

THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

JULY 1, 1942

Industrial activity continues at peak levels in this district, as expanding production for war purposes offsets declining operations in nonessential lines. Construction activity has been rising, but awards of new contracts have fallen off from the exceptional volume placed in the spring. Increasing wage payments have raised consumer purchasing power, but the heavy forward buying which marked wholesale and retail trade earlier in the year has subsided and the dollar volume of sales is not materially larger than in 1941.

The output of durable manufactures advanced to a new high in May, while the production of consumers' goods decreased and was less than a year ago. The production of coal was considerably larger than in May, 1941, reflecting active demand in anticipation of difficulties in obtaining fuel later in the year.

Building contracts declined materially in May, partly as a result of sharply smaller awards for factories. For the year to date, however, placements for factory construction have been much greater than in 1941. New contracts for dwellings also dropped substantially in the month, owing to growing scarcities of materials and the limitations imposed on new building.

Non-agricultural employment was steady from April to May and payrolls advanced further, owing partly to somewhat higher hourly rates and increased working time in manufacturing plants. Factory payrolls were well maintained in June. The number of workers em-

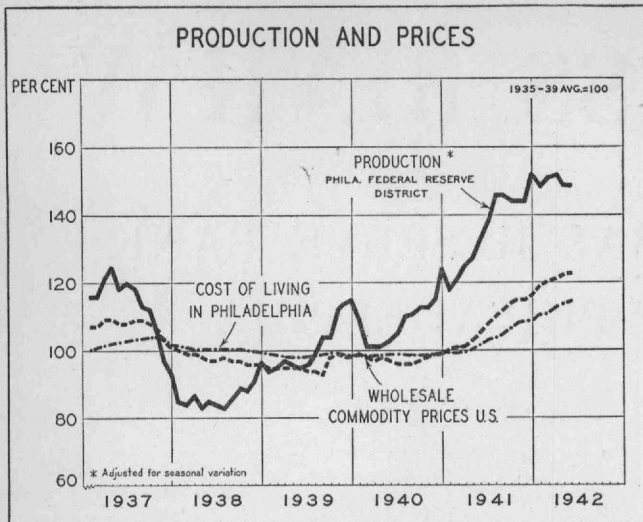
ployed in agriculture in this section increased in May and generally was adequate to meet the spring peak in farm work.

Distributive activity has slackened. In wholesale markets the volume of trading was reduced in May, reflecting in part the necessity for adjusting prices to the new regulation. At retail, anticipatory purchases by consumers declined and the spot demand moderated. The volume of rail freight shipments increased less than seasonally from April to May.

Manufacturing. The demand for manufactured goods in this district remains strong, although sales declined somewhat in the month ended the middle of June, owing to uncertainty with respect to maximum price rulings. The volume of new commitments for products of the heavy industries has continued substantial, but further declines are reported in orders for textiles and most other nondurable goods. Shipments of factory products to civilians are declining, while deliveries of war equipment have expanded substantially further.

Increases in operations are less pronounced as production peaks are reached in a growing number of war and essential industries. Although unfilled orders remain larger than a year ago, decreases have occurred over the past few weeks in several lines, including textiles and building materials. Stocks of finished goods have continued to decline and are well below 1941 levels at most plants.

Factory employment in Pennsylvania in May continued at the April peak of approximately 1,170,000 workers, and wage payments rose 1



per cent to a new high of over \$39,800,000. The number employed and the volume of wage disbursements were 8 and 23 per cent respectively greater than a year ago, reflecting sharp gains in heavy goods lines. Preliminary reports show that activity was well sustained in June.

At plants producing durable goods, employment in May was 18 per cent above the 1941 level and payrolls, 30 per cent. The number employed at establishments making lighter products was less than a year earlier, and wage payments were only 10 per cent greater.

Earnings of factory workers in Pennsylvania increased in May for the ninth successive month, reaching a new high average of nearly 89 cents an hour, as against 80 cents a year ago. Working time increased slightly in the month, and was about the same as in March, when the average number of hours worked per week was the highest in over a decade. Weekly income, averaging \$37.37 in May, was the largest in records back through 1923, and nearly \$5 more than a year ago.

In Delaware factories employment increased 2 per cent from April to May and payrolls expanded 5 per cent. At plants in southern New Jersey gains were 2 and 4 per cent respectively.

The output of factory products in this district increased slightly in May to a level 19 per cent above last year. In the heavy industries, production on a seasonally adjusted basis increased somewhat further in the month and was 45 per cent greater than a year earlier. Operations declined about 2 per cent in non-durable goods lines and were below May 1941.

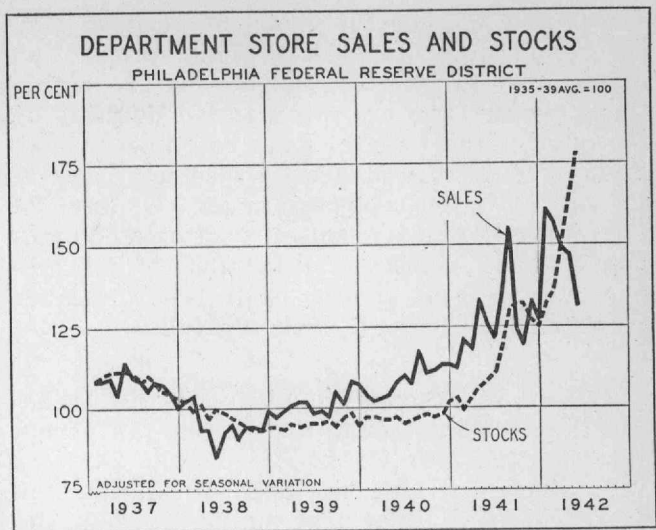
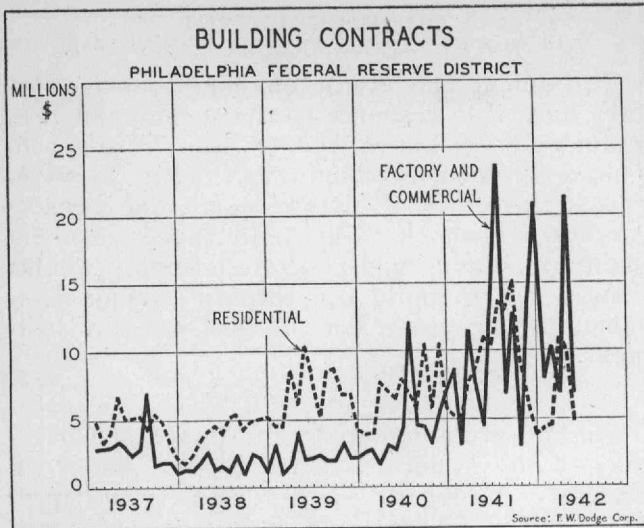


Coal and other fuels. The demand for fuels remains active. Sales of anthracite are exceeding seasonal expectations, as dealers are accumulating reserves in anticipation of shipping delays in the fall and householders are purchasing unusually early for the next heating season. The consumption of bituminous coal and coke continues large.

Anthracite mines are reported to have been operating five days a week since March, with colliery output for the year to June 13 aggregating 26,600,000 tons, as against 23,500,000 in the same period of 1941. Shipments of hard coal have continued unusually heavy and current reports indicate there has been little accumulation of supplies in producers hands. Output and shipments of Pennsylvania bituminous coal have been well sustained and are above the level of a year ago. The output of by-product coke increased to a new high level in May.

Building. Operations in the construction industry in this district have been well sustained at substantially higher levels than a year ago. Restrictions on the use of materials are reducing the volume of private construction, but building related directly or indirectly to the war effort continues active.

Awards of building contracts in May decreased 38 per cent to \$23,700,000. Placements were only 11 per cent larger than a year earlier, as against an increase of 73 per cent in April, and an average increase of 42 per cent in the first four months. The decline in May reflected a reduced volume in the residential field and much smaller awards for factories, which had been exceptionally heavy earlier this year.



Contracts for commercial buildings expanded sharply and substantial increases also occurred in the case of public works and utilities and unclassified construction.

Trade. Increases in retail sales over a year ago have been narrowing, as anticipatory buying slackens. The spot demand for seasonable merchandise is only moderately active. Business at wholesale is spotty, with sales in some lines below the 1941 level. Trading was restricted over most of May and in early June, owing to necessary adjustments of prices to price regulations.

Sales by department, men's apparel, and furniture stores declined in May, instead of increasing seasonally, and at shoe stores the increase from April was less than customary. Sales by women's apparel stores were well maintained. Reporting lines except men's apparel and furniture continued to show gains over May 1941. In the first five months increases over a year ago were substantial, ranging from 11 per cent at furniture stores to 27 per cent at establishments selling men's apparel and shoes.

Inventories at department and women's apparel stores increased from April to May, and declined less than seasonally at furniture stores. At the end of the month, inventories were sharply larger than a year ago. Merchandise on order by department stores has declined substantially in the past two months, but in May was still well above last year.

Wholesale distribution showed mixed changes from April to May. Dollar sales increased

sharply at shoe stores and smaller gains occurred in the case of jewelry and paper; in other lines decreases ranged from 3 to 11 per cent. Increases over a year ago were reported except in electrical supplies, groceries, and jewelry, and in the aggregate amounted to 6 per cent. Stocks at wholesale establishments decreased slightly further in the month, but were 13 per cent larger than in May 1941.

Freight-car loadings in this section increased less than usual in May and were slightly fewer than a year ago. Although the number of cars handled by the carriers declined somewhat in the year, the volume of freight moved probably increased, owing to the more efficient use of equipment. On a seasonally adjusted basis, shipments of coke, forest products, and livestock increased in the month; loadings of coal were sustained at the high April level, but substantial declines were reported in the case of other commodities.

Banking conditions. The principal developments during the past month have been in the field of Treasury fiscal operations. In the middle of June an offering of certificates of indebtedness was made, the second of its kind in the past eight years, to raise new money to pay war costs. Subscriptions to the certificates totaled \$120 million in this district and the allotment was \$62 million. Somewhat earlier, direct Treasury securities were offered in exchange for outstanding guaranteed issues.

Increasing interest is being shown in the weekly offerings of Treasury bills. At the rates now prevailing, these bills provide an excellent medium for the investment of excess bank re-

serves and the surplus funds of business concerns and other investors. They present an opportunity to increase income, mature within three months, and are given added liquidity by the offer of the Federal Reserve Banks to take them over at any time on a discount basis at the rate of $\frac{3}{8}$ per cent per annum. On June 24 the reporting banks in this district held \$34 million of these securities, an increase of \$16 million over the past month; up to last November practically none was in their portfolios.

Sales of War Savings bonds in this district declined somewhat during the income tax period and over the four weeks ended June 24 were only about one-half as large as during the period of peak sales last January, when the volume distributed throughout the country exceeded one billion dollars. Three-fifths of recent sales in this district were in Series E bonds.

The income tax period passed with no material change in money rates or in the reserve position of the member banks. System operations in Governments, contributing to the orderly marketing of these securities, were reflected in an increase of \$11 million to \$205 million in the participation of this Bank in the period from May 20 to June 24. Total holdings of the Reserve Banks increased to \$2,583 million.

The reserves of banks in this district did not change materially in this five-week period and are still about 50 per cent above requirements. Tax receipts were much heavier than a year ago, and additional funds flowed into Treasury balances from the sale of securities and withdrawals from commercial depositaries. But these demands were largely offset by disbursements for war equipment and the tender of tax notes in part payment of income taxes. The net amount taken from the market by Treasury operations was \$22 million, and an additional \$27 million was absorbed by the active demand for currency, but large amounts were gained in transactions with other districts.

At the reporting banks there was a further increase in holdings of Governments, reflecting the purchase of bills, and a substantial shift from guaranteed securities to Treasury notes as a result of the exchange operation. Holdings of other securities declined somewhat and there was a drop of \$12 million in commercial loans to \$286 million, a volume smaller than that reported a year ago.

Consumer Credit

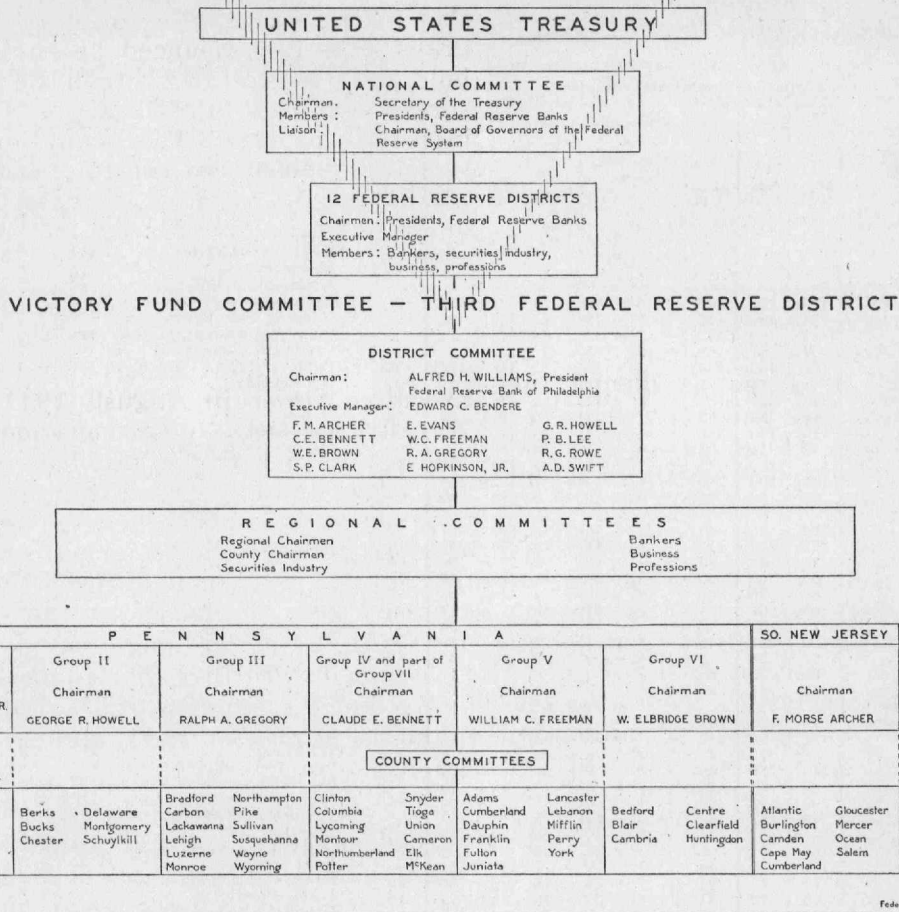
Instalment and credit buying has been further limited in response to the seven-point program recently announced by the President to hold down the cost of living in the face of widespread scarcities of civilian goods and greatly increased incomes. This limitation is also designed to reduce and control consumer indebtedness and to build up, through saving, consumer buying power for the post-war readjustment.

As first promulgated by the Board of Governors of the Federal Reserve System under an Executive Order in August, 1941, Regulation W restricted terms upon consumer instalment credit only, but as the problems of shortages and active demand spread from heavy goods to virtually all consumer lines, the regulation has been expanded. The principal changes effective May 6, 1942, include restrictions upon the excessive use of charge accounts, limitations upon the terms of single-payment loans of \$1,500 or less, further shortening of instalment terms, and the addition of a variety of articles to the list of goods directly subject to the regulation.

The change which will probably affect the largest number of consumers is the provision with respect to retail charge accounts. Charge purchases made in May or earlier are now to be paid by July 10, 1942, and current charge purchases are to be paid by the tenth of the second calendar month following the transaction, if the accounts are to be kept open for the purchase of listed articles. Failure to arrange such payment results in the creditor's being prevented from extending either charge or instalment credit to a customer in connection with the purchase of a wide variety of goods, ranging from such heavy items as refrigerators and radios to apparel, accessories, and incidentals.

The amended regulation restricts the terms on most instalment credit to maximum maturities of twelve months and minimum down payments of 33 $\frac{1}{3}$ % on most consumers' goods. Single-payment loans to consumers are now limited to ninety-day maturities and similar down payment provisions. Credit extended for agricultural or business purposes, and not for the purchase of articles that are subject to the regulation, is exempted.

VICTORY FUND COMMITTEES



Victory Fund Committees, operating under a national committee headed by the Secretary of the Treasury, have been formed in each Federal Reserve District to promote the marketing of Government securities largely through non-inflationary channels. In the Third Federal Reserve District, this Committee consists of Alfred H. Williams, President of the Federal Reserve Bank, as Chairman; Edward C. Bendere as Executive Manager; and 12 members representing banking and the securities industry. Eight regional committees, covering from one to twelve counties each, have also been set up under the chairmanship of a member of the district committee, and each county has its own committee consisting of leading members of the community selected by the county chairman. The accompanying diagram illustrates the organization.

The primary purpose of this organization is

to encourage the larger individual, business and institutional investors other than commercial banks to lend their surplus funds to the Government through the purchase of securities—bonds, notes, certificates of indebtedness, bills, tax savings notes and such other obligations as the Treasury may issue. The committees also will assist the War Savings Staff in the sale of Series F and G War Savings Bonds.

In the fiscal year beginning July 1 the Treasury will have to raise some \$50 billion from sources other than taxes to meet heavy war costs. It is essential that as much of these funds as possible be obtained from investors other than commercial banks, in order that the already large volume of purchasing power may not be unduly increased in the face of declining supplies of consumers' goods and that surplus purchasing power may be put to use in the war effort.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Employment and Income

in Pennsylvania

Industry, Trade and Service

	Adjusted for seasonal variation						Not adjusted			
	May 1942	Apr. 1942	May 1941	Per cent change			May 1942	Apr. 1942	May 1941	
				May 1942 from		1942 from 5 mos. 1941				
				Mo. ago	Year ago					
Indexes: 1923-5=100										
INDUSTRIAL PRODUCTION	129p	129	108	0	+ 19	+ 23	128p	127	107	
MANUFACTURING	131p	130	110	+ 1	+ 19	+ 23	130p	128	109	
Durable goods	191p	188	131	+ 1	+ 45	+ 49				
Consumers' goods	91p	93	96	- 2	- 5	0				
Metal products	158	162r	136r	- 2	+ 16	+ 22	156	157r	135r	
Textile products	411	79	87	- 2	- 10	- 3	75p	76	84	
Transportation equipment	411	380	186	+ 8	+121	+122	426	394r	194	
Food products	90p	89	92	+ 1	- 2	+ 3	87p	85	88	
Tobacco and products	119	136	110	- 13	+ 8	+ 20	115	124	106	
Building materials	53	56	54r	+ 6	- 1	+ 13	56	56	56	
Chemicals and products	132	130	141	+ 1	- 7	+ 3	134	132	144	
Leather and products	140p	132	139r	+ 6	+ 1	+ 8	127p	130	127r	
Paper and printing	92	92	91r	0	0	+ 4	93	93	92	
Individual lines										
Pig iron	103	95	89	+ 8	+ 16	+ 16	107	107r	93	
Steel	123	123r	111	0	+ 11	+ 15	130	129r	116	
Silk manufactures	88	89	90	- 1	- 2	1	84	87	86	
Woolens and worsteds	64p	64	80	+ 1	- 19	- 13	61p	60	75	
Cotton products	60	56	60	+ 7	0	+ 4	59	58	59	
Carpets and rugs	63p	61	129	+ 3	- 51	+ 48	62p	59	125	
Hosiery	79	83	93	- 4	- 15	- 9	79	83	93	
Underwear	152	161	146	- 6	+ 4	+ 6	153	158	147	
Cement	74	87	75	- 16	- 2	+ 19	83	86	85	
Brick	69	70r	65	- 1	+ 5	+ 8	73	73	69	
Lumber and products	32	31	35	+ 4	- 8	+ 3	29	29	32	
Bread and bakery products				+ 3*	+ 2*	+ 6*	96	93	94	
Slaughtering, meat packing	95	100	103	- 4	- 7	0	95	98	103	
Sugar refining	47	50	105	- 5	- 55	- 51	58	65	129	
Canning and preserving	98p	95	92r	+ 3	+ 6	+ 24	79p	79	70r	
Cigars	119	136	109	- 13	+ 9	+ 20	115	124	105	
Paper and wood pulp	85	89	84r	- 3	+ 2	+ 11	85	89r	84r	
Printing and publishing	93	92	93	+ 1	0	+ 3	94	94	94	
Shoes	146	142	166	+ 3	- 12	- 6	133	142	151	
Leather, goat and kid	134p	124	114r	+ 8	+ 17	+ 26	122p	120	104r	
Paints and varnishes	82	87	95	- 5	- 13	- 2	87	91	100	
Coke, by-product	151	150	139	+ 1	+ 9	+ 7	157	156	145	
COAL MINING	71	76	57	- 7	+ 25	+ 19	76	80	60	
Anthracite	66	72	51	- 8	+ 29	+ 16	73	77	56	
Bituminous	111	111r	105r	0	+ 6	+ 28	100	101r	94r	
CRUDE OIL	461	479	391	- 4	+ 18	+ 17	480	494	406	
ELEC. POWER—OUTPUT	363	352	339	+ 3	+ 7	+ 11	337	345	315	
Sales, total	352	342	324	+ 3	+ 9	+ 13	338	353	311	
Sales to industries	269	258	233	+ 4	+ 15	+ 20	274	261	238	
BUILDING CONTRACTS										
TOTAL AWARDS†	126	135	97	- 7	+ 29	+ 42	121	130	94	
Residential†	67	78	71	- 15	- 6	+ 7	70	73	75	
Nonresidential†	155	162	109	- 5	+ 43	+ 47	163	165	114	
Public works and utilities†	240	229	141	+ 5	+ 70	+123	168	211	99	

* Unadjusted for seasonal variation.

p—Preliminary.

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

r—Revised.

Indexes: 1932=100	Employment			Payrolls		
	May 1942 index	Per cent change from		May 1942 index	Per cent change from	
		Apr. 1942	May 1941		Apr. 1942	May 1941
GENERAL INDEX	133	0	+ 4	262	+ 2	+20
Manufacturing	175	0	+ 8	368	+ 1	+23
Anthracite mining	64	+ 1	0	88	+15	+54
Bituminous coal mining	104	- 1	- 1	326	+ 3	+ 5
Building and construction	58	+ 2	- 6	119	+12	+19
Quar. and nonmet. mining	126	+ 1	+ 2	353	+ 8	+18
Crude petroleum prod.	142	+ 2	+ 3	195	+ 6	+18
Public utilities	103	- 1	+ 3	129	0	+10
Retail trade	111	0	- 2	150	+ 4	+ 7
Wholesale trade	117	- 5	- 6	141	+ 4	+ 2
Hotels	97	+ 2	-10	135	+ 2	+ 3
Laundries	119	+ 3	+ 2	177	+ 8	+15
Dyeing and cleaning	112	+ 2	- 1	181	+11	+16

Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	May 1942 index	Per cent change from		May 1942 index	Per cent change from	
		Apr. 1942	May 1941		Apr. 1942	May 1941
TOTAL	113	0	+ 8	150	+ 1	+23
Iron, steel and products	122	0	+14	212	+ 1	+24
Nonferrous metal products	190	+ 4	+14	319	+ 4	+30
Transportation equipment	110	+ 3	+32	159	+ 4	+59
Textiles and clothing	91	- 2	- 7	109	0	+ 8
Textiles	83	- 2	- 9	99	0	+ 5
Clothing	125	- 2	- 1	155	0	+16
Food products	110	+ 1	+ 3	136	+ 5	+14
Stone, clay and glass	96	- 2	+ 1	120	0	+ 9
Lumber products	59	+ 6	- 6	71	+14	+10
Chemicals and products	115	- 1	+ 8	161	0	+20
Leather and products	97	- 1	+ 3	123	0	+22
Paper and printing	103	- 1	+ 1	125	- 2	+ 8
Printing	92	0	0	110	0	+ 5
Others:						
Cigars and tobacco	71	- 2	+ 4	76	0	+21
Rubber tires, goods	93	- 1	+18	147	- 1	+37
Musical instruments	62	- 4	-16	87	+ 4	- 3

* Figures from 2,850 plants.

Local Business Conditions*

Percentage change—May 1942 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	April 1942	May 1941	April 1942	May 1941	April 1942	May 1941	April 1942	May 1941	April 1942	May 1941
Allentown	0	+10	0	+19	-68	-92	- 2	+ 3	0	- 5
Altoona	0	+ 9	- 2	+21	-23	-62	- 9	-17	- 9	- 4
Harrisburg	0	+ 8	+ 3	+24	-57	-83	0	+ 6	- 8	+ 4
Johnstown	- 2	+ 6	- 4	+ 7		+387	- 4	-15	+ 2	+ 7
Lancaster	0	+ 3	+ 2	+19	-20	-66	+10	+ 6	-10	+ 9
Philadelphia	+ 1	+17	+ 3	+45	-54	-44	- 4	+ 6	+ 1	- 2
Reading	- 2	- 2	- 2	+ 9	+122	-46	- 1	+ 2	+ 8	- 3
Scranton	0	+ 9	+ 5	+24	-71	-48	+ 2	- 6	- 1	+ 2
Trenton	- 1	- 4	0	+14	-19	-33	- 4	- 4	+21	+21
Wilkes-Barre	+ 1	+17	+ 5	+59	-76	-79	- 5	+ 6	+ 1	+ 6
Williamsport	+ 1	+10	+ 2	+40	-50	-78			+ 3	+ 4
Wilmington	0	+10	+ 4	+37	-95	-90	- 3	+17	- 7	+ 6
York	0	+ 3	+ 3	+28	-14	+ 7	+ 3	+ 8	+ 1	+10

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

Hours and Wages

Factory workers Averages May 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	+3	\$.887	+11	\$37.37	+15
Iron, steel and prod.	43.4	+3	.966	+ 7	41.86	+ 9
Nonfer. metal prod.	41.9	0	.818	-16	34.31	-15
Transportation equip.	47.1	+ 6	1.023	+18	48.16	+25
Textiles and clothing	38.4	+3	.628	-15	23.96	-17
Textiles	38.9	+4	.643	+15	24.98	+19
Clothing	37.2	0	.587	+16	21.87	+15
Food products	40.6	+3	.709	+10	28.95	+11
Stone, clay and glass	38.3	+1	.815	+ 7	31.13	+ 8
Lumber products	41.4	+ 2	.624	+13	25.59	+15
Chemicals and prod.	39.9	+1	.935	+10	36.94	+10
Leather and prod.	39.5	+3	.641	+17	25.32	+19
Paper and printing	40.5	0	.793	+ 9	32.82	+ 7
Printing	38.7	+3	.926	+ 2	36.79	+ 3
Others:						
Cigars and tobacco	38.3	+7	.509	+12	19.48	+20
Rubber tires, goods	41.8	+5	.836	+ 8	34.94	+14
Musical instruments	45.7	+2	.801	+13	36.59	+15

* Figures from 2,653 plants.

† Figures from 2,850 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	May 1942 from		1942 from 5 mos. 1941
	Month ago	Year ago	
Sales			
Total of all lines.....	- 3	+ 6	+29
Boots and shoes.....	+36	+14	+27
Drugs.....	- 3	+ 9	+13
Dry goods.....	- 3	+26	+56
Electrical supplies.....	- 5	-18	+ 2
Groceries.....	-11	- 2	+20
Hardware.....	- 4	+18	+40
Jewelry.....	+16	- 5	+ 8
Paper.....	+13	+31	+77
Inventories			
Total of all lines.....	- 1	+13	.....
Boots and shoes.....	0	+13	.....
Dry Goods.....	+ 2	+37	.....
Electrical supplies.....	- 5	- 9	.....
Groceries.....	- 6	+12	.....
Hardware.....	- 6	- 5	.....
Jewelry.....	+ 5	- 7	.....
Paper.....	+ 7	+23	.....

Department of Commerce.

Prices	May 1942	Percent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100) ..	167	0	+17	+67
Wholesale (1926 = 100).....	99p	0	+16	+32
Farm.....	104	0	+37	+71
Food.....	99	0	+24	+47
Other.....	96p	0	+ 9	+19
Living costs (1935-1939 = 100) ..				
United States.....	116	+ 1	+13	+18
Philadelphia.....	115	+ 1	+13	+17
Food.....	119	+ 2	+19	+28
Clothing.....	126	0	+23	+27
Rent.....	107	0	+ 2	+ 4
Fuels.....	103	+ 2	+ 3	+ 7
Housefurnishings..	121	0	+18	+21
Other.....	110	+ 1	+ 8	+10

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	May 1942	April 1942	May 1941	Per cent change			May 1942	April 1942	May 1941
				May 1942 from		1942 from 5 mos. 1941			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	131p	147	126r	-11	+ 4	+19	129p	132	124r
Philadelphia.....	131	151	123r	-13	+ 7	+21	126	130	118r
Women's apparel.....	113	111	107r	+ 2	+ 5	+14	108	118	103
Men's apparel.....	112	128	125	-12	- 2	+27	107	117	119
Shoe.....	129	131	108	- 2	+19	+27	167	150	141
Credit.....	113p	146	129r	-23	-13	+11	118p	139	135
Inventories									
Department stores—District.....	178p	166	108r	+ 7	+65	.....	179p	171	108r
Philadelphia.....	178	166	104r	+ 8	+ 72	.....	178	169	104
Women's apparel.....	160	147	100r	+ 9	+60	.....	155	147	97
Shoe.....	118	120	101	- 1	+17	.....	125	128	107
Credit.....	230p	217	130	+ 6	+77	.....	220p	221	125
FREIGHT-CAR LOADINGS									
Total	142	154	144	- 8	- 1	+ 7	147	143	149
Merchandise and miscellaneous.....	128	134	137	- 4	- 7	+ 3	136	137	145
Merchandise—l.c.l.....	82	93	109	-12	-25	- 6	83	93	111
Coal.....	161	161	150	0	+ 7	+ 7	148	144	138
Ore.....	234	443	204	-47	+14	+ 8	325	231	284
Coke.....	200	188	190	+ 6	+ 5	+12	200	194	190
Forest products.....	137	118	121	+16	+14	+ 9	144	115	127
Grain and products.....	118	127	120	- 7	- 2	+ 5	104	106	106r
Livestock.....	120	111	109	+ 8	+10	+ 3	104	96	94r
MISCELLANEOUS									
Life insurance sales.....	71	69	99	+ 3	-28	+ 5	76	77	106
Hotels—(1934 = 100).....				- 6*	+ 6*	+ 8*	122p	129	114
Occupancy.....				- 7*	+ 9*	+10*	131p	142	119
Income, total.....									
Business liquidations									
Number.....				+ 5*	-43*	-32*	69	66	121
Amount of liabilities.....				-35*	-76*	-62*	23	35	96
Check payments.....	142	137	138	+ 3	+ 3	+10	140	139	137

*Computed from unadjusted data.

p—Preliminary.

r—Revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

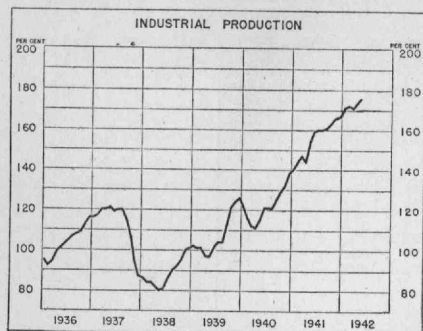
Reporting member banks (000,000's omitted)	June 24, 1942	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 286	-\$12	-\$ 4
Open market paper.....	34	- 2	- 4
Loans to brokers, etc.....	26	.....	- 1
Other loans to carry secur.....	32	.....	.....
Loans on real estate.....	49	.....	- 3
Loans to banks.....	2	+ 2	+ 2
Other loans.....	104	.....	- 2
Total loans.....	\$ 533	-\$12	-\$ 12
Government securities.....	\$ 584	+\$35	+\$168
Obligations fully guar'eed..	63	-28	- 19
Other securities.....	256	- 3	- 5
Total investments.....	\$ 903	+\$ 4	+\$144
Total loans & investments.	\$1436	-\$ 8	+\$132
Reserve with F. R. Bank....	493	- 3	- 13
Cash in vault.....	27	+ 1	+ 2
Balances with other banks..	192	+ 1	- 15
Other assets—net.....	67	- 3	- 15
Liabilities			
Demand deposits, adjusted.	\$1373	-\$ 7	+\$239
Time deposits.....	168	- 3	- 93
U. S. Government deposits.	8	-20	- 8
Interbank deposits.....	431	+15	- 43
Borrowings.....	2	+ 2	+ 2
Other liabilities.....	16	+ 3	- 4
Capital account.....	217	- 2	- 2

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks
	May 27	June 3	June 10	June 17	June 24	
Sources of funds:						
Reserve Bank credit extended in district.....	- 3.2	+ 1.9	- 1.6	-18.5	+10.3	-11.1
Commercial transfers (chiefly interdistrict)....	+11.5	-11.0	+ 6.2	+29.5	+22.3	+58.5
Treasury operations.....	- 7.9	+11.5	+19.6	-17.8	-27.3	-21.9
Total.....	+ 0.4	+ 2.4	+24.2	- 6.8	+ 5.3	+25.5
Uses of funds:						
Currency demand.....	+ 7.9	+10.2	+ 3.7	+ 4.2	+ 1.1	+27.1
Member bank reserve deposits.....	- 5.6	- 8.1	+21.7	-15.7	+ 6.3	- 1.4
"Other deposits" at Reserve Bank.....	- 1.9	+ 0.3	- 1.2	+ 3.9	- 2.1	- 1.0
Other Federal Reserve accounts.....	- 0.0	+ 0.0	- 0.0	+ 0.8	- 0.0	+ 0.8
Total.....	+ 0.4	+ 2.4	+24.2	- 6.8	+ 5.3	+25.5

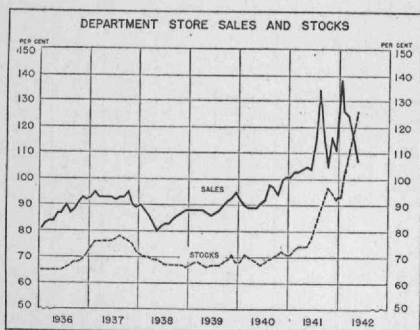
Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Phila. banks				
1941: June 1-15.....	\$503.4	\$243.8	\$259.6	106%
1942: May 1-15.....	472.1	307.9	164.2	53"
May 16-31.....	478.4	312.0	166.4	53"
June 1-15.....	481.7	312.0	169.7	54"
Country banks				
1941: June 1-15.....	\$206.6	\$108.3	\$ 98.3	91"
1942: May 1-15.....	210.6	144.7	65.9	46"
May 16-31.....	207.9	146.3	61.6	42"
June 1-15.....	210.2	145.9	64.3	44"

Federal Reserve Bank of Phila. (Dollar figures in millions)	June 24, 1942	Changes in—	
		Five weeks	One year
Bills discounted....	\$ 0.8	+\$ 0.0	+\$ 0.6
Bills bought.....	0	0	0
Industrial advances	5.2	- 0.1	+ 1.8
U. S. securities.....	205.3	+11.4	+ 32.1
Total.....	\$211.3	+\$11.3	+\$34.5
Note circulation.....	662.9	+29.1	+204.0
Member bk. deposit	688.0	- 1.4	- 9.1
U. S. general account	4.9	-16.3	- 95.7
Foreign deposits....	72.8	+ 1.5	- 47.2
Other deposits.....	8.8	- 1.0	- 7.7
Total reserves.....	1258.5	+12.3	+13.0
Reserve ratio.....	87.6%	+ 0.2%	- 1.8%

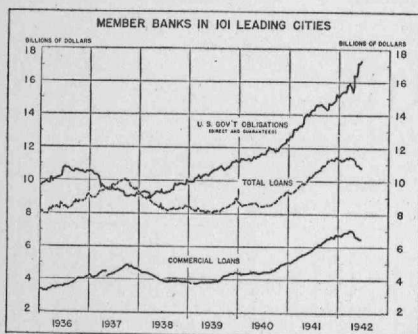
National Summary of Business Conditions



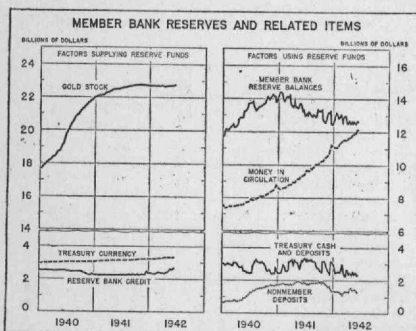
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figure shown is for May 1942.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for May 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 June 10, 1942.



Wednesday figures. Latest figures shown are for June 10, 1942.

Industrial activity continued to advance in May and the first half of June. Commodity prices showed little change after the middle of May when the general maximum price regulation went into effect. Retail trade declined further in May but increased somewhat in the first half of June.

Production. Volume of industrial production increased in May and the Board's seasonally adjusted index advanced to 176 per cent of the 1935-39 average, as compared with 173 in April and 171 during the first quarter of this year. Output of manufactured products continued to increase, reflecting chiefly further growth in production of war materials, while mineral production showed a seasonal rise.

The largest increases in May, as in other recent months were in the machinery and transportation equipment industries which are now making products chiefly for military purposes. The amount of copper smelted rose sharply and output of chemicals continued to advance. Activity in the automobile industry, which since January had been retarded during the conversion of plants for armament production, showed an increase in May.

Steel production was maintained at about 98 per cent of capacity in May and the first half of June. Lumber production increased seasonally and activity at furniture factories, which usually declines at this time of year, was sustained at a high rate. In industries manufacturing textiles and food products, output continued large in May. Gasoline production declined further, however, reflecting the effects of transportation difficulties. There was a further marked decrease in paperboard production which, according to trade reports, reflected a slackening in demand.

Coal production was sustained at a high rate in May and output of crude petroleum increased somewhat, following considerable declines in March and April. Copper production and iron ore shipments rose sharply to new record levels.

Value of construction contract awards increased sharply in May, following a decline in the previous month, and was close to the record high level reached last August, according to figures of the F. W. Dodge Corporation. Awards for publicly financed work increased in May and, as in other recent months, constituted around three quarters of the total. Awards for residential building continued to decline.

Distribution. Retail trade declined further in May. Department store sales were about 7 per cent smaller than in April and sales by mail-order houses showed a similar decrease. In the first half of June department sales increased somewhat.

Carloadings of revenue freight increased in May by about the usual seasonal amount. There was a further substantial decline in the number of cars loaded with merchandise in less than carload lots, reflecting the effect of Federal orders raising the minimum weights for such loadings. Increases were reported in shipments of most other classes of freight, particularly coal, ore, and miscellaneous freight.

Commodity prices. Prices of most commodities both at wholesale and retail showed little change after the general maximum price regulation went into effect around the middle of May. Declines occurred in prices of cotton and some other agricultural commodities, and prices of some industrial commodities were reduced to conform with the general order that prices should not exceed the highest levels reached in March. Action was taken to exempt most military products from the general regulation and to allow for special treatment of women's coats and dresses and a few other nonmilitary items.

Bank credit. During May and the first half of June, the Federal Reserve Banks purchased about 200 million dollars of United States Government securities. Additions to member banks' reserves from this source, however, were offset by continued withdrawals of currency by the public. Excess reserves fluctuated around 2,700 million dollars during the six-week period.

Reporting member bank holdings of United States Government securities increased by nearly a billion dollars during the period. Two-thirds of the increase came in the week ending May 20 with delivery of new Treasury 2 per cent 1949-51 bonds, and the balance represented mainly increased bill holdings. Loans declined somewhat in the period. Adjusted demand deposits continued to increase, while United States Government deposits were reduced.

United States Government security prices. Prices of taxable United States Government bonds, which declined by about $\frac{1}{2}$ point at the time of the early May financing, subsequently regained that loss and during the first half of June remained steady.