



FEDERAL RESERVE BANK
OF PHILADELPHIA

*Business Conditions in
the Philadelphia Federal
Reserve District*

November, 1918

GENERAL prosperous conditions have continued throughout the district. There is a steady demand for all kinds of staple merchandise, but it is becoming increasingly difficult to replenish supplies and many concerns find it impossible to meet the full requirements of their customers.

Efforts to increase the output of the iron and steel plants and other industries which have large Government contracts are producing results, an improvement being shown in both the number of hands employed and in the quantity of production.

Retail trade shows a large increase during the month up to the beginning of the influenza epidemic. Since that time, however, the number of customers daily visiting the stores has decreased about one-third and the volume of sales from thirty to fifty per cent, and working forces of all business establishments too, have been affected very much; at times, as many as one-third of the employees have been unfit for duty.

Jobbers of dry goods and notions report that business is very satisfactory, although it also is being affected by the epidemic. There is a feeling, however, on the part of some that this may be beneficial as there had been very vigorous buying and the present serious condition may cause conservative reaction.

The influenza epidemic has greatly affected the coal output. Conservative estimates show that it has caused a decline in the production of anthracite coal of from 250,000 to 300,000 tons per week, some of the collieries being compelled to close. The shipments of anthracite for September, as furnished to the Anthracite Bureau of Information, amounted to 6,234,395 tons as compared with 6,372,756 tons for September of last year and 7,180,923 tons for August of this year. The small production in September, however, was due principally to the fewer number of working days, there being only twenty-four that month, whereas there were twenty-seven in August. The average daily shipments in September of this year amounted to 259,766 tons, which is a record figure.

Bituminous production has been increasing and has reached a weekly production of more than 13,000,000 tons.

The requirements for steel for direct war purposes are increasing rapidly and it has become necessary to seek additional means for conserving it. The scarcity of pig iron is growing more acute, there not being enough of any grade to take care of the demand. Stocks in furnace yards are becoming very low and many consumers have but a few days' supply. 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, compared with 109,341 tons in August.

Building conditions continue very quiet; high cost of construction and the government's control of materials are holding back a number of proposed improvements and preventing all but absolutely necessary work from being started.

The cotton yarn trade has been very good, due to the large Government orders for fabrics, which have been taking about 50 per cent of the production of the textile mills. Labor is still very scarce, the average mill running only about 75 per cent of normal. Prices continue high on account of the very short cotton crop.

Most of the underwear mills have enough Government work to keep them busy until the first of the year. As the Government has sufficient lightweight goods for the spring and summer of 1919, it is not expected that any contracts will be given for this line until next summer.

Silk mills are not attempting to proceed ahead of January and February supplies. Production is estimated between 50 and 60 per cent of normal.

Financial transactions have been overshadowed by the Liberty Loan campaign. The minimum rate for commercial paper has remained at 6 per cent. Commercial failures continue at an extremely low level. During the month of September, Bradstreet's report 32 failures in this district, of which 28 consisted of concerns having capital of \$5,000 or less.

During the month of September discount operations of the Federal Reserve Bank amounted to \$167,231,191 of which 81 per cent was secured by obligations of the United States Government. The average daily amount of earning assets held by the bank during that month was \$114,640,100.

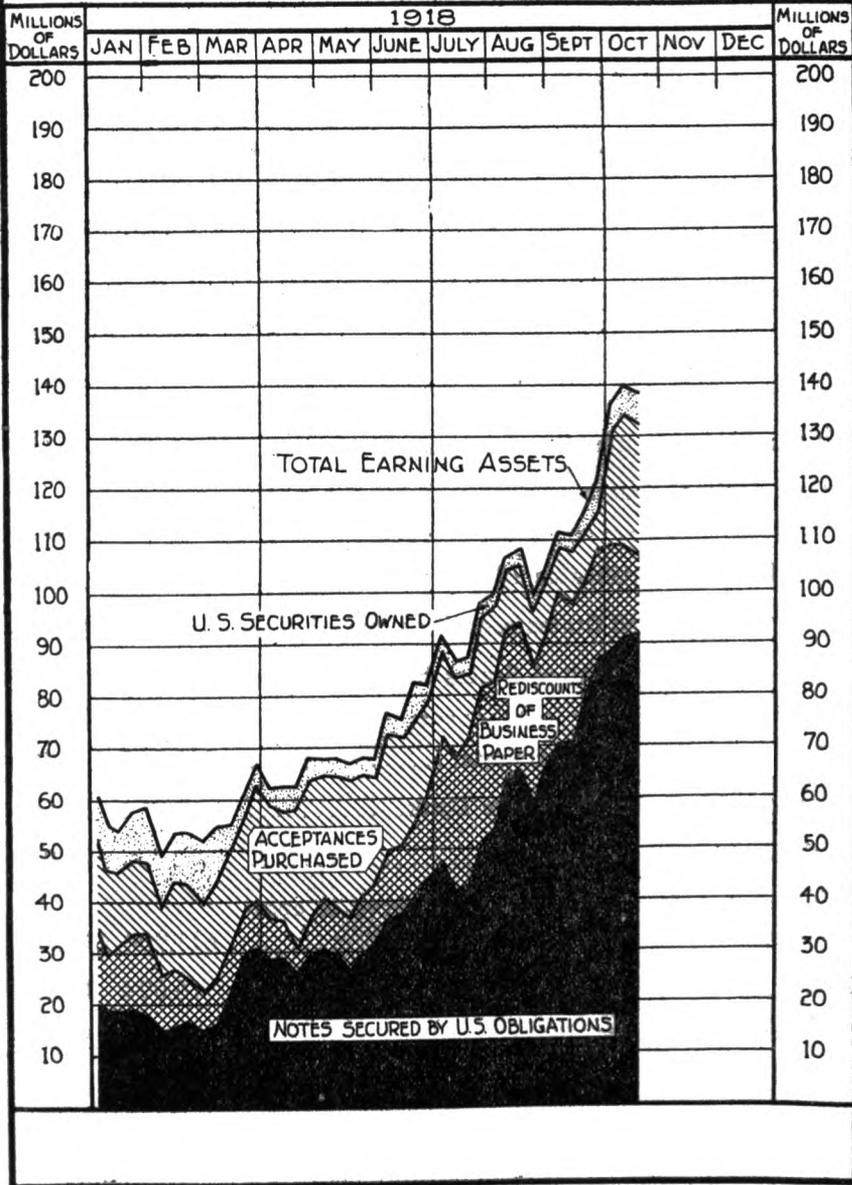
Total loan and investment operations for the first nine months of the year amounted to \$875,701,864, compared with \$329,743,478 for the entire year 1917.



STATEMENT OF THE FEDERAL RESERVE BANK OF PHILADELPHIA

RESOURCES	October 18, 1918	Previous Month	Year ago
Gold coin and certificates in vault	\$152,660	\$185,760	\$18,955,875
Gold settlement fund.....	69,171,490	69,604,585	27,347,000
Gold with foreign agencies	408,021	408,021	3,675,000
Total gold held by Bank	69,732,171	70,198,366	49,977,875
Gold with Federal Reserve Agent	110,247,700	111,110,950	41,302,885
Gold redemption fund....	6,455,450	5,000,000	950,000
Total gold reserve.....	186,435,321	186,309,316	92,230,760
Legal tender notes, silver, etc.	771,080	873,187	716,632
Total reserve	187,206,401	187,182,503	92,947,392
Bills discounted—Members Secured by Gov. war obligations	91,648,373	—	—
All other.....	14,739,130	101,639,467	10,098,544
Bills bought in open market	26,081,678	9,043,824	14,300,454
Total bills on hand... ..	132,469,181	110,683,291	24,398,998
U. S. Government long-term securities	1,347,550	1,347,550	550,400
U. S. Government short-term securities	4,252,000	3,220,500	3,075,000
Total U. S. securities.	5,599,550	4,568,050	3,625,400
Municipal warrants	—	—	10,000
Total earning assets	136,068,731	115,251,341	28,034,399
Due from other Federal reserve banks—net	—	—	7,087,726
Uncollected items	73,656,813	42,532,321	41,269,813
Deductions from gross deposits	73,656,813	42,532,321	48,357,540
Due from Treasurer of U. S. 5% fund Federal reserve bank notes	200,000	150,000	—
All other resources.....	1,823,912	1,452,595	224,710
Total resources	400,955,857	346,568,761	169,564,041
LIABILITIES			
Capital paid in	\$7,362,300	\$7,351,450	\$5,273,400
Government deposits	19,532,648	15,681,884	1,622,101
Due to members—reserve account	81,594,824	89,047,327	71,188,079
Collection items	66,382,855	34,951,238	32,663,166
Due to other Federal reserve banks—net.....	4,937,474	125,385	—
Total gross deposits.	172,447,801	139,805,834	105,473,348
Federal reserve bank notes in actual circulation....	2,952,704	1,639,698	—
Federal reserve notes in actual circulation	216,074,698	196,028,280	58,184,100
All other liabilities	2,178,354	1,743,498	633,193
Total liabilities	400,955,857	346,568,761	169,564,041

EARNING ASSETS OF THE FEDERAL RESERVE BANK OF PHILADELPHIA



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

	At the close of business	
	<u>Oct. 18, 1918</u>	<u>Sept. 20, 1918</u>
	(000's omitted)	
Number of banks reporting.....	52	52
United States bonds to secure circulation.....	11,492	11,492
Other United States bonds, including Liberty bonds	32,652	30,392
United States certificates of indebtedness.....	91,746	73,664
Total United States securities owned.....	135,890	115,548
Loans secured by United States bonds and cer- tificates	56,675	47,043
All other loans and investments.....	610,567	618,000
Reserve with Federal Reserve Bank.....	59,962	57,542
Cash in vault.....	22,435	20,904
Net demand deposits on which reserve is com- puted	621,904	616,738
Time deposits	16,094	16,579
Government deposits	26,793	37,897

BUSINESS INDICATORS

	October 19, 1918	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	\$644,287,000	+ 3	+ 12
Deposits	651,833,000	+ 2	- 3
Ratio	99%	(Actual) 98%	(Actual) 86%
Federal Reserve Bank:			
Discounts and collateral loans—members	107,566,000	+ 20	+ 1103
Cash reserve	57%	- 7	- 27
90-day discount rate...	4¾%	(Actual) 4¾%	(Actual) 4%
Commercial paper	6%	(Actual) 6%	(Actual) 5½%
	September, 1918	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	\$1,610,611,000	- 7	+ 20
Elsewhere in district...	104,638,000	- 3	+ 14
Total	\$1,715,249,000	- 7	+ 20
Port of Philadelphia:			
Exports	54,356,000	+ 38	+ 126
Imports	9,567,000	+ 14	+ 15
Building permits — Phila- delphia	\$1,062,000	- 45	- 53
Post Office receipts— Philadelphia	968,000	+ 3	+ 18
Commercial failures in dis- trict (per Bradstreet's).	32	(Actual) 32	(Actual) 40
Commodity prices:			
Annalist, October 19. . . .	282.245	- 4.5	+ 0.8
Dun's, October 1.	233.227	+ 0.5	+ 6.1
Bradstreet's, October 1 . .	19.0167	- 0.2	+ 12.4

Compiled October 22, 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.

