DEFENSE  The Eisenhower Administration gave congressional leaders a briefing on its plans for meeting Soviet military and scientific challenges in the space age. Administration spokesmen outlined the following proposals: A $2 billion increase in annual expenditures for missiles and related requirements of modern warfare; greater sharing of nuclear secrets and fissionable material with members of the North Atlantic Treaty Organization; a $1 billion increase in appropriations for the Mutual Security Program; a five-year extension of the Reciprocal Trade Agreements Act; intensification and improvement of overseas propaganda activities of the United States Information Agency. There was general agreement among legislators who attended that there was now no prospect of a general tax reduction. The Administration did not say whether a tax increase would be needed. (Morris. N. Y. Times, 12/4 p.1)

BUSINESS STOCKS  Total manufacturing and trade inventories, seasonally adjusted, declined by the sizable amount of $300 million in October, the Department of Commerce has reported. It was the first decline since December 1954. Since then the book value of inventories had risen every month, although in some months the rise simply reflected price increases. Thus inventory liquidation emerged in October as an additional downward pressure on the economy. The decline in inventories followed, after some delay, a downtrend in sales. Total manufacturing and trade sales in October, seasonally adjusted, were $55.7 billion, marking the third consecutive month of decline. The book value of inventories at the end of October, seasonally adjusted, was $91 billion. This was up $2.5 billion from a year earlier but down $300 million from September. (Dale. N. Y. Times, 12/7 p.30)
CONSTRUCTION OUTLAYS

The Government reported November outlays for construction put in place hit a new high for the month and are headed for a year-end record of more than $47 billion. A joint preliminary estimate by the Departments of Commerce and Labor said that although the $4.1 billion of construction outlays in November fell short of the October total of nearly $4.5 billion, it still was a record for the month and 4% above November of 1956. The November spending brought the 11-month total for this year to $43.6 billion, about 2% above the same period of last year and "virtually assuring a new annual record of over $47 billion in 1957", the report said. (Wall St. J., 12/5 p.26)

GOVERNMENT SECURITIES

All the experts are bullish about the Government (securities) market and feel that when January comes that even the high prices of Tuesday (December 3) will be exceeded. On the other hand, in some quarters we hear notes of caution and the thought is expressed that maybe the market is discounting the future a little too fast. The New York Federal Reserve Bank in its monthly review for December has an article on business conditions and in its concluding paragraph it says: "While it is essential during any economic downturn to be on guard against a possible cumulation of the downward pressures, the corrections required for the re-establishment of a sustainable rate of economic activity seem at present to be relatively mild." (Editorial. Amer. Bkr., 12/6 p.4)

FRS PUMPS

For the first time since rediscount rates were cut, the Federal Reserve System this week pumped some new money into the nation's banking system through purchases of Government securities. The amount was small enough to qualify as an accident, but the circumstances supported the idea that it was by design. The Reserve banks bought for their own account $202.6 million of Treasury bills. Net effect of the Federal Reserve's modest venture into the Treasury bill market was to let banks reduce borrowed reserves to the lowest level since last July. (J. of Comm., 12/6 p.1)

STOCK MARKET

The final month of the year was ushered in with an unusually selective stock market. And the outlook for share prices is still as obscure as the business riddle. For the moment, normal activities are playing second fiddle to defense projects. The makers of missiles, rockets and the power to fire them are arousing the imagination of investors, who may be overly discounting the prospective profits of these companies. There is no doubt about our economy moving into a new age--and the stock market is showing the transition. (Forrest. N. Y. Times, 12/8 III p.1)
The Treasury announced that all investors except commercial banks would be allowed to buy Series E and H Savings Bonds after January 1. Therefore, only individuals and personal trusts have been allowed to buy them. Bonds designed for investing institutions, designated F, G, J and K, have been discontinued. A key provision of today's announcement was that the limit for investors other than individuals would be the same as for individuals--$10,000 worth of bonds a year. The limit for the discontinued series had been $200,000 a year. The announcement said the move had been made in response to a "considerable" demand from small institutional investors for a Government security that would not fluctuate with the market. The move should help the Treasury's savings bond program to at least a limited degree. (N. Y. Times, 12/4 p.55)

Consumers increased their instalment debt by $85 million in October, considerably less than the month before or a year earlier, the Federal Reserve Board reported. On a seasonally-adjusted basis, however, the Board said the October rise would be about $183 million, roughly the same as the average monthly increase during the first three quarters of 1957. The latest increase brought total instalment credit to $33.2 billion, more than $2.4 billion above the year-earlier figure. (Wall St. J., 12/4 p.7)

Britain's gold and dollar reserves during November rose by $92 million to make a total of $2.2 billion, the Treasury has announced. The gain was understood to have reinforced the Government's satisfaction over protective measures taken September 19, when the Bank of England's interest rate was increased from 5% to 7% and curbs were put on public and private spending. Since these anti-inflationary measures were taken to safeguard the pound sterling against further losses in value, both at home and abroad, the Treasury has watched the British currency unit rise in value from $2.78 to $2.80 27/32. (N. Y. Herald Trib., 12/4 III p.7)

New production curtailments are hitting the steel industry. They could shortly send this basic industry's operations down near the lows of the 1954 setback. In seven successive weekly declines since mid-October, the national steelmaking rate has slumped more than 10 points to 72% of rated capacity, and the end of the drop is not in sight if a rash of new curtailments over the weekend is an indicator. The Pittsburgh and Youngstown areas are hit hardest. (Lally. Wall St. J., 12/9 p.26)
LEAD CUT The price of lead was trimmed \( \frac{1}{2} \)¢ a pound (December 2) to 13¢, the lowest since mid-March of 1954. The reduction was the first since October, when a similar cut was made, and the fifth since early May, when the metal was selling for 16¢ a pound. The cut was attributed to persistent price weakness in Europe, where lead on the London Metal Exchange fell last week to the equivalent of less than 10¢ a pound. (N. Y. Times, 12/3 p.53)

WORLD TIN World tin prices soared last week while other non-ferrous metals--lead, zinc and copper--moved lower in some markets. The spark touching off the tin price boom was a decision by the International Tin Council to slash export quotas of the six tin-producing nations 28-1/2% from the rate of shipments in the 12 months ended September 30. The move was made to check excessive supplies. Although some reduction had been expected by users, the cut was much steeper than predicted. (Keller. Wall St. J., 12/9 p.8)

CHRISTMAS TRADE Field representatives of the Department of Commerce reported that Christmas trade over much of the nation would equal or surpass last year's volume. The Department recalled that December retail trade in 1956 reached $19.4 billion--a record for the month. The Department also said figures thus far showed volume for the first nine months of this year 6% ahead of last year. The forecasts agreed with a prediction by the United States Chamber of Commerce earlier this week that Christmas purchasing would total about $20 billion. The Chamber said most of the increase over 1956 would represent price increases, and physical volume would remain about the same as in December 1956. (N. Y. Times, 12/6 p.45)

DECEMBER CAR Ward's Reports indicated a "production-softening" in passenger car assemblies scheduled for December. The report said that volume originally planned for the month had been cut back 6.8%. But 1957 will see 6,158,000 passenger cars built, compared with an industry goal of 6,200,000, the agency said. (N. Y. Times, 12/7 p.30)

ATOMIC REACTOR On December 2, scientists started the atomic furnace at the country's first full-scale civilian nuclear power station--fifteen years to the day since man achieved a chain reaction in a reactor. Initial splitting of uranium atoms at the Shippingport, Pa., plant marked the final step before production of commercial quantities of electricity. Nuclear-generated electricity is expected to flow to homes, shops and factories in the Pittsburgh area before the end of the year. (N. Y. Times, 12/3 p.27)