

Babson's Predictions for 1965

(Cont'd from Page 1-B)

year, we look for only a slight overall rise in corporate profits, nothing to compare with this year's huge 20 percent expansion.

10. INTENSIFIED EMPHASIS on new space-age defenses will provide more jobs in 1965 than the closing down of obsolete installations will eliminate.

11. The stock market will continue to be a paradox in 1965. The Dow-Jones industrial average may push to 1000 before any real turn-around takes place. Many stocks, however, including numbers of issues oriented to conventional warfare and defense will still do little or nothing. Look for greater selectivity in stocks next year.

12. 1965 may be an advantageous time for investors to put very small sums of money into "space" stocks. These are outright speculations, but so were the ventures of Columbus, Magellan, and other explorers of the past. If there were no risk taken, there would be no progress. Such "investments," however, should be well diversified and limited to amounts which would be prepared to lose.

13. Cash dividend payments should increase in 1965... although at a much slower rate than has been the case this year.

14. NO ASSESSMENT of finances in the United States can be made without carefully weighing Britain's plight. We are convinced that unless the Labor Government adopts strict austerity measures, the pound will fall before the end of 1965.

15. Until the fate of the pound is resolved, short-term interest rates must be kept high to prevent foreigners from withdrawing their deposits held here. Also, domestic demand for credit promises to remain strong. Hence, interest rates will edge upward during 1965.

16. There may be some erosion in bond prices as interest rates move upward, but there should be no massive decline unless a real credit crisis develops. Investors making new purchases would do well, however, to stick now to bonds maturing within five years.

17. Sometime during 1965 long-term bonds may become good buys. Inflation fears may rise in 1965, but we do not look for runaway prices next year as productive capacity is too large.

18. MORE WAGE hikes are certain in 1965. Liberal concessions won in the auto and other industries in 1964 provide tempting targets for the steel unions and secondary labor groups to shoot at in 1965.

19. To the extent — and this could be considerable — that higher costs cannot be compensated for by price hikes and greater efficiency, profit margins will suffer in 1965.

20. Indeed, despite the projected 2 percent cut in the corporate income tax rate next year, we look for only a slight overall rise in corporate profits, nothing to compare with this year's huge 20 percent expansion.

21. Labor disputes will be numerous in 1965. Many labor contracts will be reopened for wage adjustments during the coming year.

22. EMPLOYMENT WILL continue to rise in 1965, but additions to rolls will be most noticeable in fields such as teaching, personal services, and government.

23. Little real progress will be apparent in the drive to reduce unemployment. We are only now just "touching off" the big new explosion in growth of the labor force.

24. Due to rising labor costs, look for business to turn more to automation and labor-saving devices in 1965. Pressure on profit margins will spur cost-cutting and efforts to raise productivity.

25. Because of rising competition, and overwhelming competition, a further increase in failures will be seen in 1965.

26. As a result of automobile strikes in late 1964 and the fear of a possible steel shutdown in mid-1965, we look for a surge in business volume during the first half of 1965.

27. In a nutshell, business should make new all-time highs in early 1965; after midyear, a tapering off appears likely. However, 1965 will set another new record.

28. FOLLOWING THE strike interruptions of late 1964, personal income should move sharply ahead to new highs in the first half of 1965... although the rate of advance will slow after midyear.

29. This projected rise in income will be beneficial to retail trade. And though buying in the second quarter may be dampened by heavy income tax payments due June 15, in April 1965 as a result of under-withholding during 1964, the last half of the year will find retail trade in certain lines — such as furs and jewelry — spurred by President Johnson's promised excise-tax cuts.

30. The important automobile industry should post another excellent sales year in 1965, but as the year advances we feel that gains will be harder to come by.

31. THE POWERFUL building and construction activities should prove a strong support to general business during 1965... even though we foresee no marked improvement. Some gain in dollar volume will be largely due to higher costs.

32. Overextension of credit and overambitious operators have put the real estate market in a bind in many large metropolitan areas. We strongly advise caution in making new commitments, especially in commercial real estate where a thin equity exists.

33. However, even if scarcer than in recent years, there will still be opportunities for selective purchases of real estate in 1965. Each area is a law unto itself. Know your locality and study the direction of growth trends. Farm-land bought in the path of expanding suburbs may be a better long-term buy in 1965 than stocks.

34. NONFARM REAL estate foreclosures will continue in 1965, but during 1965, this should be particularly true in regions where over-building of speculative homes has taken place and where cutbacks and pending change local distress.

35. Productive farm land that lends itself to mechanization will not decline in price in 1965. Unless severe widespread drought intervenes, we look for no more than seasonal strength in agricultural prices during the year ahead. In a word, we do not see any near-term important uplifting forces on the farm scene.

36. The situation in industrial commodity prices is somewhat different. With business heading higher in the first half and with labor costs scaling new peaks, industrial commodity prices, with some exceptions, will push upward at least during the coming six months.

37. LIVING COSTS will also move to new all-time heights. Even after federal income taxes already slated to drop a notch next year and with prospects excellent that excise taxes will be cut, retreating should be restrained by the knowledge that local taxes will take another upturn and social security levies will rise again.

38. Even after the 89th Congress enacts Medicare, climbing capital goods outlays will be one of the brightest spots for 1965. Gains over this year could run as high as 10 percent.

39. FURTHER PROGRESS in United States exports will be harder to achieve in the coming year. Certainly, if the dollar labor outlook appears bad by mid-spring, heavy imports of foreign steel may be resorted to by U.S. businessmen. This would result in a narrowing of our favorable trade balance and have a further adverse impact on the U.S./international balance of payments.

40. Although we are not forecasting runaway inflation for 1965, we do feel that attempts to keep money out of the country in the face of a worldwide trend toward tighter credit will greatly increase the danger of a later inflationary blow-off. Conditions remain us of the late 1920's when the Federal Reserve here kept credit too cheap and plentiful to support the British pound. Hence, the eventual collapse came from an even more adverse level.

41. IT IS UNLIKELY that the United States will raise the price of gold during 1965. However, we may well see the calling of a monetary conference to deal with the weakened British financial situation and to attempt greater liquidity for world currencies generally.

42. As far as gold stocks are concerned, they are already high and should only be held in 1965 as insurance against the long-range trend toward higher world prices for gold.

43. The silver coinage situation will become more acute as the statement of a former President of a South American nation that the U.S.A. prospered so greatly because its founders came to worship God... will be shortly thereafter.

44. Returning to the all-important foreign scene—since we very much wrapped up in the future of the Free World—among the Russian leadership, Khrushchev's ouster marked only the beginning of the same power grab in Moscow. The real leader has not yet emerged.

45. ASCENDANCY of the African and Asian nations to a position of control in the United Nations will force the United States in 1965 to take action where when vital spheres of influence are violated. The UN will become even more of a debating society; and month by month the "chances grow dimmer that we will ever gain a see United Nations troops used for rescue operations such as in Korea or the Congo.

46. Following the British crisis, General de Gaulle will work harder than ever in 1965 to unite Europe as a great third force between Communism and the United States. President Johnson is well aware that the winds of change are blowing strongly in Western Europe.

47. 1965 could see the beginning of the end for transatlantic union as envisioned by U.S. Administrations during the past two decades.

48. WORLD-WIDE credit problems and restrictions on trade cast dark shadows on investment prospects abroad. Many nations which have shown great growth during the past 20 years will be poor risks for new commitments during the year 1965.

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Offer Night School Degrees at Lawrence Institute of Technology

You can earn a bachelor of science degree entirely in evening classes at the Lawrence Institute of Technology.

More than 1,500 students will be doing just that as the February term begins Monday, Feb. 22, according to L.I.T. officials.

They'll be studying mechanical and electrical engineering, architecture and industrial management.

NEW STUDENTS should apply for these courses by January 22.

In addition, more than 1,000 will be studying entirely at night for Associate in Engineering degrees in Technical Institute programs. These include mechanical, industrial supervision, electrical and electronics, and building construction technologies.

Also offered at night is a pre-college program for high school graduates lacking required college entrance subjects.

Including the day college, more than 3,800 are enrolled at L.I.T. at Northwestern Highway and West Ten Mile in Southfield.

The natural yellow color of gold can be changed, for use in jewelry, by additions of other metals. Alloying with silver gives gold a greenish tinge, copper gives it a reddish color, while nickel and palladium have a whitening effect.

STAR SALES MEN

NOTICE

FARMINGTON TOWNSHIP TAXPAYERS

As a special service to taxpayers, The Farmington Township Treasurer's Office will be open to accept tax payments on Saturday, January 9, 1965, from 8:30 a.m. to 4 p.m. and again on Saturday, February 6, 1965, and Saturday, February 27, 1965, from 8:30 a.m. until 4 p.m. for this same purpose.

The treasurer's office is located in the Township Hall at: 31555 Eleven Mile Rd.

ELISE P. AVERY, Treasurer

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Young men under 25 qualify for the Sentry Preferred Young Driver Discount on the basis of a simple questionnaire that takes only about 20 minutes. It is not a test of driving skill or knowledge. It is completely confidential. There is no penalty for young men who do not qualify for the extra discount.



LIABILITY (single limit)	\$25,000	ANNUAL COST: (Local Area)	
MEDICAL PAYMENTS	\$ 1,000	1. Under 25, single not principal operator married under age 21	\$ 64.35
Uninsured Motorists (Bodily Injury)		2. Married, age 21 through 24	\$ 57.84
each person	\$10,000	3. Under 25, single, principal operator	\$107.73
each accident	\$20,000	4. Over 25 driving to and from work	\$52.00

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