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THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

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THE SECOND WAR LOAN DRIVE

The armed forces determine the amount of munitions that is needed, in a war for survival, to achieve victory. In the present war, more than one-half of our resources must be devoted to war use. No program of war finance, which translates physical requirements into monetary terms, can reduce these real sacrifices. The size of the budget, however, depends upon prices as well as physical quantities. An effective program of war finance, by limiting rises in prices, can be of great help in assuring that the real sacrifices are equitably distributed with a minimum of friction.

Expenditures are now running at a rate of about \$7 billion a month and will average \$9 billion according to the budget for the fiscal year beginning July 1, 1943. Against these expenditures, net receipts, assuming no new taxes, are expected to average about \$3 billion a month. In the absence of additional tax revenue, the Treasury will have to borrow at the high rate of about \$6 billion a month.

The United States Treasury War Finance Committee was created by the Secretary of the Treasury on March 1, 1943, to integrate the activities of the Victory Fund Committee and the War Savings Staff in the sale of all Government securities. The next borrowing campaign will begin April 12 with a goal of \$13 billion, of which at least \$8 billion is to be raised from nonbanking investors.

The requirements, though enormous, are not

out of proportion to the capacity of the people to invest. Government expenditures in large part pass into the pockets or bank accounts of individuals and business concerns. Such income at a time when the amount of goods available for consumers is declining is resulting in accumulations of funds for investment. Last year nonbanking investors added \$24-\$25 billion to their holdings of Government securities, and they are in a position to make even larger purchases this year.

Individuals have many reasons to invest in Government securities. They have a patriotic desire to back up the men on the fighting fronts. They can do this through the purchase of bonds and at the same time build up a backlog of buying power to use after the war is won. A further reason is that such purchases restrain inflation. Even with higher taxes people will have more money to spend at a time when the amount of goods available is declining because of the demands of war production. If people would try to spend this excess purchasing power, the upward pressure on prices would be serious. If, on the other hand, individuals lend money to the Government, they transfer for the time being that amount of purchasing power from themselves to the Government. Not only does the Government have more money for essential war purposes, but the investor has that much less to spend on the restricted supply of civilian goods.

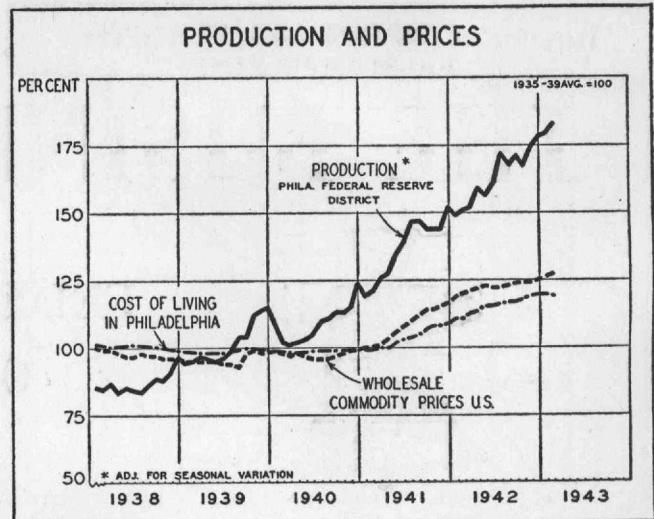
To the extent that others do not purchase

sufficient Government securities, the Treasury will have to borrow from banks. When a commercial bank lends money to the Government, private spending is not checked because such bank purchases create deposits. As the Government pays out the money, it adds to the pool of purchasing power.

The Treasury is offering for sale during the April campaign a series of securities adapted to the needs of every type of investor. In addition to the Series C Tax Savings Notes, Series E, F, and G Savings Bonds, and Treasury Bills, which are available currently, three new issues will be offered. All three will be dated April 15, 1943. They comprise: (1) 2½ per cent Treasury Bonds, which will mature on June 15, 1969, and are redeemable at the option of the Government on or after June 15, 1964—commercial banks may not hold these securities for their own account until April 15, 1953; (2) 2 per cent Treasury Bonds, which will mature on September 15, 1952, and are redeemable at the option of the Government on or after September 15, 1950; (3) ⅞ per cent certificates of indebtedness which will mature on April 1, 1944. Total sales to commercial banks will be limited to about \$2 billion of the 2 per cent bond issue and a like amount of the certificate issue. Bank subscriptions to the 2 per cent bonds will be accepted from April 28 to April 30 and on the certificate issue from April 12 to April 14 inclusive. For others than banks the books on all issues will open on April 12 and will be closed upon order of the Treasury.

BUSINESS CONDITIONS

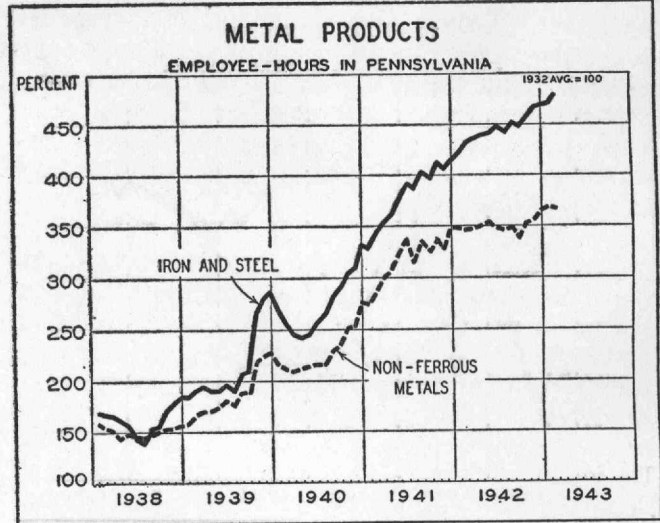
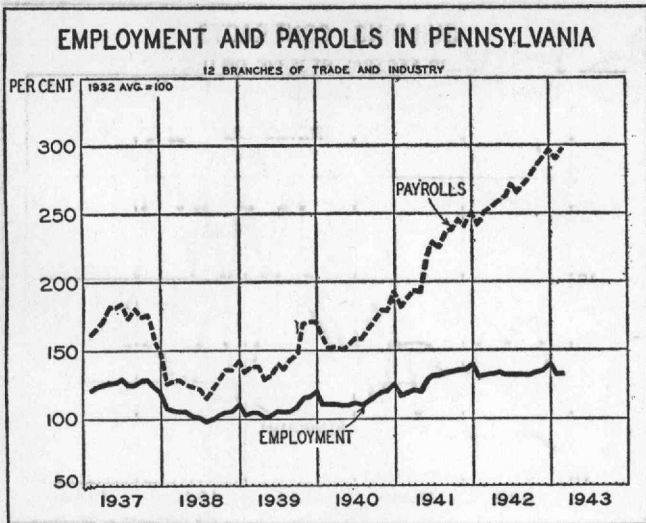
Manufacturing. Military and lend-lease requirements are increasingly reflected in sustained heavy demand for many of the factory products in this district. In some durable goods lines, orders have risen to new peaks and in others, commitments approximate the high levels reached late last year. The principal exception is in sales of building materials, which have been declining with growing restrictions on nonessential construction. Recent increases in sales of nondurable products, including certain textiles and leather manufactures, have been due in large part to expanding Government requirements. The demand from civilian sources remains strong, but supplies available for all but the most essential purposes are declining steadily.



Manufacturing operations are still expanding in certain munitions and other heavy industries with the completion of new productive facilities. Some of the establishments turning out lighter products also are more active than they were earlier this year, but in many lines production is restricted by shortages of manpower, materials, and in the case of leather footwear, by WPB directives. Unfilled orders generally have increased somewhat recently. Shipments of finished munitions are again expanding, and deliveries of some merchandise for civilian use have increased in preparation for spring sales.

Factory employment in Pennsylvania rose slightly further in February to a new peak estimated at over 1,200,000 and wage disbursements increased about 2 per cent to a record level of \$47,700,000 a week. Compared with a year ago, the number of wage earners showed a gain of 5 per cent, and payrolls an increase of 24 per cent. Total employee hours worked rose 2 per cent in the month to a level 11 per cent above February 1942. Expanding production of war materials continues largely responsible for the sustained upward trend of employment, wage payments, and working time.

Earnings of workers at reporting factories in Pennsylvania reached a new high average of about 97 cents an hour in February, continuing an advance that has been uninterrupted for a year and a half. Working time averaged a little over 44 hours a week, the highest since June 1930. The weekly income of wage earners reached a new peak, averaging \$42.69 in February, as against \$42.02 in the preceding month,



and \$26.64 at the beginning of the defense program in June 1940.

In Delaware factories, employment and wage payments increased 2 per cent from January to February, and total working time rose 1 per cent. Gains over a year ago have been relatively larger than in Pennsylvania, employment being nearly one-third greater, payrolls 58 per cent, and employee hours 39 per cent.

The output of factory products in this district expanded more than seasonally in February to a level 23 per cent above a year earlier. Reflecting further substantial gains in munitions and allied industries, the production of durable goods on an adjusted basis increased 3 per cent in the month and was 42 per cent greater than in February 1942. Output of lighter products was about the same as in January and a year ago.

Production and sales of electric power increased from January to February. Gains of 10 per cent in output and 8 per cent in total sales over 1942 were reported.

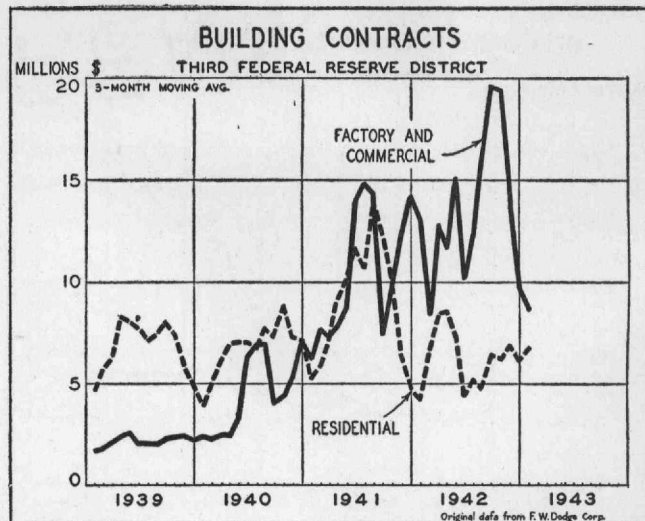
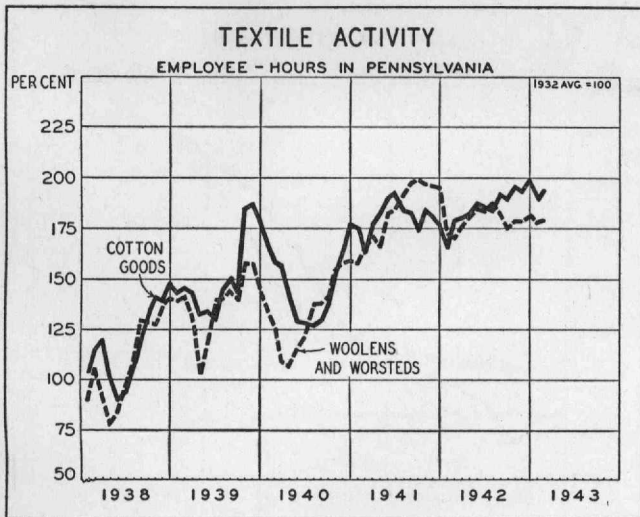
Coal and other fuels. The market for fuels continues exceptionally active. Mine sales of anthracite are larger than usual for the season, as dealers are still replenishing stocks depleted by heavy consumer purchases earlier this year. Expanding activity in war industries and essential civilian lines is reflected in a further increase in the demand for bituminous coal and coke. Declining reserves of petroleum products have necessitated a 50 per cent reduction in

gasoline allowed holders of "A" cards in the Eastern rationing area.

Production of anthracite increased sharply in February, the first full month in which all mines operated on a six-day schedule. Output, exceeding 5 million tons, was 7 per cent greater than a year earlier, and the largest for the month since 1936. Production continued well above the 1942 level during the first half of March. Requirements for this year have been set tentatively at 65 million tons, as against the 60 million turned out in the twelve months ended last December.

Production of bituminous coal in Pennsylvania was unusually well maintained in February, reflecting partly the general adoption of a longer work week in the mines. Output expanded considerably in early March, on the basis of preliminary reports, and was substantially larger than a year earlier. Shipments averaged 36,000 tons a day in February, as against 34,000 in the preceding month and slightly over 31,000 a year ago. Failure of operators and miners to agree on a new contract by the end of March would not be likely to result in a shutdown at bituminous coal mines in this section, as union representatives have agreed to maintain operations through April, while negotiations continue.

Building. Construction operations in this district declined further in February, continuing the downward trend that began last fall, after the WPB ordered building not vital to the war effort discontinued for the duration. Current



activity is directed chiefly to the completion of essential facilities, including a large number of war housing projects.

New awards of building contracts increased sharply to approximately \$25 million in February. Exceptionally large gains were reported in contracts for certain types of commercial structures and for multiple family dwellings, principally to house war workers. Total awards, however, were far below the high levels prevailing in the final quarter of 1942, when the average was above \$50 million a month. Placements in February were 6 per cent less than a year earlier, and in the first two months of 1943 were 16 per cent smaller.

Trade. Retail sales in this district expanded very sharply from January to February, influenced principally by heavy anticipatory purchases of clothing. On an adjusted basis, increases ranged from 18 per cent at department stores to 60 per cent at women's apparel stores. Gains over a year ago were substantial in all cases. The buying wave in apparel reached a peak in the last week of February, and had largely subsided by mid-March, when total dollar sales by reporting stores approximated the 1942 level. This decline probably reflected also heavier and more widespread payments of income taxes this year.

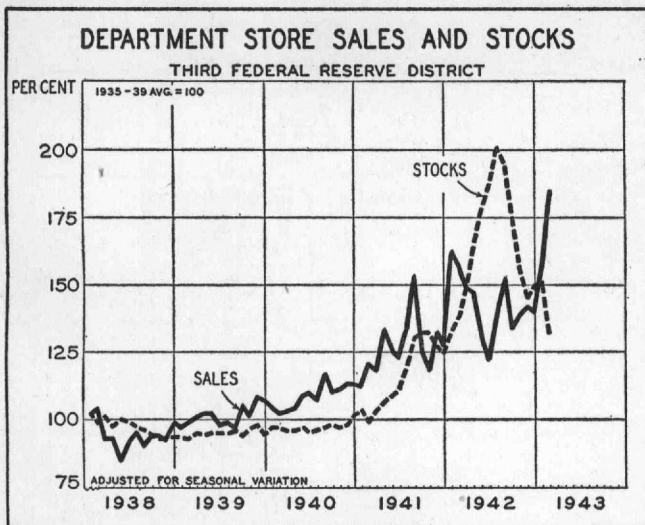
Inventories at department, women's apparel, and shoe stores declined in February, instead of increasing, as is customary in advance of the spring season. Stocks at the end of the month were smaller than a year earlier, except at women's apparel stores, where the increase nar-

rowed to 5 per cent, from 27 per cent at the close of January. Merchandise on order at department stores increased further in February, continuing above year ago levels for the fifth successive month.

Wholesale trade sales rose 6 per cent in February, reflecting substantial gains in groceries, hardware, jewelry, and paper. Aggregate sales were about the same as a year earlier. Inventories increased slightly in February, although they were sharply smaller than a year ago, with declines exceeding 20 per cent in all reporting lines except dry goods and paper.

Primary distribution by rail and motor truck continues unusually active, reflecting increasing shipments of war and essential civilian goods, and a heavy movement of raw materials to industrial centers. Freight-car loadings in this section increased 9 per cent on an adjusted basis in February, owing to larger shipments of commodities other than ore and livestock. The number of cars loaded continues smaller than a year ago, but with heavier loadings the volume of freight moved is substantially larger.

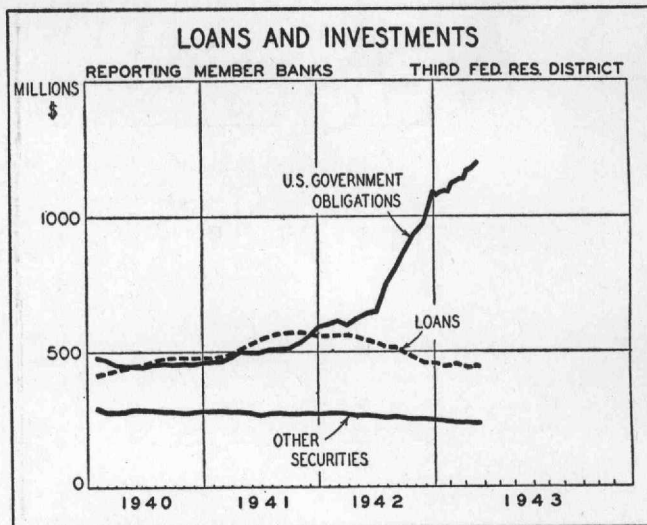
Banking conditions. Sales of Treasury securities to the public during the past month were confined to continued offerings of savings bonds and stamps, tax savings notes, and bills. In the first 24 days of March, sales of savings bonds—E, F and G combined—totaled about \$37 million, issue price, in this district. This was little less than in February, despite the incidence of income taxes. Sales of tax notes were larger than in the February period, and weekly allotments of Treasury bills in March reached a new high average of nearly \$23 million.



At reporting banks in this district investments in Governments have been rising with few interruptions since the close of the Victory Fund drive. Holdings were increased \$63 million to nearly \$1,200 million in the four weeks ended March 24, principally through purchases of bills and certificates. Governments now constitute nearly two-thirds of the total earning assets of these banks and are \$750 million larger than at the beginning of the defense effort in 1940.

Commercial loans increased somewhat in recent weeks as disbursements were made on credits to war industries. With liquidation in less essential lines, however, the volume of commercial advances now on the books of reporting banks is 19 per cent less than a year ago, when peak levels for late years were attained. Reduction in consumer instalment credit is indicated by contraction in unclassified loans. Throughout the country the volume of direct consumer instalment loans extended by the commercial banks has declined sharply since the fall of 1941, and total consumer credit is estimated to have dropped about \$4 billion to \$5¾ billion in January.

Evidence of rapidly expanding consumer purchasing power is given by the sharply rising trend of adjusted demand deposits as the Treasury continues huge disbursements, partly on the basis of funds obtained from banks. In less than three months these deposits, which exclude United States Government and interbank balances, have risen \$160 million to \$1,602 million at reporting banks in this district, despite an active demand for currency over much of the



period and recent heavy income tax payments. The increase since June 1940 approaches \$600 million.

The combined reserves of all member banks in the district on March 24 were \$678 million; this volume was substantially larger than a year ago, but requirements against expanding deposits have risen more than commensurately over the twelve months. The gain of \$11 million in the past four weeks was principally at the country banks, where reserves exceed requirements by about 39 per cent, as compared with an estimated 14 per cent at members in Philadelphia.

Sustained by income taxes, total receipts of the Treasury in this district during the past four weeks were \$46 million larger than expenditures, which nationally may reach a record high of \$7 billion in March. Local figures show that the funds absorbed by the Treasury and the smaller amounts taken up by other operations were more than balanced by reserves gained by banks in interdistrict transactions.

Bank borrowing from the Reserve Bank is virtually non-existent, and the volume of Treasury bills held under the repurchase option is small. Combined statements of the twelve Reserve Banks show that investments in Treasury bonds and notes have been reduced substantially since early this year, but aggregate holdings of Governments have been sustained recently by special one-day certificates purchased from the Treasury to promote stable conditions in the money market during the period of heavy tax collections.

BUSINESS STATISTICS

Production *Philadelphia Federal Reserve District*

Employment and Income *in Pennsylvania*

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	Feb. 1943	Jan. 1943	Feb. 1942	Per cent change		1943 from 2 mos. 1942	Feb. 1943	Jan. 1943	Feb. 1942
				Feb. 1943 from					
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	149p	145	123	+3	+21	+21	149	144	123
MANUFACTURING	153p	150	124	+2	+23	+23	152p	148	124
Durable goods	251p	243	177	+3	+42	+41			
Consumers' goods	88p	88	89r	0	0	0			
Metal products	170	174r	152	-3	+12	+12	171	168	154
Textile products	67p	67	71r	0	-6	-5	71p	68	77r
Transportation equipment	681	634	354	+7	+93	+93	673	642	352
Food products	98p	101	89	-3	+10	+11	96p	99	86
Tobacco and products	134	138	138	-3	-3	0	113	114	116
Building materials	55p	54	62	+1	-12	-13	46p	45	52
Chemicals and products	151	148	146	+2	+4	0	150	145	145
Leather and products	106p	105	123r	+1	-14	-13	112p	109	130r
Paper and printing	91	91r	93	0	-2	-2	91	91r	93
Individual lines									
Pig iron	107	103	108	+4	0	-6	110	100	111
Steel	129	136	124	-5	+4	+4	136	133	130
Silk manufactures	80	77r	75	+5	+7	+10	85	79	80
Woolens and worsteds	57p	58	63r	-1	-10	-11	58p	58	65r
Gotton products	57	59	53r	-3	+6	+10	61	60	57r
Carpets and rugs	51p	50	62r	+2	-18	-21	52p	50	64r
Hosiery	79	77r	84	+7	+6	+6	82	80r	87
Underwear	147	153	137	-7	+7	+8	160	155	149
Cement	88p	80	104	+10	-15	-18	62p	56	73
Brick	67	71	73	-5	9	5	64	66	70
Lumber and wood products	28	30	31	-6	-10	-12	27	27	30
Bread and bakery products				-3*	+10*	+13*	108	111	98
Slaughtering, meat packing	93	91	94	+2	-1	-4	94	100	95
Sugar refining	63	112	25	-43	+155	+117	82	77	32
Canning and preserving	115p	115	97	0	+18	+16	107p	111	90
Cigars	134	138	138	-3	3	2	112	113	116
Paper and wood pulp	84	84	90	0	-7	-8	84	83	90
Printing and publishing	93	92r	94	0	-1	-1	93	92r	94
Shoes	125	125	132	0	-5	-3	131	128	139
Leather, goat and kid	87p	86	113r	+1	-23	-25	94p	91	122r
Paints and varnishes	94	101r	100	-7	-6	-4	92	91r	98
Coke, by-product	154	161	148	-4	+4	+4	162	161	156
COAL MINING	76	59	71	+29	+6	+2	83	68	78
Anthracite	74p	56	69	+32	+7	+3	81p	65	76
Bituminous	90	83r	90r	+8	-1	-2	98	94r	98r
CRUDE OIL	423	450	455	-6	-7	-6	423	432	455
ELEC. POWER—OUTPUT	378	374	344	+1	+10	+9	401	397	365
Sales, total	390	391	360	0	+8	+9	422	403	389
Sales to industries	318	326	286	-3	+11	+15	314	317	283
BUILDING CONTRACTS									
TOTAL AWARDS†	131	165	107	-20	+23	+45	130	183	106
Residential†	82	64	50	+27	+63	+46	58	52	36
Nonresidential†	163	190	157	+14	+4	+12	165	205	158
Public works and utilities†	214	398	156	-46	+37	+121	256	510	188

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

Local Business Conditions *

Percentage Change—February 1943 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Jan. 1943	Feb. 1942	Jan. 1943	Feb. 1942	Jan. 1943	Feb. 1942	Jan. 1943	Feb. 1942	Jan. 1943	Feb. 1942
	Allentown	-1	+4	+1	+14	-88	-97	+22	+5	-14	+2
Altoona	0	-4	-1	-5	-32	-96	+26	+3	-3	-8
Harrisburg	-1	-4	-1	+9	-94	-82	+24	+26	-12	+2
Johnstown	+1	-8	-2	+1	-90	-89	+36	-3	-7	-10
Lancaster	+1	+10	+2	+35	+51	-57	+28	+31	+7	+4
Philadelphia	+1	+17	+2	+42	+68	-77	+22	+22	+7	+12
Reading	0	-7	+3	+12	+87	-20	+24	+21	-13	+4
Scranton	+3	+3	+5	+16	+204	-64	+37	+18	-2	-9
Trenton					+173	-35	+30	+37	+8	+5
Wilkes-Barre	0	+11	+2	+23	-29	-29	+22	+28	-11	+5
Williamsport	+1	+12	+3	+32	+121	-61			-7	+32
Wilmington	+2	+42	+2	+78	+331	-5	+24	+13	-25	+8
York	-1	0	0	+17	-86	-94	+25	+23	-7	+12

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

Industry, Trade and Service

Indexes: 1932 = 100	Employment			Payrolls		
	Feb. 1943 index	Per cent change from		Feb. 1943 index	Per cent change from	
		Jan. 1943	Feb. 1942		Jan. 1943	Feb. 1942
GENERAL INDEX	132	0	0	298	+3	+18
Manufacturing	183	+1	+5	441	+2	+24
Anthracite mining	55	+9	-15	100	+61	+16
Bituminous coal mining	90	-3	-15	370	+18	+13
Building and construction	41	-9	-15	89	+18	+3
Quar. and nonmet. mining	104	-5	-10	303	-4	-2
Crude petroleum prod.	136	-1	-3	210	+5	+9
Public utilities	100	0	-4	131	0	+2
Retail trade	107	-2	-5	141	-1	-5
Wholesale trade	113	+3	-9	143	+1	-3
Hotels	97	+1	0	144	+1	+11
Laundries	109	0	-4	162	-2	+1
Dyeing and cleaning	91	0	-9	137	-1	+7

Manufacturing

Indexes: 1923-5 = 100	Employment*			Payrolls*		
	Feb. 1943 index	Per cent change from		Feb. 1943 index	Per cent change from	
		Jan. 1943	Feb. 1942		Jan. 1943	Feb. 1942
TOTAL	118	+1	+5	180	+2	+24
Iron, steel and products	129	+1	+8	254	+2	+24
Nonferrous metal products	193	0	+3	374	0	+26
Transportation equipment	139	+3	+34	231	+4	+58
Textiles and clothing	88	+1	-4	120	+5	+14
Textiles	80	+1	-4	111	+4	+16
Clothing	120	+2	-5	163	+7	+8
Food products	111	-3	0	149	-1	+14
Stone, clay and glass	90	-2	-8	120	0	0
Lumber products	52	0	+4	71	+3	+5
Chemicals and products	120	0	+4	189	+1	+21
Leather and products	91	-1	-8	127	+1	+6
Paper and printing	101	0	-4	134	+2	+5
Printing	92	0	-1	116	+2	+7
Others:						
Cigars and tobacco	65	-1	-12	81	0	+12
Rubber tires, goods	120	0	+34	219	+1	+75
Musical instruments	74	-1	+8	120	+1	+45

* Figures from 2927 plants.

Hours and Wages

Factory workers Averages February 1943 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
Iron, steel and prod.	45.4	+5	1,046	+10	47.42	+15
Nonfer. metal prod.	44.6	+5	925	+17	41.28	+27
Transportation equip.	47.5	0	1,118	+12	53.10	+12
Textiles and clothing	40.0	+5	684	+12	27.25	+19
Textiles	40.8	+6	709	+13	28.89	+21
Clothing	38.1	+3	623	+10	24.00	+15
Food products	42.6	+5	732	+10	31.53	+15
Stone, clay and glass	38.5	0	858	+8	33.00	+3
Lumber products	43.6	+9	677	+13	29.37	+24
Chemicals and prod.	42.1	+7	995	+7	42.16	+16
Leather and prod.	40.8	+3	692	+12	28.12	+15
Paper and printing	41.9	+2	841	+8	35.90	+10
Printing	38.8	+1	964	+6	38.78	+8
Others:						
Cigars and tobacco	41.1	+10	558	+16	22.90	+27
Rubber tires, goods	43.6	+10	930	+19	40.53	+31
Musical instruments	48.2	+12	879	+20	42.41	+34

* Figures from 2753 plants. † Figures from 2927 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	February 1943 from		1943 from 2 mos. 1942
	Month ago	Year ago	
Sales			
Total of all lines.....	+ 6	0	+ 3
Boots and shoes.....	-10	- 5	+ 5
Drugs.....	- 4	+ 4	+ 6
Dry goods.....	- 1	+ 3	+ 6
Electrical supplies.....	- 7	+10	+29
Groceries.....	+10	+10	+ 6
Hardware.....	+19	- 9	-13
Jewelry.....	+29	- 4	0
Paper.....	-16	-50	-47
Inventories			
Total of all lines.....	+ 1	-21	.....
Dry goods.....	+ 4	- 8	.....
Electrical supplies.....	- 6	-30	.....
Groceries.....	+ 2	-21	.....
Hardware.....	0	-37	.....
Jewelry.....	- 5	-36	.....
Paper.....	+11	-11	.....

Source: U. S. Department of Commerce.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Feb. 1943	Jan. 1943	Feb. 1942	Per cent change			Feb. 1943	Jan. 1943	Feb. 1942
				Feb. 1943 from		1943 from 2 mos. 1942			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	185p	157	157	+18	+18	+ 5	137p	112	116
Philadelphia.....	184	157	155	+17	+19	+ 7	138	114	116
Women's apparel.....	216	135	135	+60	+60	+27	155	116	97
Men's apparel.....	199	126	161	+58	+23	-11	157	115	127
Shoe.....	208p	174	183	+20	+14	+ 8	139p	132	123
Inventories									
Department stores—District.....	131p	151	138	-13	- 5	.....	130p	132	137
Philadelphia.....	131	151r	135	-13	- 3	.....	128	134r	132
Women's apparel.....	144	165	137	-13	+ 5	.....	141	144	134
Shoe.....	104p	110	124	- 5	-16	.....	97p	99	115
FREIGHT-CAR LOADINGS									
Total	138	127	146	+ 9	- 6	-10	127	121	135
Merchandise and miscellaneous.....	135	126	151	+ 7	-11	-15	123	118	138
Merchandise—L.c.l.....	85	79	114	+ 9	-25	-28	80	74	107
Coal.....	137	115	132	+19	+ 4	- 1	143	129	137
Ore.....	173	190	170	- 9	+ 2	+ 4	66	72	63
Coke.....	181	174	180	+ 4	0	- 1	193	200	193
Forest product.....	134	119	130	+12	+ 3	- 5	108	96	105
Grain and products.....	144	129	129	+11	+12	+ 4	126	125	115
Livestock.....	111	115	101	- 3	+10	+ 9	101	116	92
MISCELLANEOUS									
Life insurance sales.....	93	94	114	0	-18	-41	101	89	123
Hotels—(1934 = 100).....									
Occupancy.....				+ 7*	+26*	+23*	147p	138	117
Income, total.....				+ 6*	+28*	+27*	171p	161	134
Business liquidations									
Number.....				- 8*	-48*	-50*	36	39	69
Amount of liabilities.....				+13*	+27*	+17*	29	26	23
Check payments.....	165	154	151	+ 7	+10	+ 7	160	153	146

* Computed from unadjusted data.

p—Preliminary.

r—Revised.

Prices	Feb. 1943	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic Commodities (Aug. 1939 = 100)...	175	+ 1	+ 6	+75
Wholesale (1926 = 100).....	102	+ 1	+ 6	+37
Farm.....	119	+ 2	+17	+95
Food.....	106	+ 1	+12	+57
Other.....	96	0	+ 1	+20
Living costs (1935-1939 = 100)				
United States.....	121	0	+ 7	+23
Philadelphia.....	119	0	+ 7	+22
Food.....	130	0	+13	+39
Clothing.....	125	0	+ 8	+27
Fuels.....	105	0	+ 2	+ 9
Housefurnishings.....	122	0	+ 3	+22
Other.....	114	0	+ 4	+13

Source: U. S. Bureau of Labor Statistics.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Mar. 24, 1943	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 231	+\$ 6	-\$ 54
Open market paper.....	15	- 1	25
Loans to brokers, etc.....	27	- 1	+ 1
Other loans to carry secur.....	11	.....	*
Loans on real estate.....	44	- 2	- 5
Loans to banks.....	.....	.....	.....
Other loans.....	117	- 5	*
Total loans	\$ 445	-\$ 3	-\$114
Government securities.....	\$1129	+ 63	+ 625
Obligations fully guar'eed.....	69	.....	- 23
Other securities.....	228	- 2	- 36
Total investments	\$1426	+\$61	+\$566
Total loans & investments	\$1871	+\$58	+\$452
Reserve with F. R. Bank.....	437	+ 4	+ 6
Cash in vault.....	28	- 1	+ 2
Balances with other banks.....	102	-14	+ 7
Other assets—net.....	63	- 2	- 7
Liabilities			
Demand deposits, adjusted.....	\$1602	+\$29	+\$332
Time deposits.....	166	- 2	+ 18
U. S. Government deposits.....	107	- 2	+ 67
Interbank deposits.....	394	+ 20	↑
Borrowings.....	.....	.....	.....
Other liabilities.....	12	.....	- 4
Capital account.....	220	.....	+ 3

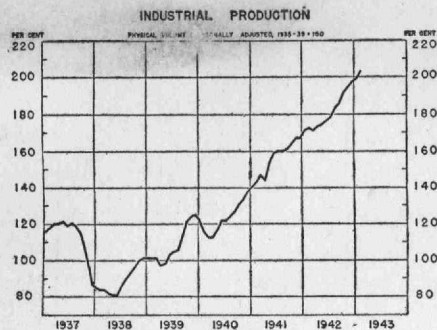
*Not available. †Reciprocal bank balances now reported net.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Mar. 3	Mar. 10	Mar. 17	Mar. 24	
Sources of funds:					
Reserve Bank credit extended in district.....	- 3.8	+ 5.4	- 6.0	- 0.0	- 4.4
Commercial transfers (chiefly interdistrict).....	+22.6	+ 0.2	+24.5	+25.4	+72.7
Treasury operations.....	- 3.5	+23.0	-15.8	-49.8	-46.1
Total	+15.3	+28.6	+ 2.7	-24.4	+22.2
Uses of funds:					
Currency demand.....	+ 6.3	+ 5.5	- 6.6	- 1.9	+ 3.3
Member bank reserve deposits.....	+ 5.5	+19.4	+10.3	-24.1	+11.1
"Other deposits" at Reserve Bank.....	+ 3.4	+ 3.4	- 1.3	+ 1.2	+ 6.7
Other Federal Reserve accounts.....	+ 0.1	+ 0.3	+ 0.3	+ 0.4	+ 1.1
Total	+15.3	+28.6	+ 2.7	-24.4	+22.2

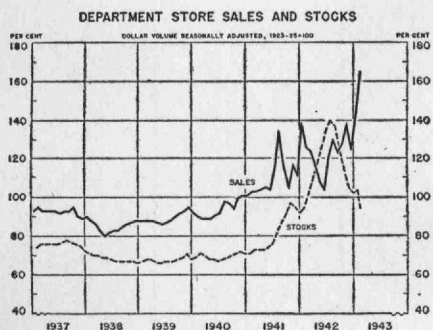
Federal Reserve Bank of Phila. (Dollar figures in millions)	Mar. 24, 1943	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.4	-\$0.2	-\$ 0.4
Bills bought.....	0	0	0
Industrial advances.....	4.5	- 0.0	+ 0.5
U. S. Securities.....	402.5	- 4.3	+ 225.4
Total	\$407.4	-\$4.5	+\$225.5
Note circulation.....	895.1	+ 7.6	+ 290.8
Member bk. deposits.....	677.8	+11.1	+ 59.3
U. S. general acct.....	0.2	-11.1	- 15.9
Foreign deposits.....	71.8	+ 4.3	+ 2.9
Other deposits.....	13.0	+ 6.7	+ 0.1
Total reserves	1267.6	+26.4	+ 102.9
Reserve ratio	76.5%	+ 0.8%	- 11.7%

Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Philad. banks				
1942: Mar. 1-15..	\$423	\$298	\$125	42%
1943: Feb. 1-15..	410	362	48	13
Feb. 16-28..	413	366	47	13
Mar. 1-15..	433	372	61	16
Country banks:				
1942: Mar. 1-15..	\$211	\$145	\$66	45%
1943: Feb. 1-15..	252	185	67	37
Feb. 16-28..	254	185	69	37
Mar. 1-15..	261	187	74	40

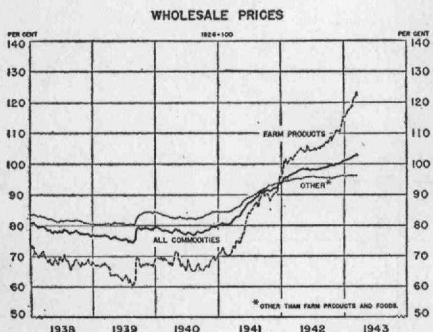
National Summary of Business Conditions



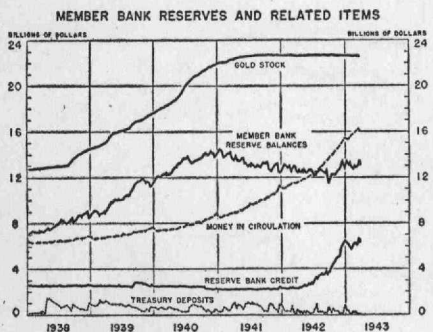
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for February 1943.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for February 1943.



Bureau of Labor Statistics' weekly indexes, 1926 average = 100. Latest figures shown are for week ending March 20, 1943.



Wednesday figures. Latest figures shown are for March 24, 1943.

Industrial activity continued to advance in February and the early part of March. Retail sales of merchandise, particularly clothing, were exceptionally large in February but declined somewhat in March. Wholesale prices, particularly of farm products, advanced further.

Production. Total industrial output continued to increase in February and the Board's adjusted index rose to 203 per cent of the 1935-1939 average as compared with 199 in January. Larger output at coal mines, steel mills, and armament plants was chiefly responsible for the rise in the index. February deliveries of finished munitions, including a record of 130 merchant ships, considerably exceeded the previous month.

Activity at steel mills reached the peak set last October. Operations averaged 98 per cent of the mills' capacity, which has been increased since that time to a figure above 90 million tons of ingots annually.

Lumber production, which declined in January owing largely to unfavorable weather, increased in February somewhat more than is usual at this season.

Output of textile products remained at the high level of other recent months. Cotton consumption was slightly lower than the corresponding month of the previous year, while rayon and wool consumption were somewhat higher than last year. Shoe production, unchanged from January, was close to the level set by the War Production Board order which limits output of shoes for civilians in the six months beginning March 1 to the number produced in the last half of 1942. Meatpacking declined less than seasonally after a reduction in January, while output of most other foods was lower.

Coal output rose sharply in February with the general adoption of the six-day work week in the mines. Operations in the anthracite mines increased to the high level of last summer while output of bituminous coal was the highest in many years.

The value of construction contracts awarded in February was about the same as in January according to reports of the F. W. Dodge Corporation. Total Federal awards for war construction remained at a level about one-third as large as during last summer. Federal awards for housing continued to decline in February.

Distribution. Department store sales increased considerably in February and the Board's seasonally adjusted index rose to a new high level of 167 per cent of the 1923-25 average. Previous peaks had been 143 in January and 138 in January and November 1942. The increase in February reflected a new buying wave that began early in the month and centered chiefly in clothing items. In the first half of March the buying wave subsided somewhat and sales declined from the high level reached during February.

Freight carloadings showed more than a seasonal rise in February and the first two weeks of March and the Board's adjusted index averaged 4 per cent higher than in January. Large off-seasonal movements of grain continued to be the most unusual feature of carloadings.

Commodity prices. Prices of a number of commodities advanced further in February and in the early part of March. Farm products have continued to show the largest increases and prices received by farmers in the middle of March are estimated to be about 30 per cent higher than a year ago. Fruit and vegetable prices are considerably higher now than during the same season last year. Prices of bread grains and grains used for livestock feeding have advanced sharply in recent months and livestock prices have also risen further.

In retail markets the largest advances have continued to be in food prices. In the latter part of February maximum levels were established for leading fresh vegetables following sharp price increases resulting in part from the restrictions on retail sales of canned and dried vegetables and fruits.

Bank credit. Excess reserves of member banks remained generally above 2 billion dollars during the first two weeks of March, compared with an average of about 1.8 billion during the latter part of February. During the four weeks ending March 17 total Reserve Bank holdings of Government securities showed an increase of 470 million dollars. Purchases of special Treasury one-day certificates moderated the effect of large scale shifts of funds over the tax payment period. These purchases began early in March and on March 17 the certificate outstanding was 980 million dollars. Holdings of other United States Government securities declined by 510 millions.

Reflecting the payment of taxes in cash, money in circulation rose less rapidly early in March and declined slightly around the middle of the month.

The gain in reserve funds occurred mainly at banks outside the central reserve cities; at New York city and Chicago banks reserves remained close to requirements.

In the four week period ending March 17 member banks in 101 leading cities increased their holdings of Government securities by 920 million dollars. Prices of Government securities continued steady.

Demand deposits at banks in leading cities increased sharply over the four week period. There were also increases in interbank deposits, indicating accumulation of funds by country banks.