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West Michigan Stock Returns

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West Michigan Stock Returns

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Another year, and another good year for investors in west Michigan stocks. From the last Friday in 1995 through Friday, December 12, 1996, the average west Michigan stock generated a 25 percent return. This comes on the heels of a 22 percent return in 1995, giving a compound return of 53 percent over this nearly two-year period. These figures are adjusted for stock splits and stock dividends, but do not include cash dividends which add another 1 percent return annually.

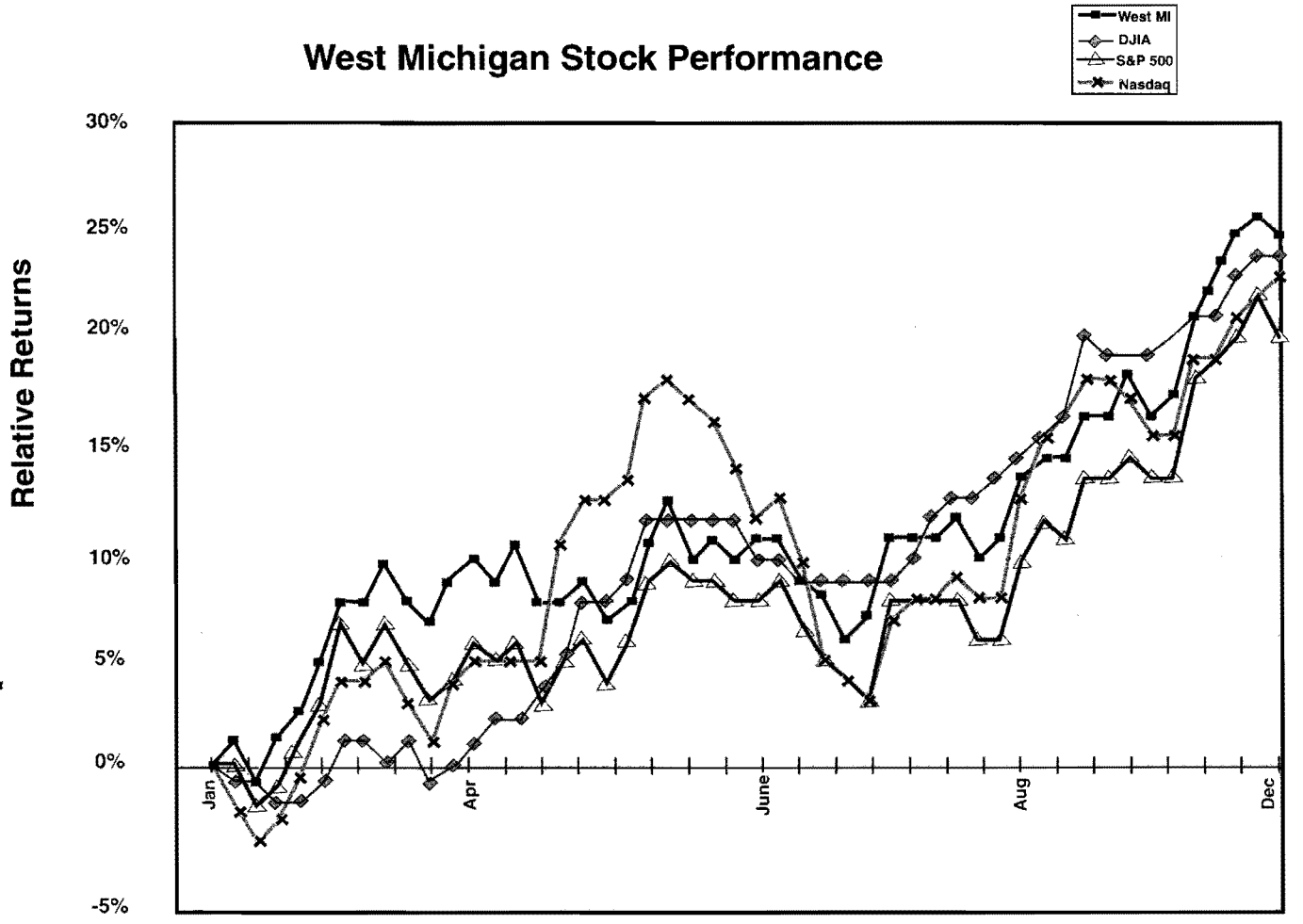
As shown in the accompanying table, returns varied widely from firm to firm. Ameriwood led the way with a 185 percent return. That stunning performance reflects investor optimism that the company's year-earlier financial woes have ended. Its stock price had plummeted 55 percent in 1995. Gantos and Gentex are two other firms whose stock prices recovered after having taken a beating in the 1995 market. Gantos was up 88 percent in 1996 following an 11 percent fall in 1995. Gentex stock fell 7 percent last year, but was up 77 percent in 1996.

It's interesting to note that last year's top stock performer, Tower Automotive, generated an 80 percent return in 1996 on top of the 94 percent return in 1995. Universal Forest Products added a 37 percent gain on top of a 42 percent gain the prior year. And First Michigan Bank added a 43 percent gain on top of a year earlier gain of 24 percent. These "stars" prove that you can make extraordinarily high returns in other than high-tech industries.

The performance of west Michigan based stocks closely matched the gains on the most often quoted national market indexes. The Dow Jones Industrial Averages led the way with a 26 percent gain. It's surprising that the heavily high tech based NASDAQ Composite Index gained a "mere" 24 percent. In 1995, this index of over the counter stocks was up 40 percent. Evidently investor optimism for high tech companies has cooled relative to stocks in other industries.

Stock Performance of west Michigan-Based Companies in 1996

Ameriwood	+185%	Foremost Corp.	8
Gantos, Inc.	88	Ottawa Financial Corp.	6
Tower Automotive	80	Meritage Group	-2
Gentex	77	Knape & Vogt	-4
Herman Miller, Inc.	53	Amway Japan Ltd.	-16
Donnelly Corporation	51	Autocam	-18
First Michigan Bank	43	Perrigo	-22
Universal Forest Products	37	Finish Master	-39
Independent Bank	35	Alternative Postal Delivery	-47
Wolverine World Wide	33		
X-Rite Inc.	31	Dow Jones Industrials	26
Old Kent Financial	16	S&P 500	21
Amway Asia Pacific	16	NASDAQ Composite	24
Bank West Financial	9	West Michigan Index	25



1997 West Michigan Economic Forecast

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- The Confidence Index for the west Michigan economy continues to be at a high level (approximately 85%)
- Confidence level is expected to decline marginally for 1997 (approximately 82%)
- Employment growth is expected to be around 2.3% for 1997
- Sales growth is expected to slow marginally to around 4.2%
- Export growth rates continue to be at similar levels around 4.8%
- There is overwhelming confidence that the new arena and changes in the Monroe Mall will revive weekend activity in downtown Grand Rapids

[1] Dean Emery Turner provided encouragement and comments. Margaret Thomas, Director of the Data Center, helped in identifying the organizations for the survey. Sharon Palmitier of OEE did the final formatting. I am grateful for all their help.