THE BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA

MAY, 1948

Know when to Spend and when to Spare
And You need not be Busy; You'll never be Bare.

Thomas Fuller, 1608-1661

IT MAY be that this is the time for a wholehearted return to the nearly-forgotten Philosophy of Thrift by which our grandfathers lived. Too many of us have taken the position that unless consumers are clamoring for more goods than are available—unless we have a sellers' market—business is "bad." Actually, this is the time when consumer spending should be restrained—when saving is, indeed, a virtue. Less spending by consumers might mean that business would be less "good" now, but it would mean a better chance for business to be really good in the longer run.

The following articles present the facts on consumer spending and saving. They indicate that a return to a buyers' market is not imminent and that in recent months consumers have been spending more and saving less. The Security Loan Drive affords an opportunity to increase saving and make a real contribution to the control of inflation.

SPENDING FOR CONSUMPTION

For six successive years, through war and peace, merchants have been catering to the apparently insatiable demands of the public. On several occasions, sales faltered momentarily only to be followed by another and more vigorous wave of buying. It has been too good to be true; surely it must come to an end some day. But when?

When prices climbed so briskly a year or more ago there was much talk about a buyers' strike. People were getting fed-up, it was said, with overpriced merchandise of all-too-frequent inferior quality. But goods kept getting better in quality, gradually more plentiful, and prices kept going up. And people kept on buying. The buyers' strike never came. People needed and wanted too many things, and they had the money or the credit to buy them.

Retail trade, of course, had its wartime pains but they were "growing pains." The goods were not coming through—that is, not the same kind of goods as in peacetime. But the dollar volume went up year by year. When people could not buy durables like cars and refrigerators they spent their money on nondurables like food and drink or furs and finery.

When the war ended, people had about $100 billion more liquid assets than when the war started. That in itself was a powerful stimulant to retail trade. Spending power was augmented by several rounds of wage increases and rising employment. Rising prices failed to bring forth enough consumer goods, especially the durables. Businessmen had to restore depleted inventories; they had to expand and renovate productive facilities, which diverted durable goods from consumers markets. Heavy exports also delayed satisfaction of the home market. High levels of business activity reinforced spending power, which exerted ever-rising pressure on prices.

Almost the full army of industrial workers—58 million strong—is engaged in a gigantic effort to produce the goods and services in urgent demand. In the process, consumer spending power is being created faster than consumer goods and services. Traveling at high speed with a wide-open throttle is sure to set up stresses and strains in the economic machine. Are any of these apparent in consumer markets and, if so, are they alarming?

An Appraisal of the Current Retail Market

Although current incomes are high, an unusually large portion is being spent for available goods. Personal savings, which were running well ahead of their normal relationship to income throughout the war period, were consistently below "normal" last year. The actual amount of personal savings declined from $29 billion in 1945 to $15 billion in 1946 and $11 billion in 1947. Despite smaller savings, a net addition to liquid asset holdings of individuals occurred last year.

There has also been a shift in the income pattern since the close of the war that indicates some squeeze on lower income groups. The rise in wage and salary income lagged during the past two years. In 1945, wages and salaries accounted for 68 per cent of total personal income, but declined to 62 per cent in 1947. The largest increases were in business and professional incomes. Farm proprietors' incomes and interest payments and dividend disbursements also rose substantially. Comparatively, the largest group of income recipients are not getting as large a slice of the pie today as they were two years ago or even in pre-war 1941, when wages and salaries were 65 per cent of total income.

A larger and larger proportion of income has been absorbed by the rising cost of the most essential consumer goods—foods. A recent study by the U. S. Department of Commerce shows that food expenditures have increased from 22 per cent of disposable income in 1941 to 29 per cent in 1947. While a small part of this increased expenditure represents greater per capita consumption, the bulk of the increase results from higher prices. The fact that per capita consumption declined somewhat between 1946 and 1947 may or may not be significant. In any event, the increased expenditure for food during the recent past undoubtedly affected spending for other types of goods.

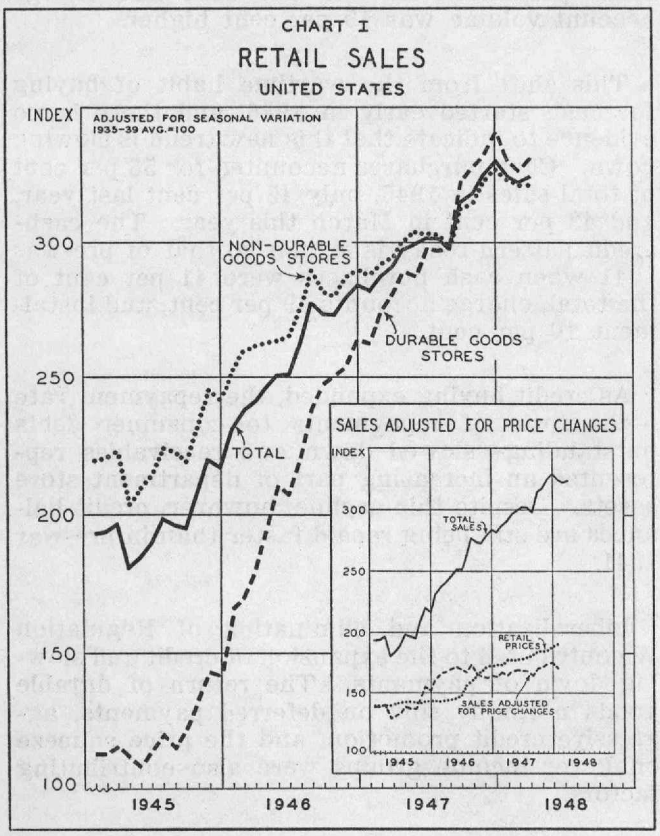
Decline in jewelry sales was one of the first indications that demand may be weakening, but probably more significant among recent developments has been an easing in the demand for textile, leather, and rubber products. Prices of automobile tires have been reduced substantially, and shoe manufacturers are concerned about sales prospects, particularly for higher-priced lines.

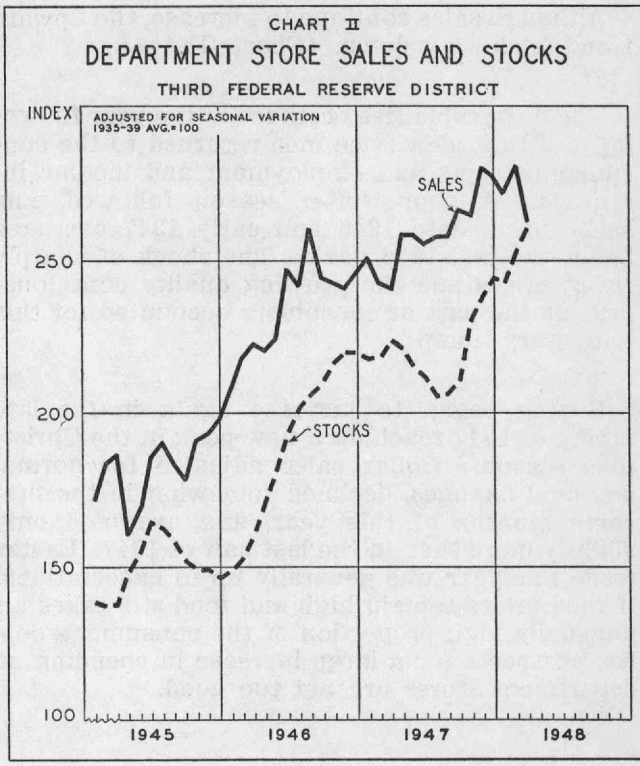
With the exception of rayon, the supply situation in textiles is less stringent than heretofore. Unit sales of all types of women's apparel are down.

Consumers have become increasingly price and quality conscious. Preference for inexpensive merchandise of reasonable quality has replaced the wartime habit of buying anything at any price. Increased business in bargain basements clearly shows this trend.

Rising credit activity is another possible indication of a tighter market. But to some extent this credit expansion simply reflects credit promotion activity on the part of retailers and increased sales of goods normally sold on the instalment plan.

While there are more frequent signs of weakness in the consumer market, they are scattered and not severe. It is particularly noteworthy that while dollar volume of retail sales has been increasing steadily since the end of the war, physical volume today probably is only slightly higher than it was in mid-1946. (Chart I). Dollar volume of sales adjusted for seasonality declined in the early months of this year, but it is too early to ascertain the significance of this development.





Trends at Department Stores in the Third District

A review of department store activity reveals the ever-changing character of demand for different types of goods. During the post-war period, department store activity has been more sensitive to changes in consumer habits and reactions than total retail sales. Two important items in total trade, which are not of great significance in department store activity, are foods and durable goods, especially automobiles. Strong consumer demand for both these items has tended to smooth out the trend of total retail sales.

Many types of merchandise sold at department stores are in the nature of semi-essential items. Apparel, both men's and women's, and housefurnishings make up the bulk of department store volume. While purchase of these goods cannot be postponed indefinitely, it can be delayed for short periods of time, and the delay is frequently reflected in sales volume.

Department store sales in the Third Federal Reserve District totaled $607 million last year, a new all-time high. This volume was $60 million greater than in the previous year and two and one-half times pre-war. A record Christmas season was a fitting climax to a very successful year.

Although sales continue to increase, the upward trend is slowing down. (Chart II).

The most rapid rise occurred in the year following V-J Day, as service men returned to the consumer markets and employment and income increased. A poor winter season followed, and sales during late 1946 and early 1947 averaged below the mid-1946 peak. The shock of sharply rising prices and the growing quality consciousness on the part of consumers accounted for this temporary slump.

Buying began to increase again in the late spring of 1947 reaching a new peak in the Christmas season. Dollar sales adjusted for normal seasonal changes, declined somewhat in the first three months of this year, and averaged only slightly more than in the last half of 1947. Easter trade this year was generally up to expectations. If food prices remain high and food still takes an unusually high proportion of the consumer's dollar, prospects for a large increase in spending at department stores are not too good.

Sales by Departments

Consumer demand for different types of goods has varied considerably during the past three years. Changes in the purchase pattern are indicated by seasonally-adjusted indexes of sales in major departments of stores in this district. (Chart III).

The most significant development has been the increasing demand for less expensive merchandise, as evidenced by a comparison between main store and basement store activity. Sales in the upstairs-store rose much more rapidly than basement sales in the first year following V-J Day, but more recently the opposite has been true. Basement sales continued to rise and main store sales leveled off. The pressure of skyrocketing prices following the removal of controls forced more and more customers into the economy basements. The growing horde of underground shoppers is once again requiring the attention of retailers. The trend of men's and women's apparel sales clearly illustrates this changing pattern.

The only major department in the main store that continues to show a strong upward trend is housefurnishings. The rise in sales of major household appliances has been most spectacular, but furniture volume has also been rising for the past year after a slight decline in the second half of 1946.

The smallest post-war increase in dollar sales has been in women's apparel and accessories, and small wares. Both of these departments enjoyed vigorous expansion during the war years, and activity is still maintained at a high level. In the women's apparel and accessories department, accessories have shown greatest stability. Apparel sales have been much more erratic and contributed prominently to the slump in total department store sales a year ago.

Other major main store departments reflect the total main store trend—a sharp rise in the first half of the post-war period, followed by a leveling off at a high plateau in the last half.

Credit Buying

Expanding credit business accounted for the total increase in department store sales last year. Cash sales actually declined slightly while instalment purchases rose 55 per cent and charge account volume was 19 per cent higher.

This shift from the wartime habit of buying for cash started early in 1946, and there is no evidence to indicate that this new trend is slowing down. Cash purchases accounted for 55 per cent of total sales in 1945, only 45 per cent last year, and 42 per cent in March this year. The cash-credit pattern today is similar to that of pre-war 1941 when cash purchases were 41 per cent of the total, charge accounts 49 per cent, and instalment 10 per cent.

As credit buying expanded, the repayment rate —the ratio of repayments to consumer debts outstanding—slowed down and receivables represented an increasing part of department store assets. Despite this decline, however, credit balances are still being repaid faster than in pre-war 1941.

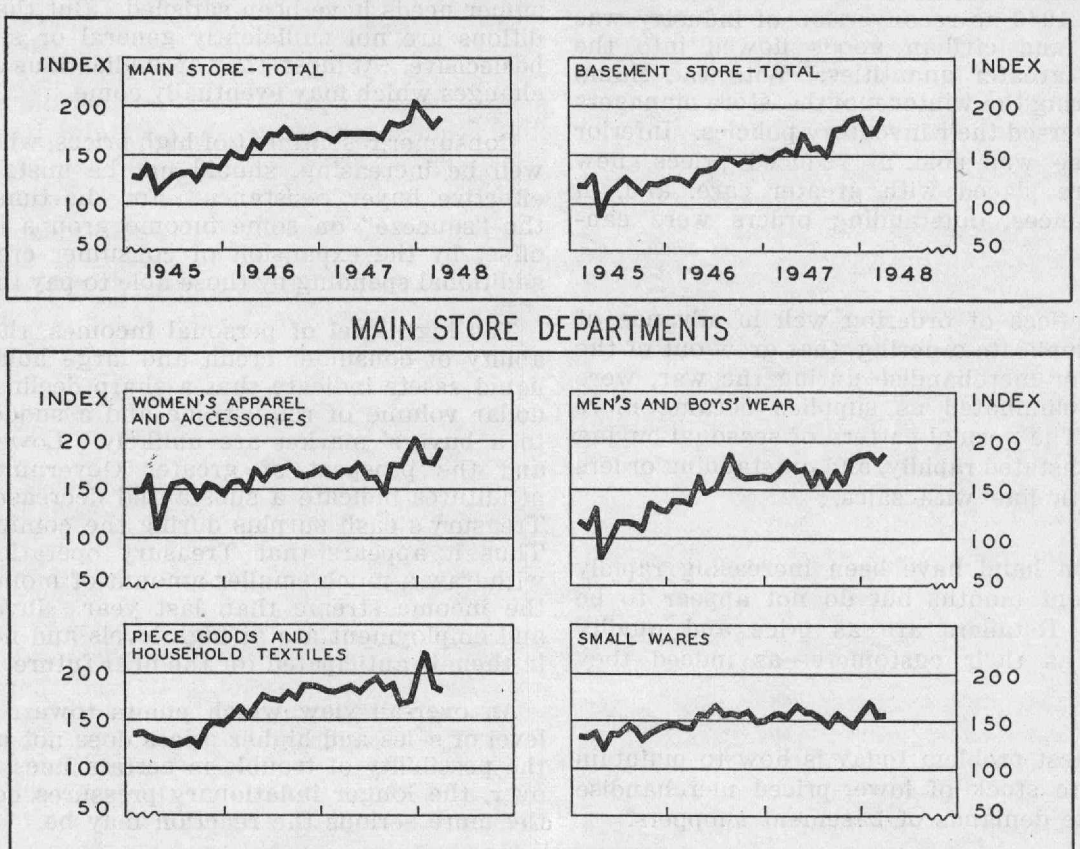
Liberalization and elimination of Regulation W contributed to the expansion of credit and slowing down of payments. The return of durable goods normally sold on deferred payments, aggressive credit promotion, and the price squeeze on lower income groups were also contributing factors.

CHART III

SALES BY DEPARTMENTS

THIRD FEDERAL RESERVE DISTRICT

(INDEX 1942=100)



Inventories

"Caution" has characterized inventory policy at department stores in this district throughout the post-war period. While stocks on hand have fluctuated, generally they have been maintained below the pre-war relationship to sales. The largest increase occurred during the first eleven months of 1946 as reconversion of industry was completed and civilian goods flowed into the market in greater quantities. With the slump in sales during the winter months, store managers quickly reversed their inventory policies. Inferior merchandise was sold at reduced prices, new orders were placed with greater care, and, in some instances, outstanding orders were cancelled.

The practices of ordering well in advance of need and duplicate ordering, that grew out of the scramble for merchandise during the war, were gradually eliminated as supplies became more plentiful. The normal pattern of seasonal buying is being reinstated rapidly, and outstanding orders are again in line with sales.

Stocks on hand have been increasing rapidly within recent months but do not appear to be excessive. Retailers are as price and quality conscious as their customers—as indeed they must be.

The biggest problem today is how to maintain an adequate stock of lower-priced merchandise to meet the demands of basement shoppers.

Summary

At the present time it is by no means apparent that a return to a buyers' market is imminent. Isolated instances of price cutting have taken place. Some lines are moving more slowly. Inventory positions are vulnerable to a sudden drop in sales in many instances. Most urgent consumer needs have been satisfied. But these conditions are not sufficiently general or severe to be decisive. At most, they are indications of broad changes which may eventually come.

Consumer resentment of high prices, which may well be increasing, should not be mistaken for effective buyer resistance. For the time being, the "squeeze" on some income groups is being offset by the expansion of consumer credit and additional spending by those able to pay the price.

The high level of personal incomes, the availability of consumer credit and large holdings of liquid assets indicate that a sharp decline in the dollar volume of retail trade and a sudden shift to a buyers' market are unlikely. Lower taxes and the prospect of greater Government expenditures indicate a substantial decrease in the Treasury's cash surplus during the coming year. Thus it appears that Treasury operations will withdraw a much smaller amount of money from the income stream than last year. Investment and employment are at high levels and no break in them is anticipated for the near future.

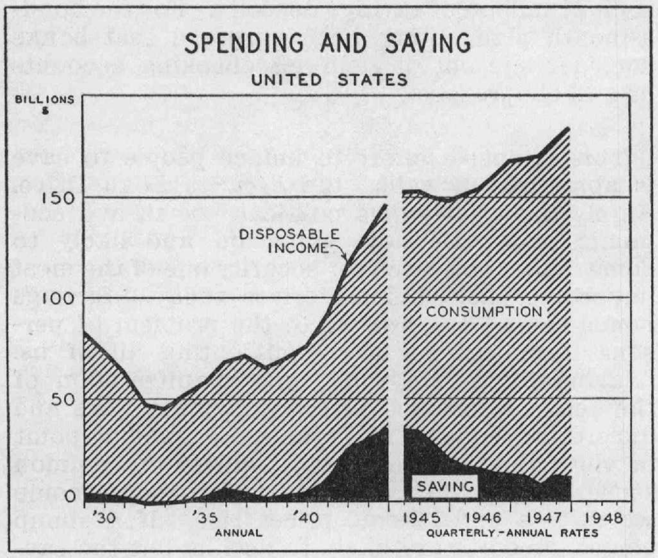
An over-all view which points toward a high level of sales and higher prices does not preclude the possibility of trouble in certain lines. Moreover, the longer inflationary pressures continue, the more serious the reaction may be.

SAVING FOR SECURITY

Business is "good" today, not only in retail trade but in most other fields as well. It is apt to be "good" tomorrow; but it would be better the day *after* tomorrow if it were not so "good" today.

"Good" business has come to mean a sellers' market, and there is a growing feeling that unless consumers are clamoring for more goods than are available to buy, business is "bad". This sounds very much like the definition of inflation: a condition in which effective demand exceeds the supply of goods at stable prices. Indeed, the facts show that the business boom has been a process of inflation. Demand is huge, bolstered by record high incomes, use of accumulated savings, and the free use of credit. Supply, although larger than ever before in peace time, is short of demand. Prices are still rising.

Fear of a slump is grounded on the feeling that this situation cannot last. Continued inflation eventually produces stresses and strains in the economy, bringing on a downward spiral. Business turns "bad" when demand falls off and the market becomes a buyers' market.



But there is no inevitability in this sequence of events. Restraint of inflationary forces is the first step in preventing a depression. Since our economy is operating near peak capacity, there is little prospect of combating today's inflation through more output. We must focus attention on demand. One of the most effective ways to reduce demand is simply not to spend as much—to save more. More saving and less spending might mean that business would not be as "good" as it has been but would mean better business in the long run.

Savings Trends

An important reason why dollar retail sales have continued to rise since the war is that individuals are spending more and saving less of their incomes. It has also been an important reason why consumers' prices have risen so rapidly. In the year and a half since prices were de-controlled, the cost of living has risen by one-fourth. At the same time, consumer expenditures have increased and personal saving has decreased at about the same rate as the price rise. The portion of incomes saved is now somewhat below "normal"—that is, compared with the 1929-1941 relationship.

Surveys made during 1947, moreover, indicated that the *distribution* of savings was changing. Many individuals in the lower income groups were using liquid assets which they accumulated during the war to meet the higher cost of living and to pay for emergencies. Many are slowing down repayment of debts and are incurring new debt, particularly for buying consumers' goods and housing.

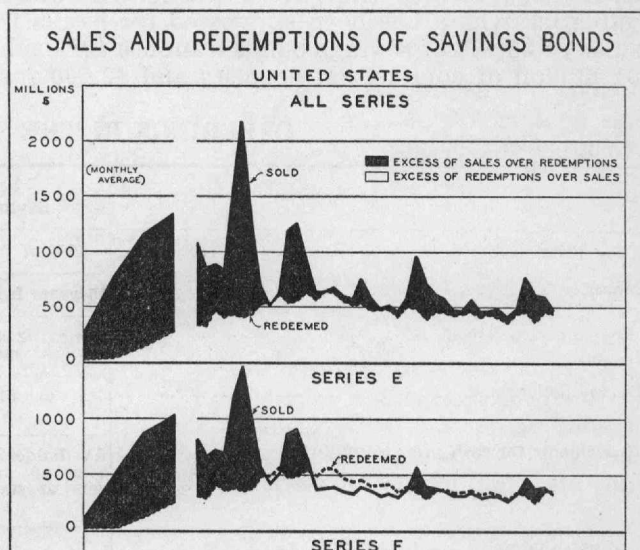
LIQUID SAVING BY INDIVIDUALS

(Billions of dollars)	1945	1946	1947
Currency and bank deposits....	+19.0	+11.9	+ 3.3
Savings and loan associations...	+ 1.1	+ 1.1	+ 1.2
Insurance and pension reserves.	+ 8.5	+ 6.9	+ 6.6
U. S. savings bonds........	+ 6.8	+ 0.9	+ 1.8
Other U. S. Government securities	+ 3.7	*	+ 1.3
State and local government securities	— 0.2	— 0.4	+ 0.3
Corporate and other securities..	— 0.7	+ 0.4	+ 1.2
Liquidation of debt (minus indicates increase in debt)......	— 1.3	— 6.5	— 6.7
Total liquid savings.......	+36.9	+14.4	+ 8.9

*Less than $50 million.
Source: Securities and Exchange Commission.

The *form* of saving is also changing. As the rate of total saving declines there has been a tendency for individuals to add less to their currency and bank deposit holdings. Savings in insurance and pension reserves remained relatively constant in 1947, thus constituting a larger portion of the total. There has been a noticeable shift of liquid saving into private debt forms since the war. Purchases of the securities of corporations, for example, have increased as a result of a growing supply of such issues and rising interest rates.

Investment in savings bonds is much smaller than during the war, but these securities still remain an important part of total savings. More-



over, sales of all savings bonds, as shown in the chart, have almost consistently exceeded redemptions. In April, however, individuals redeemed more Series E bonds than they bought. In 1946 and again in 1947 redemptions exceeded sales in the middle of the year. The possibility of a continuance of this unfavorable sales-redemption relationship is a strong reason for increasing sales during the coming months.

Security Loan Drive

The nation is currently engaged in a Security Loan Drive which began April 15 and will continue until the end of June. Pennsylvania's quota is $175,000,000 of which it is hoped that $110,250,000 will be realized through the sale of Series E bonds and $64,750,000 in Series F and G bonds. Philadelphia's quota is $49,000,000.

The drive is designed particularly to appeal to small savers. But, as the accompanying table indicates, the offerings meet the needs of other investors as well. As a special inducement to larger savers, for example, the limitation on individual purchases of Series E savings bonds during the calendar year has been raised from $5,000 (maturity value) to $10,000.

Banks can play a very important part in selling these securities to the saving public. A rough yardstick which has been suggested for banks is sales of $5,000 of savings bonds a month for each $1 million of commercial deposits and $2,500 for each $1 million of savings deposits. For the bond-a-month plan, it has been proposed that banks consider one out of each 4½ checking accounts as a likely prospect.

This intensive effort to induce people to save is appropriately called the *Security* Loan Drive. Surely the tremendous political, social, and economic upheavals now going on and likely to come make the search for security one of the most important basic human drives today. Savings bonds can be one answer to the problem of personal economic security confronting all of us. "Saving for a rainy day" is a manifestation of the desire to protect ourselves against risks and uncertainties ahead. From an economic point of view, this is often just a matter of common sense. Incomes are high today, but they become worth less and less as prices rise. If a slump comes, incomes are likely to decline but the savings built up during prosperity can serve as a backlog. Moreover, they will be worth more as prices decline.

Savings bonds are designed to meet our needs for personal security. They are free from the risk of market fluctuations and can be turned in for cash on relatively short notice. They yield a comparatively high return—in the case of Series E bonds as high as 2.9 per cent. Series G bonds can be used to provide current income in the future, or regular purchases of Series E bonds can build up an annuity. Their purchase requires a minimum of investment analysis and inconvenience. For the wage earner, regular purchases

OFFERINGS IN THE SECURITY LOAN DRIVE

	Series E Savings Bonds	Series F Savings Bonds	Series G Savings Bonds
Issue price	75% of maturity value	74% of maturity value	100%
Maturity	10 years from date of issue	12 years from date of issue	12 years from date of issue
Rate	Varies; 2.90% if held to maturity	Varies; 2.53% if held to maturity	2½%
Denominations	$25 to $1,000 (maturity value)	$25 to $10,000 (maturity value)	$100 to $10,000
Redeemable for cash prior to maturity	At holder's option only, after 60 days from issue date at stated redemption values	At holder's option only, after 6 months on one calendar month's notice at stated redemption values	At holder's option only, after 6 months, on one calendar month's notice at stated redemption values*
Use as collateral	No	No	No
Salable in open market	No	No	No
Amount for which eligible investor may subscribe	Not more than $10,000 maturity value in each calendar year	Not more than $100,000 issue price of Series F and G together in any one calendar year	

*Upon death of owner, redeemable at 100% after 6 months from issue date if application for redemption is made within 6 months after decease.

can be made automatically through pay roll deductions. The self-employed person can participate in the bond-a-month program in which his bank will make regular purchases for him out of his deposit account. Others will find numerous opportunities to buy—from the local bank, retail store, or door-to-door canvasser.

Personal security means security for our economic system. More saving today would dampen the demand for goods and consequently the upward pressure on prices. It would help to solve the current problem of excessive spending power represented by our large supply of money. Greater saving could enable business to finance a larger part of its expansion out of current saving rather than by borrowing from banks, thus avoiding the expansion of the money supply which results from bank lending. By using our savings to buy savings bonds, we turn over to the Treasury funds with which it can pay off bank-held debt and thus reduce the money supply. If and when business activity starts on the downswing, the use of accumulated savings can stimulate the economy when it needs it most. In short, the proper volume and use of savings can help to smooth out the fluctuations in economic activity which have plagued all of us in the past.

Economic security can help to assure political security. The more people holding the Government debt the greater will be the participation in the financial management of the country. If we can prevent the fluctuations characteristic of our system in the past, we can greatly strengthen the economic and political system which we have and want to retain. And a strong internal system enables this country to give greater assistance to less fortunate peoples abroad.

"Normalcy" is a myth. We can never remain—nor could we afford to remain—static. "Security" does not mean "normalcy." But surely we have enough control over our destinies to be able to meet the changes which must come and yet to secure ourselves against the uncertainties and difficulties which they will bring. The overwhelming success of the Security Loan Drive would be an important step in that direction.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-25 = 100	Adjusted for Seasonal Variation: Mar. 1948	Feb. 1948	Mar. 1947	Per cent change: Mar. 1948 from Month ago	Mar. 1948 from Year ago	1948 from 3 mos. 1947	Not Adjusted: Mar. 1948	Feb. 1948	Mar. 1947
INDUSTRIAL PRODUCTION	109p	111	107r	— 2	+ 2	+ 2	109p	111	107r
MANUFACTURING	112p	113	108	— 1	+ 3	+ 2	112p	112	108r
Durable Goods	123p	123	114r	0	+ 8	+ 5	......	......	......
Consumers' Goods	101p	103	101r	— 2	0	0	......	......	......
Metal products	145	140	137	+ 3	+ 6	+ 5	146	141	137
Textile products	75p	73	70r	+ 3	+ 6	+ 4	77p	77	72r
Transportation equipment	125p	128	112	— 2	+11	+ 3	133p	131	120r
Food products	120p	121	123	0	— 2	— 4	116p	117	118
Tobacco and products	117	141	119	—17	— 2	— 4	108	118	110
Building materials	56p	61	55r	— 8	+ 1	+ 4	49p	50	48r
Chemicals and products	160p	174	158r	— 8	+ 1	+ 6	160p	173	159r
Leather and products	86p	95	87	— 9	— 2	+10	88p	101	90r
Paper and printing	116	120	117	— 3	— 1	0	118	120	119
Individual Lines									
Pig Iron	88	102r	87	—14	+ 1	+ 1	101	105r	100
Steel	114	108	100	+ 5	+14	+ 8	122	114	107
Iron castings	91	89r	85	+ 3	+ 8	— 1	96	91r	89
Steel castings	97	88	98	+11	— 1	—10	109	98	110
Electrical apparatus	226	220r	228	+ 3	— 1	0	210	211r	212
Motor vehicles	30	38	47r	—21	—36	—29	32	38	50r
Automobile parts & bodies	118	121	120r	— 3	— 2	+ 2	129	131	131r
Locomotives and cars	57	57	59	0	— 2	—10	62	59r	64
Shipbuilding	......	......	......	+ 2	+45	+19	......	......	......
Silk and rayon	88	85r	85	+ 3	+ 4	0	91	90r	87
Woolens and worsteds	79p	76	75	+ 4	+ 6	+ 5	76p	79	72r
Cotton products	38p	38	45	— 1	—17	—19	40p	41	48
Carpets and rugs	109p	108	85	+ 1	+28	+30	109p	110	85r
Hosiery	82	81r	72r	+ 1	+13	+ 8	85	84	75r
Underwear	138	139	130r	— 1	+ 6	+ 7	150	151	142r
Cement	95p	112	97r	—15	— 2	+ 4	73p	78	75r
Brick	61	62	58	— 1	+ 4	+ 3	60	59	57
Lumber and products	30	30	29	+ 1	+ 6	+ 6	29	29	27
Bread & bakery products	......	......	......	— 2	— 5	— 4	108	111r	115
Slaughtering, meat pack.	121	102	105	+19	+16	+ 2	114	101	99
Sugar refining	72	66	64	+10	+13	—11	111	86	98
Canning and preserving	185p	194	196	— 5	— 6	— 4	164p	179	174
Cigars	118	141	120	—16	— 1	— 2	109	119	110
Paper and wood pulp	101	101	91	0	+11	+ 9	103	101	93
Printing and publishing	119	123r	122	— 4	— 3	— 2	121	123r	124
Shoes	96	101r	90	— 5	+ 6	+ 8	101	106r	96
Leather, goat and kid	77p	89	85r	—14	— 9	+14	76p	97	84r
Explosives	102p	105r	77	— 3	+33	+18	102p	105r	77
Paints and varnishes	114	120	107	— 5	+ 7	+ 7	116	117r	109
Petroleum products	208p	234	215r	—11	— 4	+ 5	206p	230	214r
Coke, by-product	157p	167	162	— 6	— 3	+ 3	163p	176	169
COAL MINING	67p	75	74	—11	—10	— 3	67p	76	75
Anthracite	68	74	71	—8	— 4	+ 1	68	74	71
Bituminous	57p	86	101	—34	—43	—21	62p	94	103
CRUDE OIL	284	285	273	— 1	+ 4	0	289	285	279
ELECTRIC P'W'R—OUTPUT	488	470	450	+ 4	+ 8	+ 8	498	498	459
Sales, total	516	487	460	+ 6	+12	+10	511	526	455
Sales, to industries	359	372	343	— 3	+ 5	+ 6	342	368	326
BUILDING CONTRACTS									
TOTAL AWARDS+	198	165	128	+20	+55	+72	172	163	111
Residential+	169	177	157	— 4	+ 7	+33	128	125	119
Nonresidential+	169	139	107	+22	+57	+54	169	140	107
Public works & utilities+	333	269	101	+24	+230	+264	303	322	92

* Unadjusted for seasonal variation. p Preliminary.
\+ 3-month moving daily average centered at 3rd month. r Revised.
** Increase of 1000% or more.

Local Business Conditions*

Percentage change—March 1948 from month and year ago	Factory employment: Feb. 1948	Factory employment: Mar. 1947	Factory pay rolls: Feb. 1948	Factory pay rolls: Mar. 1947	Building permits value: Feb. 1948	Building permits value: Mar. 1947	Retail sales: Feb. 1948	Retail sales: Mar. 1947	Debits: Feb. 1948	Debits: Mar. 1947
Allentown	— 1	— 1	— 2	+14	+ 19	+110	+33	— 1	+15	+37
Altoona	0	— 9	— 2	+ 8	+231	+ 96	+87	+ 8	+17	+12
Harrisburg	— 1	— 3	0	+14	— 94	— 52	+18	+ 5	+27	+ 6
Johnstown	+ 1	+ 7	— 4	+19	— 42	+102	+20	+29	+14	+23
Lancaster	+ 1	+ 3	+ 2	+17	+219	+ 33	+27	+ 5	+31	0
Philadelphia	0	0	0	+ 9	+107	+339	+33	+ 8	+17	+16
Reading	0	— 5	+ 1	+17	+ 4	+ 81	+19	+ 6	+12	+ 6
Scranton	0	+ 5	0	+23	+375	— 37	+42	+ 6	+21	+ 8
Trenton	......	......	......	......	+ 65	— 35	+31	+12	+ 2	+ 6
Wilkes-Barre	+ 1	— 8	+ 2	+11	+ 35	+ 78	+40	+ 5	+28	+14
Williamsport	0	—14	0	+ 1	+904	+405	......	......	+18	+16
Wilmington	+ 2	+ 7	+ 4	+16	+ 12	+ 71	+25	+12	+22	+17
York	— 1	— 4	+ 1	+ 7	+225	— 35	+27	+ 7	+20	0

* Area not restricted to the corporate limits of cities given here.
** Increase of 1000% or more.

Production Workers in Pennsylvania Factories

Summary Estimates—March 1948

	Employment	Weekly pay rolls	Weekly man-hours worked
All manufacturing	1,113,500	$55,465,000	44,923,000
Durable goods industries	631,200	34,457,000	25,843,000
Nondurable goods industries	482,300	21,009,000	19,080,000

Changes in Major Industry Groups

Indexes (1939 average = 100)	Employment: Mar. 1948 Index	Employment per cent change from Feb. 1948	Employment per cent change from 1947 Mar.	Pay rolls: Mar. 1948 Index	Pay rolls per cent change from Feb. 1948	Pay rolls per cent change from Mar. 1947
All manufacturing	130	0	0	288	+1	+14
Durable goods industries	156	+1	0	328	+2	+15
Nondurable goods industries	106	0	0	241	0	+11
Food	121	—1	— 2	232	+1	+11
Tobacco	101	—1	— 1	222	0	+ 2
Textiles	89	0	+ 4	225	+1	+19
Apparel	96	+1	+ 2	251	+1	+14
Lumber	94	+2	+ 4	199	+1	+22
Furniture and lumber products	103	—2	+ 1	240	—2	+11
Paper	121	0	+ 1	260	—1	+13
Printing and publishing	135	—3	0	265	—3	+ 6
Chemicals	121	0	— 1	246	—1	+ 7
Petroleum and coal products	150	+1	+ 7	284	0	+15
Rubber	159	—2	—15	284	—6	—24
Leather	95	—3	— 2	193	—6	+ 1
Stone, clay and glass	134	+2	— 1	287	+3	+13
Iron and steel	139	+1	+ 1	290	+3	+20
Nonferrous metals	148	0	—12	308	+1	+ 1
Machinery (excl. elect.)	212	+1	+ 7	443	+1	+21
Electrical machinery	229	—1	— 3	476	0	+ 9
Transportation equip. (excl. auto)	220	+3	— 9	424	+5	+ 8
Automobiles and equipment	171	—4	—10	345	—6	— 3
Other manufacturing	135	—1	— 8	263	0	— 3

Average Earnings and Working Time

March 1948 Per cent change from year ago	Weekly earnings: Average	Weekly earnings: Ch'ge	Hourly earnings: Average	Hourly earnings: Ch'ge	Weekly hours: Average	Weekly hours: Ch'ge
All manufacturing	$49.81	+13	$1.235	+11	40.3	+ 2
Durable goods indus.	54.59	+16	1.333	+11	40.9	+ 4
Nondurable goods industries	43.56	+10	1.101	+10	39.6	0
Food	42.94	+13	1.041	+13	41.2	0
Tobacco	28.95	+ 3	.752	+ 1	38.5	+ 1
Textiles	45.16	+14	1.141	+13	39.6	+ 1
Apparel	36.77	+12	.943	+10	39.0	+ 1
Lumber	39.43	+18	.996	+16	39.6	+ 2
Furniture and lumber products	42.92	+10	.998	+ 9	43.0	+ 1
Paper	46.68	+12	1.046	+11	44.6	+ 1
Printing and pub.	55.44	+ 6	1.448	+ 9	38.3	— 3
Chemicals	48.55	+ 8	1.185	+ 8	41.0	0
Petroleum and coal products	57.66	+ 8	1.469	+ 9	39.3	— 2
Rubber	44.30	—11	1.289	+ 5	34.4	—15
Leather	34.72	+ 4	.972	+11	35.7	— 6
Stone, clay and glass	48.95	+14	1.180	+10	41.5	+ 3
Iron and steel	56.01	+19	1.363	+11	41.1	+ 7
Nonferrous metals	54.18	+14	1.333	+13	40.7	+ 1
Machinery (excl. electrical)	53.00	+13	1.309	+11	40.5	+ 2
Electrical machinery	58.06	+12	1.435	+10	40.5	+ 2
Transportation equip. (excl. auto)	58.84	+19	1.460	+ 8	40.3	+ 9
Automobiles and equip	55.55	+ 7	1.364	+12	40.7	— 4
Other manufacturing	40.96	+ 4	1.069	+ 7	38.3	— 3

Distribution and Prices

Wholesale trade unadjusted for seasonal variation	Per cent change: March 1948 from Month ago	Year ago	1948 from 3 mos. 1947
Sales			
Total of all lines	+ 5	— 1	+ 1
Drugs	+13	+ 6	.....
Dry goods	+15	—10	— 8
Electrical supplies	+ 2	+ 2	— 3
Groceries	+ 5	— 8	0
Hardware	+13	— 3	+ 2
Jewelry	+17	+ 4	0
Paper	— 7	— 3	+ 4
Inventories			
Total of all lines	+ 3	+10	—
Dry goods	+ 8	+16	—
Electrical supplies	+ 6	+ 5	—
Groceries	— 2	— 2	—
Hardware	+ 4	+25	—
Paper	— 1	+46	—

Source: U. S. Department of Commerce.

Prices	Mar. 1948	Per cent change from: Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939 = 100)	318	— 2	— 5	+218
Wholesale (1926 = 100)	161	0	+ 8	+115
Farm	186	0	+ 2	+205
Food	174	+ 1	+ 4	+159
Other	148	0	+13	+ 84
Living costs (1935-1939 = 100)				
United States	167	0	+ 7	+ 69
Philadelphia	166	— 1	+ 6	+ 69
Food	196	— 2	+ 6	+111
Clothing	192	0	+ 6	+ 93
Fuels	135	0	+ 8	+ 40
Housefurnishings	196	+ 1	+ 9	+ 95
Other	142	0	+ 4	+ 41

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 = 100	Adjusted for seasonal variation: Mar. 1948	Feb. 1948	Mar. 1947	Per cent change: March 1948 from Month ago	Year ago	1948 from 3 mos. 1947	Not adjusted: Mar. 1948	Feb. 1948	Mar. 1947
RETAIL TRADE									
Sales									
Department stores—District	258	263	237r	— 2	+ 9	+12	284	216	256r
Philadelphia	237	232	220	+ 2	+ 8	+11	258	195	235
Women's apparel	213	234	217	— 9	— 2	+ 6	290	208	282
Men's apparel	284	238	317	+19	—10	+ 1	259	186	279
Shoe	241p	200	245	+20	— 2	— 1	253p	146	250
Furniture	.....	.....	.....	+23*	+ 8*	.....	—	.....	.....
Inventories									
Department stores—District	260p	253	224r	+ 3	+16	.....	260p	246	224r
Philadelphia	226p	228	207	— 1	+ 9	.....	228p	221	209
Women's apparel	246	249r	247	— 1	0	.....	241	244r	242
Shoe	125p	137	112	— 8	+12	.....	140p	141	125
Furniture	.....	.....	.....	+ 5*	+11*	.....	.....	.....	.....
FREIGHT-CAR LOADINGS									
Total	129	134	143	— 4	—10	— 6	121	123	135
Merchandise and miscellaneous	133	133	138	+ 1	— 3	— 3	128	121	132
Merchandise—l.c.l.	83	82	95	+ 2	—12	—13	83	77	95
Coal	107	135	145	—21	—26	—13	110	140	150
Ore	191	171	159	+12	+20	+12	84	65	70
Coke	173	179	200	— 3	—13	— 1	163	192	188
Forest products	93	88	95	+ 6	— 2	—10	81	71	83
Grain and products	114	116	147	— 2	—23	—20	108	102	140
Livestock	80	74	91	+ 8	—12	—25	74	68	84
MISCELLANEOUS									
Life insurance sales	182	190	194	— 4	— 6	— 2	189	205	201
Business liquidations									
Number	.....	.....	.....	—14*	—43*	+39*	18	21	31
Amount of liabilities	.....	.....	.....	+ 1*	—65*	+ 3*	17	17	47
Check payments	251	258	220	— 2	+14	+ 9	249	250	217

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

BANKING STATISTICS

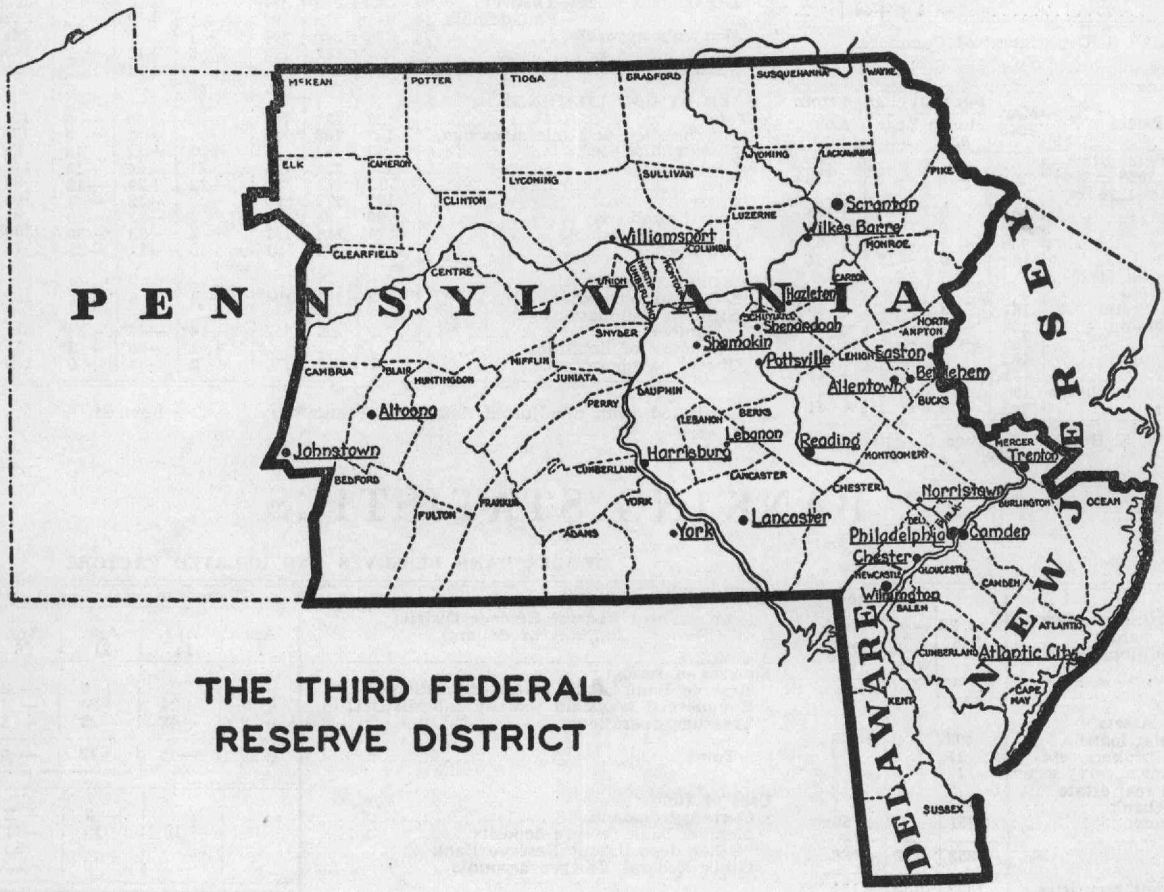
Reporting member banks (Millions $)	Apr. 28 1948	Changes in — four wks.	One year
Assets			
Commercial loans	496	— 9	+ 49
Loans to brokers, etc.	17	+ 2	— 4
Other loans to carry secur.	14	+ 1	— 4
Loans on real estate	72	.....	— 2
Loans to banks	2	—13	— 1
Other loans	251	+ 7	+ 50
Total	852	—12	+ 88
Government securities	1392	+50	—131
Other securities	256	.....	+ 6
Total investments	1648	+50	—125
Total loans & invest.	2500	+38	— 37
Reserve with F. R. Bank	473	+ 7	+ 10
Cash in vault	42	+ 1	+ 5
Balances with other bks.	106	—40	— 17
Other assets—net	58	— 2	+ 2
Liabilities			
Demand dep. adjusted	2011	— 6	— 25
Time deposits	436	+15	— 2
U.S. Gov. Deposits	60	— 4	— 14
Interbank deposits	341	.....	+ 5
Borrowings	2	+ 2	— 3
Other liabilities	28	— 3	+ 1
Capital account	301	.....	+ 1

MEMBER BANK RESERVES AND RELATED FACTORS

Third Federal Reserve District (Millions of dollars)	Changes in weeks ended: Apr. 7	Apr. 14	Apr. 21	Apr. 28	Ch'ges in four weeks
Sources of funds:					
Reserve Bank credit extended in district	.....	.....	+ 5	— 8	— 3
Commercial transfers (chiefly interdistrict)	+ 9	+24	+30	— 4	+59
Treasury operations	+ 8	—42	—23	+ 3	—54
Total	+17	—18	+12	— 9	+ 2
Uses of funds:					
Currency demand	— 1	.....	— 3	+ 2	— 2
Member bank reserve deposits	+18	—18	+15	—11	+ 4
"Other deposits" at Reserve Bank	.....	.....	.....	.....	.....
Other Federal Reserve accounts	.....	.....	.....	.....	.....
Total	+17	—18	+12	— 9	+ 2

Member bank reserves (Daily averages; dollar figures in millions)	Held	Requir'd	Excess	Ratio of excess to required
Phila. banks				
1947 Apr. 1 15	$410	$403	$ 7	2%
1948 Mar.1-15	427	420	7	2
Mar. 16-31	429	415	14	4
Apr. 1-15	414	405	9	2
Country banks				
1947 Apr. 1-15	$379	$330	$ 49	15%
1948 Mar. 1-15	380	341	39	11
Mar. 16-31	384	342	42	12
Apr. 1-15	391	348	43	12

Federal Reserve Bank of Phila. (Dollar figures in millions)	Apr. 28 1948	Changes in— Four weeks	One year
Discounts & advances	$ 18.2	$+ 1.1	$+ 10.7
Industrial loans	.5	— .1	— 0.6
U.S. securities	1460.0	— 31.9	—162.7
Total	$1478.7	$— 30.9	$—152.6
Fed. Res. notes	$1620.7	$— 4.9	$— 14.8
Member bank dep.	803.8	+ 3.9	+ 14.0
U. S. general acct.	94.5	— 77.1	+ 59.1
Foreign deposits	29.3	— 5.9	— 13.4
Other deposits	2.0	+ .1	— 0.4
Gold cert. reserves	1075.7	— 43.0	+181.9
Reserve ratio	42.2%	—0.3%	+6.5%



THE THIRD FEDERAL RESERVE DISTRICT