Business Page

Georgetown Pontiac-Buick is now Chrysler

Georgetown Pontiac Buick on Guelph Street became an extension of Georgetown Chrysler last Friday, said Gerry Warman, a field development advisor for General Motors of Canada.

Pontiac Buick is a division of General Motors Canada.

Barry Whitworth, who ran the GM dealership and will run the expanded Chrysler dealership, confirmed the change in dealerships, but refused to comment on reasons for the change.

"He (Mr. Whitworth) resigned his dealership voluntarily," said Mr. Warman. Although GM has known for some time of the pending change in dealerships, Mr. Warman said the company was surprised when Mr. Whitworth first told GM about the change.

Mr. Warman said the company is currently considering candidates for another GM dealership to open in Georgetown. The company is also looking for a suitable site.

Finding a candidate should be no problem, but the difficult part will be finding land, said Mr. Warman.

He suggested the company would like to set up its next Georgetown dealership along Guelph Street because the town's largest traffic flows are on this road. But it will take some to find a location because land along Guelph Street is expensive, said Mr. Warman.

The company hasn't ruled out establishing a dealership at a location other than along Guelph Street, said Mr. Warman.

Meanwhile Mr. Whitworth said The Georgetown Pontiac Buick Raiders' Junior B team name will probably be changed to Georgetown Chrysler Raiders. He has to submit the new name to the team's board of directors but there shouldn't be any objections to the name change, said Mr. Whitworth.

CSBs aren't popular now

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Your Business
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Are you getting the most for your money? If your money is in Canada Savings Bonds, the answer is no.

Fewer people than usual bought CSBs last fall. The 1989 campaign netted the government $9.3 billion, compared with $15 billion a year earlier. This is because the 10.5 per cent coupon was not all that attractive compared with other investments. It is less so now.

Those who did buy the popular cashable bonds may have good reason to stick with them. If you bought CSBs on a payroll savings plan, for example, you have not paid for them fully yet. You can't sell what you don't own. But you can pay off the balance and cash in the bonds.

There are other reasons to keep some money in CSBs. It is always a good idea to have a few thousand dollars in cash or cash equivalents on hand for emergencies. Rather than letting your cash reserve sit in a low-interest savings account, you can keep it in CSBs. You can cash them in without penalty (after Jan. 31) if you need to.

Besides, you may agree with Finance Minister Michael Wilson that interest rates are going to fall substantially before long. In that case, you may want to stick with CSBs because the interest rate is fixed until Nov. 1.

COMPARE RATES

This argument pales if you have a substantial amount of money in CSBs. With even $10,000, you would be better off buying CSBs' sister product, Government of Canada treasury bills. Six-month treasury bills are yielding more than 13 per cent on the wholesale market. You will not get that much on your $10,000. But if you shop around, you could get 12.5 per cent or so.

That would be two full percentage points more than you are earning on your CSBs. Mind you, short-term treasury bills fall short of the Nov. 1 maturity for CSBs, so you could lose out on interest if interest rates fall. You can buy treasury bills from banks, stockbrokers and other financial institutions.

Money market mutual funds are another alternative to CSBs.

They yield around 12 per cent now. But the yield fluctuates from month to month, so it will fall if interest rates drop. There are also cashable guaranteed investment certificates. Some trust companies let you cash in one-year GICs after three months with no penalty.

It is just possible that Mr. Wilson will raise the rate on CSBs mid-term. He has done this in the past. But it is not something the government likes to do.

WHAT TO DO?

Will interest rates fall much over the next few months? It is beginning to look doubtful. For rates to fall in Canada, they will have to fall in the United States. After a brief slowdown, the U.S. economy seems to be bouncing back.

To make things worse, interest rates have risen in Japan and Europe. They will fall eventually, but that day may not come as soon as borrowers would like. Chances are, interest rates will continue high until late this year or early next year.

When they do fall, it could be far and fast. The drop will be greater for short-term investments such as T-bills than for long-term investments such as marketable bonds and five-year GICs. If you have a lot of money in short-term investments, it may be time soon to diversify.

One approach would be to buy shares of a bond mutual fund some time over the next while. Unlike CSBs, marketable bonds trade in the bond market. Bond funds tend to spread their investment over short, medium and long-term bonds. They may shift from one end of the market to another if they think interest rates are about to change.