A A

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A A

WK MO QTR YTD

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-3.96%

+4.86%

+6.97%

+4.54%

+6.27%

+4.95%

+6.39%

Apple: Chinese impressed U.S. firm

Continued from Page 1

to create middle-class jobs in the U.S. now," said Jared Bernstein, who until last year was an economic adviser to the White

"If it's the pinnacle of capitalism, we should be worried."

But while Apple is far from alone, it offers a window into why the success of some prominent companies has not translated into large numbers of domestic jobs. What's more, the company's decisions pose broader questions about what corporate America owes Americans as the global and national economies are increasingly intertwined.

"Companies once felt an obligation to support American workers, even when it wasn't the best financial choice," said Betsey Stevenson, the chief economist at the Labor Department until last September. That's disappeared. Profits and efficiency have trumped gener-

In 2007, a little more than a month before the iPhone was scheduled to appear in stores, Jobs beckoned a handful of lieutenants into an office. For weeks, he had been carrying a prototype of the device in his

pocket.

Jobs angrily held up his iPhone, angling it so everyone could see the dozens of tiny scratches marring its plastic screen, according to someone who attended the meeting. He then pulled his keys from his

People will carry this phone in their pocket, he said. People also carry their keys in their pocket. "I won't sell a product that gets scratched," he said tensely. The only solution was using unscratchable glass instead. "I want a glass screen, and I want it perfect in six weeks.'

After one executive left that meeting, he booked a flight to Shenzhen, China. If Jobs wanted perfect, there was nowhere

For more than two years, the company had been working on a project that presented the same questions at every turn: How do you completely reimagine the cellphone? And how do you design it at the highest qual-— with an unscratchable screen, for instance - while also ensuring that millions can be manufactured quickly and inexpensively enough to earn a significant profit?

The answers, almost every time, were found outside the United States.

In its early days, Apple usually didn't look beyond its own backyard for manufacturing solutions. But by 2004, Apple had largely turned to foreign manufacturing. Guiding that decision was Apple's operations expert, Timothy D. Cook, who replaced Jobs as chief executive last August, six weeks before Jobs' death. Most other U.S. electronics companies had already gone abroad, and Apple, which at the time was struggling, felt it had to grasp every advantage.

In part, Asia was attractive because the semiskilled workers there were cheaper. But that wasn't driving Apple. For technology companies, the cost of labor is minimal compared with the expense of buying parts and managing supply chains that bring together components and **APPLE SETS SALES. PROFIT RECORDS**

- >> After uncharacteristically tepid sales in the July-to-September quarter, Apple came back with a vengeance in the last three months of 2011, vastly exceeding analyst estimates and setting new records for quarterly sales and profit.
- >> Apple Inc. on Tuesday said it sold 37 million iPhones in the quarter, double the figure of the previous quarter and more than twice as many as it sold in last year's holiday quarter.
- >> The result may make Apple the world's largest maker of smartphones. Samsung Electronics, which held that position for most of last year, has said it expects to report shipping about 35 million smartphones in the October-to-December quarter.
- >> October saw the launch of the iPhone 4S, and the addition of Sprint Nextel Corp. as an iPhone carrier in the U.S.
- >> Apple said net income in the fiscal first quarter was \$13.06 billion, or \$13.87 per share. That was up 118 percent from \$6 billion, or \$6.43 per share, a year ago.
- >> Revenue was \$46.33 billion, up 73 percent from a year ago
- >> The Cupertino, Calif., company shipped 15.4 million iPads in the quarter, more than doubling sales over the same quarter last year.

services from hundreds of companies. For Cook, the focus on Asia

"came down to two things," said one former high-ranking Apple executive. Factories in Asia "can scale up and down faster" and "Asian supply chains have surpassed what's in the U.S." The result is that "we can't compete at this point," the executive

The impact of such advantages became obvious as soon as Jobs demanded glass screens in 2007.

For years, cellphone makers had avoided using glass because it required precision in cutting and grinding that was extremely difficult to achieve. Apple had already selected a U.S. company, Corning Inc., to manufacture large panes of strengthened glass. But figuring out how to cut those panes into millions of iPhone screens required finding an empty cutting plant, hundreds of pieces of glass to use in experiments and an army of midlevel engineers. It would cost a fortune simply to prepare.

Then a bid for the work arrived from a Chinese factory.

When an Apple team visited, the Chinese plant's owners were already constructing a new wing. "This is in case you give us the contract," the manager said, according to a former Apple executive. The Chinese government had agreed to underwrite costs for numerous industries, and those subsidies had trickled down to the glass-cutting fac tory. It had a warehouse filled with glass samples available to Apple, free of charge. The owners made engineers available at almost no cost. They had built on-site dormitories so employees would be available 24 hours

The Chinese plant got the

"The entire supply chain is in China now," said another former high-ranking Apple executive. "You need a thousand rubber gaskets? That's the factory

799

(-10)

8,178

(-768)

1,328

3,436

284

(+3)

(-17)

2,944

next door. You need a million screws? That factory is a block away. You need that screw made a little bit different? It will take three hours."

It is difficult to estimate how much more it would cost to build iPhones in the United States. However, various academics and manufacturing analysts estimate that because labor is such a small part of technology manufacturing, paying U.S. wages would add up to \$65 to each iPhone's expense. Since Apple's profits are often hundreds of dollars per phone, building domestically, in theory, would still give the company a healthy reward.

But such calculations are, in many respects, meaningless because building the iPhone in the United States would demand much more than hiring Americans — it would require transforming the national and global economies. Apple executives believe there simply aren't enough U.S. workers with the skills the company needs or factories with sufficient speed and flexibility. Other companies that work with Apple, like Corning, also say they must go abroad.

"Our customers are in Taiwan, Korea, Japan and China," said James B. Flaws, Corning's vice chairman and chief financial officer. "We could make the glass here, and then ship it by boat, but that takes 35 days. Or, we could ship it by air, but that's 10 times as expensive. So we build our glass factories next door to assembly factories, and those are overseas.

Toward the end of Obama's dinner last year with Silicon Valley executives, Jobs told the president, according to one observers: "I'm not worried about the country's long-term future. This country is insanely great. What I'm worried about is that we don't talk enough about solu-

In the last decade, technological leaps in solar and wind energy, semiconductor fabrication and display technologies have created thousands of jobs. But while many of those industries started in America, much of the employment has occurred abroad. Companies have closed major facilities in the United States to reopen in China. By way of explanation, executives say they are competing with Apple for shareholders. If they cannot rival Apple's growth and profit margins, they won't sur-

The pace of innovation, say executives from a variety of industries, has been quickened by businessmen like Jobs. GM went as long as half a decade between major automobile redesigns. Apple, by comparison, has released five iPhones in four years, doubling the devices' speed and memory while dropping the price that some con-

Before Obama and Jobs said goodbye, the Apple executive pulled an iPhone from his pocket to show off a new application – a driving game — with incredibly detailed graphics. The device reflected the soft glow of the room's lights. The other executives, whose combined worth exceeded \$69 billion, jostled for position to glance over his shoulder. The game, everyone agreed, was wonderful.

There wasn't even a tiny scratch on the screen.

DEVELOPED LOTS

(Change from December 2010)

609

(-120)

The World-Herald 150

HIGH

12708.52

5239.47

449.67

7843.94

2788.38

1315.96

934.59

13844.43

788.80

LOW

12613.54

445.38

7778.69

2766.34

1306.06

922.38

775.58

13732.51

CLOSE

12675.75

446.27

7840.65

2786.64

1314.65

934.25

13843.12

CHG.

-33.07

-3.49

-14.87

+2.47

-1.35

+3.96

+5.72

%CHG.

-0.26%

-0.78%

-0.19%

+0.09%

-0.10%

+0.43%

+0.04%

+0.67%

NAME	TVD	LACT	0110		VOLUME		DIV	NAME	TVD	LACT	0110		VOLUME		DIV
NAME	TKR	LAST	CHG	%CHG	, ,	PE	DIV	NAME	TKR	LAST	CHG	%CHG	(00s)	PE	DIV
AT&T Inc	T	30.09	31	5	242,273	15	1.76f	IBM	IBM	191.93	+1.95	+4.4	52,118	15	3.00
Abbott Labs	ABT	55.98	+.26	4	75,466	19	1.92	JPMorgan Chase & Co		37.66		+13.3	251,216	8	1.00
Adobe Systems Alcatel-Lucent	ADBE ALU	30.95 1.94	+.72 07	+9.5 +24.4	45,560 168,449	19		Johnson & Johnson	JNJ	65.00		9	119,555	19	2.28
Alcoa Inc	AA	10.27	+.02	+18.7	201,128	15	.12	Kellogg Co Kimberly Clark	K KMB	50.50 72.27	50 -1.25	1 -1.8	17,576 60,705	16 18	1.72 2.80
Alliant Energy	LNT	42.25	50	-4.2	5,760	15	1.80f	Kinder Morg Engy	KMP	88.30	+.26	+3.9	8,163	CC	4.64
Altera Corp	ALTR	40.12	+.44	+8.1	53,035	15	.32	Kraft Foods	KFT	38.30	17	+2.5	72,837	21	1.16
Altria Group	MO	28.28	33	-4.6	124,029	17	1.64	Level 3 Commun	LVLT	18.88	+.41	+11.1	9,425	dd	
Ameren Corp	AEE	31.26	57	-5.6	17,167	14	1.60f	Lindsay Corp	LNN	60.25	50	+9.8	897	22	.36
Am Fst Tx Ex Inv Amer Elec Power	ATAX AEP	5.19 40.67	+.02 13	+5.1 -1.5	784 29,387	11	.50 1.88f	Macy's Inc	M	35.28	+.19	+9.6	58,993	13	.80f
Ameristr Casinos	ASCA	19.67	+.02	+13.8	1,319	14	.42	Martha Stewart Liv	MSO	4.28	02	-2.7	2,725	dd	.25e
Anadarko Petrol	APC	78.99	51	+3.5	28,582	dd	.36	McDonalds Corp	MCD	98.75	-2.20	-1.6	114,105	19	2.80f
Aon Corp	AON	47.03	13	+.5	16,869	17	.60	Merck & Co	MRK	38.78	+.01	+2.9	129,302	14	1.68f
Apache Corp	APA	97.71	67	+7.9	26,024	9	.60	MetLife Inc Microsoft Corp	MET MSFT	36.91 29.34	+.15	+18.4 +13.0	85,811 505,636	10 11	.74 .80
Apple Inc Applied Matls	AAPL AMAT	420.41 12.31	-7.00 +.09	+3.8 +14.9	131,361 80,996	15 8	.32	Monsanto Co	MON	80.11	+.22	+14.3	24,527	25	1.20
Aqua America Inc	WTR	21.67	10	-1.7	3,947	22	.66	Mosaic Co	MOS	54.97	10	+9.0	38.980	10	.20
Arch Dan Mid	ADM	29.82	07	+4.3	27,744	9	.70f	NCR Corp	NCR	17.82	+.04	+8.3	5,128	12	
BP PLC	BP	44.70	+.07	+4.6	59,648	7	1.68	Nelnet Inc	NNI	24.69	+.02	+.9	624	5	.40
Ballantyne Strong	BTN	4.50	08	+10.0	406	.6		News Corp B	NWS	19.67	10	+8.2	19,958	18	.19f
Bank of America	BAC	7.29	+.04		2,211,174	dd	.04	Nucor Corp	NUE	43.20	+.30	+9.2	18,625	22	1.46f
Becton Dickinsn Berkshire Hath A	BDX BBK/A	78.29 117574	+.70 -1256	+4.8 +2.5	15,083 4	14 17	1.80f	OGE Energy	OGE	55.30	28	-2.5	2,134		1.57f
Berkshire Hath B	BRK/B	78.48	67	+2.9	27,490	17		Occid Petl ONEOK Partners LP	OXY OKS	100.92 56.96	-1.14 +.35	+7.7 -1.4	47,452 3,222	13 22	1.84 2.44f
Black Hill Corp	BKH	33.91	+.16	+1.0	1,930	23	1.46	Oracle Corp	ORCL	28.51	+.12	+11.2	235,054	16	.24
Block H&R	HRB	16.87	05	+3.3	38,996	16	.80f	Oshkosh Corp	OSK	24.68	02	+15.4	8,529	8	.24
Boeing Co	BA	75.36	15	+2.7	48,281	15	1.76f	Otter Tail Corp	OTTR	21.98	01	2	802	25	1.19
Brist Myr Sqb Buckeye Part	BMY BPL	32.25 62.30	22 24	-8.5 -2.6	113,791 3,155	16 49	1.36f 4.10f	PG&E Corp	PCG	40.16	48	-2.6	28,331	16	1.82
Buckle Inc	BKE	43.03	+.78	+5.3	1,828	14	.80a	PepsiCo	PEP	66.20	+.10	2	41,173	17	2.06
CME Group	CME	240.52	+2.08	-1.3	3,611	13	5.60	Pfizer Inc	PFE	21.66	05	+.1	252,073	14	.88f
CSG Systems Int	CSGS	15.83	+.10	+7.6	1,083	15		Potash Corp	POT	44.43	-1.13	+7.6	74,812	14	.28
CSX Corp	CSX	21.85	84	+3.8	241,010	13	.48	Principal Fncl Grp Procter & Gamble	PFG PG	27.37 64.50	+.07 50	+11.3 -3.3	16,568 95,133	9 16	.70f 2.10
CVS Caremark Corp Cabelas Inc	CVS CAB	42.44 26.12	58 +.88	+4.1 +2.8	53,611 6,849	17 13	.65f	Prudential Fncl	PRU	58.08	17	+15.9	22,235	8	1.45f
Caseys Gen Store	CASY	52.50	66	+1.9	2,363	18	.60	Qualcomm Inc	QCOM		+.53	+7.3	109,004	23	.86
Caterpillar Inc	CAT	106.29	08	+17.3	55,074	16	1.84	Royal Dutch Shell A	RDS/A	72.13	+.11	-1.3	15,659	14	3.36
CenturyLink Inc	CTL	36.94	64	7	46,738	17	2.90	SAÍC Inc	SAI	12.88	12	+4.8	14,878	17	
Chevron Corp	CVX	106.72	29	+.3	48,911	8	3.24f	Schwab Corp	SCHW	12.48	17	+10.8	88,874	18	.24
Cisco Syst	CSCO C	19.82	01	+10.0	300,801	17	.24	Smucker, JM	SJM	81.00	06	+3.6	3,752	20	1.92
Citigroup Clorox Co	CLX	29.90 68.63	+.05 +.02	+13.6 +3.1	363,322 9,486	8 20	.04 2.40	Southern Co	SO	44.90	47	-3.0	48,455	19	1.89
CocaCola	KO	67.90	63	-3.0	72,793	13	1.88	Stryker Corp Suntrust Bks	SYK STI	52.94 21.29	+.14 +.07	+6.5 +20.3	19,118 53,549	16 20	.85f .20
Comcast Corp A		A 25.86	07	+9.1	98,071	18	.45	Sysco Corp	SYY	30.29	+.01	+3.3	22,439	15	1.08f
ConAgra Foods	CAG	27.01	+.01	+2.3	29,248	16	.96	TD Ameritrade Hldg	AMTD	17.15	24	+9.6	53,512	15	.24
ConocoPhillips	COP	70.61	+.05	-3.1	79,128	9	2.64	Target Corp	TGT	50.75	+.60	9	43,215	12	1.20
Con Edison	ED GLW	58.38 14.62	24 +.25	-5.9 +12.6	12,762 181,011	16 7	2.42f .30f	3M Company	MMM	85.93	+.32	+5.1	38,822	15	2.20
Corning Inc Costco Wholesale	COST	81.73	+.09	-1.9	15,966	25	.96	Time Warner	TWX	37.57	+.13	+4.0	70,136	14	.94
Covidien PLC	COV	48.89	+.66	+8.6	40,323	13	.90	Toyota Mot	TM	72.33	+1.18	+9.4	6,336		1.26e
DTE Energy Co	DTE	52.96	31	-2.7	5,381	12	2.35	Travelers Cos	TRV TYC	58.00 49.25	-2.29 22	-2.0 +5.4	65,990 16,854	16 15	1.64 1.00
Deere Co	DE	86.42	48	+11.7	51,985	13	1.64	Tyco Intl Ltd USG Corp	USG	13.31	+.06	+31.0	27,218	dd	1.00
Disney Dominion Resources	DIS D	39.25 50.31	17	+4.7 -5.2	93,155 17,288	16 17	.60f 2.11f	Union Pacific Corp	UNP	111.21	01	+5.0	39,091	17	2.40f
Dow Chemical	DOW	33.38	+.28	+16.1	66,387	14	1.00	UPS class B	UPS	75.00	13	+2.5	35,698	18	2.08
DuPont	DD	49.41	+.06	+7.9	53,580	13	1.64	US Bancorp	USB	28.45	04	+5.2	88,802	12	.50
Duke Energy	DUK	21.14	13	-3.9	56,563	17	1.00	Utd Technologies	UTX	77.78	+.92	+6.4	55,906	15	1.92
EMC Corp	EMC	25.14	+1.70	+16.7	514,790	25	1 20f	Valero Energy	VLO	24.19	+.67	+14.9	115,970	9	.60
Edison Intl Emerson Elec	EIX EMR	40.12 50.64	19 +.90	-3.1 +8.7	16,997 43,288	13 15	1.30f 1.60f	Valmont Ind	VMI	102.50	+.55	+12.9	585	18	.72
Energizer Hold	ENR	78.72	+.36	+1.6	4,647	21	1.001	Verizon Comm Visa Inc	VZ V	37.79 101.01	61 +1.41	-5.8 5	277,474 30,195	44 20	2.00 .88f
Exelon Corp	EXC	39.22	61	-9.6	73,592	10	2.10	WalMart Strs	WMT	61.39	+.48	+2.7	72,512	14	1.46
Exxon Mobil Corp	XOM	87.18	29	+2.9	120,816	10	1.88	Walgreen Co	WAG	34.27	+.41	+3.7	86,179	12	.90
FedEx Corp	FDX	90.79	27	+8.7	14,663	16	.52	Watsco Inc	WSO	68.57	+1.04	+4.4	2,254	26	2.48f
Ford Motor Gen Dynamics	F GD	12.82 71.34	+.16 40	+19.1 +7.4	451,047 18,936	8 10	.20 1.88	WellPoint Inc	WLP	69.40	-1.78	+4.8	47,886	9	1.00
Gen Electric	GE	18.84	10	+5.2	392,109	15	.68f	Wells Fargo & Co	WFC	30.54	38	+10.8	278,555	11	.48
General Motors Co	GM	24.79		+22.3	81,737	5		Werner Enterp	WERN	25.49	. 0.4	+5.8	2,194	19	.20a
Google Inc	GOOG	580.93	-4.59	-10.1	29,871	20		Western Union Co	WR	28.19	+.04	-2.1	6,506	15	1.28
Gordmans Stores	GMAN			+20.8	274	12		Western Union Co Whirlpool	WU WHR	19.16 54.36	+.25 +.40	+4.9 +14.6	35,277 19,230	13 12	.32 2.00
Harley Davidson	HOG	43.32		+11.4	48,627	17	.50	Williams Cos	WMB	29.06	+.40	+7.8	47,549	18	2.00 1.04f
Hartford Fn Sv Hershey Company	HIG HSY	18.60 61.39	03 38	+14.5 6	48,584 11,848	8 23	.40 1.38	Windstream Corp	WIN	12.12	11	+3.2	61,153	23	1.00
Hewlett Packard	HPQ	28.52		+10.7	147,229	9	.48	Yahoo Inc	YHOO	15.69	+.01	-2.7	156,690	19	
Hormel Foods	HRL	29.55	+.12	+.9	8,856	17	.60f	Yum! Brands Inc	YUM	62.27		+5.5	32,735	23	1.14
Intel Corp	INTC	26.90	+.19	+10.9	549,209	11	.84	Zimmer Holdings	ZMH	56.55	+.49	+5.9	16,428	16	.72
								Annual rate plus stock. o dividend announcement							

last 12 months. f - Current annual rate, which was increased by most recent dividend announcement. i - Sum of dividends paid after stock split, no regular rate. j - Sum of dividends paid this year. Most recent dividend was omitted or deferred. k - Declared or paid this year, a cumulative issue with dividends in arrears. m - Current annual rate, which was decreased by most recent dividend announcement. p - Initial dividend, annual rate not known, yield not shown. r - Declared or paid in preceding 12 months plus stock dividend. t - Paid in stock, approximate cash value on ex-distribution date. **PE Footnotes:** q - Stock is a closed-end fund - no P/E ratio shown. cc - P/E exceeds 99. dd - Loss in last 12 months. **Source:** The Associated Press. Sales figures are unofficial.

COMMODITIES

CASH GRAINS

OMAHA (USDA) — No. 2 Yellow Corn 6.37-6.42 up 10 +7H to +12H unch No 1 Yellow Soybeans 12.00-12.10 up 2 -20H to -10H unch KANSAS CITY, Mo. (AP) — Wheat 49,846 bushels: 16 cents lower to 28 cents higher; No. 2 hard 6.29 1/2-6.64n; No. 3 of.18 1/2-6.63n; No. 2 red wheat 6.43 1/2-7.44n; No. 3 red wheat 6.33 1/2-7.43n. Corn 98,376 bushels: 2 1/2 cents higher to 14 3/4 cents higher; No. 2 white 7.53-7.61n; No. 2 yellow 6.26 1/2-6.54n; No. 3 yellow 6.06 1/2-6.53n. No. 2 milo 10.26-11.36n. Soybeans 5.395 bushels: 21 3/4 cents higher to 1/2 cents lower: No. 1 soybeans 11.98 3/4-12.24 1/2n. Hoppers 116.00-122.00.

CHICAGO BOARD OF TRADE CHICAGO (AP) — Futures trading on the Chicago Board of Trade Tue.: Open High Low Settle Chg.

5,000 bu minimum; cents per bushel Mar 617 3/4 638 614 63 WHEAT num; cents per bushel 638 614 633 1/2 +13 3/4 652 632 3/4 650 3/4 +13 667 1/2 649 666 1/4 +12 683 1/4 666 3/4 683 +10 1/4 702 1/4 685 1/4 701 1/4 +9 729 1/4 706 3/4 718 1/4 +9 729 1/4 720 729 1/4 +8 3/4 642 Mon 's sales 76 775 Mar 617 3/4 May 634 3/4 May 720 729 1/4 720 729 Est. sales 132,642. Mon.'s sales 76,775 Mon.'s open int 459,945, up 2,786

5,000 bu minimum; cents per bushel
Mar 617 3/4 636 614 1/2 630 1/4
May 622 1/2 640 1/2 620 1/2 635 1/4
Jul 627 1/4 644 624 1/2 638 1/2
Sep 579 3/4 588 1/4 574 1/4 586 1/4
Dec 552 1/2 564 3/4 575 1/4 574 3/4
May 572 581 3/4 571 1/4 581 3/4
Jul 576 1/2 587 3/4 575 1/2 587
Set, sales 389,569, Mon.'s sales 285,363
Mon.'s open int 1,219,618, up 7,949
SOYBEANS

5,000 bu minimum; cents per bushel
Mar 1207 1229 1/2 1203 3/4 1220
May 1215 1238 1212 1228 3/4
Jul 1224 1246 3/4 1221 1238
Aug 1222 1240 1218 1234
Sep 1213 1/4 1227 1/2 1213 1222 1/2
Nov 1195 1/2 1221 1194 1/2 1213
Jan 1214 1225 1206 3/4 1220
Mar 1219 3/4 1227 1218 1/2 1227
Est. sales 165,076. Mon.'s sales 160,833
Mon.'s open int 476,206

CHICAGO MERCANTILE EXCHANGE CHICAGO (AP) — Futures trading Mercantile Exchange Tue: Open High Low Settle Chg. CATTLE

124.62 125.80

125.95 129.45 127.95 129.20 131.70 132.05 124.62 125.80 +1.20 128.22 129.17 +1.00 126.92 127.50 +.50 127.95 129.17 +1.05 130.40 131.67 +1.02 131.02 132.05 +.75 Est. sales 72,443. Mon.'s sales 39,229 Mon.'s open int 332,805, up 252 FEEDER CATTLE

roft.
151.95
153.70
155.40
157.65 158.
Aug 157.65 158.
Sep 157.50 158.7.
Oct 157.62 158.65
Nov 157.32 158.85
+6 Nov 157.32 158.86
+6 Mon.'s open int 42,619, up 206
+6 HOGS,LEAN
40,000 lbs.; cents per lb.
Feb 86.32 86.87
Apr 88.50 89.77
May 96.25 97

Jun Jul Aug Oct Dec Feb Apr May 98.60 97.92 97.30 86.85 82.60 83.50 84.70 88.00 91.00 May 91.00 91.00 90.50 Est. sales 52,559 Mon.'s sales 38,638 Mon.'s open int 247,458, up 740 PORK BELLIES 40,000 lbs.; cents per lb.

WORLD GOLD BULLION PRICES NY Handy & Harman fabricated: \$1796.50 of \$1.00.00

NY Handy & Harman: \$1665.50 of \$1.00.00

NY Handy & Harman fabricated: \$1798.74 off \$10.00

NY Engelhard: \$1668.98 off \$10.02

NY Engelhard: \$1668.98 off \$10.02

NY Engelhard: \$1668.98 off \$10.02

NY Handy & Harman fabricated: \$1794.15 off \$10.77

NY Merc. gold Jan Mon. \$1678.00 up \$14.30

NY HSBC Bank USA 4 p.m. Mon. \$1676.00 up \$13.00

NONFERROUS METAL PRICES NEW YORK (AP) — Spot nonferrous metal price Aluminum - 50.9947 per Ib., London Metal Exch. Copper - \$3.7792 Cathode full plate, LME.

Copper \$3.7945 N.Y. Merc spot Mon. Lead - \$2177.00 metric ton, London Metal Exch. Zinc - \$0.9140 per lb., London Metal Exch. Gold - \$1665.50 Handy & Harman (only daily quote). Gold - \$1678.00 troy oz., NY Merc spot Mon. Silver - \$32.190 Handy & Harman (only daily quote).

guote). Silver - \$32.233 troy oz., N.Y. Merc spot Mon. Platinum -\$1545.00 troy oz., N.Y. (contract). Platinum -\$1559.10 troy oz., N.Y. Merc spot Mon n.q.-not quoted n.a.-not available r-revised

Forecast: Some analysts fear housing supply won't keep up with 'pent-up demand'

Continued from Page 1

appraisal and consulting firm. "To start panicking and think we have to start developing this second is a little overzealous."

Demand for single-family building permits since 2005 has declined 65 percent in Douglas. Sarpy and Pottawattamie Counties. The number of companies and individuals who stayed in the business likewise plummeted to about half. According to Whitney's can-

vass, 12,223 lots currently are platted and ready for home construction in the three-county area. A certain amount, perhaps 25 percent, he said, are in not-sodesirable spots. While 12,223 is an oversupply,

Whitney expects the economy to improve and release "pent-up demand." If more lots are not prepared, he estimates that population growth and other factors could lead to an unmet need over the next five years of 4,300 lots in the three counties.

"We'll still have lots," Whitney said, "but the majority of them will be in areas people don't want to live in. That's the problem: getting lots in the right place.' Already, supply is dwindling in

Sarpy County, Whitney said. Pete Sabaliauskas of Castlebridge Homes was building this

week in Sarpy's Shadow Lake

area, which he said is one of the busiest around. While volume builders like Celebrity Homes recently opened subdivisions for construction, it's been a while, Sabaliauskas said, since he's seen a new neighborhood graded and come open to custom builders like himself. "I am wondering where we're

going to go after this," Sabaliauskas said.

Based on early year sales, Sabaliauskas expects 2012 to be better than last. About half his customers, he said, are active military personnel or were transferred for defense-related jobs. Whitney talked about market conditions when he met last week with industry representatives. The wine and appetizer get-together organized by NP Dodge Real Estate, those attending said, was meant to be as motivational as educational after a tough year. Outside the session at the

SOURCE: MarketGraphics Research Group

MATT HANEY/THE WORLD-HERALD

Champions Run clubhouse, other participants shared their own views on a recovery.

Walt Slobotski of NP Dodge Builder Services anticipates a "steady" revival in new home construction and said his division already has turned the corner. Last year, he said, his team sold 174 lots, up from 88 in 2010, 67 in 2009 and 28 in 2008.

"A lot of individuals decided, 'OK, the world isn't coming apart. I am going to wake up in the morning with a job.' " That attitude, Slobotski said, combined with low interest rates and decent building prices, has sparked activity. Whitney said that, nationally,

buvers in the \$300,000 range and higher will lead the revival. But Slobotski said his recent customers also include those looking to build for \$200,000.

National housing experts also are counting on "pent-up demand" - or households that haven't formed yet — to spur the construction industry. The National Association of Home Builders reports that builder confidence in the new, singlefamily housing market climbed for a fourth consecutive month in January, rising to its highest level since June 2007 after sink-

ing to near historic lows in the first half of 2011. "Builders are seeing greater interest among potential buyers as employment and consumer confidence slowly improve in a is starting to come back."

ing construction loans. "It looks like it's going to be a good year," Zwiebel said at the Champions Run meeting. "New construction

He said, however, that many builders remain concerned about clients not qualifying for an affordable mortgage, appraisals coming through below construction cost and a continuation of Benker said. foreclosed properties hitting the

Wellsandt said there are many unknowns

market.

Will interest rates remain low? He said they've been at historical levels for so long that when they rise, people might wait on that new home, thinking they'll drop again. "The economy is a huge issue,"

Wellsandt said.

And gas prices? It may be more attractive to buy an existing home closer to the city or to a workplace than in a new suburban subdivision. Omaha-area Whitney told

builders and Realtors that they shouldn't expect a "whiplash" from the recovery. He expects it to be gradual. Others in the industry ex-

pressed optimism about 2012.

Nick Zwiebel of First National Bank said his employer is resum-

Mike Benker of the Home Builders Association of Lincoln said Lincoln's number of detached, single-family building permits rose slightly in 2011 after a seven-year slide. "We have interest rates, lots ... all the parts and pieces to be successful,"

Builders who heed the changing market and demographics will gain the most traction, said Whitney and others

Birchwood Homes owner Jerry Torczon said that after shifting to smaller and less-expensive floor plans, his business increased last year, especially in Sarpy County, after hitting lows in 2008 and 2009. He expects 2012 to be as full as his peak year of 2007. Then, "in 2013, it's off to the races."

Keith Carson, owner of Carson Custom Homes, said he's stayed busy with 10 to 15 houses a year by "staying in tune" with consumer desires. Those include smaller houses, bigger garages, high-end finishes like covered decks and granite counters. Forget the "formal" dining space, but finish the basement.

Other construction ideas Whitney suggested might be profitable: entry-level homes on larger lots; age-restricted communities; and traditional single-family residences that target renters.

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David Crowe.

NYSE NASD Vol. (in mil.) 3.597 1,617 Pvs. Volume 3.665 1.638 1631 1489 1381 992

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DOW

DOW Trans.

NYSE Comp

Wilshire 5000

Russell 2000

DOW Util.

NASDAQ

S&P 500

S&P 400

StocksRecap

10

Advanced

Declined

New Highs

New Lows

growing number of markets,' noted NAHB Chief Economist

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