

The
Portland
Observer

Business

&
Finance

BUSINESS BRIEFS

Anxiety On Wall Street

The long anticipated correction in the stock market may be taking place. The Dow plunged 161.05 points, or 2.92 percent, to 5,349.51 yesterday. The Nasdaq index also took a hit, tumbling 43.30 points, or 3.92 percent, to 1,060.19. The selloff left analysts wondering whether the market is starting a downward trend after years of gains.

Market Anticipates Intel News

In what may be the most widely watched earnings report of the season, microprocessor giant Intel plans to report its second quarter results after the market closes today. Analysts say the current earnings estimate for Intel's second quarter is \$1.09 a share, versus \$0.99 a share a year ago.

TI Shares Earnings

Texas Instruments is due to report its second quarter earnings today. Analysts say the report will be disappointing at best and dismal at worst. Investors didn't wait for the bad news. Shares of Texas Instruments fell in heavy trading.

GM To Release Earnings Report

General Motors today is expected to post an earnings increase for the second quarter. Analysts say GM should report earnings from continuing operations of just over \$2 billion, or \$2.50 a share, compared to just under \$2 billion, or \$2.39 a share in the year-ago period.

Cuba Decision Due Today

President Clinton is expected to announce his decision today on whether to implement a provision of a tough anti-Cuba law. Clinton is stuck between a rock and a hard place. On one hand, the U.S. wants to hit Cuba where it hurts by discouraging foreign investment in the communist-ruled nation. On the other hand, Washington wants to appease Canada and European allies. The European Union has threatened retaliatory measures if Clinton does not waive a provision of the law that would allow lawsuits to be filed against foreign firms that buy or sell American-owned property that was seized by Cuba.

Mitsubishi To Hire Expert

Mitsubishi Motors of America has scheduled a news conference today in Chicago, reportedly to announce the appointment of an affirmative action expert. The Chicago-Sun Times says an assistant to the president of Illinois State University has been hired to address harassment allegations at the Mitsubishi plant in Normal.

Tobacco Companies Sue Utah

The major tobacco companies are trying a new tactic in their legal battle against states that are suing the industry. Philip Morris, RJ Reynolds Tobacco, Lorillard and Brown & Williamson have filed a lawsuit against Utah. They're trying to block Utah from joining the ranks of states that have sued the industry to recover health-care costs of smokers.

Delta Plans Budget Unit

Delta Air Lines plans to launch a new low-fare service this fall. It's called "Project Sunshine" and it's aimed at the Sunshine State. Delta already has 200 daily flights in and out of Florida. But a Delta executive says the new service will have lower costs and offer lower fares than the main airline.

Our Children, Our Destiny



Summer Employment Program participants at work in the community.

The Urban League of Portland, Key Bank of Oregon and 46 other companies have joined forces to fund the fifth annual Summer Youth Employment Program, "Our Children, Our Destiny". The program is providing jobs for 25 teenagers from Northeast Portland during a summer in which jobs and educational offerings for high schools students are proving harder to find.

Youth in the program do yard care and maintenance work on homes occupied by low-income senior citizens in North/Northeast Portland. This year the program has more sponsors and more jobs than ever before.

The program began in 1992 with one sponsor, Key Bank of Oregon. Since then, Key Bank has issued a challenge to other local businesses to join in supporting the program. This year 47 companies have taken on that challenge contributing over \$45,000. Major contributors include, Key Bank of Oregon, Harder Me-

chanical Contractors, Inc., Northwest Pipe Company, Shari's Restaurant, Pacific Coast Fruit Company, Embassy suites Hotel, Gunderson, Inc., Blue Cross Blue Shield, Milne Construction, Legacy Emanuel, Hydra-Power Systems Inc., Willamette Industries, Ackerly Outdoor Advertising and Schwabe Williamson & Wyatt. In addition, 18 companies have made in-kind donations to the program.

The project is operating between June 17 and August 9. An Awards Banquet will be held on August 8 for youth in the program, seniors they assisted, and program sponsors.

"In all my years of supporting community and civic projects, this is by far the most personally rewarding program I have been involved with to date. This program is a win both for youth and for senior citizens. My hat is off to those 46 other companies and individuals who stepped forward to make this year so suc-

cessful," said Terry Tracy, Key Bank Executive Vice President of Administration. This year the number of youth crews is up to five. The cost of employ one youth for the summer is approximately \$2,600.

Urban League President Lawrence J. Dark noted that the program continues to have a positive impact on youth, even after the summer ends. "Clearly, this program instills in our youth work skills and experience that will help put them on a path to a career."

The youths work with an adult supervisor Monday through Thursday, doing landscaping work and small maintenance jobs for low-income seniors.

Many seniors have difficulty keeping up with yard work during the summer. With limited summer school options this year and summer jobs in short supply, the program is meeting an important need for Northeast Portland teenagers.

Japan Buys Record \$22 Billion On U.S. Car Parts

Japanese purchases of U.S. car parts hit a record of nearly \$22 billion in the last business year, fuelled by production shifts to North America and increased safety consciousness in the Japanese market.

Figures released Friday showed that purchases of U.S. car parts by Japanese carmakers rose to nearly \$22 billion in the year that ended on March 31, up from a record \$19.86 billion in the 1994/95 fiscal year.

"An increase in shifts of production facilities to North America by Japanese carmakers and increasing installation of air bags made with U.S. components as standard equipment, boosted Japanese purchases," said a spokesman from the Japan Automobile Manufacturers' Association.

The association said it would provide details of the purchases of U.S.-made car parts and materials in January 1992, when then U.S.

President George Bush visited Tokyo with the heads of the U.S. "Big Three" carmakers, the Japanese car industry set a purchase target of \$19 billion worth of U.S.-made car parts and materials in 1994/95 for use at home and in its U.S. plants.

The Japanese carmakers did not disclose a purchase target for the 1995/96 year because Washington regarded the 1994/95 figure as a pledge, while Tokyo saw it as a voluntary target.

Production of cars and trucks by Japanese makers in North America rose 6.6 percent from a year earlier to 2.75 million units in calendar 1995, according to industry data.

Japanese carmakers have not said when they will provide details on their car part purchases in 1995/96.

Japan's top carmaker, Toyota Motor Corp, bought \$5.69 billion worth of U.S. car parts and materials in 1994/95, up from \$4.65 billion the previous year.

Atlanta To Net \$1 Billion

It may be junk, but Atlanta's Olympic souvenirs are selling well.

The Atlanta Committee for the Olympic Games (ACOG) said on Friday its licensing campaign was the most successful in Games history, and was on target to raise \$1 billion.

ACOG said in a statement the sale of licensed products, described as junk last month by Organizing Committee Co-Chairman and former U.S. ambassador Andrew Young, would net twice the revenues of the 1992 Barcelona Games.

"Licensing revenues are expected to generate \$75 million or more toward the cost of the Olympic Games," ACOG said.

Young told city tourist officials last month he was amazed by the amount of money being raised by the sale of official ACOG products.

"I thought that was pretty ambitious, to say we would sell \$100 million worth of junk. You know, T-shirts, hats, buttons, that type of thing," Young said.

The Atlanta Games are the most commercialized ever, ACOG are selling sponsors the right to put the Olympic rings on everything from game shows to hamburgers.

Critics say ACOG has overdone the sponsorship, but the committee defends its action, pointing out that it has succeeded in raising the \$1.7 billion it needed without resorting to public funds. Atlanta is littered with enormous billboards promoting the sponsors of the Games and souvenir shops, stalls and street stands are preparing to do a roaring trade during the July 19 to August 4 centenary Olympics.

Intel To Lower Pentium Prices

Intel Corporation said it will lower prices of its retail-oriented Pentium processors by cutting more aggressively in August and canceling price cuts in November to help PC makers satisfy pre-Christmas demand.

Intel said the move, which it will spell out in detail to customers in August, is designed to create a more

stable price and ordered environment during the key final calendar quarter, which is the most important selling season of the year.

"It's all going to be dependent on the mix and the volume and with those kind of variables—and then you throw in timing as well—it's impossible to predict with any accuracy," he said.

Wholesale Prices Rise In June

Retail sales fell in June and wholesale prices rose only modestly last month, the government said Friday, in two reports that soothed but did not cure inflation jitters on Wall Street.

The Commerce Department said retail sales declined 0.2 percent to \$205.2 billion last month, as demand for everything from new cars to clothing waned after several months of strength. Sales had risen a brisk 0.8 percent in May.

Separately, the Labor Department said the Producer Price Index edged up 0.2 percent in June, after a 0.1 percent May decline. Energy costs fell last month after rising earlier in the year but food prices strengthened.

Excluding volatile food and energy prices, prices at the wholesale level also rose 0.2 percent after being unchanged in May, the department said.

Analysts said the data helped ease investors' worries that the Federal Reserve would raise interest rates in the next week or two, but that a rate increase was still likely later this year. By raising rates, the central bank hopes to ward off a pickup in inflation, analysts said.

"Prices are still very well behaved," said economist David Jones of Aubrey G. Lanston and Co.

"The producer price report provides the Fed no leverage whatsoever for raising interest rates at this time," said Ron Schreiber, vice president of the National Association of Wholesaler-Distributors.

Some investors have said Fed policy-makers would take the unusual step of raising rates before their next meeting on Aug. 20, following last week's report of a sharp rise in hourly earnings and a drop in the unemployment rate to 5.3 percent, the lowest level in six years.

The drop in June retail sales follows strong gains earlier this year and could point to slower growth in the second half as consumers spend less, analysts said. Most analysts said the economy grew strongly in the second quarter.

"This number shows us the consumer is not Superman, that there is some vulnerability here," said Christopher Low, a senior economist at HSBC Markets.

"This weakness comes just at the right moment and the likelihood of a Fed move in the near future has been diminished," he added.

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