CONSUMER PRICE INDEX AT NEW HIGH
Increasing prices have taken an additional cent out of the typical consumer's ten-dollar bill. As of mid-November, the cost of the "market basket" reached another high, the sixth in seven months. The rise of 0.1% in the Consumer Price Index from mid-October to mid-November put the index at the record figure of 125.6. That means that the goods and services that cost $10 in the 1947-49 period now cost $12.56. About 170,000 employees covered by cost-of-living contracts will get automatic wage increases to cover the price rises of the last three months, or six months, as the individual contracts provide. Food continued to be the only downward factor in the Consumer Price Index. Ewan Clague, Commissioner of the Bureau of Labor Statistics, said food prices on balance probably would continue to decline for the next two or three months. (Loftus. N.Y. Times, 12/23 p.1)

CONTRACT AWARDS DOWN IN NOVEMBER
Sharp declines in contracts for highways and housing put total construction contracts last month 9% below November 1958, according to F.W. Dodge Corporation. The decline was the sharpest percentage drop from a year earlier for any month this year and the fourth consecutive year-to-year decline for construction contracts, a measure of future building activity. The November total was $2.4 billion, down about $220 million from November 1958. It compared with $3.1 billion in October 1959. An F.W. Dodge economist said the decline from the prior month was much more than seasonal. Factory awards jumped 90% above the level of November last year, the highest percentage gain for any month this year and a continuation of a year-long trend upwards from low levels of 1958. (Wall St. J., 12/28 p.3)

Selection of these items does not imply this bank's guaranty of their accuracy, nor agreement with the views expressed.
STEEL WORKERS' POLL SET A Government poll of steel workers on management's "last offer" was set today for January 11 to 13. Stuart Rothman, general counsel of the National Labor Relations Board, estimated that 600,000 would be eligible to vote. The Board's field officers will operate the secret-vote machinery under the Taft-Hartley Act's emergency procedures. The law requires that the vote be tabulated and certified to the Attorney General within five days after the poll. The results of the vote will have no legal effect, but could have a psychological one. Government agencies are eager to get the poll out of the way in the hope that it will clear any question of the workers' confidence, or lack of it, in their bargaining representatives. (Loftus. N.Y. Times, 12/24 p.1)

RAILROAD PARLEYS The slowly evolving dispute between the nation's railroads and the organized railroad workers will pick up speed by mid-January. Negotiations have been in recess since December 15. By the middle of next month, it appears, both sides may finally get down to the controversial work-rule question on a national scale. Meanwhile, the threat of a walkout early in 1960 has receded. Some union leaders said that if one came at all it would be as late as May 1. (Wehrwein. N.Y. Times, 12/27 p.49)

MONEY IN CIRCULATION Christmas and yearend demands importantly influenced weekly banking figures, issued a day early because of the approaching holidays. Money in circulation, reflecting spending proclivities, rose to a new all-time high above $33 billion. At the same time, delayed Christmas mails brought the banks of the country a temporary bonanza in the form of $665 million of Reserve credit against checks still in process of collection. The Federal Reserve gives banks credit for such checks on a time schedule that does not take account of mail delays. Also noteworthy in Reserve statistics was a rise in Reserve System holdings of bankers acceptances to the highest level since the Reserve re-entered that market in 1955. These acceptance purchases reflect temporary aid to dealers who have had their problems of late in selling them. (J. of Comm., 12/24 p.1)

TREASURY BILL Christmas influences are casting a spell over the Treasury bill market and instead of being glad ones they are gloomy. Technical considerations are conspiring with normal ones to make Treasury bill yield rates higher than normal. Christmas Eve this year is Thursday, the day upon which this week's new bill offering is to be paid for. The dealers, if they do not resell the bills bought this week by then, will have to
finance their investment in them in expensive Federal funds—now quoted at or above the 4% rediscount rate, for a period of four days. Therefore, they are not keen about carrying any more bills than they have to, and this feeling influences bidding. Added to this purely calendric situation is the continued abstention from the Treasury bill market of two important segments of corporate buyers—automobile manufacturers and steel companies. Inventory building, or simply a failure to generate cash in amounts large enough to invest heavily in bills, accounts for the lack of interest in bills on the part of these two major industries. (Tyng. J. of Comm., 12/23 p.4)

MONEY RATES

Belgium's National Bank raised its discount rate to 4% from 3.25%, effective today. The move made Belgium's central bank the fourth in a European country to increase the bank rate in recent weeks. West Germany led the upward trend with a rise to 3% from 2.75%, September 4, and followed that with a further boost to 4%, October 23. Denmark moved up to 5% from 4.5%, September 19, and The Netherlands to 3.5% from 2.75%, November 16. The rise in European bank rates reflects the increase in strength in the economies of the countries concerned. In the U.S., the 12 Federal Reserve banks upped their discount rates to 4% from 3.5% in September. The Bank of England's rate has been at 4% since November 20, 1958. (Wall St. J., 12/24 p.2)

A.T. & T. EXPANSION

The Bell System expects to continue next year its two-billion-dollar-a-year expansion program and may even set a new record for expenditures by a company. This was announced yesterday in a year-end statement by Frederick R. Kappel, president of the giant company, who said: "We expect continuing growth in service in 1960. This means, of course, that the Bell companies will keep on building a great deal of new plants. Construction expenditures for 1959 come to about $2-1/4 billion and our program for 1960, as we see it now, will be at least that much and maybe more. For this and later construction requirements, we shall continue to need large sums of new capital." (N.Y. Times, 12/22 p.47)

TEXTILES ENJOY

Textile producers' profits for all 1959 are expected to figure out at close to 3% of sales. That would compare with 1.6% last year and would be the highest since the 3.4% earned in 1951. Consumption of textiles may score a 15% gain over 1958, reversing a general downtrend since 1950. This year's biggest gains converged on cotton print cloth as indicated by a spurt in the price of the bellwether 80-square variety from 18-1/4¢ a yard to 23¢. (Wall St. J., 12/28 p.1)
RAYON, NYLON  Rayon tire yarn makers slashed prices 8% to 9% in a
PRICE WAR move to counter recent sweeping mark-downs on nylon
tire yarn. Prices on both types of tire yarns have
dropped twice in the last five months in what appears to be a spir­
ited battle for the original equipment tire market. Adding up the
two rounds of cuts, nylon tags are 13% to 19% lower, while prices
of high-strength rayon, called Tyrex, are down 13% to 16%. (Wall
St. J., 12/24 p.1)

HOG PRODUCTION  Less pork for consumers was foreseen by Government
CUTBACK IN '60? farm officials in a survey today indicating a big
cutback in hog production next year. The Depart­
ment of Agriculture survey showed that farmers planned to produce
11% fewer pigs during the 1960 spring season. These pigs would pro­
vide a correspondingly lower supply of pork next fall and winter.
This planned reduction comes on the heels of a decline of nearly one­
third in this year's hog prices. This drop has stirred rumblings of
producer discontent in politically important midwestern farm states,
where three-fourths of the hogs are produced. The price decline
followed a 12% increase in prices for this year's spring crop.
(N.Y. Times, 12/23 p.35)

TRUCK SALES  Truck manufacturers are predicting another 1 million
PICKING UP unit year in 1960, following an excellent growth in
sales during 1959. Production cutbacks in the current
quarter, caused by the steel strike, will push some of this year's
business into 1960. Thus far this year, 1.1 million trucks have been
produced, or 30% more than the 838,000 made in the same period of
last year. (Fish. J. of Comm., 12/22 p.1)

LEAD PRICE  The price of lead was cut to 12¢ a pound at New York,
CUT AGAIN the second half-cent reduction in a week. Continued
slow demand for the metal led to the drop. Marketers
said buying stayed slow and appeared to be mostly to fill in users'
inventories. Stocks in producers' hands are large. Another factor
in the recent cuts has been competition from foreign metal. At the
12¢ price, American lead is about three cents a pound above the quo­
tation in London. (Wall St. J., 12/22 p.16)

HAPPY NEW YEAR!