CAPITAL OUTLAYS CUT INDICATED

Business plant and equipment spending in 1958 will total some $32 billion—a 13% drop from the record $37 billion of last year, the Department of Commerce and Securities and Exchange Commission said in a joint official report. The survey showed declines from 1957 in every major industry except public utilities. The statistics, the Agencies said, mark a halt in the recent boom in capital investment which brought a rise of almost 40% in such spending from the $27 billion laid out by business in 1954. The study indicates that the decline which started with the fourth quarter of last year will continue into the second half of 1958. Some sources have said the slide in plant and equipment spending may last into 1959. The survey indicates successive decreases in capital outlays in the first two quarters of 1958, starting at a $34 billion annual rate and dropping to a $32.5 billion rate in the second quarter of 1958. (Wall St. J., 3/14 p.3)

PLANS TO BOOST MILITARY BUYING

Aircraft contracts totaling $4.6 billion will be placed during the first six months this year, compared with $3.5 billion in the final half of 1957, Secretary of Defense McElroy disclosed. In a letter to the President, Mr. McElroy detailed a previously announced boost of more than 50% in major military procurement orders, representing a facet of the Administration's anti-recession drive. Missile awards are slated at $2.2 billion—up from $1.2 billion in the closing six months last year. (Wall St. J., 3/14 p.1)

CONSUMERS PLAN LESS SPENDING

The Federal Reserve Board said its annual consumer survey had revealed a marked rise in pessimism about the general outlook and some curtailment of plans to buy major items, as compared with a year ago at this time. In the
survey made in January and February, consumers reported the sharpest falling off in their plans to buy new cars, and a notable decline in plans to buy houses. Plans to buy used cars increased. Little change in plans to buy furniture and major appliances, and to repair and improve homes was reported. Although the survey showed a big switch toward pessimism about the outlook for general business, the report said that "very few consumers expected their own incomes to decline." About three-fourths said they expected to be earning as much or more early next year as early this year. (Dale, Jr. N.Y. Times, 3/14 p.1)

JOBLESS TOTAL Unemployment rose in February to 5,173,000, a post-war record and the largest since mid-1941, the Departments of Labor and Commerce have reported. After adjustment for seasonal factors, the February figure came to 6.7% of the labor force--higher than at any time in the 1953-54 recession, but about the same as the peak jobless figure in the 1949 recession. (Dale, Jr. N.Y. Times, 3/12 p.1)

PERSONAL INCOME Personal income, the Department of Commerce reported, dropped by about $2 billion in February to a seasonally adjusted annual rate of $341.8 billion. Total wages and salaries in February were at an annual rate of $235 billion, compared with $237 billion in January. The major part of this drop occurred in manufacturing industries, with contract construction also lower. Payroll changes in other industries were comparatively small and were offsetting. Increases came in services, finance, and state and local governments. The February change reflected the continuing downward trend in factory employment. As in the preceding month, disbursements were lower in almost all durable goods and non-durable goods industries, with the largest declines in metals, machinery and autos. (Wall St. J., 3/17 p.3)

HOUSING STARTS The Department of Labor announced a sharp dip in housing construction in February. The Agency estimated that private housing starts had declined to a seasonally adjusted annual rate of 890,000, or 7% below the January rate of 1,030,000. The February rate was the lowest since 1949. (Morris. N.Y. Times, 3/13 p.1)

FHA-BACKED LOAN The Federal Housing Administration held out the prospect of an upswing in private homebuilding in the coming months. The Agency announced that applications for FHA insured loans were running at a 70% higher annual rate in February than in the 1957 month. FHA Commissioner Norman Mason said applications covering 20,600 units in new one- to four-
family homes in February were up 20% over the January volume of this year. Total applications received last month covered more than 52,000 units. (Wall St. J., 3/17 p.6)

SENATE PASSES HOUSING BILL

The Senate has passed the session's first major anti-recession measure--a $1.8 billion emergency housing bill. The bill now goes to the House of Representatives, where early action is expected. It is designed to stimulate construction of 200,000 new housing units and provide jobs for 500,000 persons this year. If accepted by the House, it would permit an increase from 4-1/2% to 4-3/4% in the interest rate on home loans insured by the Veterans Administration. The bill, as approved, would authorize the Federal National Mortgage Association to borrow up to $1.5 billion in new funds from the Treasury for the purchase of Federal Housing Administration and Veterans Administration mortgages. The aim is to make that much more available to private lending institutions for housing loans. The measure would also extend the Veterans Administration's direct loan program for two years and authorize $300 million in loans. (Morris. N.Y. Times, 3/13 p.1)

CORPORATE FINANCE

This week's small volume of new corporate debt securities totaling only $69 million--will funnel into a market that is only lightly supplied with undistributed taxable obligations. Last week's $101,770,000 of publicly offered corporate obligations were well received at retail. Institutional investors also were nibbling at the remnants of some older issues still on underwriters' shelves. (Wall St. J., 3/17 p.19)

BANK RESERVES

Over the country, commercial banks' reserves, which govern the amount they can lend to their customers, were relatively plentiful during most of the statement week. On an average day in the week ended Wednesday, the banks' positive reserves (excess reserves less borrowings) amounted to $460 million, the highest level reached since mid-January 1955. (Wall St. J., 3/14 p.14)

RETAIL SALES

Retail sales in February totaled $13.9 billion, 3% below January and 1% below February 1957, the Department of Commerce reported. The preliminary report, compiled by sampling a cross-section of retail stores across the country, showed that most of the loss was in the automobile, furniture and appliance lines. (N.Y. Times, 3/11 p.41)

STEEL OUTPUT

The nation's production of raw steel dropped last month to 5.8 million net tons of ingots and steel for castings. This was the lowest monthly level, except for nationwide steel strike periods, since July 1949. The
American Iron and Steel Institute, reporting the figures, said February production compared with 6.8 million net tons poured in the longer month of January. February output last year was nearly 10 million tons. Steel producers have reduced their operations sharply in recent months as orders lagged, reflecting the slowing of general business activity. (N.Y. Times, 3/12 p.45)

COPPER BUYING  Custom smelters reported demand for their copper ROSE LAST WEEK  picked up to "very satisfactory" levels last week, compared with the previously slow pace. Talk cropped up of a possible price rise for the custom metal. The large U.S. producers, however, who are quoting 25¢ a pound compared with the custom concerns' 23¢, reported they didn't share in the increased buying. (Keller. Wall St. J., 3/17 p.16)

SYNTHETIC FABRICS  Further production cutbacks have taken place in OUTPUT CUT AGAIN  synthetic fabrics with a few large mills curtailing operations on filament yarn dress fabrics from five to four days a week. These curtailments were sparked by the dress strike but the large Southern weavers involved now intend to continue operations on the four-day, three-shift basis until market conditions improve, company spokesmen said. The latest cutbacks in the man-made fiber, or synthetic, cloth market follows a prolonged pattern of hand-to-mouth buying which has characterized this market since late last fall. (Wyss. J. of Comm., 3/13 p.1)

SUGAR PRICE  World sugar prices are about half what they were a CUT IN HALF  year ago. Cuban sugar destined to countries other than the United States is quoted at 3.37 cents a pound, f.o.b. The highest peacetime quotation since 1920 was 6.85 cents on April 22, 1957. The present price is not unusually low. Last year it was exceptionally high because poor crops were inadequate to handle a rising demand. (Auerbach. N.Y. Times, 3/16 III p.1)

DRESS INDUSTRY  Women will be paying more for their dresses as a SEES PRICE RISE  result of the strike settlement, industry spokesmen said. In some instances, the higher prices will be hidden because manufacturers will cut the quality of their product. In other cases, the increases will be apparent on the price tag. In recent years, dress manufacturers have lost ground to competing types of apparel such as skirts, blouses and sportswear. The manufacturers of these items, although unionized, were not affected by the strike and now will have an even greater competitive edge. (Koshetz. N.Y. Times, 3/12 p.26)