

basic
business

NEWS

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INDUSTRIAL OUTPUT EXPANDS SEASONALLY Industrial production expanded seasonally in March and early April, the Federal Reserve Board has reported. Industrial output rose to 148% of the 1947-49 average, a one-point rise over February and five points above March of last year. However, since this increase is usual at this time of year, the seasonally adjusted index of industrial production held steady in March and early April at 146%--the same as in both February and January. In March 1956, production stood at 141%. (Wall St. J., 4/17 p.7)

GNP CLIMBS \$3.2 BILLION The President's Council of Economic Advisers has estimated that the nation's gross national product climbed to a seasonally adjusted annual rate of \$427 billion in the first quarter, up \$3.2 billion over the previous quarter's rate and \$23.6 billion above the annual rate a year earlier. Gross national product is the nation's total output of goods and services and is considered one of the best indicators of over-all economic activity. Despite the first quarter increase, the report showed private domestic investment, such as business spending for plant and equipment, dropped for the first time in a year. Consumer spending, however, continued its upward climb. (Wall St. J., 4/18 p.16)

PERSONAL INCOME CONTINUES CLIMB Personal income, a vital factor in the American economy, continued to rise last month, the Commerce Department has reported. It said personal income in March was at an annual rate of \$337.5 billion. This was \$1 billion higher than the annual rate in February. The Department also said that personal income in the first quarter of 1957 was at an annual rate of \$336.5 billion, some \$19 billion, or 6%, higher than in the first quarter of last year. (N. Y. Herald Trib., 4/17 II p.3)

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nor agreement with the views expressed.

RATES RAISED ON SAVINGS BONDS President Eisenhower has signed the measure approved by Congress authorizing an increase to 3-1/4% the interest paid on Series E- and H-savings bonds. A total of \$41 billion in these bonds now is outstanding. The Treasury Department raised the interest rates immediately after the President had signed the bill. The new rates apply to all E- and H-bonds bought since February 1, 1957. The interest rate on both series had been 3%. The Department said that a person who owned 3% E- and H-bonds would "in most cases" gain little or nothing by cashing them in and using the money to buy the new 3-1/4% bond. (N. Y. Times, 4/21 p.1)

LOOSER CREDIT UNLIKELY C. Canby Balderston, Vice Chairman of the Board of Governors of the Federal Reserve System, at the annual New York State Consumer Credit Conference (at Syracuse University) said, "The long business outlook is one of rich confidence and the prospect for the future is superb." He added that these long-run expectations may have led to some exuberance in plant expansion and in an aggregate demand for credit in excess of supply. He stressed the importance of restraining credit to assure long-run prosperity. To do this, Mr. Balderston told members of the conference that it would be necessary to foster orderly economic growth and to observe the equilibrium to keep the economy of the nation well balanced. He held the opinion that a liberalization of (instalment credit) terms such as was experienced in 1955 would not soon be repeated. (Amer. Bkr., 4/19 p.1)

WORLD TREND TOWARD STABILITY The world-wide rise in prices soon will yield to monetary measures aimed at limiting money supplies, Per Jacobsson, Managing Director of the International Monetary Fund, predicted as he addressed the United Nations Economic and Social Council. His theme was evidence of increased world trends toward stability. Mr. Jacobsson pointed out that, in the past year, growth of the money supply in both the United States and Great Britain had been held to some one per cent. While it was true that increased velocity of money had been an offsetting factor to the slow growth in supply, nevertheless, there were limits to the extent to which velocity could increase. "Therefore, it is likely that the present policies aiming at a limitation of the money supply will succeed before long in preventing any appreciable rise in prices." (J. of Comm., 4/18 p.1)

\$45 MILLION VOTED FOR SBA Congress cleared and sent to the White House a long-deadlocked bill providing funds for the Small Business Administration to resume making business loans. The bill would provide \$45 million of lending funds for the SBA during the balance of this fiscal year, and funds for Federal aid to the States

for relief payments. The measure contains no money for continuing the Federal mineral purchase program, one of the original bones of contention between the House and Senate. (Wall St. J., 4/19 p.3)

WORLD BANK SELLS BONDS The International Bank for Reconstruction and Development's \$100 million of 21-year bonds have nearly all been sold, after a public offering by underwriters. The group tagged the 4-1/4% securities at 98, to give the retail buyer a yield of 4.3973% to maturity on May 1, 1978. All \$30 million of the issue retained by the managers for group sales to large institutions and dealers went out quickly. Asked about bonds still in the hands of individual underwriters, spokesmen said, "There are very few left." The issue followed closely the pattern set for the \$100 million World Bank bonds sold in January as to sinking fund, delayed delivery, and non-callability features. (Wall St. J., 4/18 p.16)

WHEAT SUPPORT CUT 22 CENTS A BUSHEL Secretary of Agriculture Benson has cut supports for the 1958 wheat crop to a minimum national average of \$1.78 a bushel from the \$2 level of this year and 1956. He said that heavy surpluses dictated the reduction. The new support price for wheat is the lowest since 1946, when grain was supported at \$1.49. At \$1.78, supports equal 75% of parity, the minimum permitted by law. That is the lowest parity rate since 1940, when the support was 57% of parity, and compares with this year's 80%. Mr. Benson also proclaimed marketing quotas to limit production to 55 million acres in the commercial wheat area, the same as this year, and the minimum allowed by law. (Wall St. J., 4/22 p.19)

COPPER, LEAD & ZINC DEMAND STAYS SLOW Demand for copper, zinc and lead continues slow and no new developments are in sight to indicate an early pickup. The already sluggish demand was accentuated by the three-day Easter weekend. Custom smelters, lacking a test of their price structure, maintained their quotation at 31¢ a pound. This price was established at the end of the previous week after they failed to find buyers at 31-1/2¢ a pound. Dealer copper, however, was reported available around 30-1/2¢ a pound, and foreign copper for export account was quoted in the New York market at 30-1/4¢. (Keller. Wall St. J., 4/22 p.19)

CORPORATE BILLIONAIRES The number of American corporations with assets of \$1 billion or more now stands at a record 81, a United Press survey shows. Industry added four new corporate billionaires in 1956, climaxing another booming year of economic growth. The list of billion-dollar giants has almost doubled since World War II. (Shortal. Youngstown Vindicator, 4/17 p.16)

CORPORATION With activity limited by the Good Friday closing of
EARNINGS MIXED the stock market, interest through midweek centered
on selected issues influenced by corporate develop-
ments. Reports of first-quarter earnings, company meetings, and divi-
dend activities again held the center of the financial stage. In
some fields, earnings showed improvement over the first quarter last
year. The profit squeeze, caused by rising costs, became more notice-
able. Higher sales and lower earnings were shown in some cases.
(Forrest. N. Y. Times, 4/21 III p.1)

SHORT INTEREST The aggregate short interest on the New York Stock
AT 2-YEAR HIGH Exchange rose between March 15 and April 15 to the
largest figure reported since February 15, 1955. The
latest figure was 3,071,799 shares, compared with 3,002,510 a month
earlier. (N. Y. Times, 4/19 p.35)

CASH The Department of Commerce has reported that cash dividend
DIVIDENDS payments publicly reported by corporations in the first
quarter of 1957 totaled \$2.8 billion, 2-1/2% above pay-
ments in the similiar three months last year. (N. Y. Times, 4/19 p.30)

ACCEPTANCES RISE The total of bankers' acceptances outstanding rose
TO 25-YEAR HIGH \$26.3 million last month to \$1.018 billion, the Fed-
eral Reserve Bank of New York has reported. The
counterseasonal increase contrasted with declines of \$19.3 million in
February 1957, and of \$6.5 million in March 1956. The total on March
31 was \$358 million more than a year ago and the highest since October
1931 when \$1.039 billion was outstanding. (N. Y. Times, 4/19 p.35)

BANK ASSETS Total assets of 13,441 banks insured by the Federal
AT RECORD HIGH Deposit Insurance Corporation rose \$9 billion to a
record high of \$241 billion during 1956, H. E. Cook,
Chairman, has reported. This was an increase of 4%, about the same as
the annual average rate of increase over the past ten years. Deposits
also advanced and reached \$219 billion. Of this, \$196 billion was in
13,218 insured commercial banks and \$23 billion in the 223 insured
mutual savings banks. (N. Y. Times, 4/17 p.50)

NEW 5% INSURED The Federal Housing Administration has issued its
MORTGAGES RISING first report since December when it lifted the maxi-
mum interest rate to 5% from 4-1/2% on mortgages
it insures. FHA said the 5% mortgages were bringing a national
average price of \$97.30 for each \$100 of outstanding mortgage amount
on April 1. This was slightly higher than the \$97.20 of March 1 and
well above the \$96 average on 4-1/2% mortgages in December. (Wall St.
J., 4/17 p.12)