

Interest Rates. Government monetary policy in recent months has been directed toward easing interest rates. Short term rates have continued to fall from the peak reached last summer. The prime rate has declined to 7-3/4 - 8-1/4% from 12% last summer and is expected to drop to 7% by mid-year.

Summary. In summary, the current decline in the economy and general business is steeper and probably will extend further into 1975 than previously anticipated.

While the general economic decline does not appear to have affected demand in our ammunition and firearms businesses as yet, significant softening is being experienced in both our Powder Metal and Abrasive Products businesses.

As trade inventories of ammunition and firearms appear to have been reasonably balanced, there could be an appreciable lag before the effects of present economic conditions become apparent in these businesses. It would appear that the balance of this year should be viewed with a considerable degree of caution.

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