HALT IN RECESSION

President Eisenhower said (February 26) that "it will take some time to stop the recession." He made it plain that the best he expected in March was some seasonal improvement in "job opportunities," not an actual upturn in general business. The President told his news conference also that the Administration did not regard a tax cut as a "last-resort" weapon to fight the recession. It is "a possibility if there is any deepening of the depression that requires it." (Dale, Jr. N.Y. Times, 2/27 p.1)

CONGRESSIONAL STUDY OPPOSES TAX CUT NOW

The Congressional Joint Economic Committee, with only one dissent, said today that the recession had not reached the point where a tax cut was necessary. The majority report of the Committee did recommend an "acceleration of a number of Federal Government expenditure programs." The group said also that the Government should "expand its public assistance grants to the States and should provide the financial assistance required to liberalize and extend unemployment compensation in order to provide quickly a cushion against the decline in income." (Dale, Jr. N.Y. Times, 2/28 p.1)

PENTAGON TO ASK $1.3 BILLION MORE

The Administration, in March, will ask Congress for an additional military appropriation of more than $1.3 billion, Neil H. McElroy, Secretary of Defense, disclosed to the Senate Preparedness Subcommittee. He indicated that the total additional money sought might be as high as $1.7 billion. It would cover ballistic missiles and space weapons, and perhaps a project to send a rocket to the moon. He made it clear that among the "top priority" items in the new request would be a plan to keep open the B-52 bomber plants. They are now scheduled to

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
close by the end of next year. The new money sought would be a supplement to the budget for the next fiscal year. (Raymond. N.Y. Times, 2/27 p.1)

CONSUMER PRICES ROSE DESPITE RECESSION Consumer prices rose sharply to another record in January despite the business recession, the Bureau of Labor Statistics has reported. The United States Consumer Price Index for January was 122.3 compared with 121.6 in December. The rise amounted to 0.6% and was the steepest since July 1956, when the increase was 0.7%. Sharply higher food prices, led by fruits, vegetables and meats, accounted for four-fifths of the January increase. But there was also a net rise in the prices of all other goods and services, despite January "white sales," declining prices of new cars, and a slight dip in apparel. (Dale, Jr. N.Y. Times, 2/26 p.1)

DEBT LIMIT IS RAISED The Senate passed and sent to President Eisenhower the bill he had asked for that would raise the Federal debt ceiling by $5 billion. The limit is now $275 billion, a ceiling which the Administration is approaching. Many Senators indicated privately they were supporting the measure because they were sure more spending would be voted this session for two purposes: Missiles and other programs to counter Russia's scientific achievements, and public works programs to fight the economic slump. The higher ceiling also would give more leeway for a tax cut, if one should be adopted as an economic stimulant. (N.Y. Herald Trib., 2/25 p.6)

Mr. Eisenhower signed the bill temporarily lifting the national debt ceiling to $280 billion from $275 billion. The increase will remain in effect only until June 30, 1959, unless Congress acts again before then. (Wall St. J., 2/28 p.1)

U.S. BILL RATE AT 3-YEAR LOW The Treasury's short-term borrowing costs dropped to their lowest point in three years on the latest weekly issue of three-month bills. The issue was sold at a price equivalent to an average yield of 1.202%. Last week, a similar issue drew a rate of 1.731%. The rate on the latest issue was the lowest since February 14, 1955. The bill rate has been dropping rapidly since the 24-year high of 3.660% last October. Last week, the Federal Reserve Board announced a 1/2% cut in bank reserve requirements, a move it estimated would make some $500 million more in funds available to banks. Treasury officials believe the bidding for the latest issue of bills was heavy in anticipation of this cut and reflected the theory that the banks will be looking for some place to put their extra money. (Wall St. J., 2/26 p.15)
NEW BONDS  The Treasury announced that its new 8-1/2-year bonds
BEAR 3%  will be dated February 28, 1958, will bear interest of
3% per annum, and will mature August 15, 1966. The offer-
ing is approximately $1,250 million and in addition up to $100 mil-
on may be allotted to Government investment accounts. Books will
be open only on February 28. Delivery of the bonds will be made
March 10. (Amer. Bkr., 2/26 p.1)

BIG ISSUES TIE UP  The new capital market is heavily congested.
CAPITAL MARKET  Large blocks of undistributed bonds of local gov-
ernments and public utility companies are tying
up the capital of investment syndicates at a time when substantial
new requisitions for long-term money are about to be made on the mar-
ket. The new issues bought by the investment syndicates could not
be resold readily among investors at the issue prices that were desig-
nated. In the municipal market, offerings registered by dealers in
the Blue List, trade newspaper, totaled $391,681,000 yesterday at the
close, a new high. The backlog of corporate bonds and preferred
stock being prepared for marketing stood at $1.7 billion, compared
with $1.8 billion a week ago, according to the Investment Dealers
Digest. (N.Y. Times, 3/1 p.24)

BANKS REDUCE RATES ON  Several large New York City banks joined in
FOREIGN TIME DEPOSITS  a movement toward lower interest rates on
foreign time deposits. They reduced rates
generally 1/2 percentage point. The new rates are 2-1/2% on six-
month deposits and 2% on three-month deposits. Foreign time deposits
are the dollar holdings in this country largely of foreign govern-
ments and foreign central banks. Because of the sharp decline in yields on
United States Treasury ninety-one-day bills--1.202%, February 24,
against 3.66% at their peak last fall--these foreigners have shifted
their holdings out of bills into bank time deposits. (N.Y. Times,
2/27 p.39)

FARM PRODUCT  The Department of Agriculture has reported that farm
PRICES RISE 2%  product prices increased 2% between mid-January and
mid-February to the highest level since May 1954.
The Department said there was an increase of one-third of 1% in
prices paid by farmers for goods and services used in production and
family living. These prices were at a new high and were about 3%
above the level a year earlier. Primarily responsible for the farm
products increase were substantially higher prices for meat animals,
oranges, snap beans and potatoes. The mid-February farm price level
was 8% above a year earlier. But it was about 19.5% below the record
set in February 1951. (N.Y. Times, 3/1 p.24)
**PRICE OF POTATOES**  The price of potatoes, one of the staples of the American diet, has been climbing. Quotations in the New York wholesale market are the highest at this time of the year since 1952. Retail prices have advanced correspondingly. The strength in prices is a result of a small but high quality crop in Maine and a small and late crop in Florida. The unusually cold weather has increased consumption and tight supplies are in prospect. (Auerbach. N.Y. Times, 3/2 III p.1)

**STEEL BUSINESS CONTINUES SLOW** Steel business in February was below the January level because it was a shorter month. However, on a daily basis, February's production was about the same as January's depressed average. Most steel makers booked orders at no more than 40% to 45% of capacity in February. Operations were higher than the rate of new business because of order backlogs. A chief reason for continued gloom in the industry is the outlook for automotive steel. The automotive steel buying pattern has contracted further in the last few weeks. Most steel people now look for no unusual support from car makers this month. Instead, they are scanning the horizon hoping for seasonal pick-ups in other steel-consuming groups. (N.Y. Times, 3/3 p.33)

**MACHINE TOOL ORDERS UP FROM LAST FALL** Machine tool orders received by Warner & Swasey, Cleveland, since the start of the year have been "definitely stronger" than last fall, reported Walter K. Bailey, president. He expressed the belief that the low point has been passed, both for his company and the industry, because deferred buying of new equipment will start coming in from manufacturers "realizing this is a recession and not a depression." (Wall St. J., 2/27 p.1)

**DUTCH ISSUE GETS SEC CLEARANCE** The Securities and Exchange Commission yesterday cleared the first public offering of bonds of a European city to be marketed in the United States since 1929. The issue consisted of $15 million of fifteen-year, 5-1/4% bonds of the Dutch city of Amsterdam. Placed on the market here by a syndicate of investment banking houses, the offering was reported to be oversubscribed. The transaction marked the first borrowing by the Netherlands port in the United States. The only other time Amsterdam borrowed outside of the Dutch market was in 1931 in London. The money raised in the United States will be used by Amsterdam to finance expansion and improvement of the city's electric utility plant. (N.Y. Times, 2/27 p.43)