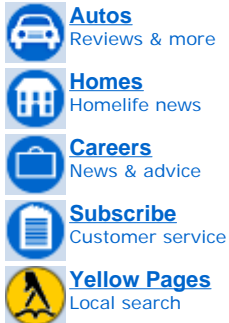


David Roeder



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For clues about GM, see Delphi, expert says

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BY [DAVID ROEDER](#) SUN-TIMES COLUMNIST

General Motors' (GM) dalliance with **Renault** and **Nissan Motor** could yield improvements in the GM product line. But there's also an element of razzle-dazzle in the move. It does nothing to address GM's basic problems of crushing costs for retirees and brands that have become barely distinguishable in the public mind.

That summarizes the opinion of **Daniel Dooley**, Chicago-based principal with the corporate turnaround firm **MorrisAnderson & Associates**. His work in a range of manufacturing sectors has included assignments with automotive suppliers.

Dooley has strong feelings about GM, which last week said it was considering a plan favored by major shareholder **Kirk Kerkorian** for an alliance with the related Renault and Nissan firms. "GM's passenger car product line [stinks]," Dooley said. "So it can't hurt to have Nissan and Renault pushing them to improve. They're not going to do it with internal guys."

Exploring the alliance could be just a tactic to combat Kerkorian. GM's management doesn't like the idea, but it needs to show it's open to alternatives for shareholders. Even if a combination comes about, Dooley said, GM still could be about two years away from bankruptcy.

Many Detroiters say that's unthinkable. Dooley said it might be the only way to slash labor costs and cancel a web of dealership agreements that prop up brands that are copies of one another, such as Chevrolet and Pontiac.

If there's hope, he said, it comes from the progress GM spinoff **Delphi (DPHIQ)**



has made in negotiating early retirements and plant closings. Delphi, which is in bankruptcy, has won union support for offering buyouts to \$27-an-hour workers and hiring replacements at \$14 an hour. "If you want to know what will happen to GM, look at what happens to Delphi," Dooley said.

DOWNSHIFT: Before we get too gloomy on anything auto-related, check out shares of **International Speedway (ISCA)**, the owner of racetracks. Despite a good year, ISCA is trading near its 52-week low with its Friday close at \$45.10.

Last week, the company reported second-quarter profits that met analyst expectations. Investors were troubled by a company admission that events at its Daytona International Speedway and at locations in Michigan are pulling in less money than expected.

Analysts such as **Morningstar's Joel Bloomer** and **William Blair & Co.'s Robert Simonson** aren't dissuaded. Bloomer called ISCA a "compelling value" and Simonson wrote of its results, "Cash flow is a beautiful thing."

NO FUTURES SHOCK: **Joel Gomberg**, who follows shares of **CBOT Holdings (BOT)** and **Chicago Mercantile Exchange Holdings (CME)**, hiked his earnings forecasts after the companies, parents of the Chicago futures exchanges, reported record June volumes and slightly higher revenue per contract. Gomberg, of **William Blair & Co.**, added 4 cents to his BOT 2006 earnings per share estimate, bringing it to \$2.72. He added 20 cents to the CME figure, which he now pegs at \$11.15.

Gomberg has a "market perform" rating on BOT and an "outperform" rating on CME.

ISE AND ICE: It has long vexed the **Chicago Board Options Exchange** that while it is No. 1 in trading of all U.S. options, it owes that exalted ranking to its exclusive listing of contracts tied to the S&P and Nasdaq indexes. For trading in options on specific stocks, it is No. 2 behind the **International Stock Exchange**, an electronic market founded in 2000.

The market share data for June, however, has the CBOE closing that gap. The **Options Industry Council** said that for equity options, the CBOE captured 30.74 percent of the trading vs. the ISE's 31.56 percent. Compare that with June 2005, when the CBOE had 26.85 percent vs. the ISE's 32.02 percent.

The results are a sign of success for the CBOE's remote market maker initiative, designed to draw trading from firms that aren't interested in a trading floor presence.

Meanwhile, the futures side of the business has its own electronic upstart. It's the **IntercontinentalExchange (ICE)**, which lists contracts on crude oil, natural gas and other energy forms. ICE was a well-received initial public offering and is now part of the Russell 1000 index.

SHELF LIFE: It had to happen. *Futures & Options for Dummies* has been issued by Wiley Publishing Inc. Its author is **Joe Duarte**, a frequent financial commentator and newsletter publisher. He's also a board certified anesthesiologist, but don't infer that his writing will put you to sleep.

CLOSING QUOTE: "Today, 24 of the 28 major global central banks are raising interest rates or have served notice of their intention to tighten monetary policy. This monetary draining of liquidity is likely to be short-lived, but the implications of this round of global tightening could lead to still lower commodity and stock prices

in the near term." -- **Michael Pento**, senior market strategist, **Delta Global Advisors**

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