MACHINE TOOL ORDERS

New orders booked in December by machine tool manufacturers reached the highest level since August 1957. The improvement in bookings was general, reflecting the desire of tool buyers to reduce costs by replacing obsolete equipment, according to tool manufacturers. Orders booked in the fourth quarter showed the first upturn of any consequence since the fourth quarter of 1956. (J. of Comm., 1/27 p.4)

MANUFACTURERS' SALES

Manufacturers' sales and new orders increased in December. Factory inventories held steady for the third straight month. The Department of Commerce report also showed that the increased orders went to makers of soft goods. Orders booked by producers of durable goods declined slightly. Sales rose $500 million last month (on a seasonally adjusted basis). This was about 5% above those in December 1957. Most of the 2% increase from November was in motor vehicles and steel. For 1958, manufacturers' sales were 8% below the 1957 record. (N.Y. Times, 1/31 p.26)

BUILDING AWARDS

Home building preparations closed 1958 with a burst of activity. Housing contracts let in December topped $2.2 billion, 15% ahead of a year earlier, F.W. Dodge Corporation reported. Other major types of construction awards also showed strength last month, though contracts for industrial plants continued to slide, falling 36% in December. For all of 1958, total awards for future building rose 9% above 1957 to a record $35 billion. (Wall St. J., 1/30 p.1)

GLASS STRIKE

Users of flat glass have been affected in varying degrees by the seventeen-week-old strike against the Pittsburgh Plate Glass Company. The concern has been struck at its eight glass plants by 13,000 members of the United Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
Glass and Ceramics Workers Union of North America. Main users of flat glass are the construction and automobile industries. One of the major victims of the strike is the Chrysler Corporation. About 20,000 employees of Chrysler already have been laid off for want of auto glass. However, the other large user of flat glass, the construction industry, has been luckier. Comparatively few shortages of glass have been reported by builders, mainly because building construction declines during the winter months in a large part of the country. (Hammer. N.Y. Times, 2/1 III p.1)

**BOND MARKET** U.S. Government bonds turned in an improved performance last week, after registering a more or less steady decline that began last November. Issues at the long end of the list ended large fractions higher on the week. Parallel improvement was shown by investment quality corporate bonds, with some of these issues registering weekly gains of about a full point. (Wall St. J., 2/2 p.13)

**TREASURY OFFERS** The terms of the Treasury's refunding operations have been announced. The Treasury is offering to exchange a 3-3/4%, one-year certificate and a 4%, three-year note for some $15 million of maturing securities. Holders of the issues coming due—$9.8 billion of 2-1/2% certificates and $5.1 billion of 1-7/8% notes—will be able to swap them for either of the new securities up to the amounts they currently hold. The offering, on which subscription books will be open Monday through Wednesday, will be on an exchange-only basis, with no cash-raising involved. The new issues will be offered to holders of the maturing certificate at a slight discount—99.993% of face value. Exchange of the maturing note for the new issues will be on a par-for-par basis. The new certificate will mature February 15, 1960, and the new note will come due the similar day in 1962. (Wall St. J., 1/30 p.2)

**HOUSE UNIT BACKS GI MORTGAGE RISE** The House Veterans Affairs Committee voted to raise the interest rate ceiling on GI home loans to 5-1/4%—equal to the current rate limit on other Government-backed home mortgages—and approved $300 million for direct home loans to veterans in rural areas. The current maximum interest on FHA-backed loans is 5-1/4%. (Wall St. J., 1/30 p.7)

**NIXON HEADS PANEL TO FIGHT INFLATION** President Eisenhower appointed Vice President Richard M. Nixon as chairman of a Cabinet committee to explore and expose the problems of inflation. (Mooney. N.Y. Times, 2/1 p.1)
HAYES WARNS "The seeds of renewed upward pressures (on prices) are clearly visible and cannot be ignored," Alfred Hayes, president of the Federal Reserve Bank of New York, said in a speech before the New York State Bankers Association. These sprouting seeds are four in number, he said: 1. Increased liquidity effected in the economy within the past year. 2. The continuing threat of further upward cost-price adjustments. 3. Difficulty of bringing the national budget back into balance. 4. Prevalence of inflation psychology which has aroused apprehensions abroad about the dollar's stability. He said that the monetary authorities would like to devote more time and effort to promoting more rapid economic growth but couldn't because of their job of holding inflationary tendencies in check. He asked businessmen and labor to join with the Federal Reserve in an effort to keep price stability. The Reserve Bank president strongly supported a proposed amendment to the Employment Act of 1946 which would set a stable dollar as a major objective. (J. of Comm., 1/27 p.1)

STEEL BUYING The biggest steel buying rush in about 2-1/2 years is on. Not since consumers scrambled for steel at the end of the 1956 steel strike has the market hit the hectic pace evident the past week or two. It is bringing with it extended delivery schedules, allocation of some tight products, and the return to production of many furnaces idle through most of the recent steel recession. Much of the buying is for inventory, steel men say. Customers are building up stocks in line with their own better business prospects and as a hedge against a possible nationwide steel strike July 1. (Wall St. J., 2/2 p.3)

STOCK TRADING Trading of shares on the New York Stock Exchange (in January) produced much activity but little price movement. An analysis of the twenty-one day trading record shows that the market ranged very narrowly between a high of 373.73 on January 22 and a low of 360.95 on January 8, before closing with a decline of 1.09 points. This was the smallest net change since September 1955. Trading aggregated 83,253,414 shares, the largest for any January since 1929, when volume was 110,803,940 shares. (N.Y. Times, 1/31 p.23)

COST-PRICE PINCH Farmers' living costs and production costs rose to a record during the last month, while prices they received for crops and livestock remained unchanged, according to the Department of Agriculture. The latest figures were compiled under a revision of the parity index of the prices paid by farmers, including interest, taxes and wage rates,
and the index of prices received by farmers. These indexes are used in computing parity prices for farm products. The net effect of the revision is to drop the indexes 3% to 4%. The revised index of prices received by farmers stood at 244% of a 1910-14 average on January 15, unchanged from December, but about 1% above a year earlier. Under the old formula, the prices-received index would have been 246% in December. (Blair. N.Y. Times, 1/31 p.9)

TIRE PRICES Rubber manufacturers raised prices of original equipment tires by 1% to 2-1/2%, effective January 1. This is the first sizable mark-up on tires sold to motor car and truck makers since October 1, 1957. It probably foreshadows another retail tire price hike later this year. (Wall St. J., 1/27 p.1)

CHILE DEVALUES PESO Chilean authorities took further steps to devalue the peso to bring it more in line with the free market. At the same time, the Government liberalized restrictions on foreign exchange dealings by commercial banks. Commercial banks were authorized to deal directly in foreign exchange buying and selling in all forms on cash terms. Previously, banks could deal in foreign exchange only in amounts up to specified limits. The exchange rate, which had been officially set at about 1,006 pesos to the dollar a week ago, was moved to about 1,049 to the dollar. (Wall St. J., 1/30 p.4)

JAPAN PLANS Japan yesterday (January 29) registered with the Securities and Exchange Commission $30 million bonds which will be floated here to raise cash which will help finance the big Mihoro hydroelectric project. It is the first foreign bond issue by the Japanese Government since 1930. Simultaneously, it was announced that the International Bank for Reconstruction and Development will lend $10 million to further progress on the same project. (Brophy. N.Y. Herald Trib., 1/30 III p.7)

GOLD BARS TO BE ON The Toronto Stock Exchange will admit Canadian gold bars to its trading list next Tuesday. Trading will be in hard gold, not in certificates. Buyers will have the option of taking delivery or paying for insured storage arranged by brokers. (Wall St. J., 1/28 p.3)