

CENTRAL DISTRICT(SOUTHERN PORTION)/J-M MANUFACTURING CO., INC.*
MONTH OF OCTOBER
SUBMITTED NOVEMBER 18, 1983

	BILLINGS (000)	MONTHLY EXPECTANCY (000)	% OF EXPECTANCY	Y-T-D BILLINGS (000)	Y-T-D EXPECTANCY (000)	Y-T-D % OF EXPECTANCY
PREVIOUS MONTH	3,132	3,132	100%	27,956	28,188	99%
CURRENT MONTH	3,741	3,132	119%	31,697	31,320	101%

*BILLING INFORMATION IS FOR THE ENTIRE CENTRAL DISTRICT. BUSINESS ACTIVITY IS FOR THE SOUTHERN PORTION OF THE DISTRICT. EFFECTIVE JANUARY 1, 1984, THE CENTRAL DISTRICT WILL BE DIVIDED INTO TWO DISTRICTS - THE NORTH CENTRAL AND THE SOUTH CENTRAL DISTRICT (TEXAS, OKLAHOMA, ARKANSAS, LOUISIANA AND MISSISSIPPI).

I. BUSINESS ACTIVITY

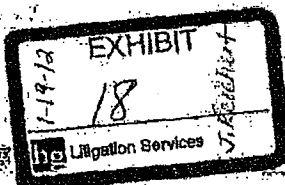
OCTOBER WAS AN EXCEPTIONALLY STRONG SHIPPING MONTH, REFLECTING A CONSTRUCTION BOOM WHICH BEGAN EARLY IN THE YEAR AND HAS NEVER LET UP. AT THIS JUNCTURE, IT APPEARS THAT CONSTRUCTION WILL CONTINUE AT A RECORD PACE THROUGH THE WINTER MONTHS. ONLY INCLEMENT WEATHER WILL NEGATIVELY EFFECT SHIPMENTS.

SHIPMENTS OF ASBESTOS/CEMENT PRESSURE PIPE OUT OF DENISON SHOULD EXCEED 7,000 TONS IN NOVEMBER WITH AN ESTIMATED 4,000 TONS SHIPPING INTO SOUTH TEXAS AND SOUTHERN LOUISIANA. THE LAST 7,000 TON MONTH OUT OF DENISON WAS IN SEPTEMBER OF 1981. THE CURRENT INVENTORY TO BACKLOG RATIO OF LBS OF PVC AT DENISON IS 2,292,000 TO 2,229,000. FUTURE IMPLICATIONS OF THIS SHIPPING ACTIVITY ARE OBVIOUS. OVERALL PRICE DETEIORATION, IN MY OPINION, IS THE MAIN PROBLEM OF THE DISTRICT AT THIS TIME. YEAR IN AND YEAR OUT, PVC MANUFACTURERS CUT PRICES AT THIS TIME OF THE YEAR IN ANTICIPATION OF THE PREDICTABLE DECLINE IN CONSTRUCTION ACTIVITY DURING THE WINTER MONTHS. RESIN MANUFACTURERS REACT IN A SIMILAR MANNER AND CUT RESIN PRICES. THUS, THERE IS A PARADOX OF LOW PRICES DURING A PERIOD OF HIGH DEMAND.

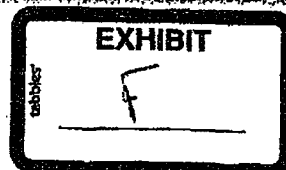
II. CUSTOMER SERVICE AND PHYSICAL DISTRIBUTION

MOST ALL OF THE TERRITORIES REPORT COOPERATION FROM THE DENISON CUSTOMER SERVICE CENTER. THE WORKLOAD HAS INCREASED, HOWEVER, WITH THE RESIGNATION OF MRS. GERRY PEIRUS, A TRULY TOP PERFORMER. I AM CONCERNED ABOUT THE CUSTOMER SERVICE CENTER WORKLOAD IN THE COMING MONTHS WHEN WE ADD 13,000,000 LBS OF SMALL DIAMETER PVC CAPACITY (1/2"-4") AT DENISON AS WELL AS 5,000,000 LBS OF LARGER DIAMETER (6"-12"), ALSO SCHEDULE 40 FITTINGS WHICH WE WILL IMPORT FROM FORMOSA.

MANY TERRITORIES REPORT OUTAGES OF PARTICULAR ITEMS AT CERTAIN TIMES, BUT A CHRONIC OUTAGE IN SMALL DIAMETER (2" AND SMALLER) WHICH HAS A SERIOUS OVERALL EFFECT ON DISTRIBUTOR STOCK BUSINESS. WHEN WE CANNOT FURNISH THE SMALL DIAMETERS TO DISTRIBUTOR STOCK ON A PARTICULAR SHIPMENT, WE LOSE ALSO THE LARGER DIAMETERS ON THAT SHIPMENT.



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III. COMPETITIVE ACTIVITIES

AS PREVIOUSLY MENTIONED, PRICES HAVE DETERIORATED AND THEY CONTINUE TO DO SO. GENERAL LEVELS REFLECT \$0.41/LB TO \$0.43/LB DISTRIBUTOR COST, DEPENDING ON TYPE OF PIPE.

ON NOVEMBER 4, H E W QUOTED \$4.49 (\$0.41/LB) DIRECT TO THE CITY OF COVINGTON, TENNESSEE, DIRECT ON 2,600' OF 10" SDR-21. ON NOVEMBER 8TH, ROBINTECH QUOTED \$8.02 (\$0.402/LB) TO INDUSTRIAL INTERNATIONAL ON 20,000' OF 12" "BLUE BRUTE" FOR A PROJECT IN PLANO, TEXAS. INDUSTRIAL INTERNATIONAL IS OUR DISTRIBUTOR; AND THERE COULD BE NO DOUBT THAT THE ROBINTECH PRICE WOULD GET BACK TO US.

IV. PRODUCT LINES

DIXON BROWN IS WORKING ON A PROJECT INVOLVING 51,000' OF 21" SERIES 10 "PERMA-LOC" IN MISSION, TEXAS. ALL OF THE GROUNDWORK HAS BEEN PERFORMED TO BEGIN DELIVERY EARLY IN FEBRUARY, 1984. THIS POINTS TO A STRONG NEED FOR A 21" SERIES 10 "PERMA-LOC" DYE IN DENISON.

THE PROPOSED BAN OF ASBESTOS/CEMENT PIPE BY THE EPA IS OBVIOUSLY DISTURBING TO THE DISTRICT. THE PIPE IS PROFITABLE OUT OF DENISON AND THE LACK OF IT WOULD CREATE A SERIOUS VOID IN THE PRODUCT MIX. WE SHOULD BE JOINING IN EVERY EFFORT TO FIGHT THE PROPOSED BAN.

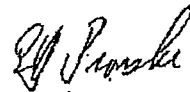
A QUESTIONNAIRE WAS RECENTLY SENT OUT TO ALL SALESMEN REQUESTING INPUT ON DEVELOPING A STRATEGIC PLAN FOR "PERMASTRAN". THANKS TO ALL WHO SUPPLIED INPUT. THE PLAN WILL BE SENT FROM THIS OFFICE WITHIN TWO WEEKS.

V. SALES PROMOTION

ON OCTOBER 17, 18, 19, WE EXHIBITED "PERMA-LOC" AT THE NATIONAL ASCE CONVENTION IN HOUSTON, TEXAS. WHY WE HAVE NOT EXHIBITED AT THE ASCE IN THE PAST AMAZES ME. HIGH LEVEL ENGINEERS FROM JUST ABOUT EVERY MAJOR ENGINEERING FIRM IN THE U.S. WERE IN ATTENDANCE. WE REALLY DID GIVE THE PRODUCT DECISION-MAKER EXPOSURE. AN ESTIMATED 3,000 ENGINEERS WERE IN ATTENDANCE.

VI. CLAIMS

WE HAVE A POTENTIAL CLAIM IN THE AMOUNT OF \$10,000 FROM BOWLINE CONSTRUCTION COMPANY FOR OVERDEFLECTED SEWER PIPE. JOHN MILLER IS ON TOP OF THE PROJECT AND WILL MAKE RECOMMENDATIONS LEADING TO CLAIM SETTLEMENT.


E. H. PRONSKE