TREASURY OFFERS 4% IN REFINANCING

The Treasury offered three short-term securities at the highest interest rates in nearly 25 years to refund $24 billion of issues coming due in August and October. A Treasury spokesman declared terms of the offering involved "no monetary policy". Rather, he said, the Treasury fixed the lowest rates--ranging from 3-5/8% to 4%--"at which we felt we could sell these securities at these maturities". Officials stated that the new issues were priced right at the market and they looked for only a "modest" demand for cash from holders of the maturing securities. The three-way offering consisted of a four-month 3-5/8% certificate, a one-year 4% certificate, and a four-year 4% note. All three issues are dated August 1, 1957. (Wall St. J., 7/19 p.3)

'57 BUDGET SURPLUS

The Treasury and the Bureau of the Budget announced today that the surplus for the fiscal year 1957, which ended three weeks ago, was $1.6 billion. The reason for the surplus was that receipts, swollen by prosperity, ran $4.7 billion higher than original estimates. The budget covers the bulk of the Government's transactions, but not all of them. With all cash transactions included and certain noncash items of expense left out, the results today showed a "cash" surplus of $2.1 billion. This resulted from total cash payments of $80 billion and cash receipts of $82.1 billion. The surplus was sharply lower than the estimate of $3.5 billion made in January. (Dale. N. Y. Times, 7/20 p.1)

MONETARY COMMISSION DEFEATED BY COMMITTEE

There will be no over-all investigation of monetary policies this year except for the one already launched by the Senate Finance Committee. That fact became clear when the Senate Banking Committee defeated attempts to revive the idea of establishing a Presidential commission.
to undertake a thorough study of credit policies and financial institutions. The defeat of the commission idea by the Senate banking group left the Finance Committee a clear field to continue its investigation—which has, to date, centered mostly around the problem of inflation. (J. of Comm., 7/17 p.1)

HIGH INTEREST RATE  Federal Reserve Board Chairman Martin told Congress inflation is still the major danger facing the economy and higher interest rates are "a very cheap price to pay" to forestall the threat. Testifying before the House Banking Committee, Mr. Martin said that if inflationary pressures aren't checked, the nation "ultimately will be faced with a serious recession". The Board's policy of restraining credit has laid the "groundwork" for a stable dollar but the battle hasn't been won yet. The cost of living has risen steadily over the past eight months, he noted. Money is like other goods, he said, and a "modest increase in interest rates when the demand for money far exceeds the supply" is needed to brake inflation. Mr. Martin said the Board's influence on interest rates has been exaggerated and that the rate is set "in large measure" by the market. (Wall St. J., 7/17 p.5)

PERSONAL INCOME  The Department of Commerce has estimated that personal income climbed to an annual rate of $344 billion in June. This was a gain of $1 billion over May and a jump of $17 billion since June 1956. Personal income includes wages and salaries, landlords' net rents, dividends, interest, and the net income of unincorporated businesses. Farm income is included. (N. Y. Herald Trib., 7/19 II p.2)

UTILITY PLANS  Directors of the American Telephone and Telegraph Company have authorized a new bond issue of $250 million to be offered at competitive bidding. It is expected that bids will be opened October 29. The giant telephone company has already sold $530 million of bonds so far this year. The last debt issue of this kind by the company was for the same amount and was sold on March 26. The company is engaged in a $2.5 billion expansion program, the largest ever undertaken by any company. This follows 1955's record outlay of $2.2 billion. (N. Y. Times, 7/18 p.35)

MARKET TO OFFER LARGE CORPORATE DEBT ISSUES  Financing by corporations through public sale of new securities will be sustained at a relatively high level this week—at least for this season of the year. On tap for the five-day stretch are four corporate debt offerings totaling $118.2 million along with two convertible preferred stocks worth $15.5 million at par. There will be
no new common stock financing of size. The week's substantial volume of corporate debt issues will press into a bond market that is again on the defensive -- nudged by announcements of large new issues to come after end of the summer doldrums and signs of stringency in the money markets in general. (Wall St. J., 7/22 p.16)

BOOST IN FHA RATE CONSIDERED
The Eisenhower Administration has all but ruled out for now lower down payment requirements on Government-backed mortgages. High-level Federal officials, however, hinted strongly that serious consideration was being given to raising the FHA interest ceiling. They indicated that if such a move were made, the new rate probably would not be lifted above 5-1/4%. At present, the Federal Housing Administration permits lenders to charge up to 5% interest on home mortgages insured by the Agency. But, under special circumstances, the law allows this limit to be lifted to as high as 6%. (Wall St. J., 7/17 p.3)

HOMEBUILDING SLUMP CONTINUES
The Government reported yesterday the lag in the nation's homebuilding pace continued through June.

The Bureau of Labor Statistics reported housing and apartment starts declined from 102,000 in May to 97,000 in June, but said the decrease was seasonal. The seasonally adjusted annual rate for June was 970,000 units, about the same as in May. The report said 506,800 home units were placed under construction during the first six months of this year. This is 13% below the comparable figure for 1956 and the lowest half-year total since 1949. The decline was entirely in privately financed housing. The average seasonally adjusted annual rate of private housing starts for the first half of the year fell 16% from 1,135,000 units in 1956 to about 950,000 in 1957. (Wash. Post, 7/17 p.A18)

INDUSTRIAL OUTPUT HOLDS STEADY
Industrial production in June held steady for the third successive month, at 143 on the Federal Reserve Board's seasonally adjusted index. This was the same rate as in April and May. The level was four points below the all-time peak reached last December, but two points above that of a year ago. (J. of Comm., 7/16 p.1)

WORKING CAPITAL CONTINUES RISING
Working capital of United States industry stood at $106 billion on March 31, 1957, compared with $104.4 billion on December 31, 1956, according to the Securities and Exchange Commission. Working capital represents the difference on any business balance sheet between current assets and current liabilities. The SEC also reported that in order to finance about $9 billion of expansion in the first quarter, about 70% of
the needed money came from retained earnings and depreciation accruals. The remainder came from about $2 billion in long-term borrowing and $700 million from new offerings of stock. (N. Y. Times, 7/18 p.36)

HOLLAND'S DISCOUNT The Netherlands Bank announced that, as from July 17, its official discount rate will be raised from 3-3/4% to 4-1/4%. The current rate has been in force since October 1956. The bank said: "Uninterrupted lack of equilibrium in Netherland's economy during the past weeks has resulted in increasing appeals to the bank and in a renewed drop of foreign exchange reserves. Therefore, the bank has decided to raise its interest rates." (J. of Comm., 7/17 p.6)

GREAT LAKES A survey of foreign trade export and import shipments which originate and terminate in the Great Lakes tributary area is being undertaken by the Bureau of the Census for the United States Corps of Army Engineers, North Central Division. It is being made to supply part of the basic data for a report on shipping through the Great Lakes ports in compliance with resolutions passed last spring by Congressional Public Works Committees. Cost of the survey will be financed by the Corps of Engineers. While the primary purpose is to obtain data concerning the Great Lakes area, the results will also show figures for the United States as a whole. (J. of Comm., 7/17 p.17)

WHEAT TRADING Wheat has seized the lead from soybeans as the most popular commodity traded on the nation's commodity futures market. That news came from Washington yesterday when the Commodity Exchange Authority of the Department of Agriculture made its annual report on trading during the fiscal year ended June 30. Trading in wheat futures aggregated 4.9 billion bushels during the year, while soybeans accounted for 4.5 billion bushels. Soybeans had led the trading since 1952. (N. Y. Times, 7/19 p.24)

PRESIDENT ORDERS Armed Forces Cut President Eisenhower approved a 100,000-man cut in the armed forces to be carried out within the next six months. Secretary of Defense Wilson issued a reduction order to the military services after receiving a White House okay to carry out an economy move that Mr. Wilson said will save approximately $200 million. The Army was ordered to absorb one-half the total cut from its authorized strength of one million men. The Navy's reduction quota was 15,000, the Marine Corps' 10,000 and the Air Force's 25,000. (J. of Comm., 7/17 p.2)