

# RETAIL SECTOR WEEKLY

## Key Retail News and Commentary

### Retailers Trimming Back Merchandise

Major retailers' cautious ordering of goods is expected to salvage what could have been dismal fourth-quarter profits, but the 2008 outlook looks more sobering. While stores can manage how much merchandise they order, they can't direct consumer spending – which is on the skids.

In recent years, retailers have been focusing on leaner inventory and buying less goods in advance. But the sharp drop-off in people's spending since last fall has taken stores by surprise.

"Retailers can control inventories and expenses to a certain degree but it is not finite. The most important component – and one they have least control of – is consumer demand," said Stifel Nicolaus analyst Richard E. Jaffe.

Stores would rather have sold-out items than be left with piles of inventories that would have to be marked down. But there's also a risk of playing it too safe, with conservative fashions that may not

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**Remember...**

*The right to be heard does not automatically include the right to be taken seriously.*



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## Retailers Trimming Back Merchandise

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be inspiring to shoppers.

Major retailers begin reporting their fourth-quarter earnings results this week, and the data is expected to show how bad things have become and what merchants are doing to get shoppers to spend.

Overall, the U.S. retail industry is bracing for its bleakest times since the 1991 recession. In recent weeks, merchants such as Macy's Inc., Sears Holdings and AnnTaylor Stores have closed hundreds of stores, laid off thousands of employees, scaled back store expansions or pared inventories as consumer spending screeches to a halt.

"We are looking at recession levels of spending for consumers," said Frank Badillo, vice president and senior retail economist at consulting company Retail Forward. "It's clearly a difficult environment for retailers that is going to continue for the better part of the year."

Consumers – weighed down by rising gas and food prices, an escalating credit crisis and slumping housing prices – are expected to hunker down for at least the first half of the year. The government's economic stimulus package, which offers rebate checks ranging from \$300 to \$1,200 to more than 130 million Americans, may provide only brief relief this summer.

Last week, the nation's stores reported their worst January sales performance, a meager 0.5% gain, in almost four decades. That followed an anemic 0.7% pace in December, and was far below last year's average gain of 2.1%. February looks to be no better. As retailers try to control costs, it is estimated that inventory for February will be down anywhere from 5% to 18% from a year ago for some of the larger retailers.

Mall-based apparel stores have been hit the hardest because fashion is seen as discretionary. The only bright spots have been wholesale clubs like Costco and off-price stores like TJX Cos. These outlets have benefited as shoppers trade down to less expensive stores.

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## Hi Tech Entertainment

...**Borders** unveiled its first concept store in Ann Arbor, MI this week. The new stores will focus on digital and Internet features. There are 14 more concept stores in the works for the coming year.

...While **hhgregg** disappointed with revenues and forecasts earlier, the company beat expectations in profits. The company made \$15.1 million in the fiscal third quarter, which trounced the results for the same quarter last year. Revenues rose 16.5% to \$390.4 million.

...**Systemax** will be reopening three locations that it purchased from **CompUSA**. The locations are located in Florida. Systemax owns and operates online retailer **TigerDirect**. There are plans to reopen 16 former CompUSA locations.

...**Best Buy**, **Walmart** and **Netflix** all came out this week and announced that they would be promoting Blu-Ray over HD-DVD. The format battle seems to be coming to a conclusion, as this announcement comes from possibly the most pow-

erful retail outfits for the product lines.

...Australian regulators have cleared the way regarding the sale of **Borders** Australian operations. The outfit will be sold to **Pacific Equity Partners**, which also owns **Angus & Robertson**, a 182 store chain in the region. The 24 Borders stores could be worth around A\$100 million (\$90 million) and would free up some cash for Borders.

...A woman is suing **Best Buy** for \$54 million, claiming the company lost her laptop and compromised her privacy. The woman admits it is a ridiculous number, but wanted to get the company's attention. Best Buy says it already gave the woman \$1,110.35 for the cost of the unit, as well as a \$500 gift card.

...**Amazon** will test retail ads on its website. The ads would take shoppers off of Amazon and onto other sites for purchases. The company sees this as a way to improve margins.

## Bankruptcy Blotter

... Generous credit conditions and low defaults in the first nine months of 2007 helped business bankruptcy drop 5% over the 2006 fiscal year, but experts say filings are likely to rise dramatically in 2008. For the fiscal year ended September 30, 2007 bankruptcy filings total 25,925, down from 27,333 in the 2006 fiscal year.

... The court put off approving a \$1.5 million loan to **Harvey Electronics** after the chain's unsecured creditors raised doubts about ever recovering their debts. The court will consider the case again on February 22<sup>nd</sup>.

... Despite objections filed by the Unsecured Creditors' Committee, the court gave final approval for a \$75 million DIP credit facility to **Friedmans Inc.**, provided by **CIT Business Credit**.

... The Unsecured Creditors' Committee in the **M Fortunoff** case filed an objection to the bidding procedures for the sale of the company, citing unfair advantage for **NRDC**, the stalking horse bidder.

... After determining that it won't be able to reorganize, **Princeton Ski Shop Inc.** is seeking permission to conduct GOB sales. The company proposes to auction its inventory to an agent at an auction, and the agent then be tasked with selling the merchandise at GOB sales.

... **Cool Zone Footwear**, a Miami specialty footwear store solely owned by its President **Felix Fequiere**, filed for Chapter 7 bankruptcy protection. The store was in operation from August 2006 to September 2007.

... **Raptor Sports**, formerly doing business as a

**Play It Again Sports** franchise, filed for Chapter 7 protection. Unsecured creditors are owed nearly \$185,000.

... **Charles W. Ollar**, the principal for **Sports and Moore**, located in Harrison, Arkansas, filed Chapter 7 last week. The petition lists \$647,647 owed to secured creditors and \$220,812 owed to unsecured debtors. First meeting of creditors is scheduled for March 11<sup>th</sup>.

... **Movie Gallery** reported a profit of \$12.7 million for the one-month period ended January 6, 2008. The chain reported \$49 million in net income from its Movie Gallery stores and a \$36.3 million loss at its Hollywood Video stores.

... In other news, **Keen Consultants** will market and assist **Movie Gallery** with the disposition of additional Movie Gallery and Hollywood Video store closings announced last week. The locations include 17 fee-owned retail properties and 328 of the company's retail leasehold interests, located nationally.

...The liquidation of **Domain Home** began last week. **Great American Group**, the stalking horse bidder, is managing the sale jointly with **Hudson Capital Partners**, whose executives became minority investors in Domain when it was acquired from **Aga Foodservice** last year. The retail value of the inventory is about \$20 million.

... The CFO of **General Motors Corp.** said the auto maker is exploring alternatives in the event that top supplier Delphi Corp. cannot obtain the \$6.1 billion in exit financing it is seeking. No details were shared.

Feedback?

Questions?

Suggestions?

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## Specialty Items

... The **NASDAQ** Stock Market notified **Kirkland's** that it has not been in compliance with a requirement that its stock trade for at least \$1 per share for thirty consecutive days. The company has 180 days, or until August 6, 2008 to rectify the situation or face delisting.

... After more than 18 months of development and testing, **Borders** will unveil the first of 14 of its highly anticipated new concept stores when grand opening festivities kick off February 22<sup>nd</sup> at its new store in Ann Arbor, Michigan. The 28,900 square foot store represents a significant enhancement over existing Borders stores, both inside and out.

... **RedEnvelope, Inc.** reported sales for its third fiscal quarter ended December 30, 2007 of \$45.2 million, down 20.7% versus sales for the comparable period last year of \$57.0 million. For

the quarter, the company reported a net loss of \$4.3 million, versus net income in the prior year of \$5.3 million.

... **Tiffany & Co.** plans to open a 6,200 square foot store in Columbus Ohio, in November 2008.

... **Mattress Firm Inc.** opened seven new locations in seven separate markets within the first few weeks of 2008. The new stores are located in Orlando, Dallas, New Orleans, Raleigh, San Antonio, St. Louis and Hilton Head, South Carolina.

... **Advance Auto Parts, Inc.** reported sales for its fiscal year ended December 29, 2007 of \$4.84 billion, up 4.9% versus prior year sales of \$4.62 billion. Net income for the year was \$238.3 million, up 3.0% versus net income in the prior year of \$231.3 million.

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## Heard in the Grocery Aisle

...**Ada's Natural & Organic Foods Supermarket** plans to open a Japanese-themed grocery store in Florida.

...**Aldi** is aiming to improve the store traffic in its St. Louis, Missouri locations. The grocer plans on lowering prices by 12% to 27% on more than 100 top-selling items.

...**Aldi** has announced that it is expanding into New England with five stores in Rhode Island. The firm plans to place stores in Cranston, Providence, Warwick, East Providence, and West Warwick.

...**Annie's Naturals** has announced plans to voluntarily recall 686 cases of 8-ounce bottles of Shitake & Sesame Vinaigrette. The product is being pulled over fears of mislabeled products.

...**Big Y** has announced the opening of supermarkets in Stratford and North Branford, Connecticut.

...**Blue Horizon Organic** has announced that its branded organic spring rolls will soon be available at **Whole Foods** locations.

...Westchester-based **DeCicco Markets** has opted to stop selling tobacco products at its stores.

...**Dorothy Lane Markets** of Dayton, Ohio announced that it would stop selling tobacco products.

... **H.E. Butt Grocery Company** has announced a recall of Looney Tunes candy bracelet/watches. Concerns about a "foreign metal" in some of the bracelets prompted the action.

...**Irvine Ranch Market** announced that it has opened a new location in Foothill Ranch, California. The store will cater toward those who are looking for farm-fresh produce and other higher-

end products.

...According to published reports, **Kroger** has agreed to a tentative labor agreement with 7,500 unionized workers at 72 stores in Arkansas, Kentucky, Mississippi and Tennessee. Terms of the deal were not disclosed.

...**PCC Markets** announced that it will not allow cloned animal products to be sold in its stores.

...**Redmond Supermarket LLC**, which is a subsidiary of **Haggen, Inc.**, announced that it has purchased the last available **Larry's Market** store from a subsidiary of **Associated Grocers**.

...**Safeway** announced it was going to push make an effort to purchase products from suppliers who adopt or use procedures that improve animal welfare. For example, the retailer plans to increase the percentage cage-free eggs it purchases from 3% to 6%. In addition, **Safeway** wants gestation crate-free pork to total 15% of its pork purchases by 2010.

...**Stater Brothers** announced that it expects to begin shipping refrigerated product from its distribution facility in early-August. In addition, the company will begin shipping dry grocery products from its new facility early next month.

...**Thorntons Inc.** is looking to enhance its margins by selling more sandwiches and gourmet coffee.

...**Wegmans** is rumored to be demanding that its suppliers begin testing tuna for mercury. In addition, the upstate New York retailer has begun conducting in-house tests of its seafood.

...The Erie County health department announced that customers of the Williamsville, New York-based **Wegmans** were exposed to Hepatitis A because of an infected employee.

### Did You Know...?

*Total U.S. footwear sales, which include both fashion and athletic footwear, increased 2% over 2006 to \$44.4 billion, according to The NPD Group. By segment, women's and children's footwear each saw a 3% gain over 2006, while sales in men's footwear remained flat.*

## Options and Resources

**Feedback and Questions:** Should you have any feedback to provide us or questions to ask, please email us at [inbox@globalcreditservices.com](mailto:inbox@globalcreditservices.com)

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## Mass Merchant Musings

... According to **The NPD Group**, U.S. retail sales of toys generated \$22.1 billion in 2007 compared to \$22.6 billion in 2006, a decline of only 2%, despite the toy industry recalls and difficult economic conditions that plagued the industry in 2007. The strong performance of two key super-categories helped to offset losses. Sales of Action Figures & Accessories were up 8%, while Vehicles experienced a 6% increase over the same time period.

... For its fiscal year ended January 31, 2008, **Wal-Mart Stores, Inc.** reported total revenue of \$378.80 billion, up 8.7% versus revenue of \$348.65 billion for the prior year. Net income for the year was \$12.73 billion, up 12.8% versus net income of \$11.28 billion in the prior year.

... **Wal-Mart** will have a new weapon in its apparel arsenal to drive denim sales during the upcoming back-to-school season as the company and **Jones Apparel Group** announced a deal to offer I.e.i. brand.

... **Wal-Mart** announced that its Japanese subsidiary, **Seiyu**, lost the equivalent of about \$196 million last year, twice as much as it expected, on sales that were 1.1% lower than anticipated at \$8.8 billion and comp store sales that were off 1.2% from a year earlier. Wal-Mart, which currently owns about 96% of Seiyu, has invested about \$2.2 billion in the company since 2002.

... **Wal-Mart de Mexico SAB** plans to open 205 new stores and restaurants this year, expanding its total installed capacity by 12.6%. The plan includes for 17 Wal-Mart Supercenters, 79 Bo-

dega Aurrera stores, 60 Mi Bodgega Express stores, and 30 VIPs restaurants. Walmex had 1,023 stores and restaurants at the end of 2007.

... On February 14<sup>th</sup>, **Global Credit Services** met with the new senior management of **Value City Department Stores** and one of the principal owners to discuss the rationale for the acquisition and management's plan moving forward. Concurrent with the meeting Global initiated coverage of the company as a Monitored account. For details of the meeting seeing the "Special Alert" issued on February 14<sup>th</sup> on Value City's page on Global's website.

... **99 Cents Only Stores®** reported sales for its third quarter ended December 31, 2007 of \$325.0 million, up 7.6% versus sales of \$302.1 million for the comparable period last year. Net income for the quarter was \$9.5 million, a healthy 6.5% increase over net income of \$8.9 million last year.

... **PriceSmart** reported a settlement agreement and release including a dismissal of all pending litigation and a mutual release of all claims, and termination of other agreements between the company and the **PCS Parties**. PriceSmart will pay PCS approximately \$17.9 million in full settlement.

... **Target** purchased a fleet of **Segway Personal Transporters**. The units will be used for security patrols at more than 150 Target and SuperTarget stores throughout the U.S. Security at some locations is obviously becoming a problem.

### Did You Know...?

*The Retail Sector Newsletter has increased readership each week since publishing began?*

## Management on the Move

... **The Schwan Food Company** announced that its President and CEO, **Lenny Pippin**, left the company. No reason was given for Mr. Pippin's departure. **Greg Flack**, President of the company's Global Consumer brands is now interim leader of Schwan.

... **Wilson's The Leather Experts Inc.** appointed **M. Adam Boucher** to serve as COO. Previously, Mr. Boucher served as the company's VP, Store Sales and Real Estate since January 2006. Prior to joining Wilson's, Mr. Boucher held various retail store and corporate development positions at **Payless ShoeSource**.

... **James Shada** will transition from his role as EVP of Sales at **The Buckle, Inc.**, after nearly 30 years of service, in June 2008. At that time, Mr. Shada plans to continue working with the company to assist in educating and coaching the sales team for an indefinite period of time and to remain as a member of the Board of Directors.

... **Claire's Stores, Inc.** appointed **J. Per Brodin** as its VP and CFO. Mr. Brodin joins the company from **Centene Corporation**, where he served as SVP, Chief Accounting Officer/Chief Financial Officer.

... **Robert McKnight** has resumed his role as President of **Quiksilver, Inc.** and remains both Chairman of the Board and CEO. The company also announced the resignation of **Bernard Mariette** from his position as President and as a Director of the company in order to pursue other interests, which may include the acquisition of the **Rossignol** group.

... **Sharper Image** named **Robert Conway**, a founding member of **Conway, Del Genio, Gries & Co., LLC**, as its CEO replacing **Steven Lightman**. Mr. Conway has over 25 years of experience advising companies on financial and operational issues as a banker, consultant and senior executive officer.

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## The Global World of Sports and Footwear

... Despite one of the weakest retail climates since the early 1990s, major sporting goods chains are planning to open almost 600 stores this year and add 15.1 million square feet of retail floor space to the market; however, it's clear that the aggressive expansion plans are for the most part confined to category leaders while many of their competitors are much less aggressive in their outlook.

... **William "Bill" Modell**, 86, Chairman of family-owned and operated **Modell's Sporting Goods**, father of chain President **Mitch Modell** and philanthropist, died February 14<sup>th</sup> in New York.

... **Hibbett Sports** will release its fourth quarter and year-end operating results ended February 2, 2008 after the market closes on Thursday March 13, 2008. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... Adding to its already formidable stable of private brands, **Dick's Sporting Goods** acquired **Maxfli** and related trademarks from **TaylorMade-adidas Golf**. The Noodle trademark and all golf ball patents will remain with TaylorMade-adidas Golf. Financial details of the transaction were not disclosed.

... **GSI Commerce Inc.** closed on its acquisition of **e-Dialog Inc.**, a Lexington, Massachusetts-based provider of advance e-mail marketing services and solutions to more than 100 blue-chip companies in the U.S. and Europe.

... **GSI Commerce Inc.** reported revenue for its fiscal year ended December 29, 2007 of \$750.0 million, up 23.0% versus revenue of \$609.6 million for the prior year. However, net income for the year of \$3.0 million was 94.3% lower than the prior year in which the company recorded a \$43.7 million benefit for income taxes.

... In other news, **GSI Commerce** expects its sales to be approximately \$1.0 billion for fiscal 2008, with income from operation in the range of \$3.0 million to \$6.0 million versus income from operations this year of \$4.9 million, as the company

integrates the numerous acquisitions it made in 2007.

... **Golfsmith International Holdings, Inc.** plans to release its fourth quarter and year-end financial results after the market closes on Tuesday, March 4, 2008. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **Bass Pro** has been hit with a Class Action lawsuit claiming the company violated a provision of the U.S. Fair Credit Reporting Act, by continuing to print more than the last five digits of the card number and/or the expiration date on receipts provided to debit card and credit card holders' transacting business with it.

... **Skechers U.S.A., Inc.** reported sales for its fiscal year ended December 31, 2007 of \$1.39 billion, up 15.7% versus sales of \$1.21 billion for the prior year. Net income for the year was \$75.7 million, up 6.6% versus net income of \$71.0 million last year.

... **Brown Shoe Company, Inc.** will release its fourth quarter and year-end financial results on Wednesday, March 5, 2008. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **Global Credit Services** spoke with **John Adams** regarding **Marty Shoes LLC's** difficulties and his strategy to turn operations around. Included in the discussion were the details of a bank term sheet and projections for the year ending January 2009. Look for the write-up on **Global's** website under "Discussion with Management" on the Marty Shoes page dated February 12<sup>th</sup>.

... **Nike** unveiled plans for a new community store in New Orleans, scheduled to open in April 2008. In addition to providing local jobs and management training programs, the store will host an annual grant program to support community-based programs targeting sport opportunities for women and youth.

### Did You Know...?

*People seeking basic budget counseling from Consumer Credit Counseling Service of Greater Atlanta spent an average of \$531 on gas and food in January 2008, 9% more than the average of \$486 in January 2007. The increase in spending on gas was most dramatic, rising from an average of \$182 in January 2007 to \$215 in January 2008.*

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## Health & Beauty Aids

...**CVS/Caremark** and **Universal American Corporation** announced that they would end their strategic Medicare Part D alliance on December 31, 2008.

...**CVS/Caremark** announced that it has resolved a consumer protection investigation into its PBM business practices. The case brought by 28 states and the District of Columbia was settled

for \$28 million.

...**CVS/Caremark** will begin selling **Remedent's** iWhite teeth-whitening systems in April.

...**Shop 'n Save** announced plans to open an in-store pharmacy in each of locations in Belleville, Illinois.

## FYI for the DIY

... **Lowe's Companies, Inc.** will release its fourth quarter and year-end results for its fiscal year-ended February 2, 2008 on Monday, February 25, 2008, just one-day before **Home Depot** releases their results. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... The **Home Depot** will release its fourth quarter and year-end results for its fiscal year ended February 2, 2008 on Tuesday, February 26<sup>th</sup>. Be sure to look for **Global's** updated analysis and assessment shortly thereafter.

... **MSC Industrial Direct Co., Inc.** issued a Promissory Note, effective January 17, 2008, in favor of **JPMorgan Chase Bank, N.A.** for \$50.0 million. All outstanding balances under the loan are due no later than March 31, 2008.

... **Rona Inc.** plans to invest \$20 million to renovate all 15 of its Quebec stores operating under

the Reno-Depot banner. The Reno-Depot banner was the first big-box stores in Quebec, launched 15 years ago.

... **Sherwin-Williams Company** signed a definitive agreement to acquire the Liquid Coating Subsidiaries of Inchem Holdings of **Inchem Holdings International Limited**. Headquartered in Singapore, Inchem produces coatings applied to wood and plastic products in Asia, with sales of approximately \$30 million annually.

... **Sherwin-Williams** also acquired **Becker Powder Coatings Inc.** in North America, a subsidiary of **AB Wilh.** Simultaneously, **AB Wilh. Becker** acquired the North American coil coating business of Sherwin-Williams and related assets. Becker Powder Coatings Inc. produces powder coatings applied to appliances, metal furniture, fixtures, equipment, and electronic products manufactured throughout North America.

## Off the Rack

...**JC Penney** has launched the Ralph Lauren American Living brand, which is the biggest product line ever for the retailer. The merchandise will be in 600 JC Penney locations, and analysts are estimating the brand can reach \$1 billion in revenues in three years.

...It appears that Iceland's Bauger Group is ready to make a purchase. The name was rumored to be eyeing **Saks**, of which it currently holds a 8.5% stake. The company currently owns portions of 20 retailers worldwide. Bauger is also reviewing the **Moss Bros Group**, which includes 150 stores under the **Moss, Hugo Boss** and **Cecil Gee** banners. The company currently owns 28.5% of the Moss Group.

...**Sears Holdings** has announced that it will be cutting 200 support positions. The cuts are around 4% of the headquarters staff, located in Hoffman Estates, IL. Many analysts feel that this

could be just the beginning for Sears.

...**Wilsons the Leather Experts** will be slasing 1,002 jobs and closing 160 stores, the majority of its 260 store base. The company plans to keep around 100 stores open under a "Studio" concept that is focused on women's fashions. The company's 120 outlet stores will not be affected by the cuts.

...**Nordstrom** opened its eighth store in Florida this week. The new location is located at the Aventura Mall in Miami.

...**Bloomingdale's** is opening its first store in the Phoenix area. This will be the first store in Arizona and the 10<sup>th</sup> in the western US. The new store will be a massive 180,000 square feet. Bloomingdale's currently operates around 40 locations. The company is owned by Macy's.

### Did You Know...?

*The number of newly laid off workers filing claims for unemployment benefits fell last week by a larger than expected amount. However, the four-week average for claims, which smooths out the weekly volatility, rose by 3,500 to 347,250, the highest level for this number since October 2005.*

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## Rating Changes and Outlooks

S&P Rating Changes				
Company	Credit Rating		Credit Outlook	
	Current	Prior	Current	Prior
AMAZON COM INC	BB	BB	NM	POS
BRINKER INTERNATIONAL INC	BBB-	BBB	STA	NM
MOTOR COACH INDUSTRIES	CCC	CCC	NM	NM
AMAZON COM INC	BB	BB	NM	POS
DILLARDS INC-HQ	BB	BB	STA	NEG
DOLLAR THRIFTY AUTOMOTIVE GROUP INC	B+	B+	NM	STA
GAMESTOP CORP	BB	BB	POS	STA
OFFICEMAX INC	BB	BB-	NM	STA
WHOLE FOODS MARKET INC	BB+	BBB-	NEG	NM
PATHMARK STORES INC	NR	B-	NR	NM
GAMESTOP CORP	BB	BB	POS	STA
RITE AID CORP	B	B	NEG	STA
RADIOSHACK F/K/A TANDY CORP	BB	BB	NEG	NEG
MACYS INC (FKA FEDERATED DPT STORES)	BBB-	BBB	STA	STA
LIMITED BRANDS INC	BBB-	BBB	NEG	STA
JC PENNEY CO INC	BBB-	BBB-	STA	POS
VICORP RESTAURANTS INC	CCC	CCC+	DEV	NEG
BRINKER INTERNATIONAL INC	BBB-	BBB	STA	NM
RISKMETRICS GROUP INC	B+	B	STA	NM
BRINKER INTERNATIONAL INC	BBB-	BBB	STA	NM
RISKMETRICS GROUP INC	B+	B	STA	NM
BRINKER INTERNATIONAL INC	BBB-	BBB	STA	NM
RISKMETRICS GROUP INC	B+	B	STA	NM
KROGER CO,THE	BBB-	BBB-	POS	STA
BUILDING MATERIALS HOLDINGS INC/BMC WEST	B	BB-	NM	NM
MCKESSON CORP	BBB+	BBB	POS	POS
RISKMETRICS GROUP INC	B+	B	STA	NM

### Did You Know...?

Sales of existing homes fell in 46 states during the October to December quarter, with metropolitan areas showing growing weakness. Median home prices fell in more than half of the 150 metropolitan areas surveys. Out of the 77 that experienced declines, 16 showed double-digit percentage drops.

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