COST OF LIVING CONTINUES CLIMB

Living costs rose to a new peak in March, the Bureau of Labor Statistics reported. Climbing food prices were the chief cause of the increase, but there were moderate advances in the prices of many other things that consumers buy. The March rise amounted to seven-tenths of 1% and was the largest increase for any month since July 1956. The buying power of the dollar now has fallen seven cents since the present series of price increases began in March 1956. The latest upsurge increased the consumer price index to a record high of 123.3% of the 1947-49 average. (Slevin, N.Y. Herald Trib., 4/24 p.6)

PRIME RATE CUT TO 3.5%

Federal Reserve move to cut the cost and increase the availability of credit. The Guaranty Trust Company of New York announced a cut from 4% to 3-1/2%, effective April 22, in the interest rate charged its biggest customers with the best credit ratings. This rate is called the prime rate. Rates to other borrowers, which are scaled upward from the prime rate, were expected to be reduced proportionately. Lower rates became inevitable, in the opinion of many bankers, after the Federal Reserve Board approved a further reduction in discount rates from 2-1/2% to 1-3/4% and authorized a cut in member bank reserve requirements in the larger cities. (N.Y. Times, 4/22 p.47)

DRAIN ON U.S. GOLD

The United States, in the week ended April 26, lost a further $124 million of gold, presumably to the same three countries that have been taking large amounts weekly—Britain, Belgium, and Holland. The latest drain increased to $729 million the amount of gold so lost since January 1. As of April 26, this country has lost in less than four months all but a few millions of the gold gained in the whole year 1957, most of which

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came from the International Monetary Fund. The Monetary Fund sold the gold to the Treasury to get dollars to help Britain and France in the Suez seizure, now in process of formal settlement. The foreign central banks that are now rebuilding their gold reserves, drained during the aftermath months of the Suez stoppage, are strongly influenced in so doing by the extremely low rates of interest now yielded on investments, chiefly Treasury bills, in which they have been accustomed to employ their idle dollar balances. (J. of Comm., 4/25 p.1)

STOCK MARKET Although prices of most stocks stood up well last week in the face of depressing business news, many traders are bearish on the near-term stock market outlook. In fact, brokers are perplexed by the continued advance which has taken the Dow-Jones industrial average into the so-called "critical" 450-460 zone, viewed as a "supply area." In view of the poor first quarter earnings statements and dividend casualties coming to hand, they see a further advance difficult to achieve. (Gingold. Wall St. J., 4/28 p.23)

UNEMPLOYMENT AT NEW HIGH Pleasant spring weather has failed to bring about a hoped-for improvement in unemployment. The Department of Labor said that the number of workers receiving unemployment insurance rose to a new peak of 3,363,000 during the week ended April 12. The increase from the preceding week was 49,000. Government officials said the new mark is the highest that has been chalked up in any week since the unemployment insurance system went into full operation in 1938. They stressed that the total would have been substantially larger if hundreds of thousands of workers had not exhausted their rights to benefits in recent weeks. Secretary of Labor James P. Mitchell said in a separate statement that more than 500,000 workers have used up their benefit rights, and stated that it now has become "all the more urgent for Congress to enact speedily the Administration's" bill to provide additional benefits for such workers. (Slevin. N.Y. Herald Trib., 4/26 p.1)

CHRYSLER SHOWS HEAVY LOSS The Chrysler Corporation reduced its quarterly dividend to 25¢ from 75¢ a common share. The action was taken because of the sharp loss incurred in the first quarter on a 53% drop in sales. L.L. Colbert, president of the automotive producer, reported that the company and its wholly owned subsidiaries incurred a net loss of $15.1 million in the first quarter this year. In sharp contrast, Chrysler earned a net of $46.5 million, or $5.34 a share, in the similar three months last year. Principal factors responsible for the first-quarter loss were the sharp decline in automobile demand and continued high costs of doing business, the report said. (N.Y. Times, 4/25 p.39)
U.S. PROPOSES AID TO RAILS

The Administration threw its support behind a group of legislative proposals designed to strengthen the financial position of the Nation's hard-pressed railroads. The proposals backed by the Administration include several long-range proposals to bolster the competitive position of the rail carriers and also an immediate temporary program for Government guarantees of loans up to $700 million to enable the railroads to purchase new modern equipment. The measures advocated are: revision of Federal rate-making policies; enlarged jurisdiction by the Interstate Commerce Commission over the curtailment of railroad service; redefinition of private motor carriage; and clarification of the present agricultural exemption. (Ozanne. J. of Comm., 4/23 p.1)

HOUSING UPTURN

Many homebuilders are jacking up the number of houses they plan to hammer together this year—a sign, perhaps, that the long-awaited housing upturn may be on the way. Sparking the upturn in construction plans is a mixture of easier mortgage money, effects of the new Federal anti-recession housing act, and sunnier weather. That's the word from a majority of some 100 builders interviewed by Wall Street Journal reporters in a score of cities. A like number of mortgage lenders, although less optimistic than most builders, generally agree that they, too, are feeling a pickup in housing activity. Although the Government's emergency housing act became law only three weeks ago, many builders say this, plus a subsequent Administration move ending down payments on Veterans' Administration-insured mortgages, already is hypoing housing sales and starts. (Wall St. J., 4/28 p.1)

PURCHASING AGENTS

The National Association of Purchasing Agents reported business in April "is coasting and still seeking the critical turning point in the present recession." The group said the new order situation remains "one of the bright spots" and in April again there was a "slight improvement" from last month's figures. There has been "little change in the production figures." In March, the association reported production downtrends might be halting and that new order rates had improved. (Wall St. J., 4/28 p.9)

MEN'S CLOTHING

The men's apparel industry feels it is an authority on the recession. Long before other industries began to feel the pinch, the men's wear field was in the doldrums. Production and sales began to fall before last summer. Suit output was off about 5% last year, but production in the last quarter was 15% below the 1956 level. The slump is continuing. Production of men's suits in the first two months of this year
was 20% below that for the like 1957 period. (Auerbach. N.Y. Times, 4/27 III p.1)

WOOL PRICES DIP TO 11-YEAR LOWS All wool positions on the New York Cotton Exchange fell April 22 to the lowest levels since 1947. Trading was influenced by unchanged to slightly lower prices at the Australian auctions, new low prices in London and reports that part of the domestic clip had been sold at relatively low prices. Tops fell 2¢ to 3.1¢ a pound and grease wool dropped 1.8¢ to 2.2¢. Trading was moderately active. (N.Y. Times, 4/23 p.55)

MACHINE TOOL ORDERS MOVE UP The gain in net new machine tool orders in March, according to the National Machine Tool Builders Association, amounted to $6.4 million over February. This represented a gain of 2.8% and brought the total for March to $29.2 million. Ludlow King, executive vice president of the association, said the March rise was due "principally to a few sizable orders placed in special areas and was not enjoyed throughout the industry." The new orders booked in March, while better than in February, were far below the $58.9 million booked in March 1957. (J. of Comm., 4/24 p.2)

IMPORTS FELL IN FEBRUARY The impact of the recession in the United States on imports became clear with the release of figures for February. The Bureau of the Census estimated that U.S. imports in the short month of February slumped to $950 million, the lowest monthly total in two and a half years. If the estimate stands up in later calculations, it would be 13% below total imports in January, and 4% below the February 1957 import total of $993 million. (J. of Comm., 4/22 p.1; p.22)

CUSTOM SMELTERS RAISE COPPER PRICE Custom smelters of copper, reporting "excellent" sales of refined metal all week, raised their price 1/4¢ a pound to 23-3/4¢. The price change was the first since April 8, when a late March upturn in sales failed to follow through and the smelters trimmed their quotation 1/2¢ to 23-1/4¢. (N.Y. Times, 4/25 p.39)