CONGRESS The first session of the 86th Congress adjourned but a few hours before Soviet Premier Nikita Khrushchev arrived. It was one of the longest sessions in history, running eight months. Banking and financial problems were high on the list of debate and accomplishments. The dispute over higher interest rates on Government securities lengthened the session probably by a month. The compromise under which the Treasury will be permitted to do some advance refunding was the only point the Treasury won along with higher interest rates on savings bonds. The Treasury, worried about heavy redemptions, hopes to obtain new buyers with an early announcement of rates at 3-3/4%. The limit of the increase was set by Congress at 4-1/4%. The Treasury said for the eight months past cash sales of Series E and H Savings Bonds amounted to $2,953 million with redemptions for the same period totaling $3,711 million. (Amer. Bkr., 9/16 p.1)

BILL RATE The Treasury bill rate crossed 4% today for the first time since the 1933 bank holiday, the Treasury disclosed. Another substantial increase took the discount rate on 91-day bills to an average of 4.166%. The record is 4.259% set in March 1933, and it may be surpassed this year. Thus, the bill rate leaped past the Federal Reserve Board's lending (discount) rate, which had been raised only last Thursday to 4%. The Federal Reserve usually tries to maintain a discount rate above the bill rate. Another early increase in the discount rate is not foreseen, however. (Dale, Jr. N.Y. Times, 9/15 p.53)

GOV'T SECURITIES Investment returns on United States Government notes and bonds rose to beyond 5% (September 15) for the first time since the 1921 money stringency that followed World War I. The higher yields resulted from a continuation of the price decline in Government securities, a weakness that

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was attributable to the failure of market bids to match the continued offerings of Treasury securities by commercial banks and other investors. The chief sellers were banks needing reserve funds to pledge against expanding business loans. The nation's commercial banks owe about $900 million to the Federal Reserve banks and are unwilling to increase this indebtedness. (Heffernan. N.Y. Times, 9/16 p.58)

**FEDERAL RESERVE CREDIT POLICY**

Considerable significance underlies the assurance given by high Federal Reserve officials that normal seasonal demands for credit will be met this year. While the latest increase in the rediscount rate might well be taken as a sign that the Board intends to tighten the credit screws again just when business borrowing needs reach their yearly peak, the assurances offered in the week following this rate advance firmly indicate that such will not be the case. The implication is that the Federal Reserve plans to continue adjusting its credit policies to the needs of the economy. It also indicates that the current credit restraint being felt by all borrowers is more the result of extraordinary demands on available credit supplies than the effect of a withdrawal of credit by the Reserve Board. This is a fact that many critics of Federal Reserve policy are slow to recognize. (J. of Comm., 9/16 p.4)

**STOCK MARKET SHOWS SHARP DROP**

Since August 3, when Premier Khrushchev's visit to this country was first announced, prices of stocks on the New York Stock Exchange have declined--on paper--more than $26 billion. There was no panic selling in the stock market last week, but prices retreated notably on Thursday and Friday. Traders took some encouragement from the fact that volume was comparatively moderate, averaging a bit less than 2,500,000 shares a day. (Forrest. N.Y. Times, 9/20 III p.1)

**PRESIDENT SIGNS LABOR BILL**

President Eisenhower signed into law a labor reform bill aimed at halting union racketeering and curtailling the economic power of organized labor. The new law is the first new major labor legislation since the Taft-Hartley Act in 1947. The bill puts new restrictions on picketing to force employees to join a union or an employer to recognize the union as bargaining agent. It also attempts to close loopholes in the Taft-Hartley prohibitions against secondary boycotts. A secondary boycott involves union pressure against a neutral employer in an effort to force him to cease doing business with an employer having labor trouble. Another change in the Taft-Hartley law permits state courts to assume jurisdiction over small labor disputes that the National Labor Relations Board refuses to handle because they are too small. (Wall St. J., 9/15 p.3)
INDUSTRIAL OUTPUT

FELL IN AUGUST

Industrial output sagged further in August—the first full month of the steel strike. The Federal Reserve Board's index of industrial production for August was down four points from July to a seasonally adjusted 149% of the 1947-49 average. August was the second straight month of decline for the production index from the record 155% reached in June. Officials said that while the July figure of 153% reflected only half a month of the steel strike that started in mid-July, August production caught the full month effect of the stoppage. In addition, Board specialists said, continued and new work stoppages in the nonferrous industries—mainly copper, helped push down August production. (Wall St. J., 9/16 p.2)

HOUSING STARTS OFF

The Department of Commerce announced that housing starts in August fell only slightly from the July level to a seasonally adjusted annual rate of 1.34 million. The combination of the effects of the imposition of the new Federal Housing Administration standards and the ever-increasing expense and non-availability of mortgage funds had been expected to produce a drop of 300,000 to 400,000 in the annual rate of activity in August. (J. of Comm., 9/16 p.1)

PERSONAL INCOME

DIPS IN AUGUST

The steel strike and a drop in farm owners' income combined to produce a $2-1/2 billion decline in personal incomes during August, the Office of Business Economics reported. The seasonally adjusted annual rate of $381.5 billion in August was a drop-off from the record rates set in June and July, but still exceeded any previous month. There was a slight August increase in personal interest income (up $200 million) and dividends (up $200 million). (Amer. Bkr., 9/18 p.4)

CRUDE OIL

PRICE IS WEAK

The price structure of crude oil is somewhat weak and it may continue that way for some time. This situation has been created by the heavy excess production built up in this country and the large amount of oil from Venezuela, the Middle East and some of the newer producing regions abroad that are seeking a market. The price of oil has been reduced from time to time in various fields and sections over the last two years, but there has been no general price cut in the United States. Recently, there was a rather sharp cut in prices in California, and crude oil from the East Texas field has carried two different prices for more than a month. As a result of a declining trend in prices for oil products, the question of concern to many in the industry is just how long the basic price structure of crude oil in the Southwest can be maintained. (Carmical. N.Y. Times, 9/20 III p.1)
FARM INCOME TO FALL  The Department of Agriculture published new figures showing this year's downturn in farm profits may be even steeper than expected. The Agency reported net income realized by farmers in the first three quarters of 1959 is running at an annual rate of $11.5 billion, down $1.6 billion from last year. The income picture was darkened by lower-than-expected estimates for the third quarter. Federal analysts attributed the decline to lower prices for commodities farmers sell, a smaller volume of wheat marketings and higher operating costs. Officials said they were still sticking to their prediction that net farm income for all of 1959 will total about $12 billion, down $1 billion from last year. (Wall St. J., 9/18 p.8)

WORLD BANK  A major increase in the capital of the World Bank became effective September 15, Eugene R. Black, president, announced. Authorized capital has been increased from $10 billion to $21 billion, and increased capital subscriptions from member governments amounting to $8.8 billion had been received by the Bank to September 15. The principal objective in enlarging the Bank's capital is to strengthen its ability to borrow funds for financing loans for economic development, by increasing the portion of members' subscriptions remaining on call. (Amer, Bkr., 9/16 p.1)

ELECTRONICS  Electronics companies report profit margins are falling despite rising volume. The Department of Commerce estimates the industry's sales will hit $8.5 billion in 1959--20% above last year. But producers say price competition, marketing problems and the need for stepped-up research expenditures are affecting earnings. In the fast-growing business of semi-conductors, the threat of over-production is emerging. And trade sources say low-priced electronic imports are winning an increasing share of the U.S. market. (Wall St. J., 9/15 p.1)

KENTUCKY PROPOSES  Kentucky voters will decide in November on a proposed constitutional amendment that would authorize bonus payments to veterans of the Spanish-American War, both World Wars and the Korean War. Bonuses would be financed from the proceeds of a bond sale. But estimates of how much the bond issue would total are unavailable because nobody seems to know how many potential beneficiaries there are. No other state has rewarded veterans of four conflicts at the same time, according to Tax Foundation, Inc., a New York organization that keeps track of such matters. (Wall St. J., 9/16 p.14)