COST OF LIVING STILL GOING UP

The cost of living marched upward to a new record in June for the tenth consecutive month, the Department of Labor reported. Officials, who keep track of consumer prices, forecast another record when figures for this month are compiled, but they held out hope for at least a one-month drop in living costs in August. After the 0.5% increase from May to June, the price index stood at 120.2% of the 1947-49 average. This was 3.4% above June 1956, and more than 4% above April of that year when the current upsurge in the price index began. Food is the key to last month's increase in consumer prices and to changes in the next several months. Ewan Clague, Commissioner of Labor Statistics, predicted food prices would probably hit a peak in July and then drop off in August. He cautioned, however, that a serious extension of the current drought or other crop failures could upset this prediction. (Wall St. J., 7/25 p.20)

NATIONAL PRODUCT AT RECORD LEVEL

Gross national product increased by $4.4 billion in the second quarter of this year, to reach the record annual rate of $433.5 billion. Biggest single factor in the jump, preliminary estimates by the Council of Economic Advisers showed, was in inventories. These went from a net liquidation of $800 million in the first quarter to a plus of $1.5 billion in the second. Figures are given on the basis of seasonally adjusted annual rates. All major sectors of the economy, except net foreign investment, contributed to the increase in the second quarter. The investment sector showed a net increase of $2.1 billion. The next largest change came in the area of Government spending, with an increase of $1.7 billion, of which all but $500 million was accounted for by outlays of the Federal Government. Personal consumption expenditures showed a net increase of $1.1 billion, with spending on

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services rising by $1.3 billion. The Council's estimates of second quarter activity also showed that personal saving apparently rose to $21.9 billion at seasonally adjusted annual rates, compared with $18.9 billion in the first quarter. (J. of Comm., 7/23 p.1)

TREASURY REFUNDS 95.4%  The Treasury disclosed today that it had suffered nearly 12% attrition on the public portion of its $23.9 billion refunding operation. The total demand for cash came to $1.1 billion, despite the offer of 4% interest as a lure for holders of four maturing issues to accept new issues in exchange. This attrition, though some disappointment to the Treasury, will cause no serious difficulty. It will add to the need, however, for another short-term issue to raise cash. Today's preliminary figures showed that holders of maturing issues, other than the Federal Reserve, had accepted $2 billion of the new 3-5/8% four-month issue, $3.9 billion of the new 4% one-year issue, and $2.5 billion of the new 4% "four-by-two" issue, which matures in four years but may be cashed in after two years. (Dale. N. Y. Times, 7/27 p.21)

BANK RESERVES  The country's commercial banks developed their best reserve position since the week of March 20, as the Federal Reserve eased credit conditions to help the Treasury's $24 billion refunding program. The Reserve helped bond dealers to purchase and carry maturing issues while seeking buyers for the new securities that will replace them, by buying $208.3 million of Treasury bills from these dealers under repurchase agreement. Hence, even after the Board sopped up $121.7 million of funds from other sectors of the economy through the outright sale of that many Treasury bills, the banks were able to end the week with net borrowed reserves of $172 million, against a net deficit of $544 million a week before, marking the easiest reserve position in four months. (J. of Comm., 7/26 p.2)

PROFIT MARGINS  The narrowing of profit margins, which was "in evidence" in 1956, continued during the first quarter of this year, the Department of Commerce has reported. Corporate profits before taxes for the January-March period totaled $43.9 billion, at seasonally adjusted annual rates. This represented a decline from the $45.6 billion rate of the fourth quarter of last year. With the book profit on inventories eliminated, however, the fourth quarter profit figure was $42.4 billion, at annual rates, and the first quarter $41.2 billion--a drop of $1.2 billion. Commerce Department experts pointed out, however, that even the adjusted
figures reflect a continuation of last year's pattern of decreasing profit margins per unit of sales. (J. of Comm., 7/24 p.4)

98.7% OF BANK STOCK RIGHTS SUBSCRIBED  First National City Bank of New York said yesterday that 98.7% of its offering of $120 million in new capital stock had been taken up by shareholders. Of the 2 million additional shares offered on a one-for-five subscription basis at $60 a share, 1,973,426 shares were subscribed for through the exercise of rights. The offering was the second largest ever made by a bank. (N. Y. Times, 7/24 p.31)

TOOL MAKERS' NEW ORDERS DROP  Half-year figures for the nation's machine tool manufacturers yesterday showed a considerable slump in new orders. Figures released by the National Machine Tool Builders Association in Cleveland, showed net new orders dropped from $508 million for the first six months of 1956 to approximately $316 million in the comparable 1957 period. Gross new orders for June this year jumped 17.5% over May. Ludlow King, executive vice president of the Association, said the slump was anticipated. The Association's latest monthly report also disclosed cancellation of $7 million worth of Air Force contracts. (Cleve. Plain Dealer 7/25 p.21)

WAGES UP IN RUBBER INDUSTRY  Increased prices for tires and other rubber products are expected to result from the pattern-setting wage boost of about 6% agreed upon by Goodyear Tire & Rubber Co. and the AFL-CIO United Rubber Workers Union. Rubber company officials in Akron said privately that higher prices will likely follow later this summer, marking the first general increase in rubber products prices this year. The settlement, covering 24,000 union workers in 11 plant cities, provided for an immediate 14-1/2-cent hourly pay boost. The general pay boost was the largest won by the Rubber Workers since 1946, when an 18-1/2-cent increase was gained. The settlement, reached after three weeks of negotiation under wage reopening provisions of the union's contract, is expected to provide a pattern for other major rubber companies. (Wall St. J., 7/24 p.20)

BRITISH IRON AND STEEL PRICES BOOSTED 7-1/2%  Prices of British iron and steel products will be increased an average of 7-1/2%, on July 29. The British Iron and Steel Board said the boost reflects the "successive increased costs with which the industry has been faced over the last nine months." Despite the proposed increases, prices for British steel products still will be
below those for products of similar quality in other main steel producing countries, and substantially so in the case of plates, sheets and tinplate. In addition, the Steel Board stated that there will be a substantial increase in costs as a result of higher charges just announced for coal, coke, scrap and inland transport, and other consequential price cost changes. (Wall St. J., 7/26 p.17)

RAIL PASSENGER EQUIPMENT ORDERS CONTINUE TO SINK 1957 will establish a 15-year low on orders for new rail passenger-carrying equipment, and mark for periods of peace the lowest order level ever, according to a Journal of Commerce survey. U.S. railroads ordered 29 passenger cars in the first half of 1957. There were only 38 back log orders as of July 1. The 1957 trend is a continuation of the severe drop in purchases of new equipment of passengers marked in 1956. (Shenefelt. J. of Comm., 7/26 p.2)

SURVEY SHOWS CONSUMERS CAUTIOUS A nation-wide survey of consumers last month reveals a weakening in their confidence about business conditions and a more cautious attitude on buying. These results were reported yesterday by the Survey Research Center of the University of Michigan. Consumer attitudes and inclinations to buy have been explored by the Survey Research Center two or three times a year since 1951. In this instance, a cross-section of about 1,350 adults, selected by probability methods, was interviewed. The June survey did not find consumers pessimistic or in a mood to retrench seriously. The weakening of consumer confidence seems to stem primarily from some uneasiness about business conditions. Two-thirds of those interviewed, compared with three-fourths a year ago, expect good times to continue over the coming year. Optimism for the longer term has dropped substantially. (N. Y. Times, 7/24 p.31)

"IN GOD WE TRUST", ON NEW DOLLAR BILLS The Treasury stamped "In God We Trust" on paper money for the first time today as it placed two new printing presses into operation. Congress authorized the inscription for paper money two years ago. The inscription will appear on a new series of one-dollar bills on the reverse, or green side, just above the large word "One". The new series of dollar bills also carry the signature of Robert B. Anderson, who succeeds George M. Humphrey as Secretary of the Treasury. This change in design in paper money was the first since the Treasury reduced the size of its notes in 1929. (N. Y. Times, 7/26 p.20)