

*M. De Voe*

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

MAY 3, 1943



### *Success of the Second War Loan Drive*

**T**he April drive to obtain funds for war financing resulted in raising approximately \$18 billion throughout the country as against the goal of \$13 billion. Indications are that subscriptions from others than commercial banks almost covered the entire original goal.

Purchases in the Third Federal Reserve District through May 1 by individuals, business concerns and all types of savings and beneficial associations totaled about \$600 million, as against the goal of \$475 million set for the general public.

Commercial banks in this district have applied for nearly \$1.2 billion of Treasury bonds, certificates and bills as against their quota of about \$282 million. They were awarded about \$320 million, all of which was new money to the Treasury. In consequence of a very heavy demand by commercial banks, allotments were unusually low in accordance with the general policy of borrowing funds from nonbank investors to the largest extent possible.

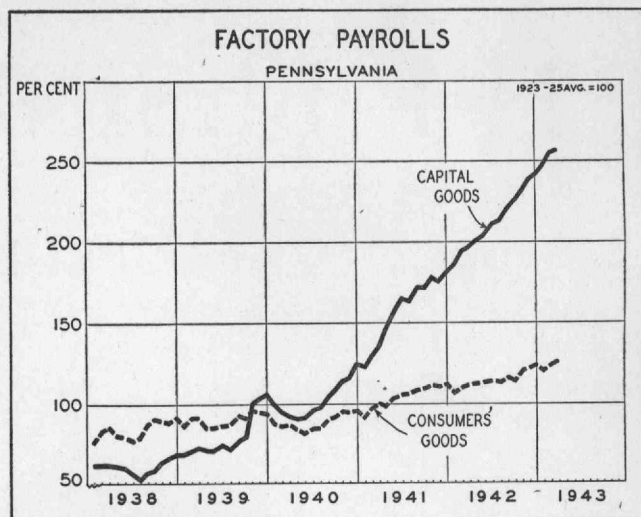
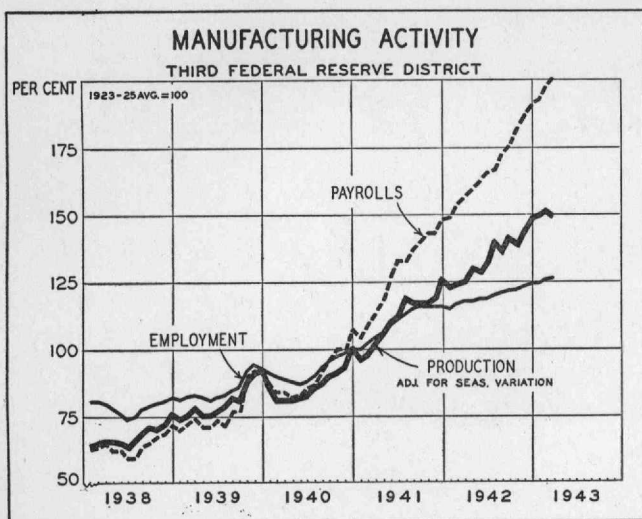
The success of the drive is to be credited to the forceful attack made by the great armies of volunteer workers who gave unsparingly of their time to reach all possible sources of funds in every one of the sixty counties of this district. Theirs was the task of acquainting all of our people with the fiscal requirements of the Government, of the part that they might take in assuring that these requirements would be met, and of the personal advantage accruing

from investment in the best securities in the world. The task will not be finished as long as the war lasts, for there must come other drives to raise such money as the Government needs in addition to that which has been received through taxation.

The following figures are still preliminary, because of the difficulty in tabulating the heavy subscriptions received during the closing days.

SECOND WAR LOAN DRIVE		
Subscriptions handled through May 1, 1943		
Third Federal Reserve District		
2½%	Treasury bonds of 1964-69.....	\$197,000,000
2%	Treasury bonds of 1950-52:	
	Banks .....	607,900,000
	Non-bank investors .....	120,900,000
¾%	Certificates of indebtedness:	
	Banks .....	405,600,000
	Non-bank investors .....	108,800,000
	Tax savings notes—Series C .....	82,600,000
	Savings bonds—Series F and G .....	31,600,000
	War savings bonds—Series E (bonds issued) .....	56,600,000
	Treasury bills (new money) .....	91,100,000
	<b>Total .....</b>	<b>\$1,702,100,000</b>

\$13 billion or more seems a tremendous sum of money, and it is tremendous in comparison with previous experience but not in comparison with the cost of the most expensive war in history. In March Treasury receipts were \$2 billion less than expenditures, although revenues included record-breaking quarterly income taxes. In the first 28 days of April, when in-



come taxes were much smaller, Treasury expenditures exceeded receipts by \$5 billion. War costs are at a rate of about \$7 billion a month.

Continued assistance in meeting war costs may be rendered by buying currently savings bonds or tax notes. Hundreds of millions of dollars are being provided each month by sales of Series E War Savings Bonds, mostly under the payroll savings plan which has been found to be the most satisfactory method of saving systematically. These bonds yield 2.9 per cent if held to maturity.

## BUSINESS CONDITIONS

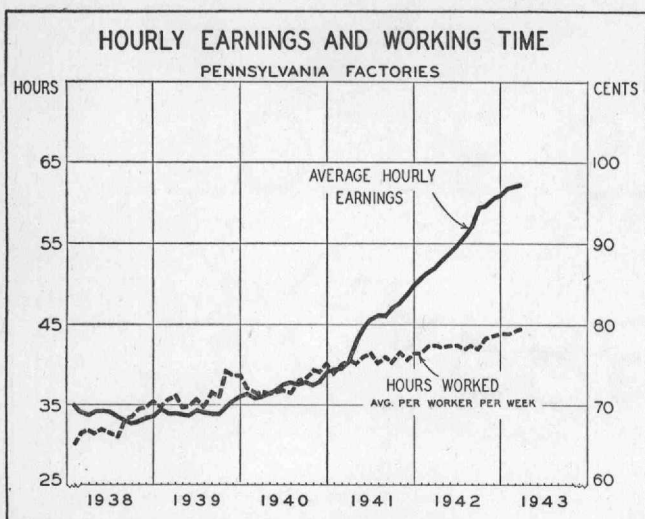
**Manufacturing.** Expanding requirements of the armed forces and the increasing demand for the replacement of essential merchandise by civilians provide an exceptionally strong market for the manufactures of this district. New orders for the products of heavy industry are rising steadily with expansion in offensive military operations in Africa and the Southwest Pacific area. Government purchases also are increasing in some nondurable goods lines. Orders from the regular trade are somewhat larger than a few months ago, when inventories in many lines still were adequate to meet the civilian demand.

Operations at some armament plants and in several divisions of the steel industry are expanding less rapidly as production nears capacity. In a few instances activity has slackened temporarily, owing to readjustments in

production schedules necessitated by changes in military requirements. Productive activity in the more essential nondurable goods lines is being maintained at the highest levels possible with available manpower and raw materials. Unfilled orders for the products of both light and heavy industry have increased further in recent weeks. Shipments of military equipment and supplies have continued to increase, but in many civilian goods lines deliveries have been declining.

Employment in Pennsylvania factories in March approximated the peak level reached in February, when the number of wage earners was estimated at over 1,200,000. Payrolls rose slightly further in the month to a new high exceeding \$48 million a week. The number employed was 5 per cent, and the volume of wage payments 25 per cent greater than in March 1942. The rise from year ago levels continued especially pronounced in the case of heavy industries turning out munitions. Total working time increased about 1 per cent in the month to a level 12 per cent above a year ago.

The weekly income of workers at reporting factories in Pennsylvania rose slightly in March to an average of \$43.16, an increase of 18 per cent over a year earlier, and the largest in records back through 1923. Hourly earnings, averaging a little over 97 cents, were about the same as in February, but 12 per cent higher than in March 1942. Working time in March averaged 44.6 hours a week, as against 44.2 in February, and 42.4 a year ago. It was the highest since June 1930, and compared with an average of only 37 hours a week at the



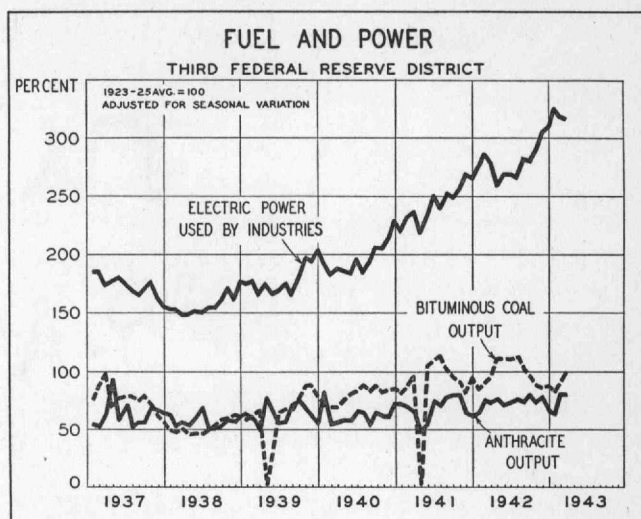
beginning of the defense program nearly three years ago.

In Delaware factories the number of wage earners increased 2 per cent and payrolls 6 per cent from February to March. Gains over a year ago amounted to 32 and 61 per cent respectively. Total employee hours rose 3 per cent and were 40 per cent above 1942.

Output of factory products in this district in March approximated the peak level of the preceding month, and was nearly one-fifth greater than a year ago. In many heavy industries, operating near capacity, seasonal changes have lost much of their significance. Activity in non-durable goods lines showed a small gain in the month, reflecting chiefly increased operations at textile mills. Compared with a year ago, output in the heavy industries was 35 per cent larger, while the production of lighter products showed a small decline.

**Coal and other fuels.** The demand for all fuels remains strong. Sales of anthracite to householders have continued substantial, owing chiefly to unusually cold weather in March and the first half of April. Heavy purchases of bituminous coal by manufacturing plants, railroads, and public utilities reflect current high rates of activity. Supplies of gasoline and fuel oil have become increasingly tight along the Eastern seaboard, according to latest reports.

Production of anthracite in March approximated 5,800,000 tons, 10 per cent more than a year earlier, and the largest for the month in nine years. Colliery output expanded consider-

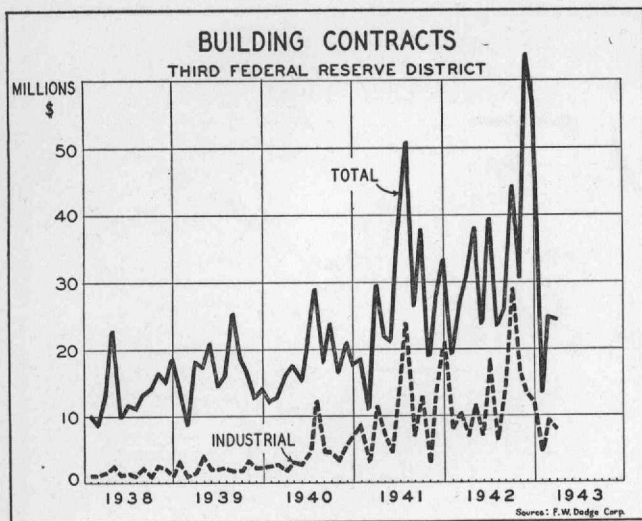


ably during the first three weeks of April, remaining substantially above the 1942 level. The volume mined through March exceeded 15 million tons, against 14 million in the same period last year, when the mines were operating only 5 days a week. Anthracite requirements in 1943 have been estimated at 65 million tons, an increase of 5 million over the amount turned out in the preceding twelve months.

Output of bituminous coal in Pennsylvania showed a contraseasonal increase in March and, on an adjusted basis, was 11 per cent greater than in February. Production was unusually well maintained in early April, according to preliminary reports. The production of nearly 35½ million tons in the first quarter was only slightly larger than in the same period last year.

**Building.** Activity in the construction industry in this district increased somewhat in March, as operations expanded on war housing projects, industrial facilities, and military installations scheduled for completion over the next several months. Government restrictions on nonessential construction continued to limit operations in other fields.

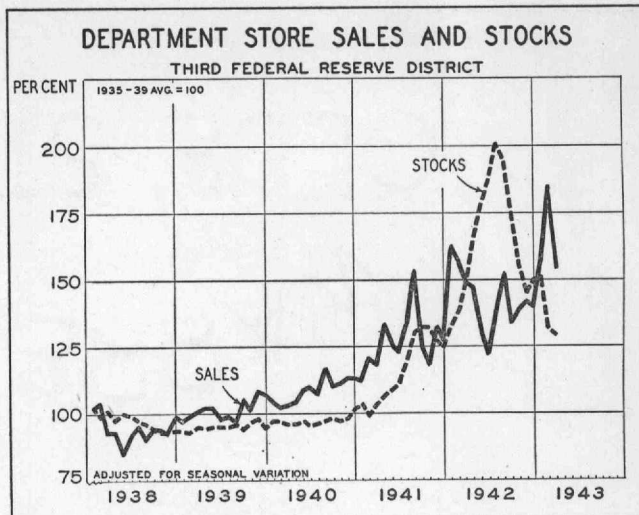
Awards of building contracts decreased somewhat in March to approximately \$24½ million. Placements were the smallest for the month since 1940 and about 20 per cent below a year earlier. Contracts for factories, housing facilities primarily for war workers, and public works and utilities increased sharply from February to March, but substantial declines were reported in most other types of construction.



The value of contracts awarded in the three months ended March approximated \$63 million, or 18 per cent less than in the same period last year. Awards for multiple family dwellings, certain types of commercial structures, including warehouses, and unclassified construction showed the only increases over the first quarter of 1942. Contracts for one and two-family houses were 64 per cent smaller than a year earlier and those for factories declined 44 per cent, as the program for expanding productive facilities neared completion.

**Trade.** Retail sales in this district declined contraseasonally in March from the high level of February, when anticipatory purchases of apparel were exceptionally heavy. But after allowance for a late Easter this year, sales by department stores in March were about 3 per cent larger than in 1942. In the first quarter, gains over a year ago were shown by department and women's apparel stores, but the dollar volume was virtually unchanged at shoe stores, and a substantial decline from 1942 was reported by men's apparel stores. According to preliminary reports, sales increased considerably in April, reaching in the week immediately preceding the holiday the exceptional peak of late February, when scare-buying of clothing was at its height.

Inventories at department and women's apparel stores showed about the usual seasonal increase from February to March, but at shoe stores a small rise in the month was considerably less than was to be expected. Stocks at the end of March were sharply smaller than a year earlier at department and shoe stores,

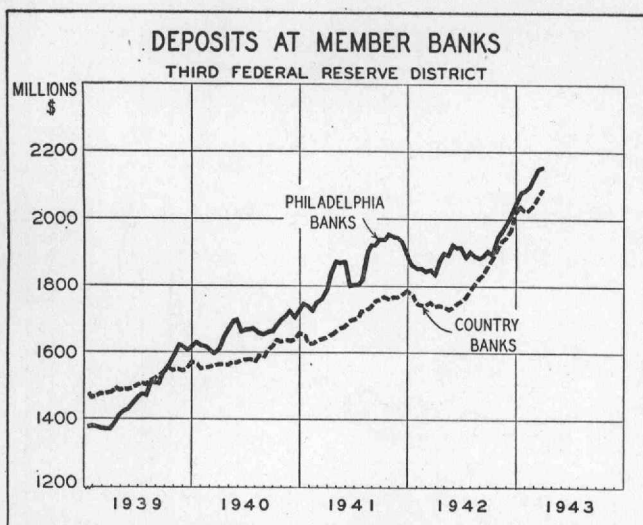


and they were only moderately above the 1942 level at women's apparel stores. Outstanding commitments for merchandise at department stores have risen steadily since the turn of the year and in March were nearly 20 per cent greater than in 1942.

Wholesale trade sales increased 4 per cent from February to March, reflecting gains in all lines except groceries, jewelry, and paper. Total sales in eight branches of trade were 7 per cent larger than a year earlier; in the first three months of 1943 the increase was 5 per cent. Inventories continued at about the February level, but were nearly one-fourth smaller than in March 1942. Declines from a year ago amounting to 20 per cent or more were reported in all lines except paper.

Distribution by rail and motor truck increased in March, with the volume of freight continuing well above 1942. On an adjusted basis, car loadings in this section rose 2 per cent in the month, reflecting substantial increases in the movement of coke and ore, and a somewhat smaller rise in shipments of coal. The number of cars required to handle freight in March and in the first three months, however, was less than a year ago, owing to heavier loadings per car.

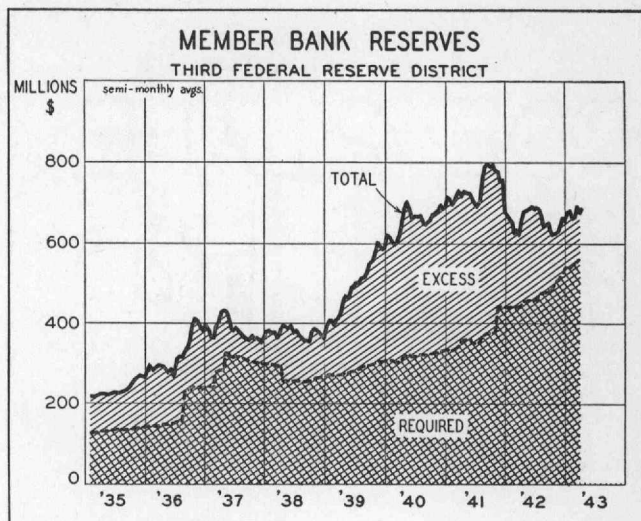
**Banking conditions.** The exigencies of war continue to dominate banking and credit as completely as they dominate current operations of business. Commercial loans have not changed materially in the past month, but the banks have added substantially to their investment in Governments; and changes in their deposit lia-



bilities have been chiefly in response to financing operations of the Treasury.

Deposits of individuals and business concerns have fallen off in recent weeks as payment was made on subscriptions to Treasury securities. In many cases this involved little immediate withdrawal of funds as many banks have qualified as war loan depositories, enabling them to pay by deposit credit for securities allotted to themselves or to their customers. Such credits are drawn upon by the Treasury only as it needs the funds. The volume of war loan deposits increased from \$51 million on April 10 to \$508 million on April 30. On April 13 the President approved legislation which provides that war loan deposits shall not be subject to reserve requirements under the Federal Reserve Act or to assessments of the Federal Deposit Insurance Corporation for a period extending six months beyond the termination of the war.

Reserves of all member banks in this district increased \$1 million to \$679 million in the five weeks ended April 28. In cash transactions the Treasury received \$96 million more than it paid out, and net payments of currency by this Bank amounted to \$33 million, but the district gained heavily in interdistrict commercial and financial operations. Additional funds were provided by an increase in Reserve Bank credit, reflecting some expansion in float and in holdings of Treasury bills under the repurchase option. Discounts for member banks continued to total much less than one million dollars.



The banks responded actively to the suggestion that they use excess reserves and other surplus funds for the purchase of Treasury bills, which can be immediately reconverted into cash at the Reserve Bank at a discount rate of  $\frac{3}{8}$  per cent per annum, should funds be needed. Allotments of the four issues offered in April totaled \$163 million, exceeding by \$91 million the maturities of bills originally placed in this district.

Substantial purchases of Treasury bills were the principal factor back of an increase of \$186 million in earning assets of reporting member banks to a record high level of \$2,057 million. The investment in Treasury bills increased \$104 million, certificates by \$55 million, and the balance was accounted for by smaller increases in other classes of Governments and larger loans to brokers and dealers in securities, apparently to finance their purchases of new Treasury issues. Holdings of Governments totaling \$1,371 million on April 28 were more than twice as large as a year ago and constituted two-thirds of outstanding credit. Commercial loans, the principal element in bank credit during the 1920's, now make up less than one-eighth of the total.

In the last half of March gross deposits at the member banks in this district averaged nearly \$4 $\frac{1}{4}$  billion. The increase over the period of the defense and war effort, dating from June 1940, has amounted to \$1 billion. Gains both at banks in Philadelphia and in the district outside of this city approximate 30 per cent.

# BUSINESS STATISTICS

Production  
Philadelphia Federal Reserve District

Employment and Income  
in Pennsylvania

Industry, Trade and Service.

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Mar. 1943	Feb. 1943	Mar. 1942	Per cent change		1943 from 3 mos. 1942	Mar. 1943	Feb. 1943	Mar. 1942
				March 1943 from					
				Mo. ago	Year ago				
<b>INDUSTRIAL PRODUCTION</b>	146p	147	124r	-1	+18	+19	148p	147	125
<b>MANUFACTURING</b>	149p	151	125r	-1	+19	+21	151p	150	126
<b>Durable goods</b>	240p	246	178r	-3	+35	+38			
<b>Consumers' goods</b>	89p	89	90r	+1	-1	0			
Metal products	172	169r	152	+2	+13	+12	173	171	154
Textile products	69p	67	75r	+3	-7	-5	72p	72	78r
Transportation equipment	629	661r	349	-5	+80	+86	658	654r	366
Food products	100p	99	92	+1	+9	+11	97p	97	89
Tobacco and products	122	134	125	-9	-2	-1	113	113	115
Building materials	48p	52	63r	-7	-23	-18	43p	44	55
Chemicals and products	147	150r	134r	-2	+9	+3	148	150	135r
Leather and products	100p	104	130r	-3	-23	-17	104p	110	134r
Paper and printing	91	91	93	-1	-3	-2	92	91	95
<b>Individual lines</b>									
Pig iron	90	110r	88r	-18	+2	-2	103	113r	101r
Steel	129	130r	122r	-1	+6	+5	138	136	130r
Silk manufactures	84	80	82	+5	+3	+7	86	85	84
Woolens and worsteds	58p	57	66r	+1	-12	-11	57p	59	64r
Cotton products	56	56r	54	-1	+4	+8	59	60r	57
Carpets and rugs	51p	51	59	0	-14	-18	51p	52	59
Hosiery	79	79	82	+1	-3	-4	83	82	85
Underwear	149	147	142	+1	+4	+7	162	160	155
Cement	63p	78	106	-19	-41	-30	48p	54	82
Brick	68	67	72	+1	-6	-5	67	64	71
Lumber and products	28	28	31	+1	-9	-11	27	27	30
Bread and bakery products				+2*	+12*	+13*	111	109r	99
Slaughtering, meat packing	96	93	104	+3	-8	-5	92	94	100
Sugar refining	40	63	51	-37	-22	+45	61	82	78
Canning and preserving	122p	119	94	+2	+29	+23	111p	110	84
Cigars	123	134	125	-8	-1	-1	113	112	115
Paper and wood pulp	82	84	90	-2	-8	-8	84	84	91
Printing and publishing	92	93	94	0	-2	-1	94	93	96
Shoes	123	125	137	-1	-10	-5	131	131	145
Leather, goat and kid	78p	84	124r	-6	-37	-30	78p	90	123r
Paints and varnishes	88	94	94	-7	-7	-5	89	92	96
Coke, by-product	155	154	150	+1	+4	+4	162	162	156
<b>COAL MINING</b>	81p	76	75	+7	+9	+5	83p	83	77
Anthracite	79p	74	72	+7	+10	+6	81p	81	74
Bituminous	100	90	96r	+11	+3	0	102	98	98r
<b>CRUDE OIL</b>	416	423	451	-2	-8	-7	425	423	461
<b>ELEC. POWER—OUTPUT</b>	393	378	345	+4	+14	+11	401	401	352
Sales, total	404	390	354	+4	+14	+11	400	422	350
Sales to industries	316	318	278	-1	+14	+15	300	314	264
<b>BUILDING CONTRACTS</b>									
<b>TOTAL AWARDS†</b>	96	131	117	-26	-18	+22	84	130	102
Residential†	79	82	73	-4	+8	+30	60	58	56
Nonresidential†	99	163	108	-39	-8	+7	99	165	108
Public works and utilities†	128	214	246	-40	-48	+41	117	256	224

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

## Local Business Conditions\*

Percentage change—March 1943 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Feb. 1943	Mar. 1942	Feb. 1943	Mar. 1942	Feb. 1943	Mar. 1942	Feb. 1943	Mar. 1942	Feb. 1943	Mar. 1942
	Allentown	-1	+1	+2	+13	-79	-6	-8	+17	+3
Altoona	+1	-4	+7	-2	+238	-30	+10	-19	-3	
Harrisburg	-1	-7	+4	+10	+35	-78	-2	+2	+13	
Johnstown	0	8	+2	+6	+216	-82	-9	-18	-4	
Lancaster	0	+10	+1	+33	+79	-88	-7	-17	-19	
Philadelphia	+1	+16	+2	+42	+61	-74	-2	-1	+22	
Reading	-1	-7	+2	+15	-58	-5	-1	+26	+10	
Scranton	+1	+2	+4	+17	+189	-69	+4	-16	+21	
Trenton						+29	-11	+1	-4	
Wilkes-Barre	0	+10	-10	-19	-49	-69	+4	8	+29	
Williamsport	+1	+14	+4	+32	+149	-42			+13	
Wilmington	+2	+43	+6	+82	+48	+26	-15	-12	+51	
York	-1	+2	+3	+17	+20	-90	-5	0	+19	

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

Indexes: 1932=100	Employment			Payrolls		
	Mar. 1943 index	Per cent change from		Mar. 1943 index	Per cent change from	
		Feb. 1943	Mar. 1942		Feb. 1943	Mar. 1942
<b>GENERAL INDEX</b>	134	+1	+1	304	+2	+19
Manufacturing	184	0	+5	451	+1	+25
Anthracite mining	54	0	-16	93	-2	+6
Bituminous coal mining	89	-2	-16	360	-1	+11
Building and construction	43	+5	-14	99	+11	+9
Quar. and nonmet. mining	113	-1	-4	334	+1	+10
Crude petroleum prod.	135	-1	-3	203	+3	+14
Public utilities	99	-1	-5	133	+2	+3
Retail trade	114	+2	+1	146	+3	-1
Wholesale trade	112	-1	-11	146	+2	-1
Hotels	97	0	+3	146	+1	+13
Laundries	109	0	-4	162	0	0
Dyeing and cleaning	94	+3	-9	142	+4	+1

## Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Mar. 1943 index	Per cent change from		Mar. 1943 index	Per cent change from	
		Feb. 1943	Mar. 1942		Feb. 1943	Mar. 1942
<b>TOTAL</b>	118	0	+5	184	+1	+25
Iron, steel and products	131	0	+8	258	+1	+25
Nonferrous metal products	191	-1	+3	375	0	+23
Transportation equipment	141	+1	+34	242	+2	+56
Textiles and clothing	89	0	-5	123	+2	+14
Textiles	81	0	-5	114	+2	+16
Clothing	120	0	0	168	+2	+9
Food products	111	0	-6	154	+4	+17
Stone, clay and glass	90	0	-7	122	+1	+3
Lumber products	52	+1	-13	73	+2	+9
Chemicals and products	121	+1	+4	194	+3	+23
Leather and products	89	-2	-9	127	-1	+2
Paper and printing	100	-1	-6	137	+2	+6
Printing	91	-1	-3	120	+3	+7
<b>Others:</b>						
Cigars and tobacco	65	+1	-12	84	+5	+13
Rubber tires, goods	123	-1	+33	213	+5	+54
Musical instruments	70	-4	+5	127	+6	+54

\*Figures from 2929 plants.

## Hours and Wages

Factory workers Averages March 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
	<b>TOTAL</b>	44.6	+5	\$ .973	+12	\$43.16
Iron, steel and prods.	45.5	+5	1.047	+10	47.64	+15
Nonferrous metal prods.	44.9	+6	.913	-14	41.01	+21
Transportation equip.	48.3	+2	1.112	+10	53.69	+12
Textiles and clothing	40.2	+5	.692	-13	27.74	+20
Textiles	41.0	+6	.716	-14	29.33	+21
Clothing	38.3	+3	.636	-12	24.58	+16
Food products	43.0	+6	.746	+9	32.40	+16
Stone, clay and glass	39.1	+3	.860	+8	33.55	+11
Lumber products	43.6	+9	.686	-14	29.72	+25
Chemicals and prods.	43.9	+11	.983	+6	43.07	+19
Leather and prods.	40.6	+1	.696	-10	28.21	+12
Paper and printing	42.7	+3	.855	+10	36.88	+12
Printing	40.6	+5	.992	+10	40.48	+10
<b>Others:</b>						
Cigars and tobacco	41.6	+8	.567	-19	23.59	+28
Rubber tires, goods	42.5	+3	.905	-12	38.46	+16
Musical instruments	51.4	+20	.915	+21	46.98	+46

\*Figures from 2766 plants.

†Figures from 2929 plants.

## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	March 1943 from		1943 from 3 mos.
	Month ago	Year ago	1942
<b>Sales</b>			
Total of all lines.....	+ 4	+ 7	+ 5
Boots and shoes.....	+14	- 5	+ 2
Drugs.....	+ 4	+ 9	+ 7
Dry goods.....	+14	+15	+ 9
Electrical supplies.....	+34	+54	+37
Groceries.....	-12	+ 3	+ 5
Hardware.....	+ 4	-14	-14
Jewelry.....	-19	-15	- 5
Paper.....	- 1	-41	-45
<b>Inventories</b>			
Total of all lines.....	0	-24	.....
Dry goods.....	- 4	-20	.....
Electrical supplies.....	-12	-47	.....
Groceries.....	+ 6	-20	.....
Hardware.....	0	-35	.....
Jewelry.....	+10	-28	.....
Paper.....	0	- 6	.....

Source: U. S. Department of Commerce.

Prices	Mar. 1943	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b> (Aug. 1939 = 100)...	176	+ 1	+ 6	+76
<b>Wholesale</b> (1926 = 100).....	103	+ 1	+ 6	+38
Farm.....	123	+ 3	+19	+101
Food.....	107	+ 2	+12	+60
Other.....	96	0	+ 1	+20
<b>Living costs</b> (1935-1939 = 100)*				
United States.....	121	0	+ 7	+23
Philadelphia.....	119	0	+ 7	+22
Food.....	130	0	+13	+39
Clothing.....	125	0	+ 8	+27
Rent.....	107	0	+ 1	+ 4
Fuels.....	105	0	+ 2	+ 9
Housefurnishings.....	122	0	+ 3	+22
Other.....	114	0	+ 4	+13

Source: U. S. Bureau of Labor Statistics.  
\*February figures. March figures not available.

Indexes: 1935-39 = 100.	Adjusted for seasonal variation						Not adjusted		
	Mar. 1943	Feb. 1943	Mar. 1942	Per cent change			Mar. 1943	Feb. 1943	Mar. 1942
				Mar. 1943		1943 from 3 mos.			
				Month ago	Year ago	1942			
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	154p	185	149	-17	+ 3	+ 3	135p	137	139
Philadelphia.....	157	184	148	-15	+ 6	+ 5	136	138	138
Women's apparel.....	147	216	127	-32	+16	+20	146	156	138
Men's apparel.....	150p	199	178	-25	-16	-15	126p	157	166
Shoe.....	133	202	140	-34	- 5	0	131	135	151
<b>Inventories</b>									
Department stores—District.....	129p	131	152	- 1	-15	.....	134p	129	157
Philadelphia.....	128	131	149	- 2	-14	.....	132	128	153
Women's apparel.....	144	144	136	0	+ 6	.....	157	141	149
Shoe.....	100	108	118	- 7	-15	.....	104	101	123
<b>FREIGHT-CAR LOADINGS</b>									
Total.....	140	138	146	+ 2	- 4	- 7	132	127	137
Merchandise and miscellaneous.....	134	135	146	- 1	- 8	-11	129	123	140
Merchandise—l.c.l.....	87	85	104	+ 1	-17	-23	87	80	104
Coal.....	141	137	134	+ 3	+ 5	+ 3	146	143	137
Ore.....	188	173	181	+ 8	+ 4	+ 7	83	66	78
Coke.....	215	181	203	+19	+ 6	+ 3	202	193	191
Forest products.....	122	134	126	- 8	- 3	- 3	107	108	109
Grain and products.....	117	144	128	-18	- 8	+ 1	112	126	122
Livestock.....	104	111	106	- 7	- 2	+ 6	97	101	99
<b>MISCELLANEOUS</b>									
Life insurance sales.....	99	93	80	+ 6	+23	-25	103	101	84
Business liquidations									
Number.....				- 8*	-69*	-58*	33	36	104
Amount of liabilities.....				+561*	+442*	+201*	194	29	36
Check payments.....	175	165	147	+ 6	+19	+10	173	160	146

\*Computed from unadjusted data. p—Preliminary.

# BANKING STATISTICS

### MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	April 28, 1943	Changes in—	
		Five weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 231	0	-\$51
Open market paper.....	13	-\$ 2	- 25
Loans to brokers, etc.....	39	+12	+ 10
Other loans to carry secur.....	12	+ 1	*
Loans on real estate.....	44	0	- 5
Loans to banks.....	5	+ 5	+ 5
Other loans.....	117	0	*
<b>Total loans.....</b>	<b>\$461</b>	<b>+\$16</b>	<b>-\$93</b>
Government securities.....	\$1297	+\$168	+\$767
Obligations fully guar'eed.....	74	+ 5	- 18
Other securities.....	225	- 3	- 33
<b>Total investments.....</b>	<b>\$1596</b>	<b>+\$170</b>	<b>+\$716</b>
<b>Total loans &amp; investments.....</b>	<b>\$2057</b>	<b>+\$186</b>	<b>+\$623</b>
Reserve with F. R. Bank.....	431	- 6	- 56
Cash in vault.....	30	+ 2	+ 4
Balances with other banks.....	147	+ 45	†
Other assets—net.....	65	+ 2	- 5
<b>Liabilities</b>			
Demand deposits, adjusted.....	\$1587	-\$ 15	+\$236
Time deposits.....	162	+ 4	- 10
U. S. Government deposits.....	371	+264	+ 340
Interbank deposits.....	377	- 17	†
Borrowings.....	.....	.....	.....
Other liabilities.....	12	0	- 2
Capital accounts.....	221	+ 1	+ 4

\*Not available.

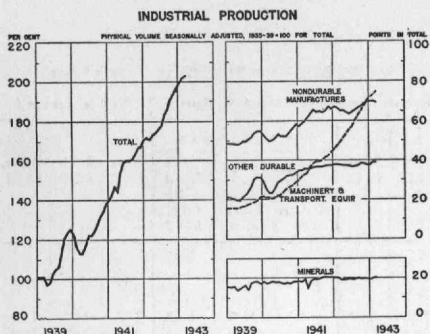
†Reciprocal bank balances now reported net.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks
	Mar. 31	Apr. 7	Apr. 14	Apr. 21	Apr. 28	
<b>Sources of funds:</b>						
Reserve Bank credit extended in district.....	+10.9	+ 2.6	+29.3	-27.5	- 7.0	+ 8.3
Commercial transfers (chiefly interdistrict).....	+17.6	+16.2	+34.4	+58.7	- 3.0	+123.9
Treasury operations.....	-46.0	+16.1	- 0.1	-49.8	-16.0	-95.8
<b>Total.....</b>	<b>-17.5</b>	<b>+34.9</b>	<b>+63.6</b>	<b>-18.6</b>	<b>-26.0</b>	<b>+36.4</b>
<b>Uses of funds:</b>						
Currency demand.....	+ 6.1	+ 7.1	+ 6.3	+10.7	+ 2.8	+33.0
Member bank reserve deposits.....	-23.3	+29.5	+37.8	-16.6	-26.2	+ 1.2
"Other deposits" at Reserve Bank.....	- 0.1	- 1.7	+19.5	-12.7	- 2.6	+ 2.4
Other Federal Reserve accounts.....	- 0.2	+ 0.0	- 0.0	- 0.0	- 0.0	- 0.2
<b>Total.....</b>	<b>-17.5</b>	<b>+34.9</b>	<b>+63.6</b>	<b>-18.6</b>	<b>-26.0</b>	<b>+36.4</b>

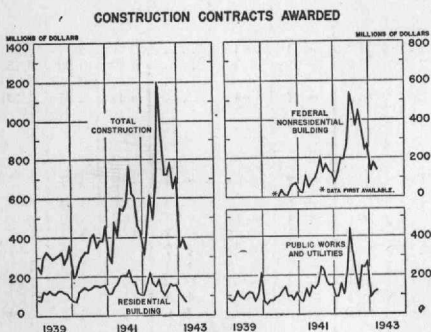
Federal Reserve Bank of Phila. (Dollar figures in millions)	Apr. 28, 1943	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 0.3	-\$ 0.1	-\$ 0.2
Bills bought.....	0	0	0
Industrial advances.....	4.4	- 0.1	- 0.6
U. S. securities.....	394.7	- 7.9	+ 208.6
<b>Total.....</b>	<b>\$399.4</b>	<b>-\$ 8.1</b>	<b>+\$207.8</b>
Note circulation.....	925.1	+ 30.0	+ 305.8
Member bk. deposits.....	679.0	+ 1.2	+ 0.1
U. S. general account.....	17.4	+17.2	+ 2.5
Foreign deposits.....	74.3	+ 2.5	+ 7.8
Other deposits.....	15.3	+ 2.4	+ 4.0
<b>Total reserves.....</b>	<b>1324.8</b>	<b>+ 57.2</b>	<b>+ 93.3</b>
<b>Reserve ratio.....</b>	<b>77.4%</b>	<b>+ 0.9%</b>	<b>- 11.1%</b>

Member bank Reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
<b>Phila. banks</b>				
1942: Apr. 1-15..	\$455	\$301	\$154	51%
1943: Mar. 1-15..	433	372	61	16%
Mar. 16-31..	415	374	41	11"
Apr. 1-15..	425	.....	.....	.....
<b>Country Banks</b>				
1942: Apr. 1-15..	\$211	\$143	\$68	47%
1943: Mar. 1-15..	261	187	74	40%
Mar. 16-31..	263	190	73	39"
Apr. 1-15..	266	.....	.....	.....

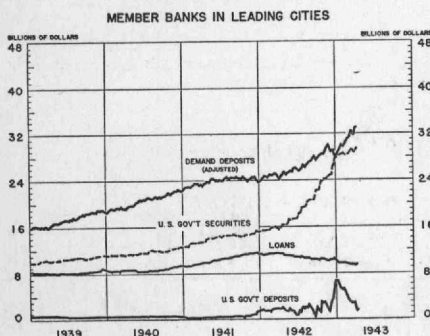
# National Summary of Business Conditions



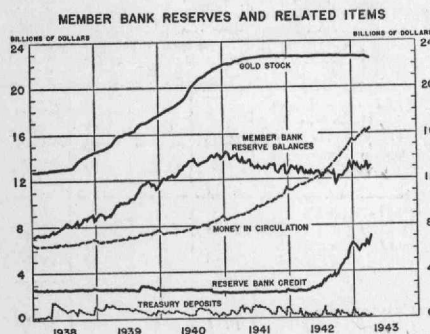
**Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for March 1943.**



**F. W. Dodge data for 37 Eastern states, total includes state and local government and private nonresidential building not shown separately. Monthly figures, latest shown are for March 1943.**



**Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for April 14, 1943.**



**Wednesday figures, latest shown are for April 14, 1943.**

Industrial activity increased slightly in March and prices of commodities advanced further. Retail trade in March and the first half of April was in large volume, although reduced from the February peak.

**Industrial production.** The Board's seasonally adjusted index of industrial production advanced from 202 per cent of the 1935-39 average in February to 203 in March. The rise in total output continued to reflect chiefly increased production in the machinery and transportation equipment industries producing armaments. At merchant shipyards 146 ships were delivered in March. Completions totaled 1,516,000 deadweight tons, an annual rate of more than 18,000,000 tons.

Steel mills operated at peak levels. Production of lumber, however, increased less than usual in March, continuing the gradual downward trend of production which began a year ago.

Output of fuels reached a new peak in March. Bituminous coal production rose further. Crude petroleum output likewise exceeded the February level as new pipeline facilities for transport of petroleum products to the East Coast were completed.

Output of important nondurable manufactures was maintained in March. In most branches of the wool textile industry production increased to new high levels in February and March following a Federal order allowing an increase in wool consumption for the manufacture of civilian fabrics.

The value of construction contracts awarded in March, according to figures of the F. W. Dodge Corporation, continued at a level considerably lower than that for the year 1942, reflecting chiefly the fact that the construction phase of the war program has been largely completed. Awards for residential building declined for the third consecutive month, while contracts for public works were higher than in February.

**Distribution.** Retail sales, which generally increase from February to March, showed little change this year, following the buying wave that swept the country in February. At department stores, where increases in February had been particularly marked, sales declined in March and the Board's seasonally adjusted index dropped from 167 to 135 per cent of the 1923-25 average. Despite this decline, the index continued above the high level that prevailed in the latter part of last year. In the first half of April department store sales increased by about the usual seasonal amount, making allowance for the late date of Easter this year.

Total carloadings of revenue freight in March remained at the February level and other transportation activity was also maintained in large volume.

**Commodity prices.** Wholesale commodity prices averaged higher in March and the early part of April reflecting advances in prices of farm products, foods, and a number of industrial commodities. Prices in retail markets also increased further from February to March, with relatively sharp advances in food prices.

On April 8 an Executive Order was issued directing that ceiling prices be placed on all commodities affecting the cost of living, that further increases in ceilings be prevented except to the minimum extent required by law, and that excessively high prices be reduced. Following this and announcements of particular Federal actions to safeguard the stabilization of prices, including an order reducing railroad freight rates, wholesale prices of some commodities declined and on April 16 were lower than at the beginning of the month.

**Bank credit.**—Excess reserves at all member banks, which decreased during the latter half of March from 2.2 billion dollars to 1.5 billion, subsequently rose to 2.6 billion on April 19. In the first week of April, the increase resulted largely from substantial Reserve Bank purchases of Government securities; subsequently excess reserves were made available by a decline of a billion dollars in required reserves, which resulted primarily from large payments to war loan accounts for Government securities sold to bank customers. This caused a shift from customers' deposits, subject to required reserves, to Government deposits which have recently been exempted from such requirements.

Government security holdings at reporting banks in 101 leading cities increased substantially during the first two weeks of April following declines in the latter part of March, which had resulted mainly from bill sales by banks in New York and Chicago. Holdings of certificates, notes, and bonds increased over the 4-week period ended April 14. Commercial loans at all reporting banks declined by about 210 million over the 4-week period. At New York City banks loans to brokers and dealers increased steadily over the period, especially in the week of the 14th at the beginning of the War Loan Drive. Deposits, other than those of the United States Government, increased further in March and the early part of April, but were drawn down sharply around the middle of April to make payments for purchases of new Government securities.