INDUSTRIAL PRODUCTION UP TWO POINTS AGAIN

Industrial production rose two more points in April to another record high, the Federal Reserve Board reported (on May 15). The Federal Reserve report put industrial production in April, seasonally adjusted, at 149% of the 1947-49 average. This marked the third successive month in which the index rose two points, after a period of several months in which the recovery movement was slower. Durable goods manufacturing led the way with a four-point jump. Output of nondurable goods and minerals each rose one point in April. (Dale, Jr., N.Y. Times, 5/16 p.29)

SIGNIFICANT DROP IN APRIL UNEMPLOYMENT

Unemployment dropped by 735,000 in April to 3,627,000, the lowest point since December 1957, according to a report by the Departments of Commerce and Labor. The number of persons holding jobs rose by 1,184,000 during the month to a record April high of 65,012,000. Both the rise in employment and the decline in the jobless total were twice the normal fluctuations for April. They dropped the proportion of the labor force out of work from 5.8% in March to 5.3%. The twin development was attributed to brisk hiring in the construction and manufacturing industries and a seasonal upturn in farm work. (J. of Comm., 5/12 p.2)

DURABLE GOODS LEAD RETAIL SALES GAIN

Retail sales rose again in April after a big jump in March, the Department of Commerce reported. The preliminary report on retail trade for April showed sales at the record, seasonally adjusted rate of $17.9 billion. This was one-half of 1% above the revised March figure and 9% higher than that for April 1958. The final figure on retail sales for March showed them substantially higher than had been indicated by the preliminary estimate. The big improvement has been in

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durable goods sales, and within that category, in automobile sales. (N.Y. Times, 5/12 p.49)

BANKS RAISE The cost of borrowing by businessmen will move up PRIME RATE (May 18) in major banks in a number of cities due to a half-percentage-point increase in basic bank lending charges kicked off by First National City Bank of New York last Friday afternoon. The bank raised the "prime" rate to 4-1/2%, effective with the start of business today, from 4% in effect since last September. Several other leading banks in New York City as well as banks in such cities as Chicago, Philadelphia, Boston, Dallas, Pittsburgh, Los Angeles, Kansas City, Cleveland, Seattle and Portland promptly followed First National City's lead. Other banks in those cities and elsewhere were expected to announce similar moves shortly. (Wall St. J., 5/18 p.3)

31% ATTRITION ON TREASURY OFFERING The Treasury announced that holders of $559 million of $1.8 billion in maturing one-year certificates elected to take cash rather than a new issue in the Government's recent exchange offering. The attrition of 31% was second only to the 32% cash-in demand on a $2.2 billion refunding in May 1955. But officials indicated that they had been prepared for an even higher cash demand. The Treasury, they said, would not have to go into the market for funds to meet the cash-ins. (Wall St. J., 5/15 p.1)

TREASURY ISSUES AT 4% YIELD BASIS For the first time in decades, United States Government securities are firmly entrenched in a 4% yield area. The main force pushing Treasury prices down and pulling yields up is the borrowing need of the deficit-saddled Treasury at a time when the national economy is nearing its 1956 peak of industrial activity. (Heffernan. N.Y. Times, 5/17 III p.1)

APRIL HOUSING STARTS HOLD STEADY RATE The annual rate of private homebuilding held steady in April at the pace set the month before, but set a new record for any April, the Department of Labor reported. The seasonally adjusted annual rate of private homes started in April--1,390,000--was identical with the March rate, but topped the previous record adjusted annual rate for April set in 1955. This year's April pace was considerably higher than the 983,000 adjusted annual rate in the like month last year. (Wall St. J., 5/15 p.7)
ORDERS FOR HEAVY EQUIPMENT TURN CORNER

A rising rate of orders for heavy electrical equipment, particularly from utilities, is giving new heart to manufacturers who saw demand skid sharply in 1958. A year ago, orders for turbine generators, heavy switch gear and transformers, and other big producer goods were fast declining. Just last fall, some leading electrical equipment makers were slashing prices as much as 50%. Now, however, orders are climbing steadily, and pricing has recovered almost completely from what one company characterized last November as a "price war." (Schmedel. Wall St. J., 5/13 p.28)

TIGHTEN STOCK MARKET MARGIN REGULATIONS

The Federal Reserve Board acted to tighten up on the use of credit in the stock market. It adopted a new rule, effective June 15, covering so-called restricted accounts--those in which stocks were bought on credit when margins were lower. Under the new rule, owners of restricted accounts must apply half the proceeds of stock sales from such accounts to pay off the existing debt in the accounts, unless an equal amount of stock is bought the day of the sales.

No change was made in present margin regulations stipulating that, on new purchases, buyers of stock cannot borrow more than 10% and must put up the other 90% in cash. (Wall St. J., 5/13 p.1)

STOCK AVERAGE SETS PEAK

Reports of gains in production, sales and employment added new fuel to the speculative fire in the securities market last week. As a result, prices rose to a historic high, and the three-week correction came to a close, with chemical, motor and steel issues pacing the advance. Some of the recent speculative favorites were down as a result of profit-taking. The stock market showed an irregularly higher trend most of the week and turned down on Friday. A historic high was set by The New York Times combined average on Thursday at 404.98. The index closed the week at 399.42, up 9.21 points for the period. (Forrest. N.Y. Times, 5/17 III p.1)

FIRST QUARTER GNP REVISED UPWARD

A final report of the Department of Commerce boosted the seasonally adjusted annual rate of the gross national product--the total value of all goods and services produced--to $467 billion for the first quarter. This is $2 billion above earlier estimates and represents a gain of $14 billion from the previous record $453 billion annual rate reached in the final quarter last year. (Wall St. J., 5/18 p.2)
U.S. GUARANTEES

The Federal Government obligated itself to guarantee the repayment of a 5% loan of $934,960 to be made to the Georgia and Florida Railroad by the First National Bank of Atlanta. The guarantee of repayment of both principal and interest to the bank in the event that the railroad defaulted was granted by the Interstate Commerce Commission under the Transportation Act of 1958. The guarantee of the loan to the Georgia and Florida is the first to be approved by the ICC under the 1958 act. This provides for Government guarantees of up to $500 million of loans to railroads for capital improvements, maintenance and working capital, if in the Commission's judgment the carriers seeking the loan could not obtain it on "reasonable terms" through normal financing channels. (N.Y. Times, 5/14 p.47)

EXPORTS FOR THE YEAR

U.S. exports are not bouncing back this year as had been widely forecast and the 1959 yearly movement may do well to match the recession-depressed shipments of last year.

This is the feeling of Department of Commerce experts who fear that anticipated increases in commercial shipments later on may not be sufficient to push up the pace to last year's $16.2 billion. In the first quarter of this year, commercial exports ran at the annual rate of $15.2 billion. (King. J. of Comm., 5/15 p.1)

MOVE TOWARD EXTENDING

The House Ways and Means Committee formally approved a four-year extension of the defense renegotiation law. The law, which is designed to permit the Government to recapture what it considers excessive profits on defense contracts and sub-contracts, is now scheduled to expire June 30. The four-year extension, continuing the law through June 30, 1963, is longer than either the Administration or business interests had sought. (Wall St. J., 5/13 p.12)

CHOICE STEERS DECLINE

Steaks, roasts and other cuts of beef from choice grade, grain-fed cattle are growing more plentiful and cheaper. Choice steers hit a 1959 high of $34.50 a hundred pounds in Chicago about mid-April. They have been working gradually lower since. Last week, they slid $1.50, winding up Friday at $31.50. Livestock men say these animals that produce the tender types of beef probably will decline another $2 or $3 over the coming weeks. (Wall St. J., 5/18 p.18)