new federal loans, on top of \$13.4 billion already granted, to keep operating while it restructures its operations.

"The threat is still there," Former

GM Chief Executive Officer Rick Wagoner said of the possibility of bankruptcy in a Bloomberg Television interview Feb. 18. "Our assumption is that we can get this done out of court and it's better for everybody."

The increase in bankruptcy filings cut across all regions. All but 12 states had double-digit increases in filings in February from the prior month, said Bickford. The states with the highest per capita bankruptcy filings were Tennessee, Nevada, Georgia, Alabama, and Michigan. The states with the fastest growing bankruptcy filings were Hawaii, Delaware, and Washington.

Almost 1.1 million Americans filed for bankruptcy in 2008, 32 percent more than the 827,000 filed in 2007 and up 86 percent from the 590,500 filings in 2006.

Bankruptcy filings still lag behind the all-time record of 2.1 million set in 2005, when 630,000 Americans sought bankruptcy refuge in the two weeks before revisions to federal bankruptcy laws in October made it more difficult for individuals to erase debts.

In downturn, Americans flock to the movies

While much of the economy is teetering between bust and bailout, the movie industry has been startled by a box-office surge that has little precedent in the modern era. Suddenly it seems as if everyone is going to the movies, with ticket sales this year up 17.5 percent, to \$1.7 billion, according to Media by Numbers, a box-office tracking company.

And it is not just because ticket prices are higher. Attendance has also jumped, by nearly 16 percent. If that pace continues through the year, it would amount to the biggest box-office surge in at least two decades.

"Americans, for the moment, just want to hide in a very dark place," said Martin Kaplan, the director of the Norman Lear Center for the study of entertainment and society at the University of Southern California.

"It's not rocket science," he said. "People want to forget their troubles, and they want to be with other people."

Helping feed the surge is the mix of movies which have been more audience-friendly in recent months as studios have tried to adjust after the lackluster sales of more somber and serious films.

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TheBiz

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Established in 1930 by Sidney Caine and Charles Weiner the firm has offices strategically located across the country to service its 2,500 clients.

Chip makers watch sales fall sharply

Mountain View, CA. — While accustomed to the boom-and-bust nature of their industry, the companies making the semiconductor chips that run computers, cell phones, digital cameras and even cars find themselves in the middle of a collapse in sales that resembles total chaos.

With sales of most manufactured goods plunging in this recession, demand for chips is evaporating. In January alone, chip sales plummeted by almost a third from the previous year, to \$15.3 billion, according to the

Semiconductor Industry Association.

“This is the worst recession the semiconductor industry has seen since its inception,” said Sean M. Maloney, the chief sales and marketing officer at Intel, at a recent news conference.

Consumers have benefited from some of the underlying turmoil. Smartphones and the cheap laptops known as netbooks are getting more powerful even as they drop in price. And the prices for the memory chips used to store information in iPods,

digital cameras and cable boxes are plummeting as the companies making the products grapple with overcapacity at their factories.

Major chip makers like Intel, Advanced Micro Devices and Nvidia have felt the sting of businesses and consumers curtailing their spending on computers. Last month, Hewlett-Packard, the world’s largest PC maker, reported a 19 percent drop in computer sales, while Dell, the second-largest PC maker, posted a 27 percent decline in desktop sales.

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