



News Capsule

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Detroit automakers received more than \$13 billion in U.S. taxpayer-backed funding, this week, in what may be the first installment of a much larger rescue package. General Motors received over \$9 billion and Chrysler, \$4 billion. The emergency infusion of capital will temporarily keep the automakers out of bankruptcy and provide time to restructure. But analysts warn that more capital will be needed. The total cost of the bailout to U.S. taxpayers could top \$100 billion.

The financing arm of General Motors received approval by federal regulators to change its operating structure to a 'bank', which made the lender eligible to receive \$5 billion in U.S. government TARP funds. "The actions of the federal government to support GMAC are having an immediate and meaningful effect on our ability to provide credit to automotive customers," said GMAC president Bill Muir. The infusion of funding to GMAC will not only ease credit but also provide car buyers and dealers with critical financing. General Motors will offer financing as low as zero percent on several 2008 and 2009 models.

Supply chain disruptions could be among the critical issues facing automakers. Launch of Chevrolet's anticipated 2010 Camaro may be delayed by legal action between General Motors and a bankrupt supplier that furnished instrument panels and door trims. A GM spokesperson said that "even one day's disruption in supply of certain component parts could cause a shutdown of GM assembly operations, disrupting not only GM's business, but the operations of countless suppliers, dealers, customers and other stakeholders."

Nebraskans can now renew their vehicle registrations online at the Nebraska Department of Motor Vehicles (DMV) web site <http://www.clickdmv.ne.gov>. "We're always looking to expand our online services," Nebraska Governor Heineman said. "With this service, Nebraskans can file their renewal paperwork online rather than wait in line. The online renewal process automatically checks the Motor Vehicle Insurance Database to verify vehicle insurance. Nebraska's DMV is now working on plans to allow drivers to renew their licenses online.

Economic concerns may be the overriding theme of Nebraska's legislative session that begins January 7, 2009. Nebraska faces a projected two-year revenue shortfall of \$377 million, a deficit that could increase if the national economy worsens. While many other U.S. states are saddled with massive deficits Nebraska, however, has adequate financial reserves to withstand the immediate revenue shortfall.

Consumer confidence slipped in December driven by rising unemployment, declines in prices of housing and an increase in home foreclosures. The Conference Board Consumer Confidence Index, which had increased moderately in November, declined to an all-time low in December. The confidence index (based on a score of 100 in 1985) declined to 38.0 down from 44.7 in November. The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households.

Consumers worried over the economic downturn are increasingly opting to repair the old rather than buy the new and that provides fresh opportunities for service and repair businesses that offer cost-savings alternatives. From shoe repair to automotive services, consumers are rethinking the way they spend and that provides economic opportunities for countercyclical businesses, whose profits increase during times of recession.

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