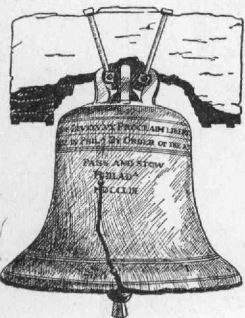


THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

JANUARY 1, 1941

FEDERAL RESERVE BANK
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RECEIVED
STATISTICAL DIVISION

Industrial and trade activity in the Third Federal Reserve District has expanded further from the high levels reached in the early fall, and additional advances in basic lines are in prospect during the coming months. Factory payrolls have increased steadily since last spring and by the end of the year were at the highest level in a decade. Retail demand for goods has been active and well diversified. Over a billion dollars in government orders for defense materials has been placed in this district since June in addition to a large volume placed earlier. Substantial new orders are being received by factories, backlogs are still unusually large, and inventories generally have not been excessively accumulated, so that with the acceleration of defense production operating rates and plant capacities are expected to increase further.

From October to November manufacturing activity and the production of crude oil declined less than seasonally, and the output of coal expanded more than was to be expected. The principal gains in manufacturing lines were again reported by producers of heavy goods. Industrial production in November was somewhat above the high levels prevailing a year earlier, and during the first eleven months substantially exceeded the corresponding period of 1939.

Construction activity increased further from October to November and for the year as a whole reached the highest levels in a decade. Particularly sharp gains have occurred in the erection and renovation of industrial and commercial structures. Demand for houses has been increasing.

General employment in Pennsylvania increased slightly further in November, and wage disbursements continued at the high levels reached the month before. Wage payments were reduced some-

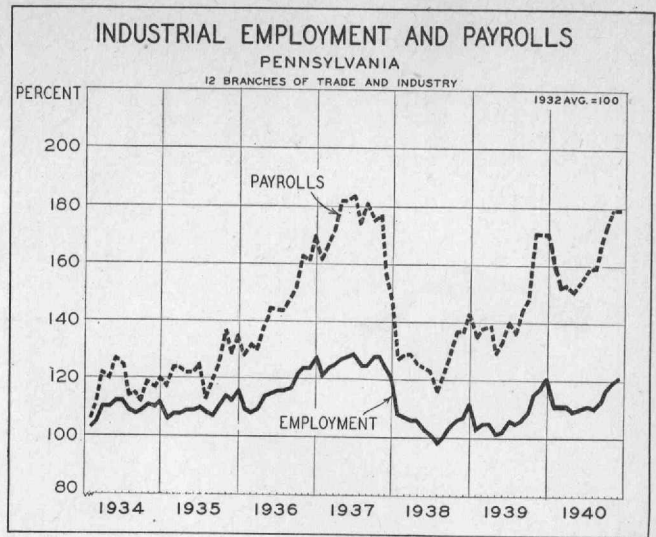
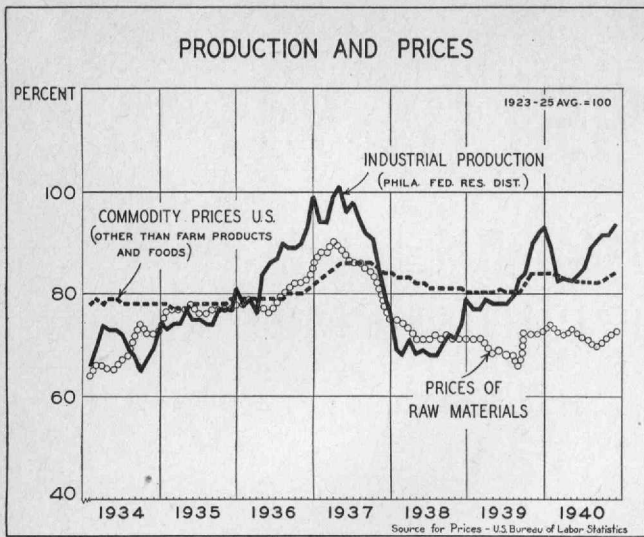
what in some mining operations and in certain service industries, but these declines were offset by increases at anthracite mines and in factories and distributive establishments. Preliminary reports indicate further gains in factory employment and payrolls in December.

Retail trade sales expanded more than usual in November, and Christmas buying reached the largest volume in the past ten years. Sales at wholesale have declined somewhat, as is to be expected at this season, but the volume of reorders has been substantial and some advance buying is appearing. Freight shipments have been unusually well maintained and inventories in distributive channels are moderate.

Prices of basic industrial and agricultural commodities increased somewhat from October to November and have since been fairly steady at levels above those prevailing before the war in August 1939. Wholesale prices generally have been firm.

Manufacturing. Manufacturing activity in this district during November continued at the high levels established in the previous month. After allowing for seasonal variation, the output of factories has expanded steadily since early last spring, the principal gains being in heavy goods industries. Employment and income are still increasing, a large volume of new orders is being received, backlogs are heavy, inventories moderate, and prices firm. The prospects are for further increases in activity during the coming year, as consumer demand is improving and industries in this area are increasingly active on the National Defense Program.

Demand for products manufactured in this district has been expanding, except in the case of some textiles and building materials, where seasonal declines were in evidence. Factory sales in virtually



all lines are well above a year ago. The volume of unfilled orders at reporting factories declined somewhat in the month except at plants manufacturing steel and leather products but was substantially above a year ago in nearly all lines.

Prices of manufactured goods generally advanced from the middle of November to the middle of December to levels above a year ago. Costs of basic materials have shown little change in recent weeks but are still considerably higher than before the war.

Inventories of finished goods at reporting factories were reduced in the month in all lines and in most cases were somewhat below last year. Manufacturers, however, are maintaining larger supplies of raw materials to meet the requirements of increased operating rates.

Factory operations to the middle of December were generally increased further. Seasonal declines were in evidence only at plants producing textiles and building materials. In virtually all lines output has been above a year ago. Expanded production and prospects for continued strong market conditions have encouraged an increasing amount of expansion of plants and equipment.

Factory employment and payrolls in Pennsylvania again increased slightly in November, continuing the steady advance which has been in evidence since April and May. Approximately 110,000 workers have been added to the rolls in Pennsylvania factories and wage income has expanded by more than \$4,500,000 a week since last spring. Early reports indicate that further advances occurred in December.

For the year as a whole total wage disbursements at Pennsylvania factories showed a gain of about 15 per cent over 1939, reflecting substantial expansion in activity in capital goods lines, particularly metal

products and transportation equipment. Operations at establishments turning out lighter products aggregated about the same as a year before.

From October to November the principal improvement in specific industries occurred in the case of iron and steel, nonferrous metal products, building materials, furniture, and a few textile lines. In such consumers' lines as clothing and shoes, wage disbursements declined substantially less than was to be expected.

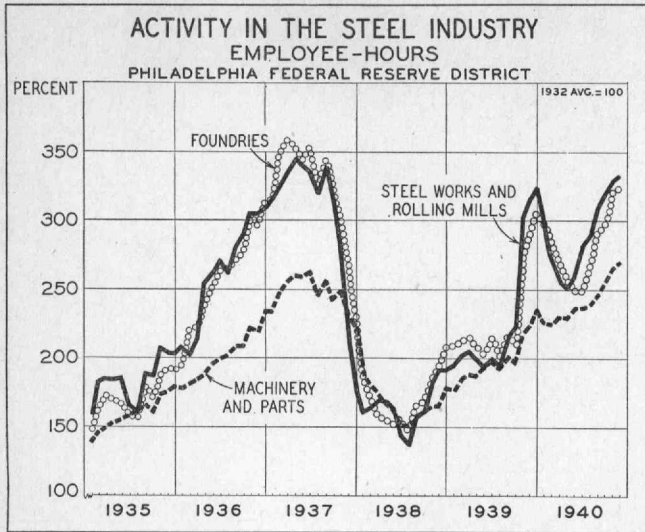
Hourly wages of factory workers in Pennsylvania expanded fractionally to nearly 73 cents, the highest level in the past seventeen years. Average hours per week declined slightly, so that weekly income was reduced from a record average of \$28.28 in October to \$28.17 in November.

Factory employment and payrolls in southern New Jersey declined 4 and 2 per cent respectively in November but continued well above a year earlier. At Delaware factories employment declined 5 per cent in the month and payrolls 3 per cent.

The output of factory products in this district declined 2 per cent less than usual in November and was larger than a year earlier when activity was approaching a peak.

The principal improvement in the month in durable lines was in the output of locomotives and cars, automobile bodies and parts, cement, and iron and steel products. In the case of consumers' goods, the largest gains were in the output of foods, woolens, and leather. Compared with a year ago, iron and steel and transportation equipment showed large increases, while all textile lines operated at lower rates.

The output of electric power increased seasonally from October to November, and total sales and sales to industry expanded more than usual.



Coal and other fuels. The domestic demand for fuels is well sustained, reflecting increasing industrial requirements for bituminous coal and coke and a fairly steady demand for anthracite. Prices of fuels are generally firm and above a year ago.

Production of anthracite increased in November, contrary to seasonal expectations, and expanded further during early December. Colliery output averaged 161,000 tons a day in November as against 157,000 in October and 166,000 a year ago. The volume of hard coal produced in the first eleven months of 1940 was about 5 per cent less than the unusually high levels prevailing a year ago.

Sales of bituminous coal have expanded further since the middle of last month and approximate the volume of a year ago. Operations showed unusual expansion from October to November and production was the largest since November 1939. The output of soft coal thus far this year, aggregating 103,000,000 tons, was 25 per cent above a year ago and the largest since 1937.

By-product coke ovens continue unusually active, owing to the heavy requirements of the iron and steel industry. Output of gas and fuel oil increased sharply from October to November to the highest point since March. During the first eleven months activity at by-product coke ovens and oil refineries was substantially above 1939.

Building. Construction activity in this district, as indicated by contract awards, increased more than seasonally from October to November and was above the levels prevailing late in 1939. The principal increases in operations have occurred in the case of residential and industrial building. The construction of public works and utilities declined further in the month, although activity in this field also was somewhat greater than a year earlier.

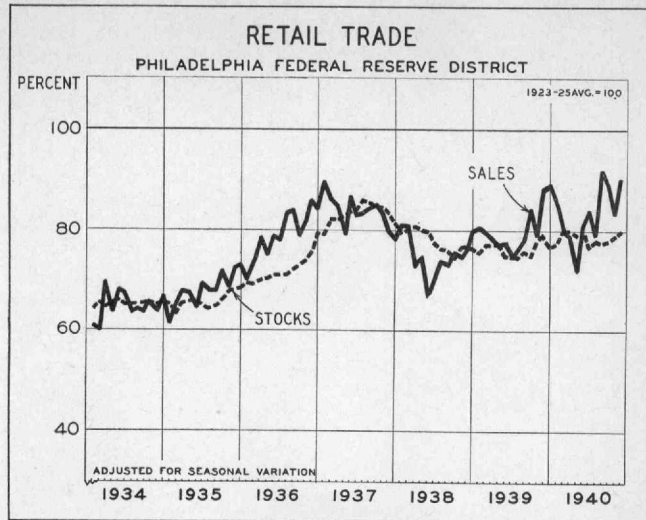
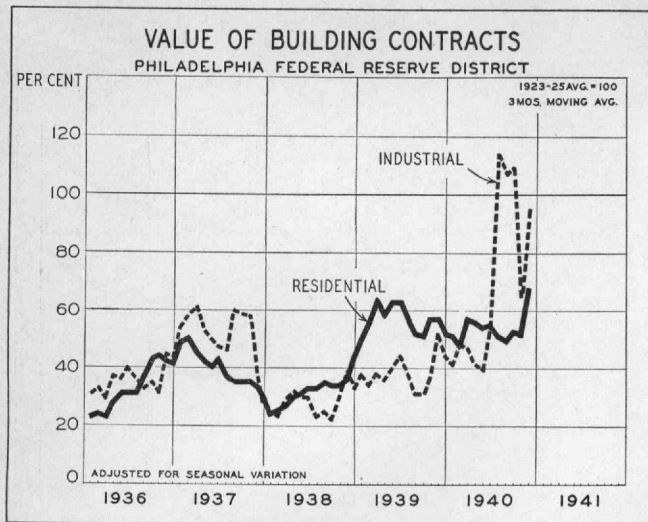
The value of new contracts placed in November increased 28 per cent to \$21,000,000 and was the largest for that month since 1929. Awards for residential and factory buildings expanded sharply and together constituted about 70 per cent of the total as against only 46 per cent in October. Contracts for other types of construction showed decreases ranging from 15 per cent for commercial buildings to 49 per cent in the case of unclassified structures. Compared with a year ago, substantial gains were reported in all lines except educational buildings, where the value of awards was sharply below the unusually high level of 1939.

Building contracts Philadelphia Federal Reserve District	November 1940 (000's omitted)	Per cent change		
		From month ago	From year ago	1940 from 11 mos. 1939
Residential	\$10,464	+ 81	+ 54	- 2
Apts. and hotels	4,748	+ 318	+ 98	+ 8
Family houses	5,716	+ 23	+ 30	- 5
Nonresidential	7,161	+ 15	+ 89	+ 42
Commercial	1,336	- 15	+ 18	+ 24
Factories	4,256	+161	+341	+177
Educational	277	- 46	- 78	+ 4
All other	1,292	- 49	+180	- 4
Total buildings	\$17,625	+ 46	+ 67	+ 15
Public works and utilities ..	3,412	- 23	+ 73	+ 2
Grand total	\$21,037	+ 28	+ 68	+ 11

Source: F. W. Dodge Corporation.

The total of contracts placed in 1940 reached the largest volume in a decade. In the first eleven months, awards exceeded \$200,000,000, and were 11 per cent larger than in the preceding year. Residential construction was somewhat smaller than in the unusually active 1939 period.

Sales of small houses in the Philadelphia area have been substantial, and the renting demand for dwellings and manufacturing space has been increasingly active since the early fall. In the case of houses and apartments renting for \$35.00 a month or less, vacancies have declined to an un-



usually low level, reflecting in part the increasing need for dwellings to accommodate defense workers in this area. Rentals for residences generally have shown a rising tendency in the past several months, with the largest increases reported in low-rent dwellings.

Trade. Retail trade sales expanded sharply in the last two months of the year, and the Christmas buying season was the most active in a decade. Sustained high levels of consumer incomes and prospects for further advances in general business have resulted in a substantial increase in the volume of sales and a general preference for higher quality goods than has been the case for some time.

Wholesale trade was reduced slightly in November as was to be expected at that season, but the volume of reorders continued large and some advance buying for January sales and spring promotions was in evidence. Freight shipments have been well sustained. Activity in virtually all channels of distribution has been above a year ago, and no significant accumulation of inventories has been in evidence.

Sales at retail increased 8 per cent more than usual in November and further improvement was shown in early reports for December. These gains followed smaller than seasonal expansion in September and October. The seasonally adjusted index of sales in November was somewhat above the peak reached a year earlier, and for the full year 1940 a gain of about 5 per cent over 1939 is indicated.

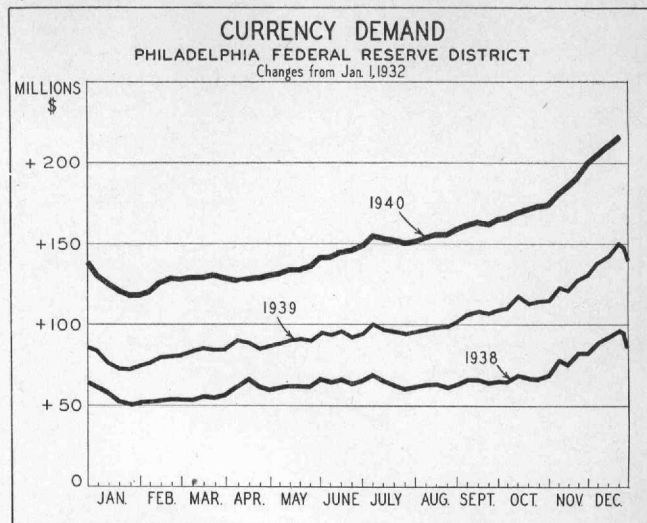
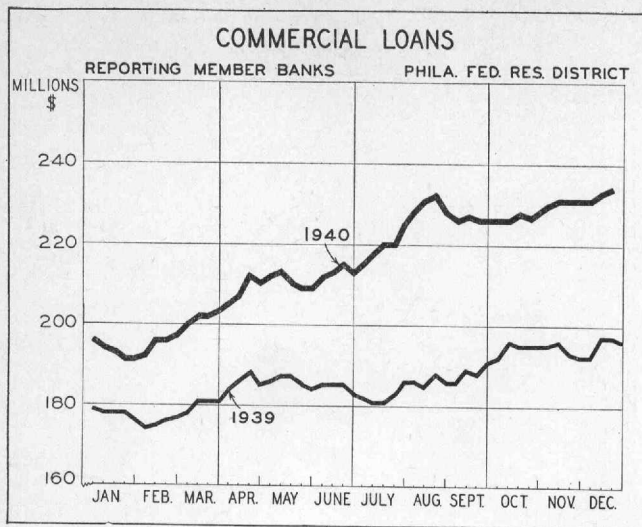
The principal improvement in sales from October to November was at men's apparel and shoe stores, although substantial increases were shown at department stores and establishments handling durable consumers' goods. Inventories have generally been maintained at levels slightly higher than a

month and a year earlier. Some forward buying has been in evidence but for the most part retailers continue cautious in their inventory policies.

Sales by wholesale establishments in November were about 2 per cent smaller than a month before but were somewhat larger than in November 1939. In the first eleven months, sales averaged 5 per cent above the corresponding period a year ago. Sharp declines in the latest month were reported in sales of paper and footwear, but these were counterbalanced in part by increases in the case of jewelry, electrical supplies, and groceries. In 1940 as compared with 1939 the principal improvement was in the case of hardware, jewelry, and electrical supplies. Inventories at wholesale establishments were about the same in November as in October and only slightly above the levels a year ago.

Shipments by rail freight were well sustained in November, when a decline was to be expected. In the first eleven months, total shipments averaged 15 per cent above the year before and indications were that the movement of freight in 1940 reached the largest volume in the past ten years. The principal gains from October to November were in shipments of coal and ore, and for the year to date the largest increases were in shipments of ore and coke, which were sharply stimulated by expanded operations in the steel industry. Loadings of less-than-carlot merchandise declined about seasonally in November and were somewhat lower than November 1939. In the first eleven months these shipments were in slightly greater volume than a year earlier. Sales of new passenger automobiles increased 15 per cent from October to November and were 27 per cent above a year ago.

Income of nonresort hotels in this district in November was about the same as in October but was 12 per cent above November 1939.



Banking conditions. Active trade and industry have resulted in heavier demands upon the banks to finance current operations. Commercial loans at reporting banks have shown a further small advance to the highest point in recent years, and additional credit has been extended through the purchase of government securities and loans to brokers and dealers. Deposits have been at record levels, despite the unusual demand for currency and payments to the Treasury for new National Defense securities.

Member bank reserves were reduced in the four weeks ended December 18 to \$679,000,000 from \$700,000,000, but larger balances are being carried with correspondents than was the case a month ago. Surplus funds continue large. In the first half of December the excess of reserves over requirements was 111 per cent at Philadelphia banks and 95 per cent at the country member banks.

The principal influences upon reserve balances in the four latest weeks have been the seasonal demand for currency and the operations of the Treasury. Nearly \$26,000,000 of currency was called into use as against \$22,000,000 a year earlier, reflecting more active trade and increased factory payrolls. Government disbursements were materially greater than a year ago, owing to heavier expenditures on national defense. Total payments by the Treasury in this district were about \$16,000,000 less than receipts, which included the quarterly installment on the income tax and the cash payment of \$20,000,000 on the \$25,200,000 of National Defense notes allotted here. The decline in reserves resulting from these transactions was partly offset by \$20,000,000 gained in the interdistrict settlements.

Over most of the period the System continued to sell securities from its Open Market Account, so

that the participation of this bank declined by \$4,100,000 to \$183,000,000. Discounts for member banks and industrial advances were virtually unchanged.

Inquiries made of this bank by prime contractors and subcontractors indicate an increasing amount of bank financing of defense projects. The volume actually lent thus far, however, has been relatively small. A credit was opened by a group of Philadelphia banking institutions for the Cramp Shipbuilding Company to supply funds for plant facilities, but advances under this credit will enter the loan figures only as the work progresses. This also holds true of the credit opened by the Federal Reserve Bank of Philadelphia to supply working capital.

Commercial loans of the reporting member banks increased \$3,000,000 in the four weeks ended December 18 to \$234,000,000. A new high for recent years was established and the amount now outstanding exceeds the level of a year ago by 19 per cent and the peak of 1937 by about 7 per cent. Loans to brokers and dealers were also increased by \$3,000,000, but declines were reported in other categories, so that total loans on December 18 were unchanged from a month earlier. Investments, on the other hand, were increased by \$12,000,000, largely through the purchase of United States Government bonds.

Total loans and investments reached \$1,217,000,000, a new high since 1931. Deposits also showed gains and are at record levels. An increase of \$9,000,000 in aggregate balances at reporting banks to \$1,828,000,000 was due to a considerable expansion in deposits of individuals and business concerns, which was only partly offset by withdrawals from government deposits and from funds held for other banks.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Nov. 1940	Oct. 1940	Nov. 1939	Per cent change			Nov. 1940	Oct. 1940	Nov. 1939
				Nov. 1940 from 11 mos. ago	1940 from 11 mos. ago	1940 from 11 mos. ago			
INDUSTRIAL PRODUCTION	93p	91	92	+ 2	+ 1	+ 7	95p	95	94
MANUFACTURING	93p	91	90r	+ 2	+ 2	+ 8	94p	95	92
Durable goods	106p	102	92r	+ 4	+ 15	+ 29			
Consumers' goods	82p	83	90	0	- 9	- 5			
Metal products	110p	104	100	+ 5	+ 10	+ 33	109p	107	99
Textile products	72p	73	87	0	- 17	- 13	75p	76	91
Transportation equipment	143	145	101	- 2	+ 42	+ 39	137	139	97
Food products	83p	80	79	+ 3	+ 4	+ 3	84p	86	80
Tobacco and products	100	103	94	- 3	+ 6	+ 5	118	125	112
Building materials	50	47	48	+ 5	+ 4	+ 8	49	50	47
Chemicals and products	139p	133	133	+ 5	+ 4	+ 9	139p	135	134
Leather and products	117p	104	122	+ 13	- 4	- 9	112p	110	116
Paper and printing	85	87r	89	- 1	- 4	+ 1	86	88r	90
Individual lines									
Pig iron	87	85	80	+ 3	+ 9	+ 63	88	84	81
Steel	107	102	102	+ 6	+ 5	+ 31	103	102	98
Iron castings	73p	71	57	+ 4	+ 27	+ 33	75p	75	59
Steel castings	130	127	144	+ 2	- 10	- 25	121	120	134
Electrical apparatus	121	115r	96	+ 6	+ 26	+ 37	129	125r	102
Motor vehicles	29	28	20	+ 4	+ 43	+ 3	26	26	18
Automobile parts and bodies	122	112	96	+ 9	+ 27	+ 20	112	106	88
Locomotives and cars	46	42	33	+ 10	+ 40	+ 85	43	40	31
Shipbuilding	623	678	413	- 8	+ 51	+ 51	623	651	413
Silk manufactures	77	78r	92	- 1	- 16	- 14	77	79	93
Woolen and worsteds	61	56	66r	+ 9	- 7	- 9	66	61	72
Cotton products	48	47	56	+ 3	- 14	- 5	50	48	59
Carpets and rugs	92	91	126*	+ 1	- 27	- 18	103	102	144
Hosiery	85	92	103	- 8	- 18	- 16	96	101	117
Underwear	136	127	155	+ 7	- 12	- 7	138	139r	157
Cement	78	68	69	+ 14	+ 13	+ 5	77	77	68
Brick	56	56r	58	0	- 3	+ 19	55	56r	57
Lumber and products	30	30r	30	0	0	0	30	31r	30
Bread and bakery products				- 2*	+ 2*	+ 1*	91	93	90
Slaughtering, meat packing	100	103	97	- 3	+ 3	+ 3	111	108	108
Sugar refining	106	71	112	+ 51	- 5	- 17	69	59	73
Canning and preserving	67p	63	58	+ 7	+ 15	+ 15	75p	84	64
Cigars	97	102	93	- 4	+ 5	+ 5	117	125	111
Paper and wood pulp	77	77	81	0	- 5	+ 8	77	78	81
Printing and publishing	87	89r	91	- 2	- 4	0	88	90r	92
Shoes	135	132	144	+ 2	- 7	- 11	127	142	136
Leather, goat and kid	101p	77	100	+ 30	0	- 6	97p	80	97
Explosives	153	160r	105	- 5	+ 45	+ 39	153	162r	105
Paints and varnishes	81	80	83	+ 2	- 2	+ 4	84	85	85
Petroleum products	167p	153	170	+ 9	+ 2	+ 1	167p	154	171
Coke, by-product	152	147	146	+ 4	+ 4	+ 28	146	144	140
COAL MINING	62	58	64r	+ 7	- 2	- 1	64	62	66
Anthracite	60	56	61r	+ 7	- 2	- 5	61	59	62
Bituminous	81	78	87r	+ 4	- 7	+ 25	90	84	96r
CRUDE OIL	412	403	482	+ 2	- 15	- 2	399	403	468
ELEC. POWER—OUTPUT	294	293	272	0	+ 8	+ 8	306	302	283
Sales, total	297	290	276	+ 2	+ 8	+ 9	305	290	284
Sales to industries	215	206	194	+ 4	+ 11	+ 10	220	200	198
BUILDING CONTRACTS									
TOTAL AWARDS†	76	73	59	+ 5	+ 30	+ 6	83	75	64
Residential†	68	52	57	+ 32	+ 20	- 5	76	60	64
Nonresidential†	79	79	46	0	+ 70	+ 31	79	76	46
Public works and utilities†	96	110	92	- 13	+ 4	- 1	111	116	106

* Unadjusted for seasonal variation.

† 3-month moving daily average centered at 3rd month.

p—Preliminary.

r—Revised.

Local Business Conditions*

Percentage change—November 1940 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Oct. 1940	Nov. 1939	Oct. 1940	Nov. 1939	Oct. 1940	Nov. 1939	Oct. 1940	Nov. 1939	Oct. 1940	Nov. 1939
	Allentown	0	+ 9	0	+ 15	+ 3	0	+ 12	+ 5	- 5	+ 10
Altoona	0	+ 2	- 2	- 2	- 21	- 25	+ 9	+ 3	- 10	+ 9
Harrisburg	0	+ 10	- 2	+ 12	- 46	- 62	+ 23	- 19	- 2	+ 11
Johnstown	+ 3	+ 6	+ 1	+ 6	+ 53	+ 121	- 1	+ 8	- 3	+ 4
Lancaster	+ 1	- 1	- 2	0	- 60	+ 11	+ 13	- 10	- 8	+ 5
Philadelphia	- 2	+ 9	+ 2	+ 17	- 67	- 20	+ 14	+ 2	+ 2	+ 15
Reading	+ 1	- 2	- 2	+ 3	+ 32	- 89	+ 13	- 15	- 3	+ 9
Scranton	+ 1	- 8	+ 2	- 6	- 37	+ 8	+ 6	+ 4	+ 8	+ 6
Trenton	+ 2	+ 1	+ 2	+ 6	- 48	- 22	+ 17	- 13	- 3	+ 5
Wilkes-Barre	+ 2	+ 2	0	+ 3	- 72	+ 90	+ 9	- 1	- 8	+ 9
Williamsport	+ 1	- 2	- 1	- 1	- 31	- 34				+ 5
Wilmington	+ 2	+ 6	+ 1	+ 13	- 28	- 48	+ 4	+ 8	+ 3	+ 27
York	- 1	+ 2	+ 2	+ 12	- 12	+ 141	+ 12	+ 7	- 4	+ 12

* Area not restricted to the corporate limits of cities given here.

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932=100	Employment			Payrolls		
	Nov. 1940 index	Per cent change from		Nov. 1940 index	Per cent change from	
		Oct. 1940	Nov. 1939		Oct. 1940	Nov. 1939
GENERAL INDEX	121	+ 1	+ 3	180	0	+ 5
Manufacturing	148	+ 1	+ 3	237	+ 1	+ 8
Anthracite mining	67	- 2	- 1	64	+ 16	- 10
Bituminous coal mining	107	+ 1	- 4	222	- 3	- 9
Building and construction	59	- 3	+ 9	82	- 13	+ 5
Quar. and nonmet. mining	114	- 4	+ 2	218	- 14	- 5
Crude petroleum prod.	137	+ 1	+ 4	163	+ 1	+ 3
Public utilities	102	+ 1	+ 4	114	+ 0	+ 3
Retail trade	118	+ 3	+ 3	134	+ 1	+ 3
Wholesale trade	123	+ 3	+ 3	130	+ 2	+ 5
Hotels	102	- 2	+ 2	124	+ 2	+ 4
Laundries	105	- 1	+ 8	133	0	+ 5
Dyeing and cleaning	105	- 2	+ 11	128	- 8	+ 9

Manufacturing

Index: 1923-5=100	Employment*			Payrolls*		
	Nov. 1940 index	Per cent change from		Nov. 1940 index	Per cent change from	
		Oct. 1940	Nov. 1939		Oct. 1940	Nov. 1939
TOTAL	95	+ 1	+ 3	97	+ 1	+ 8
Iron, steel and products	93	+ 2	+ 10	125	+ 2	+ 13
Nonferrous metal products	138	+ 4	+ 11	178	+ 1	+ 14
Transportation equipment	71	+ 3	+ 13	79	0	+ 18
Textiles and clothing	93	0	- 7	88	- 1	- 5
Textiles	87	0	- 9	85	0	- 6
Clothing	114	- 1	- 1	106	- 6	+ 1
Food products	110	- 2	+ 1	117	- 2	+ 4
Stone, clay and glass	87	+ 2	+ 4	93	- 1	+ 5
Lumber products	66	+ 2	0	65	+ 2	+ 3
Chemicals and products	98	0	+ 3	112	0	+ 4
Leather and products	86	- 2	- 4	83	- 4	0
Paper and printing	100	0	- 1	105	0	- 1
Printing	91	0	- 1	96	0	0
Others:						
Cigars and tobacco	68	+ 1	+ 12	62	0	+ 10
Rubber tires, goods	84	0	- 7	94	- 4	- 3
Musical instruments	70	0	+ 13	92	- 1	+ 29

* Figures from 2,445 plants.

Hours and Wages

Factory workers Averages November 1940 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
Iron, steel and prod.	39.9	+ 2	.811	+ 2	32.30	+ 4
Nonferrous metal prod.	39.4	0	.669	+ 3	26.35	+ 3
Transportation equip.	41.1	0	.801	- 1	32.96	- 1
Textiles and clothing	35.5	- 2	.532	+ 5	18.83	+ 2
Textiles	36.1	- 2	.541	+ 4	19.60	+ 3
Clothing	33.0	- 5	.494	+ 8	16.41	+ 2
Food products	40.4	- 1	.594	+ 3	24.62	+ 1
Stone, clay and glass	37.5	+ 1	.712	0	26.54	+ 1
Lumber products	40.0	+ 1	.591	+ 4	23.11	+ 5
Chemicals and prod.	38.3	+ 1	.813	0	30.74	+ 1
Leather and products	34.1	- 4	.555	+ 1	19.05	- 2
Paper and printing	38.4	- 4	.722	+ 3	28.76	+ 1
Printing	35.7	- 2	.928	+ 2	34.27	+ 1
Others:						
Cigars and tobacco	38.2	- 1	.444	- 1	16.93	- 1
Rubber tires, goods	35.1	0	.737	+ 4	25.89	+ 4
Musical instruments	47.6	+ 3	.715	+ 9	34.06	+ 12

* Figures from 2,209 plants.

† Figures from 2,445 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Nov. 1940 from		1940 from
	Month ago	Year ago	11 mos. 1939
Sales			
Total of all lines.....	- 2	+ 1	+ 5
Boots and shoes.....	-15	- 4	+ 2
Drugs.....	- 2	- 7	- 1
Dry goods.....	- 2	- 8	- 1
Electrical supplies.....	+ 1	+11	+17
Groceries.....	+ 2	+ 7	0
Hardware.....	- 3	+11	+14
Jewelry.....	+ 1	0	+20
Paper.....	-16	-18	+11
Inventories			
Total of all lines.....	0	+ 1	.....
Dry goods.....	- 3	- 7	.....
Electrical supplies.....	- 5	+14	.....
Groceries.....	+ 3	- 1	.....
Hardware.....	+ 3	+13	.....
Jewelry.....	+ 1	+ 5	.....
Paper.....	- 4	- 4	.....

Source: U. S. Department of Commerce.

Commodity prices Index: 1926 = 100	Nov. 1940	Per cent change from		
		Month		Aug.
		ago	ago	1939
Basic commodities				
7 industrial.....	91	+3	0	+29
7 agricultural.....	54	+2	+2	+11
Wholesale (\$13)*.....	80	+1	+1	+ 6
Raw materials.....	73	+2	0	+ 9
Finished products.....	83	+1	+1	+ 4
Farm.....	68	+3	+1	+12
Food.....	72	+2	0	+ 8
Other.....	84	+1	0	+ 5
Retail food* (1935-9 = 100).....	96	0	-1	+ 3
Philadelphia.....	94	0	-1	+ 1
Scranton.....	97	0	0	+ 5

* Source: U. S. Bureau of Labor Statistics.

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	Nov. 1940	Oct. 1940	Nov. 1939	Per cent change			Nov. 1940	Oct. 1940	Nov. 1939
				Nov. 1940 from		1940 from			
				Mo. ago	Year ago	11 mos. 1939			
RETAIL TRADE									
Sales									
Total of all stores.....	91p	84	88	+ 8	+ 2	+ 4	106p	98	103
Department.....	82	75	78	+ 9	+ 5	+ 6	99	87	95
Men's apparel.....	88p	78	84	+13	+ 5	+ 5	98p	87	93
Women's apparel.....	99	99	102	0	- 3	0	111	112	114
Shoe.....	94	83	93	+13	+ 1	0	92	93	90
Credit.....	107	100	107	+ 8	0	+ 4	131	125	130
Inventories									
Total of all stores.....	80p	79	79	+ 1	+ 1	.....	90p	89	89
Department.....	56	55	54	+ 2	+ 3	.....	65	62	63
Men's apparel.....	108	107r	108	0	0	.....	127	129r	127
Women's apparel.....	65	66	66	- 2	- 2	.....	69	72	70
Shoe.....	107	104	106	+ 2	+ 1	.....	118	117	117
Credit.....									
FREIGHT-CAR LOADINGS—TOTAL.....	82	75	83	+ 9	- 1	+15	82	83	83
Merchandise and miscellaneous.....	82	76	81	+ 7	+ 1	+13	81	82	80
Merchandise—l. c. l.....	52	52	56	0	- 6	+ 1	54	55	57
Coal.....	73	64	75	+14	- 3	+16	79	73	82
Ore.....	153	122	167	+26	- 8	+43	120	165	130
Coke.....	92	90	89	+ 2	+ 3	+48	94	90	91
Forest products.....	34	36	31	- 6	+ 8	+ 8	32	37	30
Grain and products.....	122	118	170	+ 3	-28	- 7	139	121	194
Livestock.....	34	33	30	+ 3	+13	+12	39	39	34
MISCELLANEOUS									
Life insurance sales.....	94	99	90	- 5	+ 5	+ 4	100	90	95
New passenger auto. registrations.....				+15*	+27*	+33*	144	125	113
Hotels—(1934 = 100).....									
Occupancy.....				-11*	+4*	+6*	119p	134	115r
Income, total.....				0*	+12*	+9*	146p	145	130r
Business liquidations									
Number.....				+ 3*	-12*	- 7*	78	75	88r
Amount of liabilities.....				- 3*	-2*	-24*	21	21	21r
Check payments.....	107	88	85	+22	+26	+ 6	114	90	91

* Computed from unadjusted data.

p—Preliminary

r—Revised

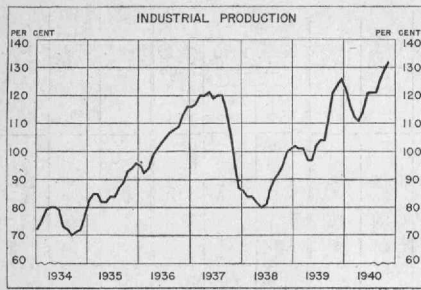
BANKING STATISTICS

Reporting member banks (000,000's omitted)	Dec. 18, 1940	Changes in—	
		Four weeks	One year*
Assets			
Commercial loans.....	\$ 234	+ \$3	+ \$37
Open market paper.....	34	- 1	+ 9
Loans to brokers, etc.....	24	+ 3	- 1
Other loans to carry secur.....	33	- 1	+ 2
Loans on real estate.....	50	0	0
Loans to banks.....	1	0	0
Other loans.....	103	- 4	+ 12
Total loans.....	\$ 479	0	+ \$59
Government securities.....	\$ 372	+ \$10	+ \$16
Obligations fully guar'eed.....	90	0	- 8
Other securities.....	276	+ 2	+ 5
Total investments.....	\$ 738	+ \$12	+ \$13
Total loans & investments	\$1217	+ \$12	+ \$72
Reserve with F. R. Bank.....	504	- 17	.....
Cash in vault.....	27	+ 4	.....
Balances with other banks.....	234	+ 12	.....
Other assets—net.....	78	- 2	.....
Liabilities			
Demand deposits, adjusted.....	\$1065	+ \$18	.....
Time deposits.....	259	+ 1	.....
U. S. Government deposits.....	41	- 6	.....
Interbank deposits.....	463	- 4	.....
Borrowings.....	.....	.....	.....
Other liabilities.....	16	+ 2	.....
Capital account.....	216	- 2	.....

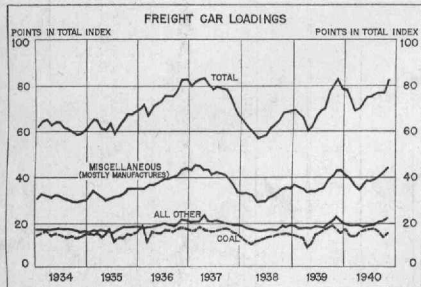
* Comparable basis.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Nov. 27	Dec. 4	Dec. 11	Dec. 18	
Sources of funds:					
Reserve bank credit extended in district.....	+ 2.7	- 3.0	-1.2	+ 2.9	+ 1.4
Commercial transfers (chiefly interdistrict).....	-11.8	+ 4.9	+0.4	+26.4	+19.9
Treasury operations.....	+12.6	-10.4	+3.3	-21.9	-16.4
Total.....	+ 3.5	- 8.5	+2.5	+ 7.4	+ 4.9
Uses of funds:					
Currency demand.....	+ 8.4	+ 5.0	+5.9	+ 6.4	+25.7
Member bank reserve deposits.....	- 2.0	-15.1	-4.1	- 0.2	-21.4
"Other deposits" at reserve bank.....	- 3.0	+ 1.6	+0.6	+ 0.4	- 0.4
Other Federal Reserve accounts.....	+ 0.1	- 0.0	+0.1	+ 0.8	+ 1.0
Total.....	+ 3.5	- 8.5	+2.5	+ 7.4	+ 4.9
Member bank reserves (Daily averages: dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired	
Phila. banks:					
1940: Nov. 1-15.....	\$484.7	\$226.8	\$257.9	114%	
Nov. 16-30.....	500.0	230.7	269.3	117 "	
Dec. 1-15.....	483.1	228.9	254.2	111 "	
1939: Dec. 1-15.....	418.5	209.4	209.1	100 "	
Country banks:					
1940: Nov. 1-15.....	197.8	101.2	96.6	95 "	
Nov. 16-30.....	195.6	101.6	94.0	92 "	
Dec. 1-15.....	200.3	102.7	97.6	95 "	
1939: Dec. 1-15.....	167.1	97.6	69.5	71 "	
Federal Reserve Bank of Phila. (Dollar figures in millions)	Dec. 18, 1940	Changes in—			
		Four weeks	One year		
Bills discounted.....	\$ 0.5	+ \$0.0	- \$0.4		
Bills bought.....	0	0	0		
Industrial advances.....	2.1	- 0.0	- 1.0		
U. S. securities.....	183.0	- 4.1	-30.8		
Total.....	\$185.6	- \$ 4.1	- \$32.2		
Note circulation.....	409.4	+ 17.8	+ 56.7		
Member bk. deposits.....	679.1	- 21.4	+ 90.8		
U. S. general account.....	33.5	+ 7.5	- 42.4		
Foreign bk. deposits.....	75.8	+ 0.5	+ 36.2		
Other deposits.....	30.5	- 0.4	+ 17.0		
Total reserves.....	1064.3	+ 7.7	+205.4		
Reserve ratio.....	86.6%	+ 0.3%	+ 6.3%		

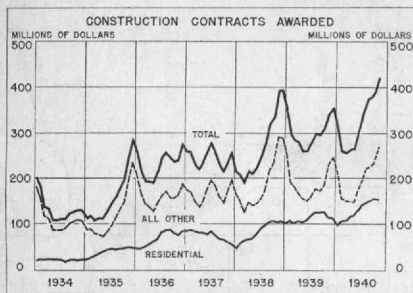
National Summary of Business Conditions



Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. By months, January 1934 to November 1940.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average=100. Miscellaneous, coal, and all other expressed in terms of points in the total index. By months, January 1934 to November 1940.



Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 eastern States, adjusted for seasonal variation. Latest figures based on data for October, November and estimate for December.



Wednesday figures, September 5, 1934 to December 11, 1940. Commercial loans based on new classification beginning May 19, 1937.

Industrial activity continued at a high rate in November and the first half of December and distribution of commodities increased considerably. Commodity prices generally showed little change following earlier advances.

PRODUCTION

Volume of industrial production, which usually declines at this season, showed little change from October to November, and the Board's seasonally adjusted index rose 3 points further to 132 per cent of the 1935-1939 average.

Reflecting work on a large volume of orders for national defense purposes and for civilian needs, activity in the machinery and textile industries continued to increase sharply. At machinery plants and at cotton textile mills activity reached new high levels and at woolen mills output was close to the previous peak reached early in 1937.

Steel ingot production, which had been at about 94 per cent of capacity in October, increased somewhat further in November and the first half of December. Automobile production continued in unusually large volume, amounting in November to around 500,000 cars and trucks. Retail sales of new cars have been large this autumn and production has been maintained at high levels in order to supply this demand and to build up dealers' stocks. Lumber production declined less than seasonally from October to November. New orders for lumber continued somewhat above the current rate of production although below the high level of the three preceding months when large orders were placed for cantonment construction. Lumber stocks at mills continued to decline and were smaller than at any time in recent years. Bituminous coal production increased considerably in November, following a sharp decline in the previous month, while output of crude petroleum was maintained at about the October rate. Production of most metals continued in large volume.

Value of total construction contract awards declined less than seasonally in November. In the 37 eastern States for which F. W. Dodge Corporation data are available total contracts showed little change; awards for public construction increased further and those for private work declined by somewhat less than the usual seasonal amount. In the far western States contract awards showed a decline from the unusually high level reached in October.

DISTRIBUTION

Distribution of commodities to consumers increased considerably in November. Sales at department stores and mail-order houses rose sharply, while variety store sales increased by about the usual seasonal amount. In the first half of December there was the customary large expansion in retail sales.

Total freight car loadings showed considerably less than the usual seasonal decline in November and the early part of December. Loadings of coal, which had been curtailed in October, increased sharply and shipments of ore and of miscellaneous merchandise declined much less than is usual at this time of the year.

WHOLESALE COMMODITY PRICES

Prices of basic commodities, which had risen substantially since August, generally showed little change from the middle of November to the middle of December. Prices of a few imported commodities, particularly cocoa, burlap, and shellac, increased considerably and there were small advances in steel scrap and some other domestic commodities, while moderate declines were reported for such varied commodities as lead, grains, and lard.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities have increased sharply since the beginning of October. Commercial loans continued to increase in November and the first half of December, and holdings of United States Government obligations at New York City banks rose sharply. Principally as a result of the expansion of bank loans and investments, Government expenditures, and foreign disbursements financed by additional gold imports, bank deposits increased to new high levels. At the same time there has been a considerable increase in currency in circulation partly in response to seasonal trade demands.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities continued to rise during the latter half of November and the early part of December, and the 1960-65 bonds advanced to successive new high levels, with a peak of about 111½ on December 10. The yield on this issue declined to a low point of 2.03 per cent on the latter date, but increased slightly toward the middle of the month, reflecting some easing in prices.