PRESIDENT SIGNS HOUSING MEASURE

President Eisenhower signed the $1.9 billion housing bill, but attacked its key anti-recession measures in language which strongly suggested he may sit on the bulk of the funds. Mr. Eisenhower aimed most of his criticism at the provision which would call on the Federal National Mortgage Association to buy up to $1 billion of low-cost housing mortgages and at the failure of Congress to provide a more flexible interest ceiling on Veterans Administration-backed home loans. Several other features of the bill include: A two-year extension, until July 1960, of the Veterans Administration's direct loan and mortgage-guarantee programs for World War II veterans; a boost in the interest rate ceiling by 1/2 point to 4-3/4% on loans to home-seeking veterans and by 1/2 point to 4-1/2% on military housing mortgages; lower minimum down payment requirements on homes bought with Federal Housing Administration-insured mortgages; and a $500 million boost in Federal National Mortgage Association special assistance funds available to the President for use in buying home mortgages not otherwise marketable. (Wall St. J., 4/2 p.7)

END OF DOWN PAYMENT ON G.I. HOME LOANS

The Administration has abolished the 2% down payment requirement on mortgage loans guaranteed by the Veterans Administration. The anti-recession action was announced by the White House together with a series of other steps putting into effect the provision of the emergency housing bill signed previously by President Eisenhower. The President freed the entire $1 billion provided for purchase at par by the Federal National Mortgage Association of Government-insured mortgages up to $13,500. This is expected to spur G.I. housing in particular. However, the President reserved the right to take another look at this program after $300,000,000 has been spent. Albert M. Cole, the Housing and Home Finance Administrator, predicted that...

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
BANKING BILLS ASK CUT IN RESERVES

The Federal Reserve Board's long-awaited proposal for extensive changes in the structure of reserve requirements was presented to Congress. The proposal would: Permit member banks to include their vault cash as part of their required reserves; lower the range of required reserves in central reserve cities to the same level as for reserve cities--10% to 20%; give the Board considerable discretionary authority to reduce the requirements for city banks engaged in a type of business which does not demand higher level reserves. Basically, the proposed changes are an attempt to redesign the reserve structure so that the nation can meet the potential immense desire for credit which will arise out of the anticipated great economic expansion of future years. (Shanahan. J. of Comm., 4/4 p.1)

INSTALMENT DEBT

Consumers halted a more than three-year trend by slicing their instalment debt by $435 million in February, the Federal Reserve Board said. Part of the decline was due to seasonal factors, but consumers still reduced their debt by $166 million more than what is considered usual for February. This more-than-seasonal decline, the Board said, "interrupted an upward trend that has prevailed since late in 1954." The report attributed the decline to lower sales of autos and other consumer durable goods. At the end of February, consumer instalment debt outstanding totaled $33.3 billion. (Wall St. J., 4/3 p.8)

NEW BOND ISSUES TO FLOOD MARKET

New issues of securities will return in volume to the public market with the end of the Easter holidays. Bond issues totaling more than $400 million are scheduled for offering next week. Most of them represent borrowings of industrial corporations. There was a slight reduction this week in the backlog of new issues of corporate bonds and preferred stocks. The total stood at $2.1 billion yesterday, according to the Investment Dealers Digest, compared with $2.2 billion a week ago. Marketing dates have already been designated for forty-one issues of corporate debt securities totaling $1,216,295,000. (N.Y. Times, 4/5 p.21)

DURABLE GOODS INVENTORIES

Manufacturers' durable goods inventories, even after a four-month trimming, were higher in relation to sales at the end of February than at any time in either the 1948-49 or 1953-54 recession. They were also higher, in relation to sales, than they were before the cutting began last November. While declining, inventories have not fallen as rapidly as sales. This picture emerged from the Department of Commerce report on manufacturers' business in February. The report covered all types
the actions would add 150,000 housing starts this year, of which 30,000 would be military housing. Mr. Cole forecast that total housing starts in 1958 would be 1,100,000, a rise of 100,000 from last year. (Dale, Jr. N.Y. Times, 4/5 p.1)

NEW BUILDING UP SEASONALLY New construction put in place rose "as usual" in March. In a joint report, the Departments of Commerce and Labor estimated the dollar value of the new construction put in place at about $3.4 billion, bringing the first quarter total to $9.7 billion, by the Agencies' calculations. This would put it slightly above the 1957 first quarter total of $9.5 billion. The latest quarterly estimate reflects a 7% rise in public construction, due primarily to rising spending for public housing and highways. Private construction outlays in the first quarter of 1957 were unchanged from the comparable period last year. (Wall St. J., 4/7 p.2)

$1.8 BILLION VOTED TO SPEED ROADS Congress approved a bill to pump $1.8 billion in new Federal and State funds into highway construction. This was the second major anti-recession measure to win approval in what, at the halfway mark, was shaping up as an unusually active Congressional session. The main effect of the bill would be to authorize distribution among the States of $1.5 billion, which otherwise would not have been available, and to move up to July the apportionment of an additional $1.6 billion, which would not have been available until December. The States would supply about $300 million toward the new funds. Estimates of the number of jobs the speed-up would provide ranged from 88,000 this year to 520,000 when it becomes fully effective. (Morris. N.Y. Times, 4/4 p.1)

TREASURY PLANS $3.5 BILLION ISSUE The Treasury announced today that it would offer for cash $3.5 billion of notes bearing 2-5/8% interest and running for four years and ten months. Subscription books will be open April 7 for the offering, which will be dated April 15 and will mature on February 15, 1963. It was one of the comparatively rare occasions in recent years that the Treasury, in a major financing, did not offer a choice of issues. Officials said they did not think it was necessary this time to offer a shorter maturity as an alternative. The issue was designed for commercial banks, and officials said they felt it would be taken up primarily by the banking system. Inasmuch as the banks can purchase the new notes simply by giving the Treasury a credit in the special Government tax and loan accounts, the new issue will be bought, in effect, by newly created money. (N.Y. Times, 4/3 p.37)
of manufacturing, but the spotlight was on durable goods, focal point of the inventory indigestion—and unemployment upset. At $30.2 billion at the end of February, with seasonal adjustment, manufacturers' durable inventories compared with $30.6 billion a month earlier. Sales, reported at $12.0 billion for February, were down from $12.6 billion a month earlier and $14.8 billion in February of 1957.
(Wall St. J., 4/2 p.3)

**LEAD, TITANIUM PRICES CUT** Price-cutting buffeted two more non-ferrous metal industries as lead and titanium producers announced lower prices for their products. Aluminum quotations were reduced by 2¢ a pound March 31. Main custom smelters dropped lead prices by 1¢ to 12¢ a pound just one day after the Office of Defense Mobilization indicated that stockpile purchasing of the metal probably will terminate at mid-year. One producer announced reductions of 15¢ to 25¢ a pound in its price for titanium sponge. Titanium producers have been scrambling for civilian markets ever since the aircraft stretch-out programs began last summer. Previously, some 95% of titanium produced had been finding its way into various phases of aircraft manufacturing.
(J. of Comm., 4/2 p.2)

**MARCH AUTO OUTPUT LOWEST SINCE '48** Passenger car production in March slumped to 357,049 for the lowest March total in 10 years. Last month's output was 9% below the February total and 38% below March 1957. The March total was the lowest for that month since 1948, when 351,126 cars were turned out.
(Wall St. J., 4/2 p.24)

**FARM BILL VETOED** President Eisenhower vetoed the farm price support freeze bill Congressional leaders conceded there was little chance to override his disapproval. He urged Congress to pass his farm recommendations instead and promised new steps on his own aimed at helping to boost farm income. He said approval of the measure, which would freeze price supports on major crops in 1958 and acreage allotments in 1959, would have been "ill-advised." The measure, according to the President, would only pile up more farm surpluses and tighten Federal control over farmers.
(Wall St. J., 4/1 p.3)

**U.S. LOSS SEEN IN CANADIAN VOTE** The overwhelming election victory of Canadian Prime Minister John Diefenbaker was viewed as solid public indorsement of his Conservative party's program of national development. It also was expected to accelerate his drive to divert a substantial share of U.S.-Canadian trade to Britain, and to reduce as much as possible Canada's economic dependence on the United States.
(N.Y. Herald Trib., 4/2 p.1)