

basic
business

NEWS

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NATIONAL OUTPUT AT RECORD PEAK The nation's output of goods and services has mounted to a record annual rate of \$464 billion in the first three months of this year, Government economists currently estimate. This marks a gain of \$11 billion from the \$453 billion annual rate of gross national product in the fourth quarter of 1958. Administration officials considered the first quarter gross national product figure just about in line with expectations. White House advisers have calculated that total gross national product for 1959 will amount to around \$470 billion, compared with \$437.7 billion last year. This implies an annual rate of more than \$480 billion by the final quarter of 1959. (Wall St. J., 3/25 p.3)

FOOD COSTS LOWER PRICE INDEX SLIGHTLY Declining food prices pushed the Government's index of consumer prices down 0.1% in February to 123.7% of the 1947-49 average. The index first reached that level last June and has been at the same point six of the nine months since. Government price experts said they saw nothing in the immediate future to end this period of relatively little change. Ewan Clague, Commissioner, Bureau of Labor Statistics, said much depends on the weather in the next few weeks. If the fruit and vegetable farms produce amply, unhindered by a repetition of last year's late freeze, there should be only a moderate seasonal rise of food prices. However, the index remains so close to the record high--123.0% in November and July--that even a moderate rise could set a new record by midsummer, Mr. Clague noted. Food costs in February--down 0.7% from the month before and 2.9% below last July's high--alone kept the total index from rising. (Wall St. J., 3/26 p.7)

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CONSUMER SPENDING AT RECORD RATE Consumer spending rose to a record annual rate at the start of 1959. The Department of Commerce reported that spending totaled \$290 billion last year and moved up to an annual rate of nearly \$300 billion by the opening months of this year. The Department, in its monthly Survey of Current Business, published a study of how consumer spending is affected by income changes. Spending for many years has accounted for about 94% of disposable income--the money left after income taxes. While total spending has been closely related to income, there have been important shifts in various categories of spending. In 1958, of every dollar income, roughly 50¢ went for goods, 32¢ for services, 12¢ for taxes and 6¢ for savings. (N.Y. Times, 3/24 p.61)

MACHINE TOOLS SHOW RECOVERY New orders for machine tools in February reached the highest level since August 1957. Net new orders booked by tool makers in February, including foreign orders, totaled \$45.5 million, compared with \$41,050,000 in January. The upsurge in domestic orders came from a wide variety of tool users who are replacing obsolete equipment and are thus trying to cut costs. Very little of the new volume is accounted for by expansion programs of industry.

The upturn, however, still leaves new orders and production far below the boom levels of 1956 and early 1957. While domestic tool orders are increasing, the export market is still weak. A few years ago, exports of machine tools accounted for over 20% of the total volume of the American tool makers. (J. of Comm., 3/24 p.1)

TREASURY OFFERINGS OVERSUBSCRIBED The Treasury reported subscriptions on its new 10-year, 4% bond ran three times the amount offered, and officials rated the issue highly successful. On the \$1.5 billion of four-year, 4% notes also offered, the Treasury reported subscriptions about in line with expectations. (Wall St. J., 3/26 p.17)

BUILDING CONTRACTS SET FEBRUARY HIGH Construction contracts in February set a new high for the month, rising 18% above February 1958, to \$2.3 billion, with high home building activity providing much of the upsurge. F.W. Dodge Corporation reported nearly every major kind of construction rose above last year's level, including contracts for new manufacturing buildings. This was the first upturn in industrial building contracts since the recession. By far the strongest element in February was housing. Dwelling units put under contract rose 44% from a year ago to 85,206 units and dollar value rose 48% to \$1,073,077,000. While the percentage increase from 1958 is influenced by the very low levels of

home building in the first quarter last year--one of the lowest periods since 1945--last month's contracts continued the strong pace of the past eight months. (Wall St. J., 3/30 p.3)

WEATHER KEY PROMOTER As the Easter selling season came to a close
IN SPRING ITEMS BUYING Saturday, the earliest date in eight years, merchants estimated that volume for last week would show a gain of as much as 15% in dollars above sales for the corresponding week of 1958, when there was still a week to go before Easter. The concept of former years of Easter as a sharp dividing line is beginning to disappear. Merchants are scheduling their promotions more in line with the weather and the calendar than with the observance of Easter, which varies early to late in the spring. (Freeman. N.Y. Times, 3/29 III p.1)

RETAIL AUTO SALES UP Retail auto sales in mid-March reached the highest rate since late December. They averaged 19,400 cars daily --up from 16,645 in the first third of the month and 13,000 in the like 1958 period. The gain in the latest period was regarded as a significant upturn in Detroit. (Wall St. J., 3/27 p.1)

STOCK MARKET The stock market continued to retreat last week
RETREATS FROM PEAK from the record height it had achieved in mid-March. In contrast to activity that marked the upward thrust, the decline in prices was at a more plodding pace. There was no adverse financial or economic news to account for the contraction. The market's lethargy seemed merely to be reflecting the cautious mood that has enveloped investing circles lately. (Mullaney. N.Y. Times, 3/29 III p.1)

HEAVY BUYING OF COPPER The president of the nation's largest copper-
PREDICTED producing company believes that: (1) Heavy buying of copper by users worried about possible strikes after mid-year has only begun, and the pressure will intensify in the weeks ahead. (2) If there are no major copper strikes, the producers' price (now 31-1/2¢ a pound) probably will drop. (3) But if long strikes occur, then "all bets are off--because the price might rise sharply." (Ryan. N.Y. Times, 3/29 p.1)

STEEL SCRAP Prices of two steel-making grades of steel scrap have
PRICES FALL just fallen as much as \$5 a ton in Pittsburgh, and one grade dropped \$3 in Youngstown. Scrap prices slipped \$1 a ton earlier this week in Chicago. The drop at Pittsburgh, on sales to a mill in that area, brought the key No. 1 heavy melting grade down to \$39 a ton, off \$5, and No. 2 bundles down to \$27, off

\$4. In Youngstown, No. 2 bundles dropped \$3 a ton to \$27. The Cleveland scrap market was reported inactive. (Wall St. J., 3/25 p.5)

BUDGET DATA DEFENDED The Treasury said that it still believed its estimate of \$77.1 billion in receipts for the next fiscal year was "sound and well justified." Receipts of that amount are the basis on which President Eisenhower has estimated a balanced budget. A special statement was issued by the Treasury after staff experts of the Joint Congressional Committee on Internal Revenue Taxation had estimated that receipts would be \$1.3 billion lower than the estimate in the budget. (N.Y. Times, 3/28 p.11)

CANADIAN BANK RATE SETS MARK OF 4.55% The Bank of Canada's interest rate climbed this week to a record of 4.55%, compared with 4.47% a week ago. This second consecutive weekly rise, following two consecutive minor declines, placed the rate 3.43% above the record low of 1.12% last August 2. (The rate is set at one-quarter of one per cent above the average yield of ninety-one-day Treasury bills.) (N.Y. Times, 3/26 p.46)

CORPORATE SECURITY OFFERINGS UP Investors this week will be treated to a larger and more varied diet of new corporate securities. On the busier calendar for the five-day stretch are eight corporate debt offerings totaling \$149,970,000. A sizable number of important new common stock issues also are promised along with three preferred stock offerings totaling \$10,600,000 at par. (Wall St. J., 3/30 p.16)

LIFE INSURANCE SALES February sales of life insurance in the United States, amounting to \$5,053,000,000 in face amount of policies, topped the February 1958 figure by about 2%, the Life Insurance Agency Management Association reported. The sales total for January and February, however, remained about 7% under the corresponding 1958 total. "Industrial" life insurance--small policies on which weekly or monthly premiums are collected by door-to-door agents--showed a 7% rise over February 1958, and a 3% gain from a year ago for the first two months. The February increase was the first substantial rise in sales of this type of policy in nearly two years. (Wall St. J., 3/26 p.23)

HOME GARDENERS ARE BIG SPENDERS Spring brings one of the busiest periods of the year for the gardener and for the various industries that furnish him with supplies. For having "green thumbs", gardeners will pay an estimated \$3,216,000,000 this year for seeds, nursery stock, garden hardware, fertilizers, insecticides, and other equipment. (McMahon. N.Y. Times, 3/29 III p.1)