

*M. de Vos*

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

APRIL 2, 1945

Economic conditions on the home front do not yet reflect the increasingly favorable developments on the battle fronts which suggest that the conflict in Europe may be near the decisive stage, and that hostilities in the Pacific are proceeding well ahead of the original military timetable. On the contrary, there are many indications of some further tightening in the civilian economy in the months immediately ahead. Thus, manpower controls are being extended in certain critical labor areas, and allocations of war metals to civilian claimant agencies have been reduced sharply for the second quarter.

As for some time past, the domestic business situation is dominated by pressure to meet the higher munitions goals set for this year. With emphasis centering on the task of producing the equipment and supplies to finish the war in Europe and at the same time meet the requirements of stepped-up operations in the Pacific, the probable size of the cutbacks which will follow the defeat of Germany must remain a matter of secondary consideration. Reconversion planning by the War Production Board, while reportedly making steady progress, continues to receive a minimum of publicity. Actual output of civilian goods under the Spot Authorization Plan will be held to insignificant levels during the second quarter by manpower and material shortages, and by the dearth of productive facilities likely to become available in that period.

Estimates of the nation's over-all supply of workers in February indicated that the civilian labor force rose above the wartime low of the preceding month and was several hundred thou-

sand larger than a year earlier. The manpower situation in war plants in the country as a whole also is said to have improved somewhat since the turn of the year. But acute worker shortages continue in certain industrial areas, where their very persistence emphasizes critical local situations. In Philadelphia, an emergency measure, known as the War Service Transfer Plan, was inaugurated in mid-March to shift workers from less essential industries to top priority war plants located within the city and in several nearby counties. The Plan is implemented through the lowering of employment ceilings and the voluntary release of workers by employers in selected lines. Transfers are being effected on an industry-wide basis, and ultimately may include manufacturers, distributors, and the services.

Sweeping, and in some cases drastic reductions in second quarter allocations of steel, copper, aluminum, and other war metals to civilian claimant agencies were announced by the War Production Board in the early part of March. Subsequently, a directive was issued which cancelled deferred allotments of all forms of steel made under the Spot Authorization Plan. The tonnages so affected were those previously authorized, but undelivered by the end of the first quarter. Some reductions in quarterly allocations were widely anticipated after directives regulating end uses of various metals were successively reinstated as prospective shortages developed. The cancellation of deferred allotments under spot procedure stemmed directly from the heavy loss of steel production occasioned by exceptionally severe winter weather in the first six weeks this year.

(Continued on page 9)

## Ownership of Demand Deposits\* in the Third Federal Reserve District

**T**HE latest survey of demand deposits in the Third Federal Reserve District indicates a continuation of certain broad trends in ownership which were evident in earlier surveys. Personal deposits continue to grow more rapidly than business deposits and hence to increase gradually in importance when deposit ownership is expressed in a percentage pattern. Of the business balances, those of trade enterprises exhibit the most consistent increase in relative importance, those of public utilities the most consistent decline.

Yet these changes in ownership have not been sufficiently large to alter fundamentally the broad pattern which has prevailed for the past year. Reports from 300 banking institutions in the district classifying some 64,000 deposit accounts as of January 31, 1945, reveal that about one-third of all demand deposits of individuals, partnerships, and corporations are in personal accounts, including those of farmers. Nonfinancial businesses own around one-half, and financial businesses slightly more than 7 per cent.

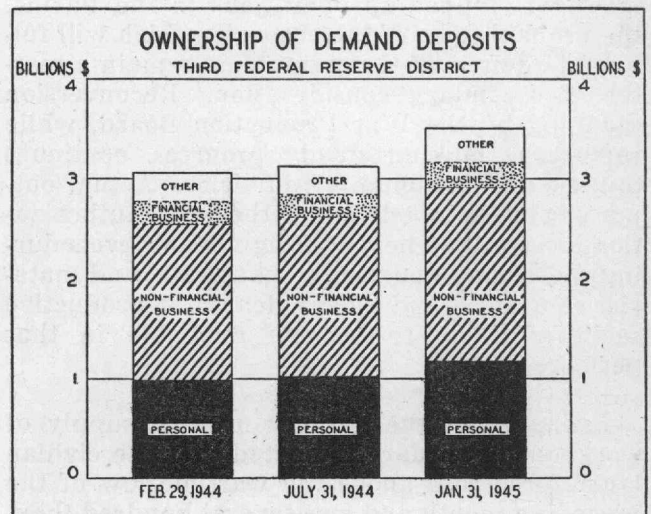
### Changes in Ownership

In the eleven months from February, 1944, to January, 1945, more than two-fifths of the expansion of demand deposits accrued to individuals and almost one-half to businesses. Yet, relatively speaking, personal balances grew at a rate more than half again as rapid as business deposits. It was this divergence in rate of growth which made for the increasing importance of personal accounts. Apparently individuals still are accumulating liquid bank balances, in addition to their holdings of currency, despite opportunities for further profitable investment in war bonds.

The most obvious factors affecting the deposit changes shown in Table I are the War Loan Drives. The February and July surveys in 1944 fell about half a month after the close of drives; the latest survey on January 31, 1945, occurred a month and one-half after the close

of the Sixth Drive. Customers' balances were at relatively low levels on the first two dates because the Government had not yet disbursed any substantial part of the funds obtained during the drive periods. On the last date, however, two factors account for a higher volume of customers' balances: first, such deposits declined relatively less during the Sixth Drive than they had in the two previous drives; and second, more time had elapsed in which those accounts could recover from the decline during the drive.

It seems likely, therefore, that the timing of the surveys in relation to War Loan Drives was of greater significance in the diverse rates of growth shown in Table I than the fact that changes in one instance covered a five-month period and in the other a six-month period. Although it is clear that this explains to a large extent the much greater increase in total demand deposits from July, 1944, to January, 1945 (12 per cent), than from February to July, 1944 (2 per cent), it is less apparent exactly what effects the timing of the surveys relative to War Loans has upon the ownership of deposits. It seems plausible, however, that because individuals' purchases of Government securities are made in large amounts by payroll deduction, personal balances are less affected by War Loan Drives than are business accounts.



\* Throughout this analysis the terms "demand deposits", or merely "deposits", refer to demand deposits of individuals, partnerships, and corporations.



Table I  
OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS  
Third Federal Reserve District

	Millions of dollars			Distribution			Per Cent Change	
	Feb. 29, 1944	July 31, 1944	Jan. 31, 1945	Feb. 29, 1944	July 31, 1944	Jan. 31, 1945	Feb. 29, 1944 to July 31, 1944	July 31, 1944 to Jan. 31, 1945
	Domestic business:							
Nonfinancial:								
Manufacturing and mining .....	\$ 823	\$ 851	\$ 929	26.8%	27.2%	26.5%	+ 3.4%	+ 9.2%
Public utilities .....	224	209	188	7.3	6.7	5.4	- 6.7	-10.0
Trade .....	376	392	463	12.3	12.5	13.2	+ 4.3	+18.1
Other nonfin. business .....	140	146	157	4.6	4.7	4.5	+ 4.3	+ 7.5
Total nonfinancial .....	\$1,563	\$1,598	\$1,737	51.0%	51.1%	49.6%	+ 2.2%	+ 8.7%
Financial business:								
Insurance companies .....	69	82	77	2.2	2.6	2.2	+18.8	- 6.1
Other financial .....	156	141	178	5.1	4.5	5.1	- 9.6	+26.2
Total domestic business .....	\$1,788	\$1,821	\$1,992	58.3%	58.2%	56.9%	+ 1.8%	+ 9.4%
Trust funds .....	191	202	223	6.2	6.5	6.4	+ 5.8	+10.4
Nonprofit associations .....	98	87	114	3.2	2.8	3.2	-11.2	+31.0
Personal, incl. farmers .....	987	1,017	1,172	32.2	32.5	33.5	+ 3.0	+15.2
Foreign .....	2	2	2	*	*	*		
Grand total .....	\$3,066	\$3,129	\$3,503	100.0%	100.0%	100.0%	+ 2.1%	+12.0%

\* Less than 0.1 of one per cent.

Another factor which should be taken into account in explaining the divergent changes was the payment of income taxes in January. This presumably would affect personal bank balances less than business accounts, inasmuch as a large amount of individuals' taxes had already been deducted from payrolls.

Trust funds, particularly those of large size and in large banks, continue to increase despite the fact that such accounts are customarily drawn upon heavily for investment in Government securities during drives. Deposits of nonprofit associations, although relatively small in size, exhibited the most rapid increase of any type of account between July and January. Presumably the building up of community chests and the like during the fall and winter was chiefly responsible.

In direct contrast with the experience over most of the war period, demand deposits at Third District banks grew at a somewhat faster pace (12.0 per cent) than at all banks in the United States (10.7 per cent) during the six-month period from July, 1944, to January, 1945. In all major classifications of ownership, deposits of Third District banks rose at rates almost equal to or slightly higher than those for the country as a whole. The relative increase shown by personal accounts was little less than in the national figures, while business balances, both nonfinancial and financial, increased somewhat more rapidly in this district. Deposits of manufacturing and mining con-

cerns, the most important single business classification, exhibited much greater relative growth here than in the rest of the country.

It is difficult to draw concrete conclusions from these comparisons because of the numerous variables such as War Loans which must be taken into account. It is possible, however, that this most recent survey may provide the first indications that deposits in this district are beginning to regain some part of their position relative to the country as a whole which they have lost during the war period.

#### Size of Bank and Size of Account

It is doubtful whether any major change in the ownership pattern by size of bank can be anticipated. It would seem natural for manufacturing and mining, public utilities, insurance, and trust funds to remain important at large banks, and for trade and personal balances to be most important at small banks. But from July to January there was a noticeable change in the rate of deposit growth by size of bank. Whereas formerly demand deposits at small banks tended to grow at a faster pace, in the recent period there was no noticeable correlation between rate of growth and size of bank. The largest banks (those with demand deposits over \$100 million) held their own, increasing almost as fast as the smallest banks (those with demand deposits below \$1 million). Nor was there any noticeable tendency for personal balances at small banks, or small personal accounts in general, to increase faster than those at large

Table II

OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS BY SIZE OF BANK  
Third Federal Reserve District

	Banks with deposits —							
	Over \$100 million		\$10 to \$100 million		\$1 to \$10 million		Under \$1 million	
	July 31, 1944	Jan. 31, 1945	July 31, 1944	Jan. 31, 1945	July 31, 1944	Jan. 31, 1945	July 31, 1944	Jan. 31, 1945
Domestic business:								
Nonfinancial:								
Manufacturing and mining .....	\$ 443	\$ 486	\$197	\$207	\$178	\$ 201	\$ 33	\$ 35
Public utilities .....	139	121	38	31	26	29	6	8
Trade .....	96	119	92	107	150	176	54	61
Other nonfinancial business .....	46	55	39	37	48	54	12	11
Total nonfinancial .....	\$ 724	\$ 781	\$366	\$382	\$402	\$ 460	\$105	\$115
Financial business:								
Insurance companies .....	51	48	25	21	5	6	1	1
Other financial .....	58	76	46	60	33	37	5	5
Total domestic business .....	\$ 833	\$ 905	\$437	\$463	\$440	\$ 503	\$111	\$121
Trust funds .....	114	136	53	51	32	32	4	4
Nonprofit associations .....	25	31	25	31	27	39	10	14
Personal, incl. farmers .....	256	298	210	241	375	434	175	199
Foreign .....	1	1	1	1	.....	.....	.....	.....
Grand total .....	\$1,229	\$1,371	\$726	\$786	\$874	\$1,008	\$300	\$338

banks or of large size. Balances of various sizes owned by manufacturing and mining concerns exhibited mixed changes from which no general conclusion may be drawn. On the other hand, there was a marked tendency for the larger trade accounts to increase more rapidly than the smaller balances.

### Corporate and Noncorporate

The survey of July, 1944, gave for the first time a breakdown of business accounts by corporate and noncorporate concerns. That survey showed that almost three-fourths of all business deposits were held by incorporated enterprises and that only in trade and miscellaneous non-financial business accounts was there a larger proportion of unincorporated than incorporated business deposits. This general picture also prevailed in January, 1945, but between the two surveys deposits of unincorporated businesses experienced decidedly greater relative growth than those of incorporated businesses. Total deposits of unincorporated businesses increased 18 per cent between July and January, and balances of corporations increased only 6 per cent. If rapid accumulation of bank balances is any indication of financial well-being, this situation

indicates that unincorporated concerns, typically small, have improved their financial position during the period more than corporations. An analysis of the wartime earnings of small business by the Board of Governors of the Federal Reserve System substantiates this conclusion. The relatively faster growth of noncorporate balances may indicate that small businesses will be better able to meet the difficulties of the post-war period than is commonly supposed.

The periodic surveys of deposit ownership have brought to light certain trends in the various types of deposits about which little knowledge had previously existed. Although these trends probably will continue as long as our present war economy prevails, it will be important to continue periodic surveys so that changes in trends, whether in magnitude or direction, may be observed promptly when they do occur. Such changes would seem to be inevitable as we approach the end of the war or during the period of readjustment which will follow. For individual bankers this information may be used as an aid to effective asset policy with an aim to full performance of their function as commercial banks.



# The Cigar and Tobacco Industry

Ever since the Colonial period, tobacco has occupied an important place in our economy. In 1939 consumers spent \$1,800 million for tobacco products. Manufacturers converted about \$400 million of raw tobacco into \$1,300 million of products on which about \$600 million was paid to the Federal Government in taxes.

The relative importance of the leading branches of the industry is shown in the table. Cigarette production accounted for an overwhelming portion of the total value of output; in 1939 output was in excess of one billion dollars. From the standpoint of employment the manufacture of cigars is more important; this branch of the industry employs almost twice as many workers as the cigarette division. Chewing tobacco, smoking tobacco, and snuff are the principal products of the third and least important branch of the industry.

TOBACCO INDUSTRY OF THE UNITED STATES IN 1939

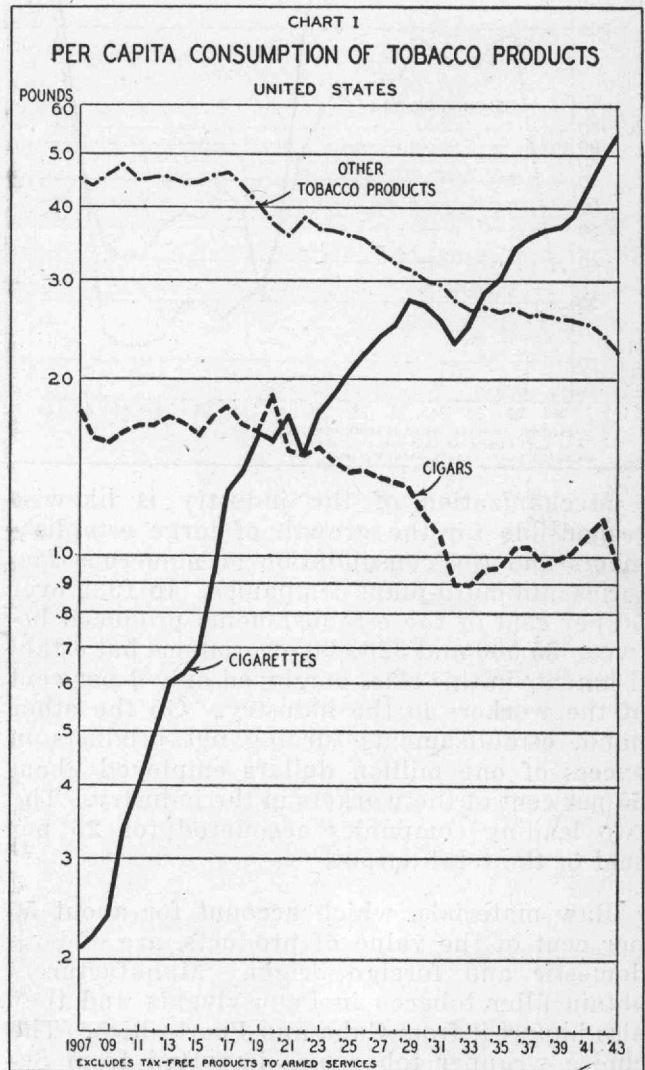
	Number of establishments	Average Number of wage earners	Value of Product incl. federal tax (Millions \$)
Cigarettes.....	35	27,000	\$1,038
Cigars.....	598	51,000	161
Chewing and smoking tobacco and snuff..	132	9,000	124
Total.....	765	87,000	\$1,323

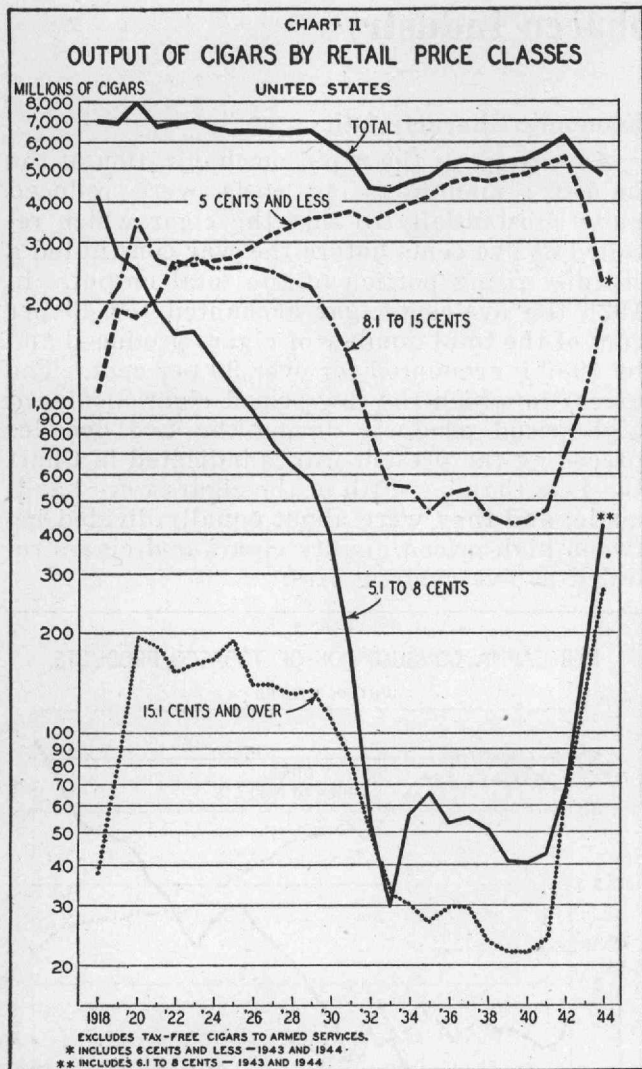
## The Cigar Industry

Cigar manufacturing has gone through two major stages of development—the handmade and the machine-made stages. Prior to 1919 most cigars were made by hand in comparatively small factories widely distributed throughout the country. Efforts were made as early as 1898 by the American Tobacco Company to mechanize cigar manufacture, but it was not until 1919 that a machine was developed to do the job successfully. Most cigars are now machine-made, and it was the mechanization of the process which brought vast changes in the industry. To this basic development may be ascribed the appearance of large factories, multi-plant companies, greater concentration of the industry in metropolitan areas, and the revival of the five-cent cigar. Production and consumption of cigars attained a peak in 1920; since then the decline has been fairly steady, as Chart I shows.

## Economic Characteristics

As a result of the rapid mechanization of the industry, manufacturing costs were reduced quite substantially so that the cigar which retailed at five cents before the war constituted a steadily rising portion of the total output. In 1926 the five-cent cigar accounted for 45 per cent of the total number of cigars produced and by 1939 it accounted for over 90 per cent. The extent to which the low-priced cigar displaced high-priced products during the two decades preceding the present war is indicated in Chart II. Less than one-fifth of the cigars were handmade, and they were about equally divided between high-priced quality cigars and cigars retailed at five cents or less.





Mechanization of the industry is likewise responsible for the growth of large establishments and the consolidation of numerous factories into multi-plant companies. In 1939 over 50 per cent of the establishments produced between \$5,000 and \$20,000 of products but establishments in this class employed only 3 per cent of the workers in the industry. On the other hand, establishments turning out products in excess of one million dollars employed about 65 per cent of the workers in the industry. The two leading companies accounted for 25 per cent of the total output.

Raw materials, which account for about 50 per cent of the value of products, are of both domestic and foreign origin. Manufacturers obtain filler tobacco in Pennsylvania and they also import it from Cuba and Puerto Rico. The choice wrapper tobacco is imported from Su-

matra, but we also get some from Cuba and Java. Domestic wrapper is produced in the Connecticut Valley. Ordinarily, the cigar manufacturers carry large raw material inventories. From one crop year to another, leaf tobacco varies considerably both in quality and in price. By following the practice of carrying large inventories the manufacturer can average down his raw material costs and can exert considerable control over the quality of the tobacco by proper aging.

As a result of the mechanization of this industry, labor is a comparatively small part of manufacturing costs—about 20 per cent of total value including taxes. Mechanization has also increased the employment opportunities for female workers; about 80 per cent of the workers in the industry are women.

For many years cigars have been subject to Federal taxation. Federal excise taxes at present range from \$2.50 per thousand for the lowest-priced cigars to \$20 per thousand for the highest-priced cigars. Consumption of cigars does not appear to have decreased as a result of the taxes which consumers have to pay because the tax adds very little to the cost.

Competition in this industry is particularly keen, primarily because of the shift to other forms of tobacco. The growing popularity of cigarettes has had an adverse effect upon cigar consumption. Manufacturers compete with each other by producing a variety of brands in the various price classes and their promotional efforts are directed mainly toward the popularization of their low-priced lines. The large manufacturers have some advantage over their smaller competitors because well-advertised brands move into consumption more rapidly than the products of many small producers. This assures freshness of product, a matter of considerable importance to the discriminating buyer.

#### Cigar Manufacturing During the War

Since the outbreak of the war, demand for cigars has increased owing very largely to the higher incomes. Although tax-paid withdrawals rose 20 per cent between 1939 and 1942, they fell off 30 per cent in 1944, due largely to increased tax-free sales to the armed forces. Wartime shortages of both labor and materials prevented manufacturers from meeting the increased demands for their products. Many of



the pre-war cigar factory workers were attracted to higher paying jobs in war industries. Manufacturers were confronted with not only a serious labor shortage but also with higher labor costs arising from high wartime labor turnover. Raw material scarcities developed shortly after the outbreak of the war when this industry was cut off from its foreign supplies of tobacco, particularly East Indian wrapper tobacco. Deficiencies of these tobaccos were made up partially by increased imports from Cuba and Puerto Rico and greater reliance upon domestic varieties. Nevertheless, the industry was unable to meet the demand for its products and it had to ration cigars to distributors for civilian consumption.

Greater spending power accounted not only for an increase in demand but also a change in its characteristics, as shown in Chart II. Consumption of higher-priced brands increased and that of low-priced cigars decreased. In 1944, higher-priced cigars constituted over 50 per cent of total output. This shift also reflected the discontinuance by many manufacturers of their five-cent brands, which they could not sell profitably at ceiling prices. However, cigars selling for eight cents or less rose from 49 per cent of the total in December, 1944, to 59 per cent in January of this year as a result of the new OPA regulation, requiring increased volume in the lower brackets.

Another interesting change in consuming habits has been the increased popularity of cigars among young men in the armed services. Approximately 20 per cent of the current output is consumed by service men at home and abroad. An important factor has been the cellophaning of all cigars sent overseas, which insures their arrival in good condition.

### **The Cigarette Industry**

The cigarette industry, like cigar manufacturing, has gone through two major stages of development. The first period, from 1870 to 1913, was characterized by diversification of products. Invented by an Egyptian, the cigarette became popular in this country when it was introduced to soldiers in the Civil War. In the eighties the manufacture of cigarettes was mechanized and as a result costs were greatly reduced. Production expanded rapidly and ruinous competition ensued. This, in turn, led to the consolidation of numerous companies and the formation, in 1890, of the American Tobacco Company.

The years from 1913 to the present marked a second era of expansion in cigarette production characterized not only by further mechanization but also by emphasis on the production of one leading brand by each of the major manufacturers. In 1913 the R. J. Reynolds Company introduced "Camels" and concentrated promotional efforts on that one brand. The other major companies were quick to follow the example. The American Tobacco Company brought out the "Lucky Strike" and Liggett and Meyers introduced the "Chesterfield." Each of the "big three" made a standardized pack of twenty cigarettes consisting of blended tobacco and promoted by extensive advertising. Since that time cigarette smoking has gained increasing popularity and production has attained higher levels each succeeding year with almost no interruptions.

### **Economic Characteristics**

The cigarette industry is characterized by large-scale production. In 1939 the entire output was produced by 35 establishments. The three leading companies, which at one time produced 90 per cent of the total output, still accounted for 70 per cent of the total in 1939.

The process of manufacture is very highly mechanized. Workers for the most part are merely inspectors and supervisors of automatic machines that turn out from 1,200 to 1,600 cigarettes a minute. Wages are only 2½ per cent of the value of products including taxes. This is a much smaller proportion than in cigars and it reflects the difference in mechanization between the two industries.

Competition is very keen, but rivalry between the producers takes the form of extensive advertising rather than price competition. There is one outstanding exception; in 1931, ten-cent brands were introduced and they were turned out in substantial volume during the depression era.

Cigarette consumption is characterized by an unusual stability of demand because consumers easily acquire the habit which guarantees repeat sales. For example, sales decreased very little during the depression of the thirties.

Cigarettes are a heavily taxed product. The Federal excise tax is now seven cents a package and thirty-one states also impose an excise tax ranging from two to six cents a package. High taxes apparently have not discouraged consumption.

## Cigarette Manufacturing During the War

The effects of the war on the cigarette industry have been largely responsible for the current cigarette shortage. There has been a tremendous increase in demand as a result not only of higher incomes but of nervous tension on the fighting lines and the home front. Output rose to 320 billion cigarettes in 1944, a new high, 77 per cent above 1939, but this was insufficient to meet the increased demand. The industry, with a nonessential rating, has been unable to get enough machinery to enlarge plant capacity adequately, even though the latter was doubled between 1937 and 1944. Wartime scarcity of labor is also a handicap to expansion.

Another effect of the war, which has intensified the shortage for civilians, is the Government's purchases for the armed forces. In 1944 overseas shipments were 79 billion, or twice the 1943 shipments. This left about 240 billion for civilians and the armed forces stationed in this country, or 45 billion short of the estimated requirements based on the accelerated wartime demand. There will probably be even fewer cigarettes for civilians in 1945, since production is not likely to increase and the army proposes to expand its purchases by 9 billion.

The current cigarette shortage is not attributable to the Government's agricultural adjustment program. Stocks of aged tobacco have declined over 500 million pounds between 1941 and 1944, but during that period production of cigarette tobacco increased almost 600 million pounds as a result of larger acreage harvested and higher yields. However, manufacturers' inventories of tobacco have declined from a customary two years' supply to 18 months owing to the rapidly accelerated demand for cigarettes.

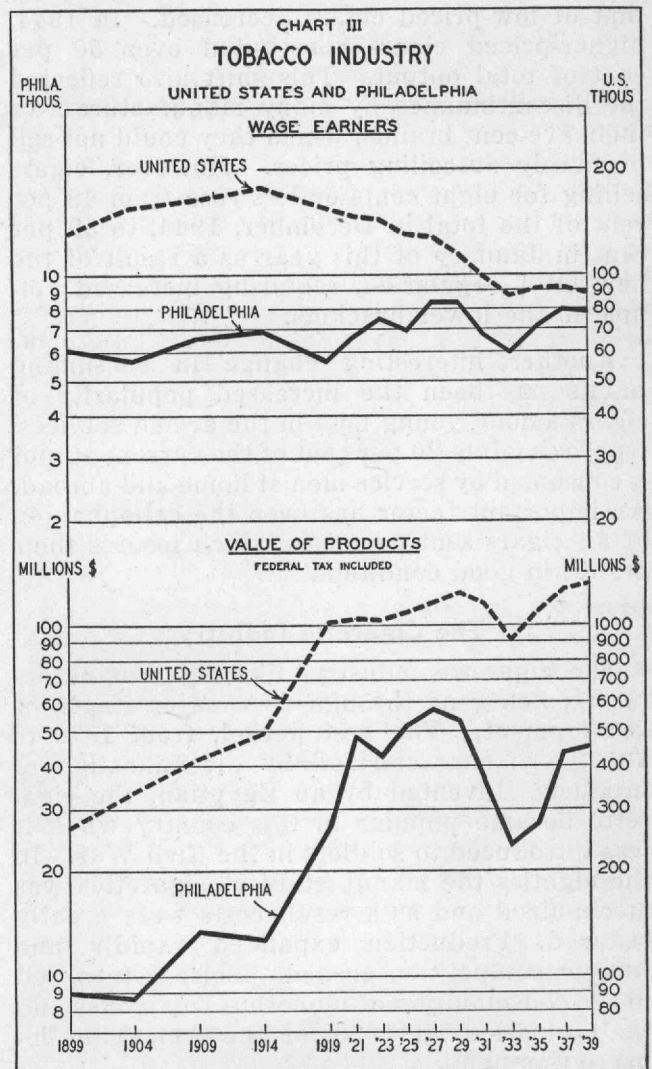
Taking all these factors into consideration, it is likely that the cigarette shortage will continue until manufacturers can obtain more labor and equipment. The Federal Trade Commission has reported that meanwhile some relief is possible by more equitable rationing at all trade levels.

The war has had other effects on the industry in addition to "the shortage." Imports of Turkish and Greek tobaccos were curtailed, so that manufacturers had to reduce the percentages of these tobaccos in their blends. The war cut off supplies of cigarette paper formerly imported

from France, but fortunately a domestic paper was developed in time to prevent a shortage. Glycerine, and licorice and other flavoring materials have also become scarce, requiring the use of substitutes.

## Tobacco Industry in Philadelphia

Philadelphia manufactures cigarettes and other forms of tobacco but it is primarily a cigar-manufacturing center. It is one of twenty-three counties included in the First Pennsylvania Internal Revenue District, which is the largest cigar-making area in the entire cigar industry, with an output almost twice that of Florida, the next in size. In 1939 the tobacco industry in Philadelphia produced \$45 million of tobacco products and employed 8,300 workers. In 1943 the industry produced \$49 million of products and employed 8,900 workers.





Tobacco production in Philadelphia throughout the twentieth century, as shown in Chart III, paralleled that of the United States. During this period wage earners in the tobacco industry in Philadelphia increased—contrary to the trend of the tobacco industry in the United States. Thus, Philadelphia gained a larger proportion of the tobacco industry of the country from the standpoint of the number of workers employed. This city became a more prominent cigar-manufacturing center as a result of mechanization. It caused a substantial shift from small and widely scattered plants turning out handmade cigars to large and highly mechanized urban establishments.

The value of output per worker in Philadelphia was about \$5,400 in 1939, in contrast to \$3,200 per worker in the cigar industry of the United States. The larger output per worker in Philadelphia is attributable primarily to large-scale highly mechanized operations in this city.

On the basis of confidential returns from the manufacturers to the Philadelphia Committee for Economic Development, it appears that 17 per cent of the local industry's output was for war; but Government purchases have accounted for a larger proportion of the output of some of the leading manufacturers. The special survey further indicates that Philadelphia manufacturers expect to produce \$55 million of products in the first year after the war, which would be 22 per cent above their 1939 output, and they

expect to employ 10,000 workers in the first year after the war or 22 per cent above their 1939 employment. The industry is not confronted by any reconversion problems. Of the cooperating firms, 86 per cent reported that they had an official or a group of officials in charge of post-war planning. The survey also indicates that 14 per cent of the cooperating firms plan to turn out new products after the war, but new products will constitute an insignificant percentage of their total post-war output.

### The Outlook

The post-war outlook for the tobacco industry as a whole will depend very largely upon the general level of business activity and the volume of purchasing power. The cigar branch of the industry is particularly susceptible to income fluctuations because demand for cigars is more sensitive to changes in buying power than demand for cigarettes. Cigar manufacturers are optimistic on the post-war outlook based in part upon the increased consumption by men in the armed forces, but the fact remains that the long-time trend has been downward. The wartime shift to higher-priced cigars is dependent upon high levels of income. Cigarette manufacturers may expect an expanding market, but it is not likely to continue at the high wartime rate of growth. Competition within the industry promises to be more intensive than ever judging from the success which some of the smaller manufacturers have had in obtaining a larger part of the total market.

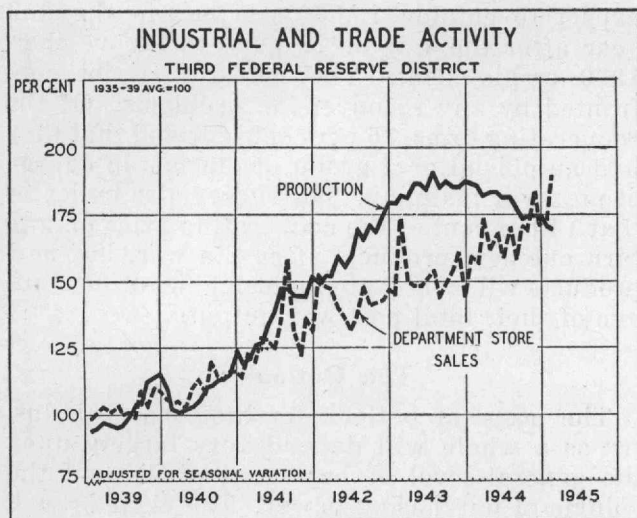
## Business and Banking

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**Industry.** Industrial production in the Philadelphia Federal Reserve District on an adjusted basis was maintained from January to February, but was about 8 per cent below the level of a year earlier. Small declines in the month occurred in the activity of both heavy and light manufacturers. Reductions from February 1944, however, continued most pronounced in durable goods lines, where output was down 10 per cent, as against a decrease of only 1 per cent reported for nondurables. Production of coal was substantially above the low level of January, but about one-fifth less than in February of last year. Output of crude petroleum decreased for the third successive month and was considerably smaller than a year ago.

Prices at both wholesale and retail levels continue to show a remarkable degree of stability but are a little above the levels prevailing in the early months of last year. At wholesale, quotations on farm products increased slightly from January to February, but there were no significant changes in other major groups. Similarly, the cost of goods and services purchased by wage earners and lower salaried workers was virtually unchanged, nationally and locally, although in Philadelphia minor advances were reported in the cost of food, fuels, and house furnishings during February.

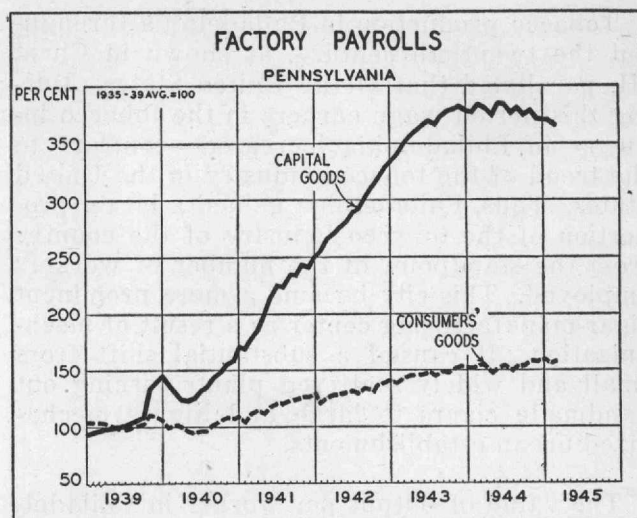
A major price development in March was the sweeping order freezing retailers' mark-ups at levels prevailing March 19 on a wide range of



specific items in such broad categories as wearing apparel, household textiles, and home furnishings. The directive applied to an estimated several hundred thousand retailers, and superseded General Maximum Price Regulations and four minor orders for all of the items covered. This measure supported the concerted efforts of production and price control authorities to channel more textile raw materials into the manufacture of lower-priced lines of essential civilian wearing apparel.

Employment, wage payments, and total working time in Pennsylvania factories was maintained from January to February at levels lower than a year earlier. The number employed approximated 1,200,000 for the fifth successive month, but showed declines of 6 per cent from February 1944 and 7 per cent from the wartime peak reached in the fall of 1943. Payrolls were estimated at \$54 million a week in February; they closely approximated those of the preceding two months, but were down 4 per cent from the record high of a year earlier. Total employee hours worked showed a decrease of 7 per cent from February 1944.

Average weekly earnings of employees at reporting plants in Pennsylvania have fluctuated narrowly for several months around \$48.50, comparing with \$48.81, the high point reached in October 1944, and \$46.97 in February of last year. Hourly earnings in February averaged \$1.08, slightly below the peak of the preceding month, but 4 per cent above the level of a year ago. The number of hours worked per man per week averaged just over 45 in February, showing only minor deviations in the month and year.



With the supply outlook for anthracite and bituminous coal still critical in spite of a seasonal decrease in heating requirements, new measures have been taken to facilitate an equitable distribution of the tonnages to be produced in the new coal year beginning April 1. Thus, in states east of the Mississippi River, consumption of coal by householders will be restricted to 80 per cent of normal requirements during the 1945-46 heating season; previously dealers' quotas for February and March had been reduced 5 per cent to 82½ per cent of their 1942-43 base tonnage year. For the protection of industrial users, the Solid Fuels Administration has prepared a priority list for emergency use whenever national or local shortages threaten to reach more serious proportions.

Continuing reductions in the nation's stockpile of solid fuels are suggested by latest official estimates that production of anthracite and bituminous coal in 1945 may fall short of total requirements by nearly 50 million tons. The greatest element of uncertainty in the supply outlook remains the failure of mine operators and union representatives to conclude new working agreements replacing those which expire April 1 in the soft coal fields and one month later at anthracite mines. At the request of Federal agencies bituminous pacts have been extended for one month to assure uninterrupted operations while negotiations are continued.

Output of anthracite rose from an average of a little over 161,000 tons a day in January to about 184,000 in February; however, production on this basis was nearly one-fourth less than



a year earlier, and the smallest of any like month since 1940. Operations at bituminous mines in Pennsylvania showed a much smaller rise from January to February, and production also was down from the unusually high level prevailing a year earlier. In the first two months this year the tonnage of anthracite mined was about 20 per cent smaller than in the 1944 period, and bituminous output in the state was 15 per cent less.

Construction activity still is severely restricted by manpower and material shortages, although recently the prolonged down trend appears to have levelled off somewhat as emergency projects have been undertaken to supplement the facilities available for making munitions and other war essential products. In this district, the value of contracts awarded increased sharply in February to a level considerably above that of a year earlier, reflecting a substantial rise in placements for factory and other industrial buildings. Awards for facilities in this broad category included large contracts let for the construction of a briquet manufacturing plant, an oil storage depot, and a factory to make heavy truck tires. Pronounced declines in the month and year were reported in the case of nearly all other classes of construction.

The outlook for agriculture as the season opens compares favorably with the situation a year ago, and in many sections above average conditions are reported. Soil conditions in most parts of this district will permit an early start on plowing and other seasonal operations. Moisture supplies generally are ample, with sub-soil conditions especially favorable, owing to an unusually heavy snow cover through the winter. Extremely low temperatures in January and early February do not appear to have injured fruit trees; on the contrary there is evidence that the prolonged cold destroyed many insect pests and the spores of fungus diseases affecting orchard fruits. As was the case last year, manpower on the farms promises to become a most critical problem in the 1945 season. In many parts of this district the situation already is acute, owing to the heavy backlog of work accumulated over the winter, when many types of outdoor activity were delayed by the severe weather.

Traffic congestion on the railroads persisted over most of February and into the early part

of March, necessitating the imposition of two additional freight embargoes in the eastern part of the country. Subsequently, the high demurrage charges in effect during the fourth quarter of 1944 were reestablished in an effort to speed the unloading of box and tank cars. Freight car loadings in this section were unusually well maintained from January to February, although declines from a year ago were reported in all major categories. On an adjusted basis loadings of forest products and livestock declined sharply in the month, while increases ranging from 2 to 27 per cent occurred in other freight classifications. Total loadings were 6 per cent smaller in the first two months this year than last.

**Trade.** Wholesale trade sales in this district increased a little in February when dollar volume in the eight reporting lines was slightly larger than a year earlier. Increases in the month in sales of electrical supplies, groceries, hardware, jewelry, and paper, were largely offset by substantial reductions in the case of dry goods, shoes, and drugs. Mixed changes also were shown in comparison with February, 1944, the most pronounced being an increase of 22 per cent in sales of groceries and a decline of like amount in the business of jewelry stores. Wholesalers' inventories were somewhat larger than in January but over the twelve months they were down nearly one-tenth.

Retail dollar sales by department, apparel, and shoe stores in this district in February exceeded seasonal expectation by a substantial margin, and showed large percentage gains over a year earlier. The year to year increases reported by these establishments in February and by a limited number of department and apparel stores during the first three weeks of March were attributable in part to the earlier date of Easter, although they also reflected a continuation of the higher level of consumer purchases in evidence since last summer. In the first two months of 1945 the value of sales by department stores was 15 per cent greater than a year earlier; gains of over 20 per cent were reported by men's and women's apparel stores in this period, and sales by shoe stores were up almost one-fifth.

Inventories in retail lines showed mixed changes from January to February, with the value of stocks on an adjusted basis declining at department and shoe stores, but increasing

at establishments specializing in women's apparel. Compared with a year ago, supplies of merchandise were smaller in all reporting lines, the sharpest decline—33 per cent—being at shoe stores.

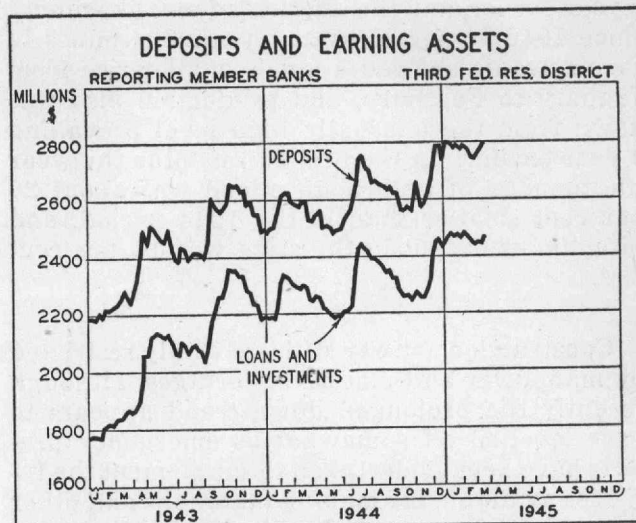
**Banking conditions.** The goal for sales of Series E savings bonds during the Seventh War Loan has been set at \$4 billion, an amount more than \$800 million greater than actual sales in any earlier loan drive. The goal for total sales to individuals is \$7 billion, comparing with sales of \$5.9 billion during the Sixth Loan. The accompanying table shows comparisons of Seventh War Loan goals for the three states of this district with quotas and sales in the previous drive.

Sales to Individuals* War Loan Drives (Millions \$)		E Bonds	Total
<b>Pennsylvania:</b>			
6th Loan:	Quota.....	180	370
	Sales.....	204	422
7th Loan:	Quota.....	288	506
<b>New Jersey:</b>			
6th Loan:	Quota.....	94	181
	Sales.....	101	231
7th Loan:	Quota.....	148	261
<b>Delaware:</b>			
6th Loan:	Quota.....	6	15
	Sales.....	6.3	18.3
7th Loan:	Quota.....	10	22

\* Includes individuals, partnerships and personal trusts.

Promotion of sales of Series E bonds will begin April 9, particularly in the payroll savings field. Marketable issues will be on sale from May 14 to June 30, but all sales of savings bonds and savings notes processed between April 9 and July 7 will apply toward drive quotas.

Deposits at reporting banks in leading cities of this district have been unusually well sustained in the interdrive period, as shown in the chart. The \$2,798 million held on March 21 was only slightly below the high point attained at the opening of the year. Shifts within total deposits are in line with expectations between drives. Over the past eleven weeks, United States Government balances have been drawn down \$157 million and interbank balances also have fallen somewhat, but these losses were little greater than the gains in customers' funds,



as reflected in adjusted demand and time deposits. Latest reports, approximately thirteen weeks after the close of the Sixth War Loan, show customers' deposits of \$2,040 million, up \$167 million over the corresponding date following the previous drive.

Loans on Governments at the reporting banks are down to \$7 million, and are only a few millions higher than they were before the Sixth War Loan started. Advances to industry and trade have declined considerably from a year ago and are at the lowest levels in years. Investments of these banks in Government securities, on the other hand, approach closely the record level earlier this year, increasing \$27 million over the past four weeks to \$1,891 million.

Reserves of all member banks expanded \$52 million to \$736 million over the period from February 21 to March 21. Treasury disbursements in the district were considerably larger than receipts. While this net payment was due chiefly to redemption of Treasury bills from the Reserve Bank portfolio, a substantial portion represented payments to the market. Gains from this source and those from interdistrict commercial transactions provided a greater volume of funds than the amounts absorbed by currency demand and repayments on direct bank borrowings from the Federal Reserve Bank.



# BUSINESS STATISTICS

## Production

Philadelphia Federal Reserve District

Indexes: 1923-5=100	Adjusted for seasonal variation						Not adjusted		
	Feb. 1945	Jan. 1945	Feb. 1944	Per cent change			Feb. 1945	Jan. 1945	Feb. 1944
				Feb. 1945 from		1945 from 2 mos. 1944			
				Mo. ago	Year ago				
<b>INDUSTRIAL PRODUCTION</b>	138p	138	150r	0	-8	-8	138p	136	150r
<b>MANUFACTURING</b>	143p	144	154r	-1	-7	-8	142p	142	154r
<b>Durable goods</b>	218p	219	243r	-1	-10	-11			
<b>Consumers' goods</b>	91p	92	92r	-1	-1	-1			
<b>Metal products</b>	174	180r	185	-3	-6	-6	175	173r	186
<b>Textile products</b>	63p	64	67	-2	-6	-5	522	533	672
<b>Transportation equipment</b>	526	529	642r	0	-18	-17	68p	66	72
<b>Food products</b>	116p	120	116r	-3	-4	-4	113p	117	114r
<b>Tobacco and products</b>	112	104	106	+8	+6	+1	94	86	89
<b>Building materials</b>	39	38	37	+2	+4	-1	34	33	34
<b>Chemicals and products</b>	179p	171	165	+5	+8	+4	178p	167	165
<b>Leather and products</b>	95p	94	97	+1	-3	-4	100p	97	103
<b>Paper and printing</b>	96	97r	95	-1	+1	+1	96	96r	95
<b>Individual lines</b>									
Pig iron	102	100r	104	+2	-2	-6	105	97r	107
Steel	129	137	136	-6	+5	-5	135	135	142
Silk manufactures	81	81	85	0	-4	-3	86	83	90
Woolen and worsteds	58p	60	61	-3	-4	-2	60p	60	63
Cotton products	41	43	45	-4	-9	-9	44	43	48
Carpets and rugs	58p	58	53	0	+10	+8	59p	58	54
Hosiery	65	65	73	0	-11	-10	68	68r	76
Underwear	129	140r	136	-8	-6	-6	140	137	149
Cement	36	34r	27	+8	+34	+2	25	24r	19
Brick	51	51r	56	+1	-8	-9	49	47	54
Lumber and products	33	34	33	-2	+1	+2	32	31	31
Bread and bakery products				-1*	+3*	+5*	128	129	123
Slaughtering, meat packing	89	97	127	8	-30	-27	87	105	128
Sugar refining	84	143	63	-41	+34	+16	109	99	81
Canning and preserving	160p	159	145r	0	+10	+10	150p	154	134r
Cigars	111	103	106	+8	+5	-4	93	85	89
Paper and wood pulp	84	85	85	-1	0	0	84	85r	85
Printing and publishing	98	99r	97	-1	+1	+1	98	99r	97
Shoes	118	125	116	-5	+2	+3	124	127	122
Leather, goat and kid	72p	67	79	+8	-9	-13	78p	71	86
Paints and varnishes	96	104r	98	8	-2	-3	94	93	96
Coke, by-product	175p	166	162	+5	+8	+2	184p	166	170
<b>COAL MINING</b>	71	62r	91	+15	-21	-20	72	63r	92
Anthracite	70	60r	90	+17	-22	-22	70	60r	90
Bituminous	82	78r	98r	+6	-16	-15	90	89r	107r
<b>CRUDE OIL</b>	313	327	373	-4	-16	-17	313	314	373
<b>ELEC. POWER—OUTPUT</b>	422	431	411	-2	+3	+3	448	457	436
Sales, total	445	444	429	0	+4	+2	480	458	464
Sales to industries	368	358	359	+3	+2	0	364	347	356
<b>BUILDING CONTRACTS</b>									
<b>TOTAL AWARDS†</b>	33	25	35	+31	-3	-19	33	28	34
Residential†	5	6	35	-12	-85	-85	4	5	25
Nonresidential†	69	51	47	+34	+48	+19	70	55	47
Public works and utilities†	28	26	26	+6	+4	+4	33	34	31

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

## Local Business Conditions\*

Percentage change—February 1945 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail sales		Debits	
	Jan. 1945	Feb. 1944	Jan. 1945	Feb. 1944	Jan. 1945	Feb. 1944	Jan. 1945	Feb. 1944	Jan. 1945	Feb. 1944
	Allentown	+2	-3	+3	+7	-27	-84	+16	+20	-15
Altoona	+1	+1	+1	+5	-53	-2	+12	+21	-11	+14
Harrisburg	0	0	+2	+7	+10	+7	+11	+26	-13	-8
Johnstown	0	-2	0	0			-19	+24	-15	-3
Lancaster	0	-9	+2	-8	+27	-20	+13	+15	-1	-2
Philadelphia	-1	-11	-2	-8			+6	+20	-21	-4
Reading	0	-5	+5	+1	-40	-19	+13	+12	-4	+9
Scranton	0	+5	+5	+22	-23	-90	+22	+32	-11	-1
Trenton					-28	-36	+37	+25	+6	-6
Wilkes-Barre	+2	+7	+1	+20	-79	-75	+13	+36	-13	-3
Williamsport	-1	-9	+2	-4	+215	+12			-9	-5
Wilmington	-2	-11	-3	-9	+42	+11	+27	+24	-22	0
York	+1	+1	+2	+7	-64	+48	+25	+27	-12	-5

\* 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			
	Feb. 1945 index	Per cent change from		Feb. 1945 index	Per cent change from			
		Jan. 1945	Feb. 1944		Jan. 1945	Feb. 1944		
<b>GENERAL INDEX</b>	129p	0	-4	324p	0	-4		
Manufacturing	177	0	-6	487	0	-4		
Anthracite mining	49p	+5	-2	93p	+8	-22		
Bituminous coal mining	72	0	-10	329	-3	-15		
Building and construction	40	-4	-1	101	-2	0		
Quar. and nonmet. mining	73	-2	-11	227	0	-14		
Crude petroleum prod.	129	-3	-3	252	+3	+2		
Public utilities	96	0	-1	150	0	+8		
Retail trade	117	0	+7	158	-3	+7		
Wholesale trade	104	+1	-1	152	+2	+5		
Hotels	99	-1	-1	174	-1	+6		
Laundries	96	-1	-6	170	-1	-1		
Dyeing and cleaning	94	+1	-1	159	+5	+4		

p—Preliminary.

## Manufacturing

Indexes: 1923-5=100	Employment*				Payrolls*			
	Feb. 1945 index	Per cent change from		Feb. 1945 index	Per cent change from			
		Jan. 1945	Feb. 1944		Jan. 1945	Feb. 1944		
<b>TOTAL</b>	114	0	-6	199	0	-4		
Iron, steel and products	124	0	-6	273	0	-4		
Nonferrous metal products	216	+1	+9	470	+2	+8		
Transportation equipment	152	0	-14	273	-3	-12		
Textiles and clothing	77	0	-6	124	+3	0		
Textiles	72	0	-5	115	+2	0		
Clothing	101	0	-8	169	+6	0		
Food products	126	0	+3	192	-1	+5		
Stone, clay and glass	81	-2	-9	124	+1	-6		
Lumber products	51	+1	+2	88	+6	+10		
Chemicals and products	116	0	-4	212	0	-1		
Leather and products	71	0	-6	121	+4	+4		
Paper and printing	100	0	-2	153	0	+3		
Printing	94	+1	0	136	+1	+6		
<b>Others:</b>								
Cigars and tobacco	49	-1	-14	74	+1	-7		
Rubber tires, goods	154	+1	+1	334	-1	+7		
Musical instruments	93	+2	-5	135	-2	-26		

\* Figures from 2808 plants.

## Hours and Wages

Factory workers Averages February 1945 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>	45.1	-1	\$1.080	+4	\$48.50
Iron, steel and prods.	46.5	-1	1.142	+4	53.07	+3
Nonfer. metal prods.	46.1	-1	1.025	+3	47.19	+2
Transportation equip.	46.3	-1	1.271	+5	58.77	+4
Textiles and clothing	40.7	0	.799	+7	32.53	+7
Textiles	41.6	0	.810	+6	33.73	+6
Clothing	38.6	+2	.772	+10	29.95	+11
Food products	43.2	-2	.810	+1	35.46	0
Stone, clay and glass	41.0	0	.931	+3	38.13	+3
Lumber products	45.0	+1	.809	+8	36.11	+9
Chemicals and prods.	45.8	0	1.070	+4	48.94	+4
Leather and products	43.0	+3	.784	+7	33.80	+11
Paper and printing	44.0	+2	.934	+5	41.41	+7
Printing	41.4	+2	1.095	+6	45.38	+8
<b>Others:</b>						
Cigars and tobacco	42.6	+1	.646	+7	27.52	+8
Rubber tires, goods	44.9	+2	1.069	+5	47.99	+7
Musical instruments	41.8	-16	.908	-7	38.00	-23

\* Figures from 2664 plants.

† Figures from 2808 plants.

## Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Feb. 1945 from		1945 from 2 mos. 1944
	Month ago	Year ago	
<b>Sales</b>			
Total of all lines.....	+ 1	+ 2	+ 2
Boots and shoes.....	-10	- 8	.....
Drugs.....	- 6	+ 7	+ 5
Dry goods.....	-18	-12	-11
Electrical supplies.....	+ 4	-21	- 8
Groceries.....	+ 6	+22	+16
Hardware.....	+19	+ 5	+10
Jewelry.....	+15	-23	-23
Paper.....	+ 2	+ 5	0
<b>Inventories</b>			
Total of all lines.....	+ 2	- 9	.....
Dry goods.....	- 6	-41	.....
Electrical supplies.....	+12	+ 9	.....
Groceries.....	- 3	-18	.....
Hardware.....	+ 4	0	.....
Jewelry.....	+17	-14	.....
Paper.....	+ 0	-14	.....

Source: U. S. Department of Commerce.

Prices	Feb. 1945	Per cent change from		
		Month ago	Year ago	Aug. 1939
<b>Basic commodities</b> (Aug. 1939=100).....	183	0	+ 2	+ 83
<b>Wholesale</b> (1926=100).....	105	0	+ 2	+ 40
Farm.....	127	+ 1	+ 4	+108
Food.....	105	0	0	+ 56
Other.....	99	0	+ 1	+ 24
<b>Living costs</b> (1935-1939=100).....				
United States.....	127	0	+ 2	+ 29
Philadelphia.....	126	0	+ 3	+ 29
Food.....	136	+ 1	+ 2	+ 46
Clothing.....	145	0	+ 8	+ 46
Fuels.....	111	+ 1	0	+ 15
Housefurnishings.....	143	+ 1	+13	+ 42
Other.....	121	0	+ 3	+ 20

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Feb. 1945	Jan. 1945	Feb. 1944	Per cent change			Feb. 1945	Jan. 1945	Feb. 1944
				Month ago	Year ago	1945 from 2 mos. 1944			
<b>RETAIL TRADE</b>									
<b>Sales</b>									
Department stores—District.....	189p	173	156r	+ 9	+21	+15	149p	133	123r
Philadelphia.....	176	170	149r	+ 4	+18	+15	143	134	121r
Women's apparel.....	232p	174	173	+33	+34	+23	167p	151	125r
Men's apparel.....	174p	130	133	+34	+31	+24	136p	133	104
Shoe.....	173p	152	133r	+14	+30	+19	126p	119	97r
Furniture.....				+11*	+15*				
<b>Inventories</b>									
Department stores—District.....	138	142	151	- 3	- 9	.....	136	124	149
Philadelphia.....	135	133	153	+ 5	-12	.....	132	119	150
Women's apparel.....	192p	183	197	+ 5	- 3	.....	187p	159	193
Shoe.....	56p	74	84r	-24	-33	.....	58p	64	87r
Furniture.....				+ 5*	- 8*				
<b>FREIGHT-CAR LOADINGS</b>									
Total.....	137	132	147	+ 4	- 7	- 6	126	126	135
Merchandise and miscellaneous.....	139	136	141	+ 2	- 2	- 1	126	127	129
Merchandise—l.c.l.....	87	85	90	+ 3	- 4	- 4	82	80	85
Coal.....	125	116	152	+ 8	- 18	-16	130	130	158
Ore.....	166	130	175	+27	- 5	-21	63	50	66
Coke.....	190	164	201	+16	- 6	-10	203	188	216
Forest products.....	102	118	146	+16	-13	-30	83	95	118
Grain and products.....	139	121	152	+15	- 9	-11	123	118	134
Livestock.....	150	164	154	- 8	- 2	+ 3	136	166	140
<b>MISCELLANEOUS</b>									
Life insurance sales.....	122	118	115	+ 3	+ 6	+ 4	132	112	124
Business liquidations.....									
Number.....					-50*	-83*	-77*	1	3
Amount of liabilities.....					-98*	-95*	-50*		5
Check payments.....	195	198	193	- 2	+ 1	+ 3	189	196	187

\* Computed from unadjusted data. p—Preliminary. r—Revised.

# BANKING STATISTICS

### MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (Millions \$)	Mar. 21, 1945	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 217	-\$ 6	-\$ 45
Loans to brokers, etc.....	36	+ 2	- 3
Other loans to carry secur.....	14	- 1	- 1
Loans on real estate.....	34	.....	- 4
Loans to banks.....			
Other loans.....	109	- 2	- 1
Total loans.....	\$ 410	-\$ 7	-\$ 54
Government securities.....	\$1837	+\$27	+\$209
Obligations fully guar'eed.....	54	.....	+ 21
Other securities.....	172	+ 1	- 2
Total investments.....	\$2063	+\$28	+\$228
Total loans & investments.....	\$2473	+\$21	+\$174
Reserve with F. R. Bank.....	429	+ 23	+ 51
Cash in vault.....	32	+ 4	+ 4
Balances with other banks.....	76	.....	+ 1
Other assets—net.....	47	- 4	- 10
<b>Liabilities</b>			
Demand deposits, adjusted.....	\$1843	+\$95	+\$239
Time deposits.....	197	+ 3	+ 28
U. S. Government deposits.....	397	- 76	- 96
Interbank deposits.....	361	+ 28	+ 35
Borrowings.....		- 8	- 1
Other liabilities.....	18	+ 1	+ 3
Capital account.....	241	+ 1	+ 12

Third Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	Feb. 28	Mar. 7	Mar. 14	Mar. 21	
<b>Sources of funds:</b>					
Reserve Bank credit extended in district.....	- 2.4	-10.2	-46.9	-25.8	-85.3
Commercial transfers (chiefly interdistrict).....	- 3.5	+ 0.2	- 8.4	+68.5	+56.8
Treasury operations.....	+17.2	+25.7	+69.0	-21.2	+90.7
Total.....	+11.3	+15.7	+13.7	+21.5	+62.2
<b>Uses of funds:</b>					
Currency demand.....	+ 3.8	+ 7.7	+ 3.5	- 3.9	+11.1
Member bank reserve deposits.....	+ 7.4	+ 8.6	+10.0	+25.7	+51.7
"Other deposits" at Reserve Bank.....	+ 0.0	- 0.5	+ 0.1	- 0.3	- 0.7
Other Federal Reserve accounts.....	+ 0.1	- 0.1	+ 0.1	+ 0.0	+ 0.1
Total.....	+11.3	+15.7	+13.7	+21.5	+62.2

Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
1944: Mar. 1-15.....	\$350	\$340	\$10	3%
1945: Feb. 1-15.....	392	380	12	3
Feb. 16-28.....	387	381	6	2
Mar. 1-15.....	398	391	7	2
<b>Country banks</b>				
1944: Mar. 1-15.....	266	211	55	26
1945: Feb. 1-15.....	301	251	50	20
Feb. 16-28.....	300	253	47	19
Mar. 1-15.....	309	257	52	20

Federal Reserve Bank of Phila. (Dollar figures in millions)	March 21, 1945	Changes in	
		Four weeks	One year
Discounts and advances.....	\$ 0.7	-\$11.0	-\$ 1.1
Industrial loans.....	3.1	+ 0.3	- 0.7
U. S. securities.....	1309.4	+ 49.2	+ 520.5
Total.....	\$1313.2	+\$38.5	+\$518.7
Note circulation.....	1468.8	+ 9.7	+ 291.4
Member bk. deposits	735.7	+ 51.7	+ 107.5
U. S. general account	0.8	- 41.3	- 37.6
Foreign deposits.....	103.9	- 5.8	- 31.1
Other deposits.....	4.1	- 0.7	- 2.0
Total reserves.....	1005.9	- 26.2	- 195.2
Reserve ratio.....	43.5%	- 1.4%	- 17.0%