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Internal Correspondence

Date: December 4, 1986

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Copy: See Attached

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Subject: MARKETING DEPARTMENT MONTHLY REPORT - NOVEMBER 1986

GENERAL ECONOMY

Industrial production is still down. U.S. manufacturers continue to be more competitive by cutting labor costs; but at the expense of slower growth in jobs and incomes. Output growth in the nation's factories, utilities, and mines slowed to zero in the month of October. Output in the fourth quarter started off weak.

Short term effects of tax reform will tend to slow growth -- particularly business spending and construction.

The credit market is resisting lower interest rates at the expense of housing.

The drop off of auto production, which can be extremely volatile, held off the overall October advance, as output of new cars fell to 7.3 million units at an annual rate (from 7.7 million in September). Excluding autos, production would have been up 0.2%

October's production of consumer home goods was still being held by the strength in housing earlier in the year. With housing losing ground, production of home goods may soon follow.

Manufacturing output has been stagnant for the past two months -- and hasn't posted a gain since August -- and that was only 0.2%.

It is expected that consumer spending will not be able to support the economy the way it did earlier in the year. Retail sales plunged 5% in October (to $121.6 billion -- seasonally adjusted).

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Accetturo v. Abex Corp., et al., Superior Ct., Law Division, Middlesex Cty., New Jersey, Docket No. MID-L-6601-99-AS; 03/07/06