basic business NEWS

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MACHINE TOOL ORDERS UP IN APRIL

Total machine tool orders in April rose to $53,450,000 the National Machine Tool Builders Association reported. Tool men report that the order flow continues to come from a broad list of industries. Among those actively seeking tools are companies in the automotive, farm equipment and heavy construction equipment industries. Missile makers also are showing interest as more of their business heads into the production line stage. Shipments for the industry, however, dropped to $45,100,000. Machine tool shipments traditionally run at least several months behind orders and the current shipping rate reflects the low new order pace last year. (Wall St. J., 5/26 p.28)

BRITAIN RELAXES CURBS ON IMPORTS

Britain announced (May 28) a relaxation of curbs on imports of goods that must be paid for in dollars. This will enable United States producers of scores of consumer items to compete on virtually an even basis with West European suppliers for the first time since World War II. The British Board of Trade ended quantitative restrictions, or quotas, on imports of about forty-five groups of consumer goods from dollar areas and increased the quotas for several others, including automobiles. Tariff rates were not changed. For most of the items, the effective date for the relaxation is June 8. For a smaller number, the date is next January 1. (Waggoner. N.Y. Times, 5/29 p.1)

DISCOUNT RATE UP IN FIVE DISTRICTS

The Federal Reserve Board approved an increase from 3 to 3-1/2% in the lending (discount) rate to member banks in the New York, Chicago, St. Louis, Minneapolis and Dallas districts. The new rate is effective May 29. The move had been expected for two weeks, or since commercial banks had increased their prime lending rate to business borrowers from 4 to 4-1/2%. The Reserve Board's action returned the

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discount rate to its peak level of recent years, which prevailed from August to November 1957. (Kraus. N.Y. Times, 5/29 p.29)

MANUFACTURERS' SALES AND ORDERS SET PEAKS Manufacturers' sales broke their pre-recession record in April, with the largest increase of the recovery period, the Department of Commerce reported. The volume of new orders received also showed a big increase and hit a new peak. Sales in April were $30.2 billion, after allowance for normal seasonal trends. This compared with $29.1 billion in March. New orders in April, after seasonal adjustment, totaled $31 billion, an increase of $800 million from the March level. The value of manufacturers' inventories at the end of April was $50.8 billion, seasonally adjusted. At the end of March it had been $50.3 billion. (N.Y. Times, 5/30 p.20)

CONSTRUCTION AT RECORD PACE Construction activity in this country is moving ahead at a record setting pace, and there appears to be every likelihood that 1959 will be the best year yet. F.W. Dodge Corporation reported that over-all construction contracts for April were 31% above the same month last year. Contracts valued at $3.8 billion set a new high for any April on record, "and a new all-time high for any month when allowance is made for seasonal influences." This rise advanced the Dodge index of construction contracts to 299% of its 1947-49 base. (J. of Comm., 5/27 p.1)

FANNIE MAE OFFERING CARRIES 4.5% RATE The Federal National Mortgage Association (May 27) sought to borrow publicly $150 million--and is paying the second highest interest rate in its history. The Association is borrowing the money by offering for sale $150 million of secondary market operations securities maturing in nine months. The issue carries a 4.5% interest rate. FNMA announced that $100 million of the proceeds of the sale will be used to pay off secondary market operations securities issued last August 11. The new securities will be dated June 10 and will mature March 10, 1960. (Wall St. J., 5/27 p.12)

GREAT LAKES COAL, GRAIN, ORE SHIPMENTS DOUBLED Combined tonnage of iron ore, coal and grain moved on the Great Lakes through April was more than double the total a year ago, when the recession curtailed lake shipping activity. The Lake Carriers Association reported that total shipments of the three major commodities climbed to 8,960,000 net tons from the 4,085,000 through April of 1958. Shipments of iron ore were 2,978,000 tons (on a long ton basis). Coal movement was 5,052,000 net tons. However, grain shipments, originating chiefly in the Lake Superior

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region, lagged behind a year ago because of severe ice conditions. (Wall St. J., 5/28 p.20)

FARM PRICES INCH UP IN MAY — The Department of Agriculture reported that prices of farm products increased four-tenths of 1% in the month ended May 15. This left the general level of such prices 4% below those of a year earlier. The mid-May prices were about 22-1/2% below the record high reached in February 1951. Prices paid by farmers for goods and services used in production and in family living and for taxes remained unchanged from the record high of the preceding month. (N.Y. Times, 5/3 p.20)

TREASURY TO ASK RISE IN U.S. DEBT LIMIT — The Treasury will soon ask Congress for an increase in the national debt limit, probably to $295 billion. This would be $12 billion above the present "permanent" ceiling. Despite increasing hope that the budget will be balanced in the next fiscal year, beginning July 1, the Treasury's seasonal borrowing needs, plus allowance for emergencies, will require at least a "temporary" ceiling of $295 billion. The Treasury now expects it will have to borrow $6 billion to $7 billion in the period from July 1 to December 31, when tax collections are lowest. This is an upward revision of some unofficial earlier estimates, despite optimism about the budget outlook. (Dale, Jr., N.Y. Times, 5/29 p.1)

STOCKS OF NEW CARS ARE VERY HIGH — Stocks of unsold new cars have climbed to the highest point in industry history. Right now, slightly more than 910,000 American-made automobiles are sitting in open lots and dealers' showrooms. Add stocks of foreign imports and the total is around a million cars. This pile-up hints of trouble for car sellers later this year, when the 1960 models arrive. But officials in Detroit say that, although the total number of cars is high, the sales pace has been climbing every month this year. Today's stock represents about 45 days' sales of new cars; last year at this time, the stockpile, though smaller in number, was a 50-day supply. (Wall St. J., 6/1 p.3)

CORPORATE OFFERINGS DOWN IN FIRST QUARTER — The Securities and Exchange Commission reported that new stocks and bonds sold in the first quarter of this year totaled $2.3 billion, about 5% less than were sold in the preceding quarter. The SEC said this reflected "lack of any substantial rise in business spending for expansion and the relatively liquid position in which many companies started the year." (N.Y. Times, 5/28 p.42)

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BRITISH CUT STEEL PRICES — To encourage bigger orders, British steel makers will reduce the price of steel in June by about 2% on shipments of ten tons or more.

In recent months, many steel consumers, because of less rosy business prospects, have been reluctant to stockpile the metal. They have been ordering on a hand-to-mouth basis. By getting bigger orders, the steel companies will be able to make longer production runs and thus reduce costs. Also, the price of iron ore, a big factor in the price of finished steel, has fallen recently. It is about 15% cheaper than it was a year ago. (N.Y. Times, 5/30 p.20)

PRICES CUT FOR FIR LUMBER AND PLYWOOD — Some softening has shown up in Northwest fir lumber and plywood prices. Key grades of green fir two-by-fours have dropped about $2 a thousand board feet at Northwest mills because of increased price resistance from dealers. Unsanded fir plywood used generally for concealed sheathing in home building also has slipped about $2 a thousand square feet. (Wall St. J., 6/1 p.5)

PRICE OF LIGHT BULBS TO RISE — General Electric Company and Sylvania Electric Products, Inc., announced that they will increase household and industrial light bulb prices late in June. The boosts will add two to four cents to the retail price of popular household bulbs. Both companies cited increasing costs of labor, materials, and shipping as reasons for the price rises. Another large manufacturer of light bulbs, Westinghouse Electric Corporation, said it was considering price increases, but had made no decision. (Wall St. J., 5/28 p.4)

HOUSE COMMITTEE VOTES DEFENSE FUNDS — The Department of Defense was voted $38.8 billion by the House Appropriations Committee for fiscal 1960--$400 million less than it had asked. While the reduction from the budget request amounted to only about 1% of the total, it represented a victory for the Administration in its fight for economy in Federal spending. Early this session, the Military Funds Subcommittee had indicated substantial increases would be sought. (Wall St. J., 5/29 p.1)

SLOW TRADING ON STOCK MARKET — Electronics stocks took off again last week on another spectacular rise, pushing the market averages into new high ground. But for the rest of the market, it was more of the same--stocks moved irregularly in slow trading. In addition to the electronics, however, chemicals and a selected number of specialties garnered most of the trading interest. (Forest. N.Y. Times, 5/31 Sec. III p.1)

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