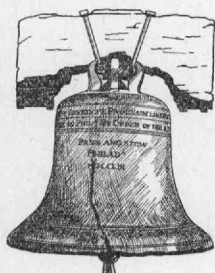


THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

MARCH 1, 1941

FEDERAL RESERVE BANK
OF PHILADELPHIA
RECEIVED
STATISTICAL DIVISION
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Business and banking activity in the Third Federal Reserve District in January continued near the peak levels reached at the end of 1940, despite some curtailment in manufacturing operations for inventory appraisal and repairs to machinery. Early reports indicate substantial expansion in industry and trade during February.

The production of materials for national defense has shown a steady and sharp advance since the beginning of the program last June. Many plants have been erected or renovated and a substantial amount of new special equipment has been installed. Further large increases in operations on government orders are in prospect.

Active defense buying has also stimulated private purchases, to some extent for the purpose of accumulating inventories in anticipation of possible difficulties in obtaining supplies of basic materials. The principal stimulus to civilian business has been the consistent high level of consumer incomes.

The shift from peacetime to defense production has required substantial expansion of plant facilities and has created an unusually active demand for various strategic goods. This has resulted in actual or threatened shortages of certain key materials and skilled labor.

Industrial activity in this district during January declined somewhat. The principal reductions were in the output of consumers' goods. The output of heavy goods was well sustained at levels substantially above a year earlier. Large backlogs assure continued operations near capacity in many basic

industries, at least through the balance of 1941. Construction of both residential and nonresidential buildings continues active.

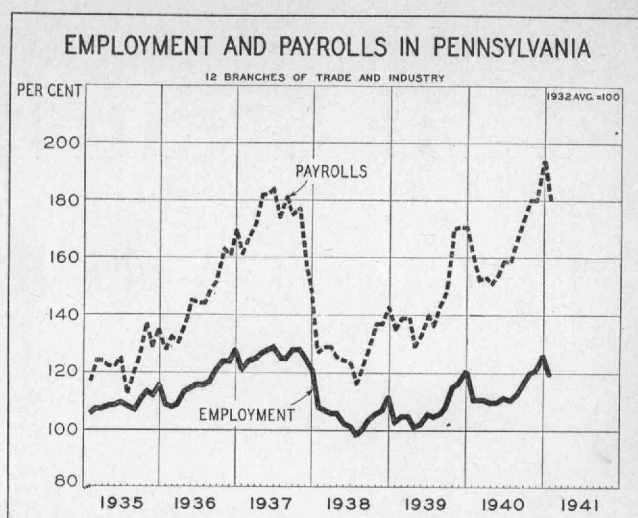
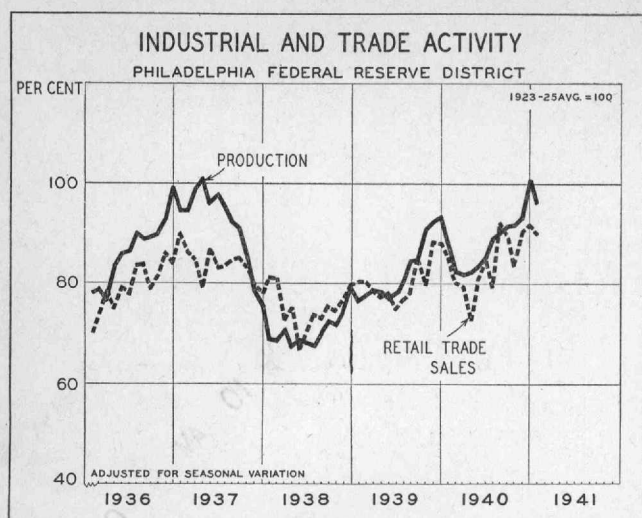
Employment and wage payments in most major lines of industry and trade were reduced in January but continued well above a year ago. In February the sharp expansion was resumed, especially at steel and textile mills.

Sales of general merchandise through retail distributors declined more than usual in January, but the demand for durable consumers' goods continued active. In wholesale trade some decrease in business was also reported. The movement of freight increased further in the month, when there is ordinarily some decline.

Prices of commodities are generally firm, although no sharp increases have occurred recently. When shortages in some lines have been in evidence, priorities have been invoked either by industry or through the defense authorities. The cost of living has shown little change recently.

Adequate funds are available to finance a large expansion in business. Bank deposits continue near the all-time peak reached at the end of last year, and the volume of surplus funds in the banking system available for lending or investing is large.

Securities markets since the first of the year have been somewhat unsettled, with prices showing a declining tendency. This has reflected in large part the uncertainties as to prospective developments abroad and as to the probable effects of the increased private and public demand for credit.



Manufacturing. The demand for products manufactured in this district has expanded further, particularly in such industries as steel and textiles where defense buying has been active. The volume of inquiries and orders continued to advance from the middle of January to the middle of February and, despite increased operations in many basic lines, additional backlogs were accumulated. Recent heavy shipments have reduced stocks of finished goods at reporting factories, while inventories of raw materials have been increased further to meet the requirements of higher operating rates and active deliveries in prospect. Prices of manufactured goods are firm or increasing at levels above those prevailing a year ago.

Employment and payrolls at Pennsylvania factories declined less than seasonally in January, and preliminary reports for February indicate widespread advances in many lines. In capital goods industries the number of workers was increased in January and wage payments were well sustained near the peak levels reached in December. Declines were reported in the case of consumers' goods. The total number of factory wage earners in the state continued near 1,000,000, or 8 per cent more than a year ago, and wage payments aggregated about \$26,500,000 a week, or 17 per cent more than in January 1940.

Employment in the steel industry increased from December to January and wage disbursements showed little change. The greatest improvement was at plants manufacturing structural products, electrical apparatus, castings, and forgings. Employment in nonferrous metal industries expanded in the month and wage payments were reduced less than usual. In the transportation equipment in-

dustry, the number of wage earners also increased, while payrolls declined, partly as a result of a reduction in overtime work.

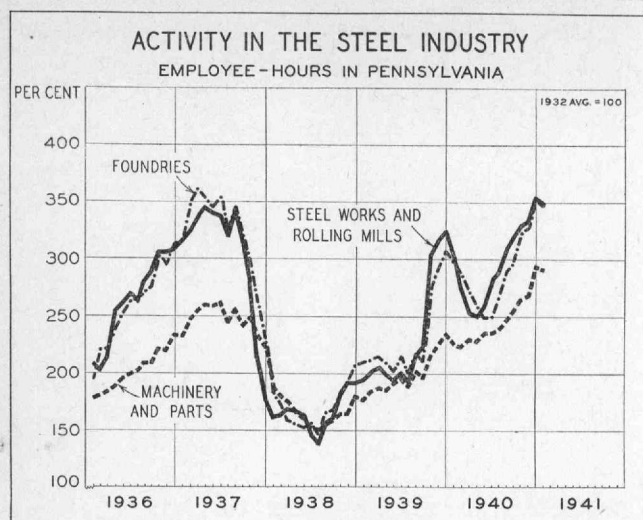
At plants manufacturing consumers' goods, declines in both employment and payrolls predominated in January, especially in the textile industry. Dyeing and finishing operations and the production of knit goods and woolsens and worsteds were fairly well sustained, but sharp declines were reported in silk and other lines.

Hourly earnings of factory workers in Pennsylvania increased fractionally to a new high average of slightly more than 74 cents. Average working time was reduced to 39 hours, and weekly income declined to \$28.78 from the peak of \$29.53 reached in December.

At Delaware factories, employment increased 2 per cent from December to January, and payrolls declined 4 per cent. In southern New Jersey, factory employment declined 2 per cent and payrolls 3 per cent in the month, but current levels continue substantially above those prevailing in early 1940.

The output of manufactured products in the Third Federal Reserve District was reduced about 4 per cent on a seasonally adjusted basis from the ten-year peak reached in December. But activity was still 11 per cent above January 1940. The principal reductions in the month were in the output of consumers' goods, particularly textiles, where operations were below a year ago. The production of capital goods was reduced only slightly from the high levels of December and was 28 per cent larger than a year before.

Production of metals increased somewhat less than seasonally, and the output of building ma-



terials and transportation equipment was reduced 4 per cent more than was to be expected. Gains over last year in these lines ranged from 25 to nearly 50 per cent.

The production of electric power increased 3 per cent from December to January and total sales advanced 5 per cent on an adjusted basis. Both output and sales were well above a year ago.

Coal and other fuels. The domestic demand for fuels continues active. Expanding industrial activity and heavy rail traffic have stimulated sales of bituminous coal. The market for anthracite has been well sustained. Preliminary estimates show that the output of anthracite in 1940 approximated 50,000,000 tons. Prices of fuels have been firm.

Output of anthracite increased less than seasonally from 188,000 tons a day in December to 191,000 tons daily in January. This compared with 216,000 tons in January 1940, the peak month of last year. The volume of hard coal mined changed little in early February.

Industrial consumption of bituminous coal continued active, and sales expanded further in the early part of February. Colliery output in January increased less than usual from the high levels reached in December but was the largest for the month since 1930. In some cases inventories are being accumulated.

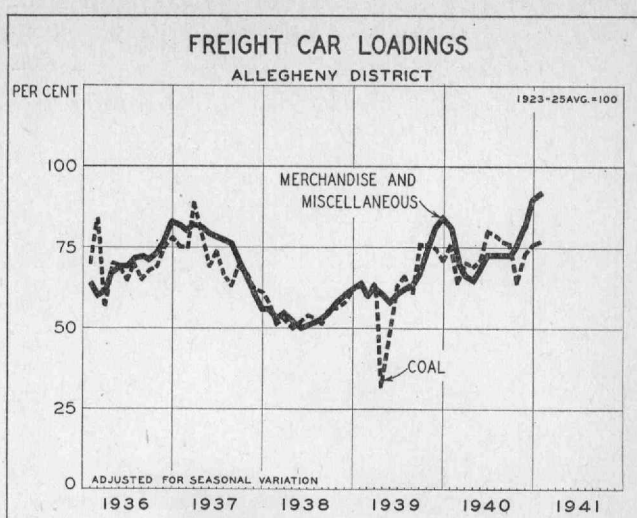
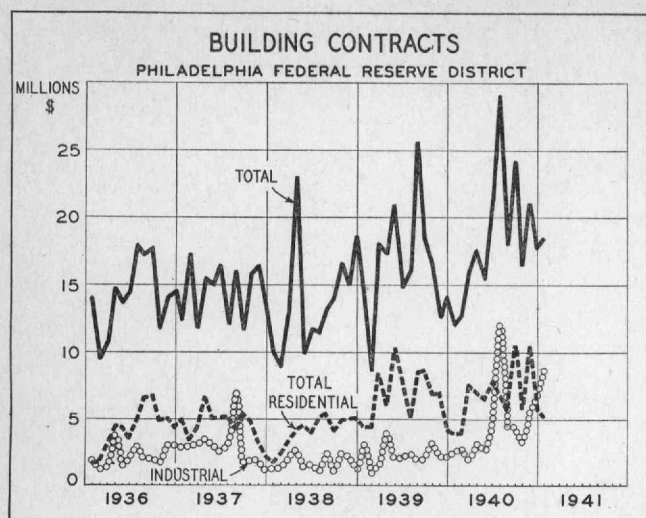
The production of by-product coke declined from December to January but remains active, owing largely to the heavy requirements of the steel industry. The output of gas and fuel oils was also

reduced. During January operations at coke ovens and oil refineries were below a year ago.

Building. Construction activity in this district, as indicated by the trend of contract awards, increased in January and was substantially greater than in the early months of 1940. Industrial building expanded further after the turn of the year, and the construction of small houses was unusually well sustained.

Awards of new contracts increased 4 per cent from December to \$18,400,000 and were the largest for any January since 1930. Substantial increases in the month were reported in new contracts for commercial buildings, apartments and hotels, educational structures, and public works and utilities. These gains were partly offset by smaller awards for one and two-family houses and miscellaneous construction. A small decline also occurred in the case of factories, but awards for these buildings, reflecting in large part the requirements for additional defense facilities, accounted for 30 per cent of total contracts let in January, as against an average of only 6 per cent in the same month of the five preceding years. Compared with a year ago, the value of contracts awarded increased sharply in most lines. The exceptions were multiple family dwellings and public works and utilities, which showed declines of 54 and 35 per cent respectively.

The Bureau of Labor Statistics' index of wholesale prices for the principal building materials still approximates the fifteen-year high reached in mid-January. Quotations for certain lumber products during the first half of February decreased some-



what from previous high levels, while prices of plumbing and heating supplies advanced slightly.

Trade. The volume of retail business was fairly well sustained in January following unusually active sales in the previous month, and early reports indicate substantial improvement in the first half of February. Sales at wholesale declined somewhat over the turn of the year, but advance orders for seasonal merchandise have been reported as unusually large and reordering for immediate delivery has been heavy in some lines. The movement of rail freight increased somewhat from December to January, when there is ordinarily a decline, and distributive activity generally was well above a year ago.

Sales by department stores in January declined 5 per cent more than seasonally from the peak levels reached in December but were considerably larger than in January 1940. The volume of business at these establishments appears to have increased more than was to be expected in February. At women's apparel stores, sales declined more than usual from December to January and were about the same as a year earlier.

At shoe and men's apparel stores the reduction in business in the month was about as large as was to be expected, but in both lines the volume of sales was substantially above that reported twelve months earlier. In the case of establishments handling such durable consumers' goods as refrigerators, radios, and furniture, the decline from December was smaller than seasonal. Purchases of these goods have been active for some time, owing to the sustained high levels of consumer incomes.

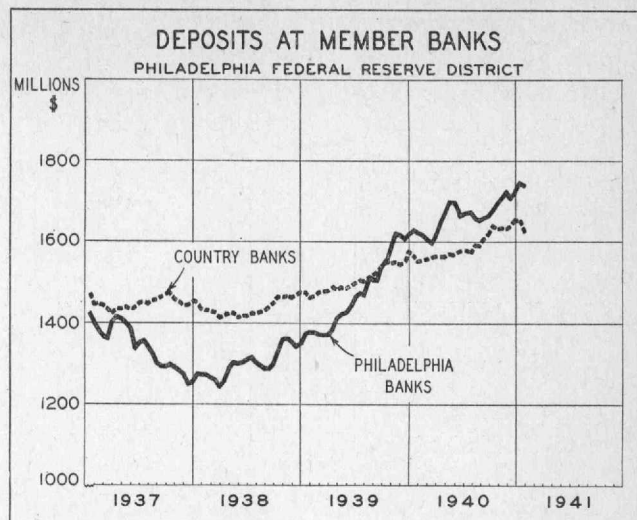
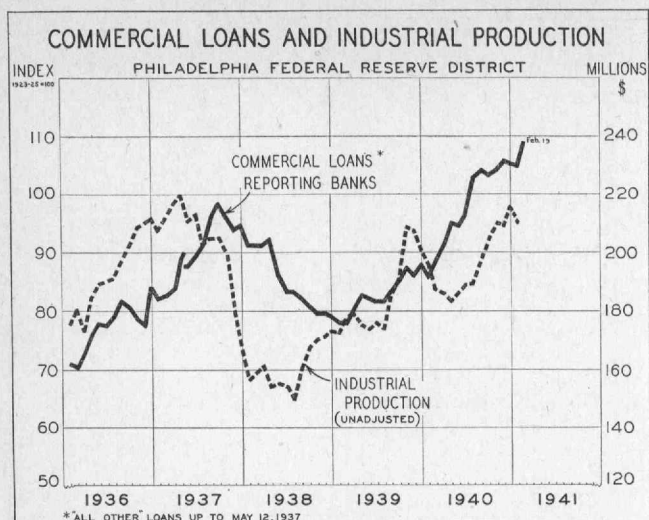
Stocks at retail establishments were reduced

more than was to be expected in January and are relatively small as compared with sales. Despite favorable prospects for retail business, buyers for the stores appear to be cautious in making forward commitments.

Sales at wholesale declined from December to January in the case of all reporting lines except electrical supplies and paper. The greatest reduction was in the case of jewelry, which had been purchased in large amounts for the holiday trade. Inventories at wholesale establishments increased in the month and were generally somewhat larger than a year earlier.

Shipments by rail freight increased slightly from December to January and were substantially larger than in January 1940. The movement of merchandise and miscellaneous goods was sustained at the levels reached in December although there is ordinarily some decline; loadings of coal and coke increased more than was to be expected; and shipments of ore declined substantially less than seasonally. The sharpest gain in the month was in the movement of grain; shipments of livestock declined more than usual. Loadings of both types of agricultural products were slightly smaller than a year earlier, while loadings of the heavy industrial goods showed large gains in the twelve months. The movement of freight in the Philadelphia area was active in January and increased further in early February.

Registrations of new passenger automobiles in this district declined 35 per cent from December to January and were slightly below January 1940. Occupancy and income of nonresort hotels increased 16 and 5 per cent respectively in the month and were considerably above a year earlier.



Banking conditions. Credit extended by reporting banks in this district has increased to the highest point since the fall of 1931. This has been due partly to expansion in commercial loans, reflecting increased needs for working capital to finance the heavy volume of defense business and the general expansion in commercial and industrial activity. Earning assets of the banks have also increased since January through the purchase of Treasury securities. Deposits have declined slightly further from the record levels prevailing at the first of the year.

The reserve balances of all member banks were reduced from \$712,000,000 on January 22 to \$701,000,000 on February 19, despite substantial gains through commercial and financial transactions with other districts. Operations of the Treasury absorbed approximately \$16,000,000. Heavy defense expenditures and other disbursements were exceeded by receipts, which included large cash payments on new defense securities, quarterly instalments on Social Security taxes, and considerable amounts of unemployment trust funds received from the states for investment. Other factors tending to reduce reserves included an increase in outstanding officers' checks of this bank and the greater than seasonal demand for \$15,000,000 of currency and coin.

At present levels reserves are substantially larger than a year ago and for the member banks in this district as a whole are more than double the amounts required to be held against deposits. Under these circumstances demands for Federal Reserve bank credit have been light. On February 19 discounts for member banks amounted to less than \$500,000 and working capital advances to established businesses were \$2,400,000. The par-

ticipation of this bank in System holdings of government securities has not changed since the first of the year, but the amount of \$174,800,000 now held is \$28,300,000 less than a year ago, reflecting sales from the System Open Market Account.

Loans and investments of the reporting member banks have increased \$20,000,000 in the past four weeks to \$1,233,000,000, and exceed the level of a year ago by \$70,000,000. An increase in loans during the latest period was due chiefly to an expansion of \$7,000,000 in commercial accommodation. While commercial loans locally have not advanced steadily over the past five months as have the national figures, they show the same increase of 21 per cent over a year ago. In the past year the banks in this district have also added to their holdings of open market paper and increased the volume of their miscellaneous loans, which include credit extended on municipal, personal, and instalment paper. Security loans and loans on real estate, however, have shown very little change.

Security holdings have been increased \$15,000,000 in the past month, but currently are only about one per cent larger than a year ago. Additional investments made in the latest period included \$11,000,000 of United States bonds and \$3,000,000 of Treasury notes.

Deposits at the reporting banks show a small decline in the past month to \$1,839,000,000 and are \$20,000,000 under the record volume reported at the close of 1940. But deposits continue well above a year ago. The sharp upturn in total deposits at all member banks in the district in the past three years, amounting to about \$660,000,000 or 24 per cent, has been entirely in demand balances.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation					Not adjusted		
	Jan. 1941	Dec. 1940	Jan. 1940	Per cent change		Jan. 1941	Dec. 1940	Jan. 1940
				Jan. 1941 from				
				Month ago	Year ago			
INDUSTRIAL PRODUCTION..	96p	101	88r	- 5	+ 9	95p	98	88
MANUFACTURING.....	96p	100	86	- 4	+ 11	94p	97	85
Durable goods.....	113p	115	88	- 2	+ 28	.....	.....	.....
Consumers' goods.....	83p	89	85	- 7	- 2	.....	.....	.....
Metal products.....	122p	123	97	- 1	+ 26	118p	117	94
Textile products.....	72p	83	77	-13	- 6	74p	80	79
Transportation equipment.....	145	150	97	- 4	+ 49	145	151	97
Food products.....	81p	83	79	- 1	+ 3	80p	82	77
Tobacco and products.....	101	100	110	+ 1	- 8	84	73	91
Building materials.....	50	52r	38	- 4	+ 30	42	47r	32
Chemicals and products.....	133p	140	131	- 5	+ 2	130p	139	128
Leather and products.....	104p	111	113	- 6	- 8	108p	105	117
Paper and printing.....	88	91	88	- 3	0	88	92	88
Individual lines								
Pig iron.....	91	91	81	- 1	+ 12	88	90	78
Steel.....	109	116	95	- 6	+ 15	107	109	93
Iron castings.....	96p	87	80	+11	+ 21	88p	80	73
Steel castings.....	137	141	87	- 3	+ 57	145	135	92
Electrical apparatus.....	154	146r	107	+ 6	+ 44	145	142r	100
Motor vehicles.....	32	34	22	- 6	+ 47	28	27	19
Automobile parts and bodies.....	102	116	78	-13	+ 30	101	114	78
Locomotives and cars.....	49	46	37	+ 5	+ 31	47	46	36
Shipbuilding.....	686	684	427	0	+ 61	700	718	436
Silk manufactures.....	70	78	69	-10	+ 1	71	79	71
Woolen and worsteds.....	60	71r	56	-15	+ 6	60	66	57
Cotton products.....	52	51	53	+ 1	- 2	53	55	54
Carpets and rugs.....	105	116	132	- 9	- 21	100	111	124
Hosiery.....	80	94	94	-14	- 15	84	91	98
Underwear.....	133	136	141	- 2	- 5	130	135	138
Cement.....	66	75	46	-11	+ 45	46	61	32
Brick.....	65	62r	48	+ 4	+ 34	60r	45	45
Lumber and products.....	31	32r	28	- 2	+ 10	29	31	26
Bread and bakery products.....	.....	.....	.....	- 4*	+ 2*	88	92	86
Slaughtering, meat packing.....	96	105	101	- 8	- 5	105	113	111
Sugar refining.....	134	69	112	+93	+ 20	92	45	77
Canning and preserving.....	70p	70	60	+ 1	+ 18	70p	71	58
Cigars.....	101	99	110	+ 2	- 8	83	71	90
Paper and wood pulp.....	78	79	78	- 2	- 1	77	80	78
Printing and publishing.....	90	93	90	- 3	0	90	94	90
Shoes.....	126	137	131	- 9	- 4	128	117	134
Leather, goat and kid.....	83p	86	96	- 2	- 13	88p	93	102
Explosives.....	122	143	91	-15	+ 33	122	141	91
Paints and varnishes.....	91	88	86	+ 4	+ 6	82	85	77
Petroleum products.....	163p	170	169	- 4	+ 3	161p	169	168
Coke, by-product.....	135p	150	140	-10	- 4	135p	146	140
COAL MINING.....	64	69r	70r	- 7	- 9	74	73r	81
Anthracite.....	62	67r	70r	- 7	- 11	72	71r	81
Bituminous.....	77	82	70	- 6	+ 10	88	86	80
CRUDE OIL.....	423	445	449	- 5	- 6	406	418	431
ELEC. POWER—OUTPUT.....	303	295	275	+ 3	+ 10	321	315	292
Sales, total.....	311	298	281	+ 5	+ 11	320	307	289
Sales to industries.....	219	229	192	- 4	+ 14	212	218	186
BUILDING CONTRACTS								
TOTAL AWARDS†.....	69	66	47	+ 4	+ 47	76	74	52
Residential†.....	75	64	51	+17	+ 45	60	62	42
Nonresidential†.....	88	76	40	+16	+118	95	82	44
Public works and utilities†.....	60	73	78	-17	- 23	77	87	100

* Unadjusted for seasonal variation.

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

p—Preliminary.

r—Revised.

Local Business Conditions*

Percentage change—January 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Dec. 1940	Jan. 1940	Dec. 1940	Jan. 1940	Dec. 1940	Jan. 1940	Dec. 1940	Jan. 1940	Dec. 1940	Jan. 1940
Allentown.....	-1	+13	-3	+29	-14	+36	-61	+4	-3	+9
Altoona.....	0	-1	-7	0	+51	+109	-64	-4	-9	+18
Harrisburg.....	+3	+16	+1	+28	+1160	+151	-59	+16	-11	+3
Johnstown.....	+3	+8	+2	+12	+757	+263	-66	+9	-8	+6
Lancaster.....	-1	-1	-2	+6	+219	+32	-59	+7	-9	+1
Philadelphia.....	0	+13	-2	+24	-19	+49	-60	+7	-15	+3
Reading.....	0	+6	-2	+16	+90	+16	-62	+4	-7	+9
Scranton.....	-3	-2	-7	+4	-1	-71	-61	+1	-10	-6
Trenton.....	-1	+10	0	+24	+106	+195	-67	+6	-15	+18
Wilkes-Barre.....	-5	-1	-5	+9	+329	+197	-62	-1	-9	+11
Williamsport.....	0	+5	-5	+10	-97	+184	.....	.....	-5	+29
Wilmington.....	+2	+14	-4	+23	-74	+208	-60	+7	-29	+27
York.....	-3	+12	-5	+31	-38	+107	-64	+5	-9	+15

* 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		
	Jan. 1941 index	Per cent change from		Jan. 1941 index	Per cent change from	
		Dec. 1940	Jan. 1940		Dec. 1940	Jan. 1940
GENERAL INDEX.....	119	- 6	+ 7	180	- 7	+13
Manufacturing.....	152	0	+ 8	244	- 3	+17
Anthracite mining.....	67	- 1	- 1	66	-10	-26
Bituminous coal mining.....	107	- 1	- 1	228	- 4	+11
Building and construction.....	45	-15	+12	69	-18	+25
Quar. and nonmet. mining.....	96	- 9	+ 3	195	-11	+18
Crude petroleum prod.....	132	- 2	0	160	+ 1	+ 3
Public utilities.....	99	- 1	+ 4	112	- 1	+ 6
Retail trade.....	106	-29	+ 6	123	-29	+ 3
Wholesale trade.....	121	- 1	+ 2	130	- 4	+ 7
Hotels.....	99	0	- 2	120	- 2	+ 2
Laundries.....	107	+ 1	+ 7	137	0	+ 8
Dyeing and cleaning.....	100	- 1	+12	117	- 3	+17

Manufacturing

Index: 1923-5=100	Employment*			Payrolls*		
	Jan. 1941 index	Per cent change from		Jan. 1941 index	Per cent change from	
		Dec. 1940	Jan. 1940		Dec. 1940	Jan. 1940
TOTAL.....	96	0	+ 8	100	- 3	+17
Iron, steel and products.....	97	+2	+14	134	- 1	+25
Nonferrous metal prod.....	147	+3	+18	196	- 2	+30
Transportation equipment.....	72	+1	+14	78	- 5	+15
Textiles and clothing.....	92	-2	0	86	- 5	+ 6
Textiles.....	86	-2	0	80	- 5	+ 4
Clothing.....	115	-2	0	111	- 5	+12
Food products.....	106	-3	+ 2	110	- 7	+ 3
Stone, clay and glass.....	86	+3	+10	91	- 7	+18
Lumber products.....	63	-4	+ 6	59	-10	+15
Chemicals and products.....	98	-1	+ 6	112	- 4	+ 9
Leather and products.....	91	+3	0	94	+ 5	+ 6
Paper and printing.....	98	-2	0	105	- 5	+ 2
Printing.....	90	-2	+ 1	97	- 3	+ 2
Others:						
Cigars and tobacco.....	65	-3	+17	63	+ 1	+34
Rubber tires, goods.....	88	0	+ 5	102	- 3	+18
Musical instruments.....	70	+1	+14	74	-23	+27

* Figures from 2,436 plants.

Hours and Wages

Factory workers—Averages January 1941 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL.....	39.0	+ 5	\$.743	+ 4	\$28.78	+ 9
Iron, steel and prod.....	40.7	+ 8	.819	+ 3	33.24	+11
Nonferrous metal prod.....	39.7	+ 5	.674	+ 3	26.74	+ 8
Transportation equip.....	40.8	0	.809	+1	33.07	+ 2
Textiles and clothing.....	34.6	+ 2	.542	+ 3	18.66	+ 5
Textiles.....	34.8	+ 1	.547	+ 3	18.96	+ 5
Clothing.....	33.6	+ 6	.523	+ 4	17.74	+ 7
Food products.....	38.8	- 1	.609	+ 2	24.02	0
Stone, clay and glass.....	36.5	+ 5	.724	+ 1	26.28	+ 6
Lumber products.....	37.8	+ 6	.581	+ 3	21.49	+10
Chemicals and prod.....	38.2	+ 2	.816	0	30.84	+ 2
Leather and products.....	38.8	+ 3	.555	+ 2	21.37	+ 5
Paper and printing.....	38.4	0	.735	+ 3	29.09	+ 2
Printing.....	36.2	- 1	.931	+ 2	34.51	0
Others:						
Cigars and tobacco.....	37.4	+ 9	.482	+ 5	18.05	+15
Rubber tires, goods.....	37.2	+12	.724	+ 1	26.92	+13
Musical instruments.....	40.9	0	.677	+ 9	27.68	+ 9

* Figures from 2,199 plants.

† Figures from 2,436 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change	
	Jan. 1941 from	
	Month ago	Year ago
Sales		
Total of all lines.....	- 9	+16
Boots and shoes.....	- 5	+45
Dry goods.....	-17	+ 1
Electrical supplies.....	+ 5	+33
Groceries.....	- 3	+ 9
Hardware.....	-30	+43
Jewelry.....	-72	+52
Paper.....	+ 1	- 7
Inventories		
Total of all lines.....	+ 5	+ 3
Dry goods.....	+ 3	-15
Electrical supplies.....	+33	+29
Groceries.....	0	+ 8
Hardware.....	+10	+13
Jewelry.....	- 2	+ 7
Paper.....	- 3	-13

Source: U. S. Department of Commerce.

Commodity prices Index: 1926=100	Jan. 1941	Per cent change from		
		Month		
		ago	ago	Aug. 1939
Basic commodities				
7 industrial.....	90	0	+5	+27
7 agricultural.....	57	+4	+1	+18
Wholesale (\$13)*.....	81	+1	+2	+ 8
Raw materials.....	75	+1	+1	+12
Finished products.....	83	+1	+2	+ 6
Farm.....	72	+3	+4	+17
Food.....	74	0	+3	+10
Other.....	84	0	0	+ 5
Retail food*				
(1935-9=100).....	98	+1	+3	+ 5
Philadelphia.....	95	0	+3	+ 2
Scranton.....	97	-2	+1	+ 6

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

Indexes: 1935-9=100	Adjusted for seasonal variation					Not adjusted		
	Jan. 1941	Dec. 1940	Jan. 1940	Per cent change		Jan. 1941	Dec. 1940	Jan. 1940
				Jan. 1941 from				
				Month ago	Year ago			
RETAIL TRADE								
Sales								
Department stores—District.....	111p	116	103	- 5	+ 7	79p	212	74
Philadelphia.....	110	116	102	- 5	+ 8	80	213	74
Men's apparel.....	124p	123	118	+ 1	+ 6	114p	206	108
Women's apparel.....	103	107	102	- 4	+ 1	85	163	84
Shoe.....	115p	115	94	- 1	+23	87p	137	71
Credit.....	139p	128	133	+ 9	+ 5	79p	202	76
Inventories								
Department stores—District.....	101p	101	95	0	+ 6	90p	93	85
Philadelphia.....	96	96	89	0	+ 8	88	91	81
Women's apparel.....	99	105	95	- 5	+ 5	87	97	84
Shoe.....	94p	96	99	- 2	- 5	85p	90	89
Credit.....	109p	113	109	- 4	0	103p	104	104
FREIGHT-CAR LOADINGS—TOTAL								
Merchandise and miscellaneous.....	144	140	126	+ 3	+14	121	120	109
Merchandise—l.c.l.....	141	139	124	+ 1	+14	121	121	107
Coal.....	105	102	101	+ 3	+ 4	95	97	92
Ore.....	120	118	117	+ 2	+ 2	128	125	126
Coke.....	335	306	203	+ 9	+65	70	74	43
Forest products.....	172	162	151	+ 6	+13	177	170	156
Grain and products.....	105	114	73	- 8	+45	96	101	66
Livestock.....	112	98	113	+15	- 1	105	100	106
	99	104	100	- 5	- 2	103	111	104
MISCELLANEOUS								
Life insurance sales.....	100	100	100	0	0	89	105	89
New passenger auto. registrations.....				-35*	- 2*	104	160	106
Hotels—								
Occupancy.....				+16*	+ 6*	105	91	99
Income, total.....				+ 5*	+13*	117	111	104
Business liquidations								
Number.....				- 6*	0*	121	128	121
Amount of liabilities.....				-16*	-56*	38	46	87
Check payments.....	116	134	110	-14	+ 5	118	145	112

* Computed from unadjusted data.

p—Preliminary.

BANKING STATISTICS

Reporting member banks (000,000's omitted)	Feb. 19, 1941	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 238	+ \$ 7	+ \$ 42
Open market paper.....	34	+ 1	+ 9
Loans to brokers, etc.....	24		
Other loans to carry secur.....	32		+ 1
Loans on real estate.....	50		
Loans to banks.....		- 1	- 1
Other loans.....	103	- 2	+ 9
Total loans.....	\$ 481	+ \$ 5	+ \$ 60
Government securities.....	\$ 384	+ \$14	+ \$ 14
Obligations fully guar'eed.....	89	- 1	10
Other securities.....	279	+ 2	+ 6
Total investments.....	\$ 752	+ \$15	+ \$ 10
Total loans & investments	\$1,233	+ \$20	+ \$ 70
Reserve with F. R. Bank.....	524	- 13	+ 87
Cash in vault.....	23	0	+ 3
Balances with other banks.....	211	- 11	- 16
Other assets—net.....	80	0	- 6
Liabilities			
Demand deposits, adjusted.....	\$1,096	- \$ 2	+ \$153
Time deposits.....	260		- 2
U. S. Government deposits.....	10	+ 1	+ 44
Interbank deposits.....	473	- 3	+ 29
Borrowings.....			
Other liabilities.....	15		
Capital account.....	217		+ 2

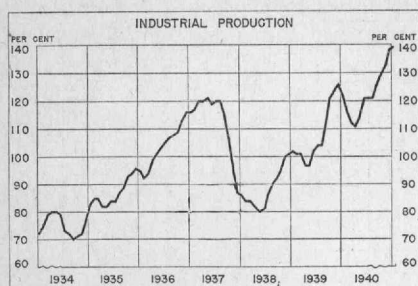
Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks*
	Jan. 29	Feb. 5	Feb. 12	Feb. 19	
Sources of funds:					
Reserve bank credit extended in district.....	+0.4	- 4.6	+4.3	+ 0.1	+ 0.2
Commercial transfers (chiefly interdistrict).....	-9.4	+11.3	+9.7	+16.5	+28.1
Treasury operations.....	+9.4	-16.0	-4.5	- 5.0	-16.1
Total.....	+0.4	- 9.3	+9.5	+11.6	+12.2
Uses of funds:					
Currency demand.....	+2.1	+ 5.2	+6.6	+ 1.2	+15.1
Member bank reserve deposits.....	-0.9	-18.3	+1.6	+ 6.5	-11.1
"Other deposits" at reserve bank.....	-0.7	+ 3.8	+1.3	+ 4.0	+ 8.4
Other Federal Reserve accounts.....	-0.1	- 0.0	-0.0	- 0.1	- 0.2
Total.....	+0.4	- 9.3	+9.5	+11.6	+12.2

* Preliminary.

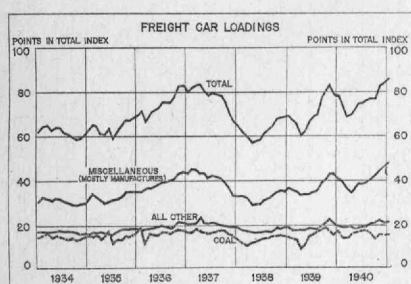
Member bank reserves (Daily averages: dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Phila. banks				
1941: Jan. 1-15.....	\$513.9	\$232.0	\$281.9	122%
Jan. 16-31.....	519.0	232.7	286.3	123 "
Feb. 1-15.....	505.8	231.3	274.5	119 "
1940: Feb. 1-15.....	429.9	211.5	218.4	103 "
Country banks				
1941: Jan. 1-15.....	201.7	103.3	98.4	95 "
Jan. 16-31.....	193.0	101.8	91.2	90 "
Feb. 1-15.....	190.4	102.1	88.3	86 "
1940: Feb. 1-15.....	174.4	96.2	78.2	81 "

Federal Reserve Bank of Phila. (Dollar figures in millions)	Feb. 19, 1941	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.5	-\$ 0.1	-\$ 0.1
Bills bought.....	0.0		
Industrial advances.....	2.4	+ 0.3	- 0.8
U. S. securities.....	174.8		-28.3
Total.....	\$177.7	+ \$ 0.2	-\$29.2
Note circulation.....	413.9	+ 10.1	+ 68.5
Member bk. deposits.....	701.4	- 11.1	+106.0
U. S. general account.....	38.4	+ 20.9	- 5.8
Foreign deposits.....	76.2	- 0.5	+ 41.0
Other deposits.....	29.4	+ 8.4	+ 3.1
Total reserves.....	1,104.9	+ 27.4	+244.5
Reserve ratio.....	87.7%	+ 0.2%	+ 5.5%

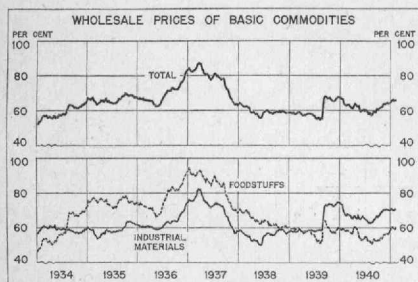
National Summary of Business Conditions



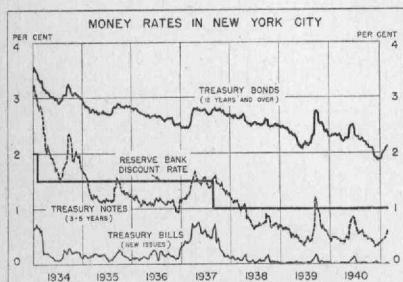
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. By months, January 1934 to January 1941.



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 January 1941.



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934 to February 13, 1941.



For weeks ending January 6, 1934, to February 15, 1941.

Industrial activity continued at a high level in January and distribution of commodities was maintained in large volume.

PRODUCTION

In January volume of industrial production declined less than seasonally and the Board's adjusted index rose one point further to 139 per cent of the 1935-39 average. There were further considerable increases in activity in industries making machinery, aircraft, ships, and similar products important to the defense program, and output of industrial materials, such as steel and nonferrous metals, continued at near capacity rates. Lumber production also was in unusually large volume owing to demand arising from construction under the defense program as well as from private building.

Automobile production, which ordinarily declines considerably at this time of year, was maintained at a high rate in January and the first half of February. This reflected in part an unusually large volume of retail sales and in part the industry's efforts to build up dealers' stocks of cars as much as possible with a view to having an adequate supply on hand in case priorities or work on defense orders should necessitate curtailment of automobile production. Currently dealers' stocks of new cars are probably near record levels.

In the cotton textile industry, activity in January showed some further increase from the record level reached in December but the rise was less than usually occurs at this season. At wool textile mills there was some decline from the high level of November and December, while output at rayon mills was maintained in large volume. Defense program orders for textiles, particularly wool and cotton products, have been substantial for some time, and these combined with considerable civilian demand have resulted in the accumulation of large order backlogs at most mills. Activity at meat-packing establishments was reduced in January owing chiefly to a sharp decline in hog slaughter, which has been exceptionally large in the latter part of 1940. Shoe production advanced by less than the usual seasonal amount following a high rate of output in November and December.

At mines output of most metals continued at record levels in January. Production of fuels was sustained in large volume but was not at such high levels as output of other minerals owing in part to the existence of considerable stocks, particularly of petroleum products.

Value of construction contracts, as reported by the F. W. Dodge Corporation, declined in January. The decrease reflected chiefly a sharp reduction in awards for public construction from the exceptionally large December total, which had included a number of defense projects not previously reported by the Dodge Corporation for lack of detailed information. Contracts awarded for private nonresidential building declined somewhat in January but as in December were twice as large as the amount awarded in the corresponding period a year ago. Awards for private residential building increased and on a seasonally adjusted basis were at the highest level since the middle of 1929.

DISTRIBUTION

Distribution of commodities to consumers in January was maintained at the high level reached in the latter part of 1940. Sales at department and variety stores declined seasonally following an unusually large amount of Christmas trade, while sales of automobiles continued near the rate prevailing in December. In the early part of February department store sales were sustained in large volume.

Total freight-car loadings, which usually decline from December to January, showed little change this year and the Board's seasonally adjusted index rose two points further to 86 per cent of the 1923-25 average.

WHOLESALE COMMODITY PRICES

Prices of industrial materials and foodstuffs generally showed little change from the middle of January to the middle of February. Some imported commodities, principally coffee, cocoa, rubber, and tin, rose slightly and there were increases also in prices of lard and wool tops, while declines were reported for livestock and meats, hides, grains, lumber, and scrap metals. Prices of some finished commodities, particularly textile products, showed advances in this period.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities increased substantially during January and the first half of February, reflecting largely purchases of new defense notes issued by the government. Commercial loans at these banks increased further while loans to New York security brokers and dealers declined.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities continued to decline in the latter half of January and the first half of February, more than canceling the gains from the end of October to the peak on December 10. The 1960-65 bonds on February 14 were selling on a yield basis of 2.28 per cent, compared with a low of 2.03 per cent on December 10.