

# BARRON'S

NATIONAL BUSINESS AND FINANCIAL WEEKLY

MARCH 12, 1990

\$2.00

## REVIEW AND PREVIEW

### AN INVESTOR'S ALMANAC

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#### Last week:

**Bye, bye Greenspan?** That question was raised by newspaper reports that President Bush is unlikely to reappoint Federal Reserve Chairman Alan Greenspan when his term expires in August 1991 because of Greenspan's refusal to push interest rates down further. White House spokesman Marlin Fitzwater acknowledged that Bush differs with Greenspan's tight monetary policy, but denied that the chief executive wouldn't reappoint Greenspan. (See page 58.)

The unemployment rate remained unchanged at 5.3% in February, as the economy produced the most new jobs in nearly two years and factory employment advanced for the first time in 11 months. ... U.S. imports of machine tools jumped 17% last year to a record \$2.41 billion. That figure was almost 2½ times larger than exports, which also climbed, by 24%, to their high-

est total since 1981. ... Sales of U.S.-made cars and light trucks slid 7.9% in the last third of February.

The stock market ended the week on a down note, with the Dow Industrials off 12.84 Friday. Still, the key average, at 2683.33, finished the week 22.97 above the previous Friday's level. ... The news on unemployment depressed the bond market Friday, and the bellwether 30-year Treasury bond lost about a point on the week. ... Gold, too, had some problems, falling below \$400 an ounce at one point, before closing Friday at just about that level in New York. ... The dollar remained strong.

The Chicago Mercantile Exchange's chairman, Leo Melamed, surprised the futures industry by announcing that he will resign by the end of the year. Melamed led the Merc through a period of unprecedented growth that was marred by a federal undercover investigation that led to allegations of widespread abuses by traders at the expense of their clients.

The woes of the financial sector keep growing: The Kidder Peabody unit of General Electric disclosed that it lost \$23 million last year. ... First Fidelity, parent of New Jersey's largest bank, said it was laying off 1,400 employees, about 10% of its workforce. ... Federal regulators said that the earnings of the nation's banks slid 56% to \$2.7 billion, in the fourth quarter, compared with the year-earlier level. For full-year 1989, earnings came in at \$16.3 billion, 34% below '88's level. ... NCNB Corp. said that its non-performing loans this quarter might be 25% above the \$446.1 million reported in 1989's final three months and warned that it had potentially \$180 million in unrealized losses on its bond portfolio.

Drexel Burnham and its creditors agreed to a plan that gives creditors some input in running the bankrupt Wall Street firm. The creditors will get confidential company information but no veto power over asset sales. ... Campeau

Corp. defaulted on \$705 million in loans, in what apparently was an effort to persuade one of its creditors, shopping-center developer Edward DeBartolo, to consider a debt restructuring.

A guilty plea to two felony counts was entered by the Hughes Aircraft unit of General Motors, which had been accused of unlawfully obtaining classified Pentagon budget documents for use in bidding. The company will pay the government \$3.67 million.

First-class mail rates will jump 20% next February if the Postal Service has its way. The proposed increase would raise the tab for sending a letter first-class to 30 cents from the current 25.

Eased regulation of AT&T's long-distance phone service could be in the offing if an FCC study shows that the giant's rivals are strong enough to remain competitive. Meanwhile, AT&T disclosed that it is licensing some custom-computer chip technology from Japan's NEC Corp. The compa-

nies are involved in talks that could lead to cooperation in many fields.

Genentech (*Barron's*, Jan. 11, 1988) suffered a blow when a study of over 20,000 patients in 13 countries indicated that the biotech company's TPA was no more effective in keeping heart-attack victims alive than the far-less-expensive streptokinase produced by Hoechst.

Reckitt & Colman PLC, a British food and household goods group, will pay \$1.25 billion for the Boyle-Midway division of American Home Products. ... Hilton Hotels, disappointed by the bids it had received, was taken off the market by its board.

**Next:** Joe Stalin exploding cigars? A Swiss company has launched a cigarette named for Soviet leader Mikhail Gorbachev. The firm plans to invade the U.S. soon with the "Gorbachow" butts. Its slogan: "A Taste of Freedom."

WESTERN LIVESTOCK JOURNAL

March 12, 1990

#### Melamed quits

Chicago Mercantile Exchange's Leo Melamed, special council to the exchange board and executive committee chairman said last week he will retire and give up the leadership role at the end of 1990.