

Eaton Corporation

## Inter-Office Correspondence

Date August 31, 1983  
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Subject MARKETING DEPARTMENT MONTHLY REPORT - AUGUST 1983

**EATON**

### I. GENERAL ECONOMY

Although the general economic outlook remains favorable, the recent growth in long term interest rates is beginning to have a measurable impact on the interest sensitive segments of the economy. While non-defense capital spending finally appears to be a participant in the recovery, the interest rate rise threatens to again truncate or delay the near term spending in this segment of the economy.

The general outlook is for level or slightly rising interest rates near term, with some easing by 1st quarter 1984. Consumer spending growth and growth in the money supply has slowed over their rapid 2nd quarter gains, and will hopefully settle down to sustainable levels, allowing the Fed's to slow its tightening of the money supply.

### II. MARKET SITUATION

#### A. North American Truck Market - Medium Duty

The medium duty truck market continues to improve, albeit, slowly. July's U.S. Retail Sales of 10,542 units was the highest level this year, and the highest since July, 1982. North American Truck Factory Sales also continue to improve. June's sales of 12,006 units was the highest level this year, and the highest since last June. Although factory sales for the first half of 1983 posted a 21% decline over the first half of 1982, the market is increasing as opposed to declining as we move into the second half of the year. The market forecast of 120,000 units remains unchanged from last month.