PRODUCTION RATE AGAIN SHOWS RISE

Industrial production increased in October for the sixth consecutive month, the Federal Reserve Board has estimated. For the second consecutive month, however, the increase was held back by strikes in the automobile industry. October's increase, like that of September's, was 1 point on the Board's production index, lifting it to 138, seasonally adjusted. The other four monthly increases were larger. Auto production rose somewhat in October, but other lines of production provided negative forces. Glass production declined because of strikes. Farm machinery dipped for the same reason. Crude oil production was off, presumably because inventories were ahead of demand. Coal production, which behaves irregularly, declined. There was an unexplained slowness in production of business equipment. Steel provided a big plus, up 10%. Output of other metals also rose. (Mooney, N.Y. Times, 11/15 p.26)

'59 BUILDING PROSPECTS

Building prospects for 1959 were glowingly appraised by both Government and private experts. Spending on new construction next year will rise to a record $52.3 billion, the Departments of Commerce and Labor predicted. That would be $3.5 billion above the $48.8 billion expected for 1958. At the same time, F.W. Dodge Corporation forecast a 4% spurt in construction contracts next year. The industry statisticians said the gain would be sparked by a 14% increase in awards for manufacturing plants. Both the Federal and private seers said little change in the home building pace was in sight. They agreed on the point that the restraining influence would come from lessened availability of mortgage money. (Wall St. J., 11/17 p.1)
HOUSING STARTS

Work was started on 111,000 homes and apartments last month, equaling the record for October established in 1954, the Department of Labor has reported. Residential housing starts increased 11% over the corresponding month of 1957. The October figures represent an annual rate of 1,260,000 new private homes and apartments after seasonal adjustments. This would be the highest rate for any month since the fall of 1955.

(N.Y. Times, 11/14 p.46)

HOUSING PROBLEMS

Housing legislation promises to take the front of the congressional stage when the 86th Congress meets early in January. Already, studies and hearings are being planned for shaping the legislation. Senator Lyndon Johnson, majority leader, has called for "a bold housing program which will set as its goal a home for every American family." He also listed among the objectives of the 86th Congress "a courageous urban renewal program." Housing legislation, if keyed to large appropriations, including Federal subsidies, in support of Government guaranteed mortgages, is certain to be scrutinized closely by the Administration.

(Amer. Bkr., 11/12 p.1)

PEAK YULE SALES

Record Christmas sales for the nation's department stores this year have been predicted. Ralph Lazarus, president of the Federated Department Stores, Inc., told the National Industrial Conference Board that American shoppers would make Christmas this year the best ever for department stores. "Consumers are in a better position to buy than they have been for some time," he said. The reason for this is the high level of personal incomes and a drop in consumers' installment debts.

(N.Y. Times, 11/14 p.39)

BANK RESERVES, GOLD SUPPLY IMPROVE

Two interesting things stood out in the weekly banking figures: one was the fact that seasonal influences had temporarily improved the reserve positions of banks so the Reserve banks could retire to the sidelines, so far as open market operations were concerned. The other was the first gain of gold by this country, of more than nominal proportions, in nearly a year. The increase of $11 million in the gold stock--following losses that have aggregated more than $2.1 billion since January 1--was the net of a series of transactions that were both purchases and sales. It indicated, however, that some foreign banks had turned sellers, possibly to meet seasonal dollar requirements.

(J. of Comm., 11/14 p.1)

U.S. FINANCING

The Treasury raised $3 billion additional cash through an offering of 214-day tax anticipation bills, which were marketed at an average interest rate of 2.997%.
This compared with a 3-1/4% rate on a previous issue of 219-day bills offered in October. Tomorrow (November 18), the Treasury will disclose the terms of securities to be offered in exchange for December maturities totaling $12.2 billion. (Wall St. J., 11/17 p.1)

TREASURY INVITES BIDS ON $1.8 BILLION BILLS The Treasury invited bids on $1.8 billion of 91-day bills in cash and in exchange for a like amount coming due November 20. This is the first time in 10 weeks that the Department has offered bills in an amount matching the total maturing. By raising the amounts of bills offered over the past 10 weeks by $100 million each week, the Treasury has raised $1 billion in new cash. (Wall St. J., 11/14 p.14)

U.S. SPENDING SEEN ABOVE $81 BILLION Government expenditures for the current 1959 fiscal year will push past $81 billion if the Administration follows through on a tentative decision to ask for immediate congressional approval of the promised $1.3 billion new U.S. contribution to the International Monetary Fund. The $81 billion spending prospect for fiscal 1959 represents an increase of almost $2 billion over the $79.2 billion estimate made as recently as September. The increase, aside from the probable payment into the IMF, comes in a miscellany of programs, but more than half of it is in agriculture. (Shanahan. J. of Comm., 11/14 p.1)

COPPER The copper market has returned to the point where a close watch on its diet will be necessary, if the healthy state which the past several months have brought is to be maintained. Since the turn of the second half of this year, which has seen a 1.7¢ tariff on copper imports, the rise and fall of a 150,000 ton stockpile bill in Congress, the lifting of restrictions on copper shipments to the Soviet bloc by the North Atlantic Treaty Organization, and huge production losses resulting from mine strikes in Africa, Canada, and the United States, the demands of normal marketing were all but ignored. (Regan. J. of Comm., 11/14 p.1)

PRINT CLOTH The key market for cotton print cloth, a laggard among recent modest textile price improvements, is showing signs of life. A spurt of buying last week pushed up prices on several types of unfinished cotton cloth, widely used in such things as inexpensive dresses, shirts, pajamas, and underwear. The bellwether 80-square cloth had been bringing 17-5/8 to 17-3/4 cents a yard early last week. By Friday, the low price was 17-3/4 cents and most mills had jacked up their asking price to 18 cents a yard. This key grade of cloth hasn't sold that high since March 1957. A factor behind the buying push is the production curtailment scheduled by many big print cloth producers, beginning next week with the Thanksgiving holiday. (Madden. Wall St. J., 11/17 p.7)
MACHINE TOOL GAIN EXPECTED

Continued improvement in autos, appliances, and other metal-working industries is encouraging machine tool builders to look for a substantial gain in new orders next year. Some manufacturers believe there is a good chance that bookings next year will rise to $400 or $500 million, compared with this year's total of around $280 million. This has been the worst year in the machine tool industry since the 1930's. Improvement in new orders thus far this fall has been extremely small, but inquiries have increased, and this has contributed to firmer prices. (Fish. J. of Comm., 11/13 p.1)

STEEL PRODUCTION AT 12-MONTH HIGH

Steel production in October trailed October 1957, but was the highest in 12 months and exceeded September output this year by about 1,200,000 tons, according to American Iron and Steel Institute. Output for the first ten months of 1958 was considerably less than in the like 10 months of 1957. October steel production this year totaled 8,816,000 net tons of ingots and steel for castings. (Wall St. J., 11/13 p.9)

SOFT COAL STRIKE HELD POSSIBLE

John L. Lewis is indicating to operators that his United Mine Workers will terminate the soft coal wage agreement unless the industry agrees soon to new contract terms. Chafing at delays after about three months of informal bargaining, Mr. Lewis tentatively has fixed December 1 as the approximate time for serving notice of contract termination on bituminous producers, according to unofficial reports. A notice served December 1, under the contract's 60-day termination clause, would in effect set a strike deadline for February 1 for the 180,000 or so miners. Lally. Wall St. J., 11/13 p.22)

FARM INCOME MAY DROP IN '59

Farmers face a 5% to 10% decrease in net income next year after enjoying the highest profits in five years during 1958, the Department of Agriculture declared. Officials look for a decline in 1959 soil bank payments, and expect farmers to be paying more for labor and machinery. Somewhat lower crop prices were reported to be in prospect next year because of market-depressing surpluses and slightly reduced price supports. (Wall St. J., 11/12 p.1)

WHEAT PUT UNDER LOAN AT FASTEST RATE EVER

The Department of Agriculture figures show that farmers are putting their huge 1958 wheat crop under Uncle Sam's price prop shelter at the fastest rate ever. The Agency reported more than 396 million bushels of wheat, valued at $717 million, have been turned over to the Government as collateral for price support loans as of September 30, a record for that date. A year before, $240 million worth of wheat, or 122 million bushels, had been put under loan. (Wall St. J., 11/14 p.17)