

Business

Barry Jansen editor/591-2300



(S-12A,F-6C,Ro-10A)O/C

Thursday, September 10, 1985 O&E

Lower interest rate goes with greater safety

Part II

Last week we discussed the ratings of bonds by S&P and Moody's. This week we will discuss the meaning of Investment and Speculative grades and the price of quality.

Investment and speculative grades

The investment grades include the bonds that individual and institutional investors seeking stable income and safety ordinarily buy.

BBB/BBaa is the lowest rating that qualifies for commercial bank investments, but it's a borderline group for which, in Standard & Poor's words, "adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay a principal than for bonds in higher-rated categories."

Below BBB/BBaa you are in speculative territory. Bonds in the C and D ranks are in or near default.

Moody's and S&P's don't always agree on a bond's rank. It is not unusual to find an issue rated one grade apart.



finances
and you
Sid Mittra

The price of quality

Credit ratings play a big role in determining the relative levels of bond prices. Normally, you pay a higher price for bonds with each notch you move up the quality scale.

A triple A usually costs more than a double A with comparable characteristics (maturity, coupon interest rate, etc.). A double A costs more than an A, and so on.

Looked at another way, the higher the quality, the lower the yield. The risk premium — the extra yield on lower-rated issues — tends to increase during extended stock market declines and business recessions.

Presumably, unsettled economic conditions encourage investors to concentrate on top-quality

bonds. Riskier issues can be sold in those periods only if they offer an extra-high yield.

Ads without ratings

Not all issues are rated. Those that can be checked in Moody's and S&P's monthly bond guides, which should be available at brokerage offices.

The big new issues are often advertised in somber "tombstone ads" in newspapers and other periodicals. But the ads may not tell you what the rating is or even whether the issue has been rated. The explanation lies in a somewhat confusing mixture of government rules designed to protect investors. Municipal bond issuers may advertise their ratings if they like. Corporate issuers may not.

Investment companies (municipal funds and unit investment trusts) may use ratings to describe

their investments. They might for example say a portfolio consists of A or higher bonds.

The National Association of Securities Dealers says there are no prohibitions on advertising ratings for secondary sales — that is, when an already issued bond has been bought by a dealer and is being reoffered for sale to the public.

Coming up is a year-end investment and tax planning seminar designed to help you decide what to do now. The following people will speak: Sid Mittra and Bob Fulton; annuities and taxation. Bill Argopolis; lure of high-write-off tax shelter. Dean Calvert and Sid Mittra; mutual funds (bonds and stock) with timing. The seminar will be held 7-9:30 p.m. Tuesday, Oct. 8, at the Kingsley Inn, 1475 N. Woodward, Bloomfield Hills.

The seminar is free, but registration is required. Call 643-8888 for registration.

Sid Mittra is director, personal financial planning program at Oakland University and president of Coordinated Financial Planning Inc. in Troy.

datebook

INTRO TO COMPUTERS

Thursday, Sept. 19 — "Easy Introduction to Computers" 7:30-9 p.m. Sept. 19 and 26 and computer practice 1:30-4 p.m. Saturdays, Sept. 21 and 28. The course is intended for managers who need background but not necessarily technical expertise. Fee: \$80. Information: 370-3120. Sponsor: division of continuing education, Oakland University.

SMALL BUSINESS CONFERENCE

Friday, Sept. 20 — Michigan Meeting for the White House Conference on Small Businesses will be held in Dearborn. This meeting is in preparation for the 1986 White House Conference on Small Businesses, which will be held next August. Information: Marcia Bradford, 1-800 362-5462.

PERSONAL FINANCIAL PLANNING

Monday, Sept. 23 — "Survey of Personal Financial Planning" course, professional development for persons in financial services field, 6-8 p.m. in Rochester. Fee: \$195. Information: 370-3120. Sponsor: school of economics and management and division of continuing education, Oakland University.

ACCOUNTING ASSISTANT

Monday, Sept. 23 — Accounting Assistant Diploma Program begins in Rochester. Information: 370-3120. Sponsor: Oakland University continuing education department.

LEGAL ASSISTANT

Monday, Sept. 23 — Legal Assistant Diploma Program begins in Rochester. Information: 370-3120. Sponsor: Oakland University continuing education department.

FINANCIAL EXECUTIVES

Monday, Sept. 23 — Detroit Chapter of the Financial Executives Institute meets. Information: J. Clarke Smith, 985-2483.

COMPUTER INTRODUCTION

Monday, Sept. 23-Oct. 14 — "Computers for Beginners," an introductory course, 7-9 p.m. in

Bloomfield Hills. Fee: \$50. Information: 645-3635. Sponsor: Cranbrook P.M.

LOTUS SYMPHONY

Monday, Sept. 23 to Oct. 14 — "Beginning Lotus Symphony" 4:30-6:30 p.m. in Bloomfield Hills. Fee: \$75. Information: 645-3635. Sponsor: Cranbrook P.M.

LOTUS SYMPHONY

Monday, Sept. 23 to Oct. 14 — "Beginning Lotus Symphony" 7-9 p.m. in Bloomfield Hills. Fee: \$75. Information: 645-3635. Sponsor: Cranbrook P.M.

REAL ESTATE APPRAISERS

Monday-Saturday, Sept. 23-28 — "Case Studies in Valuation" offered in Troy. Information: Connie Vickroy, 673-6987. Sponsor: Michigan Chapter of American Institute of Real Estate Appraisers.

WOMEN IN REAL ESTATE

Tuesday, Sept. 24 — Women's Commercial Real Estate Association meets at 11:30 a.m. in Bingham Farms. Information: Rusty Roeman, 363-1595.

MANUFACTURING CONTROLS

Tuesday, Sept. 24 — Free manufacturing information and control systems seminar 9:30-11:30 a.m. in Southfield. Information: Jo Jennings, 1-800 547-1700. Sponsors: AT&T Information Systems, Profit-Ke Inc.

WOMEN ACCOUNTANTS

Tuesday, Sept. 24 — American Society of Women Accountants meets. Information: Pat Nichols, 470-0200 Ext. 208.

FINANCIAL PLANNING

Wednesday, Sept. 25 — Free "Financial Planning Strategies for the '80s" seminar offered at 7:30 p.m. in Troy. Information: 652-7804. Sponsor: IDS/American Express.

PERSONAL FINANCE EXPO

Wednesday-Friday, Sept. 25-27 — Exhibit of personal financial investment alternatives offered in Detroit. Information: (516) 775-2084. Sponsor: New Horizon.

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DuMouchelles SEPTEMBER AUCTION

Friday, September 20, 7:00 P.M.
Saturday, September 21, Noon

Preview exhibition begins September 13 through the sale dates 10-5 P.M., special exhibition Wednesday, September 18 all 9:00 P.M.
Illustrated catalogues: \$10.00 postpaid

FRIDAY

Victorian Calling Card Cases Early 19th century porcelain figurals inlaid with Antique American Silver Fine early 20th century hollow-ware Goebel Hummel and Ispanay figurines and collector's plates

SATURDAY

Antique wax dolls Victorian decorative travelling, vanity and writing cases Daguerreotypes Antique cut crystal cologne bottle collection Sevres porcelain Sevres porcelain Biedermeier, Federal and Victorian furniture Sevres Porcelain Overlay crystal Old Paris porcelain and figurals cologne bottles Imari Semi-antique Oriental rugs Estate jewelry Fine paintings, graphics, etc. by K. Appel, M. Allen, C. Dabigoy, A. Dawson, M. Dawson, E. Oshaus, W. T. Richards, G. Schleinger, E. Van Blass and more.

SUNDAY

MONDAY

Pocket watches Coins African animal trophy collection



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