

World Economy To Make Stock Trading Volatile

NEW YORK (AP) — U.S. investors will have their first chance Monday to react to Standard & Poor's decision to strip the U.S. government of its top credit rating. But the bigger issues facing Wall Street and stock markets worldwide remain debt-ridden countries in Europe and concerns that the global economy is weakening.

The downgrade of U.S. long-term debt from AAA to AA+ wasn't unexpected and may have little impact on interest rates. But it's the kind of news that isn't going to take a while to bottom out," he said of selling in the markets.

Beyond the downgrade, though, investors have plenty of reason to be selling. Last week, the Dow Jones industrial average fell nearly 700 points, or 6 percent. Investors were worried because the economic signals in the U.S. and overseas were pointing toward trouble:

—On July 29, the government dramatically lowered its estimate of how much the economy grew during the first quarter. It had said the economy grew at an annual rate of 1.3 percent, but revised that number down to 0.4 percent. That meant the economy barely grew. Second-quarter growth was also weak, a 1.3 percent rate.

Budget Moves By Italy And Spain Praised

FRANKFURT, Germany (AP) — The European Central Bank says it will "actively implement" a bond-purchase program that could boost Spanish and Italian bonds and drive down interest yields that threaten those countries' budgets.

That could help Rome and Madrid fend off market trouble until a strengthened eurozone bailout fund is approved to help them.

The bank did not say Sunday which countries' bonds it would buy in a statement after a crisis conference call Sunday.

But the beneficiaries are expected to be Italy and Spain, market analysts say.

Italy and Spain are trying to avoid financial collapses like those that have forced Greece, Ireland and Portugal to seek bailout loans.

Activists Say 59 Dead In Syria Intensifies

BEIRUT (AP) — Syrian troops fired on mourners at a funeral and raided an eastern city Sunday, killing at least 59 people in an intensifying government crackdown on protesters. More than 300 people have died in the past week, the bloodiest in the five-month uprising against authoritarian President Bashar Assad.

Syria's Arab neighbors forcefully joined the growing international chorus of condemnation against Assad's regime for the first time on Sunday. Even the king of Saudi Arabia — whose country does not tolerate dissent and lent its military troops to repress anti-government protests in neighboring Bahrain — harshly criticized the Syrian government and said he was recalling his ambassador in Damascus for consultations.

"The kingdom of Saudi Arabia ... demands an end to the death machine and bloodshed and calls for acts of wisdom before it is too late," said a statement by Saudi King Abdullah. The 22-member Arab League, which had been silent since the uprising began, said Sunday it is "alarmed" by the situation in Syria and called for the immediate halt of all violence.

Not all were killed by bullets or tank shells: In the besieged city of Hama, where the government has cut off electricity and communications, a rights group said eight babies died because their incubators lost power.

Sunday's worst violence was in the eastern city of Deir el-Zour, where at least 42 people were killed.

45,000 Unionized Verizon Workers Strike

NEW YORK (AP) — Stalled contract negotiations led thousands of workers in Verizon Communication Inc.'s wireline division to go on strike Sunday, potentially affect landline operations as well as installation of services like FiOS, its fiber-optic television and Internet lines.

The contract for the 45,000 employees from Massachusetts to Washington, D.C., expired at midnight Saturday with the company and the workers unable to come to terms on issues including health care costs and pensions.

The dispute does not affect the company's wireless division. Verizon is the nation's largest wireless carrier.

Verizon employees who are members of the Communication Workers of America union picketed headquarters in New York City on Sunday morning, wearing red and holding signs with messages including "CWA on strike for middle-class jobs."

Vinnie Galvin, 56, said he and his fellow workers are the backbone of the industry. "Everybody needs to be wired and we're the people who do that," said the three-decades-plus veteran of the company.

At Least 8 Shot To Death In Suburban Ohio

COPLEY, Ohio (AP) — A family argument Sunday in Ohio ended in the shooting deaths of eight people in two places, including an 11-year-old, and two more people were wounded, authorities said Sunday.

One person shot five people to death in one location, then two more were killed nearby before police killed the gunman, police Chief Michael Mier told WKYC-TV.

The shootings happened in a wooded, residential neighborhood of older homes outside Akron, and police shot the gunman to death, Copley Township officers said. The neighborhood remained blocked off by police Sunday afternoon.

Jeff Kirby of nearby Norton said he was visiting his mother's home a block from the shootings around 10:30 a.m. when he heard gunfire — about 15 shots with several pauses between them.

Kirby, 53, said the last gunfire he heard occurred about the same time he heard sirens in the neighborhood.

Geithner Rips S&P Decision

Treasury Secretary Says Securities Are Still Safe

BY MARTIN CRUTSINGER
AP Economics Writer

WASHINGTON — The credit rating agency Standard & Poor's showed "terrible judgment" in lowering the U.S. government's credit rating, Treasury Secretary Timothy Geithner said Sunday.

"They've handled themselves very poorly. And they've shown a stunning lack of knowledge about the basic U.S. fiscal budget math," Geithner said in his first public comments about the credit rating decision.

Interviewed on CNBC, Geithner said that U.S. Treasury securities were just as safe now as they were before S&P announced its downgrade. He predicted that China and investors would remain strong purchasers of U.S. government debt.

Republicans have blamed President Barack Obama for the first-ever downgrade of the government's credit rating.

But Geithner said Congress owns the credit rating because the Constitution gives Congress



Geithner

the power to tax and spend.

Late Friday, S&P announced it was lowering its rating for U.S. debt one notch from AAA to AA+.

The other two major credit rating agencies, Moody's Investor Service and Fitch Ratings, have not lowered their AAA ratings, although they have warned of a possible downgrade if more is not done to deal with soaring federal deficits.

The rating agencies were sharply criticized after the 2008 financial crisis for continuing to give top ratings securities backed by subprime mortgages. When the mortgages went bad, investors lost billions of dollars and the resulting financial crisis sent the country into a deeper recession.

Geithner alluded to those problems in his interview Sunday, saying about the credit agencies: "Look at the quality of judgments they've made in the past."

The administration has also accused S&P of a \$2 trillion error in its estimate of the size of the deficits over the next decade because the agency

made a fundamental error in interpreting budget projections of the Congressional Budget Office.

S&P officials say they changed the part of the draft press release where Treasury said it discovered the mistake but that this did not alter their basic assessment.

S&P said the political "brinkmanship" on display in the prolonged battle over the raising the nation's borrowing limit underscored a deep divide between the political parties that raised concerns over the ability of Congress to come up with a credible plan to deal with the long-term deficit problem.

S&P had been warning for months of a possible downgrade and said that a credible plan would need to achieve \$4 trillion in deficit reduction. The plan that Congress passed last week seeks to achieve between \$2.1 trillion and \$2.4 trillion in deficit cuts.

Geithner refused to forecast whether the credit downgrade would result in higher interest rates for the government, businesses and consumers.

But he said, "I think everyone can be confident around the world, that Treasuries are the ... most liquid, the strongest place to put your money at a time like this."

Asian Markets Tumble After U.S. Credit Downgrade

BANGKOK (AP) — Asian stocks fell Monday after the historic downgrade of the U.S. credit rating but losses were contained amid a promise by Group of Seven industrial nations to take all necessary measures to support financial stability.

Oil prices extended recent sharp losses, trading below \$85 a barrel on expectations that slowing global economic growth will crimp demand for crude.

Japan's Nikkei 225 stock average was down 1.3 percent at 9,178.30 and Seoul's Kospi dropped 1.6 percent to 1,913.58.

Hong Kong's Hang Seng tumbled 2.6 percent to 20,409.01 while Australia's S&P/ASX 200 pared its initial sell-off to be down 1 percent at 4,062.70.

Futures pointed to losses on Wall Street when it opens Monday. Dow futures were off 225 points, or 2 percent, at 11,177 and broader S&P 500 futures shed 23.6, or 2 percent, to 1,174.20.

Standard & Poor's downgrade of the U.S. sovereign credit rating to AA+ from the top-notch AAA — announced late Friday — is another blow to confidence in the struggling U.S. economy, analysts said.

Worries that the U.S. economy, the world's biggest, is heading back into recession have been compounded by signs that Europe's government debt crisis is threatening to engulf bigger economies such as Italy and Spain.

"The loss of AAA status will plainly add some salt to the wounds of weak sentiment" in stock markets but concern is likely to quickly return to the prospects for U.S. and global economic growth, DBS Bank Ltd. in Singapore said in a report.

"Investors are far more concerned about the weak economy than what the S&P has to say about US politicians and their in-

U.S. helicopter shot down

Thirty U.S. troops, seven Afghan soldiers, an interpreter and a SEAL dog died late Friday when a U.S. helicopter was shot down southwest of Kabul during a night mission.

CH-77 Chinook

- Introduced 1962
- Length 52 ft. (15.9 m)
- Load 24,000 lb. (10,886 kg)
- Two rotors Each with three 60-ft. (18-m) diameter blades
- Rotors allow it to operate in challenging conditions
- Has been criticized as being vulnerable to ground fire at low altitudes
- Top speed 196 mph (315 kph)
- Crew Usually five

• Mission Most of the dead in the crash were U.S. Navy SEALs; the helicopter was reportedly responding to calls for assistance from another unit already on the ground and involved in a firefight with insurgent fighters

Source: McClatchy Washington Bureau, Department of Defense, Boeing Graphic: Robert Dorell © 2011 MCT

SEALs

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were still notifying the families of the dead.

All but two of the SEALs were from SEAL Team 6, the unit that killed bin Laden, U.S. officials said on condition of anonymity because they were not authorized to release the information.

Eight Taliban fighters were also killed in the battle, Taliban spokesman Zabiullah Mujahid said in a statement.

Afghanistan has more U.S. special operations troops, about 10,000, than any other theater of war. The forces, often joined by Afghan troops, are among the most effective weapons in the coalition's arsenal, conducting surveillance, infiltration and capture missions and night raids.

From April to July this year, 2,832 special operations raids captured 2,941 insurgents and killed 834, twice as many as during the same time period last year, according to NATO.

SEALs, Rangers, and other special operations troops are expected to be the vanguard of the American military effort in Afghanistan as international military forces start pulling out. By the time combat troops plan to have left the country, the coalition will have handed control of security to the Afghan forces they have spent tens of billions of dollars arming and training.

Special operations troops are expected to remain in the country after 2014 for counterterrorism missions and advisory support. Just how many will remain has not yet been negotiated with the Afghan government, but the United States is considering from 5,000 to 20,000, far fewer than the 100,000 U.S. troops there now.

Special forces are frequently used to target insurgent commanders as part of an effort to force the Taliban's leadership to agree to a negotiated peace. The operations, mostly in the form of night raids, are often carried out by Afghan and coalition special operations forces.

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