

*copy to: Deming
Kearns
Lester E.D.*

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THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

DECEMBER 1, 1945

Department Store Sales in War and Peace

The avalanche of goods poured out by American industry contributed much to the early Allied victory. Total value of goods and services was more than double the volume ever produced before. A unique characteristic of this achievement was the absence of the usual problem of creating the market for the products of industry. One buyer—the Federal Government—called for virtually unlimited quantities of almost everything customarily produced and placed orders by the thousands for other things never produced before.

The flood of goods quickly rose to such staggering volume that some industries were permitted to reconvert to peacetime production before the end of fighting was in sight. Defeat of Japan speeded this process and once again attention focused upon the long unfilled needs and unsatisfied wants of 140 million individual consumers who normally purchased the output of American industry.

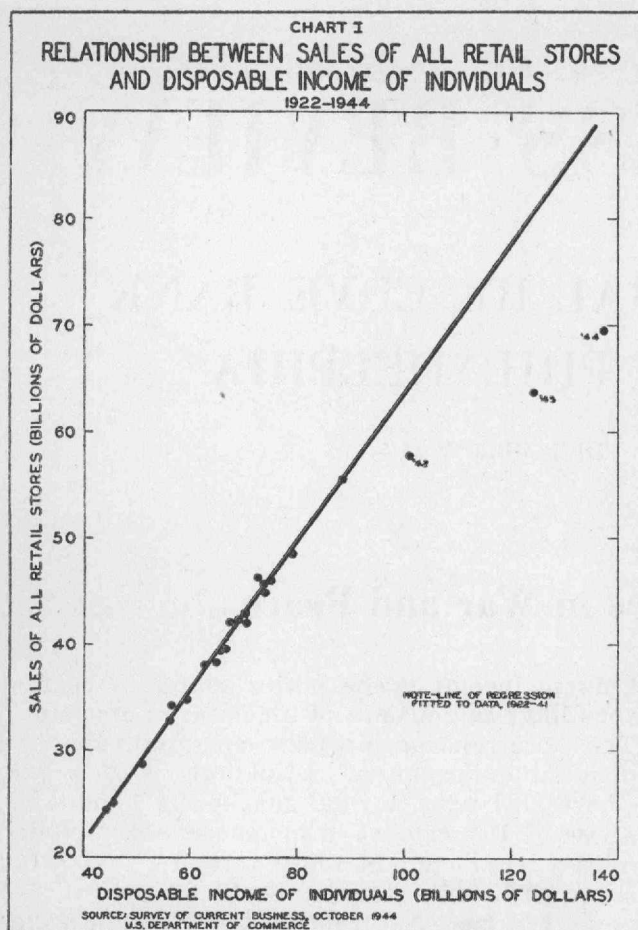
Although it is impossible to predict the exact volume of consumer demand, an analysis of pre-war and wartime buying indicates the probable consumption patterns, the principal forces at work, and the goods that will be in greatest demand.

Effect of Income on Retail Trade

The volume of retail trade depends upon the amount of money that people have to spend.

Current income is the major source of current spending; savings are of secondary importance. The close relationship between retail sales and disposable income of individuals is shown in Chart I. Under normal marketing conditions, a rise of 10 per cent in income is accompanied by a 12 per cent increase in sales, and retail stores ordinarily harvest about 70 per cent of any given increase in income. Although it was distorted during the war, there is no basis for doubting that the normal relationship between sales and income would have continued had civilian goods been available for purchase. Post-war demand for civilian goods therefore will depend on the level of income available for spending.

Demand for individual commodities fluctuates with income but in varying degrees. During periods of depression when total income and average earnings are lowest, the proportion spent on necessities such as food, clothing, and shelter is greatest. As income increases, expenditures for comfort and luxury goods rise much faster than expenditures for necessities. Similarly, sales of durable goods go up much faster than nondurables. Based on pre-war experience, a 10 per cent rise in disposable income is associated with an 18 per cent increase in sales at durable goods stores and a 10 per cent increase at nondurable goods stores. The pattern of spending as well as the total volume is strongly influenced by income levels. When consumers



have more money in their pockets they buy more durable goods and indulge more freely in the consumption of luxuries.

Effect of the War

In 1942 retail sales began to lag behind disposable income as civilian items appeared in limited quantities or disappeared completely from the market. Had they kept pace with income, retail purchases, according to the Department of Commerce, would have been greater by \$13 billion in 1942, \$17 billion in 1943, and \$23 billion in 1944—a total of \$53 billion during the three-year period. This is approximately equal to the amount by which consumer savings exceeded “normal” expectations. Durable goods accounted for \$45 billion of the \$53 billion of sales that failed to materialize.

Because there was no apparent spill-over into nondurables as scarcities of durables increased, it is likely that post-war demand for nondurables will continue to be determined by income.

Demand for durables, however, will unquestionably be larger than indicated by current consumer incomes. This does not mean that deferred demand will amount to \$53 billion; it will be much less even though the abnormal increase in savings is sufficient to support such purchases.

Department Store Sales in the Third Federal Reserve District

Our understanding of the operation of retail markets is enhanced by determining the major influences that seem to govern consumer purchases and even by estimating the probable volume of total purchases. The manufacturer, distributor, and service establishment operator, however, is more interested in probable demand for individual products or the volume of activity in particular localities. The most comprehensive and detailed local information for a large segment of consumer purchases is that on individual departmental sales of department stores in the Third Federal Reserve District. Analysis of departmental sales during the war suggests the types of goods that are likely to be in greatest demand in the immediate future.

Characteristics

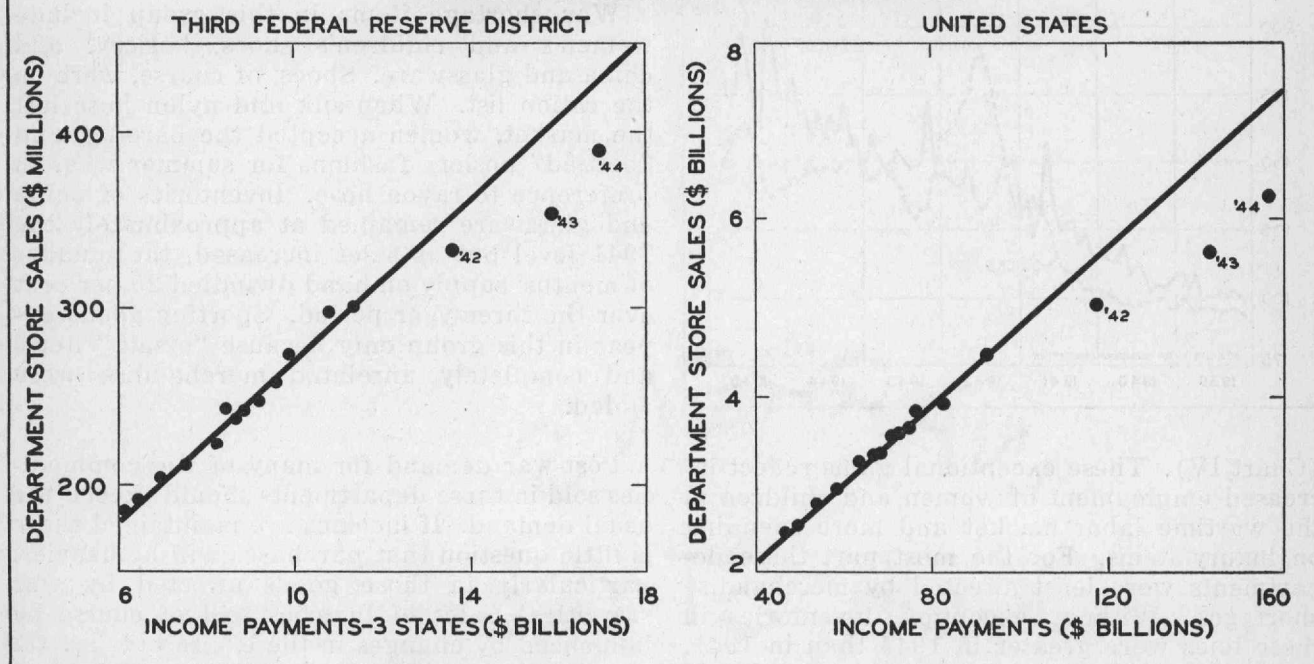
Department stores are the largest single type of retail business. They account for approximately 10 per cent of total retail sales and carry a greater variety of items in a wider price range than any other type of store. They offer the shopper the convenience of satisfying a great variety of wants under one roof, an advantage that influenced the growth of department store activity during the decade preceding the war. Consumer preference for the shopping convenience offered by department stores is also reflected in the increased variety of products added in other lines of trades. Tobacco shops now dispense men's furnishings and soft drinks; automobile tire and accessory stores sell sporting goods, toys, and house furnishings; and drug stores have virtually become miniature department stores.

Trends

As with total trade, the volume of income in large measure determines the volume of department store sales. This is true both nationally and locally. (See Chart II.) The war affected department store sales less than total trade be-

CHART II

RELATIONSHIP BETWEEN DEPARTMENT STORE SALES AND INCOME PAYMENTS TO INDIVIDUALS



cause durable goods form a smaller segment of their sales. Nevertheless, sales lagged behind income during the war. Conversely, post-war sales are expected to rise faster than income as empty shelves are restocked.

The stimulating or retarding effect of the war upon department store activity is shown in Chart III, which indicates the movement of sales and the shift in supply-demand relationship as the war progressed. Although sales moved upward as incomes increased, the trend was repeatedly interrupted by shortages, rumors of shortages, and resulting waves of anticipatory buying. These buying stampedes were short-lived and were followed by brief periods of readjustment.

Government requisitioning of silk in the fall of 1941 gave a tremendous boost to sales in August but they receded in the following month. Declaration of war created immediate rumors of scarcities and as a result sales skyrocketed to a high level during the first three months of 1942, only to adjust themselves in subsequent months. In February 1943 sales again shot skyward when shoe rationing touched off a stampede for clothing which buyers feared would be next on the ration list. The advance announcement of an excise tax on luxuries stimulated

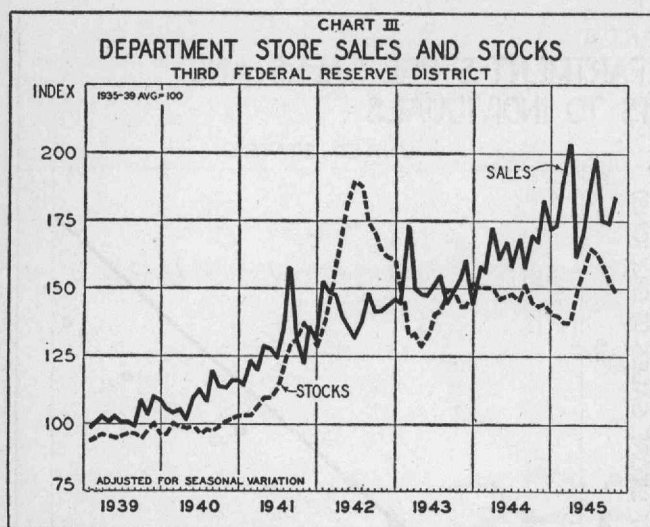
sales of furs, jewelry, and other items in March 1944.

Throughout the war, the supply-demand situation was under increasing pressure of war influences. Stocks were raised in the latter part of 1941 and early 1942 by the speed-up of civilian output prior to all-out production for war. Large purchases by retailers also pyramided inventories for a brief period. In general, however, retailers faced increasing difficulties in maintaining adequate inventories.

Sales by Departments

As was pointed out previously, department stores sales and income parted company after 1941. If they had maintained their pre-war relationship, sales in 1944 would have been 42 per cent greater than in 1941 instead of just 29 per cent. Using this 42 per cent increase as a yardstick to apply to the departments studied, 14 departments showed a greater increase, 17 showed a smaller increase, and 7 actually declined.

Women's and children's apparel, gift merchandise, and soft goods are prominent among the departments that show greatest increases



(Chart IV). These exceptional gains reflect increased employment of women and children in the wartime labor market and more spending on luxury items. For the most part these departments were least affected by merchandise shortages. Without exception, inventories in these lines were greater in 1944 than in 1941, but the declining ratio of stocks to sales in 10 of the 14 departments reflects some difficulties in replacing inventories.

Larger dollar volume of sales was of course due in part to up-trading, both voluntary and involuntary. As earnings increase, consumers normally purchase better quality merchandise and more comforts and luxuries. During the war many low and medium-priced items, particularly textile goods, disappeared from the counters and shelves and customers were forced to pay higher prices for substitute merchandise of inferior quality. Because sales in these departments were well maintained during the war years there is little likelihood of excessive buying in the immediate future.

The 17 departments showing increases of less than 42 per cent include a great variety of items. Women's apparel makes up a smaller portion of this group but several items of men's apparel are included. Major departments of basement stores fall in this category largely because they were the victims of up-trading; their counterparts in the main store showed greater increases with the exception of homefurnishings. Luxury items affected by the excise tax are represented by furs, toilet articles, and jewelry and silverware. Fur sales, for example, were 45 per cent

greater in 1943 than in 1941, but by 1944 dropped to a point only 22 per cent above the 1941 level.

War shortage items in this group include women's and children's shoes, hosiery, and china and glassware. Shoes, of course, were on the ration list. When silk and nylon hose left the market, women accepted the bare-leg and "bottled" hosiery fashions for summer wear in preference to rayon hose. Inventories of china and glassware remained at approximately the 1941 level but as sales increased, the number of months' supply on hand dwindled 20 per cent over the three-year period. Sporting goods appear in this group only because "ersatz" items and completely unrelated merchandise were added.

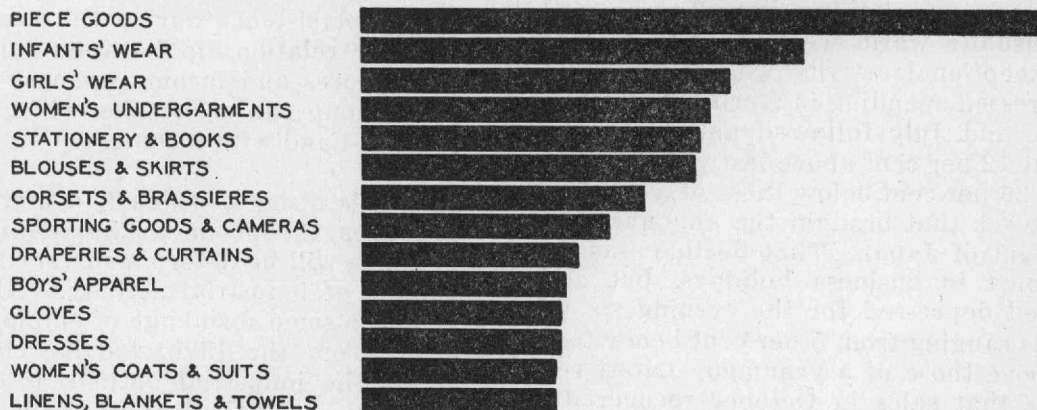
Post-war demand for many of the commodities sold in these departments should exceed the usual demand. If incomes are maintained there is little question that purchases will be heavier, particularly in those goods affected by war scarcities. Sales of luxuries will of course be influenced by changes in the excise tax.

The seven departments that show decreases in sales can readily be classified in two groups—men's apparel, in which sales were retarded by the draft; and war-shortage items. Post-war demand for men's clothing will unquestionably be greater than normal because many men returning from war find their physical measurements changed by more rigorous life in the armed services. Other men are apt to increase their purchases as quality is restored. In evaluating markets for men's clothing it is well to remember that the long-run trend of men's clothing as related to total sales is definitely downward, and that this trend is likely to be resumed once the abnormal demand has been met.

Among the war shortage items, major appliances have been virtually non-existent since 1942. The WPB regulations and limitations forced down sales of furniture and housewares. Sales of floorcoverings were limited by the shortage of carpet wool and labor. Post-war demand will be heavy for these goods, and retailers can look forward to larger sales volume as conditions improve. In the case of heavy appliances and related items, retailers have already accumulated large waiting lists for post-war purchases.

CHART IV
WAR-TIME CHANGES (1941-1944) IN
DEPARTMENT STORE SALES BY DEPARTMENTS
THIRD FEDERAL RESERVE DISTRICT

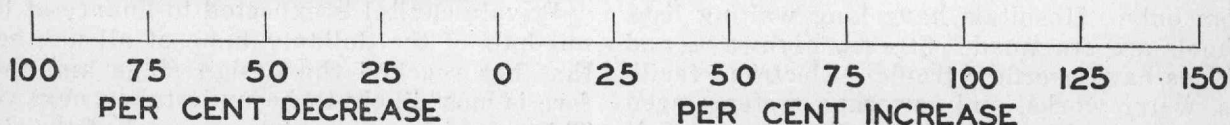
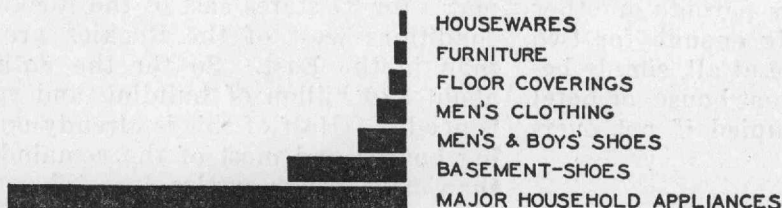
LARGER INCREASES (42% OR MORE)



SMALLER INCREASES (LESS THAN 42%)



DECREASES



Recent Developments

A review of activity in recent months confirms the conclusion that developments other than changes in income have only temporary effects. The exceptional spurt in activity in February and March, shown in Chart III, now appears to have been merely a shift in seasonal buying, particularly of clothing items, occasioned by the unusually warm weather in those months. This exceptional activity was counterbalanced by depressed spending in April and May. Sales in June and July followed anticipated trends at about 12 per cent above last year. Sales tumbled to 26 per cent below those of a year earlier in the week that brought the announcement of the defeat of Japan. That decline was due in large part to business holidays, but activity remained depressed for the ensuing six weeks at levels ranging from 5 per cent below to 8 per cent above those of a year ago. Latest reports indicate that sales in October recovered to a level 10 per cent above last year, so that the direct effect even of the ending of hostilities seems to have been temporary.

Concluding Comments

Buying power is more than adequate for the merchandise now available. As rapidly as empty

shelves can be restocked with quality merchandise, sales volume may be expected to attain higher levels to meet both current and accumulated needs. Exceptional expansion may be anticipated for a time, especially as supplies become available in men's apparel and war-shortage items.

The persistence during the war of the close pre-war relationship between sales at department stores and income strongly suggests that in the long run such sales will continue to go hand-in-hand with income.

In this district, which is a highly industrialized area, the income available for the purchase of goods will be determined very largely by the volume of industrial activity. Although there has been some shrinkage of employment and income from the high wartime levels, on the whole the industrial outlook is comparatively favorable, once the task of reconversion is completed. Based upon a post-war survey of the Philadelphia eight-county area, employment in 1946 is expected to be 150,000 greater than in 1940. Reconversion in this area has not seriously affected the flow of income; weekly payrolls in Pennsylvania factories, two months after V-J Day, are estimated at \$55 million, more than double the pre-war average.

Revival in Construction

The G.I.'s are coming back home in ever increasing numbers. From an initial rate of 170,000 a month homeward bound when the war ended, they will soon be returning at the rate of a half million a month. But where will they live and how will they live? Many of them have to double up with their parents or other relatives; but no house is big enough for two families. Some have no home at all, simply because every dwelling, apartment house, or hotel fit to live in is already occupied if not overcrowded.

Trains, streetcars, and buses have standing room only. Hospitals have long waiting lists. Schools are crammed. Streets, highways, and bridges have overflow traffic. Electrical facilities, water works, and sewerage systems need renovation and improvement. Overflow crowds

are everywhere — at restaurants, hotels, theaters, and sports arenas.

All this adds up to a fantastic backlog of building and construction requirements—\$16 billion, according to F. W. Dodge's latest estimates for 37 states east of the Rockies. Living conditions west of the Rockies are no better than in the East. So for the entire country about \$20 billion of building and construction is needed. Half of this is already on the drawing boards and most of the remainder is more than mere dream castles.

Private capital is expected to finance at least one-half of the dollar volume of all new work that has reached the design stage and therefore is most likely to be undertaken next year. This would be a complete reversal of the situa-

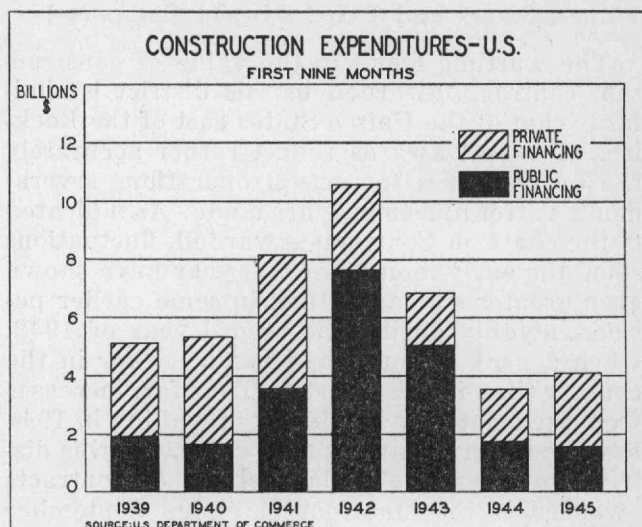
tion in 1942 and 1943 when the bulk of all construction was financed with Federal funds. If the industry really gets into its stride it is entirely possible that between \$7 billion and \$8 billion of new projects might be started next year. Maintenance, repair, and alteration, together with new projects and provision for future needs, are enough to assure an annual volume of \$9 billion for the next decade.

The forecast for 1946 building activity is based upon the expectation of adequate supplies of key building materials. The Producers' Council, a national organization of manufacturers of building supplies and equipment, announced recently that production rates for many items had already reached approximately the levels prevailing in 1940. On the basis of current operations they predicted that nearly all of the more important materials, with the possible exception of lumber, would be available to builders in pre-war volume by early spring. Craftsmen who served in the armed forces are now returning to their trades. Sufficient labor should become available to permit the beginning of large-scale operations fairly early in the new year.

The accuracy of these forecasts depends in large measure upon the cost of materials and labor. Material prices at present are nearly 30 per cent above the pre-war average of 1939, according to the wholesale price index, and labor costs have risen even more sharply. Determined efforts will be required by manufacturers of materials, building contractors, and organized labor to prevent a further increase in costs. For example, in the field of housing alone, it is estimated that a pressing need for nearly three and one-half million units will exist by the end of next year. Without residential price ceilings, which are still under consideration, costs might rise to prohibitively high levels.

Expenditures for Construction

A moderate but sustained rise in expenditures for new construction during the first nine months of 1945, when the manpower shortage was acute, building materials were scarce, and operations were severely restricted by the wartime construction limitations order, gives considerable promise of much more substantial recovery in 1946 and thereafter. Construction through September, according to the Depart-



ment of Commerce, approximated \$4 billion. This was the first sustained year-to-year gain since 1942, when the construction of munitions plants, military installations, and war housing facilities raised activity in the building industry to the highest level on record. Although total expenditures in the first three-quarters of 1945 were only 40 per cent of those reported in the comparable period of the peak war year, they amounted to almost 80 per cent of the 1939 figure, when manpower and material shortages had not yet developed and operations were not subject to wartime restrictions.

It is particularly noteworthy that privately-financed construction has increased in absolute amount and relative to total expenditures, as shown in the chart on Construction Expenditures. This development in evidence over a period of some months suggests a return to the pattern of more normal peacetime years, when private capital supplied most of the funds. Approximating \$2.5 billion in the nine months ended September, privately-financed construction accounted for well over 60 per cent of total expenditures. In the same period last year only \$1.8 billion of private funds were employed, which constituted less than 50 per cent of the contract total. The greatest expansion in privately-financed construction has occurred in non-residential classifications, where expenditures for nine months were exceeded in only two other recent years—1937 and 1941. In the case of residences, the gain over the 1944 period was very moderate, and such expenditures were considerably below the average for most pre-war years.

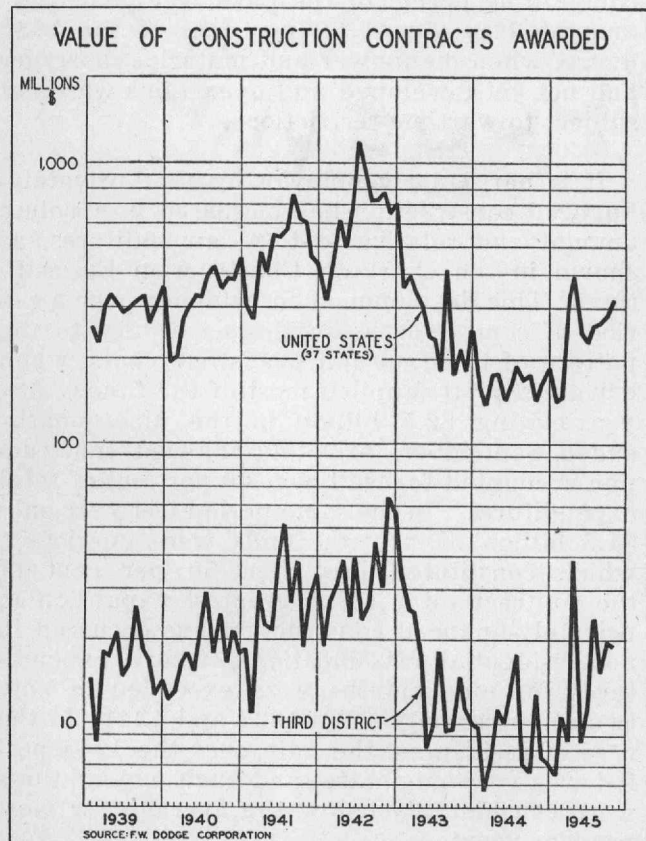
United States and Third District Compared

The wartime trend in the value of construction contracts awarded in this district is similar to that of the United States east of the Rockies. Contract awards reflect rather accurately the expenditures for actual operations several months after placements are made. As indicated in the chart on Contracts Awarded, fluctuations since the early months of this year have shown even greater similarity than in some earlier periods, notably during the record year of 1942, when a peak was reached much earlier in the country than in this district. Thus far, increases from the relatively low levels prevailing in 1944 have been very sharp in both cases. In this district, however, the dollar volume of contracts awarded in the nine months ended September was nearly 65 per cent greater than in the same period last year, while in the country the gain was little more than 50 per cent.

Post-War Outlook—Third District

In view of the similarity of trends in contract awards over most of the war years, and the particularly close relationship in recent months, ex-

pectations of a sharp increase in the dollar volume of construction on a national basis during 1946 are suggestive of what might be expected in the way of further recovery in this district. The outlook locally appears brightest for residential structures. A number of contingencies, however, may delay recovery from current low levels in this field. Among them are such divergent factors as the tight situation in lumber, the need for a clear-cut pricing policy on new houses, and in Pennsylvania a restrictive clause limiting insurance company investments in housing to slum clearance projects. As residential building depends so heavily on supplies of seasoned lumber, large-scale operations cannot be undertaken without considerable risk until an adequate quantity of this key material is assured. Many residential builders operate on rather narrow margins, depending on volume for their profits, consequently the selling price ranges which might be set on various types of houses are of immediate and vital concern. The low-cost housing which slum clearance projects are intended to provide cannot proceed until the acute shortage of existing dwelling units eases sufficiently to permit the necessary demolition operations.



Builders in the Philadelphia area in general are optimistic with respect to expanding operations in the spring. Detailed plans have been drawn for the construction of a large number of units, but current uncertainties in construction costs make it extremely difficult to define the probable price ranges on finished houses. As a result of higher material and labor costs, row houses that sold for \$5,000 before the war may cost the buyer \$7,000 or more in today's market. Opinions of operative builders and real estate brokers indicate that the bulk of new construction to be undertaken next year may consist of dwellings selling somewhat above that figure. A small amount of home construction is under way just outside Philadelphia, but many subcontractors in this general area are reluctant to make further commitments until the necessary materials are at hand and an uninterrupted flow of supplies is assured.

Recovery in the non-residential field has actually started in this district, as evidenced by a dollar volume of contract awards 50 per cent larger in the first nine months of this year than last. Although the magnitude of the gain is attributable in part to an exceptionally large contract for a coal mining facility placed last

spring, it reflects, nevertheless, sustained increases after mid-year in awards for factory buildings, commercial structures, and public works and utilities. Since the beginning of the second quarter, the value of awards for highway projects and other unclassified construction has continued much larger than in the 1944 period.

In addition to home construction, a large amount of non-residential building is being started in the Philadelphia area. Local architects are said to be swamped with commissions, and clients are pressing for the early completion of their post-war building plans. The situation has given rise to an acute shortage of draftsmen and engineers. Contractors, however, are of the opinion that a considerable number of planned projects may be delayed because construction costs in this field have advanced considerably due to higher wage rates for both common labor and certain skilled craftsmen.

Reconversion of manufacturing facilities to peacetime production may contribute very substantially to the district's contract total over the remainder of this year and through the early months of 1946. Similarly, a growing demand for commercial space may be reflected in a further rise in contracts awarded. The need for commercial buildings in some of the larger cities of this district is becoming acute. This is emphasized by a recent survey which indicated that office buildings in downtown Philadelphia with a total rental area of nearly 11 million square feet were over 95 per cent occupied. Educational buildings, the only major class of non-residential construction where

contracts have continued to lag far behind 1944, promise to show a marked expansion in response to pressing needs long deferred by the war.

Owing to the essential nature of many public utilities projects, new construction in this field has been given rather high priority in the past several years; only minor additions to such facilities are required in the immediate future. Later in the first post-war decade, heavy expenditures may be expected for projects in this category. A program of public works recommended by the City Planning Commission of Philadelphia includes projects with an estimated cost of over \$255 million tentatively scheduled from 1946 to 1951. A tremendous field for expansion lies also in Pennsylvania's post-war highway program. Planned expenditures officially announced total \$345 million to be spent over a period of five years.

Nationally and locally, prospective activity in construction is of course circumscribed by peculiarities of the industry. The needs for its products are enormous but volume is sensitive to costs, particularly in housing. A dwelling is a "tailor-made" product, manufactured on the site with materials at "standardized" prices by an unorganized multitude of contractors employing a multitude of organized craftsmen for a customer who is usually a once-in-a-lifetime buyer. Except for the introduction of some new building materials, technology in the industry has undergone very little change for many years. Neither have its methods of operation. Of course it is difficult to reduce unit cost by mass production when customers demand individuality of product.



BUSINESS STATISTICS

Production Philadelphia Federal Reserve District

Indexes: 1923-5 =100	Adjusted for seasonal variation						Not adjusted		
	Oct. 1945	Sept. 1945	Oct. 1944	Per cent change			Oct. 1945	Sept. 1945	Oct. 1944
				Oct. 1945 from		1945 from 10 mos. 1944			
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	97p	102	141	- 5	- 31	- 15	100p	104	144
MANUFACTURING	97p	103	144	- 5	- 33	- 15	101p	105	147
Durable goods	113p	127	225	-11	- 50	- 22	.....	.....	.....
Consumers' goods	83p	83	89	0	- 6	- 4	.....	.....	.....
Metal products	100	101r	173	0	- 42	- 16	103	101r	180
Textile products	60p	59	67r	+ 1	- 11	- 7	62p	64	68
Transportation equipment	239p	303	578	-21	- 59	- 29	228p	287	553
Food products	106p	105	113	+ 1	- 6	- 2	120p	115	122
Tobacco and products	97	97	81	+ 1	+ 20	+ 2	119	112	99
Building materials	34p	32r	36	+ 7	- 5	0	36p	35r	38
Chemicals and products	139p	160r	169r	-13	- 18	+ 1	140p	158r	170
Leather and products	68p	66	97	+ 3	- 30	- 22	72p	72	103
Paper and printing	109	109r	97	0	+ 12	+ 5	110	108r	98
Individual lines									
Pig iron	92	105	98	-12	- 6	- 6	91	98	97
Steel	96	97r	139	- 1	- 31	- 12	96	92r	139
Iron castings	73	67	72	+ 8	+ 1	- 1	77	68	77
Steel castings	156	153	243	+ 2	- 36	- 20	148	139	231
Electrical apparatus	109	109r	260	0	- 58	- 21	119	119r	283
Motor vehicles	43	45	61	- 5	- 30	- 4	39	39	56
Automobile parts and bodies	100	104	149	- 4	- 33	- 29	95	99	142
Locomotives and cars	67	68r	113	- 1	- 41	- 17	64	65r	107
Silk manufactures	79	76	85	+ 3	- 7	- 3	81	76	87
Woolen and worsteds	55p	53	57r	+ 3	- 5	- 1	59p	58	62r
Cotton products	42	44	42	- 4	- 1	- 7	43	41	44
Carpets and rugs	40p	44	53r	- 8	- 25	- 3	42p	44	56r
Hosiery	61	66	63	- 8	- 3	- 8	67	66	69
Underwear	126	128	130	- 1	- 3	- 7	138	128	142
Cement	38p	37r	34	+ 4	+ 11	+ 14	43p	43r	39
Brick	48	45r	50r	+ 7	- 3	- 2	48	46	50r
Lumber and products	24	22	30	+ 9	- 19	- 4	25	23	31
Bread and bakery products	.....	.....	.....	+ 1*	- 3*	+ 1*	126	125	131
Slaughtering, meat packing	93	88	109	+ 6	- 15	- 23	97	92	114
Sugar refining	68	45	91	+52	- 25	- 7	57	39	76
Canning and preserving	114p	121	125	- 6	- 9	+ 5	169p	160	163r
Cigars	96	95	79	+ 1	+ 21	+ 3	118	111	97
Paper and wood pulp	86	87	85	0	+ 2	0	88	87	87
Printing and publishing	114	114r	100	0	+ 14	+ 6	115	112	101
Shoes	95	82	117	+15	- 19	- 17	103	94	127
Leather, goat and kid	42	50	77	-16	- 45	- 30	44	52	81
Explosives	90	98	212	- 8	- 58	- 10	91	98	214
Paints and varnishes	85	95	90	-10	- 5	5	91	90	96
Petroleum products	184	220r	202	-16	- 9	+ 9	185	221r	202
Coke, by-product	153p	163	173r	- 6	- 11	- 6	150p	157	169r
COAL MINING	73	74	85	- 1	- 14	- 15	73	74	86
Anthracite	75	72	84	+ 4	- 11	- 16	75	72	84
Bituminous	56	90	93	-38	- 41	- 13	59	91	100
CRUDE OIL	316	319	343	- 1	- 8	- 12	316	319	343
ELECTRIC POWER	395	395	415	0	- 5	0	407	387	428
Sales, total	396	395	423	0	- 6	- 2	396	391	423
Sales to industries	291	297	349	- 2	- 17	- 5	282	315	339
BUILDING CONTRACTS									
TOTAL AWARDS†	68	78	33	-14	+106	+ 52	70	76	34
Residential†	13	11	7	+19	+ 89	- 61	15	13	8
Nonresidential†	102	113	46	-10	+121	+ 44	98	106	44
Public works and utilities. †	155	208	80	-26	+95	+143	163	190	84

* Unadjusted for seasonal variation.

† 3-month moving daily average centered at 3rd month.

p—Preliminary.

r—Revised.

Local Business Conditions*

Percentage change—October 1945 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail sales		Debits	
	Sept. 1945	Oct. 1944	Sept. 1945	Oct. 1944	Sept. 1945	Oct. 1944	Sept. 1945	Oct. 1944	Sept. 1945	Oct. 1944
Allentown	-1	-22	+1	-34	+156	+191	+14	+11	+14	+7
Altoona	-1	-11	-11	-13	+23	+539	+8	+17	+14	+12
Harrisburg	-9	-17	0	-25	+437	+71	+8	+15	+13	+14
Johnstown	0	-6	-10	-25	+167	+173	+9	+10	+13	+10
Lancaster	-1	-23	+7	-25	-63	+222	+24	+11	+15	-13
Philadelphia	-4	-25	-8	-37	+22	+75	+22	+11	+21	+14
Reading	+1	-8	+6	-13	+139	+249	+10	+5	+19	+6
Scranton	-3	-22	+4	-26	+5	-26	+13	+21	-25	-2
Trenton	.....	.....	.....	.....	+35	+92	+16	+17	+32	+7
Wilkes-Barre	0	-23	+6	-36	+40	+113	+8	+19	+14	+11
Williamsport	+1	-20	+5	-23	-8	-84	.....	.....	+5	+1
Wilmington	-5	-42	-4	-49	+281	+802	+18	+14	-7	-7
York	-1	-13	+2	-29	+61	+535	+4	+8	+9	+3

* 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		
	Oct. 1945 index	Per cent change from		Oct. 1945 index	Per cent change from	
		Sept. 1945	Oct. 1944		Sept. 1945	Oct. 1944
GENERAL INDEX.....	116	- 1	-12	253	- 2	-24
Manufacturing.....	146	- 1	-19	353	+ 1	-29
Anthracite mining.....	52	+ 4	+ 9	111	+ 2	+11
Bituminous coal mining.....	33	-53	-55	89	-71	-75
Building and construction..	58	+ 6	+13	131	+11	0
Quar. and nonmet. mining.....	79	0	- 6	256	0	- 4
Crude petroleum prod.....	134	+ 1	0	260	- 3	+ 5
Public utilities.....	101	+ 2	+ 4	155	+ 2	+ 5
Retail trade.....	129	+ 6	+ 7	181	+ 7	+ 9
Wholesale trade.....	107	+ 2	+ 4	164	+ 4	+ 7
Hotels.....	109	+ 2	+ 7	199	+ 2	+15
Laundries.....	99	+ 1	- 1	184	+ 4	+ 5
Dyeing and cleaning.....	104	+ 3	+ 7	222	+12	+29

Manufacturing

Index: 1923-5 =100	Employment*			Payrolls*		
	Oct. 1945 index	Per cent change from		Oct. 1945 index	Per cent change from	
		Sept. 1945	Oct. 1944		Sept. 1945	Oct. 1944
TOTAL	94	- 1	-19	144	+ 1	-29
Iron, steel and products . . .	91	- 2	-28	169	+ 1	-39
Nonferrous metal products.	177	- 1	-14	350	+ 5	-24
Transportation equipment.	103	- 4	-34	160	- 8	-43
Textiles and clothing.	74	0	- 5	121	+ 5	- 2
Textiles	69	+ 1	- 4	114	+ 6	- 1
Clothing.	94	- 2	-10	155	+ 2	- 7
Food products	118	- 3	- 6	187	- 2	- 5
Stone, clay and glass.	84	+ 4	+ 2	132	+10	+ 1
Lumber products.	45	+ 3	-12	71	+ 9	-17
Chemicals and products.	108	- 2	- 7	183	- 4	-13
Leather and products.	74	+ 2	+ 2	125	+ 4	+ 5
Paper and printing.	108	+ 2	+ 7	177	+ 2	+14
Printing.	104	+ 3	+10	164	+ 2	+20
Others:						
Cigars and-tobacco.	50	+ 2	- 2	80	+ 4	+ 5
Rubber tires, goods.	123	+ 5	-19	269	+ 9	-18
Musical instruments.	101	+ 6	+20	147	+ 3	+24

* Figures from 2780 plants.

Hours and Wages

Factory workers Averages October 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
TOTAL	41.3	-10	\$1.012	-6	\$41.71	-15
Iron, steel and prods.	40.9	-14	1.078	-5	44.16	-17
Nonfer. metal prods.	42.4	-10	.971	-4	41.18	-13
Transportation equip.	41.9	-11	1.159	-8	48.48	-18
Textiles and clothing	39.5	-3	.835	+6	32.85	+3
Textiles	40.7	-2	.852	+6	34.67	+3
Clothing	36.5	-4	.787	+5	28.81	0
Food products	43.3	-3	.824	+2	36.15	0
Stone, clay and glass	40.6	-4	.952	+2	38.74	-1
Lumber products	43.0	-2	.772	-1	32.99	-4
Chemicals and prods.	41.8	-10	1.106	+4	46.16	-6
Leather and products	42.2	-1	.798	+4	33.79	+3
Paper and printing	45.2	+1	.979	+7	44.31	+7
Printing	43.2	+4	1.141	+7	49.14	+11
Others:						
Cigars and tobacco	42.5	0	.689	+8	29.25	+8
Rubber tires, goods	44.6	-2	1.091	+4	48.71	+2
Musical instruments	43.9	+5	.870	-1	38.20	+4

* Figures from 2635 plants.

† Figures from 2780 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Oct. 1945 from		1945 from 10 mos. 1944
	Month ago	Year ago	
Sales			
Total of all lines.....	+ 6	+ 2	+ 4
Boots and shoes.....	-12	- 5	.....
Drugs.....	- 3	- 1	+ 4
Dry goods.....	+22	0	-13
Electrical supplies.....	+ 5	+15	+20
Groceries.....	+ 8	+ 1	+ 8
Hardware.....	- 2	+ 4	+10
Jewelry.....	+22	+33	0
Paper.....	+12	-11	- 8
Inventories			
Total of all lines.....	+ 3	0	.....
Dry goods.....	+16	-10	.....
Electrical supplies.....	+ 8	+39	.....
Groceries.....	+ 7	- 8	.....
Hardware.....	- 2	+ 4	.....
Paper.....	0	-14	.....

Source: U. S. Department of Commerce.

Prices	Oct. 1945	Per cent change from		
		Month		Aug.
		ago	ago	1939
Basic commodities.. (Aug. 1939=100)....	186	+ 1	+ 2	+ 86
Wholesale (1926=100).....	106	+ 1	+ 2	+ 41
Farm.....	127	+ 2	+ 3	+109
Food.....	106	+ 1	+ 1	+ 57
Other.....	100	0	+ 1	+ 25
Living costs (1935-1939=100)				
United States.....	129	0	+ 2	+ 31
Philadelphia.....	128	0	+ 2	+ 30
Food.....	137	0	+ 3	+ 48
Clothing.....	149	0	+ 4	+ 50
Fuels.....	113	0	+ 4	+ 18
Housefurnishings.....	146	0	+ 5	+ 46
Other.....	120	0	0	+ 19

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939=100	Adjusted for seasonal variation						Not adjusted		
				Per cent change			Oct. 1945	Sept. 1945	Oct. 1944
	Oct. 1945	Sept. 1945	Oct. 1944	Oct. 1945 from		1945 from 10 mos. 1944			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	184	175r	167r	+ 5	+10	+11	208	178r	189r
—Philadelphia.....	182	160	166	+13	+ 9	+ 9	203	165	186r
Women's apparel.....	206	183	169	+12	+22	+20	236	214	194
Men's apparel.....	232	187r	183	+24	+27	+14	248	173r	195
Shoe.....	161	159	134	+ 1	+20	+13	170	187	142
Furniture.....				+41*	+17*				
Inventories									
Department stores—District.....	149	152	144	- 2	+ 4	.....	170	167	164r
—Philadelphia.....	143	146	137	- 2	+ 4	.....	164	163	157
Women's apparel.....	178	183	175	- 3	+ 2	.....	219	215	214
Shoe.....	54	57	85	- 5	-37	.....	55	58	87
Furniture.....				+ 1*	+ 8*				
FREIGHT-CAR LOADINGS									
Total.....	113	124	137	- 9	-17	- 6	122	139	148
Merchandise and miscellaneous.....	110	114	128	- 3	-13	- 4	117	124	135
Merchandise—l.c.l.....	86	84	87	+ 2	- 1	- 2	91	88	92
Coal.....	107	139	141	-23	-24	-10	118	153	155
Ore.....	147	167	184	-12	-20	- 3	211	268	265
Coke.....	87	149	172	-41	-49	-14	99	158	196
Forest products.....	89	94	102	- 6	-13	-16	104	117	119
Grain and products.....	170	149	164	+14	+ 4	+ 7	170	148	164
Livestock.....	111	101	133	+11	-16	-15	130	121	155
MISCELLANEOUS									
Life insurance sales.....	132	131	118	+ 1	+12	+11	137	115	122
Business liquidations									
Number.....					-67*	-65*	1	0	4
Amount of liabilities.....					-94*	-65*	0	0	7
Check payments.....	189	192	178	- 1	+ 6	+ 7	185	173	175

* Computed from unadjusted data. r—Revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (Millions \$)	Nov. 21, 1945	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 234	+\$ 9	-\$ 3
Loans to brokers, etc.....	37	- 7	- 8
Other loans to carry secur.....	28	- 4	+ 16
Loans on real estate.....	32	.....	- 6
Loans to banks.....	1	.....	- 1
Other loans.....	128	+ 3	+ 25
Total loans.....	\$ 460	+\$ 1	+\$ 23
Government securities.....	\$1943	-\$ 1	+\$311
Obligations fully guar'teed.....	193	+ 4	+ 36
Other securities.....			
Total investments.....	\$2136	+\$ 3	+\$285
Total loans & investments.....	\$2596	+\$ 4	+\$308
Reserve with F. R. Bank.....	457	+ 12	+ 16
Cash in vault.....	32	+ 1	+ 3
Balances with other banks.....	82	.....	+ 3
Other assets—net.....	48	+ 1	- 6
Liabilities			
Demand deposits, adjusted.....	\$1909	-\$24	+\$ 13
Time deposits.....	219	.....	+ 33
U. S. Government deposits.....	421	+ 22	+ 235
Interbank deposits.....	385	+ 16	+ 25
Borrowings.....	8	+ 3	- 1
Other liabilities.....	19	- 2	+ 1
Capital account.....	254	+ 3	+ 19

Third Federal Reserve District (Millions of dollars)				Changes in weeks ended				Changes in four weeks	
				Oct. 31	Nov. 7	Nov. 14	Nov. 21		
Sources of funds:									
Reserve Bank credit extended in district.....					+23	-33	+69	-19	+ 40
Commercial transfers (chiefly interdistrict).....					+ 4	+76	-18	+43	+105
Treasury operations.....					-24	-22	-40	- 5	- 91
Total.....					+ 3	+21	+11	+19	+ 54
Uses of funds:									
Currency demand.....					+ 2	+12	+ 6	+ 3	+ 23
Member bank reserve deposits.....					- 0	+10	+ 5	+15	+ 30
"Other deposits" at Reserve Bank.....					+ 1	- 1	+ 0	+ 1	+ 1
Other Federal Reserve accounts.....					- 0	+ 0	+ 0	- 0	- 0
Total.....					+ 3	+21	+11	+19	+ 54

Member bank reserves (Daily averages; dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired	Federal Reserve Bank of Phila. (Dollar figures in millions)	Changes in—		
						Nov. 21, 1945	Four weeks	One year
Phila. banks								
1944: Nov. 1-15..	\$407	\$395	\$12	3%	Disc. and advances..	\$ 17	+\$ 7	+\$ 5
1945: Oct. 1-15..	431	421	10	2	Industrial loans.....	2	- 0	- 1
Oct. 16-31..	437	429	8	2	U. S. securities.....	1635	+ 56	+ 403
Nov. 1-15..	445	435	10	2	Total.....	\$1654	+\$ 63	+\$ 407
Country banks					Fed. Res. notes.....	1611	+ 20	+ 214
1944: Nov. 1-15..	\$308	\$251	\$57	23	Member bk. deposits	816	+ 30	+ 84
1945: Oct. 1-15..	357	290	67	23	U. S. general account	25	+ 9	+ 14
Oct. 16-30..	353	292	61	21	Foreign deposits....	75	- 5	- 37
Nov. 1-15..	357	295	62	21	Other deposits.....	4	+ 1	- 8
					Gold ctf. reserves...	873	- 17	- 130
					Reserve ratio.....	34.5%	- 1.4%	- 9.8%