EMPLOYMENT OFF IN DECEMBER Unemployment stood at 4,108,000 in mid-December, a more-than-seasonal rise of 275,000 over the mid-November figure. The rise stemmed from bad weather, the Departments of Commerce and Labor reported. Employment declined by 680,000 to 63,973,000, a change that was about normal for the season. The sharp increase in idleness was almost double the seasonal rise ordinarily expected in December. The Agencies blamed this on unusually severe winter weather, resulting in heavy cutbacks in farm work, construction, and other outdoor activity. The drop in employment more than offset Christmas hiring in retail stores and post offices. (Wall St. J., 1/14 p.5)

PERSONAL INCOME UP IN DECEMBER Personal income in December was at an annual rate of $359.3 billion, down from November's record level of $360.4 billion. The drop in December was entirely accounted for by a temporary dip in dividend payments, because last year saw fewer year-end extras and special dividends. Despite the drop in December, the year 1958 saw a new record in personal income. The total for the year was $353.4 billion, up $5.5 billion from 1957. Most of the rise was accounted for by transfer payments, with unemployment, veterans, and social security benefits all rising sharply. Farm income and income of landlords and small business proprietors also rose, but labor income for the year was $1 billion below the 1957 level. (N.Y. Times, 1/16 p.37)

INDUSTRIAL PRODUCTION GAINED IN DECEMBER The Federal Reserve Board's index of industrial production, seasonally adjusted, rose one point in December to 142, with the average of 1947-1949 counted as 100. This meant the index by year-end had recovered 15 of the 18 points it lost between September 1957 and
April 1958. The entire rise in December was in the nondurable goods group. Changes in most sectors of industry were small. For 1958 as a whole, industrial production averaged 134, compared to 143 in 1957. (N.Y. Times, 1/16 p.37)

U.S. BOND ISSUE  Treasury officials expressed satisfaction with the response of investors to the Government's offering of $750 million of 21-year 4% bonds. The Treasury announced over the week end that subscriptions to the new issue totaled $1.8 billion, or 240% of the amount offered, with the largest portion of orders coming from savings-type investors. This was about the same as in the prior long-term offering of $1 billion in 27-year 3-1/4% bonds last June when subscriptions ran 250%. (Wall St. J., 1/19 p.17)

ALLOCMENT  The Treasury said today (January 14) it had received $5.5 billion in offers in its sale of $2.5 billion in 3-1/4% sixteen-month notes. The allotment, based on these preliminary figures, will be 47% of all subscriptions of $100,000 or more. (N.Y. Times, 1/15 p.45)

HOUSING STARTS  Housing starts, figured at an adjusted annual rate, jumped by 100,000 in December, from the 1,330,000 November rate even though the actual number of private starts in the month declined to 89,500 from 100,000 the month before. The Department of Labor said the drop in actual starts was much less than is usual for this time of year, thus resulting in an increase in the seasonally adjusted annual rate. (Wall St. J., 1/16 p.3)

STABLE PRICES  A bi-partisan group of five Senators, members of the Senate Banking Committee, jointly sponsored the introduction of legislation to make relative stability of prices an explicit aim of Federal economic policy. The bill was presented by Senator Prescott Bush, R., Conn., with the co-sponsorship of Senators Wallace F. Bennett, R., Utah; Homer E. Capehart, R., Ind.; Joseph C. Clark, D., Pa., and William Proxmire, D., Wis. The bill corresponds to the price-stabilization amendment to the Employment Act of 1946 recommended by the President in his State of the Union message. In addition to the objectives of maximum employment, production, and purchasing power, as set forth in the preamble of the Act, the bill would add: "The Congress further declares that the foregoing objectives must be attained, if they are to be meaningful, in an economy in which the level of prices remains relatively stable under free competitive enterprise." (Amer. Bkr., 1/13 p.1)
YIELD NEAR PEAK
FOR PRIME BONDS

The new year is starting off with the investment return on prime-risk bonds approximating 4%. This is about one-half of 1% more than at the close of last year, and is not far below the post-war high for long-term interest rates touched in 1957. The renewed rise in the earning power of money resulted largely from the leveling off last year of the business recession that began in 1957. Some economic forces are currently making for higher interest cost and others for lower. At the moment, they appear to be in rough balance. (Heffernan. N.Y. Times, 1/12 p.81)

STEEL PRODUCTION
CONTINUES CLIMB

Production of raw steel in this country rose to

8,713,000 net tons in December, the American Iron and Steel Institute reported. That compared with 8,569,318 the previous month and was the second largest monthly output of the year, exceeded only by October. The December production brought output for all of 1958 to an estimated 85,257,363 net tons, (a preliminary figure subject to minor correction later). Last year's total output was 27% below that of the industry's best production year--1955. (N.Y. Times, 1/14 p.37)

STEEL INDUSTRY
OUTLAYS FOR '59

The nation's iron and steel companies, it is estimated, will spend more than $1 billion in 1959 for new equipment and construction, a bit less than the $1.2 billion capital expenditures in 1958, according to American Iron and Steel Institute. Capacity of the industry to produce steel is now a record 147.6 million tons of ingots and steel for castings annually. During 1958 the capacity went up nearly seven million tons. (Wall St. J., 1/16 p.2)

GLASS SHORTAGE
HITS CHRYSLER

Chrysler Corporation will begin Friday (January 16) to close its assembly plants because of glass shortages. Chrysler gets most of its glass from Pittsburgh Plate Glass Company, strike-bound since early October. Nearly 25,000 Chrysler workers are to be laid off by the end of next week if the glass strike is not settled. Chrysler's operations were halted twice in the past two months as a result of labor disputes. With the flow of cars to dealers badly impaired, Chrysler's December sales are estimated at 48,000 units--9.3% of the industry's 489,000 total. (Wall St. J., 1/14 p.1)

HARD COAL
PRICES RISE

to go up 60¢ to $1 a ton, February 1, when the anthracite industry's new labor contract with the United Mine Workers becomes effective. (Wall St. J., 1/16 p.1)
PRICE-PROP PROGRAM  The Department of Agriculture had almost NEAR $8.3 BILLION $8.3 billion tied up in price support operations on November 30, up from $7.2 billion the year before and the highest since February 1957, when the figure stood just above $8.3 billion. The total represents $5.5 billion in crops owned outright by the Government, and nearly $2.8 billion held as collateral on price support loans to farmers. The Government's outlay for surplus goods usually hits its seasonal peak at the early part of a calendar year, reflecting price propping activity on crops from the previous season's harvest. Thus, the November 30 figure almost surely will increase by February. (Wall St. J., 1/14 p.12)

SHOE PRODUCTION  Shoe production set a record of slightly more SETS RECORD IN '58 than 598 million pairs last year. The figure compares with 588 million in 1958 and the previous high of 597 million pairs in 1957. The record was established despite the recession and low output in the first quarter of the year. However, heavy buying began in October and orders received by manufacturers ran more than 30% ahead of the 1957 rate for several weeks. (Auerbach. N.Y. Times, 1/18 III p.4)

CUBA RAISES  Cuba's sugar production quota for 1959 was set at SUGAR QUOTA 5,800,000 tons--200,000 tons more than last year. At the same time the Cuban Sugar Stabilization Institute moved to promote more domestic consumption of sugar. (N.Y. Herald Trib., 1/14 III p.4)

CONSUMER CREDIT  Standby consumer credit control is again before the CONTROL BILL Senate Banking Committee in the form of a bill introduced by Senator Prescott Bush. The President did not refer to consumer credit controls in his anti-inflation State of the Union message, but some analysis of consumer credit trends is expected in the economic message, due January 20. The bill gives the Federal Reserve Board authority to "make such rules, regulations and orders as it may deem necessary and appropriate" toward controlling the "excessive use" of credit in connection with the purchase of consumer durable goods. (Amer. Bkr., 1/13 p.1)