COST OF LIVING

Average consumer prices held steady again in March, the Department of Labor reported. As in other recent months, a decline in food prices offset fairly numerous small increases in other goods and services. The consumer price index was unchanged at 123.7, with average prices of the 1947-49 period counted as 100. There has been little change in the index for eleven months. Food prices fell 0.4% in March, led by pork, eggs and fresh vegetables. In recent months, the average of all nonfood prices has been moving steadily, though slowly, upward. Service prices have continued to rise and prices of both durable and non-durable goods have shown sporadic increases. (Dale, Jr. N.Y. Times, 4/23 p.1)

NATION'S OUTPUT

The President's Council of Economic Advisers officially estimated the annual rate of gross national product—the total market value of all goods and services produced—at a record $465 billion for the first quarter. This rate represented a $12 billion gain from the $453 billion annual rate in the final quarter of last year. In "real" terms—that is, after adjustment for price changes in terms of 1958 dollars—national product hit a record $460.4 billion annual rate in the first quarter. (Wall St. J., 4/21 p.9)

BUILDING CONTRACTS

Construction contracts in March set a new high for the month, rising 23% above March 1958 to $3.3 billion, with high rates of home building providing much of the strength behind the upsurge. Last month's awards also jumped sharply from the $2.3 billion level of February, and "was undoubtedly much more than a seasonal increase," said Edwin W. Magee, Jr., economist of F.W. Dodge Corporation. Home building in March, as during the prior two months of this year, carried total...
construction contracts well above a year before. In addition, electric light and power projects, both public and private, jumped sharply to the highest monthly total in over a year. (Wall St. J., 4/27 p.7)

PRESIDENT'S ADVISER ASCRIBES INFLATION TO WAGE PUSH

The chairman of President Eisenhower's Council of Economic Advisers placed the major blame for the most recent period of inflation on excessive wage increases. Raymond J. Saulnier made his assertion as part of a letter to the Senate opposing a bill aimed at curbing price increases in "administered-price" industries by requiring advance notification and justification before the Federal Trade Commission. (Dale, Jr. N.Y. Times, 4/24 p.1)

STEEL OUTPUT

The American Iron and Steel Institute reported that the Nation's mills turned out 2,657,000 tons in the week ended April 19, a third straight new high, and the sixth week in the past seven that output has set a record. In the week started April 20, the institute said, producers have scheduled output of 2,683,000 tons, a 94.8% rate. That is equal to 167% of the 1947-49 average and more than double the 1,270,000 tons turned out in the recession-hit, corresponding period a year ago. (Wall St. J., 4/21 p.3)

FALL BOOKINGS FOR MEN'S CLOTHING ARE UP

The men's clothing industry expects a good year. Spring and summer orders were above those of 1958 and early fall bookings indicate a sizable increase over last year's sales. Reorders still are being received for spring and summer merchandise, but manufacturers have turned to fall lines and some are having difficulty meeting rush delivery requests. (Auerbach. N.Y. Times, 4/26 III p.1)

PROSPECTS GOOD FOR AVOIDING INFLATION

A Federal Reserve official (April 23) predicted a one-year period of moderate growth for the United States economy, coupled with the possibility of a 5% rise in gross national product.

Woodlief Thomas, economic adviser to the Board of Governors of the Federal Reserve System, made the statement before members of the New York chapter of the American Statistical Association. Mr. Thomas stated that "Prospects for the avoidance of inflation have probably never been brighter at any time since the war than they are at present." (N.Y. Herald Trib., 4/24 III p.6)

RAILROADS INCREASE ORDERS FOR NEW EQUIPMENT

American railroads will spend "well over $1 billion" this year for new equipment and for modernization of facilities--if earnings keep pace with the growth of the economy. This prediction
was made by W.L. Harvey of the Association of American Railroads' Car Service Division. He reported that new freight car orders by Class I railroads and by rail-owned refrigerator car companies totaled 22,395 in the first quarter of this year, as compared with 12,726 during the entire year of 1958. (J. of Comm., 4/24 p.2)

FARM INCOME CUT PREDICTED FOR '59

Lower Government payments and higher production expenses are expected to reduce the net income realized by farmers this year by about $1 billion. In a farm income report, the Department of Agriculture said that the drop would take total net farm income down to $12 billion. This will still be well above the low in 1957, of $10.8 billion. The drop in Government payments results from the elimination of the acreage reserve phase of the Federal soil bank. (N.Y. Times, 4/22 p.28)

GOLD SUPPLY DOWN AGAIN AFTER STEADYING

The United States gold supply dropped $100 million in the week ended April 22 for the largest single weekly decline since September 17, 1958, to bring the country's gold stock down to $20.3 billion, lowest since February 26, 1947. The amount of gold held in this country had been quite stable since early this year following a substantial drain in 1958, when foreign governments were building up their cash positions. (N.Y. Herald Trib., 4/24 III p.7)

TRANSATLANTIC FUND FORMED

The formation of a new company aimed at widening American investment in Britain and the British Commonwealth and in the countries of the European Common Market was announced (in London). Named the Transatlantic Fund, it is a cooperative effort by investment bankers in several centers. More than $5 million of its shares have been placed by Goldman, Sachs of New York, mainly with American investors. Three well-known banking houses in Brussels, Rotterdam and Paris will be its advisers on investments in the Common Market area. The new company will be managed in Toronto. Transatlantic Fund is believed to be the first of its kind for American investment in the Eastern hemisphere. (N.Y. Times, 4/22 p.51)

UNIVERSITIES OBTAIN LOW RATE GOVERNMENT LOANS

Bond issues totaling $6,710,000 were sold by Michigan and Wisconsin universities Finance Agency because no other bidders were willing to lend the money at 2-7/8%. The Michigan State University sold $3,750,000 of apartment revenue obligations due serially from 1960 to 1997 to the Federal agency. The Wisconsin University Building Corporation sold $2,960,000 of
dormitory revenue bonds due from 1960 to 1997 to the Housing and Home Finance Agency in two issues. (N.Y. Times, 4/25 III p.33)

OIL FROM SAHARA What may prove to be one of the greatest oil developments is taking place in the desert sands of North Africa. Just getting fully under way, the exploitation of the Sahara promises to have an important impact on the world oil markets. The development is spearheaded by the French Government and the major international oil companies. (Carmical, N.Y. Times, 4/26 III p.1)

SENATE COMMITTEE APPROVES RISE IN TAXES ON INSURANCE COMPANIES The Senate Finance Committee approved a modified bill for higher taxes on life insurance companies under a permanent new formula. The measure, as revised by the committee, would increase the industry's 1958 income taxes by about $180,000,000. Increases in future years would be somewhat greater as the new formula became fully effective.

The version passed by the House on February 18 involved a rise now estimated at about $235,000,000. (Morris, N.Y. Times, 4/25 p.26)

BANK OF FRANCE The Bank of France lowered its discount rate for the third time in six months. It was evidence of the Government's conviction that inflation no longer threatened and that the need now is for expansion of business. The central bank reduced from 4-1/4% to 4% the rate of interest it charges for loans to commercial banks. Although this discount rate no longer is the most important element in the credit structure, a reduction still tends to lower the interest charged by commercial banks on loans to business. And with the European Common Market promising increased trade competition for France, the emphasis in government planning now is on expansion of industry and productivity. (Doty, N.Y. Times, 4/24 p.2)

SHORT INTEREST The short position on the New York Stock Exchange dropped by 281,781 shares to 3,511,794 as of April 15, a low since January 15, 1958. This was the fourth consecutive monthly decline and the eighth in the last nine months from the record high of 6,087,260 on July 15, 1958. A factor bringing about the decline has been the rise in margin requirements to the present 90% level as ordered by the Federal Reserve Board. (J. of Comm., 4/21 p.6)