

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

JUNE 1, 1943

**I**ndustrial production continues to expand in the Third Federal Reserve District, although capacity is being reached by many plants manufacturing war materials. Building continues quite active on war housing and other essential projects, but the volume of new contracts has been declining as requirements for new war plants diminish and restrictions curtail private construction. Income payments to individuals are at record levels, reflecting higher hourly earnings and longer work weeks. With fewer outlets for this expanded purchasing power in the field of consumers' durable goods, savings have increased, and the dollar volume of sales reported by stores handling general merchandise continues larger than a year ago; stocks of goods at these establishments, however, have declined considerably in some cases.

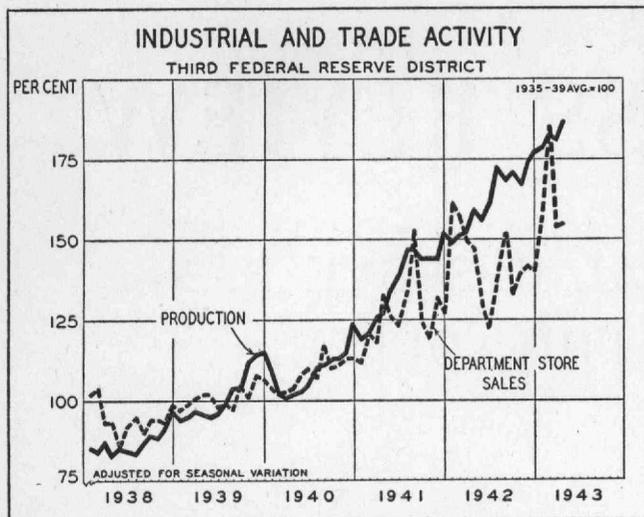
Customers' bank deposits, reduced somewhat by heavy subscriptions to Treasury issues during the War Loan Drive, are again increasing as Treasury expenditures exceed receipts. Bank holdings of Governments have risen sharply, and at reporting institutions in this district are more than twice as large as a year ago.

**Manufacturing.** The demand for manufactures in this district remains exceptionally strong, although sales continue to fluctuate rather widely, as might be expected under war-time conditions. Temporary reductions in new commitments for certain heavy goods have occurred while production schedules were being

adjusted to changes in military requirements. Government purchases of many products of the non-durable goods industries have increased recently. The volume of orders accepted from civilian sources, however, has contracted in some lines, as shortages of material, labor, and in other instances, a further diversion of productive facilities to meet war needs, have made it increasingly difficult to supply the regular trade.

Operations at most munitions plants continue to expand slowly, with production near capacity. In the case of a few producers, operating schedules have been cut back somewhat, pending adjustment in the character of output. Activity at establishments producing non-durable goods is being maintained at the highest levels consistent with the tight raw material and manpower situation. In a number of lines, products are being standardized and manufacturing methods simplified in an effort to meet heavy requirements for the armed forces and essential civilian use.

Employment in Pennsylvania factories remained at a peak level in April, continuing to exceed 1,200,000 workers for the fifth successive month. Wage disbursements rose about one per cent to a new high of over \$49 million a week. The number of wage earners was 5 per cent larger than in April 1942, and the volume of payrolls one-fourth greater. Total working time showed a further small gain in April to a level 12 per cent above last year. Increases over a



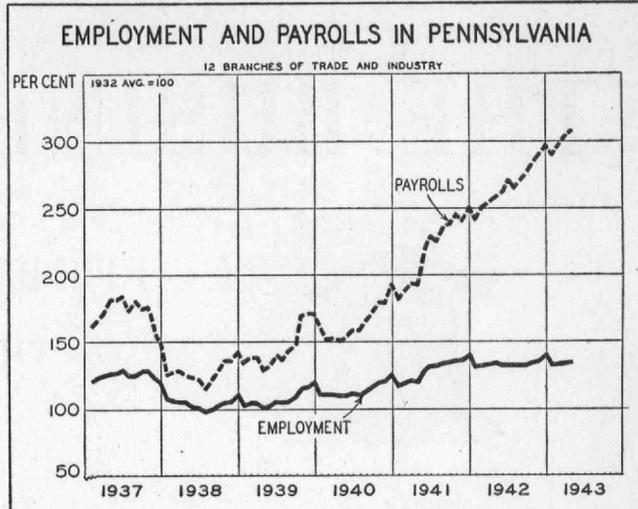
month and year ago continued to reflect primarily expanding activity in the heavy industries turning out munitions.

The weekly income of wage earners at reporting establishments in Pennsylvania advanced to a new peak in April, averaging \$43.83, as against \$43.29 in the preceding month, and \$36.88 a year ago. Average hourly earnings rose slightly above 98 cents, continuing an upward trend that has been uninterrupted since the summer of 1941. Working time in April averaged 45 hours a week per employee, the highest in well over a decade.

Output of factory products in this district increased further in April to a point 20 per cent above 1942. Gains in the month were principally in durable goods, the output of which has risen 35 per cent over a twelve-month period, reflecting chiefly continued expansion at plants turning out primary iron and steel and military equipment. In non-durable goods lines, output was somewhat lower than in April 1942.

**Coal and other fuels.** An unusually active demand for solid fuels reflects the continued high rate of activity by industrial consumers and uncertainties pending the negotiation of new working agreements. Reserves of gasoline and other petroleum products along the Atlantic Seaboard have been reduced to record low levels, necessitating the elimination of pleasure driving, a sharp curtailment in bus schedules, and restrictions on retail deliveries.

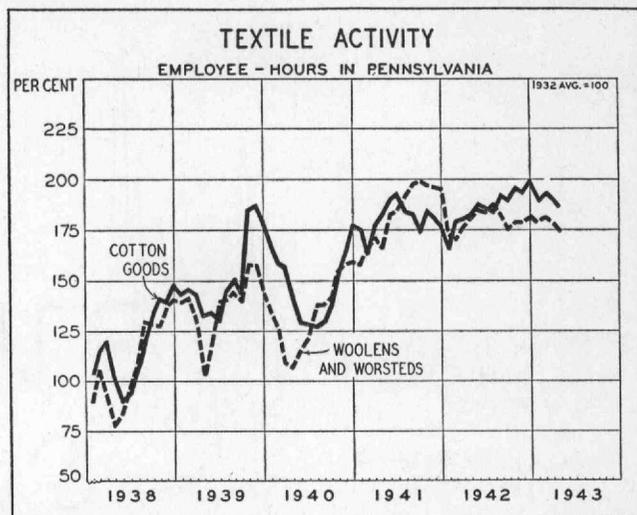
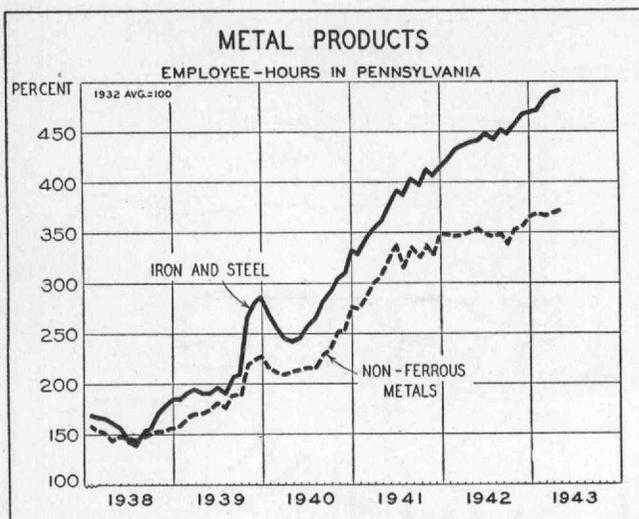
Output of anthracite in April was somewhat smaller than in March, owing partly to a two-



day shutdown at a large number of collieries. Production totaling 5,400,000 tons was 5 per cent greater than in April 1942, and the largest for the month since 1937. Output increased in May, reaching, at about the middle of the month, the highest level so far this year. The volume of hard coal mined in the first four months of 1943 was 6 per cent larger than a year ago, as against an estimated increase in requirements this year of about 8 per cent.

Production of bituminous coal in Pennsylvania decreased less than was to be expected from March to April, but was 7 per cent smaller than a year earlier. In the latter part of April operations slowed down considerably; a number of mines owned by the steel companies were out of production, and the entire bituminous industry in the Appalachian region was shut down for two days at the turn of the month. Operations were resumed on May 2 under a temporary extension of the contract. The output of soft coal in 1943 through April, approximating 48 million tons, was about the same as a year ago.

**Building.** Construction activity in this district increased somewhat in April but continued below the levels prevailing last spring, when the erection of factories and other facilities for producing armaments was approaching a wartime peak. Operations against contracts for war housing continue at a moderately high level, with a number of projects still in the early stages of construction. Shortages of critical materials, including both steel and lumber, have made necessary further downward revisions of nearly all types of building programs.



New awards of building contracts declined 29 per cent in April to little more than \$17 million; they were the smallest for that month since 1937, and less than one-half the dollar volume of a year earlier. Sharp decreases from March to April were reported in contracts for multiple family dwellings, commercial buildings, and public works and utilities. In the first four months, aggregate awards approximating \$80 million were nearly one-third smaller than a year ago. Contracts for small houses and factories showed the most pronounced declines from 1942.

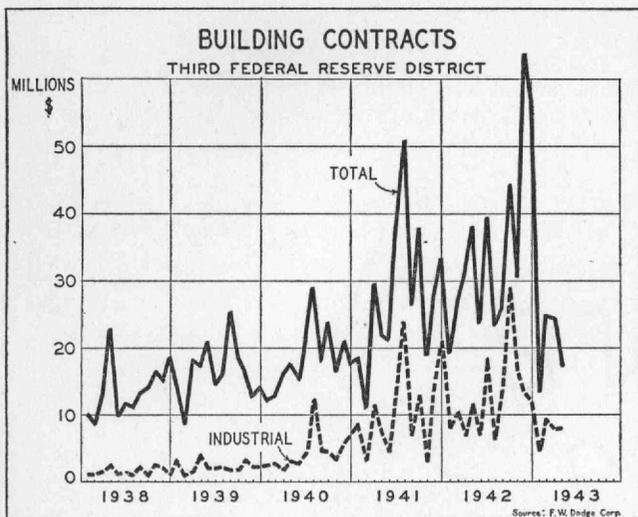
**Agriculture.** Farm work in this district has been delayed by unfavorable weather since the beginning of the spring season. Unusually low temperatures, accompanied by insufficient rainfall in some sections and excessive precipitation in others, also have retarded the growth of early-planted crops and pastures. The supply of farm labor in this district, as elsewhere, has continued somewhat below requirements, although locally the tight situation has been relieved in spots by the importation of workers from Jamaica and the Bahama Islands.

Winter grains were damaged by alternate freezing and thawing of the ground in April, and the acreage of wheat and rye to be abandoned this year may be greater than usual, according to official estimates based on May 1 conditions. Truck crops in the principal commercial growing regions are from two to three weeks late. The outlook for orchard fruits is somewhat less favorable than a year ago. Frost injury is reported in some sections and pollination has been adversely affected by the weather.

Rising prices for agricultural commodities continue to be reflected in the expanding cash income of farmers. In Pennsylvania, New Jersey, and Delaware, receipts from the sale of farm products approximated \$144 million in the quarter ended March, a total over 15 per cent greater than in 1942, and the largest for the period in recent years. Sales of livestock products were about one-fifth larger than a year ago, but income from crops marketed was slightly smaller, according to the Department of Agriculture.

**Trade.** The purchasing power of consumers in this district has continued to expand in recent months, as evidenced in part by the rising trend of factory payrolls and substantial gains in farm cash income. Outlets for increased purchasing power in the form of expenditures for durable goods have contracted sharply with the depletion of supplies of automobiles, household appliances, and similar articles for civilian consumption. Although saving has increased somewhat, an increasing amount of current income has been diverted to the purchase of the wide range of nondurable goods still available in substantial quantities. This is borne out by retail sales in April at establishments handling chiefly general merchandise and specialized lines of soft goods.

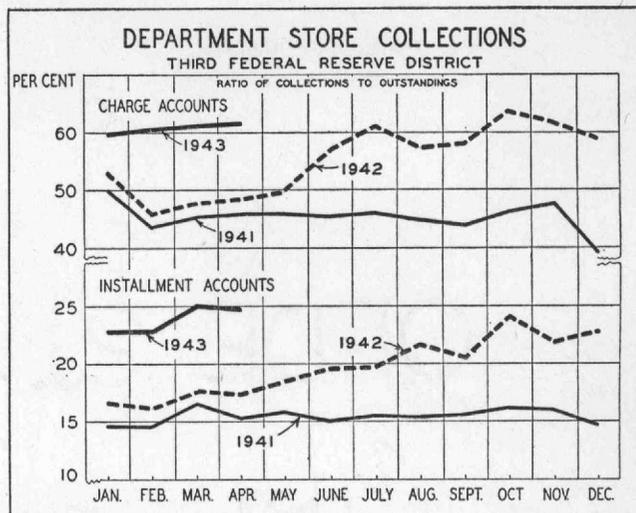
Sales by department stores in the Third Federal Reserve District were 5 per cent larger in April this year than last, even after allowance for the lateness of Easter. The increase on an actual basis approximated 13 per cent. At apparel stores, the value of sales was over 20



per cent greater than in April 1942, and in the case of shoe stores the gain was 15 per cent. In the first four months this year increases ranging from 4 to 22 per cent were reported by shoe, department, and women's apparel stores; sales by men's apparel stores alone were smaller.

Owing to curtailed production in many lines, retailers have found it increasingly difficult to maintain stocks of goods corresponding to larger sales. Outstanding commitments for merchandise generally are heavy, and in the case of department stores at the end of April reached a new wartime peak nearly one-third higher than a year earlier. Inventories of department stores in dollars at the close of April were down about one-fourth from the 1942 level; a sharp decline also was reported by shoe stores, but stocks at women's apparel stores showed a much smaller decrease.

Outstandings of instalment accounts have decreased considerably over the past twelve months, reflecting smaller supplies of durable goods, which have accounted for the bulk of sales made on this basis, and the influence of consumer credit regulations requiring larger down payments and shorter maturity periods. At department stores in this district the ratio of collections to outstandings was nearly 25 per cent in April, as against about 17 per cent a year ago, and little more than 15 per cent in 1941. Credit restrictions which must be imposed if charge accounts are not paid by the tenth of the second month following purchase are reflected currently in a much higher rate of collections



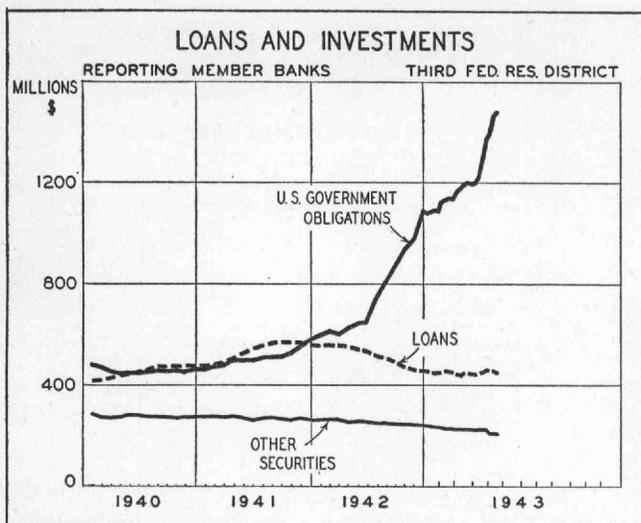
than in other recent years, as shown in the accompanying chart.

Wholesale trade volume rose slightly further from March to April, owing to increased sales of electrical supplies, groceries, hardware, and paper. Aggregate sales in the eight reporting branches were 13 per cent larger than a year ago, but in the four months ended April they showed a gain of only 7 per cent. Inventories were more than one-fifth smaller than in April 1942; the sharpest declines were in stocks of electrical supplies, hardware, and dry goods.

Rail freight shipments in this section continued at a high level in April. On an adjusted basis, loadings of coal, coke, and livestock increased 10 per cent or more over March. Owing to much heavier loadings per car, the number loaded in April and in the first four months was about 6 per cent less than in 1942.

**Banking conditions.** Final figures for the Second War Loan Drive show that subscriptions to Treasury issues from sources other than commercial banks totaled \$659 million in this district, or 138 per cent of the non-bank quota. Equally gratifying was the response from the banks to the issues made available to them; new money raised through allotments to banks amounted to \$323 million, or about 115 per cent of the quota, but subscriptions were about four times the quota.

By the middle of May the direct debt of the United States exceeded \$134 billion, but the Treasury had a working balance of approxi-



mately \$14 billion, mostly in the form of war loan balances with special depositaries. Expenditures averaging about \$7 billion monthly will cut rapidly into these funds, but the rate of decline will be tempered by income tax and other current revenues, and the proceeds from continued offerings of savings bonds, tax notes, and Treasury bills.

Banks in this district have shown increasing interest in the weekly offerings of bills, particularly following the Treasury's decision to accept all bids for \$100,000 or less tendered at a fixed price of 99.905. In keeping their funds more fully invested, banks do not sacrifice liquidity, as the Reserve Bank will take bills over at any time before maturity at a discount rate of 0.375 per cent, and give sellers the option of repurchase at a like rate. The number of banks which submitted tenders on one or more of the first three offerings in May totaled 187.

Many banks have been qualifying as war loan depositaries, recognizing that orderly withdrawals of funds by the Treasury over a period of time can be handled much more readily than the heavier payments at times of new issues made by banks which have not taken this step. The number qualified increased from 299 last October to 628 on May 24, or more than 70 per cent of the commercial banks of the district. Under a new ruling, banks which on May 11 had \$300,000 or less of such deposits are subject to seven equal withdrawals, spaced over a period of about three months, permitting them to lay their plans accordingly.

War loan deposits are no longer subject to the reserve requirements of the Federal Reserve Act. Operating under this provision of law, the reserves of member banks in Philadelphia exceeded requirements by 20 per cent in the first half of May. For the country banks in this district this proportion was 46 per cent.

In recent weeks reserve balances have declined, dropping \$41 million to \$637 million between April 28 and May 19. Treasury withdrawals, payments on security issues, unemployment trust funds, and Social Security taxes were reflected in the net transfer of nearly \$49 million to the Treasury, and currency demand continued active, while gains in interdistrict transactions were exceptionally small.

The banks secured additional reserves by selling bills to the Reserve Bank under the repurchase option, but the total amount so held at the close of the period was not large. Direct borrowing from this Bank continues negligible, despite the record low discount rate of  $\frac{1}{2}$  of one per cent on member bank paper secured by short-term Governments.

Sharp expansion in the securities holdings of reporting member banks in the three weeks ended May 19 reflected delivery of Treasury bonds against subscriptions placed during the Second War Loan Drive, and market purchases. The investment in Governments, direct and guaranteed, increased \$109 million to \$1,480 million, more than twice as much as a year ago and 69 per cent of total outstanding credit. Bond holdings have increased considerably over the past twelve months, but three-fourths of the expansion has been in the short-term bills, certificates, and notes. Loans have declined since late April. Commercial advances fluctuated narrowly, but borrowings of dealers and brokers were reduced following the Loan Drive and bank borrowings were paid off.

New high points in total deposits at the reporting banks lately are due to the greatly expanded balances of the United States Government. State and local government deposits declined considerably in May, when securities were redeemed, and recent gains in the balances of individuals and business concerns have not yet offset decreases during the period of active Treasury financing.

# BUSINESS STATISTICS

## Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Apr. 1943	Mar. 1943	Apr. 1942	Per cent change			Apr. 1943	Mar. 1943	Apr. 1942
				April 1943 from		1943 from 4 mos. 1942			
				Mo. ago	Year ago				
<b>INDUSTRIAL PRODUCTION</b>	152p	147	129	+ 3	+18	+19	150p	149	127
<b>MANUFACTURING</b>	156p	150	130	+ 3	+20	+21	154p	152	128
<b>Durable goods</b>	254p	242	188	+ 5	+35	+37			
<b>Consumers' goods</b>	91p	90	93	+ 2	- 2	0			
Metal products	183	174r	162	+ 5	+13	+13	176	175r	157
Textile products	73p	70	89r	+ 5	- 9	- 6	71p	72	77r
Transportation equipment	664p	629	380	+ 6	+75	+83	685p	658	394
Food products	99p	101	89	- 1	+12	+11	96p	97	85
Tobacco and products	114	122	136	- 7	-17	- 5	104	113	124
Building materials	44p	50	56	-12	-12	-18	44p	44	56
Chemicals and products	151p	148r	130	+ 2	+16	+ 6	153	149r	132
Leather and products	117p	110	133r	+ 6	-12	-14	115p	113	131r
Paper and printing	90	91	92	- 1	- 2	- 2	91	92	93
<b>Individual lines</b>									
Pig iron	94	91r	95	+ 3	- 1	- 2	106	104r	107
Steel	132	129	123	+ 3	+ 7	+ 6	139	138	129
Silk manufactures	87	83r	89	+ 4	- 2	+ 4	85	86	87
Woolens and worsteds	65p	65	69r	0	- 7	- 6	60p	63	64r
Cotton products	56	56	56	+ 1	0	+ 6	58	59	58
Carpets and rugs	59p	56	61	+ 5	- 4	-11	58p	57	59
Hosiery	81	79	83	+ 1	- 3	- 3	81	83	83
Underwear	164	149	161	+10	+ 2	+ 5	160	162	158
Cement	52p	69	87	-25	-41	-31	51p	53	86
Brick	62	68	70	- 9	-11	- 7	65	67	73
Lumber and products	29	29r	31	+ 2	- 5	- 9	28	27	29
Bread and bakery products				-1*	+18*	+14*	110	111	93
Slaughtering, meat packing	96	96	100	0	- 4	- 5	94	92	98
Sugar refining	27	40	50	-31	-45	+17	36	61	65
Canning and preserving	123p	124	95	0	+30	+25	108p	110	79
Cigars	113	123	136	- 8	-17	- 5	103	113	124
Paper and wood pulp	83	82	89	+ 2	- 6	- 7	84	84	89
Printing and publishing	91	92	92	- 2	- 1	- 1	93	94	94
Shoes	131	123	142	+ 6	- 8	- 6	131	131	142
Leather, goat and kid	104p	97	124	+ 7	-16	-22	101p	96	120
Paints and varnishes	82	88	87	- 6	- 5	- 5	86	90r	91
Coke, by-product	160p	155	150	+ 3	+ 6	+ 4	166p	162	156
<b>COAL MINING</b>	84	83	81r	+ 1	+ 3	+ 5	83	83	80
Anthracite	81	81	77r	0	+ 5	+ 6	81	81	77
Bituminous	105	101r	113r	+ 4	- 7	- 1	96	103r	102r
<b>CRUDE OIL</b>	416	416	479	0	-13	- 8	428	425	494
<b>ELEC. POWER—OUTPUT</b>	403	393	352	+ 3	+15	+12	395	401	345
Sales, total	397	404	342	- 2	+16	+12	409	400	353
Sales to industries	306	316	258	- 3	+19	+16	309	300	261
<b>BUILDING CONTRACTS</b>									
<b>TOTAL AWARDS†</b>	93	96	135	- 4	-31	+ 6	89	84	130
Residential†	67	79	78	-15	-14	+16	62	60	73
Nonresidential†	112	99	162	+13	-31	- 3	115	99	165
Public works and utilities†	115	128	229	-10	-50	+14	106	117	211

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

## Local Business Conditions\*

Percentage change—April 1943 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Mar. 1943	Apr. 1942	Mar. 1943	Apr. 1942	Mar. 1943	Apr. 1942	Mar. 1943	Apr. 1942	Mar. 1943	Apr. 1942
	Allentown	- 1	- 3	+ 1	+16	+362	+216	+23	+12	+ 9
Altoona	+ 1	- 5	+ 3	+ 4	+ 20	- 40	+ 9	+ 3	+ 7	- 1
Harrisburg	- 1	- 8	+ 1	+14	-180	- 44	+ 8	+21	+ 8	+34
Johnstown	0	- 8	+ 1	+ 6	+ 95	- 67	+22	+ 7	+ 8	+11
Lancaster	0	+10	- 2	+34	- 67	- 77	+17	+27	+ 1	+14
Philadelphia	0	+16	+ 1	+39	+ 4	- 44	+ 7	+13	+21	+53
Reading	- 1	- 7	0	+15	+ 2	- 46	+12	+17	+ 8	+25
Scranton	- 1	0	+ 2	+20		+338	+25	+25	+ 3	+12
Trenton					- 90	- 86	+29	+26	+30	+12
Wilkes-Barre	- 3	+ 6	- 1	+ 9	- 15	- 54	+18	+20	+ 6	+31
Williamsport	0	+12	+ 3	+32	+ 14	- 62			+ 3	+38
Wilmington	+ 3	+47	+ 5	+85	- 48	- 88	+16	+ 9	+ 4	+46
York	- 3	0	- 1	+16	- 52	- 96	+15	+23	+ 6	+26

\*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		
	Apr. 1943 index	Per cent change from		Apr. 1943 index	Per cent change from	
		Mar. 1943	Apr. 1942		Mar. 1943	Apr. 1942
<b>GENERAL INDEX</b>	134	+ 1	+ 1	308	+ 1	+20
Manufacturing	184	0	+ 5	458	+ 1	+25
Anthracite mining	54	0	-15	91	- 2	+18
Bituminous coal mining	86	- 3	-18	335	- 7	+ 5
Building and construction	45	+ 6	-20	106	+ 7	- 1
Quar. and nonmet. mining	103	0	-17	317	+ 4	- 3
Crude petroleum prod.	135	0	- 3	210	+ 4	+14
Public utilities	99	0	- 5	134	+ 1	+ 4
Retail trade	116	+ 6	+ 4	151	+ 4	+ 5
Wholesale trade	109	- 3	-12	144	- 2	- 1
Hotels	97	0	+ 1	150	+ 3	+14
Laundries	109	0	- 6	170	+ 5	+ 3
Dyeing and cleaning	102	+ 8	- 7	181	+28	+12

## Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	Apr. 1943 index	Per cent change from		Apr. 1943 index	Per cent change from	
		Mar. 1943	Apr. 1942		Mar. 1943	Apr. 1942
<b>TOTAL</b>	119	0	+ 5	187	+ 1	+25
Iron, steel and products	131	0	+ 7	263	+ 1	+25
Nonferrous metal products	192	0	+ 4	385	+ 2	+23
Transportation equipment	148	+ 2	+37	249	+ 3	+57
Textiles and clothing	87	- 2	- 7	123	0	+13
Textiles	79	- 2	- 7	113	- 1	+14
Clothing	118	- 2	- 8	171	+ 1	+11
Food products	110	- 2	+ 1	154	0	+20
Stone, clay and glass	89	- 1	- 8	121	- 1	+ 1
Lumber products	52	- 1	- 7	75	+ 2	+20
Chemicals and products	122	+ 1	+ 5	196	+ 1	+22
Leather and products	86	- 4	-13	123	- 3	0
Paper and printing	100	0	- 4	137	0	+ 7
Printing	91	0	- 1	118	- 2	+ 7
<b>Others:</b>						
Cigars and tobacco	64	- 2	-12	84	0	+13
Rubber tires, goods	126	+ 1	+33	229	+ 6	+54
Musical instruments	74	0	+14	124	+ 3	+49

\*Figures from 2922 plants.

## Hours and Wages

Factory workers Averages April 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>	44.9	+ 6	\$ .983	+12	\$43.83	+19
Iron, steel and prod.	45.8	+ 6	1.055	+10	48.36	+17
Nonferrous metal prod.	45.1	+ 7	.924	+13	41.68	+21
Transportation equip.	48.1	+ 2	1.123	+11	54.00	+13
Textiles and clothing	40.5	+ 6	.701	+14	28.25	+21
Textiles	41.1	+ 6	.725	+15	29.72	+21
Clothing	39.2	+ 7	.645	+12	25.35	+20
Food products	43.7	+ 9	.755	+ 9	33.25	+18
Stone, clay and glass	39.1	+ 3	.862	+ 7	33.70	+10
Lumber products	44.0	+11	.694	+15	30.38	+28
Chemicals and prod.	44.1	+11	.979	+ 5	43.05	+18
Leather and prod.	41.0	+ 4	.856	+11	28.83	+14
Paper and printing	42.6	+ 4	.706	+ 9	36.80	+12
Printing	39.9	+ 4	.991	+ 8	39.74	+ 8
<b>Others:</b>						
Cigars and tobacco	42.2	+11	.571	+13	24.10	+26
Rubber tires, goods	43.9	+ 5	.921	+10	40.42	+16
Musical instruments	48.8	+13	.904	+15	44.10	+31

\*Figures from 2762 plants.

†Figures from 2922 plants

## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	April 1943 from		1943 from 4 mos. 1942
	Month ago	Year ago	
<b>Sales</b>			
Total of all lines.....	+ 1	+13	+ 7
Boots and shoes.....	-13	+18	+ 6
Drugs.....	- 6	+ 6	+ 7
Dry goods.....	- 7	+20	+12
Electrical supplies.....	+ 8	+57	+42
Groceries.....	+ 6	+ 6	+ 5
Hardware.....	+ 5	-17	-14
Jewelry.....	-14	-22	- 9
Paper.....	+ 5	- 6	-35
<b>Inventories</b>			
Total of all lines.....	+ 3	-23	.....
Dry goods.....	- 4	-29	.....
Electrical supplies.....	- 5	-49	.....
Groceries.....	+ 1	-14	.....
Hardware.....	0	-30	.....
Jewelry.....	+27	-12	.....
Paper.....	+ 4	-13	.....

Source: U. S. Department of Commerce.

Prices	Apr. 1943	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b> (Aug. 1939 = 100)...	177	0	+ 6	+ 77
<b>Wholesale</b> (1926 = 100).....	104	0	+ 5	+ 38
Farm.....	124	+ 1	+19	+103
Food.....	108	+ 1	+10	+ 61
Other.....	97	0	+ 1	+ 21
<b>Living costs</b> (1935-1939 = 100)*..				
United States.....	123	+ 1	+ 7	+ 25
Philadelphia.....	121	+ 1	+ 8	+ 24
Food.....	133	+ 3	+15	+44
Clothing.....	127	+ 1	+ 3	+28
Rent.....	107	0	0	+ 4
Fuels.....	106	0	+ 2	+10
Housefurnishings.....	123	0	+ 1	+22
Other.....	114	0	+ 5	+ 14

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

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Apr. 1943	Mar. 1943	Apr. 1942	Per cent change			Apr. 1943	Mar. 1943	Apr. 1942
				April 1943 from		1943 from 4 mos. 1942			
				Month ago	Year ago				
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	155p	154	147	+ 1	+ 5	+ 6	148p	135	132
Philadelphia.....	159	157	152	+ 1	+ 5	+ 7	146	136	130
Women's apparel.....	129	147	111	-12	+16	+22	149	146	118
Men's apparel.....	141	150	128	- 6	+10	- 7	142	126	117
Shoe.....	145	133	136	+ 9	+ 7	+ 4	179	131	156
<b>Inventories</b>									
Department stores—District.....	126	130	169	- 3	-26	.....	130	134	174
Philadelphia.....	125	128	170	- 2	-26	.....	128	132	174
Women's apparel.....	140	144	147	- 3	- 5	.....	140	157	147
Shoe.....	97	100	120	- 4	-19	.....	104	104	128
<b>FREIGHT-CAR LOADINGS</b>									
Total.....	141	140	150	+ 1	- 6	- 6	134	132	143
Merchandise and miscellaneous.....	135	134	138	+ 1	- 2	- 9	134	129	137
Merchandise—l.c.l.....	87	87	93	0	- 7	- 1	87	87	93
Coal.....	172	141	178	+22	- 4	+ 1	137	146	144
Ore.....	199	188	443	+ 6	-55	-26	104	83	231
Coke.....	247	215	234	+15	+ 6	+ 3	200	202	194
Forest products.....	128	122	137	+ 5	- 7	- 4	108	107	115
Grain and products.....	116	117	115	- 1	+ 1	+ 1	108	112	106
Livestock.....	114	104	105	+10	+ 9	+ 7	105	97	96
<b>MISCELLANEOUS</b>									
Live insurance sales.....	107	99	77	+ 8	+38	-15	107	103	77
Business liquidations									
Number.....				- 9*	-54*	-57*	30	33	66
Amount of liabilities.....				-92*	-56*	+124*	16	194	35
Check payments.....	207	175	142	+18	+45	+18	202	173	139

\*Computed from unadjusted data. p—Preliminary.

# BANKING STATISTICS

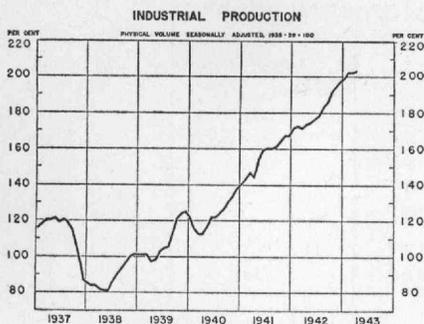
## MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	May 19, 1943	Changes in—	
		Three weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 230	-\$ 1	-\$ 48
Open market paper.....	13	.....	-23
Loans to brokers, etc.....	35	- 4	+ 9
Other loans to carry secur.....	11	- 1	*
Loans on real estate.....	44	.....	- 5
Loans to banks.....	.....	- 5	.....
Other loans.....	115	- 2	*
<b>Total loans.....</b>	<b>\$ 448</b>	<b>-\$ 13</b>	<b>-\$ 97</b>
Government securities.....	\$1407	+\$110	+\$858
Obligations fully guar'eed..	73	- 1	- 18
Other securities.....	208	- 17	- 51
<b>Total investments.....</b>	<b>\$1688</b>	<b>+\$92</b>	<b>+\$789</b>
<b>Total loans &amp; investments.</b>	<b>\$2136</b>	<b>+\$79</b>	<b>+\$692</b>
Reserve with F. R. Bank.....	407	- 24	- 89
Cash in vault.....	28	- 2	+ 2
Balances with other banks..	100	- 47	†
Other assets—net.....	64	- 1	- 6
<b>Liabilities</b>			
Demand deposits, adjusted..	\$1562	-\$ 25	+\$182
Time deposits.....	163	+ 1	- 8
U. S. Government deposits.....	399	+ 28	+ 371
Interbank deposits.....	377	.....	†
Borrowings.....	.....	.....	.....
Other liabilities.....	12	.....	.....
Capital account.....	222	+ 1	+ 3

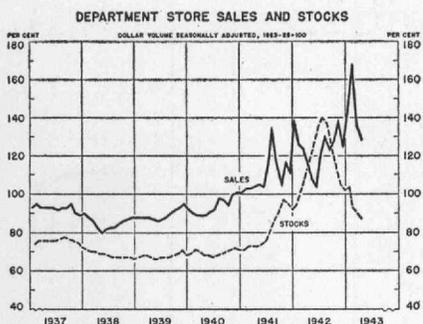
\*Not available.  
†Reciprocal bank balances now reported net.

Philadelphia Federal Reserve District (Millions of dollars)					Changes in weeks ending—			Change in three weeks	
					May 5	May 12	May 19		
<b>Sources of funds:</b>									
Reserve Bank credit extended in district.....					+ 0.7	+20.4	- 9.5	+11.6	
Commercial transfers (chiefly interdistrict).....					+35.2	-22.0	- 9.7	+ 3.5	
Treasury operations.....					-38.3	- 8.0	- 2.4	-48.7	
<b>Total.....</b>					<b>- 2.4</b>	<b>- 9.6</b>	<b>-21.6</b>	<b>-33.6</b>	
<b>Uses of funds:</b>									
Currency demand.....					- 0.0	+ 5.1	+ 6.4	+11.5	
Member bank reserve deposits.....					- 3.9	-11.3	-26.3	-41.5	
"Other deposits" at Reserve Bank.....					+ 1.4	- 3.9	- 1.9	- 4.4	
Other Federal Reserve accounts.....					+ 0.1	+ 0.5	+ 0.2	+ 0.8	
<b>Total.....</b>					<b>- 2.4</b>	<b>- 9.6</b>	<b>-21.6</b>	<b>-33.6</b>	
<b>Member bank reserves</b> (Daily averages; dollar figures in millions)					<b>Held</b>	<b>Re- quired</b>	<b>Ex- cess</b>	<b>Ratio of excess to re- quired</b>	
<b>Phila. banks</b>									
1942: May 1-15.....					\$472	\$308	\$164	53%	
1943: April 1-15.....					425	373	52	14"	
April 16-30.....					452	348	104	30"	
May 1-15.....					411	343	68	20"	
<b>Country banks</b>									
1942: May 1-15.....					\$211	\$145	\$ 66	46%	
1943: April 1-15.....					266	187	79	42"	
April 16-30.....					261	179	82	46"	
May 1-15.....					262	179	83	46"	
<b>Federal Reserve Bank of Phila.</b> (Dollar figures in millions)									
Bills discounted.....					\$ 0.5	+\$ 0.2	-\$ 0.3		
Bills bought.....					0	0	0		
Industrial advances.....					4.8	+ 0.4	- 0.6		
U. S. securities.....					394.8	+ 0.2	+ 201.0		
<b>Total.....</b>					<b>\$400.1</b>	<b>+\$ 0.8</b>	<b>+\$200.1</b>		
Note circulation.....					937.0	+ 11.9	+ 303.1		
Member bk. deposits.....					637.5	-41.5	- 51.9		
U. S. general account.....					15.7	- 1.7	- 5.6		
Foreign deposits.....					76.6	+ 2.3	+ 5.3		
Other deposits.....					11.0	- 4.4	+ 1.2		
<b>Total reserves.....</b>					<b>1299.8</b>	<b>- 24.9</b>	<b>+ 53.7</b>		
<b>Reserve ratio.....</b>					<b>77.5%</b>	<b>+ 0.1%</b>	<b>- 9.9%</b>		

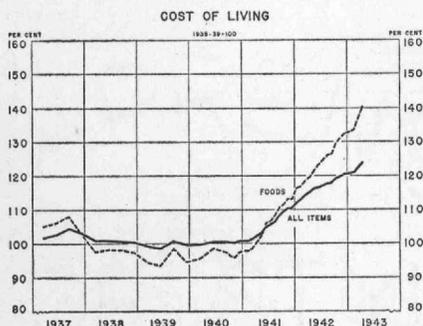
# National Summary of Business Conditions



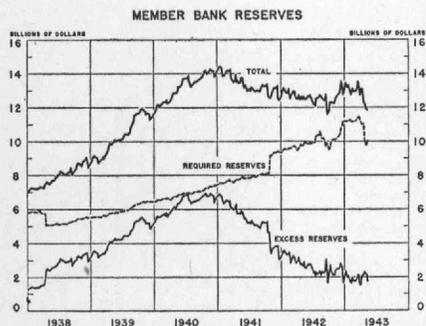
Federal Reserve index. Monthly figures, latest shown is for April 1943.



Federal Reserve indexes. Monthly figures, latest shown are for April 1943.



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September 1940, monthly thereafter. Mid-month figures, latest shown are estimates by Federal Reserve for April.



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for May 12.

Industrial activity in April and the early part of May increased somewhat further, and retail trade was maintained in large volume.

*Industrial production.* The Board's index of total industrial output rose slightly in April, reflecting further increases in activity in war industries, while output in most other lines showed little change.

Production of armaments in the machinery and transportation equipment industries rose to new high levels. Activity at steel mills increased somewhat further. Lumber production showed the usual seasonal rise in April and was at a level about 10 per cent less than a year ago, when problems of maintaining an adequate labor supply in the industry began to develop. In the cement industry, where production usually advances sharply during the spring months, production has shown little change this year, reflecting chiefly the restricted volume of current construction activity.

Total output of manufactured foods in April continued below the seasonally adjusted peak level reached at the end of last year. Meatpacking and flour production showed decreases in April, while output of dairy products and other manufactured food products was maintained. Volume of output in chemical plants continued to gain. Production of other nondurable manufactures showed little change.

There was a decline in bituminous coal production in the last week of April, following the breaking-off of negotiations for a new wage contract, but output increased in the early part of May. Production of coal in March had been at an exceptionally high level. Stocks on May 1 were considerably higher than a year ago and for bituminous coal were estimated to be equivalent to 55 days' supply for industrial purposes. In May the Government took over the bituminous coal mines.

Value of construction contracts awarded declined in April, reflecting reductions in contracts for Federal work, according to the F. W. Dodge Corporation. Total residential awards in March and April were at the lowest levels for these months in a number of years.

*Distribution.* Sales at department and variety stores increased in April, but the rise was less than usually occurs when Easter falls late in the month. Mail-order sales, principally to persons in small towns and rural areas, showed about the usual seasonal rise. Value of sales in April continued at a level substantially higher than a year ago but, with prices higher, the physical volume of goods sold was probably about the same as in the corresponding period last year.

Carloadings of revenue freight were maintained in large volume in April and the first week of May. Ore shipments showed a seasonal rise beginning in the last half of April, a month later than in 1942 when the movement was unusually early.

*Commodity prices.* Wholesale prices of most commodities showed little change from the middle of April to the middle of May. Retail food prices continued to advance sharply in the latter part of March and the early part of April and the indexes showed increases of 6 per cent as compared with January. Retail prices of most other items in the cost of living showed smaller increases in that period. Plans for more effective enforcement of price ceilings have been announced.

*Bank credit.* During May, as the Treasury made disbursements out of war loan accounts, which had been built up during the recent drive, there was a growth of bank deposits subject to reserve requirements and a decrease in member bank excess reserves. Continued withdrawals of currency also reduced bank reserves. Nevertheless, the reserves of member banks were sufficient to enable them to make substantial repurchases of bills which had been sold to the Reserve Banks under option. In addition, the Federal Reserve System sold some bonds in response to a market demand.

Government security holdings at reporting member banks in 101 leading cities increased by 4.3 billion dollars in the four weeks ending May 12. These increases reflected purchases of new issues during the War Loan Drive, as well as substantial market purchases.

In New York City, loans to brokers and dealers for purchasing or carrying securities increased by 860 million dollars during the three weeks of the War Loan Drive, and subsequently declined in the first three weeks of May; these changes reflected almost entirely activity in loans for purchasing or carrying Government securities, which on May 19 amounted to 580 million dollars of the total 1,020 million dollars outstanding; other loans to brokers and dealers by New York City banks rose by 90 million dollars from the end of March to May 19.