The Treasury offered yesterday the highest interest rate since 1933. It gave investors a choice of two new securities in exchange for $4.2 billion of securities maturing May 15. One will be an eleven and one-half month certificate maturing April 15, 1958, and bearing 3-1/2% interest. The other will be a four-year, nine-month note, maturing February 15, 1962, and paying 3-5/8%. Both new securities will be dated May 1, though they will not be issued until May 15. This gives holders of the maturing securities an added incentive to take the new ones since they would collect the higher rate after May 1. (N. Y. Times, 5/3 p.37)

The bond markets closed last week on more solid footing. The pace-setting long-term U. S. Government issues worked back to near the levels of the preceding week after slumping to near record low prices earlier in the week. The 3-1/4's were priced at 97 bid. "The Treasury's financing announcement had little effect on the long-end of the list," one trader commented after Friday's trading. "You still can't rule out the possibility of a new long-term bond to replace the F- and G-bonds that are coming due," he added. Municipal traders reported a better feeling in their market. Fractional gains were posted in the tax-exempt revenue bond section with some turnpike bonds a point or more higher. High grade corporate issues marked time; convertible bonds were mostly firmer on the week, mirroring the higher stock market; and foreign bonds were quiet with prices little changed. (Wall St. J., 5/6 p.19)

Consumer instalment credit increased by $40 million during March to an estimated total of $31.3 billion, the Federal Reserve Board reported. This compares with increases of $447 million in March 1955, and $197 million in
March 1956. The Board noted increases of $91 million in auto credit and $61 million in personal loans. Other consumer credit declined $107 million. On a seasonally adjusted basis, instalment credit increased an estimated total of $139 million during the month. Seasonally adjusted extensions of credit during March amounted to $3.3 billion, while repayments amounted to $3.2 billion. (N.Y. Times, 5/3 p.39)

RESERVE STUDY ON CAR CREDIT The staff of the Federal Reserve Board concluded in a study made public today that "there is real question" whether there can "soon" be another surge of automobile buying on credit like that of 1955. The conclusion was reached in the final volume of the Board's massive six-volume study of consumer credit. The other five were made public several weeks ago. This volume comprised a survey of the automobile market and financing practices in 1954 and 1955. The study went into considerable detail in its analysis of why another 1955 was unlikely. It suggested that there was not much more "mileage" in further liberalization of terms, because extension of maturities would result in very little reduction in the monthly payment. (N.Y. Times, 5/3 p.37)

CORPORATE Early reporting corporations turned in an earnings gain of almost 8% for the first quarter of 1957 over a year earlier. A total of 536 companies grouped in 28 classifications of business reported for the first three months aggregate net income of $2.9 billion, compared with slightly less than $2.7 billion in the 1956 first quarter, the Wall Street Journal's quarterly earnings study shows. While that is a satisfactory gain of 7.8%, it somewhat overstates the actual improvement because of special circumstances in two industries--petroleum (Suez closing) and electrical equipment (strike). Since these unusual influences will not be present to the same extent in the second quarter, and since some big industries now are showing a slight softening, the second quarter might produce little if any improvement over a year ago. (Wall St. J., 5/3 p.1)

FARM PRICES Farmers gained a little economic ground in the month ended April 15 as prices climbed slightly faster than costs. The Department of Agriculture has reported that prices received by farmers rose 1.7% to 2.4% of the 1910-14 average compared with 235 a year earlier. Prices hit their highest level since last July's 2.4%. Farm cost of production and living edged up to 29% of the 1910-14 average--setting the fourth straight monthly record--compared with 284 a year earlier, the Department said. Climbing costs offset only part of the price gain, so the mid-April parity ratio rose to 81 but remained below a year earlier level of 83. This was the first rise in parity since December. (Wall St. J., 5/1 p.18)
COMMODITY PRICES 
MORE STABLE IN APRIL 

Sensitive commodity price indices extended their declines during April, but the rate of decline was small in comparison with earlier months of this year. There are no indications, as yet, however, that the price decline in the basic materials has been checked. At the present time, the sensitive commodity price indices are at their lowest since the downturn began last December. (J. of Comm., 5/1 p.1)

RAIL FARES 
HIKED 15% 
The Interstate Commerce Commission has authorized six Eastern railroads to increase their first-class passenger fares 15%. The higher fares may be put in effect after five days by the New York Central, Pennsylvania, Chesapeake and Ohio, Norfolk and Western, Pittsburgh and Lake Erie, and Pennsylvania-Reading Seashore Line railroads. These same railroads increased their first-class fares by 5% on January 9. The 15% increase applies to rates in effect prior to that time. Thus the increases total 20% over first-class fares in effect before January 9. (N. Y. Times, 5/4 p.1)

DEFENSE OUTLAYS 
RISING 

Defense Secretary Wilson told a press conference that the Administration is afraid increased defense spending will wipe out the $1.7 billion Federal budget surplus this fiscal year. No estimate was made of how high Pentagon outlays would climb above the original forecast of $36 billion for the year ending June 30, but Mr. Wilson said they are "creeping up". (Wall St. J., 5/3 p.1)

SCHOOL FINANCING 
UP DESPITE COST 

High interest rates in the tax-exempt market have not slowed down school financing. A report released by the Investment Bankers Association of America shows that $1,546 million of school bonds came to market in the nine months ended March 31, more than had ever been offered during a similar period. Of the total, more than $1.5 billion of bonds, or approximately 97%, were sold. The IBA study notes that educational bonds seem to have "social priority", in that school construction issues are rarely postponed, while borrowing for other purposes is often put off to await better market conditions. (Wall St. J., 5/1 p.15)

MANUFACTURERS' SALES 

Manufacturers' March sales and new orders rose less than seasonally from February, while inventories went up more than usual, the Commerce Department reported. Actual dollar volume of manufacturers' sales totaled $30 billion in March, marking a monthly gain for both durable and non-durable goods industries. The Department's monthly report, which does not cover earnings, showed that the actual dollar volume of manufacturers' new orders rose to $29.5 billion in March, up from $27.4 billion the month before and $28.6 billion a year earlier. (Wall St. J., 5/2 p.7)
EXPORTS HIT NEW RECORD
U. S. exports in March easily hurdled the $2 billion mark for the first time in a single month. A preliminary estimate by the Census Bureau set the value of exports during the month at $2,127 million. This is close to 7% greater than the previous record of $1,993 million set in December 1956. (J. of Comm., 5/1 p.21)

STOCK TRADING UP IN APRIL
The stock market in April had the greatest monthly gains of the year and trading was the largest since May 1956. Stocks recovered about 75% of the losses made in the first two months of the year. Prices, as measured by the New York Times combined index, had a net gain of 13.32 points, compared with a net gain of 3.63 points for the previous month and a net decline of 1.87 points in April 1956. (N. Y. Times, 5/1 p.59)

STEEL OUTPUT GOAL BELOW 90% OF CAPACITY
Operations of the nation's steel mills are scheduled at 89% of rated capacity (for the week beginning April 29) according to the report of the American Iron and Steel Institute. This is calculated to produce 2,278,000 tons of ingot and steel for castings. Last week the industry operated at 88.7% of capacity. (N. Y. Times, 4/30 p.37)

STEEL SCRAP PRICES RISE
A four-month decline in the scrap market in Pittsburgh was reversed as a major steel producer began buying steel-making grades of the material at substantially higher prices. Orders were being negotiated at an increase of $5 a ton in each of the secondary grades. The transaction marked a turnaround in a steel scrap decline that began in early January and took the price on No. 1 heavy melting down $25 a ton from the record high of $67 it reached last November. (Wall St. J., 5/6 p.24)

ELECTRIC POWER PRODUCTION
Distribution of electricity slumped again last week to the lowest level since Christmas week of 1956. The Edison Electric Institute reported power consumption at 11,310 million kilowatt hours, only a slim 114 million kwh above the week ended December 29, 1956. The E.E.I. attributes the drop to moderating industrial production, particularly in the Eastern and Central states where current consumption is barely 1% above the like 1956 week. (Wall St. J., 5/2 p.11)

KLM STOCK OFFERED FOR SALE HERE
KLM Royal Dutch Airlines is making public offering of 250,000 shares of common stock at $29 a share. Other European companies have had stock listed in the U. S., but the KLM financing represents the first public sale of newly issued stock here by a European company in over a decade. (J. of Comm., 5/1 p.3)