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THE BUSINESS REVIEW

FEDERAL RESERVE BANK
OF ST. LOUIS



FEDERAL RESERVE BANK OF PHILADELPHIA

MAY 1, 1942

War production continues to expand and is absorbing an increasing proportion of plants, labor, and materials in the Third Federal Reserve District. Virtually no steel is being produced for civilian use, and in many textile lines output is going largely to the Government. Further general restrictions upon civilian supplies are in prospect now that the war program is getting into full stride. At the same time consumer incomes continue to expand, accentuating the problem of rapidly rising costs and prices.

Industrial activity in this District in March was well sustained at the high levels of the preceding month and well above a year ago. Freight shipments continue heavy, and retail and wholesale markets are still strong. Shortages of goods in the face of heavy buying by Government, industry, and consumers are pushing prices up in many lines.

Manufacturing activity increased about seasonally in March, the principal gains being at textile mills. Little change was shown in the output of heavy goods, currently about half again as great as in the spring of 1941; production in nondurable lines is about the same as last year at this time. Production of coal in March was unusually well sustained, and output of crude oil and electric power showed small seasonal changes.

Construction activity has advanced, particularly in the case of residential building which is stimulated by heavy demands for housing facilities in war production centers.

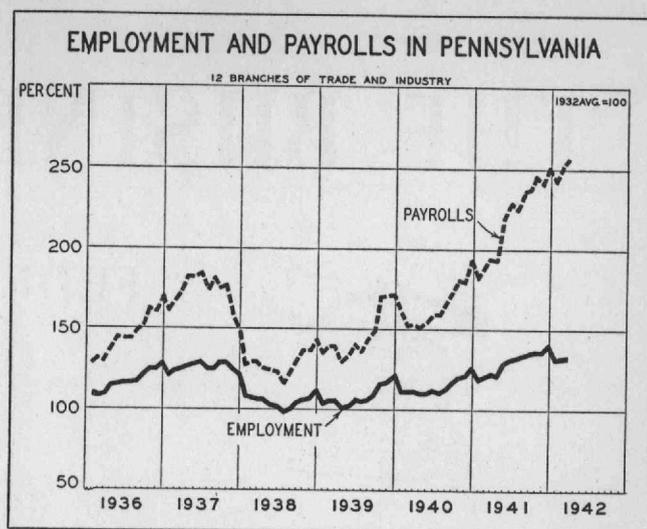
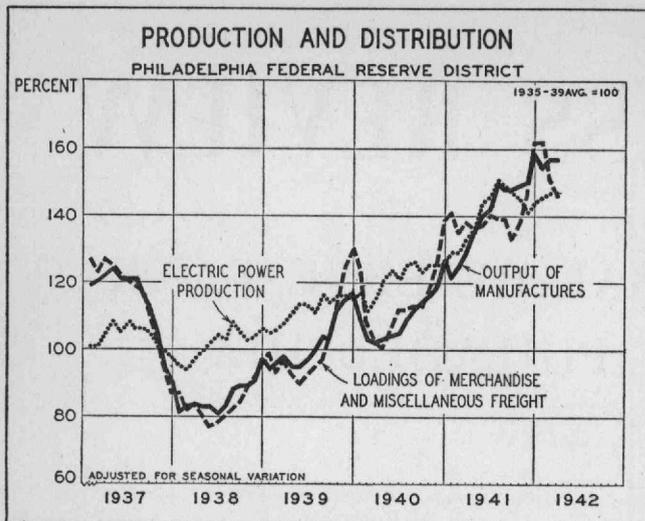
Nonagricultural employment continues to increase, and payrolls have advanced in nearly all lines of trade and industry. Hourly and weekly

earnings of factory workers are still rising substantially. Preliminary reports indicate that employment and wage disbursements were well sustained in April.

Retail trade increased somewhat less than seasonally from February to March, after having been unusually heavy in preceding months. Anticipatory buying is still in evidence. Retailers report that increased income tax payments have as yet had little effect upon trade. Neither has the attempt to absorb buying power through the sale of savings bonds been sufficiently effective.

Bank credit continues to expand, chiefly as a result of sustained purchases of Government securities. Demand for commercial loans has slackened somewhat, although credit is actively being extended to war industries. Prices in the securities markets have been somewhat weak in recent weeks and trading has continued light. Stock prices have reached new nine-year lows; the prospect for heavier taxes and uncertainty as to further anti-inflationary measures are beclouding the outlook.

Manufacturing. The demand for factory products in this District has improved further, reflecting principally continued heavy war purchases. New commitments for iron and steel products are largely restricted to high priority orders, and in many textile lines supplies for civilians are very limited. Manufacturers' sales of products generally for nonessential uses are declining, as raw materials and productive facilities are increasingly diverted to war needs. Shipments have continued to expand and are well above 1941 levels. Prices



of factory products not subject to ceilings have advanced further since the middle of last month.

Activity in essential industries is still expanding, as new facilities come into operation and plant conversion progresses. The volume of unfilled orders has reached new peaks in a number of lines, and backlogs generally are sharply larger than at this time last year. Stocks of finished goods have declined to levels substantially below those prevailing in the Spring of 1941.

Factory employment in Pennsylvania increased 1 per cent further in March to a new high approximating 1,165,000 workers, and wage disbursements expanded 2 per cent to a record volume of \$39,000,000 a week. The number of wage earners exceeded a year ago by 12 per cent; wage payments were 35 per cent larger. Activity in April was well sustained, according to preliminary reports.

At plants making durable goods, employment in March was 23 per cent and wage payments 46 per cent larger than a year ago, reflecting an exceptionally high rate of activity in the metal trades. In the case of lighter products, the number employed continued at about the 1941 level, while payrolls were 12 per cent greater.

Hourly earnings of factory workers in Pennsylvania rose to a new peak in March, averaging 87 cents, or nearly 12 cents an hour more than a year earlier. This reflected higher wage rates, increased overtime, and greater employment of highly paid skilled employees. Working time continued at the February average of 42½ hours a week; but average weekly income increased further to \$36.63, the highest in records back to 1923, and \$6.27 more than in March 1941.

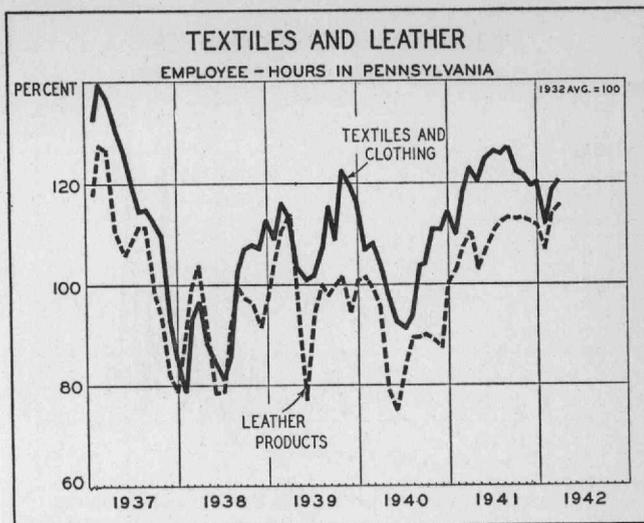
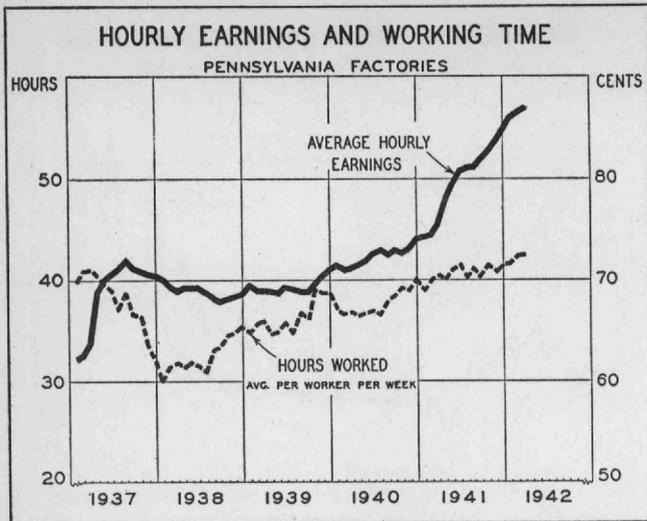
In Delaware factories, employment showed virtually no change from February to March, while wage payments rose 3 per cent. Manufacturing plants in southern New Jersey reported similar changes.

The output of manufactured goods in this District was well sustained from February to March. On a seasonally adjusted basis, the production of durable goods declined slightly, but was 45 per cent above 1941. The output of lighter products, although somewhat increased in the month, was about the same as a year earlier. In the first three months of 1942 productive activity generally averaged 25 per cent above the rate prevailing last year.

Production of electric power slackened seasonally in March but was 11 per cent greater than a year ago. Total sales and sales to industries decreased somewhat more than usual from February but remained well above the 1941 level.

Coal and other fuels. The demand for fuels generally is well sustained. Government agencies continue to advise consumers to build up inventories of coal to lighten the load on transportation facilities next fall. Home owners on the Atlantic seaboard are being advised to change back from oil to coal, wherever feasible, owing to the shortage of petroleum products. Maximum prices were placed on Pennsylvania anthracite early in March; later the requirement for seasonal discounts on sales at mines was eliminated.

The production of anthracite declined less than was to be expected in March and was the largest for the month with one exception since 1928. During the first quarter, production aggregated 14,400,000 tons, the highest in six years.



Stocks of bituminous coal in the hands of industry and retail yards have declined from the high level reached in December. Colliery output in March expanded to the largest volume since last July, although there is usually a decline at this time of year. Production in Pennsylvania in the first quarter totaled 34,300,000 tons, the greatest for the period since 1929.

Contracts placed in the first quarter of 1942 were 30 per cent above a year earlier and the largest for the period since 1930. The greatest gains were in public works and utilities, apartments and hotels, and factories.

Operations at by-product coke ovens continued at peak levels in February but declined somewhat in March, according to preliminary reports.

Agriculture. Expanded domestic and foreign demand and reduced imports, necessitating a record production of many foods in 1942, are resulting in pronounced shifts in the acreage planted to a number of leading field crops throughout the country. Shortages of imported vegetable oils are stimulating the production of substitutes. Demands for livestock are increasing, necessitating heavier plantings of forage crops. Supplies of wheat continue large.

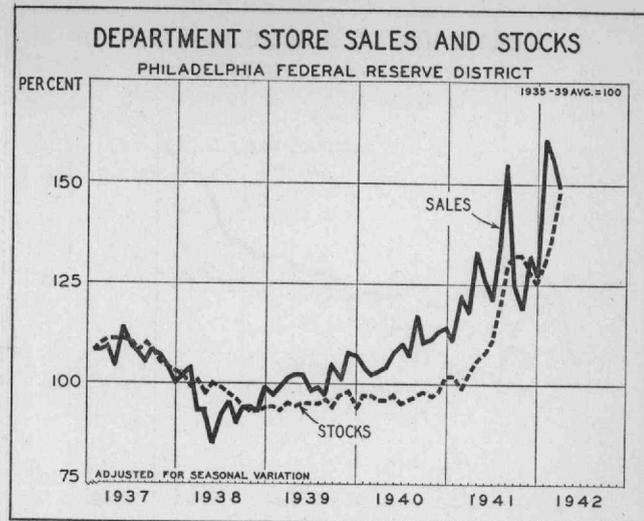
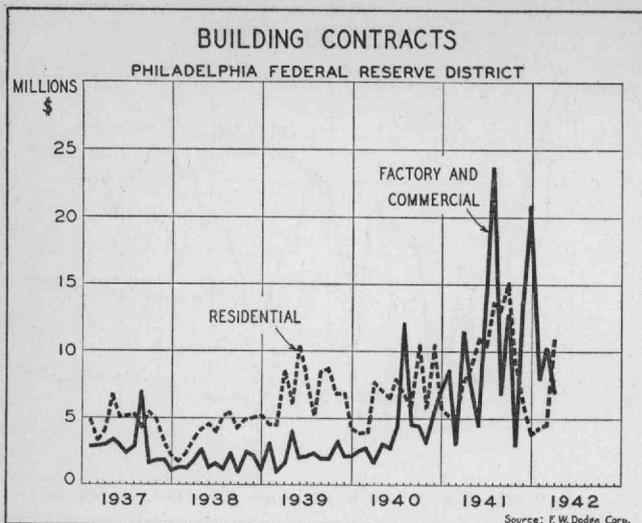
Building. Construction activity in this District increased in March to levels well above a year ago. New awards for residential construction rose sharply. Publicly financed projects account for an increasing proportion of total building.

Planting intentions of farmers in this District indicate an exceptionally large increase this year in the acreage allotted to soy beans and somewhat smaller gains in the case of spring wheat, corn, and barley. Plantings of hay and oats are expected to be about the same as in 1941, but small declines are in prospect for white potatoes and tobacco. Growing conditions generally are satisfactory, and reserve supplies of feed grains are above average for this time of the year.

To conserve materials, labor, and machinery, the War Production Board has ordered that no substantial construction projects may be undertaken without the specific approval of the Board. Heavy war requirements for homes and plants indicate that building activity this year will be greater than in 1941 in spite of these restrictions.

Expanding activity in other essential industries continues to reduce the supply of farm labor, and acute shortages are expected in the vicinity of the larger manufacturing centers later this year. Wage rates for agricultural workers have advanced rapidly in recent months to levels well above those prevailing in the spring of 1941. Wholesale prices of farm products have risen steeply, and farm income has expanded. In Pennsylvania, New Jersey, and Delaware, cash income, including rental

Awards of new contracts expanded 15 per cent in March to \$30,783,000, the largest for the month in thirteen years. Substantial increases were reported in the case of houses and apartments and hotels, contracts for the latter being seven times as great as in February. Awards for public works and utilities accounted for over one-third of the aggregate contracts let in March. The only decreases were in awards for factory buildings, which had been exceptionally large earlier and in miscellaneous structures.



and benefit payments, amounted to nearly \$76,000,000 in the first two months of 1942 as against less than \$60,000,000 in the same period last year.

Trade. Retail sales increased less than usual in March after having been exceptionally active in January and February, when anticipatory buying was heavy. Gains over a year ago continued substantial but in April narrowed considerably, owing in part to the earlier date of Easter this year. Wholesale markets continue strong, as retailers are still placing large orders for delivery later in the year and are replenishing stocks of seasonal merchandise. Rail freight traffic continued heavy in March, although the increase over a year ago was less pronounced than in earlier months; shipments of coal were expanded sharply in March 1941 in anticipation of the strike which began in bituminous mine fields on April 1.

Sales by men's apparel stores advanced sharply in March to a level about 60 per cent above a year ago. Business increased about seasonally at furniture stores, but gains in other lines were smaller than usual. At all types of reporting stores sales were well above March 1941, owing in part to price increases.

Retail inventories increased sharply in March at department and credit stores but showed somewhat smaller than seasonal gains at women's apparel and shoe stores. The volume of stocks at the end of the month was substantially larger than a year earlier in all reporting lines, the most pronounced increases being 66 per cent at furniture and other credit stores and 44 per cent at department stores. Outstanding orders for merchandise as reported by representative department stores expanded further

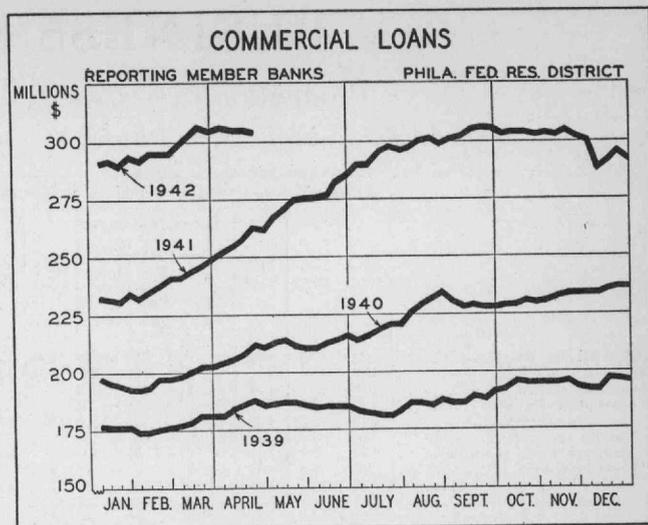
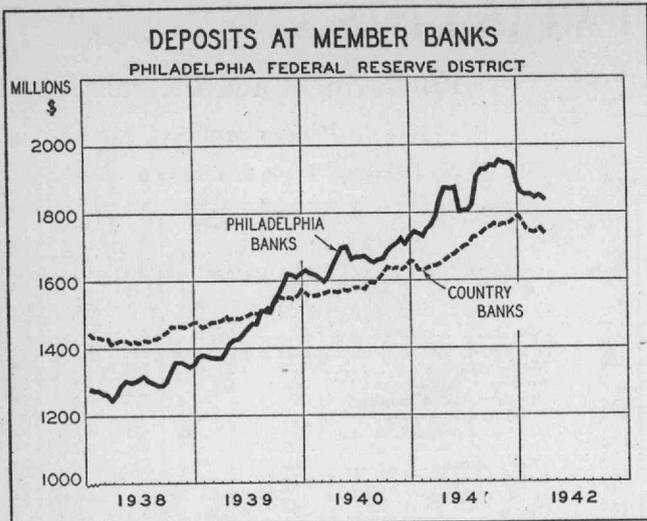
in March to a volume $2\frac{1}{2}$ times that of a year ago.

Wholesale trade sales were sustained in March at the high levels of the month before and about 40 per cent above a year ago. There were large increases in the month in the sale of shoes, paper, and hardware and smaller gains in the case of dry goods and jewelry. Sales of groceries and electrical supplies declined and drugs were virtually unchanged in the month. Stocks of goods at wholesale establishments in the aggregate increased somewhat further in March to a level 16 per cent above March 1941.

Rail freight shipments in this section expanded seasonally from February to March and were 3 per cent greater than a year ago. Loadings of grain and livestock products showed exceptionally large gains in the month, and the movement of coal was much heavier than usual. Shipments of merchandise and miscellaneous commodities, which include manufactured products, did not measure up to seasonal expectations. In the Philadelphia area, loadings consisting principally of industrial products decreased somewhat in early April and were below the level of a year ago.

Banking conditions. The expanding war program is being reflected to an increasing extent in the field of banking and credit. The volume of credit outstanding at reporting banks has been raised to a new peak by allotments of new Treasury securities and purchases of outstanding issues in the open market. The demand for loans to finance war production continues active, but the total of commercial loans has declined somewhat over the past month.

To assure the greatest possible production of war



materials, the President has authorized the Federal Reserve Banks, operating under regulations of the Board of Governors, to act as agents for the War Department, the Navy Department, and the Maritime Commission, to guarantee loans made by financial institutions to concerns engaged in war production, or to act as agents to make loans, advances or commitments to such concerns. Guarantees are to be made only under certain circumstances, where lack of funds hinders war production and credit is not available from other sources.

Growing scarcities of consumers' durable goods and the restrictions upon instalment terms have resulted in a declining volume of consumer credit extended by banks. Reports from a group of banks in this District show a decrease of 17 per cent in consumer instalment credit outstanding during the first quarter. The shrinkage was greatest in automotive paper, but the decline also was of considerable proportions in other retail credits, in repair and modernization loans, and in personal instalment cash loans.

The reserves of member banks in this District in the five weeks ended April 22 increased \$55 million to \$678 million, or about one and one-half times legal requirements. This was due principally to large gains in interdistrict transactions. A considerable amount was absorbed by Treasury operations, reflecting heavy income tax collections in the latter part of March and withdrawals from depositaries and sales of securities in April. Currency demand continued to expand.

Subscriptions to Treasury certificates of indebtedness totaled \$111 million in this District and allotments were \$56 million, paid largely in cash.

Sales of War Savings bonds in the first three weeks of April were somewhat smaller than in the corresponding period of March and substantially less than in January, when some bought their entire year's quota.

Member bank borrowings continue very light, but industrial advances by the Reserve Bank were increased \$1 million to over \$5 million in the five weeks ended April 22. System purchases of governments in the open market were reflected in an increase of \$4 million to \$181.5 million in the participation of this Bank in the System Open Market Account.

Earning assets of the reporting banks reached a new high of \$1,436 million. Since March 18 holdings of Treasury securities have been increased \$28 million through the acquisition of \$16 million of certificates of indebtedness, \$6 million of bills, and \$8 million of bonds, with a small decline in Treasury notes. The investment in corporate and municipal securities was reduced \$9 million and loans by a slightly greater amount. There were moderate declines in commercial loans, now 16 per cent larger than a year ago, in open market paper, and in the unclassified group which includes direct personal and instalment advances to individuals.

Deposits at the weekly reporting banks increased \$62 million to \$1,974 million in the five-week period. A sharp gain was shown in balances of States and local governments, similar to that a year ago, and a smaller expansion in demand deposits of individuals and business concerns. Time deposits declined further to a level one-third smaller than a year ago; funds were withdrawn by the Treasury from Government balances; and correspondent banks also reduced their deposits somewhat.

BUSINESS STATISTICS

Production Philadelphia Federal Reserve District

Employment and Income in Pennsylvania

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Mar. 1942	Feb. 1942	Mar. 1941	Per cent change			Mar. 1942	Feb. 1942	Mar. 1941
				Mar. 1942 from		1942 from 3 mos. 1941			
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION MANUFACTURING	123p	123	102	0	+21	+23	124p	123	103
Durable goods	124p	124	102	0	+22	+25	125p	124	103
Consumers' goods	176p	177	121	-1	+45	+50			
Metal products	89p	88	89	+2	+1	+3			
Textile products	153p	152r	126	+1	+22	+25	155	154r	128r
Transportation equipment	74p	70	82	+5	-10	-8	37p	75	85r
Food products	350	354	164	+1	+113	+119	367	352	173
Tobacco and products	92p	89	82	+3	+12	+10	90p	86	81
Building materials	125	138	106	+10	+18	+29	115	116	98
Chemicals and products	57p	62	55	-7	+4	+16	51p	52	49
Leather and products	133p	146	135	-9	-2	+8	133p	145	136
Paper and printing	124p	122	119	+2	+4	+10	127p	129	123
	93	93	88	0	+6	+6	95	93	90
Individual lines									
Pig Iron	90	108	82	-17	+9	+18	103	111	94
Steel	123	124	106	-1	+16	+17	131	130r	114
Silk manufactures	82	75	82r	+9	0	-2	84	80	84
Woolens and worsteds	61p	58	73	+4	-17	-10	59p	60	71
Cotton products	51	51	51	+1	0	+1	54	54	54
Carpets and rugs	58p	60	124	-3	-53	-47	59p	61	123
Hosiery	82	84	92	-3	-12	-7	85	87	96
Underwear	143	137	136	+4	+5	+6	155	149	148
Cement	88p	104	91	-16	+3	+24	87p	73	70
Brick	72	73r	64	-1	+12	+10	71	70r	63
Lumber and products	31	31	29r	+1	+6	+10	30	30	28
Bread and bakery products				+1*	+8*	+9*	99	98	92
Slaughtering, meat packing	104	94	99	+11	+5	+2	100	95	95
Sugar refining	51	25	61	+105	-16	-47	78	32	93
Canning and preserving	97p	97	75	-1	+29	+36	88p	90	67r
Cigars	125	138	105	-10	+19	+29	115	116	97
Paper and wood pulp	90	90	79	0	+13	+15	91	90	81
Printing and publishing	94	94	90	0	+4	+4	96	94	92
Shoes	137	132	141	+3	-3	-3	145	139	150
Leather, goat and kid	112p	112	98	0	+15	+29	111p	121	97
Paints and varnishes	94	100	91	-6	+3	+10	96	98	93
Petroleum products	151p	165	158	-9	+4	+7	150p	163	157
Coke, by-product	135p	148	143	-9	-6	+2	141p	156	149
COAL MINING	74p	71	67	+4	+10	+3	76p	78	69
Anthracite	71p	69	64	+3	+11	+3	73p	76	66
Bituminous	94	86	92	+10	+2	+4	96	94	94
CRUDE OIL	451	455	382	-1	+18	+15	460	455	390
ELEC. POWER—OUTPUT	345	344	312	0	+11	+13	352	365	318
Sales, total	354	360	313	-2	+13	+14	350	389	310
Sales to industries	278	286	236	-3	+18	+22	264	283	224
BUILDING CONTRACTS									
TOTAL AWARDS†	117	107	90	+10	+30	+43	102	106	79
Residential†	73	50	66	+46	+11	-15	56	36	50
Nonresidential†	108	157	111	-31	-3	+49	108	158	111
Public works and utilities†	246	156	94	+57	+162	+150	224	188	86

* Unadjusted for seasonal variation.
† 3-month moving daily average centered at 3rd month.

p—Preliminary.
r—Revised.

Indexes: 1932=100	Employment and Income					
	Employment			Payrolls		
	Mar. 1942 index	Per cent change from		Mar. 1942 index	Per cent change from	
		Feb. 1942	Mar. 1941		Feb. 1942	Mar. 1941
GENERAL INDEX	133	+1	+9	256	+2	+32
Manufacturing	175	+1	+12	362	+2	+35
Anthracite mining	64	-1	-4	88	+3	+21
Bituminous coal mining	106	0	-4	328	+1	+36
Building and construction	90	+4	+16	91	+6	+37
Crude petroleum mining	118	+3	+12	317	+3	+44
Public utilities prod.	137	-2	-1	184	-4	+18
Retail trade	104	-1	+4	128	0	+12
Wholesale trade	116	+3	+8	150	+1	+18
Hotels	130	+5	+4	152	+4	+14
Laundries	95	-2	+5	131	0	+7
Dyeing and cleaning	113	0	+5	162	+1	+18
	102	+1	+1	138	+8	+18

Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Mar. 1942 index	Per cent change from		Mar. 1942 index	Per cent change from	
		Feb. 1942	Mar. 1941		Feb. 1942	Mar. 1941
TOTAL	113	+1	+12	148	+2	+35
Iron, steel and products	121	+1	+20	208	+2	+41
Nonferrous metal products	186	0	-18	304	+3	+40
Transportation equipment	105	+2	+35	156	+3	+75
Textiles and clothing	93	+1	-4	107	+2	+9
Textiles	84	+1	-5	97	+2	+7
Clothing	128	+1	+1	154	+3	+14
Food products	111	0	+5	133	+1	+17
Stone, clay and glass	97	-1	+9	118	-2	+22
Lumber products	60	-3	-2	67	-2	-15
Chemicals and products	116	+1	+16	158	+1	+35
Leather and products	99	+1	+3	124	+3	+20
Paper and printing	106	0	+6	130	+2	+17
Printing	94	+1	+4	112	+3	+10
Others:						
Cigars and tobacco	74	+1	+16	74	+2	+31
Rubber tires, goods	92	+3	+1	138	+11	+29
Musical instruments	67	-2	-8	83	0	-6

* Figures from 2,861 plants.

Local Business Conditions*

Percentage change—March 1942 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debts	
	Feb. 1942	Mar. 1941	Feb. 1942	Mar. 1941	Feb. 1942	Mar. 1941	Feb. 1942	Mar. 1941	Feb. 1942	Mar. 1941
	Allentown	+2	+11	+2	+33	+572	+327	+4	+36	+11	+12
Altoona	+1	+19	+3	+44	-82	+99	+4	+39	+13	+8
Harrisburg	+1	+11	+3	+36	+10	-83	+21	+27	+25	+20
Johnstown	0	+11	-3	+26	+95	-52	+16	+22	+13	+20
Lancaster	0	+9	+2	+29	+556	+65	+47	+36	+29	+23
Philadelphia	+1	+20	+3	+52	+42	+31	+21	+34	+17	+10
Reading	0	+4	-1	+20	+119	-57	+16	+25	+18	+3
Scranton	+2	+9	+3	+22	+245	+23	+41	+29	+10	+18
Trenton	0	-2	+1	+20	+168	-52	+19	+25	+14	+12
Wilkes-Barre	+4	+24	+4	+68	+887	+185	+44	+36	+14	+14
Williamsport	0	+11	+4	+42	+68	-13			+15	+21
Wilmington	0	+19	+3	+50	+11	-73	+11	+16	+59	+20
York	-3	+10	+3	+37	-22	+129	+17	+25	+21	+33

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

Hours and Wages

Factory workers Averages March 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
	TOTAL	42.4	+5	\$.870	+15	\$36.63	+21
Iron, steel and prod.	43.5	+4	.953	+14	41.41	+18
Nonfer. metal prod.	42.2	+4	.802	+17	33.80	+22
Transportation equip.	47.4	+12	1.010	+22	47.83	+36
Textiles and clothing	38.2	+2	.610	+13	23.22	+14
Textiles	38.6	+3	.627	+14	24.18	+18
Clothing	37.2	0	.567	+9	21.23	+7
Food products	40.6	+3	.682	+11	28.04	+12
Stone, clay and glass	38.2	+4	.793	+8	30.18	+12
Lumber products	39.9	+4	.606	+3	23.95	+8
Chemicals and prod.	39.5	+2	.925	+13	36.20	+16
Leather and prod.	40.0	+1	.630	+12	25.14	+14
Paper and printing	41.3	+4	.777	+6	32.99	+9
Printing	38.7	+5	.907	-3	36.76	+1
Others:						
Cigars and tobacco	38.2	+6	.477	+4	18.24	+11
Rubber tires, goods	41.2	+10	.807	+10	33.26	+21
Musical instruments	42.7	-3	.755	+6	32.21	+2

* Figures from 2,647 plants.

† Figures from 2,861 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Mar. 1942 from		1942 from 3 mos. 1941
	Month ago	Year ago	
Sales			
Total of all lines.....	0	+39	+39
Boots and shoes.....	+15	+30	+44
Drugs.....	0	+21	+15
Dry goods.....	+2	+78	+73
Electrical supplies.....	-4	0	+4
Groceries.....	-5	+29	+28
Hardware.....	+7	+49	+50
Jewelry.....	+1	+33	+20
Paper.....	+8	+87	+99
Inventories			
Total of all lines.....	+3	+16	.....
Drugs.....	0	+5	.....
Dry goods.....	+13	+27	.....
Electrical supplies.....	-2	-5	.....
Groceries.....	+3	+28	.....
Hardware.....	-1	+15	.....
Jewelry.....	-5	-15	.....
Paper.....	0	+22	.....

Source: U. S. Department of Commerce.

Prices	Mar. 1942	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100) ..	166	+1	+28	+66
Wholesale (1926 = 100).....	98	+1	+20	+30
Farm.....	103	+1	+44	+69
Food.....	96	+2	+28	+43
Other.....	95	0	+12	+19
Living costs (1935-1939 = 100)				
United States.....	114	+1	+13	+16
Philadelphia.....	113	+1	+13	+15
Food.....	116	+1	+22	+24
Clothing.....	123	+6	+22	+24
Rent.....	106	0	+3	+4
Fuels.....	103	0	+4	+7
Housefurnishings..	121	+2	+18	+20
Other.....	109	+1	+8	+9

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Mar. 1942	Feb. 1942	Mar. 1941	Per cent change			Mar. 1942	Feb. 1942	Mar. 1941
				Mar. 1942 from	1942 from 3 mos. 1941	Mo. ago			
RETAIL TRADE									
Sales									
Department stores—District.....	149p	157	118r	-5	+26	+35	139p	116	106
Philadelphia.....	148	155	116r	-5	+28	+36	138	116	103r
Women's apparel.....	127	135	107r	-6	+20	+27	138	97	108
Men's apparel.....	178	161r	112	+11	+59	+55	166	127r	97r
Shoe.....	135p	177	100	-23	+35	+46	146p	118	101
Credit.....	153p	152	118r	+1	+30	+27	135p	117	102
Inventories									
Department stores—District.....	148p	136	103r	+9	+44	.....	153p	134	106
Philadelphia.....	144	130	98r	+11	+47	.....	149	128	101
Women's apparel.....	136	137	99	-1	+38	.....	149	134	108
Shoe.....	121p	124	102	-2	+19	.....	126p	115	106
Credit.....	193p	177	116r	+9	+66	.....	207p	179	124
FREIGHT-CAR LOADINGS									
Total.....	149	149	144	0	+3	+8	137	135	133
Merchandise and miscellaneous.....	145	151	138	-4	+5	+10	140	138	133
Merchandise—l.c.l.....	103	109	105	-5	-2	+5	104	107	106
Coal.....	141	126	144	+12	-2	+2	137	137	139
Ore.....	243	262	257	-7	-6	-7	78	63	82
Coke.....	180	175	176	+3	+2	+6	191	192	187
Forest products.....	111	106	103	+4	+8	+9	109	105	102
Grain and products.....	130	110	123	+18	+5	+13	122	115	116
Livestock.....	115	97	111	+18	+4	+2	99	93	95
MISCELLANEOUS									
Life insurance sales.....	75	107	94	-30	-20	+30	84	123	104
Hotels—(1934 = 100)				+5*	+11*	+8*	122	117	111r
Occupancy.....				-3*	+9*	+9*	128	132	117
Income, total.....									
Business liquidations				+52*	-10*	-31*	104	69	116
Number.....				+55*	-57*	-64*	36	23	83
Amount of liabilities.....				+1*	+10	+17	144	147	131
Check payments.....	147	146	133						

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

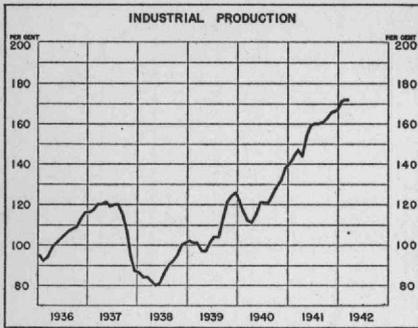
Reporting member banks (000,000's omitted)	April 22, 1942	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 304	-\$ 3	+\$ 42
Open market paper.....	38	-3	+1
Loans to brokers, etc.....	27	+1	+2
Other loans to carry secur.....	32	.....	+4
Loans on real estate.....	48	-1	-2
Loans to banks.....	.....	.....	.....
Other loans.....	105	-4	+2
Total loans.....	\$ 554	-\$10	+\$ 49
Government securities.....	\$ 533	+\$28	+\$121
Obligations fully guar'eed.	92	.....	+4
Other securities.....	257	-9	-19
Total investments.....	\$ 882	+\$19	+\$106
Total loans & investments	\$1436	+\$ 9	+\$155
Reserve with F. R. Bank...	484	+53	-119
Cash in vault.....	25	-1	+2
Balances with other banks.	190	.....	-24
Other assets—net.....	70	+1	-11
Liabilities			
Demand deposits, adjusted	\$1346	+\$93	+\$124
Time deposits.....	172	-14	-88
U. S. Government deposits.	34	-6	+21
Interbank deposits.....	422	-11	-52
Borrowings.....	.....	.....	.....
Other liabilities.....	13	-1	-3
Capital account.....	218	+1	+1

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—					Changes in five weeks
	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	
Sources of funds:						
Reserve bank credit extended in district.....	+4.9	-6.9	+16.2	-0.9	-5.9	+7.4
Commercial transfers (chiefly interdistrict).....	+18.3	+20.0	+30.0	+14.0	+8.6	+90.9
Treasury operations.....	-28.7	-9.3	+7.3	-8.2	+0.7	-38.2
Total.....	-5.5	+3.8	+53.5	+4.9	+3.4	+60.1
Uses of funds:						
Currency demand.....	-1.2	+6.9	+0.5	+0.2	+3.3	+9.7
Member bank reserve deposits.....	-4.1	+1.2	+52.7	+5.4	+0.2	+55.4
"Other deposits" at reserve bank.....	-0.2	-4.2	+0.3	-0.8	-0.1	-5.0
Other Federal Reserve accounts.....	+0.0	-0.1	+0.0	+0.1	-0.0	-0.0
Total.....	-5.5	+3.8	+53.5	+4.9	+3.4	+60.1

Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Phila. banks				
1941: Apr. 1-15.....	\$573.3	\$250.1	\$323.2	129%
1942: Mar. 1-15.....	422.6	297.6	125.0	42 "
Mar. 16-31.....	415.8	295.1	120.7	41 "
Apr. 1-15.....	455.4			
Country banks				
1941: Apr. 1-15.....	\$195.0	\$105.1	\$89.9	86%
1942: Mar. 1-15.....	211.5	145.3	66.2	45 "
Mar. 16-31.....	206.6	143.8	62.8	44 "
Apr. 1-15.....	211.3			

Federal Reserve Bank of Phila. (Dollar figures in millions)	April 22, 1942	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 0.6	-\$ 0.0	+\$ 0.5
Bills bought.....	0	0	0
Industrial advances.....	5.1	+1.0	+2.7
U. S. securities.....	181.5	+3.9	+8.4
Total.....	\$187.2	+\$ 4.9	+\$11.6
Note circulation.....	615.0	+9.4	+184.1
Member bk. deposits.....	677.8	+55.4	-103.6
U. S. general account.....	19.4	+19.3	-34.1
Foreign deposits.....	68.1	-2.2	-9.9
Other deposits.....	8.0	-5.0	-16.2
Total reserves.....	1225.8	+65.8	+10.0
Reserve ratio.....	88.3%	-0.1%	-0.6%

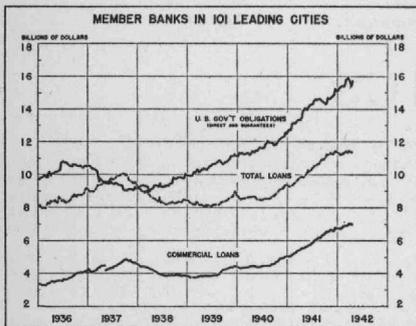
National Summary of Business Conditions



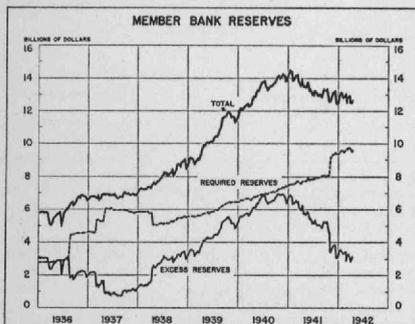
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for March 1942.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for March 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 April 8, 1942.



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for April 8, 1942.

Industrial activity continued at a high rate in March and the first half of April. Distribution of commodities to consumers was maintained in large volume and commodity prices advanced further.

PRODUCTION

Volume of industrial production increased seasonally in March and the Board's adjusted index remained at 172 per cent of the 1935-39 average. Output of durable manufactured products, now mostly war materials, continued to advance, reflecting mainly increased activity in the iron and steel, machinery, aviation, and shipbuilding industries. Production of lumber and cement, which had been maintained at unusually high levels during the winter months, increased less than seasonally in March.

In most industries manufacturing nondurable goods activity was sustained at earlier high levels. In some, however, notably wool textiles and petroleum refining, there were declines owing to restrictions on production for civilian use and, in the case of petroleum products, to transportation difficulties. Mineral production declined in March and the first half of April, reflecting sharp curtailment in output of crude petroleum. Coal production, which usually declines at this season, was maintained in large volume. The Great Lakes shipping season opened in the latter part of March and the first boatload of iron ore reached lower Lake ports 12 days earlier than the record set last year. Shipments during the coming season are expected to exceed considerably the total of 80 million gross tons brought down the Lakes last year.

Value of construction contract awards continued to increase in March, according to figures of the F. W. Dodge Corporation, and the level of the first quarter of 1942 was the highest in recent years, being some 30 per cent above that of the corresponding period last year. Awards for public work amounted to close to 80 per cent of the total and in the residential field accounted for 52 per cent of the value of all projects. Publicly financed contracts for factory construction showed a sharp increase, partly offset in the total by a decline in private factory construction.

On April 9 the War Production Board issued an order which required explicit permission of the Government for initiation of all new private construction involving expenditures in excess of specified small amounts and not covered by specific priority ratings.

DISTRIBUTION

Value of retail trade in March continued at the high level of other recent months, making allowance for customary seasonal changes. Sales at department and variety stores increased by somewhat less than the usual seasonal amount while sales by mail-order houses rose more than seasonally.

On the railroads total loadings of revenue freight were maintained in large volume in March and the first half of April. Shipments of coal and coke declined less than seasonally and ore loadings increased sharply, while grain shipments declined further from the peak reached in January. Loadings of miscellaneous merchandise, which had been unusually large in the preceding three months, increased less than seasonally.

COMMODITY PRICES

The general level of wholesale commodity prices advanced $1\frac{1}{2}$ per cent further from the middle of March to the middle of April. Among manufactured products, finished consumers' goods, such as foods, clothing, and shoes, continued to show the largest price increases. Prices of most raw materials were unchanged or showed increases, which in a number of cases reflected the raising of Federal maximum price levels. There were declines in prices of wheat and of a few other commodities, including gasoline at Gulf ports and turpentine.

In retail markets maximum prices were fixed in this period for a number of electrical products, most of which will no longer be produced for civilian use after May 31. Prices of many other commodities and services advanced further.

BANK CREDIT

During the four weeks ending April 15 holdings of Government securities at banks in leading cities increased by nearly 700 million dollars, while commercial loans declined somewhat, following a rise in previous weeks. Changes in member bank reserves and deposits reflected principally the temporary effects of Treasury operations in connection with income tax collection and the sale of certificates of indebtedness. Money in circulation continued to increase.

UNITED STATES GOVERNMENT SECURITY PRICES

Following an advance from the mid-February low, prices of U. S. Government bonds remained relatively steady in the first half of April.