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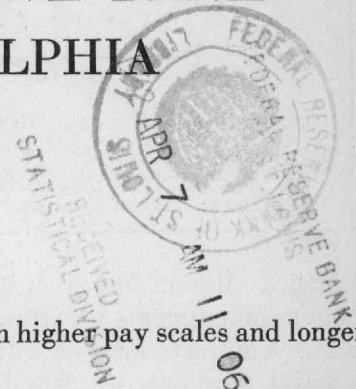
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THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

APRIL 1, 1942



War demands continue to give strong impetus to general business and industrial activity in the Third Federal Reserve District. New and expanded plants are pushing operations higher in industrial centers. Other factories and shops are turning to an increasing extent from peace to war activity. Employment has expanded to new high levels and payrolls have reached new records. Consumers are buying actively and the stream of funds is augmented by increasing bank loans to industry. Wholesale and retail trade and the movement of freight continue heavy. Shortages are spreading over a wide range of goods, and the pressure of increased incomes upon increasingly limited supplies is forcing prices upward.

General industrial production in the District reached a new peak in February. Manufacturing activity increased in both durable and nondurable lines and operations in heavy goods industries are sharply above a year ago. Output of anthracite expanded substantially in the month, and bituminous coal production is unusually well sustained. Output of oil and power continues at high levels.

Construction awards are increasing and are substantially above the early part of 1941. Contracts for residences are confined largely to defense areas, and the total volume of residential building is below last year. Erection of plants continues active.

Nonagricultural employment is well sustained at levels considerably above a year ago. In February payrolls increased substantially at factories, mines, and quarries and held fairly steady in other lines. Employment and payrolls in manufacturing plants continue to increase, and earnings of individual

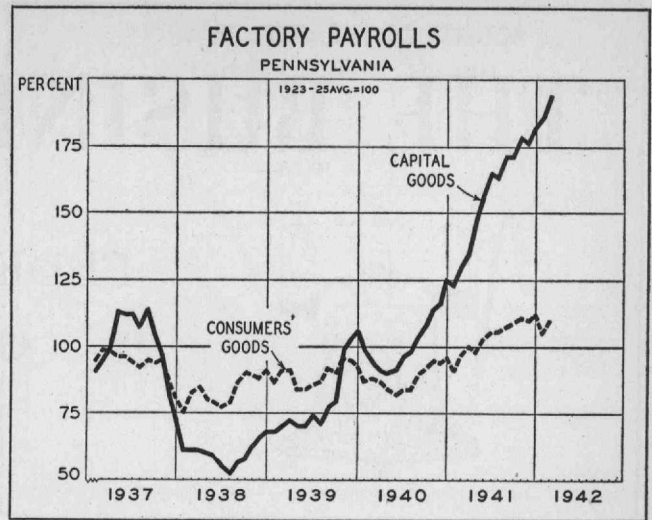
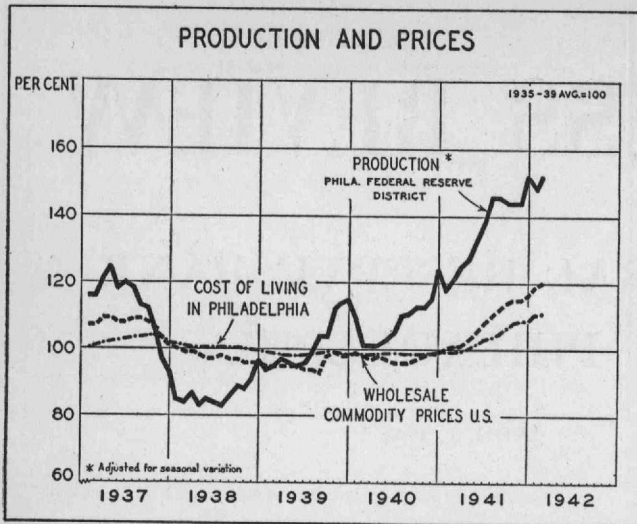
workers are rising with higher pay scales and longer hours of work.

Retail trade was fairly well sustained in February, following periods of unusually high activity in earlier months. Some anticipatory buying of goods in which shortages are in prospect is still in evidence. Wholesale trade is being stimulated by forward buying in spite of the increasing difficulties of getting delivery within reasonable periods. Freight shipments increased less than usual from January to February but were generally well above a year ago.

Prices of staple commodities continue firm and quotations on wholesale and retail goods are advancing as low cost inventories are disappearing and are being replaced by higher priced supplies. The cost of living continues the steady increase which has been in evidence over the past year. The principal advances are still in costs of food, clothing, and housefurnishings.

Bank loans to industry and trade to finance increased working capital requirements have expanded further. Purchases of Government bonds to meet the tremendous cost of war continue heavy. Reserves and deposits have decreased somewhat recently, reflecting to some extent payments to the Treasury and expansion in currency demand. Prices of Government bonds have been firm in March after some weakness in the previous month. Corporate bonds have been fairly steady, while stocks have shown some weakness in quiet markets.

Manufacturing. Expanding purchases by the Government are responsible for continued improvement in the demand for factory products in this



District. Recent increases in sales reflected chiefly heavy commitments for iron and steel and its products. Contracts may be awarded shortly for substantial yardages of cotton and woolen textiles. Inquiries from civilian sources continue numerous, but actual sales remain well below earlier high levels, owing to the large volume of priority orders. Shipments have continued heavy in recent weeks and are sharply larger than at this time last year. Prices of manufactured goods not limited by ceilings are still advancing.

Activity has increased further at many plants operating on defense contracts, and production is well sustained in the case of establishments making essential civilian goods. Continued declines are shown in a growing number of nonessential lines, as supplies of materials are becoming increasingly tight. The volume of unfilled orders remains substantially heavier than a year ago in most industries. Inventories of finished goods at reporting plants are still declining and are smaller than at this time last year. Stocks of raw materials generally are above the level of 1941.

Employment in Pennsylvania factories in February increased 1 per cent to a new peak exceeding 1,150,000 workers, and wage payments rose 4 per cent to a record high estimated at \$38,500,000 a week. The number employed and the volume of wage disbursements showed increases over a year ago of 14 and 39 per cent respectively, reflecting chiefly substantial gains in the heavy industries. Preliminary reports indicate that payrolls increased somewhat less than was to be expected in March, following larger than seasonal expansion in other recent months.

In durable goods lines employment in February was 23 per cent and wage payments 50 per cent

above the level of 1941, owing principally to the sharp rise in activity at metal working establishments. At plants making nondurable goods the number employed was about the same as a year ago but payrolls were 14 per cent larger.

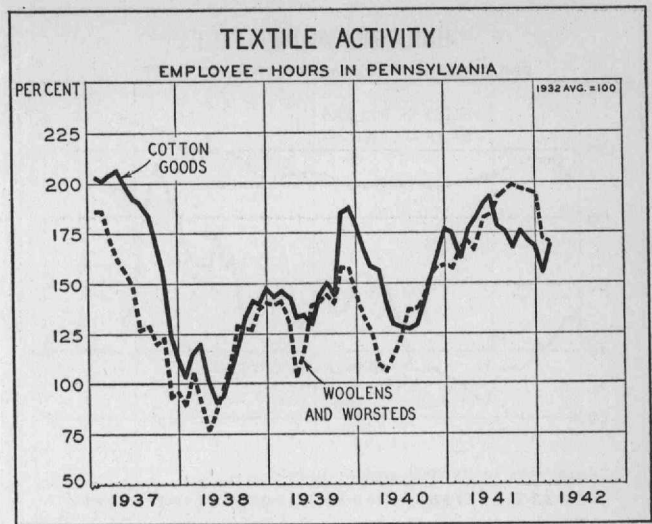
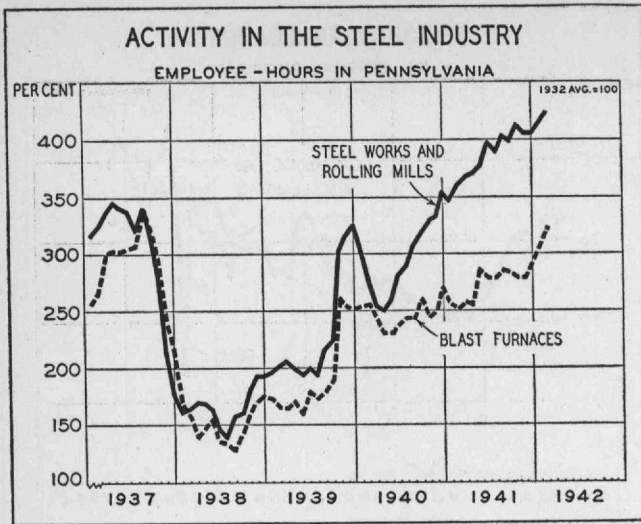
Earnings of factory workers in Pennsylvania continued to increase in February, averaging 86½ cents an hour, as against 74½ a year earlier. Working time also increased to nearly 42½ hours a week from 41½ in January, and average weekly income rose to a new high level of \$36.28, or about \$6.60 more than in February 1941.

Manufacturing plants in Delaware reported only fractional increases in employment and wage payments from January to February. In southern New Jersey the number employed also increased less than 1 per cent; payrolls rose about 2 per cent.

The output of factory products in this District increased somewhat more than usual from January to February, reflecting gains in both durable and nondurable goods industries. Production on a seasonally adjusted basis rose 2 per cent to a level 27 per cent above a year ago. In heavy industries the increase over 1941 was 51 per cent while in the case of lighter products it was only 6 per cent.

Production of electric power showed virtually no change in the month but was 14 per cent greater than in February 1941. Total sales and sales to industries increased more than seasonally and were respectively 15 and 24 per cent greater than a year ago.

Coal and other fuels. The industrial demand for bituminous coal continues active, and sales of anthracite are well sustained. Consumers of fuels are being urged to accumulate inventories while transportation facilities are available.



Shipments of anthracite since October have averaged less than in the 1940-41 period, reflecting chiefly consumer stocking last summer. Production increased 16 per cent in February, although a seasonal decline was to be expected, and was the largest for the month since 1936.

Operations at bituminous mines in Pennsylvania continue at relatively high levels to meet heavy industrial requirements. Colliery output declined less than usual from January to February. It was the largest for the month since 1937, and in the first two months of the year was the heaviest for any similar period since 1929.

The production of by-product coke in January was the largest in records extending back to the early 1920's. Preliminary reports indicate a further increase in February.

Building. Building operations against existing contracts slackened somewhat further from January to February, but awards for new construction increased considerably. Publicly-financed projects account for an increasing proportion, reflecting chiefly contracts for building to meet the expanding needs of the war program. Wholesale prices of building materials have advanced substantially during the past twelve months to a level 23 per cent above August 1939.

Contract awards increased sharply to \$26,600,000 in February, and were the largest for the month since 1929. Increases of 40 per cent over January and 145 per cent over a year ago were due chiefly to much heavier placements for manufacturing plants and public works and utilities. In

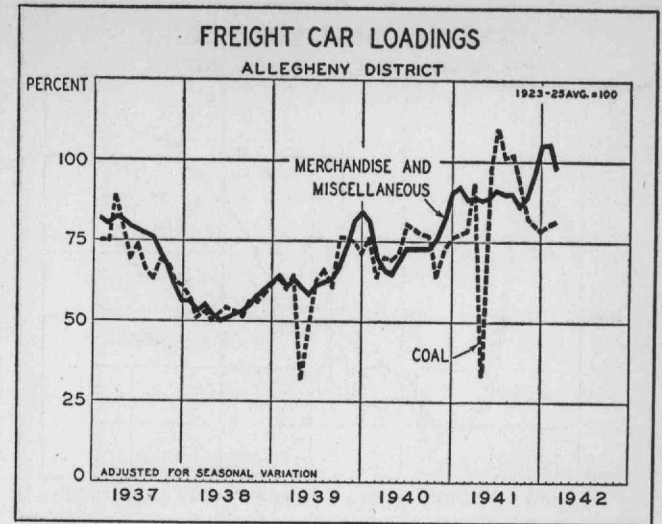
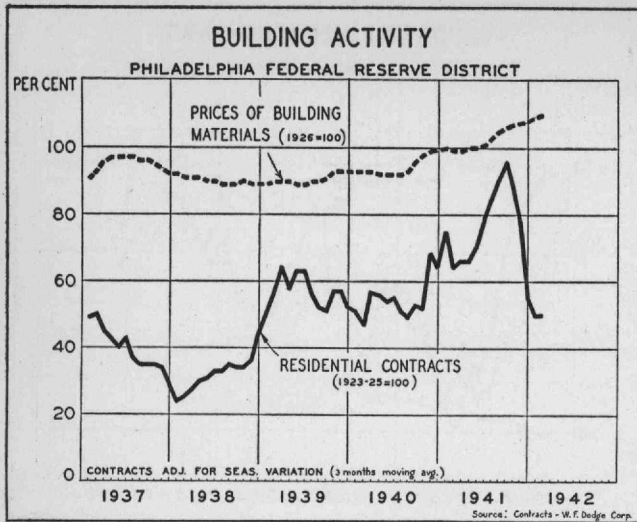
these lines contracts were about five times as great as in February 1941. Awards for commercial structures declined substantially from January to February.

Building contracts Philadelphia Federal Reserve District	Feb. 1942 (000's omitted)	Per cent change		
		From month ago	From year ago	1942 from 2 mos. 1941
Residential	\$ 4,503	+ 5	- 6	- 12
Apts. and hotels	544	- 20	+152	+ 12
Family houses	3,959	+ 9	- 14	- 15
Nonresidential	12,386	+ 35	+203	+ 53
Commercial	981	- 42	- 7	- 35
Factories	9,301	+ 48	+390	+108
Educational	272	+777	- 44	- 68
All other	1,832	+ 59	+180	+103
Total buildings	\$16,889	+ 25	+ 90	+ 26
Public works and utilities	9,764	+ 74	+394	+196
Grand total	\$26,653	+ 40	+145	+ 56

Source: F. W. Dodge Corporation.

Difficulties in obtaining materials continue to limit new residential construction. The volume of contracts placed for residences in this District increased somewhat in February, but continued smaller than a year ago. They accounted for only 19 per cent of total awards in the first two months of 1942 as compared with 34 per cent a year earlier.

Trade. High levels of industrial activity and consumers' incomes continue to stimulate rail traffic and trade, maintaining them at levels considerably above a year ago. Retail sales have been showing greater margins over 1941 than the probable advance in selling prices, although this margin was reduced somewhat in the period immediately preceding the income tax date. Business at wholesale has been generally brisk, limited in some lines by difficulties in obtaining goods. The movement of



freight by rail since the first of the year has been the heaviest for this period since 1930.

Following exceptionally heavy consumer buying in January, sales by department stores in this District increased somewhat less than seasonally in February. Gains of about 30 per cent over a year ago were shown both in Philadelphia and outside of the city. Substantial increases over February 1941 were reported in cash and charge account sales, but the expansion in instalment sales was small. Detailed reports for January showed that increases over last year were considerable in virtually all departments, with some of the greatest in those handling men's clothing and other soft goods lines.

Sales by shoe stores in February were one-half again as large as a year earlier. Similar gains were reported by men's apparel stores, but the increase in the case of women's apparel and credit stores was smaller.

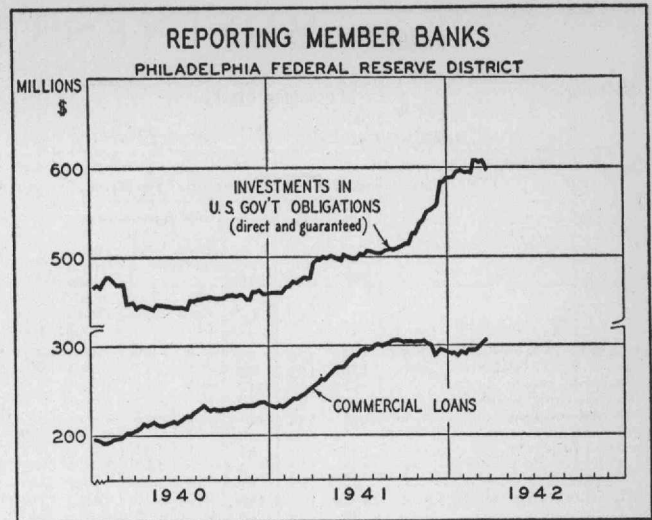
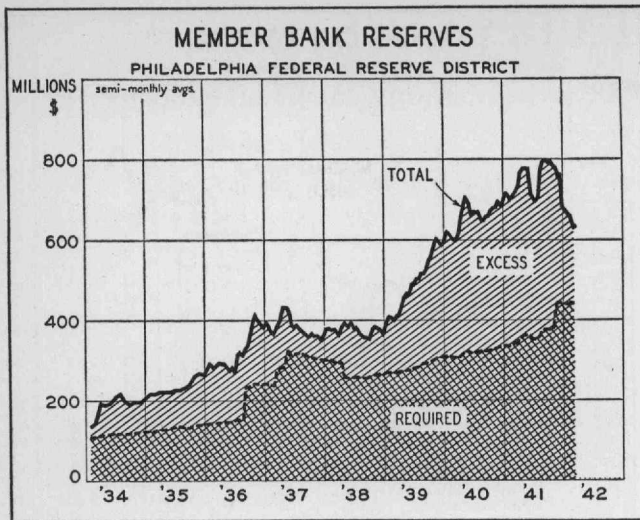
Stocks of goods were increased considerably in February in all reporting lines, but gains were for the most part seasonal. At the month-end, the value of stocks was more than one-third larger than a year ago at department and women's apparel stores and 57 per cent greater at credit stores. Reports from representative department stores show that merchandise commitments were expanded further in February, with the result that outstanding orders continue more than twice as large as a year ago.

The volume of business at wholesale showed mixed changes from January to February, small declines being reported in electrical supplies and

drugs, virtually no change in groceries, and increases in other lines, especially jewelry. In comparison with February 1941 the over-all increase in sales was 41 per cent, with gains ranging from well over 100 per cent in paper and 70 per cent in dry goods to a minimum of 4 per cent in the case of electrical supplies. The combined inventories of reporting wholesalers showed only a small increase in February, and the expansion of 20 per cent over a twelve-month period reflected partly the higher price levels now prevailing.

Shipments of freight by rail in this section did not expand as much as usual from January to February, but continued 8 per cent heavier than a year ago. Comparisons with early 1941 show gains in all classes of freight but livestock, where volume was about the same, and in ore. The movement of miscellaneous freight, which includes shipments of heavy manufactures and accounts for one-half of total loadings, was the largest for the month of February in records reaching back to 1923. Coal shipments, the next most important segment of freight traffic, increased 5 per cent over a year ago. In the first half of March car loadings averaged about the same as in February; both in the District and in the vicinity of Philadelphia freight shipments continued heavier than a year ago.

Banking conditions. The demand for commercial credit has been active over the past month, raising advances by reporting banks to finance industry and trade to a new peak. Substantial purchases of government bonds also were made, but the growth in total investments was restricted by declines in other securities. Heavy income tax payments and the demand for currency were re-



flected in further reductions in deposits and in reserves. Member bank borrowings from the Reserve Bank continue light; the discount rate of the Bank was reduced from 11½ per cent to a new record low of 1 per cent, effective March 21.

The reserve balances of all member banks in the District declined \$22 million to \$622 million in the four weeks ended March 18. A decrease of approximately \$100 million has taken place in the past year, but balances at the present time are estimated to be more than 40 per cent above requirements. Analysis of the position of individual banks in the first half of February showed that three-fourths of these institutions had reserves and demand balances with other banks equal to two or more times required reserves.

The Treasury has continued to disburse large amounts for war materials, but the full record of its operations for the past month shows that receipts exceeded disbursements by \$92 million. Receipts were heavy early in the period, when payments were made on a new bond issue, and again at the close, when income taxes were pouring in. These taxes were paid partly through the tender of tax anticipation notes, but cash payments were much larger than a year ago. A further increase in currency demand also tended to reduce the level of reserves. The funds absorbed by Treasury and currency transactions were offset partly by heavy transfers from other districts.

Earning assets of the reporting banks have been at record high levels in the past month. On March 18 loans and investments aggregated \$1,427 million, showing an increase of \$185 million in comparison with a year ago. Commercial loans have

increased \$12 million to \$307 million in the past four weeks, and have risen 46 per cent since the defense program was started. Recent gains have been partly seasonal in character. Small declines were shown in holdings of open market paper, security loans, and in the miscellaneous group which includes direct personal and instalment loans to individuals.

The investment in United States bonds increased \$25 million in the month, reflecting in part the allotment of new securities late in February. The expansion in the total investment portfolio, however, was limited to \$2 million by the redemption of \$11 million of Treasury bills, reducing the investment in these securities to \$8 million, and a decline in holdings of guaranteed securities. The securities portfolio now totals \$863 million, showing an increase of \$109 million in the last twelve months.

Deposits at the reporting banks have decreased further since mid-February. Lower individual and corporate balances reflected tax payments, currency demand, and payments for Treasury securities. Withdrawals from these balances and from interbank deposits were partly offset by increased deposits of States and municipalities and by credits to United States Government deposits in connection with security allotments. Aggregate deposits on March 18 were \$1,912 million, or about 7 per cent below the all-time high reached last September. Expansion over the level of a year ago has narrowed to \$43 million; demand deposits of individuals and corporations show a substantial gain in this period and are being used more actively, but time deposits and interbank balances have declined.

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		
	Feb. 1942	Jan. 1942	Feb. 1941	Per cent change			Feb. 1942	Jan. 1942	Feb. 1941
				Feb. 1942 from		1942 mos. 1941			
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	124p	120	98	+3	+26	+26	124p	119	99
MANUFACTURING	125p	122	98	+2	+27	+28	125p	120	99
Durable goods	177p	172	117	+3	+51	+52			
Consumers' goods	90p	87	85	+3	+6	+5			
Metal products	151	155	121	+4	-7	-7	153	150	123
Textile products	71p	68	76r	-1	+11	+10	87p	70	81
Food products	90p	90	81	+3	+37	+34	116	111	85
Tobacco and products	138	134	101	-1	+20	+23	52	52	44
Building materials	62	63	52	-1	+18	+18	141p	124	119r
Leather and products	132p	119	112	+11	+6	+6	93	93	89
Paper and printing	93p	93	89	+1	+6	+6			
Individual lines									
Pig iron	108	116	92	-7	+17	+23	111	113	95
Steel	124	130	106	-4	+18	+19	131	128	111
Motor vehicles	48	55	34	-14	+41	+57	48	49	34
Automobile parts and bodies	117	129	100	-9	+17	+22	127	128	108
Silk manufactures	75	68	76r	+11	-1	-3	80	69	81r
Woolens and worsteds	61p	62	67	-2	-9	-3	62p	62	69
Cotton products	51	49	46	+3	+10	+2	54	50	49
Carpets and rugs	64p	64	117	-1	+45	+42	65p	63	119
Hosiery	84	78	87	+6	-4	-4	87	82r	91
Underwear	137	145	130	-6	+5	+7	149	142	142
Cement	104	102	76	+2	+37	+45	73	71	53
Brick	72	71	67r	+2	+9	+8	69	66	64
Lumber and products	31	34	29	-10	+7	+11	30	32	28
Bread and bakery products				+3*	+9*	+9*	98	96	91
Slaughtering, meat packing	94	98	95	-4	-1	+1	95	107	97
Sugar refining	25	57	77	-56	-68	-62	32	39	100
Canning and preserving	102p	100	72	+2	+41	+42	95p	97	67
Cigars	138	134	100	+3	+38	+34	116	110	84
Paper and wood pulp	90	91	79	-2	+13	+15	90	90	79
Printing and publishing	94	93	90	+1	+4	+4	94	93	90
Shoes	132	125	139	+6	-5	-3	139	127	146
Leather, goat and kid	132p	115	86r	+15	+54	+50	143p	122	93r
Paints and varnishes	100	104	89	-4	+12	+13	98	94	87
Petroleum products	204p	183	155	+11	+32	+26	202p	182	152
Coke, by-product	166p	156	141	+7	+17	+11	174p	156	149
COAL MINING	71	60	67	+18	+6	0	78	69	73
Anthracite	69p	57	65	+21	+6	-1	76p	66	71
Bituminous	86	83	83	+3	+4	+5	94	95	90
CRUDE OIL	455	474	396	-4	+15	+13	455	455	396
ELEC. POWER—OUTPUT	344	343	302	0	+14	+14	365	364	320
Sales, total	360	357	312	+1	+15	+15	389	368	337
Sales to industries	286	275	231	+4	+24	+25	283	266	228
BUILDING CONTRACTS									
TOTAL AWARDS†	107	96	64	+11	+66	+53	106	107	64
Residential†	50	50	64	+1	-21	-28	36	40	45
Nonresidential†	157	158	84	-1	+85	+82	158	170	85
Public works and utilities†	156	121	55	+29	+184	+140	188	155	66

* Unadjusted for seasonal variation.

p—Preliminary.

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

r—Revised.

Indexes: 1932=100	Employment			Payrolls		
	Feb. 1942 index	Per cent change from		Feb. 1942 index	Per cent change from	
		Jan. 1942	Feb. 1941		Jan. 1942	Feb. 1941
GENERAL INDEX	131	0	+9	252	+4	+34
Manufacturing	173	+1	+14	356	+4	+39
Anthracite mining	65	0	-4	86	+26	+11
Bituminous coal mining	105	-1	+4	323	+7	+38
Building and construction	48	-2	+14	87	+2	+31
Quar. and non-met. mining	114	-1	+15	309	+9	+5
Crude petroleum prod.	135	-3	-2	181	+1	+8
Public utilities	104	-1	+5	128	+1	+14
Retail trade	109	-2	+4	147	0	+16
Wholesale trade	124	0	+1	147	+1	+11
Hotels	95	-2	-7	127	-1	+3
Laundries	114	0	+7	160	-1	+17
Dyeing and cleaning	101	0	+2	129	-1	+9

Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Feb. 1942 index	Per cent change from		Feb. 1942 index	Per cent change from	
		Jan. 1942	Feb. 1941		Jan. 1942	Feb. 1941
TOTAL	112	+1	+14	145	+4	+39
Iron, steel and products	120	+1	+20	205	+4	+45
Nonferrous metal products	185	-1	+21	296	0	+43
Textiles and clothing	92	+2	-3	105	+7	+11
Textiles	83	+1	-5	96	+6	+10
Clothing	126	+3	+2	150	+10	+16
Food products	111	-1	+6	131	0	+17
Stone, clay and glass	98	0	+13	120	+4	+28
Lumber products	62	+1	+2	68	+3	+21
Leather and products	98	+3	+4	120	+7	+19
Paper and printing	105	0	+7	127	+2	+18
Printing	93	0	+4	109	+4	+11
Others:						
Cigars and tobacco	73	+1	+11	72	+1	+25
Rubber tires, goods	89	-1	-2	125	+1	+14
Musical instruments	71	+2	-2	87	+5	+2

* Figures from 2,864 plants.

Local Business Conditions*

Percentage change—February 1942 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Jan. 1942	Feb. 1941	Jan. 1942	Feb. 1941	Jan. 1942	Feb. 1941	Jan. 1942	Feb. 1941	Jan. 1942	Feb. 1941
	Allentown	+2	+11	+5	+39	-17	+44	+3	+30	-12	+19
Altoona	+2	+21	+9	+43	+1203	+663	+3	+16	-10	+8
Harrisburg	0	+13	+5	+34	-46	-29	-3	+26	-9	+25
Johnstown	0	+12	+4	+30	+59	-76	+24	+20	-12	+18
Lancaster	+1	+11	+4	+33	+3	+32	-14	-42	-2	+42
Philadelphia	+2	+21	+5	+52	+7	+76	-1	+31	-12	+19
Reading	+1	+6	+4	+27	-85	-75	-1	+32	-13	+4
Scranton	+2	+9	+5	+19	+210	+8	-9	+17	-7	+23
Trenton	-3	-2	-1	+22	0	+81	+1	+25	-15	+36
Wilkes-Barre	+1	+22	+4	+73	-74	-71	-6	+30	-16	+13
Williamsport	0	+13	+2	+45	+3	+31			-12	+22
Wilmington	0	+23	0	+49	+4	+76	-3	+33	-18	+14
York	+1	+7	+1	+35	+549	-5	-1	+29	-16	+20

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

Hours and Wages

Factory workers Averages February 1942 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
Iron, steel and prod.	43.4	+5	.949	+15	41.20	+21
Nonferrous metal prod.	41.9	+5	.776	+15	32.54	+20
Textiles and clothing	38.2	+4	.607	+12	22.96	+15
Textiles	38.6	+5	.624	+14	23.96	+19
Clothing	37.0	+1	.562	+7	20.86	+8
Food products	40.5	+4	.666	+8	27.37	+12
Stone, clay and glass	38.3	+2	.794	+10	30.40	+13
Lumber products	40.0	+6	.600	+5	23.70	+11
Leather and products	39.9	0	.620	+11	24.45	+11
Paper and printing	41.0	+5	.772	+5	32.46	+10
Printing	38.3	+4	.919	-2	36.13	+2
Others:						
Cigars and tobacco	37.5	+4	.483	+7	18.07	+11
Rubber tires, goods	39.8	+4	.779	+6	31.03	+11
Musical instruments	44.5	-1	.723	+5	32.16	+4

* Figures from 2,641 plants.

† Figures from 2,864 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Feb. 1942 from		1942 from 2 mos. 1941
	Month ago	Year ago	
Sales			
Total of all lines.....	+ 4	+ 41	+ 39
Boots and shoes.....	+ 9	+ 38	+ 51
Drugs.....	- 1	+ 17	+ 12
Dry goods.....	+ 4	+ 70	+ 71
Electrical supplies.....	- 4	+ 4	+ 6
Groceries.....	0	+ 25	+ 28
Hardware.....	+ 4	+ 52	+ 50
Jewelry.....	+36	+ 23	+ 13
Paper.....	+19	+132	+105
Inventories			
Total of all lines.....	+ 3	+ 20	.....
Drugs.....	+ 2	+ 4	.....
Dry goods.....	+ 3	+ 30	.....
Electrical supplies.....	- 1	+ 5	.....
Groceries.....	+ 5	+ 30	.....
Hardware.....	+ 3	+ 16	.....
Jewelry.....	- 1	- 6	.....
Paper.....	+ 4	+ 29	.....

Source: U. S. Department of Commerce.

Prices	Feb. 1942	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100)	165	+1	+36	+65
Wholesale (1926 = 100)	97	+1	+20	+29
Farm.....	101	0	+44	+66
Food.....	95	+1	+29	+41
Other.....	95	0	+12	+18
Living costs (1935-1939 = 100)				
United States.....	113	+1	+12	+14
Philadelphia.....	111	0	+12	+13
Food.....	114	+1	+21	+23
Clothing.....	115	+1	+15	+16
Rent.....	106	0	+ 2	+ 3
Fuels.....	103	0	+ 4	+ 7
Housefurnishings.....	118	+1	+16	+18
Other.....	108	0	+ 7	+ 8

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Feb. 1942	Jan. 1942	Feb. 1941	Per cent change		1942 from 2 mos. 1941	Feb. 1942	Jan. 1942	Feb. 1941
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	157p	161	121r	- 3	+29	+37	116p	115	90
Philadelphia.....	155	158	119r	- 2	+30	+37	116	115r	89
Women's apparel.....	135	128	107	+ 5	+26	+27	97	111	77
Men's apparel.....	164	186	111	-12	+47	+49	130	170	88
Shoe.....	176p	156	114	+12	+54	+50	118p	119	77r
Credit.....	152p	158	125r	- 4	+22	+24	117p	98	96r
Inventories									
Department stores—District.....	137p	132	99r	+ 4	+38	.....	135p	115	97
Philadelphia.....	130	124	95r	+ 5	+37	.....	128	110	93
Women's apparel.....	137	130r	102r	+ 6	+34	.....	134	113r	100
Shoe.....	124p	100	106	+23	+17	.....	115p	90	99r
Credit.....	178p	164	113r	+ 8	+57	.....	179p	156	114
FREIGHT-CAR LOADINGS									
Total	149	158	137	- 6	+ 8	+10	135	134	123
Merchandise and miscellaneous.....	151	162	135	- 7	+12	+13	138	138	123
Merchandise—l.c.l.....	109	113	100	- 4	+ 9	+ 8	107	103	98
Coal.....	126	124	120	+ 2	+ 5	+ 4	137	132	131
Ore.....	262	316	289	-17	- 9	- 7	63	66	69
Coke.....	175	190	166	- 8	+ 5	+ 8	192	196	183
Forest products.....	106	116	97	- 9	+10	+10	105	106	96
Grain and products.....	110	130	93	-15	+19	+17	115	122	96
Livestock.....	97	99	97	- 1	0	0	93	103	93
MISCELLANEOUS									
Life insurance sales.....	107	209	95	-49	+13	+56	123	186	109
Hotels—(1934 = 100)									
Occupancy.....				+ 3*	+ 6*	+ 5*	116p	114	109
Income, total.....				+ 3*	+ 7*	+ 7*	132p	128	122
Business liquidations									
Number.....				-16*	-48*	-41*	69	82	133
Amount of liabilities.....				- 5*	-79*	-69*	23	24	112
Check payments.....	146	140r	118	+ 4	+23	+19	147	142r	120

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

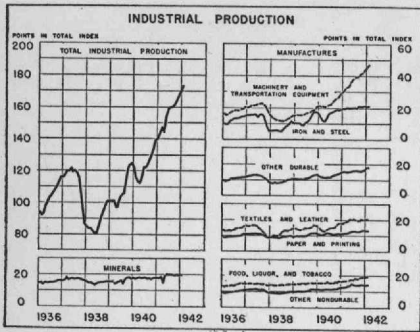
Reporting member banks (000,000's omitted)	Mar. 18, 1942	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 307	+\$12	+\$ 58
Open market paper.....	41	- 1	+ 6
Loans to brokers, etc.....	26	0	+ 2
Other loans to carry secur.....	32	- 1	+ 2
Loans on real estate.....	49		
Loans to banks.....			
Other loans.....	109	- 1	+ 8
Total loans.....	\$ 564	+\$ 9	+\$ 76
Government securities.....	\$ 505	+\$14	+\$118
Obligations fully guar'teed	92	- 11	+ 2
Other securities.....	266	- 1	- 11
Total investments.....	\$ 863	+\$ 2	+\$109
Total loans & investments	\$1,427	+\$11	+\$185
Reserve with F. R. Bank..	431	- 16	- 116
Cash in vault.....	26	0	+ 3
Balances with other banks.	190	- 6	- 19
Other assets—net.....	69	0	- 12
Liabilities			
Demand deposits, adjusted	\$1,253	-\$20	+\$135
Time deposits.....	186	- 3	- 73
U. S. Government deposits	40	+ 19	+ 30
Interbank deposits.....	433	- 9	- 49
Borrowings.....	0	0	0
Other liabilities.....	14	+ 2	- 3
Capital account.....	217	0	+ 1

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Feb. 25	March 4	March 11	March 18	
Sources of funds:					
Reserve Bank credit extended in District.....	+ 3.5	- 5.1	- 0.5	- 6.0	- 8.1
Commercial transfers (chiefly interdistrict).....	+14.0	+32.4	+ 9.2	+29.0	+84.6
Treasury operations.....	-69.9	+19.6	+ 2.9	-44.8	-92.2
Total.....	-52.4	+46.9	+11.6	-21.8	-15.7
Uses of funds:					
Currency demand.....	+ 6.9	+ 3.6	+ 1.5	- 1.1	+10.9
Member bank reserve deposits.....	-57.2	+44.0	+10.5	-19.5	-22.2
"Other deposits" at Reserve Bank.....	- 2.1	- 0.5	- 0.4	- 2.0	- 5.0
Other Federal Reserve accounts.....	+ 0.0	- 0.2	+ 0.0	+ 0.8	+ 0.6
Total.....	-52.4	+46.9	+11.6	-21.8	-15.7

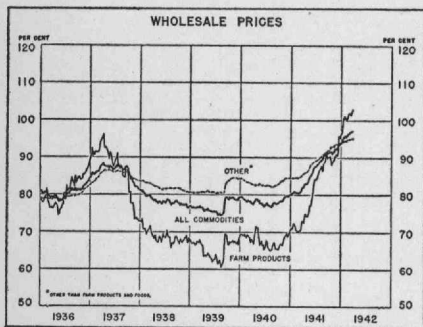
Member bank reserves Daily averages: (dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Phila. banks				
1941: Mar. 1-15..	\$525.3	\$237.2	\$288.1	121%
1942: Feb. 1-15..	443.1	297.8	145.3	49 "
Feb. 16-28..	417.7	295.2	122.5	42 "
Mar. 1-15..	422.6			
Country banks:				
1941: Mar. 1-15..	192.2	103.0	89.2	87 "
1942: Feb. 1-15..	212.9	142.7	70.2	49 "
Feb. 16-28..	210.8	143.4	67.4	47 "
Mar. 1-15..	211.5			

Federal Reserve Bank of Phila. (dollar figures in millions)	March 18, 1942	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.6	-\$0.1	+\$0.4
Bills bought.....	0	0	0
Industrial advances.....	4.0	+ 0.6	+ 1.8
U. S. securities.....	177.6	- 0.1	+ 2.7
Total.....	\$182.2	+\$0.4	+\$4.9
Note circulation.....	605.6	+10.1	+184.2
Member bank deposits	622.5	-22.2	- 99.3
U. S. general account.	0.2	-21.4	- 71.3
Foreign deposits.....	70.3	+10.9	- 5.7
Other deposits.....	13.1	- 5.0	- 10.7
Total reserves.....	1160.0	-19.2	- 2.4
Reserve ratio.....	88.4%	+ 0.4%	0

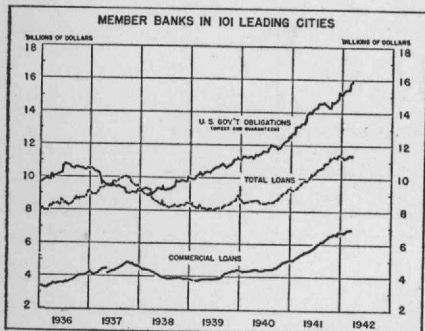
National Summary of Business Conditions



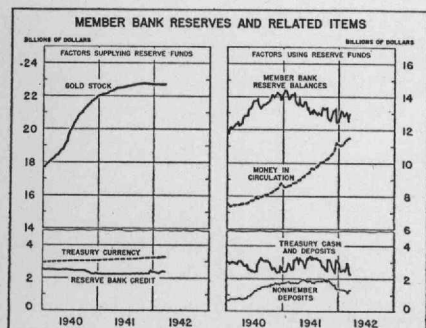
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for February 1942.



Bureau of Labor Statistics' weekly indexes, 1926 average=100. Latest figures shown are for week ending March 21, 1942.



Wednesday figures. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported. Latest figures shown are for March 11, 1942.



Wednesday figures. Latest figures shown are for March 11, 1942.

Industrial activity increased further in February and the first half of March. Retail trade was sustained at high levels and commodity prices continued to advance.

PRODUCTION

In February the Board's seasonally adjusted index of industrial production rose from 171 to 173 per cent of the 1935-39 average. As in other recent months, activity in the durable goods manufacturing industries, where the majority of military products are made, continued to advance, while in industries making nondurable goods and at mines activity was maintained at about the levels reached last autumn.

Steel production rose to 96 per cent of capacity in February and increased further to 98 per cent in the third week of March—which corresponded to an annual rate of nearly 87 million net tons. Lumber production also increased, following less than the usual seasonal decline during the previous two months. In the machinery and transportation equipment industries, now engaged mainly in armament production, activity continued to advance rapidly as plant utilization increased and capacity expanded. Conversion to armament production in the automobile industry, where output of civilian products was discontinued in early February, is apparently being effected much more rapidly than had been anticipated earlier.

There were further increases in output at cotton textile mills and at chemical factories, reflecting an increasing amount of work on military orders. At meatpacking establishments activity was maintained near the high rate reached in January. Shoe production increased by less than the usual seasonal amount. Anthracite production rose sharply in February and bituminous coal production was maintained near the high rate of other recent months. Output of crude petroleum, which had been at record levels in December and January, declined somewhat in the latter part of February and in the first half of March, reflecting transportation difficulties.

CONSTRUCTION

Value of construction contract awards increased considerably in February, according to figures of the F. W. Dodge Corporation, owing mainly to a sharp rise in awards for public projects. Total awards in February were half again as large as last year, and public awards were about three times as large.

In nonresidential building, awards for public projects increased materially, while those for private projects continued to decline. There was a slight rise in awards for public utility construction.

In residential building, contracts for private work changed little from January, while those for publicly-financed projects increased sharply and amounted to about half of the total for the first time on record. For the past six months there has been a noticeable shift in privately-financed housing activity from building for owner-occupancy to building for sale or rent; in February, awards for the former constituted only about one-fifth of the small-homes total. This shift is attributable mainly to the activity in defense areas and to legislation enacted last spring making possible the insurance of mortgages taken out by builders.

DISTRIBUTION

Value of retail trade continued large in February. Sales at general merchandise stores and variety stores increased more than seasonally, while sales at department stores declined. In the first half of March department store sales increased by about the usual seasonal amount.

Freight-car loadings, which in January had been unusually large for this time of year, declined somewhat in February owing to smaller shipments of coal, grain, and miscellaneous freight.

COMMODITY PRICES

Wholesale prices continued to advance from the middle of February to the middle of March, particularly those for finished consumer goods such as meats, fruits and vegetables, shoes, clothing, and household items. Temporary maximum price orders were issued covering wholesale prices of some of these products, including pork, canned fruits and vegetables, finished cotton and rayon fabrics, cotton rugs, and bedding equipment. These orders, according to statute, used as maximums the prices prevailing within five days prior to issuance. They are effective for only 60 days and may be replaced by regular schedules.

TREASURY FINANCING AND BANK CREDIT

In March income tax receipts by the Treasury for the first time reflected the higher schedule of rates. The effect of these receipts on the money market was largely offset by redemption of Treasury bills previously issued to mature during the tax collection period, by tax-anticipation notes turned in on payment of taxes, and by continued heavy Treasury expenditures. As a consequence a record volume of Treasury operations was effected with little influence on conditions in the market. Excess reserves of member banks showed no large change and on March 18 amounted to about \$3.2 billion.

United States Government obligations held by member banks in leading cities showed little change during the first three weeks of March following a sharp rise in February. Commercial loans increased further.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government bonds advanced steadily from the middle of February to the middle of March. Long-term taxable bonds yielded 2.35 per cent compared with an average of 2.39 per cent in February. Prices of short-term securities have held steady since the first of the year, with Treasury bills selling at around .20 per cent.