President Eisenhower presented to Congress an eight-point program to deal with atomic missile war, economic "cold war," and the brush-fire war in the Pentagon. In his sixth State of the Union Message, Mr. Eisenhower called for a balanced program of military strength, and foreign economic aid and trade. "The basic forces of growth (in the national economy)," he said, "remain unimpaired. There are solid grounds for confidence that economic growth will be resumed without an extended interruption. Moreover, the Federal Government is constantly alert to signs of weakening in any part of our economy, always stands ready, with its full power, to take any appropriate further action to promote renewed business expansion." The President's eight-point "outline of imperative action" was as follows: defense reorganization; accelerated defense effort; mutual assistance; mutual trade; scientific cooperation... "to enable us to exchange appropriate scientific and technical information with friendly countries"; education and research; spending and saving; and "works of peace." In an appeal to the Soviet peoples and the Soviet Government, he gave an assurance of this nation's desire for peace. (Reston. N. Y. Times, 1/10 p.1)

President Eisenhower handed the new session of Congress an immediate request for $1.3 billion of new funds for missile-age military activities and asked authority to switch another $110 million of money already on hand to such projects. The supplemental appropriation request, coming on the first day of the new session, dramatized the aim of both the Administration and Congress to put much of this year's emphasis on the nation's defenses. (Wall St. J., 1/8 p.2)

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
PROPOSED DEFENSE PLAN  Nelson A. Rockefeller disclosed yesterday that a progressive increase of $3 billion a year in spending was contemplated in the defense program he and his associates are advocating. Under such a progression, the added outlay to build the nation's military defenses would be $3 billion for the first year, $6 billion for the second, $9 billion for the third and so forth. Originally, it has been widely assumed that the Rockefeller Brothers Fund special studies report, produced by a panel of fifty distinguished citizens, was proposing a flat $3 billion increase in annual defense spending. Since the report proposed the extra spending be continued "for several years," the difference is material. Under a flat increase, a four-year program would cost $12 billion but under a progressive set-up the added cost would be $30 billion. (N. Y. Times, 1/13 p.1)

NEW ISSUES TO FIND  Underwriters are well situated to handle the imposing total of new issues headed to market this week. Their shelves again are almost completely bare of unsold corporate securities. This follows an almost complete sweep of last week's debt offerings by companies, totaling more than $157 million. Along with these came the World Bank's $150 million block of 21-year bonds, which also moved quickly to institutional investors. Coming into the increasingly receptive bond market this week will be nine corporate debt offerings totaling $174,533,000. There will be three new preferred stock offerings worth $19 million at par, but no big new common stock offerings. (Wall St. J., 1/13 p.19)

STOCK MARKET  The first full week of trading in the new year reflected developments in Washington. The market turned stronger when President Eisenhower asked Congress for $1.3 billion in new funds for missile and air defense programs. However, his State of the Union Message failed to give it a lift. On Thursday, for example, defense stocks broke even while the President was speaking, with the result that the market averages took a moderate loss for the day. On Friday, even the successful launching of two missiles proved no stimulus; values fell $1.8 billion on the New York Stock Exchange. But while prices ended lower for the week, January still shows a small gain to date. The New York Times combined average of 50 stocks is up 3.30 points for 1958, thanks to the first two trading sessions of the year. (Forrest. N. Y. Times, 1/12 III p.1)

NEW CONSTRUCTION  Outlays for new construction set a record in 1957--as expected--but the increase over the previous year was wholly because of higher costs. Even so, the rise was the smallest of the postwar period. The Departments of
Commerce and Labor reported that total outlays reached $47.3 billion in 1957. This represented a 3% rise over 1956. The record $33.3 billion spent for private construction in 1957 was only slightly above the 1956 figures, whereas, public outlays rose 9% to a new high of $13.9 billion. (J. of Comm., 1/9 p.4)

HOME BUYERS The Federal Housing Administration took two steps to stimulate the current revival in home building. The first step repeals an anti-inflation rule that was instituted in April 1955. A home buyer will no longer be required to provide his own cash to cover the closing costs on a home purchase. The second step was adjustment of the discounts permissible on FHA-insured mortgages. A discount is, in effect, a fee that a lender charges for making the loan. It is paid by the seller or the builder. FHA raised the rates allowable in 20 Western States "where mortgage money continues to be scarce," on the theory that higher discounts would make lenders more willing to lend. It also reduced the permissible rates for the New England States and northern Virginia, because mortgage funds appear to be ample there. (N. Y. Times, 1/9 p.1)

STEEL OUTPUT FAR BELOW YEAR AGO Steel production this week will be at 60.5% of capacity, calculated to produce 1,548,000 tons, the American Iron and Steel Institute estimated yesterday. This compares with actual output of 1,501,000 tons, or a rate of 58.6%, in the preceding week which included the New Year's holiday. In the second week of January 1957, production was at a rate of 98.4% of capacity. Operating rates for all weeks are based on the January 1, 1957, capacity figure of 133,459,150 tons, annual basis. (N. Y. Herald Trib., 1/7 III, p.5)

NEW STEEL CAPACITY RATE A drop in the (steel) industry-wide operating rate will occur this week as the industry begins compiling the rate based on 1958 capacity. The new capacity, scheduled to be disclosed by the American Iron & Steel Institute in New York today, is expected to rise by about 7 million tons annually to a total of around 140 million tons. (Lally. Wall St. J., 1/13 p.5)

1957 WAS GOOD YEAR FOR STEEL Despite a sharp drop in steel production in December, output for all of 1957 was the third largest on record, according to figures released by the American Iron and Steel Institute. The nation's steelmakers turned out 112,707,711 tons of ingots and steel for castings last year. That was slightly more than 2% below 1956, and compared with the record output of 117,036,085 tons in 1955. Production in December was the lowest for any month since July 1956, when most of the industry was shut down by a nation-wide steel strike. Industry authorities
have attributed the decline in production not only to reduced demand, reflecting slower industrial activity generally, but also to inventory reduction on the part of steel users. (N. Y. Times, 1/13 p.37)

CAR OUTPUT INCREASE EXPECTED THIS WEEK

Passenger car production in American factories this week should total 121,292 units, Ward's Automotive Reports has reported. This compares with 76,653 last week and 147,129 in the like 1957 week. The survey said strikes contributed to the decline, but that there also has been a sharp curtailment of assembly plant overtime operations. The report said Saturday work had virtually been eliminated by manufacturers who a month ago were making constant use of overtime. (N. Y. Times, 1/11 p.24)

COPPER PRICES IN DECLINE

Copper prices declined here and abroad because of the failure of further production cutbacks to materialize and the continued lack of consumer interest. London spot copper declined to a new 7-year low of 21-7/8¢ per pound, 5-1/8¢ below the U.S. major producer standard. Domestic custom smelters of copper from scrap and ores cut the half cent they added to their quotation during the mid-December mining curtailment, establishing a 25¢ per pound price for their refined metal. U.S. major producers still held at the 27¢ price set early last September. (J. of Comm., 1/9 p.1)

PRODUCTION EMPLOYMENT

Amid more reports of layoffs in various industries, two concerns disclosed that they were moving the other way. International Harvester Company said in Chicago, that it increased its payroll by nearly 1,000 manufacturing employes in December, bringing total production employment to 47,473 people, January 2. This, the company said, was the highest level since August, but is down from 50,169 of a year earlier. Republic Steel Corporation announced in Cleveland that it has cancelled a cutback in production and a layoff of 1,500 workers at its Gadsden, Ala., plant which had been slated to start this week. "Production of large diameter pipe at Gadsden is scheduled to continue," Republic announced. "The continuation of operations comes as a result of the rearrangement of orders in the production schedule." (Wall St. J., 1/9 p.2)

EXPORTS OF '57 TOPOED 1956

The Department of Commerce reported U.S. exports in the first 11 months of 1957 topped the total shipment of goods in all 1956. The report bolstered estimates by Government foreign aid experts that 1957 commercial exports would surge to a record high of about $19.5 billion. The previous best export year was 1956, when commercial exports totaled $17.3 billion. (Wall St. J., 1/9 p.2)