JULY AUTO OUTPUT Auto makers maintained a fast production pace in July though approaching the end of the 1959 model run. In all, the five producers built 555,265 cars in July. The total was 73% ahead of the year-ago month, and slightly under the 558,000 cars built this June. It also was the highest July production since 1955. Output in August and September will be down sharply because of the model changeover closedowns, with only Ford and Chevrolet cars being built in quantity this month. The combined production this month and next probably will do no more than match July's total. In the first seven months this year, the industry has built 3,839,282 cars, which is up 50% from last year. (Wall St. J., 8/4 p.3)

STEEL STRIKE SLASHES The 25-day-old nationwide steel strike is beginning to hurt some railroads. Leading Eastern roads that haul big amounts of coal, iron and steel products report their revenues have been slashed 15% to 25% by the strike. Although roads in the Midwest have been less affected, the strike has hurt several big ore carriers. Western lines have been harmed the least. The strike already has cost the railroad industry well over $120 million in lost revenues. Rail employment has dropped 38,000 since the strike began in mid-July bringing a payroll loss of about $4 million a week. Effects of the strike on the rail industry are reflected in weekly freight carloading figures. Carloadings in the week ended August 1, for example, were 12.6% below the 1958 figures, the Association of American Railroads reported. (Wall St. J., 8/7 p.3)
STEEL FEARS POST-STRIKE ORE SHORTAGE

Ore shortages may hamper steel output in the post-strike period, unless a labor settlement is achieved within a month. Owing to the short shipping season on the Great Lakes, steel companies must build up adequate ore inventories for the winter months prior to the closing of the lakes in November. The lakes ore fleet is currently tied up by the strike of the United Steelworkers. Inventories at steel plants on July 1 were nearly 49 million tons, or about 4 million tons less than on July 1, 1958. The steel industry has used as much as 138 million tons of ore in a year, including imports. This means that if the steel strike continues well into September, insufficient time will remain to build up inventories of Lake Superior ore before the end of the shipping season. Peak steel operations will be the mill's objective in the post-strike period. Steel inventories appear to be sufficient to prevent most steel users from running into shortages prior to the end of this month. (Fish. J. of Comm., 8/5 p.1)

FARM EQUIPMENT SALES CONTINUE '58 UPSWING

Farm machinery sales in 1959 are running 20% ahead of the vigorous 1958 pace, a poll of leading producers showed. Even if business should slacken in the months ahead, top executives predicted, volume will reach $1.7 billion in the calendar year--up from $1.5 billion in 1958 which was the highest total since 1951's $1.9 billion. Industry sources said farmers have plenty of money to spend as a result of the 20% upswing in their net income during 1958. Though farm profits at mid-year were 8% behind the 1958 pace, they added, so far this decline has not affected machinery sales. (Wall St. J., 8/4 p.1)

HOUSE UNIT REJECTS HIGHWAY PLAN

The House Public Works Committee in effect rejected a plan to slow down construction of the 41,000-mile interstate highway system. The slowdown had been recommended earlier by the House Ways and Means Committee as part of a plan to meet the road program's financial needs. The Public Works group's decision is not binding on the Ways and Means Committee, but puts considerable pressure on that group to come up with another proposal to pay for continuing the construction work at about its present pace. There is growing sentiment in Congress to approve some increase in the Federal gasoline tax to finance the highway program, despite the Ways and Means Committee's earlier rejection of this idea. Financing methods must be approved by the Ways and Means Committee, which was given the task of finding new money for the special interstate road trust fund that was created in 1956, when the program was launched. This fund is expected to incur a deficit of $980 million by July 1, 1961.
unless it is replenished. (Wall St. J., 8/7 p.2)

TREASURY FINANCING  The Treasury announced $1.7 billion of new money borrowing to be raised in the relatively painless way of adding $700 million to issues of bills in coming weeks and by adding $1 billion to the issue of $3 billion of tax anticipation bills issued last month. The amount, which was somewhat less than would have had to be borrowed if the recent refunding issue had not been such a success, was about in line with market expectations. Government bonds had a steady day, with minor upward changes at the end. The latest new money offering takes care of the Government's needs until October, when further substantial amounts will be borrowed. The Government's new offerings of course will take another bite out of the diminishing supply of short-term funds and to that extent, tend to keep money rates high. (J. of Comm., 8/6 p.1)

FOREIGN HOLDINGS  Continued spasmodic earmarking of gold by foreign banks and international institutions has pushed the total held in the vaults of the Federal Reserve Bank of New York to an all-time record of around $9.5 billion. The gold holdings of foreigners lodged in Reserve bank vaults are only a portion of the increasingly rich dollar-asset hoards of foreign banks held in the United States. In addition to the gold in Federal Reserve hands, are $4,126 million of United States Treasury short-term securities, also a new all-time record for foreign investment in U.S. Government securities. (J. of Comm., 8/6 p.4)

PENNSYLVANIA BONDS  The Commonwealth of Pennsylvania dominated the tax-exempt market completely (August 4) as investors scrambled to buy a share of the offering of $120,000,000. There seemed little doubt that other issues were neglected as a result of the unusually large interest in the Pennsylvania borrowing. Net interest cost to the State will be 3.40437%. (Weberman. N.Y. Herald Trib., 8/5 III p.5)

STOCK MARKET SAGS  Stocks closed a confused week (August 7) with losses in New York Stock Exchange market values of almost $3.5 billion on the week and $1.8 billion on the day. As in earlier sessions, the main influence was the uncertainty generated by the Eisenhower-Khrushchev exchange of visits. Many investors, alerted by their brokers, seemed to feel that any meeting of minds would cut defense spending. The heaviest losers once again were stocks that only owed their growth to arms spending, but were selling at generous multiples of earnings. (Crane. N.Y. Times, 8/8 III p.21)
Outstanding consumer instalment debt increased by $452 million in June, after adjustment for seasonal influences. The increase was in line with the advance of the preceding month and pushed instalment debt to $35.8 billion. The Federal Reserve Board said both extensions of new instalment credit and repayment of old debts had continued close to peak rates. During the first half of 1959, outstanding instalment credit increased by nearly $2.4 billion—close to the peak level recorded in the first half of 1955. (N.Y. Times, 8/4 p.34)

Americans bought more abroad than they sold in June, the first month in which this has happened since 1950. The Department of Commerce's June import figures showed U.S. traders bought a record $1,369,400,000 of goods abroad. This compared with commercial exports of $1,347,600,000 that month. The last time imports have run ahead for a full year was during the depression years of the mid-Thirties. Noticeably high imports of petroleum and products, iron ore, aluminum and manufactures, refined and unrefined copper, nickel oxide, tin ores and bars, and sawmill products led the June rise from May, the Department said. (Wall St. J., 8/5 p.20)

American manufacturers are stepping up their spending for plants and equipment overseas this year, and expect that sales of their foreign subsidiaries will increase faster both this year and next than exports from their plants here in the United States. These are the most important findings of a comprehensive survey by McGraw-Hill Publishing Company, the first to be made of this kind. Spending for new plants, equipment and property abroad will increase about 5% this year to a total of $2,143,600,000, and present plans call for spending of about the same amount in 1960, according to the survey. (J. of Comm., 8/7 p.1)

Another round of shoe price increases, the second for this year, is in the offing as a result of a further jump in leather prices at the semi-annual Leather Show. Leather prices, which had been firming up steadily under the pressure of advancing hide and skin prices, were increased an average of about 8% at the show, with shoe producers heavy buyers of leather. With no weakening in hide, skin or leather prices visible in the near future, and with consumer demand for shoes having run ahead of production, the higher leather prices will have to be reflected in retail prices to the public next spring, both tanners and shoe producers agreed. (Morahan. N.Y. Herald Trib., 8/6 III p.5)