LIVING COST  The cost of living rose slightly last month but stayed up 1/10% below the record high of November, the Government reported (February 20). It predicted living costs would hold steady in coming months. Higher prices for beef, veal, and poultry in January offset price drops for fresh fruits, pork, coffee, eggs, and milk, resulting in a small overall increase in food prices. The Department of Labor's price index rose one-tenth of 1% between December and January, standing at 123.8 last month. Ewan Clague, head of the Bureau of Labor Statistics, said this was the longest period of price stability in the nineteen years in which the Government has been keeping such records. (N.Y. Herald Trib., 2/21 p.1)

INDUSTRIAL OUTPUT  Industrial production moved up again in January for the ninth straight month to a seasonally adjusted 143% of the 1947-49 average, the Federal Reserve Board reported. The gain put the index just two points below the pre-recession high of 145% which came in August of 1957. Officials indicated that the effects of the weather and labor stoppages in some industries held down the January rise. (Wall St. J., 2/17 p.3)

PERSONAL INCOME RISES TO RECORD ANNUAL RATE  Personal income, after a brief reversal in December, resumed its long-term climb in January, the Department of Commerce reported. Wage and salary payments, despite a normal seasonal increase in unemployment during the month, increased by $1 billion and dividend payments, following their December dip, were restored to November levels. In all, personal income amounted to $362.3 billion, nearly $2.5 billion higher than in November, at annual rates. It was a new record. (J. of Comm., 2/18 p.4)

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
NEW STRENGTH IN BOND MARKET

Bond trading closed the week in a bullish mood that dominated all parts of the market—Treasury and local government bonds and corporate obligations. Another wave of buying in the Government securities market forced down yields appreciably in the short-term and intermediate-term areas. The market has been out of short-dated Treasury bills for weeks, causing the bidding of corporation and bank investors to spread to the longer paper. (N.Y. Times, 2/21 p.30)

ANOTHER HIGH FOR STOCKS

Stock prices rose sharply last week and at the week's end reached a historic high. Last week's advance added more than $5 million to the value of the 1,500 issues listed on the New York Stock Exchange. The rise in the market has been triggered by a renewed conviction that another thrust to the inflation spiral is in the offing. The major factors involved are: An unsettled international situation and the prospect of hard-going labor negotiations next summer and fall. (Forrest, N.Y. Times, 2/22 III p.1)

JANUARY REPORT ON MONEY SUPPLY

Speeding up its monthly reports on the money supply, the Federal Reserve Board announced that on January 28 the total was $239.2 billion, slightly under the December 31 record of $241 billion. The January figure was, however, $14.4 billion greater than at the end of January 1958. (J. of Comm., 2/20 p.4)

SHORT INTEREST DROPS IN JANUARY

The short interest position on the New York Stock Exchange dropped in the month ended last Friday (February 13) to 4,127,940 shares, the lowest level since mid-February of last year, when it was 3,921,260 shares. A month ago, it was 4,381,079 shares. (N.Y. Times, 2/19 p.45)

CONGRESSIONAL GROUP PLANS ECONOMIC STUDY

The Joint Economic Committee will "investigate" monetary and debt management policies of the Government. Announced plans call for a broad study of all the forces that affect prices and employment. A resolution by Representative Wright Patman for a broad investigation of money and banking and related matters is pending. This resolution is now before the House Rules Committee. Senator Paul H. Douglas, a member of the Senate Banking Committee, is chairman of the Joint Economic Committee. Representative Patman is vice chairman and chairman of a subcommittee on economic stabilization. (Amer. Bkr., 2/17 p.1)
JAPAN ENTERS BOND MARKET

Japan reentered the international bond market in the role of a borrower yesterday after a lapse of twenty-eight years. Japan sold to a syndicate of investment bankers here an issue of $15 million of fifteen-year bonds concurrently with a shorter-term borrowing of $15 million from banks and a $10 million long-term credit from the International Bank for Reconstruction and Development. The public bond issue bears interest of 5-1/2%. It is being offered for public subscription today (February 18) by a syndicate of fifty-two investment houses. (N.Y. Times, 2/18 p.45)

HOG PRICES

Hog prices eased again yesterday (February 17), setting a new low since November 1956, and cattle and lambs also showed weakening tendencies. Large supplies again proved the chief stumbling block to hog sellers. In the first two days of this week, farmers shipped off some 177,000 hogs to the 12 main markets; in the like period last year only 105,000 were offered for sale, and last week at this point receipts totaled 148,000. (Wall St. J., 2/18 p.20)

CUT IN SUGAR EXPORT QUOTAS

The International Sugar Council today announced an immediate 2-1/2% cut in world export quotas and met urgently to decide if it should slash them lower. The cut was caused by falling prices. It was expected to reduce exports of sugar-growing countries by a total of 159,750 metric tons during the year. About forty nations participated in Sugar Council agreements, either as importers or exporters. (N.Y. Herald Trib., 2/23 III p.4)

HOUSE APPROVES BILL FOR INSURANCE COS. TAX RISE

The House passed and sent to the Senate a bill boosting by 70% the life insurance industry's Federal income taxes for 1958. Under the bill, the industry will pay about $545 million in taxes on last year's income, compared with $319 million it would have paid if it were taxed on the same basis as in the preceding few years. The industry paid $290 million in taxes last year on 1957 income. (Wall St. J., 2/19 p.3)

NATIONAL STEEL PLANS EXPANSION

The National Steel Corporation announced a $300 million expansion program for completion during the next three years. The program, one of the largest announced in recent years by any steel company, involves establishment of an entirely new steel plant in the Chicago metropolitan
district, on Lake Michigan, between Gary and Michigan City, Indiana. This plant will make electrolytic tin plate, galvanized coils and hot- and cold-rolled products. The plant will be operated by a new division, Midwest Steel Company. The Steubenville and Weirton plants of National Steel will also add new finishing capacity. (J. of Comm., 2/18 p.4)

USE OF NEW RUBBER

Consumption of new rubber in this country during January was at a record high of nearly 140,000 tons, industry sources estimated. Rubber consumption is a fairly accurate barometer of the industry's operating pace, though it doesn't fully reflect the diverse activities--including chemicals, plastics and defense work--of many companies, particularly the larger firms. Rubber consumption last month was up sharply from the depressed level a year ago of about 115,000 tons and was up also from 132,840 tons in December 1958. (Wall St. J., 2/20 p.7)

QUALITY CONTROL

Scores of manufacturing plants in India, it has been reported, will turn out in 1959 from 10% to 25% more products than formerly, and of greatly improved quality. The acceleration will entail no expansion of plant or of staff, and in many instances will result in lower costs. A modern administrative method known as statistical quality control brought about the achievement. (McLaughlin. N.Y. Times, 2/23 p.31)