basic business NEWS

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STEEL, ALUMINUM PRICE INCREASES The nation's largest steel companies and the biggest U.S. aluminum producer posted higher prices on many of their products. Many large users of these metals said almost immediately they intend to pass on at least part of the increased costs to the ultimate consumers--folks who buy appliances, autos and a host of other wares. Announcement by United States Steel Corporation of an increase averaging about $4.25 per net ton, or 3%, on its carbon and high strength sheet and strip steel prices, effective August 1, climaxed a rush by leading steel makers this week to raise prices. The industry last raised prices, an average of 4%, in July 1957. As the steel makers hurried to lift prices, aluminum producers were preparing to hike theirs as well. Aluminum Company of America is boosting the price of aluminum in pig form by 0.7¢ a pound to 24.7¢ a pound, effective August 1. (Wall St. J., 8/1 p.1)

BUILDING CONTRACTS REACH RECORD Large increases in public utility, public works, and residential contracts pushed total construction contracts in June to $3.8 billion, the highest figure for any single month, according to F. W. Dodge Corporation. Last month's level was 12% above the preceding high, which was set just a month earlier and was 18% above the June 1957 figure. Construction contracts are considered the basic barometer of future construction activity. The June upturn left contracts for the first six months of 1958 at $16.8 billion, down 1% from the same period last year. "A number of very large utility contracts, particularly in connection with the St. Lawrence (Seaway) project helped boost the June total, but the most encouraging feature was perhaps the big increase in housing activity across the nation," Dr. George Cline Smith, Dodge vice president, commented. (J. of Comm., 7/30 p.1)

MANUFACTURERS' NEW ORDERS, SALES ROSE IN JUNE

Manufacturers' new orders and sales rose further in June over May on a seasonally adjusted basis, but inventory cutbacks continued to be substantial, the Department of Commerce reported. Seasonally adjusted new orders for June came to $25.3 billion, a rise of $300 million from May. However, the Department also revised the adjusted new orders total for May, raising it from $24.7 billion reported earlier to an even $25 billion. The gain in new orders in June over May came entirely in the durable goods sector, where the adjusted total amounted to $11.7 billion compared with $11.4 billion in May. This was attributable to higher orders for primary and fabricated metals and aircraft products. The pace of new orders is considered by Government economists to be a key to future production. (Wall St. J., 7/31 p.3)

$40 BILLION DEFENSE BILL

The senate passed a $40 billion defense bill after debate reflecting rising Congressional doubt about the nation's capacity to fight limited war. These funds added about $1.2 billion to what President Eisenhower had requested. The Senate bill must be aligned with a somewhat lower House figure in a joint Senate-House conference. (Baker. N.Y. Times, 7/31 p.1)

CONGRESS PASSES RAILROAD AID BILL

The Senate and House approved (July 30) a compromise version of a bill to aid railroads and revise the Federal law on transportation regulation. The bill now goes to the White House. The most publicized feature of the bill provides for Government guarantees of up to $500 million on private loans to railroads. (Mooney. N.Y. Times, 7/31 p.33)

SOCIAL SECURITY HIKE VOTED

The House of Representatives voted (July 31) to increase Social Security insurance benefits and taxes. A bipartisan bill for a 7% rise in monthly cash benefits starting next December, with higher taxes going into effect next January, was passed overwhelmingly. The measure now goes to the Senate, where prospects for favorable action before the adjournment of Congress are now regarded as excellent. The political appeal of the measure in a congressional election year, with 11,800,000 persons now on the benefit rolls directly affected, was another factor favoring its approval by the Senate and the President. While the bill provides for a 7% rise as a general rule, increases actually would range from $3 a month for persons drawing $30 or less to $54 for families eligible for maximum benefits. The bill calls both for increases in Social Security tax rates and in the amount of pay on which the taxes are levied. The rates would be raised by one-fourth of a percentage point each for employers and employes and three-eighths of a percentage point for the self-employed. (Morris. N.Y. Times, 8/1 p.1)

FARM LAW CHANGES NEAR — After several months of political maneuvering in Congress, a new farm bill is nearing the end of a rocky road. Designed to increase production and lower prices on some basic farm crops, it ultimately would base the Government's price supports for virtually all agricultural commodities on average market prices, in recent years, rather than the so-called parity formula. The measure would affect only cotton, rice, corn and feed grains. Generally, the bill is considered to be more realistic than some farm legislation in the past, in that price is recognized as the basic factor in the steady flow of farm products to consumers. The Federal Government, however, will continue to be pretty well involved in price and production controls. (Carmical. N.Y. Times, 8/3 III p.1)

HOUSE KILLS PUBLIC WORKS BILL — The House of Representatives killed (August 1) the last big anti-recession bill on the program. It would have provided $2 billion in loans to local communities for public works. The Administration's position has been that the program would not begin to take effect until long after the recession was over, and that it was too costly in light of the present state of the budget. The action essentially completes the congressional scorecard on major anti-recession legislation. (Dale, Jr. N.Y. Times, 8/2 p.1)

RESERVE HALTS U.S. BOND SUPPORT — The Federal Reserve System quit supporting the Government bond market in any new securities purchases in the week ended (July 30), the New York Federal Reserve bank indicated. This absence of activity came just one week after the Federal Reserve put into effect a new policy of dealing in Government securities in addition to 91-day Treasury bills in a bid to bolster Government bond prices. News that the System kept hands off U.S. securities dealings in the statement week also coincided with further rallying in the Government bond market. That rally, which started late Tuesday, however, restored not quite half the price losses recorded earlier. (Wall St. J., 8/1 p.11)

CERTIFICATE OFFERING OVERSUBSCRIBED — The Treasury reported subscriptions of nearly $6 billion in answer to the $3.5 billion cash offering of 1-1/2% tax anticipation certificates on July 29. Commercial banks took up most of the tax anticipation certificates, the Department said. The Treasury made a 59% allotment on subscriptions for the certificates in excess of $100,000. (Wall St. J., 8/1 p.11)

DEBT CEILING RISE VOTED — The House Ways and Means Committee approved legislation to increase the temporary ceiling on the national debt to $288 billion and the permanent ceiling to $285 billion. It approved the request of the Administration in full after hearing testimony from Robert B. Anderson, Secretary of the Treasury, and Maurice H. Stans, Director of the Budget, that the expected deficit in the budget for the current fiscal year, which began July 1, was $12 billion. The national debt at present is $276 billion. (Dale, Jr N.Y. Times, 7/31 p.1)

NATION'S MONEY SUPPLY UP The nation's money supply jumped a further $1.3 billion in June to reach a new record at $229.4 billion, up $9.7 billion or 4.4% from the level of June 1957, according to the latest Federal Reserve Board estimates. The 4.4% rise is at a rate in excess of the calculated 3% some economists have found to be a minimum annual requirement for an expansion of the money supply in relation to normal increases in production and distribution. For the first time in history, all the rise in the money supply in the twelve months ended in June occurred in savings deposits in commercial and savings banks. Savings deposits, the latest figures show, rose $9.8 billion in the 12 months ended June. (J. of Comm., 7/31 p.4)

STOCK VOLUME HEAVIEST IN 3-1/2 YEARS Stock prices rose sharply on the New York Stock Exchange in July, in the heaviest trading for any month in three and a half years, and the heaviest for a July in twenty-six years. Prices advanced on seventeen of the twenty-two trading days and reached the highest level since last September. (N.Y. Times, 8/1 p.25)

CLOSING YIELD GAP DISTURBS MARKET The rapidly narrowing gap between yields on common stocks and high-grade bonds is symptomatic of the confusion and uncertainty in the markets for those securities. Last week, the yield on Standard & Poor's index of ninety industrial stocks was 3.87%, or only .13 percentage point above the 3.742% yield on its A1+ bond average. In June, the two yield curves were .47 percentage point apart, and they were separated by .89-1/2 point as the year began. (Tompkins. N.Y. Times, 8/3 III p.1)

REPLACEMENT TIRE SALES Manufacturers' shipments of replacement passenger car tires rose sharply in June. They hit a new high for June and were the second highest for any month in history. Truck tire shipments showed further improvement in June, though still lagging behind a year ago. Farm equipment tire volume continued to widen its gain over 1957, a reflection of general farm prosperity. Reports in the trade indicate July will be another excellent month. (Wall St. J., 7/29 p.5)