The Treasury, still pinched for cash, went to the short-term market again for $1.5 billion of new money. At the same time, debt managers "postponed indefinitely" plans to refund maturing series F- and G-savings bonds. The two actions came after a disappointing attempt to stretch out the debt a little in a refunding earlier this month. To raise the required money, the Treasury has offered $1.5 billion of 119-day tax anticipation bills. They will be dated May 27, 1957; will mature September 23, 1957; and may be paid for by credit in Treasury tax and loan accounts. The new fund raising comes earlier than expected, but debt managers said the high demand for cash in the refunding of nearly $4.2 billion of maturing securities earlier this month forced them into the market now. The Treasury had to pay out nearly $1.2 billion cash in that refunding. As to refunding the maturing F- and G-savings bonds into a long-term marketable issue, debt managers decided that the holders of savings bonds were not interested in another long-term issue. Officials noted that there has been a "tremendous volume" of new financing by state and local bodies since the start of the year and "the market is very congested". (Wall St. J., 5/17 p.3)

Price inflation accounted for two-thirds of the rise in the value of national output during the last year. The production of all goods and services, called the "gross national product", reached an annual rate of $427.1 billion in the first quarter of this year, the Commerce Department reported. "The increase over a year ago was 6% in value, with roughly a third of the rise representing further advance in physical volume", the report said. It indicated, however, that price rises had less impact in the first quarter. An $8.5 billion increase was recorded between the final quarter of 1956 and the first quarter of 1957. Less than half of this represented price increases. (N. Y. Times, 5/15 p.8)
PERSONAL INCOME UP  
Personal income rose to a record seasonally adjusted annual rate of $339 billion in April, the Commerce Department reported. This compared with annual rates of $338 billion in March and $321 billion in April 1956. Nearly half of the April increase in personal income stemmed from higher old-age benefits. The agency explained that farm operators and other groups covered by Social Security for the first time in 1955 are now becoming eligible in large numbers to receive benefit payments. (Wall St. J., 5/16 p.22)

INDUSTRIAL OUTPUT DOWN SLIGHTLY  
Industrial production declined slightly in April from its recent record highs, the Federal Reserve Board reported. The decrease centered in output of durable goods and minerals. The Board said American industries turned out goods at a seasonally adjusted rate of 145% of the 1947-49 average, down from 146% in March. The adjusted figure held level at 146% in each of the first three months of this year. (Wall St. J., 5/16 p.2)

STEEL OUTPUT  
Some steelmakers are reporting slight gains in buying, but a canvass of producers indicates that the overall trend of orders in the industry is still downward. Production also is continuing the gradual decline begun in late February and is expected to go down further before any significant recovery sets in. Late summer or early fall is generally looked on as the probable time for a comeback. Buying improvement is spotty and even the companies that report it concede they don't believe it is a trend. Some of it, although perhaps a minor part, is considered hedging against price increases on July 1 when steelworkers' pay scales go up under the three-year contract signed last year. Steel production this week will hold steady in the Chicago and Youngstown districts, but will drop in the Pittsburgh area. (Wall St. J., 5/20 p.7)

COTTON CLOTH BUYING UP, PRICES LOW  
The cotton textile market has suddenly come to life after six months of sluggish sales. A burst of demand for unfinished cotton fabrics swept New York's big textile selling houses last week, with mills booking business as far ahead as the first quarter of next year. By late Friday, some textile merchants estimated as much as 50 million yards of key print cloth had been ordered for second-half delivery. That would make it the best week since a similar surge died late last October. The buying wave caused only a slight rise in long-depressed cloth prices, however. It was also limited, with demand confined almost entirely to apparel fabrics while sales of heavy industrial cloth continued slow. For these reasons, textile executives are cautious about getting too optimistic over the trend. (Wall St. J., 5/20 p.28)
HOUSING STARTS UP 11% IN APRIL

Housing starts rose seasonally in April, but were at the lowest level for the month since 1949, the Labor Department has reported. The Department said builders started work on 92,000 public and private dwelling units last month, an increase of 11% over March, but down 17% from the 111,400 units a year earlier. On a seasonally adjusted basis, the annual rate of new private housing rose to 960,000 units in April from a rate of 880,000 units in March, and 1,157,000 units last year in April. Most builders blame this year's housing declines on the Federal Reserve Board's monetary policies. (Wall St. J., 5/14 p.4)

N. Y. CENTRAL OPENS RESEARCH LABORATORY

Application of pure science to the railroad problems of improving operating performance and cutting costs took a long stride forward when the New York Central Railroad dedicated and officially opened its new $1 million research center in Cleveland. Alfred E. Perlman, president of Central, stressed the practical side of the laboratory's activities. He asserted that without the savings afforded by research, Central might find it difficult to remain solvent in the face of spiraling costs. The laboratory is already producing savings for the railroad, which are almost incalculable, running into millions of dollars a year, Mr. Perlman said. (Stauffer. N. Y. Herald Trib., 5/16 II p.2)

SWITZERLAND, INDIA HIKE BANK RATES

Inflationary forces finally forced two of the world's lowest money rate countries to join in the imposition of higher central bank rates—the orthodox remedy for checking booms. Switzerland, the cheapest money market in Europe, increased its central bank discount rate to 2-1/2% from 1-1/2%. The Swiss National Bank explained the move as a step to maintain the purchasing power of the Swiss franc. In Bombay, the Reserve Bank of India announced its bank rate would rise to 4% from 3-1/2%. Last February, the Indian central bank raised its interest rate on loans against government securities to 4% from 3-1/2%, which was an unofficial way of introducing the tighter money policy that became formally effective today. (J. of Comm., 5/16 p.2)

CANADIAN DOLLAR HITS $1.04 25/32

The Canadian dollar reached a twenty-four-year high of $1.04 25/32 in terms of United States dollars in foreign exchange trading at noon (May 14). The 1933 peak set in mid-November was $1.05 5/8. Dealers attributed the rise to continuation of Canadian financing south of the border. Money obtained in the American capital market must be changed into Canadian currency before it can be used there. The resulting demand for Canadian dollars pushes up its price in relation to the United States dollar. (N. Y. Herald Trib., 5/15 II p.3)
"V-LOAN" RATE INCREASED The Federal Reserve Board raised the maximum permissible interest rate on Government-quaranteed "V-Loans" to 6% from 5%. The so-called "V-Loans" are made to Government contractors who cannot obtain regular bank loans to carry them through the performance of their contracts. They are guaranteed by the contracting agency. Unavailability of such loans at the old 5% rate was the reason behind the change. (J. of Comm., 5/16 p.2)

CHEMICAL INDUSTRY Continuing strong sales showings in the months ahead, resulting in a further increase in total sales for the full year over record 1956 results, are being predicted by leading chemical producers. However, chemical industry leaders see no immediate end to the trend toward narrowing profit margins caused by competitive price cuttings coincident with rising costs. Results by individual companies are expected to vary considerably, reflecting the spotty nature of the price declines as well as varying success of individual companies with new products. (Moody. J. of Comm., 5/14 p.1)

PREMIUM GRADE OF SCRAP UP $2 A premium grade of scrap iron has advanced $2 a ton in the Chicago area and other grades are being bid higher by brokers as supplies tighten. A large Chicago mill paid $44 a ton for No.1 industrial heavy melting steel, $2 more than sales to other consumers. The $44 price, however, is open to questions by some brokers. They contend there is no "open order" at that figure. It is important to note that another large mill in Chicago continues to stick to its old prices when listing buying quotations, and those prices are about $2 under what brokers are currently paying. (Wall St. J., 5/16 p.16)

COST OF LIVING, PRICES RISING OVER THE WORLD The United Nations has reported that prices and cost of living continued to rise throughout most of the world last year, and that during the early part of this year, the trend had not abated. In a special article on wholesale prices and the cost of living index, the world organization found that the trend was accelerated somewhat last year by the Suez Canal crisis. (N. Y. Herald Trib., 5/15 II p.2)

GAS RATIONING ENDED IN BRITAIN Prime Minister Macmillan today informed the House of Commons of the Government's decision to permit British ships to resume use of the Suez Canal. (Cook. N. Y. Herald Trib., 5/14 II p.1)

Gas rationing in Britain, which began December 17, ended at midnight (on May 14). The announcement was a direct consequence of the Cabinet's decision to direct British shipping to use the Suez Canal. (Middleton. N. Y. Times, 5/15 p.5)