BUILDING CONTRACT

Construction contracts awarded in January in the United States rose 4% over January 1956 to $2.2 billion, the F. W. Dodge Corporation has reported.

Contract awards for non-residential building jumped more, 16% over year-ago levels, to a total of $914 million. The largest increase in this category was made by manufacturing construction awards which rose 32% above the like month of 1956 to $228 million, thus halting the decline of the last quarter of 1956. Home building contracts awarded rose 1% over last year to $816 million but declined 9% in number of dwelling units to 64,313. These are the first figures prepared by Dodge for all the 48 States, previous surveys having covered only the 37 Eastern States. (Wall St. J., 2/28 p.3)

RATE ON SAVINGS BONDS

The House Ways and Means Committee voted to give the Treasury authority to pay as much as 3½% interest on Government savings bonds. It thus went part way with the Treasury, which had requested permission to raise rates as high as 4½%, if necessary. If the Committee's bill is approved by the House and Senate, as expected, the Treasury plans an immediate boost in the present 3% rate to 3½% in an effort to spur demand for the bonds. (Wall St. J., 3/1 p.1)

CASE FOR EASIER RESERVE CREDIT GROWS

The case for a less restrictive Federal Reserve policy is getting stronger. Business loans reported by Federal Reserve member banks were $1 billion lower in January. The downturn in automobile buying and housing starts last year indicates that credit restraint there has had the desired effect. There was a downturn in new orders received by manufacturers in December. If new orders continue to decline it would give added evidence of a determination to cut back inventories. The Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
decline of 1.6 million in employment in January was more than seasonal. It brought down total employment to the level of a year ago. Although Federal Reserve authorities were justified in pursuing a restrictive credit policy last year, a shift in policy, if delayed too long, could prove "too little, too late" to safeguard economic stability and promote steady growth of the economy. (J.I.B. J. of Comm., 2/26 p.1)

ISRAELI DECISION  Word that Israel had agreed to quit the Gaza Strip and Aqaba sent the stock market vaulting upward in the closing minutes yesterday. That gave the averages a microscopic gain for the week. Prior to the last half hour, volume had been the smallest in months with price changes sluggish and generally lower. The Israeli news, however, sent the New York Times combined average 2.43 points up for the day to 314.86. The combined average was up 0.07 point on the week. (N. Y. Times, 3/2 p.27)

FEBRUARY STOCK INDEX OFF  The stock market last month lost 10.75 points as measured by The New York Times combined index. The month's high point of 323.29 was reached on February 4 and the low 305.04 on February 12. The closing index for the month was 312.43. The month's loss of 10.75 points brought the loss for the year to date to 22.96. (N. Y. Times, 3/1 p.31)

FEDERAL MORTGAGE CHANGES PROPOSED  If Congress approves, down payment requirements on mortgages insured by the Federal Housing Administration would be reduced in July 1958--and maybe much sooner. For thousands of World War II veterans, who purchase houses with mortgages guaranteed by the Veterans Administration, the change unquestionably would mean higher Government-required down payments than now. Final details of the proposal are being hammered out at the moment. The proposal would, in effect, allow FHA to absorb the GI program, with lower minimum down payments than the FHA now requires but higher minimums than the VA now demands. (Karmin. Wall St. J., 3/1 p.1)

UNEMPLOYMENT GETS NEW DEFINITION  The Government is going to start counting workers on temporary layoff, or waiting to start a new job, as unemployed instead of employed. The Census Bureau said the change in the definition, which has been used since 1940, will better reflect labor market conditions. But it added that the change will have only a slight effect on month-to-month and year-to-year trends in employment estimates. The Census Bureau will adopt the change in its future labor force estimates, but will publish statistics under both the old and new definitions for a year, so current trends can be judged on either basis. (Wall St. J., 2/27 p.9)
MASSACHUSETTS REJECTS BID FOR BOND ISSUES

Massachusetts has decided that the cost of borrowing in the public market is too high to justify the sale of improvement bonds at this time. The State received only one bid for thirteen bond issues totaling $83 million and rejected it. The bid designated an interest cost of 3.2228% for obligations maturing serially from 1958 to 2007. It was submitted by the Chase Manhattan Bank for a large syndicate of commercial banks and investment houses. (N. Y. Times, 2/27 p.35)

LIFE INSURANCE PURCHASES UP

Life insurance purchases last month were at an all-time January high of $4.2 billion, up 15% from a year ago, the Life Insurance Agency Management Association has reported. Purchases in January 1956 were $3.7 billion. Purchases of ordinary life insurance were $3.1 billion or 28% over January 1956. This was the largest January total on record for purchase of life insurance. (J. of Comm., 2/28 p.7)

OCEAN FREIGHT RATES DECLINE

Ocean freight rates are receding from their post-Suez high. But the decline hasn't been sharp enough to take the sheen off the worldwide shipping boom that vessel operators had been enjoying prior to the closing of the Suez. Shipping men don't think it will be—at least, anytime soon. The most notable rate slide so far has been in dry cargo shipping space. Tanker rates are off only slightly. (Wall St. J., 2/28 p.5)

OIL OUTPUT AT RECORD HIGH

A jump of 51,800 barrels a day in the nation's crude oil output in the week ended February 22 was reported by the American Petroleum Institute. Production averaged a new high of 7,567,200 barrels a day, compared with 7,515,400 in the preceding week, the former peak. (N. Y. Times, 2/28 p.35)

STEEL SCRAP PRICES FALL

Steel scrap prices have slumped again in Pittsburgh and Philadelphia. In Chicago, where they declined earlier, the reductions spread to another grade of the steel-making material. Steel-making grades went down another $2 to $3 a ton in Pittsburgh, with No. 1 heavy melting scrap, the key type, falling to $52 a ton. This was a continuation of a seven-week decline attributed in part to widespread expectation of lower steel production rates in the April-June quarter. While steel operations in the Pittsburgh district, as well as nationally, have been holding at near capacity, orders for steel have fallen off. Some minor curtailments of production already have been made, with several open hearth furnaces being taken off because of slackening in demand or an excess stock of ingots. In Philadelphia, No. 1 heavy melting scrap also dropped $2, to $56 a ton. (Wall St. J., 3/1 p.12)
NEW CAR STOCKS CONTINUE TO RISE

Unsold new cars in the hands of auto dealers again are getting too numerous for peace of mind in the industry. At the end of February, the count numbered slightly more than 750,000. While that is some 150,000 below the record 900,000 a year ago, it still represents a rise of 200,000 cars since the first of the year. (Wall St. J., 3/4 p.3)

BUSINESS FAILURES

Business failures declined slightly to 300 in the week ended February 21, down from 317 in the preceding week, Dun & Bradstreet, Inc., has reported. However, the toll was considerably higher than the 230 a year ago or the 178 in 1955. For the second consecutive week, failures remained above the pre-war level; they exceeded by 12% the 267 occurring in the similar week of 1939. More businesses failed last week than in the similar 1956 week in all fields except wholesaling, with the sharpest relative increases in construction and services. (J. of Comm., 2/26 p.4)

FARM PURCHASING POWER SINKS

The Agriculture Department reported the parity ratio—a yardstick to measure farmers' purchasing power—slipped to 80% during the month ended February 15 from 82% the month before and 81% a year earlier. The ratio stood at 80% in November through January a year ago, and has not fallen lower since 1939. The Department reported prices received by farmers fell about 2% to 234% of the 1910-14 average at mid-February from mid-January. This was the first decline since October. Prices still topped the year-earlier price level of 227%. (Wall St. J., 3/1 p.8)

FREER TRADE FOR CENTRAL AMERICA

The Ministers of Economy of Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica have approved pacts that will create a Central American free-trade zone and a system of regional industries. Both are instruments of economic unification and development. The documents, in draft form, were drawn up last year under the auspices of the United Nations Economic Commission for Latin America. The free-trade zone would mean a regional market of 9 million persons. The largest individual national market, Guatemala, has only 3.2 million population. (N. Y. Times, 2/27 p.1)

BEER CONSUMPTION UP

Beer consumption totaled 85 million barrels last year, making 1956 the brewing industry's 4th largest sales year. The National Beer Wholesalers Association said the sales figure, representing total tax-paid withdrawals, exceeded 1955 by 33,089 barrels, or 0.04%. The industry's biggest sales year was 1947, when consumption topped 87.1 million barrels. (Wall St. J., 2/27 p.5)