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Poor local, state economy tempers GM's stock news

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REDFORD TOWNSHIP, Mich. (AP) Wall Street's renewed confidence in General Motors Co. is seen by many as a signal of the U.S. regaining its manufacturing footing, but the Detroit-based automaker's return to public trading Thursday brought something more profound to its finally challenged home state: hope.

The company's stock rose sharply, going for nearly \$36 per share early in the day. It had traded for less than a dollar when the company filed for bankruptcy last year. In the massive showroom at George Matick Chevrolet in Redford Township, just west of Detroit, GM's return to the big boards was celebrated with red, white, blue and a few yellow helium-filled balloons hovering over cars, sport utility vehicles and trucks.

"I hope the economy will follow suit with the jump in the stock price and that people will start seeing a lot of increased confidence in the market, and we will see a lot of uptick in traffic to go with it," Matick general sales manager Paul Zimmermann said. "And . getting a little of this dark cloud away from us, and moving on with life and business as it should be."

But even in the joy of GM's moment, few customers ventured through the dealership's doors Thursday morning.

The economies in Michigan and Detroit, the state's largest city, have been tanking for the last few years. The state faces a projected \$1.5 billion budget deficit starting in October 2011. Detroit's ledger sheet is at least \$85 million in the red, and nearly one in three working-age adults in the city is jobless.

Michigan's unemployment rate reached 14.5 percent last December, but now has dipped to just over 12 percent.

"There is a very long way to go," said Charles Moore, senior managing director of Conway MacKenzie, a Birmingham, Mich.-based turnaround and restructuring firm. "There is no magic bullet that's going to address all those challenges, but certainly each positive item is a step to where the city needs to go. It's going to take a long time and a lot of effort."

Still, GM's initial public offering is "fantastic news" for the Detroit automaker, Moore said.

"What it really does is put the turnaround that has been written so much about in perspective," he said. "But also, potential investors buy into an IPO not with the intention the price will stay where it is, but with expectations of growth potential."

Roberto Flores is one of those investors. The 36-year-old quality control worker from Michigan Center logged on to a stock trading site and purchased 350 shares of GM at 9:35 a.m. Moments later, he posted news of the event on Facebook.

"I now OWN General Motors !!!!!" the posting read.

Flores said he was "hoping to make at least a quick profit," but he acknowledged being disappointed by the starting \$33 share price.

In Lansing, a half-dozen people watched the trading begin on a small TV in an upstairs, cafeteria-style room at United Auto Workers Local 652. The union represents workers at a nearby Cadillac factory.

"That's great news the biggest IPO ever," said Mike Green, the local union president whose family includes four generations of GM workers. "It's good to see her on the ticker tape again, isn't it?"

Green already had his order in to buy GM stock.

"It's investing in your own future," he added.