GNP AT RECORD The Government estimated that economic activity increased to a record yearly rate of $483.5 billion in the second quarter of this year. The contributing factors were increases in consumer spending, inventories, residential construction, and investment in production machinery, plus some increase in prices. Federal, state and local government spending made practically no contribution to the increase, and the nation's foreign trade balance was a negative factor. The new estimate of overall economic activity represented a gain of $13.3 billion over the first quarter, for which the official estimate was revised upward. The real gain was $10.4 billion. The rest was caused by higher prices. The estimates were made by the Council of Economic Advisers and published by the Joint Economic Committee of Congress. (Mooney. N.Y. Times, 7/24 p.29)

PERSONAL INCOME Personal income reached another new record in June and has vastly exceeded earlier estimates throughout this year, the Department of Commerce reported. As for the June performance, personal income reached an annual rate of $382.9 billion. This represented an increase of $1.6 billion over the revised May figure, with $1.3 billion of the rise in wage and salary payments. The Department's new personal income statistics, part of its regular annual revision of all the major national accounts figures, show that personal income ran at an annual rate of $376.4 billion in the first six months of this year. The new personal income figures carry important implications for Federal budgetary policy. It is now clear that personal income tax receipts will move substantially above the January budget figure, although the latest official word from the Government on this subject is to the contrary. (J. of Comm., 7/21 p.1)
FOOD PRICES PUSH A seasonal increase in food prices pushed the
COST OF LIVING UP Consumer Price Index up four-tenths of 1\% in June
to a record high, the Department of Labor report-
ed. Ewan Clague, Commissioner of Labor Statistics, said the increase
"is not a sign that the index is about to take off" after its year
of stability. Calling the rise seasonal, he predicted prices would
show little change in July and would decline seasonally in August.
The June index was 124.5 with average prices for the years, 1947-49
taken as 100. The jump from May was the biggest since March of 1958
and was the only significant increase over that period. The biggest
element in the June increase was fresh fruits and vegetables, which
typically rise at this time of year. (Dale, Jr. N.Y. Times, 7/23
p.1)

AUTO SALES Auto sales in mid-July toned down the industry's opti-
LAG SLIGHTLY mism regarding volume prospects for the full year.
Dealers sold an average of 17,115 cars daily in the
second third of the month. (Wall St. J., 7/27 p.1)

CONSUMERS PLAN Consumers are showing increasing confidence in the
MORE SPENDING economy and are raising personal spending plans a
bit. A spending "splurge" isn't in sight, however.
Among the factors holding back buying is fear of more inflation. So
reported the University of Michigan's Survey Research Center after
its latest survey of consumer attitudes. On the basis of the May-
June report, the report said consumer goods will make a bigger con-
tribution to business expansion than they did early in the recovery
from last year's recession. The sharpest spurt in buying plans, com-
pared with last fall, comes in plans for houses and used cars. Buy-
ing plans for used cars are at the highest point since the survey be-
gan, while new car buying plans are well below the level of the 1954-
55 auto boom. (Wall St. J., 7/22 p.6)

TREASURY REFUNDING The Treasury's huge $14 billion refunding opera-
TERMED SUCCESSFUL tion this week was a smashing success. By pay-
ment of an interest rate of 4-3/4\%, the highest
since 1929, the Treasury induced all but 4\% of the public holders of
the maturing securities to take new securities in exchange. This was
the lowest attrition in a major financing operation in several years.
The public chose to exchange $1.5 billion of its maturing securities
into the new four-year, ten-month note, thus to that extent stretch-
ing out the maturity structure of the debt.

In a somewhat unusual move, the Federal Reserve System, which
held $8.143 billion of the maturing securities, chose to exchange
$2.643 billion of this amount into the longer of the two new issues.
Usually the Federal Reserve limits itself to the shortest issues available in an exchange. (N.Y. Times, 7/24 p.32)

SUPPLY OF GOLD
CONTINUES TO SHRINK
The nation's gold continues to shrink, although still at a modest pace thanks to tight money which makes attractive American short-term investments for foreign funds. This week's $44 million loss made $897 million that has been subtracted from gold stocks this year, although $344 million of it was paid into the Monetary Fund for United States capital subscription account. (J. of Comm., 7/24 p.1)

U.S. SECURITIES MARKET
STUDY PUBLISHED
The joint Treasury-Federal Reserve study of the Government securities market has concluded that the interests of the public and of the Government "are being effectively served through the present market." The conclusion was made public in a joint statement of the Secretary of the Treasury and the Chairman of the Federal Reserve Board to the Congressional Joint Economic Committee. The first volume of the study and preliminary versions of the next two volumes will be available for publication early next week. (N.Y. Times, 7/25 p.21)

PEAK U.S. IMPORTS
FORESEEN IN 1959
United States foreign trade this year will come close to balancing with a record rise in imports, according to the forecast by a leading trade group. In a mid-year revision of January estimates, the balance-of-payments group of the National Foreign Trade Council calculated trade volume for 1959 as: Exports--$15.9 billion, exclusive of military aid shipments; imports--$15 billion, a figure that would constitute a new record and represent the largest increase of this trade in a single year. The group estimated that with addition of receipts from other transactions with the United States, foreign countries as a whole would increase gold and liquid dollar assets by $4.9 billion. This figure compared with a January estimate by the group of $3 billion. Last year's increase of gold and dollar assets by foreign countries on transactions with this country was $3.4 billion. (N.Y. Times, 7/21 p.39)

ALUMINUM
NEGOTIATIONS
The three big aluminum companies lined up with the strike-bound steel industry in rejecting union wage demands. Their action made it probable that the bulk of the country's aluminum production would be halted when present union contracts expire at midnight July 31. The aluminum companies urged the United Steelworkers of America to accept a one-year wage freeze and to give up the cost-of-living escalator provision in the
old agreements. A total of 30,500 aluminum workers are represented by the steel union. (Raskin. N.Y. Times, 7/23 p.1)

STRIKE SLASHES STEEL PRODUCTION With the bulk of the steel industry strikebound since last Tuesday midnight, steel production this week was expected to be only 374,000 net tons of ingots and steel for castings, the American Iron and Steel Institute reported. That would represent operations of 13.2% of the industry's rated capacity, and would be the smallest amount poured in any week since the one that began on July 9, 1956. At that time, the steel industry was in the midst of a five-week strike. (N.Y. Times, 7/21 p.39)

COTTON CLOTH ORDERS COTTON CLOTH ORDERS COTTON CLOTH ORDERS Cotton cloth producers had more firm orders on hand at the end of May than at any time since January 1951, industry figures showed. Little business was received last week though most of the industry had returned from annual vacations. In contrast with prior years, however, textile companies showed little concern over this between-seasons lull. Cotton mills are almost completely booked up through the rest of this year and even into 1960. (Wall St. J., 7/21 p.1)

LONG DISTANCE The Federal Communications Commission has ordered that long-distance telephone rates be cut by $50 million a year. The Commission announced that the Bell System would revise its rates, effective about September 15. The cut applies only to calls of more than 300 miles. The last long-distance rate change was a $65 million increase in late 1953, which amounted to an average 8% increase in toll charges. (Mooney. N.Y. Times, 7/25 p.1)

TOOL INDUSTRY AIDED The new compact cars which will be introduced this fall by General Motors, Ford and Chrysler may stimulate big new tooling investments—if the public gives them an enthusiastic reception. Machine tool manufacturers say that the Big Three thus far has made only moderate-sized investments in tooling for the new compact cars, although these cars will contain many new features. If the auto companies find that the demand for these cars is heavy, they may have to make quick purchases of equipment, including automation, to place these cars on a more massive production program. (Fish. J. of Comm., 7/21 p.1)