RETAIL SALES Retail cash registers rang up $15.4 billion of sales last month. The volume was 1% below seasonal expectations and 2% smaller than in March 1957. Retail sales had slipped 4% below seasonal anticipations in February. The Department of Commerce said sales of hard goods were off 2% last month, chiefly because of disappointing automobile volume. Sales of soft goods slipped 1% even though department store activity was slightly above anticipations. (Slevin, N.Y. Herald Trib., 4/12 II p.4)

PERSONAL INCOME March personal income was off by $300 million from February to a total of $341.4 billion, at a seasonally adjusted annual rate. Wage and salary payments—the biggest component—were down by about $1 billion. The total, however, was $1.2 billion above the year-earlier rate. While personal income was down, it was an increase in Government transfer payments—such as unemployment and Social Security compensation—and farm income which kept it from going lower. The decline from February this year was much smaller than the February decline from January. (Wall St. J., 4/14 p.2)

EMPLOYMENT AT Employment rose to 62.3 million in mid-March, official Government figures showed. This was 323,000 above the mid-February level. It was only 2.5% below the year-earlier total—which was the highest March employment on record. Unemployment on March 15 amounted to 5,198,000. This was 25,000 above the month-earlier figure. It represented by far the smallest month-to-month rise since the jobless began increasing last November. From October through mid-February, unemployment scored an average monthly increase of 670,000. (Wall St. J., 4/9 p.1)

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
INITIAL CLAIMS FOR BENEFITS RISE

Initial claims for unemployment insurance rose sharply in the week ended April 5. Part of the increase reflected further lay-offs, but a large part was attributed to the mechanics of the insurance system. The number of persons actually collecting unemployment insurance in the week ended March 29 was 3,276,500. This was 7.9% of the insured labor force—the same rate, a record, at which it has held virtually steady for the last several weeks. The latest week's figure was 2,400 smaller than the previous week. A reason "insured unemployment" did not increase was that many of the unemployed have exhausted their insurance rights. (Mooney. N.Y. Times, 4/12 p.1)

WAGE INCREASES REJECTED IN LONDON

The threat of a nation-wide railroad strike in Great Britain caused a setback in the stock markets at the end of last week. The strike threat developed when union leaders reacted to the rejection of their pay claim by the Railway Staff National Tribunal, top body in the nationalized industry's negotiating machinery. This was the decision that had been widely awaited by industrialists, business men and Government officials, for it was expected to set a pattern for the new round of wage increases. The tribunal went even further than most advocates of wage restraint had expected. It completely rejected the union's demands on the ground that the system, already seriously in deficit, could not afford to meet them. (N.Y. Times, 4/14 p.36)

$1.4 BILLION DEFICIT SEEN IN FISCAL 1958

Budget Director Stans expects the widening gap between Federal spending and revenues to cause a deficit of $1.4 billion in fiscal 1958, and a "rather large" deficit for the year beginning July 1. He charged Congress with pushing budgets in the near future into the $80 billion range, meaning even more deficits. This gloomy assessment of the fiscal outlook came as President Eisenhower, once again, ruled out—at least for now—tax cuts that could increase red-ink operations even more than now feared. Mr. Stans said heftier-than-expected outlays for defense and recession-fighting moves could push the budget for the fiscal year ending June 30 "at least a billion dollars" deeper into the red than the $400 million estimated by the Administration in January. "It looks now, too, as though we will have a rather large deficit in 1959" instead of the $500 million surplus once expected. (Wall St. J., 4/10 p.2)

TREASURY ISSUE OVERSUBSCRIBED

The Treasury announced that its new $3.5 billion offering of 2-5/8% securities has been oversubscribed by about four to one—subscriptions totaling $15.73 billion. The notes mature in four years and ten months. Investors will be allotted 24% of the amounts they subscribed in excess
of $25,000. Subscriptions for $25,000 or less will be allotted in full. (N.Y. Herald Trib., 4/10 III p.5)

It is believed that there has been a substantial amount of free riding, but on the other hand, the general opinion is that the banks will hang on to their own subscriptions because they like the issue. Thus, the issue is expected to stay up and it is figured that demand will absorb what free riding selling develops. (Editorial. Amer. Bkr., 4/11 p.4)

TREASURY BILL RATE
LOWEST SINCE 1955

The Treasury's short-term borrowing cost dropped again to a new three-year low on the latest issue of three-month bills. The issue was sold at a price equivalent to an average yield of 1.074% -- the lowest rate since the 1.049% announced January 3, 1955. Government officials have termed the drop in the bill rate the sharpest on record since it stood out a 24-year high of 3.660% in mid-October. The new rate is the fourth straight weekly decline. The sharp drop in the bill rate reflects the increasing availability of credit. Some high Government officials have indicated they expect the bill rate to drop below 1% in the weeks to come -- even without any further credit easing actions by the Federal Reserve Board. (Wall St. J., 4/8 p.18)

PLANT EXPANSION
HAMPERED

Plant expansion programs still are hampered in many sections of the country by scarce supplies and expensive rates for industrial money, according to the Journal of Commerce's 1958 Plant Location Survey of nearly 200 area development groups. This would indicate that the easing trend in the central money markets since November has not yet percolated down to fields of eventual use. One of the aspects of this survey is that the business recession has been a contributing influence, and that many programs that have been put wholly, or partially, on the shelf easily could be taken down and dusted off should occasions justify. The reduced current level of plant investment still compares favorably with those of 1945-56. (J. of Comm., 4/8 p.1)

CORPORATE BONDS
GAINING STRENGTH

The market for new long-term corporate capital is getting strong again after a breathing spell required for the digestion of more than $300 million of industrial bonds issued recently. This new market supply had checked the recent downward movement of top-risk corporate yields at about the 4% level. The last of the jumbo-size industrial deals to come to market was a $125 million issue of debentures of the Aluminum Company of America. Priced to yield 3.9%, this issue was taken up quickly by investing institutions. Right before the Alcoa debentures were put out, various other major industrial debt issues were offered. Foremost was $80 million of American Can Company debentures, the
first public financing by the company since 1913. Another big financing was the $60 million of Douglas Aircraft Company debentures, distributed as 5s at 100. (Heffernan. N.Y. Times, 4/13 III p.1)

SAVINGS BOND SALES The recession is helping spark what the Treasury hopes is a return to popularity of U.S. savings bonds. For the second month in a row, total sales in March of E and H bonds topped cash-ins of these securities. March sales totaled $418 million for the month, against redemptions of $396 million. The turnaround in February and March stopped a pattern of cash-ins over sales for every month since July 1956. (Wall St. J., 4/10 p.10)

U.S. GOLD HOLDINGS Of more than passing interest was a $99 million loss from this country's gold holdings, which lifts to a rather impressive $490 million the amount that has been lost to foreign account since December. Foreign banks evidently are getting back to normal in their desired gold holdings, drained early last year by Suez developments, and no doubt the low yield on short-term investments in this market has been a factor in their decisions to buy gold. (J. of Comm., 4/11 p.1)

CANADIAN DOLLAR VALUE RISES The Canadian dollar moved up to a three-cent premium over the U.S. dollar for the first time since December 10. The closing price on April 8 of $1.0302 was up from a recent low of $1.0097 on January 6. (Wall St. J., 4/9 p.18)

ELECTRIC OUTPUT SHOWS BIG DROP Output of electricity in the week ended April 5 was down 3.1% from the like period a year ago--the largest year-to-year drop in percentage terms in almost 12 years, according to the Edison Electric Institute. The institute indicated that the drop from a year ago was partially due to Good Friday which came early this year and caused many industrial power users to close down. (Wall St. J., 4/10 p.18)

STEEL PRODUCTION The slump in steel production went a bit deeper in March, with melt approximately 41% lower than for the like 1957 month. For the first quarter, output dropped almost 25% from the preceding quarter and more than 40% from the corresponding period last year. Figures issued by the American Iron and Steel Institute yesterday indicated March production of ingots and steel for castings at 6,254,000 net tons, or 52.3% of the industry's annual capacity of 140,742,570 tons. (N.Y. Herald Trib., 4/12 II p.4)