

THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

SEPTEMBER 1, 1943

INDUSTRIAL activity in the district shows the stresses and strains of an economy completely remade for war. Plant expansion is largely completed. This is reflected in a declining demand for building materials. Labor supply is being rapidly exhausted. This is shown by the steadiness of employment in leading lines of trade and industry and by the scarcity of agricultural workers. Consumer goods are becoming progressively scarce. This is revealed by curtailed operations and shrinking stocks in numerous lines of consumers' goods.

Adjustment of the economy to war is reflected also in the fields of income and finance. The largest financing program in the history of the war is to begin on September 9. The goal is \$15 billion, to be sold entirely outside of commercial banks. The exclusion of commercial banks from the Third War Loan Drive is in keeping with the policy of financing the war to as large an extent as possible outside of the banking system. The objective is to integrate the economy even more closely into the war effort by absorbing funds that might otherwise be used to bid up prices of the diminishing supply of consumer goods.

Manufacturing. A comparison of manufacturing activity for the seven months of 1943 with the corresponding period of 1942 discloses the war-bent nature of business. Manufacturing as a whole was operating on a plane 20 per cent above the year before. This fact alone

is gratifying; but keeping that figure in mind, it is noteworthy to observe the deviations from this average. Consumer goods were only 2 per cent higher, whereas durable goods (of which few are for home use) were 34 per cent higher. Turning to the major subdivisions, the contrast is still greater—from 71 per cent increase in transportation equipment to 21 per cent decrease in building materials. Further analysis reveals that the most substantial increases occurred among industries producing for war and the greatest decreases or the least impressive increases occurred in the consumer goods industries. One exception to this generalization should be marked. Productive activity in building materials—cement, brick, and lumber products—was uniformly lower in 1943 than in the preceding year. Some labor may be released from these industries to supply the acute shortage still being faced in the war plants.

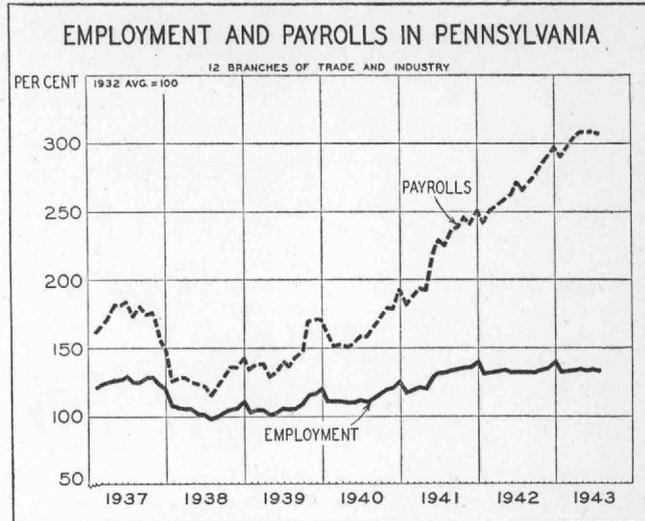
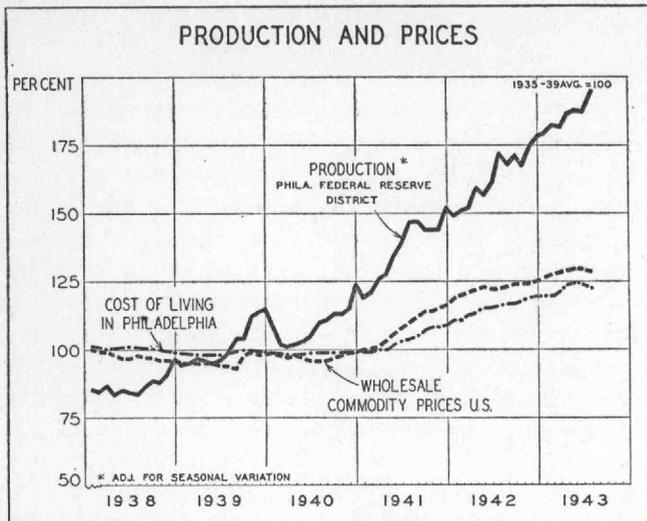
Employment in Pennsylvania factories showed practically no change from June to July; but it was 4 per cent above July of last year. Industries in which employment continued above this 4 per cent average were the heavy industries—iron and steel, nonferrous metals, transportation equipment, and chemicals. Hours worked per week declined 2 per cent from June to July, owing largely to vacation schedules. Average weekly earnings receded to \$44.07 from the record high of \$44.61 in June. Total payrolls of reporting establishments in Pennsylvania likewise declined

SECURITIES TO BE OFFERED DURING THIRD WAR LOAN DRIVE

	U. S. War Bonds Series E	U. S. Savings Bonds, Series F	U. S. Savings Bonds, Series G	Treasury Savings Notes, Series C	2½% Treasury Bonds of 1964-69	2% Treasury Bonds of 1951-53	7/8% Cdfs. of Indebtedness, Series E-1944
Issue price.....	75% of maturity value	74% of maturity value	100%	100%	\$500 or \$1,000 bonds, 100% Over \$1,000, 100% and interest	\$500 or \$1,000 bonds, 100% Over \$1,000, 100% and interest	100% and interest
Dated.....	First day of month in which purchased	First day of month in which purchased	First day of month in which purchased	First day of month in which purchased	Sept. 15, 1943	Sept. 15, 1943	Sept. 15, 1943
Due.....	10 years from issue date	12 years from issue date	12 years from issue date	3 years from issue date	Dec. 15, 1969	Sept. 15, 1953	Sept. 1, 1944
Rate.....	Varies—2.90% if held to maturity	Varies—2.53% if held to maturity	2½%	Varies—1.07% if held to maturity	2½%	2%	¾%
Registration.....	Registered form only	Registered form only	Registered form only	In inscribed form only	Bearer or registered form	Bearer or registered form	Bearer form only
Denominations.....	\$25 to \$1,000	\$25 to \$10,000	\$100 to \$10,000	\$1,000 to \$1,000,000	\$500 to \$1,000,000	\$500 to \$1,000,000	\$1,000 to \$1,000,000
Income taxable by Federal Government	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Eligible for subscription by individuals	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Eligible for subscription by com. bks..	No	No	No	Yes	No	No	No
Acceptable in payment of Federal (income, estate, or gift) taxes prior to maturity.	No	No	No	Yes, during and after 2nd calendar month after purchase	Federal estate taxes only, on death of owner	No	No
Redeemable for cash prior to maturity.	At holder's option only, after 60 days from issue date	At holder's option only, after 6 months, on variable schedule on 1 month's notice	At holder's option only, after 6 months, on variable schedule on 1 month's notice ¹	At holder's option only, after 6 months, at 100% and interest ²	At Government's option only, on or after Dec. 15, 1964, at 100% and interest	At Government's option only, on or after Sept. 15, 1951, at 100% and interest	No
Use as collateral.....	No	No	No	For loans from banks only	Yes	Yes	Yes
Eligible for deposit of public moneys.	No	No	No	No	Not before Sept. 15, 1953	Yes	Yes
Salable in open market.....	No	No	No	No	Yes	Yes	Yes
Amount for which eligible investor may subscribe.....	Not more than \$5,000 maturity value in one calendar year	Not more than \$100,000 issue price of Series F and G together in one calendar year		No limit	No limit	No limit	No limit

¹ Upon death of owner redeemable at 100% after six months from issue date, if application for redemption is made within four months after decease.

² At purchase price only if commercial bank is holder for own account.



2 per cent from June to July, reflecting seasonal factors. Compared with a year ago total working time increased 9 per cent and payrolls 20 per cent.

Coal and other fuels. With more settled labor conditions, production of anthracite in Pennsylvania rose 72 per cent in July to a level 5 per cent above a year ago, but, despite an increase of one-half, bituminous coal production was still below that in July, 1942.

Several recent developments in the over-all national situation may influence conditions in the coal industry of the Third Federal Reserve District: 1) Government control of coal mines of 53 companies has been terminated by the Solid Fuels Coordinator in accordance with the Smith-Connally Anti-Strike Act requirement that property seized by the Government be returned within 60 days after restoration of "productive efficiency"; approximately 3,700 mines continue under Government control. 2) A 48-hour week will go into effect wherever local conditions permit; the increased working hours are aimed at remedying manpower difficulties in the industry, but may also result in higher coal prices. 3) Uncertainties as to the effect upon wages of the War Labor Board's rejection of the agreement negotiated by the United Mine Workers and Illinois coal operators.

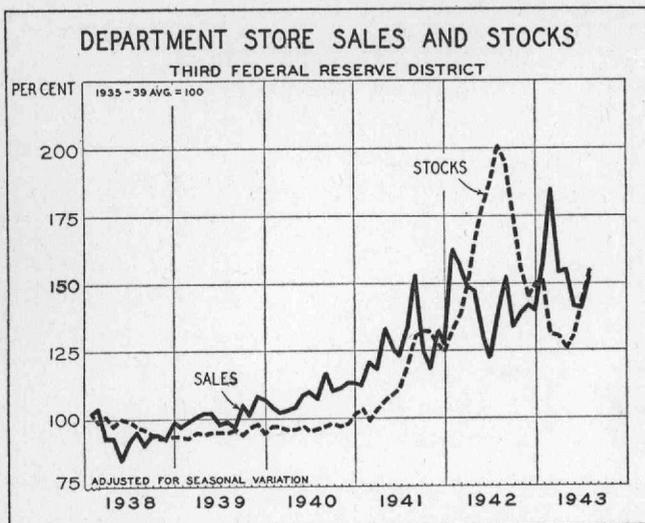
Largely because of the 3,500,000 tons of anthracite lost by strikes last spring, the Coal Administration will limit retail anthracite

dealers this winter to 90 per cent of 1942-43 supplies. Secretary Ickes indicated, however, that it still may be possible to achieve the 1943 objective of 65,000,000 tons of anthracite. A plan has been adopted for retail deliveries of anthracite to users for heating purposes, based upon the proportion of last year's requirements on hand.

Building. Activity in the construction industry in this district has shown only a moderate rise since the early spring, as some contemplated projects not vital to the war effort have been cancelled and others deferred for an indefinite period. With the bulk of industrial and war housing projects nearing completion, operations this fall are not expected to reach the exceptionally high levels prevailing one and two years ago.

The value of new awards rose steeply in July, owing principally to the inclusion of a large contract for a manufacturing plant. Placements for multiple family dwellings also increased in the month, but awards for other types of construction declined sharply. Contracts totaling \$18,200,000 in July were about one-fifth less than a year earlier. In the first seven months the dollar volume of contract awards was 42 per cent less than in 1942 and the smallest for the period since 1939.

Agriculture. An acute deficiency of moisture and continued high temperatures have reduced actual and prospective yields of many crops in this district. Growing conditions were fav-



orable throughout July, but they deteriorated rapidly during August in central and southeastern counties, where little rain of consequence was reported over a period of nearly six weeks. Pastures have been so impaired as to make necessary supplementary feeding of livestock over a large part of the district. Although the dry weather facilitated harvesting of hay and grains, fall plowing had to be discontinued. Farming operations generally remain somewhat behind schedule, owing to the persistent shortage of manpower.

The indicated yields of several leading field crops, including wheat, hay, and white potatoes, have been revised downward on the basis of conditions prevailing August 1. With few exceptions, production is expected to be smaller than in 1942, and somewhat below average. Recent unfavorable growing conditions are reflected also in the declining yields of truck crops in several of the more important producing regions. Production of orchard fruits is expected to show a pronounced decline this year.

Continued heavy demand and limited supplies are reflected in the strong market for virtually all farm products in this district and throughout the country. Farm cash income locally and nationally is considerably larger than in 1942 and other recent years. In Pennsylvania, New Jersey, and Delaware income from the sale of crops, livestock, and livestock products totaled nearly \$340 million in the six months ended June, or 29 per cent more than in the same period last year.

Trade. With expanding consumer incomes, the dollar volume of retail sales in numerous soft goods lines has been running substantially ahead of a year ago. At reporting department stores in this district sales in July were 11 per cent larger; figures for June showed that the greatest gains among the major departments were in women's apparel and accessories and in piece goods, with smaller gains in men's and boy's wear, and still less in the home furnishings division. This experience was repeated in broad outline at the specialty stores. The increase in July over a year ago at women's apparel stores was 21 per cent, at men's apparel shops 5 per cent, while the shoe stores, where volume reflected the effects of rationing, had 14 per cent less business. Furniture stores reported an increase of 16 per cent in the year.

Inventories of reporting concerns increased somewhat from June to July. Stores specializing in women's apparel had somewhat larger stocks in dollars than a year ago, but declines were shown by shoe and department stores. In appraising the decrease of 24 per cent at the latter, it should be realized that supplies on hand a year ago were unusually large for the season; outstanding orders for additional wares have been rising steadily this year and at the end of July were over three times as large, in dollars, as a year ago.

In the wholesale trade, sales generally declined during July but gains predominated in comparison with a year ago. Increases from 1 to 43 per cent were experienced by various lines, with declines in sales of electrical supplies and hardware only. Wholesale inventories fell 6 per cent from June to July, the greatest decreases taking place in jewelry and electrical supplies. Compared with a year ago also these two lines show the largest declines; total inventories in the eight lines covered were one-fourth smaller in dollars than in July 1942.

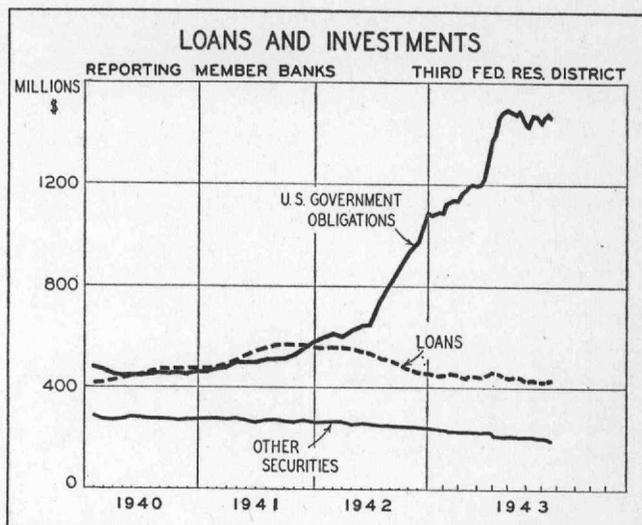
Carloadings, stimulated chiefly by increased coal shipments, rose 11 per cent during the month of July, but were only slightly above year ago levels. Shipments of grain on a seasonally adjusted basis were one-third smaller in the month, and less than in July 1942.

Banking conditions. War expenditures of \$100 billion and additional billions of dollars to meet interest on debt and routine costs of Government must be met by the Treasury during the fiscal year ending next June, according to budget estimates. Tax and similar receipts will provide only about \$38 billion under present legislation. Accordingly, it now appears that the direct debt of the Federal Government will rise from \$137 billion to \$206 billion over a twelve-month period.

Incomes of individuals and business concerns are increased directly by Government expenditures, with the result that income payments to individuals in the present fiscal year are likely to approximate \$150 billion. The supply of goods and services for civilian use is much less, figured at present price levels. In order that the pressure toward higher prices may be checked, it is important to the nation and in the self-interest of every individual that a very substantial part of current income be applied to the purchase of Government securities, rather than be used in an effort to acquire additional goods.

The Treasury, in the drive to raise \$15 billion which begins September 9, is offering securities only to others than commercial banks, appealing to individuals, trust accounts, business concerns, savings banks, insurance companies, organizations, associations, and other private investors. The list of securities offered is as varied as that presented in April.

While commercial banks, defined as those which accept demand deposits, are barred from subscriptions during the drive, they will be offered securities after it is over. Their holdings of Governments are now very large. In the case of members in this district, nearly \$2½ billion was held in June, an amount more than three times as great as it was three years earlier. Some decline has occurred recently at reporting banks in leading cities; total investments were down \$21 million and the investment in Governments was off \$12 million in the four weeks ended August 18. Sales to provide additional reserves were reflected in a decrease of \$53 million in Treasury bills; holdings of certificates increased somewhat as delivery was made on a new issue, and the investment in Treasury bonds increased \$37



million to a new high. Loans also expanded several millions of dollars, owing chiefly to disbursements on guaranteed credits to war industry.

Demand deposits of individuals, partnerships and corporations, totaling \$1,669 million at reporting banks on August 18, were \$52 million larger than just before the last loan drive and \$315 million greater than a year ago. Total deposits, however, were reduced lately by Treasury withdrawals from war loan accounts.

Reserves of all member banks in the district increased moderately in the four latest weeks. Approximately \$129 million, net, was paid over to the Treasury, as receipts were increased by payroll deductions for income taxes, Social Security funds, and withdrawals from depositaries, and substantial amounts of currency were required to meet the public demand. But the district had a large gain from interdistrict commercial transactions, and Reserve Bank holdings of Treasury bills under the repurchase option increased \$88 million to \$196 million.

In the middle of August the reserves of member banks in Philadelphia were about 4 per cent above requirements, as against 31 per cent a year earlier, when balances were larger and requirements smaller. At the country banks the excess was 33 per cent in the first half of August, compared with 46 per cent last year; these banks gained reserves in the twelve months, which tended to offset rising requirements against expanding deposits.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	July 1943	June 1943	July 1942	Per cent change			July 1943	June 1943	July 1942
				July 1943 from Mo. ago	1943 from 7 mos. ago	1943 from 7 mos. ago			
INDUSTRIAL PRODUCTION	158p	152	137r	+4	+15	+18	152p	161	133
MANUFACTURING	163p	159	140r	+2	+17	+20	156p	158	135r
Durable goods	266p	257	211	+4	+26	+30			
Consumers' goods	95p	95	92	0	+3	+2			
Metal products	178	174	164	+2	+8	+11	172	176r	158
Textile products	73p	73	78	+1	-6	-4	67p	71	72
Transportation equipment	749p	716	507	+5	+48	+71	727p	713	492
Food products	121p	118	104r	+3	+17	+15	108p	107	98r
Tobacco and products	99	114	111	-13	-11	-5	107	123	120
Building materials	38p	39	52	-1	-26	-21	40p	42	56
Chemicals and products	165	158	137	+5	+21	+13	162	158	134
Leather and products	118p	111	117	+6	0	-11	107p	108	107
Paper and printing	96	94	87	+2	+10	0	93	93	85
Individual lines									
Pig iron	114	115r	116	-1	-2	-2	105	109r	107
Steel	148	138	140	+7	+6	+6	135	141	123
Silk manufactures	83	88	86	-6	-4	+1	81	84	84
Woolens and worsteds	64p	66	63	-3	+2	-1	60p	64	60
Cotton products	61	59	67	+3	-9	0	53	56	58
Carpets and rugs	54p	55	56	-2	-5	-6	51p	54	54
Hosiery	90	80	93r	+12	-3	-2	74	79	76
Underwear	179	161r	184	+11	-3	+4	149	161r	153
Cement	36p	37	69	-3	-48	-38	42p	44	81
Brick	63	61r	73	+3	-14	-10	60	63	70
Lumber and products	26	28r	30	-4	-12	-10	29	28	33
Bread and bakery products				-1*	+7*	+13*	113	114	106
Slaughtering, meat packing	120	110	100	+9	+20	+3	105	103	89
Sugar refining	80	85	75	-6	+6	+6	82	91	77
Canning and preserving	177p	166	129r	+7	+37	+34	123p	120	106r
Cigars	99	114	111	-13	-11	-6	107	123	120
Paper and wood pulp	84	84r	83	-1	+1	-4	80	83r	79
Printing and publishing	98	96	88	+2	+11	+1	95	96r	86
Shoes	133	135	142	-2	-6	-6	123	129	132
Leather, goat and kid	103p	88	94	+17	+10	-17	91p	89	83
Paints and varnishes	104	94r	91	+11	+14	+2	97	95	85
Coke, by-product	160	156	161	+3	0	+2	157	156	157
COAL MINING	84	50r	81r	+69	+3	-1	82	49r	79
Anthracite	81	47r	77r	+72	+5	0	81	47r	77
Bituminous	105	71	113	+49	-7	-8	93	62r	99
CRUDE OIL	418	406	465	+3	-10	-10	418	422	465
ELEC. POWER—OUTPUT	425	415	383	+2	+11	+12	395	394	356
Sales, total	435	427	374	+2	+16	+13	409	414	352
Sales to industries	336	325	265	+3	+27	+18	343	328	270
BUILDING CONTRACTS									
TOTAL AWARDS†	51	46	122	+12	-58	-22	47	46	112
Residential†	32	33	32	-2	0	-2	36	35	36
Nonresidential†	68	60	173	+14	-61	-32	63	61	160
Public works and utilities†	48	48	261	-1	-82	-24	41	46	225

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

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932=100	Employment			Payrolls		
	July 1943 index	Per cent change from		July 1943 index	Per cent change from	
		June 1943	July 1942		June 1943	July 1942
GENERAL INDEX	133	-1	0	307	0	+16
Manufacturing	185	0	+4	458	-2	+20
Anthracite mining	52	0	-17	81	+30	+1
Bituminous coal mining	83	-3	-19	281	+16	+3
Building and construction	50	+2	-13	124	+1	+3
Quar. and nonmet. mining	103	0	-18	311	+1	-10
Crude petroleum prod.	137	-2	-5	219	+2	+10
Public utilities	95	-5	9	139	+2	+5
Retail trade	106	-5	+2	148	-3	+6
Wholesale trade	108	+1	-7	145	0	+3
Hotels	102	+1	+6	157	+2	+19
Laundries	108	-2	-5	166	-5	+4
Dyeing and cleaning	100	-4	-9	157	-15	0

Manufacturing

Indexes: 1923-5=100	Employment*			Payrolls*		
	July 1943 index	Per cent change from		July 1943 index	Per cent change from	
		June 1943	July 1942		June 1943	July 1942
TOTAL	119	0	+4	187	-2	+20
Iron, steel and products	130	0	+5	264	-2	+22
Nonferrous metal products	198	0	+5	385	-2	+14
Transportation equipment	150	+2	+29	248	-1	+34
Textiles and clothing	85	-1	-7	116	-5	+8
Textiles	78	-1	-7	107	-6	+7
Clothing	115	-1	-7	161	-2	+9
Food products	116	+1	+3	168	0	+19
Stone, clay and glass	88	0	-7	121	-2	+4
Lumber products	53	+1	-8	78	+2	+9
Chemicals and products	124	+1	+7	206	+1	+26
Leather and products	82	-1	-13	117	-1	-2
Paper and printing	101	0	+3	140	0	+21
Printing	92	-1	+3	123	+1	+22
Others:						
Cigars and tobacco	60	-3	-14	79	-4	+7
Rubber tires, goods	135	+2	+33	262	+4	+55
Musical instruments	77	+13	+27	125	+8	+54

* Figures from 2905 plants.

Local Business Conditions*

Percentage change—July 1943 from month and year ago	Employment		Payrolls		Building permits value		Retail Sales		Debits	
	June 1943	July 1942	June 1943	July 1942	June 1943	July 1942	June 1943	July 1942	June 1943	July 1942
Allentown	0	+4	-2	+15	+903	+234	-29	+4	+6	+11
Altoona	+2	+1	-7	+6	-1	+197	-18	+13	+1	+8
Harrisburg	0	-6	-3	+10			-8	+38	+16	+20
Johnstown	-2	-5	-2	+16	-77	-83	-17	+3	1	-3
Lancaster	+2	+11	+1	+29		+586	-14	-12	-2	+18
Philadelphia	-1	+11	-1	+28	+61	-77	-28	-10	-3	+19
Reading	+1	-3	-4	+13	+15	-1	-15	-19	0	+16
Scranton	-1	+7	-5	+24	-16	+24	-31	+6	+4	+1
Trenton					+385	+561	-23	+25	-1	-6
Wilkes-Barre	-1	-1	-4	-8	+5	-51	-24	+12	-1	+12
Williamsport	-3	+2	-1	+16	-30	-87			-1	-6
Wilmington	+2	+42	+2	+73	+230	+897	-16	+17	+1	+30
York	-1	-1	-3	+5	+7	-61	-5	+25	+2	+6

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

Hours and Wages

Factory workers Averages July 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
TOTAL	44.0	+5	\$1.007	+11	\$44.07	+16
Iron, steel and prods.	45.1	+5	1.077	+10	48.59	+16
Nonfer. metal prods.	44.1	+4	.929	+10	40.96	+15
Transportation equip.	46.8	-1	1.153	+7	53.98	+7
Textiles and clothing	38.5	+3	.715	+12	27.37	+15
Textiles	39.0	+2	.739	+13	28.74	+15
Clothing	37.3	+4	.657	+12	24.56	+16
Food products	43.3	+9	.785	+9	34.61	+19
Stone, clay and glass	38.9	+6	.875	+5	34.04	+11
Lumber products	43.6	+5	.712	+14	30.71	+19
Chemicals and prods.	44.8	+14	1.014	+6	45.17	+22
Leather and prods.	40.6	+5	.706	+9	28.41	+14
Paper and printing	42.2	+8	.872	+9	37.10	+17
Printing	40.8	+11	1.015	+9	41.32	+17
Others:						
Cigars and tobacco	41.4	+9	.578	+14	23.92	+25
Rubber tires, goods	43.2	+1	.992	+15	42.87	+16
Musical instruments	47.4	+7	.896	+13	42.49	+21

* Figures from 2751 plants.

† Figures from 2905 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	July 1943 from		1943 from 7 mos. 1942
	Month ago	Year ago	
Sales			
Total of all lines	- 4	+12	+12
Boots and shoes	-22	+43	+23
Drugs	- 3	+ 1	+ 5
Dry goods	+ 4	+32	+22
Electrical supplies	- 8	- 2	+41
Groceries	- 1	+12	+11
Hardware	-16	- 8	-12
Jewelry	- 6	+ 1	- 4
Paper	- 3	+12	-21
Inventories			
Total of all lines	- 6	-25	.....
Dry goods	- 5	-33	.....
Electrical supplies	-11	-51	.....
Groceries	- 3	- 8	.....
Hardware	- 2	-20	.....
Jewelry	-12	-41	.....
Paper	- 3	-14	.....

Source: U. S. Department of Commerce.

Prices	July 1943	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939=100)	176	0	+ 5	+ 76
Wholesale (1926=100)	103	- 1	+ 5	+ 38
Farm	125	- 1	+19	+105
Food	107	- 2	+ 8	+ 60
Other	97	0	+ 1	+ 21
Living costs (1935-1939=100)				
United States	124	- 1	+ 6	+ 26
Philadelphia	123	- 1	+ 5	+ 25
Food	136	- 2	+10	+ 46
Clothing	129	+ 1	+ 2	+ 30
Fuels	106	0	+ 2	+ 10
Housefurnishings	124	0	+ 2	+ 23
Other	115	0	+ 3	+ 14

Source U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	July 1943	June 1943	July 1942	Per cent change			July 1943	June 1943	July 1942
				July 1943 from Month ago	1943 from Year ago	mos. 1942			
RETAIL TRADE									
Sales									
Department stores—District	153p	140	138	+10	+11	+ 8	102p	133	91
—Philadelphia	152	140	139	+ 8	+10	+ 9	96	132	87
Women's apparel	163	139	134	+17	+21	+23	92	120	75
Men's apparel	104	136	99	-24	+ 5	+ 2	80	156	77
Shoe	114	168	132	-32	-14	+ 2	95	200	110
Inventories									
Department stores—District	155p	141	203	+10	-24	.....	133p	132	175
—Philadelphia	151	142	206	+ 6	-27	.....	130	132	177
Women's apparel	211	191	201	+11	+ 5	.....	159	157	151
Shoe	104	92	114	+12	- 9	.....	90	89	99
FREIGHT-CAR LOADINGS									
Total	145	130	141	+11	+ 3	- 5	148	134	144
Merchandise and miscellaneous	137	132	132	+ 3	+ 4	- 4	137	135	132
Merchandise—l.c.l.	88	88	75	0	+17	- 9	88	88	75
Coal	156	112	152	+39	+ 2	- 4	148	101	143
Ore	209	201	217	+ 4	- 4	-15	313	296	328
Forest products	204	179	208	+14	- 2	- 1	188	166	192
Grain and products	123	120	124	+ 2	- 1	- 6	137	137	139
Livestock	91	135	95	-33	- 5	+ 4	122	118	128
	153	133	114	+15	+34	+14	132	121	98
MISCELLANEOUS									
Life insurance sales	108	100	79	+ 8	+38	+ 1	103	102	75
Business liquidations									
Number									
Amount of liabilities									
Check payments	169	156	144	+ 8	+17	+17	160	169	137

* Computed from unadjusted data.

p—Preliminary.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Aug. 18, 1943	Changes in—	
		Four weeks	One year
Assets			
Commercial loans	\$ 236	+\$ 5	-\$ 53
Loans to brokers, etc.	30	- 1	+ 2
Other loans to carry secur.	10	- 1	- 4
Loans on real estate	44	.....	.....
Loans to banks	3	+ 3	+ 3
Other loans	106	- 3	*
Total loans	\$ 429	+\$ 3	-\$ 84
Government securities	\$1380	-\$10	+\$642
Obligations fully guar' teed	75	- 2	+ 11
Other securities	193	- 9	- 57
Total investments	\$1648	-\$21	+\$596
Total loans & investments	\$2077	-\$18	+\$512
Reserve with F. R. bank	405	+ 2	- 27
Cash in vault	27	.....	.....
Balances with other banks	83	+ 3	- 26
Other assets—net	62	.....	- 4
Liabilities			
Demand deposits, adjusted	\$1681	+\$ 6	+\$289
Time deposits	163	+ 2	- 2
U. S. Government deposits	210	- 23	+ 165
Interbank deposits	362	.....	- 3
Borrowings	2	+ 2	+ 2
Other liabilities	12	- 1	- 1
Capital account	224	+ 1	+ 5

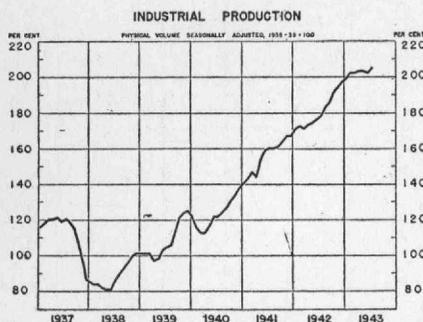
* Figures not available.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	July 28	Aug. 4	Aug. 11	Aug. 18	
Sources of funds:					
Reserve Bank credit extended in district	+57.1	- 8.1	+13.9	+26.8	+ 89.7
Commercial transfers (chiefly interdistrict)	+ 9.5	+50.7	+20.8	+ 2.4	+ 83.4
Treasury operations	-54.0	-36.5	-16.6	-22.2	-129.3
Total	+12.6	+ 6.1	+18.1	+ 7.0	+ 43.8
Uses of funds:					
Currency demand	+ 6.8	+ 6.1	+ 9.9	+ 6.2	+ 29.0
Member bank reserve deposits	+ 2.1	- 2.6	+13.2	+ 1.4	+ 14.1
"Other deposits" at Reserve Bank	+ 3.7	+ 2.6	- 5.1	- 0.5	+ 0.7
Other Federal Reserve accounts	+ 0	- 0	+ 0.1	- 0.1	+ 0
Total	+12.6	+ 6.1	+18.1	+ 7.0	+ 43.8

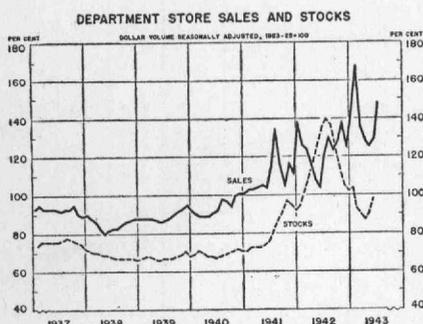
Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
1942: Aug. 1-15	\$448	\$320	\$128	40%
1943: July 1-15	380	366	14	4
July 16-31	383	370	13	4
Aug. 1-15	384	372	12	3
Country banks				
1942: Aug. 1-15	223	153	70	46
1943: July 1-15	263	193	70	36
July 16-31	260	196	64	32
Aug. 1-15	265	199	66	33

Federal Reserve Bank of Phila. (Dollar figures in millions)	August 18, 1943	Changes in	
		Four weeks	One year
Bills discounted	\$ 2.4	+\$ 2.3	+\$ 2.0
Bills bought	0	0	0
Industrial advances	4.4	- 0.6	- 0.8
U. S. securities	567.3	+100.3	+ 311.1
Total	\$574.1	+\$102.0	+\$312.3
Note circulation	1023.0	+ 30.7	+ 315.8
Member bk. deposits	655.4	+14.1	+ 15.8
U. S. general account	0.4	-13.4	- 19.1
Foreign deposits	95.5	+ 0.3	+ 26.2
Other deposits	3.8	+ 0.7	- 5.8
Total reserves	1220.4	-69.7	+ 18.1
Reserve ratio	68.6%	- 5.3%	- 14.6%

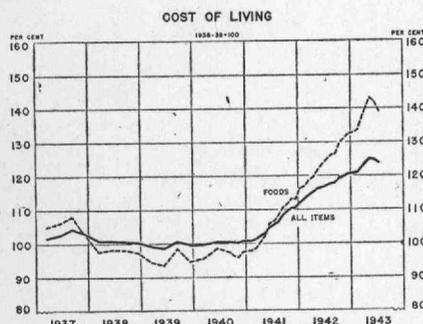
National Summary of Business Conditions



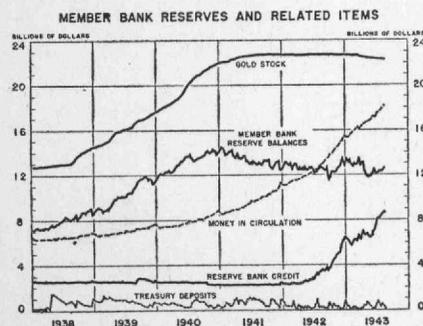
Federal Reserve index. Monthly figures, latest shown is for July.



Federal Reserve indexes. Monthly figures, latest shown are: sales—July; stocks—June.



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



Wednesday figures, latest shown are for August 18.

Industrial production advanced to a new high level in July following a slight decline in June, both of the changes reflecting chiefly fluctuations in coal production. Maximum food prices were reduced recently with a consequent slight decline in cost of living in July. Retail sales continued in large volume.

Industrial production. Industrial activity increased in July, reflecting a large rise in mineral production. Output at coal mines advanced sharply from the reduced level in June, production of crude petroleum increased, and iron ore shipments reached the highest monthly rate on record.

In manufacturing industries, output of most durable products and chemicals continued to increase in July, reflecting chiefly a further rise in production of munitions. At meat packing plants and cigarette factories production was also larger in July. Output of leather and textile products had shown small decreases in June and further declines occurred in July. Activity in most other non-durable goods industries showed little change from June to July.

The decline in the value of construction contracts awarded continued during July, according to reports of the F. W. Dodge Corporation. Most of the decline is accounted for by a drop in awards for publicly-financed industrial facilities and for public works and utilities.

Distribution. Value of retail sales declined less than seasonally in July and continued substantially larger than a year ago. During the first six months of this year sales had averaged about 12 per cent larger than in the corresponding period of 1942 and in July the increase was somewhat greater. The higher level of sales this year as compared with last year reflects for the most part price increases. In the first half of August sales at department stores increased by about the usual seasonal amount.

Freight carloadings rose sharply in July and were maintained at a high level during the first half of August. Total loadings were 10 per cent higher than the previous month owing to the largest volume of coal transported in many years and shipments of grain and livestock showed a considerable increase over June.

Commodity prices. The general level of wholesale commodity prices showed little change in July and the early part of August.

The cost of living declined somewhat from June 15 to July 15, according to Bureau of Labor Statistics data. Food prices declined by 2 per cent as a result of reductions in maximum prices for meats and seasonal declines in prices of fresh vegetables from earlier high levels.

Agriculture. General crop prospects improved somewhat during July according to Department of Agriculture reports. Forecasts for the corn and wheat crops were raised 6 per cent. Production expected for corn and other feed grains, however, is 10 per cent less than last year and for wheat is 15 per cent less than the large crop of 1942. Milk production in July was as large as the same period a year ago, while output of most other livestock products was greater.

Bank credit. The average level of excess reserves at all member banks, which had been about 1.5 billion dollars in mid-July, declined to 1.2 billion in the latter part of the month and continued at that level during the first two weeks of August. There was some further decrease of excess reserves at reserve city banks, but most of the decline occurred at country banks, where there had previously been little change. Two factors were principally responsible for the decline in excess reserves: an increase in deposits subject to reserve requirements, as funds expended by the Treasury from war loan accounts returned to the banks in other accounts; and a growth of over 500 million dollars in money in circulation. During the four weeks ending August 18 additional reserve funds were supplied to member banks by an increase of 580 million dollars in Reserve Bank holdings of Government securities, principally Treasury bills bought with option to repurchase.

During the four weeks ending August 11, member banks in 101 leading cities increased their holdings of Government securities other than Treasury bills by almost 800 million dollars. Of this amount, 570 million represented allotments to banks of new certificates of indebtedness issued in early August. Bill holdings declined as member banks made sales to adjust their reserve positions. Commercial loans increased somewhat over the four week period, but other loans declined.