



FEDERAL RESERVE BANK  
OF PHILADELPHIA

*Business Conditions in  
the Philadelphia Federal  
Reserve District*

*October 2, 1918*

**G**ENERAL conditions throughout the district continue favorable, trade in most lines surpassing last year's records. The expectation is for an excellent fall business, as the working classes are in receipt of good wages, and there is an inclination on the part of the public to anticipate a further rise in the prices of goods.

Manufacturers in all important lines are operating to the fullest extent permitted by the available supplies of materials and labor.

Retailers report a steady demand for all kinds of staple commodities, but they are experiencing increasing difficulty in obtaining sufficient merchandise to meet the requirements of their customers. Retail distributors of women's wearing apparel are doing a large business, the demand for high-class goods being greater than ever before.

Wholesale dry goods houses report the receipt of large orders, but in some instances, actual sales have been running behind last year, owing to the physical impossibility of getting out orders, due to the deficiency in the supply of labor. Collections are said to be very good, and the fall and winter outlook is excellent.

The transportation situation continues to show improvement. Total freight car movements over the Pennsylvania Railroad during August, at Lewistown Junction, amounted to 207,088 cars, compared with 210,575 in July (the record figure), and 173,932 during August, 1917. Eastbound bituminous coal increased 34.9 per cent, compared with August of last year; miscellaneous west-bound fell off 30 per cent.

It is estimated that if the coal production can be maintained at the average level of the last three months, during the rest of the year, requirements will have been met. Anthracite operators and miners are working most industriously to meet the emergency. This is indicated by the statement of shipments for the month of August, as reported to the Anthracite Bureau of Information, which established a new high record for that month, the quantity sent to the market being 7,180,923 tons, compared with 7,084,775 in July, and 166,927 tons in excess of the shipments for August, 1917. Total shipments for the first five months of the present coal year, beginning April 1, 1918, have amounted to 34,388,986 tons, compared with 33,297,109 tons for the corresponding period last year, a gain of a little over 3 per cent.

Bituminous production is being maintained at a high tonnage, but is not sufficient to allow any margin of safety over the demands as estimated by the Fuel Administration.

Production of steel during August was about 80 per cent of capacity, the falling off being due chiefly to the unusually hot weather.

The raw cotton market has been unsettled by the price-fixing plans. The demand for cotton yarns by mills engaged on Government work is greater than the supply. The Government has entire control over the wool business.

Hosiery and underwear mills are busy. The Government needs for hosiery have been well taken care of; mills can now work on civilian trade, but it is said that they hesitate to take advance orders for this class of business, fearing they will be unable to obtain fuel and materials which are readily furnished to concerns doing Government work.

The chemical market has been fairly active. Dyestuffs are in excellent demand. Manufacturers of paint report that a satisfactory business is being done with the various Government departments, and the outlook is for increasing orders from these sources. Domestic consumption of painting materials continues disappointing, due to the curtailment of building operations.

Advices from Lancaster county indicate a remarkable growth in tobacco during the past month, and the crop is pronounced both by growers and packers as of unusually fine quality. Buyers, however, are holding back, expecting a break in prices on account of the large increase in the number of pounds on hand. Labor troubles are being relieved somewhat by the use of a new machine for making cigars.

The commandeering by the Government of 60 per cent of the butter in cold storage resulted in considerable competition by dealers for supplies of butter, and prices rose rapidly. It is thought that the advance in prices would not have occurred if the Government had requested butter each week or each month, as it was needed, there being no immediate need for the large quantity of butter which was taken over.

Money rates have remained firm, being quoted at 6 per cent. Banks are buying little or no paper from brokers and loans are being scrutinized closely.

Discount operations at the Federal Reserve Bank during August exceeded previous records, total loans and discounts amounting to \$165,420,382, of which 67 per cent were notes secured by Liberty bonds or certificates of indebtedness. Acceptances purchased amounted to \$4,432,670.

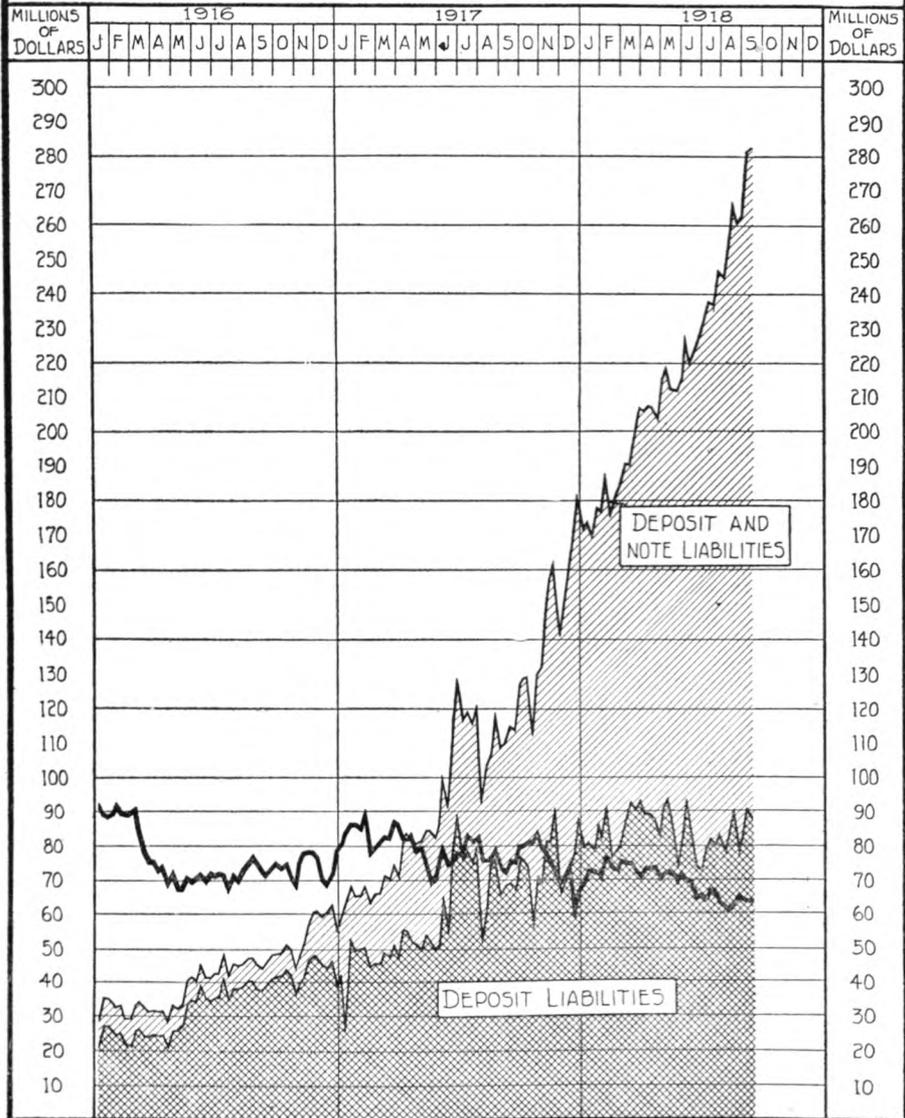
The Federal reserve note circulation of the bank, at the end of August, amounted to \$185,594,395, an increase for the month of \$20,904,800, compared with \$43,202,660 outstanding on August 31, 1917.

The combined reserve against deposit and note liability averaged 63.72 per cent during the month of August.

**STATEMENT OF THE FEDERAL RESERVE BANK OF PHILADELPHIA**

RESOURCES	Sept. 20, 1918	Previous Month	Year ago
Gold coin and certificates in vault . . . . .	\$185,760	\$279,127	\$17,784,320
Gold settlement fund . . . . .	69,604,585	48,480,534	30,276,000
Gold with foreign agencies	408,021	408,022	3,675,000
<b>Total gold held by Bank Gold with Federal Reserve Agent . . . . .</b>	<b>70,198,366</b>	<b>49,167,683</b>	<b>51,735,320</b>
Gold redemption fund . . . . .	111,110,950	113,780,150	32,000,635
	5,000,000	5,000,000	950,000
<b>Total gold reserve . . . . .</b>	<b>186,309,316</b>	<b>167,947,833</b>	<b>84,685,955</b>
Legal tender notes, silver, etc. . . . .	873,187	730,730	1,201,988
<b>Total reserve . . . . .</b>	<b>187,182,503</b>	<b>168,678,563</b>	<b>85,887,943</b>
Bills discounted—members.	101,639,467	85,182,612	13,617,599
Bills bought in open market	9,043,824	11,035,313	16,434,145
<b>Total bills on hand . . . . .</b>	<b>110,683,291</b>	<b>96,217,925</b>	<b>30,051,744</b>
U. S. Government long-term securities . . . . .	1,347,550	1,347,550	877,200
U. S. Government short-term securities . . . . .	3,220,500	1,210,500	3,231,000
<b>Total U. S. securities.</b>	<b>4,568,050</b>	<b>2,558,050</b>	<b>4,108,200</b>
Municipal warrants . . . . .	—	—	125,937
<b>Total earning assets . . . . .</b>	<b>115,251,341</b>	<b>98,775,975</b>	<b>34,285,881</b>
Due from other Federal reserve banks—net . . . . .	—	10,784,722	2,500,297
Uncollected items . . . . .	42,532,321	43,607,185	30,742,436
Deductions from gross deposits . . . . .	42,532,321	54,391,907	33,242,733
Due from Treasury of U. S. 5% fund Federal reserve bank notes . . . . .	150,000	50,000	—
All other resources . . . . .	1,452,595	1,623,480	289,079
<b>Total resources . . . . .</b>	<b>346,568,761</b>	<b>323,519,925</b>	<b>153,705,636</b>
<b>LIABILITIES</b>			
Capital paid in . . . . .	\$7,351,450	\$7,151,350	\$5,267,900
Government deposits . . . . .	15,681,884	13,628,091	1,690,609
Due to members—reserve account . . . . .	89,047,327	82,558,678	70,532,477
Collection items . . . . .	34,951,238	38,092,194	28,397,202
Due to other Federal reserve banks—net . . . . .	125,385	—	—
<b>Total gross deposits.</b>	<b>139,805,834</b>	<b>134,278,963</b>	<b>100,620,289</b>
Federal reserve bank notes in actual circulation . . . . .	1,639,698	258,413	—
Federal reserve notes in actual circulation . . . . .	196,028,280	180,426,000	47,258,985
All other liabilities . . . . .	1,743,498	1,405,200	558,465
<b>Total liabilities . . . . .</b>	<b>346,568,761</b>	<b>323,519,925</b>	<b>153,705,636</b>
Reserve against all liabilities . . . . .	63.81%	64.75%	74.05%

# FEDERAL RESERVE BANK OF PHILADELPHIA



HEAVY BLACK LINE REPRESENTS PERCENTAGE OF RESERVE TO COMBINED LIABILITIES

STATEMENT SHOWING THE PRINCIPAL RESOURCE  
AND LIABILITY ITEMS OF MEMBER BANKS  
IN PHILADELPHIA, SCRANTON,  
CAMDEN AND WILMINGTON

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	At the close of business	
	<u>Sept. 20, 1918</u>	<u>Aug. 16, 1918</u>
	(000's omitted)	
Number of banks reporting.....	52	50
United States bonds to secure circulation.....	\$11,492	\$12,770
Other United States bonds, including Liberty bonds .....	30,392	30,601
United States certificates of indebtedness.....	73,664	49,703
Total United States securities owned.....	115,548	93,074
Loans secured by United States bonds and cer- tificates .....	47,043	44,225
All other loans and investments.....	618,000	620,256
Reserve with Federal Reserve Bank.....	57,542	66,063
Cash in vault.....	20,904	21,004
Net demand deposits on which reserve is com- puted .....	616,738	578,632
Time deposits .....	16,579	14,421
Government deposits .....	37,897	42,451

## BUSINESS INDICATORS

	September 20, 1918	Percentage increase or decrease compared with	
		Previous month	Year ago
<b>Philadelphia banks:</b>			
Loans .....	\$624,260,000	+ 1	+ 12
Deposits .....	638,900,000	+ 5	- 1
Ratio .....	98%	(Actual) 101%	(Actual) 87%
<b>Federal Reserve Bank:</b>			
Discounts and collateral loans—members ....	89,866,000	+ 7	+ 500
Cash reserve .....	64%	+ 2	- 13
90-day discount rate...	4¾%	(Actual) 4¾%	(Actual) 4%
Commercial paper .....	6%	(Actual) 6%	(Actual) 5½%
	August, 1918	Percentage increase or decrease compared with	
		Previous month	Year ago
<b>Bank clearings:</b>			
In Philadelphia.....	\$1,734,638,000	- 2	+ 27
Elsewhere in district...	107,676,000	- 7	+ 16
<b>Total .....</b>	<b>\$1,842,314,000</b>	<b>- 2</b>	<b>+ 26</b>
<b>Port of Philadelphia:</b>			
Exports .....			
Imports .....			
Building permits — Phila- delphia .....	\$1,931,000	+ 69	+ 24
Post Office receipts— Philadelphia .....	939,000	- 1	+ 28
Commercial failures in dis- trict (per Bradstreet's).	32	(Actual) 29	(Actual) 49
<b>Commodity prices:</b>			
Annalist, September 21. . .	295.635	+ 2	+ 8
Dun's, September 1. . . . .	232.882	+ 0.3	+ 8
Bradstreet's, September 1	19.0485	- 0.3	+ 14

*Compiled September 24, 1918*

The purpose of this report is to provide member banks and the business community in general with a brief monthly review of prevailing business conditions in this particular Federal reserve district.