

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

JUNE 2, 1941

FEDERAL RESERVE BANK OF ST. LOUIS  
6-4-41  
1941 JUN 02  
RECEIVED STATISTICAL DIVISION

Business activity shows further gains. Production and employment have expanded almost steadily, and the increase in general buying power has stimulated the movement of goods through trade channels. Increasingly active demand, expanding use of bank credit, and rising costs have accelerated general advances in prices.

Industrial production in the Third Federal Reserve District improved somewhat from March to April, after allowing for the usual seasonal change. The output of manufactured goods expanded further, owing to continued increases in defense production, further gains at plants producing other heavy goods, and unusually well sustained levels of operations in consumers' goods industries. The output of crude oil increased, and the production of electric power declined less than seasonally.

The production of both anthracite and bituminous coal, however, was reduced sharply when there is ordinarily some expansion. Work was stopped for the entire month at nearly all soft coal mines pending settlement of negotiations for a new wage agreement.

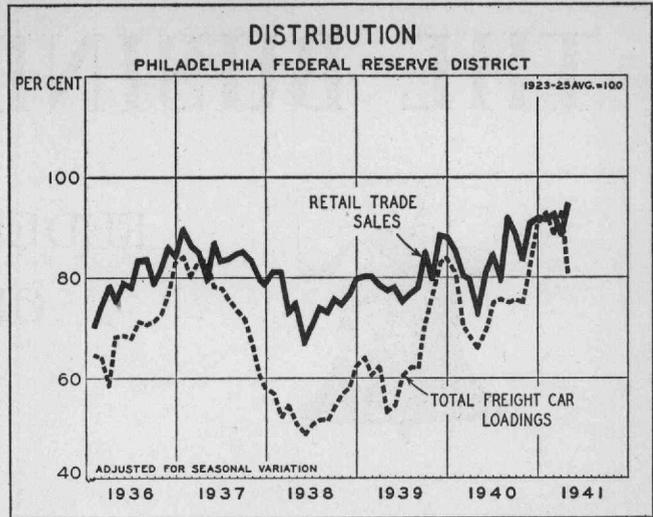
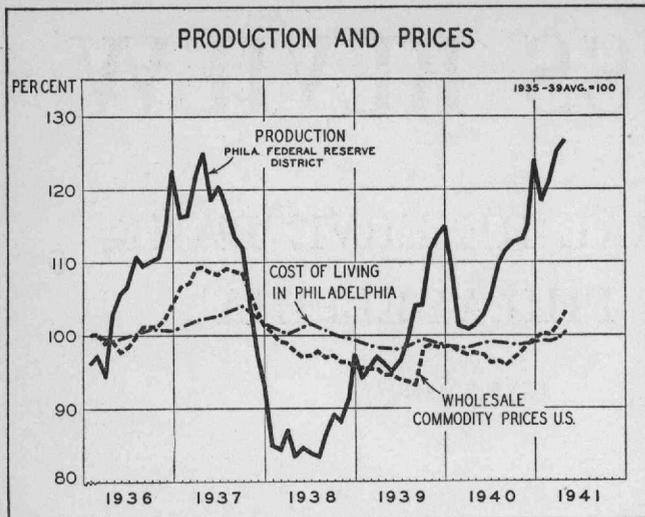
General employment and payrolls in Pennsylvania declined slightly in April, owing to reduced operations at the coal mines. Increases were reported in all other lines, particularly in construction, quarrying, trade, and some service industries. Factory employment and wage payments increased to new high levels in the month and further gains occurred in May, especially in the heavy industries.

Hourly earnings of factory workers have increased sharply to the highest levels since the last war. Prices of staple commodities have advanced

almost steadily since last August, as requirements for defense production have expanded, some scarcity of materials has developed, and general costs of ocean transport have increased. Prices of wholesale commodities have risen further and now average 13 per cent above the prewar level in August 1939. The greatest increases have been in raw materials and in farm products. The cost of living has increased considerably since the early part of the year and is now about 4 per cent above August 1939 in thirty-four large cities and 3 per cent higher in Philadelphia. The greatest increases in costs have been in food and fuel.

The volume of retail trade improved considerably from March to April, when Easter buying was the most active since 1929, and continued heavy in May. Purchases at wholesale also have been large, owing to increased forward buying and a substantial volume of reordering to fill in reduced inventories. Freight shipments were curtailed by the stoppage of work at soft coal mines in April but since then have recovered to reach the largest volume in over a decade. Activity in virtually all lines of distribution as well as in other industries is considerably above a year ago.

The demand for bank credit to finance defense production and general business activity continues to increase. The volume of commercial loans outstanding in this District is the largest in several years. Holdings of securities have declined. Bank deposits have expanded to new high levels and are being used somewhat more actively than was the case a year ago. Reserves have increased, and money rates have continued practically steady at low levels.



**Manufacturing.** Factory operations continue to expand, and accumulating orders in many basic lines are expected to sustain activity near capacity levels for the next several months. Plants producing heavy defense equipment are already booked to capacity for a year or more. The volume of inquiries has increased further in nearly all reporting industries. Sales have advanced in all except steel, where some scarcity of semifinished goods has delayed deliveries. The volume of factory sales generally is sharply above a year ago. In spite of increasing shipments, backlogs are still expanding and prices continue to rise, especially in the textile industry.

Factory employment in Pennsylvania increased further from March to an estimated 1,060,000 workers in April, the largest number employed since 1923. Wage disbursements were expanded 5 per cent in the month to a new record of about \$30,300,000 a week. At these levels employment was 20 per cent and payrolls 44 per cent above a year ago. Preliminary reports indicate continued increases in May, especially in the heavy industries.

The largest gains in April were at plants producing primary and structural steel, transportation equipment, and nonferrous metal products. In consumers' goods industries, declines predominated, but these were generally smaller than usually occur at this time of year.

Weekly income of factory workers has reached a new high record of over \$31.00, or \$5.00 a week more than a year ago and over \$3.00 a week above the previous peak in 1929. Hourly earnings have reached a new high of 78 cents, while the average number of hours worked per week continued about the same as in March.

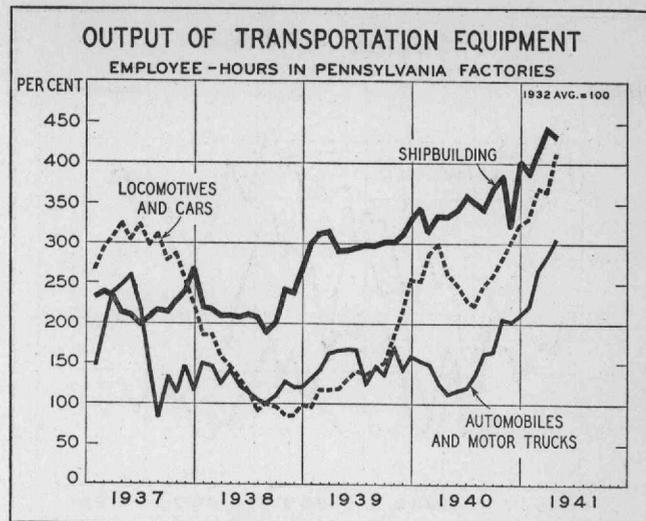
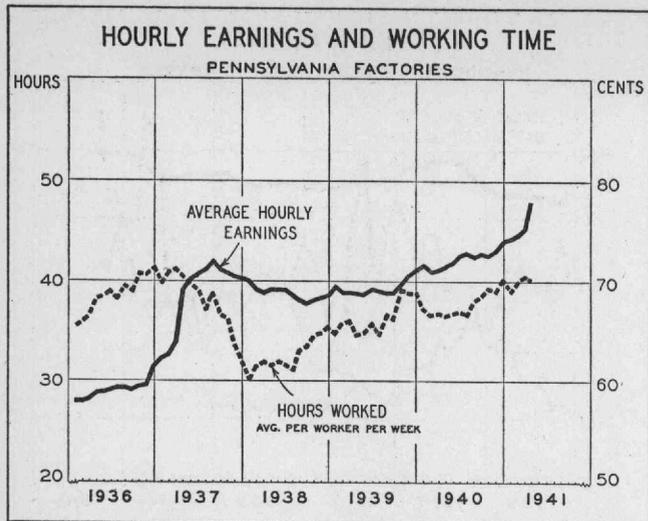
In southern New Jersey, factory employment and payrolls increased about 2 per cent in the month and were well above a year ago. In Delaware, the number of workers was expanded by 6 per cent, and wage payments by 8 per cent, owing chiefly to gains at plants producing metal products and transportation equipment.

The output of factory products in this District increased slightly in April, when there is ordinarily some decline, and aggregated 30 per cent more than in April 1940. On a seasonally adjusted basis, the principal increases were in consumers' goods industries, chiefly in the case of tobacco products and textiles, where operations were unusually well sustained. In the heavy goods industries, where output is now about 50 per cent above a year ago, the greatest improvement in April was in the production of locomotives and cars, primary steel products, and electrical apparatus.

The production of electric power declined somewhat less than seasonally from March to April and was substantially above last year. Total sales increased less than was to be expected, and sales to industry declined slightly, when there is ordinarily some increase.

**Coal and other fuels.** The demand for bituminous coal is unusually active. Supplies available to consumers have not yet been restored to the levels prevailing before the stoppage of mine operations in the Appalachian field during April. Sales of anthracite have slackened somewhat. Prices of coal generally are higher than a month and a year ago.

Production of anthracite declined from a high average of 176,700 tons a day in March to 123,200 tons a day in April, when operations usually in-



crease somewhat. Output for the month was the smallest since July 1939, but some expansion was reported in early May. Work was stopped for one day when the agreement between operators and miners expired, but a new agreement was reached.

Labor difficulties resulted in the virtual suspension of operations at bituminous mines in April. In anticipation of this development, however, production in March was increased to the largest volume since March 1937, and output in the first four months of the year aggregated about 33,200,000 tons, or only about 2,100,000 tons less than in the same period of 1940.

Activity at by-product coke ovens declined in April to a level 12 per cent above a year ago, owing in part to the scarcity of bituminous coal. Operations at oil refineries also declined somewhat from March to April and were 8 per cent less than in April 1940.

**Building.** Construction activity in this district expanded further in April, although awards of new contracts declined substantially from the ten-year peak reached in March. The demand for low-priced dwellings and for manufacturing space has improved further, and increases in rentals are becoming more pronounced, particularly in the case of small houses and apartments. Wholesale prices of building materials are still rising, although recent advances have been small.

The value of contracts awarded in April declined 25 per cent to approximately \$22,000,000. Awards for all types of construction except residential and factory buildings were substantially less than in March, the sharpest declines being in contracts for commercial structures. Awards for one- and two-

family houses increased 32 per cent in April to the largest total for that month since 1929. A substantial volume of new dwelling units is to be constructed in Philadelphia and other industrial centers of the District where more homes are needed for defense workers. There was a 41 per cent increase from March to April in awards for industrial plants, including an aircraft factory near Philadelphia and new shipways and facilities at Chester. Aggregate awards were 25 per cent larger than a year ago in April and 38 per cent larger in the first four months, reflecting chiefly increases in contracts for factories, dwellings, and commercial structures.

**Agriculture.** Farming conditions have become less favorable than in late April and early May. Lack of moisture has impaired the condition of crops and pastures. Plantings of truck crops have been somewhat curtailed because of the scarcity of labor, particularly near the large industrial centers where farm workers are obtaining factory employment at higher wages. Fruits and vegetables in some sections have sustained greater damage from frost than was reported earlier.

Prices of agricultural commodities have advanced further, the index compiled by the Bureau of Labor Statistics reaching by the middle of May a level 25 per cent above August 1939 and the highest since 1937. Continued advances in industrial activity and consumer incomes have improved the demand for farm products. Recent advances in quotations have also been attributed in part to the passage of the Farm Loan Bill providing for loans on corn, wheat, cotton, rice, and tobacco at the rate of 85 per cent of parity, which represents the value of farm products relative to industrial goods in the period 1909 to 1914.



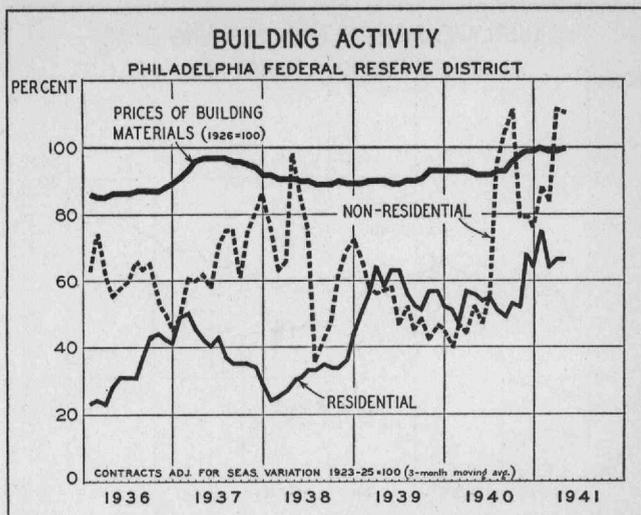
Farm receipts from the sale of crops and livestock products in Pennsylvania, New Jersey, and Delaware increased to \$89,400,000 in the first quarter of 1941 as against \$81,800,000 a year ago. Government benefit payments were reduced 25 per cent to \$3,400,000 in this period.

**Trade.** The expansion in general buying power resulting from more active defense production is stimulating the volume of trade to an increasing extent. Sales by retail stores increased much more than seasonally in April and have been well sustained in May. Wholesale trade has advanced sharply, owing to heavier forward buying and a large volume of reordering to fill in reduced inventories. The movement of rail freight has increased to new high levels, after having been curtailed by the shutdown of bituminous mines in April.

The volume of retail sales in this District increased 7 per cent more than was to be expected from March to April as stores experienced the best Easter season since 1929. Particularly large gains were reported at shoe stores, and substantial increases were shown at department and men's apparel stores.

Compared with a year ago, sales have expanded sharply in all reporting lines. In the first four months of this year, gains over the corresponding period of 1940 ranged from 10 per cent at women's specialty shops to 22 per cent at shoe stores; at department stores the increase was 17 per cent.

Inventories at retail establishments were about the same in April as in March. Stocks were generally somewhat larger than a year earlier, but



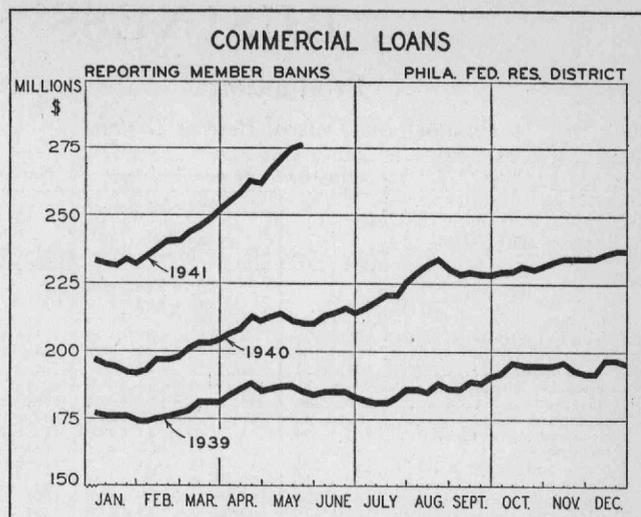
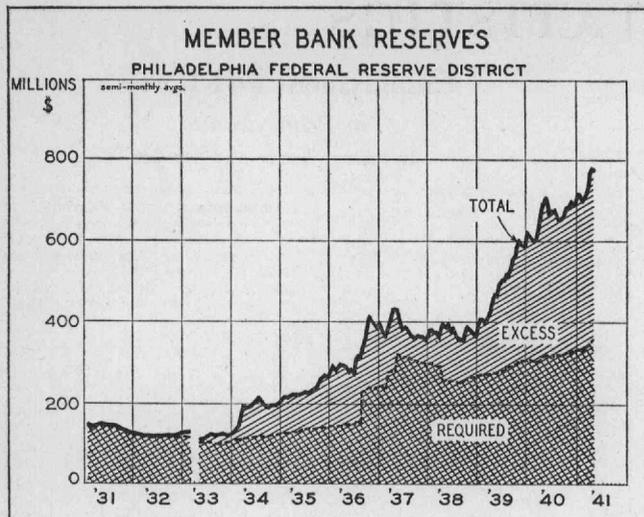
the increases have been much smaller than the gains in sales.

The volume of business at wholesale establishments expanded sharply further from March to April, the greatest increases continuing in sales of jewelry, electrical supplies, and hardware. Compared with April 1940, there were substantial gains in all reporting lines, the increases ranging from 18 per cent in such staple groups as groceries and paper to 115 per cent in the case of electrical equipment.

Stocks at wholesale establishments have shown little change recently. In most lines inventories are larger than a year ago, but delivery periods have been extended, owing to active demand.

The movement of rail freight in the Allegheny district in early May reached the largest volume in over a decade. Shipments were reduced substantially from March to April; loadings of coal declined 65 per cent and coke 31 per cent. Small decreases were also reported in the case of livestock. Some part of the loss was offset by a large expansion in loadings of ore, reflecting the unusually early opening of traffic on the Great Lakes. Shipments of ore were more than three times as large as in April 1940, and the movement of other classes of freight except livestock and coal was also above a year ago. Loadings originating in Philadelphia have expanded almost steadily since January to the highest level in recent years.

Sales of new passenger automobiles increased 38 per cent from March to April and were more than one-half again as large as a year earlier. The volume of hotel and insurance business also increased in the month, and the number of business failures declined sharply.



**Banking conditions.** The demand for bank credit in this District continues active. Commercial loans of the reporting banks have expanded further and are now about one-third larger than a year ago. Investments and cash assets have been reduced somewhat in the past month, but deposits have increased to a new record level.

Advances by the reporting banks to finance national defense at the close of April totaled nearly \$24,000,000, or 9 per cent of the commercial loans, and commitments were outstanding to make approximately \$22,000,000 of additional defense loans. About 27 per cent of the number of loans and commitments were to concerns with assets of less than \$100,000; 42 per cent were to medium-sized borrowers, and 31 per cent to concerns with estimated assets of \$1,000,000 or more.

Reserves of all member banks in this district aggregated \$784,000,000 on May 21, or \$84,000,000 larger than a year ago. These balances have been more than double requirements since the early spring of 1940. In the first half of April the reserves of nearly three-fourths of the banks were 125 per cent or more of requirements, and in nine-tenths of the other institutions demand balances with correspondents equaled or exceeded 50 per cent of required reserves.

An increase of \$2,700,000 in reserves during the four weeks ended May 21 was due to sharp gains in transactions with other districts and to funds supplied by Treasury operations. Reserve funds were absorbed, however, by an increase in currency demand more than double that of a year ago, by a decline in float, and by a substantial increase in outstanding officers' checks of this Bank.

Treasury disbursements exceeded receipts by

\$5,000,000, although receipts were sustained by large amounts of unemployment trust funds turned over by the states, Social Security taxes, and the sale of savings securities. Expenditures for defense supplies and payrolls continued heavy; other large payments included those for shipbuilding, redemption of securities, and relief.

Industrial advances of this Bank increased from \$2,300,000 to \$2,900,000 in the period from April 23 to May 21, and commitments to make advances rose from \$300,000 to \$2,300,000. These changes were due principally to transactions under an agreement reached some time ago to supply working capital to a shipbuilding concern.

Credit extended by the reporting banks increased \$13,000,000 to \$1,294,000,000 in the four latest weeks. Commercial loans expanded \$14,000,000 further to \$276,000,000, or \$66,000,000 more than a year ago. Other loans were also increased by several millions, chiefly through the purchase of open market paper. Investments, however, were reduced \$6,000,000, partly by the redemption of bonds of the Home Owners' Loan Corporation. Holdings of direct obligations of the United States increased slightly.

Deposits have increased \$2,000,000 to a record level of \$1,971,000,000, and are \$181,000,000 larger than a year ago. Balances of individuals and business concerns advanced to a new peak in the past month, but this gain was largely offset by a decline in deposits of states and local governments. Thus far this year demand deposits of individuals and corporations have been turned over at a rate of about 17 times a year. This was slightly above the rate prevailing early last year but only about one-half of the rate of turnover in 1929.

# BUSINESS STATISTICS

## Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Apr. 1941	Mar. 1941	Apr. 1940	Per cent change		Apr. 1941	Mar. 1941	Apr. 1940	
				Apr. 1941 from					
				Mo. ago	Year ago				
<b>INDUSTRIAL PRODUCTION</b>	103p	102	82	+1	+25	+19	101p	103	81
<b>MANUFACTURING</b>	106p	102	81	+4	+30	+22	104p	103	80
<b>Durable goods</b>	124p	121	84	+2	+48	+43			
<b>Consumers' goods</b>	94p	89	80	+6	+18	+7			
Metal products	133p	126	86	+6	+54	+42	129p	127	84
Textile products	87p	82	68	+7	+28	+9	83p	84	65
Transportation equipment	163	164	95	0	+71	+68	172	173	100
Food products	85p	82	79	+3	+7	+5	83p	81	76
Tobacco and products	124	106	108	+17	+14	+2	113	98	99
Building materials	52	55	42	+6	+26	+38	52	49	41
Chemicals and products	133p	135	122	-1	+9	+6	135p	136	124
Leather and products	121p	119	100r	+2	+21	+6	119p	123	98
Paper and printing	88	88	88	0	+1	0	90	90	89
<b>Individual lines</b>									
Pig iron	86	82	61	+4	+41	+22	97	94	69
Steel	109	106	74	+3	+48	+33	115	114	77
Iron castings	91p	82	72	+11	+26	+24	94p	86	75
Steel castings	139	144	84	-4	+66	+76	142	162	85
Electrical apparatus	191	175r	117	+9	+64	+56	166	163r	102
Motor vehicles	31	34	11	-7	+173	+97	39	36	14
Automobile parts and bodies	103	105	68	-2	+51	+48	112	115	74
Locomotives and cars	55	48	35	+14	+57	+34	59	52	37
Shipbuilding	817	818	470	0	+74	+76	833	850	480
Silk manufactures	85	81r	70	+5	+21	+12	83	84r	69
Woolen and worsteds	76	73	48	+3	+56	+31	70	71	45
Cotton products	55	51	42	+8	+30	+9	57	54	44
Carpets and rugs	123	124	114	+1	+8	-8	116	123	107
Hosiery	93	92	79	+1	+17	+2	93	96	79
Underwear	149	136	142	+10	+5	-1	147	148	140
Cement	77	91	67	-15	+15	+38	77	70	67
Brick	63	64	38	-2	+68	+60	67	63	39
Lumber and products	32	30	29	+7	+11	+12	30	28	27
Bread and bakery products	100			-3*	+3*	+2*	89	92	86
Slaughtering, meat packing	100	90	111	+1	-10	-4	98	95	109
Sugar refining	105	61	41	+73	+153	+46	136	93	54
Canning and preserving	77p	75	69	+4	+12	+16	68p	66	58
Cigars	123	105	107	+17	+15	+2	112	97	98
Paper and wood pulp	80	79	76	+1	+6	+3	81	81	77
Printing and publishing	90	90	90	0	0	0	92	92	92
Shoes	150	141	102	+6	+47	+14	150	150	102
Leather, goat and kid	93p	98	98	-5	-5	-6	90p	97	95
Explosives	144	144	92	0	+57	+46	146	144	93
Paints and varnishes	91	91	79	0	+15	+10	96	93	83
Petroleum products	157p	158	161	-1	-2	-4	156p	157	160
Coke, by-product	132	143	118	-8	+12	+12	138	149	123
<b>COAL MINING</b>	38	67	54r	-43	-29	+3	41	69	57
Anthracite	43p	64	52r	-33	-17	+3	46p	66	56
Bituminous	2	92	74	-98	-97	-6	2	94	67
<b>CRUDE OIL</b>	391	382	433	+2	-10	-9	403	390	446
<b>ELEC. POWER—OUTPUT</b>	318	312	285	+2	+12	+13	312	318	279
Sales, total	304	313	270	+3	+13	+14	313	310	278
Sales to industries	218	236	185	-8	+18	+21	220	224	187
<b>BUILDING CONTRACTS</b>									
<b>TOTAL AWARDS†</b>	88	90	65	-3	+36	+37	85	79	62
Residential†	66	66	56	0	+18	+28	61	50	52
Nonresidential†	110	111	52	-1	+112	+115	112	111	53
Public works and utilities†	94	94	121	0	-22	-28	87	86	111

\* Unadjusted for seasonal variation.

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

p—Preliminary.

r—Revised.

## Local Business Conditions\*

Percentage change—April 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Mar. 1941	Apr. 1940	Mar. 1941	Apr. 1940	Mar. 1941	Apr. 1940	Mar. 1941	Apr. 1940	Mar. 1941	Apr. 1940
	Allentown	+2	+20	+6	+51	+89	+125	+34	+32	+7
Altoona	-7	+12	+7	+20	+368	+28	+6	+27	+5	+18
Harrisburg	-2	+32	+7	+60	+51	+336	+4	+33	-8	+9
Johnstown	-2	+19	+12	+56	+57	+243	+27	+35	+3	+22
Lancaster	+3	+10	+6	+31	-61	-54	-3	+36	-8	+12
Philadelphia	+2	+23	0	+40	+110	+262	+19	+34	+6	+34
Reading	+2	+15	+3	+45	+71	+13	+14	+34	+2	+15
Scranton	+1	+11	0	+24	+67	9	+22	+24	-6	+1
Trenton	+1	+12	-2	+27	+72	+265	+32	+41	+8	+6
Wilkes-Barre	+5	+18	+4	+38	+273	+273	+24	+30	0	+7
Williamsport	+3	+10	+2	+23	+2964	+1574			+4	+32
Wilmington	+6	+26	+8	+41	+3	-34	-21	+42	-17	+17
York	+2	+20	-1	+48	+192	+25	+11	+37	+3	+21

\* 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		
	Apr. 1941 index	Per cent change from		Apr. 1941 index	Per cent change from	
		Mar. 1941	Apr. 1940		Mar. 1941	Apr. 1940
<b>GENERAL INDEX</b>	121	-1	+10	192	-1	+27
Manufacturing	159	+2	+20	278	+5	+44
Anthracite mining	65	-3	-5	42	-43	-32
Bituminous coal mining	12	-90	-89	22	-91	-88
Building and construction	54	+25	+16	85	+28	+36
Quar. and nonmet. mining	126	+20	+19	293	+33	+57
Crude petroleum prod.	140	+2	+7	158	+1	-2
Public utilities	101	+1	+5	115	+1	+6
Retail trade	117	+9	+13	141	+10	+14
Wholesale trade	130	+4	+9	136	+2	+11
Hotels	102	+1	-2	123	+1	0
Laundries	111	+3	+9	145	+5	+21
Dyeing and cleaning	113	+12	+13	163	+39	+27

## Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Apr. 1941 index	Per cent change from		Apr. 1941 index	Per cent change from	
		Mar. 1941	Apr. 1940		Mar. 1941	Apr. 1940
<b>TOTAL</b>	102	+2	+20	114	+5	+44
Iron, steel and products	104	+3	+31	160	+8	+67
Nonferrous metal products	163	+4	+34	227	+4	+53
Transportation equipment	79	+4	-32	89	+5	+43
Textiles and clothing	97	+1	-11	95	-3	+23
Textiles	90	+2	-11	88	-2	+24
Clothing	126	-1	+9	128	-6	+22
Food products	106	0	+4	114	0	+6
Stone, clay and glass	92	+3	-19	103	+6	+34
Lumber products	62	+2	+19	60	+3	+26
Chemicals and products	103	+3	-10	121	+4	+16
Leather and products	96	0	+10	98	-4	+36
Paper and printing	101	0	+3	110	-1	+7
Printing	91	+1	+1	101	-1	+4
<b>Others:</b>						
Cigars and tobacco	65	+3	+4	57	+1	+5
Rubber tires, goods	74	-19	-5	94	-13	+8
Musical instruments	74	+1	+14	91	+3	+39

\* Figures from 2,427 plants.

## Hours and Wages

Factory workers Averages April 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
<b>TOTAL</b>	40.1	+10	\$ .779	+9	\$31.08	+20
Iron, steel and prod.	41.7	+14	.879	+11	36.68	+27
Nonfer. metal prod.	40.3	+5	.692	+5	27.86	+10
Transportation equip.	42.8	+7	.832	+2	35.59	+10
Textiles and clothing	36.2	+8	.538	+4	19.50	+12
Textiles	36.2	+9	.545	+3	19.76	+11
Clothing	36.0	+4	.514	+8	18.73	+13
Food products	38.1	-5	.635	+4	24.74	-1
Stone, clay and glass	37.7	+9	.735	+2	27.60	+11
Lumber products	38.2	0	.587	+6	22.16	+7
Chemicals and prod.	38.7	+2	.823	+2	31.49	+4
Leather and prod.	37.4	+19	.570	+3	21.26	+22
Paper and printing	39.3	+1	.736	+3	30.02	+4
Printing	36.7	-1	.937	+3	35.63	+3
<b>Others:</b>						
Cigars and tobacco	35.4	-1	.459	+1	16.27	0
Rubber tires, goods	38.9	+11	.760	+3	29.53	+14
Musical instruments	45.9	+9	.706	+11	32.36	+20

\* Figures from 2,213 plants.

† Figures from 2,427 plants.

## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	April 1941 from		1941 from 4 mos. 1940
	Month ago	Year ago	
<b>Sales</b>			
Total of all lines.....	+16	+ 42	+30
Drugs.....	+ 4	+ 20	
Dry goods.....	+12	+ 40	+23
Electrical supplies.....	+44	+115	+71
Groceries.....	+ 8	+ 18	+14
Hardware.....	+17	+ 61	+53
Jewelry.....	+22	+ 68	+43
Paper.....	+10	+ 18	+14
<b>Inventories</b>			
Total of all lines.....	0	+ 14	
Dry goods.....	0	- 3	
Electrical supplies.....	- 5	+ 31	
Groceries.....	+ 1	+ 29	
Hardware.....	+ 2	+ 29	
Jewelry.....	- 1	+ 1	
Paper.....	+ 1	- 7	

Source: U. S. Department of Commerce.

Commodity prices Index: 1926=100	Apr. 1941	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b>				
7 industrial.....	89	-1	+16	+26
7 agricultural.....	62	+4	+ 9	+29
Wholesale (813)*.....	83	+2	+ 6	+11
Raw materials.....	77	+3	+ 6	+17
Finished products.....	85	+2	+ 5	+ 8
Farm.....	74	+4	+ 7	+22
Food.....	78	+4	+ 9	+16
Other.....	86	+1	+ 4	+ 7
<b>Retail food*</b>				
(1935-9=100).....	101	+2	+ 5	+ 8
Philadelphia.....	97	+2	+ 3	+ 4
Scranton.....	100	+3	+ 3	+ 9

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

Indexes: 1935-1939=100	Adjusted for seasonal variation						Not adjusted		
	Apr. 1941	Mar. 1941	Apr. 1940	Per cent change			Apr. 1941	Mar. 1941	Apr. 1940
				Apr. 1941 from		1941 from 4 mos. 1940			
				Mo. ago	Year ago				
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	125p	117	99	+ 7	+ 34	+ 17	125p	106	94
Philadelphia.....	125	115	99	+ 9	+ 34	+ 17	123	104	91
Men's apparel.....	122p	112	90	+ 9	+ 47	+ 14	120p	96	82
Women's apparel.....	97p	95	83	+ 3	+ 24	+ 10	123p	108	99
Shoe.....	124p	100r	80	+23	+ 66	+ 22	151p	101r	91
Credit.....	125p	120	93	+ 4	+ 41	+ 17	142p	102	101
<b>Inventories</b>									
Department stores—District.....	105p	105	94	0	+ 11	.....	110p	106	99
Philadelphia.....	101	101	90	0	+ 13	.....	105	101r	93
Women's apparel.....	95p	99	94	- 4	+ 1	.....	95p	108	93
Shoe.....	99p	102r	106	- 3	- 6	.....	106p	106r	113
Credit.....	125p	121	115	+ 3	+ 8	.....	127p	124	118
<b>FREIGHT-CAR LOADINGS—TOTAL.....</b>	125	144	102	-13	+ 22	+ 21	118	133	98
Merchandise and miscellaneous.....	136	138	100	- 2	+ 36	+ 26	139	133	102
Merchandise—l.c.l.....	107	105	91	+ 2	+ 17	+ 11	108	106	92
Coal.....	51	144	106	-65	- 52	+ 1	46	139	96
Ore.....	380	257	120	+47	+216	+103	197	82	62
Coke.....	121	176	97	-31	+ 26	+ 36	125	187	99
Forest products.....	107	103	68	+ 4	+ 56	+ 45	105	102	67
Grain and products.....	134	123	118	+ 8	+ 13	+ 2	112	116	99
Livestock.....	108	111	111	- 3	- 3	- 1	94	95	97
<b>MISCELLANEOUS</b>									
Life insurance sales.....	95	94	85	+ 1	+ 12	+ 5	107	104	95
New passenger auto. registrations.....	.....	.....	.....	+38*	+ 56*	+ 25*	219	159	141
Hotels—(1934=100).....	.....	.....	.....	+ 8*	+ 5*	- 6*	119p	109	114
Occupancy.....	.....	.....	.....	+ 7*	+ 5*	+ 10*	126p	117	121
Income, total.....	.....	.....	.....	-28*	- 43*	- 6*	84	116	148
Business liquidations.....	.....	.....	.....	-43*	- 54*	- 1*	47	83	104
Number.....	.....	.....	.....	+ 2	+ 34	+ 18	137	131	103
Amount of liabilities.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Check payments.....	136	133	102	.....	.....	.....	.....	.....	.....

\* Computed from unadjusted data.

p—Preliminary.

r—Revised.

## BANKING STATISTICS

Reporting member banks (000,000's omitted)	May 21, 1941	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 276	+\$14	+\$66*
Open market paper.....	40	+ 3	+ 9
Loans to brokers, etc.....	25	0	- 1
Other loans to carry secur.....	29	+ 1	- 4
Loans on real estate.....	50	0	0
Loans to banks.....	.....	0	- 1
Other loans.....	104	+ 1	+ 9*
<b>Total loans.....</b>	<b>\$ 524</b>	<b>+\$19</b>	<b>+\$ 78</b>
Government securities.....	\$ 413	+\$ 1	+\$ 58
Obligations fully guar'teed.....	85	- 3	- 6
Other securities.....	272	- 4	- 8
<b>Total investments.....</b>	<b>\$ 770</b>	<b>-\$ 6</b>	<b>+\$ 44</b>
<b>Total loans &amp; investments</b>	<b>\$1,294</b>	<b>+\$13</b>	<b>+\$122</b>
Reserve with F. R. Bank.....	597	- 6	+ 66
Cash in vault.....	24	+ 1	+ 4
Balances with other banks.....	208	- 6	- 7
Other assets—net.....	82	+ 1	- 1
<b>Liabilities</b>			
Demand deposits, adjusted.....	\$1,222	0	+\$189
Time deposits.....	261	+\$ 1	- 1
U. S. Government deposits.....	13	0	- 41
Interbank deposits.....	475	+ 1	+ 34
Borrowings.....	0	0	0
Other liabilities.....	15	- 1	0
Capital account.....	219	+ 2	+ 3

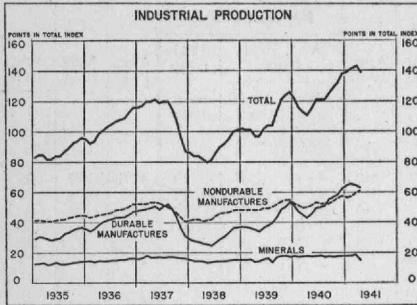
\* Revised.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Apr. 30	May 7	May 14	May 21	
<b>Sources of funds:</b>					
Reserve bank credit extended in district.....	-2.4	-0.5	- 0.3	- 3.5	- 6.7
Commercial transfers (chiefly interdistrict).....	+3.1	-2.2	+ 0.5	+27.0	+28.4
Treasury operations.....	+9.0	+2.6	-14.1	+ 7.5	+ 5.0
<b>Total.....</b>	<b>+9.7</b>	<b>-0.1</b>	<b>-13.9</b>	<b>+31.0</b>	<b>+26.7</b>
<b>Uses of funds:</b>					
Currency demand.....	+3.0	+5.1	+ 1.9	+ 2.5	+12.5
Member bank reserve deposits.....	+6.1	-9.6	-10.0	+16.2	+ 2.7
"Other deposits" at Reserve Bank.....	+0.7	+4.4	- 5.7	+12.3	+11.7
Other Federal Reserve accounts.....	-0.1	+0.0	- 0.1	- 0.0	- 0.2
<b>Total.....</b>	<b>+9.7</b>	<b>-0.1</b>	<b>-13.9</b>	<b>+31.0</b>	<b>+26.7</b>

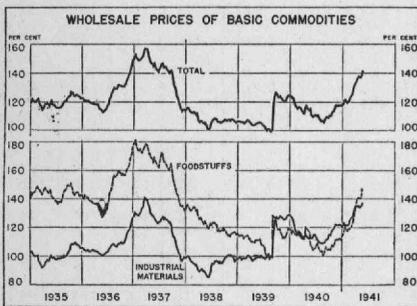
Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
1941: Apr. 1-15.....	\$573.3	\$250.1	\$323.2	129%
Apr. 16-30.....	579.9	253.5	326.4	129 "
May 1-15.....	570.0	.....	.....	.....
1940: May 1-15.....	520.4	226.3	294.1	130 "
<b>Country banks:</b>				
1941: Apr. 1-15.....	195.0	105.1	89.9	86 "
Apr. 16-30.....	197.0	106.3	90.7	85 "
May 1-15.....	204.7	.....	.....	.....
1940: May 1-15.....	185.8	95.8	90.0	94 "

Federal Reserve Bank of Phila. (Dollar figures in millions)	May 21, 1941	Changes in—	
		Four weeks	One year
Bills discounted.....	\$0.1	+\$0.0	-\$0.0
Bills bought.....	0	0	0
Industrial advances.....	2.9	+ 0.6	+ 0.3
U. S. securities.....	173.1	0	- 24.7
<b>Total.....</b>	<b>\$176.1</b>	<b>+\$0.6</b>	<b>-\$24.4</b>
Note circulation.....	441.1	+ 10.3	+ 93.4
Member bk. deposits.....	784.2	+ 2.7	+ 84.1
U. S. general account.....	43.1	- 10.4	+ 17.6
Foreign bk. deposits.....	81.3	+ 3.4	+ 36.7
Other deposits.....	36.0	+ 11.7	+ 17.6
Total reserves.....	1240.0	+ 24.1	+282.2
Reserve ratio.....	89.4%	+ 0.5%	+ 5.1%

# National Summary of Business Conditions



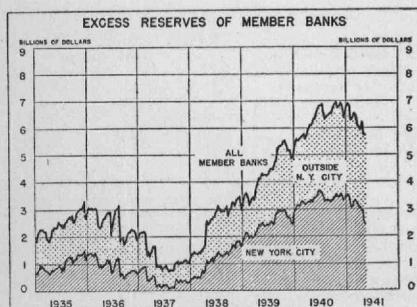
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to April 1941.



Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August 1939=100. Thursday figures, January 3, 1935 to May 8, 1941.



Wednesday figures, January 2, 1935 to May 7, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.



Wednesday figures partly estimated, January 2, 1935 to May 7, 1941.

Wholesale commodity prices advanced sharply in April and the first half of May, with the exception principally of metals for which maximum prices had been established. Industrial production declined in April, owing to reduced output of coal and automobiles, but increased rapidly in the first half of May as operations in these industries were resumed.

In April the Board's seasonally adjusted index of industrial production declined to 139 per cent of the 1935-1939 average, a drop of 4 points from March. The decline reflected chiefly a sharp reduction in output of bituminous coal, as most mines were closed during the entire month. The mines were reopened on April 30 and in the first half of May coal output increased rapidly.

Automobile production also declined in April, owing to stoppage of work at plants of the Ford Motor Company during an industrial dispute. This was settled about the middle of the month and domestic output has since advanced to a high monthly rate of over 500,000 cars and trucks. Announcement by the Office of Production Management that output in the twelve months ending July 31 would approximate 5,290,000 units indicates that a rate close to that now prevailing should be maintained through July, although there is usually a considerable decline in this period.

Steel production was curtailed somewhat in the latter half of April by shortages of coal and coke and output declined from a level of 100 per cent of capacity to 94 per cent at the month end. Subsequently output increased, reaching 99 per cent by the middle of May.

In most other lines activity continued to increase during April and the first half of May. Machinery production rose further and activity in the aircraft and shipbuilding industries continued to expand rapidly. Consumption of nonferrous metals also advanced, and, as in March, domestic sources of copper were supplemented by large supplies from Latin America. Textile production rose further from the high rate prevailing in March. Consumption of raw cotton in April amounted to 920,000 bales, a new record level, and rayon deliveries also rose to a new peak. At wool textile mills activity was maintained near the high March rate. Continued advances were reported in the chemical, paper, and food industries.

Anthracite production declined considerably in April, owing to a delay by dealers in placing usual spring orders, but increased in the first half of May. Output of crude petroleum showed little change from the March rate, following some increase from the reduced level of the winter months. Iron ore shipments in April amounted to about 7,000,000 tons, an exceptionally large amount for this time of year, and mine output of nonferrous metals continued at near capacity rates.

Value of construction contract awards in April declined somewhat from the high March total, owing principally to a smaller volume of defense plant contracts, according to F. W. Dodge Corporation reports. There was an increase in contracts for publicly financed defense housing, and awards for private residential building rose by about the usual seasonal amount.

Sales of general merchandise at department and variety stores showed about the usual seasonal rise from March to April, making allowance for the changing date of Easter. Retail sales of new automobiles, which had amounted to 526,000 cars and trucks in March, rose further in April and sales of used cars were at peak levels.

Freight-car loadings declined sharply in April, reflecting a reduction in shipments of coal and coke, but increased in the first half of May when coal mines were reopened. By the middle of the month total loadings had risen to a weekly rate one-fourth higher than in the corresponding period last year and about the same as the seasonal peak reached in the autumn of 1940.

Prices of most basic commodities, both domestic and imported, advanced sharply further in the first half of May following a short period of little change during the latter part of April. Price increases were most pronounced for agricultural commodities reflecting in part the prospect of legislation raising Federal loan rates for basic farm crops. Prices of a number of semimanufactured industrial products, including petroleum products, coke, leather, textile yarns and fabrics, and building materials, also advanced. Metal prices, now for the most part subject to Federal control, remained at the maximum levels established earlier.

Bank loans and investments have shown a marked rise since last summer, the increase at reporting banks in 101 leading cities amounting to \$4,000,000,000. In April and early May holdings of investments by these banks increased considerably, mostly at New York City banks, reflecting substantial purchases of newly issued Reconstruction Finance Corporation notes. Increases in commercial loans in this period were somewhat smaller than during the preceding two months.

Excess reserves of member banks were \$5,700,000,000 on May 14. Since January they have declined by about \$1,100,000,000, owing largely to increases in Treasury deposits with the Reserve Banks and in currency in circulation. The decrease has occurred entirely at New York City banks.

Prices of United States Government securities, which had risen sharply from April 9 to April 21, subsequently declined irregularly through May 15. On that date the 1960-65 bonds were  $\frac{3}{4}$  of a point lower than on April 21 and about  $1\frac{1}{4}$  points below the all-time peak reached on December 10, 1940. The yield on this issue is currently about 2.09 per cent, compared with 2.03 per cent on December 10.