

MATERIAL AVAILABILITY

STEEL - contd.

Without exception, all of our steel suppliers feel that the availability of steel will continue to be in short supply through 1975 and probably until 1980 when increased production capacity will come into line. It will be necessary to maintain a larger inventory and purchase commitments at least through the first three quarters of 1975. Our purchased parts vendors who have to place mill orders for special sizes or specifications of steel have been issued purchase orders for long term coverage.

WOOD

The #4 Forecast indicates that we will require per month in 1975 - 182,000 blank walnut Stocks and Fore-ends; also 8,000 sycamore Stock blanks. In 1974, as in previous years, we have had only one major supplier of walnut blanks. Starting in February, 1975, a second walnut vendor will begin supplying 25% of our short Stocks and in April, 1975, this vendor will start to furnish 38% of Model 700 Stock blanks. 83

Several factors influence the supply of walnut. Logging operations require good weather; demand by the foreign export market and the demand for walnut by the domestic market, especially the veneer trade and the gun industry as a whole.

At the present time both of our suppliers indicate they have either logs on hand or Stock blanks cut to meet our requirements through December, 1975. The supply of Stock blanks from our primary supplier fluctuated monthly and in 1974, to date, we have never had more than a one month inventory on hand of short Stocks and Fore-ends or Model 700 Stocks. Our second supplier should enable us to build an adequate inventory and create longer production runs with less changeover time.

The foreign demand for walnut logs has decreased in the past several months. The weather has been good and both vendors, as mentioned before, have been able to build their log inventory. However, the demand from the gun industry has increased in 1974.

TEXT D