

**FOURTH ANNUAL REPORT**  
**OF THE**  
**FEDERAL RESERVE BANK**  
**OF PHILADELPHIA**

**FOR THE YEAR ENDED DECEMBER 31, 1918**



**WASHINGTON**  
**GOVERNMENT PRINTING OFFICE**  
**1919**

**FOURTH ANNUAL REPORT**  
**OF THE**  
**FEDERAL RESERVE BANK**  
**OF PHILADELPHIA**

**FOR THE YEAR ENDED DECEMBER 31, 1918**



**WASHINGTON**  
**GOVERNMENT PRINTING OFFICE**  
**1919**

LETTER OF TRANSMITTAL.

---

FEDERAL RESERVE BANK,  
*Philadelphia, Pa., January 15, 1919.*

SIR: I have the honor to submit herewith the fourth annual report of the Federal Reserve Bank of Philadelphia, covering the period from January 1, 1918, to December 31, 1918.

Respectfully, yours,

RICHARD L. AUSTIN,  
*Chairman and Federal Reserve Agent.*

HON. W. P. G. HARDING,  
*Governor, Federal Reserve Board,*  
*Washington, D. C.*

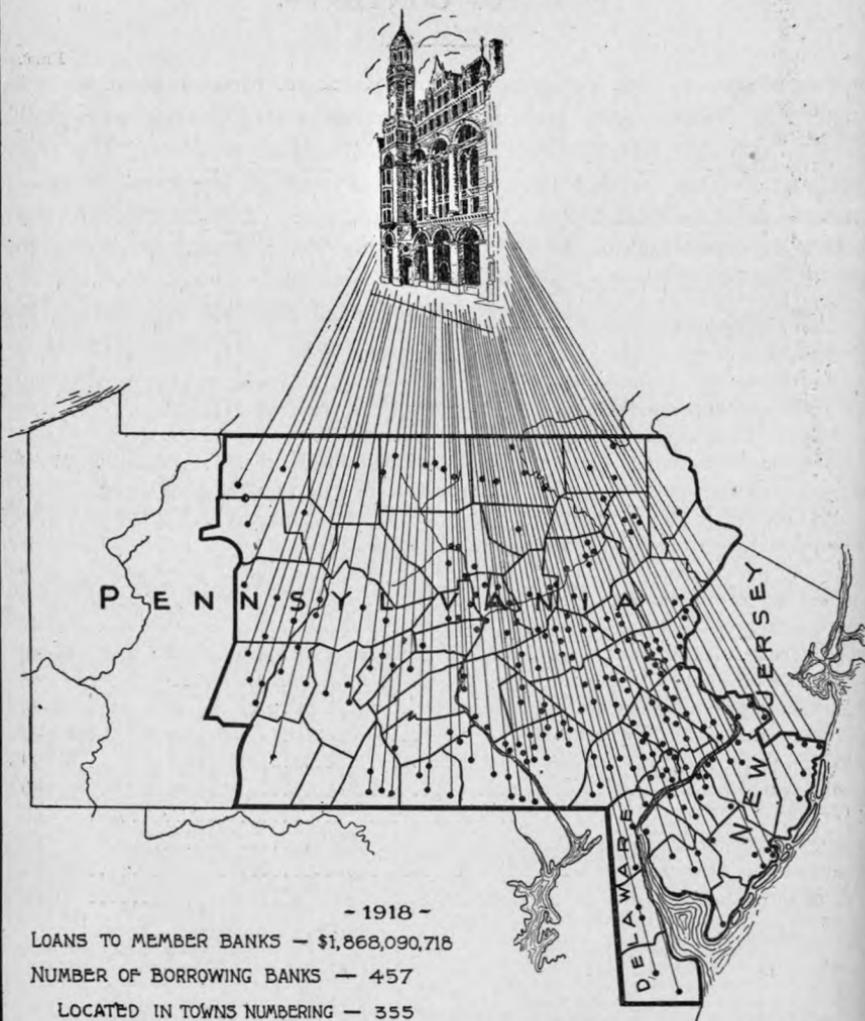
## TABLE OF CONTENTS.

---

	Page.
Introduction.....	5
Results of operation.....	5-10
Reserve position.....	10-14
Discount rates.....	15
Investments.....	15-22
Bills discounted—members.....	22
Bankers' acceptances.....	23
Federal Reserve notes.....	23-26
Federal Reserve bank notes.....	26-27
Internal management of the bank.....	27-34
Officers and directors.....	27-29
Department of examination.....	30
Collection department.....	30
Coupon department.....	31
Clearing department.....	31-34
General banking conditions in district and relations with member banks.....	35-38
Acceptances up to 100 per cent.....	38
Philadelphia Clearing House members.....	38
Fiduciary powers granted.....	39
Clayton Act applications.....	39
Fiscal agency of the United States.....	40
Liberty loans.....	41-43
Certificates of indebtedness.....	43
Capital Issues Committee.....	44-45
Business conditions in the district.....	45-47
Bank clearings.....	47-49
Commercial failures.....	49
Imports and exports.....	50
Freight-car movements.....	50
Post office business.....	50-51
Résumé of business conditions, by months.....	51-56

# ONE SERVICE TO MEMBER BANKS

FEDERAL RESERVE BANK  
OF PHILADELPHIA



# FOURTH ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF PHILADELPHIA.

## INTRODUCTION.

The report of the Federal Reserve Bank of Philadelphia for the year 1918 shows a great increase in operations over the previous year, and reflects the effect of the war on financial operations. The ease with which this district absorbed its allotments of the great Government loans and financed the industries engaged in war work, was due to the greater availability of the credit resources of the country made effective through the Federal Reserve system.

The banks of the district cooperated with the Government in its financing of the war to the fullest extent possible by loaning freely to subscribers to Liberty bonds, which they were able to do through the rediscounting facilities of the Federal Reserve Bank.

## RESULTS OF OPERATION.

A comparative statement of the condition of the Federal Reserve Bank of Philadelphia is given herewith.

*Comparative statement of condition of the Federal Reserve Bank of Philadelphia.*

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.
<b>RESOURCES.</b>			
Collateral notes—members.....	\$135,032,810.41	\$4,008,400.00	\$900,000.00
Bills discounted—members.....	43,787,151.29	31,903,836.94	663,076.79
Bills bought in open market.....	3,011,280.08	18,390,067.91	13,656,430.08
United States bonds and notes.....	11,417,900.00	9,649,950.00	2,825,000.00
Municipal warrants.....		10,000.00	465,112.22
Earning assets.....	193,249,141.78	63,962,254.85	18,509,619.09
Interest accrued on United States bonds and notes.....	43,309.74	58,906.44	17,057.93
Cost of unissued Federal Reserve notes.....		511.99	27,708.01
Expenses paid in advance.....	763,279.17	2,055.51	2,445.83
Transit department expenses.....			1,367.18
Furniture and equipment—transit department.....		25,580.56	15,409.87
Bank premises.....	500,000.00		
Due from Federal Reserve Banks—net.....		12,370,908.10	5,382,501.30
Due from banks and bankers.....		1,517,804.61	609,389.97
Exchanges for clearing house, cash items, etc.....	33,558,293.29	7,378,564.69	3,864,733.22
Uncollected items—Federal Reserve Banks.....	41,527,684.40		
Uncollected items—banks, member and nonmember.....	12,029,710.01		
Member banks—overdrafts.....	59,024.31	12,804.81	
Difference account.....	1,527.68		
Federal Reserve notes on hand.....	11,739,400.00	4,348,590.00	171,140.00
Federal Reserve bank notes on hand.....	332,037.00		
Due from Treasury—5 per cent fund Federal Reserve bank notes.....	475,000.00		
Notes of national and other Federal Reserve Banks.....	3,737,000.00	1,353,500.00	463,476.00
Mutilated currency forwarded for redemption.....		56,027.50	132,500.00
Mutilated Federal Reserve notes.....	1,019,340.00	209.09	121.89
Nickels and cents.....	271.16		
Liberty loan bonds sold on instalment plan.....	11,371.00		
Miscellaneous assets.....		110,032.85	

## Comparative statement of condition of the Federal Reserve Bank of Philadelphia—Con.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.
<b>RESOURCES—continued.</b>			
Gold with Federal Reserve agent.....	\$85,583,245.00	\$63,945,755.00	.....
Gold redemption fund <sup>1</sup> .....	7,900,000.00	1,500,000.00	\$100,000.00
Gold settlement fund.....	37,412,406.54	32,101,000.00	8,042,000.00
Gold coin and certificates.....	1,459,351.21	19,064,667.50	16,988,892.50
Bank of England sterling gold account.....	.....	3,675,000.00	.....
Other lawful money.....	1,667,646.00	1,189,996.10	466,154.30
Reserve.....	134,022,648.75	121,476,418.60	25,597,046.80
Total resources.....	433,069,038.29	212,674,169.60	54,794,517.09
<b>LIABILITIES.</b>			
Capital.....	7,562,450.00	6,142,150.00	5,228,100.00
Profit and loss.....	.....	220,238.27	89,966.68
Surplus.....	1,304,171.92	.....	.....
Unearned discount and interest.....	153,540.69	160,902.51	39,559.33
Reserve for franchise tax.....	1,304,171.92	.....	.....
Reserve for depreciation United States securities.....	116,131.00	.....	.....
Government deposits.....	5,039,128.17	5,387,488.53	3,145,549.05
Due to other Federal Reserve Banks.....	19,445,515.88	.....	.....
Uncollected items—Federal Reserve Banks.....	6,018,177.38	.....	.....
Uncollected items—member banks.....	40,453,645.33	.....	.....
Due to member banks.....	99,720,124.95	103,000,930.13	44,965,072.26
Cashier's checks.....	823,036.05	435,026.66	26,015.72
Federal Reserve notes outstanding.....	241,870,745.00	97,325,755.00	1,300,000.00
Federal Reserve bank notes outstanding.....	9,258,200.00	.....	.....
Miscellaneous liabilities.....	.....	1,678.50	254.05
Total liabilities.....	433,069,038.29	212,674,169.60	54,794,517.09

<sup>1</sup> In June, 1917, the statement was changed so as to include gold with Federal Reserve Agent under "Gold redemption fund," and "Federal Reserve notes" now represent gross liability for Federal Reserve notes, instead of only the net liability.

The resources of the bank more than doubled during the year and are eight times greater than the figures for the close of 1916. On December 31, 1914, less than two months after the bank opened for business, the resources amounted to \$21,501,000.

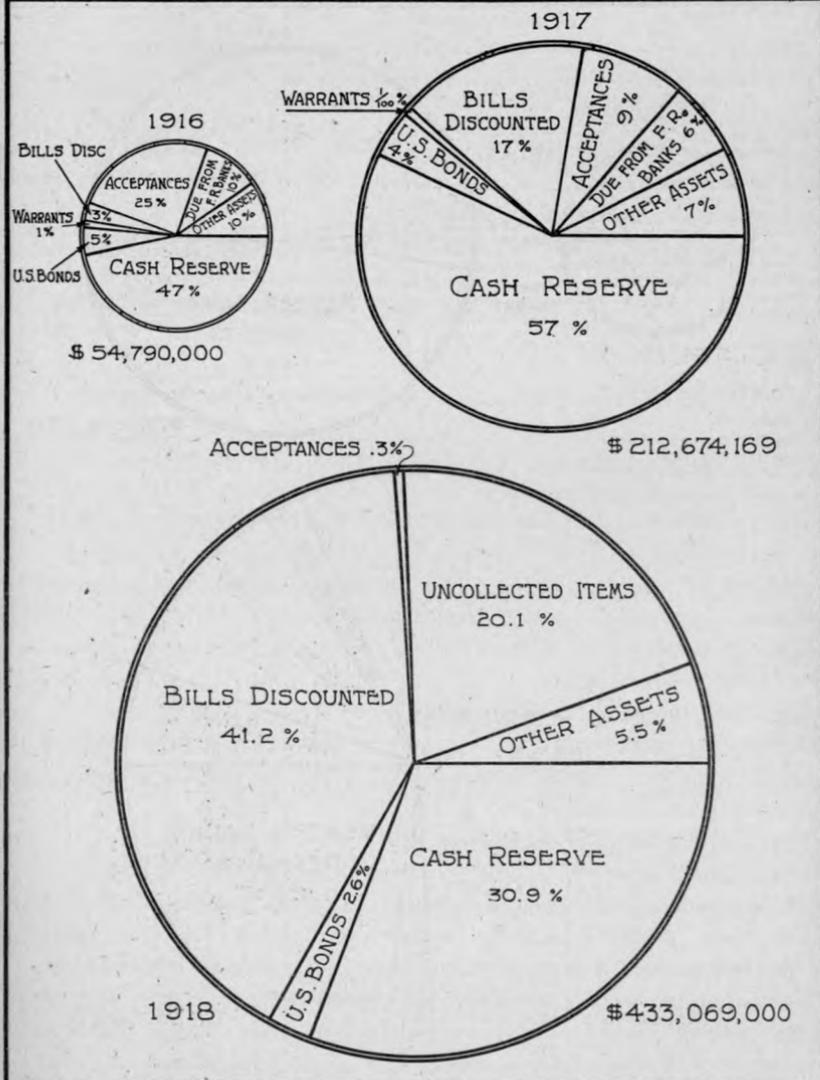
Compared with December 31, 1917, figures at the end of 1918 indicate an increase of \$12,068,480 in the gold holdings and an increase of \$144,544,990 in the amount of Federal Reserve notes in circulation. The work of gathering in the gold in circulation throughout the district, which had been begun in the previous year, was continued, and the increase noted above is due largely to this work.

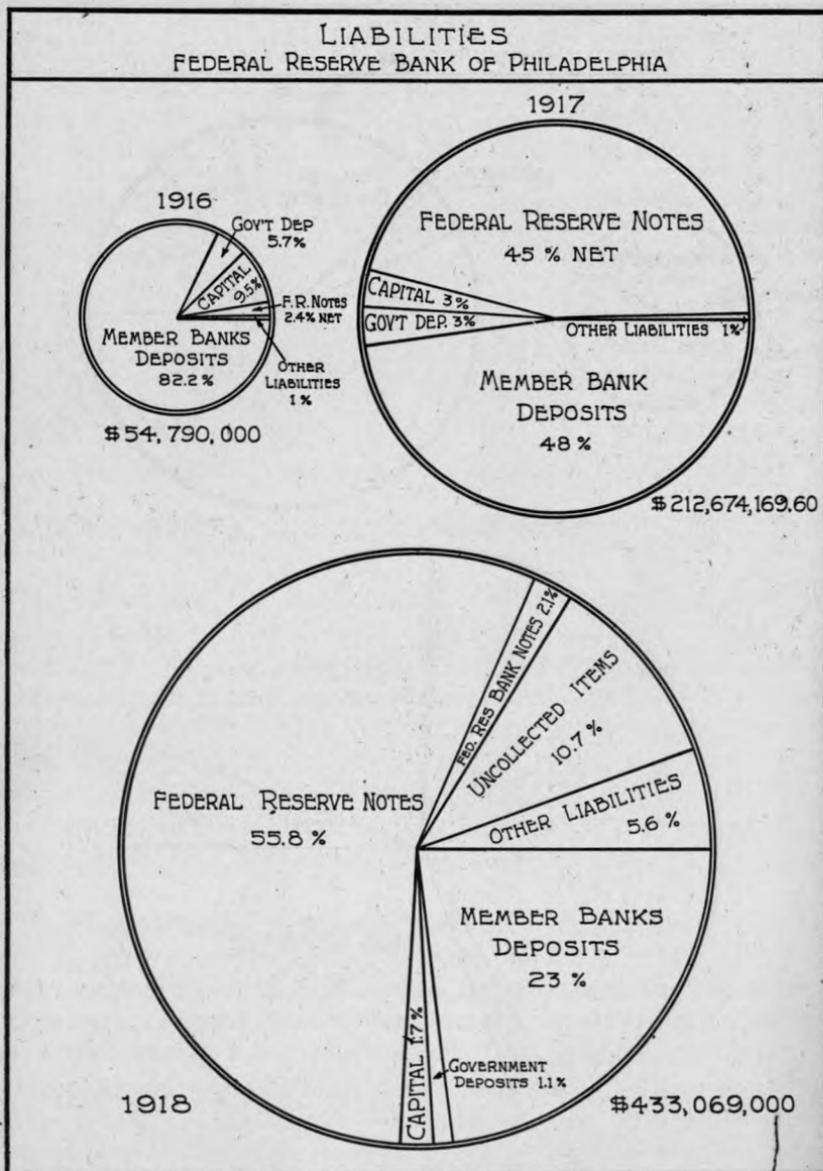
The paid-in capital increased \$1,420,300 during the year. This was brought about principally by the admission of State banks and trust companies, having combined capital and surplus of \$38,812,917.

The item "Federal Reserve bank notes" appears in the statement for the first time. Further reference to it is made hereinafter.

Net earnings reached the large amount of \$3,270,824, or 46 per cent on the average paid-in capital stock for the year. After payment of dividends of \$366,383.14 covering the period from July 1, 1917, to June 30, 1918, and \$216,825.56 covering the period from July 1, 1918, to December 31, 1918, there remained in the profit and loss account \$2,608,343.91, one-half of which was placed to surplus account, the remainder, under the terms of the act, going to the Government as a franchise tax.

ASSETS  
FEDERAL RESERVE BANK OF PHILADELPHIA





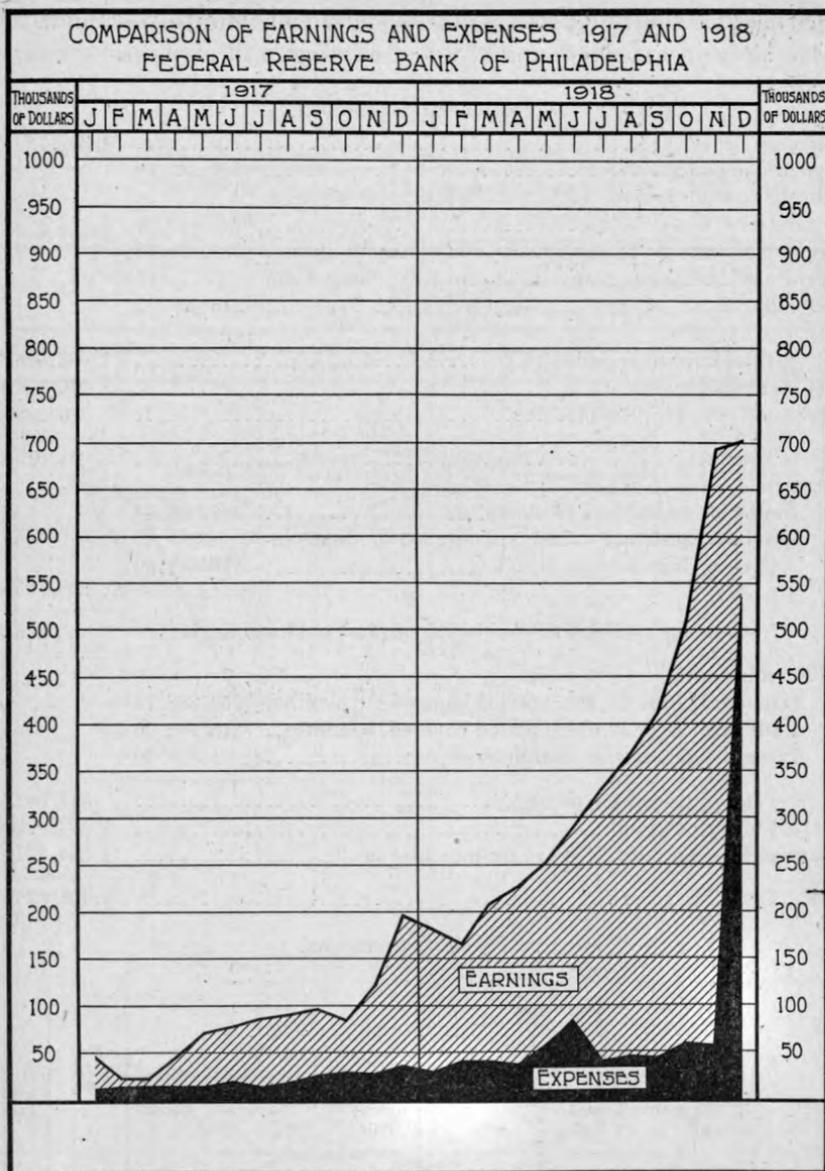
Schedules showing profit and loss statement, monthly statement of earnings and expenses, and chart of earnings and expenses are given below.

*Profit and loss statement.*

Earnings for 1918.....		\$4,357,740.39
Expense of operation.....	\$596,545.08	
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	243,857.27	
Repairs, alterations, improvements, etc., to bank building.....	31,471.31	
Furniture and equipment—total amount charged off during year.....	215,042.72	
Total current expenses.....		1,086,916.38
Net earnings for year.....		3,270,824.01
Profit and loss, Jan. 1, 1918.....		220,238.27
Total.....		3,491,062.28
Less:		
Depreciation on bank premises.....	182,604.74	
Amount transferred to account reserved for depreciation on United States bonds.....	116,131.00	
		298,735.74
Net amount available for dividends, surplus, and franchise taxes.....		3,192,326.54
Dividends paid:		
Date paid, June 29, 1918; period covered, 12 months.....	\$366,383.14	
Date paid, Dec. 31, 1918; period covered, 6 months.....	215,798.06	
Interest paid on stock surrendered.....	1,801.50	
Total dividend payments.....		583,982.70
Carried to surplus fund.....		1,304,171.92
Transferred to account "reserve for franchise tax".....		1,304,171.92
Total.....		3,192,326.54

*Earnings and expenses.*

	Earnings.				Expenses.				Net earnings.	Annual rate of net earnings.
	From investments.	Deficient reserve penalties.	Sundry profits.	Total earnings.	Expense of operation.	Note issues.	Depreciation charges.	Total expense.		
1918.										
January.....	\$181,212	\$1,272	\$696	\$183,181	\$29,100	\$1,320	\$541	\$30,962	\$152,218	26.4
February.....	158,443	3,455	5,899	167,797	30,419	10,480	560	41,459	126,337	24.2
March.....	194,085	1,428	13,861	209,376	30,674	11,720	595	42,990	166,385	27.8
April.....	212,439	1,422	13,036	226,898	31,967	5,920	679	38,567	188,331	33.2
May.....	239,501	3,190	13,832	256,524	38,621	19,400	745	58,767	197,757	33.6
June.....	267,264	2,376	22,712	292,353	69,266	15,680	936	85,883	206,470	36.4
July.....	321,741	3,012	7,158	331,912	43,910	.....	44	43,954	287,957	48.8
August.....	365,628	3,212	1,497	370,339	46,958	.....	99	47,058	323,280	53.5
September.....	407,492	3,472	302	411,266	45,598	.....	132	45,731	365,535	60.5
October.....	506,544	2,876	171	509,592	59,824	.....	616	60,441	449,151	71.7
November.....	691,796	2,900	1,081	695,777	57,101	.....	685	57,786	637,991	110.5
December.....	684,810	1,169	16,755	702,734	144,578	179,337	209,410	533,318	168,612	26.2
Total, 1918....	4,230,955	29,784	97,000	4,357,740	628,016	243,857	215,042	1,086,916	3,270,824	46.0
Total, 1917....	987,057	6,877	22,025	1,015,959	185,630	70,340	240	256,210	759,749	12.2

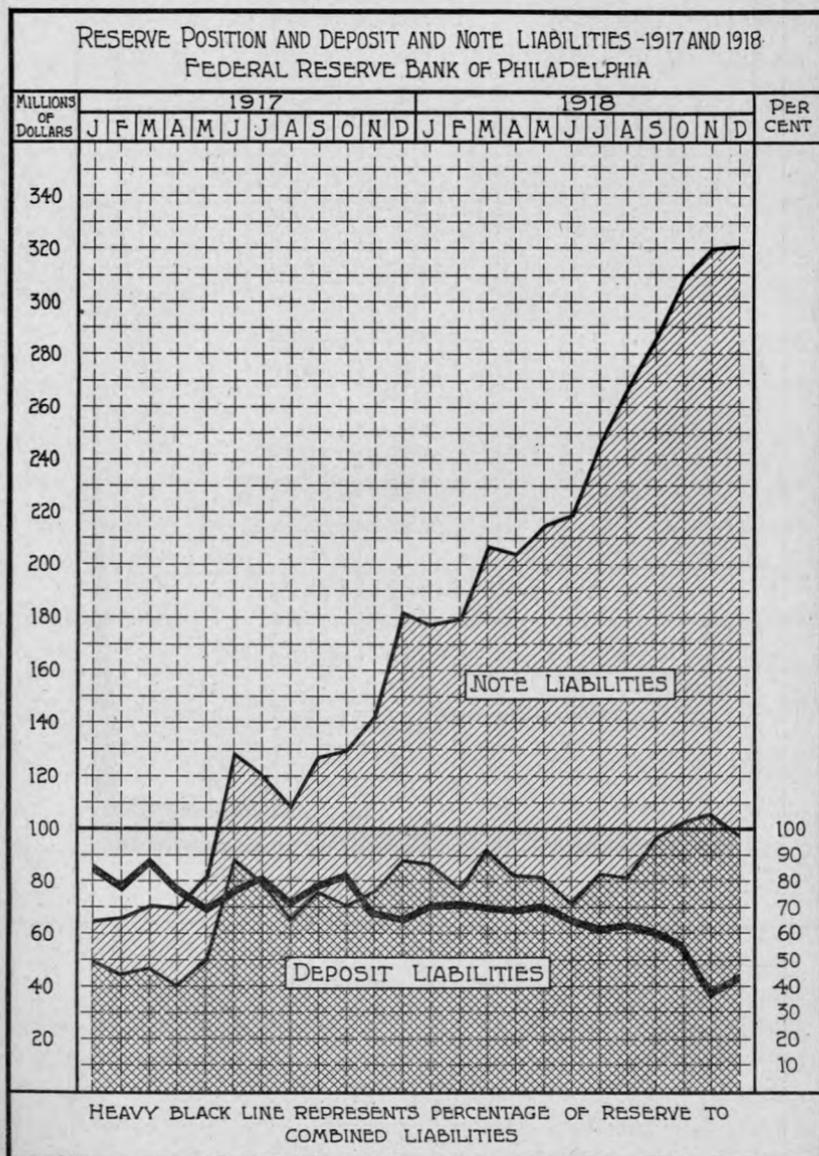


RESERVE POSITION.

While deposit liabilities of the bank have remained fairly steady, liabilities for Federal Reserve notes have increased from \$97,325,755 to \$241,870,745. The percentage of reserve against combined liabilities fell from 68.7 at the beginning of the year to 44.6 at the close. The lowest point reached was 39.6 per cent on November 22.

During November and December, owing to continued demands for funds and the consequent decline in reserve, the bank found it necessary to strengthen its reserve position by rediscounting with other Federal Reserve Banks.

A chart showing the reserve position of the bank, and a table of its liabilities and reserve percentages, are given herewith.



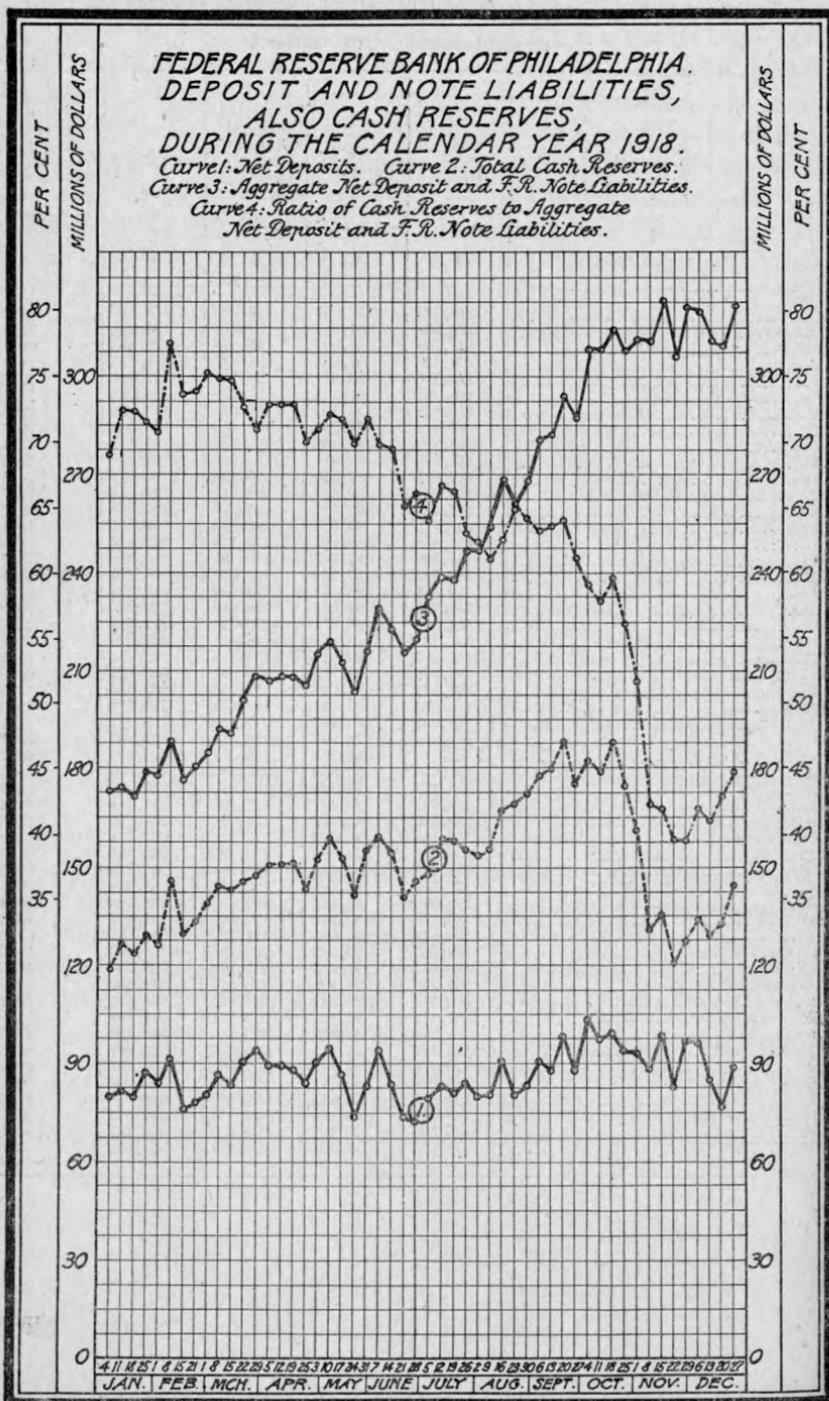
Reserve position on last Friday of each month.

	Liabilities (net).			Reserves.			Reserve percentage.			
	Deposit.	Note.	Total.	Total gold.	Other lawful reserve.	Total.	Ratio of gold and lawful money to net deposits.	Ratio of gold reserve to Federal Reserve notes in actual circulation.	Ratio of total reserve to net deposit and Federal Reserve note liabilities combined	Ratio of gold reserve to Federal Reserve notes in actual circulation after setting aside 35 per cent against net deposit liabilities.
1918.										
January.....	\$87,223,000	\$91,430,000	\$178,653,000	\$126,076,910	\$2,242,941	\$128,319,851	70.9	72.6	71.8	104.6
February.....	78,292,000	102,176,000	180,468,000	132,210,405	937,673	133,148,078	77.4	71.0	73.8	102.2
March.....	93,592,000	114,262,000	207,854,000	145,953,925	1,567,683	147,521,608	70.3	71.5	71.0	99.1
April.....	83,164,000	121,076,000	204,240,000	141,497,110	1,449,552	142,946,662	69.4	70.4	70.0	92.8
May.....	82,012,000	133,759,000	215,771,000	154,026,067	1,178,549	155,204,616	80.7	66.6	71.9	93.7
June.....	72,492,000	147,430,000	219,922,000	144,734,867	551,864	145,286,731	67.3	65.5	66.1	81.0
July.....	83,361,000	162,918,000	246,279,000	154,535,101	687,789	155,222,890	62.8	63.2	63.0	77.0
August.....	82,499,000	185,243,000	267,742,000	170,901,041	784,397	171,685,438	66.0	63.3	64.1	77.1
September.....	87,065,000	199,772,000	286,837,000	174,037,306	790,448	174,827,754	67.9	57.9	61.0	72.3
October.....	93,622,000	214,793,000	308,415,000	172,698,381	745,202	173,443,583	51.0	58.5	56.2	65.5
November.....	96,870,000	223,730,000	320,600,000	126,345,828	573,904	126,919,732	41.9	38.6	39.6	41.6
December.....	88,173,000	233,480,000	321,653,000	142,658,169	897,645	143,555,814	39.4	50.4	44.6	47.7

*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Philadelphia during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserve.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash re- serves to net deposit and Federal Re- serve note liabilities combined.
	1	2	3	4	5
Jan. 4.....	118,722	79,587	93,229	172,816	68.7
Jan. 11.....	126,288	81,057	93,218	174,275	72.5
Jan. 18.....	123,748	79,002	91,823	170,825	72.4
Jan. 25.....	128,320	87,223	91,430	178,653	71.8
Feb. 1.....	125,780	83,467	94,214	177,681	70.8
Feb. 8.....	146,161	91,434	97,199	188,633	77.5
Feb. 15.....	129,839	76,153	100,613	176,766	73.5
Feb. 21.....	133,148	78,292	102,176	180,468	73.8
Mar. 1.....	138,889	80,108	103,983	184,091	75.4
Mar. 8.....	143,622	87,014	104,796	191,810	74.9
Mar. 15.....	142,095	83,080	107,594	190,674	74.5
Mar. 22.....	144,934	90,456	108,915	199,371	72.7
Mar. 28.....	147,522	93,592	114,262	207,854	71.0
Apr. 5.....	151,129	89,706	116,878	206,584	73.1
Apr. 12.....	151,488	89,263	118,179	207,442	73.0
Apr. 19.....	151,709	87,938	119,181	207,119	73.2
Apr. 26.....	142,947	83,164	121,076	204,240	70.0
May 3.....	152,660	90,540	124,084	214,624	71.1
May 10.....	158,236	94,044	125,241	219,285	72.2
May 17.....	152,714	86,072	126,690	212,762	71.8
May 24.....	141,331	73,864	128,414	202,278	69.9
May 31.....	155,205	82,012	133,759	215,771	71.9
June 7.....	159,644	93,796	135,004	228,800	69.8
June 14.....	154,463	83,068	139,316	222,384	69.5
June 21.....	140,084	73,924	141,675	215,599	65.0
June 28.....	145,287	72,492	147,430	219,922	66.1
July 5.....	147,889	78,905	153,360	232,265	63.7
July 12.....	158,810	82,823	155,357	238,180	66.7
July 19.....	157,676	80,550	157,340	237,890	66.3
July 26.....	155,222	83,361	162,918	246,279	63.0
Aug. 2.....	153,997	79,542	167,206	246,748	62.4
Aug. 9.....	155,525	80,162	174,714	254,876	61.0
Aug. 16.....	167,165	90,539	177,232	267,771	62.4
Aug. 23.....	168,678	79,887	180,426	260,313	64.8
Aug. 30.....	171,685	82,499	185,243	267,742	64.1
Sept. 6.....	177,666	90,586	190,452	281,038	63.2
Sept. 13.....	179,090	87,187	195,109	282,296	63.4
Sept. 20.....	187,183	97,274	196,028	293,302	63.8
Sept. 27.....	174,828	87,065	199,772	286,837	61.0
Oct. 4.....	182,089	103,282	205,191	308,473	59.0
Oct. 10.....	178,634	97,006	211,234	308,240	58.0
Oct. 18.....	187,206	98,792	216,074	314,866	59.5
Oct. 25.....	173,443	93,622	214,793	308,415	56.2
Nov. 1.....	161,412	93,469	217,924	311,393	51.8
Nov. 8.....	131,274	87,954	222,840	310,794	42.2
Nov. 15.....	185,592	97,675	225,022	322,697	42.0
Nov. 22.....	120,988	82,847	222,906	305,753	39.6
Nov. 29.....	126,920	96,871	223,730	320,601	39.6
Dec. 6.....	134,187	95,852	223,981	319,833	42.0
Dec. 13.....	128,147	84,557	226,458	311,015	41.2
Dec. 20.....	132,306	76,920	232,227	309,147	42.8
Dec. 27.....	143,556	88,174	233,481	321,655	44.6



## DISCOUNT RATES.

The only changes in the discount rates during the year were made on April 8, when the 15-day rate for paper secured by Government obligations was increased from  $3\frac{1}{2}$  to 4 per cent; the 16 to 90 day rate for such paper from 4 to  $4\frac{1}{4}$  per cent; the 16 to 90 day rate for commercial paper from  $4\frac{1}{2}$  to  $4\frac{3}{4}$  per cent; and the 16 to 90 day rate for trade acceptances from 4 to  $4\frac{1}{2}$  per cent.

It was considered inadvisable to increase further the discount rates, notwithstanding the heavy borrowings by member banks, resulting from the large subscriptions to Liberty bonds and United States certificates of indebtedness.

*Changes in discount rates during calendar year 1918.*

	Rate in effect—		
	Jan. 1, 1918.	Apr. 8, 1918.	Jan. 1, 1919.
Discounts maturing within 15 days, including member banks' collateral notes.....	4	4	4
Paper, including member banks' collateral notes, secured by United States certificates of indebtedness, or Liberty loan bonds maturing within 15 days.....	$3\frac{1}{2}$	4	4
Paper maturing within 16 to 90 days.....	$4\frac{1}{2}$	$4\frac{3}{4}$	$4\frac{1}{2}$
Paper secured by United States certificates of indebtedness or Liberty loan bonds maturing within 16 to 90 days.....	4	$4\frac{1}{2}$	$4\frac{1}{2}$
Agricultural and live-stock paper maturing after 90 days.....	5	5	5
Trade acceptances maturing from 1 to 15 days.....	4	4	4
Trade acceptances maturing from 16 to 90 days.....	4	$4\frac{1}{2}$	$4\frac{1}{2}$

Bankers' acceptances purchased at the market rate, subject to agreement.

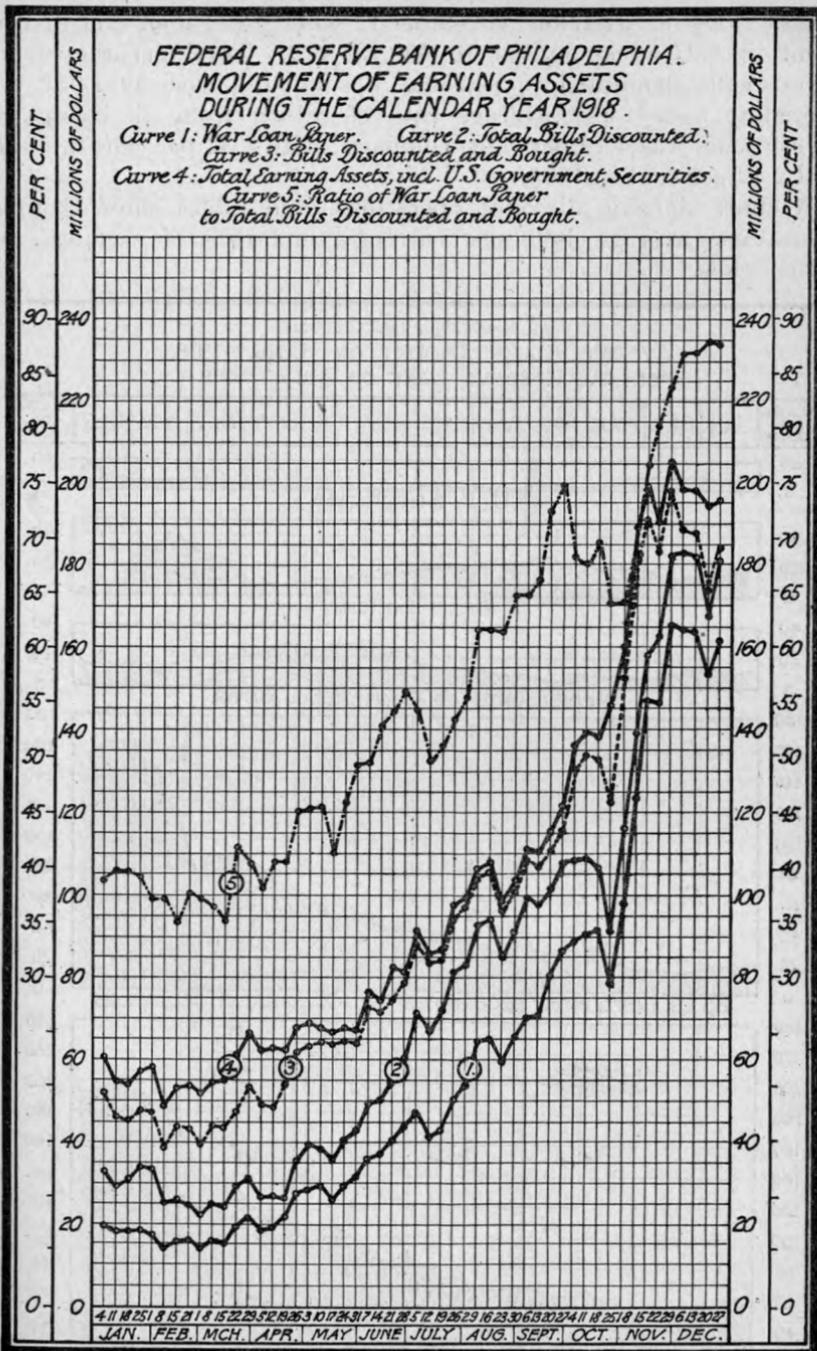
## INVESTMENTS.

The discount facilities of the bank were used extensively, loans increasing continually throughout the year. Total operations, exclusive of purchases of Government securities, amounted to \$1,977,660,746, of which 77 per cent represented paper secured by obligations of the Government. The largest amount of borrowing at any one period occurred in connection with the issue of the fourth Liberty loan, earning assets increasing from \$118,694,530 on September 28, the opening date of the campaign, to \$209,449,707 on December 3.

*Movement of principal earning assets of the Federal Reserve Bank of Philadelphia during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Discounted paper secured by United States war obligations.	Other discounted paper.	(1+2)	Bills bought in open market.	Total bills discounted and bought.	Per cent. (1+5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.....	19,971	12,992	32,963	18,364	51,327	38.9	60,441
Jan. 11.....	18,410	10,746	29,156	17,045	46,201	39.8	54,918
Jan. 18.....	18,015	13,148	31,163	14,269	45,432	39.7	53,998
Jan. 25.....	18,797	15,013	33,810	14,179	47,989	39.2	57,329
Feb. 1.....	17,640	15,989	33,629	13,860	47,489	37.1	58,331
Feb. 8.....	14,234	10,919	25,153	13,260	38,413	37.1	48,832
Feb. 15.....	15,345	10,881	26,226	17,738	43,964	34.9	53,396
Feb. 21.....	16,249	8,600	24,849	18,264	43,113	37.7	53,778
Mar. 1.....	14,733	7,516	22,249	17,475	39,724	37.1	51,640
Mar. 8.....	16,002	9,050	25,052	18,901	43,953	36.4	54,706
Mar. 15.....	15,232	9,058	24,290	19,172	43,462	35.0	55,056
Mar. 22.....	19,957	9,308	29,265	18,172	47,437	42.1	60,960
Mar. 28.....	21,828	9,591	31,419	22,440	53,859	40.5	66,899
Apr. 5.....	18,617	8,380	26,997	21,898	48,895	38.1	62,052
Apr. 12.....	19,671	7,254	26,925	21,290	48,215	40.8	62,543
Apr. 19.....	22,057	4,555	26,612	27,440	54,052	40.8	62,064
Apr. 26.....	27,806	7,545	35,351	26,303	61,654	45.1	67,846
May 3.....	28,798	10,510	39,308	23,933	63,241	45.5	68,555
May 10.....	29,251	9,178	38,429	25,727	64,156	45.6	67,893
May 17.....	26,185	10,091	36,276	26,956	63,232	41.4	66,909
May 24.....	29,541	11,149	40,690	23,438	64,128	46.1	67,796
May 31.....	31,517	11,323	42,840	20,968	63,808	49.4	67,298
June 7.....	36,006	13,593	49,599	23,114	72,713	49.5	76,187
June 14.....	37,762	12,534	50,296	21,281	71,577	52.8	74,894
June 21.....	40,530	14,485	55,015	19,944	74,959	54.1	82,364
June 28.....	43,933	16,284	60,217	18,104	78,321	56.1	81,711
July 5.....	47,755	23,491	71,246	16,756	88,002	54.3	91,036
July 12.....	41,423	25,761	67,184	16,033	83,217	49.8	86,149
July 19.....	42,867	29,042	71,909	12,157	84,066	51.0	86,995
July 26.....	50,589	30,802	81,391	13,430	94,821	53.4	97,800
Aug. 2.....	53,961	29,020	82,981	14,026	97,007	55.6	99,586
Aug. 9.....	64,321	28,025	92,346	11,684	104,030	61.8	106,589
Aug. 16.....	65,021	28,964	93,985	11,326	105,311	61.7	107,879
Aug. 23.....	59,304	25,879	85,183	11,035	96,218	61.6	98,776
Aug. 30.....	65,357	25,913	91,270	9,762	101,032	64.7	103,591
Sept. 6.....	70,185	29,508	99,693	8,856	108,549	64.7	111,107
Sept. 13.....	70,650	26,678	97,328	9,693	107,021	66.0	110,779
Sept. 20.....	80,609	21,030	101,639	9,044	110,683	72.8	115,251
Sept. 27.....	86,718	21,112	107,830	7,976	115,806	74.9	121,411
Oct. 4.....	88,904	19,718	108,622	21,754	130,376	68.2	136,001
Oct. 10.....	90,362	18,477	108,839	24,883	133,722	67.6	139,391
Oct. 18.....	91,648	14,739	106,387	26,082	132,469	69.2	138,069
Oct. 25.....	78,354	12,992	91,346	30,915	122,261	64.1	145,791
Nov. 1.....	98,049	17,958	116,007	36,613	152,620	64.2	160,150
Nov. 8.....	123,571	15,239	138,810	42,343	181,153	68.2	188,829
Nov. 15.....	147,006	10,992	157,998	33,262	191,260	76.9	198,937
Nov. 22.....	146,472	15,890	162,362	20,586	182,948	80.1	190,609
Nov. 29.....	165,505	16,486	181,991	15,875	197,866	83.6	205,540
Dec. 6.....	164,232	18,334	182,566	6,042	188,608	87.1	198,320
Dec. 13.....	163,285	18,584	181,869	5,694	187,563	87.1	197,897
Dec. 20.....	153,085	14,557	167,642	5,833	173,475	88.2	193,769
Dec. 27.....	161,417	19,247	180,664	3,248	183,912	87.8	195,331

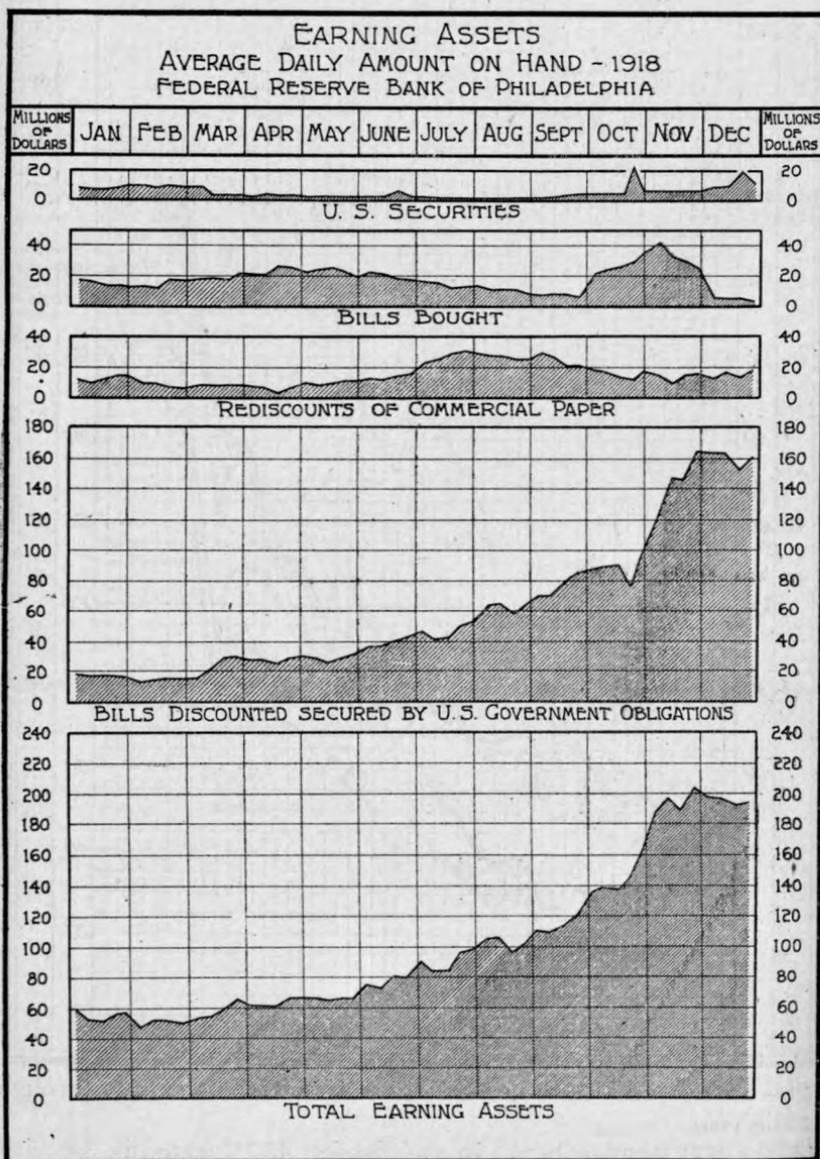


There were practically no dealings in municipal warrants throughout the year.

Of the 660 member banks in the district, 457, located in 355 cities and towns, borrowed from the bank during the year. The heaviest

transactions occurred on November 7, when total loan and investment operations amounted to \$39,135,472. Total earnings from investments amounted to \$4,230,955, compared with \$987,057 the preceding year. The average rate of return from all classes of investments was 4.19 per cent, compared with 3.32 per cent in 1917, and 2.42 per cent in 1916.

A chart showing discount operations, and tables showing total operations, average holdings, earnings, and rate of earnings are given below.



## Loans and investments made, by months, 1918.

	Rediscounts of eligible paper for members and for other Federal Reserve Banks.	Acceptances purchased in open market and from other Federal Reserve Banks.	United States securities taken under repurchase agreements.	Other United States securities purchased.
January.....	\$36,200,982	\$5,167,838	\$9,786,450	.....
February.....	31,868,368	9,171,201	6,030,000	.....
March.....	29,416,927	13,129,363	9,344,500	\$1,671,500
April.....	42,382,588	10,821,327	4,818,000	3,139,500
May.....	74,005,094	11,419,747	.....	107,000
June.....	94,760,656	7,773,595	.....	4,343,000
July.....	134,466,076	5,748,048	.....	55,000
August.....	160,967,563	4,432,670	.....	20,150
September.....	161,218,400	2,741,791	.....	3,272,000
October.....	221,693,196	30,976,704	.....	18,452,500
November.....	359,648,434	17,290,606	.....	2,281,550
December.....	511,014,436	1,335,136	.....	3,850,900
Total, 1918.....	1,857,642,720	120,008,026	29,978,950	37,193,100
Per cent of total.....	90.8	5.9	1.5	1.8
Total, 1917.....	223,416,008	85,913,796	.....	18,792,250
Per cent of increase or decrease 1918 over 1917.....	+731	+39	.....	+258

	Municipal warrants.	Total.		Number of member banks accommodated.
		1918	1917	
January.....	\$10,000	\$51,165,270	\$3,940,771	86
February.....	.....	47,069,569	11,766,311	65
March.....	.....	53,562,290	12,220,424	84
April.....	.....	61,161,415	7,780,936	135
May.....	.....	85,531,841	25,878,818	202
June.....	.....	106,877,251	46,166,378	217
July.....	.....	140,269,124	33,648,283	245
August.....	.....	165,420,383	26,064,872	270
September.....	.....	167,232,191	25,000,483	305
October.....	.....	271,122,400	21,394,910	318
November.....	.....	379,220,590	50,991,728	315
December.....	.....	516,200,472	64,889,565	342
Total, 1918.....	10,000	2,044,832,796	.....	457
Per cent of total.....	.....	.....	329,743,478	201
Total, 1917.....	1,621,424	.....	.....	.....
Per cent of increase or decrease 1918 over 1917.....	-99	+520	.....	.....

## Average daily holdings of the several classes of earning assets for each month and calendar year 1918.

	Bills discounted.	Bills bought.	United States securities.	Municipal warrants.	Total.	
					1918	1917
January.....	\$31,990,666	\$15,582,286	\$9,017,042	\$2,580	\$56,592,574	\$14,931,136
February.....	26,462,460	16,792,076	10,311,798	10,000	53,576,334	18,235,230
March.....	26,466,272	19,578,914	12,150,505	968	58,196,659	16,717,766
April.....	29,444,641	23,873,444	10,362,697	.....	63,680,782	20,325,853
May.....	39,987,333	25,205,982	3,962,400	.....	69,155,715	26,796,594
June.....	51,902,348	20,680,337	4,732,850	.....	77,315,535	29,541,435
July.....	70,513,203	15,106,579	3,006,351	.....	88,626,133	29,509,799
August.....	88,101,492	11,640,219	2,562,608	.....	102,304,319	31,787,718
September.....	100,833,261	9,830,323	3,976,516	.....	114,640,100	34,467,512
October.....	105,708,472	26,254,322	6,172,614	.....	138,135,408	29,005,633
November.....	151,510,450	30,326,700	7,649,618	.....	189,486,768	43,187,433
December.....	180,015,946	5,838,714	11,963,835	.....	197,818,495	62,337,298
Average for year 1918.....	75,556,041	18,375,123	7,135,005	1,068	101,067,237	.....
Per cent.....	74.8	18.2	7.0	.....	100.0	.....
Average for 1917.....	9,923,917	14,916,598	4,268,208	628,228	29,736,951	29,736,951
Per cent of increase or decrease 1918 over 1917.....	+658	+23	+68	-100	+239	.....

*Earnings from loans and investments for the calendar year 1918.*

	Bills dis- counted.	Bills bought in open market.	United States securi- ties.	Municipal warrants.	Total.	
					1918	1917
January.....	\$105,896	\$47,639	\$27,666	\$9	\$181,212	\$36,836
February.....	81,895	46,912	29,600	35	158,443	42,145
March.....	91,247	63,175	39,659	3	194,085	43,664
April.....	98,800	80,108	33,530	.....	212,439	46,938
May.....	141,698	85,775	12,027	.....	239,501	69,525
June.....	182,914	70,973	13,377	.....	267,264	76,934
July.....	258,924	54,375	8,441	.....	321,741	85,997
August.....	316,525	41,849	7,254	.....	365,628	89,911
September.....	363,644	34,364	9,482	.....	407,492	94,804
October.....	394,057	99,344	13,142	.....	506,544	84,170
November.....	551,142	125,349	15,303	.....	691,796	121,412
December.....	654,358	24,847	24,002	.....	703,207	194,717
Total.....	3,241,104	756,313	233,489	49	4,230,955	987,057
Per cent of total.....	76.6	17.9	5.5	.....	100.0	.....

*Calculated annual rates of earnings from loans and investments.*

	Bills dis- counted members.	Bills bought in open market.	United States securi- ties.	Municipal warrants.	Total.	
					1918	1917
January.....	3.89	3.59	3.61	4.49	3.77	2.90
February.....	4.03	3.64	3.74	4.56	3.85	3.01
March.....	4.05	3.79	3.84	4.56	3.92	3.07
April.....	4.08	4.08	3.93	.....	4.05	2.90
May.....	4.17	4.00	3.57	.....	4.07	2.98
June.....	4.28	4.17	3.43	.....	4.20	3.16
July.....	4.32	4.23	3.30	.....	4.27	3.43
August.....	4.23	4.23	3.33	.....	4.20	3.33
September.....	4.38	4.25	2.90	.....	4.32	3.34
October.....	4.38	4.45	2.50	.....	4.31	3.41
November.....	4.42	4.29	2.43	.....	4.32	3.42
December.....	4.27	5.01	2.36	.....	4.18	3.67
A verage for 1918.....	4.29	4.12	3.27	4.59	4.19	.....
A verage for 1917.....	3.73	3.18	2.90	2.89	.....	3.32

The maturities of the bank's earning assets on the last Friday of the year are shown in the following table:

*Distribution by maturities of paper and short-term investments held by the Federal Reserve Bank and the Federal Reserve agent at close of business  
Dec. 27, 1918.*

	Maturities—					Total.
	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
1. Bills discounted—members:						
Secured by Liberty bonds and certificates—						
Member banks' collateral notes.....						\$133,280,937.08
Nonmember bank paper, indorsed by member banks.....						
All other bills.....						28,135,988.46
Member banks' collateral notes other than above specified.....						
Commodity paper.....						628,682.03
Trade acceptances.....						18,618,684.30
All other bills not above specified.....						
Total.....	\$159,235,029.85	\$16,781,121.71	\$2,691,127.46	\$1,948,246.28	\$8,766.57	180,664,291.87
2. Acceptances bought:						
Bankers' acceptances—						
Foreign.....						1,797,205.05
Domestic.....						1,180,540.62
Dollar exchange bills (sec. 13, amended).....						250,000.00
Trade acceptances—						
Foreign.....						20,526.00
Domestic.....						
Total.....	1,188,459.64	293,516.92	1,599,100.36	167,194.75		3,248,271.67
3. Rediscunts for other Federal Reserve Banks.....						
4. Municipal warrants.....						
5. United States short-term securities.....	825,000.00	42,500.00		500.00	9,166,000.00	10,034,000.00
Grand total.....	161,248,489.49	17,117,138.63	4,290,227.82	2,115,941.03	9,174,766.57	193,946,563.54

Amounts of the several classes of discounted paper held by the Federal Reserve Bank and the Federal Reserve agent on above dates:

	Amount.
Agricultural paper.....	\$170,032.15
Live-stock paper.....	300.00
Commercial and industrial paper.....	47,213,022.64
All other, N. S.....	133,280,937.08
Total bills discounted.....	180,664,291.87

It is difficult to estimate the probable time in which members can clear up all their "war paper" at the Reserve Bank. Not very much progress can be made until the Government has completed its war financing. If prior to the next bond issue considerable liquidation in business should take place, it would release funds for investment in United States, certificates of indebtedness and possibly prevent material increase in the loans of the bank. In pursuance of the policy of banking institutions, loans not essential to the prosecution of the war were very largely curtailed, while loans for war purposes were greatly expanded, and it is the latter class of loans in which there is the possibility of considerable contraction owing to the cessation of the war.

In the meantime it should be the policy of the Federal Reserve Bank to use every effort to bring about as rapidly as possible the liquidation of war paper and at the same time do everything it can to encourage legitimate business by extending as far as possible necessary credit facilities.

## BILLS DISCOUNTED—MEMBERS.

Bills discounted for members constituted the major part of the loan operations, the amount of such discounts increasing throughout the year. The maximum loans in any one month were made in December, the total being \$511,014,436.

The number of banks rediscounting commercial paper was relatively small. By far the largest amount of borrowing was on notes secured by Government obligations, as this was more convenient, the rates of discount were less, and much of the necessity for borrowing arose out of the subscriptions to Government bonds and certificates of indebtedness.

The amount of trade acceptances discounted was \$5,650,053, compared with \$726,078 the preceding year. Many inquiries were received regarding the use of these acceptances, and an increasing number of concerns is employing them. The movement toward their use, however, has apparently not yet made marked progress in this district, although the advantages of their adoption are recognized.

*Bills discounted during each month, distributed by classes of paper.*

	For member banks.			For other Federal Reserve Banks.	Total discounts.	
	Secured by Government obligations.	Trade acceptances	All other.		1918	1917
January.....	\$7,964,580	\$118,747	\$28,117,655	.....	\$36,200,982	\$565,122
February.....	20,683,056	120,612	11,064,700	.....	31,868,368	1,682,222
March.....	11,439,160	957,654	17,020,113	.....	29,416,927	3,009,293
April.....	30,063,101	762,997	11,556,490	.....	42,382,588	2,385,421
May.....	55,890,797	355,851	15,720,246	\$2,038,200	74,005,094	20,445,040
June.....	66,997,771	451,466	25,376,674	1,934,745	94,760,656	42,724,903
July.....	77,023,763	513,811	56,928,502	.....	134,466,076	22,175,858
August.....	110,986,997	557,442	35,721,623	13,701,501	160,967,563	18,170,441
September.....	136,022,458	347,038	24,848,904	.....	161,218,400	18,934,001
October.....	189,441,414	182,300	25,699,482	6,370,000	221,693,196	16,819,730
November.....	324,175,834	522,651	34,949,949	.....	359,648,434	31,478,602
December.....	473,947,739	759,484	36,307,213	.....	511,014,436	45,025,375
Total, 1918.....	1,504,636,670	5,650,053	323,311,551	24,044,446	1,857,642,720	.....
Total, 1917.....	32,803,226	726,078	189,896,704	.....	.....	223,416,008

## BANKERS' ACCEPTANCES.

Bankers' acceptances purchased amount to \$120,008,026, compared with \$85,913,796 the preceding year. Most of the bills were purchased for our account by the Federal Reserve Bank of New York.

As yet there is no real market for bankers' bills in Philadelphia outside of the Federal Reserve Bank, and until the present urgent demand for money subsides and the banks have funds for investment in such paper it will be hard to establish one. It is hoped that ultimately such a market will be established and that all banks will invest a certain portion of their funds in bankers' acceptances, which will serve the double purpose of giving them an asset of the greatest liquidity and at the same time further the development of international commerce and banking.

This bank has purchased from its members all bills offered by them, and has at times made large purchases in the New York market when bills of the banks in this district were offered there.

*Acceptances bought in the open market and from other Federal Reserve Banks.*

	Open-market purchases.		Purchases from other Federal Reserve banks.	Total.	
	Bankers' acceptances.	Trade acceptances.		1918	1917
January.....	\$4,893,266	\$274,572		\$5,167,838	\$2,107,327
February.....	4,153,683		\$5,017,518	9,171,201	10,058,586
March.....	5,561,666	9,000	7,558,697	13,129,363	4,610,296
April.....	6,743,065	79,005	3,999,257	10,821,327	5,268,807
May.....	8,434,297		2,985,450	11,419,747	5,404,559
June.....	7,120,876		652,719	7,773,595	3,441,475
July.....	5,748,048			5,748,048	11,472,425
August.....	3,080,170		1,352,500	4,432,670	7,450,793
September.....	2,741,791			2,741,791	6,056,282
October.....	20,593,547	25,000	10,358,157	30,976,704	4,565,180
November.....	6,869,061	24,139	10,397,406	17,290,606	19,479,626
December.....	1,314,610	20,526		1,335,136	5,998,140
Total, 1918.....	77,254,080	432,242	42,321,704	120,008,026	
Total, 1917.....	83,976,401	1,937,395			85,913,796

## FEDERAL RESERVE NOTES.

Federal Reserve notes supplied satisfactorily the currency needs of the community. The establishment throughout the district of large shipyards and munitions plants necessitated huge pay rolls and demands for currency were incessant. Notes of the denomination of \$20 were especially in demand and seemed to disappear from circulation. The bank has rendered a distinct service to its members in the matter of furnishing currency, which had formerly been done by the Subtreasury.

The amount of money shipped to the bank by members and non-members averaged \$1,750,000 daily and required the services of 30 employees to assort and count it.

Federal Reserve notes outstanding reached the high mark of \$243,142,700 on December 26. The act now provides for the issue of Federal Reserve notes in the denominations of \$500, \$1,000, \$5,000, and \$10,000, but so far none have been issued. The required gold reserve of 40 per cent against Federal Reserve notes in actual circulation was maintained throughout the year.

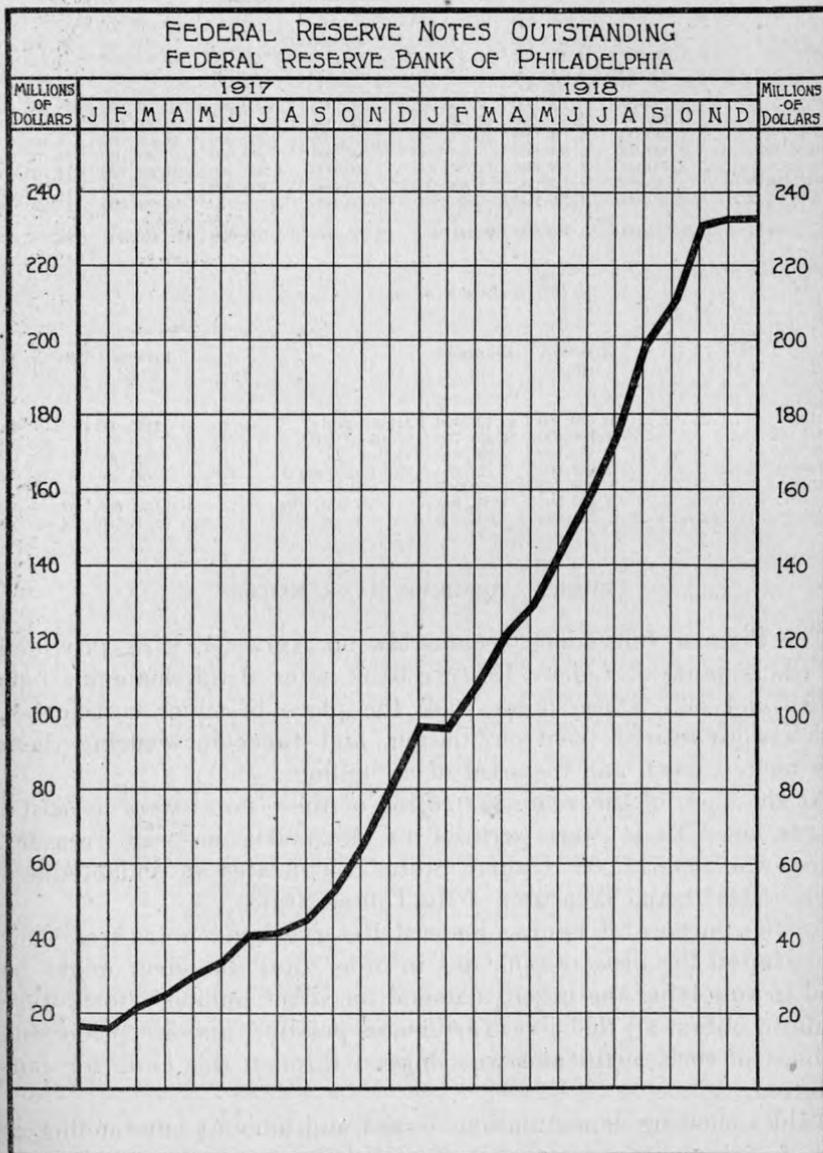
Following is a comparative statement of condition of the Federal Reserve agent's accounts, notes in circulation, denominations issued, notes outstanding at close of each month, and interdistrict movement of notes.

*Comparative statement of the Federal Reserve agent's accounts.*

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.
<b>RESOURCES.</b>			
Federal Reserve notes on hand.....	\$17,640,000.00	\$10,160,000	\$7,260,000
Federal Reserve notes outstanding.....	241,870,745.00	97,325,755	17,069,590
Federal Reserve notes sent to Comptroller of Currency for destruction.....	64,909,255.00	17,994,245	6,150,410
Bills to secure Federal Reserve notes.....	159,787,037.99	34,855,506	1,300,000
<b>Funds to redeem Federal Reserve notes:</b>			
Gold coin and certificates on hand.....		4,220,000	3,730,000
Lawful money on hand.....			
Gold redemption fund.....	13,296,465.00	4,966,755	859,590
Gold with Federal Reserve Board.....	72,286,780.00	54,759,000	11,180,000
<b>Total.....</b>	<b>85,583,245.00</b>	<b>63,945,755</b>	<b>15,769,590</b>
<b>Total resources.....</b>	<b>569,790,282.99</b>	<b>224,281,261</b>	<b>47,549,500</b>
<b>LIABILITIES.</b>			
Federal Reserve notes received from the Comptroller of the Currency (gross amount).....	324,420,000.00	125,480,000	30,480,000
Collateral received from Federal Reserve Bank.....	85,583,245.00	34,855,506	1,300,000
Provision for redemption of Federal Reserve notes.....	159,787,037.99	63,945,755	15,769,590
<b>Total liabilities.....</b>	<b>569,790,282.99</b>	<b>224,281,261</b>	<b>47,549,500</b>

*Federal Reserve notes issued and in actual circulation.*

	Outstanding at beginning of month.	Issued during month.	Re-deemed.	Outstanding at end of month.	Held by Federal Reserve Bank at end of month.	In actual circulation at end of month.	
						1918	1917
January.....	\$97,325,755	\$2,640,000	\$2,776,680	\$97,189,075	\$5,185,420	\$92,003,655	\$16,087,095
February.....	97,189,075	13,600,000	2,696,470	108,092,605	3,873,545	104,219,060	20,849,495
March.....	108,092,605	15,800,000	2,221,875	121,670,730	6,359,360	115,311,370	24,337,435
April.....	121,670,730	9,900,000	2,106,635	129,464,095	7,649,647	121,814,448	29,097,125
May.....	129,464,095	19,200,000	4,185,105	144,478,990	10,019,565	134,459,425	33,179,915
June.....	144,478,990	18,740,000	4,817,200	158,401,790	10,755,755	147,646,035	39,888,820
July.....	158,401,790	20,500,000	3,734,900	175,166,890	10,419,305	164,747,585	41,351,040
August.....	175,166,890	28,420,000	5,304,140	198,282,750	12,688,355	185,594,395	43,202,660
September.....	198,282,750	15,460,000	8,216,000	210,526,750	10,100,720	200,426,030	51,026,510
October.....	210,526,750	24,260,000	3,043,800	231,742,950	15,617,340	216,125,610	61,113,105
November.....	231,742,950	6,420,000	4,330,210	233,832,740	7,141,825	226,690,915	78,424,400
December.....	233,832,740	16,520,000	8,481,995	241,870,745	12,758,740	229,112,005	92,977,165



116019-19-4

*Denominations of Federal Reserve notes issued during 1918.*

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.	
						1918	1917
January.....		\$240,000	\$2,000,000	\$400,000		\$2,640,000	
February.....	\$440,000	6,280,000	6,480,000	400,000		13,600,000	\$6,060,000
March.....	1,640,000	4,400,000	7,360,000	1,200,000	\$1,200,000	15,800,000	4,040,000
April.....	900,000	3,000,000	5,200,000	400,000	400,000	9,900,000	5,280,000
May.....	3,680,000	6,400,000	7,520,000	1,200,000	400,000	19,200,000	4,400,000
June.....	3,180,000	4,200,000	9,760,000	800,000	800,000	18,740,000	8,400,000
July.....	4,380,000	5,520,000	10,000,000	600,000		20,500,000	1,000,000
August.....	4,700,000	8,120,000	11,600,000	3,200,000	800,000	28,420,000	4,100,000
September.....	3,020,000	5,680,000	5,360,000	1,000,000	400,000	15,460,000	10,700,000
October.....	2,500,000	4,680,000	14,080,000	1,800,000	1,200,000	24,260,000	14,700,000
November.....	740,000	1,320,000	3,360,000	600,000	400,000	6,420,000	17,000,000
December.....	4,520,000	4,120,000	6,880,000	1,000,000		16,520,000	17,920,000
Total.....	29,700,000	53,960,000	89,600,000	12,600,000	5,600,000	191,460,000	93,600,000

*Interdistrict movement of notes.*

	Received from.	Returned to.		Received from.	Returned to.
Boston.....	\$1,734,700	\$2,101,400	Minneapolis.....	\$150,000	\$418,000
New York.....	26,000,590	41,454,750	Kansas City.....	106,050	655,250
Cleveland.....	4,465,900	7,037,500	Dallas.....	393,300	307,150
Richmond.....	3,281,000	4,728,250	San Francisco.....	195,530	533,260
Atlanta.....	976,740	1,402,100			
Chicago.....	1,575,500	3,061,500	Total, 1918.....	39,531,305	62,354,660
St. Louis.....	651,995	655,500	Total, 1917.....	8,006,790	14,960,902

## FEDERAL RESERVE BANK NOTES.

The Pittman bill, which became law on April 23, 1918, provided for the issuance of Federal Reserve bank notes of the denominations of \$1 and \$2. These notes took the place of silver certificates, which were retired from circulation, and the coin securing them was melted down and disposed of as bullion.

At the close of the year, \$8,926,163 of these notes were in actual circulation. These were secured by \$825,000 one-year Treasury notes, and \$8,855,000 United States certificates of indebtedness deposited with the Treasurer of the United States.

As the purpose of issuing Federal Reserve bank notes was their substitution for silver certificates in order that the silver might be used in supplying the urgent demand for silver bullion, efforts were made to obtain all the silver certificates possible, and a considerable amount of such certificates was shipped through this bank for cancellation.

Tables showing denominations issued and amount outstanding at end of each month are given on the following page.

*Federal Reserve bank notes issued and in actual circulation.*

	Outstanding at beginning of month.	Issued during month.	Redeemed.	Outstanding at end of month.	Held by bank at end of month.	In actual circulation at end of month.
August.....		\$800,000		\$800,000	\$448,322	\$351,678
September.....	\$800,000	1,828,000		2,628,000	429,784	2,198,216
October.....	2,628,000	1,096,000	\$1,200	3,722,800	190,358	3,532,442
November.....	3,728,800	2,117,000	23,800	5,816,000	271,140	5,544,860
December.....	5,816,000	3,564,000	121,800	9,258,200	332,037	8,926,163

*Federal Reserve bank notes issued.*

	One dollar.	Two dollar.	Five dollar.	Total.
August.....	\$800,000			\$800,000
September.....	1,288,000	\$200,000	\$340,000	1,828,000
October.....	872,000	224,000		1,096,000
November.....	1,436,000	280,000	401,000	2,117,000
December.....	1,964,000	440,000	1,160,000	3,564,000
Total.....	6,360,000	1,144,000	1,901,000	9,405,000

## INTERNAL MANAGEMENT OF THE BANK.

## OFFICERS AND DIRECTORS.

Richard L. Austin, Chairman and Federal Reserve Agent; Henry B. Thompson, Deputy Chairman; E. Pusey Passmore, Governor; Edwin S. Stuart, Deputy Governor; William H. Hutt, Deputy Governor.

Class.	Name.	Residence.	Term expires.
A	Group 1... Joseph Wayne, jr., president Girard National Bank, Philadelphia, Pa.	Philadelphia, Pa.....	Dec. 31, 1920
	Group 2... Francis Douglas, cashier First National Bank, Wilkes-Barre, Pa.	Wilkes-Barre, Pa.....	Dec. 31, 1921
	Group 3... M. J. Murphy, c/o A. B. Leach & Co., bankers, New York City.	Clarks Green, Pa.....	Dec. 31, 1919
B	Group 1... Alba B. Johnson, president Baldwin Locomotive Works, Philadelphia, Pa.	Rosemont, Pa.....	Do.
	Group 2... Edwin S. Stuart, merchant, Philadelphia, Pa.....	Philadelphia, Pa.....	Dec. 31, 1920
	Group 3... Charles K. Haddon, vice president Victor Talking Machine Co., Camden, N. J.	Camden, N. J.....	Dec. 31, 1921
C	Richard L. Austin	Philadelphia, Pa.....	Dec. 31, 1920
	Henry B. Thompson, president U. S. Finishing Co., New York City.	Wilmington, Del.....	Dec. 31, 1919
	Charles C. Harrison	Philadelphia, Pa.....	Dec. 31, 1921

Mr. Levi L. Rue, president of the Philadelphia National Bank, was reelected a member of the Federal Advisory Council to represent the Third Federal Reserve District for the year 1918.

Mr. Charles J. Rhoads, who had been governor since the organization of the bank, resigned on February 8, 1918, to undertake war work with the Y. M. C. A. The following minute relative to his withdrawal was adopted by the board of directors:

The directors of the Federal Reserve Bank of Philadelphia desire to record their appreciation of the services rendered this bank by Mr. Rhoads as its governor, since organization, and the great reluctance with which they have accepted his resignation.

In their judgment, no one could have filled the office more capably than he has filled it, or have secured for the Federal Reserve system greater support, cooperation and confidence on the part of the banks and trust companies in this district. Since his resignation was presented on December 19, 1917, the directors have hoped that he might be induced to withdraw it. His decision, however, has been unalterable. His purpose in resigning to devote his abilities to the humanitarian work incident to the war deserves the particular admiration of all who know those abilities, as the directors of this bank have learned to know them. While regretting the termination of Mr. Rhoads's association with this bank, the directors appreciate the serious conviction and sense of duty which led to his resignation. They also recognize what he will contribute to the work upon which he enters, needing as it does just such ability, character, and purposes as Mr. Rhoads will bring to it.

Mr. E. Pusey Passmore, then vice president of the Franklin National Bank, Philadelphia, was elected to succeed Mr. Rhoads, on February 8, 1918. Mr. Frank M. Hardt, deputy governor and cashier of the bank, resigned on June 30, to accept the position of vice president and treasurer of the Philadelphia Trust Co. Upon motion duly made and seconded, a minute reading in part as follows was unanimously adopted by the board of directors:

It is the desire of the board that this record be made of the regret with which Mr. Hardt's resignation has been accepted and of the appreciation with which his valuable services will be remembered. Absolutely unsparing of self, the bank's interests were at all times foremost with him. To its organization, its accomplishment, its service to its members and to the Nation, he has constantly given his every effort, and all have borne the mark of rare ability.

Mr. William A. Dyer, then vice president and treasurer of the Cambridge Trust Co., Chester, Pa., a member of the Reserve system, was elected cashier on May 29, 1918. The office of deputy governor being vacant, Mr. William H. Hutt, treasurer of the University of Pennsylvania, was elected to the position on May 29, 1918. Mr. James M. Toy, an employee of the bank, was elected an assistant cashier on May 29, 1918.

A vacancy in the board of directors was caused by the death on September 24, 1918, of Hon. George W. F. Gaunt, a class B director, whose term would have expired on December 31, 1918. A minute reading in part as follows was adopted by the board of directors on October 2, 1918:

The directors of the Federal Reserve Bank of Philadelphia have learned with sorrow of the death on September 24, 1918, of George W. F. Gaunt, a director of this bank since its organization. His fellow directors have decided by this minute to express their admiration of his useful and honored life, as well as their appreciation of the service he has rendered this institution. They also desire to express their deep sympathy for his family.

Mr. Charles K. Haddon, of Camden, N. J., was elected by group 3 banks to succeed Mr. Gaunt. Mr. William H. Peck, president of the Third National Bank, Scranton, Pa., a class A director, whose term expired on December 31, 1918, was made ineligible for reelection by

an amendment to the Federal Reserve Act. Mr Peck was one of the original directors of the bank. Mr. Francis Douglas, of Wilkes-Barre, Pa., was elected by group 2 banks to succeed Mr. Peck.

The results of the regular election for a class A and a class B director, held from November 19 to December 3, are shown below.

*Votes cast for class A and B directors.*

Candidates.	First choice.	Second choice.	Third choice.	Fourth choice.	Fifth choice.
<b>GROUP 2, CLASS A.</b>					
John Barbey, president, Keystone National Bank, Reading, Pa.....	7	15	36	24	31
David Barry, cashier First National Bank, Johnstown, Pa.....	5	21	23	46	23
Francis Douglas, cashier First National Bank, Wilkes-Barre, Pa.....	82	24	7	4	5
Montgomery Evans, president Norristown Trust Co., Norristown, Pa.....	22	44	28	8	18
Frank Hastings, president Second National Bank, Altoona, Pa.....	7	19	20	26	30
<b>GROUP 3, CLASS B.</b>					
Charles K. Haddon, vice president Victor Talking Machine Co., Camden, N. J.....	91	21	24	7	12
Elmer E. Low, farmer, Lime Ridge, Pa.....	19	37	26	43	14
John C. Ogden, superintendent Cambria Steel Co., Johnstown, Pa.....	35	48	47	18	9
Henry W. Stokes, manufacturer, Philadelphia, Pa.....	14	43	52	37	7
E. H. Zeigler, farmer, Madisonburg, Pa.....	2	12	12	22	89

At the end of 1917 the bank had 6 officers and 186 clerks and other employees, compared with 11 officers and 419 clerks and other employees at the end of 1918.

Departments.	Number of employees, 1918.	Departments.	Number of employees, 1918.
<b>BANK.</b>		<b>BANK.</b>	
Officers.....	11	Telegraph.....	3
Analysis.....	8	Telephone.....	3
Auditing.....	14	Transit.....	103
Bookkeeping.....	22	Vault custodian.....	3
Building (porters, charwomen, etc.).....	29		335
Chauffeurs.....	3		
Coupon.....	5	<b>GOVERNMENT.</b>	
Discount.....	16	Liberty loan.....	48
Examination.....	2	Government depository.....	25
Federal Reserve agent.....	5	Government check.....	11
Filing.....	8	Liberty loan statistics.....	5
Mail.....	5	Liberty loan committee.....	3
Miscellaneous.....	10	Capital Issues Committee.....	3
Money.....	42		95
Pages.....	9		
Printing.....	7		
Runners and guards.....	23		
Secretaries.....	4		

The bank secured early in the year the building at 925 Chestnut Street, formerly occupied by the Penn Mutual Life Insurance Co. The building is centrally located and is very near the city's main post office.

## DEPARTMENT OF EXAMINATION.

The large increase in the number of State bank and trust company members made it necessary to arrange for keeping informed about them and to provide for such examinations and inspections as might be necessary. Mr. W. W. Paddock, a national-bank examiner in this district, was engaged as Federal Reserve examiner and put in charge of this work. On August 15 he resigned to accept a position as bank examiner for the Federal Reserve Board, and Mr. Walter T. Grosscup, a bank examiner under the Commissioner of Banking of New Jersey, was engaged to fill the position.

## COLLECTION DEPARTMENT.

For several months after the institution of the collection department, the greater portion of its business was received from other Federal Reserve Banks. At the present time only a comparatively small part is received from that source. The service charge of 10 cents an item was discontinued on July 1, 1918, and while this bank does not now make any charge for its service, items are sometimes subject to charges made by the collecting banks. The number of items handled is given herewith:

	Items received.	Number paid.	Number returned.
1918.			
January.....	255	248	7
February.....	244	217	27
March.....	322	290	32
April.....	413	354	59
May.....	385	324	61
June.....	725	609	116
July.....	1,090	946	144
August.....	1,637	1,487	150
September.....	2,190	1,992	198
October.....	1,148	891	257
November.....	1,096	903	193
December.....	1,356	1,156	200
Total.....	10,861	9,417	1,444

## COUPON DEPARTMENT.

The paying and handling of coupons representing interest on the various issues of Liberty bonds involved a large amount of work, and a special department was organized for this purpose, in which there are five clerks. This force had to be considerably augmented, however, at interest-paying periods. The number and amount of coupons handled are given herewith:

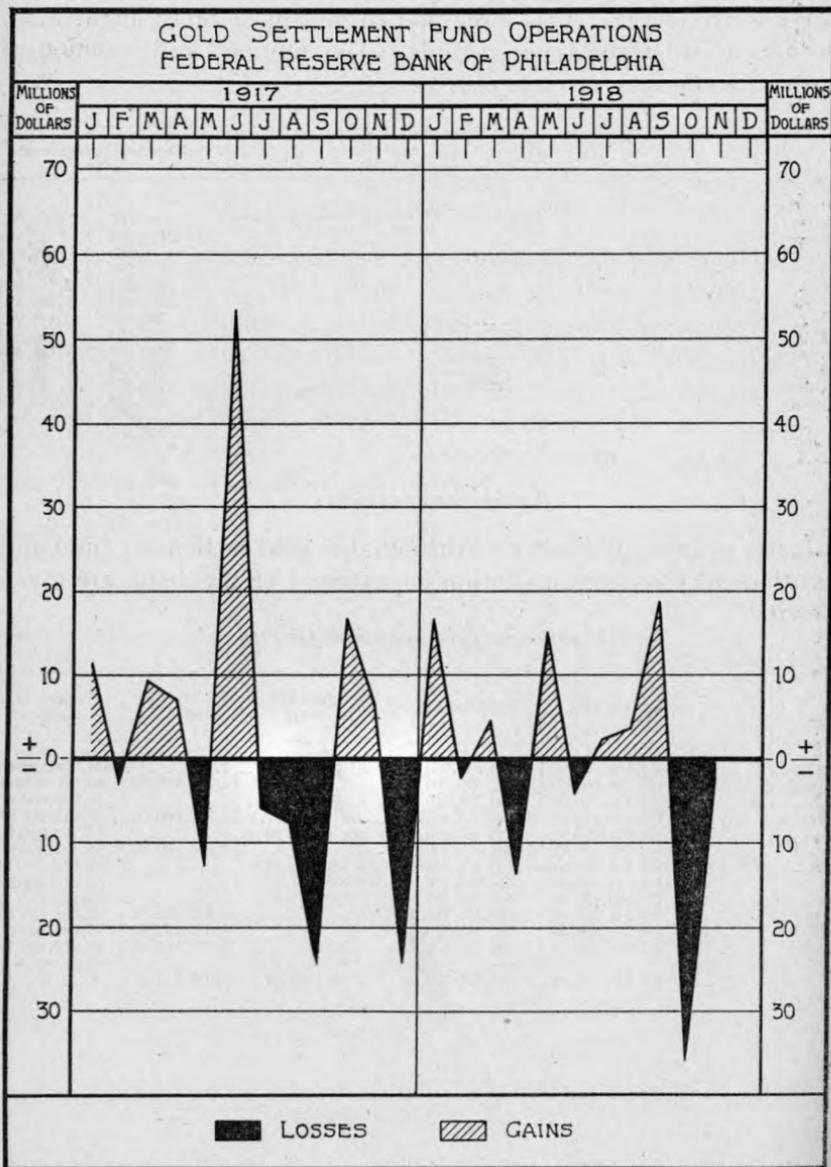
	Number.	Amount.
1918.		
January.....	76,567	\$260,907
February.....	170,048	53,536
March.....	8,863	19,640
April.....	8,293	36,977
May.....	437,577	2,411,898
June.....	260,664	1,298,396
July.....	228,068	410,094
August.....	87,304	160,573
September.....	240,287	1,184,568
October.....	527,434	1,496,681
November.....	201,274	1,534,622
December.....	430,314	2,220,509
Total.....	2,728,361	11,735,022

## CLEARING DEPARTMENT.

Figures showing transactions through the gold settlement fund and operations of the check-collection department of this bank are given herewith.

*Gold settlement fund operations for 1918.*

	Total debits.	Total credits.	Net gain for month.	Net loss for month.	Balance at close.
January.....	\$415,180,000.00	\$398,545,000.00	\$16,635,000.00	.....	\$48,736,000.00
February.....	315,386,000.00	317,496,000.00	.....	\$2,110,000.00	46,626,000.00
March.....	355,155,000.00	350,796,000.00	4,359,000.00	.....	50,985,000.00
April.....	381,900,000.00	395,872,000.00	.....	13,972,000.00	37,013,000.00
May.....	501,538,000.00	486,382,000.00	15,156,000.00	.....	52,169,000.00
June.....	392,768,150.00	396,833,750.00	.....	4,065,600.00	48,103,400.00
July.....	482,715,084.04	480,182,928.90	2,532,155.14	.....	50,635,555.14
August.....	445,511,503.93	441,633,156.58	3,878,347.35	.....	54,513,902.49
September.....	419,890,371.99	401,108,491.94	18,781,880.05	.....	73,295,782.54
October.....	582,848,438.89	613,455,461.56	.....	30,607,022.67	42,688,759.87
November.....	559,740,694.24	561,393,246.55	.....	1,652,552.31	41,036,207.56
December.....	587,504,336.75	591,128,137.77	.....	3,623,801.02	37,412,406.54
Total.....	5,440,137,579.84	5,434,826,173.30	61,342,382.54	56,030,976.00	.....



## Check clearing and collection.

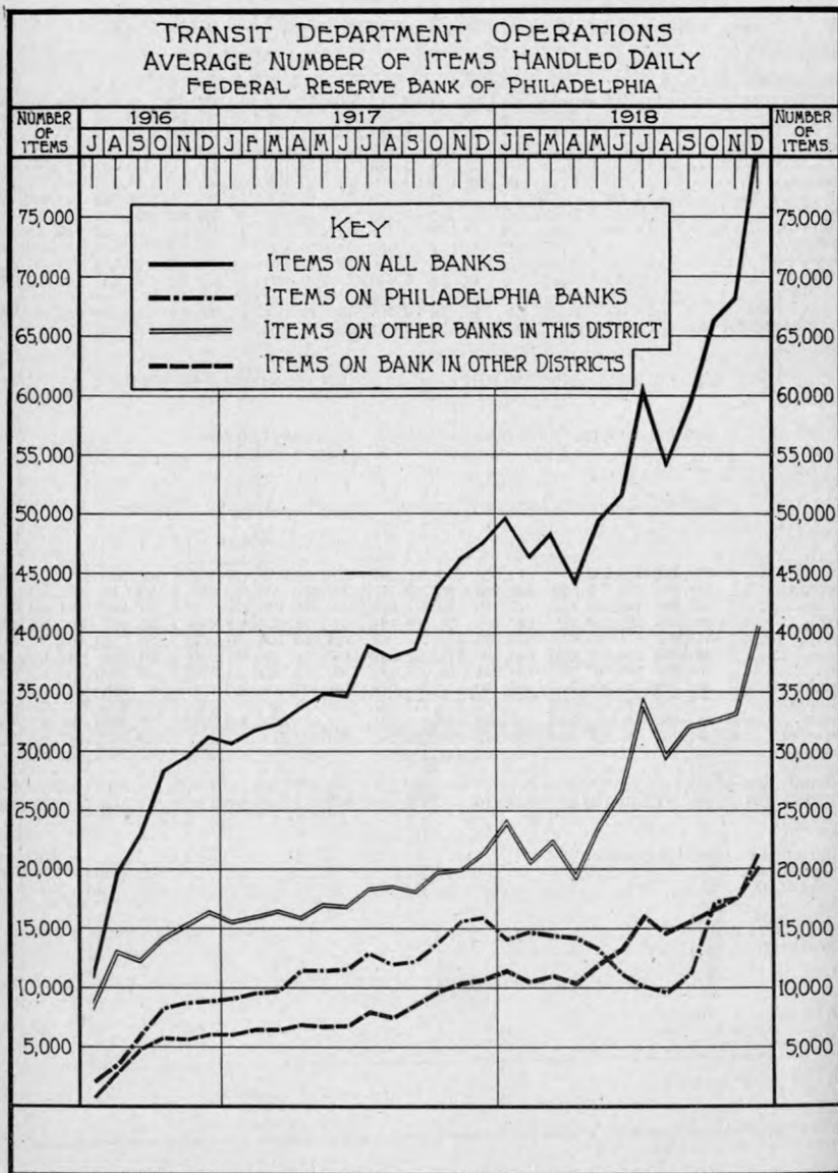
## AVERAGE DAILY NUMBER AND AMOUNT OF CHECKS HANDLED.

	On Philadelphia banks.		On banks elsewhere in district.		On banks in other reserve districts.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918.								
January.....	14,057	\$18,783,831	24,115	\$3,563,853	11,672	\$12,556,526	49,844	\$34,904,210
February.....	14,924	15,903,733	20,952	2,990,444	10,880	10,812,264	46,756	29,706,441
March.....	14,572	17,123,767	22,686	3,189,916	11,199	11,450,111	48,457	31,763,794
April.....	14,356	17,086,630	19,690	3,052,656	10,641	7,393,766	44,687	27,533,052
May.....	13,347	22,216,373	23,990	3,953,230	12,154	12,379,149	49,491	38,548,752
June.....	11,354	22,021,806	26,928	4,453,483	13,494	11,860,297	51,776	38,335,586
July.....	10,199	23,748,311	34,570	4,320,728	16,254	12,081,782	61,023	40,150,821
August.....	9,867	20,331,686	29,856	4,138,372	14,858	10,252,070	54,581	34,722,128
September.....	11,356	23,604,779	32,149	4,635,734	15,798	11,201,015	59,303	39,441,528
October.....	17,134	27,768,625	32,532	5,164,894	16,808	12,938,592	66,474	45,872,111
November.....	17,668	28,833,029	33,182	5,216,339	17,503	11,278,488	68,353	45,327,856
December.....	21,219	27,723,766	40,851	5,670,185	20,461,	10,299,623	82,531	43,693,574
Average.....	14,171	22,065,528	28,458	4,195,819	14,310	11,208,640	56,939	37,499,987
Average for 1917..	12,087	12,273,306	17,674	2,581,355	7,481	8,825,030	37,603	23,679,692

## TOTAL NUMBER AND AMOUNT OF CHECKS HANDLED MONTHLY.

	On Philadelphia banks.		On banks elsewhere in district.		On banks in other reserve districts.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918.								
January.....	373,263	\$444,252,374	511,935	\$79,369,064	276,667	\$192,237,928	1,161,865	\$715,859,366
February.....	328,332	349,882,128	460,945	65,789,777	239,359	237,869,807	1,028,636	653,541,712
March.....	364,293	428,094,175	567,149	79,747,911	279,990	286,252,776	1,211,432	794,094,862
April.....	365,502	488,379,621	626,986	92,660,184	303,473	326,469,658	1,295,961	907,509,463
May.....	347,022	577,625,699	623,739	102,783,982	316,010	321,857,862	1,286,771	1,002,267,543
June.....	283,843	550,545,153	673,199	111,337,087	337,368	296,507,430	1,294,410	958,389,670
July.....	254,971	593,707,781	864,251	108,018,187	406,358	302,044,570	1,525,580	1,003,770,538
August.....	266,422	548,955,519	806,120	111,736,048	401,163	276,805,911	1,473,705	937,497,478
September.....	272,536	566,514,715	771,587	111,257,607	379,172	268,824,350	1,423,295	946,596,672
October.....	445,482	721,984,258	845,819	134,287,251	437,031	336,403,397	1,728,332	1,192,674,906
November.....	424,030	691,992,700	796,373	125,192,142	420,082	270,683,703	1,640,485	1,087,868,545
December.....	530,471	693,094,152	1,021,290	141,754,639	511,528	257,490,566	2,063,289	1,092,339,357
Total, 1918.	4,256,167	6,655,028,275	8,569,393	1,263,933,879	4,308,201	3,373,447,958	17,133,761	11,292,410,112
Total, 1917.	3,648,181	3,704,029,949	5,339,710	778,780,708	2,364,381	2,663,681,129	11,352,272	7,146,491,786

Disbursements, transit department.....	\$167,520
Cost per item.....	cents.. 0.97
Cost per \$1,000.....	do.. 1.48



GENERAL BANKING CONDITIONS IN DISTRICT AND RELATIONS WITH  
MEMBER BANKS.

There has been no change in the boundary lines of the Third Federal Reserve District, the territory comprised being as follows:

Delaware (population 215,160).

New Jersey, southern part (population 652,499), counties:

Atlantic.	Cape May.	Mercer.
Burlington.	Cumberland.	Ocean.
Camden.	Gloucester.	Salem.

Pennsylvania, eastern part (population 5,764,952), counties:

Adams.	Delaware.	Montour.
Bedford.	Elk.	Northampton.
Berks.	Franklin.	Northumberland.
Blair.	Fulton.	Perry.
Bradford.	Huntingdon.	Philadelphia.
Bucks.	Juniata.	Pike.
Cambria.	Lackawanna.	Potter.
Cameron.	Lancaster.	Schuylkill.
Carbon.	Lebanon.	Snyder.
Center.	Lehigh.	Sullivan.
Chester.	Luzerne.	Susquehanna.
Clearfield.	Lycoming.	Tioga.
Clinton.	McKean.	Union.
Columbia.	Mifflin.	Wayne.
Cumberland.	Monroe.	Wyoming.
Dauphin.	Montgomery.	York.

The banking resources of national banks in the district increased 8 per cent during the year, and State institutions 14 per cent, making an increase in the combined banking resources of 10 per cent.

*Banking resources, district No. 3.*

[000 omitted.]

	Capital.	Surplus.	Undivided profits.	Individual deposits.	Bank deposits.	Total resources.	
						1918	1917
<b>Pennsylvania:</b>							
National banks (537).....	\$74,474	\$94,853	\$24,998	\$817,442	\$162,455	\$1,293,164	\$1,209,999
State institutions (353).....	81,113	115,572	28,213	823,516	14,090	1,113,693	981,001
Total (890).....	155,587	210,425	53,211	1,640,958	176,545	2,406,857	2,191,000
<b>New Jersey:</b>							
National banks (72).....	6,295	7,177	3,210	58,754	1,637	128,256	109,515
State institutions (42).....	5,640	5,064	1,702	64,473	5,386	80,544	71,563
Total (114).....	11,935	12,241	4,912	123,328	7,023	208,800	181,078
<b>Delaware:</b>							
National banks (20).....	1,459	1,542	700	14,063	542	20,229	19,297
State institutions (25).....	3,396	2,034	1,106	30,747	545	66,306	56,041
Total (45).....	4,855	3,576	1,806	44,810	1,087	86,535	75,338
<b>Totals:</b>							
National banks (629).....	76,228	103,571	28,908	906,943	164,629	1,441,649	1,338,811
State institutions (420).....	90,150	122,671	31,022	918,737	20,022	1,260,544	1,108,664
Total (1,049), 1918.....	166,378	226,242	59,930	1,825,680	184,651	2,702,193	.....
Total (997), 1917.....	159,422	204,617	78,516	1,589,826	238,775	.....	2,447,474

*Combined statement of condition of member national banks.*

	Date of comptroller's call.			
	Sept. 2, 1915.	Sept. 12, 1916.	Sept. 11, 1917.	Aug. 31, 1918.
<b>RESOURCES.</b>				
Loans and discounts .....	\$527,799,000	\$597,371,000	\$647,542,000	\$635,753,000
Liberty bonds .....			23,903,000	66,791,000
Other United States bonds .....	61,438,000	58,812,000	67,804,000	142,412,000
Other bonds, securities, etc. ....	198,582,000	244,462,000	283,356,000	271,998,000
All other resources .....	267,289,000	295,338,000	316,206,000	323,395,000
<b>Total .....</b>	<b>1,055,108,000</b>	<b>1,195,983,000</b>	<b>1,338,811,000</b>	<b>1,440,349,000</b>
<b>LIABILITIES.</b>				
Capital stock .....	77,248,000	76,814,000	76,708,000	76,178,000
Surplus .....	98,150,000	97,304,000	99,037,000	103,468,000
Undivided profits .....	21,100,000	24,460,000	28,766,000	28,908,000
National-bank notes outstanding ..	58,278,000	56,291,000	55,596,000	54,212,000
Individual deposits .....	640,860,000	759,894,000	877,549,000	905,834,000
Bank deposits .....	149,604,000	166,926,000	166,175,000	164,629,000
All other liabilities .....	9,868,000	14,294,000	34,980,000	107,120,000
<b>Total .....</b>	<b>1,055,108,000</b>	<b>1,195,983,000</b>	<b>1,338,811,000</b>	<b>1,440,349,000</b>

There were 628 national bank members at the beginning of the year; 5 went into liquidation, and 8 new banks were organized, making 631 national bank members at the end of the year. There were 7 State bank members at the beginning of the year; 22 new institutions were admitted, making 29 State bank members at the end of the year, and the total number of member banks 660.

While the number of State institutions in the district which have already joined the Federal Reserve system is 29 out of 259 eligible institutions, yet those which were members at the end of the year represented 54 per cent of the resources of all eligible State institutions. Among the trust companies and State banks which have joined the system are included the largest in Philadelphia and in some other parts of the district.

While applications for membership are coming in slowly, bankers seem to appreciate the advantages of membership, and there is every reason to hope that most of the institutions will eventually come in. Such State institutions as have become members have availed themselves freely of the discount facilities of the bank. Our relations have been materially profitable and helpful; members speak with satisfaction of the results and have been of much assistance in obtaining new members.

The banking departments of the States in the district have sent us, upon request, copies of reports of examinations of State bank members, which rendered it unnecessary to have special examinations made by our own examiners.

One of the effects of trust companies joining the system has been somewhat of a change in the investments of such companies. A number of them now carry lines of paper eligible for rediscount at

the Federal Reserve Bank, making their assets, to that extent, more liquid than heretofore.

The list of State institutions which are now members is given herewith. The first seven joined in 1917.

*State banks and trust companies in the Third Federal Reserve District admitted to membership in the Federal Reserve system.*

Name of bank.	Capital.	Surplus.	Deposits. <sup>1</sup>
1. Girard Trust Co., Philadelphia, Pa.....	\$2,500,000	\$7,500,000	\$37,423,775.82
2. Miners Deposit Bank, Lykens, Pa.....	50,000	110,000	484,000.00
3. Philadelphia Trust Co., Philadelphia, Pa.....	1,000,000	4,000,000	23,731,531.48
4. Commercial Trust Co., Philadelphia, Pa.....	1,000,000	1,750,000	14,035,264.64
5. Camden Safe Deposit & Trust Co., Camden, N. J.....	500,000	800,000	8,599,346.84
6. Wilmington Trust Co., Wilmington, Del.....	1,000,000	500,000	13,527,713.10
7. Pennsylvania Co., Philadelphia, Pa.....	2,000,000	5,000,000	25,434,553.61
8. Fidelity Trust Co., Philadelphia, Pa.....	5,000,000	16,000,000	22,515,615.07
9. Dime Deposit Bank, Wilkes-Barre, Pa.....	200,000	150,000	1,371,346.36
10. Security Trust & Safe Deposit Co., Wilmington, Del.....	600,000	700,000	4,410,486.64
11. Markle Banking & Trust Co., Hazleton, Pa.....	100,000	500,000	3,437,176.86
12. Rittenhouse Trust Co., Philadelphia, Pa.....	250,000	50,000	1,426,965.39
13. Cambridge Trust Co., Chester, Pa.....	250,000	125,000	5,137,308.15
14. Williams Valley Bank, Williamstown, Pa.....	50,000	45,000	302,058.38
15. Dauphin Deposit Trust Co., Harrisburg, Pa.....	300,000	300,000	3,188,925.85
16. Gloucester City Trust Co., Gloucester City, N. J.....	100,000	25,000	548,816.56
17. Provident Life & Trust Co., Philadelphia, Pa.....	2,000,000	5,000,000	10,271,978.37
18. Princeton Bank & Trust Co., Princeton, N. J.....	100,000	150,000	1,428,965.39
19. Bank of Commerce, Philadelphia, Pa.....	300,000	140,000	1,640,000.36
20. West Philadelphia Title & Trust Co., Philadelphia, Pa.....	500,000	500,000	4,154,985.28
21. Colonial Trust Co., Philadelphia, Pa.....	272,725	272,725	2,910,197.41
22. American Bank of Commerce, Scranton, Pa.....	312,987	34,480	378,027.41
23. Equitable Trust Co., Wilmington, Del.....	500,000	500,000	3,693,216.23
24. Drovers & Merchants Bank, Philadelphia, Pa.....	200,000	40,000	540,986.29
25. Swedesboro Trust Co., Swedesboro, N. J.....	100,000	20,000	615,174.43
26. Northern Central Trust Co., Williamsport, Pa.....	500,000	150,000	2,631,339.68
27. Susquehanna Trust Co., Williamsport, Pa.....	400,000	300,000	2,029,433.60
28. Logan Trust Co., Philadelphia, Pa.....	1,000,000	250,000	7,509,445.22
29. Wayne County Savings Bank, Honesdale, Pa.....	200,000	325,000	2,663,000.00

<sup>1</sup> Exclusive of Government deposits.

In the fall of the year 95 per cent of total borrowings by member banks represented borrowings from the Federal Reserve Bank. Prior to June, 1917, when the first Liberty loan was issued, the bulk of the loans had been made with correspondent banks. The banks of the district have always been conservative, and their borrowings usually small, but during the past year they subscribed liberally to Liberty bonds and United States certificates of indebtedness, which necessitated a great increase in the amount of their borrowings. This, however, was less than anticipated, as early in the war the necessity for conserving capital and credit was appreciated and the policy of curtailment of credit for purposes not essential to the prosecution of the war was undertaken and generally maintained throughout the district.

Holdings of Liberty bonds by national banks of the district on September 11, 1917, amounted to \$23,903,000; on December 31, 1917, \$48,066,000; on June 29, 1918, \$64,071,000; and on November 1, 1918, \$152,007,000.

As the Government was constantly in the market for funds money rates were high throughout the year, 6 per cent being the prevailing

rate for paper. The banks bought comparatively little. Transactions in municipal, industrial, railroad, and public-utility securities were also at a minimum owing to restrictions on credit and the diversion of funds to investment in Government bonds.

At the time of the influenza epidemic the staffs of banking institutions, in common with other business concerns, were in some cases so seriously affected that the operations of the banks could not be carried on without outside help. Upon the request of several institutions, this bank furnished them clerks from its staff which enabled such banks to carry on their operations.

## ACCEPTANCES UP TO 100 PER CENT.

During the year the Bank of North America and the First National Bank, both of Philadelphia, were authorized to accept drafts up to 100 per cent of their capital and surplus. The increase in acceptance liabilities of member banks is given herewith:

Date of comptroller's call.	Amount.
Dec. 31, 1915.....	\$2, 809, 000
Dec. 27, 1916.....	8, 309, 000
Dec. 31, 1917.....	14, 165, 000
Nov. 1, 1918.....	25, 683, 000

## PHILADELPHIA CLEARING HOUSE MEMBERS.

In the latter part of the year the ratio of loans to deposits of the Philadelphia Clearing House was above 100 per cent.

The relation of loans to deposits is shown in the following table:

*Philadelphia clearing-house members, 1918.*

[000 omitted.]

	Loans, discounts, and investments.	Deposits.			Ratio of loans to deposits.
		Bank.	Individual.	Total.	
January.....	\$579, 246	\$164, 861	\$456, 806	\$621, 667	93.2
February.....	578, 976	167, 232	448, 754	615, 986	94.0
March.....	587, 344	169, 717	450, 834	620, 551	94.7
April.....	606, 940	166, 408	467, 529	633, 937	95.7
May.....	619, 773	164, 976	463, 732	628, 708	98.6
June.....	623, 872	170, 239	454, 517	624, 756	99.8
July.....	611, 044	155, 531	439, 783	595, 314	102.7
August.....	613, 842	166, 494	451, 144	617, 638	99.4
September.....	630, 491	168, 869	474, 576	643, 445	98.0
October.....	716, 478	167, 562	461, 075	628, 637	113.9
November.....	743, 957	159, 622	479, 005	638, 627	116.5
December.....	713, 802	159, 665	464, 080	619, 645	115.1

## FIDUCIARY POWERS GRANTED.

The applications of the following banks for fiduciary powers in accordance with section 11 (k) of the Federal Reserve Act as originally enacted were approved in 1918:

Atglen National Bank, Atglen, Pa.  
 National Bank of Boyertown, Boyertown, Pa.  
 First National Bank, Danville, Pa.  
 Conestoga National Bank, Lancaster, Pa.  
 South Bethlehem National Bank, South Bethlehem, Pa.  
 Wyoming National Bank, Wilkes-Barre, Pa.  
 National Bank of Topton, Topton, Pa.  
 First National Bank, Williamsport, Pa.  
 Western National Bank, York, Pa.

The Phelan amendment to the Federal Reserve Act, which became law on September 26, 1918, in addition to authorizing the Federal Reserve Board to permit banks to act as trustee, executor, administrator, and registrar of stocks and bonds, also permitted the granting of the right to act as guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located. No permit can be issued to any national banking association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers.

The minimum capital required for institutions exercising fiduciary powers in Pennsylvania is \$125,000; in New Jersey, \$100,000; in Delaware, \$25,000. By capital is meant the amount actually credited to capital and takes no account of surplus. The applications of many institutions which desired authority to exercise fiduciary powers could not be approved owing to their not having sufficient capital. The following institutions were granted these powers under the new act:

Merchants National Bank, Allentown, Pa.  
 Third National Bank, Scranton, Pa.  
 South Bethlehem National Bank, South Bethlehem, Pa.  
 Swedesboro National Bank, Swedesboro, N. J.  
 First National Bank, Williamsport, Pa.  
 First National Bank, Woodbury, N. J.  
 Western National Bank, York, Pa.

## CLAYTON ACT.

Only a few applications for permission to serve as director under the terms of the Clayton Act and Kern amendment were received during the year, the bulk of such applications having been made in the fall of 1916.

## FISCAL AGENCY OF THE UNITED STATES.

The Federal Reserve Bank has been brought prominently before the public through its activities as fiscal agent of the Government in the placing of the Liberty bonds and certificates of indebtedness. There has been a realization of the importance of the system through the comparative ease of the money market that was maintained during the war and the facility with which the financial transactions of the Government were carried through.

The following shows subscriptions to the four Liberty loan issues:

*Subscriptions to the four Liberty loan issues.*

## FIRST LOAN.

States.	Apportionment.	Amount subscribed.	Allotments.	Number of subscribers.	Per cent of population subscribing.	Per capita subscription.
Delaware.....	\$6,136,000	\$11,917,850	\$6,136,100	Norecord.	Norecord.	\$50.00
New Jersey.....	8,817,400	11,702,700	8,812,100	Norecord.	Norecord.	17.60
Philadelphia.....	94,964,750	145,172,950	96,809,650	Norecord.	Norecord.	80.50
Pennsylvania (not including Philadelphia).....	53,339,150	63,515,750	53,389,750	Norecord.	Norecord.	16.70
	163,257,300	232,309,250	165,147,600	.....	.....	35.70

## SECOND LOAN.

Delaware.....	\$7,705,700	\$8,314,200	\$7,705,700	16,570	6.9	\$35.00
New Jersey.....	17,527,950	18,188,150	16,950,400	52,849	7.9	27.30
Philadelphia.....	139,499,950	234,901,000	148,327,350	245,123	13.6	130.00
Pennsylvania (not including Philadelphia).....	108,067,200	118,946,900	107,200,650	309,033	7.9	31.40
	272,800,800	380,350,250	280,184,100	623,575	9.6	58.50

## THIRD LOAN.

Delaware.....	\$8,474,500	\$25,391,400	\$25,391,400	50,873	21.3	\$94.00
New Jersey.....	19,379,400	24,990,850	24,990,850	164,573	24.7	37.40
Philadelphia.....	139,499,950	142,230,650	142,230,650	651,931	36.2	93.00
Pennsylvania (not including Philadelphia).....	101,587,640	169,350,600	169,350,600	1,003,551	26.4	37.00
	268,941,490	361,963,500	361,963,500	1,870,928	28.8	54.50

## FOURTH LOAN.

Delaware.....	\$16,013,280	\$22,621,300	\$22,621,300	58,647	24.6	\$95.50
New Jersey.....	38,694,970	42,363,450	42,363,450	206,516	31.2	63.50
Philadelphia.....	259,198,000	306,870,950	306,870,950	502,700	27.8	167.00
Pennsylvania (not including Philadelphia).....	202,000,000	226,907,950	226,907,950	1,003,268	26.5	59.50
	515,906,250	598,763,650	598,763,650	1,771,131	27.3	92.00

## LIBERTY LOANS.

Two campaigns for the sale of Liberty bonds were conducted during the year, and from the standpoint of distribution the third Liberty loan campaign was by far the most successful, 1,870,928 subscribers having been obtained. It should be said, however, that the work of the fourth Liberty loan was hampered very much by the influenza epidemic, which was at its height during the campaign. At one time more than half the loan workers were ill, or else occupied in nursing the sick; also theaters, churches, schools, etc., were closed and it was found necessary in soliciting subscriptions for the fourth loan to appeal for large subscriptions rather than a great number of subscribers.

Previous to the opening of these campaigns the work of the organization of the various committees had been completed, a conference was held of the secretaries of all the districts into which the Philadelphia Federal Reserve District had been divided and opportunity afforded to familiarize themselves with the details of the loan and the work they were about to undertake. The intensive work of the campaigns was begun on the first day.

One of the objectives of the campaigns was the obtaining of small subscriptions and this was greatly facilitated by the cooperation of banks in agreeing to take subscriptions for bonds to be paid in installments at the rate of \$1 a week for \$50 bonds and proportionately larger amounts based upon the denomination of the bonds subscribed for. Subscriptions placed under these conditions involved the banks in a great amount of work and much expense.

A committee that played a large part in making the campaigns a success was that having charge of all publicity matters for the district. It forwarded to all organizations and subcommittees posters, buttons, etc., for use in the campaigns and attended to all the newspaper advertising, etc. In connection with this committee a press bureau was established, which kept in touch with the newspapers of the district, and through the hearty cooperation of the papers a large amount of space was allotted in them for news incident to the campaigns. As no funds could be provided out of the proceeds of the sale of bonds for advertising purposes, all newspaper advertising for the campaigns was contributed by manufacturers, merchants, banking institutions, insurance companies, and other corporations of the district. The cost of such advertising was very large and the country is under great obligation to those who contributed so generously for this purpose.

In addition to the newspaper publicity, two innovations of marked value were adopted before the opening of the third campaign. A replica of Bartholdi's Statue of Liberty was erected on Broad Street,

Philadelphia, immediately south of the city hall, at which, almost continuously, night and day, during the entire period of the third campaign, there was public speaking, band concerts, and other demonstrations, which created a spirit of enthusiasm and gave encouragement to the workers. During the fourth campaign, owing to the influenza epidemic, public assemblages were forbidden, consequently no meetings were held around the statue. From the balcony of this statue the Secretary of the Treasury, Hon. W. G. McAdoo, delivered an address on April 6, at the opening of the third campaign.

Another feature which was very helpful was the publication of the "Liberty Line," a journal issued weekly by the committee, through which every worker was informed as to the operation of the campaigns and the methods being used by the various organizations and committees to promote the work. The encouragement and help given by these suggestions and advice was instructive and stimulating.

In the emergency during the fourth Liberty loan campaign caused by the epidemic the Boy Scouts were called upon and rendered invaluable service, temporarily performing many of the duties of the regular workers.

Special reference should be made of the work of the industrial committee for the city of Philadelphia, which secured \$78,000,000 subscriptions to the third and \$164,000,000 to the fourth loans. The industries of the city were divided into 19 groups, 136 trade committees being organized to work in these groups, and 1,800 workers enrolled. The committee issued a daily bulletin, stating the progress made.

In this district, whose population contains a large percentage of foreign born, the foreign-language division had an important part to play. It urged "Americanization"—the speaking of the American language, adoption of American customs, and, above all, the owning of Liberty bonds. The executive secretary spoke in eight different languages throughout the district. The response was spontaneous from all nationalities and an interesting feature of the canvas was that the German-Americans made the best showing of all in the city of Philadelphia, with over twenty millions of bonds to their credit in the fourth loan out of a total foreign sale of thirty-three millions.

In the Philadelphia Federal Reserve District, as elsewhere, the services of the women were invaluable in the loan campaigns. In the third campaign their organization was on State lines, and did not cooperate so closely with the Liberty loan committee, but in the fourth campaign their organization was coextensive with that of the central Liberty loan committee of the district. They took an important part in the house-to-house canvass throughout the city,

made public addresses, visited schools, and maintained booths in the streets of the cities and towns of the district, at which subscriptions were received. Their organization was well carried out, and, if possible, more completely marshaled than that of the men.

## UNITED STATES CERTIFICATES OF INDEBTEDNESS.

About 7 per cent of each issue of United States certificates of indebtedness was allotted to this district, the allotments being placed with the banks of the district in amounts proportionate to their resources. Previous to the third Liberty loan this work was performed by the officers of the bank, but as the amount of the issues increased they were unable to continue it and the matter was placed in the hands of Mr. John H. Mason, of Philadelphia, as director of sales. The district has oversubscribed its quota for almost every issue.

In connection with these operations, 647 of the banks availed themselves of the opportunity to become depositaries of United States loan funds, as a result of which the payments made for the purchase of certificates were withdrawn gradually from the banks, thus making the purchase of certificates by the banks much more facile. The results of the subscriptions are given in the following table:

*Number of banks and of other subscribers, also amounts subscribed to certificates of indebtedness.*

	Six issues preceding the third Liberty loan.	Seven issues preceding the fourth Liberty loan.
<b>National banks:</b>		
Number subscribing.....	578	601
Per cent of total in district.....	90.31	93.18
Amount subscribed.....	\$123,319,500	\$200,957,500
<b>State banks:</b>		
Number subscribing.....		147
Per cent of total in district.....		86.90
Amount subscribed.....		\$15,188,508
<b>Trust companies:</b>		
Number subscribing.....	200	202
Per cent of total in district.....	68.26	87.44
Amount subscribed.....	\$61,990,000	\$93,859,000
<b>Other banks:</b>		
Number subscribing.....	118	9
Per cent of total in district.....	45.56	100
Amount subscribed.....	\$8,685,000	\$5,129,000
<b>Individuals, corporations, etc.:</b>		
Number subscribing.....	148	33
Amount subscribed.....	\$2,505,500	\$886,000
<b>Total:</b>		
Number of banks subscribing.....	896	959
Per cent of total in district.....	75.17	90.99
Number of individuals, corporations, etc., subscribing.....	148	33
Amount subscribed.....	\$196,500,000	\$316,020,000

## CAPITAL ISSUES COMMITTEE.

Early in the year the Capital Issues Committee appointed subcommittees at each of the Federal Reserve Banks. The chairman of the board of directors of each Federal Reserve Bank acted as chairman of the subcommittee, and the governor of the Federal Reserve Bank as vice chairman.

Richard L. Austin, chairman, appointed the following committee for the Philadelphia Federal Reserve district: E. P. Passmore, vice chairman; Clarence M. Clark, John Gribbel, Albert A. Jackson, Lewis Lillie, Howard S. Graham, Robert W. Daniels, Charles Fearon, George H. Frazier, A. C. Dinkey, Thomas S. Gates, Charles C. Harrison, jr., Walter C. Janney, Horatio G. Lloyd, W. S. Maddox, John S. Newbold, F. B. Snyder, Ira Vaughn, Joseph Wayne, jr., and Charles W. Welsh, all of Philadelphia; John Brooks, Scranton, Pa.; Benjamin E. Mann, Lancaster, Pa.; George K. Reilly, Harrisburg, Pa.; Ferdinand, W. Roebling, jr., Trenton, N. J.; H. B. Schooley, Wilkes-Barre, Pa.; and L. Scott Townsend, Wilmington, Del.

A good deal of educational work was necessary to bring this matter to the attention of bankers and the general public. Notices were given to the press for publication in all the newspapers of the district. Communications reflecting the policy of the Government and stating in detail the procedure which should be followed by those interested in issuing securities were sent to all bankers, corporations, and municipalities interested in the issue of securities, and the necessary staff was provided to take care of the work. Ninety-three thousand copies of a pamphlet entitled "Economy the Gospel in England" were distributed.

For some months the work of the committee continued on a purely voluntary or unofficial basis. On April 5, 1918, however, the War Finance Corporation Act was approved and under it district committees were reappointed in each Federal Reserve district throughout the country, all new issues of securities being submitted to and passed upon by the district committee in whose district the issues originated and then referred to the Washington committee for final action.

In order that the work of the district committee might be carried out in the most expeditious and effective manner, a permanent executive committee, a secretary, and an assistant secretary were appointed. The executive committee consisted of: Richard L. Austin, chairman; E. P. Passmore, vice chairman; Clarence M. Clark, Howard S. Graham, John Gribbel, Albert A. Jackson, and Lewis Lillie. Other members of the main committee were called in rotation for a period of 60 days to serve with the executive committee, and Messrs. Charles W. Welsh, Charles Fearon, John S. Newbold, and Joseph Wayne, jr., gave their assistance in this manner. Arthur E. Post, assistant Federal Reserve agent, was named as secretary of the

committee, and Edward V. Kane, of the firm of Edward V. Kane & Co., was appointed assistant secretary.

The capital issues committee of this district passed upon 182 applications, approximating \$139,830,339. Of these, 149 applications, approximating \$98,888,649, were approved, while 22 applications, approximating \$40,941,690, were disapproved. In the case of 11 applications, securities aggregating \$10,215,000 were tied up, under agreement not to be sold during the period of the war. Aside from those officially disapproved, prospective issues approximating \$75,000,000, which would serve no military or economic purpose, were, in response to the committee's arguments, discouraged and postponed.

While it was not part of the committee's duty to pass upon the merits of any issue of securities, its functions being confined to the question of timeliness as applied to the Government's war needs, the large and increasing number of doubtful issues of miscellaneous stocks pertinently suggests the desirability of continued Federal supervision, with a view to the protection of the public from reckless and unscrupulous promoters. Supervision and restraint, with penalty-enforcing power, are especially important in view of the persistent efforts of promoters to exchange their shares for Liberty bonds. The effect of this business upon the market price of Government issues is obvious, since the latter are promptly converted into cash as soon as an exchange has been effected.

Simultaneously with the closing of the work of the Capital Issues Committee at the end of the year, Chairman Hamlin, of the main committee at Washington, addressed a letter to the chairman of the committee for this district, reading in part as follows:

As we approach the end of our work, it is the sincere wish of the committee and myself that you and the other members of the Philadelphia district committee may realize how grateful we are for the splendid patriotic cooperation you have given us.

We all know that the idea back of the Capital Issues Committee would have had little effect without the help of the district committees, which have shown themselves to be composed of the most intelligent, loyal, and unselfish men that could be gathered together in the service of the Government. The district committeemen scattered throughout the country, and not we here in Washington, have been the bulwark of the committee. We know it and appreciate it and the success of the control of capital issues is due very largely to the efforts of yourself and your associates.

The work throughout has been arduous, difficult, and to a large degree thankless, but we are assured by the Treasury Department that it has been of tremendous value, and every member of your committee has a right to be proud of his part in it.

#### BUSINESS CONDITIONS IN THE DISTRICT.

The large number of plants for the manufacture of iron and steel and all their products in this district made it naturally one of the most important centers for the production of munitions of war. The largest plants for the manufacture of guns and small arms are

located here, including the several plants of the Baldwin Locomotive Works, Midvale Steel & Ordnance Co., Bethlehem Steel Co., numbers of steel-casting plants, and the great shipyards along the Delaware River.

There was no unemployment in the district throughout the year. All lines of industry were hampered by the scarcity of labor, this scarcity being aggravated by reductions in the number of workers through enlistments and draft calls. Wage earners were attracted to munitions factories, shipyards, and other war plants by the high wages paid. The competition for labor and the steadily increasing wages resulted in much shifting of labor and consequent inefficiency. The employment of women in new lines of work did much to relieve the labor scarcity. After the signing of the armistice many plants either closed down or reduced operations, and in so doing released thousands of workers. This, in connection with the return of some thousands more from military service, improved the labor situation greatly, but as yet there appears to be no surplus of labor.

Old shipyards were greatly enlarged and extended, new ones created, and the industrial area along the Delaware River witnessed an almost unthinkable expansion in shipbuilding.

The Emergency Fleet Corporation let contracts to 11 yards in the district for the delivery of 3,442,577 dead-weight tons, equivalent to one-fourth of the tonnage provided for in the national shipbuilding program. Ten of the yards are manufacturing steel ships and have received contracts from the Fleet Corporation for a total of 412 ships, with an aggregate tonnage of 3,407,577. They employ very nearly 100,000 persons, the majority of whom are skilled workers. Up to November 30, 1918, the number of vessels delivered and launched was 79, of an aggregate tonnage of 523,442. Ninety-four ships of 765,120 total tonnage were in process of construction. The other shipyard is for the construction of wooden ships and has received awards for 10 wooden steamers of 3,500 dead-weight tons each. The total value of the above contracts is \$689,390,000.

The war's demands threw an immense amount of work upon the textile machinery of the district, the orders placed for underwear, hosiery, other knit goods, and material for clothing being sufficient to absorb all the productive capacity of the mills. At times, every loom in the district was employed in making cloth for the Government. While operations were much embarrassed by the shortage of labor and by difficulties in obtaining supplies, yet large quantities of goods were produced.

Building operations, apart from those incident to war work, were the smallest on record for years. Inability to secure financial accommodation and the high cost and scarcity of materials and labor brought building for strictly civilian purposes almost to a

standstill. Builders regard the prospect for active operations as good and are anticipating a better supply of labor and lower prices for materials following the curtailment of Government operations.

The coal output of the district has, for the most part, been in excess of the two previous years. The severe shortage, due to scarcity of cars and other transportation difficulties, which was so disastrous last winter, has been avoided this winter. While a heavy loss in production was occasioned by the influenza epidemic, the situation at the end of the year showed considerable improvement, it being apparent that all requirements for fuel could be supplied. The production of anthracite coal for 1918 amounted to 88,840,000 tons, indicating but little change from the high figures of the immediately preceding year. Reports of the production of bituminous coal indicate an increase for the year of about 18 per cent.

The year 1918 has been successful for the farmers in the district. There was no unusual damage from frost or storm, the greatest damage being caused by a prolonged drought during part of the summer, which hurt particularly the potato crop.

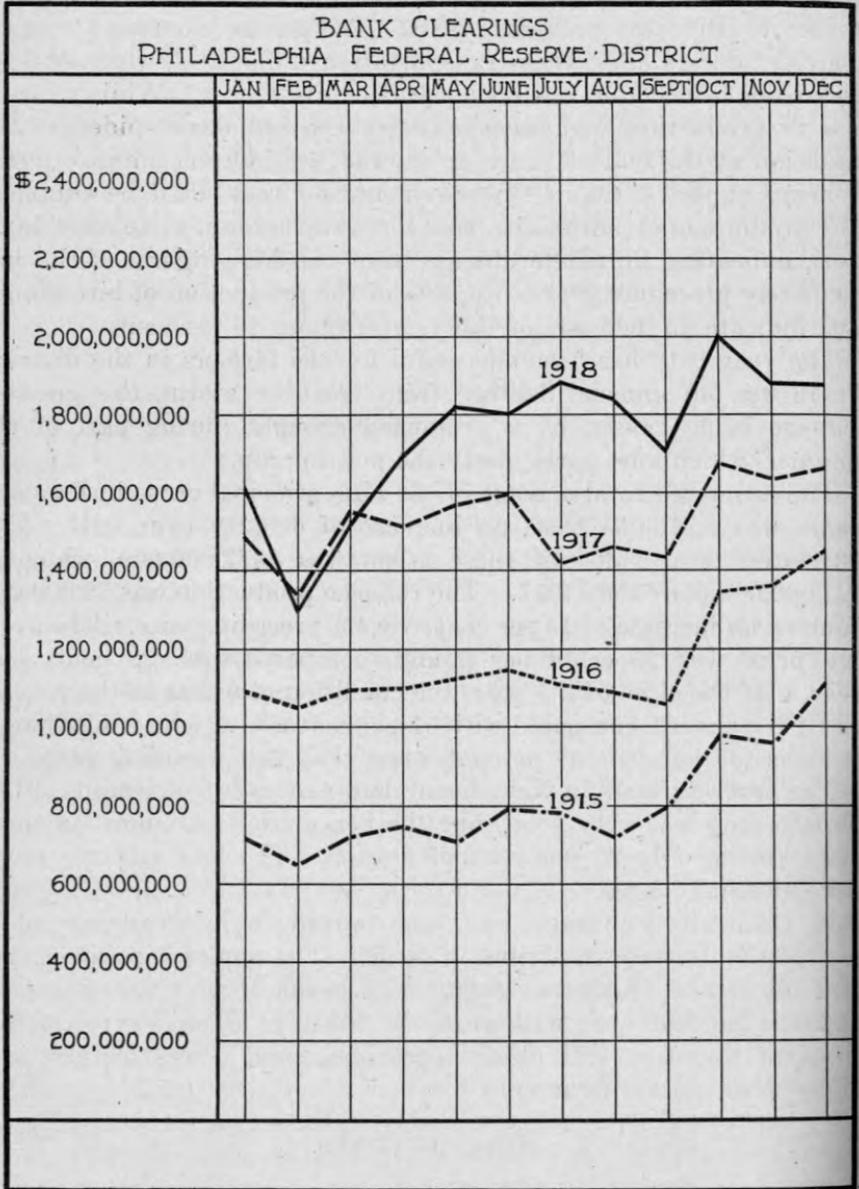
The estimated total acreage of the nine principal crops in Pennsylvania was 8,379,054 tons, an increase of 320,219 over 1917. The estimated total value of these crops was \$377,000,000, which is \$25,000,000 more than 1917. The tobacco production was 58,000,000 pounds, an increase of 14 per cent over the preceding year. The average price was 25 cents per pound, compared with 22 cents last year. At the close of the year, the condition of wheat in the ground was 111 per cent, compared with 91 per cent a year ago, while that of rye was 109 per cent, 17 per cent more than the preceding year.

The truck farmers in New Jersey had generally good crops. The tomato crop was very good, but the berry crop was short, in some places being only 25 per cent of normal. The hay and rye crops were unusually large.

In Delaware, pasturage, hay, and dairying were about normal in production, but above normal in profit. The apple crop was 50 per cent above the 10-year average. The peach crop, which was only half the normal one, was worth \$1,000,000. There were normal crops of tomatoes and other vegetables, with prices 50 per cent higher than prewar figures.

#### BANK CLEARINGS.

Bank clearings in the district for the year reached the highest level ever recorded, the maximum for any one month being \$2,003,307,000, during October. The following chart and table show comparative volume of clearings for each month, 1915-1918.



## Clearings in the third district.

1918	Philadelphia.	District out- side of Philadelphia.	Total for district.	Per cent increase or decrease compared with 1917.
January.....	\$1,522,827,616	\$98,170,474	\$1,620,998,090	+ 8
February.....	1,223,305,964	81,216,156	1,304,522,120	- 2
March.....	1,427,175,557	101,811,793	1,528,987,350	- 2
April.....	1,579,825,000	120,777,000	1,700,602,000	+12
May.....	1,711,945,000	111,232,000	1,823,177,000	+16
June.....	1,700,306,000	107,643,000	1,807,949,000	+12
July.....	1,765,812,000	115,622,000	1,881,434,000	+31
August.....	1,734,638,000	107,676,000	1,842,314,000	+26
September.....	1,610,611,000	104,638,000	1,715,249,000	+20
October.....	1,886,419,000	116,888,000	2,003,307,000	+19
November.....	1,781,704,327	103,117,922	1,884,822,249	+15
December.....	1,772,418,777	106,031,694	1,878,450,471	+14
Total, 1918.....	19,716,988,241	1,274,824,039	20,991,812,280	+14
Total, 1917.....	17,197,733,209	1,174,144,540	18,371,877,749	.....

## COMMERCIAL FAILURES.

The number of commercial failures fell sharply, and in October there were only 19 in the Third Federal Reserve District, which is the lowest number recorded in some years. It is interesting to note that during other wars the experience has been that the inflation of commodity prices reached its peak about the time that peace comes definitely in sight, followed by a period of a few months in which there was a marked decline in the number of commercial failures. A decline in commodity prices generally followed the termination of the war, which in turn was followed by a sharp rise in the number of commercial failures.

According to Bradstreet's commodity index number, prices have been gradually declining since the apparent peak reached last July, so that an increase in the number of failures may be expected.

*Bradstreet's report of commercial failures in the Third Federal Reserve District, classified as to capital employed.*

	\$5,000 and less.	\$5,000 to \$20,000.	\$20,000 to \$50,000.	\$50,000 to \$100,000.	\$100,000 to \$500,000.	Total.	
						1918	1917
January.....	71	7	.....	.....	1	79	75
February.....	68	7	.....	2	1	78	51
March.....	54	4	3	2	.....	63	61
April.....	36	1	2	.....	.....	39	56
May.....	48	4	2	2	.....	56	61
June.....	33	.....	.....	.....	.....	33	45
July.....	28	.....	1	.....	.....	29	48
August.....	30	2	.....	.....	.....	32	49
September.....	28	3	1	.....	.....	32	40
October.....	16	3	.....	.....	.....	19	65
November.....	20	3	.....	3	.....	26	60
December.....	23	1	2	.....	.....	26	63
Total, 1918.....	455	35	11	9	2	512	.....
Total, 1917.....	629	27	14	2	2	.....	674

## IMPORTS AND EXPORTS.

The foreign business through the port of Philadelphia was quite heavy throughout the year, although exports were not as large as in the preceding year. Imports were uniformly greater than during 1917.

*Business through the port of Philadelphia.*

	Exports.		Imports.	
	1918	1917	1918	1917
January.....	\$38,975,065	\$43,634,046	\$7,082,709	\$9,093,450
February.....	26,534,875	57,652,322	8,021,153	9,041,989
March.....	32,903,058	38,879,748	10,082,475	7,488,047
April.....	39,962,456	39,889,979	13,086,630	11,103,862
May.....	40,919,371	42,507,832	13,533,749	11,424,218
June.....	26,786,000	41,284,111	9,932,000	14,304,452
July.....	28,493,000	21,451,383	11,181,681	8,953,507
August.....	39,307,314	57,381,188	8,387,120	9,247,078
September.....	54,356,000	24,063,366	9,567,000	8,276,928
October.....	38,650,995	62,724,000	8,776,160	4,486,000
November.....	28,920,174	32,309,000	8,850,830	4,106,000
December.....	31,224,722	40,158,000	6,069,889	4,446,000
Total.....	427,033,030	501,964,975	114,571,396	101,971,531

## FREIGHT-CAR MOVEMENTS.

During the early part of the year the movement of freight by railroads in the district was seriously hampered by congestion at terminal points, fuel shortage, and unusually cold weather. Beginning with the month of May conditions showed much improvement. Eastbound shipments of bituminous coal at Lewistown Junction, on the Pennsylvania Railroad, were 18 per cent larger than the preceding year.

*Pennsylvania Railroad freight-car movements at Lewistown Junction.*

	Bituminous coal eastbound.		Coke eastbound.		Miscellaneous eastbound.		Miscellaneous westbound.		Total.	
	1918	1917	1918	1917	1918	1917	1918	1917	1918	1917
January.....	33,397	41,132	3,111	5,563	17,946	33,820	7,908	21,047	62,362	101,562
February.....	37,728	35,216	3,692	4,290	21,822	31,024	10,509	18,733	73,751	89,263
March.....	44,505	45,843	4,279	5,751	33,325	38,833	14,524	24,629	96,633	115,056
April.....	42,502	41,192	5,816	5,552	34,331	39,103	17,196	24,375	99,845	110,222
May.....	53,156	45,785	5,608	5,643	34,234	38,085	18,333	26,201	111,331	115,714
June.....	54,479	42,824	5,114	6,034	32,581	34,382	19,018	26,257	111,192	109,497
July.....	53,614	41,367	5,566	6,366	34,115	33,057	21,459	25,479	114,754	106,269
August.....	54,562	40,442	5,277	5,796	33,697	30,618	17,238	24,775	110,774	101,631
September.....	55,101	38,215	4,709	5,596	31,787	31,766	16,884	22,821	108,481	98,398
October.....	53,396	38,009	4,737	5,503	31,635	30,211	15,821	20,834	105,589	94,557
November.....	43,464	40,031	4,133	5,404	33,441	26,917	15,358	17,641	96,396	89,993
December.....	45,297	32,193	4,076	4,449	33,993	19,300	15,216	9,958	98,582	65,900
Total.....	571,201	482,249	56,118	65,947	372,907	387,116	189,464	262,750	1,189,690	1,198,062

## POST OFFICE BUSINESS.

The business of the post offices throughout the district was considerably ahead of last year, both in postal receipts and money-order transactions. Increased industrial activity resulted in a heavy increase in the use of the mails.

## Postal and money-order business.

Post office at—	Postal business.		Money-order business.	
	1918	1917	1918	1917
Allentown, Pa.....	\$343,514	\$266,749	\$694,929	\$591,399
Atlantic City, N. J.....	480,929	372,626	.....	.....
Altoona, Pa.....	241,825	180,894	856,649	668,064
Camden, N. J.....	422,751	343,359	1,643,848	1,159,072
Harrisburg, Pa.....	701,948	626,976	2,146,215	1,731,978
Lancaster, Pa.....	276,280	226,946	318,737	278,888
Lebanon, Pa.....	75,869	63,820	348,491	312,759
Philadelphia, Pa.....	11,730,505	10,505,242	33,077,822	26,724,046
Seranton, Pa.....	668,231	543,725	781,922	628,827
Trenton, N. J.....	804,233	442,749	3,265,560	2,545,547
Wilkes-Barre, Pa.....	354,827	277,661	778,196	646,367
Williamsport, Pa.....	226,253	205,136	318,281	289,350
Wilmington, Del.....	681,965	471,830	1,634,200	967,631

## RÉSUMÉ OF BUSINESS CONDITIONS.

*January.*—General business was disturbed by the inauguration of “heatless Mondays,” which caused the shutting down of industry for several days for the purpose of relieving the freight congestion and expediting the distribution of coal. All branches of business directly connected with the war continually absorbed more and more of the productive capacity of the district and gave constant employment to labor at high wages. Labor conditions were unsatisfactory and much complaint was made about the shifting of workers and the loss incident to the continual reemployment of men. Iron and steel plants operated at about 30 per cent of capacity in the middle of the month, the situation being worse than at any time since the beginning of the war. Iron and steel producers were hampered not only by their inability to secure coal and coke, but by the sweeping embargoes on outgoing traffic. Retail trade was much better than might have been expected after the holiday season. The demand for necessities was preeminent, the demand for luxuries declining. The money market was quiet but firm. Call money ruled at 6 per cent, and choice commercial paper from 5½ to 6 per cent.

*February.*—Aside from the interruption in business caused by the closing down order on Mondays, there was no important change in conditions, manufacturers as a rule continuing to operate to as near capacity as circumstances permitted. Retail trade was ahead of last year, both in quantity of goods sold and in value of sales. Due to the railroad congestion, large quantities of finished goods accumulated, which resulted in curtailing production and the tying up of much capital. The iron and steel industry was still partly paralyzed by the lack of fuel and transportation facilities, production being about 50 per cent of capacity. The banks were unable to accumulate surplus funds owing to the continuous purchases of Treasury certificates of indebtedness and the renewal of notes by their customers, whose business was seriously hampered by the railroad freight tie-up. Rates for money advanced slightly, commercial paper selling at 6 per cent, a slight concession being made, however, for the best names of short maturities.

*March.*—Favorable weather conditions and the consequent easing up of the fuel situation resulted in increasing activity in many lines of industry. There was a strong retail demand for seasonable apparel. Considerable difficulty was experienced in obtaining adequate help, and necessary advances in wages added to the already greatly increased cost of doing business. The moderation in the weather permitted of steady improvement in the movement of freight cars. The supply of sugar showed some increase, but flour was scarce and substitutes hard to get. Iron and steel production recovered slowly, plants running at from 60 to 75 per cent of capacity. The impossibility of securing heavy leathers limited the production of turned shoes. The textile mills ran to capacity. Money rates remained high, the market being on a 6 per cent basis. Very little choice commercial paper was offered, but there was a liberal supply of the medium grade. Banks were preparing for the third Liberty loan campaign. The Philadelphia institutions rediscounted in considerable volume, borrowings by out-of-town banks being comparatively small.

*April.*—The industrial capacity of the district was devoted increasingly to the production of materials essential to the conduct of the war. This was accomplished through the extension of the system of Government priority orders, which controlled the distribution of raw materials. Many concerns which had been engaged in the production of nonessentials diverted their plants to the manufacture of some kind of war materials and supplies. The gradual shifting of labor to the more essential war industries, in addition to the difficulties in obtaining supplies, reduced the output of nonessential goods. Although buyers displayed conservatism, the volume of sales in retail lines was very satisfactory. Business during the first part of the month was slightly behind that of last year because of an early Easter and bad weather. On account of high wages, wage earners were the principal purchasers of goods, being able to buy goods which they had previously been unable to purchase. Proprietors of small stores in some of the large cities closed their stores and took employment in the shipyards and other places where they could earn more money. Farmers financed themselves by cash payments, due, apparently, to the prosperity brought about by high prices during the last few years. The use of bank loans or notes to implement dealers to finance such transactions fell off to a very noticeable extent. Some industries were embarrassed by the rapidly increasing costs of production and inability to secure a sufficient supply of labor. Money rates remained firm, the prevailing rate for commercial paper being 6 per cent.

*May.*—The industries of the district were almost completely adjusted to a war basis. Retail trade was about 40 per cent ahead of last year. Business was hampered considerably by scarcity of many kinds of raw materials and the inadequate supply of competent labor.

The production of iron and steel was about 95 per cent of capacity. The economy campaign resulted in an easing in the food situation. Motor trucks came more and more into use as the congestion increased around the principal industrial centers of the district. Shipments between cities were made on regular schedules maintained by numerous companies operating trucks. A firm money market prevailed, 6 per cent being asked on both call and time loans. Borrowings by member banks were not as heavy as anticipated, and the third Liberty loan was floated apparently without any undue strain on the money market.

*June.*—General confidence in the business situation was denoted by the liberal advance buying throughout the district. Retail demand for seasonable merchandise continued active, although the steady decrease in the variety of goods offered by the leading stores and the uniformly high prices caused a well-defined tendency toward economy. In all lines increasing difficulty was experienced in replenishing supplies. The railroad freight-car movement improved greatly and coal moved more freely. The crops throughout the district were reported up to the average for the past 10 years. The building situation continued quiet, new construction being confined almost exclusively to the erection of buildings for the Government or war industries. The money market remained firm at 6 per cent. Increased activity was noted in the sale of bonds and other securities.

*July.*—Notwithstanding the shortage of supplies affecting practically all lines, marked activity in general business continued, the demand for most kinds of merchandise being greater than the supply. Midsummer influences were not very noticeable. Business at the South Jersey seashore resorts was quiet. Hotels which were normally crowded in July were not half filled, and the stores felt the effects of war-time economies. There was little inclination among the majority of people to go away for any extended time. Many who formerly went to the seashore or mountain resorts for the better part of the summer remained in or about town. The shipyards and war industries in the vicinity of Philadelphia absorbed workmen from all points, and created a severe shortage of rentable property. The stringency was not relieved materially by new home construction, as building was still quiet. Difficulty in obtaining financial accommodation and high costs and scarcity of materials and labor continued to operate as restrictive factors in this industry, which was at the lowest mark for a decade. Prospects of early-sown crops faded somewhat owing to the prolonged dry weather, but the shading of estimates thus rendered necessary was not material. The rate for money ruled at 6 per cent. The market was freed from much unnecessary financing by the Capital Issues Committee and the banks responded to the war needs of the Government by curtailing their credits to nonessential industries. Business on the Philadelphia Stock Exchange was dull, although

there was continued absorption by investors of high-grade railroad securities.

*August.*—General business throughout the district was back to substantially the maximum level of a year ago. The demand for goods necessary to the conduct of the war was sufficient to more than employ all available machinery and labor. The distribution of goods through the jobbers and retailers was satisfactory and collections were very good. The coal situation was more satisfactory mainly because the car supply showed improvement. The wool business was taken over by the Government. No wool was sold for civilian purposes, and all importation of foreign wools was suspended, except for Government use. The largest possible tonnage of iron and steel was being turned out, the July output of iron being better than for any similar month and the number of furnaces in blast the greatest ever known. Government financing and the requirements of business maintained an active demand for money. Rates throughout the district continued firm at 6 per cent for nearly all classes of loans. The large subscriptions of banks to United States certificates of indebtedness caused them to restrict credits wherever possible, and the tendency was to curtail accommodations to lines of business not necessary to public welfare or essential to the conduct of the war. Sentiment was helped by the announcement that the interest rate of the fourth Liberty loan would not be higher than that of the third loan, and increasing confidence in the security markets was noted.

*September.*—Business conditions throughout the district continued favorable, trade in most lines surpassing last year's records. Manufacturers in all important lines operated to the fullest extent permitted by the available supplies of materials and labor. Retailers reported a steady demand for all kinds of staple commodities, but experienced difficulty in obtaining sufficient merchandise to meet the requirements of their customers. Retail distributors of women's wearing apparel did a large business, the demand for high-class goods being greater than ever before. Wholesale dry-goods houses reported the receipt of large orders, but in some instances, actual sales ran behind those of last year owing to the physical impossibility of getting out orders, due to the deficiency in the supply of labor. The raw cotton market was unsettled by the price-fixing plans. Textile mills continued very busy. Money was still quoted at 6 per cent. Banks sought little or no paper from brokers and loans were scrutinized closely.

*October.*—Efforts to increase the output of iron and steel plants and other industries which had large Government contracts caused improvement in both the number of hands employed and in the quantity of production. Retail trade showed a large increase during the month up to the beginning of the influenza epidemic. Since that time the number of customers visiting the stores decreased about

one-third and the volume of sales from 30 to 50 per cent, and working forces of all business concerns were affected very much; at times as many as one-third of the employees were unfit for duty. The epidemic also greatly affected the coal output, causing a decline in the production of anthracite of from 250,000 to 300,000 tons per week, some of the collieries being compelled to close. The scarcity of pig iron became more acute, there not being enough of any grade to take care of the demand. Results of the efforts to speed up pig iron production are reflected in the figures for September, which show a daily average of 113,942 tons, the highest in the history of the industry. Financial transactions were overshadowed by the Liberty loan campaign. The minimum rate for paper remained at 6 per cent. During the month Bradstreet's report showed only 19 failures in the district, the lowest for a long time.

*November.*—A more normal business situation resulted from the waning of the influenza epidemic. Retail trade improved wonderfully and merchants expressed the belief that the buying during the balance of the year would more than make up the loss caused by the epidemic. While there was a strongly defined tendency to mark time, with a view to determining the probable extent of readjustment after the war, the consensus of opinion was that the period of readjustment would be relatively short, to be followed by an era of industrial activity. Overtime and Sunday work were abolished in war and shipbuilding industries. The situation with regard to supplies of fuel reflected considerable improvement, despite the loss in output occasioned by the influenza epidemic. There was a downward tendency in cotton yarn prices while the Government was adjusting contracts. Some wool was released by the Government for civilian use. Sentiment among builders was particularly optimistic, as they looked for a pronounced increase in activity with the removal of Government restrictions and the probable increased supply of labor that was expected to follow a curtailment of Government construction. The prevailing rate for paper was 6 per cent, with banks buying very little.

*December.*—The readjustment to peace conditions proceeded very rapidly and with much less disturbance to business than was generally expected, especially in industrial lines, where the principal effect of the ending of the war appeared to be reflected in the elimination of overtime work. Retail trade was exceptionally good, retailers of men's wearing apparel reporting business 25 per cent ahead of December, 1917. With the war over, the public believed there was no further need for stringent economy and felt free to purchase liberally all kinds of goods. Thousands of wage earners were released through the closing of munition plants, but no large surplus of unemployed was expected. The iron and steel and textile mills,

which had been pushed to the utmost for the past few years on war work, experienced a let-up in the strain with the cancellation of war orders, the amount of accumulated civilian orders not being large. The outlook, however, was considered bright. Dealers in automobile pleasure cars were very optimistic regarding the future. The money market in Philadelphia remained firm at 6 per cent. Public participation in the speculative markets was at a low ebb, owing to money restrictions and uncertainty regarding the readjustment period and the future of the railroads.

