

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

DECEMBER 1, 1942

### VICTORY FUND DRIVE

WAR expenditures are now running at an average rate of well over \$200 million each working day. Federal budget and Government corporation expenditures of \$85 billion are in prospect for this fiscal year, which ends June 30, 1943. The expanded tax program will yield a total of about \$21 billion. Borrowing, therefore, must produce more than \$60 billion, or at a rate of \$5 billion a month.

On November 30 the Secretary of the Treasury launched the largest single financial operation in history to cover major requirements for December and January. The colossal sum of \$9 billion of Government securities will be sold. In addition to the War Savings bonds, Treasury tax savings notes, and the regular weekly offerings of Treasury bills, three new issues of securities are included in the offerings for placement in December.

The principal security is the 26-year, 2½ per cent Victory Bond, due December 15, 1968 and callable December 15, 1963. Subscription books were opened on November 30 and will remain open several weeks. These bonds are available either in coupon or in registered form. They may not be held by commercial banks until 10 years after the date of issue.

The other two offerings, which are intended for banks as well as other investors, are the 1¾ per cent bonds due June 15, 1948 and a 7/8 per cent certificate of indebtedness due December 1, 1943. The maximum allotment to

commercial banks will be limited to approximately \$2 billion for each series. Applications of commercial banks in amounts up to \$100,000 will be allotted in full, and larger subscriptions on an equal percentage basis. All other subscriptions will be allotted in full. For commercial banks the subscription books will be open from November 30 through December 2 on the 1¾ per cent bond issue and from December 16 through December 18 on the certificate issue. For others the subscriptions will be received over a period of several weeks from November 30.

In the interest of sound financing the Treasury is endeavoring to secure, with the help of the Victory Fund Committees, the widest possible public participation. As the Secretary said, "Every American will have an opportunity to back the armed forces with bonds." Subscriptions are invited from individual investors, corporations, trusts and estates, pension funds, educational, religious, and endowed institutions, fraternal and social organizations, insurance companies, mutual savings banks, credit associations, cemeteries, state, municipal, and local pension and sinking funds, and all types of beneficial and savings institutions. Banking institutions will assist in every way possible to place the largest amount of securities practicable in the hands of non-bank investors.

At the same time, the effort is so gigantic that banks will also be called upon to play their own full share to insure the success of the opera-

## WAR LOAN DEPOSIT ACCOUNT

To avoid the inconveniences that might result from heavy payments on new Treasury securities, all incorporated banks and trust companies are urged to qualify themselves as special depositaries for public monies, if they have not already done so. When so qualified, they may give deposit credit to the Treasury in payment for securities purchased through the bank either for their own account or for their customers, unless the terms of the offering specifically provide for cash payment. Under this plan funds remain on deposit until called by the Treasury; being demand balances, no payment of interest is required. Steps to be taken by banks which wish to qualify as "War Loan Depositaries" are outlined in Circular No. 1102 of the Federal Reserve Bank of Philadelphia, which will be mailed upon request.

tion. To equalize the burden of war financing, all banks should subscribe to Treasury securities in accordance with their capacities.

The Federal Reserve Banks have taken several steps to facilitate bank participation in the Treasury efforts. They stand ready to buy Treasury bills at a discount rate of  $\frac{3}{8}$  per cent and give selling banks the option of repurchasing bills before maturity at a like rate. All Federal Reserve Banks lend at par on Government securities and have established discount rates of  $\frac{1}{2}$  per cent on advances to member banks secured by Governments maturing or callable within one year. Present reserves will not suffice for the expansion of bank investment which is to be anticipated as the war is prolonged, and it is fully in line with expectations that banks will have to borrow from time to time to participate adequately in the war financial effort.

The success of the operation can be assured only if every section of the country participates to the utmost. The Third Federal Reserve District is a very important unit in the national economy. It comprises over 6 per cent of national totals in labor force, manufacturing establishments, wages, value of products, retail sales, and in banking resources. The district is also playing an active part in producing war weapons and materials and has secured more

than 6 per cent of all war contracts, and is thus benefiting from the vast expenditures of the Government. It is imperative that we do our full share in marketing Government securities. This is our opportunity to fight on the home front.

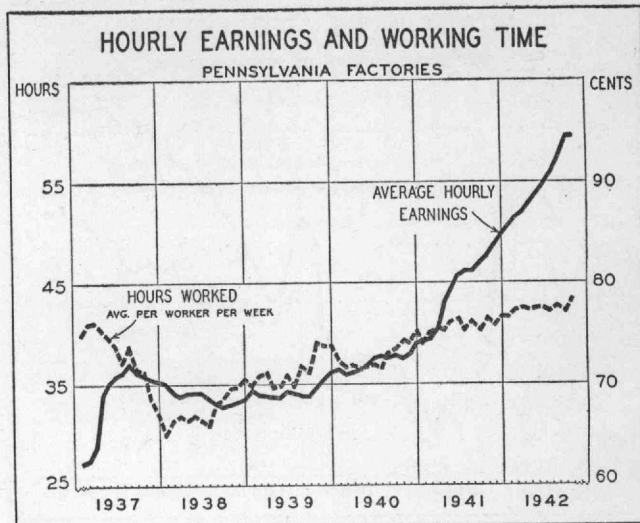
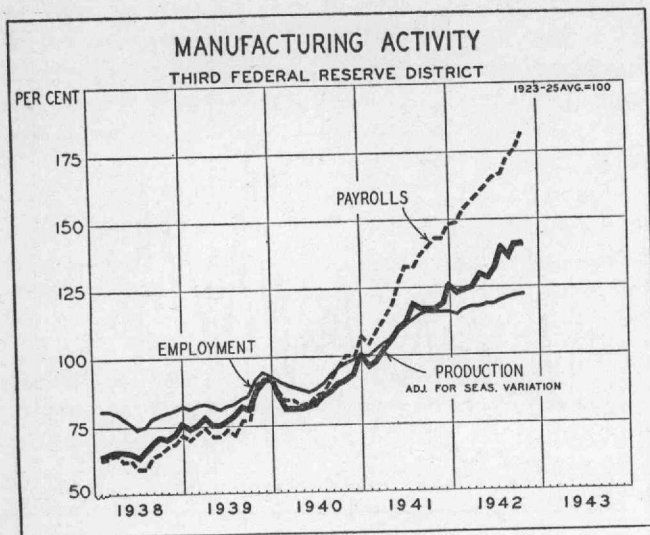
**Business summary.** The shift from the defensive to the offensive by our armed forces was made possible in part by the productive achievements of American industry. At the same time it increases the urgency of the need for military equipment and supplies. These new demands are being met through expansion in total output and through reductions in civilian supplies. Construction activity is limited almost entirely to publicly-financed projects.

Payrolls continue to establish new records as employment and working time expand to new peaks and average hourly wages continue at a high level. Despite unusually large volumes of savings, large increases in retail sales of many commodities indicate that much of the expanded income is being spent and that the full effect of the war has not yet been felt. In a few wholesale lines, however, shortages are being reflected in smaller sales.

**Manufacturing.** Demand for products of the heavy industries in this district is reaching new peaks as direct war orders expand to meet the increased requirements accompanying intensification of the war effort. The greater urgency of military needs is further reflected in the continued decline in orders for a wide range of less essential goods.

Manufacturing operations at establishments producing military equipment and supplies remain close to capacity. But in numerous civilian lines production schedules are being revised downward, as shortages of labor and materials become more pronounced and transportation difficulties increase with the heavier movement of war goods. The volume of unfilled orders generally remains well above the level of other recent years.

Factory employment in Pennsylvania rose slightly further in October to a new high of about 1,190,000 workers and the volume of wage disbursements increased 3 per cent to a record level estimated at \$44,260,000. Activity in durable goods industries continued to expand in the month, and larger than seasonal gains were reported at certain textile mills and estab-



ishments turning out leather products. Increases over a year ago, amounting to 4 per cent in employment and 23 per cent in payrolls, reflected chiefly gains in the heavy industries. Since the outbreak of war over three years ago, the number employed in these lines has considerably more than doubled and wage payments have nearly tripled, while at plants making lighter products employment has shown a small decline and payrolls have advanced by less than one-third.

Hourly earnings of factory workers in Pennsylvania averaged 94½ cents in October, as in the preceding month, but were nearly 15 per cent above the level of a year ago. Working time increased to an average of over 43 hours a week from 42 in September and 41½ in October 1941. Weekly income advanced to a new peak, averaging \$40.61, as against \$39.48 in September and \$34.02 a year ago. The average weekly wage in October was \$15 more than in August 1939, and the highest in records back to the early 1920's.

In Delaware factories the number employed decreased somewhat from September to October, but wage payments showed a small gain. Employment and payrolls in southern New Jersey decreased slightly in this period.

The output of factory products in this district increased further in October to a level 18 per cent above a year ago. In the heavy industries, output in October was 40 per cent greater than in 1941, but the production of lighter goods showed a decline of about 6 per cent.

Production of electric power increased less

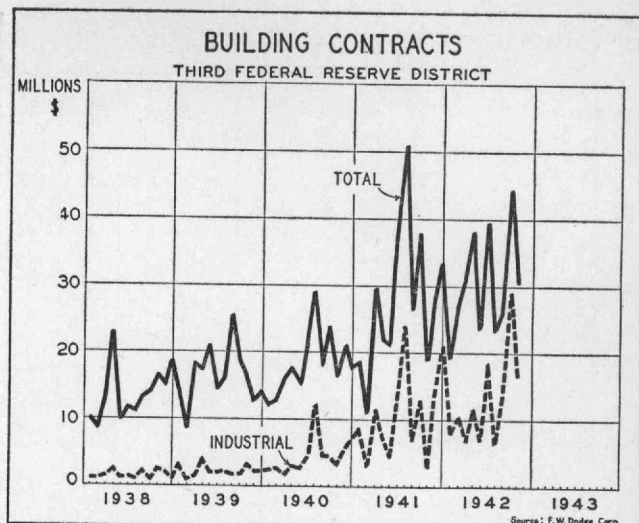
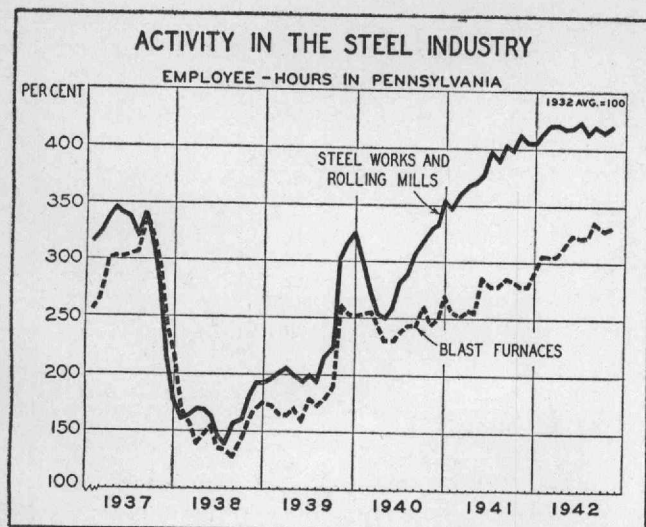
than seasonally from September to October but was 7 per cent greater than a year ago. Total sales failed to gain in the month, but sales to industries were unusually well maintained at a level 14 per cent above October 1941.

**Coal and other fuels.** The market for anthracite remains strong, in spite of unusually large purchases by dealers and householders earlier this season. The demand for bituminous coal and coke also is active, sustained principally by the peak rate of operations in the heavy industries. Reserves of solid fuels are still being accumulated to avoid the possibility of shipping delays during the winter.

Mine operators in some regions report considerable difficulty in maintaining production schedules, owing to an acute shortage of labor. Output of anthracite and bituminous coal in Pennsylvania declined contraseasonally from September to October and was below the level of a year earlier. But in the first ten months, the production of both fuels was above 1941 levels. Coal shipments decreased somewhat in October following an exceptionally heavy movement through the summer and early fall.

**Building.** Construction activity in this district in October continued near the highest levels of the year. As in other recent months, operations were principally against contracts awarded for war facilities and other essential projects.

New awards of building contracts declined about one-third from the peak reached in September. The only increase in October was in residential contracts, reflecting principally larger placements for one and two-family



houses. Awards for factories decreased 38 per cent from a high of \$25 million in September, but they still accounted for one-half of all contracts; declines also were sharp in the case of commercial structures and public works and utilities.

Awards totaling \$302 million in the ten months ended October were the largest in recent years. The increase over the 1941 period was 10 per cent, the most pronounced gain being in contracts for factories, which expanded 85 per cent to \$115 million. Drastic restrictions on private residential building imposed earlier in the year were reflected in a decline of 37 per cent in awards for these projects.

**Trade.** Distribution at retail continues active as consumer incomes advance to new peaks. Sales by department and women's apparel stores in this district increased on an adjusted basis from September to October, but at men's apparel and shoe stores business did not measure up to seasonal expectations. Increases over a year ago were sharp in all reporting lines except men's apparel, where the dollar volume was substantially unchanged. Preliminary returns indicate that retail sales generally expanded further in early November.

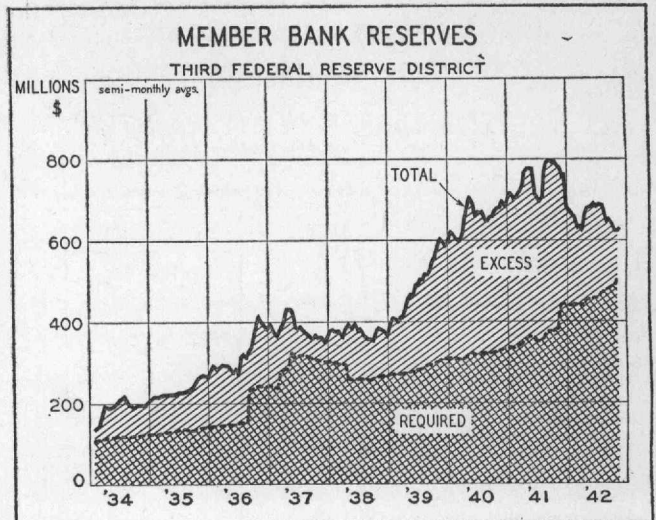
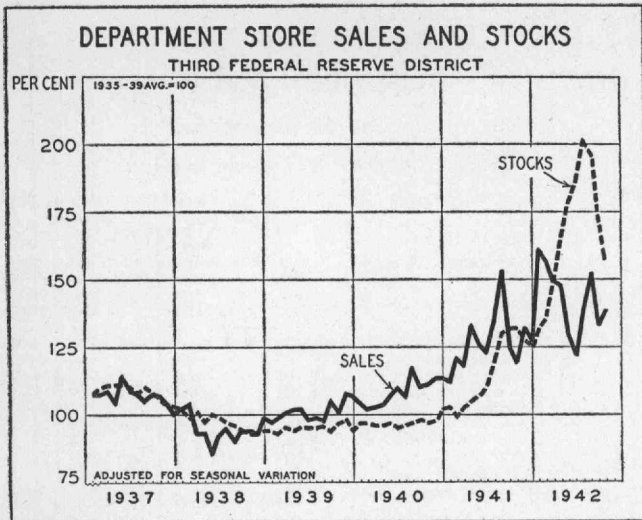
At department stores, sales for cash in October were sharply larger than twelve months earlier; purchases made on regular charge accounts also increased slightly in the period, while those on the instalment plan declined. Collections on both charge and instalment accounts improved in the month and were much more rapid than in 1941.

Retail inventories in October increased less than usual at department and women's apparel stores and were unchanged at shoe stores. Although the dollar volume of stocks in most lines remained above the 1941 level, the increase has been narrowing sharply, reflecting in part the heavy purchases last year. Outstanding commitments for merchandise by department stores increased somewhat further in October and were larger than a year ago for the first time since May.

Aggregate sales in eight branches of wholesale trade increased about 2 per cent from September to October, reflecting gains in all lines except jewelry and paper. Sales showed mixed changes compared with a year ago, substantial increases being reported for shoes, drugs, groceries, and dry goods, while substantial declines occurred in the case of hardware, paper, electrical supplies, and jewelry. In the first ten months, sales were above the 1941 level in all lines but electrical supplies, where there was a decrease of 13 per cent.

Rail freight shipments in this section were heavy in October, when deliveries of commodities other than coal and coke exceeded seasonal expectations. Although the number of cars loaded continued somewhat smaller than a year earlier, the volume of freight handled by the carriers was greater, owing to heavier loadings per car. The number of cars loaded in the ten months ended October was slightly larger than in the 1941 period.

**Banking conditions.** With over one-half of current production going into the war effort and steady building up of the armed forces, the



cost of war has been rising rapidly. A substantial part of these funds has been supplied by the banks. In the third quarter of the year commercial bank holdings of Treasury securities are estimated to have risen \$6 billion. In the Third Federal Reserve District the investment in Governments by weekly reporting banks in some of the principal cities increased \$291 million in the period from July 1 to November 18, raising their total holdings to \$965 million, or 58 per cent of all earning assets.

Over \$70 million of Treasury tax savings notes were sold in this district in September, more than \$60 million in October, and sales continued substantial in November. Large amounts also are being raised through sales of War Savings Bonds as ever-increasing numbers of wage and salaried workers avail themselves of payroll savings plans for the purchase of these securities and increase their allotments for this purpose to 10 per cent or more of compensation received.

The only major open market issue placed in the past month was  $\frac{7}{8}$  per cent Treasury certificates of indebtedness, on which payment was made November 5; subscriptions in this district were \$96 million and the allotment, \$58 million. Allotments were reflected in an increase of \$18 million in certificate holdings of the reporting member banks in the four weeks ended November 18. Banks continued to bid actively on the weekly offerings of Treasury bills, with the result that holdings of these securities expanded \$8 million to a new peak of \$129 million at the reporting institutions; practically all of these have been acquired in the past year.

Expansion of \$22 million in aggregate investments of the reporting banks in the four weeks ended November 18 was in contrast to further contraction in the loan portfolio, which decreased \$17 million to \$462 million, the lowest point since the early summer of 1940. Shrinkage in recent months has been the result partly of a reduction in consumer instalment loans and a decline in open market paper, but principally of the decrease in commercial loans. At the present level of \$251 million, commercial advances are \$56 million under the March peak.

The over-all expansion in bank credit, together with funds gained in interdistrict transactions, has raised deposits to new peaks and resulted in heavier reserve requirements. Since the early fall of 1941 the reserve balances of member banks in Philadelphia have declined considerably, but on November 18 they were still about 20 per cent above requirements. At the country member banks reserves have increased somewhat and are estimated at the present time to be from 35 to 40 per cent over requirements.

In the latest period, covering the four weeks ended November 18, aggregate reserve balances increased \$27 million to \$643 million. The district gained sharply in interdistrict transfers, but part of these funds was absorbed by the continued expansion in currency demand and operations of the Treasury. Among the principal receipts of the Treasury were funds from the sale of savings bonds, tax notes, bills and certificates, and withdrawals from depositaries, together with quarterly Social Security taxes and unemployment trust funds turned over by the States for investment.

# BUSINESS STATISTICS

## Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Oct. 1942	Sept. 1942	Oct. 1941	Per cent change			Oct. 1942	Sept. 1942	Oct. 1941
				Oct. 1942 from		1942 from 10 mos. 1941			
				Mo. ago	Year ago				
<b>INDUSTRIAL PRODUCTION</b>	136p	139	117	-2	+16	+19	139p	139	121
<b>MANUFACTURING</b>	139p	140	117	-1	+18	+20	142p	140	121
Durable goods	220p	226	157	-2	+40	+45			
Consumers' goods	84p	83	90r	0	-6	-3			
Metal products	156	160	144	-3	+8	+16	162	162	149
Textile products	68p	65	76r	+4	-11	-12	69p	65	78
Transportation equipment	578	591r	288	-2	+101	+114	554	560r	275
Food products	93p	100	92r	-7	+1	+7	104p	109	101r
Tobacco and products	116	109	114	+6	+1	+11	141	127	139
Building materials	52p	50r	55	+5	-6	+3	56	54	59
Chemicals and products	136	140r	151	-3	-10	-4	137	138r	154
Leather and products	97p	95	130	+2	-25	-9	103p	105	138
Paper and printing	89	88	93	+2	-5	0	90	87	94
<b>Individual lines</b>									
Pig iron	110	119	108	-8	+2	+11	109	112	107
Steel	130	136r	127	-4	+2	+10	130	129	127
Silk manufactures	77	75	71	+3	+10	+10	79	75	72
Woolens and worsteds	52p	53	73	0	-28	-16	56p	56	79
Cotton products	59	63	57r	-6	+4	+4	61	60	58r
Carpets and rugs	50p	50	92	-1	-45	-50	52p	51	102
Hosiery	74	69	79	+7	-6	-12	81	69	86
Underwear	139	144	148	-3	-6	0	152	144	161
Cement	75p	71	80	+5	-5	+4	84p	84	89
Brick	70	68r	70	+3	-1	+3	70	68	71
Lumber and products	29	27	33	+8	-12	+3	30	28	34
Bread and bakery products				-4*	+11*	+3*	110	114r	98
Slaughtering, meat packing	98	96	99	+1	-1	0	102	98	103
Sugar refining	44	70	82	-37	-47	-21	37	60	69
Canning and preserving	36p	107	97r	-19	-11	+15	134p	141	135r
Cigars	115	109	113	+6	+2	+11	141	126	139
Paper and wood pulp	80	78r	89	+3	-9	0	82	78r	90
Printing and publishing	91	90	94	+1	-4	0	92	89	95
Shoes	119	115	144	+3	-17	-11	129	131	155
Leather, goat and kid	76p	76	117	0	-35	-5	80p	79	122r
Paints and varnishes	83	90	92	-8	-10	-7	89	85	99
Coke, by-product	162	166	151	-2	+7	+7	159	159	148
<b>COAL MINING</b>	72p	86	78r	-17	-8	+6	76p	84	83r
Anthracite	70p	85	76r	-18	-8	+5	74p	82	81r
Bituminous	85	97r	92r	-13	-8	+13	91	99r	98r
<b>CRUDE OIL</b>	458	465	439	-1	+4	+14	458	465	439
<b>ELEC. POWER—OUTPUT</b>	365	378	340	-3	+7	+10	376	371	350
Sales, total	371	380	339	-2	+9	+11	371	376	339
Sales to industries	290	280	255	+4	+14	+15	282	297	248
<b>BUILDING CONTRACTS</b>									
<b>TOTAL AWARDS†</b>	126	124	104	+2	+21	+11	130	120	107
Residential†	45	33	87	+38	-48	-33	52	39	100
Nonresidential†	243	208	98	+17	+148	+29	233	195	94
Public works and utilities†	110	202	146	-46	-25	+55	116	184	154

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

p—Preliminary.  
r—Revised.

## Local Business Conditions\*

Percentage change—October 1942 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Sept. 1942	Oct. 1941	Sept. 1942	Oct. 1941	Sept. 1942	Oct. 1941	Sept. 1942	Oct. 1941	Sept. 1942	Oct. 1941
	Allentown	+1	+7	+6	+24	+20	-75	+16	+21	+13
Altoona	-1	-5	+5	+4	+3	-77	+8	6	+4	-8
Harrisburg	0	+1	+2	+22		+64	+2	+26	+16	+15
Johnstown	-2	-9	-1	-1	-66	-77			+2	-8
Lancaster	+1	+7	+5	+31	+8	-86	+15	+20	9	+3
Philadelphia	+1	+16	+2	+45	+103	+24	+11	+21	+3	-6
Reading	-1	-7	+8	+10	-6	-78	+14	+22	3	-2
Scranton	-1	-4	+4	+10	+25	-65	+3	-18	-32	-7
Trenton	+2	-9	+8	+14	-95	-91	+10	+18	+9	-1
Wilkes-Barre	+1	+17	+11	+60	-37	-76	+7	+12	+7	+3
Williamsport	0	+5	+10	+25	+26	-71			+4	+42
Wilmington	+5	+33	+6	+81	-97	-93	+10	+17	+4	+12
York	-3	-4	-1	+23		-26	+13	+30	+1	+16

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

## Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932=100	Employment			Payrolls		
	Oct. 1942 index	Per cent change from		Oct. 1942 index	Per cent change from	
		Sept. 1942	Oct. 1941		Sept. 1942	Oct. 1941
<b>GENERAL INDEX</b>	135	+1	-1	284	+3	+16
Manufacturing	179	0	+4	410	+3	+23
Anthracite mining	62	-1	-8	83	-5	-2
Bituminous coal mining	96	-2	-10	310	0	-6
Building and construction	56	-2	-17	125	-1	+1
Quar. and nonmet. mining	118	-2	9	335	-6	-2
Crude petroleum prod.	139	-3	-1	196	-3	+9
Public utilities	104	0	-2	131	-1	+2
Retail trade	117	+8	5	156	+8	0
Wholesale trade	114	0	-12	145	+2	-2
Hotels	99	+2	-1	142	+5	+14
Laundries	110	-1	-7	160	+2	-2
Dyeing and cleaning	103	+3	-8	157	+11	0

## Manufacturing

Index: 1923-5=100	Employment*			Payrolls*		
	Oct. 1942 index	Per cent change from		Oct. 1942 index	Per cent change from	
		Sept. 1942	Oct. 1941		Sept. 1942	Oct. 1941
<b>TOTAL</b>	115	0	+4	167	+3	+23
Iron, steel and products	126	0	+8	234	+2	+23
Nonferrous metal products	191	0	+6	350	+5	+27
Transportation equipment	124	+3	+31	204	+6	+65
Textiles and clothing	88	-1	-8	113	+8	+7
Textiles	80	-1	-8	105	+9	+8
Clothing	121	-1	-7	156	+8	+3
Food products	121	-2	+2	154	-1	+14
Stone, clay and glass	94	+1	-6	125	+7	+5
Lumber products	53	0	-22	71	+6	-9
Chemicals and products	118	0	+3	176	+1	+16
Leather and products	91	0	-7	122	+6	+7
Paper and printing	100	+1	-7	128	+3	+2
Printing	91	+1	-4	112	+2	+5
<b>Others:</b>						
Cigars and tobacco	69	0	-6	81	+7	+8
Rubber tires, goods	111	+4	+14	183	+10	+37
Musical instruments	62	+12	-18	100	+38	+11

\*Figures from 2877 plants.

## Hours and Wages

Factory workers Averages October 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
<b>TOTAL</b>	43.3	+4	\$ .945	+14	\$40.61	+19
Iron, steel and prods.	44.1	+4	1.023	+11	45.13	+15
Nonfer. metal prod.	43.4	+2	.878	+19	38.11	+21
Transportation equip.	47.7	+5	1.094	+18	52.18	+25
Textiles and clothing	39.0	+4	.664	+12	25.73	+16
Textiles	39.7	+4	.687	+12	27.26	+18
Clothing	37.4	+3	.606	+10	22.66	+12
Food products	42.2	+2	.709	+11	30.02	+13
Stone, clay and glass	38.7	+2	.854	+8	33.03	+10
Lumber products	43.0	+2	.656	+10	27.96	+13
Chemicals and prod.	40.6	+4	.984	+8	39.55	+13
Leather and prod.	39.8	+3	.669	+12	26.68	+15
Paper and printing	41.1	0	.825	+10	34.78	+11
Printing	38.9	+1	.949	+5	38.36	+9
<b>Others:</b>						
Cigars and tobacco	39.4	+2	.546	+14	21.49	+15
Rubber tires, goods	42.4	+6	.866	+14	36.75	+20
Musical instruments	46.5	+6	.908	+28	42.17	+36

\*Figures from 2688 plants.

†Figures from 2877 plants.

## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Oct. 1942 from		1942 from 10 mos. 1941
	Month ago	Year ago	
<b>Sales</b>			
Total of all lines.....	+ 2	+ 3	+14
Boots and shoes.....	+ 6	+56	+21
Drugs.....	+ 2	+16	+11
Dry goods.....	+ 3	+ 9	+33
Electrical supplies.....	+ 4	-22	-13
Groceries.....	+ 4	+14	+13
Hardware.....	+ 6	-10	+17
Jewelry.....	-14	-23	+ 4
Paper.....	- 9	-19	+33
<b>Inventories</b>			
Total of all lines.....	- 7	-14	.....
Drugs.....	+ 7	+ 1	.....
Dry goods.....	- 6	+10	.....
Electrical supplies.....	-20	-48	.....
Groceries.....	- 7	-23	.....
Hardware.....	- 8	-27	.....
Jewelry.....	- 3	-14	.....
Paper.....	- 2	+ 1	.....

Source: U. S. Department of Commerce.

Indexes: 1935-39 = 100	Adjusted for seasonal variation						Not adjusted		
	Oct. 1942	Sept. 1942	Oct. 1941	Per cent change			Oct. 1942	Sept. 1942	Oct. 1941
				Oct. 1942 from		1942 from 10 mos. 1941			
				Month ago	Year ago				
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	139p	133	118	+ 5	+18	+13	160p	143	136
Philadelphia.....	138	132	115	+ 4	+20	+15	160	143	133
Women's apparel.....	123	118	96	+ 5	+28	+11	141	137	109
Men's apparel.....	117	128	117	- 8	0	-10	131	115	131
Shoe.....	143p	143	106	- 1	+34	+26	160p	163	119
<b>Inventories</b>									
Department stores—District.....	157p	174	132	-10	+19	.....	185p	184	156
Philadelphia.....	157	176	122	-11	+29	.....	187	185	146
Women's apparel.....	149	151	133	- 2	+12	.....	182	177	162
Shoe.....	104p	104	107	0	- 3	.....	112p	112	115
<b>FREIGHT-CAR LOADING</b>									
Total.....	130	131	137	- 1	- 5	+ 1	143	148	150
Merchandise and miscellaneous.....	126	122	138	+ 3	- 8	- 2	151	139	147
Merchandise—l.c.l.....	75	73	106	+ 3	-29	-18	79	77	112
Coal.....	121	137	127	-12	- 5	+ 7	138	143	145
Ore.....	200	193	171	+ 4	+17	+14	271	308	232
Coke.....	197	205	182	- 4	+ 8	+ 9	197	197	182
Forest products.....	132	129	132	+ 3	0	+ 1	134	138	133
Grain and products.....	132	117	113	+13	+17	+ 2	136	119	116
Livestock.....	118	115	99	+ 2	+19	+12	142	137	119
<b>MISCELLANEOUS</b>									
Life insurance sales.....	85	88	133	- 3	-36	-12	78	71	121
Hotels—(1934=100).....									
Occupancy.....				+ 4*	+ 7*	+ 8*	132p	127	124
Income, total.....				+16*	+13*	+14*	155p	133	136
Business liquidations									
Number.....				+ 6*	-38*	-33*	51	48	82
Amount of liabilities.....				-24*	-46*	-55*	19	25	34
Check payments.....	140	151	142	- 7	- 1	+ 5	145	143	146

\*Computed from unadjusted data. p—Preliminary. r—Revised.

Prices	Oct. 1942	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b> (Aug. 1939 = 100)....	170	+ 1	+11	+70
<b>Wholesale</b> (1926 = 100).....	100	0	+ 8	+33
Farm.....	109	+ 1	+21	+79
Food.....	103	+ 1	+16	+54
Other.....	95	0	+ 2	+19
<b>Living costs</b> (1935-1939 = 100)....				
United States.....	119	+ 1	+ 9	+21
Philadelphia.....	117	+ 1	+ 9	+20
Food.....	126	+ 2	+15	+35
Clothing.....	126	0	+13	+27
Rent.....	107	0	+ 1	+ 4
Fuels.....	104	0	0	+ 7
Housefurnishings.....	122	0	+ 8	+22
Other.....	113	0	+ 5	+12

Source: U. S. Bureau of Labor Statistics.

# BANKING STATISTICS

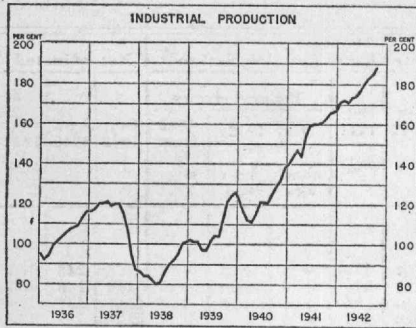
### MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Nov. 18, 1942	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 251	-\$ 9	-\$ 51
Open market paper.....	26	- 2	- 18
Loans to brokers, etc.....	25	- 1	- 4
Other loans to carry secur.....	30	- 2	.....
Loans on real estate.....	47	.....	- 3
Loans to banks.....	.....	.....	.....
Other loans.....	83	- 3	- 30
<b>Total loans.....</b>	<b>\$ 462</b>	<b>-\$17</b>	<b>-\$106</b>
Government securities.....	\$ 902	+\$24	+\$450
Obligations fully guar'eed.....	63	- 1	- 36
Other securities.....	245	- 1	- 23
<b>Total investments.....</b>	<b>\$1210</b>	<b>+\$22</b>	<b>+\$391</b>
<b>Total loans &amp; investments.....</b>	<b>\$1672</b>	<b>+\$ 5</b>	<b>+\$285</b>
Reserve with F. R. Bank.....	430	+ 26	- 116
Cash in vault.....	28	+ 1	+ 1
Balances with other banks.....	108	+ 5	*
Other assets—net.....	66	.....	- 10
<b>Liabilities</b>			
Demand deposits, adjusted.....	\$1482	+\$49	+\$222
Time deposits.....	160	- 1	- 88
U. S. Government deposits.....	42	+ 31	+ 21
Interbank deposits.....	389	+ 22	*
Borrowings.....	.....	.....	.....
Other liabilities.....	12	- 2	- 4
Capital account.....	219	.....	+ 4

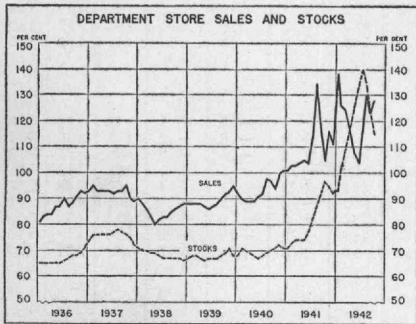
\*Reciprocal bank balances now reported net.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Oct. 28	Nov. 4	Nov. 11	Nov. 18	
<b>Sources of funds:</b>					
Reserve Bank credit extended in district.....	-12.1	- 2.3	+17.8	- 2.3	+ 1.1
Commercial transfers (chiefly interdistrict).....	+17.1	+31.2	+19.9	+ 8.1	+76.3
Treasury operations.....	+15.0	-38.8	+13.9	+ 3.1	- 6.8
<b>Total.....</b>	<b>+20.0</b>	<b>- 9.9</b>	<b>+51.6</b>	<b>+ 8.9</b>	<b>+70.6</b>
<b>Uses of funds:</b>					
Currency demand.....	+ 7.9	+12.6	+ 6.5	+ 5.7	+32.7
Member bank reserve deposits.....	+ 9.2	-25.2	+46.2	- 3.1	+27.1
"Other deposits" at Reserve Bank.....	+ 3.1	+ 3.0	- 0.8	+ 6.7	+12.0
Other Federal Reserve accounts.....	- 0.2	- 0.3	- 0.3	- 0.4	- 1.2
<b>Total.....</b>	<b>+20.0</b>	<b>- 9.9</b>	<b>+51.6</b>	<b>+ 8.9</b>	<b>+70.6</b>
<b>Federal Reserve Bank of Phila.</b> (Dollar figures in millions)					
	Nov. 18, 1942	Changes in—			
		Four weeks	One year		
Bills discounted.....	\$ 0.9	-\$ 0.2	+\$ 0.5		
Bills bought.....	.....	.....	.....		
Industrial advances.....	5.1	- 0.2	+ 1.3		
U. S. securities.....	361.7	+ 43.1	+ 189.7		
<b>Total.....</b>	<b>\$367.6</b>	<b>+\$42.7</b>	<b>+\$191.5</b>		
Note circulation.....	802.1	+ 31.7	+ 271.2		
Member bk. deposits.....	642.6	+ 27.1	- 111.7		
U. S. general account.....	12.7	- 28.6	- 38.3		
Foreign deposits.....	67.6	- 2.1	- 32.6		
Other deposits.....	21.4	+ 12.0	+ 10.4		
Total reserves.....	1192.8	- 3.8	- 102.5		
Reserve ratio.....	77.1%	- 2.3%	- 12.4%		
<b>Member bank reserves</b> (Daily averages; dollar figures in millions)		Held	Re- quired	Ex- cess	Ratio of excess to re- quired
<b>Phila. banks</b>					
1941: Nov. 1-15..	\$557	\$306	\$251	82%	
1942: Oct. 1-15..	388	324	64	20	
Oct. 16-31..	391	335	56	17	
Nov. 1-15..	393	337	56	17	
<b>Country banks</b>					
1941: Nov. 1-15..	\$223	\$138	\$ 85	62%	
1942: Oct. 1-15..	233	162	71	44	
Oct. 16-31..	233	168	65	39	
Nov. 1-15..	235	170	65	39	

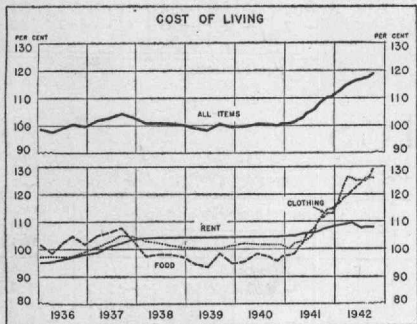
# National Summary of Business Conditions



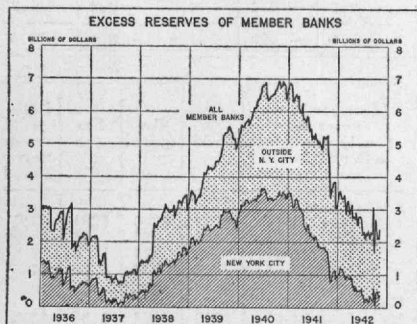
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for October 1942.



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



Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through September 1940, monthly thereafter. Latest figures shown are for October 1942.



Wednesday figures, partly estimated. Latest figures shown are for November 11, 1942.

Industrial output expanded further in October and the first half of November. Retail food prices continued to advance while prices of other commodities generally showed little change. Distribution of commodities to consumers was maintained in large volume.

**Production.** Industrial production continued to advance in October and the Board's seasonally adjusted index rose 3 points to 188 per cent of the 1935-1939 average. Gains in armament production accounted for most of the increase, and it is estimated that currently well over 50 per cent of total industrial output is for war purposes. In lines producing durable manufactures, approximately 80 per cent of output now consists of products essential to the war effort.

Steel output reached a new high level in October as production expanded to 100 per cent of rated capacity. In the first half of November output declined slightly to around 99 per cent, reflecting some shutdowns for furnace repairs, according to trade reports. Activity in industries producing nondurable goods declined less than seasonally in October. Production of foods, especially canning, was unusually large for this time of year and output of textiles continued at a high level. Mineral production, which usually increases in October, declined slightly this year owing chiefly to a decrease in coal production which had been maintained in large volume throughout the summer.

Value of construction contracts awarded in October increased somewhat over that of September, according to reports of the F. W. Dodge Corporation. Publicly-financed projects continued to account for over 90 per cent of total awards.

The Department of Commerce estimates that, in the third quarter of 1942, expenditures for new construction amounted to 4.2 billion dollars, of which 3.5 billion came from public funds. For the first nine months of this year the corresponding figures were 10.2 and 7.7 billion dollars. Construction of military and naval facilities and of industrial buildings accounted for the bulk of the expenditures.

**Distribution.** Department stores sales increased in October and the Board's seasonally adjusted index rose to 129 per cent of the 1923-1925 average as compared with 123 in September and 130 in August. In the first half of November sales increased further and were 17 per cent larger than in the corresponding period last year, reflecting in part price advances of about 10 per cent.

Railroad shipments of freight were maintained in large volume during October and declined seasonally in the first half of November.

**Commodity prices.** Retail food prices continued to advance sharply from the middle of September to the middle of October and further increases are indicated in November. Prices of most other goods and services increased slightly in this period. In the early part of October maximum price controls were established for a number of additional foods. Maximum price levels for many other food products have been raised, however, and the Office of Price Administration reports on the basis of a recent survey that in numerous instances sellers are not complying fully with the regulations now in effect.

**Bank credit.** Excess reserves of member banks were 2.5 billion dollars in the middle of November, a somewhat higher level than generally prevailed in the preceding four months. At New York City banks excess reserve amounted to about 500 million dollars.

Additions to member bank reserve balances during the four weeks ending November 18 were the net result of an increase of 500 million dollars in Reserve Bank holdings of Government obligations, which approximately covered the continued heavy currency drain, and a decrease of 200 million in Treasury balances at the Reserve Banks.

Holdings of Government securities by reporting banks in 101 cities increased by 1.9 billion dollars to 24 billion during the four weeks ending November 11. Almost half of the increase occurred at New York City banks. There were substantial increases in holdings of Treasury notes, bonds, and certificates, and a smaller increase in Treasury bills, while holdings of guaranteed obligations declined. These changes reflected new offerings and retirements by the Treasury during the period.

Commercial and industrial loans at reporting member banks in leading cities increased somewhat during the first two weeks of November. Brokers' loans in New York City increased around Government financing dates, but subsequently declined.

**United States Government security prices.** Prices of United States Government securities were steady in the four weeks ending November 18. Long-term taxable bonds yielded 2.32 per cent, and 3-month Treasury bills sold at a yield of 0.37 per cent.

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