Now it's real estate

VANCOUVER (CP) — The Jim Pattison Group announced Tuesday it plans to enter real estate development through a new company, Jim Pattison Developments.

President George Flanigan said the company's first project will be a joint venture with Texan interests to develop 540 acres for residential use in Texas.

The company will concentrate initially on the strong growth markets related to energy, natural resources and westward population migration, Flanigan said.

Pattison's most recent expansion has been into the airline business in B.C. The group also has interests in communications and food and beverage operations.

Liberal explains lab deal

Conservative claims that the former Liberal government shut down two forest research labs in B.C. and in Ontario are false, says Liberal Prince George-Bulkley Valley candidate Monica Becott.

Becott said in a press release that Conservative candidate Lorne McCuish is either "confused or deliberately misleading his constituents".

She said the forest lab in Vancouver was not closed, but a new three-way partnership of federal, provincial and private industry money operates in under the name Forintec.

She said McCuish's misinformation is "scandalous".

"This indicates his lack of understanding of the needs of this area," she said. "Forintec is an example of good federal-provincial-private industry co-operation that would be continued by a Liberal government."

Becott said the Liberals had decided that the federal government should not have to bear the full load of forest research, and had asked that provincial and private interests also become involved.

She admitted that federal money in the research labs was reduced when the three-way partnership was introduced.

Becott and McCuish have been arguing over federal involvement in the forest industry with McCuish claiming the Liberals have been neglecting the industry.

The Russians are coming

Long lines of Ladas, the Soviet-made compact sedan, sit in autoport on Dartmouth, N.S., waterfront awaiting shipment to dealers across Canada. Autoport officials say the cars are continuing to come into port and the struggle in Afganistan has not affected the flow of cars to dealers.

HECTIC STOCK MARKET

Money keeps pouring in

by Financial Times

Speculators have put so much money into the market that the Toronto Stock Exchange (TSE) has twice had to move to cool investors down in recent weeks.

The exchange raised minimum margin requirements last month to 60 per cent from 50 per cent, and it shortened trading hours last week to permit brokers to catch up with paper work.

But it is easy to understand why investors are excited. The TSE's metals and minerals index rose more than 21 per cent over the past four weeks. Also during this time the paper and forest products index gained almost 26 per cent, while oil and gas producers were up 20 per cent and the 300 composite index advanced more than 13 per cent.

Despite the exchanges' attempts to curb the growth of trading, the market's continuing strength has lured new investors, who seem to expect share prices to continue their climb unabated. But the reality of any market is that nothing goes up forever.

Some analysts expect a pullback to be imminent, but whether its five, 15 or 25 per cent is anyone's guess.

"On a purely technical basis the market is due for a correction," says David McLeish, director of research with Walwyn Stodgell Cochran Murray Ltd. He says it will possibly be triggered by an interest rate increase in the United States.

His advice: "If you're heavily margined, then lighten up to preserve your equity in the market. But, people with large cash reserves cannot afford to be out of stocks."

McLeish expects the Dow Jones industrial average to easily exceed 1,000 this year. "It will likely be over 1,200." He expects the TSE 300 composite's value to be in the 2,200 to 2,400 range by yearend.

His reasons for being bullish over the intermediate term include increased defence spending and the spillover into other industries.

He adds that concern about the erosion of the purchasing power of paper money will drive more people into the market. "U.S. stocks are among the cheapest assets."

Barry Gruman, analys with, Jones Heward and Co. Ltd. warns: "We could see some particularly volatile markets over the next six weeks." His reasons include the election and the vulnerability of the oils, following their recent run-ups.

"Conservative investors could take some profits," he says. The actual decision, according to Gruman, should be based on exposure to risk through margin and through concentration in industries that have had large gains.

Yet he remains bullish longer term. "Your basic policy still has to be positive if you're adopting a 12-to 18-month time frame."

But he says investors should shift to value in areas that have not been in the limelight. His selections include retailing, banks, communications and some manufacturers such as Hawker Siddeley Canada Ltd. and Versatile Cornat Corp.

John Bennett, analyst with Greenshields Ltd. says: "Clearly, it (the market) can't go at the pace it has indefinitely. But, it could go higher like silver and gold did before it pulls back."

His recommendation: "Individuals should take profits, depending on how extended with debt they are. But, conservative investors who are not levered with debt need not sell as much."

The Citizen
Business

Sun shining, but . . .

by Canadian Press

Sun Life Assurance Co. of Canada reported Tuesday that the value of its life insurance coverage increased at a record rate in 1979 but net income declined from 1978.

Figures released at the company's annual meeting in Toronto showed that net income fell to $117 million from $125 million the previous year.

The company said 1979 net income would have been ahead of that of 1978 but for a drop in currency exchange adjustments.

Sun Life President George Clark told policyholders that total life insurance coverage in force at the end of the year was worth $49.5 billion, a record increase of $7.6 billion or 18.2 per cent.

Premium income increased 21 per cent to $964 million. Total revenue from premiums and investments was $1.63 billion compared with $1.38 billion in 1978.

Expenditures rose to $1.51 billion from $1.26 billion because of increased payments to policyholders and their beneficiaries, and higher operating expenses.

Sun Life is owned by participating policyholders rather than shareholders. Clarke said dividends in the form of cash rebates or interest-bearing deposits will be increased substantially effective April 1, a move expected to improve the company's competitive position.

In other business developments:

—The purchase Monday by Dome Petroleum Ltd. of Calgary of most of the Canadian oil and gas operations of Kaiser Resources Ltd. of Calgary for $700 million, Dome's fourth major acquisition in 18 months, might be followed by others, Dome's president says. Bill Richards said Monday that Dome "remains on the lookout for additional acquisitions that offer similarly good production and reserve gains."

—Bank of Montreal said Tuesday its board of directors has approved plans to raise about $154 million in new capital through a new share offering to shareholders of record Feb. 21. The bank said eligible shareholders will have the right to subscribe for an additional share for each seven shares held at a subscription price of $23.50. The shares were trading at about $27 Tuesday.

—Canada is on the verge of a recession that will be as severe as that suffered in 1974-75 but will likely come out of it in better shape, New York's Chase Manhattan Bank says.

Firms really scramble to produce perfect bus

by Financial Times

Nine years ago, Flyer Industries Ltd., the Winnipeg bus manufacturer, faced a financial crisis that was only averted after the Manitoba government provided the money necessary to keep it afloat.

Today, Flyer and other bus manufacturers in Canada face a different problem — how to keep up with the wave of orders flooding in from the United States.

Because of a massive stand off by government and industry in the U.S. over who will build the ideal urban transit vehicle of the future, Flyer and other bus builders are being inundated with orders from bushungry U.S. cities.

In 14 months, the Canadian bus industry has swollen from a 1,300 unit-a-year activity worth $170 million to a 2,500-unit-ayear business that brings in $330 million annually — most of it in U.S. dollars. And the end is not in sight.

Late in 1978, Flyer won a $14 million contract for 144 buses to Seattle, Wash., by underbidding General Motors of Canada Ltd. by $21,000.

Last month, GM of Canada's diesel division of London, Ont., signed a deal to supply 127 city buses to Denver, Colo. More recently, it was Flyer's turn; when they picked up a preliminary order for 25 new buses from the Syracuse, N.Y., public transit commission.

"We're pretty excited about what has happened to the industry in the last year and a half," says Flyer President John J. Killinger. "And if things go well, what we've seen may only be the start." (Killinger, who admits to being an optimist, is planning to double his company's output in 1980 to 400 units from 200 in 1979, and only 130 in 1978.)

Officials at GM of Canada feel much the same way. "Things are really on the upswing," says Robert Irwin, the company's assistant manager for coach sales. "We're in a position to take whatever orders we can. The boom may not last forever but no one in the industry is turning away business."

The boom in Canadian bus building is the result of two recent developments in the U.S. — the 1979 energy scare that urban and intercity bus operators feel can only work to their advantage, and the apparent failure (for the present, at least) of a government project to build a newly-designed "Transbus".

Transbus was to be the urban public carrier of the future. And its use, when tied to U.S. federal transit industry subsidies, would have, in effect, outlawed all other transit bus designs.

But Washington's Urban Mass Transportation Administration, which spent millions of dollars during the late 1970s perfecting the vehicle, found early last summer than no manufacturer wanted to build it.