EMPLOYMENT IN JUNE

Continuing improvement in the job situation in June was reported by the Government. With students entering the labor market in large numbers, the number of unemployed rose seasonally to 5,437,000, the highest of the recession and the highest since 1941. But practically all the other figures in the monthly statistics issued by the Departments of Commerce and Labor were better than in May, which in turn had showed improvement over April. The number of employed in June rose 920,000 to a high of 64,981,000 for this year—about 1,500,000 below a year earlier. A major gain was what the report called a "sharp" increase in the average factory work week in June. The rise in this statistic—viewed by many experts as a good indicator of future trends in the economy—was six-tenths of an hour to 39.2 hours. (Dale Jr., N.Y. Times, 7/9 p.1)

WAGE RISES SMALLER IN '58

A national pay pattern is emerging this year calling for wage rises considerably smaller than those of 1957. This indicates a possible lessening of inflationary pressures, except in those industries which entered into long-term agreements in 1956 and 1957 calling for substantial wage rises in subsequent years, including 1958, such as steel. Settlements in recent months in mass production industries have generally called for "package" increases of 5¢ to 10¢ an hour, or about one-half of the boosts granted a year ago. (Fish. J. of Comm., 7/8 p.1)

AUTO PAY BOOST HELD UNLIKELY

The stalemate in collective bargaining between the United Auto Workers and General Motors, Ford, and Chrysler is continuing, and the major auto companies see nothing in sight which would justify any improvement of their original offer to the union of a two-year extension of the contract which expired on June 1. Contract talks between the Big Three auto companies and the union will be resumed July 14, after a recess of nearly
two weeks. But it is not expected that there will be any important progress in these negotiations during the rest of July. (Fish. J. of Comm., 7/11 p.1)

TREASURY BONDS   On July 8, some issues of long-term Government bonds fell sharply since they started to decline early last month. Hardest hit were the 3-1/2s of 1990, which sank more than a point to 102 bid. The drop came on very light trading. Bond houses reported little selling pressure, but an almost total absence of buying. There were only meager explanations for the decline, spectacular in the Government bond field, where prices are quoted in thirty-seconds of a point. The commonest reason given was that liquidation of speculative accounts on thin margins was continuing. This indicates that the amount of such holdings in Governments may have been even larger than Wall Street had suspected. (N.Y. Times, 7/9 p.36)

TREASURY      The Treasury officially revealed that it has bought
BUYS BONDS    $590 million worth of its recently-issued 7-year 2-5/8% bonds in an attempt to control the "disturbing effect" which that issue has had on bond prices. The bulk of the purchase--$456 million of it--was made for direct retirement of the bond by the Treasury. Another $134 million worth of the 2-5/8s were bought for the account of the various Government trust funds, the announcement said. The purchases were made over the three-week period from June 19 through July 9. (J. of Comm., 7/10 p.4)

TREASURY   Government financial experts' present thinking is that
FINANCING   the Treasury's multi-billion dollar exchange offering
             next week will consist almost all--if not entirely--of short-term issues. The Department starts meetings next week with its advisory groups on just what issues to offer holders of $11.5 billion of 4% certificates coming due August 1. The terms of the offering are expected to come July 17. The estimates of some specialists that the exchange issues would be heavily, if not entirely, in the short-term area were influenced by the announcement by the Treasury that it had bought back $590 million of 2-5/8% six-year, eight-month bonds issued as part of an exchange offering just last month. (Wall St. J., 7/11 p.3)

CAPITAL ISSUES Activity in the new capital market next week is
ACTIVITY TO SOAR     likely to be greater than in any week so far this year. Barring any last minute postponements, almost half a billion dollars of corporate debt and senior equity issues will be offered. This huge volume of new financing will come at a time when the underwriters are only beginning to recover from
effects of recent sharp declines in Government bonds. Most of the dealers seem to have worked off much of their inventory in the last few weeks and are in a good position to commit new capital. Their biggest opportunity in the coming week will be in the giant $300 million offering of United States Steel Corporation's 25-year sinking fund debentures. The issue, which is the largest so far this year, is set tentatively for offering on Wednesday. (N.Y. Times, 7/12 p.20)

FRS DISCONTINUES BUYING BILLS

After nine weeks of steady purchasing of Treasury bills in the market to provide commercial banks with funds in excess of needs, the Federal Reserve System this week retired to the sidelines and did virtually nothing. The semi-official explanation was that seasonal conditions would meet requirements for the immediate future without the necessity for further pumping into the market of Reserve funds. This marked no change in policy, for the week brought to the banks the highest average excess reserves since January 1955 and the highest average free reserves since December 1954. There would be no purpose for the Federal Reserve to make money still more redundant. (J. of Comm., 7/11 p.3)

STEEL OPERATIONS

Steel producers expect the industry's operations this week to hold close to, or possibly improve upon, last week's scheduled rate of a little above 54%. In fact, July is turning out to be a pleasant surprise for steel men who had expected to see their orders and production drop abruptly from the June levels. Order books are not filling up as fast as they did in June, when buying was spurred by anticipation of mid-year price increases which didn't materialize. Neither have they thinned down drastically from a month ago, steel makers say. (Wall St. J., 7/14 p.1)

STEEL OUTPUT HIGH IN JUNE

Steel production in June totaled 7,132,000 net tons of ingots and steel for castings. This was the highest figure for any month so far this year, according to a preliminary report issued by the American Iron and Steel Institute. (N.Y. Times, 7/11 p.29)

AUTO SALES UP SLIGHTLY

Retail sales of new cars in the last two months have shown a gain of nearly 10% above the rate of sale in the first four months of this year. But manufacturers are not letting this slight upturn lead them to schedule any substantial rise in production for the third and fourth quarter of this year. Following introduction of the 1959 models, the car makers are scheduling output of only 800,000 cars in the third quarter, and 1,250,000 cars in the fourth quarter. For 1958, output of American-made cars would be around 4.3 million units, lowest total for any year since 1952, unless business stages a sharp and unexpected gain in the final
quarter of the year. Retail sales in the first half totaled 2.2 million, excluding foreign car sales, which are believed to have accounted for close to 150,000 units. (Fish. J. of Comm., 7/9 p.1)

FORD DIVIDEND

Ford Motor Company cut its common stock dividend, declaring a payment of 40¢ on September 11 to stockholders of record August 12. The company had been paying 60-cent dividends each quarter since its common stock was publicly issued on January 18, 1956. It had not officially described these as quarterly dividends. No explanation was given for the reduction. Ford, however, failed to earn the 60-cent rate in the first quarter. Its earnings slumped to 42¢ a share that period from $1.85 in the like period a year earlier as the company suffered a sharp decline in sales. (Wall St. J., 7/10 p.5)

AUTO-LABELING

President Eisenhower signed a bill, effective October 1, requiring auto makers to label new cars with their suggested retail price, including cost of accessories and transportation. The measure is aimed at the practice called "packing," by which dealers raise the manufacturer's suggested list price to mislead the purchaser into believing he has received and exceptionally large discount or trade-in allowance. The bill requires auto makers to show make, model and serial number, the final assembly point, data on delivery to the dealer and the form of transportation, including whether the car has been towed. Price data will include the manufacturer's suggested price, the suggested price of each accessory, the charges to the dealer for transportation, and the total. (N.Y. Herald Trib., 7/8 p.2)

NICKEL OUTPUT

International Nickel Company of Canada, Ltd. will effect a further 20% cut in nickel production from its big Sudbury, Ontario, mines, effective July 14, the company has disclosed. The latest reduction will bring output to an annual rate of about 200 million pounds, or 35.5% below estimated capacity of some 310 million pounds yearly. The current reduction is the third made this year by the world's largest nickel producer. Two cuts of 10% each were made in April and May. In its announcement, Inco said that since the May curtailment, stocks of unsold nickel in hands of the company and of the United States Government have continued to accumulate and presently total about 135 million pounds, exclusive of metal in inventories of customers. (N.Y. Herald Trib., 7/8 III p.6)

ATLAS ICBM

A milestone in the nation's defense program was reached with the formal opening of a $40 million plant near San Diego for production of the Atlas Intercontinental Ballistic Missile. About half of the cost is being put up by the Federal Government. (Hill. N.Y. Times, 7/13 p.28)