

▲ DOW 12,397.38    ▲ AMEX 2,322.71  
 ▲ S&P 500 1,277.06    ▲ NYSE 7,624.33  
 ▲ NASDAQ 2,648.72

# Business

## STOCKS INSIDE

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## U.S. financial markets begin 2012 with a liftoff

USA Today

NEW YORK — Stocks surged 1.6 percent on the first trading day of 2012. While one day does not make a trend, history suggests the good start could bode well for the full year if stocks finish up in January.

There is an old saying on Wall Street, "As January goes, so goes the year." Stock market performance

for the full year has moved in the same direction as January more than 70 percent of the time since 1929, says Standard & Poor's. Individual stocks have finished higher nearly 80 percent of the time after gains in January.

The ability of the S&P 500 stock index to build on its 11.2 percent gain in last year's fourth quarter is being tentatively viewed by in-

vestors as a positive.

"I don't put a lot of faith in just today; it has to be a full month of positive performance," says Andrew Fitzpatrick, director of investments at Hinsdale Associates. "January is predictive. If the year gets off to a strong start, positive momentum builds."

The first day of the year's performance moves in the same direction

as the rest of the year only 50 percent of the time.

There are many theories on why the first month of the year sets the tone. January marks a clean slate for investors. How they position their portfolios for the year ahead signals whether they're optimistic or pessimistic, says Jim Paulsen, chief investment strategist at Wells Capital Management. "January is the month

when people lay down their bets," he says. If investors' bullish bets are correct, it often creates a positive feedback loop that boosts confidence and stock prices.

January performance also carries over from the mood of the market at the end of the year. "If economic data is strong heading into the year, there is a good likelihood it will continue," Fitzpatrick says.

## GROWING THE VALLEY ECONOMY



Liat Tala (left) talks with Rep. Mary Bono Mack and Assemblyman V. Manuel Pérez during the opening tour Tuesday of the Tala Enterprise facility in Thousand Palms. OMAR ORNELAS/THE DESERT SUN

## Knitwear plant's opening seen as a seed of industry

Bono Mack lauds factory owner for bringing 'American jobs home'

By Debra Gruszecki  
The Desert Sun

THOUSAND PALMS — Tala Enterprise, a clothing maker that idled its denim line in China to bring its production back to the United States, officially opened a new knitwear manufacturing plant in the Coachella Valley on Tuesday.

Owner Liat Tala said she plans to restart the company's Kentucky Denim and Cain & Able clothing line at some point, and grow the workforce to 400 by the fifth year of operation.

For many, Tuesday's ceremonial ribbon-cutting event didn't only provide 31 new jobs in a region hard hit by unemployment.

The company's presence could mark the beginning of a Coachella Valley fashion industry, said Rep. Mary Bono Mack, who chairs the House Subcom-

mittee on Commerce, Manufacturing and Trade.

"I think Liat is the perfect person to spearhead this," the Palm Springs Republican said at the event.

"It is time in America to recognize that we need to make 'Made in America' matter again," she said, saying businesses are overtaxed, over-litigated and over-regulated.

"It is time to remove those impediments so our American businesses can flourish."

As Bono Mack presented Tala with a flag that had flown over the Capitol, she said: "I'm going to count on you to bring American jobs home."

Tala, joined by a business partner, Arad Shemirani, said this nation was built by business pioneers like her father who follow their dreams.

"One day, I asked where he gets his inspiration," Tala said of her dad, an immigrant who came to America with \$10 in his pocket, and over 20 years, produced several successful clothing lines such as Style-Up and Missy.

"He pointed to his chest, and

told me, 'Every day, I wake up with hope in my heart.'

"Today, my hope is to establish a facility that will one day make you proud," Tala said.

Assemblyman V. Manuel Pérez noted that the plant's opening in the Coachella Valley Enterprise Zone comes at a critical time when California has frequently been labeled as unfriendly to business.

The very existence of this new business illustrates the importance of the state's enterprise zones, which provide companies extra benefits to open, the Coachella Democrat said.

Thermal resident Emmanuel Romero is among those who will work at the new plant.

"I'm going to be a seamstress, and work on the production line to make sure everything gets sewn properly," the former custodian said, as he leaned against a table stacked with cut-cloth. He described his year-long job hunt as daunting, largely online-based and impersonal.

"I don't mind starting out at the ground level," he said. "That way, they can see what I'm made of."

## BUSINESS BRIEFS

### Palm Springs Desert Regional wins business award

Desert Regional Medical Center in Palm Springs has received a statewide award for performance excellence.

The hospital received a 2011 Bronze Eureka Award from the California Council for Excellence, a statewide nonprofit promoting high levels of business performance, officials announced Tuesday.

Organizations applying for the award submit a 50-page application documenting their performance on key business indicators including leadership, strategic planning, customer service and results.

Desert Regional was the only Coachella Valley organization to win a council award in 2011.

Hospital officials will receive the award at the council's 18th annual Best Practices and Awards Conference on May 2 in Anaheim.

Information: (760) 323-6690

— K Kaufmann

### New York Starbucks to raise prices in some areas

Starbucks said Tuesday that it is raising some prices regionally as it faces rising ingredient costs.

The Seattle-based coffee chain is raising prices about 1 percent overall in the Northeast and Sunbelt regions. It wouldn't disclose all the states where it is raising prices, but the regions include New York; Washington, D.C.; and most Southern states. The company said prices won't rise in California or Florida.

Other cities where it will raise prices include Boston, Atlanta, Dallas and Albuquerque, N.M.

### Washington Fed to regularly forecast rate changes

In a major shift, the Federal Reserve will start updating the public four times a year on how long it plans to keep short-term interest rates at record lows, according to minutes

from its December policy meeting.

The first forecast will be included in the central bank's economic projections after its Jan. 24-25 meeting, the minutes said.

The change marks the Fed's latest move to make its communications more open and explicit. It could help assure investors, companies and consumers that rates won't rise before a specific time.

### Torrance Woman sues Honda in small-claims court

A woman who expected her Civic Hybrid to be her dream car wants Honda to pay for not delivering the 50 mpg it promised.

But rather than joining other owners in a class-action lawsuit over similar claims, Heather Peters is going solo against the automaker in small-claims court, an unusual move that could offer a bigger payout.

If successful, Peters' gambit could open the door to a flood of similar lawsuits.

— Wire reports

## VALLEY RETAIL

# Best Buy, Ulta moving this spring

Desert Crossing in Palm Desert attracts 2 retailers

By Mike Perrault  
The Desert Sun

National retailers Best Buy and Ulta Beauty will move to the Desert Crossing shopping center in Palm Desert this spring and into space formerly occupied by Circuit City.

Best Buy will shutter its store in the Town Center Shopping Center near Westfield Palm Desert shopping center and reopen in a smaller, 35,000-square-foot store at Fred Waring Drive and Highway 111.

The move coincides with Best Buy's strategy to trim square footage at many of its stores, said Ruth Ann Moore, Palm Desert's economic development manager. Moore expects Ulta to be a good addition to Desert Crossing's tenant mix.

Ulta Beauty will leave The River shopping center in Rancho Mirage and open in the spring when tenant improvements at Desert Crossing are completed. Ulta opened about 35 stores nationwide last year and posted a 21.8 percent increase in net sales during the third quarter, company officials said.

Desert Crossing opened in 1995 and includes retailers such as Bed Bath & Beyond, DSW, Old Navy, Pier 1 Imports, Sports Authority, Target and TJ Maxx.

Desert Crossing has maintained a high occupancy rate, said Maggie Montez, senior vice president and retail specialist for CBRE Group Inc.

Best Buy and Ulta Beauty representatives did not provide specific dates for new store openings.



Best Buy is a Richfield, Minn.-based consumer electronics giant founded in 1966. It had about \$50.3 billion in fiscal 2011 revenue and has nearly 4,200 stores and 180,000 employees. Best Buy has about 126 stores in California, including another valley location at 79-220 Highway 111 in La Quinta.

Best Buy officials said earlier this year the company expects to save up to \$80 million annually as it trims overall retail store space by about 10 percent.

Palm Desert also has several retailers moving into the El Paseo shopping district, including LuluLemon Athletica yoga clothing and running gear, Piero's Pizza Vino, and Savory Spice Shop.

The River, a 10-year-old shopping center that features a 30-acre waterfront, saw the 25,000-square-foot Borders bookstore close last year. That space remains empty.

A Five Guys Burgers and Fries restaurant is slated to open near the Century movie theater, adding to eateries such as Babe's Bar-B-Que, Cheesecake Factory, P.F. Chang's China Bistro, Piero's Acqua Pazza, and Yard House.

## THE ECONOMY

# Report: U.S. factories pick up pace, add jobs in December

The Associated Press

WASHINGTON — Manufacturing grew in December at the fastest pace in six months and hiring at U.S. factories picked up. The data helped bolster the view that the economy gained momentum at the end of last year.

The Institute for Supply Management, a trade group of purchasing managers, said Tuesday that its manufacturing index rose to 53.9 from 52.7 in November. Readings above 50 indicate expansion.

U.S. manufacturing has expanded for more than two years. Factories were one of the first areas of the economy to start growing after the recession officially ended in June 2009.

The latest ISM survey showed that U.S. factories should start the year strongly. Factories hired last month at the fastest pace since June, the survey found. A measure of new orders rose, a good sign for future output. And exports also increased last month, though it's not clear how long that will last. Europe's economy is faltering amidst a debt crisis.

Consumers are gaining confidence and are spending more. Some economists forecast that car sales increased in December after a strong month of sales in November. That should boost output among automakers and also steel companies, tire makers and others that supply the industry.

Orders for long-lasting manufacturing goods jumped in November, the Commerce Department said last month. Most of that increase reflected a huge rise in commercial aircraft orders, a volatile category.

Still, demand for core capital goods, which are often a proxy for business investment plans, fell for the second straight month. Business spending has been a key driver of economic growth in 2011. If businesses cut back on spending, economic growth is likely to slow.

Businesses are less likely to retreat, however, if the economy continues to improve.

The Conference Board said last week that its consumer confidence index rose in December to the highest level since April. That's important because consumer spending accounts for about 70 percent of the economy.

And the number of people applying for unemployment benefits each week is dropping steadily, evidence that companies are cutting fewer jobs. Weekly applications have dropped by 10 percent in the past three months.

Employers are hiring more workers, too. The economy generated an average of 143,000 net jobs a month from September through November. That's almost double the pace for the previous three months.