ANNOUNCE TERMS OF TREASURY FINANCING

The Treasury announced (April 30) a three-step offering of securities to meet $4.5 billion of maturing debt and raise $800 million of cash.

One offering will be $2 billion of 340-day Treasury bills. Bids will be opened May 6. The bills will be dated May 11 and will mature April 15, 1960. The second issue will be a $1.5 billion offering of 221-day tax anticipation bills. Bids will be opened May 7. The issue will be dated May 15 and will mature December 22. The final offering will be a one-year certificate, on which terms will be announced May 7, in exchange for the $1.8 billion of 1-1/4% certificates coming due May 15.

The combination offering will not only take care of the $4.5 billion of old debt coming due but will also raise, in effect, $800 million in new money, as the total of the new offerings comes to $5.3 billion. The Treasury officials said they were confident this would take care of the Government's cash needs for the rest of this fiscal year, which ends June 30. (Wall St. J., 5/1 p.15)

BOND MARKET RECEIVES TREASURY NEWS FAVORABLY

The formula for the Treasury's pending $5,300,000,000 financing operation was accepted by the bond market as a constructive bit of news. Prices of all types of top-risk, fixed-income investments showed improvement except in the short-term area, where the major impact of the Treasury's refunding and cash borrowing will be felt. (N.Y. Times, 5/2 p.32)

INSTALMENT CREDIT UP MORE THAN SEASONALLY

The volume of consumer instalment credit outstanding rose to a new post-recession peak of $33.9 billion in March, the Federal Reserve Board estimated. The increase was more than usual for March. The increase was spread through all types of credit--automobiles, other

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consumer goods, repair and modernization loans and personal loans. (N.Y. Times, 5/2 p.29)

U.S. GOLD OUTFLOW CAUSES GLOBAL CONCERN

The heavy outflow of gold from the United States has resumed. The situation has caused some concern, though not alarm, among American and international financial officials. In the last two weeks, the United States has lost $179 million in gold, or more than in the entire first quarter of the year. Last year, the United States suffered its biggest gold outflow ever at $2.3 billion. The reason is that the United States is running a deficit in its transactions with the rest of the world. The United States has such a huge stock of gold—about $20.3 billion—that it can withstand a deficit in its international balance of payments without much strain. But the deficit cannot continue indefinitely without trouble. (Dale, Jr. N.Y. Times, 5/3 p.1)

NEW ORDERS, INVENTORIES

Manufacturers' new orders rose again in March to a near-record level, the Department of Commerce reported. At the same time, sales, inventories and backlogs of unfilled orders also rose. New orders, after seasonal adjustment, were $30 billion. This was short of the record of $31 billion of August 1956, immediately following the steel strike of that year, but equaled the next highest month, November 1956. The March figure was up 1% from $29.1 billion of February.

Manufacturers' sales in March were 2% above February. Inventories rose for the third straight month, increasing $400 million to $50.3 billion at the end of March. (N.Y. Times, 4/30 p.43)

ORDERS FOR MACHINE TOOLS

Both new orders and shipments of the machine tool industry increased in March, continuing an upward trend that began last fall and persisted since except for setbacks in November and January. Net new orders for metal-cutting and forming type machine tools combined rose more than 11% last month to $50,550,000, according to preliminary figures of the National Machine Tool Builders Association. Shipments of the two types increased to $45,650,000 in March from February's $36,050,000. (N.Y. Times, 4/28 p.47)

AUTO OUTPUT

Auto production in April was the highest for that month since 1955, and the best for any month this year. The five auto makers built 578,825 cars last month. This was about 83% ahead of the 316,598 cars built in April 1958. It was just slightly ahead of the 576,085 cars built in March this year. (Wall St. J., 5/4 p.3)
COPPER AND BRASS  Copper and brass fabricators are in the midst of a mild business boom, spurred on by an increase in actual consumption as well as by inventory building by their customers. With copper mine, mill, and smelter union contracts running out on June 30, copper and brass product inventories are being built up for the same reason that the fabricators have been adding to their copper stocks—protection against a protracted industry-wide strike this summer. (J. of Comm., 4/28 p.2)

HOME BUILDERS' PLANS  Home builders are tending to boost their new construction plans over first-of-the-year estimates, but their expectations show little change from a year ago, a Federal Housing Administration survey indicates. The reported trend of builders' plans on low-cost homes was not quite as enthusiastic this April 1 as on the like day last year. In the moderate-price home class, $11,600 to $17,800, builders' outlook this April 1 registered a slight improvement from that of April 1, 1958. The FHA survey also indicates that low-cost and moderate-price homes are selling somewhat faster as of April 1 than they were a year ago, despite indications that home prices as of April 1 were advancing in about 25% of the areas, compared with only 20% a year earlier. (Wall St. J., 4/29 p.24)

FNMA MORTGAGE BUYING  Reflecting tighter money conditions, the Federal National Mortgage Association (Fanny May) in the first quarter of 1959 bought $502,164,000 of mortgages guaranteed by Federal Housing Administration and Veterans' Administration, the largest amount ever bought in a single quarter. Most of the purchased mortgages were those originating through the stimulate-business program covering low and moderate cost housing programs launched by the Government a year ago. In addition to the $404,410,000 mortgages arising from that program, the Agency also acquired 8,380 mortgages for $97,754,000 under secondary market operations support of the mortgage market. (J. of Comm., 5/1 p.4)

BONN BANKS ENTER SMALL LOAN FIELD  The three major West German banks have taken another leaf from the American banking book. They have decided to go into the small loans business for the first time in the history of German banking. The Deutsche Bank, Dresdner Bank and Commerzbank took the joint step in recognition of the fact that rising incomes and standards of living might make the "man in the street" an interesting customer for their institutions. Loans of 300 to 2,000 marks ($75 to $500) would be available only against a proof of income. Repayment can be made in six to twenty-four monthly instalments. The loans will carry an
interest rate of four-tenths of 1% a month discounted, an effective rate of about 9% a year, plus an initial fee of 2% on the face of the loan. (N.Y. Times, 4/29 p.51)

FRENCH FUNDS INFLOW The French financial reforms of last December, RISES TO $850 MILLION when the franc was devalued 17-1/2%, had led to a return capital flow of about $850 million by April 20, Jacques Rueff, former assistant-governor of the Bank of France told members of the France-America Society. Mr. Rueff said that while the reforms of December 27 are too recent to pass final judgment on their efficacy developments indicate clearly their significance. These include the return flow of funds; the limited price rise early this year (2.9% by the end of January), despite increase stemming from withdrawal of subsidies, and relative stability of employment. (J. of Comm., 4/30 p.22)

STEEL PRODUCTIVITY INDEX ERROR TO BE CORRECTED The Government is revising its figures on productivity in the steel industry because an error was made in the report issued in mid-April, the Department of Labor said. The new figures are expected to show that output per man-hour in the steel industry did not drop as much in 1958 as the 5% announced earlier. (Wall St. J., 4/30 p.7)

SHOE OUTPUT Shoe production is currently at an all-time high. AT ALL-TIME HIGH An estimate made by the National Shoe Manufacturers Association, Inc., places the combined output at 215,991,000 pairs—a new peak for the four months, reflecting a gain of 7.8% over the like 1958 period and a rise of 1% over the previous top of 213,891,000 pairs produced in the comparable 1956 period. (Runner. N.Y. Herald Trib., 4/28 III p.6)

CURRENCY REFORM ADOPTED BY INDIA The Indian Government announced currency reforms in an effort to smash a vast gold and rupee smuggling operation based in the Persian Gulf. The smuggling has drained this country of hundreds of millions of dollars in foreign exchange. Under a bill approved by the lower house of Parliament, a special new rupee will be issued for circulation in the Persian Gulf sheikdoms, and standard rupees will be withdrawn from that area. (N.Y. Times, 4/30 p.3)