Canada News-wire

Artis REIT Announces Closing of $50 Million Offering of Units

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WINNIPEG, March 16 /CNW/ - Artis Real Estate Investment Trust (TSX: AX.UN) ("Artis") announced that today it has closed its previously announced public offering, through a syndicate of underwriters led by Canaccord Financial Ltd. and CIBC World Markets Inc., as co-lead underwriters, and including BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., RBC Dominion Securities Inc., Macquarie Capital Markets Canada Ltd. and Brookfield Financial Corp. (the "Underwriters"), on a bought deal basis, of 4,450,000 trust units ("Units") at a price of $11.25 per Unit for gross proceeds to Artis of $50,062, 500 (the "Financing").

Artis intends to use the net proceeds from the Financing to fund future acquisitions and for general working capital purposes.

Artis has also granted to the Underwriters an over-allotment option to purchase up to an additional 667,500 Units on the same terms and conditions, exercisable at any time, in whole or time, up to 30 days after the closing of the Financing.

The Units have not been registered under the US. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

This press release contains forward looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements. Without limiting the foregoing, the words "expects", "anticipates", "intends", "estimates", "projects", and similar expressions are intended to identify forward looking statements. Artis is subject to significant risks and uncertainties which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied in these forward looking statements. Artis cannot assure investors that actual results will be consistent with any forward looking statements and Artis assumes no obligation to update or revise such forward looking statements to reflect actual events or new circumstances. All forward looking statements contained in this press release are qualified by this cautionary statement.

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Artis is a real estate investment trust focused exclusively on commercial properties located in primary and growing secondary markets in western Canada. The REIT's goal is to provide unitholders the opportunity to invest in high quality western Canadian office, retail and industrial properties, as well as to provide monthly cash distributions that are stable, tax efficient, and growing over time.

Artis' commercial property comprises approximately 7.2 million square feet of leasable area in 99 properties. Leasable area is approximately 36.4% in Manitoba, 9.1% in Saskatchewan, 45.8% in Alberta, and 8.7% in B.C.; by asset class the portfolio is 28.3% retail, 32.7% office and 39.0% industrial.

The REIT's Distribution Reinvestment Plan ("DRIP") allows unitholders to have their monthly cash distributions used to purchase trust units without incurring commission or brokerage fees, and receive bonus units equal to 4% of their monthly cash distributions. More information can be obtained at www. artisreit.com.

The Toronto Stock Exchange does not accept responsibility for the adequacy or accuracy of this press release.

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The New York Times

Janet Yellen Is Picked For Fed Seat, Official Says

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Page: 5
Section: Business/Financial
Byline: SEWELL CHAN

WASHINGTON -- The Obama administration has settled on Janet L. Yellen, president of the Federal Reserve Bank of San Francisco, to serve as vice chairwoman of the Federal Reserve, a senior administration official said on Thursday night.

Ms. Yellen, 63, who was chairwoman of the White House Council of Economic Advisers and a member of the Fed's Board of Governors in the Clinton administration, was widely considered to be the front-runner for the position. She would succeed Donald L. Kohn, who intends to retire when his four-year term expires in June.

Ms. Yellen is viewed by some economists as relatively more inclined to keep interest rates low to stimulate economic growth and reduce the high rate of joblessness. The Fed now faces a tricky balancing act of trying to nudge rates up from historic lows while not choking off a recovery.

Top officials, including Treasury Secretary Timothy F. Geithner, were still in conversations with Ms. Yellen about the position, according to the administration official, who spoke on the condition of anonymity because the search was to be conducted in confidence.

Reached at home on Thursday night, Ms. Yellen declined to comment.

If Ms. Yellen was offered the position and accepted, her salary would be less than half that of her compensation at the San Francisco Fed.

But she would be returning to the Fed headquarters at a crucial time for the institution, which faces the task of stimulating economic recovery without igniting inflation after having lowered interest rates to historic lows and injected billions of dollars into the economy in recent years in response to the financial crisis and the recession.

Mr. Obama renominated the Fed chairman, Ben S. Bernanke, to a second four- year term last year, and Mr. Bernanke was confirmed by the Senate in January, but only after a divisive debate that included criticism of the Fed for failing to adequately oversee banks and anticipate the crisis.

Ms. Yellen, a Brooklyn native who received her Ph.D. in economics at Yale, has taught in the Haas School of Business at the University of California, Berkeley, since 1980. She has published widely on a variety of macroeconomic topics and is an authority on unemployment.

Among her publications is a 2001 book, "The Fabulous Decade: Macroeconomic Lessons from the 1990s," written with Alan S. Blinder, a former vice chairman of the Fed.

Ms. Yellen's husband, George A. Akerlof, is a Nobel Prize-winning economist who also teaches at Berkeley.

Mr. Obama has named one other Fed governor, Daniel K. Tarullo, who took office in January 2009. Two other seats on the Fed's seven-member board also need to be filled.

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The Globe And Mail

Bank of Canada ignores Fed at its peril

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Section: Report On Business: Globe Investor Markets
Byline: David Rosenberg

is chief economist and strategist for Gluskin Sheff + Associates Inc. and a guest columnist for Report on Business

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There is some expectation that the U.S. Federal Reserve's policy-making committee will drop or change the words "exceptionally low" and "extended period" when it issues today's statement on interest rates.

My hunch is that the Fed will do the right thing and refrain from making significant changes to its wording - the recovery is still far too fragile and reliant on government-applied steroids. It would be a mistake, in my view, to prep the markets for an early rate hike. Of course, that didn't stop the Bank of Canada from doing that very thing in its last statement.

With barely more than three months left before the apparent expiry date on a policy that had been in place for almost a year, it was time for Canada's central bank to either brace the markets for the possibility of a no-move beyond June or start ratifying what investors have been discounting for some time now.

The bank chose the latter, and this means that we have to pay heed - the odds of higher short-term rates (not good news for domestic retailers), a flatter yield curve (not good news for banks) and a stronger loonie (not good news for exporters) ahead have taken a giant leap forward.

But consider for a moment: The Bank of Canada has never successfully embarked on a tightening course in advance of the Fed.

The one time it did try to get the ball rolling first - something it tried close on the heals of an annualized 5 per cent quarterly bump in GDP growth - it was a mistake of historic proportions.

What I am talking about was the aborted move by the bank to raise rates in the spring and summer of 2002 in the very early stages of the post-tech-wreck healing phase, only to then see the Fed ease policy in November, 2002, and again in June, 2003. The Bank of Canada was then forced to reverse course.

In fact, the Bank of Canada policy rate, which had been boosted from 2 per cent to 3.25 per cent in 2002-03, was eventually cut all the way back to 2 per cent in early 2004.

It is eerily similar. The bank's March 5, 2002, press release prepped the market for a rate hike by saying "the overall pace of economic activity in Canada and the United States has been stronger than expected, confirming that a recovery is under way." Then when it began to raise rates on April 16, we were put on notice that "the accumulated information since the beginning of the year continues to indicate stronger-than-expected economic growth in Canada and the United States. A robust recovery appears to be under way in Canada."

The Bank of Canada kept raising rates while the Federal Reserve was still worried about the U.S. macro outlook. Then, all of a sudden, what was a 5 per cent growth quarter to kick off the Canadian tightening cycle morphed into a subpar 1.7 per cent trajectory just four quarters later.

It was not long thereafter that the mea culpa of mea culpas was issued - as it prepared to unwind all the rate hikes of 2002 and early 2003, Canada's central bank notified us that: "There have been a number of unanticipated developments that bear on the outlook for inflation and economic activity in Canada. Both inflation and inflation expectations have declined more rapidly than the bank had expected. ... Foreign demand for Canadian products has also been weaker than earlier anticipated. In addition, the rapid and sizable appreciation of the Canadian dollar against the U.S. currency will tend to have a dampening effect on the demand for tradable Canadian goods and services."

Many pundits today retort that we have emergency interest rate levels and yet the emergency has passed. This is circular reasoning because a key reason why the emergency has passed is because the bank (and the Fed) kept rates at extremely low levels. If you go back to 2002 when the policy rate was 2 per cent, it too was at an emergency level.

The bottom line is that emergency interest rates have given Canada one quarter of solid growth after an unprecedented eight quarters of either flat or negative GDP readings.

The level of economic activity is still more than 2 per cent below its pre- recession peak in real terms and the level of nominal GDP is almost 5 per cent lower, despite the nascent housing-led recovery.

The Canadian economy may be creating jobs now, but the level of employment is still 1½ per cent - about 260,000 jobs - shy of where we were at the October, 2008, peak. The employment-to-population ratio, at 61.5 per cent, is flirting with eight-year lows and is well below the pre-recession peak of 63.9 per cent.

This level of slack in the labour market is why wage growth has been sliced in half from 4.8 per cent a year ago to 2.4 per cent today.

The markets think the Bank of Canada will be increasing rates in coming months because the press statement has hinted at such for a year now. All we can say is this: The last time the Bank of Canada went ahead of the Fed, in 2002, all the rate hikes had to be reversed because as it turned out, the Fed's more tepid view of the world outlook at that time proved to be the correct one.

Remember, history doesn't repeat itself, but it often rhymes.

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The Globe And Mail

Manufacturing sector enjoying rebound

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Byline: Allan Robinson

The domestic manufacturing sector is shrugging off the lofty Canadian dollar and has begun to enjoy the recovery of a North American economy aided, in part, by strong global demand.

Manufacturing sales for January, which are scheduled for release today, are forecast to have increased by 0.6 per cent, compared with 1.6 per cent in December, according to a survey of economists by Bloomberg.

And labour productivity, also due out today, is forecast to have soared to 0. 8 per cent during the fourth quarter of 2009, compared with the 0.2-per-cent decline during the third quarter.

What are the expectations?

Recent data indicate that the Canadian output is growing at a far faster rate than the number of hours being worked.

"At face value, this suggests that labour productivity rose a bit faster than a 3-per-cent annual pace in the fourth quarter," said Douglas Porter, deputy chief economist with BMO Nesbitt Burns Inc., in a report to clients.

"That would lift output per worker by a bit more than 1 per cent on a year- over-year basis, the best since 2006."

The chance of slower growth in manufacturing shipments during January reflects weakness in machinery, equipment and autos, but a return to the global trade recovery should benefit manufacturers in coming months, said Eric Lascelles, chief economics and rates strategist with TD Securities Inc.

The improvement in manufacturing shipments reflects higher prices for petroleum, coal and industrial products such as chemicals and metals, economists say.

How will the market react?

Traders in the bond and currency markets should keep a close eye on the productivity data, because it could influence the Bank of Canada's interest rate policy.

If there is not an impressive pickup in productivity, then questions will arise about the central bank's estimates pertaining to the rate at which the economy is closing the gap between its current output and its potential production at full capacity, said Stewart Hall, an economist with HSBC Securities (Canada) Inc.

The sharp rise in Canada's gross domestic product without a big improvement in productivity, would suggest inflation pressures are building, he said.

There are also long-run implications for the productivity data.

"With an aging demographic, Canada needs to work smarter, not harder, if it is expected to maintain a 'first world' standard of living," Mr. Hall said.

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