COST OF LIVING The consumer price index failed to rise in October for the first time in 13 months. The index was the same as in September, 121.1% of the 1947-49 average, according to the Bureau of Labor Statistics. BLS Commissioner Ewan Clague said that although it was not the official view of the Department of Labor, "I think I detect a certain amount of consumer hesitancy." He forecast a "good Christmas shopping season", even though "people are not as prosperous as they were a year ago". Mr. Clague said a slight increase might be expected in the consumer price index for November, but this would not indicate the start of another upward spiral. (Wall St. J., 11/25 p.5)

HIGHER PRICES BOOST The Department of Commerce reported that gross national product in the third quarter of the year was at an annual rate of $439 billion, an increase of $5 billion from the second quarter. However, the Agency indicated that higher prices were responsible for most of the increase, saying that the physical volume of goods and services produced during the summer months was about on a par with that turned out in earlier quarters of this year. Physical output for the first nine months as a whole, the Department said, was up from last year's record rate. The main increase in the gross national product came from an increase in consumer buying. (Wall St. J., 11/21 p.26)

TREASURY The Government is back in the long-term money market, in a moderate way, and at slightly reduced interest rates. The Treasury announced it will attempt to raise $500 million in new funds this week through the sale of a 17-year bond at an interest rate of 3-7/8%. It will also offer for cash subscription $1 billion worth of five-year notes at 3-3/4%. The decision to offer...
these maturities, a Treasury official said, was not influenced by the drop in the rediscount rate last week at Federal Reserve banks. But the interest rates offered were affected by the change. In addition to the new cash offering, the Treasury announced that it will refinance $9.9 billion of certificates which mature December 1 through an exchange offering of one-year certificates bearing an interest rate of 3-3/4%. (J. of Comm., 11/19 p.1)

Subscriptions for the notes totaled $7,780 million, almost eight times the amount offered. The Treasury allotted 25% to savings-type investors and 12% to all other subscribers. (Wall St. J., 11/25 p.8)

A.T. & T. DEBENTURE OFFER LARGEST IN U.S. HISTORY

The American Telephone & Telegraph Co. announced plans to give its stockholders the right to subscribe to the biggest offering of corporate securities in U.S. history. The offer consists of approximately $720 million of convertible debentures. If shareholders approve the issue at a special meeting January 15, they will be given the right to subscribe to $100 principal amount of debentures for each nine shares of A.T. & T. common stock they own. A.T. & T.'s newest offering of convertible debentures would be the eighth such sale since the end of World War II. It would increase the over-all total of new capital raised by the entire Bell System during the past 12 years to just under $12.5 billion. (Wall St. J., 11/21 p.3)

POLICY TAILORED TO CONDITIONS

Federal Reserve Board Chairman William McChesney Martin, Jr., said that lowering the rediscount rate is a "perfectly clear, straight-forward signal that there are some changes in the business situation". Mr. Martin said flatly that "I see nothing to get excited about.... We're trying to adapt our actions to fight both inflation and deflation." The Federal Reserve System this week sold $170 million of Government securities to offset a $386 million rise in credit against uncollected checks. Three more Reserve banks cut rediscount rates to 3% from 3-1/2%. (J. of Comm., 11/22 p.1)

PRIVATE UNIT SETS U.S. FINANCE STUDY

The Committee for Economic Development announced today that it would conduct a full-scale, non-political examination of the nation's financial system. The Ford Foundation is providing half a million dollars for the project. There has been no financial study of this magnitude in 50 years. In disclosing the plan, Donald K. David, chairman of both the research committee and the Ford Foundation's Executive Committee, said: "An economy that has grown from a gross national product of..."
$88 billion in 1911 to one of $440 billion cannot afford to postpone a basic restudy any longer." The last full-scale monetary investiga-
tion was that of the Aldrich Committee of Congress between 1908 and 1911. It has been credited with helping to establish the Federal Reserve System in 1913. (Mooney, N. Y. Times, 11/22 p.14)

SHORT INTEREST  
HITS 25-YEAR HIGH  
Short interest on the New York Stock Exchange reached the highest total in 25 years on November 15, the Exchange has reported. The total of 3,355,437 shares was 757,242 shares higher than the October 15 figure and was the highest reported since March 1932. The recent month's increase was the sharpest month-to-month jump since October 1931. The most recent sharp jump in the short interest came in February of this year. The short position was less than 0.1% of total shares listed on the Exchange. In May 1931, when the short interest was first reported, short shares outstanding then represented 0.4% of the shares listed, the record total. (Wall St. J., 11/21 p.26)

B. & O. DIVIDEND CUT  
PUSHES RAILS DOWN  
Weakness in the railroad group, following an unexpected large dividend reduction by Balti-
more & Ohio, carried the stock market lower. The carrier group closed at the lowest average level in more than three and a half years. B. & O. directors voted to cut the annual common dividend in half, and heavy liquidation in the stock followed. In addition, comments as to future prospects made at the annual meeting were pessimistic. Weakness spread to other railroad issues and the railroad stock index closed the lowest since April 30, 1954. (J. of Comm., 11/19 p.3)

NEW MORTGAGE  
PLAN PROPOSED  
The Administration is seriously considering the es-
tablishment of a new program of limited Government insurance on privately financed home mortgages. Under the proposed program, the Government would insure lenders against loss on only 20% of the value of any one mortgage, as compared with 100% insurance on mortgages made under the existing Federal Housing Administration system. There would be some from of Government control on interest charges but not a rigid fixed interest rate. The proposal was unveiled by Albert M. Cole, Administrator of the Housing and Home Finance Agency, who made it clear that he has not received final Administration approval of the plan. (J. of Comm., 11/22 p.1)

MACHINE TOOL  
ORDERS LOW  
The National Machine Tool Builders' Association, with headquarters in Cleveland, reported that net new or-
ders in the first 10 months of this year declined to $473 million from $802 million in the like 1956 period. October
new orders totaled $28 million, according to preliminary estimates. This compared with $66 million in October 1956. Shipments through October this year amounted to $740 million, against $719 million in the same 10 months of 1956. An Association spokesman attributed the drop in volume mainly to reductions in government spending and program delays in the automotive industry. Imports of machine tools into the United States are constantly increasing. Also foreign countries are placing "numerous restrictions" on imports of American-made machine tools, the Association official asserted. (Metcalf. Cleve. Plain Dealer, 11/25 p.40)

CARLOADINGS SUFFER
Revenue freight carloadings by U.S. railroads ANOTHER SHARP DROP last week took the sharpest tumble below a corresponding year-earlier period in more than three years. The Association of American Railroads reported the carriers loaded 647,298 cars during the week ended November 16. This was 15.3% under the level of the like week last year. An Association spokesman attributed the steep slump below the 1956 week chiefly to deep declines in loadings of ore, coal, and miscellaneous freight, which includes all manufactured goods. For the year, loadings are now trailing 1956 totals by 5.1% on a cumulative basis. (Wall St. J., 11/22 p.12)

CAR OUTPUT Motor-vehicle output this week will come to 153,917 AT '57 PEAK cars and 23,320 trucks, Ward's Automotive Reports said today. In car output that will be the highest weekly total this year to date. (N. Y. Herald Trib., 11/23 II p.5)