

basic
business

NEWS

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INSTALMENT CREDIT FELL \$65 MILLION

Consumer on-the-cuff buying decreased by \$65 million during February, the Federal Reserve Board has reported. The decline contrasts with increases in the like month of 1955 and 1956. At the end of February, consumer instalment credit outstanding totaled \$31.2 billion, or \$2.3 billion more than a year earlier. The Board said the decline from January instalment credit stemmed from a \$133 million decrease in credit extended for the purchase of goods other than autos and a \$13 million decline in repair and modernization loans. Seasonally adjusted, however, instalment credit increased \$282 million during February, about \$60 million above the monthly average increase in last year's final quarter, but nearly \$49 million below the monthly average rise in the first quarter of 1956. (Wall St. J., 4/4 p.5)

EMPLOYMENT HITS HIGH FOR MARCH

Employment rose to 63.9 million last month, setting a record for March, the Commerce Department has reported. Unemployment declined to 2.9 million. It is customary for employment to increase in March and to keep climbing to a summer peak. Employment last month was 971,000 greater than in March 1956. The number of jobless was 134,000 less than in March 1956. The Government is reporting employment and unemployment by a new method which reduces employment totals and adds to the unemployed figure. (N. Y. Times, 4/6 p.1)

PERSONAL INCOME AT RECORD RATE

Larger payrolls pushed personal income to a record seasonally adjusted annual rate of \$336.7 billion in February, the Department of Commerce has reported. This was a climb of \$1.7 billion over the January rate, the previous high, and \$21.6 billion above the rate in February last year. Much of this increase came from higher payrolls in non-manufacturing industries. (Wall St. J., 4/5 p.4)

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nor agreement with the views expressed.

MARKET LIVENS UP The stock market ushered in the new month on a somewhat firmer tone for prices and a marked improvement in volume of trading. A more hopeful outlook in Middle Eastern affairs and growing prospects of a reduction in Government spending buoyed sentiment. It is too early, however, to determine whether the firmer price trend is likely to prove more than a technical recovery from the sharp decline earlier this year. Nevertheless, spirited trading last Tuesday lifted volume on the Big Board above 2 million shares for the first time since mid-February. The increased activity helped push prices nearly a point above the March top, and did much to dispel some of the gloom. (Forrest. N. Y. Times, 4/7 III p.1)

FHA APPLICATIONS UP The Federal Housing Administration received applications to insure mortgages covering 12,102 new homes in February. This was an increase over January's 10,549 applications, but considerably below the 18,507 received in February 1956. Along with seasonal factors, the uptrend was aided, some officials feel, by the December increase in the maximum interest rate on insured mortgages to 5% from 4-1/2%. (Wall St. J., 4/2 p.5)

BRITAIN CUTS DEFENSE BUDGET Britain aims to slash the equivalent of \$607.6 million from its defense costs in the fiscal year that started April 1 by "streamlining" its armed forces, it was disclosed in a Government White Paper. Defense Minister Duncan Sandys described the fiscal 1958 defense program as "the biggest change in defense policy ever made in normal times". He said it provides for a trimming of armed forces during the year to 625,000 men from 690,000. Stressing that "the only existing safeguard against major aggression is the power to threaten retaliation with nuclear weapons", the White Paper said Britain's present force of atom-carrying bombers eventually will be supplemented by ballistic weapons. An "agreement in principle has recently been reached with the U. S. Government for a supply of some medium-range missiles of this type". (Wall St. J., 4/5 p.4)

AEC WILL ATTEMPT FUSION REACTIONS The Atomic Energy Commission took its biggest step so far in the hunt to harness the fusion power of the hydrogen bomb to produce electricity. AEC Chairman Strauss announced that the Agency will build a multi-million dollar experimental device at Princeton University in which it hopes to be able to produce fusion reactions. The device will not be a pilot plant or a prototype of a fusion power plant, but it will make possible experimental work in the fusion field that can't be done with the smaller devices being used now. (Wall St. J., 4/2 p.10)

COHEN EXPLAINS
NEW N.I.C.B. SURVEY

The new quarterly survey of capital appropriations being conducted among the 1,000 largest manufacturing firms is the latest method for gauging trends before they show up in statistics. The importance of this new development for appraising the "always unknown and uncertain future" was explained by Morris Cohen, senior analyst of the National Industrial Conference Board. Addressing the Cleveland Business Statistics Section of the American Statistical Association, Mr. Cohen pointed out that the focus of the appropriations approach is on the decision to spend at the time it is made. All recent surveys suggest a slowdown in the capital goods boom. "They also indicate, however, that the contribution of the manufacturing sector to capital goods spending will remain high in the months immediately ahead. But capital outlay by manufacturing concerns will not provide the explosive impact to the economy that it did last year," Mr. Cohen said. (Bryan. Cleve. Plain Dealer, 4/3 p.17)

NEW PLANT SITE QUEST
LEVELS OFF, SURVEY SHOWS

Inquiries by industries for new plant sites are still running at a high level. But, approximately one-third of all area development groups are currently finding that tight money or business uncertainties are having a noticeable effect on industrial expansion plans, according to a survey by the Journal of Commerce. Forty-nine area development groups, or about 45% of the total replying to the survey, reported an increase in inquiries. A decrease was reported by 16%, and 39% reported that the number of incoming inquiries was unchanged. The survey also showed that 18% of the 108 area development groups replying to the survey reported that plans to build manufacturing plants in their region had been postponed since last November; 8% reported that projects had been cancelled; and some said that plans which had never been announced had been dropped or quietly shelved. (Fish. J. of Comm., 4/2 p.1)

SCHOOL AID
APPROVED

A House of Representatives education subcommittee has approved a compromise \$2-billion program to help build public schools over the next five years. It voted to allot half of each year's appropriation, \$200 million, to the states on the basis of their school-age population. The other half would be allocated on the basis of need, giving poorer states more per child than richer states. The measure will be brought before the full Education Committee April 11. (N. Y. Herald Trib., 4/6 p.8)

HOUSING
BILL

The Banking Committee of the House of Representatives has approved an omnibus housing bill. The bill provides for the liberalization of the down payment schedule of FHA-insured mortgages; a special preference for veterans within the new FHA program;

and authorization for use of up to \$1 billion of the Veterans Life Insurance Trust Fund for the direct purchase by the Government of veterans' mortgages. For the Federal National Mortgage Association, the bill provides \$1 billion additional for its regular secondary mortgage market operation; \$250 million for slum clearance; and \$250 million for so-called "special assistance" mortgages. The new FHA down payment schedule established in the bill would be 4% on the first \$10,000 of home value, 20% on the next \$6,000, and 30% on all in excess of that. Veterans would be required to pay only half of the new rates in each step. (J. of Comm., 4/5 p.1)

SCRAP STEEL PRICES DROP In the Pittsburgh area, No. 1 heavy melting scrap steel dropped about \$9 per ton to \$43. The new range of \$43 to \$44 per ton is the lowest price for the grade since the summer of 1955, and represents a drop of \$24 per ton from the recent high set in January. (J. of Comm., 4/4 p.1)

COPPER PRICE RISE Strikes in key mining areas and the low level of fabricator inventories of copper have spurred fairly active demand in the world markets and brought the first round of price increases since last fall. On the domestic market, custom smelters raised their price 1/2¢ per pound to 32¢, equal to the price quoted by the major producers since February. This is the first rally in prices since last fall, when smelters temporarily reversed their long down trend as a result of the Suez crisis. (J. of Comm., 4/3 p.1)

ICE PREVENTS OPENING OF GREAT LAKES SHIPPING Opening of the iron ore shipping season on Lake Superior is being delayed by ice above the navigation locks at Sault Sainte Marie.

A large steamship company moved nine of its vessels out of winter berths at lower lake ports. They were headed for the Duluth area to pick up the season's first cargo of iron ore. All nine boats were ordered to drop anchor below the Soo locks. (Wall St. J., 4/4 p.11)

BANK PROFITS AT NEW HIGHS Reports of leading banks, for the three months ended March 31, revealed new record gross and net earnings, the improvement in net ranging from 10% to more than 18% as compared with the corresponding 1956 months. Contributing mainly to the rise, both in gross and net, was substantial further improvement in interest from loans, along with a pickup in income derived from fees, commissions, and miscellaneous sources, some of which arises from a higher level of statutory trust fees. (J. of Comm., 4/2 p.1)