

Jobless rate should decline

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willing to provide fairly rapid money supply growth and that the value of the U.S. dollar will hold near its current level or decline slightly. His forecast for the U.S. economy is for continued expansion through the rest of 1986 and for the next two years.

Highlights of the report:
• Real personal income in Michigan rose by 2.2 percent in 1985. This was down considerably from the 5.5 percent growth in 1984, but is slightly above the increase in real disposable personal income for the U.S. in 1985.

• The sharp decline in interest rates during the past year has helped stimulate sales of both new houses and automobiles. "Since the largest decline has been for long-term, rather than short-term interest rates, residential construction has shown the greatest increase. Michigan communities issued residential building permits at an annual rate of over 52,000 in the first quarter of 1986. This rate was almost double

the rate at which building permits were issued in 1984 and over 3½ times the rate at which they were issued in 1982."

• Lower interest rates have also helped the automakers with their sales incentive programs. "In many cases the automakers have even offered auto loans with lower interest rates than the carmakers are paying themselves." A 24-month inventory supply was available at the end of the first quarter of 1986, prompting the prediction that a decline in auto output is likely. "The automakers have seemed determined thus far to rely more heavily on increased incentives to stimulate sales than on production cuts to reduce inventories. This approach, if successful, will clearly benefit Michigan."

• The realignment of currencies that has put the U.S. into a more competitive position internationally and recent declines in interest rates should combine to make 1986 a better year than 1985 was.

House was good investment



finances and you

Sid Mittra

The median price of a house has increased from \$17,100 in 1957 to \$75,000 in 1985. And yet, the insatiable desire for the average American to own a house continues to grow. Is it just a myth or are there real forces at work?

The answer lies in a dramatic drop in the interest on conventional fixed rate loans. A recent survey showed that these rates have dropped from 18 percent in 1981 to 9 percent during the first quarter of 1986, and this plunge is responsible for the frenzy in the mortgage market.

CLEARLY, LOW interest rates help new house buyers as well as those anxious to refinance their old mortgages. Those buying new houses are faced with five important decisions:

1. How much down payment should be made?
2. What is the best rate available?
3. Is it better to pay points to lower the fixed rate?
4. Is a 15-year mortgage better than a 30-year mortgage?

5. Is adjustable rate mortgage better than fixed mortgage?

There are, of course, no easy answers to any of these questions. For instance, even though higher down payment implies lower interest charges over the life of the loan, you cannot take advantage of this option if ready cash is not available.

SIMILARLY, THE duration of the loan you choose may be a function of your current income, which is used to make mortgage payments.

For instance, a 30-year mortgage at 12 percent carries a monthly payment of \$10.29 per \$1000 of the loan amount, whereas a 15-year mortgage at 11½ percent mortgage car-

ries a monthly payment of \$11.68 per \$1000.

For a loan of \$100,000 this would amount to \$12,348 per year for a 30-year mortgage and \$13,016 for a 15-year mortgage.

OF THE five questions posed above, adjustable rate mortgage is the most confusing.

Essentially, the adjustable rate mortgages are a gamble: If you are right you would save a lot of money. If not, you could lose a bundle.

If you believe that there is a massive, worldwide deflation in the United States and Europe, then you are better off with an adjustable rate mortgage so you may take ad-

vantage of the lower rate in the future. Conversely, if you are convinced that the mortgage rates are at their lowest, you are better off locking in the current rate.

Finally, which mortgage is best for you depends on your income, how much cash you have, and how long you intend to live in your dream house.

If you find it difficult to answer these questions, consult your financial planner.

Educational seminar: Main Topic "Impact of proposed legislation on your 1986 investment, tax and retirement planning." The seminar, sponsored by Observer and Eccentric Newspapers and Coordinated Financial Planning, Inc. will be 7-9:30 p.m. Tuesday, Aug. 5, at the Kingsley Inn, 1475 N. Woodward, Bloomfield Hills.

For information or reservations, call 643-8888.

Sid Mittra is director of certificate program in personal finance at Oakland University and president of Coordinated Financial Planning Inc.

clarification

The address of the Michigan Department of Civil Rights is 1200

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marketplace

JB Communications' expansion has resulted in relocating to 30800 Telegraph, Suite 2820, Birmingham.

W.B. Deener of Southfield has won several awards for its Sinal Hospital ad campaign. They include the Michigan Hospital Public Relations Association's Apollo gold and silver awards; Healthcare Marketing Re-

port's merit award; a Telly award; a gold and two silver Caddy awards; and an Adweek award. The Sinal campaign was created by Steve LaGatta, executive vice president/creative director; Chris Lezotte, vice president/creative group supervisor; John Richards, creative group supervisor; and Rob DeMiller, producer. Creative House Advertising of

Southfield received four Drummer awards for its work with Merillat Industries, manufacturer of kitchen and bath cabinets; and Novi American, suppliers of whirlpool baths and other home improvement products. Pearl City Restaurants, with a Rochester Hills location, has selected CTS associates as its advertising and public relations agency.

Metrie Medical Labs of Southfield is issuing a brochure on drug screening of employees and job applicants focusing on questions most commonly asked by employers. For a copy, contact the labs at 21705 Evergreen, Southfield 48075 or call 558-0910. Metrie recently has won the contract to perform all laboratory tests for Maybury Clinics.

An Open Letter from Paul Willax to the People of Metropolitan Detroit

Dear Friends:

By now I'm sure you've heard the Big E is ready to "go public." That means that Empire of America will be owned by stockholders.

As always, we'll continue to give you the same competitive rates on your deposits and loans. FSLIC protection on your deposits up to \$100,000 and the high level of service you've come to expect from the Big E. But now, you also will have the opportunity to buy Big E stock.

In fact, we'll be holding investor meetings to personally tell you our story.

If you would like more information on "getting your share" of Big E stock, visit the office nearest you. Or call 1-800-521-3014, 9 a.m.-8 p.m., Monday thru Friday, and 9 a.m.-3 p.m. Saturday. We will provide you with a copy of our Subscription Offering Circular at your request. Carefully review the offering circular and make any investment decision based on its contents only. We want valued friends and neighbors like you to have this opportunity because we're not just looking for investors—we're looking for partners.

Sincerely,

Paul A. Willax
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