

Some auto tales are obscure but important

This is the time of year when you get to read those tiresome lists of the "Top 10 News Stories" that get printed when all the reporters are on vacation. To break with tradition, I thought I'd try a list of "A Few Auto Stories in 1987 So Obscure You Probably Never Read Them But Are Kind of Important Anyway."

For instance, Bob Tempin, Hukl Aldikacti and Bob Sinclair all retired this year — three of the most influential engineers in the domestic auto industry.

Tempin was chief engineer at Cadillac when he brought out the first-generation Seville, one of the first cars designed on a computer and a milestone in the luxury car field.

ALDIKACTI DEVELOPED the

metal frame and plastic skin of the Pontiac Fiero, the first radical change in auto manufacturing since the advent of the assembly line.

Sinclair was the design engineer responsible for the Chrysler K-car platform, an exercise in design efficiency that pulled Chrysler back from the brink of bankruptcy.

Another obscure event last year was the emergence of Malaysia as a world power in the auto industry. Maybe you thought we had to worry about was Korea, but south-east Asia for a number of years has been one of the fastest-growing auto markets in the world.

The Malaysian-built Proton Saga, due to go on sale next year in the United States, is a rough version of a



auto talk
Dan McCosh

Mitsubishi sedan that will sell for about \$5,000 less. It's another brainchild of Malcolm Bricklin, who over the years has brought us the Subaru, the Yugo and, of course, the Bricklin. He is now pursuing the notion that people want a cheap car, period.

1987 ALSO WAS the year that the new management of Car and Driver replaced Don Sherman as editor

with William Jeanes. The reasoning may be lost in corporate media-speak, but it seems to mark the final abandonment of the youth culture by Madison Avenue.

Playboy noticed it first, suffering circulation declines when the baby boomers got too old for stapled navels. Car and Driver got hugely successful by playing on the greatest adolescent fantasy of all, the auto-

mobile. Apparently now it is supposed to move upscale and start offering coupons as well.

GM's Saturn Project went into the final stages of approving its stationery in 1987 (no kidding — I got a press release on this a couple of days ago). The car is still a couple of years away, however.

A HANDFUL of profound trends started and stopped in 1987. The Corvette slipped off the list of 10 cars with the greatest insurance losses, to be replaced by several European cars with high-tech radios.

People started complaining about aggressive young women drivers on their way to work as the worst terrorists on the expressways.

The automotive equivalent of two

women wearing the same dress at a party became two guys with Cadillac Allantides side by side in the same parking garage.

People began noticing the ratio between their monthly insurance cost and a new-car note in the Detroit area was approaching 1:1.

Maybe by now you are wondering why you never saw these items in the paper last year, considering there are about 150 full-time journalists in Detroit covering the auto industry, the largest out-of-town press corps in the country except for Washington.

Rest easy, now you have. Happy New Year.

Dan McCosh is the automotive editor of Popular Science.

Diversified investors will do best in uncertain '88

In my previous column, I painted a rosy picture of the U.S. economy and the stock market in 1988.

Today I wish to emphasize that 1988 will belong to the cautious investor who develops sound, long-term investment strategies and has the good judgment of sticking to them.

Here are some suggestions you might find helpful in developing your strategies for 1988.

Stocks

Stocks will test their October 1987 lows before starting a major advance. But when the uptrend begins, stocks will advance with lightning speed.

Extreme caution is advised, however. It's too late to sell to avoid heavy losses but too early for a buying spree. If you are serious about playing the market, learn to distinguish between ripples and waves. You must ignore the ripples in order to be a successful long-term investor.

Here are some useful stock tips:

- Don't put 100 percent of your portfolio in stocks. Diversification among different investment alternatives will be the winning strategy.

- Hunt for bargains among blue-chip stocks because they will be the leaders in a sustained rally.

- Consider including interest-sensitive utility stocks in your portfolio. If interest rates fall, dividends paid by these stocks will become attractive.

- Look for companies with rising dividends that will benefit more from a rising market than their counterparts with steady dividends.

- Buy cautiously; using dollar-cost averaging is not a bad idea.

- If you are a sophisticated investor, consider pharmaceutical and paper companies, which would benefit from a declining dollar. Foreign stocks are also attractive, although extreme caution is advised.

- If you are an average investor, you can't beat the strategy of buying into a mutual fund family. A low-load or a back-load fund is generally quite attractive.

Bonds

In 1987 bonds were badly battered, and the recent market crash can't be blamed for this fiasco. Since the interest rate picture is still cloudy, bonds are not an attractive investment — at least not for the time being. However, that's no reason to dump all your bonds arbitrarily.

Here are some useful bond tips:

- Generally, junk or high-yield bonds are relatively unsafe to hold. They will be the hardest hit if we have a recession.

- If you have owned high-rated, long-term bonds for some time, you have already suffered significant losses. It is therefore wise to hold them for the long term, unless you have a specific reason to sell them.

- If you are in the market for bonds, consider buying deferred term (less than seven-year) bonds, because they tend to carry less market risk than their long-term counterparts.

- Municipal bonds are generally less attractive than they used to be (for tax reasons). You should consider only the highest-rated bonds and only if you are in the top marginal tax bracket.

Insurance-related investments

A significant part of your portfolio should consist of insurance-related investments. They come in three forms: single-premium whole life (SPWL), single-premium deferred annuity (SPDA) and universal life (UL).

If you choose an A+ superior insurance company with an attractive long-term record, you can be assured of the safety of principal, guaranteed (over specified period) returns and tax advantages. Here are some pointers:

- If you are looking to receive tax-free annual return and the flexibility of not withdrawing the money if you don't need it, try SPWL.

- If you don't have a need for current income and would like to receive guaranteed monthly income in the future (say upon retirement), SPDA is hard to beat, despite the restrictions that apply.

- For those in need of life insurance who would also like to have tax-deferred investment at competitive rates, UL offers an attractive choice.

Limited partnerships

Tax-shelters generally don't make much sense, but limited partnerships with solid economic potential are still attractive. Here are some pointers:

- Under the tax reform act of 1986, equipment leasing partnerships have become attractive and should be carefully considered.

- Real estate limited partnerships are still attractive, but you can't be too careful about them. Only the very best will make money for you. So proceed with caution.

- For the more sophisticated, oil and gas partnerships may make sense, now that the euphoria of the



finances and you

Sid Mittra

mid-1970s has disappeared and bargains are available.

Precious metals

A small portion of the portfolio can be invested in precious metals, although you won't make a killing next year in precious metals. The

just plain worried, gold will appreciate in value.

Unless you have the time and the expertise to do it yourself, don't manage your own investment portfolio. The world out there is extremely treacherous, and you could easily get burned, even when the economy is doing well.

Work with an enlightened financial planner you can trust, and you will have an exciting year.

On behalf of the Observer and Eccentric Newspapers and myself, I wish your family a happy and prosperous new year.

Seminar: "The Market Crash —

Five Ways to Protect your Money," and "How to Invest Home Equity — Safely." The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7:30 p.m. Tuesday, Jan. 12, at the Baldwin Library, 300 W. Merrill, Birmingham.

Admission: \$10 (tax-deductible) check payable to Oakland University, should be mailed to Sid Mittra, Oakland University, Rochester 48302. For information, call 643-8888.

Sid Mittra is a professor of management at Oakland University and president of Coordinated Financial Planning.

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marketplace

HMS Products Co. of Troy introduced a press transfer system with three or four axes of motion — the fourth axis is rotation. The system is for automotive and appliance parts.

The Oxford Investment Group Inc., a private investment group in Birmingham, acquired Acorn Asset Management Corp.

Hermanoff & Associates of Farmington Hills was chosen by Security Bancorp Inc., Trenton, to be its public relations firm.

Simons Michelson Zieve Inc. of Troy is celebrating its 10th anniversary by moving to new offices. The new office will be in the Wilshire Plaza North building, near Crooks, north of Big Beaver and I-75.

International Business Machines Corp. has signed a lease to occupy space in Phase III of the Galleria Office Centre in Southfield.

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