

THE
**BUSINESS
 REVIEW**

FEDERAL RESERVE BANK OF PHILADELPHIA



CAPITAL EXPENDITURES IN 1950

Manufacturing concerns in Philadelphia are cutting back on expenditures for plant expansion and new equipment. \$111 million was invested last year. \$84 million is scheduled for next year. Over half is to be for new equipment. Chemical manufacturers and oil refiners are the biggest spenders. Food and tobacco concerns plan to spend as much next year as they did last year. Unlike most others making durable goods, firms making transportation equipment are still stepping up their outlays. Philadelphia's peak of capital spending occurred in 1947; the nation's, in 1948. Across the country, capital outlays in 1950 may decline less than indicated locally.

THE MONTH'S STATISTICS

The month before the steel strike, business showed definite signs of recovery. Gains were widespread. Employment, pay rolls, and trade were up.

CAPITAL EXPENDITURES IN 1950

With 1950 just around the corner, the year-end forecasting season is almost upon us. Naturally, every businessman would like to know what kind of a year it will be. He would like to know whether consumers are going to spend more or save harder, whether the Government is going to economize or spend and tax, whether the export surplus is going to grow larger or smaller. While all these things have a direct influence upon the volume of next year's business, there is still another strategic element and that is the economic behavior of businessmen themselves.

The money that businessmen spend to erect new plants, to enlarge existing plants, to buy new machinery and equipment runs into billions of dollars. The amount so spent by American manufacturers alone in the four years since the end of the war is over half the estimated replacement value of all manufacturing facilities in existence just before the war. Money so spent is a strong stimulant to the economy because it diffuses spending power far and wide long before we enjoy the benefits of the increased flow of goods and services pouring out from these enlarged and improved facilities.

If we could find out how much businessmen were budgeting for plant expansion and improvement of equipment, it would throw considerable light on the prospects for next year. No one knows the answer, but through the cooperation of Philadelphia's leading manufacturing concerns the most reliable information, so far as industrial Philadelphia is concerned, is available in the results of a survey just completed by this Bank.

Capital expenditures are definitely on the decline in this area. Local manufacturers have made outlays of almost a half billion dollars for plant expansion and modernization of equipment since the end of the war. The peak occurred in 1947 when they spent \$153 million. Ever since that time the amount has been declining, as shown in the accompanying chart. Apparently the decline is going to continue. Proposed expenditures for the year ending September 1950 are \$84 million, or one-fourth less than the \$111 million spent in the past year ended September 1949.

These annual surveys, including the latest, show rather convincing evidence that the heavy backlog of post-war plant improvement and renovation is running down. This

is not to say that such business expenditures are headed toward zero. A certain amount of capital improvement is always being made; it could hardly be otherwise in the face of ever-growing markets, ever-changing technology, and ever-present depreciation. Another reason why capital expenditures are unlikely to collapse is that costs of construction and equipment are receding, and numerous concerns have hitherto postponed their programs awaiting more favorable conditions. It is a mistake to think of the "backlog" of unfinished plans as a fixed amount that runs down without renewal.

MORE FOR EQUIPMENT THAN CONSTRUCTION

Local manufacturers are planning to spend more money on equipment than on construction in the year to come. Slightly over half of the total expenditures planned are for new equipment. This is in line with the experience reported during the past year when 62 per cent of total capital outlays went for equipment. Emphasis upon plant modernization rather than mere expansion of floor space is especially desirable in this area because Philadelphia is an old manufacturing center. Plants going up in new industrial centers of the South and West naturally install

ESTIMATED CAPITAL EXPENDITURES
MANUFACTURING INDUSTRIES IN
PHILADELPHIA

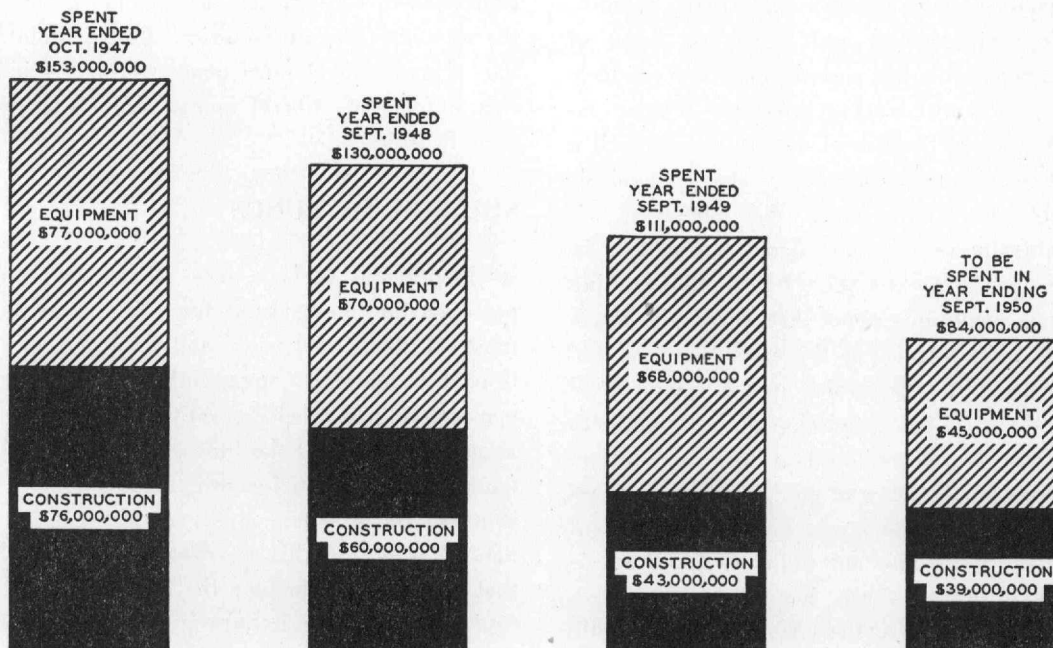
(In thousands of dollars)	Oct. 1946 to Oct. 1947	Nov. 1947 to Sept. 1948	Oct. 1948 to Sept. 1949	To be spent within next year
All manufacturing	152,471	130,130	111,261	84,397
Durable goods industries.	39,498	28,431	32,833	24,643
Nondurable goods industries	112,973	101,699	78,428	59,754
Food and tobacco	14,132	19,589	15,680	15,396
Textiles	10,856	24,784	23,882	8,836
Apparel	2,829	1,028	2,538	1,220
Lumber and furniture	855	1,141	1,283	853
Paper and printing	36,151	26,052	12,358	5,299
Chemicals and petroleum	40,450	25,460	17,738	25,417
Leather	626	449	955	891
Iron and steel	5,550	6,684	8,513	3,913
Nonferrous metals	2,101	833	494	872
Machinery (incl. elec.)	19,365	11,031	13,486	9,441
Transportation equip.	10,491	7,648	7,035	8,655
Miscellaneous	9,065	5,431	7,299	3,604

the latest equipment, and local manufacturers realize that they too must make generous capital outlays to meet the competition of new plants springing up all around them.

In practically every field, manufacturers are taking advantage of improved equipment on the market. These developments range all the way from machinery used in the manufacture of basic metals, such as steel and aluminum,

according to present plans they are scheduling \$39 million on new construction next year. This could mean that outlays for new plant have adjusted to a "normal" level, but the readjustment in demand for new equipment has not yet been completed, as revealed by the fact that outlays for equipment are apparently going to be about one-third less than last year.

CAPITAL EXPENDITURES BY PHILADELPHIA MANUFACTURERS



to machinery turning out finished consumer goods like paper and textile products. Innovations developed under the heavy pressure of wartime demand have since been applied to the production of everyday peacetime products. Modern processing machinery is made to run more automatically, requiring less attention and manipulation by the operator. Machines are equipped with more automatic controls to reduce the element of human judgment and to cut down spoilage and waste. A great many concerns are installing material-handling equipment to reduce the costs of internal plant transportation.

Philadelphia manufacturers are planning to spend just about the same amount of money on new construction in the coming year that they spent during the year just past. Last year they spent \$43 million on construction, and ac-

WHICH INDUSTRIES ARE DOING THE SPENDING?

Almost three-quarters of the total spending planned for next year is by industries making nondurable goods. One reason, of course, is the fact that Philadelphia has more concerns in that category than in durables. Chemical and petroleum companies are by far the biggest spenders—they plan to spend \$25 million, or about 30 per cent, of total outlays scheduled by all industries.

Philadelphia is already one of the country's leading petroleum refining centers, and local refineries are in the midst of an extensive expansion and modernization program. The petroleum industry has barely been able to keep up with demand for its products ever since the end of the war. While shortages in some markets were caused

by transport difficulties, nevertheless demand for petroleum products has been rising rapidly as a result of widespread shifts from coal to petroleum products. Fuel oil is being used more and more for space heating, railroad lines are shifting from coal to oil-burning locomotives, and numerous industrial concerns also find it to their advantage to use fuel oil for their power and heat requirements.

Philadelphia is also an important chemical manufacturing center. Among the chemical industries represented here are concerns making alcohol, ammonia, resinous products, drugs, medicines, fertilizers, ink, paint, varnish, soap, sulphuric acid, perfume and cosmetics. Some of these are consumer goods, but a great many are products that enter into the manufacturing processes of other industries. High levels of industrial output always spell a heavy demand for chemicals because so many chemicals are indispensable materials in many other industries.

Textile manufacturers were the heaviest investors in new plant and equipment last year, but for the ensuing year they plan to spend only about three-eighths as much as last year. This indicates that the expansion and improvement program in textiles in this area is nearing completion. Most of the contemplated change, however, is to take place in sharply reduced outlays for construction. Next year's expenditures for new equipment, though reduced by half, are still quite large. The manufacture of cloth for apparel, household and industrial purposes is one of the oldest of industrial arts, but numerous changes are taking place as a result of the war and its aftermath. The ever-growing volume of synthetic fibers is breaking down the barriers that formerly existed between the cotton, wool, and silk industries. More and more fabrics are being made out of a blend of fibers, including synthetics which require machinery capable of processing such mixtures. Changes in style stimulate changes in technology, and manufacturers find they cannot afford to be without the most modern equipment.

Food and tobacco concerns rank next to chemicals and petroleum in volume of proposed capital outlays for next year; in fact, they are planning to spend just as much next year as they did in the year gone by. However, there is a significant change in the nature of their expenditures. Compared with last year, they are apparently going to put less money in equipment but more in construction. It might be supposed that processors of food, one of the most basic and recurring of our needs, would have been among the first to complete their post-war ren-

ovation and expansion programs. Such does not seem to be the case. New facilities have been necessitated by a rising demand for processed and packaged foods required by modern apartment living, a shift to deep freezing, and an ever-greater emphasis upon the sanitation afforded by stainless equipment.

Contrary to plans of most industries in the durable goods category, the producers of transportation equipment are planning to spend more money next year than they did last year. According to reports from these concerns, they are contemplating substantial outlays for modernization of equipment; they are not planning much in the way of enlarging facilities. Philadelphia has a number of nationally known concerns in this industry, and they are making liberal appropriations for modernizing their facilities.

SOURCES OF FUNDS

As in previous surveys, most of the local concerns report that they have ample financial resources to finance most of their expansion and improvement programs. Company funds are apparently sufficient to supply 93 per cent of scheduled expenditures. Only \$5 million, or about 6 per cent, of the funds required is to be obtained from banks, and an inconsequential amount from other sources. Business concerns generally are in a strong financial position. This is revealed not only by the fact that they plan to finance the lion's share of their own capital expenditures, but also by improved financial ratios. Examination of the record for all non-financial corporations throughout the country shows moderate improve-

SOURCES OF FUNDS FOR CAPITAL EXPENDITURES TO BE MADE WITHIN THE NEXT YEAR

(Per cent)	Own	Banks	Other
All manufacturing.....	93	6	1
Durable goods industries.....	88	10	2
Nondurable goods industries.....	95	5	(a)
Food and tobacco.....	97	3	..
Textiles.....	100	..	..
Apparel.....	76	7	17
Lumber and furniture.....	73	27	(a)
Paper and printing.....	60	40	(a)
Chemicals and petroleum.....	100	..	..
Leather.....	92	8	..
Iron and steel.....	91	..	9
Nonferrous metals.....	100	..	..
Machinery (incl. elec.).....	76	23	1
Transportation equipment.....	100	..	..
Miscellaneous.....	95	..	5

(a) Less than .5 per cent.

ment in their liquidity position as of mid-1949 compared with a year earlier. They had more cash and Government securities on hand in relation to their current liabilities, and the ratio of current assets to current liabilities was likewise more favorable than it was a year ago. Their better cash position was brought about in part through the extensive reduction in inventories that took place during the first half of this year.

EMPLOYMENT PROSPECTS

The widespread readjustment that occurred in business during the first half of this year left its mark on industrial employment in Philadelphia. Local manufacturing concerns employed 324,000 people in September of this year, which was about 6 per cent less than were employed in September a year ago. Local concerns report that they expect some further reduction in employment by December of this year. These estimates on the part of the manufacturers were made before the coal and steel strikes had become a reality, but not before they were expected.

Substantial improvement in the local employment situation is anticipated by September 1950. At that time, manufacturing concerns expect to have more workers on their pay rolls than they did last September. This appraisal was, of course, predicated on the assumption of harmonious labor-management relations which may or may not obtain.

All of the gain expected to take place in employment by September of next year is anticipated among concerns making nondurables. Among producers of durable goods, some improvement in employment is expected in the first three-quarters of next year, but employment next September

is not expected to recover to the level of last September. This lends support to the rather widely held view that the readjustment process among nondurable industries has been completed, but that further readjustments may take place among producers of durable goods generally.

WILL THE ESTIMATES HOLD?

Some indication of the reliability of these estimates is afforded by a comparison of estimates made a year ago with actual results. On this basis it appears that estimates of businessmen, like those of professional forecasters, are good on the whole but not necessarily in the parts. For example, in September 1948, local businessmen estimated that they would spend \$113 million on capital outlays in the ensuing year. Actually, they spent \$111 million, which came within 2 per cent of the estimate. However, on new construction, they spent a third less than they had estimated and on equipment, they spent almost 40 per cent more than they estimated September a year ago. Expenditures during the year ending September 1948 were within 7 per cent of the amount estimated the preceding year. On the basis of this experience, it may be reasonable to expect the \$84 million program projected into September 1950 to be fairly reliable, though actual expenditures for new plant and new equipment by particular industries may deviate from the estimates made last September.

NATIONWIDE CAPITAL EXPENDITURES

At this writing, no nationwide survey of proposed capital expenditures for next year has appeared, and it would be presumptuous to assume that the country will go as goes Philadelphia. Manufacturing industries throughout the country attained their peak dollar volume of capital expenditures in 1948 when total outlays were \$8.3 billion. In Philadelphia, the peak occurred a year earlier, and the rate of decline after that time was much sharper than that of the rest of the nation. Quarterly estimates made by the Securities and Exchange Commission and the Department of Commerce indicate that the highest rate of capital expenditures on the part of manufacturing concerns throughout the country occurred in the fourth quarter of 1948, with an irregular downward trend since that time, including the estimate for the fourth quarter of the current calendar year.

While no final conclusions can be drawn with respect to anything concerning the future, from all available evi-

ESTIMATED EMPLOYMENT
PHILADELPHIA MANUFACTURING FIRMS

(In thousands of persons)	Current (Sept. 1949)	3 months from now (Dec. 1949)	1 year from now (Sept. 1950)
All manufacturing	324	320	327
Durable goods industries	128	123	127
Nondurable goods industries	196	197	200
Food and tobacco	40	39	40
Textiles	38	38	40
Apparel	30	31	31
Lumber and furniture	5	6	5
Paper and printing	44	44	44
Chemicals and petroleum	19	19	19
Leather	8	9	9
Iron and steel	34	32	33
Nonferrous metals	6	6	6
Machinery (incl. elec.)	54	52	55
Transportation equipment	27	25	26
Miscellaneous	19	19	19

dence it appears that over-all business activity in the months lying just ahead is going to contain less rather than more support from capital expenditures. Capital expenditures by commercial and mining enterprises, railroads and other transportation companies likewise seem to be over their post-war hump. Until quite recently, such outlays by electric and gas utilities have been running high but they too show evidence of a turn.

Last year, all American business, exclusive of agriculture, spent slightly over \$19 billion on plant and equipment. The latest estimate for 1949 is almost \$18 billion.

Apparently the descent has begun, but there is no reason to suppose that 1950 will be a shut-out. Many concerns have a large amount of unfinished construction and equipment installation to do, and there are other supporting factors, such as reduced building costs, high wage rates, and the ever-tightening pressure of competition which puts a premium on modernization for the purpose of reducing costs of production. While some additional slackening in capital expenditures appears to be in prospect, it is unlikely that the decline for the nation will be as sharp as that indicated by Philadelphia manufacturers.

THE MONTH'S STATISTICS

SUMMARY	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	Sept. 1949 from		9 mos. 1949 from year ago	Sept. 1949 from		9 mos. 1949 from year ago
	mo. ago	year ago	year ago	mo. ago	year ago	year ago
OUTPUT						
Manufacturing production.....	+ 2*	-16*	-11*	+ 3	- 8	- 7
Construction contracts.....	+34	+29	-10	+ 4	+27	+ 1
Coal mining.....	-38	-60	-29	-43	-61	-23
EMPLOYMENT AND INCOME						
Factory employment.....	+ 2*	-13*	- 9*	+ 2	-10	- 8
Factory wage income.....	+ 3*	-15*	- 7*	.....	.....	.....
TRADE**						
Department store sales.....	+ 3	- 6	- 5	+ 2	- 6	- 6
Department store stocks.....	+ 7	- 8	.....	+ 4	-10	.....
BANKING (All member banks)						
Deposits.....	+ 1	- 1	0	0	0	0
Loans.....	+ 2	+ 1	+ 5	+ 2	- 1	+ 4
Investments.....	+ 1	+ 4	- 2	0	+ 9	- 2
U. S. Govt. Securities.....	+ 2	+ 4	- 3	0	+ 9	- 3
Other.....	0	+ 6	+ 3	+ 1	+ 9	+ 4
PRICES						
Wholesale.....	.....	.....	.....	+ 1	- 9	- 6
Consumers.....	+ 1†	- 3†	- 1†	0	- 3	- 1
OTHER						
Check payments.....	0	- 8	- 5	+ 2	- 4	- 1
Output of electricity.....	- 3	- 6	- 2	.....	.....	.....

LOCAL CONDITIONS	Factory*				Department Store				Check Payments	
	Employment		Payrolls		Sales		Stocks		Per cent change	
	Per cent change Sept. 1949 from		Per cent change Sept. 1949 from		Per cent change Sept. 1949 from		Per cent change Sept. 1949 from		Per cent change Sept. 1949 from	
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Allentown.....	+ 1	-13	+ 4	-13	.....	.....	.....	.....	- 2	-11
Altoona.....	- 2	-33	+15	-29	.....	.....	.....	.....	- 4	- 4
Harrisburg.....	+ 2	- 8	+ 4	-13	.....	.....	.....	.....	- 2	+ 4
Johnstown.....	- 3	-10	+ 2	-14	.....	.....	.....	.....	- 3	- 7
Lancaster.....	+ 1	- 9	+ 2	-11	+28	- 1	+11	- 8	+ 5	+ 3
Philadelphia.....	+ 4	-10	+ 6	- 9	+52	- 7	+14	-11	0	- 8
Reading.....	0	- 9	- 1	-14	+26	- 8	+13	- 7	0	0
Scranton.....	+ 3	- 7	+ 5	- 9	.....	.....	.....	.....	- 4	- 2
Trenton.....	.....	.....	.....	.....	+33	- 4	+14	- 2	-13	- 5
Wilkes-Barre.....	+ 4	-10	+ 2	-14	+27	- 9	+13	-15	- 1	0
Williamsport.....	+ 3	- 8	+ 4	-11	.....	.....	.....	.....	+ 5	- 1
Wilmington.....	- 1	- 7	- 2	- 4	.....	.....	.....	.....	+13	-19
York.....	+ 6	-12	+ 2	-19	+16	- 3	+15	- 6	- 4	-10

* Pennsylvania. ** Adjusted for seasonal variation. † Philadelphia.

* Not restricted to corporate limits of cities but covers areas of one or more counties.

MEASURES OF OUTPUT

	Per cent change		
	Sept. 1949 from		9 mos. 1949 from year ago
	month ago	year ago	
MANUFACTURING (Pa.)*	+ 2	- 16	-11
Durable goods industries	+ 1	- 22	-13
Nondurable goods industries	+ 4	- 7	- 8
Foods	+ 5	- 7	- 5
Tobacco	+ 6	- 12	-13
Textiles	+ 4	- 13	-18
Apparel	+ 5	+ 3	- 5
Lumber	+ 5	- 16	- 9
Furniture and lumber products	+ 9	- 16	-20
Paper	+ 5	- 8	-12
Printing and publishing	+ 4	- 1	- 7
Chemicals	+ 3	- 15	- 2
Petroleum and coal products	+ 1	- 5	- 2
Rubber	+ 7	- 13	-20
Leather	+ 2	- 2	- 8
Stone, clay and glass	0	- 18	-13
Iron and steel	0	- 23	-11
Nonferrous metals	+ 4	- 20	-16
Machinery (excl. electrical)	+ 0	- 31	-19
Electrical machinery	+ 6	- 14	-11
Transportation equipment (excl. auto)	+ 2	- 17	- 1
Automobiles and equipment	+ 1	- 10	-26
Other manufacturing	+ 7	- 12	-15
COAL MINING (3rd F. R. Dist.)†	-38	- 60	-29
Anthracite	-39	- 58	-29
Bituminous	-39	- 66	-25
CRUDE OIL (3rd F. R. Dist.)††	+ 1	- 11	-11
CONSTRUCTION — CONTRACT AWARDS (3rd F. R. Dist.)**	+34	+ 29	-10
Residential	+70	- 4	-13
Nonresidential	+10	+ 7	-25
Public works and utilities	+33	+141	+20

*Temporary series—not comparable with former production indexes.
 **Source: F. W. Dodge Corporation. Changes computed from 3-month moving averages, centered on 3rd month.
 †U. S. Bureau of Mines. †† American Petroleum Inst. Bradford field.

EMPLOYMENT AND INCOME

Pennsylvania Manufacturing Industries* Indexes (1939 avg. = 100)	Employment		Payrolls		Average Weekly Earnings		Average Hourly Earnings			
	Sept. 1949 (Index)	Per cent change from	Sept. 1949 (Index)	Per cent change from	Sept. 1949	% chg. from year ago	Sept. 1949	% chg. from year ago		
									mo. ago	year ago	mo. ago	year ago
All manufacturing	113	+ 2	-13	259	+ 3	-15	\$51.40	- 3	\$1.340	0
Durable goods industries	129	+ 1	-17	278	+ 2	-20	56.00	- 4	1.477	+ 1
Nondurable goods industries	99	+ 3	- 7	237	+ 5	- 5	46.03	+ 1	1.183	+ 1
Foods	128	+ 5	- 5	271	+ 7	- 2	47.43	+ 3	1.136	+ 4
Tobacco	87	+ 3	-13	202	+ 7	-10	30.59	+ 4	.782	+ 2
Textiles	74	+ 3	-12	189	+ 4	-14	45.29	- 1	1.185	- 1
Apparel	91	+ 3	- 1	234	+ 7	0	36.32	+ 1	.941	- 3
Lumber	87	- 1	- 9	191	- 6	- 7	41.24	+ 2	1.086	+ 3
Furniture and lumber products	84	+ 8	-12	198	+ 9	-12	43.43	- 1	1.018	- 1
Paper	115	+ 3	- 3	262	+ 5	- 3	49.09	0	1.198	+ 5
Printing and publishing	134	+ 2	- 1	301	+ 5	+ 4	63.29	+ 5	1.668	+ 7
Chemicals	110	+ 3	-12	240	+ 5	-12	51.78	0	1.316	+ 3
Petroleum and coal products	149	0	- 5	315	0	- 5	64.41	0	1.645	+ 1
Rubber	118	- 1	-20	250	+ 4	-12	52.84	+13	1.412	+ 6
Leather	88	+ 2	+ 1	189	+ 3	+ 2	36.85	+ 1	1.044	+ 2
Stone, clay and glass	116	+ 1	-15	255	+ 1	-17	50.32	- 2	1.280	+ 2
Iron and steel	117	- 1	-17	246	+ 1	-23	56.58	- 7	1.547	+ 1
Nonferrous metals	113	+ 2	-19	245	+ 5	-17	56.31	+ 1	1.432	0
Machinery (excl. electrical)	160	- 1	-24	337	- 1	-28	53.64	- 5	1.417	+ 2
Electrical machinery	199	+ 4	-14	439	+ 6	-13	61.76	+ 2	1.559	+ 1
Transportation equipment (excl. auto)	202	+ 3	-15	401	+ 1	-14	60.61	+ 1	1.584	+ 3
Automobiles and equipment	127	+ 2	- 9	290	+ 4	- 5	62.82	+ 4	1.558	+ 6
Other manufacturing	123	+ 5	-10	247	+10	- 8	42.08	+ 2	1.162	+ 3

* Production workers only.

TRADE

Third F. R. District Indexes: 1935-39 Avg. = 100 Adjusted for seasonal variation	Sept. 1949 (Index)	Per cent change		
		Sept. 1949 from		9 mos. 1949 from year ago
		month ago	year ago	
SALES				
Department stores	277	+ 3	- 6	- 5
Women's apparel stores	221	+ 1	-16	- 5
Furniture stores		+ 4*	- 9*	- 5*
STOCKS				
Department stores	232	+ 7	- 8	.....
Women's apparel stores	210	+13	- 7	.....
Furniture stores		+ 6*	-17*	.....
Recent Changes in Department Store Sales in Central Philadelphia				Per cent change from year ago
Week ended October 1				- 9
Week ended October 8				-14
Week ended October 15				-16
Week ended October 22				-16
Week ended October 29				-12

* Not adjusted for seasonal variation.

Departmental Sales and Stocks of Independent Department Stores Third F. R. District	Sales		Stocks (end of month)		
	% chg. Sept. 1949 from year ago	% chg. 9 mos. 1949 from year ago	% chg. Sept. 1949 from year ago	Ratio to sales (month's supply) September	
	1949	1948	1949	1948	
Total — All departments	- 8	- 5	-12	2.6	2.7
Main store total	- 8	- 6	-12	2.8	2.9
Piece goods and household textiles	-18	- 6	-14	3.1	2.9
Small wares	- 4	- 3	- 6	3.2	3.3
Women's and misses' accessories	- 5	- 4	-10	2.6	2.7
Women's and misses' apparel	-11	- 3	- 6	1.8	1.7
Men's and boys' wear	- 5	- 2	- 6	4.2	4.2
Housefurnishings	- 9	-11	-17	2.7	3.0
Other main store	- 6	- 8	-21	3.7	4.3
Basement store total	- 9	- 4	-11	1.9	1.9
Small wares	- 0	- 5	- 6	2.1	2.2
Women's and misses' wear	- 9	- 2	- 8	1.5	1.5
Men's and boys' wear	-12	- 4	-14	2.5	2.6
Housefurnishings	- 8	- 8	-24	2.0	2.4
Nonmerchandise total	- 4	- 2	.....	.....	.....

CONSUMER CREDIT

Sales Credit Third F. R. District	Sales		Receivables (end of month)
	% chg. Sept. 1949 from yearago	% chg. 9 mos. 1949 from yearago	% chg. Sept. 1949 from yearago
	Department stores		
Cash	-12	-6	.....
Charge account	-3	-2	+1
Instalment account	-6	-6	+4
Furniture stores			
Cash	-2	0	.....
Charge account	-16	-13	.....
Instalment account	-14	-11	+4

Loan Credit Third F. R. District	Loans made		Loan balances outstanding (end of month)
	% chg. Sept. 1949 from yearago	% chg. 9 mos. 1949 from yearago	% chg. Sept. 1949 from yearago
	Consumer instalment loans		
Commercial banks	+14	+6	+17
Industrial banks and loan companies	0	-6	+2
Small loan companies	+1	+6	+8
Credit unions	+25	+15	+22

BANKING

MONEY SUPPLY AND RELATED ITEMS United States (Billions \$)	Sept. 28, 1949	Changes in—	
		four weeks	year
Money supply, privately owned	166.6	-.3	-.4
Demand deposits, adjusted	83.3	-.1	-.6
Time deposits	58.4	0	+1.1
Currency outside banks	24.9	-.2	-.8
Turnover of demand deposits	18.6*	+8.8*	-4.1*
Commercial bank earning assets	118.8	+.8	+5.1
Loans	41.8	+.6	+.1
U. S. Government securities	66.8	+.1	+4.3
Other securities	10.2	+.1	+.7
Member bank reserves held	16.0	-.5	-3.9
Required reserves (estimated)	15.1	-.1	-3.9
Excess reserves (estimated)	.9	-.4	0

Changes in reserves during 4 weeks ended September 28, reflected the following:

	Effect on reserves
Net payments to Treasury	-.6
Decline in loans to member banks	-.2
Other transactions	-.1
Decline in Reserve Bank holdings of Governments	+.3
Return of currency from circulation	+.1
Change in reserves	-.5

* Annual rate for the month and per cent changes from month and year ago at leading cities outside N. Y. City.

PRICES

Index: 1935-39 average = 100	Sept. 1949 (Index)	Per cent change from	
		month ago	year ago
Wholesale prices — United States	191	+1	-9
Farm products	215	0	-14
Foods	205	+1	-13
Other	179	0	-5
Consumer prices			
United States	170	0	-3
Philadelphia	170	+1	-3
Food	200	+1	-6
Clothing	186	+1	-5
Rent	121	0	.....
Fuel	144	+1	+1
Housefurnishings	192	0	-6
Other	152	0	+2

Weekly Wholesale Prices—U. S. (Index: 1935-39 average = 100)	Allcom- modi- ties	Farm prod- ucts	Foods	Other
Week ended October 4	189	212	202	179
Week ended October 11	189	211	202	179
Week ended October 18	189	210	203	179
Week ended October 25	189	209	205	178

Source: U. S. Bureau of Labor Statistics.

OTHER BANKING DATA	Oct. 26, 1949	Changes in—	
		four weeks	year
Weekly reporting banks — leading cities United States (billions \$):			
Loans —			
Commercial, industrial and agricultural	13.7	+.3	-1.7
Security	1.9	-.4	+.5
Real estate	4.2	0	+.2
To banks	.2	0	.0
All other	4.2	0	+.3
Total loans — gross	24.2	-.1	-.7
Investments	42.9	+.8	+3.6
Deposits	75.5	+1.1	+1.3
Third Federal Reserve District (millions \$):			
Loans —			
Commercial, industrial and agricultural	480	+5	-59
Security	33	+3	+3
Real estate	103	+3	+13
To banks	6	-8	+1
All other	297	+4	+26
Total loans — gross	919	+7	-16
Investments	1,871	+78	+229
Deposits	3,065	+85	+79
Member bank reserves and related items United States (billions \$):			
Member bank reserves held	16.1	+.1	-3.9
Reserve Bank holdings of Governments	17.4	-.4	-5.8
Gold stock	24.6	0	+.6
Money in circulation	27.3	0	-.8
Treasury deposits at Reserve Banks	.4	-.8	-1.1
Federal Reserve Bank of Phila. (millions \$):			
Loans and securities	1,194	-31	-492
Federal Reserve notes	1,592	-1	-45
Member bank reserve deposits	742	-1	-211
Gold certificate reserves	1,229	-33	+147
Reserve ratio (%)	51.0%	0	+11.9%