AUTO OUTPUT AT RECORD FOR MONTH

Auto makers built 558,015 cars in June, pushing the first half’s total to 3,284,037. Last month’s output was the best for any June since 1955, topped the year ago month by 65%, and led to speculation that the industry would build six million cars this year. Only a few months ago auto makers figured that building 5.7 million cars would be a good year. But backed by strong sales, massive inventory building, and the introduction of new smaller cars in the fall, output expectations are up. (Wall St. J., 7/2 p.2)

MANUFACTURERS’ SALES, INVENTORIES, NEW ORDERS

Manufacturers’ sales in May hit a record $30.5 billion on a seasonally adjusted basis, the Department of Commerce reported. The May total was $200 million higher than April. Nearly all the increase was accounted for by durable goods industries, whose sales rose to an adjusted $15.4 billion from $15.2 billion in April. Non-durable goods industries’ sales were about the same at an adjusted $15.1 billion. Manufacturers continued to build their inventories in May, with the value of stocks on hand at the end of the month at a seasonally adjusted $51.5 billion—a rise of $400 million from the end of April. New orders placed with manufacturers in May were 3% less than the seasonally adjusted pace of new business the month before. Officials said this was due to a slip in steel buying, which in recent months has been at record levels. (Wall St. J., 7/2 p.5)

INSTALMENT DEBT

Consumers boosted their outstanding instalment debt by a seasonally adjusted $443 million in May, the Federal Reserve Board reported. The adjusted increase, reflecting the spending mood of the public as personal income increased...
continued to mount to new records, was the largest addition to time-
payment debt for any month since September 1955. The May gain in con-
sumer instalment credit raised the total outstanding at the end of the
month to a record $35 billion. The total was $2.1 billion above the
amount outstanding on the same day of 1958. (Wall St. J., 7/3 p.5)

GOVERNMENT DEFICIT The Government wound up a trying fiscal year
AT $12.5 BILLION June 30. When all the figures are counted in a
few weeks, the year will show a record peacetime
deficit in the budget of about $12.5 billion. The huge deficit came
about for two reasons—a sharp dip in revenues, chiefly corporation
taxes, resulting from the 1958 recession, and a large increase in
spending in a variety of Government programs. Well under half of the
spending increase was the result of the recession. The deficit not
only required the big increase in the debt limit approved by the Presi-
dent, but also was a major factor in the decline in the Government
bond market. That decline has, in turn, been the cause of the Presi-
dent's request to abolish the 4-1/4% interest rate ceiling. (Dale, Jr.
N.Y. Times, 7/1 p.1)

13 TREASURY ISSUES The downward drift of prices in the market for
REACH NEW LOWS United States Government securities continued
July 2, but firmness and strength prevailed in
high-grade corporate bonds and in the obligations of local government.
Thirteen issues of Treasury obligations went to new low prices and ten
sold at established lows. Among the bonds touching new lows were the
2-5/8s of February 1963, which were quoted at the close at 93-12/32
bid, a yield to maturity of 4.6%. (Heffernan. N.Y. Times, 7/3 p.24)

TREASURY BILL The Treasury drew an average interest rate of 4.075%
RATES HIGHER on its offering of tax anticipation bills to borrow
$3 billion—the highest borrowing cost on such an
issue since 1957. The results of the latest borrowing, officials in-
dicated, served to dramatize the pinch Secretary Anderson has been
warning Congress the Treasury will face unless the lawmakers approve
the Administration's request for removal of the 4-1/4% interest rate
ceiling on new issues of Treasury securities maturing in more than
five years. Sale of the 258-day tax anticipation issue is the first
instalment of the Treasury's all-bill offering to borrow $5 billion
in new cash. Some $2 billion of one-year bills will be open for bids
July 8. Treasury officials indicated that they were not happy with
the interest rate on the issue, but believed that they got their money
at the cheapest price they could. (Wall St. J., 7/3 p.7)
DEBT LIMIT INCREASED; RATES ON TAXES EXTENDED

President Eisenhower signed bills to let the Government go deeper in debt and to keep Korean War rates on corporate and excise taxes from dropping.

The debt ceiling measure puts the temporary limit at $295 billion through next June 30 and raises the permanent limit from the present $283 billion to $285 billion.

The tax bill extends for another year, through next June 30, the present 52% corporate income tax rate and current rates on autos, liquor and tobacco. It also includes provisions that the 10% tax on local telephone calls and half the 10% passenger travel tax should be added to the list of taxes automatically expiring next June 30. (Wall St. J., 7/2 p.8)

STOCKS SET PEAK AS TRADING RISES

Undaunted by the approaching three-day weekend, stocks pushed vigorously ahead July 2 and established new historic highs for both The New York Times combined and industrial stock averages. The gain for the week was the largest this year. Brokers noted with approval that volume rose appreciably with the price advance. This is considered a sign of strength. (Crane. N.Y. Times, 7/3 p.22)

RESERVE REQUIREMENTS, VAULT CASH BILL

The House voted on July 1 to make reserve requirements for Federal Reserve member banks in New York and Chicago the same as in other large cities. The bill also would permit all member banks to count the cash in their vaults as part of their reserves against deposits, if authorized by the Federal Reserve Board. The House bill is identical to a bill passed by the Senate on May 13 except for two minor details. The bill is designed to remove some inequities in reserve requirements as they apply to banks in various places, and to improve bank earnings. It would require elimination of the central reserve city classification and of the differential in reserve requirements for central reserve city and reserve city banks within three years. (Mooney. N.Y. Times, 7/2 p.33)

FARM FUND BILL

Congress sent to the White House a $4,686,000,000 bill to finance farm programs in the next year and to limit price-support benefits to farmers for the first time. The measure would limit to $50,000 the amount of price supports a farmer could be paid for any one crop. It resulted from Congressional protests over what were considered excessive price-support payments to producers. It provides $3,971,362,000 in cash appropriations for the
Department and its programs and to pay losses on past price-support operations. It also includes $421,000,000 for lending programs other than price support, including the Rural Electrification Administration. (Blair. N.Y. Times, 7/1 p.1)

FARM SURPLUSES Farm surpluses held by the Government declined in May for the third straight month. But the amount left at the month-end was still the heaviest for any May on record. The Department of Agriculture reported it had $8.8 billion tied up in farm commodities on May 31. This compared with $8.9 billion the month before, but was well above the $7.2 billion figure a year earlier. Wheat from the 1959 crop is now going under price support, portending a new seasonal rise in surpluses this month or next. (Wall St. J., 7/3 p.1)

NO COMPROMISE WITH RUSSIA Soviet First Deputy Premier Kozlov grimly killed any lingering hope that his visit to the United States might open some new road to agreement or compromise on the Geneva conference issues. In a one-hour speech to Washington reporters, he followed the unyielding line on the Berlin crisis laid down many times by Premier Khrushchev. (N.Y. Times, 7/3 p.19)

STEEL USERS STILL BUILDING INVENTORIES Temporary easing of fears of a strike in steel as a result of the fourteen-day truce has not slowed down the buildup of steel inventories. Advance rumblings of a possible steel strike have enabled most of the nation's major steel users to prepare themselves for a United Steelworkers' walkout lasting from 60 to 90 days. But despite this huge inventory buildup that began six months ago steel users are continuing to add to their stocks as a result of the extension of the old steel labor contract until midnight, July 14. In this fourteen-day period, at least 1 million tons will be added to steel stocks as protection. (J. of Comm., 7/2 p.1)

RUBBER TALKS A new round of labor negotiations in the rubber industry, covering wages this time, will get under way later this month. If rubber workers win a pay boost, higher tire prices will likely follow, industry sources say. The new series of labor talks was signaled when the AFL-CIO United Rubber Workers late last week served notice on Goodyear Tire & Rubber Company to reopen company-wide contracts for bargaining on wage increases for 23,000 workers. Other major rubber companies are expected to get similar notices soon. Under terms of rubber labor contracts, negotiations are to begin within 30 days of the notice of contract opening, unless otherwise agreed by the union and company. The Goodyear notice was dated July 1. (Wall St. J., 7/6 p.2)