THE BRIEFCASE

House GOP dismisses default warnings

From wire reports

Hard-line House Republicans are dismissing dire warnings that a government default would wreck U.S. and world economies as another case of hyperbole from an Obama administration that cried wolf about the likely impacts of automatic spending cuts and partially shutting down the government.

Egged on by the GOP, Democrats have agreed to so many exemptions to the shutdown — from letting most Defense Department employees return to work to covering full back pay for furloughed workers — they've mitigated much of the pain. Some conservative activists gleefully say they have shown that Americans can live without agencies Republicans like the least, such as the Environmental Protection Agency and the Internal Revenue Service.

In the House, conservatives now are challenging Treasury Secretary **Jack Lew**'s insistence that on Oct. 17 the United States will no longer be able to borrow, making a first-ever government default imminent. Some Democrats are calling them "debt ceiling deniers" who fail to recognize the economic impact from a default would be worse than in 2008 when the financial upheaval plunged the country into the worst economic downturn since the Great Depression of the 1930s.

IMF: Markets to slow global growth

The International Monetary Fund on Wednesday cut its global economic growth forecasts and warned the U.S. would harm the world economy if it fails to raise its borrowing limit.

The international lending agency said the global economy will grow 2.9 percent this year and 3.6 percent in 2014. Both are 0.2 percentage point lower than the group's July forecasts. The main reason for the downgrade was slower growth in China, India, Brazil and other developing countries.

But the IMF also lowered its outlook for U.S. economic growth this year to 1.6 percent and next year to 2.6 percent. Those are 0.1 percentage point and 0.2 percentage point lower than in July, respectively.

The fund's forecasts assume the U.S. partial government shutdown would last only a short period. But it warned that failure to raise the U.S. government's borrowing limit later this month could lead to a default on U.S. debt. That would push up interest rates, disrupt global financial markets and possibly push the U.S economy back into recession.

Alcoa posts slim 3Q profit

Alcoa says it swung to a profit in the third quarter despite lower aluminum prices, as it was helped by demand from auto makers and by cost-cutting moves.

Alcoa Inc. said Tuesday it earned $24 million, or 2 cents per share, compared with a year-ago loss of $143 million, or 13 cents per share.

The company says excluding restructuring costs, it would've earned 11 cents per share.

Analysts were forecasting a profit of 5 cents per share after special items.

Revenue is down 1 percent to $5.77 billion, but that is better than the $5.64 billion analysts were forecasting.

Yum Brands 3Q net income drops

KFC's parent company **Yum Brands** says its profit fell 68 percent in the third quarter, as its China unit struggles to recover from a controversy over its chicken supply and bird flu scare and the company took a write down tied to its Little Sheep chain in China.

Results missed expectations and Yum lowered its outlook. Shares fell 6 percent in aftermarket trading.

China is a critical region for Yum, accounting for more than 40 percent of the company's operating profit. But sales at restaurants open at least began nosediving after a TV report late last year said some of the company's suppliers were giving chickens unapproved levels of antibiotics. A few months later, the chain's recovery efforts were derailed by a bird flu scare.

We welcome your business news

The Marietta Daily Journal wants your business news for our expanded two pages of coverage on Wednesdays, Thursdays, Fridays and Sundays, with an emphasis on Cobb news.

Send all news to the editor at business@mdjonline.com.

We also ask that you include photos with your news and send them in jpeg form, please.

'Keep it in Cobb' gives local business an edge

By Nikki Wiley
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MARIETTA — Cobb businesses are benefiting under a new program that encourages county departments to favor them over competitors outside the county.

Mark Zangari, owner of Dollar Wise Cartridge and president of the West Cobb Business Association, has gained contracts to sell ink and toner cartridges to the county under the "Keep it in Cobb" program.

The brainchild of Commissioner JoAnn Birrell, Keep it in Cobb encourages the county government and residents to shop locally, teaching companies how to be considered a preferred vendor for county contracts.

"Since the program began, I've established relationships with the parks and recreation and cultural affairs department," Zangari said.

He says it's important for the county to set an example.

"It's going to be small business that rebuilds the economy, and when you do business with a small local business, $68 on every $100 spent stays right here in Cobb County," Zangari said.

From February 2012 until February 2013, the first year the program was implemented, 25 out of 62 contracts went to local businesses. Statistics on local contracts weren't kept before February 2012.

Those numbers are from eight county departments and are for professional services, which include engineering design, attorneys, consulting and vendors who provide items such as office equipment.

JoAnn Birrell

Birrell, who represents northeast Cobb on the Board of Commissioners, says it's about supporting the community.

"I'd much rather see a local business get the contract than a business from out of Cobb or out of state, even," Birrell said.

The project was born from the idea that county government should support Cobb businesses. Businesses that compete for county contracts are scored on a number of qualifications, like price, and now local businesses receive a certain number of points for being a Cobb-based company.

That can easily put a local business ahead of its competitors.

Birrell admits it's difficult for the county to do all of its business with local stores. The Cobb Department of Transportation may need to use out-of-county companies for construction projects.

Cost is also a factor.

"We have to make that a priority because we can't justify doing business with a company just because they're local when their prices are way higher than the next (company)," Birrell said. "The reason is we're using taxpayer money."

Karen Traeger is the chairwoman of the Keep it in Cobb committee and says when the county shops local, everyone wins.

"When the county expands its vendor list then there's more competition price wise and service wise so the county is getting better services and better prices so they can do more with our tax dollars," said Traeger, who owns a receivables management company in east Cobb called Worry Free Receivables.

The Associated Press

Delivery truck driver Donald Whitacre returns to his truck after pumping 200 gallons of home heating oil into a customer's tank during heavy snowfall in Winchester, Va. on March 6. Chillier weather and slightly higher fuel prices may make the winter of 2013-14, the most expensive one in three years for U.S. residents.

Winter is coming

Government forecasts most heating bills will rise this winter

By Jonathan Fahey
Associated Press Writer

The government forecast Tuesday that most households will pay more for heat this winter. Heating oil users will catch a slight break, but still pay near-record prices to keep warm.

Prices for natural gas, electricity and propane should be higher, the primary reason that more than 90 percent of U.S. homes will incur higher heating expenses.

Natural gas users will see the biggest percentage increase after two years of historically low prices. Their heating bills should rise to an average of $679, the Energy Department said in its outlook for heating costs for the season running from October through March. That is about 13 percent higher than a year ago but still 4 percent below the average for the previous five winters.

Homes relying on electricity for heat, about 38 percent of the U.S., will likely pay about 2 percent more compared with last year.

For heating oil customers, there is good news and bad. Their average bill should drop 2 percent. But they'll still pay an average of $2,046 for the season, the second highest on record behind last year's $2,092.

Just over half of U.S. households use natural gas for heating. Many of the 38 percent of U.S. households that use electric heat live in warm regions where heating demand is not high. Only 6 percent use heating oil, but those homes tend to be in New England and New York, where winter heating needs are high.

Some analysts are concerned about a spike in heating oil prices. That's because the fuels that refiners make alongside heating oil, including diesel and jet fuel, are in high demand around the world and inventories are low.

"If there's one type of product that could catch fire and go higher, it's heating oil," says Tom Kloza, Chief Oil Analyst at the Oil Price Information Service and GasBuddy.com.

Natural gas should average $11 per thousand cubic feet, the government said. That's $1.33 more than last year, but still below the nearly $13 per thousand cubic feet that homeowners paid in the winter of 2008-09.

The Energy Department expects temperatures in the Northeast to be about 3 percent colder than a year ago, resulting in a 3 percent increase in consumption of heating oil. Bills will be lower, however, because the average price for heating oil will drop to $3.68 a gallon from $3.87. About 25 percent of homeowners in the Northeast use oil for heat.

But the government cautions that if temperatures are about 10 percent below expectations nationally, heating oil costs could rise around 9 percent from a year ago. That would mean an average bill of $2,280, a record.

Dave Streit, a meteorologist at the Commodity Weather Group, which forecasts weather patterns to predict energy demand, expects slightly cooler than normal temperatures.

"It will look like a colder winter than what we've seen over the last couple of years," he says. "But nothing compared to the harsh winters we had in the two years before that."

The Energy Department predicts that heating demand will fall 0.3 percent nationwide. The Northeast is expected to experience the biggest increase, up 3.4 percent, while the West is expected to see demand drop by 3.1 percent.