

Compiled from wire services

BRIEFLY

Inflation report unsettles market

Washington

Surging food and motor vehicle costs in November sparked the steepest jump in wholesale prices in 11 months and sent financial markets skidding amid concerns the Federal Reserve may not cut interest rates next week.

The Labor Department reported Tuesday that its Producer Price Index for finished goods jumped 0.5 percent, the biggest increase since a similar advance last January.

It was the third gain in five months and followed a 0.1 percent dip in October. The PPI measures cost pressures before they reach the consumer level.

Both stock and bond prices tumbled following the news.

But in a separate report, the Commerce Department said the U.S. trade deficit, after ballooning to the second largest ever during the April-June quarter, shrank by 8.7 percent from July through August to \$39.48 billion. Exports improved, while Americans curbed their appetite for imported goods.

Despite the market reaction, many analysts said the PPI report was exaggerated by problems in adjusting vehicle prices for seasonal variations. The problems, they said, resulted from the introduction of many 1996 model cars and light trucks in November, rather than in October as usual.

Nursing home deal drains Tacoma jobs

Tacoma

The merger of the Hillhaven Corp. nursing-home chain with a Kentucky-based health-care provider will cost Tacoma 400 jobs next summer.

The decision was announced to employees Monday, about 11 weeks after Hillhaven's merger with Vencor Inc. of Louisville, Ky. The move of Tacoma-based Hillhaven's operation is expected to take several months, beginning in June.

The 400 jobs generate a payroll of about \$20 million a year.

An additional 80 employees will stay in Tacoma to run Vencor's Mountain Region, one of five the company is setting up across the country. The Tacoma office will oversee nursing-home operations in all Western states except California.

Price summary

Tuesday's commodity price changes.

Interest 6.05 +01	Gold \$388.20 -30
30-year government bond New York Comex spot price	Wheat \$5.55 +02
Portland soft white cash price New York Comex spot price	Silver \$5.129 -054

Compiled by Annette Modinger

Americans still short on retirement savings

Washington

Many full-time American workers, despite a hefty increase in retirement savings this year, still are not putting away enough to maintain their living standards when they quit work, a survey found.

The fourth annual Workplace Pulse Survey released Tuesday found working Americans had boosted their annual savings by 21.6 percent, to \$2,160.

The increase reversed a two-year downward trend after savings reached \$2,688 in 1992. They fell to \$1,932 in 1993 and to \$1,776 in 1994.

"This is good news for workers who expect to enjoy a retirement standard of living close to what they have had when working," said Workplace Pulse spokesman Bill Bennett.

"However, workers are still not saving as much as they were in 1992," he added.

Microsoft acquires flight game maker

Redmond

Microsoft Corp. is buying the Illinois-based creator of Microsoft Flight Simulator, one of the most successful personal computer games.

Bruce Artwick Organization Ltd. has licensed the game to Microsoft for the past 15 years. More than 3 million copies of Flight Simulator have been sold, Microsoft said Monday.

Terms of the acquisition were not disclosed.

Most of Artwick's 30 employees will relocate from Champaign, Ill., to Microsoft's consumer division in suburban Seattle, said Alecia Bridgewater, Microsoft PC games marketing manager.

BUSINESS

To contact the Business desk, dial (509) 459-5458. Fax: (509) 459-5482

Apple growers will try Japan again

Associated Press

TOKYO — After a poor showing in their first season, U.S. apple growers are taking another slice at the Japanese market.

But they'll have to overcome a problem: Japanese consumers don't seem to think Washington state Delicious apples live up to their name.

"They look beautiful but they taste bad," Tokyo grocery store owner Shoji Iwasaki said Tuesday as Washington apples officially went on sale in Japan for their second season.

Last January was the first time American apples went on sale in Japan since Tokyo lifted a decades-old ban on the fruit. Encouraged by heavy media

Washington apples weren't well-received by Japanese last year

coverage, Japanese flocked to their supermarkets and bought around 7,000 tons of apples in just a month.

But then the U.S. fortunes turned sour. Customers complained that Washington apples didn't have the sweet, juicy taste of their Japanese competitors.

U.S. growers also failed to seize a price advantage, as Japanese growers fought back by selling at a discount less-than-perfect apples that previously would have been turned into apple juice.

The result was a plunge in sales during February and March. By the time the season ended March 31, only 9,000 tons were sold, well below original projections of 12,000-15,000 tons.

This time U.S. apple officials are scaling down expectations by not giving a target figure, and they're tailoring the fruit closer to what Japanese

seem to want.

"The Japanese consumer definitely has a sweet tooth," said Brent Evans, Asia marketing director for the Washington Apple Commission.

He said it's easy to make apples sweeter by leaving them on the tree a few weeks longer, and that's what Washington growers have done this year.

Another factor that may have turned off Japanese buyers was the waxing that Washington growers add to give apples a bright red sheen.

To Japanese eyes, Evans said, the waxed U.S. apples may have looked unnaturally shiny, almost like candy. This time, many of the apples being imported aren't waxed.

"It's fair to think of the Red Delicious apples this year as a completely different product from the

Continued: Apple sales/A15



Associated Press

Striking Boeing machinist Gary Buehler of Fife, left, reads a copy of the new contract proposal as Jerry Oliver of Tacoma looks on Tuesday.

Machinists cheer prospect of return

Union members fare well in contract, but so does Boeing

From staff and wire reports

For Boeing Machinist Ruth Danel, the outcome of today's vote on a new contract was clear when Spokane union officials announced the tentative agreement at a Christmas party for 300 pickets and their families.

"If you heard the cheers, you'd believe it, too. I don't have any doubt this contract will pass," said Danel, who makes floor panels at Boeing's Airway Heights fabrication plant. "We're all dying to go back to work."

Rank-and-file Machinists union members are the winners in the contract offer from The Boeing Co., labor experts say, having proven, among other things, that a strike still works.

But the package, reached Monday afternoon after talks nearly collapsed, might not be all that tough on Boeing, industry analysts said Tuesday.

Boeing factory workers, who struck nearly 10 weeks ago over issues of health insurance, wages and the future of their jobs, have an offer with

Contract offers 'generous' incentives

Boeing Machinists in Spokane will receive an unexpected \$2,000 bonus three days before Christmas, and can get another \$1,200 each by joining a health maintenance organization if they approve a new four-year contract today.

Under the contract proposal, the 293 Machinists who work at the company's Airway Heights fabrication plant also would be guaranteed a job at the company if their positions were farmed out to a subcontractor.

The incentives are "generous" and rare for Spokane employers, according to local employee-benefit experts.

significant company concessions on all three fronts.

"The big winners were the rank and file, who, against the odds and against some of the leadership in

"This is fairly generous," said Tim Yeager, president of A.W. Rehn & Associates, an employee benefit administrator. "I've never heard of such things offered here."

Michael Murphy, president of Associated Industries of the Inland Northwest, an organization of 460 companies, agreed. Boeing's proposed one-time Christmas bonus of 10 percent of annual income and an agreement to relocate or retrain any displaced workers are unheard of in Spokane, he said.

"It's top notch," Murphy said.

Continued: Contract incentives/A15

their union ... and especially some perceptions of Boeing management, had a clear idea of what they wanted," said Chuck Berquist,

Continued: Boeing contract/A15

Daily market roundup

Daily market story is on page A13



Staff graphic, compiled from wire services

Applaud the prospect of a new post office, says Nils Rosdahl, but they aren't known for fast work

Postal officials inspect sites for new Coeur d'Alene facility

The Spokesman-Review

A team of experts is in Coeur d'Alene to inspect sites that are finalists for the new postal annex needed so badly for this area. Heading the group is project manager John Walters of the Denver regional office of the U.S. Postal Service.

His group will examine properties paralleling the Interstate 90 corridor for a fleet site — where all the post office vehicles will maneuver to perform their services. The guidelines include the property to be about 70,000 square feet. A building, either existing or to be built, should be between 12,000 and 15,000 square feet.

Rumored sites include ones along



Nils Rosdahl

Appleway, Kathleen, Ironwood, Best and 15th streets. But the most likely choice is a vacant block in the southwest corner of Third Street and Hattie Avenue, where neighboring U-Rent previously parked its Ryder trucks. The property is owned by Stacy Lavin Co. of Spokane.

Citizens should be cautioned to not get too excited. The new post office building will not be a service-counter retail outlet for mailing services or packages, etc. Those services will remain with the existing central building at Seventh and Lakeside and in the satellite offices in Rosauers and Simon's Hardware (and all the private companies).

However, don't get disheartened either. With the fleet moving out, the Seventh Street building will be turned around so that public can park in the lot that has housed the fleet. Of course, don't hold your breath. This is one government agency not renowned for speed.

with "give" for dancers' legs and feet, Pat said. Music is from a continually updated CD service from Nashville.

The Crosses came to North Idaho in 1993 from Wisconsin, where Bob was a Kmart manager and Pat was an accountant. For information phone 765-8745.

Flying J Travel Plaza plans to build a truck stop that will become the sixth-largest private employer in the Bonners Ferry area.

The 10-acre site at the intersection of Highways 95 and 2 will sport complete facilities for truckers and travelers, including a convenience store, 100-seat buffet restaurant and several pumps. Open 24 hours, it will employ about 80 people.

Amenities will include complete RV and trucker services, with showers, a lounge and

communication facilities. Construction should start this spring, with completion in September or October.

Flying J has about 85 stations and is the No. 1 diesel dealer in the country.

Boots, slippers, hats and socks are some of the "more" offered by Moccasins & More, a new business at 4055 Government Way (Fairgrounds Center), Coeur d'Alene.

The store offers all sizes in wool and sheepskin products, primarily in the brand names of Minnetonka and Outback. Hours are 10 to 6 Monday through Saturday.

Owners are George and Emiko Werts, who came to Coeur d'Alene in July "to get out of Hawaii," George said. The store will move to a different suite in Fairgrounds Center after the holidays.