

# Real Estate Daily News Buzz – June 6, 2014

☒ **Real Estate Daily News Buzz** is designed to give news snippets to readers that our (yet to be award winning) editors thought you could use to start your day. They come from various **business perspectives, real estate, government, the Fed, local news, and the stock markets** to save you time. Here you will find the headlines and what the news buzz for the day will be.

Thursday, the Dow Jones Industrial average rose 98.58 points, or 0.6%, to 16,836.11. The Standard & Poor's 500 index advanced 12.58 points, or 0.7%, to close at 1,940.46 on Thursday. The NASDAQ composite increased 44.58 points, or 1.1%, to 4,296.23. Benchmark U.S. oil for July delivery fell 16 cents to \$102.48 a barrel on the New York Mercantile Exchange.

## **GM OUSTS 15 EMPLOYEES OVER IGNITION SWITCH SCANDAL**

WARREN, Mich. (AP) – General Motors said Thursday it has forced out 15 employees for their role in the deadly ignition-switch scandal and will set up a compensation fund for crash victims, as an internal investigation blamed the debacle on engineering ignorance and bureaucratic dithering, not a deliberate cover-up. GM took more than a decade to recall 2.6 million cars with bad switches that are now linked to at least 13 deaths by the automaker's count. GM CEO Mary Barra, who released the results of the investigation, said more than half the 15 employees forced out were senior legal and engineering executives who failed to disclose the defect. Five other employees have been disciplined, she said. She didn't identify them.

## **ECB ENTERS UNCHARTED TERRITORY WITH NEW STIMULUS**

FRANKFURT, Germany (AP) – The European Central Bank ventured

into uncharted territory Thursday with a raft of unusual measures meant to revive the eurozone economy by getting credit flowing to companies and preventing a debilitating bout of deflation. The ECB was spurred into action by evidence that growth in the 18-country eurozone is too weak to keep consumer price inflation at a healthy level. The fear is the low inflation will last or, worse still, become an outright drop in prices that, if sustained, can snuff out what little growth Europe has. Expectations were high for the central bank to show it would finally act to prevent such a scenario after months of hesitation in which the inflation rate kept falling. The last measure, for May, showed inflation was only 0.5 per cent, far below the bank's goal of 2 per cent.

#### **THE MAN CHARGED WITH FIXING CRUISE GIANT CARNIVAL**

NEW YORK (AP) – Arnold W. Donald strolls across the Carnival Splendor's lido deck, checking in on passengers. He cozies up, places a hand on their shoulder and asks: Are you having a blast? He sure hopes so. For Donald, the charismatic new CEO of Carnival Corp., the "great camaraderie" passengers find onboard his ships matters more than fancy restaurants or countless amenities. That intangible feeling isn't easily marketed, but is crucial as he tries to fix the world's largest cruise operator. It's been a rough two years for the company. First, its Costa Concordia sank off the coast of Italy, killing 32 passengers. Then an engine-room fire on its Carnival Triumph left the ship without power. For five days, passengers lacked air conditioning, hot food and use of most toilets. Cable news was fixated, dubbing it the "poop cruise."

#### **STATE GOVERNMENTS MAY BE EXPANDING WEALTH GAP**

JEFFERSON CITY, Mo. (AP) – Lawmakers in many states have been trying to boost their post-recession economies by cutting income taxes, curbing aid to the long-term jobless or holding down the minimum wage. Some have pursued all of these steps. Whether such policies will spur businesses to expand as hoped isn't yet clear. But collectively, the actions could ease the

financial burden for the states' most affluent residents while reducing the safety net for those at the bottom. The shift may also contribute to a trend that is prompting growing national concern: the widening gap between the richest Americans and everyone else. The divergence has developed over four decades and accelerated in recent years.

### **US HOUSEHOLD WEALTH HIT HIGH IN FIRST QUARTER**

WASHINGTON (AP) – Rising stock markets and home prices helped lift U.S. household wealth to a record in the first three months of the year. The Federal Reserve said Thursday that household net worth increased \$1.5 trillion in the first quarter to \$81.8 trillion. The gain was driven by higher home prices, which boosted Americans' home values \$758 billion. A rising, if choppy, stock market pushed up stock and mutual fund holdings \$361 billion. Checking account balances, pensions plan assets and retirement savings, such as 401(k)s, also rose. The Fed's figures aren't adjusted for population growth or inflation. And the wealth is flowing mainly to affluent Americans: Roughly 10% of households own about 80% of stocks.

### **STOCKS HEAD HIGHER AFTER ECB TAKES NEW STEPS**

NEW YORK (AP) – New steps from the European Central Bank to revive the region's flagging economy gave markets a lift Thursday, pushing the Standard & Poor's 500 index to another record high. In the U.S. market, the gains were broad but modest. All 10 industries in the S&P 500 crept higher, led by industrial companies and banks. The ECB cut two key interest rates, pushing one of them below zero. The unusual move means that the ECB will charge banks to hold their money, instead of paying them interest. The goal is to arm-twist banks into lending money rather than stockpiling it. Mario Draghi, the ECB's president, said the bank was willing to take more steps to support the region's economy if needed, including buying bonds.

### **APPLICATIONS UP SLIGHTLY FOR US JOBLESS AID**

WASHINGTON (AP) – Slightly more Americans sought unemployment benefits last week, but claims for jobless aid continue to be anchored near seven-year lows. The Labor Department said Thursday that weekly applications for unemployment benefits rose 8,000 to a seasonally adjusted 312,000. The four-week average, a less volatile measure, fell to 310,250. That's the lowest average since June 2007. Applications are a proxy for layoffs, so the running average suggests employers are letting go of fewer workers. When businesses are confident enough to hold onto staff, they may also step up hiring. That is a positive sign ahead of May's jobs report to be released Friday and indicates steady hiring in the months ahead.

#### **AVERAGE US 30-YEAR MORTGAGE RATE UP TO 4.14%**

WASHINGTON (AP) – Average U.S. rates on fixed mortgages rose slightly this week, reversing a five-week downward trend. Mortgage buyer Freddie Mac says the average rate for a 30-year loan edged up to 4.14% from 4.12% last week. The average for the 15-year mortgage climbed to 3.23% from 3.21%.

#### **SEC CHAIR OUTLINES NEW RULES FOR EQUITY MARKETS**

WASHINGTON (AP) – The Securities and Exchange Commission is embarking on a broad plan to tackle growing concerns about the impact of high-speed computer-based trading on equity markets. In a speech Thursday, SEC Chair Mary Jo White outlined new rules and regulations that aim to boost market stability and fairness, enhance transparency and improve markets for smaller companies. Among the proposed measures is a rule intended to curb aggressive short-term tactics when the market is especially volatile. White also wants to see private high-frequency traders registered as dealers, a change that would bring them under SEC oversight.

#### **BOARD: OIL DRILLING RISKS REMAIN FROM DEVICE WOES**

WASHINGTON (AP) – The key last-ditch safety device that failed to prevent the 2010 BP oil spill remains a potentially catastrophic problem today for some offshore drilling, according to a U.S. safety board investigation. The

report issued Thursday by the U.S. Chemical Safety Board details the multiple failures and improper testing of the blowout preventer and blames bad management and operations for the breakdown. They found faulty wiring, a dead battery and a bent pipe in the hulking device. The safety board, like the National Transportation Safety Board, can investigate but has no regulatory power. It recommended new safety standards and regulations in its report.