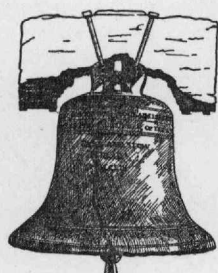


FEDERAL RESERVE BANK  
OF ST. LOUIS

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STATISTICAL DIVISION

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

NOVEMBER 1, 1941

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Productive and distributive activity in the Third Federal Reserve District has been maintained at unusually high levels, owing to increasing defense work and heavy consumer demand. Recent gains have been somewhat smaller than seasonal and less extensive than prevailed in several earlier months, as the sustained rise since the first of the year has brought current operations in many lines of manufacturing near capacity and heavy anticipatory buying in wholesale and retail channels during the summer pushed sales to record volumes.

Both industry and trade are meeting increasing difficulties in getting supplies of materials and labor. The effect of priorities and direct curtailment programs has been to restrict operations in several industries. As the supply of some basic consumers' goods is not keeping pace with expanding incomes and demand, prices continue to rise.

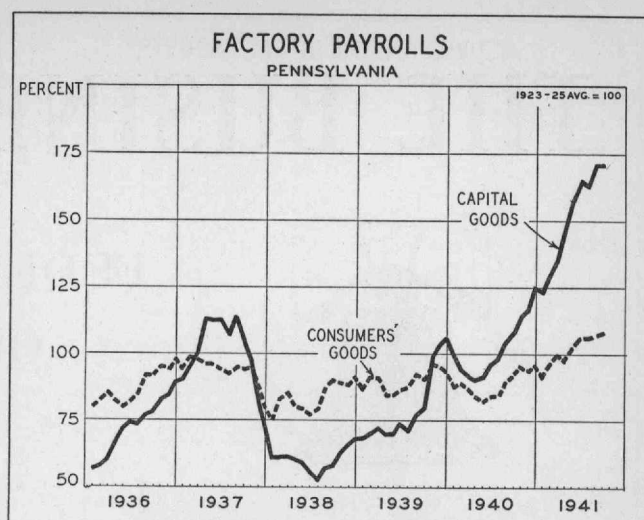
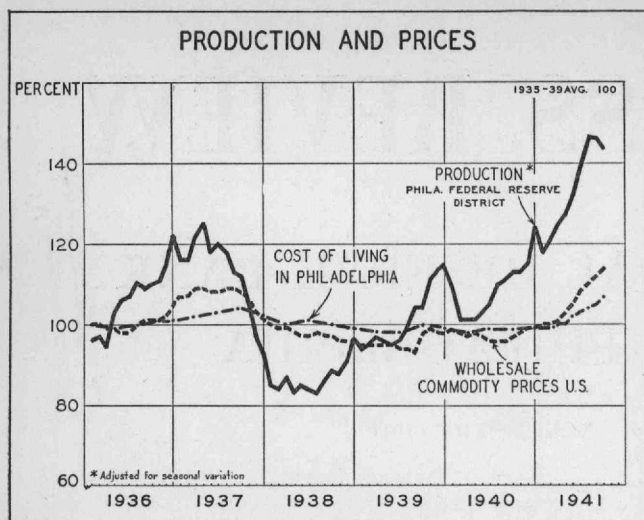
Industrial production has been maintained at the peaks reached late in the summer. Manufacturing activity has increased further, particularly in such durable goods as metals and transportation equipment. The output of crude oil has also expanded more than was to be expected seasonally. Mining in both the anthracite and bituminous fields has increased, but the gains have been smaller than usually occur at this time of the year, owing partly to work stoppages and partly to an accumulation of supplies during the summer months. The output of electric power also has advanced slightly less than seasonally.

Awards of building contracts in September were the largest for the month since the late 1920's. Construction work on factories, stores, and homes is sharply above the levels prevailing a year ago.

Employment and income were well sustained in September. At factories, payrolls and the number of workers continued at the record highs reached a month before, while substantial gains were reported at trade establishments. Some increases in factory wage disbursements occurred in October.

Sales of goods by retail and wholesale establishments generally have advanced further, although in many lines the gains have been smaller than is usual at this time of year. Especially heavy buying was in evidence during the summer, and recent levels also have been above 1940. Inventories in retail lines and at some wholesale establishments have been expanded sharply during the past twelve months. Owing to a heavy movement of freight in preceding periods, rail shipments this fall have advanced less than usual. The movement of nearly all classes of freight is much heavier than a year ago.

The commercial demand for bank credit in this District has recently declined slightly, following a sustained sharp rise. Holdings of Government securities, on the other hand, have expanded. Cash payments for a recent issue of Treasury securities and other receipts by the Treasury have been primarily responsible for a decline in member bank reserves. Balances carried with this Bank and with correspondents, however, are still heavy. Prices of long-term Treasury and corporate bonds advanced somewhat in October, while prices of stocks are somewhat below the levels prevailing a month and two months ago.



**Manufacturing.** The demand for manufactured goods in this District remains active. Orders for defense equipment and commitments to fill essential civilian needs have expanded further. The volume of new buying in numerous other lines has continued to slacken, as growing shortages of materials and a scarcity of production facilities make it increasingly difficult to obtain delivery.

Factory operations are sustained at levels generally well above other recent years. The volume of unfilled orders for defense goods in some instances has reached new peaks, and backlogs are considerably heavier than in the fall of 1940. Inventories of finished products are still declining in both capital and consumers' goods industries. Supplies of raw materials are being drawn upon heavily, but are larger than a year ago at most plants; at steel mills the shortage of scrap has become acute. The replenishment of raw stocks is increasingly difficult, owing to priorities and allocations to the defense industries.

Employment in Pennsylvania factories in September continued at approximately the August peak of 1,150,000 workers. The volume of wage disbursements also remained at the record high of about \$35,000,000 a week, and was larger than was to be expected seasonally in steel, leather, and several other major lines. Some decline was reported at textile mills. Increases over a year ago in employment and payrolls were 21 and 43 per cent respectively. Compared with the pre-war level of August 1939, the number employed showed an increase of nearly 34 per cent and the amount of wage disbursements a gain of 77 per cent. Preliminary reports for October indicate further increases in payrolls.

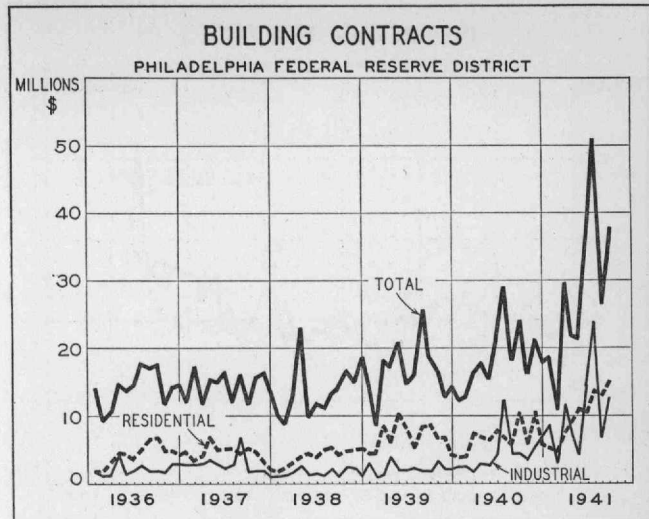
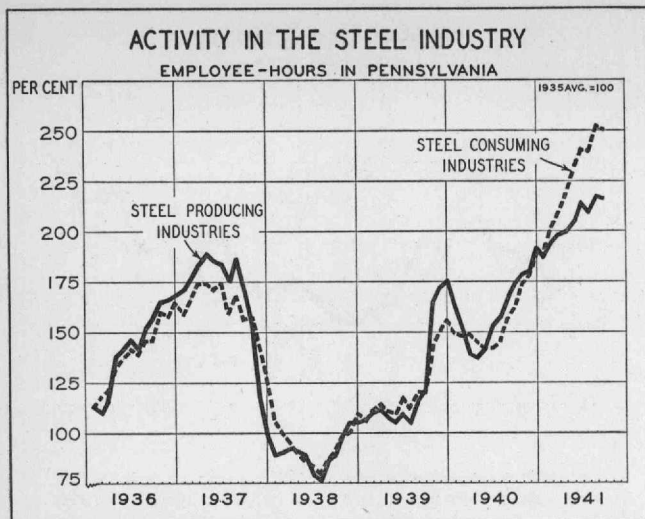
The greatest expansion in activity continues in durable goods lines, where employment in September was 32 per cent and wage payments 58 per cent above 1940. Increases were especially pronounced at plants producing transportation equipment, iron and steel, and nonferrous metal products. In nondurable goods industries, employment and payrolls have risen about 7 and 18 per cent respectively in the past twelve months, some of the sharpest increases being at woolen and worsted mills, canning factories, and establishments making chemicals and leather goods.

Earnings of factory workers in Pennsylvania increased to a new high in September, averaging 82 cents an hour as against 73 a year earlier. Working time, however, decreased somewhat from August to an average of 40½ hours a week, so that average weekly income declined slightly to \$33.16. This was \$5.40 above last year and over \$6.00 above the average for 1929.

In Delaware factories the number employed increased nearly 3 per cent from August to September and wage payments advanced 2 per cent. Employment in southern New Jersey increased about 3 per cent and payrolls over 5 per cent.

The output of factory products in this District advanced slightly to a new peak in September and was 29 per cent higher than a year ago. On a seasonally adjusted basis the production of durable goods increased 5 per cent from August to September, but in consumers' goods lines output declined about 6 per cent. The heavy industries, including those turning out transportation equipment, metal products, and building materials, continue to show the sharpest gains over 1940. Substantial increases, however, also have occurred in the output of lighter goods.





The production of electric power increased somewhat less than seasonally in September but was sharply greater than in the early fall of 1940.

**Coal and other fuels.** The market for fuels is well sustained. Sales of bituminous coal continue substantial, owing to heavy industrial requirements for fuel. The demand for anthracite has not shown the usual seasonal increase, because of mild weather and inventory accumulation during the summer months. Exports of coal this year have been smaller than in 1940. Prices generally continue firm.

Production of anthracite increased less than was to be expected from August to September and declined somewhat in early October. Output was restricted by stoppages in some areas, but still averaged 205,500 tons a day in September compared with 201,800 tons in August, and was the largest since January 1940. The volume of hard coal mined during the first nine months was 7 per cent greater than a year ago.

Operations at bituminous coal mines in Pennsylvania also expanded less than seasonally in September but reached the high level of 443,000 tons a day and were the largest for the month since 1929. Production thus far this year has aggregated nearly 89,000,000 tons, the largest for the period in eleven years. In late October operations were again curtailed at several mines, owing to labor difficulties.

Output of by-product coke in September was the highest on record. Operations at gas and fuel oil refineries also increased somewhat from August to September.

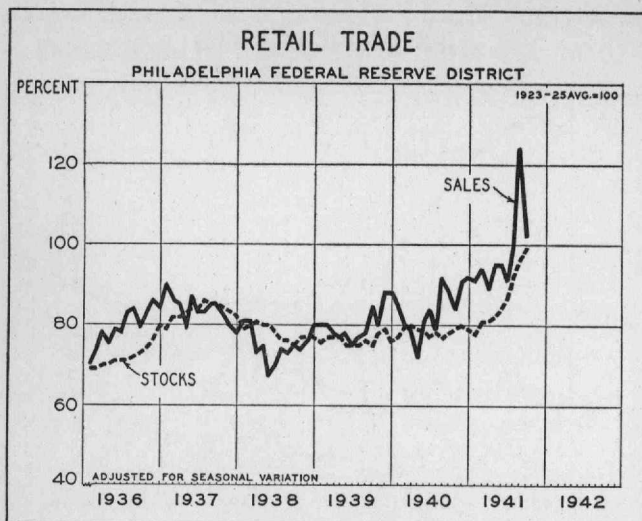
**Building.** Construction activity in this District in September continued at the highest levels in recent years. Awards of new contracts expanded, reflecting chiefly heavy commercial placements. Under the policy announced by the Supply Priorities and Allocations Board, new construction requiring appreciable quantities of critical materials will be permitted only if necessary for national defense or essential for the public welfare. Wholesale prices of building materials have increased further and are now the highest since the 1920's.

Contract awards expanded 43 per cent in September to \$37,900,000 and were the largest for the month since 1928. The increase was due chiefly to a sharp expansion in contracts for commercial structures to the highest level in eleven years and in awards for public works and utilities. Contracts for houses also increased substantially and were more than double a year ago.

Aggregate awards in September exceeded the dollar volume of a year ago by 58 per cent, and during the first nine months were 54 per cent greater than in 1940, owing chiefly to increases in contracts let for family dwellings and commercial and industrial structures.

**Agriculture.** The market for farm products in this District has been unusually strong throughout the year. Farm cash income in Pennsylvania, New Jersey, and Delaware in the first eight months totaled nearly \$305,000,000, about 15 per cent more than a year ago. Shortages of farm labor were increasingly pronounced.

A severe drought in September and the first half of October retarded the growth of late crops and delayed fall plowing and seeding. Lack of

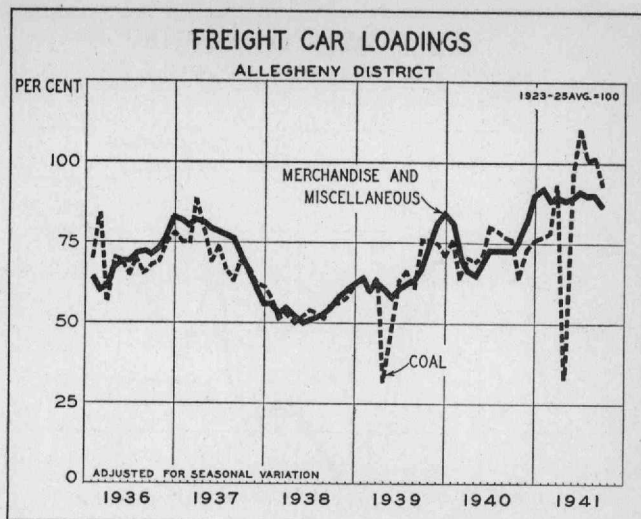


moisture also restricted the growth of pastures, necessitating supplementary feeding of livestock. Department of Agriculture estimates as of October 1 indicated that the production of wheat, hay, and white potatoes would be somewhat below the 1936-40 average, while the harvest of oats and tobacco was expected to be substantially higher. Estimated yields of corn were revised upward to approximately the five-year average.

Wholesale prices of farm products have weakened recently, following substantial advances in September and earlier months. Quotations in the third week of October, however, were 35 per cent higher than a year ago and 47 per cent above the pre-war level of August 1939, according to the United States Bureau of Labor Statistics.

**Trade.** Trade continues active, although recent gains have been smaller than usual for this time of year. Sales in September expanded somewhat further from the unusually large volume reached in August. Rail freight traffic was the largest in twelve years. Wholesale trade also increased from August to September and was substantially greater than a year ago. Sales at retail expanded and toward the close of September were stimulated considerably by large purchases of goods to avoid the increased taxes which went into effect on October 1; a temporary letdown followed, but sales continued larger than a year ago.

Retail sales increased in most lines in September, following heavy anticipatory buying in August. The only actual decline was at credit stores specializing in durable consumers' goods, sales of which were especially large in earlier months. On a seasonally adjusted basis, the contraction in sales from August to September ranged from 10 per cent at



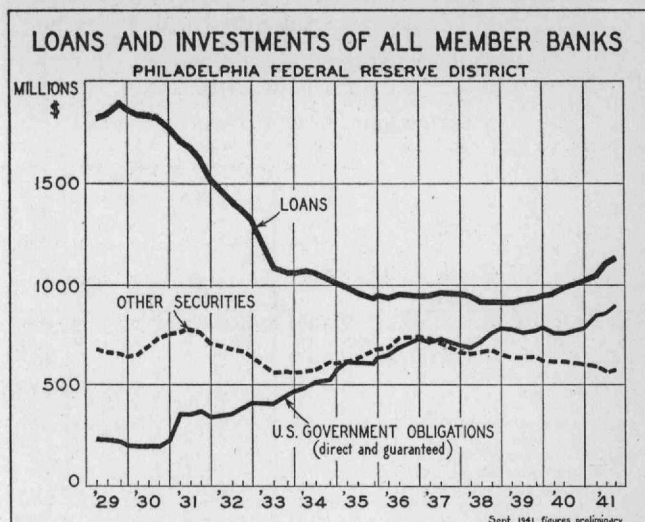
women's apparel stores to 32 per cent at shoe and credit stores. Compared with a year ago sales in September by department and women's apparel stores increased about 17 per cent; gains amounted to 4 per cent at credit establishments and 1 per cent at shoe stores. Total sales in reporting lines in the first nine months were about 18 per cent greater than a year ago.

Inventories expanded seasonally in all lines and were much heavier than in September 1940. Increases in the year ranged from 15 per cent at shoe stores to 34 per cent at department stores and 38 per cent at credit stores. The dollar volume of outstanding orders placed by a group of department stores declined moderately in September but at the close of the month was still considerably larger than a year ago.

The distribution of goods at wholesale increased 14 per cent in the month and was about one-half again as large as in September 1940. The largest increases over last year were in paper, hardware, electrical supplies, and dry goods. Stocks of goods declined in September in most lines, but over the past twelve months have been increased 14 per cent, chiefly at establishments specializing in groceries, hardware, and electrical supplies.

Loadings of rail freight in this section in September were the heaviest since 1929. The increase over August was somewhat less than usual, owing to the large volume of fuels and miscellaneous freight handled earlier. Total shipments were 18 per cent greater than a year ago; the largest increases were 50 per cent in the case of forest products and more than 20 per cent in fuels; and the only decline was in the movement of livestock products. Shipments originating in the Philadelphia area are considerably above a year ago.





**Banking conditions.** The commercial demand for bank credit has slackened somewhat in this District in the past month, following sharp increases earlier in the year which carried business loans to a level one-third higher than a year ago. An expansion in the investment portfolio has raised total earning assets to a new peak. Deposits remain near the record high reached late in September and are being used more actively than was the case last year.

The member banks in this District generally are carrying heavy balances with the Federal Reserve Bank and correspondent institutions as they approach the first of November, when higher reserve requirements go into effect. Reserves totaling \$767,000,000 on October 22 were 14 per cent larger than a year ago and about double current requirements.

A contraction of \$36,000,000 in reserves in the four weeks ended October 22 was due principally to operations of the Treasury. In this District, cash subscriptions to the new 2½ per cent Treasury bonds of 1967-72 totaled \$617,000,000, and the allotment on a 12½ per cent basis was \$77,000,000. These bonds were paid for partly by deposit credit, but chiefly by cash payments in excess of \$50,000,000. The amount received in the past four weeks on sales of savings, tax, and depository securities was nearly as large, and Treasury receipts were further increased by the withdrawal of \$32,000,000 from depository banks. Receipts from all sources exceeded Treasury disbursements in the District by \$52,000,000, although defense expenditures continued very heavy. Reserves were further reduced by a moderate increase in currency demand. The only substan-

tial support to reserve balances was a gain of \$22,000,000 in transactions with other Districts.

Preliminary tabulations as of September 24 covering all member banks in the District showed loans and investments at a level of \$2,601,000,000, the highest since the fall of 1931. Nearly one-third of the expansion of \$65,000,000 in the third quarter of the year was in loans, reflecting chiefly the extension of additional credit to trade and industry. The increase in investments was mainly in United States Government obligations, and to a lesser extent in state and local government securities.

In the four weeks ended October 22, the sharp upward trend of commercial loans in response to the increased working capital needs of business was interrupted at the reporting banks by a decline of \$3,000,000 to \$303,000,000. These loans still exceeded the level of a year ago by \$73,000,000 and the volume at the outbreak of war by \$117,000,000.

In spite of the repayments on commercial account, total loans and investments of the reporting banks advanced \$16,000,000 further in the four weeks to \$1,364,000,000. This was due principally to an expansion in holdings of United States bonds, most of which were taken on in the last week of the period, probably through allotments against subscriptions to the new issue.

Deposits declined \$9,000,000 from the all-time record on September 24 to \$2,037,000,000 on October 22, owing to shrinkage in interbank and state and local government balances. Demand deposits of individuals and business concerns expanded to a new peak.

# BUSINESS STATISTICS

## Production Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Sept. 1941	Aug. 1941	Sept. 1940	Per cent change			Sept. 1941	Aug. 1941	Sept. 1940
				Sept. 1941 from	1941 from				
					Mo. ago	Year ago			
<b>INDUSTRIAL PRODUCTION</b>	116p	119	92r	- 2	+ 27	+ 25	117p	117	93
<b>MANUFACTURING</b>	116p	117	90	0	+ 29	+ 28	118p	117	92
Durable goods	152p	145	101	+ 5	+ 51	+ 50			
Consumers' goods	90p	96	82	- 6	+ 9	+ 12			
Metal products	145	141r	104	+ 3	+ 39	+ 46	146	147	104
Textile products	79p	90	70	-12	+ 13	+ 18	80p	85	71
Transportation equipment	274	255r	138	+ 7	+ 99	+ 89	259	248r	130
Food products	87p	89	81	- 2	+ 7	+ 7	96p	91	87
Tobacco and products	111	111	102	0	+ 9	+ 5	129	119	118
Building materials	54	52r	44r	+ 2	+ 21	+ 31	58	59r	48r
Chemicals and products	152p	151	140	+ 1	+ 8	+ 12	151p	152	139
Leather and products	118p	122	106r	- 3	+ 11	+ 16	130p	125	117
Paper and printing	93	92	86	+ 1	+ 7	+ 3	92	90	86
<b>Individual lines</b>									
Pig iron	113	118	90	- 4	+ 26	+ 23	106	104	84
Steel	130	122	104	+ 6	+ 25	+ 34	123	124	99
Iron castings	102	102	72	+ 1	+ 42	+ 33	103	99	73
Steel castings	206	189	135	+ 9	+ 53	+ 71	188	181	122
Electrical apparatus	180	182r	109	- 1	+ 65	+ 67	198	203r	120
Motor vehicles	53	62	24	-14	+119	+132	46	52	21
Automobile parts and bodies	124	125r	98	- 1	+ 27	+ 51	118	118r	93
Locomotives and cars	80	74r	39	+ 9	+109	+ 75	77	75r	37
Shipbuilding	1518	1358	675	+12	+125	+102	1442	1345	641
Silk manufactures	72	89	73	-20	- 2	+ 19	72	87r	73
Woolens and worsteds	75	76	53	- 2	+ 41	+ 39	81	78	58
Cotton products	56	61	45	- 8	+ 25	+ 26	53	55	42
Carpets and rugs	108	113	89	- 4	+ 21	+ 11	116	104r	96
Hosiery	88	106	88	-17	0	+ 7	88	92	88
Underwear	160	173	129	- 8	+ 24	+ 13	160	161	129
Cement	74	72	65	+ 4	+ 15	+ 27	87	90	76
Brick	71	69r	50	+ 2	+ 42	+ 54	72	72r	51
Lumber and products	32	32	29r	0	+ 10	+ 13	33	34	30r
Bread and bakery products				+ 2*	+ 8*	+ 6*	100	98	93
Slaughtering, meat packing	95	101	103	- 5	- 7	- 5	96	86	103
Sugar refining									
Canning and preserving	93p	96	68	- 3	+ 37	+ 23	126p	108	89
Cigars	110	111	101	0	+ 9	+ 5	128	119	117
Paper and wood pulp	90	88r	79	+ 2	+ 14	+ 6	90	88r	79
Printing and publishing	93	93	88	0	+ 6	+ 2	92	90	87
Shoes	140	146	131	- 4	+ 7	+ 20	160	156	149
Leather, goat and kid	97p	99	82r	- 2	+ 18	+ 11	101p	95	86r
Explosives	172	178	138	- 3	+ 25	+ 52	172	178	138
Paints and varnishes	104	101	89	+ 3	+ 16	+ 15	99	103	85
Petroleum products	173p	172	170	0	+ 1	+ 2	175p	174	173
Coke, by-product	161p	152	148	+ 5	+ 8	+ 11	154p	149	142
<b>COAL MINING</b>	81	102	70r	-21	+ 16	+ 9	79	78	67
Anthracite	80p	103	68r	-22	+ 18	+ 7	77p	76	65r
Bituminous	91	98	85	- 7	+ 7	+ 9	93	92	87
<b>CRUDE OIL</b>	431	419	407	+ 3	+ 6	+ 5	431	419	407
<b>ELEC. POWER-OUTPUT</b>	344	349	289	- 1	+ 19	+ 16	337	331	283
Sales, total	345	350	289	- 1	+ 19	+ 17	342	332	287
Sales to industries	249	252	207	- 1	+ 21	+ 25	264	260	219
<b>BUILDING CONTRACTS</b>									
<b>TOTAL AWARDS†</b>	153	155	94	- 1	+ 62	+ 53	148	150	91
Residential†	96	91	53	+ 6	+ 80	+ 46	113	102	62
Nonresidential†	196	224	111	- 12	+ 77	+ 111	185	206	104
Public works and utilities†	178	183	157	- 3	+ 13	+ 10	162	159	143

\* Unadjusted for seasonal variation.

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

‡ No figures due to strike.

p—Preliminary.

r—Revised.

## Local Business Conditions\*

Percentage change September 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Aug. 1941	Sept. 1940	Aug. 1941	Sept. 1940	Aug. 1941	Sept. 1940	Aug. 1941	Sept. 1940	Aug. 1941	Sept. 1940
Allentown	-2	+15	-3	+39	+4	+86	-5	+17	-5	+33
Altoona	0	+26	-3	+37	+101	+148	-4	+11	-2	+21
Harrisburg	+1	+27	0	+46	+20	+73	+7	+12	-1	+16
Johnstown	+1	+26	+1	+46	+110	+53	-8	+21	-2	+33
Lancaster	0	+15	0	+34	-5	+381	+13	+32	+7	+31
Philadelphia	+2	+25	+4	+52	+11	+8	+25	+16	-7	+35
Reading	-1	+12	-1	+33	+25	+50	-1	+17	-5	+25
Scranton	-4	+15	-4	+26	+1352	+1054	+3	+3	+9	+30
Trenton	+2	+10	+4	+32	-32	+69	+7	+14	-21	+26
Wilkes-Barre	-3	+27	+1	+73	+60	+125	+8	+18	+3	+25
Williamsport	+1	+19	+1	+43	+509	+37			-9	+34
Wilmington	0	+34	0	+63	+40	+23	-3	+11	+17	+30
York	+4	+14	+6	+36	+24	+77	+12	+17	-1	+37

\* 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		
	Sept. 1941 index	Per cent change from		Sept. 1941 index	Per cent change from	
		Aug. 1941	Sept. 1940		Aug. 1941	Sept. 1940
GENERAL INDEX.....	135	+1	+16	239	0	+38
Manufacturing.....	172	0	+21	323	0	+43
Anthracite mining.....	66	0	0	86	-3	+28
Bituminous coal mining.....	107	+1	0	314	-2	+43
Building and construction.....	69	-3	+16	128	+1	+42
Quar. and nonmet. mining.....	129	+1	+10	339	+4	+44
Crude petroleum prod.....	142	-1	+3	180	+3	+10
Public utilities.....	105	0	+4	125	0	+10
Retail trade.....	119	+7	+10	148	+6	+17
Wholesale trade.....	128	+1	+7	145	+1	+12
Hotels.....	107	+3	+4	130	+4	+10
Laundries.....	120	-3	+14	165	+4	+23
Dyeing and cleaning.....	109	-1	+4	150	+5	+9

## Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Sept. 1941 index	Per cent change from		Sept. 1941 index	Per cent change from	
		Aug. 1941	Sept. 1940		Aug. 1941	Sept. 1940
TOTAL	111	0	+21	132	0	+43
Iron, steel and products.	116	0	+31	183	-1	+57
Nonferrous metal products.	179	0	+41	261	-1	+57
Transportation equipment.	94	+3	+45	118	+2	+64
Textiles and clothing.	96	-4	+7	103	-3	+22
Textiles	88	-5	+5	94	-3	+20
Clothing.	130	0	+10	146	-1	+30
Food products	119	+8	+7	133	+6	+13
Stone, clay and glass.	99	0	+20	115	0	+31
Lumber products.	68	-1	+5	77	0	+20
Chemicals and products	114	+1	+17	145	+1	+29
Leather and products.	98	+1	+12	112	+2	+33
Paper and printing.	105	+1	+7	124	+6	+18
Printing.	93	+1	+6	108	+7	+10
Others:						
Cigars and tobacco.	70	+1	+7	68	+2	+9
Rubber tires, goods.	97	-1	+18	129	+3	+36
Musical instruments.	77	+1	+11	86	-9	+11

\* Figures from 2,814 plants.

## Hours and Wages

Factory Workers Averages September 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>	40.4	+5	\$ .820	+13	\$33.16	+19
Iron, steel and prod.	41.4	+5	.919	+14	38.02	+20
Nonfer. metal prod.	41.3	+3	.718	+6	29.63	+10
Transportation equip.	43.1	+7	.920	+13	39.65	+21
Textiles and clothing	37.0	+7	.584	+10	21.47	+17
Textiles	37.3	+6	.599	+12	22.25	+17
Clothing	36.3	+11	.542	+7	19.74	+17
Food products	39.8	0	.636	+6	25.57	+5
Stone, clay and glass	37.2	+1	.781	+7	29.02	+9
Lumber products	41.6	+6	.590	-1	24.31	+6
Chemicals and prod.	39.2	+2	.885	+9	34.31	+11
Leather and products	38.4	+6	.592	+8	22.73	+15
Paper and printing	41.1	+7	.749	+5	32.01	+9
Printing	37.8	+5	.915	-1	36.91	+2
Others:						
Cigars and tobacco	37.6	-2	.469	+5	17.66	+1
Rubber tires, goods	39.1	+6	.754	+4	29.43	+10
Musical instruments	41.6	-6	.703	+4	29.25	-2

\* Figures from 2,616 plants.

† Figures from 2,814 plants.



## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Sept. 1941 from		1941 from 9 mos. 1940
	Month ago	Year ago	
<b>Sales</b>			
Total of all lines.....	+ 14	+46	+38
Drugs.....	+ 19	+17	.....
Dry goods.....	+ 8	+57	+39
Electrical supplies.....	+ 8	+62	+75
Groceries.....	+ 13	+30	+21
Hardware.....	+ 17	+63	+56
Jewelry.....	+107	+29	+46
Paper.....	+ 14	+73	+30
<b>Inventories</b>			
Total of all lines.....	+ 1	+14	.....
Dry goods.....	+ 3	+ 2	.....
Electrical supplies.....	- 7	+23	.....
Groceries.....	+ 10	+33	.....
Hardware.....	- 3	+16	.....
Jewelry.....	- 12	-12	.....
Paper.....	- 8	+ 5	.....

Source: U. S. Department of Commerce.

Prices	Sept. 1941	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b> (Aug. 1939 = 100) ..	156	+3	+42	+56
<b>Wholesale (1926 =</b> <b>100).....</b>	92	+2	+18	+22
Farm.....	91	+4	+37	+49
Food.....	89	+3	+25	+33
Other.....	92	+1	+11	+14
<b>Living costs (1935-</b> <b>1939 = 100)</b>				
United States.....	108	+2	+ 8	+10
Philadelphia.....	107	+2	+ 8	+ 9
Food.....	107	+3	+15	+16
Clothing.....	110	+4	+ 9	+11
Rent.....	105	0	+ 2	+ 3
Fuels.....	103	0	+ 5	+ 7
Housefurnishings ..	112	+3	+ 9	+11
Other.....	105	+1	+ 4	+ 4

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Sept. 1941	Aug. 1941	Sept. 1940	Per cent change			Sept. 1941	Aug. 1941	Sept 1940
				Sept. 1941 from		1941 from 9 mos. 1940			
				Month ago	Year ago				
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	135p	153	116	-12	+17	+19	135p	114	116
Philadelphia.....	133	147	114	- 9	+17	+19	134	107	115
Women's apparel.....	135	149	117	-10	+16	+13	139	110	121
Men's apparel.....	123p	144	114	-15	+ 8	+15	111p	109	102
Shoe.....	109p	160	108	-32	+ 1	+19	125p	96	123
Credit.....	121p	177	116	-32	+ 4	+18	126p	149	121
<b>Inventories</b>									
Department stores—District.....	130p	128	97	+ 1	+34	.....	139p	119	103
Philadelphia.....	120	122	91	- 2	+32	.....	130	113	98
Women's apparel.....	131	135	102	- 3	+28	.....	151	127	118
Shoe.....	110p	103	96	+ 7	+15	.....	119p	105	104
Credit.....	154p	144	112	+ 7	+38	.....	168p	140	122
<b>FREIGHT-CAR LOADINGS</b>									
Total.....	138	144	117	- 4	+18	+23	155	151	132
Merchandise and miscellaneous.....	133	139	113	- 4	+18	+25	151	144	128
Merchandise—l.c.l.....	107	109	97	- 2	+10	+13	112	107	102
Coal.....	145	158	118	- 9	+22	+18	150	152	123
Ore.....	167	158	158	+ 6	+ 6	+33	267	275	253
Coke.....	194	202	161	- 4	+21	+35	186	178	154
Forest products.....	159	141	106	+13	+51	+49	170	148	113
Grain and products.....	115	93	101	+23	+13	+ 7	117	110	103
Livestock.....	94	91	104	+ 3	-10	- 5	111	95	124
<b>MISCELLANEOUS</b>									
Life insurance sales.....	128	114	112	+12	+14	+ 7	103	96	90
New passenger auto. registrations.....	.....	.....	.....	-57*	-28*	+23*	45	105	63
Hotels—(1934 = 100).....	.....	.....	.....	+ 8*	+ 2*	+ 7*	113p	106	110
Occupancy.....	.....	.....	.....	+19*	+ 1*	+ 7*	110p	93	109
Income, total.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Business liquidations.....	.....	.....	.....	-21*	-28*	-11*	81	101	112
Number.....	.....	.....	.....	-73*	-45*	+ 5*	27	103	50
Amount of liabilities.....	.....	.....	.....	-13	+27	+27	131	135	103
Check payments.....	138	159	108	.....	.....	.....	.....	.....	.....

\* Computed from unadjusted data.

p—Preliminary.

r—Revised.

## BANKING STATISTICS

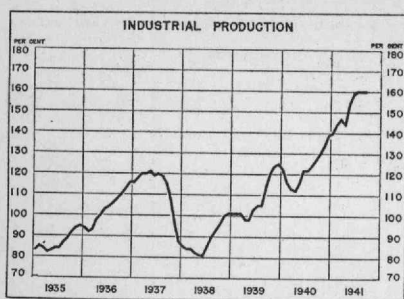
### MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Oct. 22, 1941	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 303	-\$ 3	+\$ 73*
Open market paper.....	44	+ 1	+ 7
Loans to brokers, etc.....	28	+ 1	+ 5
Other loans to carry secur..	31	- 1	- 1
Loans on real estate.....	51	- 1	+ 1
Loans to banks.....	.....	- 1	- 1
Other loans.....	113	+ 2	+ 8*
<b>Total loans.....</b>	<b>\$ 570</b>	<b>-\$ 1</b>	<b>+\$ 92</b>
Government securities.....	\$ 430	+\$16	+\$ 66
Obligations fully guar'teed.	96	.....	+ 3
Other securities.....	268	+ 1	- 3
<b>Total investments.....</b>	<b>\$ 794</b>	<b>+\$17</b>	<b>+\$ 66</b>
<b>Total loans &amp; investments</b>	<b>\$1364</b>	<b>+\$16</b>	<b>+\$158</b>
Reserve with F. R. Bank....	574	- 27	+ 81
Cash in vault.....	27	+ 1	+ 5
Balances with other banks.	229	- 2	- 2
Other assets—net.....	76	- 1	- 4
<b>Liabilities</b>			
Demand deposits, adjusted	\$1267	-\$ 1	+\$234
Time deposits.....	256	- 1	- 5
U. S. Government deposits.	21	+ 2	- 26
Interbank deposits.....	493	- 9	+ 31
Borrowings.....	.....	.....	.....
Other liabilities.....	15	- 5	+ 1
Capital account.....	218	+ 1	+ 3

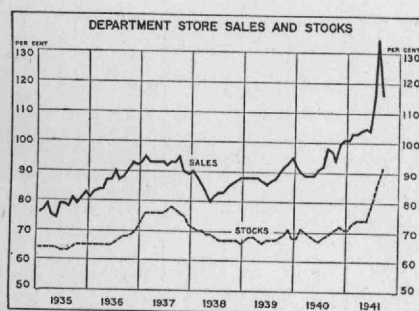
\* Revised.

Philadelphia Federal Reserve District (Millions of dollars)				Changes in weeks ended—				Changes in four weeks
				Oct. 1	Oct. 8	Oct. 15	Oct. 22	
<b>Sources of funds:</b>								
Reserve Bank credit extended in district.....				- 0.2	+ 0.8	+ 2.1	- 2.0	+ 0.7
Commercial transfers (chiefly interdistrict).....				+ 1.8	+ 5.1	+ 9.8	+ 5.2	+21.9
Treasury operations.....				-17.0	+ 9.9	- 1.6	-43.4	-52.1
<b>Total.....</b>				<b>-15.4</b>	<b>+15.8</b>	<b>+10.3</b>	<b>-40.2</b>	<b>-29.5</b>
<b>Uses of funds:</b>								
Currency demand.....				+ 1.9	+ 2.2	+ 3.6	+ 0.6	+ 8.3
Member bank reserve deposits.....				-17.7	+14.7	- 0.9	-32.6	-36.5
"Other deposits" at Reserve Bank.....				+ 0.5	- 1.1	+ 7.5	- 8.2	- 1.3
Other Federal Reserve accounts.....				- 0.1	- 0.0	+ 0.1	+ 0.0	+ 0.0
<b>Total.....</b>				<b>-15.4</b>	<b>+15.8</b>	<b>+10.3</b>	<b>-40.2</b>	<b>-29.5</b>
Member bank reserves (Daily averages: dollar figures in millions)				Held	Re- quired	Ex- cess	Ratio of excess to re- quired	
<b>Phila. banks:</b>								
1941: Sept. 1-15.....				\$578.3	\$264.1	\$314.2	119%	
Sept. 16-30.....				577.1	264.6	312.5	118 "	
Oct. 1-15.....				576.1	.....	.....	.....	
1940: Oct. 1-15.....				475.4	223.8	251.6	112 "	
<b>Country banks:</b>								
1941: Sept. 1-15.....				219.7	113.3	106.4	94 "	
Sept. 16-30.....				217.0	113.2	103.8	92 "	
Oct. 1-15.....				221.8	.....	.....	.....	
1940: Oct. 1-15.....				199.1	100.6	98.5	98 "	
Federal Reserve Bank of Phila. (Dollar figures in millions)				Oct. 22, 1941	Changes in—			
					Four weeks	One year		
Bills discounted.....				\$0.1	-\$0.1	-\$0.3		
Bills bought.....				0	0	1.2		
Industrial advances.....				3.6	- 0.1	+ 1.2		
U. S. securities.....				172.0	+ 0.2	-25.6		
<b>Total.....</b>				<b>\$175.6</b>	<b>-\$0.0</b>	<b>-\$24.7</b>		
Note circulation.....				509.5	+ 8.5	+130.6		
Member bk. deposits.....				767.5	-36.5	+ 95.0		
U. S. general account.....				65.0	+32.8	+ 51.1		
Foreign bk. deposits.....				109.4	+ 3.6	+ 35.7		
Other deposits.....				13.0	- 1.3	- 12.3		
<b>Total reserves.....</b>				<b>1311.6</b>	<b>+ 6.1</b>	<b>+324.8</b>		
<b>Reserve ratio.....</b>				<b>89.6%</b>	<b>0</b>	<b>+ 4.8%</b>		

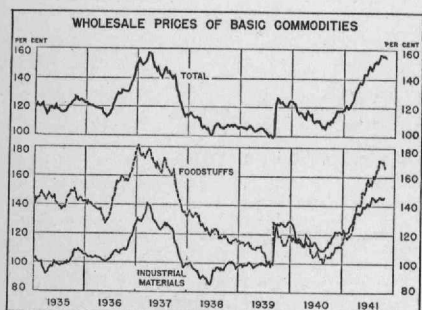
# National Summary of Business Conditions



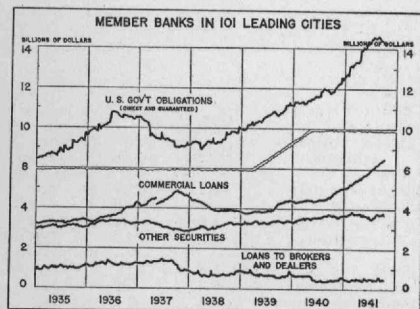
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January 1935 to September 1941.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. By months, January 1935 to September 1941.



Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August 1939=100. Thursday figures, January 3, 1935 to October 9, 1941.



Wednesday figures, January 2, 1935 to October 8, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Industrial activity continued at a high rate in September and the first half of October. Further advances in the output of defense products were accompanied by curtailment in some lines of civilian goods, particularly automobiles, rubber, and silk. Prices of industrial products increased further but agricultural prices declined after the middle of September, and on October 16 dropped sharply in response to international developments.

## PRODUCTION

Industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160 per cent of the 1935-1939 average, the same as in July and August. Continued increases in activity were reported in the machinery, aircraft, and shipbuilding industries. At steel mills activity in September and the first half of October was maintained at about 97 per cent of capacity. Output and deliveries of nonferrous metals likewise remained at about capacity levels, while lumber production declined somewhat from the high August rate. Automobile production increased less than seasonally in September, following the changeover to new models, and, according to preliminary estimates, output in September was considerably below the maximum quota that had been authorized by the Government.

In the textile industry activity declined somewhat in September, reflecting mainly a further sharp reduction at silk mills. Activity at wool mills rose to a new high level, while at cotton mills there was little change from a rate slightly below the peak reached last May. Shoe production continued in large volume, and output of manufactured food products was maintained near the peak August level. Output of chemicals likewise continued at earlier high rates, but at rubber plants activity was considerably below the level of last summer owing to curtailment programs ordered by the Government.

Coal production, which during the summer months had been unusually large, increased less than seasonally in September, owing in part to temporary work stoppages at some bituminous and anthracite mines. Crude petroleum production advanced to record levels in September and the first half of October, and output of metals and shipments of iron ore down the Lakes continued at about capacity.

Value of construction contract awards declined in September, according to figures of the F. W. Dodge Corporation, reflecting chiefly decreases in awards for public projects which had been exceptionally large in August. Awards for private residential building also declined, while contracts for other private work increased somewhat further. Total awards in September, as in August, were 80 per cent larger than in the corresponding period last year. This higher level reflected mainly a greater amount of public construction, which was nearly three times as large as a year ago, compared with an increase of about 10 per cent for private construction.

On October 9, the Supply Priorities and Allocations Board announced that, effective immediately, no public or private construction projects which use critical materials could be started during the emergency unless these projects were either necessary for direct national defense or essential to the health and safety of the nation.

## DISTRIBUTION

Distribution of general merchandise showed less than the customary seasonal rise in September, following an unusually large volume of sales in August. During the past three months sales have been larger than in the corresponding period of any previous year. In the first half of October sales at department stores declined from the peak reached in late September when there were considerable consumer purchases, particularly of articles subject to higher taxes on October 1.

Loadings of revenue freight in September increased less than seasonally, particularly those of miscellaneous freight, which have been high in recent months, and loadings of coal, which were curtailed during part of the month by work stoppages at some mines. Shipments of forest products declined considerably from the high August level.

## COMMODITY PRICES

Prices of industrial products continued to advance in September and the first half of October and Federal price ceilings were announced for additional commodities, including leading types of lumber, coke, wastepaper, paperboard, acetic acid, alcohols, and carded cotton yarns. In some cases these ceilings were below previously existing market quotations. Price advances were permitted, however, for some other commodities under Federal control. Prices of cotton and of foodstuffs increased further in the first half of September, but subsequently declined, owing partly to seasonal influences. On Thursday, October 16, prices of these commodities dropped sharply.

## BANK CREDIT

Commercial loans at member banks continued to rise during September and the first half of October, reflecting in part defense demands. Increases were substantial both in New York and in other leading cities. Holdings of United States Government obligations decreased, mainly at banks in leading cities outside of New York. Excess reserves of member banks showed little change in this period.

## UNITED STATES GOVERNMENT SECURITY MARKET

Following a slight decline in the first half of September, prices of long-term Treasury partially tax-exempt bonds increased during the latter half of September and in the first part of October. The yield on the 2-3/4 per cent bonds of 1960-65 reached a new record low of 2.01 per cent in October. Prices of taxable bonds moved within a relatively narrow range during the period with yields slightly above previous low levels.