JUNE, 1945

BUSINESS CONDITIONS

A REVIEW BY THE FEDERAL RESERVE BANK OF CHICAGO

Fat Situation Tightens

Stocks and Production Decline

The world and the nation continue to face acute shortages of fats and oils due largely to the war in the Pacific having bottled up supplies in that area in territory now in Japanese hands, but also to declining production in this country. With reconquests of Pacific territory it is expected that supplies will be eventually available from this source but it is not possible to determine now how soon and in what quantities such supplies will be forthcoming. The acute shortage is expected to continue in continental Europe until crops there can be harvested in 1946. In the United States the major factor in relieving the supply situation next year is the expected increase in hog marketings in the first part of 1946 resulting from the currently stepped-up production in hogs.

RELIEF NEEDS URGENT

Fats have always played an important part in American diets and in many European diets. They rank high as sources of energy value and in addition have the physiological property of staying in the human stomach longer than other foods. Fats also rate extremely high on the priority list for relieving distress in Europe. Until Pacific sources are freed it may be expected that this country will be the most important source of fats for this purpose.

The urgency of the relief demands for fats in Europe is accounted for by several factors. In terms of the normal food economy of Europe, fats and oils have been the class of food most drastically cut off by the war. This group is one in which the European nations normally have the greatest deficiencies. In addition, it is one of the most desired foods in the dietary habits of many nations and is particularly sought under wartime conditions because it is a highly concentrated food in terms of energy and is consequently relatively easy to ship.

STOCKS AND PRODUCTION OFF

Stocks of fats and oils in this country are seasonally at the lowest point in 15 years. Stocks at the end of the first quarter of this year were nearly 20 per cent below the low point of October 1, 1944. This is in contrast to the normal situation in which stocks are at a peak at the end of March. Normally stocks are about 20 per cent higher on April 1 than on the previous October 1.

Food fat supplies available to civilians in 1945 will be 10 to 15 per cent less than in 1944. Fats and oils for soap will about equal the supplies for the average of the years 1935-39 but, like food fats, will be 10 to 15 per cent below 1944. Stocks of fats and oils for use in paint, linoleum, and oilcloth will be about 40 per cent below the prewar average and approximately 25 per cent less than last year.

The current domestic shortage is due in major part to the sharp reduction in lard resulting from the decrease in hog numbers and to the decline in the 1944 flaxseed crop, and in minor part to the movement of net shipments abroad.

OIL CROPS STILL IN QUESTION

About the only indication of crop volume is the report on prospective plantings by farmers, made as of March 1. The flaxseed intentions indicated that there would be a 37 per cent increase over 1944 in the acreages planted to this crop. For soybeans a slight reduction, amounting to about 2 per cent, was indicated for 1945. Inasmuch as these three crops account for only about 30 per cent of the total factory consumption of fats and oils (excluding butter), slight net change in the acreages of these three crops will probably have very little effect on the total fats and oils production this year as compared with 1944.

Estimates by the Bureau of Agricultural Economics indicate that in 1945 there will be decreases in the production of butter, lard and pork fat, tallows, and linseed oil, and increases in cottonseed oil and corn oil. The largest and most important factor in these reductions is the decline of nearly one billion pounds for lard and rendered pork fat, a decline of nearly 30 per cent from the 1944 total. Other indicated changes are a decrease of about 8 per cent in inedible tallows and greases, a decrease of 45 per cent in linseed oil, and an increase of about 17 per cent in cottonseed oil. Taking all the projected changes into consideration, it appears that the total production of fats and oils from domestic materials in 1945 will be about 11 per cent below that of last year and the lowest total since 1941.

FOOD USES MOST IMPORTANT

Domestically the factory consumption of fats and oils (excluding butter) in this country is very largely in terms of three major groups of end-products. Food uses accounted for half of the fats and oils reported as factory consumption in 1944. Soap and related detergent products absorbed 34 per cent, while paint, varnish, linoleum, and oilcloth accounted for an additional 10 per cent.

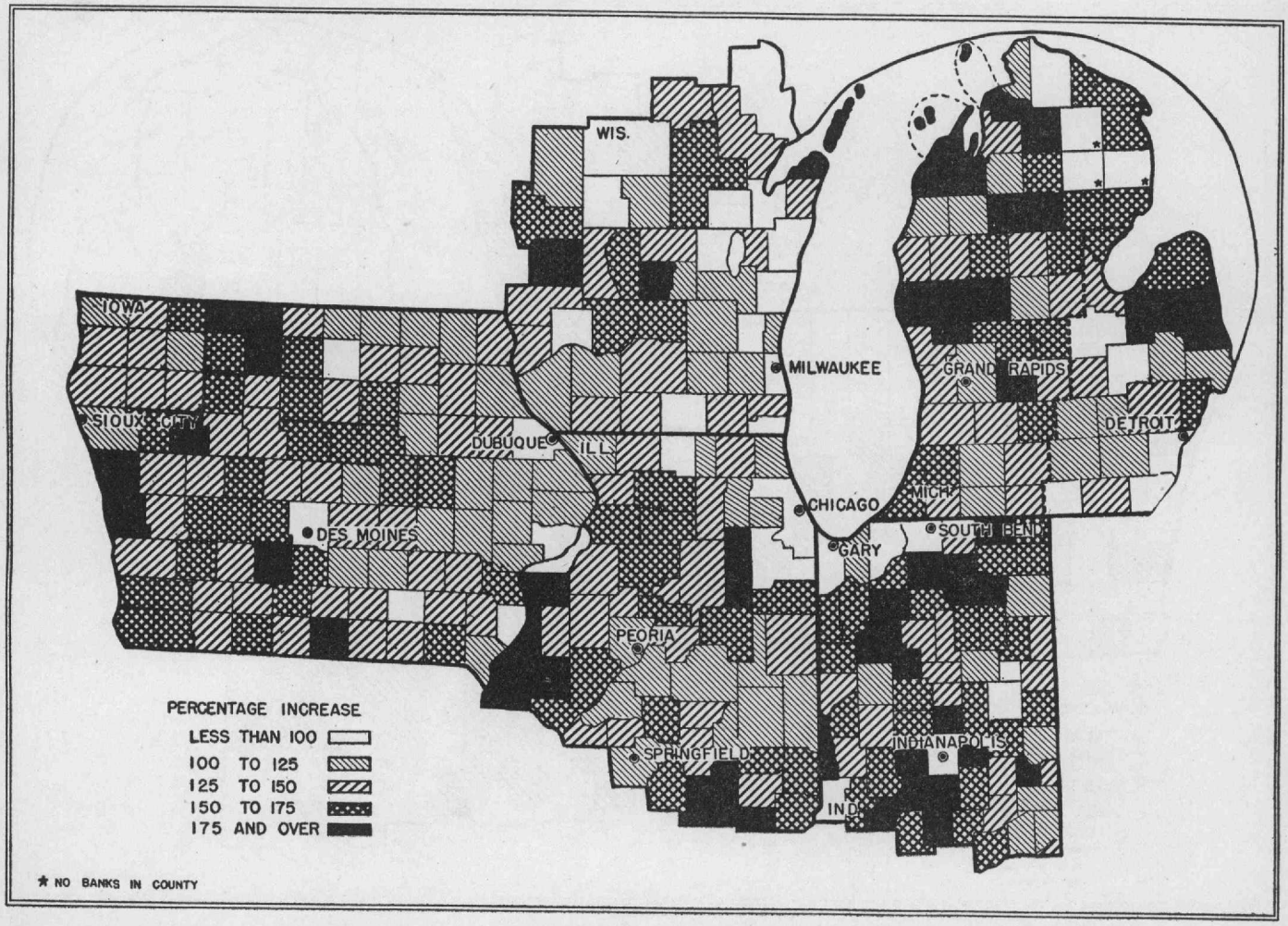
The principal sources for factory consumption in 1944 were inedible tallow, 32 per cent; cottonseed oil, 18 per cent; soybean oil, 17 per cent; and linseed oil, 10 per cent. It should be pointed out that this does not include the butterfat used in the American diet. It is interesting to note that in 1944 for the first time soybean oil became very nearly as important as cottonseed oil in the manufacture of oleomargarine.

Seventh District Deposit Growth

States and Counties Vary in Deposit Gain

In the three years following Pearl Harbor, demand and time deposits of individuals and businesses in the nation rose about 60 per cent to a level of 102 billion dollars. Although all regions shared in this unprecedented expansion, there was much variation from state to state and county to county. Some areas showed huge dollar deposit growth but comparatively small percentage growth, while other regions with small deposits at the beginning of the war showed gains small in dollar amount but percentage gains as high as 250 per cent. The recently released Treasury Department compilation of deposits on December 31, 1944, in all the banks in the country, by county, state, and Federal Reserve district, makes possible analysis of deposit growth during the war by geographical areas within the Seventh District.

In the Seventh Federal Reserve District, demand and time deposits of individuals and businesses rose 6.3 billion dollars to 14.2 billion dollars on December 31, 1944, accounting for approximately 16 per cent of the nation's three year growth. The greatest percentage change occurred in the calendar year 1942 when deposits rose slightly more than 25 per cent. In 1943 this record was almost equaled. The lower rate of growth during 1944, a little over 14 per cent, occurred primarily as a result of the timing of war loan drives. Deposits, particularly demand deposits, tend to be built up prior to war loan drives and are brought down sharply during drives. Thus the fact that the Fourth War Loan Drive started shortly after December 31, 1943, and the Sixth War Loan Drive ended on December 31, 1944, was largely responsible for the relatively small increase in deposits during 1944.



Map I. Percentage Change in Demand Deposits of Individuals and Businesses at All Banks in the Seventh Federal Reserve District, by Counties, December 31, 1941 to December 31, 1944.

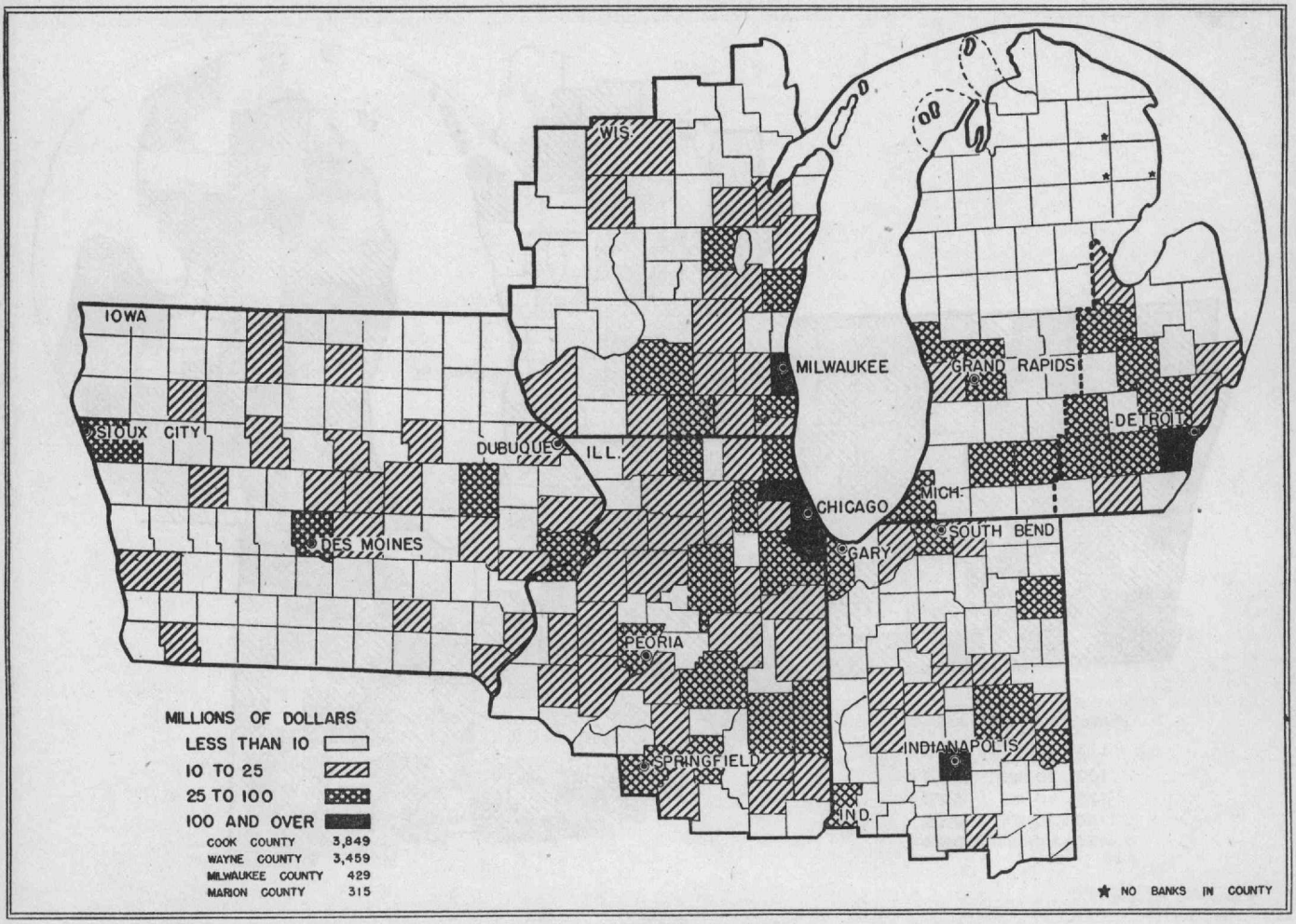
During the three years demand deposits rose 83 per cent to a level of 9.7 billion dollars, while time deposits rose 70 per cent to 4.5 billion dollars. Only one county in the Seventh District gained less than 50 per cent in demand deposits, three-fourths of the counties gaining from 75 to 175 per cent. In time deposits three-fourths of the counties gained from 25 to 100 per cent, while some 26 counties actually showed declines.

Demand deposits constituted approximately two-thirds of the total deposits of individuals and businesses in the District on December 31, of both 1941 and 1944. However, there was a marked difference in behavior in time and demand deposits between these two dates. Demand deposits grew at a decreasing rate in each of the three years, while the rate of growth of time deposits increased sharply each year.

REGIONAL DIFFERENCES IN DEPOSIT GROWTH

An over-all view of wartime deposit growth in specific localities within the District may be obtained by examining the accompanying maps which show time and demand deposits of individuals and businesses on December 31, 1944, and percentage growth in time and demand deposits from 1941 to 1944, by counties. It should be noted that striking differences in percentage gains in areas including several counties which have a similar economy may possibly arise from the fact that banking facilities in a given county serve not only that county but also surrounding communities. Other factors of this kind may also be responsible for county variations.

Map I, showing percentage change of demand deposits in the three years, indicates a fairly even distribution of small and heavy gaining counties among the states. When compared with Map II, which shows dollar amount of demand deposits of individuals and businesses as of December 31, 1944, there appears to be a definite inverse relationship between the amount of county deposits and amount of percentage growth in deposits. That is, localities which had large amounts of checking accounts before the war, although gaining greatly in dollar amount of deposits, experienced



Map II. Demand Deposits of Individuals and Businesses at all Banks in the Seventh Federal Reserve District, by Counties, December 31, 1944.

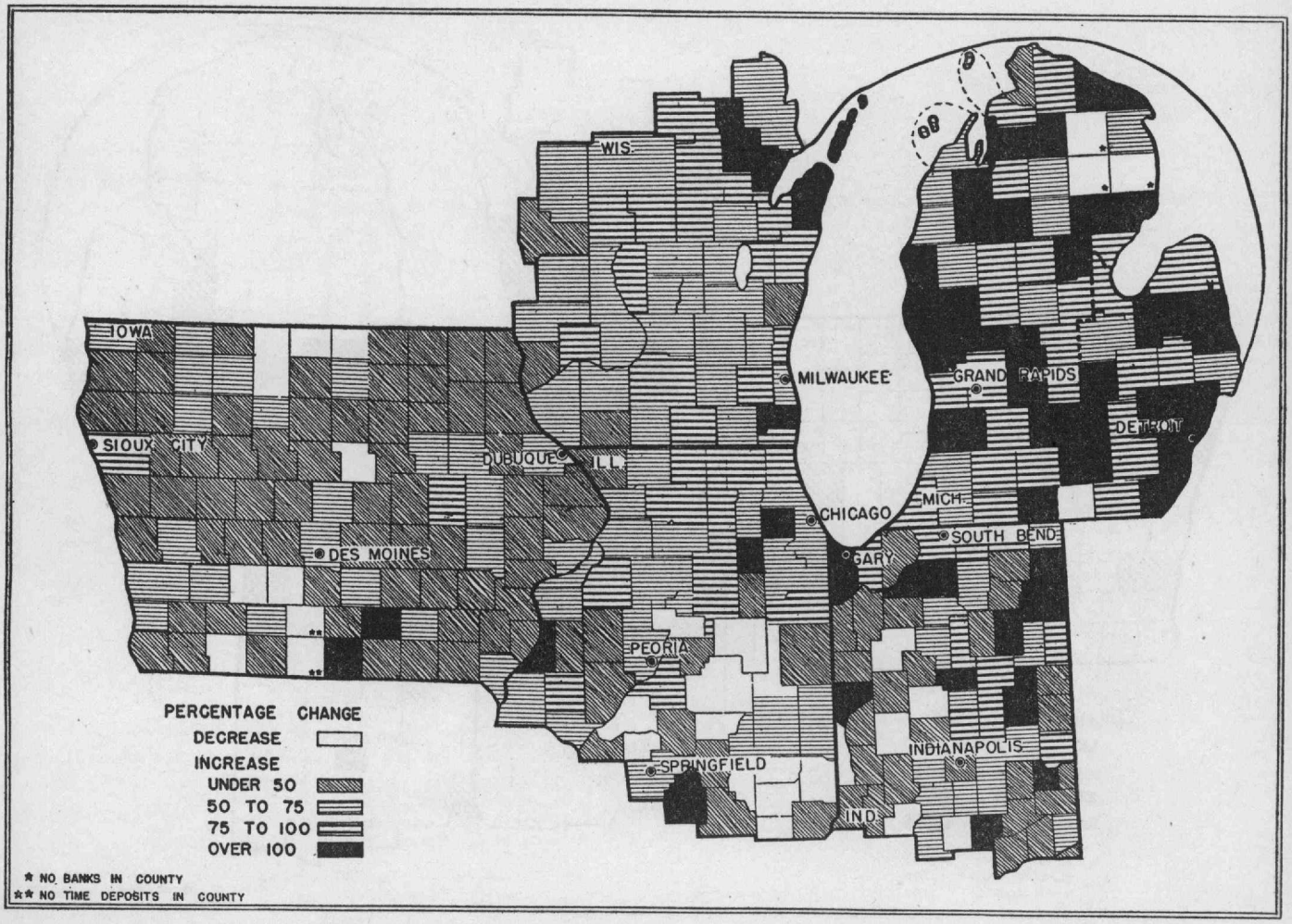
comparatively light percentage changes. This occurred particularly in the wartime industrial areas in the District which were heavily industrialized even before the war. A few industrial areas did show percentage gains of from 125 to 150 per cent. The Battle Creek area in Calhoun county, Michigan, Oakland county in the Detroit industrial area, Bay and Midland counties in the Saginaw-Bay City area, and Racine County in the Milwaukee industrial area are of this class. The counties showing gains over 175 per cent, in general, are those which were either rural or relatively lightly industrialized before the war and which experienced major changes in the nature of their economy as the result of the war. Areas with newly established military bases or camps are of this type as are also those with newly expanded industries. The shipbuilding regions in the District which expanded greatly during the war are a prime example.

Inspection of Maps III and IV, which show percentage changes in time deposits during the three years, and the dollar level of these deposits on December 31, 1944, respectively, seems to indicate that unlike the case of demand deposits there is no particular relationship between amount of deposits at the beginning of the war and the three year percentage change. Some of the war industry regions which were heavily industrialized even at the beginning of the war showed the heaviest time deposit percentage gains experienced in the District. Examples are Allen County, Indiana and the four counties in the Detroit industrial area.

Map III shows lightly shaded areas in almost the entire state of Iowa and in the farming regions of Wisconsin and Indiana, indicating either actual decreases in time deposits in those areas or small percentage gains.

MICHIGAN SHOWS LARGEST DEPOSIT GAINS

Banks in the Seventh District portion of Michigan recorded the greatest percentage increase in total deposits for the three years—slightly over 100 per cent. Demand deposits rose 103 per cent, two counties experiencing gains of over 225 per cent. In the year 1942 alone Michigan demand deposits rose 56 per cent. In time deposits the state gained 97 per cent in the three years, the highest state percentage increase in time deposits in the District.



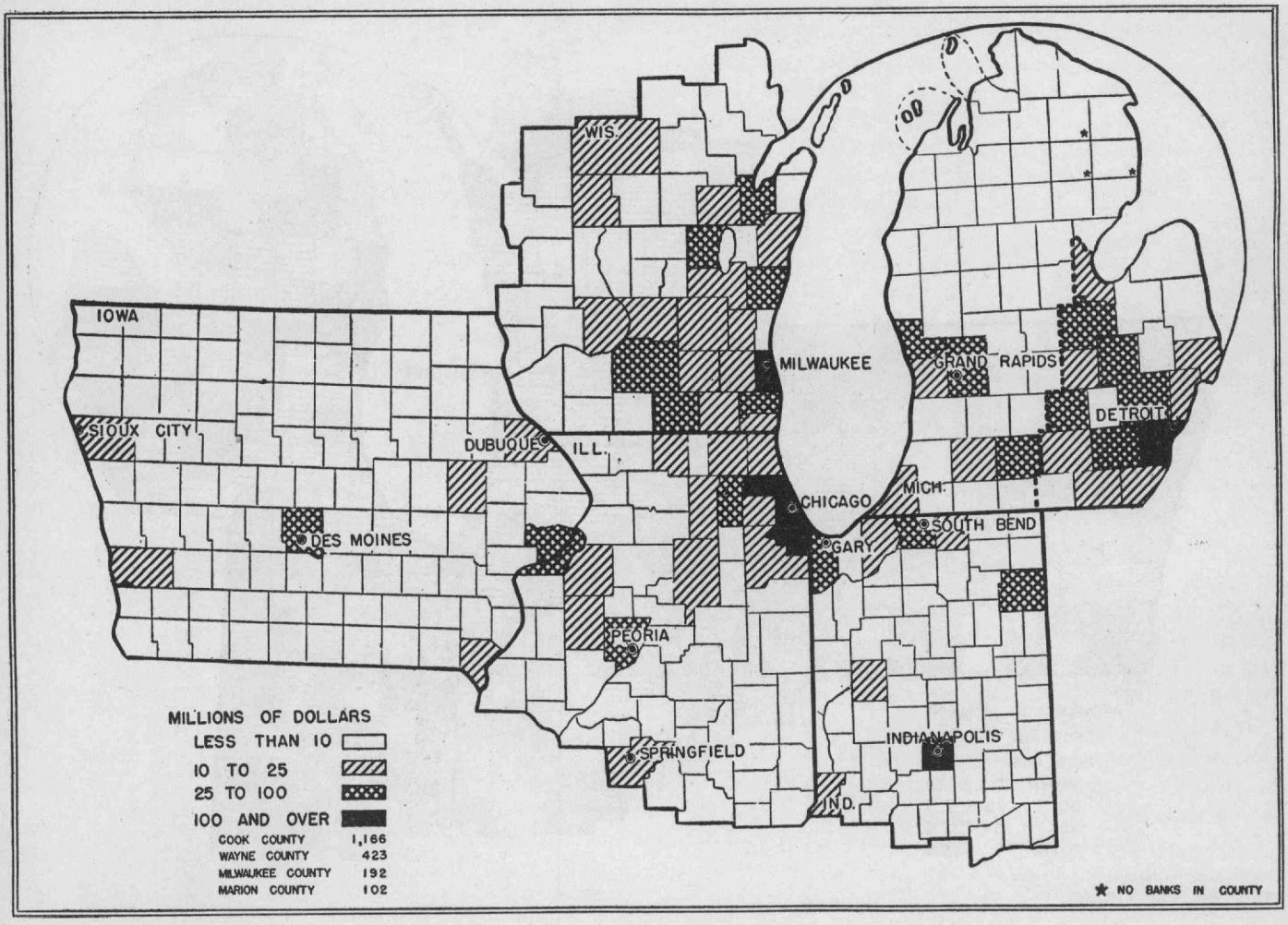
Map III. Percentage Change in Time Deposits of Individuals and Businesses at All Banks in the Seventh Federal Reserve District, by Counties, December 31, 1941 to December 31, 1944.

Iowa ranked the highest in percentage growth of demand deposits, 119 per cent, and the lowest in time deposits, 45 per cent. In two-thirds of the counties in Iowa the growth in demand deposits ranged from 125 to 175 per cent. There was less variation from county to county in deposit growth in Iowa than in other states of the District. In 1944 almost all Iowa counties gained from 10 to 30 per cent in demand deposits. Seven counties showed actual decreases of time deposits over the three-year period, while nine-tenths of the counties gained up to 75 per cent.

Illinois, which holds over 40 per cent of the District's deposits, showed a percentage gain of 62 per cent in total deposits during the three year period. It experienced the lowest percentage gain in demand deposits, weighted by the Chicago area which had a large deposit base at the beginning of the war. However, the dollar increase in demand deposits in the state amounted to almost 2 billion dollars and was the greatest state gain in the District. Demand and time deposits closely approached each other in percentage growth, the former amounting to 63 per cent in the three years, the latter 57 per cent. When Cook county is excluded, the remaining Seventh District part of Illinois showed a gain of 121 per cent in demand deposits and 65 per cent in time deposits in the three years. No county in Illinois showed a percentage gain in demand deposits of less than 50 per cent and only four counties gained less than 100 per cent. Twelve counties in Illinois showed declines in time deposits. About two-thirds of the counties gained from 25 to 100 per cent.

Wisconsin deposits rose 86 per cent in the three years, demand deposits going up 100 per cent and time 71 per cent. No county in the state showed a demand deposit gain of less than 75 per cent, three-fourths of the counties gaining from 75 to 150 per cent. In time deposits no county gained less than 25 per cent, almost half gaining from 50 to 75 per cent.

Indiana deposits rose 93 per cent from December 1941 to December 1944. Demand deposits rose 110 per cent in the three years, no county rising less than 75 per cent, three-fourths of them from 125 to 200 per cent. In 1944, demand deposits in Indiana rose almost 14 per cent, which was the largest gain shown by any of the District states in that year. Time deposits rose 65 per cent in the three years, six counties showing declines.



Map IV. Time Deposits of Individuals and Businesses at All Banks in the Seventh Federal Reserve District, by Counties, December 31, 1944.

Distribution of Department Store Sales

Departmental Shifts Reflect Wartime Buying Trends

That consumers with war-swollen incomes have increased their expenditures in spite of material shortages and other restrictions on the exercise of their purchasing power is evidenced by the steadily upward trend of department store sales. Total net sales of reporting stores in the Seventh District in 1944 were 9 per cent higher than in 1943 and were 30 per cent above the level of 1941. Analysis of sales by departments, however, reveals changes in the composition of total sales which would be expected in response to altered inventories and the effects of excise taxes and rationing on buying habits. A substantial amount of the increase in the dollar volume of department store sales has been due to higher prices and to upgrading of merchandise into higher-priced brackets.

The departmental study prepared this year, based on a selected sample of 64 stores in the Seventh District, covers the four-year period 1941-1944.[1] The analysis includes percentage changes in sales by departments, the departmental distribution of total store sales, and the percentage of annual sales for each department made in each month. Although all stores do not report for all departmental classifications, the percentages shown for each department are based on net sales of only those stores reporting for that department.

In general, departments handling durable goods which are short in supply, such as furniture and major household appliances, have declined in importance relative to total sales while soft goods—especially women's wear—have shown the most substantial gains. In addition to the changes in the departmental distribution of sales on an annual basis, the timing of factors such as taxes and rationing has modified to some extent the prewar seasonal sales pattern.

DEPARTMENTAL SALES GAINS UNEVEN

Every major merchandising division (housefurnishings, men's and boys' wear, piece goods, ready-to-wear accessories, small wares, and women's and misses' ready-to-wear) reported some gain in sales during 1944. The accompanying charts show the sales trends for these divisions since 1941 together with those for individual items which were selected to indicate the range of variation within each group.

Piece goods, ready-to-wear accessories, and women's and misses' ready-to-wear groups reported sales in 1944 which were more than 60 per cent above the 1941 level. Piece goods showed the largest percentage increase—rising 67 per cent during the past three years and expanding from 5 per cent to 6 per cent of total store sales. The increased popularity of piece goods has been attributed to two factors—upgrading and higher prices of ready-to-wear items and the fear of shortages of both ready-made clothes and materials.

Women's wear has always been an important component of total sales of department stores. In 1941 women's and misses' ready-to-wear and ready-to-wear accessories groups together accounted for 28 per cent of annual sales. By the close of 1944 this proportion had risen to 33 per cent. The growing importance of women's wear during the war is to be expected not only because fewer women than men have entered the armed services, but also because more women have become wage earners. Moreover, the difficulty of obtaining durable goods has left a larger proportion of incomes to be spent on clothes.

Ready-to-wear accessories sales have risen 65 per cent over the 1941 level. In 1944 they showed the greatest percentage

TABLE I

DEPARTMENT STORE SALES BY MERCHANDISING DIVISIONS

Percentage Change from Previous Year

Merchandising Divisions	Year	Seventh District	Cities in the District			
			Chicago	Detroit	Indianapolis	Milwaukee
Net Sales	1941	+15.9	+9.9	+21.3	+18.7	+21.5
	1942	+10.0	+5.7	+17.1	+17.4	+15.3
	1943	+8.5	+7.7	+3.2	+21.1	+10.6
	1944	+8.9	+9.8	+4.2	+11.2	+13.0
Housefurnishings	1941	*	*	+28.4	+20.2	+26.8
	1942	+5.0	+2.0	+9.9	+7.1	+12.2
	1943	—5.6	—2.0	—12.7	—4.9	—7.3
	1944	+3.3	+5.1	—3.4	+5.2	+2.8
Men's and Boys' Wear	1941	*	*	+15.7	+23.6	+13.9
	1942	+13.1	+10.2	+18.7	+18.7	+9.6
	1943	+9.0	+7.8	+7.8	+17.8	+8.7
	1944	+8.6	+7.5	+4.4	+12.2	+13.1
Piece Goods	1941	*	*	+27.8	+16.0	+19.1
	1942	+20.8	+16.1	+31.7	+27.2	+20.0
	1943	+25.1	+20.1	+23.6	+39.5	+34.4
	1944	+10.7	+7.9	+6.7	+19.7	+21.0
Ready-to-Wear Accessories	1941	*	*	+16.5	+18.8	+16.1
	1942	+19.8	+14.7	+28.2	+32.2	+21.9
	1943	+19.8	+17.1	+17.3	+33.5	+21.4
	1944	+14.9	+13.6	+13.6	+15.2	+13.5
Small Wares	1941	*	*	+18.1	+21.4	+20.4
	1942	+13.7	+8.9	+18.7	+26.1	+17.3
	1943	+18.7	+17.1	+14.9	+30.2	+20.8
	1944	+14.7	+11.8	+16.4	+18.7	+16.1
Women's & Misses' Ready-to-Wear	1941	*	*	+18.7	+20.6	+19.5
	1942	+16.0	+9.6	+25.9	+20.3	+19.5
	1943	+29.6	+27.2	+24.7	+39.4	+36.3
	1944	+7.7	+8.1	+0.7	+10.5	+10.3

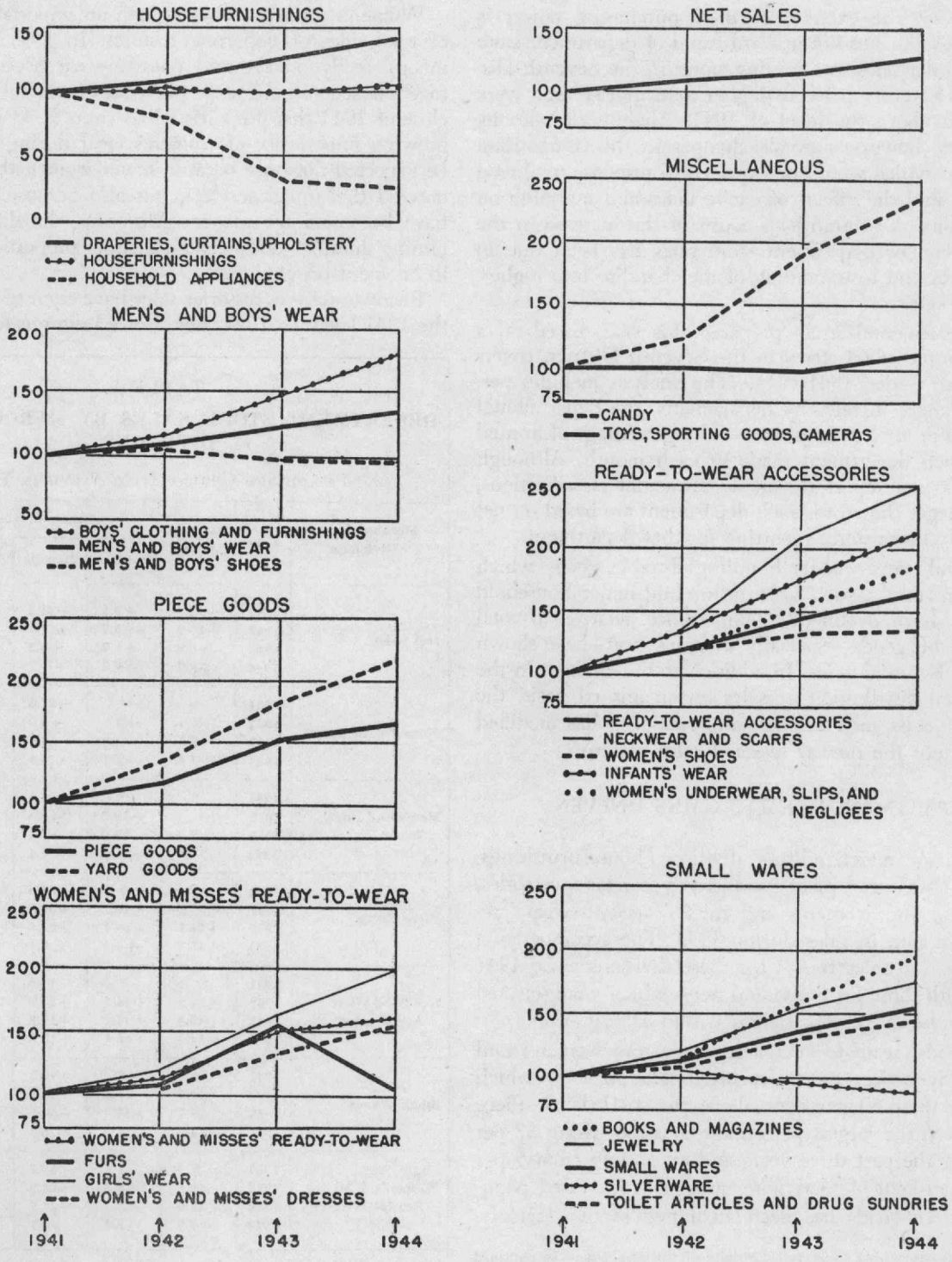
*Not available.

[1] A pamphlet containing the detailed results of this study may be obtained on request to the Research Department, Federal Reserve Bank of Chicago, Chicago 90, Illinois.

INDEX OF DEPARTMENT STORE SALES

MERCHANDISING DIVISION AND SELECTED DEPARTMENTS

SEVENTH FEDERAL RESERVE DISTRICT
1941 = 100 PER CENT



rise among principal merchandising divisions. At the close of that year they constituted 18 per cent of total sales compared with 15 per cent in 1941 and now make this department the most important with respect to the dollar volume of annual sales. Sales of neckwear and scarfs, which were 3 times as great in 1944 as those reported for 1941, have shown a greater relative increase than that of any other individual department. Sales of infants' wear also have more than doubled in the three-year period.

Women's and misses' ready-to-wear items, which show a 62 per cent expansion since 1941, took second place in importance in relation to total store sales—increasing from 13 per cent to 15 per cent of all items sold. Because of the decline in fur sales during 1944, as a result of the imposition of the 20 per cent excise tax, the rate of increase in this division as a whole fell off sharply. The rise for 1944 was only 8 per cent compared with 30 per cent for the previous year. Fur sales alone declined 30 per cent during the year. This decline is evidence of the extent to which the tax has been effective in limiting the amount of consumer expenditures on this particular luxury item.

Sales of small wares for the District in 1944 were up 55 per cent above 1941—reflecting principally expanded purchases of books and magazines and jewelry. Jewelry sales have risen 96 per cent since 1941 and toilet articles and drug sundries also show substantial gains despite the repressive effect of the excise tax on sales of these items. Jewelry stocks were supplemented by new kinds of costume jewelry in fairly high-priced lines. Meanwhile, due to sharp contraction in silverware stocks as well as higher taxes, silverware sales dropped 12 per cent.

As would be expected with a large portion of the male population in the armed services, the increase in sales of men's and boys' wear from 1941 to 1944 has been moderate and was chiefly attributable to the 80 per cent rise in sales of boys' clothing. Men's and boys' shoe sales were down 6 per cent from the 1941 level.

Expanding consumer expenditures have been largely directed to wearing apparel and such luxury items as are obtainable. Sales of housefurnishings are slightly above the 1941 level but have declined as a share of total sales volume from 17 per cent in 1941, when they were the largest single component of total sales, to 13 per cent in 1944. Major household appliances during the same period fell 75 per cent—a far more severe curtailment than occurred in any other department. Appliance inventories have been virtually exhausted and, of course, there are few available substitutes for these items. Musical instruments, radios, and phonographs were also seriously affected, both 1943 and 1944 showing sales declines of more than 45 per cent.

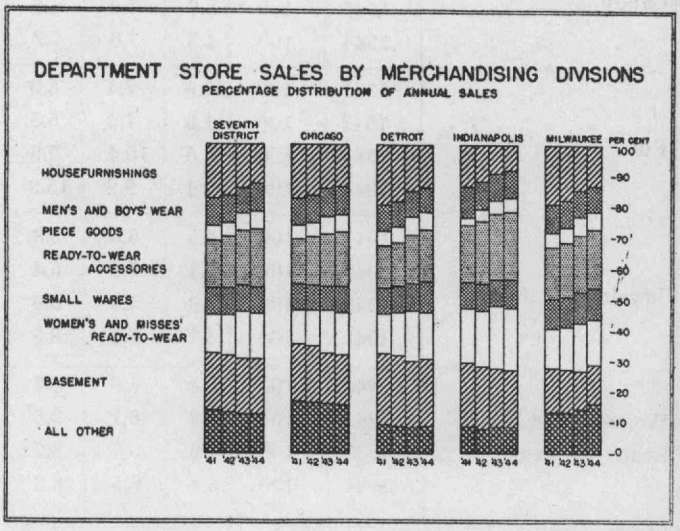
Despite shortages and wartime substitutes, sales of furniture, mattresses, and springs showed a slight gain for 1944, largely as a result of greater concentration of sales in higher-priced items. Meanwhile, consumers unable to obtain new furnishings purchased materials to rejuvenate their old ones. As a result, sales of draperies, curtains, and upholstery rose 42 per cent over the three-year period. Expanded sales in this department tended to offset the effect of furniture and appliances shortages on sales for the housefurnishings group as a whole.

Sales of most of the items affected by the excise tax continued to expand during 1944. Furs, luggage and silverware were the only groups to report declines. For other articles, including cosmetics, toiletries, and handbags, the unit cost to consumers is, for the most part, fairly small, so that even a 20 per cent tax has not been prohibitive.

SALES INCREASE RETARDED

Although each major division continued in 1944 to show gains in sales over the previous year, the rate of increase, with the exception of housefurnishings, showed some decline. Among the most important causes of this slackening in the rate of sales growth were declining stocks; the leveling off in growth of consumer incomes, which correlate closely with retail sales, as the peak of war production was reached; and the restrictive effects of additional excise taxation. Because the effects of these factors were uneven, the retardation in the rate of sales increase was greater for some departments than others.

Year-to-year sales changes have conformed rather closely to a common pattern in each of the four principal Seventh District cities, but they vary in degree depending on local circumstances—in particular on the timing and volume of war contracts. Stores in Chicago reported smaller percentage increases in sales than those in the other major cities but have shown smaller variations in the rate of increase from year to year. Although the volume of war production in Chicago has been very large, the peak was reached later than in the other cities. Moreover, the percentage rise in manufacturing payrolls for Chicago has been considerably smaller than for Indianapolis, Milwaukee, or Detroit. Detroit, which felt the effects of the defense and war program early, experienced sizable percentage increases in sales during 1941 and 1942 but has lagged behind even Chicago during the past two years. Milwaukee also had substantial initial gains, but sales in that city have continued to grow at a fairly steady pace.



Among the principal Seventh District cities, Indianapolis has probably felt the greatest effect of the war boom. Sales in Indianapolis have risen more percentagewise than those of any of the other District cities. Both sales and payroll indexes for that city have gone up sharply since 1940 as a result of the tremendous expansion in production of aircraft engines and parts in the Indianapolis area.

SEASONAL PATTERN INFLUENCED

Department store sales ordinarily show a marked seasonal pattern with December as the most important month. January and February and the mid-summer months are usually the periods of greatest slack in volume of sales. Although some items, such as furs, vary somewhat from this general pattern, it prevailed for most departments prior to the war.

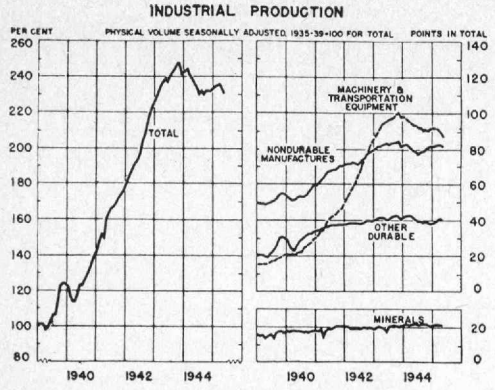
During the past four years several factors have operated to alter this typical distribution of sales. The percentages of total annual sales made during each month for selected departments given in Table II show the effects on the seasonal sales pattern of the high level of sales and the shortages of merchandise associated with war conditions, and to a lesser extent the imposition of rationing and excise taxes.

October and November sales have increased largely as a reflection of the recent tendency for Christmas shopping to be spread over a three-to-four month period. The introduction of shoe rationing in February 1943 not only affected the seasonal sales pattern for shoes—most significant in June 1943 when the No. 17 shoe coupon expired—but had indirect effects on sales of other departments as consumers attempted to "stock up" against the possibility that rationing would be extended to other merchandise. Increased sales of articles subject to Federal excise taxes are noticeable just previous to effective dates of the tax or a rate increase. This was particularly noticeable in fur sales just prior to October 1, 1941, when a 10 per cent tax on furs became effective, and again in March 1944 just before the tax on furs, jewelry, toilet preparations, handbags, and luggage was raised to 20 per cent.

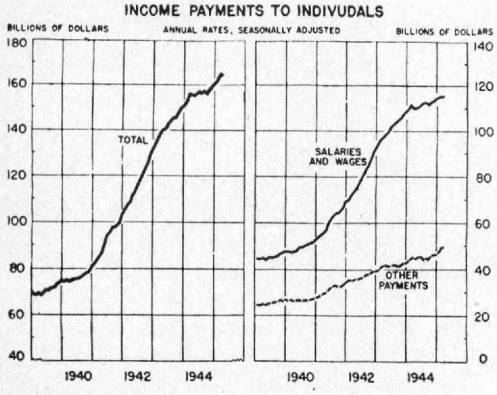
TABLE II

MONTHLY DISTRIBUTION OF DEPARTMENT STORE SALES BY SELECTED DEPARTMENTS, 1941-1944
SEVENTH FEDERAL RESERVE DISTRICT

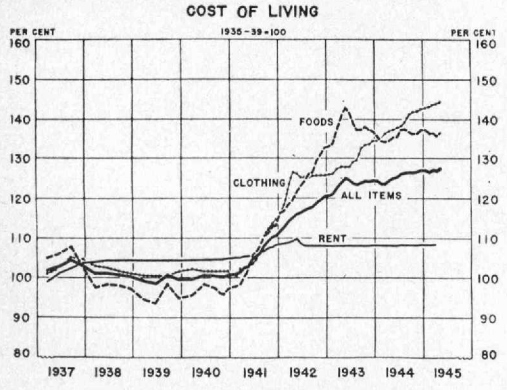
Department	Year	Annual	Percentage Distribution by Months											
			Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Housefurnishings	1941	100	5.1	7.3	7.7	8.5	9.5	8.3	6.7	8.8	10.4	8.7	8.3	10.7
	1942	100	6.9	8.0	8.9	10.0	8.9	7.3	6.3	7.3	8.5	9.0	8.3	10.6
	1943	100	6.4	8.2	8.3	9.3	9.6	8.2	7.3	7.5	7.9	8.7	9.0	9.6
	1944	100	6.1	6.6	8.0	8.6	9.7	8.2	7.0	7.8	8.4	9.3	9.8	10.5
Women's Shoes	1941	100	4.9	6.8	8.0	9.9	10.3	8.3	5.2	9.0	10.6	8.5	8.3	10.2
	1942	100	6.9	6.6	8.9	9.1	8.4	7.7	5.7	7.7	10.1	9.9	8.3	10.7
	1943	100	6.9	8.5	8.2	9.2	8.0	11.8	5.2	6.2	9.3	9.2	8.6	8.9
	1944	100	6.6	5.5	7.9	9.6	8.9	8.9	6.5	7.0	9.0	8.8	9.8	11.5
Candy	1941	100	4.1	6.2	5.6	10.7	6.7	6.8	5.2	5.8	7.0	9.0	9.6	23.3
	1942	100	5.4	6.8	7.9	7.8	5.8	5.4	4.8	5.4	6.6	9.7	10.1	24.3
	1943	100	5.0	7.0	6.9	10.0	6.2	5.2	5.0	5.4	7.8	10.9	9.7	20.9
	1944	100	4.8	7.0	7.2	8.2	5.8	5.1	4.9	5.7	10.9	14.1	9.2	17.1
Furs	1941	100	10.3	7.4	6.9	3.5	1.9	1.6	5.8	24.1	17.7	3.9	8.2	8.7
	1942	100	11.0	7.4	5.9	3.1	1.2	0.6	3.0	14.9	10.9	12.2	14.0	15.8
	1943	100	10.5	10.4	7.9	4.4	2.5	2.0	4.8	10.8	9.0	11.4	13.2	13.1
	1944	100	12.1	9.8	15.9	1.4	0.8	0.7	3.0	9.4	8.3	11.2	13.2	14.2
Jewelry	1941	100	4.5	5.0	5.3	6.2	7.1	7.2	5.0	6.1	9.8	7.5	10.7	25.6
	1942	100	4.3	4.8	5.4	5.7	6.5	6.9	5.0	6.4	8.0	9.2	12.1	25.7
	1943	100	4.3	5.6	5.6	6.7	7.0	6.9	5.7	6.7	8.0	9.2	12.6	21.7
	1944	100	4.7	6.1	8.5	5.0	6.5	6.3	5.0	6.5	7.7	9.1	12.8	21.8
Women's and Misses' Ready-to-Wear	1941	100	6.4	5.8	8.7	8.9	8.0	6.8	5.3	10.8	11.9	8.7	8.5	10.2
	1942	100	7.2	6.1	9.8	8.3	6.5	6.3	4.9	8.8	10.5	10.6	9.4	11.6
	1943	100	6.6	9.7	8.7	8.5	6.6	7.1	5.6	8.4	9.3	9.8	9.3	10.4
	1944	100	6.6	6.5	8.8	8.2	8.2	7.0	5.5	8.6	9.5	9.8	9.6	10.7



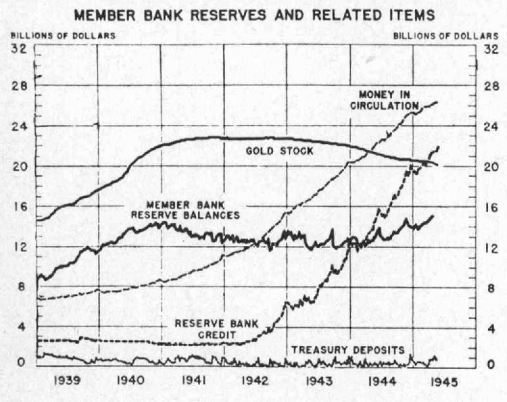
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for April, 1945.



Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for March, 1945.



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940, monthly thereafter. Mid-month figures, latest shown are for April, 1945.



Wednesday figures, latest shown are for May 16, 1945.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Output and employment at factories declined somewhat in April. Department store sales showed a marked decline and wholesale commodity prices continued to advance slightly.

Industrial production—Industrial production, which had advanced earlier this year, declined in April to the same general level that prevailed during the last half of 1944. The Board's seasonally adjusted index was 231 per cent of the 1935-39 average as compared with 235 in the first quarter.

Activity in the machinery and transportation equipment industries declined about 3 per cent in April, reflecting curtailed munitions production; the largest part of the decrease was accounted for by a further reduction in operations at shipyards. As a result of the decline in shipbuilding during the last 12 months, activity in the transportation equipment industries in April was 10 per cent below a year ago.

Steel production was maintained at the March level as a decline in output at open hearth furnaces was offset by a further rise in steel produced in electric furnaces. Production of nonferrous metals, which had increased somewhat during the first quarter of this year, showed little change in April. Output of stone, clay, and glass products was maintained at the first quarter level, while lumber production continued to decline.

Production of textiles and manufactured food products declined slightly in April and was at the level of a year ago. Cotton consumption showed a decrease of 5 per cent from March but rayon shipments rose further to a record level. Activity at meatpacking establishments, which had shown little change during the first quarter after allowing for seasonal fluctuations, declined 10 per cent in April. Output of rubber products decreased as the shortage of carbon black continued to limit production despite measures to stretch available supplies. Production of most other nondurable goods showed little change.

Bituminous coal production recovered in the latter part of April from a substantial decline earlier in the month due to work interruptions accompanying contract negotiations. Output for the month was 8 per cent below that of March and in the first two weeks of May continued at this lower rate. Anthracite production in April was 14 per cent higher than in the preceding month but declined sharply in May prior to agreement on a new wage contract on May 19. Output of crude petroleum has been maintained at record levels and iron ore production has shown an exceptionally large increase this Spring due to early opening of the navigation season on the Great Lakes.

Distribution — Department store sales declined sharply in April and the Board's seasonally adjusted index was 181 per cent of the 1935-39 average as compared with an average of 211 in the first quarter and with 172 in April, 1944. Sales in the first half of May were only slightly larger than in the corresponding period a year ago. Owing to unseasonably warm weather and expectations of shortages, much Spring shopping, which would usually be done in April and May, occurred this year in February and March. In mid-April many stores were closed immediately following the death of President Roosevelt. Also, in particular cities part of the recent decrease in sales appears to have been associated with actual or anticipated income declines resulting from cutbacks in war production.

Freight carloadings of most manufactured products were maintained at a high level in April and the early part of May and were above the same period a year ago. Shipments of coal and lumber, however, were in smaller volume, reflecting reductions in output of these commodities.

Commodity prices — Wholesale prices of farm products advanced in April and then showed little change in the first 3 weeks of May. Maximum prices for coal, steel products, and various other industrial commodities have been raised somewhat in recent weeks.

Retail price changes for foods and other commodities apparently have continued to be small in April and the early part of May.

Bank credit — During the four weeks ended May 16 total deposit and currency holdings of businesses and individuals increased by nearly 3 billion dollars. Increases of about 300 million in currency and of over 400 million in reserves required to be held against expanding deposits at member banks resulted in an increased demand for reserve funds by member banks. This demand was supplied largely by an increase of about 500 millions of dollars in Reserve Bank holdings of Government securities, mostly bills and certificates, and in part by a temporary decline in Treasury deposits at the Reserve Banks. Excess reserves rose slightly to around a billion dollars.

In the 5 months between war loan drives, December 20 to May 16, reporting banks in 101 cities reduced their holdings of short-term Government securities by around 2.3 billion dollars in order to maintain adequate reserve balances. But during the same period bond holdings of these banks were increased by 1.6 billion dollars.