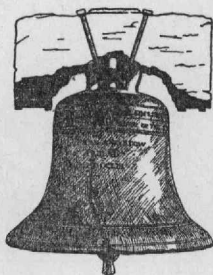


THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

JANUARY 1, 1942

Purchases for consumption have expanded to unusually high levels in the Third Federal Reserve District; production is being absorbed to an increasing extent by growing defense requirements; and prices generally are advancing. Actual and threatened shortages of raw materials and finished manufactured goods have stimulated accumulations of inventories in some lines and have restricted civilian buying in others. Industrial operations generally are at high levels; further expansion of facilities is in evidence, and employment and payrolls have been unusually well sustained for this period of the year. Freight shipments have been large for this season and productive and distributive activity generally is above a year ago.

Industrial production in the District declined about seasonally from October to November and appears to have been well sustained in December. The output of manufactured goods has been reduced less than usual, owing to high rates of activity in defense industries. The output of crude oil has declined less than seasonally, while production of coal was reduced more than was to be expected. Production of electric power was reduced somewhat in November but sales, especially sales to industry, were active.

Awards of building contracts expanded substantially in November, reflecting in large part further industrial expansion. Nearly all types of building activity have continued substantially above the levels prevailing in 1940.

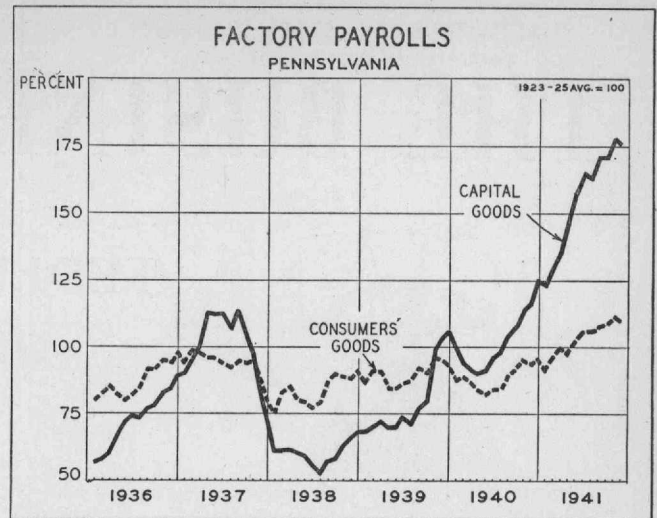
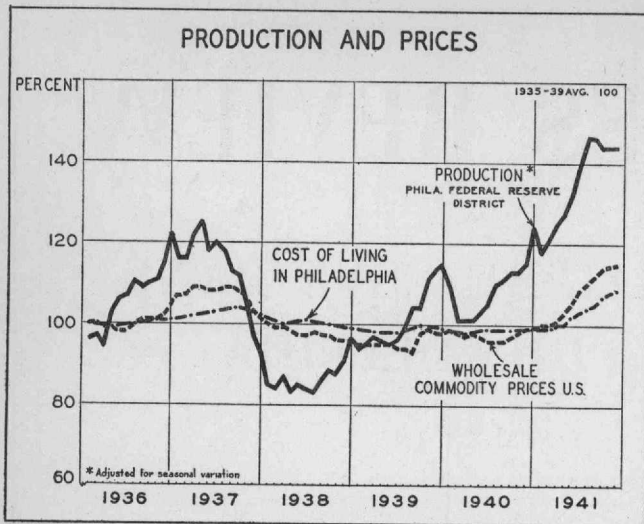
Employment and payrolls in trade and industry continue near the peak levels reached in the fall. Preliminary reports indicate further advances in payrolls in December, particularly at factories pro-

ducing defense equipment and other heavy goods. Hourly earnings of factory workers have reached a new high level, and weekly income is substantially larger than a year ago.

Some decline in retail sales was evident in the early part of December, but since then business has recovered substantially and the indications are that Christmas trade was the most active since the 1920's. In November, retail sales improved considerably more than was to be expected in all reporting lines. Wholesale buying has slackened somewhat as is to be expected at this time of year but is still well above the levels of 1940. Inventories generally are substantially larger than a year ago but less accumulation of stocks is in evidence now than has been the case for some time. Freight shipments have been unusually active, especially the movement of manufactured goods.

Commodity prices generally are advancing and are now at levels sharply above those prevailing when the war started in 1939. A large part of the increase has occurred in the past year. Among wholesale commodities the greatest advances have been in quotations on farm products. The cost of living is still rising.

The volume of bank credit has expanded and increasing currency requirements and payments to the Treasury have reduced deposits and reserves. The volume of commercial loans outstanding has increased again since the early part of December, and investments have reached new record levels, owing largely to purchases of Governments. Prices of securities generally are below a month ago, the largest declines having occurred in the first week of the war with Japan.



Manufacturing. An increasing proportion of the demand for factory products in this District is for military equipment and supplies. Growing shortages of material and the diversion of additional manufacturing facilities to the production of munitions have further restricted sales to civilian consumers. Inquiries from the regular trade continued to decline in the month ended the middle of December, principally because direct allocations, priorities, and in some cases rationing of crude and semifinished materials have prevented the delivery of an increasing number of nonessential products. Prices of manufactured goods have advanced somewhat further; in a number of lines measures are being taken to prevent additional increases.

Factory operations continue at exceptionally high levels, with some establishments producing war materials seven days a week. Unfilled orders have increased in most of the heavy goods industries, but declines are reported in a number of consumers' goods lines, including certain textiles, leather products, and paper. Inventories of finished goods have continued to decline, and in many lines are below the level of a year ago.

Employment in Pennsylvania factories in November approximated the October peak of 1,150,000 workers and wage disbursements showed only a slight decrease from the record volume of \$36,000,000 a week. Payrolls were well sustained in all major lines. Increases over a year ago continued especially sharp in the heavy industries turning out transportation equipment, certain primary iron and steel, a wide range of steel manufactures, and nonferrous metal products. The number employed in all manufacturing industries was 16 per cent and the volume of wage disbursements 40 per cent above the levels prevailing in

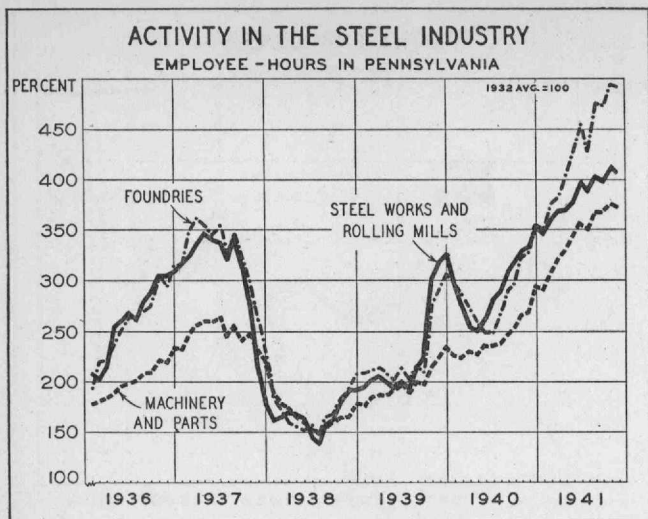
November 1940. Activity was maintained at an unusually high rate in December, according to preliminary reports.

In durable goods lines, employment and payrolls in November showed increases over a year ago of 27 and 52 per cent respectively. The sharpest expansion in activity was at shipyards, aircraft factories, locomotive and car shops, and automotive plants. The number employed in nondurable goods industries continued about 4 per cent greater than in 1940 and wage payments were 18 per cent larger, the most pronounced gains being at woolen mills, clothing factories, canneries, and establishments producing leather and its products, chemicals, and drugs.

Hourly earnings of factory workers in Pennsylvania rose to a new high level in November, averaging nearly 84 cents as against 73 cents a year ago. Working time, however, decreased to about 41 hours a week from an eleven-year peak of 41½ in October. Average weekly income in November receded to \$33.82 from \$34.02 in the preceding month, when it was the highest in records back to 1923.

In Delaware factories employment declined slightly further from October to November but payrolls showed a small gain. The number employed at plants in southern New Jersey decreased 2 per cent in the month and the volume of wage disbursements about 3 per cent.

The output of manufactured products in this District did not show the usual decline in November, being maintained at a level 27 per cent above 1940. Operations in both durable and nondurable goods industries on a seasonally adjusted basis were at about the same rate as in October. Ac-



tivity has continued to show the greatest gains in the heavy industries, where output in the first eleven months was one-half again as large as a year earlier. In nondurable lines, gains on the average have been much smaller, although many factories in this District have been producing increasing quantities of supplies for the armed forces.

Output of electric power decreased in November, contrary to seasonal expectations, but continued substantially above the level of a year ago. Total sales were well sustained in the month; sales to industry were 24 per cent above 1940.

Coal and other fuels. Sales of bituminous coal continue heavy, reflecting expanding industrial requirements under the defense program. The demand for anthracite has slackened further, owing to continued mild weather and substantial sales in the summer months. Prices of coal are firm.

Monthly shipments of Pennsylvania anthracite from June to October were well ahead of a year ago but in November were below the same month in 1940. Production declined more than seasonally from October to November and decreased further in early December. Colliery output averaged 166,600 tons daily in November compared with 206,900 tons in October, but was the largest for the month since 1937. The volume of hard coal mined in the first eleven months aggregated about 50 million tons, or 8 per cent above a year ago.

Stoppages at many collieries reduced the output of bituminous coal in Pennsylvania from a daily average of 452,000 tons in October to 391,700 tons in November. This was the smallest output since August 1940, with the exception of April when operations were suspended owing to labor

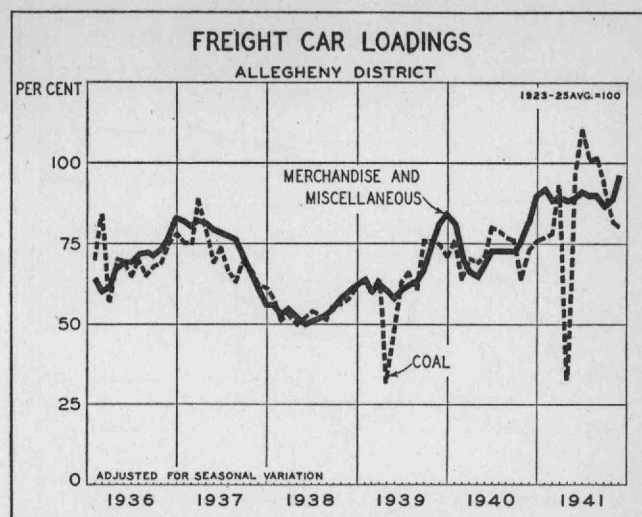
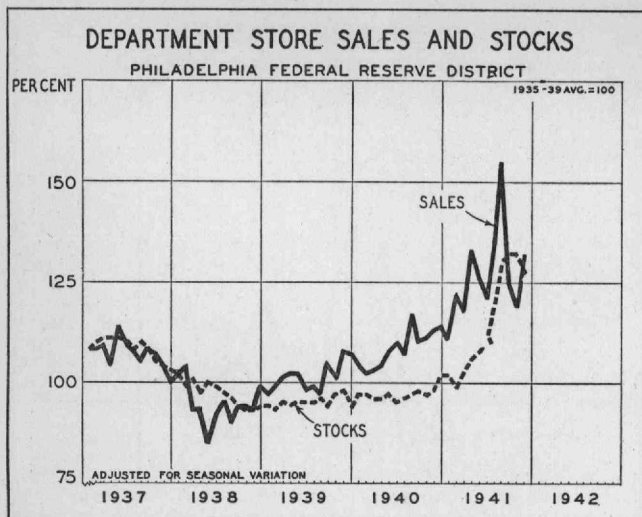
difficulties. The production of soft coal in the first eleven months of 1941 was 110 million tons, the largest for the period in eleven years.

Activity at by-product coke ovens continues at peak levels, and output thus far in 1941 has been 9 per cent above 1940.

Building. Awards of new construction contracts in this District increased substantially from October to November, but operations on outstanding awards declined further. The greatest gains in new contracts and operations as compared with a month and a year ago have been in the case of manufacturing plants, owing to expanding defense requirements. Awards for residential building have declined, as materials are becoming more difficult to obtain. Prices of building materials have risen almost uninterruptedly since the first of the year to the highest level in many years.

Awards of new contracts increased 46 per cent in November to \$27,800,000, the largest for the month in thirteen years. This increase reflected principally a sharp expansion in contracts for factories, which were eight times as heavy as in October and the heaviest for November in records going back through 1924. Increases were also reported in the case of apartments and hotels, educational structures, and miscellaneous buildings. Contracts let for one- and two-family houses declined substantially to the lowest level since February and were slightly smaller than a year ago.

The dollar volume of contracts awarded during the first eleven months of 1941 was 48 per cent ahead of a year ago. Increases were sharpest in awards for factories, commercial structures, and private dwellings.



Trade. Preliminary reports on Christmas trade indicate that retail sales recovered quickly from the setback immediately following the declaration of war, and that total sales in December were the heaviest since the 1920's in this District. Dollar volume in November was substantially larger than a year ago, reflecting in part the higher prices on many lines of merchandise. Business at wholesale also was considerably ahead of 1940, and the movement of freight by rail was unusually well maintained by heavy shipments of manufactured goods.

The increase in retail sales from October to November exceeded seasonal expectations in all reporting lines, so that adjusted indexes showed advances ranging from 11 per cent at department stores to 31 per cent at stores specializing in credit sales of durable consumers' goods. Comparisons with November 1940 also reflected the current high level of consumers' incomes; the smallest gain was 11 per cent at women's apparel stores and the largest, 20 per cent at those handling men's clothing and accessories. Department store sales expanded 16 per cent in the year.

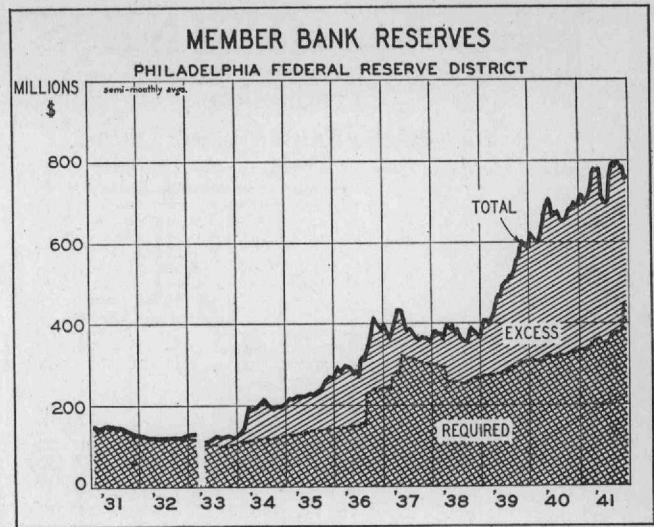
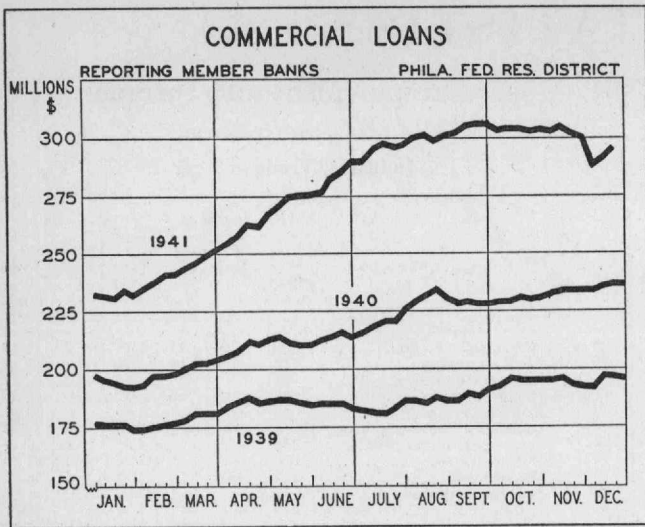
Retail inventories declined in November. Decreases for the most part were small, and at the end of the month stocks were still much heavier than a year ago. In the case of department and credit stores the increase in dollars over a year earlier was about 30 per cent. Expansion was nearly as great at women's apparel stores; the smallest increase was 14 per cent at shoe stores. Outstanding orders placed by department stores declined substantially in November, but at the close of the month were still considerably larger than a year ago.

The dollar volume of wholesale business declined from October to November in all reporting lines except paper, where sales were almost double those of a year earlier. Sales of dry goods, electrical supplies, and jewelry also showed large gains in the year. Aggregate volume in the first eleven months was 36 per cent ahead of the corresponding period of 1940; gains of more than 40 per cent were reported in electrical supplies, hardware, jewelry, and dry goods.

Wholesalers of electrical supplies increased stocks on hand by 11 per cent in November, but changes in other lines were small and the aggregate change was an increase of only 1 per cent over the month before. Inventories were still 21 per cent above last year, reflecting chiefly substantial increases in holdings of electrical supplies and groceries.

Rail freight shipments declined substantially less than usual from October to November, so that the seasonally adjusted index rose 7 per cent to a level 15 per cent above November 1940 and was the highest for the month since 1929. Loadings of ore declined much less in November than was customary, but the over-all improvement was due principally to the unusually large shipments of miscellaneous freight; in the case of coal only were shipments below seasonal expectations. Loadings were considerably heavier than a year ago in all major lines but livestock, where volume was about the same as in 1940.

Sales of new passenger automobiles expanded in November as supplies of the new models increased, but were 45 per cent smaller than a year ago, reflecting in part exceptionally active sales earlier this year. In the first eleven months, sales were 10 per cent greater than in 1940.



Banking conditions. The volume of bank credit outstanding has been increased sharply in 1941 through large purchases of securities and heavy advances to supply industry with increased working capital. At reporting banks in this District, earning assets have risen to a new peak in the past month, reflecting allotments of Treasury bonds and investments in short term Government issues. Loans again turned upward after the outbreak of war, but for the month as a whole declined moderately. Deposits also declined but are considerably larger than a year ago.

The reserves of member banks continue substantially above requirements, although reduced \$74 million to \$680 million in the five weeks ended December 24 by heavy seasonal demands for currency and operations of the Treasury. In the last half of November, the latest period for which complete data are available, reserve balances exceeded requirements by \$313 million; at banks in Philadelphia the proportion of excess to required reserves was 75 per cent and at members elsewhere in the District, 61 per cent.

Subscriptions to the new 2 per cent bonds of 1951-55 and the 2½'s of 1967-72 totaled \$714 million in this District, and allotments were close to \$100 million. Payment for these securities was chiefly in cash. Treasury receipts over the past five weeks were further increased by large amounts of income taxes and substantial sales of savings bonds and tax-anticipation notes. Reserves were absorbed also by heavy withdrawals of currency. The principal support to reserve balances was that given by large gains in inter-district transactions.

The participation of the Federal Reserve Bank in securities held in the System Open Market Account increased during the month from \$172 mil-

lion to \$177 million. The number of borrowing banks increased somewhat, but at the close of the period total discounts for members were only about one million dollars.

Over the past year loans and investments of the reporting banks have increased \$200 million to \$1,415 million. Substantial expansion in the five weeks through December 24 was principally in investments. Holdings of United States bonds were increased \$16 million, chiefly through allotments of the new issues. Other additions to the portfolio included \$11 million in the short term Treasury bills and \$7 million in guaranteed securities.

The loan account declined \$7 million to \$561 million, but was still \$82 million above a year ago. The demand for commercial credit expanded after the opening of hostilities, but gains were not sufficient to offset earlier declines, caused in part by repayment from the proceeds of a flotation of securities. Over the month as a whole commercial loans declined \$7 million to \$295 million; they exceed the volume outstanding before the defense program was initiated by about 40 per cent. Throughout the country the gain in this period amounted to 55 per cent. Holdings of open market paper decreased several millions in the month, while securities loans and loans on real estate increased somewhat.

Deposits have declined \$53 million since the latter part of November, in the face of heavy Treasury disbursements for defense. This reflected payments from state and municipal and interbank balances, and factors such as the currency demand, tax payments, and purchases of new Government securities. At the present level of \$1,956 million, aggregate deposits are still \$129 million above a year ago.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Nov. 1941	Oct. 1941	Nov. 1940	Per cent change			Nov. 1941	Oct. 1941	Nov. 1940
				Nov. 1941 from		1941 from 11 mos. 1940			
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	117p	117	94r	0	+ 25	+ 26	118p	121	95
MANUFACTURING	118p	117	93	+ 1	+ 27	+ 28	120p	121	94
Durable goods	158p	157	105	0	+ 50	+ 51			
Consumers' goods	90p	89	83	0	+ 8	+ 11			
Metal products	147	144	111	+ 2	+ 33	+ 44	147	149	110
Textile products	74p	75	74	- 1	+ 1	+ 15	76p	78	76
Transportation equipment	282	288r	143	- 2	+ 97	+ 91	274	275r	137
Food products	92p	91	82	+ 2	+ 12	+ 9	93p	100	83
Tobacco and products	113	114	100	0	+ 14	+ 6	135	139	118
Building materials	57	55r	50	+ 3	+ 14	+ 28	57	59	50
Chemicals and products	161p	151	134	+ 6	+ 20	+ 13	161p	154	134
Leather and products	151p	130	107	+ 16	+ 40	+ 20	144p	138	102
Paper and printing	94	93r	85	+ 1	+ 10	+ 4	95	94r	86
Individual lines									
Pig iron	104	108	87	- 3	+ 19	+ 23	105	107	88
Steel	131	127	107	+ 3	+ 22	+ 32	126	127	103
Iron castings	99	97	73	+ 1	+ 35	+ 34	100	103	75
Steel castings	194	195	130	- 1	+ 50	+ 66	181	186	121
Electrical apparatus	187	186	125	0	+ 50	+ 65	198	203r	132
Motor vehicles	48	45	29	+ 8	+ 65	+ 113	42	41	26
Automobile parts and bodies	139	124	122	+ 12	+ 14	+ 41	127	118	112
Locomotives and cars	88	87r	46	+ 1	+ 89	+ 80	82	82	43
Shipbuilding	1542	1641r	623	- 6	+ 147	+ 111	1542	1575r	623
Silk manufactures	70	71r	78	- 1	- 10	+ 13	71	72	78
Woolens and worsteds	74	73	62	+ 1	+ 20	+ 36	79	79	66
Cotton products	51	55r	48	- 6	+ 7	+ 23	54	56	50
Carpets and rugs	91	92	92	- 1	- 1	+ 9	102	102	103
Hosiery	74	79	85	- 6	- 13	+ 4	84	86r	97
Underwear	152	148	137	+ 2	+ 11	+ 13	153	161r	138
Cement	89	80	78	+ 12	+ 14	+ 24	87	89	77
Brick	68	70r	56	- 3	+ 21	+ 47	67	71r	56
Lumber and products	32	33	30	- 3	+ 7	+ 12	32	34	30
Bread and bakery products				+ 2*	+ 10*	+ 6*	100	98r	91
Slaughtering, meat packing	95	99	100	- 4	- 5	- 5	105	103	111
Sugar refining	126	82	106	+ 52	+ 18	+ 1	82	69	69
Canning and preserving	87p	92	68	- 6	+ 28	+ 29	98p	130	74
Cigars	112	113	97	- 1	+ 15	+ 7	134	139	117
Paper and wood pulp	90	89	77	+ 2	+ 17	+ 8	90	90r	77
Printing and publishing	95	94	87	+ 1	+ 9	+ 3	96	95	88
Shoes	153	144	135	+ 6	+ 14	+ 18	144	155	127
Leather, goat and kid	149p	117	82r	+ 27	+ 82	+ 21	144p	121	79
Explosives	182	192	153	- 5	+ 19	+ 44	182	194	153
Paints and varnishes	94	92	81	+ 1	+ 15	+ 15	96	99	84
Petroleum products	196p	175	154	+ 12	+ 27	+ 5	196p	176	155
Coke, by-product	158p	151	152	+ 5	+ 4	+ 9	152p	148	146
COAL MINING	63	76	83r	- 16	0	+ 8	65	80	65r
Anthracite	62p	74	81r	- 16	+ 2	+ 8	63p	78	62r
Bituminous	75	89r	81	- 16	+ 9	+ 7	82	95r	90
CRUDE OIL	449	439	412	+ 2	+ 9	+ 3	436	439	399
ELEC. POWER—OUTPUT	331	340	294	- 3	+ 13	+ 16	345	350	306
Sales, total	338	339	297	0	+ 14	+ 17	348	339	305
Sales to industries	268	255	215	+ 5	+ 24	+ 24	273	248	220
BUILDING CONTRACTS									
TOTAL AWARDS†	105	104	76	+ 1	+ 38	+ 51	115	107	83
Residential†	77	87	68	- 12	+ 13	+ 44	86	100	76
Nonresidential†	122	98	79	+ 25	+ 55	+ 96	122	94	79
Public works and utilities†	155	146	96	+ 6	+ 60	- 2	178	154	111

* Unadjusted for seasonal variation.

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

p—Preliminary.

r—Revised.

Local Business Conditions*

Percentage change—November 1941 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Oct. 1941	Nov. 1940	Oct. 1941	Nov. 1940	Oct. 1941	Nov. 1940	Oct. 1941	Nov. 1940	Oct. 1941	Nov. 1940
	Allentown	-1	+ 9	0	+ 36	- 51	- 49	+ 22	+ 21	- 16	+ 12
Altoona	-1	+ 20	- 6	+ 27	- 43	- 1	+ 18	+ 12	- 11	+ 8
Harrisburg	0	+ 20	- 1	+ 40	+ 66	+ 1	+ 30	+ 18	- 8	+ 15
Johnstown	-1	+ 18	- 4	+ 37	- 76	- 80	+ 6	+ 23	- 9	+ 27
Lancaster	-1	+ 14	- 3	+ 38	- 24	+ 101	+ 22	+ 28	- 14	+ 17
Philadelphia	+ 1	+ 23	+ 1	+ 51	- 9	+ 22	+ 25	+ 15	- 16	+ 15
Reading	0	+ 10	0	+ 32	- 58	- 61	+ 25	+ 17	- 15	- 8
Scranton	- 2	+ 7	- 3	+ 16	- 28	- 31	- 6	0	- 7	+ 5
Trenton	- 3	+ 4	- 5	+ 23	- 35	+ 124	+ 29	+ 14	+ 14	+ 14
Wilkes-Barre	0	+ 22	- 3	+ 64	- 63	- 33	+ 20	+ 24	- 5	+ 19
Williamsport	0	+ 19	0	+ 47	+ 2	+ 61			- 9	+ 19
Wilmington	+ 2	+ 31	+ 3	+ 62	- 19	+ 174	+ 15	+ 7	- 17	+ 1
York	- 1	+ 7	- 2	+ 26	- 75	- 69	+ 27	+ 22	- 8	+ 23

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

Indexes: 1932=100	Employment				Payrolls		
	Nov. 1941 index	Per cent change from		Nov. 1941 index	Per cent change from		
		Oct. 1941	Nov. 1940		Oct. 1941	Nov. 1940	
GENERAL INDEX	136	0	+ 12	241	- 2	+ 34	
Manufacturing	172	0	+ 16	331	- 1	+ 40	
Anthracite mining	66	0	0	72	- 15	- 12	
Bituminous coal mining	108	0	0	307	- 7	+ 38	
Building and construction	64	- 5	+ 11	115	- 6	+ 41	
Quar. and nonmet. mining	123	- 4	+ 7	298	- 9	+ 33	
Crude petroleum prod.	138	- 2	+ 1	179	+ 1	+ 9	
Public utilities	105	- 1	+ 4	124	- 2	+ 10	
Retail trade	127	+ 3	+ 7	156	0	+ 15	
Wholesale trade	127	- 1	+ 4	146	0	+ 13	
Hotels	110	+ 7	+ 11	146	+ 11	+ 21	
Laundries	117	0	+ 11	162	- 1	+ 22	
Dyeing and cleaning	107	- 3	+ 2	148	- 5	+ 16	

Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Nov. 1941 index	Per cent change from		Nov. 1941 index	Per cent change from	
		Oct. 1941	Nov. 1940		Oct. 1941	Nov. 1940
TOTAL	111	0	+ 16	135	- 1	+ 40
Iron, steel and products	117	0	+ 25	189	- 1	+ 50
Nonferrous metal products	182	+ 1	+ 32	267	- 3	+ 50
Transportation equipment	97	+ 1	+ 37	124	0	+ 65
Textiles and clothing	94	- 1	+ 1	104	- 1	+ 17
Textiles	85	- 1	- 2	95	- 1	+ 12
Clothing	129	- 1	+ 11	148	- 2	+ 38
Food products	119	0	+ 8	135	0	+ 16
Stone, clay and glass	99	- 1	+ 13	117	- 2	+ 26
Lumber products	66	- 2	+ 1	74	- 5	+ 13
Chemicals and products	114	- 1	+ 16	150	0	+ 35
Leather and products	98	0	+ 14	114	0	+ 43
Paper and printing	108	0	+ 8	126	+ 2	+ 20
Printing	95	+ 1	+ 5	110	+ 3	+ 14
Others:						
Cigars and tobacco	74	+ 1	+ 10	77	+ 3	+ 25
Rubber tires, goods	99	+ 2	+ 18	131	- 2	+ 41
Musical instruments	74	- 2	+ 5	95	+ 6	+ 4

* Figures from 2,883 plants.

Hours and Wages

Factory Workers Averages November 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	40.8	+ 5	\$.837	+ 15	\$ 33.82	+ 20
Iron, steel and prod.	41.8	+ 5	.931	+ 15	38.92	+ 20
Nonfer. metal prod.	40.3	+ 3	.745	+ 11	30.04	+ 14
Transportation equip.	44.1	+ 7	.940	+ 18	41.41	+ 26
Textiles and clothing	37.2	+ 5	.598	- 12	22.19	- 18
Textiles	37.6	+ 4	.618	- 14	23.16	- 18
Clothing	36.3	+ 10	.548	- 11	20.13	- 23
Food products	40.9	+ 1	.646	+ 9	26.66	+ 8
Stone, clay and glass	36.7	- 2	.803	+ 13	29.37	+ 11
Lumber products	40.3	+ 1	.600	+ 2	23.91	+ 3
Chemicals and prod.	38.9	+ 2	.915	+ 13	35.19	+ 15
Leather and products	37.8	+ 11	.611	- 10	23.23	+ 22
Paper and printing	40.7	+ 6	.757	+ 5	31.62	+ 10
Printing	38.5	+ 8	.908	- 2	36.15	+ 6
Others:						
Cigars and tobacco	39.1	+ 2	.486	+ 9	18.97	+ 12
Rubber tires, goods	38.3	+ 9	.766	+ 4	29.37	+ 13
Musical instruments	45.4	- 5	.739	+ 3	33.52	- 2

* Figures from 2,646 plants.

† Figures from 2,883 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Nov. 1941 from		1941 from 11 mos. 1940
	Month ago	Year ago	
Sales			
Total of all lines.....	- 9	+30	+36
Boots and shoes.....	-22	+16	.....
Dry goods.....	-10	+40	+41
Electrical supplies.....	-18	+32	+67
Groceries.....	- 6	+15	+19
Hardware.....	-30	+ 3	+50
Jewelry.....	- 6	+32	+44
Paper.....	+17	+91	+36
Inventories			
Total of all lines.....	+ 1	+21	.....
Dry goods.....	+ 1	+ 8	.....
Electrical supplies.....	+11	+41	.....
Groceries.....	- 2	+39	.....
Hardware.....	+ 2	+19	.....
Jewelry.....	- 1	-14	.....
Paper.....	- 1	+14	.....

Source: U. S. Department of Commerce.

Prices	Nov. 1941	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939=100)	154	+1	+32	+54
Wholesale (1926=				
100).....	92	0	+16	+23
Farm.....	91	+1	+33	+49
Food.....	89	0	+23	+33
Other.....	93	0	+11	+17
Living Costs (1935-1939=100)				
United States.....	110	+1	+10	+12
Philadelphia.....	108	0	+10	+11
Food.....	109	0	+16	+17
Clothing.....	115	+3	+13	+16
Rent.....	106	0	+ 2	+ 3
Fuels.....	103	0	+ 5	+ 7
Housefurnishings.....	115	+2	+12	+15
Other.....	108	0	+ 6	+ 7

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Nov. 1941	Oct. 1941	Nov. 1940	Per cent change			Nov. 1941	Oct. 1941	Nov. 1940
				Nov. 1941 from		1941 from 11 mos. 1940			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District†	132p	119r	113	+ 11	+16	+17	168p	136	144
Philadelphia†	127	115r	110	+ 10	+15	+17	169	133	147
Women's apparel†	109	96r	99	+ 14	+11	+10	124	109	113
Men's apparel.....	142	117	119	+ 21	+20	+15	157	131	131
Shoe.....	125p	101	108	+ 24	+16	+15	121p	113	104
Credit.....	140p	107	120	+ 31	+17	+14	177p	133	150
Inventories									
Department stores—District†	127p	132r	98	- 4	+30	.....	154p	156	118
Philadelphia†	119	122r	94	- 3	+26	.....	144	146	113
Women's apparel.....	127	135	101	- 6	+26	.....	150	162	120
Shoe.....	107p	107	94	0	+14	.....	114p	115	100
Credit.....	153p	160	117	- 4	+31	.....	168p	179	129
FREIGHT-CAR LOADINGS									
Total.....	146	137	127	+ 7	+15	+22	146	150	127
Merchandise and miscellaneous.....	147	138	126	+ 7	+17	+23	146	147	125
Merchandise—l.c.l.....	108	106	96	+ 2	+13	+12	112	112	99
Coal.....	124	127	113	- 3	+10	+18	135	145	123
Ore.....	254	171	221	+ 49	+15	+26	198	232	172
Coke.....	183	182	163	+ 1	+13	+30	189	182	168
Forest products.....	133	132	115	+ 1	+15	+39	126	133	109
Grain and products.....	114	113	104	+ 1	+11	+ 8	131	116	118
Livestock.....	104	99	104	+ 5	0	- 5	120	119	120
MISCELLANEOUS									
Life insurance sales.....	124	133	102	- 7	+22	+10	132	121	108
New passenger auto. registrations.....	.....	.....	.....	+16*	-45*	+10*	74	64	135
Hotels—(1934=100)	.....	.....	.....	- 7*	+11*	+ 7*	115p	124r	103
Occupancy.....	.....	.....	.....	+ 3*	+16*	+ 9*	141p	136r	121
Income, total.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Business liquidations	.....	.....	.....	.....	.....	.....	.....	.....	.....
Number.....	.....	.....	.....	+ 7*	-20*	-13*	88	82	110
Amount of liabilities.....	.....	.....	.....	+113*	+47*	+ 6*	73	34	50
Check payments.....	151	142	126	+ 7	+20	+26	162	146	135

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

† Revised. Earlier figures available upon request.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Dec. 24, 1941	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 295	-\$ 7	+\$ 58*
Open market paper.....	41	- 3	+ 7
Loans to brokers, etc.....	29	0	+ 4
Other loans to carry secur..	32	+ 2	- 1
Loans on real estate.....	51	+ 1	+ 1
Loans to banks.....	.....	.....	.....
Other loans.....	113	0	+13*
Total loans.....	\$ 561	-\$ 7	+\$ 82
Government securities.....	\$ 479	+\$27	+\$111
Obligations fully guar'teed.	106	+ 7	+ 16
Other securities.....	269	+ 1	- 8
Total investments.....	\$ 854	+\$35	+\$119
Total loans & investments	\$1415	+\$28	+\$201
Reserve with F. R. Bank.....	477	- 69	- 27
Cash in vault.....	26	- 1	0
Balances with other banks.....	200	- 4	- 37
Other assets—net.....	74	- 2	- 6
Liabilities			
Demand deposits, adjusted	\$1263	+\$ 3	+\$195
Time deposits.....	223	- 25	- 37
U. S. Government deposits.....	32	+ 11	- 9
Interbank deposits.....	438	- 42	- 20
Borrowings.....	.....	.....	.....
Other liabilities.....	18	+ 2	0
Capital account.....	218	+ 3	+ 2

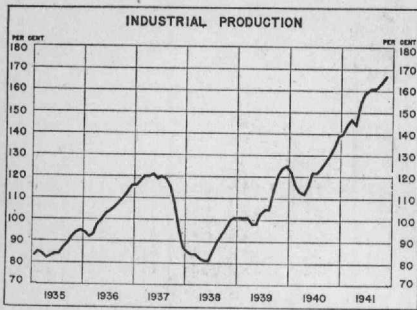
* Revised.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks
	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	
Sources of funds:						
Reserve Bank credit extended in district.....	+0.2	+ 2.0	- 1.6	+ 0.4	+11.3	+12.3
Commercial transfers (chiefly interdistrict)....	+8.7	+10.9	+16.3	+27.9	+ 3.9	+67.7
Treasury operations.....	-4.9	+ 1.9	+ 6.3	-85.0	-13.7	-95.4
Total.....	+4.0	+14.8	+21.0	-56.7	+ 1.5	-15.4
Uses of funds:						
Currency demand.....	+8.9	+ 7.3	+ 9.3	+11.5	+16.7	+53.7
Member bank reserve deposits.....	-4.3	+ 4.8	+ 9.4	-70.4	-13.6	-74.1
"Other deposits" at Reserve Bank.....	-0.6	+ 2.9	+ 2.3	+ 1.3	- 1.6	+ 4.3
Other Federal Reserve accounts.....	-0.0	- 0.2	- 0.0	+ 0.9	- 0.0	+ 0.7
Total.....	+4.0	+14.8	+21.0	-56.7	+ 1.5	-15.4

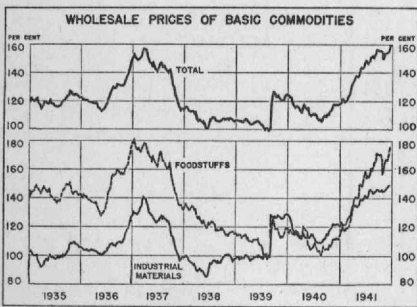
Member bank reserves Daily averages: (dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
1941: Nov. 1-15..	\$557.1	\$305.6	\$251.5	82%
Nov. 16-30..	532.4	303.9	228.5	75 "
Dec. 1-15..	536.2	.....	.....	.....
1940: Dec. 1-15..	483.1	228.9	254.2	111 "
Country banks:				
1941: Nov. 1-15..	223.2	137.7	85.5	62 "
Nov. 16-30..	223.6	138.8	84.8	61 "
Dec. 1-15..	223.6	.....	.....	.....
1940: Dec. 1-15..	200.3	102.7	97.6	95 "

Federal Reserve Bank of Phila. (Dollar figures in millions)	Dec. 24, 1941	Changes in—	
		Five weeks	One year
Bills discounted.....	\$1.0	+\$ 0.6	+\$ 0.5
Bills bought.....	0	0	0
Industrial advances.....	3.6	- 0.1	+ 1.5
U. S. securities.....	177.0	+ 5.0	- 6.0
Total.....	\$181.6	+\$ 5.5	-\$ 4.0
Note circulation.....	578.2	+ 47.3	+162.3
Member bk. deposits.....	680.2	- 74.1	- 1.2
U. S. general account.....	86.3	+ 35.4	+ 71.1
Foreign bk. deposits.....	77.0	- 23.2	+ 1.2
Other deposits.....	15.3	+ 4.3	- 16.5
Total reserves.....	1268.4	- 26.9	+215.9
Reserve ratio.....	88.3%	- 1.2%	+ 2.0%

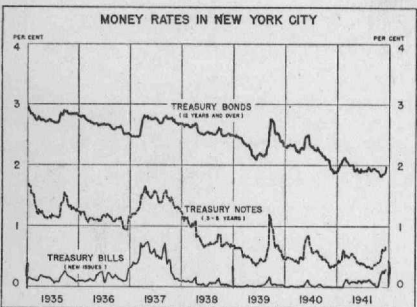
National Summary of Business Conditions



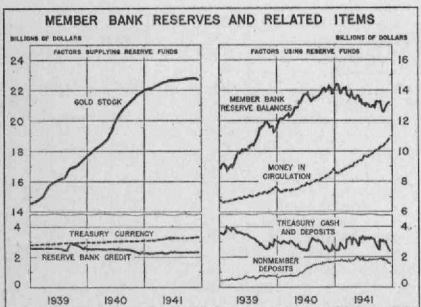
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January 1935 to November 1941.



Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August 1939=100. Thursday figures, January 3, 1935 to December 11, 1941.



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935 to December 13, 1941.



Wednesday figures, January 4, 1939 to December 10, 1941.

Industrial activity was maintained at a high rate in November and the first half of December and distribution of commodities continued in large volume. Our entry into the war was reflected in a sharp advance in the prices of some commodities, some decline in security prices, and further curtailment of nonmilitary production.

PRODUCTION

Volume of industrial output was sustained in November at the high rate of the previous two months, although a decline is usual at this season. The Board's adjusted index advanced from 163 to 167 per cent of the 1935-39 average. In industries engaged in production of armament and munitions activity continued to increase and in most other lines volume of output was maintained or declined less than seasonally.

Output of materials, such as steel and nonferrous metals, was maintained at about capacity. In the automobile industry activity increased, reflecting larger output of both military and civilian products, and at lumber mills and furniture factories activity declined less than seasonally. At cotton and rayon textile mills activity rose to new record levels, and at woolen mills the high production rate of other recent months was maintained. Less than seasonal declines in output were indicated for shoes and manufactured food products.

Crude petroleum production increased further in November. Bituminous coal production declined somewhat owing to temporary shutdowns at some mines during November, and anthracite production was curtailed as a result of unusually warm weather in some areas and the existence of considerable stocks of coal accumulated in earlier months. Iron ore shipments continued in large volume until the shipping season closed early in December; during 1941 about 80 million tons of ore were brought down the Lakes as compared with the previous record of 65 million tons in 1929. Stocks of ore at lower Lake ports on November 30 amounted to about a seven months' supply at the current consumption rate of around 6.5 million tons a month.

Following a declaration of war by this country in early December further steps were taken to curtail output of nondefense goods using critical materials. Output quotas for passenger cars and household appliances were greatly reduced and cessation of output of some other products was ordered as of the end of January. Also, the production and sale of new automobile tires and tubes for civilian use were halted temporarily, pending establishment of a system for controlling their distribution.

Value of construction contracts awarded in November declined sharply from the high level of other recent months, according to figures of the F. W. Dodge Corporation. Awards for privately-financed construction decreased more than seasonally and contracts for publicly-financed projects also declined following a continued large volume of awards since last spring. Total awards in November were about a fifth larger than a year ago, while for the first ten months of the year they were three-fifths larger.

DISTRIBUTION

Volume of retail trade increased in November following some decline in the previous month. Department store sales, as measured by the Board's seasonally adjusted index, advanced to 115 per cent of the 1923-25 average as compared with 105 in October and 116 in September. Larger sales in November were also reported by variety stores. Sales of automobiles increased somewhat, according to trade reports, but, as in other recent months, new car sales were smaller than output and dealers' stocks rose further.

In the second week of December sales at department stores rose less than seasonally, particularly in the coastal regions.

Freight traffic on the railroads continued in large volume in November and the first half of December. Grain shipments increased considerably and loadings of miscellaneous merchandise, which includes most manufactured products, were maintained at the high level reached several months earlier. Coal loadings declined somewhat, owing in part to temporary shutdowns at some mines. Shipments of most other classes of freight decreased less than is usual at this season.

COMMODITY PRICES

Following the entry of the United States into the war, prices of grains, livestock, and foods rose sharply. Prices of most industrial materials traded in the organized markets, being limited by Federal regulation, showed little change. Additional measures to prevent advances in wholesale prices were soon announced for wool and shellac and for such imported foods as cocoa, coffee, pepper, and fats and oils.

Retail food prices, as measured by the Bureau of Labor Statistics' index, increased 1½ per cent further from the middle of October to the middle of November to a level 18 per cent above a year ago. Indications are that retail prices of both foods and other commodities continued to rise in December.

BANK CREDIT

Total loans and investments at banks in leading cities continued to advance during November and the first two weeks of December, owing mostly to increased holdings of Government securities at banks outside New York City. Commercial loans, after showing little net change in November, again increased sharply in the first two weeks of December.

Excess reserves increased through most of the period as a result of Treasury expenditures from Reserve Bank balances, but declined sharply on December 15 when these balances were replenished in connection with the issue of 1.6 billion dollars of new Government securities. Money in circulation has continued to show a marked increase.

YIELDS ON UNITED STATES GOVERNMENT SECURITIES

The yield on 2½ per cent United States Government bonds of 1967-72, which reached a record low level of 2.32 per cent on November 5, advanced somewhat in November and, after the entry of the United States into the war, rose to 2.50 per cent. Yields on short-term Government securities increased further. The yield on Treasury notes of December 1945 advanced to 0.93 per cent on December 17, compared with 0.62 per cent on September 15, and the rate on three-month bills rose to .295 per cent.