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THE BUSINESS REVIEW

FEDERAL RESERVE BANK OF ST. LOUIS

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FEDERAL RESERVE BANK OF PHILADELPHIA

JUNE 1, 1942

The pressure of war work continues to push industrial activity to new high levels. Large backlogs of Government orders have been accumulated in many key lines, and an increased tempo of war production is in prospect as the country concentrates on full utilization of existing plants. Civilian buying generally has slackened somewhat; less anticipatory purchasing is in evidence, and the general price ceiling orders have given rise to confusion in many markets. Freight shipments continue heavy, owing to the large flow of raw materials to the factories from the mines, fields, and forests. The construction industry continues active.

Employment and payrolls in trade and industry expanded further in April except at mines and distributive establishments. The number of wage earners and the volume of wage disbursements at factories advanced to new peaks, but some decline was apparent in preliminary reports for May. Hourly earnings continue to advance. The problem of labor shortages still restrains operations in some lines and is expected to become considerably more acute in the next several months. Shortages of farm labor in industrial areas have been fairly serious.

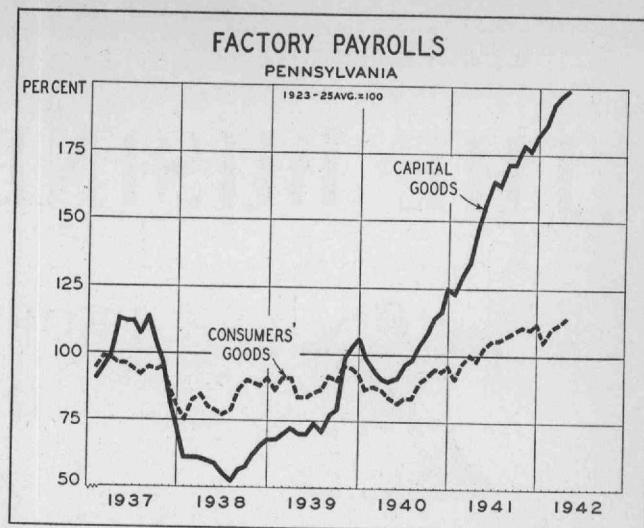
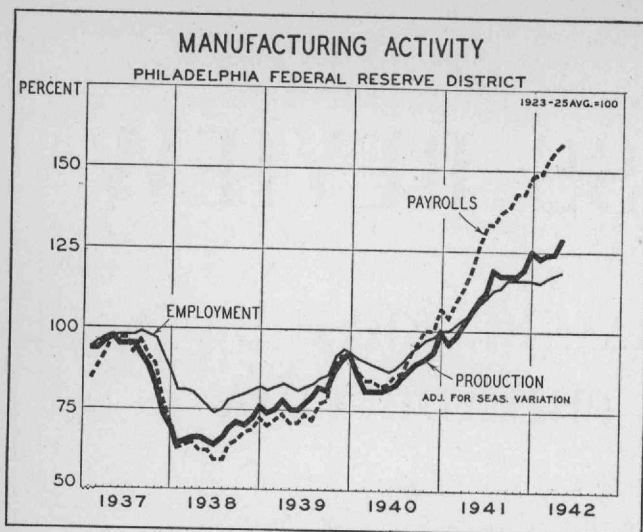
Manufacturing activity at plants producing munitions and supplies has increased substantially further. Output of durable goods in this district in April was half again as great as a year ago; output of lighter products was about the same as twelve months earlier. Production of coal and of electric power has been well sustained by strong industrial and consumer demand. Production of crude oil in this area has expanded more than usual.

Distributive activity has slackened and the gains over a year ago in retail trade do not appear so great as the advance in prices during the period. Less forward buying is in evidence in both wholesale and retail channels, and purchasers in many cases have held off, pending clarification of price orders. Retail inventories are much greater than a year ago and, although the increase in outstanding orders is tapering off, commitments are still heavy. Prices generally advanced further in April but leveled off in May with the imposition of the price ceiling order.

The erection of new factories and homes has reached the largest volume for this time of year in well over a decade. Although some slackening has appeared in various construction lines, total building activity during the first four months was sharply above the comparatively high level of a year ago. Declines in many types of building operations are in prospect this year, however, particularly because of the shortage of materials and limitations on new contracts.

The volume of bank loans outstanding has declined in recent weeks but investments are increasing, reflecting heavy Government requirements for funds to finance the war. Prices of securities in May were generally firm, following some weakness in the previous month.

Manufacturing. Government purchases of factory products have expanded further since early May. The demand from civilian sources



has slackened temporarily, owing chiefly to uncertainties created by the sweeping orders freezing prices of manufactured goods at the highest levels reached in March. Sales of textiles showed particularly large declines in the month ended the middle of May, and new commitments for most building materials continued to decrease, reflecting the restrictions imposed earlier on nonessential construction. Shipments of factory products for civilian use also have declined, owing in part to increasing difficulties in obtaining materials.

Operations in many essential industries have risen to new high levels, while productive activity in other lines continues to recede with the diversion of labor, raw materials, and plant facilities to war work. The volume of unfilled orders generally remains heavy and in most instances sharply larger than a year ago. Stocks of finished goods are still declining, and are well below early 1941 levels.

Employment in Pennsylvania factories increased 1 per cent further in April to a new peak approximating 1,170,000 workers; wage disbursements showed a similar rise to a record level exceeding \$39,000,000 a week. The number of wage earners was 10 per cent greater than a year earlier, and the volume of wage payments was 29 per cent larger. Reports from a limited number of concerns for May indicate some decline in both employment and payrolls, owing to curtailed activity in nondurable goods.

In the heavy industries, employment in April was 21 per cent and wage disbursements 36 per cent above a year ago, reflecting principally sharp expansion in operations at metal-working plants. At establishments making lighter prod-

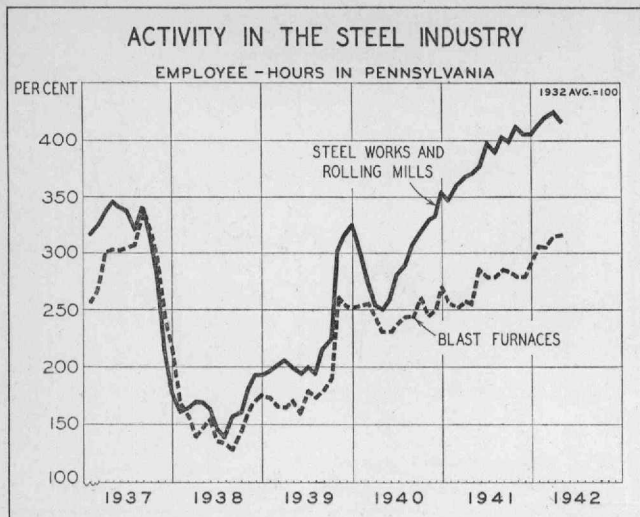
ucts, the number employed showed a small decline from April 1941, while payrolls were 16 per cent larger.

Earnings of factory workers in Pennsylvania increased to a new high average of 88 cents an hour in April, or nearly 10 cents above the rate prevailing a year ago. The gain continued to reflect advances in wage rates, overtime, and the increased employment of highly skilled workers. The number of hours worked per week was only slightly below the average for the preceding month, when it was the highest in over ten years. Weekly income averaged \$36.59, about the same as in March, but \$5.40 more than in April of last year.

At manufacturing plants in Delaware, employment increased 1 per cent and payrolls 3 per cent from March to April. In southern New Jersey gains in this period amounted to 1 and 4 per cent respectively.

The output of factory products in this district increased in April instead of declining seasonally. In durable goods lines, production on an adjusted basis rose 5 per cent to a level 49 per cent above April 1941. Operations at plants turning out lighter products also increased in the month, although the volume of output was slightly smaller than a year ago. In the first four months, manufacturing activity generally was 25 per cent above the 1941 level.

The production of electric power was unusually well sustained from March to April and continued 11 per cent larger than a year earlier. Total sales increased less than seasonally in the month but remained considerably larger than in April of last year.

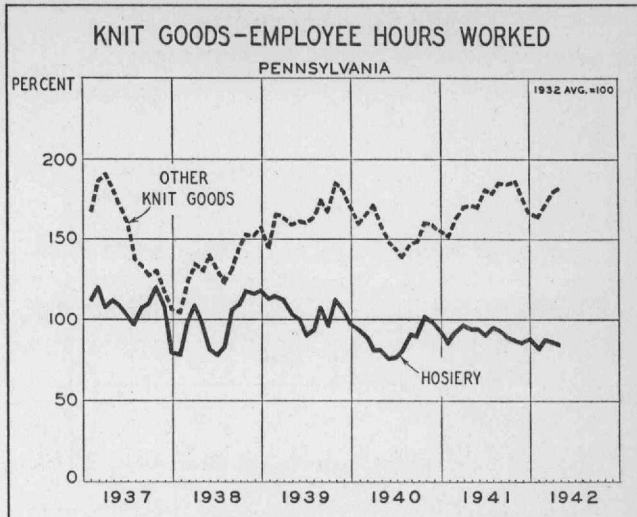


Coal and other fuels. The market for fuels remains unusually active. Consumers of anthracite and bituminous coal continue to accumulate reserves, as requested by Federal authorities to reduce the peak demand on transportation facilities this fall. The output of by-product coke has increased further, reflecting the expanding requirements of blast furnaces.

Production of anthracite increased seasonally in April and was well sustained in the first half of May. The volume of hard coal mined averaged 205,500 tons a day, as against 195,600 in March and 128,000 a year ago. Production in the four months ended April, totaling 19,500,000 tons, was 14 per cent greater than a year earlier and the largest for the period since 1936.

Operations at bituminous coal mines in Pennsylvania approximated the high level of March, instead of showing the customary seasonal decline. Colliery output decreased slightly in the early part of May. Production in April totaled about 12,000,000 tons, as against less than 250,000 a year ago when most mines were closed by a strike. Output in the first four months aggregated 47,000,000 tons, or 41 per cent more than in the 1941 period.

Building. Activity in the construction industry in this district expanded further in April to levels well above a year ago. There have been declines in non-essential lines, but the volume of construction continues large in the case of war plants and housing for workers. Restrictive orders have been necessary to assure the most effective use of building materials, which have become increasingly scarce; this is especially true of metal products.

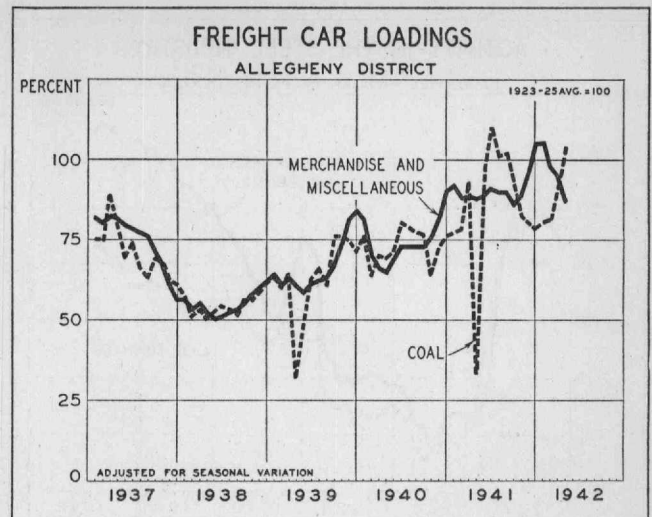
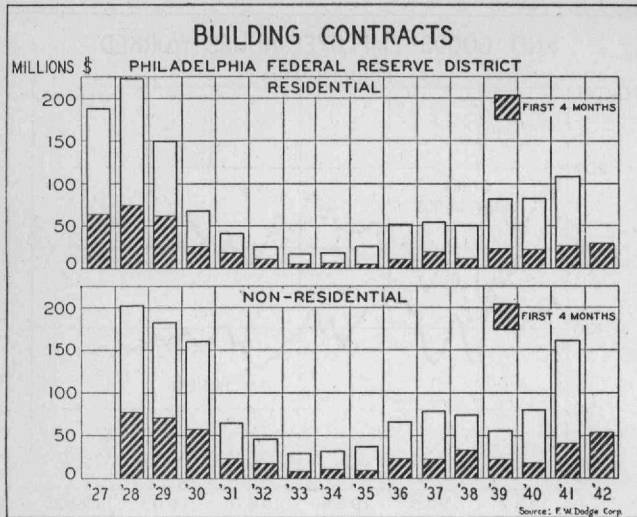


Contract awards expanded 24 per cent in April to approximately \$38,000,000, a total 73 per cent greater than a year ago and the largest for the month since 1930. The sharpest gain over March was in contracts for factory buildings, which accounted for nearly 55 per cent of all awards in April. Substantial increases also were reported in the case of family houses and unclassified construction, while awards for other types of building declined sharply.

The value of new contracts placed in the first four months of 1942 aggregated \$115,000,000, an increase of 42 per cent over the same period last year. Awards for all classes of construction except commercial and educational buildings showed gains over 1941, the sharpest being 140 per cent in contracts for factories.

Agriculture. Farming operations are progressing satisfactorily in this district, although a shortage of labor has occasioned some delays, particularly near industrial centers. Growing conditions improved considerably during May, when widespread rains relieved a drought that was becoming acute in many sections. Temperatures continued well above the average, favoring the prompt germination of seeds and hastening the maturity of winter grains and truck crops. Most vegetables are reaching the markets from ten days to two weeks earlier than last season. The outlook for fruits is good.

Wholesale prices of farm products have decreased somewhat from the thirteen-year peak reached in April, although quotations are still sharply higher than a year ago. Farm cash income in Pennsylvania, New Jersey, and Dela-



were totaling nearly \$125,000,000 in the three months ended in March was substantially greater than in the same period last year, owing chiefly to price advances.

Trade. Retail sales generally were below seasonal expectations in April, when anticipatory buying continued to decrease from the exceptionally high levels prevailing in the first two months this year. Increases over 1941 were decidedly less pronounced than during the first quarter, and in some lines these gains narrowed further in May. Trading in wholesale markets also slackened somewhat from March to April but sales in most instances continued substantially larger than a year earlier. The movement of freight by rail expanded more than seasonally; shipments by motor truck throughout the country were sustained at about the March level.

Sales by men's and women's apparel stores in this district showed unusually large declines in April, and gains over a year ago were sharply reduced. At shoe stores sales increased somewhat less than seasonally in the month, while only minor changes were reported in the case of department and furniture stores. Sales by all reporting lines in each of the first four months exceeded those of a year ago, but in April the gain was somewhat less than the advance in selling prices.

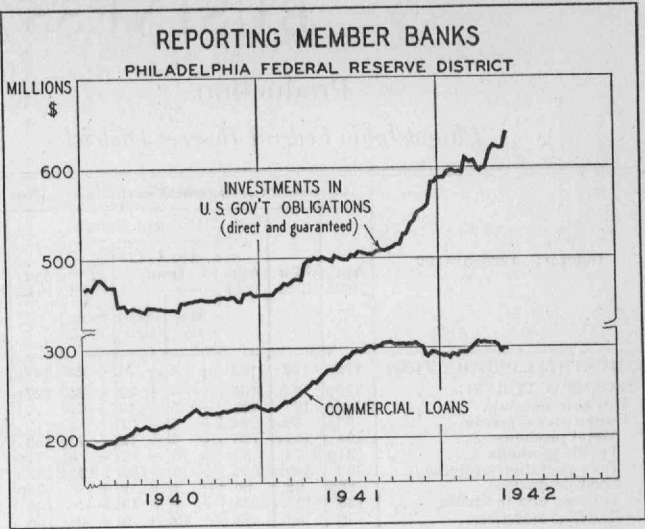
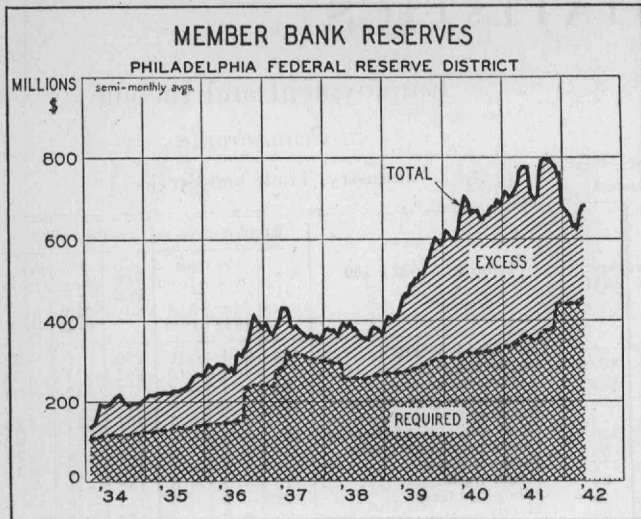
Inventories at retail establishments increased further from March to April except at women's apparel stores, where they showed considerably less than the usual seasonal decline. Stocks at the end of the month were substantially larger than a year ago, the greatest increase—75 per cent—being reported by stores specializing in

durable consumers' goods. Commitments for merchandise by department stores decreased somewhat in April, following a sharp rise in the first three months of the year; outstanding orders, however, were more than double the dollar volume reported in April 1941.

Wholesale trade sales decreased somewhat from March but were 22 per cent larger than a year ago. Substantial increases occurred in April in the case of electrical supplies and hardware, while in other lines declines ranged from one per cent in groceries to 30 per cent for boots and shoes. Stocks at wholesale establishments decreased slightly in the month but continued 16 per cent larger than in April 1941.

Freight-car loadings in this section increased about 4 per cent more than usual in April to a level 23 per cent above a year ago. On a seasonally adjusted basis, shipments of coal, ore, coke, and forest products showed substantial gains in the month, while loadings of merchandise and miscellaneous commodities, grain, and livestock declined. The sharp increase over last year was due primarily to much heavier loadings of coal, which in April 1941 had been greatly reduced by a strike in the soft coal fields. Loadings in the Philadelphia area, consisting principally of industrial products, decreased during April and the first half of May and were smaller than in the same period last year.

Banking conditions. Supplying funds for the war effort has raised the earning assets of reporting banks to new high levels in the past month. Holdings of Government securities were again increased materially; the borrowings of business concerns declined somewhat. Deposits are at the highest point of the year, but con-



tinue under the record volume reported in the late summer of 1941. Sales of War Savings bonds over the past several weeks have been larger than in the preceding period, but further progress is needed.

The reserves of member banks have increased recently, but are still substantially smaller than a year ago. Even at this reduced level, reserves generally are considerably in excess of requirements at both city and country member banks and are supplemented by large balances carried with correspondent institutions.

Borrowing from the Federal Reserve Bank continues very light, with discounts for all members averaging less than one million dollars. Industrial advances to provide working capital have increased somewhat in the month and continue to account for more than one-half of the amount outstanding at all Reserve Banks. System purchases of securities, principally Treasury bills, were reflected in an increase of \$12 million to \$194 million in the participation of this Bank in the Open Market Account.

An increase of \$12 million to \$689 million in member bank reserves during the four weeks ended May 20 was due principally to sharp gains in commercial and financial transactions with other districts. The expansion in balances was limited by the withdrawal of funds through Treasury operations and the sustained demand for currency, which again exceeded a year ago.

Treasury receipts have exceeded disbursements by \$45 million in the past four weeks. Funds were received principally through large sales of securities. The Treasury's balance with this Bank was also sustained, in the face of ex-

ceptionally heavy expenditure on war activities, by large withdrawals from commercial depositaries and by receipts of Social Security taxes and unemployment trust funds. Subscriptions received for the 2 per cent bonds of 1949-51 amounted to \$136 million, and \$54 million was allotted here. Sales of War Savings bonds by this Bank and qualified depositaries increased \$8 million over the preceding four weeks to more than \$41 million maturity value. The gain was chiefly in the Series E bonds, which are being taken by the smaller investors, many of whom are acquiring these securities through the payroll savings plan available at a large number of business concerns and financial institutions throughout this district.

Loans and investments of the reporting banks reached a new peak of \$1,444 million on May 20. Loans have been reduced somewhat since the latter part of April, but the investment portfolio has increased \$17 million, most of this gain being in United States bonds. Holdings of Treasury bills also were expanded somewhat. During the war the investment in Governments, direct and guaranteed, has increased \$177 million, or approximately 38 per cent.

The shrinkage of \$9 million in loans to \$545 million in late weeks has been chiefly in commercial advances, which now show an increase of only 8 per cent over a year ago. The demand for funds from industries engaged in war work to expand operations and speed up the conversion of facilities appears to have been maintained. But some contraction in the borrowings of non-war lines is to be expected in view of the restrictions upon operations, imposed directly or arising from increasing difficulties in obtaining materials.

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		
	Apr. 1942	Mar. 1942	Apr. 1941	Per cent change		Apr. 1942	Mar. 1942	Apr. 1941	
				Apr. 1942 from					
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	128p	123	103	+ 4	+ 24	+ 24	127p	125	102r
MANUFACTURING	129p	124	106	+ 4	+ 22	+ 25	127p	126	104
Durable goods	186p	177	125	+ 5	+ 49	+ 50			
Consumers' goods	93p	89	94	+ 4	- 1	+ 2			
Metal products	158	152r	133	+ 4	+ 19	+ 23	153	154r	129
Textile products	81p	74	87	+ 10	- 7	- 8	77p	77	83
Transportation equipment	380	349r	163	+ 9	+ 132	+ 123	393	366r	172
Food products	89p	92	86	- 4	+ 2	+ 8	85p	89	84
Tobacco and products	136	125	124	+ 9	+ 10	+ 23	124	115	113
Building materials	56	62	53	- 10	+ 5	+ 16	56	55	53
Chemicals and products	130p	133p	135	- 2	- 4	+ 5	132p	134p	137
Leather and products	132p	129	127	+ 2	+ 4	+ 9	130p	132	126r
Paper and printing	92	93	88	- 2	+ 4	+ 5	93	95	90
Individual lines									
Pig iron	95	90	86	+ 6	+ 11	+ 16	108	103	97
Steel	122	123	109	0	+ 12	+ 16	123	131	114
Silk manufactures	89	82	87	+ 9	+ 2	- 1	87	84	85
Woolens and worsteds	63p	61	76	+ 3	- 17	- 12	59p	59	70
Cotton products	56	54r	55	+ 4	+ 1	+ 5	58	57r	57
Carpets and rugs	60p	58p	123	+ 3	- 51	- 48	58p	59p	116
Hosiery	83	82	93	+ 1	- 11	- 8	83	85	93
Underwear	161	142r	152	+ 13	+ 6	+ 6	158	155	149
Cement	87	106	77	- 18	+ 13	+ 27	86	82	77
Brick	69	72	65r	- 5	+ 6	+ 9	73	71	68r
Lumber and products	31	31	32	- 3	- 5	+ 6	29	30	31r
Bread and bakery products				- 6*	+ 4*	+ 7*	93	99	90
Slaughtering, meat packing	100	104	100	- 4	0	+ 1	98	100	98
Sugar refining	50	51	105	- 1	- 52	- 49	65	78	136
Canning and preserving	89p	94	82	- 6	+ 9	+ 28	78p	84	69
Cigars	136	125	123	+ 9	+ 11	+ 24	124	115	112
Paper and wood pulp	89	90	80	0	+ 11	+ 14	90	91	81
Printing and publishing	92	94	90r	- 2	+ 3	+ 4	94	96	92
Shoes	142	137	150	+ 4	- 6	- 4	142	145	150
Leather, goat and kid	122p	121	105	+ 1	+ 16	+ 28	119p	120	102
Paints and varnishes	87	94	91	- 7	- 4	+ 6	91	96	95
Coke, by-product	153p	149	132	+ 3	+ 16	+ 7	159p	155	138
COAL MINING	76p	75	40r	+ 2	+ 90	+ 18	80p	77	43r
Anthracite	72p	72	45r	0	+ 60	+ 14	77p	74	48r
Bituminous	110	97r	2	+ 13	**	+ 41	100	99r	2
CRUDE OIL	479	451	391	+ 6	+ 23	+ 17	494	461r	403
ELEC. POWER—OUTPUT	352	345	318	+ 2	+ 11	+ 12	345	352	312
Sales, total	342	354	304	- 3	+ 12	+ 14	353	350	313
Sales to industries	258	278	218	- 7	+ 18	+ 21	261	264	220
BUILDING CONTRACTS									
TOTAL AWARDS†	135	117	88	+ 15	+ 53	+ 46	130	102	85
Residential†	78	73	66	+ 7	+ 19	- 7	73	56	61
Nonresidential†	162	108	110	+ 50	+ 47	+ 48	165	108	112
Public works and utilities†	229	246	94	- 7	+ 143	+ 148	211	224	87

* Unadjusted for seasonal variation. p—Preliminary.
 † 3-month moving daily average centered at 3rd month. r—Revised.
 ** Shut down in April 1941.

Indexes: 1932=100	Employment			Payrolls		
	Apr. 1942 index	Per cent change from		Apr. 1942 index	Per cent change from	
		Mar. 1942	Apr. 1941		Mar. 1942	Apr. 1941
GENERAL INDEX	134	+ 1	+ 10	256	0	+ 32
Manufacturing	176	+ 1	+ 10	362	+ 1	+ 29
Anthraxite mining	64	- 1	- 2	77	- 12	+ 84
Bituminous coal mining	105	0	*	315	- 3	*
Building and construction	57	+ 14	+ 5	107	+ 17	+ 25
Quar. and nonmet. mining	124	+ 5	+ 5	329	+ 9	+ 22
Crude petroleum prod.	140	+ 1	0	189	+ 6	+ 14
Public utilities	105	+ 1	+ 4	129	0	+ 11
Retail trade	110	- 2	- 6	142	- 4	+ 1
Wholesale trade	123	- 2	- 3	145	- 2	+ 6
Hotels	96	+ 2	- 7	132	+ 2	+ 6
Laundries	115	+ 1	+ 3	163	+ 1	+ 10
Dyeing and cleaning	107	+ 4	- 4	160	+ 14	- 1

* Shut down in April 1941.

Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Apr. 1942 index	Per cent change from		Apr. 1942 index	Per cent change from	
		Mar. 1942	Apr. 1941		Mar. 1942	Apr. 1941
TOTAL	113	+ 1	+ 10	148	+ 1	+ 29
Iron, steel and products	123	+ 1	+ 17	208	+ 0	+ 30
Nonferrous metal products	182	- 2	- 11	307	+ 1	+ 35
Transportation equipment	109	+ 4	+ 34	153	+ 2	+ 66
Textiles and clothing	93	0	- 5	111	+ 3	- 16
Textiles	85	0	- 7	102	+ 4	- 14
Clothing	127	0	+ 1	155	0	+ 21
Food products	109	- 2	- 2	129	- 2	+ 14
Stone, clay and glass	98	+ 1	+ 6	119	+ 1	+ 5
Lumber products	55	- 8	- 11	62	- 7	+ 5
Chemicals and products	116	0	+ 10	159	+ 1	+ 26
Leather and products	98	0	+ 3	124	0	+ 27
Paper and printing	105	- 1	+ 5	128	- 1	+ 16
Printing	93	- 1	+ 2	110	- 2	+ 9
Others:						
Cigars and tobacco	72	- 2	+ 11	76	+ 1	+ 39
Rubber tires, goods	94	+ 2	+ 28	149	+ 7	+ 59
Musical instruments	65	- 3	- 12	83	+ 10	- 8

* Figures from 2,852 plants.

Hours and Wages

Factory workers Averages April 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	41.9	+ 4	\$.879	+ 12	\$ 36.59	+ 17
Iron, steel and prod.	42.7	+ 3	.959	+ 9	40.89	+ 11
Nonfer. metal prod.	42.3	+ 5	.818	+ 18	34.58	+ 24
Transportation equip.	46.7	+ 8	1.016	+ 21	47.39	+ 31
Textiles and clothing	38.3	+ 6	.627	+ 17	23.80	+ 22
Textiles	38.8	+ 7	.647	+ 19	25.05	+ 27
Clothing	36.8	- 2	.576	+ 12	21.21	+ 13
Food products	40.2	+ 5	.692	+ 9	28.16	+ 14
Stone, clay and glass	37.6	- 1	.808	+ 10	30.37	+ 9
Lumber products	39.7	+ 4	.603	+ 4	23.71	+ 9
Chemicals and prod.	39.6	+ 2	.931	+ 10	36.62	+ 14
Leather and prod.	39.6	+ 6	.637	+ 12	25.26	+ 19
Paper and printing	40.8	+ 4	.784	+ 7	32.86	+ 9
Printing	38.5	+ 5	.916	- 2	36.73	+ 3
Others:						
Cigars and tobacco	37.9	+ 9	.504	+ 9	19.09	+ 19
Rubber tires, goods	41.9	+ 8	.834	+ 10	34.93	+ 18
Musical instruments	43.0	- 6	.783	+ 11	33.69	+ 4

* Figures from 2,639 plants.

† Figures from 2,852 plants

Local Business Conditions*

Percentage change— April 1942 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Mar. 1942	April 1941	Mar. 1942	April 1941	Mar. 1942	April 1941	Mar. 1942	April 1941	Mar. 1942	April 1941
	Allentown	+ 3	+ 12	- 1	+ 24	- 69	- 31	+ 1	+ 3	- 1	+ 3
Altoona	+ 1	+ 13	- 3	+ 30	+ 40	- 40	- 13	- 7	+ 4	+ 7
Harrisburg	0	+ 10	- 8	+ 17	+ 9	- 62	- 9	+ 12	- 9	+ 19
Johnstown	+ 1	+ 10	- 1	+ 12	+ 8	- 67	- 6	- 6	- 6	+ 9
Lancaster	0	+ 5	+ 2	+ 24	- 83	- 29	- 24	+ 6	- 5	+ 9
Philadelphia	+ 1	+ 19	+ 3	+ 56	- 18	- 58	- 6	+ 6	- 15	+ 14
Reading	+ 1	+ 4	0	+ 16	- 21	- 80	- 5	+ 3	- 7	- 3
Scranton	+ 1	+ 10	0	+ 22	+ 68	+ 24	- 14	- 10	- 5	- 4
Trenton	0	- 1	+ 2	+ 25	- 1	- 72	+ 5	0	- 8	+ 16
Wilkes-Barre	+ 1	+ 18	+ 8	+ 75	- 43	- 56	- 8	+ 1	+ 1	+ 26
Williamsport	+ 1	+ 9	+ 3	+ 43	+ 74	- 95	...	...	- 3	+ 10
Wilmington	0	+ 13	+ 2	+ 43	+ 46	+ 47	+ 17	...	- 3	+ 14
York	- 2	+ 6	- 1	+ 38	+ 19	- 47	+ 17	+ 13	- 26	+ 6

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

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	April 1942 from		1942 from 4 mos. 1941
	Month ago	Year ago	
Sales			
Total of all lines.....	- 2	+22	+35
Boots and shoes.....	-30	-13	+30
Drugs.....	- 2	+13	+14
Dry goods.....	-12	+32	+63
Electrical supplies.....	+19	+15	+ 7
Groceries.....	- 1	+18	+26
Hardware.....	+ 8	+34	+46
Jewelry.....	-15	-11	+12
Paper.....	-17	+57	+88
Inventories			
Total of all lines.....	- 2	+16	.....
Drugs.....	- 4	+ 4	.....
Dry goods.....	+ 3	+31	.....
Electrical supplies.....	- 5	+21	.....
Groceries.....	- 5	+17	.....
Hardware.....	- 7	- 1	.....
Jewelry.....	+ 2	-11	.....
Paper.....	+ 1	+29	.....

Source: U. S. Department of Commerce.

Prices	April 1942	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939=100) ..	167	+1	+22	+67
Wholesale				
(1926=100)	99	+1	+19	+32
Farm.....	104	+2	+40	+71
Food.....	99	+3	+27	+47
Other.....	96	+1	+11	+19
Living costs (1935-1939=100) ..				
United States.....	115	+1	+13	+17
Philadelphia.....	114	+1	+13	+16
Food.....	117	+2	+21	+26
Clothing.....	126	+2	+24	+27
Rent.....	107	0	+ 2	+ 4
Fuels.....	102	-1	+ 2	+ 6
Housefurnishings.....	121	0	+18	+21
Other.....	110	0	+ 8	+ 9

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939=100	Adjusted for seasonal variation						Not adjusted		
	April 1942	Mar. 1942	April 1941	Per cent change		1942 from 4 mos. 1941	April 1942	Mar. 1942	April 1941
				April 1942 from					
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District Philadelphia.....	147p	149	133r	- 1	+11	+25	132p	139	126r
Women's apparel.....	111	128	135r	+ 2	+12	+26	130	138	123
Men's apparel.....	111	127	104r	-13	+ 7	+18	118	138	122
Shoe.....	123	178	122	-28	+ 5	+39	117	166	120
Shoe.....	132p	135	121r	- 2	+10	+35	152p	145	148r
Credit.....	155p	154	134r	+ 1	+16	+21	147p	135	136r
Inventories									
Department stores—District Philadelphia.....	166p	149	106r	+11	+57	.....	171p	154	109r
Women's apparel.....	166	144	102r	+15	+62	.....	169	149	105
Shoe.....	147	136	96	+ 8	+54	.....	147	149	96
Credit.....	121p	118	99	+ 2	+22	.....	129p	123	106
	218p	192	125	+14	+75	.....	222p	205	127
FREIGHT-CAR LOADINGS									
Total	154	149	125	+ 4	+23	+11	143	137	118
Merchandise and miscellaneous.....	134	145	136	- 8	- 2	+ 7	137	140	139
Merchandise—L.C.I.....	93	103	107	-10	-13	0	93	104	108
Coal.....	161	141	51	+14	+217	+25	144	137	46
Ore.....	443	243	380	+82	+17	+ 4	231	78	197
Coke.....	188	180	121	+ 5	+55	+15	194	191	125
Forest products.....	118	111	107	+ 7	+10	+ 8	115	109	105
Grain and products.....	127	130	134	- 2	- 5	+ 8	106	122	112
Livestock.....	111	115	108	- 4	+ 3	+ 2	96	99	94
MISCELLANEOUS									
Life insurance sales.....	69	75	95	- 9	-28	+15	77	84	107
Hotels—(1934=100)				+ 5*	+ 9*	+ 8*	128p	122	117
Occupancy.....				+10*	+13*	+10*	141p	128	125
Income, total.....									
Business liquidations				-37*	-21*	-29*	66	104	84
Number.....				-1*	-26*	-58*	35	36	47
Amount of liabilities				- 7	+ 1	+12	139	144	137
Check payments.....	137	147	136						

*Computed from unadjusted data.

p—Preliminary.

r—Revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

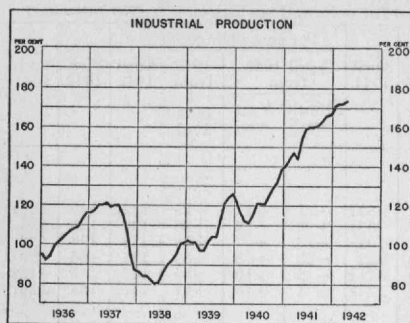
Reporting member banks (000,000's omitted)	May 20, 1942	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 298	-\$ 6	+\$ 22
Open market paper.....	36	- 2	- 4
Loans to brokers, etc.....	26	- 1	+ 1
Other loans to carry secur.....	32	.....	+ 3
Loans on real estate.....	49	+ 1	- 1
Loans to banks.....	.....	- 1	.....
Other loans.....	104	.....	.....
Total loans.....	\$545	-\$ 9	+\$ 21
Government securities.....	\$ 549	+\$16	+\$136
Obligations fully guar'teed.....	91	- 1	+ 6
Other securities.....	259	+ 2	- 13
Total investments.....	\$ 899	+\$17	+\$129
Total loans & investments.....	\$1444	+\$ 8	+\$150
Reserve with F. R. Bank.....	496	+ 12	- 101
Cash in vault.....	26	+ 1	+ 2
Balances with other banks.....	191	+ 1	- 17
Other assets—net.....	70	.....	- 12
Liabilities			
Demand deposits, adjusted.....	\$1380	+\$34	+\$158
Time deposits.....	171	- 1	- 90
U. S. Government deposits.....	28	- 6	+ 15
Interbank deposits.....	416	- 6	- 59
Borrowings.....	.....	.....	.....
Other liabilities.....	13	.....	- 2
Capital account.....	219	+ 1	.....

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Apr. 29	May 6	May 13	May 20	
Sources of funds:					
Reserve Bank credit extended in district.....	- 7.7	+ 8.8	- 2.9	+ 5.7	+ 3.9
Commercial transfers (chiefly interdistrict).....	+20.8	+41.2	+12.7	+ 1.9	+76.6
Treasury operations.....	- 2.4	-47.4	+21.4	-16.6	-45.0
Total.....	+10.7	+ 2.6	+31.2	- 9.0	+35.5
Uses of funds:					
Currency demand.....	+ 6.3	+ 7.1	+ 4.3	+ 4.7	+22.4
Member bank reserve deposits.....	+ 1.2	-10.2	+29.7	- 9.1	+11.6
"Other deposits" at Reserve Bank.....	+ 3.3	+ 5.8	- 2.8	- 4.6	+ 1.7
Other Federal Reserve accounts.....	- 0.1	- 0.1	- 0.0	- 0.0	- 0.2
Total.....	+10.7	+ 2.6	+31.2	- 9.0	+35.5

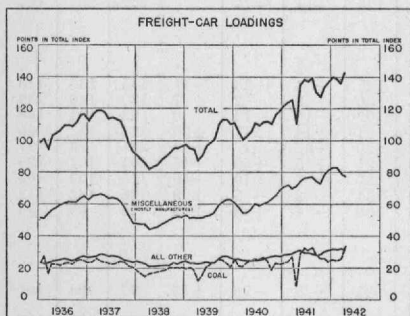
Member bank reserves (Daily averages: dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Phila. banks				
1941: May 1-15.....	\$569.9	\$253.1	\$316.8	125%
1942: Apr. 1-15.....	455.3	301.4	153.9	51 "
Apr. 16-30.....	472.1	309.5	162.6	53 "
May 1-15.....	472.1	.....	.....	.....
Country banks				
1941: May 1-15.....	\$204.7	\$107.1	\$ 97.6	91 "
1942: Apr. 1-15.....	211.3	143.4	67.9	47 "
Apr. 16-30.....	208.6	144.8	63.8	44 "
May 1-15.....	210.6	.....	.....	.....

Federal Reserve Bank of Phila. (Dollar figures in millions)	May 20, 1942	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.8	+\$ 0.2	+\$ 0.7
Bills bought.....	0	0	0
Industrial advances.....	5.4	+ 0.3	+ 2.4
U. S. securities.....	193.8	+12.4	+20.7
Total.....	\$200.0	+\$12.9	+\$23.8
Note circulation.....	633.9	+18.9	+192.7
Member bk. deposits.....	689.4	+11.6	- 94.8
U. S. general account.....	21.2	+ 1.7	-21.8
Foreign deposits.....	71.3	+ 3.2	-10.0
Other deposits.....	9.8	+ 1.7	-26.2
Total reserves.....	1246.1	+20.3	+ 6.1
Reserve ratio.....	87.4%	- 0.9%	- 2.0%

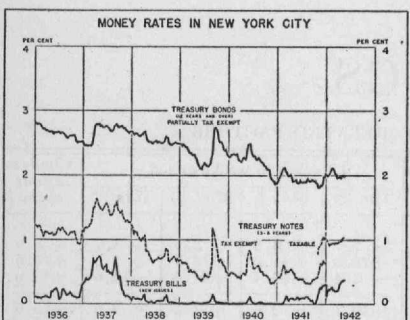
National Summary of Business Conditions



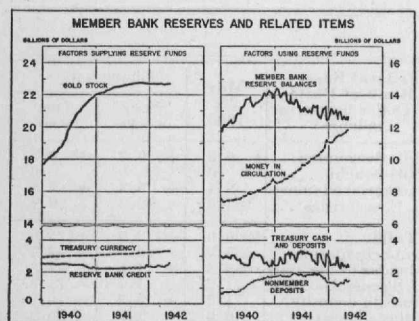
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for April 1942.



Federal Reserve monthly index of total loadings of revenue freight, 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 April 1942.



Weekly averages of daily yields on Treasury notes and bonds and average discount on new issues of Treasury bills offered within week. Latest figures shown are for week ending May 16, 1942.



Wednesday figures. Latest figures shown are for May 13, 1942.

Industrial activity increased in April and the first half of May reflecting continued advances in armament production. Following an increase in buying during the first quarter, retail trade declined somewhat. Wholesale commodity prices advanced further.

Expansion of industrial production in April was reflected in an advance in the Board's seasonally adjusted index from 172 to 174 per cent of the 1935-39 average. This increase followed upon a period of relative stability during the first quarter of the year, when growing war production was offset by decreased civilian output.

Since the beginning of the year total volume of industrial output has shown little change but there have been marked differences among individual industries. In general output of machinery, chemicals, and armament of all kinds has continued to expand at a rapid rate. There have also been substantial increases in output of electric steel, nonferrous metals, glass containers, wood pulp, and coal. On the other hand, output of many products for civilian use such as automobiles, tires and tubes, wool textiles, electrical appliances, alcoholic beverages, petroleum, and petroleum products has been sharply reduced either by direct order or by shortages of material or transportation facilities. In the month of April crude petroleum and petroleum products were the principal commodities showing a decline in output. Output of furniture, cotton and rayon textiles, manufactured foods, paper products, and tobacco products has been maintained in large volume.

Value of construction contracts awarded in April, as reported by the F. W. Dodge Corporation, was almost one-fifth below the high March total, reflecting a decline in publicly financed construction. Residential contracts decreased by one-fourth and for the month were at about the same level as last year. Awards for non-residential building increased slightly, mainly because of a 40 per cent increase in awards for factory construction, practically all publicly financed.

In the first four months of 1942, total awards were about one-fourth greater than in the corresponding period last year; public awards more than doubled, while those for private projects were down by about two-fifths. Public awards in this period made up over 70 per cent of the total, compared with about 40 per cent last year.

Retail sales declined somewhat in April, following a considerable amount of anticipatory buying during the first quarter of this year. At department stores, dollar sales in April were about 10 per cent below the first quarter average, making allowance for usual seasonal variations, but were 5 per cent above the level prevailing during the latter part of 1941. During the first half of May sales showed a further decrease and were around 6 per cent larger than a year ago in contrast with price increases amounting on the average to about 20 per cent over the year period.

Total freight car loadings increased sharply in April owing chiefly to larger shipments of coal and forest products, and to a sharp rise in iron ore loadings as the Great Lakes shipping season got underway. Shipments of merchandise in less than carload lots, which had begun to decline in March, were reduced sharply further in April, reflecting Government action to increase the average load per car in order to effect fuller utilization of railroad equipment.

Beginning on May 11, wholesale prices of most commodities were limited to the highest levels reached during March, according to the general maximum price regulation issued April 28. Effective May 18, retail prices of most commodities were likewise limited. Retail prices of related services will be limited beginning July 1.

About 30 new maximum price schedules for industrial products were issued from the middle of April to the middle of May. Most of these covered wholesale prices of items previously subject to informal or temporary controls. Upward adjustments in maximum prices were allowed for coal, ferromanganese, tires, petroleum products, and a few other items.

Wholesale prices of most farm products and basic foods, which are exempt from direct control, showed little change in this period, following sharp increases earlier in the year.

During the five weeks ending May 20 Federal Reserve Bank holdings of Government securities increased by about 200 million dollars, while currency in circulation rose by 260 million. Member bank deposits increased during the period and required reserves showed a corresponding growth. The net result was a decline of 300 million in excess reserves. Holdings of United States securities at banks in leading cities increased further, while commercial loans declined. Liquidation of loans was concentrated at banks in New York City and in the Kansas City district.

Prices of U. S. Government bonds declined in the last half of April, but steadied in the first half of May. Rates on current Treasury bill issues rose from about 0.20 per cent in March to 0.36 per cent in May. The Federal Open Market Committee announced on April 30 that Federal Reserve Banks stood ready to purchase all Treasury bills offered at 0.375 per cent.