



FEDERAL RESERVE BANK
OF PHILADELPHIA

*Business Conditions in
the Philadelphia Federal
Reserve District*

October 2, 1918

GENERAL 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.

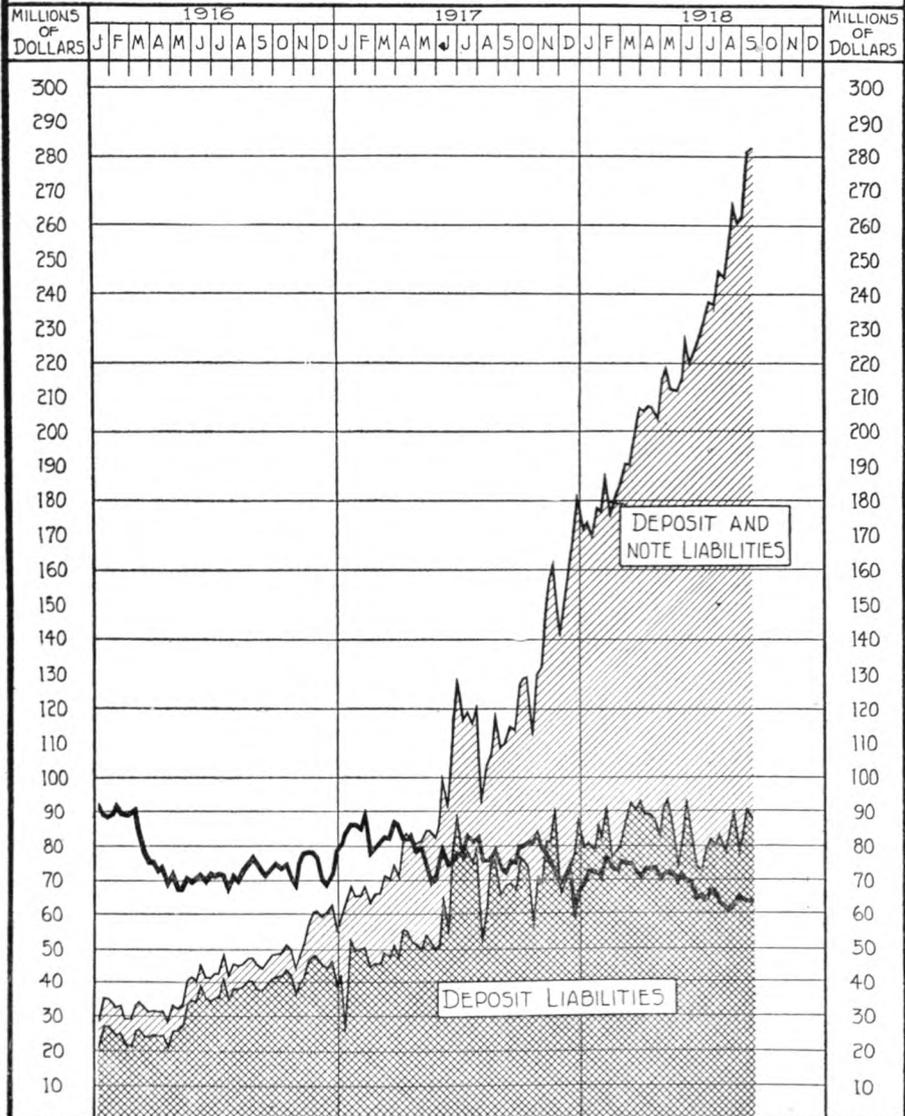
The Federal reserve note circulation of the bank, at the end of August, amounted to \$185,594,395, an increase for the month of \$20,904,800, compared with \$43,202,660 outstanding on August 31, 1917.

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
Total gold held by Bank Gold with Federal Reserve Agent	70,198,366	49,167,683	51,735,320
Gold redemption fund	111,110,950	113,780,150	32,000,635
	5,000,000	5,000,000	950,000
Total gold reserve	186,309,316	167,947,833	84,685,955
Legal tender notes, silver, etc.	873,187	730,730	1,201,988
Total reserve	187,182,503	168,678,563	85,887,943
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
Total bills on hand	110,683,291	96,217,925	30,051,744
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
Total U. S. securities.	4,568,050	2,558,050	4,108,200
Municipal warrants	—	—	125,937
Total earning assets	115,251,341	98,775,975	34,285,881
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
Total resources	346,568,761	323,519,925	153,705,636
LIABILITIES			
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	—	—
Total gross deposits.	139,805,834	134,278,963	100,620,289
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
Total liabilities	346,568,761	323,519,925	153,705,636
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

	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
Philadelphia banks:			
Loans	\$624,260,000	+ 1	+ 12
Deposits	638,900,000	+ 5	- 1
Ratio	98%	(Actual) 101%	(Actual) 87%
Federal Reserve Bank:			
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
Bank clearings:			
In Philadelphia.....	\$1,734,638,000	- 2	+ 27
Elsewhere in district...	107,676,000	- 7	+ 16
Total	\$1,842,314,000	- 2	+ 26
Port of Philadelphia:			
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
Commodity prices:			
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.