basic business NEWS

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ECONOMISTS IN DOUBT OF A SPEEDY UPTURN

A majority of economists testifying before the Congressional Joint Economic Committee (January 29) expressed doubt that the pickup in defense orders would cure the current recession. Only one of six economists on the panel expressed confidence that the recession would be short-lived. Of the other five, all of whom expressed more caution than the President's economic report had, two recommended immediate action to increase Government spending or cut taxes. The others suggested that such activity could be needed soon if the recession were not quickly halted. The economists also raised doubts about the President's expectation that housing and state and local spending would further help to lift up the economy this year. The economists agreed that the main cause of the recession--declining business investment in plant and equipment--would probably continue to act as a depressing force throughout 1958. (N. Y. Times, 1/30 p.1)

MITCHELL EXPECTS 4 MILLION JOBLESS

The Secretary of Labor, James P. Mitchell, said today that he expected unemployment next month to be 4 million to 4.5 million. The rise from December to February would be largely seasonal. He foresees, however, a small decline in unemployment in March and April and "a more decided decline" in May and June. Mr. Mitchell conceded that an unemployment figure of more than 4 million "is a higher level than we would want to see," but he reaffirmed his confidence that business would turn up by mid-year. (N. Y. Times, 1/31 p.1)

FEBRUARY STEEL OUTPUT EXPECTED BELOW JANUARY

Steel mill operations are being scheduled slightly higher this week by producers in the two leading steelmaking centers of Chicago and Pittsburgh, but a decline is indicated for the Youngstown district. February production in the industry as a whole got under way at approximately the same levels that have prevailed for the past few weeks. Some steel companies continue to believe, despite growing optimism on the order situation, that output this month will drop below the daily rate of January, which was the worst production month in years. March is being counted on by the mills to bring a mild recovery. (Lally. Wall St. J., 2/3 p.26)

AUTO OUTPUT UP SLIGHTLY Despite shutdowns, additional layoffs, and a four-day work week by several automobile producers, output of passenger cars in the U.S. this week will rise slightly over the total assemblies last week. For the week ending midnight February 1, auto makers will build an estimated 108,693 cars. This production, though, will be 23.5% under the 148,411 cars turned out by the industry in the comparable week last year. Current output is fairly closely in line with sales of the new cars, which are estimated to be more than 20% below sales in January 1957. (Wall St. J., 1/31 p.2)

COPPER MINE TRIMS OUTPUT The Anglo-American Corp. group of copper mines in Northern Rhodesia, Africa, announced that its production will be curtailed by 10%, or 27,000 tons a year, beginning in March. This is the last of the major world copper producers to cut output in an effort to adjust production to reduced consumer demand. (Wall St. J., 1/29 p.16)

SATELLITE SEQUELS The Army's pencil-shaped moon now whizzing around the globe, as sized up in Washington, seems sure to... increase the chances for new summit talks with Russia this year and strengthen Uncle Sam's hand in negotiations leading up to such talks; and bring directly to American scientists new information about the universe that will be valuable not only for military purposes but for peaceful domestic uses as well. (Clark, Faltermayer. Wall St. J., 2/3 p.1)

STOCK MARKET Showing the best gain for any month since last August, the stock market last week edged higher as January came to a close. The advance, however, was quite selective; trading was moderately active. A great deal of the volume centered on issues influenced by news developments and corporate reports. As measured by The New York Times combined average for fifty stocks, the market touched its best level in three months, successfully penetrating the resistance points at the high levels of November and December. The gain in the index for January was 14.46 points. This compares with a loss of 14.78 points in December. The gain last month was the widest for any month since August. Trading in

January was the best for any corresponding month since 1955. (Forrest. N. Y. Times, 2/2 III p.1)

BANKS EASE CASH POSITIONS The nation's banks continued to work into more comfortable cash positions this week from natural influences rather than from central bank assistance, which was at a minimum. They paid down their rediscounts to the lowest since June 1955, and the New York banks again were free of debt. Contributing materially to this returning money ease has been a return flow since Christmas of some $1.5 billion from circulation; more money has come back than went out before the holiday. Reduced loan demand also has been a factor. This week, New York banks had a slight gain in business loans. (J. of Comm., 1/31 p.1)

TREASURY TO OFFER 32-YEAR 3-1/2% BOND The Treasury has offered a three-way choice of securities to holders of five maturing issues totaling $16.8 billion. The new choices include the first very-long-term bond since 1955. It is a 3-1/2% bond maturing in 1990. The others are a one-year certificate bearing 2-1/2% interest and a six-year bond bearing 3%. The refunding revealed dramatically the sharp change in the money market in recent weeks. The last offering of a one-year certificate, for example, was in November. It bore an interest rate of 3-3/4%, compared with the 2-1/2% on this offering. (N. Y. Times, 1/30 p.33)

LONG-TERM ISSUES Long-term U.S. Government issues rallied slightly on Friday after declining sharply in the previous session. However, most of these securities ended well under the previous week's close. In the final session, trading began on a "when issued" basis in three new Treasury securities. Demand was fairly brisk and all the new issues closed at premium prices. The announcement, which came late Wednesday afternoon, of the terms of the new Treasury financing sent prices declining rapidly in both the long-end Governments and the high grade corporates in Thursday's session. The Treasury 40-year 3s of 1995, which are in the most direct competition with the new 3-1/2s of 1990, suffered the sharpest setback. Some dealers closed the issue at 93-20/32 bid, down 1-28/32 on the week. (Wall St. J., 2/3 p.21)

CORPORATE BOND OFFERINGS LIGHT Bond borrowing by corporations promises to remain in the doldrums until mid-February, when General Motors Acceptance Corp. plans to market its proposed $150 million of new debentures. The present lull in corporate debt underwriting probably is not completely unwelcome to the Wall Street community; the upturn in bond prices has been sharply arrested, at least temporarily, by the intervention of the U.S. Treasury in the market with a new 3-1/2% issue, due 1990. (Wall St. J., 2/3 p.21)

BUILDING CONTRACTS SET RECORD IN 1957 Construction contracts in 1957 rose 2% over the 1956 total and "undoubtedly set a new all-time record," F. W. Dodge Corp., construction marketing specialists, said. The 1957 figure of $32 billion was the first annual construction contract total ever computed, since previous Dodge statistics covered only 37 States east of the Rockies. Back data on the 48-State basis was compiled for 1956 in order to make possible a comparison. December contracts totaled $1.98 billion, a decline of 4% below December 1956. A rise in contracts for residential buildings was more than offset by declines in non-residential and heavy engineering contracts. Residential building contracts for 1957 amounted to $13 billion, 1% ahead of 1956; non-residential building was up 1%; and heavy engineering amounted to $7.8 billion, up 4%. (J. of Comm., 1/30 p.1)

INSTALMENT DEBTS SET A RECORD AT YEAR-END Consumers' instalment debt increased by $531 million in December and was at a record total of $34 billion at the end of the year. The Federal Reserve Board said the increase was slightly smaller than the rise in December 1956. The Board reported that most of the December increase in time payment credit was on purchases of automobiles and on personal loans. There was virtually no change in the amount of credit to cover purchases of household appliances and other consumer goods. (N. Y. Times, 2/1 p.26)

FARM PRICES UP 2% IN MONTH The Department of Agriculture has reported that farm prices increased 2% during the month ended Jan. 15. This was accompanied by a rise of nearly 1% in the prices paid by farmers for goods and services used in production and family living. The mid-January farm price level was about 3.8% above that of a year ago but about 21% below the record high set in February 1951. The level of prices paid by farmers was the highest on record and about 3% above that of a year ago. Prices received by farmers as a whole averaged 82% of parity, compared with 81% in December. (N. Y. Times, 2/1 p.26)