basic business
NEWS

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PRICE INDEX HITS NEW HIGH The Government reported that higher food costs in August lifted consumer prices to a new high for the twelfth consecutive month. The price index calculated by the Bureau of Labor Statistics advanced 0.2% between July and August to 121.0% of the 1947-49 average. The level was 3.6% above a year earlier, the Agency reported. Government price experts previously had expressed hopes that August would mark a down-turn. However, food prices, which comprise 30% of the over-all price index, went up instead of down. The Bureau estimated that 157,000 workers, mostly in the aircraft industry and a few in the glass and metal working fields, will get hourly wage boosts of two to three cents an hour, effective October 1. (Wall St. J., 9/25 p.28)

IMPORTS UP IN JULY Rising imports of coffee and sugar are a factor in boosting the inflow of foreign goods into this country during July to the highest level in history. Imports totaled $1,144,700,000--16% above the preceding month and 9% higher than in July 1956. Incoming products have been running above year-earlier levels throughout 1957. (Wall St. J., 9/25 p.1)

REVALUATION RUMORS QUASHED Neither the United Kingdom nor Germany will change the par value of its currency, representatives of the two countries told the International Monetary Fund in blunt statements intended to quash the speculative currency fever that is playing havoc with some European countries. British Chancellor of the Exchequer Peter Thorneycroft not only reiterated that the exchange parity of the pound will remain at $2.80, but he immediately added that the United Kingdom will start to draw on a $500 million credit established with the Export-Import Bank last February. The statements by Peter Thorneycroft and

Hans Karl von Mangoldt-Reiboldt, representing Germany, supported by a speech of Per Jacobsson, managing director of the Fund, directly attacked what most observers believe to be the principal immediate problem facing the eleventh annual meeting of the Fund. (Naumann. J. of Comm., 9/25 p.1)

MACHINE TOOL ORDER PROSPECTS DIM Machine tool orders last month declined to $44.6 million, according to the National Machine Tool Builders Association. This was down 20% from July and roughly 50% below August 1956. The figures heightened uncertainty among machine tool builders regarding their autumn business prospects. Early this year, they had been counting on a substantial upturn in incoming business, come fall. But a survey of 30 companies shows most now have relinquished hope of such a development. They ascribe the lag in tool orders to over-expansion in some industries and growing doubts regarding business prospects generally. (Wall St. J., 9/27 p.1)

STEEL SLUGGISH, OUTLOOK CLOUDY The steel market appears confusing to some, incomprehensible to others. The picture one gets depends upon the products referred to and the parts of the country that are gauged for an outlook. Lack of luster, extreme shortages, and worry by the consumer characterize this week's steel pattern. Among most steel producers, flat rolled steel orders have improved in volume, but the increase over a month ago has fallen short of expectations. The flow of new orders from the auto industry has been slowed by a later changeover period for new model cars, labor troubles at plants of the major auto maker, threats of wildcat strikes at other auto plants and an "edginess" among auto producers over the reception the public may give to 1958 models. Tight money continues to play its part in steel ordering. Most medium-size steel users want to turn as much of their inventory as possible into cash. Many were still doing that this week and were expected to follow such a trend as long as there appeared to be no difficulty in getting steel. (N. Y. Times, 9/30 p.41)

WORKING CAPITAL TOTAL UP The net working capital position of U.S. corporations showed little change during the second quarter of this year, despite tight credit policies of monetary authorities and business "readjustments". Net working capital at the end of June amounted to $107 billion for a $1 billion gain during the quarter, according to the latest quarterly report of the Securities and Exchange Commission. The improvement reflected a decline of $1.4 billion in current liabilities, partly offset by a $400 million drop in current assets. Of particular significance was a slowing up in the rate of inventory accumulation. Total inventories on June 30 amounted to $79.3 billion, against $79.1 billion at the start of the second quarter and $74.8 billion a year earlier. This was the first time in two years that inventories failed to show a quarterly increase of at least $1 billion, the Agency reported. (J. of Comm., 9/24 p.1)

JERSEY STANDARD PLANS NEW ISSUE The Standard Oil Company of New Jersey plans to seek new equity capital for the first time in nearly thirty years. Directors decided yesterday to raise $250,000,000 to $300,000,000 later this year on an offering of new common stock to their shareholders. Jersey Standard's last public financing was an issue of $150,000,000 of debt securities in July 1949. Why the company is now switching to the sale of ownership shares was not dealt with in detail by the company. However, it was stressed that Jersey had spent more than $7 billion since the war in the search for oil and in expanding its facilities. (N. Y. Times, 9/28 p.22)

BUSINESS INCREASES OUTSIDE FINANCING Business concerns increased their dependence on outside sources for long-term funds during the first half of the year, the Department of Commerce has reported. Companies raised more funds through the sale of new stock than in any first half-year since World War II. Funds from outside sources in the first half of this year totaled $8.5 billion, compared with $8 billion in the same period last year. The amount of stock represented in the total for this year was more than $2 billion and almost double the amount of a year ago. Debt issues accounted for $3.5 billion, and bank loans for $2 billion of the total. Funds from internal sources decreased from $20.5 billion in the first half of 1956 to $18 billion. (N. Y. Times, 9/26 p.35)

STOCK MARKET CONTINUES DOWN Events last week gave considerable reinforcement to the belief that the Administration was determined to check the inflationary spiral, regardless of consequences. This points up the fact that the stock market, just as much as the rest of the economy, has been on an inflationary binge. The New York Times industrial average is still more than 30 points above the 1929 peak.

On Monday, the market suffered the sharpest decline in nearly two years, with the volume of trading the heaviest for 1957 so far. The list rallied somewhat on Tuesday, only to sag to a new low of 290.01 on Wednesday, the lowest point since May 25, 1955. In the remaining two sessions, stocks moved irregularly higher in quieter trading. (Forrest. N. Y. Times, 9/29 III p.1)

CHAIN STORE SALES RISE Sales of the country's chain stores in August pushed 8.5% ahead of the like 1956 month, according to a Wall Street Journal survey of 47 concerns. Merchants credited the gain to seasonably cool weather, which encouraged fall buying, and to the fact that the Saturday before Labor Day--when back-to-school sales are high--fell in August. Sales for the first eight months of this year were 6.7% higher than for the corresponding period in 1956. Stores selling wearing apparel showed gains during August that ran above this 8.5% average. The average gain of seven women's wear chains, for example, was 12.9% for the month. (Wall St. J., 9/24 p.6)

SHOE OUTPUT ESTIMATES UP Shoe production in August is estimated at 54.3 million pairs, off 1.5% from last year, by the National Shoe Manufacturers Association. The trade organization estimates, on the basis of reports from a sample group of shoe manufacturers, that output for September will run around 50 million pairs, an increase of 11% over September 1956. Including these estimates, the association puts shoe production for the first nine months of 1957 at a record 455,218,000 pairs. (Wall St. J., 9/24 p.12)

MEN'S SUIT PRICES STABLE You may not have to pay any more for spring and summer suits next year after all. Early this year, clothing manufacturers were predicting retail prices of men's suits would have to be hiked about 5% next spring to reflect price hikes posted by wool mills. However, a number of big suitmakers now are unveiling their 1958 spring-summer togs at prices unchanged from last year or with only scattered and relatively slight wholesale increases. In most cases, these won't cause any changes in store-window price tags next year. Biggest force keeping suit prices down, clothing men say, is that they're afraid any substantial hikes would cut into sales volume. (Church. Wall St. J., 9/24 p.30)

ALUMINUM CANS FOR OIL INDUSTRY The aluminum industry has made its first major entry into the multi-million-dollar can field. Reynolds Metals Company and Esso Standard Oil Company announced yesterday the signing of the first contract for the manufacture of aluminum cans to be used in the oil industry. In Europe, aluminum has been used for many types of cans, but this represents the breakthrough in this country for the metal in the field. J. Louis Reynolds, executive vice president of Reynolds Metals, commented on the significance of the new development: "This contract with Esso is the first large-scale order for aluminum cans in the history of America's aluminum and petroleum industries. It is only the beginning, an initial bid for the United States market of more than 40 billion cans a year." (N. Y. Times, 9/25 p.39)