

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
MARCH 1, 1928

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BUSINESS CONDITIONS IN THE UNITED STATES

Industrial production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

Production. The increase of six per cent in industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. Daily average production of steel ingots increased by over 25 per cent in January—the largest monthly increase since 1924. Buying of steel products by the railroads, and by the automobile and construction industries was also active in January, and, notwithstanding the large volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February production of steel products has continued active with new orders and shipments more nearly in balance than in previous months. Automobile production, which in December was in smallest volume since 1922, increased considerably in January and was only slightly smaller than in the same month of the preceding year. Cotton consumption held about the seasonal increase in January following substantial curtail-

ment in December and the woolen and silk industries were somewhat more active than in December. Production of minerals, after adjustment for customary seasonal changes, was in practically the same volume in January as in December.

Building contracts awarded in January exceeded those for the corresponding month of last year and awards during the first half of February were in practically the same volume as a year ago.

Trade. Sales of department stores showed more than the usual seasonal decline in January from the high levels reached in December and averaged slightly smaller than in January of last year. Sales of mail order houses, on the other hand, were about six per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger.

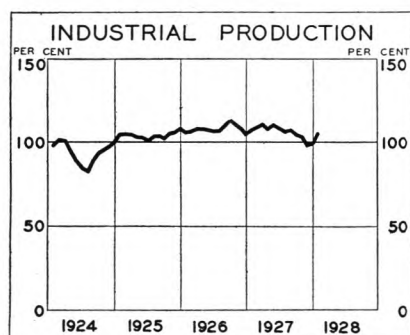
Freight car loadings for all groups of commodities were larger in January than in December—the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes

of commodities, except livestock, were smaller.

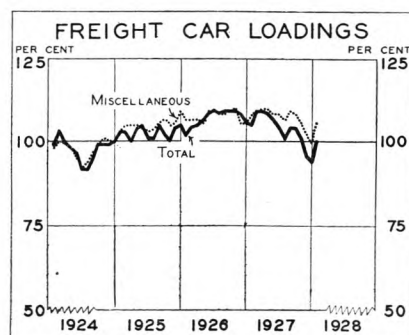
Prices. The Bureau of Labor Statistics index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm and hide and leather products increased, while prices of meats and dairy products, textiles, fuels, non-ferrous metals, and rubber declined. During the first two weeks of February, prices of grains, cotton, silk, and wool advanced, while those of cattle, sugar, and rubber declined.

Bank credit. For the four weeks ending February 15 total loans and investments of member banks in leading cities showed a decline of more than \$200,000,000, the decline being almost entirely in loans on securities. From the peak at the turn of the year this class of loans decreased by nearly \$460,000,000. Loans for commercial purposes, after a further decline in January, showed a seasonal increase in the first two weeks of February. The decline in the volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase.

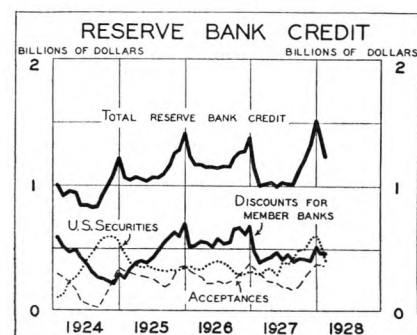
At the reserve banks the total volume



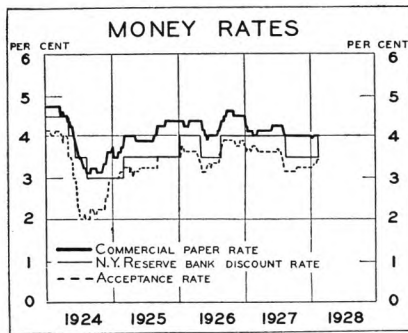
Index Number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, January, 105.



Cars of revenue freight loaded as reported by the American Railway Association. Index numbers adjusted for seasonal variations (1923-25 average=100). Latest figures January; total, 100; miscellaneous, 106.



Monthly averages of weekly figures for 12 Federal Reserve banks. Latest figures are average for first 22 days in February.



Weekly rates in New York money market: commercial paper rate on 4-to-6 months paper and acceptance rate on 90-day paper.

of member bank borrowing declined seasonally during the opening weeks of the year and reached a low point on January 25, but increased by about \$70,000,000 between that date and February 21. This increase in discounts accompanied smaller reductions in the reserve bank holdings of United States securities and acceptances and the total volume of reserve bank credit in use showed an increase for the four weeks.

During the four weeks ending February 21 a firmer tendency in the money market was indicated by increased rates on call and time loans and by a further increase from $3\frac{3}{8}$ per cent to $3\frac{1}{2}$ per cent in the rate of 90 day bankers' acceptances. Between January 25th and February 21st discount rates at eleven Federal Reserve Banks were advanced from $3\frac{1}{2}$ to 4 per cent.

BUSINESS CONDITIONS IN THE PHILADELPHIA FEDERAL RESERVE DISTRICT

Evidence of industrial improvement, though less pronounced than usual at this season, is apparent in several leading industries of the Philadelphia Federal Reserve District. But industrial employment and disbursement of wages in factories in the leading cities of this district declined further during January. In Pennsylvania, the number of wage earners employed was 10 per cent smaller and payrolls 12.3 per cent smaller than in the corresponding month last year. Owing largely to a steady decline in employment during the past year, the unemployment now prevailing in this dis-



BUSINESS INDICATORS Philadelphia Federal Reserve District	January, 1928	Latest figure compared with	
		Previous month	Year ago
Retail trade —estimated net sales (129 stores)	\$17,298,000	-53.0%	- 6.2%
Department stores (59)	\$13,940,000	-54.6 "	- 6.9 "
Apparel stores (32)	\$2,239,000	-45.0 "	- 3.8 "
Shoe stores (22)	\$555,000	-31.0 "	+11.4 "
Credit stores (16)	\$564,000	-56.3 "	-11.7 "
Wholesale trade —net sales (130 firms)	\$7,766,200	-22.9 "	- 4.0 "
Boots and shoes (6)	\$80,499	-54.8 "	+26.1 "
Drugs (14)	\$1,623,670	+ 0.8 "	- 3.6 "
Dry goods (16)	\$495,926	-28.0 "	-12.0 "
Electrical supplies (4)	\$332,536	-58.8 "	-20.9 "
Groceries (44)	\$2,907,359	+10.0 "	+ 0.1 "
Hardware (25)	\$1,336,119	-28.9 "	- 7.3 "
Jewelry (10)	\$209,857	-77.5 "	- 9.4 "
Paper (11)	\$780,234	+ 4.2 "	- 0.6 "
Productive activity —			
Employment—803 plants in Pennsylvania	260,858	- 1.2 "	-10.0 "
Wage payments in above plants	\$6,458,332	- 4.6 "	-12.3 "
Shoe production* (85 factories)	1,373,557	+13.6 "	.....
Hosiery production* (123 mills)	1,344,358	+ 8.2 "	.....
Wool consumption* (83 mills)	6,663,263	+12.2 "	.....
Active cotton spindle hours (Penna. and N. J.)	84,765,297	- 3.1 "	- 4.8 "
Pig iron production	236,295	- 3.0 "	-24.9 "
Iron casting production (29 foundries)	3,545	+14.4 "	- 3.7 "
Steel casting production (9 foundries)	4,582	+26.6 "	-26.6 "
Anthracite	5,690,000	- 5.7 "	-13.3 "
Bituminous coal—Pennsylvania	10,890,000	+ 8.8 "	-21.1 "
Cement	2,351,000	-20.1 "	- 6.3 "
Electric power output (12 systems)	KWH 443,401,000	- 3.4 "	+ 2.5 "
Distribution —			
Freight car loadings (Allegheny district—weekly average)	171,570	+3.5 "	- 9.0 "
Tonnage of vessels (Port of Philadelphia)	tons 3,522,128	+ 2.0 "	+ 4.8 "
Financial and credit —			
Debits (17 cities)	\$2,691,404,000	- 5.9 "	+ 3.8 "
Savings deposits (98 banks)	\$683,058,000	+ 0.6 "	+ 6.2 "
Bills discounted held by F. R. B. of Phila. (daily average)	\$44,884,000	- 7.6 "	+ 1.6 "
Acceptances executed (9 banks for month ended Feb. 10)	\$4,251,000	0 "	+16.7 "
Bankers' acceptances sales (4 dealers—weekly average for period ended Feb. 15)	\$4,633,000	+64.3 "	+69.7 "
Commercial paper sales (5 dealers)	\$8,965,550	+42.7 "	-16.9 "
Commercial failures—number	103	+25.6 "	+ 7.3 "
Commercial failures—liabilities	\$1,435,695	-37.2 "	-42.2 "
Building and real estate —			
Building permits (16 cities)	\$9,149,531	+ 3.0 "	+42.3 "
Building contracts awarded (Philadelphia district)	\$35,765,400	+24.9 "	+ 8.0 "
Number of real estate deeds recorded (Philadelphia county)	5,115	- 2.6 "	+ 9.4 "
Value of mortgages recorded (Philadelphia county)	\$24,564,044	-27.3 "	-18.9 "
Miscellaneous —			
Sales of life insurance (Penna., N. J., and Del.)	\$75,337,600	- 21.4 "	- 2.0 "
Retail sales of automobiles (11 distributors)	\$1,898,115	+114.3 "	+25.1 "
Wholesale sales of automobiles (12 distributors)	\$3,609,656	+ 90.8 "	+34.5 "

* Bureau of Census preliminary figures.

trict is believed to be larger than for several years past.

Stimulated by seasonal demand and firmer prices, fabricators of iron and steel products report gradual expansion of operations. Activity of foundries showed a substantial gain, and unfilled orders for both iron and steel castings at the end of last month were much greater than in January, 1927. Among the various branches of textiles, the silk industry appears to be the most active. A fair rate of activity exists in the wool industry, the present condition of which is said to be somewhat more satisfactory than was the case a year ago. In cotton, some slackness is noticed. Production of hosiery continues at a fair rate, the full-fashioned variety being in good demand. Carpets and rugs have shown little change since last month. The leather market is strong. The output of shoes has increased recently, and shoe prices have advanced further in sympathy with higher quotations for raw materials.

Building operations increased substantially during January, contract awards being almost 25 per cent larger than in December and 8 per cent greater than a year before. The value of permits issued in the leading cities of the district also increased 3 per cent in the month and exceeded the total of a year earlier by more than 42 per cent. The market for building materials, though showing some signs of betterment, is still rather quiet.

Conditions in the coal industry remain less satisfactory than at the same time last year. The output of anthracite has increased slightly in recent weeks, and production of bituminous also has shown a gain in the month, but was substantially below that of a year earlier.

Mercantile activity continues sluggish. Retail sales in January declined more than seasonally from December levels and were less than the year before. Business in most wholesale lines is equally unsatisfactory, and sales during January

decreased from those of the preceding month and a year before.

The volume of business transactions involving payments by check in the first three weeks of February was 3 per cent smaller than a year earlier. Shipments of goods, as measured by freight car loadings in the Allegheny district, increased 13.8 per cent in the latest four weeks but were 6.8 per cent smaller than in the same period last year.

Index numbers of wholesale commodity prices Average 1926=100	Jan., 1928, compared with Jan., 1927		
	Jan., 1927	Dec., 1927	Jan., 1928
All commodities.....	96.6	96.8	96.3
Farm products.....	96.5	104.4	106.1
Foods.....	96.9	100.7	98.5
Hides and leather products.....	101.0	116.9	121.0
Textile products.....	94.3	97.2	96.7
Fuel and lighting.....	97.7	82.5	80.8
Metal and metal products.....	98.8	98.4	98.1
Building materials.....	97.5	90.4	90.8
Chemicals and drugs.....	97.6	97.2	96.3
Housefurnishing goods.....	97.9	98.8	98.6
Miscellaneous.....	90.3	89.0	89.0

FINANCIAL CONDITIONS

The loans and investments of 119 member banks in the Philadelphia Federal Reserve District on January 18 amounted to 1,577.9 millions and the total of their net demand and time deposits was 1,397.3 millions. In the four weeks following there were declines in loans on securities, in other loans, and in investments, the whole aggregating 14 millions. Time deposits increased slightly, but net demand deposits decreased 35 millions and, in addition, withdrawals were made from Government funds on deposit at commercial banks. The greater part of the changes took place in the figures of Philadelphia banks. Loans and discounts are given below for those banks which reported the figures in detail:

	Changes in period ended Feb. 15	
	Four weeks*	One year†
Loans on securities.....	-\$11,672,000	+\$17,592,000
Other loans and discounts.....	- 5,203,000	- 10,690,000

* 103 banks. † 93 banks.

The loans and discounts of 118 banks increased from 1,002.6 to 1,014.3 millions in the year ended February 15. Investments, owing chiefly to gains in Philadelphia, increased from 463.5 to 537.2 millions, net demand deposits declined from 896.5 to 886.7 millions, and time deposits expanded from 409.3 to 464.9 millions.

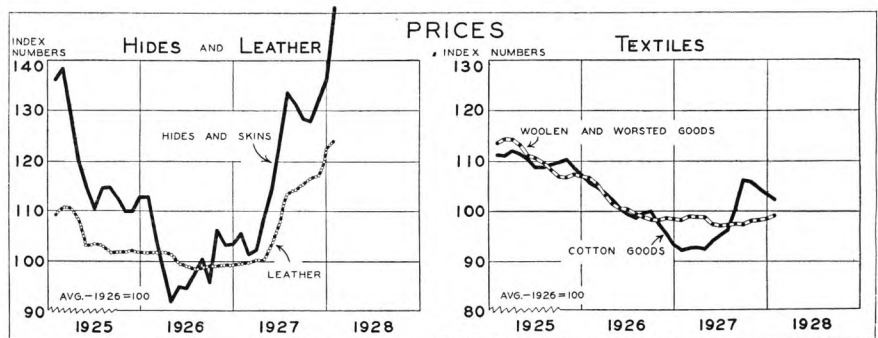
The falling off in deposits in the four weeks ended February 15 exceeded the decrease in loans and investments, and the statement of the Federal Reserve Bank of Philadelphia shows an increase in borrowing by all member banks from

CITY CONDITIONS Philadelphia Federal Reserve District	Jan., 1928, compared with Jan., 1927						
	Employment	Wage payments	Value of building permits	Debits	Savings deposits	Retail trade sales	Electric power sales
Allentown area..	- 5.8%	- 9.3%	+ 31.4%	+ 4.1%	+ 5.8%	- 3.5%	+ 4.7%*
Altoona ..	- 4.3	- 10.9	+ 61.4	+ 3.9	+ 9.3	- 4.2	- 15.9
Harrisburg ..	- 3.2	- 6.3	- 15.7	- 17.3	+ 17.3	- 3.7	+ 2.1
Johnstown ..	- 15.9	- 10.3	+ 6.2	- 8.9	+ 4.8	- 14.4	+ 0.0
Lancaster ..	- 6.5	- 9.3	+ 83.1	+ 12.5	+ 26.0	- 2.4	+ 6.6
Philadelphia ..	- 9.9	- 8.8	+ 35.8	+ 5.7	+ 7.2	- 6.8	+ 7.1
Reading ..	- 7.6	- 13.9	+ 64.2	+ 4.6	+ 9.8	- 0.8	+ 2.8
Seranton ..	- 15.3	- 9.8	- 86.1	- 4.8	- 5.3	- 3.4	+ 7.2
Trenton ..	- 20.5	- 23.9	+ 43.5	+ 12.3	+ 6.1	- 4.2	+ 9.1
Wilkes-Barre ..	- 15.4	- 24.6	+ 13.6	- 5.3	+ 9.4	- 1.5	.....
Williamsport ..	- 11.7	+ 4.1	+ 11.0	- 9.2	+ 17.6	- 11.1	.....
Wilmington ..	- 10.5	- 9.3	+ 68.5	+ 27.9	+ 3.5	- 3.6	+ 4.3
York ..	- 8.9	- 12.4	- 64.8	+ 9.3	+ 5.9	.....	+ 7.5

Jan., 1928, compared with Dec., 1927

CITY CONDITIONS Philadelphia Federal Reserve District	Jan., 1928, compared with Dec., 1927						
	Employment	Wage payments	Value of building permits	Debits	Savings deposits	Retail trade sales	Electric power sales
Allentown area..	- 4.3%	- 12.2%	- 21.2%	- 11.5%	+ 0.3%	- 51.0%	- 6.8%*
Altoona ..	- 4.3	- 10.9	+ 12.3	- 8.8	+ 2.2	- 57.0	- 3.0
Harrisburg ..	- 3.8	- 3.1	- 798.8	- 6.8	- 0.2	- 55.4	+ 1.2
Johnstown ..	- 1.2	+ 20.5	+ 12.2	- 12.2	+ 0.1	- 52.6	- 3.4
Lancaster ..	- 5.3	- 7.3	+ 92.2	- 1.8	+ 3.0	- 55.2	- 1.3
Philadelphia ..	- 1.0	- 4.5	+ 32.1	- 6.0	+ 0.8	- 54.1	+ 5.6
Reading ..	- 1.2	- 4.2	+ 75.3	- 9.7	+ 0.7	- 48.9	- 3.6
Seranton ..	- 2.0	- 14.4	+ 48.1	- 7.2	+ 1.8	- 62.5	- 10.2
Trenton ..	- 4.1	- 5.8	+ 58.9	- 8.8	+ 0.9	- 59.4	+ 5.6
Wilkes-Barre ..	+ 12.0	- 6.4	- 9.4	- 9.3	+ 2.5	- 60.9	.....
Williamsport ..	- 8.0	- 5.8	+ 131.7	- 11.9	+ 1.0	- 61.7	.....
Wilmington ..	- 1.1	- 5.9	+ 32.6	+ 27.7	+ 0.6	- 58.1	+ 10.8
York ..	- 5.2	- 8.8	+ 66.8	- 13.8	+ 0.5	.....	- 3.0

* Includes Wilkes-Barre and Williamsport areas. † Production (not sales). ‡ Includes Camden area § Included in Allentown area.



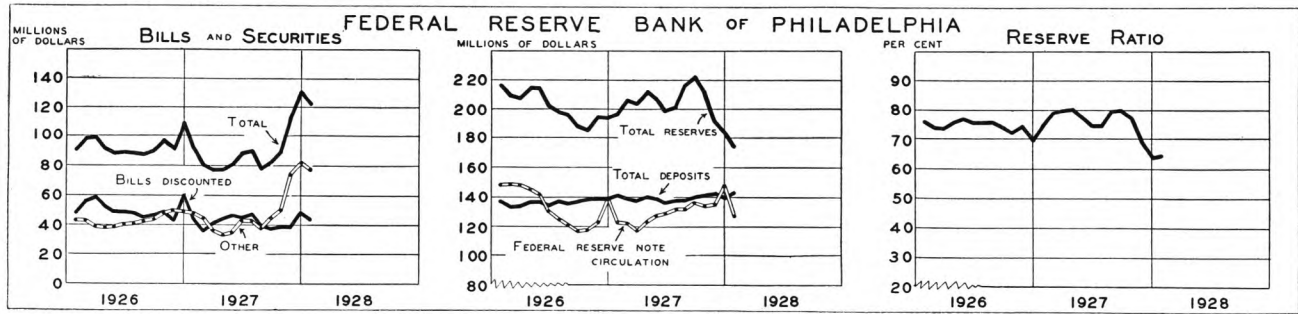
Source: Bureau of Labor Statistics

Changes in condition of banks (All figures in thousands of dollars)	Loans and discounts	Investments	Net demand deposits	Time deposits
Changes in four weeks ended Feb. 15:				
Philadelphia (33 banks).....	- 8,541	- 4,096	- 34,655	+ 3,487
Outside (86 banks).....	- 942	- 545	- 365	- 2,221
Totals (119 banks).....	- 9,483	- 4,641	- 35,020	+ 1,266
Changes in year ended Feb. 15:				
Philadelphia (33 banks).....	+ 2	+ 54,654	- 5,081	+ 33,409
Outside (85 banks).....	+ 11,702	+ 19,058	- 4,794	+ 22,129
Totals (118 banks).....	+ 11,704	+ 73,712	- 9,875	+ 55,538

37.1 to 58.4 millions in this period. In the transit clearings with other districts a loss was sustained, payments of currency and coin to banks of the district exceeded receipts from them, and member banks' reserve deposits decreased from 142.6 to 137.5 millions. Weekly changes in amounts under discount are given in the accompanying table.

The reserves of the Federal Reserve Bank of Philadelphia declined from 179.3 millions on January 18 to 169.7 millions on February 21. The combined note and deposit liabilities also declined, but the

(Millions of dollars)	Amounts under discount for banks in			Total bills discounted
	Philadelphia	20 other large cities	Other communities	
1928—				
Jan. 18..	15.8	9.6	11.7	37.1
25..	8.0	10.8	11.7	30.5
Feb. 1..	23.7	12.5	12.1	48.3
8..	23.2	12.6	10.8	46.6
15..	35.3	13.4	9.7	58.4
22..	29.4	12.1	10.5	52.0
1927—				
Feb. 23..	8.0	12.6	13.2	33.8



reserve ratio fell from 67.3 to 64.2 per cent, and compared with 81.2 per cent on February 23, 1927.

Effective February 16, 1928, a rate of 4 per cent was established by the bank for the rediscount of all bills and advances. Prior to this change a rate of 3½ per cent had been in effect since September 8, 1927.

Commercial paper. Sales of commercial paper, as reported by five dealers operating in this district, increased from \$6,284,000 in December to \$8,966,000 in January, owing chiefly to larger purchases by city banks. Comparative figures follow:

	Sales to		Total sales
	City banks	Country banks	
1928			
Jan.	\$4,726,000	\$4,240,000	\$ 8,966,000
1927			
Dec.	2,471,000	3,813,000	6,284,000
Nov.	3,503,000	5,878,000	9,381,000
Oct.	4,330,000	4,338,000	8,668,000
Jan.	3,972,000	6,812,000	10,784,000

According to information submitted by three dealers, 95 per cent of their sales in January were made at 3¼ and 4 per cent. A year earlier no sales were made by them at 3¼ per cent and the principal rates were 4 and 4¼ per cent.

Bankers' acceptances. Sales of bankers' acceptances in the Philadelphia Federal Reserve District averaged \$4,633,000 weekly in the period from January 17 to February 15, inclusive, which compares with \$2,820,000 in the preceding period and \$2,730,000 a year ago. The reports of four dealers are summarized below:

	Purchases in district	Sales to	
		Fed. Res. Bank	Others
Weekly average for period ending:			
1928			
Feb. 15.	\$331,000	\$4,161,000	\$472,000
Jan. 16.	328,000	2,760,000	60,000
1927			
Dec. 14.	227,000	2,546,000	106,000
Feb. 16.	622,000	2,616,000	114,000

Nine banks report \$4,251,000 of acceptances executed in the month ended February 10, as against \$4,250,000 in the preceding month and \$3,643,000 a year earlier. The amount outstanding declined from \$14,092,000 on January 10 to \$13,252,000 on February 10.

DISTRIBUTION

Railroad shipments of merchandise and miscellaneous commodities combined in the Allegheny district during the four weeks ended February 4 were 13.8 per cent larger than those in the four weeks before, and exceeded the volume of a year earlier by 2.5 per cent. Total freight car loadings also increased by an equal percentage in the same period but were 6.8 per cent smaller than a year before.

Wholesale trade. Trading at wholesale during the early part of February was reported as either fair or poor. Sales were smaller in all lines, except paper, than a month ago, reports indicating losses outnumbering those showing gains. Some advances are noted in prices of shoes and groceries, but wholesale quotations in other lines, except dry goods, continue unchanged.

Sales during January declined seasonally from the December total and were 4 per cent smaller than a year before. All lines, except shoes and groceries, reported smaller sales than in January, 1927. Stocks held by dealers at the end of January increased from those of a month earlier. Compared with a year before, inventories of shoes, drugs, dry goods, and hardware increased, while those of electrical supplies, jewelry, paper, and groceries decreased. Accounts outstanding declined from those at the

end of December and in four out of seven lines were smaller than a year before. Collections as a whole did not measure up either to the December volume or to that of January, 1927.

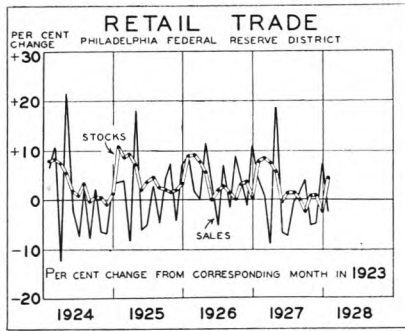
Retail trade. Business at retail during the first fortnight of February varied between fair and poor. Almost three times as many reports indicated decreased sales as those that showed increased volume of business as compared with the early part of last month.

January sales of reporting stores declined more than usual for that month, and were 6.2 per cent below the volume of a year before. Department stores, men's apparel, and credit stores were responsible for this drop, while shoe and women's apparel stores showed larger sales than in January, 1927. The decline in retail sales during several months past is said to be partly attributable to the lower purchasing power resulting from unemployment.

Inventories held by retailers at the end of January were reduced 8.2 per cent from the volume held at the end of the month before and were 3 per cent smaller than a year earlier. Accounts receivable were 4.8 per cent ahead of those at the end of January, 1927. Collections in January were 2.2 per cent greater than in the same month last year.

Automobile trade. Business in automobiles has improved recently. Sales by 12 distributors to dealers increased considerably during January as compared with a month and a year before. Retail sales of new passenger cars also increased sharply during the month and were substantially larger in number and value than in January, 1927. Similarly,

WHOLESALE TRADE Philadelphia Federal Reserve District	Net sales, Jan., 1928, compared with		Stocks, Jan. 31, 1928, compared with		Accounts outstanding, Jan. 31, 1928, compared with		Ratio of accounts outstanding to sales, Jan., 1928	Collections, Jan., 1928, compared with	
	Jan., 1927	Dec., 1927	Jan. 31, 1927	Dec. 31, 1927	Jan. 31, 1927	Dec. 31, 1927		Jan., 1927	Dec., 1927
	Boots and shoes ..	+26.1%	-54.8%	+27.6%	+14.0%	+3.8%		-15.7%	481.8%
Drugs	-3.6 "	+0.8 "	+15.7 "	+5.7 "	-6.8 "	+1.9 "	145.6 "	-7.9 "	-10.0 "
Dry goods	-12.0 "	-28.0 "	+3.7 "	+6.0 "	-1.1 "	-11.1 "	298.4 "	-6.4 "	-18.5 "
Electrical supplies ..	-20.9 "	-58.8 "	-4.4 "	+2.5 "	.....	-9.3 "	266.8 "	.....	.....
Groceries	+0.1 "	-10.0 "	-0.8 "	+4.2 "	+3.1 "	-3.2 "	133.1 "	-2.8 "	-16.5 "
Hardware	+7.3 "	-28.9 "	+6.9 "	+6.0 "	-8.9 "	-8.7 "	236.2 "	-16.1 "	-19.7 "
Jewelry	-9.4 "	-77.5 "	-12.8 "	+7.7 "	+2.8 "	-38.6 "	698.5 "	+6.9 "	+109.4 "
Paper	-0.6 "	+4.2 "	-1.7 "	+2.4 "	-5.3 "	+0.6 "	142.2 "	-3.4 "	+2.1 "



a large gain over a year ago occurred in the sale of used cars. Deferred payment retail sales, however, while increasing in the month, were noticeably smaller than at the same time last year.

Stocks of new cars were seasonally greater at the end of January than a month earlier. Compared with those on the same date last year, supplies also were larger in number but not in value. Inventories of used cars increased materially as contrasted with those of January, 1927.

INDUSTRIAL CONDITIONS

The industrial situation in this district continues rather mixed, although signs of seasonal expansion are noticeable in several leading industries.

Factory employment and wage disbursements in the leading cities of the district declined further in January. Compared with a year earlier, employment and payrolls in Pennsylvania decreased 10 and 12.3 per cent, respectively.

Industrial consumption of electric power, while 3.5 per cent smaller in January than in December, gained 2.6 per cent over that of a year before. Total sales of electricity increased slightly in the month and were 4 per cent greater than in January, 1927. Production of electricity by 12 central stations declined 3.4 per cent from the December total but was 2.5 per cent larger than in the same month last year. Details are shown by the following table.

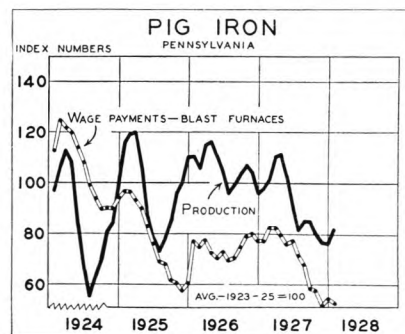
ELECTRIC POWER Philadelphia Federal Reserve District 12 systems	Jan., 1928, change from	
	Jan., 1927	Dec., 1927
Rated generator capacity	+ 4.7%	0%
Generated output	+ 2.5 "	- 3.4 "
Hydro-electric	+ 64.9 "	- 28.9 "
Steam	- 7.4 "	- 0.5 "
Purchased	+ 41.8 "	- 1.8 "
Sales of electricity	+ 4.0 "	+ 0.5 "
Lighting	+ 10.2 "	+ 8.3 "
Municipal	+ 2.6 "	- 0.8 "
Residential and commercial	+ 8.4 "	+ 9.7 "
Power	+ 2.6 "	- 2.4 "
Municipal	+ 0.5 "	+ 9.3 "
Street cars and railroads	+ 2.6 "	+ 0.7 "
Industries	+ 2.6 "	- 3.5 "
All other sales	- 2.6 "	+ 0.5 "

Iron and steel. A slightly more active demand, stronger prices, larger unfilled orders and seasonally expanding

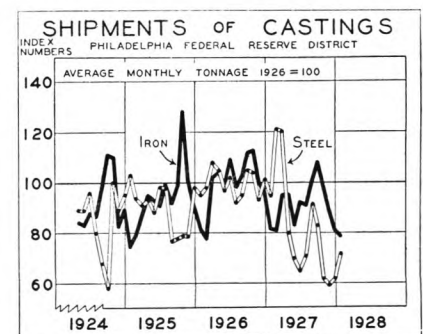
RETAIL TRADE Philadelphia Federal Reserve District	Comparison of net sales Jan., 1928, with Jan., 1927	Comparison of stocks		Rate of turnover January 1 to January 31		Accounts receivable at end of month compared with year ago	Collections during month compared with year ago
		January, 1928		1927	1928		
		with Jan., 1927	with Dec., 1927				
All reporting stores	- 6.2%	- 3.0%	- 8.2%	0.25	0.25	+ 4.8%	+ 2.2%
Department stores	- 6.9 "	- 2.9 "	- 7.3 "	0.24	0.23	+ 7.7 "	+ 1.3 "
in Philadelphia	- 7.7 "	- 5.8 "	- 9.9 "	0.25	0.25		- 9.5 "
outside Philadelphia	- 4.9 "	+ 4.5 "	- 0.9 "	0.22	0.20	+ 7.7 "	+ 1.6 "
Apparel stores	- 3.8 "	- 4.4 "	- 23.3 "	0.43	0.43	+ 12.8 "	+ 11.2 "
Men's apparel stores	- 13.3 "	- 7.9 "	- 19.4 "	0.25	0.24	+ 10.7 "	+ 5.2 "
in Philadelphia	- 16.5 "	- 19.5 "	- 27.0 "	0.26	0.25		
outside Philadelphia	- 8.9 "	+ 6.6 "	- 10.7 "	0.24	0.22	+ 16.5 "	+ 5.4 "
Women's apparel stores	+ 0.4 "	- 0.6 "	- 26.9 "	0.61	0.60	+ 13.2 "	+ 12.1 "
in Philadelphia	+ 0.2 "	- 3.3 "	- 30.3 "	0.66	0.67	+ 12.4 "	+ 12.4 "
outside Philadelphia	+ 2.4 "	+ 9.5 "	- 12.6 "	0.36	0.33	+ 15.8 "	+ 10.4 "
Shoe stores	+ 11.4 "	+ 3.2 "	- 4.6 "	0.16	0.22	+ 10.6 "	0.0 "
Credit stores	- 11.7 "	- 8.6 "	+ 1.1 "	0.17	0.17	- 1.5 "	- 6.3 "

AUTOMOBILE TRADE Philadelphia Federal Reserve District 12 distributors	Jan., 1928, change from			
	Jan., 1927		Dec., 1927	
	Number	Value	Number	Value
Sales, new cars, wholesale	+ 34.2%	+ 34.5%	+ 135.0%	+ 90.8%
Sales, new cars, at retail	+ 31.6 "	+ 25.1 "	+ 214.8 "	+ 114.3 "
Stocks of new cars	+ 14.5 "	- 0.2 "	+ 47.1 "	+ 25.1 "
Sales of used cars	+ 42.5 "	+ 23.5 "	+ 0.5 "	- 3.2 "
Stocks of used cars	+ 32.9 "	+ 28.6 "	+ 15.5 "	+ 7.8 "
Retail sales, deferred payment	- 23.3 "	- 40.7 "	+ 52.4 "	+ 16.4 "

operations have characterized the iron and steel industry of this district during the past month. Buying by railroads, manufacturers and jobbers has been somewhat more active than in the preceding month, while the demand of foundries, public utilities and construction companies has shown little change. Several reports indicate that sales of machinery and tools, pig iron, and miscellaneous steel products have increased somewhat since last month. Philadelphia 2X pig iron has advanced to \$20.76 a ton as against \$20.26 a month ago and \$21.76 a year ago. The average price of pig iron in the country rose from \$17.67 a month ago to \$17.75 a ton but was still \$1.21 a ton lower than at the same time last year, according to Iron Age. The average quotation for finished steel on February 20 was 2.364 cents a pound as against 2.314 cents a month earlier and 2.367 cents a year before.



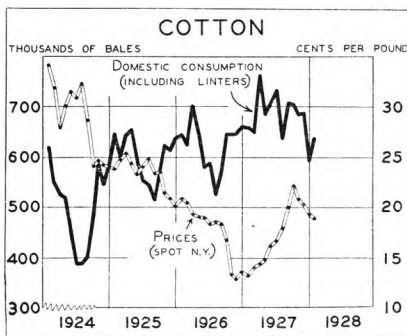
Sources: Iron Age and Federal Reserve Bank of Philadelphia



Source: Dept. of Industrial Research, University of Pennsylvania

spectively, between December and January but were 3.7 and 26.6 per cent, respectively, below a year before. Unfilled orders for iron castings were 53.3 per cent greater and those for steel castings 13.5 per cent larger in January than in the same month last year.

Textiles. The market for cotton manufactures ranges from fair to poor. Sales by makers of piece goods have declined during the month and were noticeably smaller than a year ago. Trading in yarns, though increasing in the month, was also less active than at the same time last year. Recession in prices is reported by both yarn dealers and cloth makers. This is due chiefly to a decline in quotations for raw cotton. In the month ending February 27 spot cotton advanced from 18.4 cents a pound to 19.0 cents, and was 4.6 cents higher than a year before.



Sources: Dept. of Commerce and Journal of Commerce

With a few exceptions, cotton plants in this district show no change in the rate of operation since last month. Unfilled orders, which are smaller than a year ago, are sufficient to assure production for one to two months. Stocks of fabrics have increased somewhat and are larger than on the same date last year. Yarn supplies, on the other hand, are a little smaller than four weeks and a year ago. Consumption of cotton, linters included, was 7.0 per cent larger in January than in December, but was 3.5 per cent smaller than that of a year before.

Business in silk manufactures is fairly active, the demand for thrown silk and piece goods continuing to improve. Several reports indicate that sales of broad silk exceed those of four weeks and a year ago. Prices of finished goods have risen in the month, reflecting higher quotations for raw silk. Compared with a year ago, however, the present level of silk prices is still substantially lower. Unfilled orders are larger than at the same time last year, and plant operations also have increased during the month. Stocks are moderate and generally are said to be smaller than those of a year ago. The movement of raw silk in the country follows:

Raw silk * (Figures in bales)	Jan., 1927	Dec., 1927	Jan., 1928
Imports.....	48,456	44,828	46,408
Stocks (warehouse)...	52,627	53,540	47,528
Mill takings.....	48,307	43,357	52,420

* The Silk Association of America, Inc.

Conditions in the woolen and worsted industry appear to be more satisfactory than was the case at the same time last year. The market, though slackening seasonally, shows a fair rate of activity, sales of raw wool, yarns and piece goods being about as large as the volume of a year ago. Prices of finished goods have advanced further during the month, owing mainly to higher raw wool quotations brought about chiefly by a decrease in supplies of domestic wool and by the strong wool market prevailing abroad.

Spinners and manufacturers report little change in the rate of plant operations since last month, but unfilled orders appear to be a trifle smaller than those on the same date last year. Consumption of raw wool in this district was 12.2 per cent greater in January than in December and in the country 7.9 per cent larger.

No material change is reported in stocks during the month, those held by spinners and cloth makers generally being moderate. Raw wool stocks have decreased noticeably since September, as shown by the following table:

Raw wool stocks (Figures in thousands of pounds)	Dec. 31, 1926	Sept. 30, 1927	Dec. 31, 1927
Held by dealers in—			
Philadelphia...	17,404	21,133	13,743
United States..	142,559	166,067	118,616
Held by manufacturers in—			
Middle Atlantic	60,254	63,576	55,419
United States..	127,434	141,718	135,323
Total for the United States	324,578	357,107	303,668*

* Of this total 63.1 per cent was domestic and 36.9 per cent was foreign wool.

Manufacturers report a good and slightly increased demand for women's full-fashioned silk hosiery, while the demand for men's and women's seamless continues fair or poor. There was almost no price change in the month. Moderate stocks of finished goods are somewhat larger than those of last month, but are smaller than those of a year ago. Plant operations are about the same as a month ago. From December to January employment at hosiery plants in Pennsylvania decreased 2 per cent and payrolls declined .6 per cent.

Carpet and rug manufacturers report a fair amount of business, though the expected improvement is slow in appearing, sales with some firms being smaller than those of a month and year ago. Unfilled

orders are smaller than a year ago and will insure operations, on the average, for about one month. The number of wage earners in Pennsylvania decreased 2.3 per cent from December to January, while wages showed a 10.5 per cent decrease. Prices remain generally unchanged, with a few decreases noted in some lines.

Manufacturers of linoleums and felt-base goods report a fairly good volume of business, with prices unchanged from the level of a month ago.

Leather. The packer hide market is quiet. The price of heavy native steers has receded 3 cents a pound in the past month. The goatskin market remains firm with prices high and advancing. A scarcity of skins is reported.

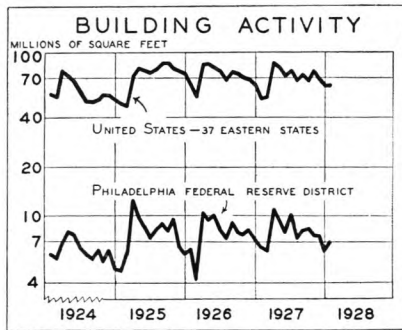
Black kid is in good and increased demand and a like report is made by tanners of colored kid. Some price increases are noted in both lines. Unfilled orders are larger than a month ago, and stocks of finished goods have decreased. Sole leather is in moderate demand, with some price advances reported.

A fair demand for shoes is reported, with sales larger than those of a month and a year ago. Medium stocks of finished goods are smaller than were those of last month and last year. Unfilled orders are larger than a year ago and assure operation for nearly two months. Many firms report higher prices.

The total 1927 production for the United States was 343,605,905 pairs, as compared with 324,513,695 pairs in 1926, an increase of 5.9 per cent.

Building and real estate. Reports on construction activity indicate some improvement in recent weeks, particularly in southern New Jersey. The value of contract awards in this district during January increased 24.9 per cent from the December total and was 8 per cent greater than in January, 1927. The proposed expenditure under permits issued in 16 cities of this district increased 3 per cent from December to January, and was 42.3 per cent greater than that of a year earlier.

Prospective home buyers find little difficulty in obtaining loans for their purchases. The volume of financing for new commercial and residential buildings has declined as compared with that of a year ago. The bulk of loans at present are on houses for owners. Interest rates on mortgages continue practically unchanged at 6 per cent per annum. The purchasing of houses selling under \$6,000 has increased slightly since the first of the year, while the reverse is the case with respect to dwellings selling over that amount. The number of real estate deeds recorded in Philadelphia county in January increased 9.4 per cent while the value of mortgages recorded in Philadelphia decreased 18.9 per cent as compared with January, 1927. Properties offered at sheriff sale in that city were 61.2 per



Source: F. W. Dodge Corp.

cent greater in January than in the same month last year, and exceeded sales for the corresponding month of the preceding eight years.

The renting demand for houses and apartments in this district, while increasing somewhat during the month, is still unsatisfactory, owing in a measure to the continuance of industrial slackness which has prevailed for some months past. Houses renting from \$40 to \$50 a month appear to be in the best demand at present. Rents for houses and apartments have decreased appreciably during the past three months.

Building materials. The market for building materials continues to fluctuate between fair and poor, although some betterment is apparent at the present time. Sales of brick have shown some increase during the month and were slightly ahead of the volume at the same time last year, but the demand for lumber, paint, and plumbing materials remains somewhat less active than a year ago. Shipments of cement in this section have increased a little recently. Prices of building materials as a rule have shown little change since last month.

Plant operations generally have declined somewhat further during the month, and unfilled orders do not measure up to the volume of a year ago. Stocks are said to be moderate.

Paper. Business in paper is fairly active, sales being larger than four weeks and a year ago. Except for a few reports indicating weakness, prices continue steady. Unfilled orders are noticeably greater than at the same time last year, and plant operations of this industry remain at about 90 per cent of capacity. Stocks are moderate and are only slightly larger than on the same date last year.

Rubber. The market for rubber tires and mechanical rubber goods is fair. The demand, though still quiet, shows some signs of seasonal expansion. Prices of finished products generally are firm and show little change but quotations for crude rubber have declined during the month. Unfilled orders have increased during the month, and plant operations as a whole are said to be somewhat above

EMPLOYMENT AND WAGES in Pennsylvania	No. of plants reporting	Number of wage earners— week ended		Total weekly wages— week ended		Average weekly earnings— week ended	
		Jan. 15, 1928	Per cent change from month ago	Jan. 15, 1928	Per cent change from month ago	Jan. 15, 1928	Per cent change from month ago
Manufacturing industries (52)	803	260,858	- 1.2	\$6,458,332	- 4.6	\$24.76	- 3.4
Metal products	241	101,789	- 0.3	2,701,714	- 2.2	26.54	- 2.0
Blast furnaces.....	10	2,164	- 4.5	65,409	- 5.4	30.23	- 0.9
Steel works and rolling mills.....	44	53,155	- 1.2	1,431,348	- 1.3	26.93	- 0.1
Iron and steel forgings.....	10	1,782	- 0.2	44,606	- 6.1	25.03	- 6.0
Structural iron work.....	10	3,682	+ 2.1	100,590	- 6.0	27.32	- 8.0
Steam and hot water heating app.....	18	4,533	- 1.9	129,386	- 2.9	28.54	- 1.0
Stoves and furnaces.....	9	679	-31.5	17,783	-36.1	26.19	- 6.8
Foundries.....	40	7,373	- 0.9	187,349	- 8.9	25.41	- 8.1
Machinery and parts.....	39	8,678	+ 0.4	249,255	- 2.9	28.72	- 3.3
Electrical apparatus.....	17	8,215	+14.2	200,849	+11.1	24.45	- 2.7
Engines and pumps.....	10	3,244	+ 3.8	84,571	+ 4.3	26.07	+ 0.5
Hardware and tools.....	20	6,339	- 1.4	140,986	- 7.3	22.24	- 5.9
Brass and bronze products.....	10	669	- 2.5	18,858	+ 2.6	28.19	+ 5.2
Jewelry and novelties.....	4	1,276	-13.8	30,724	- 8.7	24.08	+ 5.9
Transportation equipment	41	28,621	+ 0.2	779,137	- 5.3	27.22	- 5.6
Automobiles.....	6	2,193	- 0.2	66,805	- 2.7	30.46	- 2.5
Automobile bodies and parts.....	12	6,763	+10.1	207,956	+ 2.9	30.75	- 6.5
Locomotives and cars.....	13	13,950	- 2.5	362,276	- 6.7	25.97	- 4.2
Railroad repair shops.....	7	3,574	- 5.7	85,653	-17.0	23.97	-12.0
Ship building.....	3	2,141	+ 1.5	56,447	- 7.1	26.36	- 8.5
Textile products	166	57,611	- 0.4	1,251,084	- 5.4	21.72	- 5.0
Cotton goods.....	14	3,981	- 0.4	89,159	- 6.3	22.40	- 5.8
Woolens and worsteds.....	16	6,462	- 3.4	135,417	- 8.9	20.96	- 5.6
Silk goods.....	39	18,529	+ 2.6	343,137	- 7.5	18.52	- 9.9
Textile dyeing and finishing.....	10	1,864	- 4.0	47,919	- 1.6	25.71	+ 2.6
Carpets and rugs.....	9	2,741	- 2.3	67,037	-10.5	24.46	- 8.4
Hats.....	5	3,858	- 0.8	98,343	- 5.4	25.49	+ 4.6
Hosiery.....	27	11,760	- 2.0	325,057	- 0.6	27.64	+ 1.4
Knit goods, other.....	15	2,714	- 6.3	48,958	-12.3	18.04	- 6.4
Men's clothing.....	11	1,724	- 4.3	38,692	+ 4.7	22.44	+ 9.4
Women's clothing.....	9	1,314	+ 5.8	20,125	+ 5.1	15.32	- 0.6
Shirts and furnishings.....	11	2,664	+ 5.0	37,240	-11.0	13.98	-15.3
Foods and tobacco	103	21,604	- 2.5	436,899	- 6.7	20.22	- 4.3
Bread and bakery products.....	29	4,252	- 2.5	123,295	- 3.4	29.00	- 0.9
Confectionery.....	14	4,489	- 5.0	78,986	-11.0	17.60	- 6.2
Ice cream.....	11	1,140	- 0.1	38,377	+ 4.9	33.66	+ 5.0
Meat packing.....	14	2,114	- 1.6	61,776	- 2.8	29.22	- 1.2
Cigars and tobacco.....	35	9,609	- 1.8	134,465	-11.3	13.99	- 9.7
Stone, clay and glass products	66	16,568	- 7.9	400,596	-13.9	24.18	- 6.5
Brick, tile and pottery.....	29	4,395	- 6.2	95,545	-11.0	21.74	- 5.1
Cement.....	14	5,949	- 9.8	167,782	-16.3	28.20	- 7.3
Glass.....	23	6,224	- 7.2	137,269	-12.9	22.05	- 6.1
Lumber products	44	4,352	-11.2	91,802	-13.4	21.09	- 2.5
Lumber and planing mills.....	19	1,944	-13.8	43,160	-11.8	22.20	+ 2.3
Furniture.....	19	1,728	-11.2	38,722	-16.3	22.41	- 5.8
Wooden boxes.....	6	680	- 3.4	9,920	- 7.9	14.59	- 4.6
Chemical products	35	10,671	- 0.2	291,105	- 5.9	27.28	- 5.7
Chemicals and drugs.....	15	1,224	+ 1.5	32,529	+ 0.2	26.58	- 1.3
Coke.....	3	2,809	+ 4.8	78,071	- 0.9	27.79	- 5.4
Explosives.....	3	539	- 4.6	10,434	-21.7	19.36	-17.9
Paints and varnishes.....	9	1,026	- 3.1	24,905	-15.9	24.27	-13.3
Petroleum refining.....	5	5,073	- 2.0	145,166	- 6.3	28.62	- 4.4
Leather and rubber products	51	11,683	+ 0.0	266,135	+ 0.9	22.78	+ 0.9
Leather tanning.....	17	5,893	+ 0.3	146,919	- 0.9	24.93	- 1.2
Shoes.....	23	4,211	+ 0.8	77,487	+ 7.3	18.40	+ 6.0
Leather products, other.....	7	611	-10.9	13,056	-13.9	21.37	- 3.3
Rubber tires and goods.....	4	968	+ 3.1	28,673	+ 3.6	29.62	+ 0.4
Paper and printing	56	7,959	- 1.5	239,860	- 2.2	30.14	- 0.7
Paper and wood pulp.....	12	3,145	- 1.7	88,407	- 5.5	28.11	- 3.9
Paper boxes and bags.....	6	723	- 9.2	9,790	-20.0	13.54	-11.9
Printing and publishing.....	38	4,091	+ 0.1	141,663	+ 1.5	34.63	+ 1.4
Construction and contracting*	33	2,870	-27.0	81,259	-27.1	28.31	- 0.1
Buildings.....	19	1,264	- 8.5	38,557	- 8.0	30.50	+ 0.5
Street and highway.....	4	519	-58.9	12,450	-61.5	23.99	- 0.1
General.....	10	1,087	-15.5	30,252	-18.7	27.83	- 3.8

* Not included in total for all industries.

the rate prevailing four weeks ago. Stocks of finished goods, which range from moderate to light, are smaller than those on the same date last year.

Cigars. Sales of cigars by manufacturers barely equal the volume of a year ago, and the demand has shown practically no improvement during the

month. Plants report little change in operations, the present rate of output averaging about 75 per cent of capacity. Unfilled orders do not measure up to the volume of a year ago. Stocks are increasing seasonally but are still under those on the same date last year.

Furniture. The demand for furniture

is hardly fair and sales, though seasonally increasing, are considerably below the volume of a year ago. Prices have declined in the month. The rate of output for the industry continues at about 65 per cent of capacity, but unfilled orders are substantially smaller than those of a year ago. Stocks, while not heavy, are somewhat larger than on the same date last month and a year ago.

Coal. The market for hard coal remains rather sluggish, with prices showing little change. The colliery output in the four weeks ended February 18 was 2 per cent greater than four weeks before but 13.6 per cent smaller than a year earlier. In January, the volume of wage disbursements was only 94.5 per

cent of the 1923-25 average, as compared with 99.3 per cent in the preceding month and 113.2 per cent in November, 1927. Compared with a year before, wages paid in January were 13.8 per cent less. Stocks of anthracite on January 1 held by reporting dealers showed an increase of 4 per cent over those on October 1, but a decrease of about 6 per cent when compared with those on the same date last year. Supplies held in retail yards were sufficient to last 57 days at the rate of consumption by householders which prevailed in November and December.

The situation in the bituminous coal field continues unsatisfactory, although recently buying by industries has increased

slightly as is usual at this time. Prices have declined further in the month and are materially below the level of a year ago. The output of soft coal in the four weeks ended February 18 was 2.5 per cent greater than in the preceding four weeks but 26.8 per cent smaller than a year earlier. Commercial consumers' stocks of bituminous coal on January 1 were estimated at 55,500,000 tons as against 61,300,000 tons on November 1 and 55,000,000 tons on January 1, 1927. At the rate of consumption prevailing in November and December, these supplies were sufficient to last 41 days on the average. The largest supplies were held by coal gas plants and electric utilities, while the smallest reserves were held by coal dealers and by-product coke plants.

BUSINESS CONDITIONS IN THE PHILADELPHIA FEDERAL RESERVE DISTRICT

	Prices	Demand	Unfilled orders compared with a year ago	Operations	Stocks
Retail trade	More declines than advances	Fair to poor; declined			Smaller
Wholesale trade					
Drugs	Unchanged	Fairly active			Larger
Dry goods	Some declines	Generally poor			Larger
Electrical supplies ..	Little change	Fair to poor			Larger, though below a year ago
Groceries	Some advances	Fair to poor; declined			Larger
Hardware	Generally unchanged	Fair to poor; declined			Larger
Jewelry	Mostly unchanged	Fair			Larger, though below a year ago
Paper	Unchanged	Fair; increased			Larger
Plumbing supplies ..	Some declines	Fair to poor; declined	Smaller		Smaller
Shoes	Higher	Fair			Larger
Lumber	Little change	Fair	Larger		Smaller
Wool	Higher	Fair	Little change		Smaller
Cotton yarns	Lower	Fair; increased	Smaller		Smaller
Iron and steel products	Some advances	Fair; some improvement		Slightly higher	Little change
Cotton	Some declines	Fair to poor	Smaller	Little change	Larger
Silk	Higher	Fairly active	Larger	Higher	Smaller
Wool	Higher	Fair	Smaller	Unchanged	Little change
Hosiery	Unchanged	Good in full-fashioned; fair or poor in seamless	Smaller than a month ago	Unchanged	Moderate; slightly larger
Carpets and rugs	Little change	Fair	Smaller	Little change	Smaller
Shoes	Higher	Fair	Larger	Slightly larger	Smaller
Leather—kid	Some advances	Good	Larger than a month ago	Little change	Smaller
Paper	Some declines	Fair	Larger	Unchanged	Little change
Rubber products	Little change	Fair; some increase	Larger than month ago	Increased	Smaller
Cigars	Unchanged	Fair to poor	Smaller	Little change	Increased, though below a year ago
Furniture	Lower	Fair; increased but below a year ago	Smaller	Little change	Larger
Brick	Little change	Fair; increased	Smaller	Little change	Smaller, though above a year ago
Lumber—mills	Little change	Fair to poor	Smaller	Slightly smaller	Little change
Paint	Lower	Fair to poor	Smaller	Lower	Smaller
Plumbing supplies ..	Unchanged	Fair to poor; decreased	Smaller	Little change	Unchanged, but above a year ago
Real estate	Lower rents	Fair to poor		Deeds recorded in Philadelphia county decreased in January	
Building	Construction costs changed little	Only fair	Value of January permits increased	Value of January contracts increased	
Anthracite	Little change	Fair to poor; decreased		Slightly larger output	Lower than year ago
Bituminous coal	Declined	Poor		Slightly larger output	Larger than year ago