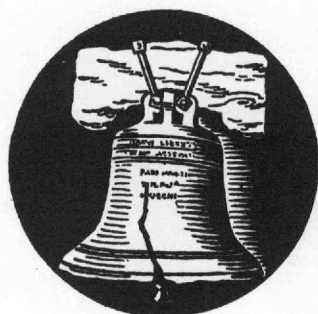


THE

BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA



SPASMODIC SPENDING

People are unpredictable.

Last summer when the war broke out they rushed to the stores and bought heavily but selectively.

The buying boom faded out almost as fast as it flared up but it quickened the forces of inflation.

Last winter another and a bigger wave of buying swept through the stores. Fearful of shortages and higher prices and higher taxes, people laid up stocks of all kinds of merchandise.

Again the tide turned as spending receded. With expanding defense production and rising personal income, there may be more flurries of spasmodic spending.

CURRENT TRENDS

Business trends in the Third District were mixed during February.

Manufacturing production was stable, department store sales declined, and bank loans expanded.

SPASMODIC SPENDING

People spend spasmodically. Sometimes they stampede the stores and buy without restraint; then without warning or apparent reason, they suddenly get "counter shy." Rising prices sometimes scare them away from the stores, and at other times the posting of higher prices precipitates a wave of buying. People sometimes spend freely when they lack funds, then again they may lay off spending when they are flush with money. They respond to advertisements, the weather, the seasons, national and international developments, but not always as expected or *when* expected. The reason people act the way they do is because they are people. They are unpredictable. The erratic behavior of consumer spending is demonstrated by recent developments still fresh in our memory.

IN THE STORES LAST SUMMER

Shopping is usually dull in the summer. It is either too hot or too humid or both; if your clothing does not stick to your skin, it sticks to your furniture. True enough, many of the stores are air-conditioned to make summertime shopping more delightful, but there is still the discomfort of travel to and from the stores. Moreover, many of the customers are out of town enjoying their vacations in the mountains or at the seashore. As a consequence, summertime trade is likely to languish and merchants must be satisfied if they can hold their own.

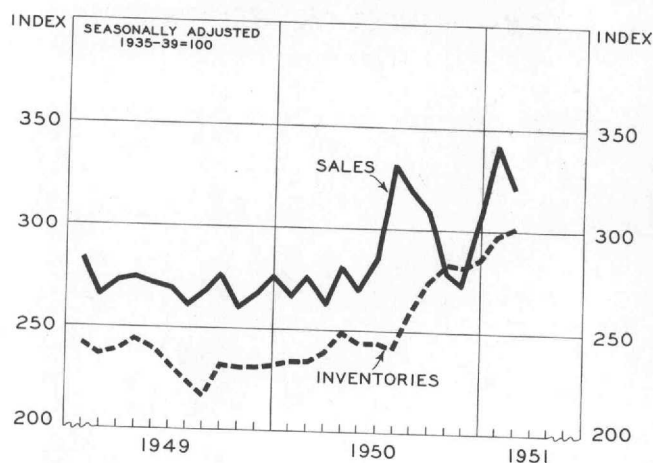
Last summer was different. After an inauspicious beginning, something happened in the closing days of June which sent people flocking to the stores. It was the outbreak of fighting in Korea. Mindful of what happened during World War II—shelves without shirts, nylon queues, the cigarette and chocolate famines, the inability to get motor cars and tires—people took quick action. Fearful that the fighting in Korea might flare up into another world war—a possibility broadly hinted in the press—people rushed to the stores and laid siege to the merchandise.

At department stores in the Philadelphia Federal Reserve District, dollar volume of sales had been hovering for some months around the 275 notch on a scale calibrated to pre-war's 1935-1939 at 100. Suddenly it jumped

to 330, as you see in the accompanying chart. That was typical of what happened at most stores, and it was not confined to the big metropolitan stores of Philadelphia. People swarmed into the stores in all parts of the district—down in the broiler-land of Delaware, in the vacation-land along the New Jersey shore, up in the oil- and gas-land of Bradford and Kane, out in the hill country of Johnstown and Altoona, and in the hard-coal country of Wilkes-Barre and Scranton. There was no panic and there were no casualties, but nevertheless it was a big push and a big surprise to the merchants.

DEPARTMENT STORE SALES AND INVENTORIES

Third Federal Reserve District



Spending was Selective

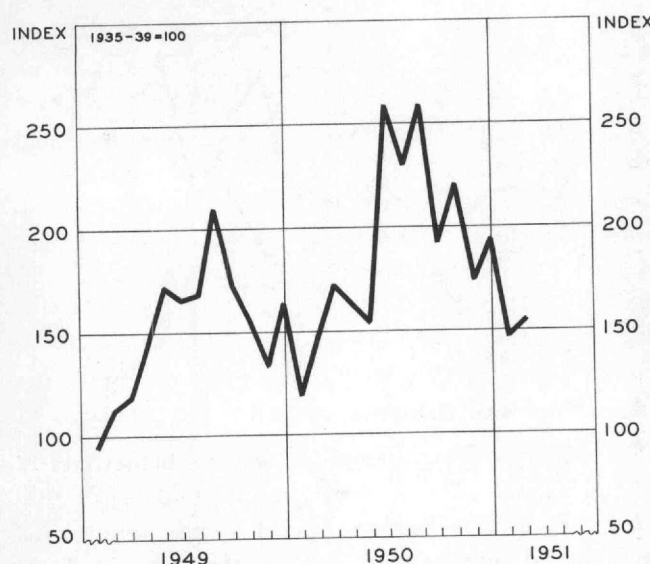
The spending, though impulsive, was not indiscriminate. It was selective. This is revealed by the sales slips turned in by the departmental sales people; some were harried and hurried but others just stood by their counters. Items like domestics, consisting of muslins and sheetings, were top favorites, as revealed by sales soaring in excess of 150 per cent above year-ago records. Linen closets were heavily restocked. There was a great demand for major household appliances such as food freezers, refrigerators, washing machines, sewing machines—in fact, all of the auto-

matic equipment required in the well-run household in our times. And of course right up with the leaders was the current domestic darling—television. Though furniture and bedding did not win, place or show in the race, nevertheless departments handling these lines reported sales a good 50 per cent above the performance of a year ago.

In their eagerness to play it safe, people bought not only the big haul-away items but also smaller carry-away merchandise. They laid in generous supplies of nylons, sugar, coffee, certain types of canned goods, and stationery, but they forgot umbrellas. A major line that was completely overlooked was women's and misses' ready-to-wear apparel, sales of which not only failed to gain but actually lost. The buying was directed especially at those things which people had learned from experience were likely to be early casualties in a major war.

The consumer drive on hard goods was also reflected in the sales at furniture stores and in the purchases of new passenger cars. In July, purchases at furniture stores throughout this district rose one-third above those of a year ago, and demand remained strong throughout the

NEW PASSENGER CAR REGISTRATIONS *Pennsylvania*



third quarter. Automobile dealers also enjoyed an unusually good summer season. Life without a car in this country is unthinkable. New passenger car registrations in Pennsylvania reached a peak as early as June and sales were maintained close to this volume during the ensuing two

months. The magnitude and the duration of spending for new cars is shown in the chart.

What happened at the stores in this district happened all over the country. From a seasonally adjusted annual rate of \$186 billion in the second quarter of 1950, consumer expenditures rose to an annual rate of \$199 billion in the third quarter. The \$13 billion rise is the largest quarterly increase on record. It was a period of vigorous stocking up, but the purpose was partially defeated by rising prices. According to estimates of the Department of Commerce, about one-third of the increased dollar expenditures was due to higher prices and two-thirds were solid substance. As might be supposed, the mid-summer wave of spending shot up faster than consumer income. Those who ran short of ready cash dipped into their capital, and many who would not or could not dip into capital, borrowed. Postal savings as well as time deposits at commercial banks and mutual savings banks were drawn down. Holders of E bonds lined up at redemption windows; the bonds had been bought and tucked away for a "rainy day." This was it. In July, withdrawals at savings and loan associations exceeded new savings deposits. At department stores throughout the district, the financial strain of over-buying by the customers was written on the ledgers. Compared with the preceding summer, cash sales were up moderately, charge account sales were up considerably, and instalment sales, immoderately.

The nation-wide consumer instalment debt rose higher, ever higher. Outstandings had grown from \$10.9 billion at the end of 1949 to \$13.3 billion in September, 1950. Half of the \$2.4 billion increase occurred in that spendful third quarter. In mid-September, the Federal Reserve authorities applied the credit brake, marked Regulation W, which required larger down payments on instalment purchases and shortened the period for paying up on balances. In mid-October, the brake was pulled up another notch. Some dealers did not like it; neither did the Federal Reserve Board like the way credit was snowballing. Consumer spending and the business spending it generated caused the greatest short-run expansion of bank loans in all history.

Consequences of the Spending Spree

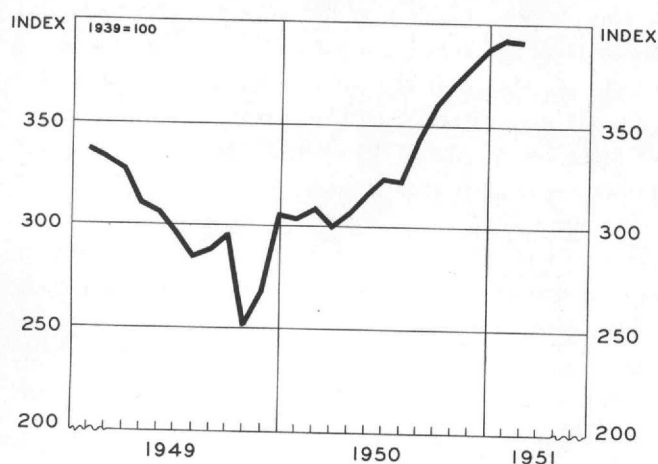
On the heels of an expanding rate of business activity in the first half of the year, the mid-year upsurge in consumer spending galvanized the economy into a record-breaking third quarter of vigorous activity. In response to the apparently insatiable consumer demands that quickly

depleted retailers' shelves, merchants rushed to their suppliers with heavy replacement orders. Masses of merchandise moved from the warehouses of wholesalers into the retail stores. The rising curve of department store inventories shows how speedily and effectively this was accomplished. Pressure on the wholesalers was relayed right back to the manufacturers, where new orders piled up. When new orders come in faster than outgoing shipments, the wheels of industry must turn faster, and so they did last summer when unfilled orders on the books of manufacturing concerns rose to new peaks.

It was not long before manufacturing industries of Pennsylvania felt the full impact of the greatly enlarged consumer spending. Practically all available facilities were called into action, thousands of additional workers were employed and hours of work were stepped up. At numerous plants throughout the district, working hours crossed over into the time-and-half territory. That spelled high costs for the producers and it spilled more money into pay envelopes. Payroll disbursements rose sharply into higher levels, as shown in the following chart.

PRODUCTION-WORKER PAYROLLS

Pennsylvania Manufacturing Industries



The expansionary effect of consumer buying was widespread and affected all sectors of the national economy. This was reflected in a substantial increase in both the physical volume of production and personal income payments as well as in higher prices. During the third quarter, industrial production, as measured by the Federal Reserve Board's index of physical output, rose from a shade below 200 to 211 per cent of the 1935-1939 base. This was accompanied by an increase of more than \$11½ billion

in the annual rate of income payments to individuals. With larger incomes at their disposal, people were naturally inclined to spend more and save less. Net savings expressed as a percentage of disposable income declined sharply during the third quarter.

The rash of consumer spending had the inevitable effect of setting off sharper increases in prices both in wholesale and retail markets. As usual, the greatest price increases occurred in wholesale markets where all major classes of commodities turned up sharply. Some, like rubber, wool, and tin, developed high fever. Consumer prices, which had inched up only moderately under the influence of a mild expansion of business activity during the first six months of the year, rose at a considerably faster rate during the third quarter. Among the major classes of items, the largest gains were registered in prices of housefurnishings, foods, and apparel, in that order. Substantial, though somewhat smaller, increases also occurred in rents and miscellaneous items entering into the cost of living.

"Scare Spending" Fades Out

"Scare spending" faded out almost as fast as it flared up. The rush to the stores and the frantic buying reached its peak in July, slackened slightly in August, and declined still more in September. By the end of October, trade in department stores of the Philadelphia district was down to pre-Korean levels. People had over-bought and had over-extended themselves, with the result that the inevitable reaction set in. Moreover, they had laid in ample stocks of the things they feared would disappear from the markets. By November, total retail sales throughout the country had declined somewhat below the level reached in June, before the big mid-summer increase, and were lower relative to personal incomes than at any time since the early part of 1947. But the period of quiescence was destined to be short.

The news from Korea was disquieting in the closing days of November. Hoards of Chinese Communists had swept down below the 38th parallel and threatened to push the forces of the United Nations off the peninsula. Hope for a quick end of the war had to be abandoned and preparations for defense had to be hastened.

THE BUYING BULGE IN WINTER

In December, people again swarmed into the stores to set off another vigorous upsurge of buying. It was more than the usual Christmas buying because it continued well beyond the holiday season. At Third District department

stores the index of sales jumped from 273 in November to 307 in December for a monthly gain of 13 per cent. Convincing evidence that the buying was motivated by something more than the holiday spirit is the fact that December 1950 sales soared 11 per cent above those of December of the preceding year.

January is usually a month when people behind retail counters have a chance to catch their breath after the mad Christmas scramble, but not so last January when buying was even more vigorous than in December. As shown in the chart, department store sales marched right up to a new peak of 342 for a monthly gain of 11 per cent and a total dollar volume of business 28 per cent in excess of January 1950. It was like that throughout the whole district; in fact, stores in some of the outlying areas of the district reported even larger increases in sales than the Philadelphia stores. In contrast with Philadelphia, where sales just about attained three times the pre-war dollar volume, trade rose well above the 300 per cent level in Lancaster, Reading, Wilkes-Barre, and York; and in Trenton, sales soared to four and three quarter times their pre-war average.

The buying wave at the turn of the year was not altogether like that of mid-summer preceding. It was more orderly; it was larger in dollar expenditures; it was supported by greater consumer income; and it embraced a wider range of goods purchased. There was somewhat less fear of imminent shortages, but no less fear of ultimate shortages.

People had tested the markets right after the fighting had broken out and they learned that goods continued to be available. With few exceptions, the anticipated shortages did not materialize; replacements appeared almost as fast as people bought. However, times were changing. The Korean war had turned out to be more than a push-over and trouble spots were threatening to develop in other regions. Meanwhile, a greatly enlarged defense program was taking shape. Inductions into the armed forces were stepped up, the National Production Authority authorized scheduled cutbacks in the use of strategic materials such as rubber and non-ferrous metals for civilian purposes, Government stockpiling was gaining momentum, war contracts were being let in larger volume, and tax schedules were jacked up higher. As defense efforts were tightening their grip on the economy, civilians made a reappraisal of their real or fancied needs and set out to buy while the buying was good.

The sharp revival of consumer buying at year-end was motivated, in part, by steadily advancing prices. Throughout the second half of the year, almost daily increases occurred in the prices of foods, apparel, housing, housefurnishings, fuel, and other items entering into the consumer's cost of living. By the end of the year the index of all items had attained a new record of 180 per cent of the pre-war base, and housewives were convinced that price increases were greater than reported in the official price indexes. Consumers generally may not have realized that they themselves were largely responsible for rising prices, but they were conscious of a relentless increase in the cost of living. So they went out to buy yet more to beat the still higher prices to come.

Another factor which contributed to the winter boom of consumer buying was the increased flow of income enjoyed by consumers. Expanding business activity, generated in large part by the mid-summer wave of consumer spending, brought about a rising flow of income which enabled people to spend more freely. From \$217 billion in June, personal income rose to a level of \$241 billion in December. Higher taxes took away some of the increase but disposable income was rising, so that people had more money to spend.

The character of the year-end wave of buying was different from the summer buying bulge. Unlike the first, which was selective in character, people bought practically all kinds of goods available. This is revealed by the records of departmental sales of department stores in this district. In one department after another, without exception, sales in January 1951 were higher, and in most instances by large margins, than sales for the same month of the preceding year. Sales of housefurnishings were in the lead, where dollar volume ran 53 per cent in excess of year-ago performances. Within this group television sales more than doubled, major household appliances were up 83 per cent, general housewares, 62 per cent, and floor coverings were up almost 50 per cent. Large increases in sales were also reported in the other major departments—piece goods and household textiles, small wares, women's and misses' ready-to-wear apparel, feminine accessories, men's and boys' wear. The prosperity was store-wide and store-deep; basement stores shared in the gains. From counter to counter, the gains were all but universal. Handkerchiefs and umbrellas were about the only stray items overlooked.

Furniture dealers and automobile dealers also shared in the revival of consumer buying. Furniture stores in the

Third District reported dollar volume of January sales up almost one-third over year-ago business volume. Their stocks on hand were adequate—in fact, more than adequate. Local sales of automobiles were also running higher than a year ago, as shown by larger registration of new cars in Pennsylvania.

Again, the spending jamboree was short-lived. No sooner had the merchants geared their orders and inventories up to the new levels of spending, when the spending showed signs of abatement. Final returns from the February reports of the country's department stores showed a drop to the extent of 10 per cent. March, with its early Easter, offered some hope for maintenance of dollar volume, but merchants were disappointed. Except for Easter's feminine finery, consumer spending lacked the vigor of January. Though final returns for March are not yet at hand, preliminary reports, with allowance for the usual Easter extras, showed evidences of weakness. Late favorites, like television, suffered price mark-downs. Whatever the reason, people had "shot the works," and spending was again on the decline.

PROSPECTIVE CONSUMER SPENDING

Consumer spending is a vital factor affecting the general level of business activity. What the consumer chooses to do is the most important single element influencing the business outlook. The level of consumer spending ordinarily keeps company with the ebb and flow of personal income payments. That is generally borne out by studies of past relationships between income and expenditures; but precisely how much people will spend when their income increases and specifically what they will spend their money for in the short-run, through which we all live, are difficult to determine. This is especially true in periods like the present, characterized by domestic and international uncertainties.

Consumer incomes for some months ahead are expected to rise above current levels owing largely to the scope of the greatly enlarged defense program which is just beginning to generate substantial cash outlays. In fact, defense expenditures may be considerably larger than the recently announced budget estimates, unless we are more successful than we have been thus far in holding prices on the leash. Despite credit curbs and higher personal income taxes, greater consumer spending is almost inevitable as a by-product of generally increased business activity growing out of sharply increased expenditures for military purposes.

What people will spend their money for naturally depends upon what will be available. In recent months, people have had virtually unlimited choice, but it is generally believed that the days of free and unlimited choice are numbered. This is based upon, first, the fact that at present approximately 10 per cent of our total national output is going into defense and second, the belief that defense production will steadily rise so that it will absorb 15 to 18 per cent of the total output by the end of the year. On the basis of this projection, it has been estimated that production of passenger cars and other metal-using durable goods may have to be cut considerably below the record-breaking levels of the second half of last year. If that were to happen, consumer spending might very well revert to the war-time pattern in which a substantially larger proportion of spending was directed into non-durable channels.

How people shift their spending habits is shown by wartime changes in sales at stores handling durable and nondurable goods. Ordinarily about 30 cents of every dollar spent goes into the cash registers at durable goods stores and 70 cents goes to the nondurable goods stores. During the height of World War II, when manufacturers of automobiles and household appliances were engaged in the production of war materials, the durable goods stores got only 15 cents of the consumers' expenditures in the stores, and nondurable goods stores took in 85 cents. People had to have food, apparel, and the other indispensable necessities of life, but they had to get along as best they could with their tarnished motor cars, recapped tires, and threadbare floor coverings. After the war, replacements of hard-worn consumer durables were made as rapidly as producers reconverted to peacetime operations. By 1948, normal relationships between spending for durables and nondurables had been reestablished.

More recent trends in spending have favored the durable goods stores. In 1950, these stores got 35 cents of the consumers' dollar spent in all stores. The most powerful factor operating to raise their proportion was the expanding sales volume of automobile dealers, and there are still a large number of over-age cars on the roads. Heavy sales in other durable groups have also served to raise their share of the retail dollar. In fact, it may be erroneous to assume that future patterns of spending will conform to the so-called "normal" of pre-war days. Pre-Pearl Harbor concepts of normal may not apply to a post-Korean age. Merchants must ever be on guard for new patterns that may develop without warning. In addition to the hazards

of changing consumer demands, the merchant now faces new risks of uncertainty with respect to availability of goods owing to the acceleration of defense production.

However, there is no certainty that shortages are inevitable, and if they do come they may not be as harsh as imagined. Fear has a way of breeding fear. Productivity and productive capacity have been enlarged greatly in the post-war years, and the construction of huge additional facilities are under way. We still have some slack in the labor force and yet more slack in working time. We are prone to apply the scare word "critical" to any material that must be shared with the military, but in many instances we forget there are good substitutes for civilian use. We like our motor cars decked out with white-walled tires

and bespangled with chrome grille work, but they run just as well with less adornment. Civilians pulled through a major war without serious inconvenience when almost half the country's output went to the armed forces. We should survive a 20 per cent-er with considerably more grace.

Be that as it may, merchants are not immune from spasmodic spending by their customers. No one can tell when people may again decide to go on a buying jag. It all depends upon such unpredictable developments as the course of prices, the heavy hand of the tax collector, rumors of shortages, war scares, peace overtures, credit curbs, the weather, and the neighbors. One thing is sure, whatever consumers do, regardless of the reasons for their actions, they exert a powerful influence on the course of business.

Additional copies of this issue are available upon request.

CURRENT TRENDS

The movements of the various indicators of commercial and financial activity in the Third Federal Reserve District were mixed during February. However, a slight upward over-all trend was discernible.

Production in Pennsylvania manufacturing plants was unchanged in February, but employment rose, with both durables and nondurables sharing in the gain. Although the number of workers increased, total payrolls remained the same due to a fractional decline in the work-week and the failure, for the first time in a year, of hourly earnings to rise. In year-ago comparisons, the heavy industries continued to be the principal areas of strength. Contract awards failed to show any change in February. Increases in residential, and public works and utilities awards were offset by declines in nonresidential contracts.

Consumer prices in Philadelphia advanced again in February. The greatest rise occurred in the cost of miscellaneous items where an important element was the increase in transit rates. Local families were paying 12 per cent more for cost-of-living items than they were a year ago and consumer prices for the nation were up 11 per cent from 1950.

A less active rate of consumer buying was apparent in February. Although above a year earlier, adjusted department store sales declined from the new peak reached in January. Apparel made substantial year-ago gains but sales of housefurnishings slackened noticeably. At the same time business was declining, inventories were rising. Consequently, the ratio of stocks to sales at the end of the month was greater than that of last year.

In the first 12 weeks of 1951, business loans at reporting member banks in the Third District rose 14 per cent, as compared to a gain of 4 per cent in the same period last year. For the country as a whole, the increase of more than 7 per cent contrasted to a small decline during the corresponding period of 1950. Real estate and consumer loans showed little change.

A substantial decline in demand deposits nationally during February reflected primarily a seasonal transfer of funds from private to Treasury accounts as a result of income tax payments. In spite of this decline the privately owned money supply was still almost \$5 billion larger than before the outbreak of fighting in Korea. This rise is more than for any comparable period in post-war years.

SUMMARY	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	Feb. 1951 from		2 mos. 1951 from year ago	Feb. 1951 from		2 mos. 1951 from year ago
	mo. ago	year ago		mo. ago	year ago	
OUTPUT						
Manufacturing production..	0*	+15*	+16*	0	+21	+21
Construction contracts.....	0	+53	+51	+7	+28	+32
Coal mining.....	-7	+52	+49	-16	+174	+93
EMPLOYMENT AND INCOME						
Factory employment.....	+1*	+12*	+12*	+1	+14	+14
Factory wage income.....	0*	+27*	+28*			
TRADE**						
Department store sales.....	-6	+16	+25	-10	+16	+25
Department store stocks.....	+1	+29		+3	+26	
BANKING (All member banks)						
Deposits.....	+1	+6	+5	+1	+6	+5
Loans.....	+3	+26	+25	+2	+26	+26
Investments.....	-2	-7	-7	-1	-9	-9
U. S. Govt. securities.....	-2	-11	-10	-2	-13	-13
Other.....	-1	+9	+9	0	+21	+21
PRICES						
Wholesale.....				+2	+20	+20
Consumers.....	+2†	+12†	+11†	+1	+11	+10
OTHER						
Check payments.....	-16	+23	+26	-18	+18	+24
Output of electricity.....	0	+11	+14			

LOCAL CONDITIONS	Factory*		Department Store		Check Payments	
	Employment	Payrolls	Sales	Stocks	Check Payments	
	Per cent change Feb. 1951 from	Per cent change Feb. 1951 from	Per cent change Feb. 1951 from	Per cent change Feb. 1951 from	Per cent change Feb. 1951 from	
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Allentown.....	0	+19	-1	+40		
Altoona.....	+1	+34	-4	+63		
Harrisburg.....	0	+7	0	+23		
Johnstown.....	0	+21	-2	+55		
Lancaster.....	+1	+7	+3	+27	-9	+17
Philadelphia.....	+1	+12	0	+25	-7	+11
Reading.....	+2	+7	+3	+23	-1	+16
Scranton.....	+3	+9	+6	+23		
Trenton.....					-5	+15
Wilkes-Barre.....	0	+3	+2	+11	-5	+18
Williamsport.....	+1	+16	+2	+33		
Wilmington.....	0	+14	0	+28		
York.....	-2	+11	-1	+27	-6	+21

*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		
	Feb. 1951 from		2 mo. 1951 from year ago
	month ago	year ago	
MANUFACTURING (Pa.).....	0	+ 15	+ 16
Durable goods industries.....	0	+ 23	+ 24
Nondurable goods industries.....	0	+ 5	+ 5
Foods.....	- 7	+ 1	+ 3
Tobacco.....	0	- 1	- 1
Textiles.....	+ 2	+ 3	+ 4
Apparel.....	+ 6	+ 2	+ 2
Lumber.....	- 2	+ 6	+ 6
Furniture.....	- 2	+ 1	+ 3
Paper.....	- 2	+ 13	+ 14
Printing and publishing.....	- 1	0	+ 1
Chemicals.....	+ 1	+ 15	+ 14
Petroleum and coal products.....	0	+ 6	+ 5
Rubber.....	- 2	+ 24	+ 27
Leather.....	- 1	+ 3	+ 5
Stone, clay and glass.....	+ 1	+ 18	+ 17
Primary metal industries.....	- 2	+ 21	+ 23
Fabricated metal products.....	0	+ 34	+ 37
Machinery (except electrical).....	+ 3	+ 33	+ 35
Electrical machinery.....	- 2	+ 19	+ 21
Transportation equipment.....	- 4	+ 14	+ 13
Instruments and related products.....	+ 2	+ 37	+ 36
Misc. manufacturing industries.....	+ 2	+ 23	+ 22
COAL MINING (3rd F. R. Dist.)*..	- 7	+ 52	+ 49
Anthracite.....	- 7	+ 37	+ 38
Bituminous.....	- 7	+ 416	+ 185
CRUDE OIL (3rd F. R. Dist.)**....	- 11	+ 6	+ 6
CONSTRUCTION — CONTRACT			
AWARDS (3rd F. R. Dist.)†.....	0	+ 53	+ 51
Residential.....	+ 8	+ 60	+ 49
Nonresidential.....	- 8	+ 72	+ 76
Public works and utilities.....	+ 2	+ 14	+ 16

*U.S. Bureau of Mines.

**American Petroleum Inst. Bradford field.

†Source: F. W. Dodge Corporation. Changes computed from 3-month moving averages, centered on 3rd month.

EMPLOYMENT AND INCOME

Pennsylvania Manufacturing Industries*	Employment			Payrolls			Average Weekly Earnings		Average Hourly Earnings	
	Feb. 1951 (Index)	Per cent change from		Feb. 1951 (Index)	Per cent change from		Feb. 1951	% chg. from year ago	Feb. 1951	% chg. from year ago
		mo. ago	year ago		mo. ago	year ago				
Indexes (1939 avg. = 100)										
All manufacturing.....	141	+1	+12	390	0	+27	\$62.09	+13	\$1.547	+11
Durable goods industries.....	166	+1	+19	437	-1	+35	67.71	+13	1.664	+10
Nondurable goods industries.....	116	+1	+ 3	329	+1	+14	54.22	+11	1.378	+ 9
Foods.....	126	-2	+ 5	285	-5	+ 8	50.61	+ 3	1.296	+ 7
Tobacco.....	90	+1	- 3	237	+1	+ 8	34.47	+11	.912	+ 9
Textiles.....	86	+1	+ 1	268	+3	+14	55.87	+13	1.397	+11
Apparel.....	138	+3	+ 1	419	+7	+13	42.91	+12	1.151	+10
Lumber.....	163	-2	+ 3	417	-1	+13	44.51	+10	1.083	+ 7
Furniture.....	140	-2	+ 3	403	-1	+ 9	54.39	+ 7	1.240	+ 8
Paper.....	149	0	+ 9	429	-2	+23	62.48	+13	1.434	+ 8
Printing and publishing.....	119	+1	+ 1	302	+1	+ 7	71.78	+ 6	1.864	+ 6
Chemicals.....	151	+2	+13	419	0	+30	66.01	+15	1.577	+11
Petroleum and coal products.....	153	0	+ 3	406	-1	+14	79.73	+11	1.941	+ 7
Rubber.....	242	+1	+26	660	-2	+37	67.53	+ 8	1.714	+10
Leather.....	93	-1	- 1	254	0	+11	46.87	+11	1.189	+ 9
Stone, clay and glass.....	143	0	+13	396	+1	+32	63.43	+17	1.576	+12
Primary metal industries.....	139	+1	+19	367	-3	+34	73.81	+13	1.870	+10
Fabricated metal products.....	183	+1	+28	498	+1	+51	64.55	+19	1.573	+12
Machinery (except electrical).....	239	+1	+22	674	+3	+46	71.42	+20	1.621	+10
Electrical machinery.....	267	0	+21	593	-2	+31	62.01	+ 9	1.542	+ 9
Transportation equipment.....	146	+1	+13	357	-4	+17	69.17	+ 4	1.820	+ 7
Instruments and related products.....	182	+2	+29	526	+3	+55	65.90	+20	1.589	+13
Misc. Manufacturing Industries.....	148	+1	+21	387	+3	+35	53.62	+11	1.273	+10

*Production workers only.

TRADE

Third F. R. District Indexes: 1935-39 Avg. = 100 Adjusted for seasonal variation	Feb. 1951 (Index)	Per cent change		
		Feb. 1951 from		2 mos. 1951 from year ago
		month ago	year ago	
SALES				
Department stores.....	321p	- 6	+16	+25
Women's apparel stores.....	241	-10	+11	+16
Furniture stores.....		- 4*	+11*	+26*
STOCKS				
Department stores.....	301p	+ 1	+29	.....
Women's apparel stores.....	256	- 2	+19	.....
Furniture stores.....		+ 6*	+43*	.....
Recent Changes in Department Store Sales in Central Philadelphia				Per cent change from year ago
Week ended March 3.....				+22
Week ended March 10.....				+16
Week ended March 17.....				+14
Week ended March 24.....				+ 3
Week ended March 31.....				-22

Departmental Sales and Stocks of Independent Department Stores Third F. R. District	Sales		Stocks (end of month)		
	% chg. Feb. 1951 from year ago	% chg. 2 mos. 1951 from year ago	% chg. Feb. 1951 from year ago	Ratio to sales (months' supply) February	
				1951	1950
Total — All departments.....	+12	+21	+ 34	4.1	3.4
Main store total.....	+13	+23	+ 34	4.3	3.7
Piece goods and household textiles.....	+15	+34	+ 31	4.9	4.3
Small wares.....	- 1	+ 5	+ 22	4.6	3.8
Women's and misses' accessories.....	+14	+18	+ 23	4.5	4.2
Women's and misses' apparel.....	+22	+22	+ 11	3.0	3.3
Men's and boys' wear.....	+22	+29	+ 30	5.4	5.0
Housefurnishings.....	+11	+29	+ 56	4.4	3.1
Other main store.....	+ 2	+ 8	+ 40	5.0	3.6
Basement store total.....	+ 9	+15	+ 38	3.1	2.4
Domestics and blankets.....	+17	+38	+109	4.0	2.3
Small wares.....	-11	- 4	+ 18	3.0	2.3
Women's and misses' wear.....	+ 9	+12	+ 15	2.3	2.2
Men's and boys' wear.....	+14	+18	+ 48	3.8	2.9
Housefurnishings.....	+ 2	+ 8	+ 69	3.5	2.1
Shoes.....	+12	+20	+ 23	3.9	3.6
Nonmerchandise total.....	+ 4	+11	.....	.....	.....

* Not adjusted for seasonal variation. p-preliminary.

CONSUMER CREDIT

Sale Credit Third F. R. District	Sales		Receiv- ables (end of month)
	% chg. Feb. 1951 from yearago	% chg. 2 mos. 1951 from yearago	% chg. Feb. 1951 from year ago
Department stores			
Cash	+ 8	+16	.....
Charge account	+23	+31	+24
Instalment account	- 7	+ 9	+12
Furniture stores			
Cash	+25	+34	.....
Charge account	+11	+24	.....
Instalment account	+20	+28	+14
Loan Credit Third F. R. District	Loans made		Loan bal- ances out- standing (end of month)
	% chg. Feb. 1951 from year ago	% chg. 2 mos. 1951 from year ago	% chg. Feb. 1951 from year ago
Consumer instalment loans			
Commercial banks	- 7	- 2	0
Industrial banks and loan companies	+ 9	+ 4	+ 8
Small loan companies	+ 9	+ 8	+ 9
Credit unions	+14	+15	+28

PRICES

Index: 1935-39 average = 100	Feb. 1951 (Index)	Per cent change from	
		month ago	year ago
Wholesale prices—United States	228	+2	+20
Farm products	267	+4	+27
Foods	237	+3	+20
Other	212	+1	+18
Consumer prices			
United States	184	+1	+11
Philadelphia	186	+2	+12
Food	220	+2	+16
Clothing	203	+2	+12
Rent	123	.....	+ 1
Fuel	153	+2	+ 6
Housefurnishings	224	+1	+18
Other	170	+4	+12

Weekly Wholesale Prices—U.S. (Index: 1935-39 average = 100)	All com- modi- ties	Farm prod- ucts	Foods	Other
Week ended March 6	228	266	239	212
Week ended March 13	228	268	237	211
Week ended March 20	228	269	238	212
Week ended March 27	228	268	237	212
Week ended April 3	227	266	235	212

Source: U.S. Bureau of Labor Statistics.

BANKING

MONEY SUPPLY AND RELATED ITEMS United States (Billions \$)	Feb. 28 1951	Changes in—	
		four weeks	year
Money supply, privately owned	174.8	— .9	+ 6.6
Demand deposits, adjusted	91.2	— .9	+ 6.6
Time deposits	59.0	0	0
Currency outside banks	24.6	0	— .1
Turnover of demand deposits	21.5*	—2.3*	+13.8*
Commercial bank earning assets	125.2	0	+ 4.6
Loans	53.7	+ .8	+10.6
U.S. Government securities	59.1	— .9	— 8.0
Other securities	12.4	+ .1	+ 2.0
Member bank reserves held	19.1	+ .1	+ 2.8
Required reserves (estimated)	18.4	+ .3	+ 3.0
Excess reserves (estimated) .....	.7	— .2	— .2
Changes in reserves during 4 weeks ended February 28 reflected the following:			
(Billions \$)		Effect on reserves	
Increase in Reserve Bank holdings of Governments		+.4	
Net payments by the Treasury		+.4	
Decrease in loans to member banks		— .4	
Gold and foreign transactions		— .3	
Change in reserves		+.1	
* Annual rate for the month and per cent changes from month and year ago at leading cities outside N. Y. City.			
OTHER BANKING DATA	Mar. 21 1951	Changes in—	
		four weeks	year
Weekly reporting banks—leading cities United States (billions \$):			
Loans—			
Commercial, industrial and agricultural	19.2	+ .6	+ 5.3
Security	2.2	+ .1	+ .2
Real estate	5.3	0	+ .9
To banks .....	.5	+ .1	+ .2
All other	5.9	0	+ 1.4
Total loans—gross	33.1	+ .8	+ 8.0
Investments	37.8	+ .4	— 4.5
Deposits	80.8	+1.7	+ 5.9
Third Federal Reserve District (millions \$):			
Loans—			
Commercial, industrial and agricultural	740	+ 55	+245
Security	50	0	+ 11
Real estate	138	— 6	+ 30
To banks	4	— 2	— 30
All other	391	+ 8	+ 72
Total loans—gross	1,323	+ 55	+328
Investments	1,580	— 14	—317
Deposits	3,231	+ 13	+ 49
Member bank reserves and related items United States (billions \$):			
Member bank reserves held	19.3	+ .4	+ 3.3
Reserve Bank holdings of Governments	22.3	+ .5	+ 4.8
Gold stock	21.9	— .4	— 2.4
Money in circulation	27.1	0	+ .1
Treasury deposits at Reserve Banks .....	.6	— .2	— .2
Federal Reserve Bank of Phila. (millions \$):			
Loans and securities	1,421	+ 38	+246
Federal Reserve notes	1,633	— 11	+ 36
Member bank reserve deposits	887	+ 8	+122
Gold certificate reserves	1,207	— 14	—115
Reserve ratio (%)	45.7%	— .3%	— 7.5%