



LIBRARY

JUN 14 1946

THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

JUNE 1, 1946

Producing for the Civilian Market

Since the end of the war the national economy has been operating at a very high level. Goods and services have continued to flow at an annual rate of \$180 billion, not nearly as far below the \$200 billion wartime peak as many had expected. Yet there is a shortage of almost everything—shoes and stockings, milk and butter, sheets and pillow cases, carpets and rugs, refrigerators, washing machines, automobiles, and houses.

Why the paradox?

The situation is somewhat similar to that of the early days of the war when there was intense activity but a great disparity between goods on hand and on order. In early 1942 we were filling the supply lines with materials for war but the fighting forces had to mark time awaiting delivery of urgently needed supplies. Now we are busily engaged in loading up the arteries of commerce with peacetime goods, and civilians are standing in line at the retailers' counters eagerly buying the increasing but inadequate supply of many end-products.

In numerous industries the transition from war to peace was a major operation. New products had to be designed, inventories had to be accumulated, and machinery had to be replaced or retooled. Emergency working crews had to be replaced by returning veterans. Wage

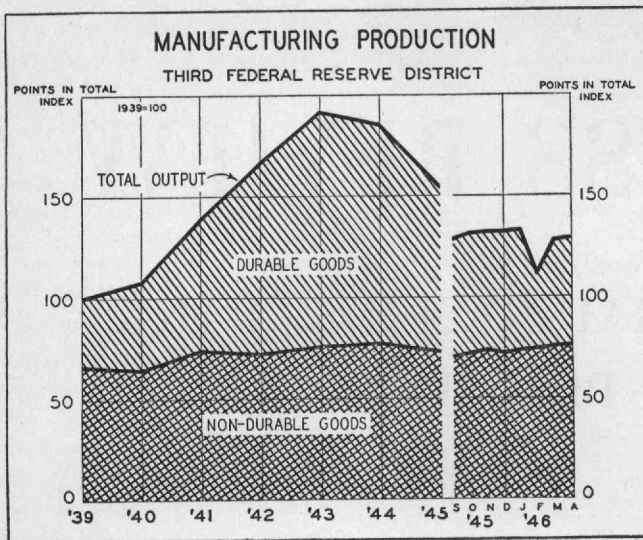
contracts had to be renegotiated, supply lines had to be re-established, and in many cases manufacturers had to rely temporarily on inferior raw materials. In the face of all these readjustments, business enterprise has demonstrated remarkable resourcefulness.

Production in This District

The magnitude of readjustments from war to peace is indicated by the huge wartime expansion and the subsequent contraction. Production of goods in this district reached a wartime peak almost double the pre-war level. As shown by the accompanying chart, most of the changes occurred in durable goods. In 1939 production of durable goods in this district accounted for one-third, and nondurable goods for two-thirds of total output. By 1943 this situation was almost reversed—durable goods accounted for almost two-thirds of the total output. This is the area where the greatest difficulties have been encountered, and numerous problems of cost-price relationships still remain to be solved.

Changes since the end of the war

Although production had receded considerably before V-J Day, nevertheless a further decline occurred immediately after the surrender of Japan last August. Naturally, the sharpest



contraction occurred in durable goods as a result of the immediate cancellation of billions of dollars in Government contracts. However, the retooling of productive facilities was dispatched with such speed that the flow of goods resumed an upward trend within a month or two after the end of the war. The output of non-durable goods, which had expanded moderately in the war period, was not seriously affected by the change from war to peace because no great changes occurred in the character of their products despite the shifts from military to civilian use. Some of the plants in this category had virtually no transitional problems other than repackaging their products for civilian markets.

In the immediate post-war months, output of civilian goods was retarded in some industries by shortages of labor; in others by shortages of materials. Material shortages in some industries were caused by labor shortages in antecedent industries normally producing the required parts or components. Some industries had to contend with shortages of both labor and materials.

Textile and apparel establishments, so prominent in this area, were handicapped by labor shortages in some divisions and lack of materials in others. Production of men's clothing was held up for want of hand finishers and inadequate supplies of both cotton pocketing and rayon lining materials. There was enough wool for the spinners and weavers but some woolen and worsted mills had trouble getting the labor they needed. In carpet and rug mills the situation

was much the same—enough yarn but not enough workers. Labor shortages also stood in the way of expanding output in cigar manufacturing and brick production. Brick producers also faced the problem of reconditioning their plants which had been closed down for several years.

Material shortages obstructed expanding output in a number of lines. Many tanners in this area produce light leather products manufactured from imported goat and kid skins. Imports of these raw materials were sharply curtailed during the war and the supply is still inadequate. Shoe production, though expanding, is still below pre-war levels owing to the shortage of both leather and lining fabrics. Hosiery production which had to be curtailed during the war is still considerably below the market demand. Hosiery mills had to go through a severe raw material conversion program but nylons are now being produced in greater volume than rayon hose.

The physical output of printers and publishers has increased steadily since last August. This is a reflection of a considerably improved situation in the paper industry. Rising imports of pulp since the end of the war have contributed materially to the increasing volume of output by the paper mills, but shortages are still acute in some types of paper and paper products, owing to rapidly increasing demands.

Since the turn of the year industrial production has been restricted by disputes between labor and management over wage rates. Difficulties of this nature were to be expected, especially in the durable goods industries where management was confronted with more difficult problems of physical readjustment and workers faced greater difficulties of readjustment from their high wartime levels of earnings. The plants and products of these industries required extensive redesigning and the workers in these industries encountered substantial loss of income as a result of reductions in working time and abolition of overtime rates of pay.

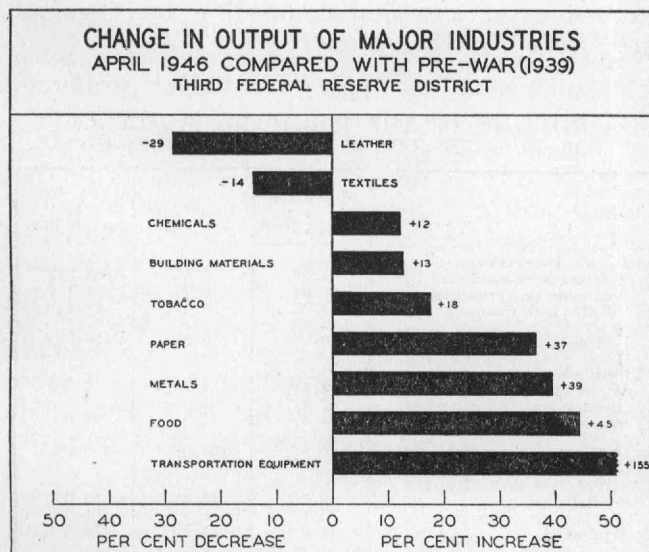
Work stoppages incident to renegotiation of wage agreements struck the hardest blow to reconversion in the metal-working industries. The strike in the automobile industry had little direct effect in this district because motor vehicle manufacturing is not one of our major industries, but the steel strike disrupted operations considerably in this area. The February nose-

dive in the manufacturing index was caused primarily by the trouble in steel. The 100-point drop in the steel index naturally had adverse effects upon the steel-consuming industries such as the producers of construction, refrigeration, machinery, and transportation equipment. Total manufacturing output had not recovered completely by April, owing to work stoppages not only in steel but also in some branches of the electrical industry and others.

Production above pre-war levels

In spite of all obstacles, production in April was above pre-war levels in most of the major lines of industry. In this district only leather and textiles lagged behind, as the chart shows. These industries encountered serious setbacks during the war but have shown substantial improvement since the return to peace.

The transportation equipment industries which had the greatest wartime expansion have also had the greatest decline since the end of the war. Further recession may take place in these lines as unfinished projects in the shipyards are completed.



The problem of expanding production

Expanding production for the civilian market is encountering obstacles of an entirely different nature than those which confronted industry immediately after the war ended. Industrial concerns emerged from the mire of plant and personnel reconversion with comparative ease, but one industry after another bogged down in labor-management controversies. The first major shutdown occurred in the automobile industry—later came steel, electrical industries, coal, and railroads. More are to come, according to current reports.

Workers want higher wages to bridge the gap between reduced take-home pay and rising costs of living. Management is reluctant to incur higher costs in the face of continued price ceilings. Regardless of the merits in these disputes, prolonged strikes only delay and complicate the processes of readjustment. Production is held up while labor and management stop to bargain and the final solution is usually a compromise, winding up with higher wage rates. Higher wages spell higher costs, and that means higher prices. The effects are transmitted to other industries and to the ultimate consumers.

The inflationary tug-of-war between slowly expanding production and our huge spending power is the central problem at this stage of reconversion. It is a heritage of the war which upset former relationships between production and consumption, saving and spending, cost and prices. The flow of urgently needed goods and services is interrupted by the processes of re-establishing satisfactory cost-price relationships. This is a difficult process in many industries, particularly in durable goods, and delays in any one industry are quickly felt in other lines—their suppliers and customers. Meanwhile, the lack of balance between the supply of goods and services and spendable money in people's hands is the crucial issue facing all of us—labor, management, banking, Government, and the public. It calls for restraint and cooperation on the part of all interests.

Philadelphia's Experience with G. I. Business Loans

During its first year of operation the Philadelphia Agency for Business Loans to Servicemen, Inc., interviewed nearly 7,500 veterans inquiring about or applying for business loans under the Servicemen's Readjustment Act of 1944. More than 5,000 of these veterans were seeking advice and information. The Agency approved 276 loans and actually disbursed 167 loans aggregating \$310,000.

Formed May 1, 1945 by all thirty-six Philadelphia banks, the Agency is the only organization of its kind in the United States. Other cities have established veterans' centers, but these merely refer veterans to local banks whenever loans are desired. The Philadelphia Agency, on the other hand, performs a complete lending service in making guaranteed or insured business loans to veterans. The banks have subscribed to a \$10 million fund; each bank participates in the loans and expenses of the Agency on a pro rata basis determined by the ratio of its capital and surplus to the aggregate of the group. Because all lending operations are centered in this one organization, it is possible to analyze Philadelphia's experience with G.I. business loans during the past year.

The Agency limits itself to business loans only. As Table 1 shows, the great majority of veterans' loans are home loans. Applications for these and for farm loans are referred by the Agency to other lending institutions. The importance of business loans in relation to home and farm loans is indicated by the following data for the three states which lie wholly or partly in the Third Federal Reserve District—Pennsylvania, New Jersey, and Delaware.

Table 1
GUARANTEE COMMITMENTS BY TYPE OF LOAN
Pennsylvania, New Jersey, and Delaware

(From inauguration of lending program to April 27, 1946)	Number	Percentage Distribution
Business loans.....	672	4.8%
Home loans.....	13,374	94.5
Farm loans.....	100	.7
Total.....	14,146	100.0%

Source: Veterans Administration.

For the purpose of analysis, the Agency's first year may be divided into two periods: (1) the ten months from May 1, 1945 through February 1946 when it operated under the orig-

inal Servicemen's Readjustment Act of 1944; and (2) the two months (March and April 1946) under the amended Act. Although the Agency was established almost one year after the original Act was passed, the comparatively small demand for loans gave it sufficient time to become acquainted with the Act and to set up lending procedures. After V-J Day the growing volume of discharges from the services stimulated the demand for G.I. business loans. By February 1946 the number of veterans interviewed daily by the Agency was two and one-half times as great as it was a few months earlier.

During the first ten months, 65 per cent of the Agency's interviews with veterans involved merely supplying information. For every loan disbursed there were more than thirty requests for information. Establishment of a central agency to provide this service has several advantages. Perhaps the most important is the greater experience that comes from specialization. Since the cost of the service would far exceed the return, there would be no immediate pecuniary incentive for the individual bank to provide as extensive services and counseling facilities as are offered by the Agency.

Table 2
ACTIVITIES OF THE PHILADELPHIA AGENCY
FOR BUSINESS LOANS TO SERVICEMEN, INC.

	May 1, 1945 to Feb. 28, 1946	March and Apr. 1946	May 1, 1945 to Apr. 30, 1946
Veterans interviewed			
Informational requests.....	65.0%	77.5%	68.5%
Ineligible loan requests.....	17.0	6.9	14.1
Eligible loan requests.....	18.0	15.6	17.4
Total.....	100.0%	100.0%	100.0%
Eligible loan requests			
Applications withdrawn.....	8.5%	4.7%	7.5%
Incomplete applications.....	67.1	53.3	63.7
Applications considered.....	24.4	42.0	28.8
Total.....	100.0%	100.0%	100.0%
Applications considered			
Withdrawn.....	9.7%	12.6%	10.8%
Declined or deferred.....	16.1	12.6	14.8
Approved.....	74.2	74.8	74.4
Loans disbursed.....	46.6	42.2	45.
Loans in process or awaiting disbursement.....	27.6	32.6	29.4
Total.....	100.0%	100.0%	100.0%

More than one-sixth of the veterans interviewed during the ten-month period requested loans but were ineligible under the terms of the old Act. At that time business loans were permitted only for the purchase of equipment or of

the business itself. Loans were not permitted for the purchase of inventory or to supply working capital, to refinance existing loans or mortgages on real estate or equipment, to pay expenses or overhead in a business operation, or to finance the purchase of a stock interest in a corporation. The applications classified as ineligible also include those requests which clearly were out of the question, usually because the chances of success were slim or because the veteran had no experience. Such applications are discouraged at an early stage.

The bulk of the eligible requests—67 per cent—were in processing stage awaiting filing of formal applications. Some of these may eventually be withdrawn by the applicant because of changed plans, and the remainder will be considered by the Agency's Loan Committee. Only 16 per cent of the applications considered during the ten months were declined, and 74 per cent were approved. Three-fourths of those approved were for the purpose of purchasing equipment—for the most part trucks and automobiles for use in various types of businesses and equipment for dentists' and doctors' offices. The remaining one-fourth of the approved requests were for the purchase of established businesses. More than half of these were grocery and delicatessen businesses, restaurants, luncheonettes, and confectionery stores.

The amendments to the Servicemen's Readjustment Act of 1944 became effective March 1, 1946. The two main changes brought about by the new provisions were streamlining the lending procedure and liberalization of the conditions under which loans may be made. Steps were taken to eliminate unnecessary and delaying transactions between the lending agency and the Veterans Administration; notably by simplifying the method of proving eligibility, and by speeding the process of making guarantees effective. The elimination of much of the paper work and involved procedures placed a greater degree of responsibility on the lending institution.

The most important revisions, however, were those which liberalized the loan purposes and terms. Business loans are now permitted for the construction of buildings, repairs and improvements, purchase of inventory, and for working capital. The period during which the veteran may apply for guaranteed loans was extended. Maximum maturities were lengthened. The requirement that the price of prop-

erty or costs of construction may not exceed a "reasonable normal value" as determined by appraisal was changed to "reasonable value" in order to allow veterans to operate under existing inflationary conditions. Finally, lenders were given the alternative of insuring against losses up to 15 per cent or \$2,000 (whichever is less) of each insured loan rather than taking a 50 per cent maximum guarantee on individual loans. By acquiring a large volume of loans, a lender may build up an insurance reserve sufficient to cover the full loss on any defaulted loan. This may encourage an institution to lend more liberally so long as its average loss ratio is kept within reasonable limits.

These changes in the law had a noticeable effect on the activities of the Philadelphia Agency. The number of interviews increased at an accelerated rate, many of them apparently being return visits of veterans who had previously been unable to obtain loans under the terms of the old Act. As evidence of increased interest in business loans, requests for information occupied a larger proportion of the Agency's time. The proportion of ineligible loan requests declined. Before the changes, nearly five out of every ten loan requests were ineligible; in the last two months only three out of every ten were ineligible, reflecting less rigid requirements.

The new regulations also had the effect of lowering somewhat the ratio of requests declined to requests approved. The Agency continued, however, to act on the principle that—in the best interests of the lender, the borrower, and the economy in general—loans should be made only if the business venture holds forth reasonable prospects of success.

As might be expected, some of the Agency's loans have "turned sour." But losses have been nominal, occurring principally on loans to purchase automotive equipment. In only one case was the unpaid balance of the loan not covered by the guarantee.

The essential function of the Agency, however, is to serve the best interest of the veteran. It was not established with the expectation of making profits. The principle on which it was founded was that a centralized organization could perform more effectively than could the participating banks acting individually. The merits of this theory have been demonstrated by Philadelphia's experience.

BUSINESS STATISTICS

Production
Philadelphia Federal Reserve District

Employment and Income
in Pennsylvania
Industry, Trade and Service

Indexes: 1923-5 = 100	Adjusted for seasonal variation						Not adjusted		
	Apr. 1946	Mar. 1946	Apr. 1945	Per cent change		Apr. 1946	Mar. 1946	Apr. 1945	
				Apr. 1946 from					
				Mo. ago	Year ago				
INDUSTRIAL PRODUCTION	103p	102	136	+ 1	- 24	- 26	102p	103	134
MANUFACTURING	105p	102	139r	+ 3	- 25	- 28	103p	103	137
Durable goods	112p	110	210	+ 2	- 47	- 49			
Consumers' goods	99p	96	92	+ 3	+ 7	+ 5			
Metal products	104	90	179	+16	- 42	- 48	103	93	172
Textile products	73p	68	65	+ 7	+ 13	+ 5	70p	70	63
Transportation equipment	198p	216	481	+ 8	- 59	- 57	208p	227	498
Food products	119p	122	121r	+ 3	- 1	+ 1	113p	117	115
Tobacco and products	128	123	99	+ 4	+ 29	+ 27	116	114	90
Building materials	44p	48	36	+ 7	+ 25	+ 25	44p	42	35
Chemicals and products	133p	135	169r	+ 2	- 21	- 19	135p	136	171r
Leather and products	86p	84	82	+ 2	+ 5	- 4	85p	87	81
Paper and printing	115	117r	94	+ 2	+ 23	+ 22	119	120r	96
Individual lines									
Pig iron	78	76r	86	+ 4	- 9	- 21	89	87	97
Steel	100	92r	130	+ 8	- 23	- 41	105	99	136
Iron castings	81	78	70	+ 4	+ 16	+ 4	84	82	73
Steel castings	110	73	216	+52	- 49	- 63	113	81	221
Electrical apparatus	121	91r	302	+83	- 60	- 57	105	85r	263
Motor vehicles	35	34r	51	+ 5	- 30	- 35	44	36r	63
Auto. parts and bodies	96	76	119	+25	- 20	- 30	104	83	130
Locomotives and cars	57	36	90	+57	- 37	- 52	61	39	97
Shipbuilding				-17	- 65	- 61			
Silk manufactures	87	83	83	+ 5	+ 6	0	86	86	81
Woolen and worsteds	79p	74	64	+ 6	+ 24	+ 14	72p	72	59
Cotton products	48p	47	40	+ 1	+ 18	+ 13	50p	50	42
Carpets and rugs	74p	69	54	+ 8	+ 37	+ 22	71p	69	53
Hosiery	75	72	65	+ 4	+ 16	+ 9	75	75	65
Underwear	143	130	138	+10	+ 3	+ 1	140	142	135
Cement	65p	74	27	-13	+142	+143	64p	57	26
Brick	52	55r	50	+ 6	+ 4	4	54	54r	52
Lumber and products	29	28	33	+ 2	- 15	- 19	27	26	32
Bread and bakery products				- 4*	+ 6*	+ 4*	120	124	127
Slaughtering, meat packing	114	118	101	- 3	+ 12	+ 19	110	111	99
Sugar refining	34	61	105	+45	- 68	+ 39	44	93	136
Canning and preserving	171p	170	166	+ 1	+ 3	+ 1	150p	151	140
Cigars	129	124	98	+ 1	+ 31	+ 30	117	115	89
Paper and wood pulp	82	91	83	-11	- 2	- 8	93	93	84
Printing and publishing	122	123r	96	+ 0	+ 27	+ 24	125	125r	98
Shoes	111p	106	99	+ 5	+ 12	+ 2	111p	112	99
Leather, goat and kid	62p	62	65r	+ 0	- 6	- 10	60p	61	63r
Explosives	69	73	216	- 5	- 68	- 68	70	73	218
Paints and varnishes	93	91	88	+ 3	+ 2	0	93	93	91
Petroleum products	178	181r	208	+ 2	- 15	- 5	178	180r	208
Coke, by-product	147p	143	155	+ 2	- 2	- 24	153p	149	161
COAL MINING	67	82	83	-18	- 20	+ 3	67	82	82
Anthracite	75	79	82	- 5	- 9	+ 7	75	79	82
Bituminous	4	106r	95	-96	- 96	- 14	4	108r	96r
CRUDE OIL	296	298	322	+ 1	- 8	- 6	305	304	332
ELECTRIC POWER	423	403	431	+ 5	- 2	- 5	415	411	422
Sales, total	412	413	424	0	- 3	- 6	424	409	436
Sales to industries	290	305	350	+ 5	- 17	- 17	293	290	353
BUILDING CONTRACTS									
TOTAL AWARDS†	138	107	81	+29	+ 69	+109	133	93	78
Residential†	162	93	4	+74	**	**	151	71	3
Nonresidential†	128	132	75	+ 3	+ 71	+ 83	131	132	77
Public works and utilities†	85	73	327	+16	- 74	- 44	78	67	301

* Unadjusted for seasonal variation. p—Preliminary.
† 3-month moving daily average centered at 3rd month. r—Revised.
** Increase of 1000% or more from the low level of a year ago.

Local Business Conditions*

Percentage change—April 1946 from month and year ago	Factory employment		Factory payrolls		Building permits value		Retail sales		Debits	
	Mar. 1946	Apr. 1945	Mar. 1946	Apr. 1945	Mar. 1946	Apr. 1945	Mar. 1946	Apr. 1945	Mar. 1946	Apr. 1945
	Allentown	+ 3	-19	+ 6	-30	-81	+313	+ 1	+54	+ 3	+15
Altoona	0	- 3	+ 6	-10	-60	+ 39	+ 7	+53	+ 5	+31
Harrisburg	+ 4	-10	+ 5	-15	+11	**	+ 1	+50	-16	+16
Johnstown	+ 5	+10	+ 5	- 2	-76	+ 72	+11	+50	+ 3	+17
Lancaster	0	- 7	0	- 7	-88	+ 29	- 6	+46	+ 1	+10
Philadelphia	+ 8	-18	+12	-27	+77	+320	+ 5	+53	+ 4	+22
Reading	+ 3	- 3	+ 3	- 4	-66	+ 92	0	+55	- 6	+ 6
Scranton	- 1	-18	- 2	-14	-71	+108	+ 3	+69	-23	+21
Trenton					-56	+238	+11	+70	+35	+37
Wilkes-Barre	+ 1	-27	+ 1	-31	-56	+134	+ 2	+63	+ 5	+16
Williamsport	+ 2	-12	+ 6	-10	-91	+352	0	0	+ 2	+ 2
Wilmington	+ 1	-33	+ 4	-40	-28	**	0	+61	+17	+21
York	+14	- 4	+20	-14	+12	+615	- 5	+51	- 2	+10

* Area not restricted to the corporate limits of cities given here.
** Increase of 1000% or more from the low level of a year ago.

Indexes: 1932 = 100	Employment			Payrolls		
	Apr. 1946 index	Per cent change from		Apr. 1946 index	Per cent change from	
		Mar. 1946	Apr. 1945		Mar. 1946	Apr. 1945
GENERAL INDEX	123	+ 5	- 4	298	+ 4	- 6
Manufacturing	156	+ 5	-11	404	+ 8	-16
Bituminous coal mining	13	-84	-80	266	-94	+28
Building and construction	61	+ 5	+36	134	+ 3	+18
Quar. and nonmet. mining	90	+11	+21	315	+10	+30
Crude petroleum prod.	146	+ 2	+13	271	0	+ 8
Public utilities	110	+ 1	+14	179	+ 3	+22
Retail trade	137	+ 4	+14	208	+ 4	+30
Wholesale trade	118	0	+15	182	0	+19
Hotels	114	+ 4	+13	223	+ 6	+27
Laundries	105	+ 2	+ 6	222	+ 2	+21
Dyeing and cleaning	106	+ 5	+ 8	245	+ 8	+33

Manufacturing

Indexes: 1923-5 = 100	Employment*		Payrolls*			
	Apr. 1946 index	Per cent change from		Apr. 1946 index	Per cent change from	
		Mar. 1946	Apr. 1945		Mar. 1946	Apr. 1945
TOTAL	100	+ 5	-11	165	+ 8	-16
Iron, steel and products	97	+13	-19	196	-14	-26
Nonferrous metal products	186	+ 3	-15	414	+ 7	-12
Transportation equipment	98	+ 5	-35	169	-14	-38
Textiles and clothing	81	0	+ 8	144	0	+20
Textiles	77	+ 1	+10	136	0	+23
Clothing	99	0	+ 1	180	0	+11
Food products	120	- 1	- 3	195	- 1	+ 1
Stone, clay and glass	97	+ 2	+21	162	+ 5	+26
Lumber products	51	+ 3	+ 2	85	+ 4	0
Chemicals and products	112	- 1	- 3	203	0	- 4
Leather and products	85	+ 1	+20	147	0	+23
Paper and printing	121	+ 1	+22	206	0	+35
Printing	118	+ 1	+27	194	0	+42
Others:						
Cigars and tobacco	53	+ 9	+11	82	+ 7	+14
Rubber tires, goods	137	0	- 6	322	+ 1	+ 2
Musical instruments	116	+ 5	+16	198	+ 7	+44

* Figures from 2771 plants.

Hours and Wages

Factory workers Averages April 1946 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
Iron, steel and prods.	39.3	-16	1.195	+ 4	46.97	-12
Nonfer. metal prods.	41.0	- 9	1.089	+ 7	44.62	- 3
Transportation equip.	41.5	-10	1.258	- 3	52.10	-13
Textiles and clothing	39.5	- 1	.905	+12	35.74	+11
Textiles	40.4	- 1	.922	+12	37.26	+12
Clothing	37.2	0	.855	+ 9	32.20	+ 9
Food products	42.7	- 3	.891	+ 8	38.40	+ 4
Stone, clay and glass	39.8	- 6	1.041	+10	41.31	+ 4
Lumber products	42.0	- 3	.838	+ 4	34.88	+ 1
Chemicals and prods.	41.1	-12	1.194	+11	48.95	- 3
Leather and products	40.7	- 5	.837	+ 6	34.30	+ 1
Paper and printing	43.2	- 3	1.062	+13	46.37	+11
Printing	41.4	0	1.242	+13	51.46	+12
Others:						
Cigars and tobacco	37.5	-12	.753	+14	28.21	0
Rubber tires, goods	44.4	+ 1	1.178	+10	52.32	+ 9
Musical instruments	44.7	+12	.999	+10	44.66	+24

* Figures from 2628 plants. † Figures from 2771 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change		
	Apr. 1946 from		1946 from 4 mos. 1945
	Month ago	Year ago	
Sales			
Total of all lines.....	+ 5	+28	+21
Boots and shoes.....	+ 6	+68	.....
Drugs.....	+ 8	+13	+14
Dry goods.....	+ 7	+44	+27
Electrical supplies.....	+ 2	+37	.....
Groceries.....	+ 4	+29	+23
Hardware.....	+ 5	+61	+21
Jewelry.....	+ 9	+90	+76
Paper.....	+ 8	+23	+ 8
Inventories			
Total of all lines.....	+ 5	+33	.....
Dry goods.....	+13	+78	.....
Electrical supplies.....	+ 3	+29	.....
Groceries.....	+ 1	+18	.....
Hardware.....	+ 5	+ 6	.....
Paper.....	- 5	+ 9	.....

Source: U. S. Department of Commerce.

Prices	Apr. 1946	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100).....	190	0	+4	+ 90
Wholesale (1926 = 100).....	110	+1	+4	+ 47
Farm.....	135	+1	+5	+122
Food.....	111	+1	+5	+ 65
Other.....	103	+1	+4	+ 29
Living costs (1935-1939 = 100)				
United States.....	131	+1	+3	+ 33
Philadelphia.....	130	0	+3	+ 32
Food.....	140	0	+4	+ 50
Clothing.....	152	0	+5	+ 53
Fuels.....	115	0	+5	+ 19
Housefurnishings.....	152	+1	+5	+ 51
Other.....	122	0	+1	+ 21

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation						Not adjusted		
	Apr. 1946	Mar. 1946	Apr. 1945	Per cent change			Apr. 1946	Mar. 1946	Apr. 1945
				Apr. 1946 from		1946 from 4 mos. 1945			
				Month ago	Year ago				
RETAIL TRADE									
Sales									
Department stores—District.....	223	244	161r	- 8	+39	+ 22	228	219r	151r
Philadelphia.....	207	223	150r	- 7	+38	+ 20	211	199	141r
Women's apparel.....	226	286r	150	-21	+51	+ 31	262	284r	158
Men's apparel.....	263	278	150	- 5	+75	+ 28	252	224	129
Shoe.....	203	240	112	-16	+32	+ 37	248	228	125
Furniture.....	.....	.....	.....	+10*	+65*	.....	.....	.....	.....
Inventories									
Department stores—District.....	170	158	148	+ 8	+15	.....	173	158	151
Philadelphia.....	170	156	146r	+ 9	+17	.....	172	158	147r
Women's Apparel.....	210	192	181	+ 9	+16	.....	209	211	181
Shoe.....	53	53	58	0	- 9	.....	59	59	64
Furniture.....	.....	.....	.....	+ 5*	+15*	.....	.....	.....	.....
FREIGHT-CAR LOADINGS									
Total	104	142	151	-27	-31	- 15	98	133	144
Merchandise and miscellaneous.....	126	129	141	- 2	-10	- 16	125	124	140
Merchandise—L.c.l.....	101	95	96	+ 7	+ 6	+ 6	101	95	96
Coal.....	43	166	177	-74	-76	- 5	34	171	141
Ore.....	117	138	401	-15	-71	- 60	61	61	208
Coke.....	85	185	220	-54	-61	- 39	69	174	178
Forest products.....	113	107	123	+ 5	- 8	- 6	95	93	103
Grain and products.....	107	123	158	-13	-32	- 2	100	117	147
Livestock.....	142	125	121	+13	+17	- 3	130	116	111
MISCELLANEOUS									
Life insurance sales.....	255	219	140	+16	+82	+67	255	228	140
Business liquidations	.....	.....	.....	0*	0*	+ 71*	3	3	3
Number.....	.....	.....	.....	-98*	-25*	+793*	1	49	1
Amount of liabilities.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Check payments.....	226	206	188	+10	+20	+ 10	221	204	184

* Computed from unadjusted data.

p—Preliminary.

r—Revised

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (Millions \$)	May 22, 1946	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 275	+ \$6	+ \$ 73
Loans to brokers, etc.....	42	- 2	- 3
Other loans to carry secur.....	62	- 8	+ 47
Loans on real estate.....	41	+ 3	+ 8
Loans to banks.....	1	.....	.....
Other loans.....	154	.....	+ 32
Total loans.....	\$ 575	-\$ 1	+\$157
Government securities.....	\$1840	-\$56	+\$104
Obligations fully guar'eed.....	.....	.....	54
Other securities.....	192	- 1	+ 17
Total investments.....	\$2032	-\$57	+\$ 67
Total loans & investments.....	\$2607	-\$58	+\$224
Reserve with F. R. Bank.....	417	+ 3	- 29
Cash in vault.....	33	.....	+ 3
Balances with other banks.....	85	+ 4	+ 6
Other assets—net.....	49	+ 1	+ 1
Liabilities			
Demand deposits, adjusted.....	\$1775	+\$42	-\$159
Time deposits.....	241	+ 1	+ 34
U. S. Government deposits.....	525	- 79	+ 293
Interbank deposits.....	361	- 13	+ 17
Borrowings.....	5	- 8	- 3
Other liabilities.....	24	- 1	+ 8
Capital account.....	260	+ 2	+ 15

Third Federal Reserve District (Millions of dollars)					Changes in weeks ended—				Changes in four weeks
					May 1	May 8	May 15	May 22	
Sources of funds:									
Reserve Bank credit extended in district.....	- 6	-25	+14	-24	-41				
Commercial transfers (chiefly interdistrict).....	+13	+37	+17	+15	+82				
Treasury operations.....	-11	+ 2	-34	- 1	-44				
Total.....	- 4	+14	- 3	-10	- 3				
Uses of funds:									
Currency demand.....	- 4	+ 5	+ 4	+ 1	+ 6				
Member bank reserve deposits.....	.....	+10	- 7	-11	- 8			
"Other deposits" at Reserve Bank.....	.....	- 1	.....	.....	- 1	
Other Federal Reserve accounts.....	.....	.....	.....	.....	.....
Total.....	- 4	+14	- 3	-10	- 3				
Member bank reserves (Daily averages; dollar figures in millions)					Changes in—				
					May 22, 1946	Four weeks	One year		
Phila banks									
1945: May 1-15.....	\$431	\$421	\$10	2%					
1946: Apr. 1-15.....	406	398	8	2					
Apr. 16-30.....	408	398	10	2					
May 1-15.....	412	400	12	3					
Country banks									
1945: May 1-15.....	\$335	\$271	\$64	24%					
1946: Apr. 1-15.....	369	306	63	20					
Apr. 16-30.....	364	309	55	18					
May 1-15.....	372	313	59	19					
Federal Reserve Bank of Phila. (Dollar figures in millions)					Changes in—				
	May 22, 1946	Four weeks	One year						
Disc. and advances.....	\$ 8	-\$13	-\$ 4						
Industrial loans.....	1	.....	- 2					
U. S. securities.....	1594	- 7	+ 236						
Total.....	\$1603	-\$20	+\$230						
Fed. Res. notes.....	1607	+ 4	+ 109						
Member bk. deposits.....	767	- 8	- 4						
U. S. general account.....	41	+ 21	+ 13						
Foreign deposits.....	52	- 5	- 49						
Other deposits.....	3	- 1	- 1						
Gold ctf. reserves.....	872	+ 33	- 147						
Reserve ratio.....	35.3%	+1.2%	- 7.1%						

