

business

briefly

OIL PRICES FELL 11%

NEW YORK — After rising to become an obstacle to economic growth, oil prices went backward in the second quarter. The benchmark price in the U.S. dropped nearly 16 percent in May and June, and closed the quarter with an 11 percent decline. Having settled at \$95.42 per barrel Thursday on the New York Mercantile Exchange, oil is back where it was in late February. And at \$3.54 per gallon, the national average for gas is almost 7 cents lower than when the quarter started. But there were worried economists and frustrated drivers along the way. Oil rose 7 percent in April and peaked near \$115 per barrel on May 2. Gas hit \$3.98 per gallon days later. High fuel prices were blamed for everything from lagging consumer confidence to lower retail sales.

— Associated Press

BUSINESSES TO GET TAX CUTS

WASHINGTON — Nearly every private employer in the U.S. will get a tax cut on Friday. It won't affect workers' paychecks. But the expiration of a 35-year-old "temporary" unemployment tax — about \$14 a year per worker — will mean real money for some big companies at a time when President Barack Obama is pushing Congress to raise taxes on businesses by closing some loopholes.

Amid a fierce debate over whether higher taxes should be part of a deal to reduce annual deficits — in exchange for letting the government go further into debt — the small cut in federal unemployment taxes has received little attention on Capitol Hill.

But business groups say every little bit helps, whether you're a small employer struggling to make a payroll or a huge company like Wal-Mart, with more than 1.4 million U.S. workers. That's nearly \$20 million a year in savings for Wal-Mart.

— Associated Press

UNEMPLOYMENT STAGNANT

WASHINGTON — The number of Americans seeking unemployment benefits was mostly unchanged last week, evidence that the weak economy is struggling to generate jobs.

Unemployment benefit applications ticked down 1,000 to a seasonally adjusted 428,000, the Labor Department said Thursday.

Applications have topped 400,000 for 12 straight weeks. Applications had fallen in February to 375,000, a level that signals sustainable job growth. They stayed below 400,000 for seven of nine weeks. But applications then surged to an eight-month high of 478,000 in April.

The four-week average, a less volatile measure, has been stuck at about 426,000 for a month.

The economy needs to generate at least 125,000 jobs per month just to keep up with population growth. And at least twice that many jobs are needed to bring down the unemployment rate.

— Associated Press

Coalition aims to help vets find jobs

BY JASEN LEE
DESERET NEWS

SALT LAKE CITY — A new effort has been launched to help returning military veterans find jobs.

Numerous military, civic and business leaders signed an agreement to pledge their collective efforts to find jobs for those who have served their country. While there are already some programs available nationally, this effort focuses on Utah's

returning servicemen and women, according to retired Col. Bart Davis, state chairman of Employer Support of the Guard and Reserve.

"There's plenty of organizations that are trying to help veterans," Davis said during a ceremony Thursday in the state Capitol rotunda. "The problem is there hasn't been a coordinated effort."

The Utah Veterans and Military Employment Coalition will serve as principal coordination point of

contact for employment events and opportunities for veterans, reservists and their spouses.

Davis said if more employers will take the time to feed their job opportunities into a central repository, more veterans will have a chance at finding them and improve their prospects for finding long-term career employment.

He said the coalition will also offer training that will get veterans ready to present themselves to potential civilian employers.

Nationwide, there are an estimated 1 million veterans looking for post-military employment, including 5,000 in Utah.

"It's hard, but they come back with a lot of skills and there are a lot of vacancies represented by employers (in Utah)," he said. "We simply need to break the code on how to get these well-trained and knowledgeable young men and women into the

VETS A15



RAVELL CALL, DESERET NEWS

Kira Cook talks with her neighbor Kimball Ungerman at his home in South Jordan. Both have homes that were to be landscaped by the builder but were not. The original builder is reportedly out of business.

Landscaping problem at Daybreak

BY LORI PRICHARD
DESERET NEWS

SOUTH JORDAN — A group of homeowners in the Daybreak community say they didn't get what they paid for.

The residents purchased homes from Gold Medallion Homes, a company that is reportedly no longer in business. The homeowners are now hoping the developer will step in and fulfill landscaping promises the builder made to them.

"We paid a premium for the lot and a premium for the landscaping," said homeowner Deron Johnson. "So now we're stuck with having to pay for that again."

The residents now want Kennecott Land to step in and help pay for landscaping they never received.

Gold Medallion documents show landscaping was included in the purchase price of the home. For some homeowners, fencing was also included. But eight homeowners in the master-planned community of Daybreak have been living with yards filled with weeds, rocks and sun-baked dirt for the past year.

"We have beautiful weeds," said Eber Irigoyen, another Daybreak homeowner who lives on a corner lot. "That's what we are stuck with."

When he moved in his new home, he said most homes around him had their landscaping done. He said

he expected the landscaping at his home to be completed within a few weeks of moving in, but the contractor kept delaying it. And then the builder reportedly went under.

"I know some neighbors have complained and rightfully so," Irigoyen said, adding that his yard is often the subject of ire from his neighbors with lush, perfectly manicured lawns.

"We did what we were supposed to do. We paid for these houses," he said.

The eight households that paid for landscaping and never received it banded together and turned to Ken-

DAYBREAK A15

Larger corn crop could slow food prices' inflation

BY CHRISTOPHER LEONARD
ASSOCIATED PRESS

ST. LOUIS — U.S. food prices may ease later this year now that farmers have planted the second-largest corn crop in nearly seven decades.

The size of this year's corn crop will be 92.3 million acres, the U.S. Agriculture Department said Thursday. That's 9 percent larger than the average annual corn crop over the past

decade. The only crop bigger in the past 67 years was planted in 2007.

Many analysts had worried that wet weather this spring would cut the number of corn acres. But record-high prices are encouraging farmers to use more acres for corn, and less for soybeans and wheat.

A greater crop estimate drove corn futures down 30 cents to close

CROPS A15



NATI HARNIK, ASSOCIATED PRESS

A farmer plants corn near Yutan, Neb. Farmers have planted the second-largest corn crop in nearly seven decades this spring.

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COMPANY	LAST TRADE	DAY'S CHANGE	52-WEEK RANGE	COMPANY	LAST TRADE	DAY'S CHANGE	52-WEEK RANGE	COMPANY	LAST TRADE	DAY'S CHANGE	52-WEEK RANGE
Autoliv Inc	78.45	▲ 0.39	46.35 - 83.86	Leucadia Natl Cp	34.10	▲ 0.42	18.80 - 39.14	SkyWest Inc	15.06	▲ 0.02	11.38 - 17.28
Alliant Tech Sys Inc	71.33	▲ 1.13	60.13 - 79.96	Macy's Inc	29.24	▲ 0.48	16.93 - 30.00	Usana Health Sciences	31.28	▲ 2.29	26.81 - 45.50
Cephalon Inc	79.90	▲ 0.03	54.15 - 81.11	Myriad Genetics	22.71	▼ 0.12	14.11 - 25.89	Utah Medical Products	26.26	▼ 0.14	24.11 - 30.46
Delta Air Lines	9.17	▼ 0.03	8.91 - 14.54	Nucor Cp	41.22	▲ 0.98	35.71 - 49.24	Watson Pharmaceuticals	68.73	▲ 0.56	39.34 - 68.97
EnergySolutions Inc	4.94	▲ 0.01	4.35 - 7.23	QEP Resources	41.83	▲ 0.07	27.90 - 43.70	Wells Fargo & Co	28.06	▼ 0.01	23.02 - 34.25
Kimberly Clark	66.56	▲ 0.39	59.62 - 68.49	Questar Cp	17.71	▼ 0.14	14.86 - 46.12	Williams Cos	30.25	▲ 0.43	17.53 - 33.47
L-3 Comm Hldgs Inc	87.45	▲ 0.52	66.11 - 87.68	Smithfield Foods	21.87	▼ 0.13	13.34 - 24.93	Zions Bancorp	24.01	▼ 0.08	17.91 - 25.60

Stocks dipped in June, but some analysts think it's a blip

BY DAVID K. RANDALL
ASSOCIATED PRESS

NEW YORK — Stocks are headed for a correction. No, stocks are rallying. Wait, stocks are down again. Or up — a lot.

For investors, June was one long seesaw ride that began with a deep plunge on the first day of the month. Six days of declines were followed by a week of give and take and then four days of gains. The month ended with strong earnings from a consumer bellwether and signs that a European debt crisis could be averted. That led to a four-day advance in the three major stock indexes.

The Dow Jones industrial average rose 480 points, or 4 percent, the last four days of the month and the Standard & Poor's 500 index is on track for its best weekly return since July 2010.

That strong ending didn't make June a winner. Stocks were down about 2 percent for the month, the second straight month that the market finished lower. Only the Dow Jones industrial average eked out a gain, of 0.8 percent, for the quarter.

All three indexes are still up for the year. The Dow is up the most, 7.2 percent. The S&P 500 and Nasdaq are up 5 percent and 4.6 percent respectively. The Dow was down 6.3 percent at this time last year.

Concerns about the strength of the U.S. economy and a possible debt default by Greece spooked investors much of the month. One the first day of June investors were greeted with reports that American manufacturing output had expanded at the slowest pace in 20 months, that auto sales had tumbled in May, and that private companies added the fewest number of employees since September. By June 15, the S&P had lost nearly all of its gains for the year, before dividends.

Market declines mean different things to different people. Rather than retreat further, some investors came to believe that stocks were relatively cheap. Stocks began to reverse course.

The upward climb continued this week when Nike Inc.'s earnings came in much higher than analysts had been expecting. That indicated that higher gas prices haven't stopped consumers from splurging on things like pricey sneakers and sports-



Traders Edward McCarthy, left, and William McInerney, right, work on the floor of the New York Stock Exchange.

wear. In the last four days of the month, the S&P rose 4.1 percent.

Even so, the S&P 500 lost 1.8 percent for the month, the Dow finished down 1.2 percent for the month. The Nasdaq composite fell 2.2 percent. For the second quarter, the Dow gained 0.7 percent between April and June. The S&P 500 and Nasdaq, however, lost 0.4 percent and 0.3 percent, respectively.

Most economists, analysts and investors agree that, at the very least, the U.S. economy has struggled through a soft patch. The weakness was brought on by gas prices that hit \$4 a gallon, problems getting computer chips and auto parts from Japan and severe weather in the South. These factors weighed on consumer spending and confidence and made recession-weary companies reluctant to hire employees or expand domestically.

Whether the late June rally continues into July depends partly on results from upcoming earnings reports and lingering effects of that soft patch.

Most stock analysts think the economy's troubles are temporary. Few have lowered their estimates over the last month despite a dip in consumer spending and continued high unemployment. One reason: even if U.S. consumers spend less, American companies continue to make a significant portion of their profits overseas. As of 2010, 40 percent of the profits for U.S. companies in the S&P 500 came from overseas.

Alcoa Inc. is the first major U.S. company to report earnings every quarter. Many investors look to those results for indications of how the results of other major corporations might turn out. The aluminum maker, which tends to do well when the

global economy is growing, reports its quarterly results on July 11.

Mark Schultz, portfolio manager for the \$240 million MTB Mid-Cap Growth fund, believes that the impact of higher gas prices on U.S. corporate profits will be balanced out by growing revenue coming from sales in countries like China and Brazil, where companies are still expanding.

Some market strategists say the stock market is in for another up and down ride in July as earnings reports come out.

"We're worried that the earnings season will capture the soft patch in the second quarter," says Ron Florance, the managing director of investing strategy at Wells Fargo Private Bank. "If analysts haven't factored that into their estimates then we could be set up for disappointments."

Earnings season also gives investors a glimpse of what's to come. When companies report for the quarter, their executives often lay out their expectations for revenue and earnings for the next quarter. Gloomy predictions from key companies like JPMorgan Chase & Co, IBM and Caterpillar could make a second-half stock rally difficult.

On the other hand, if those forecasts are more bullish, that will bolster the belief that effects from the Japanese earthquake and tsunami and high oil prices will be short-lived.

"The misses will probably not be repeatable because they could come from weather and commodity price spikes," says Phil Orlando, the chief market strategist at Federated Investors. "We all know that the third quarter will be better."

VETS

FROM A14

recruiters of those employers."

According to the Utah Department of Veterans Affairs, young veterans between the ages of 18 and 24 have twice the jobless rate of the national

average. Executive director Terry Schow said the coalition's combined efforts should go a long way toward addressing that issue.

"We're trying to make (the effort) bigger, stronger (and) more robust," Schow said. With jobs available throughout the state, it is incumbent upon

those hiring to make those positions known to returning military members, especially considering the sacrifices those veterans and their families have made, he said.

"They've paid their dues and it's our turn to step up and help them," Schow said. **EMAIL:** jlee@desnews.com

DAYBREAK

FROM A14

necott Land, the developer of Daybreak, for help. They hoped the multinational company would take responsibility for the landscaping of their yards — a cost that could run upwards of \$10,000 for the corner lots and an estimated \$4,000 for the interior lawns.

"Kennecott had made us a promise last year that when our builder went bankrupt that they were going to step in and take care that for us, or the new builder that came in to buy the remaining lots would go ahead and take care of that," Johnson said.

But nothing was in writing. Johnson claims it was a verbal promise that was made to several homeowners on several occasions.

Kennecott Land community planning manager Rulon Dutson disagreed that such an offer was made.

He recognizes the frustration of the homeowners and says Kennecott Land offered to provide some help. In a written memorandum to the homeowners, the company offered to provide trees and topsoil, waive each homeowner's landscape review and approval fees, and offered landscaping expertise and critique of contractor bids and estimates.

"Does it take care of it all? Dutson said. "No, it does not. And we acknowledge that."

All the homeowners admit Kennecott Land has no legal obligation to help them recoup the loss. A majority of them took Dutson's offer after a meeting among the group of eight last week. Others rejected the offer, saying Kennecott Land should do more and fulfill the promise they claim the company made.

"Kennecott has the ability to control the rules and regulations and the things that happen here," said homeowner

Kimball Ungerman, who rejected the offer. "They're not powerless. Yet in this situation, it feels as if they've decided to become powerless on purpose."

"We also have landscaping that the builder committed to install," Dutson said. "It is an unfortunate situation. There is no question why the homeowners would be frustrated."

Several attempts were made to contact Gold Medallion Homes through various phone numbers listed on their website. Some had been disconnected; others were recorded pharmaceutical advertisements.

A court records search of the company revealed a long list of lawsuits filed against Gold Medallion Homes, or variations thereof. However, a bankruptcy filing under Gold Medallion Homes was not located.

Contributing: Viviane Vo-Duc
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CROPS

FROM A14

at nearly \$6.21 per bushel. That's the maximum price change allowed by futures exchanges. Corn rose to a record high of \$7.99 per bushel earlier this month.

More expensive grain has led to food price increases this year. That could ultimately make everything from beef to cereal to soft drinks more expensive at the supermarket. For all of 2011, the USDA predicts food prices will rise 3 percent to 4 percent.

A huge harvest in August could ultimately slow food inflation. It typically takes six months for changes in commodity prices to affect retail food prices in the U.S. Analysts say consumers could see some relief at the supermarket by early 2012.

"All of us who perceived tighter (corn) supplies up to this point, all of us were proven wrong today," said Jason Ward, an analyst with Northstar Commodity in Minneapolis.

Industry traders had expected just 90.8 million acres of corn had been planted. Knowing that far more corn is in the pipeline will likely pull down grain prices dramatically this summer, Ward said. Farmers chose to plant corn

at the expense of this year's soybean crop. They planted only 75.2 million acres of soybeans, about 3 percent less than last year. Farmers have a limited supply of good farmland and usually trade one crop for another on their acreage.

"It seemed to me there was \$100 to \$150 per acre more money in the corn than there was in the beans," said Tom Kreutzer, who planted 150 acres of corn on his farm near Wakeeey, Kan. "That's the kind of math that a lot of guys were using."

A separate USDA report Thursday estimated the U.S. had 3.67 billion bushels of corn in storage. Most analysts were expecting a reserve of just 3.3 billion bushels, said John Sanow, an analyst with Telvent DTN in Omaha, Neb. If the reserve estimate is accurate, it means backup supplies could be higher this year and next. That would ease fears of a shortage.

Still, corn reserves are expected in August to hit their lowest level since 1995, according to the most recent USDA estimate. Global demand from ethanol producers and livestock owners has risen faster than farmers' production over the last decade.

Higher corn prices make soybeans and wheat more expensive because farmers

plant less of them. Raised expectations for this fall's corn crop also helped lower soybean prices in trading Thursday. Soybeans fell 29 cents to \$12.94 a bushel.

A bigger crop doesn't guarantee lower food prices. A drought or flood could limit the size of the harvested crop. Ward said many of the acres planted this spring were on marginal land that won't yield much grain. Many farmers planted during wet weather just because they knew they could get the crops insured.

"They have no intention of harvesting them because they were planted in complete mud," Ward said.

Corn is a key ingredient in feed for poultry and livestock, and a staple in many processed foods. When corn prices rise, food processors and grocers pass along the higher costs to the consumer.

Surging corn and soybean prices are showing up at the grocery store this summer. In May, a sirloin steak cost about 7 percent more than last year, according to the most recent available Bureau of Labor Statistics figures. The price of pork chops jumped 9 percent. The price of spaghetti and macaroni noodles, which often contain soybean meal and corn syrup, jumped 13 percent.

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