STEEL PRODUCTION RECORDS SET FOR JUNE

The nation's steel industry produced more steel last month than ever before in a June. And with that output, production also was at a record high in the second quarter and the first half of this year, the American Iron and Steel Institute reported July 10. The steel-making furnaces poured 10,908,000 net tons of ingots and steel for castings last month, compared with 7,127,480 net tons in June last year when the industry was recovering from the 1958 recession. (N.Y. Times, 7/11 p.22)

RETAIL SALES SET A JUNE RECORD

Nation-wide retail sales set a June record of $18.662 billion, the Department of Commerce reported July 11. They were $2 billion higher than the June 1958 total with autos alone accounting for $1 billion of the increase. (N.Y. Herald Trib., 7/12 II p.10)

MAY INVENTORIES SHOW SLOWER RISE

Inventories continued to rise in May, but by considerably less than $1 billion increase which was recorded in April. Department of Commerce figures showed that total business inventories at the end of May amounted to $88.6 billion, an increase of $600 million, after seasonal adjustment, during the month. The bulk of the increase came in the manufacturing sector. A number of different factors contributed to the lowered rate of inventory accumulation during May. (J. of Comm., 7/9 p.4)

PRESIDENT VETOES HOUSING MEASURE

President Eisenhower vetoed the omnibus housing bill July 7. He called the bill "excessive," "extravagant," "inflationary," and "defective," and listed five major reasons for his veto, some of which were only indirectly related to spending. The essential reason for the veto

Selection of these items does not imply this bank’s guaranty of their accuracy, nor agreement with the views expressed.
was that the bill had not been cut back nearly so much as appeared from the dollar totals of the bill. Almost as important as its spending totals was a set of other provisions that the Administration has opposed for several years. Norman P. Mason, the Housing and Home Finance Administrator, who had recommended a veto, said: "Quite aside from the spending issue, the bill was a diverse document embracing such varied activities as nursing homes, college housing, urban renewal, classrooms, scholarships and so on." Although there is a chance that the necessary two-thirds vote to override can be mustered in the Senate, there is almost no such chance in the House. (Dale, Jr. N.Y. Times, 7/7 p.1)

SENATE CUTS The Senate passed a heavily cut foreign aid authorization bill (July 8) after six days of protracted political fighting. The vote was 65 to 26. Even before the final vote on the $3,543,320,000 measure, President Eisenhower and Senate Democratic leaders opened what promises to be a long and bitter dispute over who was to blame for the drastic surgery performed on both military and economic assistance provisions of the bill. The measure, which merely sets ceilings on the program, now goes to a Senate-House conference. The House bill, passed last month, is $720 million below the Senate version. (Baker. N.Y. Times, 7/9 p.1)

HOUSE UNIT Backs RISE IN BOND RATE The House Ways and Means Committee approved a bill giving President Eisenhower the right to disregard the interest-rate ceiling on Government bonds when he finds higher rates necessary "in the national interest." The committee limited this authority to the next two years. It also added an amendment (sponsored by Representative Lee Metcalf) expressing the "sense of Congress" that the Federal Reserve System should, in effect, buy Government bonds from time to time to help keep their interest rates down and to assist the Treasury. Both the Administration and the Federal Reserve oppose such a switch from present practice, under which the Federal Reserve ordinarily buys only short-term securities and not longer-term bonds. The interest-rate ceiling could be removed by the President on both marketable Government bonds and savings bonds. The marketable bond ceiling is 4-1/4% and that on savings bonds is 3-1/4%. (Dale, Jr. N.Y. Times, 7/9 p.1)

BANK BORROWINGS The nation's banks, pointing up the fact that they are running out of employable funds, pushed their borrowings at the Reserve banks to a total of $1,015 million on an actual basis, a peak not seen since November 20, 1957. Main factors contributing to the banks' unusually tight cash position included a rise in currency in circulation incident to the Independence Day week-end, which averaged $254 million higher, and
increased Government deposits resulting from recent Treasury financing. These increased deposits called for higher required reserves. (J. of Comm., 7/10 p.4)

TREASURY BOND PRICES RECOVERING

U.S. Government bonds turned firmer in last week's closing sessions after a number of issues had fallen to their lowest prices on record. Intermediate and longer Treasury obligations ended Friday showing fractional gains for the five-day trading stretch. The record lows came Tuesday, on the eve of a sale by the Treasury of $2 billion in one-year bills. This issue, auctioned Wednesday, came at a yield that marked the borrowing as the costliest by the Government on any security since 1921. However, a strong demand developed for the generously yielding bills, causing an improved sentiment throughout the Treasury list, dealers said. By Friday afternoon, the new one-year securities were trading on a "when issued" basis to yield 4.65%, compared with Thursday morning trades at a 4.87% yield. The investment community is now awaiting an announcement—expected late this week—of the terms of the Treasury's $14 billion August refinancing. Specialists said late last week it was "anybody's guess" what maturities the new offering would include. There was speculation that the bulk of the big refunding would be confined to securities maturing in a year or 15 months. (Wall St. J., 7/13 p.13)

STOCK MARKET

The stock market set off some post-July 4 fireworks of its own last week. The first four days of the week, prices soared to new highs, as measured by The New York Times fifty-stock average. There was some sputtering now and then in the form of profit-taking and on Thursday the market receded from a seventh consecutive high for a minor set-back. The reasons for the extended display of pyrotechnics were not too hard to spot. First and foremost was the continuing flow of better and still better business news. Something close to a boom atmosphere prevailed in Wall Street where traders almost to a man were convinced that the economy was in such excellent shape that it could weather almost any sudden squall. (Forrest. N.Y. Times, 7/12 III p.1)

COMMERCIAL PAPER RATES INCREASED

Commercial paper dealers boosted by 1/8-percentage point the rates on unsecured, promissory notes sold in the open market. The increase was the sixth consecutive rise in the rates of dealer-marketed commercial paper since early March. Dealers said the latest boost was prompted by a rise in yields earlier this week on U.S. Treasury bills, which compete with commercial paper for short-term investment funds. The new scale on the so-called "open market" commercial paper ranges from 4% on four-to-six month notes of leading industrial concerns to
4-1/2% on lesser known companies and smaller sales finance companies. (Wall St. J., 7/8 p.24)

RECORD CORN OUTPUT PREDICTED The Department of Agriculture said that farmers are raising the second biggest crop in history, spearheaded by a record-size corn crop that promises new surplus woes for Agriculture Secretary Benson. The Agency reported total crop output in 1959 will be second only to the "phenomenal" record harvests of last year. Development of growing crops so far this season has been "mainly favorable," officials said. Over-shadowing prospects for other crops is the Department's forecast that farmers will harvest 4,224,450,000 bushels of corn this year. That would be 10% more than last year's record return and 29% above the average harvests of the past 10 years. Officials were expecting an increase in corn production, but a jump of this magnitude surprised them. The new corn crop promises to add further to the already huge supply of animal feed grains. (Wall St. J., 7/13 p.14)

COTTON ACREAGE Farmers boosted their 1959-crop cotton acreage 28% above last year, the Department of Agriculture reported, but the expected heavier production may be swallowed completely by a sharp upturn in consumption and exports. If so, little or no cotton would be added to the heavy surplus now on hand. The Agency's crop reporting board said farmers planted 15,890,000 acres of cotton in the growing season now in progress, up from 12,379,000 acres planted last year. Main reason for the bigger cultivation is the absence of the soil bank's defunct acreage reserve program, which last year held five million acres of cotton allotment land out of production. (Wall St. J., 7/9 p.7)

PORK PRICES SKID Supermarket shoppers, pleasantly surprised at the bargain prices they have encountered at the meat section lately, have still rosier prospects. Meat prices are likely to continue in the same groove for many more months and there is a good chance that some will drift even lower. Up to now, the drop in prices has been confined mainly to pork. Hogs already have skidded to $16.25 a hundred pounds, down nearly 36% from last July's four-year peak of $25.25. Beef prices have shown only a small decline so far, but they probably will not go much above present levels for several years, meat men say. This downtrend in meat-eating costs comes at a time when prices of many other products are rising. If current negotiations bring a boost in steel labor costs, there will be strong additional upward pressure under prices of many manufactured products. (McWethy. Wall St. J., 7/7 p.1)