CONSUMER PRICES The Government's index of consumer prices rose at 7-MONTH HIGH 0.2 percentage point in October to 125.5% of the 1947-49 average, setting a record for the second straight month. Ewan Clague, Commissioner of Labor Statistics, reported 75% of the October increase was caused by a rise in transportation costs, which make up 11.7% of the total index. The introduction of new model automobiles was the chief factor in the increase. Also contributing to the increase in transportation costs was the one-cent boost in the Federal gasoline tax, effective October 1. As a result of the rise in the cost-of-living index, about 1,250,000 workers will get pay increases, mostly a penny an hour. Mr. Clague predicted little change in the November index. (Wall St. J., 11/27 p.5)

STEEL PINCH Continuing shortages of steel through December and well into the first quarter are going to act as a brake on output of cars, appliances, and many kinds of capital goods. While shipments of steel from the reopened mills are running ahead of schedule, the empty pipelines of supply in many industries must still be filled. An indication of what this means in the way of a lag in the business recovery was provided by General Motors, which announced that it will begin to assemble some passenger cars on December 7, but will not get all of its cars and trucks back into production until December 14. The latter date is 37 days after the resumption of steel output on November 7 under a court injunction which ended the steel strike. (Fish. J. of Comm., 11/25 p.1)

FIRST MAJOR COPPER SETTLEMENT American Smelting & Refining Company and the striking Mine-Mill and Smelter Workers Union agreed on the basic parts of a two-year contract union officials estimate amounts to 22.4¢ an hour. The settlement

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is the first by the Mine-Mill Union with any of the major copper companies involved in a series of walkouts that have closed 80% of U.S. copper production for 3-1/2 months. The amount of the package, however, is close to the 22.3¢ value placed by union people on a 20-month pact between the Steelworkers Union and Kennecott Copper Corporation. The strikes at U.S. copper mines and plants have caused a loss so far of about 254,000 tons of copper production, about two months' shipments on the basis of the average for the first 10 months of the year. (Keller. Wall St. J., 11/30 p.2)

APPLIANCES  The year-long boom in large household appliances--halted slightly by the steel strike--is on in full force again. At least one important maker of refrigerators, washing machines, cooking ranges, and similar equipment is experiencing difficulty in filling orders. The General Electric Company announced yesterday that it would hire 700 to 800 employees between now and the end of the year. These workers will augment recalled workers laid off temporarily due to steel shortages. At one time during the strike, 3,000 were laid off. About 600 workers at the Westinghouse Electric Corporation's Mansfield, Ohio, plant are being recalled as fast as adequate steel supplies flow in. (N.Y. Times, 11/26 p.63)

CONTRACT AWARDS  Construction contracts--considered the key barometer of future building activity--fell 5% in October from the level of a year earlier, F. W. Dodge Corporation reported. Despite the drop, however, it was the second highest October total on record. The October total amounted to $3,135,000,000, the construction news company noted. On a seasonally adjusted basis, Dodge added, contracts amounted to an index figure of 278, a gain from the 269 total in September. Sharp gains in contracts for manufacturing and commercial buildings were chiefly responsible for the increase, while nearly all other non-residential building types fell below a year ago. (J. of Comm., 11/25 p.6)

TOOL ORDERS  A major rise in demand for metal forming tools pushed October machine tool orders to $67,150,000, the highest since March of 1957, according to the monthly estimate of the National Machine Tool Builders' Association. The sharp rise from September was made although there was another decline in demand for metal cutting tools, by far the largest of the two segments of the machine tool business. Industry sources give two reasons for the sharp increase in demand for forming tools: More orders from European auto makers and a press replacement program by General Motors Corporation's Fisher Body division. Foreign orders, which represented only about one-eighth of all forming tool orders
in the first nine months of this year, accounted for one-third of the October total. At $7,800,000, they were the highest on record in recent years. (Wall St. J., 11/30 p.28)

RECORD BREAKING  The nation's retailers are nearing the end of their biggest year in history. Already, they are assured that total 1959 sales for all kinds of stores will top all previous annual records and now they are looking ahead to rolling up the largest dollar volume of business ever attained in a Christmas season. Clearly, confidence is high throughout retailing today, despite some setbacks stemming from the steel strike. (Runner. N.Y. Herald Trib., 11/29 II p.5)

STOCK PRICES  Stock prices rose every trading day last week in surprisingly high volume for a holiday week. Electronics issues were the outstanding performers, rallying sharply after some early profit-taking. The long-neglected aircrafts also came in for a share of attention. Street observers pointed out that more and more aircraft companies were becoming electronics-missile companies. The forthcoming Federal budget now being hammered out in Washington is expected to allot a big slice of the spending pie to missiles. (Forrest. N.Y. Times, 11/29 III p.1)

TREASURY BILL RATE  A thirty-year high for interest on short-term Governmental borrowing was set today when two billion dollars in 320-day bills were sold at an average rate of 4.860%. The Treasury is borrowing the money to offset recent and forthcoming payments to redeem maturing securities. The bills will be dated December 2 and will mature October 17, 1960. (N.Y. Times, 11/25 p.47)

FINANCE COMPANIES  Volume of commercial paper outstanding rose spectacularly by $450 million, or 13%, during October to a new record as finance companies, acting the role of Johnnies-on-the-spot, seized an opportunity to borrow much money made idle by liquidation of steel inventories. The rise in commercial paper, incidentally, explained one of the financial mysteries in banking statistics--why bank loans had gone down so slowly while steel inventories had been liquidated so rapidly during the strike period. (J. of Comm., 11/25 p.3)

"MAGIC FIVES" HIT  The nation's 518 mutual savings banks reported for October the largest deposit loss since mid-1947, when monthly statistics on deposits first began to be compiled. The loss, $187 million, reflected the impact...
of shifts of deposits into the Treasury's "magic five per cent bonds" issued in that month. A sequel to the deposit loss was heavy sales of securities by the banks. Although mortgage commitments continued to be met, mortgage holdings rose by $137 million. (J. of Comm., 11/27 p.2)

CORN-- A bumper crop usually means prosperity for the producers. But the price of corn on the farm is about $1 a bushel, less than half that of twelve years ago. And, in the interim, the cost of producing the cereal has advanced substantially. The resulting lower net income to the grower--in many cases a loss--is bound to be reflected in the nation's economy and also will influence the outcome of next year's elections. This year's record corn crop will aggravate an already serious surplus problem in that grain. With the yield forecast at some 500 million bushels greater than estimates of domestic use and exports, an increase in the carryover at the end of this season to about 2 billion bushels seems in prospect. The latest official forecast by the Department of Agriculture places this year's corn crop at a record of 4,402,476,000 bushels. (Carmical. N.Y. Times, 11/25 p.39)

COTTON CLOTH Prices of key cotton print cloths jumped as much as 1/2¢ a yard during a mid-week, pre-holiday spurt of textile buying. Ordering, chiefly for third quarter 1960 deliveries, ended a month-old lull in contract writing for print cloths. Many mills raised their prices again Wednesday--the day of the big volume buying--but not before some of the largest cloth distributors had covered part of their third quarter needs. (O'Donnell. Wall St. J., 11/30 p.5)

SMALL BUSINESS INVESTMENT COMPANIES Speeding up its licensing of small business investment companies to provide long term and equity capital to small firms, the Small Business Administration may end this year with 100 of such companies functioning. Such companies, with provisions for Government-supplied capital up to half of the capital initially paid in, were authorized under the Small Business Investment Company Act of 1958. The latest SBA bulletin announces the formation of four more small business investment companies in four states, bringing to 46 the number licensed to date. Of the 46 licensed up to today, only 22 have received Federal funds, nearly all in amounts up to $150,000. (Tyng. J. of Comm., 11/24 p.1)