RESERVE WILL NOT RELAX CREDIT CURBS

Federal Reserve Board Chairman Martin told a Joint Congressional Economic Subcommittee that the Board has no intention of relaxing its credit restrictions at this time. He did not discuss whether the Board intended to tighten money still further. He said that "the strength of inflationary forces has been and still is formidable" and that "the situation does not seem to us to reflect a basic weakening that would call for relaxation in efforts to curb inflationary pressures." Mr. Martin defended the Reserve Board's credit restriction policies of the past two years, declaring that if bank credit had been allowed to increase more rapidly, prices would have risen much more sharply than they have. (Amer. Bkr., 6/17 p.1)

HOUSING STARTS CLIMB IN MAY

The annual rate of new housing starts edged up to the highest level of the year in May, the Labor Department reported, but added that starts were the lowest for the month since 1951 and down 10% from a year ago. The Department said builders started work on new houses at a seasonally adjusted annual rate of 990,000 units last month. This compared with an annual rate of 940,000 units in April and topped the previous 1957 high rate of 975,000 in January. (Wall St. J., 6/13 p.5)

SMALL GAIN IN FHA MORTGAGE PRICES

The Federal Housing Administration reported a slight improvement in the resale market for its 5% insured mortgages during May. FHA said its mortgages brought a national average price of $97.50 for each $100 of outstanding mortgage amount on June 1 in the secondary market. A month earlier the national average price stood at $97.30. This slight increase means, according to agency officials, that lenders in May had more money available for FHA mortgages and bid up the resale market price a bit. (Wall St. J., 6/17 p.5)

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
EMPLOYMENT

The Labor and Commerce Departments have reported that civilian employment rose by 900,000 during the month to mid-May to a total of 65,200,000 workers. This was about the "normal change" for this time of year. Despite this upswing in employment, the jobless total remained unchanged over the month at 2,700,000. This year's mid-May totals on employment and unemployment were similar to those a year ago when employment totaled 65,200,000 and those unemployed numbered 2,600,000. The Government noted that much of the increased employment during the month reflected more jobs in agriculture and construction. Factory employment, on the other hand, declined for the fifth straight month. (Wall St. J., 6/12 p.25)

BURGESS DERIDES FEARS OVER DEBT

"Foolish and unduly alarming statements" about the national debt and Treasury problems in financing were decried by W. Randolph Burgess, Under Secretary of the Treasury, speaking before the Graduate School of Banking of the American Bankers Association at Rutgers University. "We have problems, but no crisis," Mr. Burgess said. "They are the problems of prosperity. We have had, and are having a great and growing prosperity. We made a vigorous cut of $10 billion in Government spending and a cut of $7.5 billion in taxes," he said. "Since the Eisenhower Administration took over, budgeting has turned from a former planned deficit of $10 billion to a surplus," he added. "Debt is most dangerous when increasing amounts are held by commercial banks, for, in that form, it adds to the money supply and can be inflationary," Mr. Burgess warned. (N. Y. Times, 6/15 p.21)

RECORD OUTLAYS FOR PLANT EXPANSION

Industry spending for factories, office buildings, equipment and other production facilities should continue to inch higher to new peak levels through the summer months, according to estimates by the Department of Commerce and the Securities and Exchange Commission. This spending should be about 9% higher in the first nine months of this year than in the same period last year. The Government estimates industry is spending at a rate of $37.3 billion a year in the second quarter and will spend at a rate of $37.9 billion in the third quarter. This small increase continues the slight upward trend that developed late last year, after two years of spectacular expansion. (N. Y. Times, 6/12 p.49)

CASH DIVIDENDS

Cash dividend payments by corporations issuing public reports totaled nearly $4 billion during the first five months of this year. This was 3-1/2% more than the figure for the same period of 1956. The Department of Commerce said May payments totaled $300 million, about 4% higher than for May 1956. Increases in payments by the manufacturing industries
accounted for more than half of the January-May advance. Most of the rise was in the oil refining, iron and steel, and non-electrical machinery groups. (N. Y. Times, 6/14 p.35)

TAX BORROWINGS Tax borrowing by corporations in anticipation of payments due the Government at the end of this week boosted commercial loans at New York banks by $158 million during the week. This amount was $13 million greater than was borrowed for similar purposes in the corresponding week a year ago. The corporations' renewed rush to the banks for money coincided with other conditions which resulted in a distinct further tightening of bank reserve positions. (J. of Comm., 6/14 p.2)

FNMA WILL PAY 4-1/4% TO BORROW $100 MILLION Fannie Mae, the Government agency that buys and sells Federally-backed mortgages in the secondary, or resale, market, will pay the highest interest cost in its history to borrow $100 million. The Agency, known formally as the Federal National Mortgage Association, is offering publicly a $100 million issue of 4-1/4% debentures. J. Stanley Baughman, FNMA president, said the new issue of debentures is being offered at par, will be dated June 24, and will mature May 8, 1958. (Wall St. J., 6/12 p.2)

SHIPBUILDING The Great Lakes shipbuilding industry is well on its way out of the doldrums after several years of comparative inactivity. Whether the return to life is permanent, shipowners said it was too early to tell. But with several ships under construction and several more in the planning stages, it appears the industry is in for a healthier period than it has experienced for the past several years. Nine big bulk carriers, some of them rivaling in size the world's largest ocean liners, are being turned out by United States and Canadian inland shipyards. This reflects the growing faith of the shipowners in the future of Great Lakes shipping despite the expected flow of ocean competition with the coming of the St. Lawrence Seaway in 1959. (J. of Comm., 6/13 p.1)

STEEL RECOVERY FORECAST IN FALL Steel leaders have discounted the low operating rates expected for the months of July and August. They are looking for a sharp upturn in steel activity by September. It is evident that much July tonnage has been pushed into June shipping schedules. This means that some mills will find the July flat-rolled business lean. It is expected that July steel operations will reach the lowest point for the year. They may average no better than 70% of capacity, but the average for that month could approach 75% of capacity. (N. Y. Times, 6/17 p.32)
WORLD COPPER PRICES DECLINE Price declines in world markets for copper are exerting pressures on U.S. quotations for the metal. Efforts to tackle the over-supply problem of the red metal were highlighted by new production cuts announced by two U.S. producers "to prevent excessive accumulation of unsold metal". Easy price trends abroad include: a net decline of 1/2 cent a pound to 28-1/2 cents last week in copper's price on the London Metal Exchange. This was on top of a similar drop the week before. The London price now is 3-1/2 cents below the U.S. producer price of 32 cents that has held since February 15, 1957. (Wall St. J., 6/17 p.28)

PRICE OF LEAD CUT BY SMELTERS The domestic lead price was cut one cent a pound by most major custom smelters, to establish the new price at 14 cents, New York, and 13.8 cents, St. Louis. This price reduction comes a little less than one month from the May 16 date when one-half cent was cut from the 15-1/2-cent-a-pound quotation, which followed in turn a one-half cent reduction exactly one week earlier. The number of reasons given for the lead price decline may be boiled down to disappointment in the Administration's barter and long-range minerals programs on top of continued consumer disinterest and overabundant supplies. (J. of Comm., 6/12 p.1)

RETAIL TIRE SALES PUSH '57 VOLUMES UP Record retail sales of passenger car tires are enabling rubber companies this year to offset disappointing demand from their biggest single customer, the auto industry. Net result: despite Detroit's slowdown, tire makers are sticking close to December estimates that 1957 shipments will run about 6% ahead of 1956, for the second best year on record. For the first four months this year, according to the Rubber Manufacturers Association, shipments of replacement passenger tires were roughly 13.5% above the year earlier figure. Sales of "original equipment" tires for new cars, however, were only 3.2% higher than the units shown for the first four months of 1956. Including exports, total passenger tire sales were 31,459,605, a gain of about 9% from last year's 28,771,457. (Wall St. J., 6/11 p.26)

WHEAT CROP BELOW 1956 LEVEL LIKELY The Agriculture Department today forecast this year's Federally-controlled wheat crop at 970,533,000 bushels. This estimate is the first for the full crop and is 26,674,000 bushels less than last year. It is considerably below the ten-year (1946-55) average of 1,131,000,000 bushels. A rise was indicated in per-acre yield. This year's wheat crop is being grown on one of the smallest acreages in many years. Government crop control measures and the new soil bank land retirement program curtailed plantings in steps to prevent production of additional surplus supplies. (N. Y. Herald Trib., 6/11 II p.3)