# THE BUSINESS REVIEW

FEDERAL RESERVE BANK
OF PHILADELPHIA

OCTOBER 1, 1943


## Defense Migration in the Third Federal Reserve District

How national defense is affecting the economy is revealed by recent census releases showing population redistribution. Between 1940 and 1943 the civilian population of the nation's metropolitan counties increased 2.5 per cent despite the heavy selective service withdrawal of manpower. Some areas gained in excess of 50 per cent; other areas lost as much as 25 per cent. Net increases were most frequent in the South and the West; declines occurred in many of the older industrial areas. The changes represent primarily a shift into metropolitan centers actively engaged in producing materiel of war.

The metropolitan counties of the Philadelphia Federal Reserve district registered a net decrease of 3.7 per cent. Why do civilians migrate in time of war from a highly industrialized region characterized by great diversity of industrial activity? There are many causes, but three in particular may be singled out as predominant—the nature of the established industrial pattern in relation to the new wartime requirements, the stage of industrial development, and defense plan strategy.

Although the district had at the outset of the war a huge industrial plant embracing a great variety of manufacturing facilities, it naturally lacked in varying degrees certain specific manufacturing facilities required in this war. The technology and global character of the present war put a premium upon transportation equipment, especially ships and aircraft. The demand was so greatly in excess of national productive capacity that additional facilities had to be created wherever favorable climatic and other requirements were found.

This district, by reason of its early industrial growth, has been supplying manpower to newer areas for many years. Over half of the district population was urban before the turn of the century. Having long since passed from an agricultural to an industrial economy, the district had attained a third stage of development characterized by a pronounced shift of people into service and professional occupations. This movement was accelerated by the industrial depression of the thirties. The resurgence of nation-wide industrial activity may have drawn back into industry many of these workers formerly employed in the service occupations.

Defense plan strategy is also a factor in the percentage decline of the district population. For obvious reasons of military necessity most new plants were located according to a definite plan to secure greater geographical dispersion. The natural result is a shift of people away from highly industrialized centers.

The effect of the war upon the major metropolitan areas in the district is shown by the accompanying table.

Civilian Population Changes Between
April 1, 1940 and March 1, 1943
Metropolitan Counties

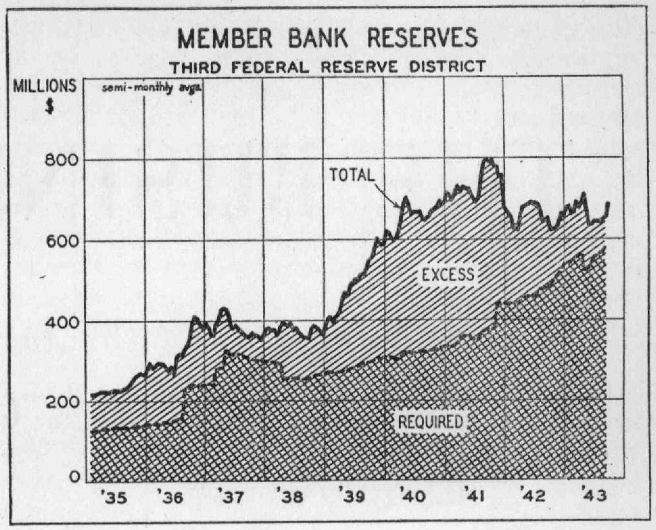
| | Estimated change Per cent |
|---|---|
| United States—137 areas | + 5.1 |
| Mobile Co., Ala. (highest gain) | +53.4 |
| Sioux City, Iowa (greatest loss) | —28.9 |
| Third Federal Reserve District—12 areas | |
| Wilmington | + 5.1 |
| Philadelphia | + 0.7 |
| Allentown-Bethlehem-Easton | — 0.4 |
| Trenton | — 0.8 |
| York | — 1.1 |
| Harrisburg | — 3.5 |
| Reading | — 6.8 |
| Altoona | — 7.7 |
| Johnstown | — 9.5 |
| Atlantic City | —14.1 |
| Scranton-Wilkes-Barre | —17.1 |
| Lancaster | —17.4 |
| Total Third Federal Reserve District Metropolitan Counties | — 3.7 |

**Third War Loan Drive.** Sales of securities to investors other than commercial banks through September 28 reached 91 per cent of the $15 billion objective of the Third War Loan Drive. Proportions for Pennsylvania, New Jersey, and Delaware were respectively 85, 73, and 93 per cent.

The Secretary of the Treasury on September 30 announced that the quota of $15 billion had been passed.

Increasing stress has been placed upon sales of Treasury securities to individuals because present purchasing power, in relation to the existing supply of civilian goods, is redundant, complicating the problem of price control. War costs are huge, our bill for the current fiscal year being estimated at $100 billion. Taxation and borrowing must supply the funds. But under present tax laws, revenues would fall far short of this amount. The choice, whether the remainder shall be met by selling securities to the people, thus absorbing excess purchasing power, or by selling large amounts to banks with a resultant increase in buying power, lies largely with the people. If they buy Treasury securities in increasing amounts, extensive recourse to the banks will not be necessary.

War Savings Bonds, Series E, are continually on sale. They have the three-fold advantage of earning 2.9 per cent if held to maturity, of




redemption in cash sixty days after purchase if funds are needed for emergencies, and of providing a safe investment now, when individual incomes are exceptionally large, for the accumulation of funds for future use. In April and May, under the stimulus of the Second War Loan Drive, sales approximated one billion dollars in each month. In June, July, and August they averaged less than $700 million monthly, supplying only a relatively small proportion of the funds needed for war. A much larger volume can be sold if individuals will avoid unnecessary expenditures and apply surplus current income or cash on hand to the purchase of bonds. The best way of buying these securities is through the payroll savings plan, now in effect at many thousands of business concerns.

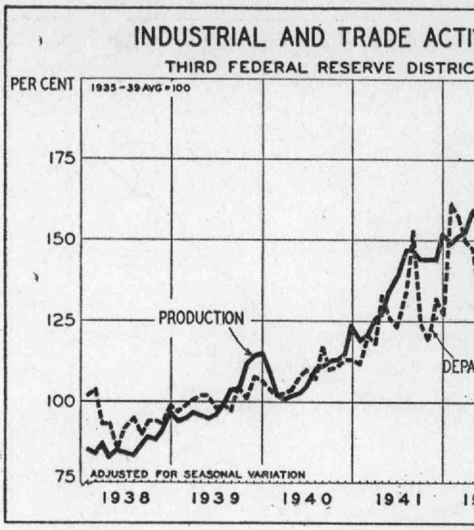
**Banking conditions.** War financing and payment of income taxes have resulted in a heavy turnover of funds in recent weeks. Nationally and in this district earning assets of the banks have expanded considerably, reflecting in part the purchase of securities from investors who wished to buy the new issues offered during the Third War Loan Drive. At the same time there has been a substantial shift in deposits from customers' balances to war loan accounts.

At reporting member banks in leading cities of the Third Federal Reserve District demand deposits of individuals and business concerns reached a record high level of $1,775 million on September 8, just before the Drive opened. In the two weeks following there was a decline of more than $200 million; concurrently United States Government deposits expanded $370 million to nearly one-half billion dollars. Over a somewhat longer period, from August 18 to September 22, holdings of Governments by these banks increased $125 million to $1,580 million, or 71 per cent of total credit outstanding; this gain was principally in Treasury bills and certificates. Loans also rose moderately, as the volume of business paper increased, partly as a result of disbursements on guaranteed credits; and heavier advances to brokers and dealers in securities were reported.

Reserves of member banks dropped sharply in the final week, but for the five weeks as a whole there was a gain of $19 million to $674 million. This was in the face of net cash payments to the Treasury of $156 million and an outward movement of currency in four of the five weeks. Support to reserves came principally from heavy gains in interdistrict commercial transactions, part of which probably represented transfers of funds to make payments to the Treasury. Additional funds were provided by the sale of Treasury bills to the Reserve Bank and an increase in float. Bills held by the Bank under the repurchase option increased $40 million to $237 million; this flexible means of adjusting reserve positions has been used actively, and direct borrowing has been resorted to in relatively few cases.

The shift in deposits from customers' balances, on which reserves must be maintained under the Federal Reserve Act, to war loan accounts on which no reserves are required tended temporarily to increase excess reserves of member banks. In the country as a whole excess reserves increased about $600 million to an estimated $1.9 billion in the five weeks ended September 22. In this District reserves of member banks in Philadelphia were 12 per cent above requirements in the week ended September 24, as against 3 per cent in the last half of August.

**Manufacturing.** The over-all demand for factory products in this district has not changed materially since mid-summer. Requirements of the armed forces for fighting equipment turned out by heavy industry have increased appreciably with the rising tempo of offensive operations on the several fronts, while military purchases of textiles and similar items have slackened temporarily. Sales of nondurable goods to civilians are still substantial, but show a declining tendency, as manufacturing operations in many lines are being curtailed by the growing shortage of manpower.

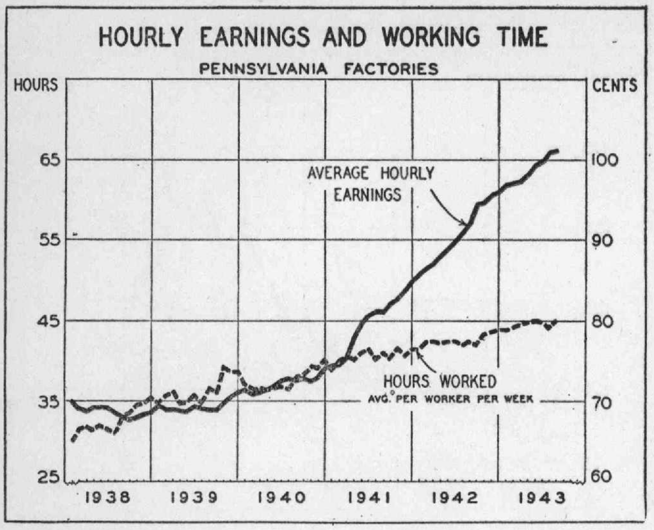



Unfilled orders for heavy goods continue close to war-time peaks reached earlier this year, although wide fluctuations have been reported from time to time, owing to cancellations necessitated by changing military strategy. In many nondurable goods lines backlogs likewise remain substantial, although in some instances, notably textiles, they have declined since the cessation of large-scale Government purchases.

Employment in Pennsylvania factories in August approximated the July peak of 1¼ million workers, and payrolls rose about 3 per cent to a new high of over $50 million a week. Compared with a year ago, the number employed increased 3 per cent and the volume of wage disbursements 21 per cent. Increases over 1942 in payrolls continued most pronounced in heavy industry lines, the gain for the group as a whole amounting to 23 per cent, as against 11 per cent in nondurable goods.

The weekly income of factory workers at reporting plants in Pennsylvania advanced further in August to a new high average of $45.28 from $44.18 in July, and $38.96 a year ago. Average hourly earnings continued at the July peak of $1.01, compared with 92 cents in August 1942 and 73 cents at the beginning of the defense program over three years ago. Working time rose slightly in the month to an average of 45 hours a week per employee.

Manufacturing activity in this district did not show the customary increase from July to Au-




gust, but with operations at many war plants approaching rated capacity, seasonal changes have lost most of their significance. Total output of factory products was 16 per cent greater than in August 1942, reflecting principally gains in the heavy industries turning out munitions. In the first eight months of 1943 the production of durable goods was nearly one-third greater than a year earlier, as against an increase of only 2 per cent in nondurable goods lines producing chiefly for civilian consumption.

**Coal and other fuels.** Continued expansion in industrial requirements and a heavier demand for heating purposes because of conversions from oil are reflected in an increasingly tight supply situation for solid fuels. The growing shortage of manpower and other production difficulties aggravate the problem producers must solve in coming months and reduce the likelihood that this year's high production goals for anthracite and bituminous coal will be met.

Reserves of anthracite in dealers' storage yards generally are small, amounting in many cases to only a few days' supply, according to latest reports. Retail sales of household sizes are being made under a voluntary plan which limits deliveries to not more than two tons. Output of anthracite decreased slightly in August, but shipments rose steeply from the low level reached in July and were the largest reported in two years. The production of approximately 40½ million tons in the eight months ended August was about a half million more than a year earlier, but only 62 per cent of estimated requirements for 1943.

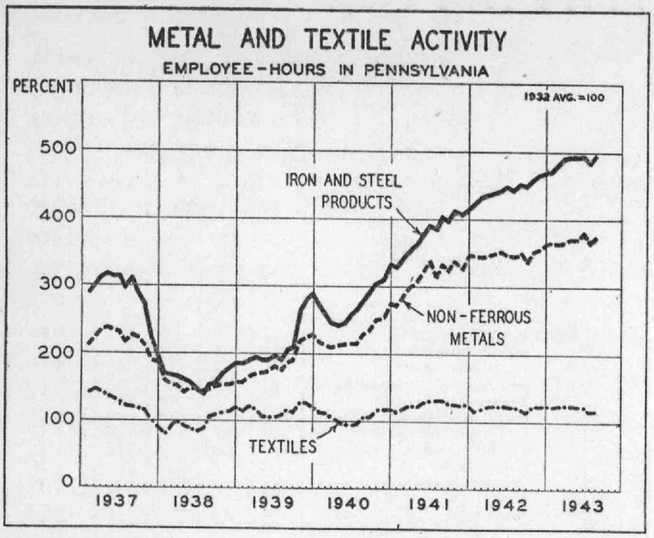
Output of bituminous coal in Pennsylvania increased considerably in August, averaging nearly 490,000 tons a day, as against about 440,000 in July, and 453,000 a year ago. Production in the first eight months, however, totaled only 91,400,000 tons compared with 95,800,000 in the same period last year, when industrial consumption of the fuel was lower.

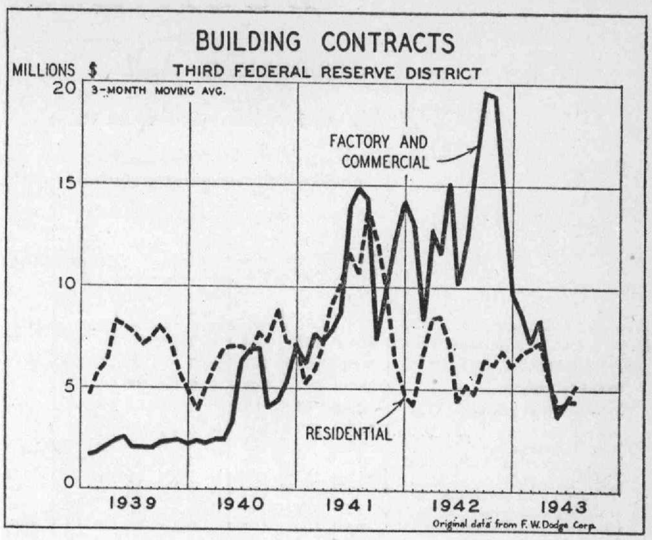
**Building.** Construction activity in this district, as in the country, has decreased considerably from the peak levels reached late last year. The bulk of the war emergency building programs, including the construction of new productive capacity, war housing projects, and military installations, has been completed. As emphasis has long since shifted to supplying direct war needs for materials, manpower, and other resources, the downward trend of building operations is unlikely to be reversed for some time to come.

Awards of building contracts in this district declined nearly 50 per cent in August to a little over $9¼ million, reflecting chiefly sharp reductions in the case of factories, educational buildings, and multiple-family dwellings. Placements for small houses rose steeply in the month, owing to one large award for a war housing project near Philadelphia; there was also a substantial gain in contracts for public works and utilities, which had been unusually small since the early spring. The total of building contracts awarded was nearly two-thirds less than a year ago, and in the eight months ended August the decline from 1942 was 45 per cent.

**Agriculture.** Growing conditions for crops in this district continued decidedly unfavorable over most of September, as the drought area spread and increased in severity, and early frosts damaged crops in northern tier counties of Pennsylvania. Prospective yields of most crops have been revised downward; the condition of grasslands has deteriorated rapidly, necessitating considerable supplementary feeding of livestock; and seasonal farming operations have fallen behind schedule in many regions. Delay in completing late summer work and starting fall plowing and seeding has complicated the manpower problem for farmers, as much of this activity will still be under way over part of the principal harvest season.

Indicated yields of most field crops on September 1 in this district were lower than a




month earlier, the sharpest reduction—22 per cent—being reported for oats. Below-average harvests are in prospect for grains, tobacco, and white potatoes; the production of hay is expected to be larger than in 1942 and several other recent years, owing to the unusually heavy cutting early in the season. Output of orchard fruits generally will decline this year, reflecting chiefly sharp reductions in the case of apples and peaches. Preliminary estimates of the cranberry crop in New Jersey indicate that production will be about 15 per cent below a year ago and the 1932-41 average.

Farm cash income in 1943 is expected to be considerably larger than in any other recent year, as higher prices have more than offset smaller crop yields and a recent reduction in the output of some livestock products, notably milk, in this district.

**Trade.** Retail sales in this district in August were smaller than a year earlier in all reporting lines except women's apparel, where the increase over 1942 narrowed considerably further. Returns from a limited number of establishments indicate that consumer purchases expanded substantially after the middle of September, with the dollar volume rising well above last year's level. Sales by department and women's apparel stores increased less than seasonally from July to August; at men's apparel stores the change was about in line with expectations; but in the case of shoe stores, a small increase instead of the customary sharp decline was reported. In the first eight months of 1943, the dollar sales of general merchandise and women's apparel were larger than a year ago.

Inventories generally increased in August, although the expansion was much less than usual at shoe stores, reflecting the growing difficulty of maintaining supplies in the face of heavy sales and curtailed production for civilian use. At the close of August, stocks at establishments specializing in women's apparel showed a large increase over a year ago, as against sharp decreases in other reporting lines. Outstanding commitments for merchandise have declined somewhat from the peak reached at the end of July; at department stores in this district, however, these orders in dollars were considerably more than double the volume reported at the end of August 1942.

Activity in wholesale markets increased somewhat in August, reflecting chiefly larger sales of paper, jewelry, and groceries. Aggregate sales were about 10 per cent greater than a year earlier and showed an increase of 12 per cent in the eight months ended August. Inventories did not change materially in the month and were nearly one-fifth smaller than a year ago, substantial declines being reported in all lines except paper and groceries.

Rail freight shipments are expanding steadily and may reach new high levels with the tonnage in prospect over the next several weeks, according to the Association of American Railroads. Freight-car loadings in this section increased somewhat further in August, owing to unusually heavy shipments of grain products, coal, and coke. With the use of fewer cars, ton-miles of revenue freight handled in the eight months ended August continued to show a substantial gain over the 1942 period.

# BUSINESS STATISTICS

## Production

*Philadelphia Federal Reserve District*

| Indexes: 1923-5 = 100 | Adjusted for seasonal variation | | | | | | Not adjusted | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Per cent change | | | | | |
| | | | | Aug. 1943 from | | 1943 from 8 mos. 1942 | | | |
| | Aug. 1943 | July 1943 | Aug. 1942 | Mo. ago | Year ago | | Aug. 1943 | July 1943 | Aug. 1942 |
| **INDUSTRIAL PRODUCTION** | **154p** | **158** | **134** | **− 3** | **+ 15** | **+ 18** | **153p** | **153** | **135** |
| **MANUFACTURING** | **158p** | **163** | **136** | **− 3** | **+ 16** | **+ 20** | **157p** | **157** | **137** |
| **Durable goods** | **254p** | **267** | **205** | **− 5** | **+ 24** | **+ 33** | ..... | ..... | ..... |
| **Consumers' goods** | **92p** | **94** | **89** | **− 2** | **+ 3** | **+ 2** | ..... | ..... | ..... |
| Metal products | 168 | 179r | 153 | − 6 | + 10 | + 11 | 177 | 173r | 161 |
| Textile products | 73p | 73 | 75 | 0 | − 3 | − 4 | 69p | 67 | 71 |
| Transportation equipment | 738 | 749 | 523 | − 2 | + 41 | + 66 | 724 | 728 | 513 |
| Food products | 118p | 119 | 102r | − 1 | + 16 | + 15 | 111p | 110 | 105r |
| Tobacco and products | 89 | 99 | 111 | −10 | − 20 | − 7 | 95 | 107 | 119 |
| Building materials | 37 | 39 | 48 | − 4 | − 22 | − 21 | 42 | 42 | 55 |
| Chemicals and products | 164 | 165 | 135 | 0 | + 21 | + 14 | 165 | 162 | 135 |
| Leather and products | 99p | 113 | 95r | −13 | + 3 | − 10 | 101p | 103 | 98 |
| Paper and printing | 96 | 96 | 88r | 0 | + 10 | + 2 | 94 | 93 | 85 |
| **Individual lines** | | | | | | | | | |
| Pig iron | 123 | 115r | 126 | + 7 | − 3 | − 2 | 108 | 106r | 111 |
| Steel | 139 | 150r | 127 | − 7 | + 10 | + 7 | 142 | 137r | 129 |
| Silk manufactures | 88 | 83 | 83 | + 7 | + 7 | + 2 | 86 | 81 | 80 |
| Woolens and worsteds | 54p | 59 | 57 | − 9 | − 5 | − 3 | 55p | 56 | 57 |
| Cotton products | 58 | 62r | 67 | − 6 | − 13 | − 1 | 53 | 54r | 61 |
| Carpets and rugs | 48p | 49 | 52 | − 4 | − 8 | − 7 | 45p | 47 | 49 |
| Hosiery | 90 | 90 | 93 | − 1 | − 4 | − 3 | 78 | 74 | 81 |
| Underwear | 166 | 179 | 164 | − 7 | + 1 | + 4 | 154 | 148r | 152 |
| Cement | 38 | 40 | 67 | − 6 | − 44 | − 38 | 47 | 47 | 83 |
| Brick | 58 | 61r | 66 | − 5 | − 12 | − 10 | 60 | 58r | 69 |
| Lumber and products | 26 | 27r | 28 | − 1 | − 5 | − 9 | 29 | 29 | 30 |
| Bread and bakery products | ..... | ..... | ..... | + 1* | + 1* | + 11* | 114 | 113 | 112r |
| Slaughtering, meat packing | 120 | 120 | 97 | 0 | + 23 | + 5 | 102 | 105 | 84 |
| Sugar refining | 98 | 80 | 61 | +23 | + 62 | + 39 | 85 | 82 | 52 |
| Canning and preserving | 161p | 168 | 116 | − 4 | + 38 | + 33 | 140p | 134 | 134 |
| Cigars | 88 | 99 | 111 | −11 | − 21 | − 8 | 94 | 107 | 119 |
| Paper and wood pulp | 86 | 86r | 78 | 0 | + 11 | − 1 | 86 | 83r | 78 |
| Printing and publishing | 98 | 98 | 90r | 0 | + 9 | + 2 | 95 | 95 | 87 |
| Shoes | 117 | 133 | 120 | −11 | − 2 | − 5 | 126 | 123 | 128 |
| Leather, goat and kid | 81p | 95 | 72r | −15 | + 12 | − 16 | 77p | 83 | 69r |
| Paints and varnishes | 95 | 103r | 84 | − 8 | + 13 | + 3 | 97 | 96r | 86 |
| Coke, by-product | 165p | 160 | 162 | + 3 | + 2 | + 2 | 162p | 157 | 159r |
| COAL MINING | 84 | 84 | 77r | 0 | + 9 | 0 | 83 | 82 | 76r |
| Anthracite | 81 | 81 | 74r | 0 | + 9 | + 1 | 81 | 81 | 74r |
| Bituminous | 109 | 105 | 101 | + 4 | + 8 | − 6 | 102 | 93 | 95 |
| CRUDE OIL | 404 | 418 | 467 | − 4 | − 14 | − 10 | 404 | 418 | 467 |
| ELEC. POWER—OUTPUT | 424 | 425 | 378 | 0 | + 12 | + 12 | 403 | 395 | 359 |
| Sales, total | 444 | 435 | 381 | + 2 | + 17 | + 14 | 422 | 409 | 362 |
| Sales to industries | 339 | 336 | 281 | + 1 | + 21 | + 19 | 350 | 343 | 289 |
| **BUILDING CONTRACTS** | | | | | | | | | |
| TOTAL AWARDS† | 50 | 51 | 118 | − 3 | − 58 | − 27 | 48 | 47 | 114 |
| Residential† | 38 | 32 | 38 | +17 | − 1 | − 2 | 42 | 36 | 43 |
| Nonresidential† | 65 | 68 | 175 | − 5 | − 63 | − 36 | 60 | 63 | 161 |
| Public works and utilities† | 42 | 48 | 245 | −11 | − 83 | − 33 | 37 | 41 | 213 |

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

## Local Business Conditions*

| Percentage change—August 1943 from month and year ago | Factory employment | | Factory payrolls | | Building permits value | | Retail Sales | | Debits | |
|---|---|---|---|---|---|---|---|---|---|---|
| | July 1943 | Aug. 1942 | July 1943 | Aug. 1942 | July 1943 | Aug. 1942 | July 1943 | Aug. 1942 | July 1943 | Aug. 1942 |
| Allentown | − 1 | − 4 | + 5 | +16 | − 60 | − 14 | + 4 | − 7 | − 1 | +18 |
| Altoona | 0 | − 2 | +13 | +11 | − 73 | + 15 | + 8 | − 5 | − 6 | + 8 |
| Harrisburg | − 1 | − 8 | 0 | + 1 | − 68 | + 17 | − 7 | − 0 | − 1 | +24 |
| Johnstown | − 1 | − 4 | + 8 | +18 | +146 | − 12 | +11 | − 2 | − 4 | − 7 |
| Lancaster | + 1 | +10 | 0 | +23 | − 88 | − 32 | + 2 | + 6 | − 2 | +22 |
| Philadelphia | − 1 | + 9 | 0 | +24 | − 61 | − 92 | + 8 | − 4 | − 1 | +19 |
| Reading | 0 | − 4 | + 4 | +14 | − 48 | + 13 | + 3 | − 4 | −12 | +11 |
| Scranton | + 2 | + 9 | + 7 | +30 | ..... | ..... | +19 | +10 | +10 | +11 |
| Trenton | ..... | ..... | ..... | ..... | − 50 | +737 | 0 | + 4 | +29 | +29 |
| Wilkes-Barre | + 2 | − 2 | +10 | − 3 | − 1 | − 22 | +12 | + 9 | − 7 | + 9 |
| Williamsport | 0 | + 2 | + 1 | +15 | +108 | − 13 | ..... | ..... | −10 | −17 |
| Wilmington | + 1 | +34 | + 2 | +53 | − 78 | +140 | + 2 | − 4 | −19 | +12 |
| York | + 1 | − 1 | + 4 | + 6 | − 79 | − 67 | +10 | +14 | − 4 | +12 |

* 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 | | |
|---|---|---|---|---|---|---|
| | Aug. 1943 index | Per cent change from | | Aug. 1943 index | Per cent change from | |
| | | July 1943 | Aug. 1942 | | July 1943 | Aug. 1942 |
| GENERAL INDEX | 133 | 0 | 0 | 320 | + 4 | +18 |
| Manufacturing | 184 | 0 | + 4 | 474 | + 3 | +21 |
| Anthracite mining | 51 | − 1 | −17 | 95 | +14 | +14 |
| Bituminous coal mining | 83 | 0 | −17 | 368 | +29 | +22 |
| Building and construction | 51 | + 2 | − 9 | 128 | + 3 | +10 |
| Quar. and nonmet. mining | 102 | − 1 | −18 | 336 | + 8 | − 5 |
| Crude petroleum prod | 139 | + 2 | − 4 | 213 | − 3 | + 8 |
| Public utilities | 103 | 0 | − 2 | 143 | + 1 | + 8 |
| Retail trade | 104 | − 2 | + 2 | 145 | − 2 | + 6 |
| Wholesale trade | 107 | − 1 | − 8 | 148 | + 2 | + 5 |
| Hotels | 98 | − 4 | + 3 | 156 | − 1 | +17 |
| Laundries | 103 | − 5 | − 9 | 152 | − 8 | − 5 |
| Dyeing and cleaning | 98 | − 2 | − 3 | 150 | − 4 | + 6 |

### Manufacturing

| Indexes: 1923-5 = 100 | Employment* | | | Payrolls* | | |
|---|---|---|---|---|---|---|
| | Aug. 1943 index | Per cent change from | | Aug. 1943 index | Per cent change from | |
| | | July 1943 | Aug. 1942 | | July 1943 | Aug. 1942 |
| TOTAL | 119 | 0 | + 3 | 193 | + 3 | +21 |
| Iron, steel and products | 131 | 0 | + 4 | 273 | + 2 | +21 |
| Nonferrous metal products | 198 | 0 | + 4 | 400 | + 4 | +15 |
| Transportation equipment | 149 | − 1 | +25 | 259 | + 4 | +37 |
| Textiles and clothing | 84 | − 1 | − 7 | 119 | + 2 | + 8 |
| Textiles | 77 | − 1 | − 7 | 111 | + 3 | + 9 |
| Clothing | 114 | − 1 | − 7 | 159 | − 1 | + 6 |
| Food products | 119 | + 3 | + 1 | 170 | + 1 | +12 |
| Stone, clay and glass | 90 | + 2 | − 4 | 128 | + 6 | + 7 |
| Lumber products | 52 | − 2 | − 5 | 80 | + 2 | +16 |
| Chemicals and products | 125 | 0 | + 6 | 210 | + 2 | +25 |
| Leather and products | 81 | − 2 | −14 | 114 | − 2 | − 3 |
| Paper and printing | 102 | 0 | + 4 | 144 | + 3 | +20 |
| Printing | 92 | 0 | + 5 | 126 | + 2 | [illegible] |
| Others: | | | | | | |
| Cigars and tobacco | 59 | − 1 | −15 | 78 | − 1 | [illegible] |
| Rubber tires, goods | 137 | 0 | +35 | 256 | − 4 | +48 |
| Musical instruments | 85 | +10 | +50 | 147 | +17 | +92 |

* Figures from 2903 plants.

### Hours and Wages

| Factory workers Averages August 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 | 45.1 | + 6 | $1.011 | +10 | $45.28 | +16 |
| Iron, steel and prods | 46.5 | + 7 | 1.081 | + 8 | 50.23 | +16 |
| Nonfer. metal prods | 45.3 | + 5 | .942 | + 9 | 42.66 | +14 |
| Transportation equip | 48.1 | + 1 | 1.153 | + 7 | 55.39 | + 9 |
| Textiles and clothing | 39.5 | + 4 | .718 | +11 | 28.17 | +15 |
| Textiles | 40.6 | + 5 | .742 | +11 | 30.10 | +17 |
| Clothing | 37.0 | + 1 | .657 | +12 | 24.21 | +12 |
| Food products | 42.6 | + 3 | .775 | + 9 | 33.32 | +12 |
| Stone, clay and glass | 40.0 | + 7 | .878 | + 4 | 35.14 | +12 |
| Lumber products | 44.7 | + 6 | .726 | +15 | 32.23 | +22 |
| Chemicals and prods | 44.2 | +12 | 1.034 | + 8 | 45.70 | +22 |
| Leather and prods | 40.4 | + 5 | .706 | + 8 | 28.30 | +13 |
| Paper and printing | 43.4 | +10 | .875 | + 8 | 38.16 | +15 |
| Printing | 40.7 | + 8 | 1.031 | +10 | 41.89 | +13 |
| Others: | | | | | | |
| Cigars and tobacco | 42.3 | +10 | .581 | +12 | 23.87 | +20 |
| Rubber tires, goods | 43.9 | + 2 | .944 | + 8 | 41.41 | +10 |
| Musical instruments | 49.0 | +10 | .922 | +16 | 45.21 | +27 |

* Figures from 2749 plants. † Figures from 2903 plants.

# Distribution and Prices

| Wholesale trade Unadjusted for seasonal variation | Per cent change: August 1943 from Month ago | Year ago | 1943 from 8 mos. 1942 |
|---|---|---|---|
| **Sales** | | | |
| Total of all lines | + 2 | +10 | +12 |
| Boots and shoes | − 7 | −10 | + 3 |
| Drugs | + 1 | + 5 | + 5 |
| Dry goods | − 6 | +26 | +22 |
| Electrical supplies | − 4 | +19 | +34 |
| Groceries | + 4 | +15 | +11 |
| Hardware | − 1 | − 6 | −11 |
| Jewelry | +12 | − 2 | − 4 |
| Paper | +22 | +39 | −14 |
| **Inventories** | | | |
| Total of all lines | + 1 | −18 | .... |
| Dry goods | + 3 | −22 | .... |
| Electrical supplies | − 1 | −44 | .... |
| Groceries | + 3 | − 4 | .... |
| Hardware | − 2 | −19 | .... |
| Jewelry | − 3 | −34 | .... |
| Paper | + 2 | 0 | .... |

Source: U. S. Department of Commerce.

| Prices | Aug. 1943 | Per cent change from Month ago | Year ago | Aug. 1939 |
|---|---|---|---|---|
| **Basic commodities** (Aug. 1939=100) | 177 | + 1 | + 6 | + 77 |
| **Wholesale** (1926=100) | 103 | 0 | + 4 | + 37 |
| Farm | 123 | − 1 | +16 | +102 |
| Food | 106 | − 1 | + 5 | + 57 |
| Other | 97 | 0 | + 2 | + 21 |
| **Living costs** (1935-1939=100) | | | | |
| United States | 123 | 0 | + 5 | + 25 |
| Philadelphia | 122 | 0 | + 5 | + 25 |
| Food | 135 | 0 | + 9 | + 45 |
| Clothing | 129 | + 1 | + 3 | + 30 |
| Rent | 107 | 0 | 0 | + 4 |
| 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: Aug. 1943 | July 1943 | Aug. 1942 | Per cent change: August 1943 from Month ago | Year ago | 1943 from 8 mos. 1942 | Not adjusted: Aug. 1943 | July 1943 | Aug. 1942 |
|---|---|---|---|---|---|---|---|---|---|
| **RETAIL TRADE** | | | | | | | | | |
| **Sales** | | | | | | | | | |
| Department stores—District | 145p | 154 | 151 | − 6 | − 4 | + 7 | 107p | 102 | 111 |
| Philadelphia | 142 | 152 | 151 | − 6 | − 6 | + 7 | 101 | 95 | 107 |
| Women's apparel | 145 | 163 | 132 | −12 | + 9 | +21 | 114 | 92 | 105 |
| Men's apparel | 104 | 104 | 114 | 0 | − 9 | 0 | 79 | 80 | 86 |
| Shoe | 162p | 114 | 205 | +42 | −21 | − 1 | 97p | 95 | 123 |
| **Inventories** | | | | | | | | | |
| Department stores—District | 172p | 156 | 199 | +11 | −13 | ...... | 156p | 134 | 180 |
| Philadelphia | 175 | 151 | 205 | +16 | −15 | ...... | 155 | 130 | 183 |
| Women's apparel | 219 | 211 | 174 | + 4 | +26 | ...... | 213 | 159 | 169 |
| Shoe | 95p | 104 | 109 | − 8 | −12 | ...... | 97p | 90 | 111 |
| **FREIGHT-CAR LOADINGS** | | | | | | | | | |
| Total | 148 | 145 | 143 | + 2 | + 4 | − 3 | 150 | 148 | 144 |
| Merchandise and miscellaneous | 134 | 137 | 130 | − 2 | + 3 | − 3 | 138 | 137 | 134 |
| Merchandise—l.c.l. | 88 | 88 | 76 | 0 | −17 | − 6 | 88 | 88 | 76 |
| Coal | 169 | 156 | 158 | + 8 | + 7 | − 3 | 154 | 148 | 144 |
| Ore | 201 | 209 | 208 | − 4 | − 3 | −13 | 299 | 313 | 312 |
| Coke | 216 | 204 | 205 | + 6 | + 5 | 0 | 201 | 188 | 191 |
| Forest products | 108 | 123 | 114 | −12 | − 5 | − 6 | 131 | 137 | 138 |
| Grain and products | 128 | 91 | 119 | +40 | + 7 | + 5 | 124 | 122 | 115 |
| Livestock | 135 | 153 | 119 | −12 | +14 | +14 | 130 | 132 | 115 |
| **MISCELLANEOUS** | | | | | | | | | |
| Life insurance sales | 116 | 108 | 83 | + 7 | +39 | + 5 | 97 | 103 | 70 |
| Business liquidations | | | | | | | | | |
| Number | .... | .... | .... | +10* | −61* | −63* | 16 | 15 | 42 |
| Amount of liabilities | .... | .... | .... | +63* | −17* | +26* | 17 | 11 | 21 |
| Check payments | 177 | 169 | 153 | + 5 | +16 | +17 | 158 | 160 | 135 |

* Computed from unadjusted data. p—Preliminary.

# BANKING STATISTICS

| Reporting member banks (000,000's omitted) | Sept. 22, 1943 | Changes in— Five weeks | One year |
|---|---|---|---|
| **Assets** | | | |
| Commercial loans | $ 243 | +$ 7 | −$ 37 |
| Loans to brokers, etc. | 39 | + 9 | + 13 |
| Other loans to carry secur. | 11 | + 1 | * |
| Loans on real estate | 44 | ...... | − 3 |
| Loans to banks | 5 | + 2 | + 5 |
| Other loans | 105 | − 1 | * |
| Total loans | $ 447 | +$ 18 | −$ 51 |
| Government securities | $1508 | +$128 | +$739 |
| Obligations fully guar'teed | 72 | − 3 | + 4 |
| Other securities | 189 | − 4 | − 61 |
| Total investments | $1769 | +$121 | +$682 |
| Total loans & investments | $2216 | +$139 | +$631 |
| Reserve with F. R. Bank | 413 | + 8 | − 7 |
| Cash in vault | 28 | + 1 | + 1 |
| Balances with other banks | 85 | + 2 | − 23 |
| Other assets—net | 61 | − 1 | − 5 |
| **Liabilities** | | | |
| Demand deposits, adjusted | $1538 | −$143 | +$129 |
| Time deposits | 162 | − 1 | − 1 |
| U. S. Government deposits | 497 | + 287 | + 477 |
| Interbank deposits | 370 | + 8 | − 11 |
| Borrowings | 0 | − 2 | 0 |
| Other liabilities | 13 | + 1 | − 2 |
| Capital account | 223 | − 1 | + 5 |

* Figures not available.

MEMBER BANK RESERVES AND RELATED FACTORS

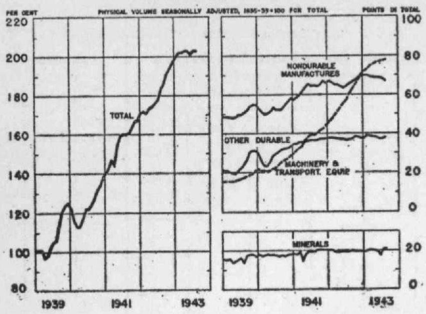
| Philadelphia Federal Reserve District (Millions of dollars) | Changes in weeks ended— Aug. 25 | Sept. 1 | Sept. 8 | Sept. 15 | Sept. 22 | Changes in five weeks |
|---|---|---|---|---|---|---|
| **Sources of funds:** | | | | | | |
| Reserve Bank credit extended in district | + 8.9 | +38.6 | −50.2 | +26.4 | +27.4 | + 51.1 |
| Commercial transfers (chiefly interdistrict) | +35.3 | + 8.4 | +39.3 | +56.7 | +15.3 | +155.0 |
| Treasury operations | −37.3 | −22.7 | +45.2 | − 7.8 | −133.3 | −155.9 |
| Total | + 6.9 | +24.3 | +34.3 | +75.3 | − 90.6 | + 50.2 |
| **Uses of funds:** | | | | | | |
| Currency demand | + 7.4 | +12.2 | + 9.3 | + 4.0 | − 5.0 | + 27.9 |
| Member bank reserve deposits | − 2.0 | +14.0 | +22.9 | +67.5 | − 83.8 | + 18.6 |
| "Other deposits" at Reserve Bank | + 1.4 | − 1.8 | + 2.2 | + 3.9 | − 1.7 | + 4.0 |
| Other Federal Reserve accounts | + 0.1 | − 0.1 | − 0.1 | − 0.1 | − 0.1 | − 0.3 |
| Total | + 6.9 | +24.3 | +34.3 | +75.3 | − 90.6 | + 50.2 |

| Member bank reserves (Daily averages; dollar figures in millions) | Held | Required | Excess | Ratio of excess to required |
|---|---|---|---|---|
| **Phila. banks** | | | | |
| 1942: Sept. 1-15 | $424 | $324 | $100 | 31% |
| 1943: Aug. 1-15 | 384 | 372 | 12 | 3 |
| Aug. 16-31 | 387 | 376 | 11 | 3 |
| Sept. 1-15 | 411 | 388 | 23 | 6 |
| **Country banks** | | | | |
| 1942: Sept. 1-15 | 230 | 157 | 73 | 46 |
| 1943: Aug. 1-15 | 265 | 199 | 66 | 33 |
| Aug. 16-31 | 269 | 204 | 65 | 32 |
| Sept. 1-15 | 280 | 208 | 72 | 35 |

| Federal Reserve Bank of Phila. (Dollar figures in millions) | Sept. 22, 1943 | Changes in Five weeks | One year |
|---|---|---|---|
| Bills discounted | $ 0.6 | −$1.8 | +$ 0.3 |
| Bills bought | 0 | 0 | 0 |
| Industrial advances | 4.4 | − 0.0 | − 0.7 |
| U. S. securities | 629.4 | +62.1 | + 377.6 |
| Total | $634.4 | +$60.3 | +$377.2 |
| Note circulation | 1051.4 | + 28.4 | + 308.5 |
| Member bk. deposits | 674.0 | + 18.6 | + 43.7 |
| U.S. general account | 24.8 | + 24.4 | − 5.7 |
| Foreign deposits | 105.6 | + 10.1 | + 32.1 |
| Other deposits | 7.8 | + 4.0 | − 14.6 |
| Total reserves | 1233.2 | + 12.7 | − 28.1 |
| Reserve ratio | 66.2% | − 2.4% | − 17.9% |

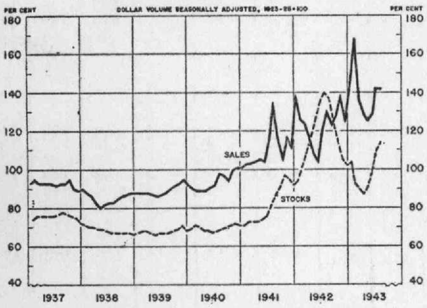
# National Summary of Business Conditions

INDUSTRIAL PRODUCTION



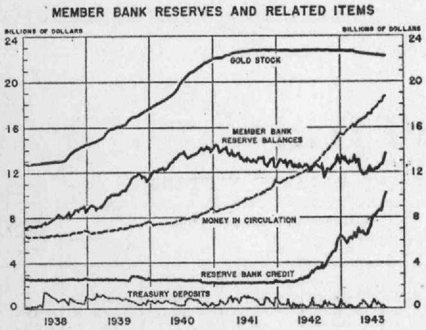

**Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for August 1943.**

DEPARTMENT STORE SALES AND STOCKS




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

MEMBER BANK RESERVES AND RELATED ITEMS




**Wednesday figures, latest shown are for September 15, 1943.**

Industrial activity and war expenditures were maintained in August at a high level. Commodity prices showed little change. Retail trade continued in large volume.

*Industrial production.* Output of manufactures and minerals showed little change in August and the Board's seasonally adjusted total index of industrial production remained at the July level. Production of durable manufactures increased. Output of iron and steel continued to advance and reached the peak levels achieved earlier this year. There were further slight increases in activity at war plants in the transportation equipment industries. Output of other durable products showed little change.

Production of nondurable goods declined in August, reflecting further decreases in output of textile, leather, and food products. Cotton consumption in August was about 15 per cent lower than the same period a year ago and was at the lowest level since the beginning of 1941. Leather output has also declined in recent months and is currently close to prewar levels. Activity at meatpacking plants showed the usual seasonal decline in August but preliminary figures indicate that output was about one-fifth larger than a year ago. Output of most other manufactured foods declined somewhat further. Production of petroleum, coke, and rubber products continued to advance in August while chemical production showed little change. Production of crude petroleum continued to rise and in August was in the largest volume on record. Lake shipments of iron ore likewise reached a record level. Production of coal and metals was maintained in large volume.

*Distribution.* Department store sales continued large in August and the first half of September. Increases during this period were less than seasonal, however, following maintenance of sales at a comparatively high level during July. For the year to date value of sales at department stores has been about 13 per cent greater than in the corresponding period last year, reflecting in part price increases. Inventories at department stores have increased in recent months and are now somewhat higher than at the beginning of this year, indicating that receipts of new merchandise have been in excess of the value of goods sold.

Total carloadings were maintained in large volume during August and the first half of September. Shipments of grain showed a less than seasonal decline from the peak reached in July and were one-fifth larger than August a year ago.

*Commodity prices.* The general level of wholesale commodity prices continued to show little change in August and the early part of September. Prices of lumber and newsprint were increased, while prices of fruits and vegetables showed further seasonal declines.

In retail food markets prices of apples and fresh vegetables decreased further from mid-July to mid-August. The Bureau of Labor Statistics cost of living index declined one-half of one per cent as decreases in foods were partly offset by small increases in retail prices of other goods and services.

*Agriculture.* General crop prospects declined slightly in August according to official reports. The forecast for corn production was raised by 3 per cent to almost 3 billion bushels, while prospects for other feed crops declined. Production of cotton indicated on September 1 was 11.7 million bales as compared with a crop of 12.8 million last season. Milk production in August was estimated to be 2 per cent smaller than output a year ago, while marketings of most other livestock products continued in larger volume than last year.

*Bank credit.* In mid-September excess reserves of member banks rose sharply to about 2 billion dollars from the average level of about 1.1 billion which had prevailed in the latter part of August and early in September. This increase was due in part to the fact that the Treasury was making disbursements out of temporary borrowing from Reserve Banks on special certificates in anticipation of tax collections and receipts from the Third War Loan Drive. It also reflected in part a substantial decrease in required reserves at the middle of the month when funds from individual and corporate deposits were transferred to Government loan accounts which are not subject to reserve requirements. During the four weeks ended September 15 the Reserve System holdings of Government securities increased by about 1 billion dollars in addition to the special certificates taken directly from the Treasury. Most of the increase was in the form of Treasury bills sold to the Reserve Banks with sellers retaining the option to repurchase. Over this four-week period currency in circulation increased by about 560 million dollars to a total of 18.8 billion outstanding.

In the last two weeks of August and the first week of September, reporting member banks in 101 leading cities showed a net decline in security holdings as a result of the sale of bills to the Reserve System. In the week ending September 15, however, some non-banking holders sold securities to the banks in anticipation of purchases during the Drive, and bank holdings also increased through repurchase of bills from the Reserve System.

Commercial loans, which had expanded by 100 million dollars in July and in August, increased by 250 millions during the week ending September 15. This increase in commercial loans was shared by both New York and other reporting member banks. In the week ending the 15th, loans to brokers and dealers in New York City increased 370 million dollars, most of which was for purchasing and carrying Government securities, and there was also an increase in loans on securities to others.