

New catalytic converter may be no breakthrough

Despite what you read in history books, the inventions of the automobile, airplane, moving assembly line and safety pin were no big deal at the time. These momentous events kind of snuck up on you, and it took a couple of years before their true import finally hit home.

On the other hand, there was an innocuous remark made last week in a speech in Pittsburgh by Ford chairman Donald Petersen that the company had developed a new automotive catalyst that works without platinum.

It was the kind of offhand remark that meant little unless you were, say, a member of the Baokeng tribe in South Africa, selling platinum to the auto industry, or a platinum trader on the commodities exchange.

In which case, last Thursday was probably the worst day in your life.

Just as traders were getting a little smug as precious metals ignored last year's stock market crash, the Ford announcement pricked the speculative market that had been developing in platinum for a year or so like some well-boned dart.

The \$100 drop in the spot price for platinum tested the daily trading limits for platinum futures for three straight days. Literally overnight, prices for platinum collapsed to their year-ago levels, a shock to that market on par with the record stock crash of last year. As brokers apparently panicked everything in sight trying to cover margin calls, gold and silver dropped as well.

WHILE THE STATE of the preci-



auto talk
Dan McCosh

ous market may well have precipitated such a crash in any case, the Ford announcement may have set a record for a mundane technical announcement shaking up the financial community.

All of which left a few people wondering just what Ford had invented after all.

Auto catalysts today use a thin plating of precious metals, including platinum, palladium and rhodium, to speed burning of noxious gases before they leave the tailpipe.

Cars today in both the United States and Japan are using a tiny fraction of an ounce of precious metals in each car produced, which means the auto industry uses about a third of the world production of catalytic metals today, a figure expected to grow as Europe tightens emissions standards and adds catalysts to their cars.

The huge consumption of the three precious metals is complicated by the fact that they are mainly found mixed in the raw ore from mines in South Africa and the Soviet Union. Like Stamese triplets, if you mine for one, you get the other two as well.

There has been considerable re-

search done to use all three precious metals in the proportions found in nature, or better yet, build catalysts that use a variety of metals that can be changed according to the availability of material at hand.

In fact, several auto catalysts today are running without platinum, mainly by substituting equally scarce, but less expensive palladium. The main reason chemists favor platinum is that it is particularly long-lasting, and catalysts are expected to last 100,000 miles or more.

Despite the huge shock value of its announcement, Ford so far refuses to talk in detail about its invention. Even stranger, it ignored the breakthrough when it was introducing its 1989 models although now it says the new catalyst is already being tested on the road.

The best speculation is that the new "non-platinum" converter is mainly palladium-based, rather than radically new technology.

Brokered CD advantages: safety, liquidity, high rates



finances and you
Sid Mittra

Many savers put their money in certificates of deposit at a bank. This is fine, so long as you understand a CD is a time deposit. The CD pays you more than a savings account, but you can't get your money out in advance without paying a severe interest penalty.

A relatively new way to invest in CDs — the brokered CD — offers liquidity and higher yields in addition to safety. A brokered CD is a CD issued by a bank or savings and loan association and sold through a middleman — or broker. The broker gets paid a commission by the issuing institution. Like bank CDs, brokered CDs are also insured by the FDIC or the FSILC up to the usual \$100,000 limit.

BROKERED CDs are not for everyone. Some people are used to staying with their local bank and are not comfortable going elsewhere.

For most people, however, brokered CDs offer the best of both worlds — higher interest rates and complete safety, since these CDs are fully insured. Here is how it works.

Say you have \$100,000 you want to

temporarily park somewhere. You believe that interest rates are on their way up and wouldn't want to tie up your money for more than three months. Local bank offers you 7.9 percent interest in a three-month CD. Is there a choice?

YES. For instance, a savings and loan association in, say, Los Angeles is offering an 8.7-percent brokered CD. The broker charges a commission of 0.5 percent, so your net interest would be 8.2 percent. That is, you receive a 0.3 percent higher interest rate (a \$75 value for three months) but take no additional risk or face no extra inconvenience.

But it is worth checking out whether the issuing savings institution is profitable. Beware savings institutions that offer unusually high

rates, especially savings and loan associations in the Southwest.

Most probably, they are in financial trouble and are offering very high rates to attract money so the federal government won't close them down or sell them to another company. Their house of financial cards could come tumbling down, and you don't want to be part of that mess.

Brokered CDs offer another advantage — liquidity. Most people buy a CD with the intention of holding it until maturity. However, brokered CDs could be sold in the secondary market and are, therefore, liquid. Of course, as with bonds, upon liquidation you might not receive the full face value.

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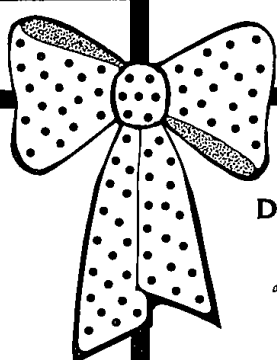
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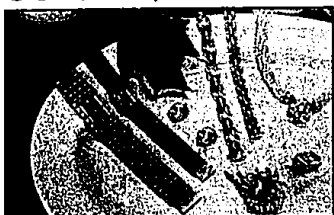
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