basic business NEWS

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MANUFACTURERS' ORDERS STABILIZED IN NOVEMBER

The Defense Department's step-up of activity, in response to Russian military and scientific advances, made its first showing in industry in a steady flow of orders during November 1957, a Department of Commerce report indicated. While orders held even with the preceding month, the value of manufacturers' inventories took its first significant drop since mid-1957 and manufacturers' sales continued the decline in evidence since August. The Department said wholesalers' sales for November 1957 were down 10% from the preceding month and off 8% from November 1956. For the first time in 1957, cumulative sales fell below a year earlier. Manufacturers' orders for November 1957 totaled $26.2 billion on a seasonally-adjusted basis. (Wall St. J., 1/6 p.8)

INSTALMENT DEBT ROSE IN NOVEMBER

Consumers stepped up their instalment debt by $92 million in November 1957, an increase from the previous month's rate but far short of the rise a year earlier, the Federal Reserve Board reported. The latest increase brought total instalment credit to about $33.6 billion at the end of November. Total consumer credit reached $43.5 billion in November, an increase of $256 million from the previous month and almost $2.7 billion higher than a year earlier. (Wall St. J., 1/6 p.4)

NO TAX INCREASES IN RECORD BUDGET

President Eisenhower has given tentative approval to a record peacetime budget. He hopes, however, to keep Federal expenditures below income and to provide a "slight surplus" in the fiscal year 1959 without changing the present tax levels. It has been reported in Washington that the new budget will call for Federal outlays, in the year beginning next July 1, of $73.5 billion to $74 billion. This would mean the country's largest peacetime budget, and would call for the highest spending since 1953, when the Korean War, at its height, produced a budget of $74.2 billion. (Walz. N. Y. Times, 1/1 p.1)

TREASURY PLANS TO RAISE EXTRA CASH The Treasury will tap the money market for some extra needed cash later this month--without squeezing its narrow margin under the debt ceiling. The Department will make a $750 million public offering of Federal National Mortgage Association short-term notes on January 20. Some $570 million will be used to pay off that amount of Fannie Mae notes falling due, and the remaining $180 million will go to the Treasury to further reduce the FNMA indebtedness to the Department. Borrowings technically made by Fannie Mae are not subject to the $275 billion debt ceiling. On December 30, the Treasury had less than $250 million headway under the debt limit. (Wall St. J., 1/6 p.16)

MUNICIPAL BOND SUPPLY HIGH Municipal bond dealers will get plenty of action during January with the visible supply of offerings during the next 30 days totaling $566 million. That's the highest for any 30-day period since May 1954, according to the Daily Bond Buyer. Prices on tax-exempt bonds generally remained unaltered over the past two weeks. With dealers and investors both taking time out for a holiday break, the market has been dormant since the week before Christmas. Today, the Dow-Jones municipal yield index turns in a 2.98% mark for the third straight Monday. The index, which records the average return on 20 representative 20-year bonds, held firm over the past week despite isolated reports of price trimming by some bond dealers. (Wall St. J., 1/6 p.22)

CORPORATE BORROWINGS SET PEAK IN 1957 Wall Street syndicates in 1957 underwrote a record $9 billion in public offerings of new corporate and foreign securities, fully 26% more than the $7.1 billion registered in 1956--the previous record year. All but a fraction of the offerings were for the accounts of domestic corporations. During much of the year, the new issue market for corporate securities was plagued with the congestion of too many issues coming at once, with the Federal Reserve's tight money policy, and with temporary imbalances, in which the demand for funds exceeded the available supply. As a result, institutional investors during 1957 were able to buy the best grade bonds and debentures at the highest yields in two decades and a half. (N. Y. Herald Trib., 1/2 III. p.24)

MONEY MARKET At this season of the year, coming monetary events cast their shadows before. Hand-to-hand currency is due to return from circulation in heavy volume. Commercial banks will have their loans repaid, and this process may be a far larger than cl-249

seasonal one in view of the downturn in the national economy, which clearly deserves to be called a "durables recession." The automatic effect will be a sharp increase in monetary availables. The Federal Reserve may counter this by liquidating some of its open market holdings of Treasury securities, but it can hardly fail to leave some slack. The official banking statistics suggest that the current official aim is a balance between borrowings at the discount window and the aggregate of excess reserves. This would put the monetary machine in neutral, so to speak. (Wanders. Amer. Bkr., 12/31 p.2)

INVENTORIES, CAPITAL SPENDING KEYS TO '58 BUSINESS The First National City Bank of New York, in its monthly letter on economic conditions, singled out two factors it said "will have much to do with the trend of the next few months and with determining how soon the economy is ready to rally and start a recovery." One is: "the promptness with which business concerns adjust their inventories." The other: "the speed of the decline in plant and equipment spending. The amount and timing of fiscal and monetary measures to counteract recessionary trends are also vital but unknown elements in the 1958 outlook." The appraisal continued: "One thing is certain: 1958 will be a highly competitive year. More than ever before, management's interest will be centered on cutting costs, improving efficiency and turning out products designed and priced to attract the customer... The prospect of an accelerated defense program and the possibility of moderate but continued expansion in public works, home building and some other types of construction encourage belief that the second half-year may see an end to the recession." (Wall St. J., 1/2 p.8)

RAIL CARLOADINGS EXPECTED TO FALL Railroad freight traffic, during the first quarter of the new year, will lag 3.8% behind the level of the corresponding 1957 period, according to an Association of American Railroads forecast. The shippers' first quarter prophesy foresees an extension of the carloadings slump which persisted throughout most of 1957. With all but the last week's figures in, the AAR reports loadings last year trailed 1956 levels by 6.1%. A large part of the slack accumulated during the fourth quarter when volume through the last week fell 13.3% below 1956 totals. According to the shippers, loadings of key commodities may dip to 6,266,087 cars in the next three months from 6,515,997 cars during the like span last year. (Wall St. J., 1/2 p.18)

TEXTILE MILLS END POOR YEAR Cloth-mill executives tomorrow night close their account books on one of the poorest textile years of the postwar era--and head into a year filled with uncertainty. The textile story of 1957 could well be titled, "the upturn that never came." Hope is clouded by disappointing Christmas retail sales of coats, suits, dresses and other textile wares, which may well make the store men continue buying only hand-to-mouth, at least in early 1958. The cloth makers also cite worries over what may come out of current negotiations between the State Department and the Japanese Government on 1958 quotas for Japanese cotton-goods shipments into the U.S., and over what price-support policy Congress will decree next year for raw cotton. (Church. Wall St. J., 12/31 p.7)

1958 RUBBER OUTLOOK GOOD

Rubber manufacturers rang up their biggest dollar sales in history during 1957 and further gains are seen for 1958. Ross R. Ormsby, president of the Rubber Manufacturers Association, said, "It now appears fairly certain that in 1957 the rubber manufacturing industry surpassed in dollar sales the record $6.2 billion registered in 1956." In the U.S. during 1957, man-made rubber increased its share of the market to more than 63%, compared with 61% in 1956. Mr. Ormsby forecast total consumption of new rubber in the U.S. in 1958 at 1,525,000 long tons, second highest on record, exceeded slightly by the 1,530,000 tons used in 1955. (Wall St. J., 1/2 p.7)

FARM COSTS UP SLIGHTLY

The Department of Agriculture reported that prices paid by farmers for goods, services, taxes and interest rose to a new high in mid-December. Higher prices of feeder livestock, trucks and tractors, officials said, were responsible for boosting the index of prices paid to a record 299% of the 1910-14 average. The Department's index of prices received by farmers showed no change in the month ended December 15. This barometer stood at 242% of the base period, the same as a month earlier, but 3% above a year ago. The mid-December level was the highest for the month since 1953, although it was 2% below this year's high of 248% in mid-August. (Wall St. J., 12/31 p.10)

WHITE MOTOR CO. TO INCREASE PRODUCTION

White Motor Company announced it is increasing truck production at its Cleveland plant by about 20%, effective January 6, according to J. E. Adams, vice president. Workers are being called back to meet the requirements of the increased schedules. Mr. Adams said a big increase in orders received during November and December made this move necessary, adding that the present order backlog at White is the largest since last March. (Wall St. J., 12/31 p.3)