

DOW 11,823.48 AMEX 2,213.68
 S&P 500 1,211.82 NYSE 7,184.75
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Business

STOCKS INSIDE

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EUROPEAN FINANCIAL CRISIS

Markets sour on eurozone deal

Currency under intense pressure as optimism from summit fades

The Associated Press

FRANKFURT, GERMANY — Investors have soured on the latest attempt to resolve the European debt crisis.

Stocks tumbled around the world, the euro slid to an 11-month low and borrowing costs spiked for heavily indebted Italy. The markets' jitters reflect rising doubts about the deal European Union leaders reached at a summit last Friday in Brussels.

The agreement requires the 17 countries that use the euro and nine other EU countries to balance their budgets and gives the International Monetary Fund up to 200 billion euro to help countries with high debt loads.

But there's growing disappointment that the new EU treaty:

- Doesn't reduce existing government debt levels
- Doesn't do much to promote the long-term growth that would shrink those burdens

■ Doesn't provide enough money to reassure financial markets that Italy and Spain won't default on their debts

It was also unclear how the treaty would be enforced and whether some of the countries that signed on might end up dropping out because of resistance to budget cuts back home. Britain has refused to sign the treaty.

"Markets like quick fixes and have no patience with the length of the political processes," said Gianni Toniolo, a professor of economics



Northern League senators hold up placards reading: "Stop Taxes," "Hands off pensions," and "This austerity package is a robbery," as Italian Premier Mario Monti addresses the Senate in Rome. MAURO SCROBIGNA/LAPRESSE

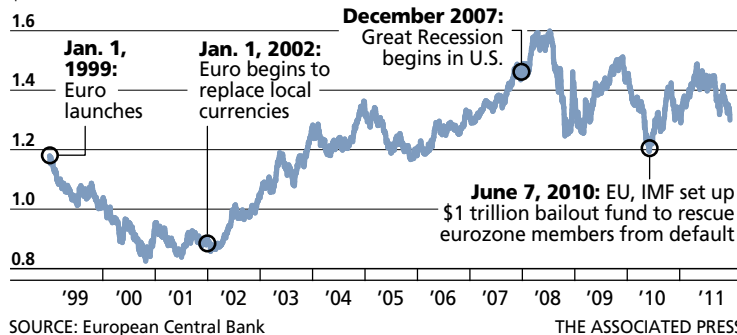
and history at Duke University.

The euro traded below \$1.30 for the first time since Jan. 12, hitting a low of \$1.2973. Some of that is loss of confidence in the assets of the 17 euro nations, but it's also the result of two quarter-point interest rate cuts from the European Central Bank. The cuts lower the return on euro-denominated holdings and can induce investors to move money elsewhere.

European stock markets fell broadly. Germany's DAX dropped 1.7 percent; France's main stock index lost 3.3 percent.

Euro falling against the dollar

The euro traded below \$1.30 for the first time in 11 months, hitting a low of \$1.2973.



SOURCE: European Central Bank

THE ASSOCIATED PRESS

East Europe balks at helping indebted richer West

The Associated Press

WARSAW, POLAND — Of all the twists in Europe's debt crisis one of the oddest must be this: Poles, Czechs and other Eastern Europeans, long the recipients of massive amounts of Western aid, are being asked to contribute to an emergency fund for indebted Western European states.

That plan, decided at Friday's European Union summit, is sparking resistance — and some outrage — from Eastern Europeans who see a huge injustice in being asked to sacrifice for countries that still enjoy much greater wealth, even with mountains of state debt.

Czech and Slovak leaders have spoken out against the plan — sentiment also being voiced in more emotional language by people across the region.

"This must be some kind of bad joke," said Jonas Vaicys, a math teacher in Lithuania, an ex-Soviet state still recovering from a huge hit during the financial crisis of 2008-09. "Lithuania itself is on the verge of asking for international help, not donating money to some fund."

The plan is one of several measures that EU leaders agreed to as they struggle to pull Europe out of its debt crisis. It involves EU members providing up to 200 billion euros in loans to the International Monetary Fund so it can bail out indebted states. The bulk would come from eurozone members, but even those who don't use the shared currency are being asked for help.

Hungary and Romania won't contribute because they are still paying the IMF back for past bailouts. And Bulgaria — the EU's poorest

member — says it has nothing to offer.

"Bulgaria did not cause the crisis in the eurozone, nor will it be the one to take the zone out of the crisis," Foreign Minister Nikolai Mladenov said during a lively debate in parliament on Wednesday.

But several other ex-communist countries now face an obligation to make reserves from their central banks available to the IMF as loans.

This marks quite a change for a part of Europe that has depended for years on Western aid to overcome the crippling economic legacy of communism, and still relies on significant EU subsidies each year.

But the fact these countries are being asked to help solve new problems signals how far they have come after years of investment and high growth.

BUSINESS BRIEFS

Palm Desert

Go With the Flow Yoga opening new facility

Go With the Flow Yoga will celebrate a grand reopening at 10:30 a.m. Saturday with a public open house and tour at its new location at 72-205 Painters Path, Palm Desert.

A free Vinyasa-style yoga class featuring acoustic background music by performer Nicky Vallee will be 9-10:30 a.m.

Coachella Valley native Kay Walker-Spillman owns the 2,700-square-foot facility that offers instruction in yoga, Pilates, dance and self-defense, as well as a variety of spa services.

Call (760) 774-7412 or visit gowiththeflowyoga.com.

— Mike Perrault

New York

First Solar cuts 2011 financial estimates

First Solar is cutting its earnings and revenue estimates for 2011 due to weather delays and other unspecified issues with some company projects.

The Tempe, Ariz., solar manufacturer is building a 550-megawatt solar plant east of the Coachella Valley off Interstate 10 just north of Desert Center.

The company expects to earn between \$5.75 and \$6 per share on revenue of \$2.8 billion to \$2.9 billion in 2011. That's down from an already reduced estimate of earnings of \$6.50 to \$7.50 per share on revenue of \$3 billion to \$3.3 billion.

Shares plunged \$5.58, or 13.1 percent, to \$36.95 in premarket trading.

First Solar Inc. cut earnings estimates two months ago after announcing that former CEO Rob Gillette was leaving. Analysts have expected weaker financial results this year from most solar companies. The industry has been hit hard by slower economic growth across the world, including in the U.S.

Washington

CEOs of big companies foresee no hiring jump

Two-thirds of chief executives of the largest U.S. companies say they don't plan to increase hiring or will cut staff in the next six months, mainly because of sluggish growth in the United States and financial turmoil in Europe.

The Business Roundtable said Wednesday that about one-third of its member CEOs expect to add employees and spend more on large equipment in the next six months. That's little changed from three months ago. More than 40 percent plan to keep their work forces steady. About a quarter expect to cut jobs.

— The Associated Press

RETAIL SALES

Gift return season already in full swing

The Associated Press

NEW YORK — Ah, the warm feelings of the holidays: Comfort and joy. Good cheer.

And buyer's remorse. People who rushed to snag discounts on TVs, toys and other gifts are quickly returning them for much-needed cash. The shopping season started out strong for stores, but it looks like the spending binge has given way to a holiday hangover.

Return rates spiked when the Great Recession struck and have stayed high. For every dollar stores take in this holiday season, they'll have to give back 9.9 cents in returns, up from 9.8 last year, according to the National Retail Federation's survey of 110 retailers. In better economic times, it's about 7 cents.

This time of year, fractions of a penny add up. Stores are expected to ring up \$453 billion during the holiday season. Merchants make up to 40 percent of their annual sales in the last two months of the year.

Returns are typically associated more with January than December. After all, that hot pink sweater with yellow stars on the sleeves may not be exactly what your sister had in mind. But these days, more is going back before it ever gets to Santa's sack.

"When the bills come in and the money isn't there, you have to return," says Jennifer Kersten, 33, of Miami. She spent \$300 the day after Thanksgiving on books, movies and clothes for her nephews. Last week she returned half of it.

Some reasons for the many unhap-



Workers prepare returned televisions to be resold at Liquidity Services Inc., in Cranbury, N.J. Liquidation.com has four warehouses full of returned merchandise, company officials say. MEL EVANS/AP PHOTO

py returns:

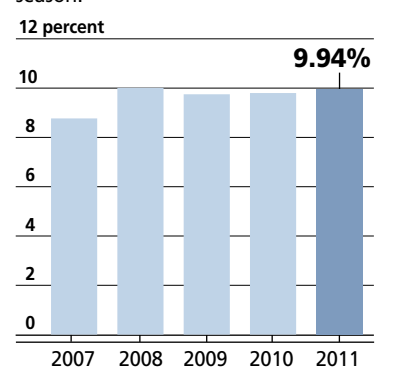
■ Shoppers are binging on big discounts. Stores are desperate to get people in the door. But the same shoppers who find a "60 percent off" tag too good to resist may realize at home that they busted the budget.

■ Stores have made it easier to take things back. Nordstrom is letting online shoppers return items at no extra charge this year. It used to charge \$6. Other stores are offering more time to return or rolling out "no questions asked" policies.

■ Stores are undercutting each other in a tough economy. Wanda Vazquez spent \$39.99 at a New York Target on iPad speakers for her 12-year-old daughter, then returned them when she found something similar for \$16.99 at Marshalls.

Holiday returns

For every dollar spent, almost 10 cents is expected to be returned this holiday season.



NOTE: Survey of 110 retailers

SOURCE: National Retail Federation THE ASSOCIATED PRESS