CONSUMER PRICES BACK TO RECORD  

The Government's consumer price index in April returned to the record level and appeared headed to a new high in the current month. The index, the Department of Labor reported, moved back up in April to 123.9% of the 1947-49 average—a gain of 0.2%. That record figure was first reached in July last year and was equaled in November, although the index has been relatively stable. A drop in food prices prevented an even greater rise in April. (Wall St. J., 5/25 p.5)

PERSONAL INCOME SCORES ANOTHER LARGE RISE  

Personal income in April climbed to a record seasonally adjusted annual rate of $372.7 billion, up $3.2 billion from March, the Department of Commerce reported. The gain from the previous month matched the February-to-March rise—the biggest monthly jump since the $3.4 billion climb from June to July 1955. Generally, the April increase reflected larger wage and salary payments. This increase centered in manufacturing industries and was attributed primarily to higher employment, with hours worked and hourly earnings also up from the month before. (Wall St. J., 5/19 p.9)

HEAVY CONSTRUCTION FIGURES UP 7%  

Contracts awarded for heavy construction work throughout the country during the first twenty-one weeks of this year amounted to $7.8 billion. The total was an increase of 7% over the volume of $7.3 billion in the comparable period of last year. The construction figures were announced by The Engineering News-Record and Construction Daily, which hailed them as indicating the long-awaited revival of industrial building. The total so far this year consists of $3.8 billion in private work and $4 billion in public work. Awards for mass housing so far this year amount to $1.6 billion, a gain of 7% over the volume of a year ago. (N.Y. Times, 5/22 p.43)

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
BOND MARKET STRONGER AS WEEK CLOSES

U.S. Treasury bonds ended last week fractions higher--spurred, dealers said, by "some retail buying." It was the first week in more than two months that Government securities ended a five-day trading period on the up side. And, as the week closed, traders were cautiously noting that the Government market "may have reached a level at which we can do business." (Wall St. J., 5/25 p.16)

BRISK HIRING CUTS DISTRESS AREA LIST

The Department of Labor in May removed 14 major industrial centers from its list of areas with "substantial" unemployment. Included were Chicago, St. Louis, Kansas City (Missouri) and Memphis. Sixty areas were listed as having 6% or more of their labor force out of work. This compared with 74 last March. The report said the removal of areas from its labor-surplus list showed greater than normal improvement for spring. (J. of Comm., 5/22 p.4)

SPRING CAR SALES SURGE

In the first spring car-selling boom since 1955, retail sales of new autos have been running at the rate of slightly more than 6 million a year ever since April 1. Sales figures for the first ten days of May have indicated that the April pace of 500,000 is being exceeded this month. The used car market also is showing unusual strength. (Fish. J. of Comm., 5/19 p.1)

SENATE VOTES $35,000 MAXIMUM FARM LOAN

The Senate voted (May 22) to limit price support payments to any one farmer to $35,000 a year. The vote was on an amendment to a bill aimed at a temporary solution of the crisis in wheat production. The bill later passed without a recorded vote. Ezra Taft Benson, Secretary of Agriculture, has indicated his opposition to the Senate bill. Thus a Presidential veto is regarded as a strong possibility. (Dale, Jr. N.Y. Times, 5/23 p.1)

FARM REAL ESTATE VALUES UP 8%

Farm real estate prices have climbed to a new high propelled by restricted supplies and heavy demand from expansion-minded farmers and city investors. Total value of all farm land and buildings amounted to $125 billion on March 1, an average of $108 an acre, the Department of Agriculture reported. This was 3% above last November's level and 8% higher than a year ago. (Wall St. J., 5/20 p.1)

BUSINESS EXECUTIVES SHOW OPTIMISM

With a few exceptions, main branches of American business and industry are moving toward record and near-record performances, an assessment of economic prospects found (May 21). This was the broad trend
of strongly optimistic forecasts for the second half of 1959 made by a panel of first-rank executives. The economic forecasting was a feature of the first day of the annual meeting of the National Industrial Conference Board. (N.Y. Times, 5/22 p.35)

SCRAP STEEL    Ferrous scrap in Chicago took a step forward after months of retreating price moves. Key grades of scrap steel were quoted one to two dollars a ton higher. No. 1 heavy melting, the bellwether grade, was sold by dealers for $32 a ton, as against $31 previously quoted. No. 2 heavy melting steel was up two dollars from the last sales, and was quoted at $30 a ton. (J. of Comm., 5/20 p.3)

COMMERCIAL PAPER RATES RAISED BY DEALERS Commercial paper dealers put through a 1/8 percentage point increase on unsecured promissory notes sold in the open market as more banks across the country fell into step with half-percentage-point boosts in their "prime" lending rate. Dealers said the commercial paper rate boost reflected the higher "prime" rate. The new scale on commercial paper sold through dealers ranges from 3-5/8% on the notes of leading industrial concerns to 4-1/8% on those of less well-known companies and smaller finance firms. It was the third consecutive 1/8-point boost on this type of paper since early March. (Wall St. J., 5/19 p.5)

DISPUTED HOUSING BILL PASSED BY HOUSE The House of Representatives ignored the threat of a Presidential veto and passed an omnibus housing bill. The one-sided vote of 261 to 160, while short of the two-thirds required to override a veto, gave the newly enlarged Democratic majority one of the session's most striking victories. It capped a two-day battle in which a coalition of Republicans and Southern Democrats, backed by the Eisenhower Administration, was beaten. (Morris. N.Y. Times, 5/22 p.1)

BUSINESS CONCERNS INCREASE IN NUMBER The Department of Commerce announced that there were 4,590,000 business concerns in the country at the start of 1959, or about 55,000 more than at the count a year earlier. In spite of last year's recession, the gain of 1-1/4% in the number of businesses was in line with the increase in recent years. The biggest growers were the service and finance concerns, which showed a gain of 2-1/2%. This reflects the trend of consumers to require more services (television repair shops, etc.) and more personal credit (loan companies, etc.). At the same time, there were slight declines in the number of manufacturing and mining concerns. (N.Y. Times, 5/22 p.36)
TEXAS CUTS OIL  The Texas Railroad Commission ordered a sharp slash in the June oil allowable. The commission fixed the statewide flow at 2,904,414 barrels a day.

This is a cut of 282,738 barrels a day--one of the largest reductions ever ordered by the oil regulatory agency. Wells will be run only ten days during June, compared with twelve days in May. The order is in line with a vast majority of the recommendations made by the major oil-buying companies submitting purchase nominations at the State proration hearing. (N.Y. Times, 5/21 p.43)

NEW U.S. CREDITS  New credits were granted to Chile as part of an economic development and exchange stabilization program that will exceed $135 million. The credits are part of a package plan that will be completed with the signing of an agreement with United States commercial banks for $53 million. Robert B. Anderson, Secretary of the Treasury, and Chilean Finance Minister Roberto Vergara signed May 18 a $15 million exchange stabilization agreement, following a recent similar arrangement with the International Monetary Fund for $8,100,000. The Export-Import Bank also announced credits to Chile totaling $27,400,000 for a capital investment program to purchase equipment in the United States. (N.Y. Times, 5/19 p.45)

SENATE APPROVES TAX RISE FOR LIFE INSURANCE FIRMS  The Senate approved a bill that would increase Federal tax obligations of life insurance companies on their 1958 earnings about 60%. The measure now goes to conference for compromise with the House version that would increase the tax bite about 70%. The final bill is expected to be close to the one voted by the Senate. (Wall St., J., 5/20 p.1)