PRIVATE HOUSING SETS NEW PACE

Private housing starts, on a seasonally-adjusted annual rate basis, went over the one million mark in August for the first time this year. The increased activity was largely confined to the Northeastern part of the country and mostly to new apartment house projects in metropolitan areas, the Bureau of Labor Statistics said. A rise in home construction under the newly-liberalized Federal Housing Administration mortgage insurance program also contributed somewhat to the August increase. Total public and private housing starts in August reached 95,000 units, a slight decline from the July figure. All of the drop-off, however, was in public housing, mostly military family housing. (J. of Comm., 9/12 p.2)

EMPLOYMENT DROPS FROM RECORD HIGH

The Government reported employment fell to 66.4 million at mid-August from the record level set the month before. At the same time, unemployment also declined to 2.6 million largely because students on summer vacations discontinued their search for summer work. A joint report issued by the Departments of Commerce and Labor said the 800,000 employment decrease from mid-July reflected an "especially sharp drop" in the farm work force, which more than offset a "comparatively small" pick-up in non-farm jobs. (Wall St. J., 9/11 p.5)

BUSINESS SPENDING SLATED TO LEVEL OFF

The Government cut its estimate of spending by industry for new plant and equipment during the third quarter of this year from an annual rate of $37.9 billion to $37.2 billion, and predicted fourth quarter outlays would continue at the same pace. While predicting a slower rate of climb than in 1956 for capital spending, this joint survey by the Department of Commerce and the Securities and Exchange Commission...
said 1957 still would be a record year. The estimated $37 billion of such spending for the entire year would be 6% ahead of last year's total of $35.1 billion. However, the rate of increase is substantially below the 22.5% gain in 1956 over 1955. (Wall St. J., 9/11 p.3)

TREASURY TO RAISE $3 BILLION The Treasury announced plans yesterday for borrowing $3 billion. The offering will include its first long-term bond issue in more than two years, and two shorter issues, all at a 4% interest rate. This financing will increase the national debt to within half a billion dollars of the $275 billion ceiling, at the end of September. The closeness of the debt limit had an effect on the design of this borrowing operation, and will be a factor in Federal financial operations for the next six months, officials said. The three securities will be open for subscription for one day, September 16. They are $500 million of 12-year bonds; $1.75 billion of 5-year notes (with an option to redeem them in half that time); and $750 million more of a 1-year certificate that was first issued on August 1. (N. Y. Times, 9/13 p.28)

TOP FISCAL AIDS TO MEET WITH PRESIDENT The Government's top economic officials will meet regularly with President Eisenhower on the problem of inflation, it was announced today. Robert B. Anderson, the Secretary of the Treasury, said the meetings would be an "added step" in the effort to halt rising prices. Among the regular members of the new group will be William McChesney Martin, Jr., chairman of the Federal Reserve Board. It will be the first formal vehicle for consultation between the President and the semi-independent Federal Reserve System. Mr. Anderson's announcement said the discussions would cover "financial aspects" of the inflation and "related problems". A Treasury spokesman said the meetings would be held at least monthly. Besides the President, Mr. Anderson, and Mr. Martin, the regular members of the group will be Raymond J. Saulnier, chairman of the Council of Economic Advisors, and Gabriel Hauge, Special Assistant to the President for Economic Matters. (Dale, Jr. N. Y. Times, 9/14 p.1)

REDEMPTIONS TOP SAVINGS BOND SALES Cash-ins of U.S. savings bonds in August rounded out a full year of topping sales, the Treasury reported. Investors cashed in $87 million more of Series E-and H-bonds than they bought last month. Redemptions of the bonds have exceeded sales since August of last year. The $392 million worth of the bonds bought in August of this year was less than the $400 million purchased in July—and also below the $403 million of August in 1956. Redemptions for August of this year totaled $479 million. The difference between cash-ins and sales in
August was below the $129 million gap in July—which was the biggest of the year. But the August redemptions were ahead of the same month of 1956, when they totaled $414 million. (Wall St. J., 9/16 p.9)

AUGUST CAR SALES RISE New car sales, trailing their 1956 pace from the start of this year, may nearly catch up this month with the cumulative total of a year earlier. If they do, it will give the auto makers and their dealers a good chance in the final quarter of the year to reach the six-million-car level recently predicted. Dealer deliveries through August lagged 2% behind the 4,111,000 sold in the first eight months of 1956. For August alone, however, retail sales of new cars totaled about 490,000—an increase of almost 2% over the like month last year. (Cordtz. Wall St. J., 9/16 p.24)

STEPPED-UP OIL OPERATIONS DUE Petroleum industry operations, which have been curtailed during the past four to five months, should close out the remainder of the year on a rising tide of activity. As one industry executive put it: "There is nowhere to go but up". Oil operations from crude production, through refinery runs and--worst of all--to retail sales have been below expectations since early spring. (Bley. J. of Comm., 9/10 p.1)

FHA MORTGAGE APPLICATIONS RISE The Federal Housing Administration announced it received mortgage insurance applications for 57,500 dwellings in August. This total, reached in the month in which FHA down payments were reduced, was the largest number received in any month since June 1955. It brought the total for the year to 357,800 units in the first eight months of the year. (J. of Comm., 9/12 p.1)

SYNTHETIC FABRICS MAKE COMEBACK Man-made fiber fabrics within the last year have scored a quiet, yet impressive comeback. The outlook for these fabrics appears favorable, moreover, for the fall and winter seasons. On the surface, the improvement in this important sector of the textile industry map appears unspectacular, but a closer scrutiny indicates that producers of man-made fiber, or synthetic, fabrics have made considerable progress along the road back to profitable operations. The returns to mills on many synthetic fabrics are still quite narrow; on some, the returns are hovering close to the breakeven point. But prices of popular staple fabrics have risen as much as 10% to 20% since the third quarter of 1956 because of a sustained demand and tightening supply. Despite cost increases, consequently, mills are in a better position today than a year ago. (Wyss. J. of Comm., 9/12 p.1)
ZINC PRODUCTION  The cumulative effect of zinc production curbs and an improvement in industrial demand for the metal brought about a balanced statistical position in the zinc industry last month for the first time since early this year. As significant as the over-all improvement in the August zinc figures, released by the American Zinc Institute, was the fact that the balance was achieved despite a further drop in Government stockpiling of the metal to the lowest point since April 1956. Shipments of zinc to domestic industry rallied during August to the highest volume for any month this year. (J. of Comm., 9/11 p.1)

COPPER RECORDS  Copper sales picked up sharply yesterday in the best demand since early spring. Custom smelters raised their prices of refined metal 1/2 to 1¢ a pound, to 26¢. They reported orders brisk at the new level. Spokesmen for some custom smelters said the sales upturn appeared to indicate that buyers were convinced that the copper market had finally reached bottom. "Buying seems to be snow-balling all along the line," one sales official reported. "It looks as if purchasing agents who had remained on the market sidelines until they were sure the price-cutting was over are jumping in with orders." (N. Y. Times, 9/14 p.23)

PLYWOOD ORDERS  Douglas fir plywood orders climbed to their highest weekly level this year in the week ended August 31, according to mill figures released by Douglas Fir Plywood Association. Orders jumped 17% higher than production, and were nearly 30% greater than the like week last year. "Jobbers and retail dealers have let inventories dip too low," says one Portland, Oregon, mill operator. "Now they apparently believe the price is not going any lower and they are stocking up." (Wall St. J., 9/10 p.28)

FINLAND DEVALUES  Finland bowed to inflation and devalued her currency, as many economists have been predicting for many months that she would do. The staunchly democratic northern neighbor of Communist Russia reduced the value of her mark to 320 to the U.S. dollar from 231 to the dollar. She also froze 55% to 60% of export profits expected to result from the action. Finland's devaluation was announced by the International Monetary Fund, which gave quick approval to the action in an unusual Sunday session, and by the president of the Bank of Finland in Helsinki. (Wall St. J., 9/16 p.4)