

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
OCTOBER 1, 1928

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BUSINESS CONDITIONS IN THE UNITED STATES

Volume of industrial and trade activity increased in August, and there was a further advance in wholesale commodity prices. Reserve bank credit outstanding increased in September reflecting in part seasonal demands for currency and credit. Money rates remained firm.

Production. Production of both manufactures and minerals increased considerably in August, the output of manufacturing plants being larger than at this season of any earlier year. Automobile production was in record volume in August, and available information indicates that output was maintained by producers at a high level during September. Iron and steel production continued large in August and September and output of non-ferrous metals increased between July and August. Textile activity, which has been somewhat reduced in recent months, also showed a substantial increase. Factory employment and payrolls have increased since midsummer and in August were close to the levels a year ago. In the building industry there was evidence of recession in a sharp decline after the early summer in contracts awarded, which were in smaller volume during August than in the corresponding month of any year since 1924. In the first three weeks of September, however,

awards were somewhat larger than last year. Estimates of the Department of Agriculture for September 1 indicate yields of principal crops will be larger than last year and above the average for the preceding five years.

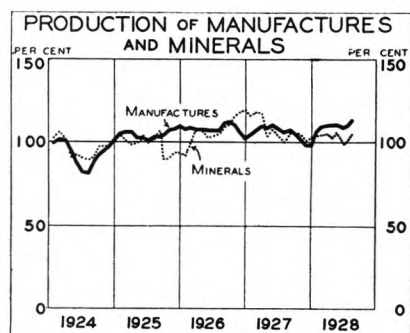
Trade. Distribution of commodities showed seasonal increases in August although sales in most lines of wholesale and retail trade did not equal the unusually large sales of August, 1927. Department store stocks increased as usual in August but continued smaller than a year ago, while inventories in several lines of wholesale trade were somewhat larger than last year. Freight car loadings were in about the same volume in August as a year earlier. Shipments of miscellaneous commodities and grains were larger and those of coal, livestock, and forest products smaller than last year.

Prices. The general level of commodity prices increased in August and the Bureau of Labor Statistics' index, at 98.9 per cent of the 1926 average, was the highest in nearly two years. Increases in August were chiefly in the prices of livestock and livestock products, which are now higher than at any time since 1920. There were also small in-

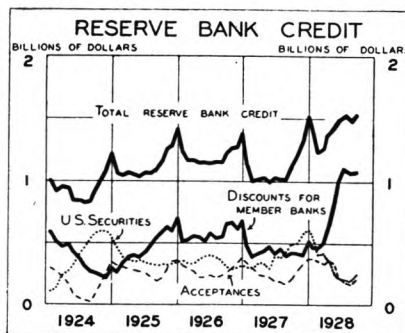
creases in fuels, metals, and building materials. Grains and cotton showed sharp declines, and there were decreases also in hides and skins and wool. Since the first of September there have been some declines in livestock and meats, and a sharp further decrease in cotton, while prices of pig iron, copper, and petroleum have advanced.

Bank credit. Between the middle of August and the middle of September there was a considerable increase in the loans and investments of member banks in leading cities. Part of the increase was in loans on securities and part reflected a seasonal increase in other loans. Deposits of the member banks also increased during the period. Volume of reserve bank credit outstanding increased during the four weeks ending September 19 in response to seasonal demand for currency and growth in member bank reserve requirements. The increase in total bills and securities was largely in holdings of acceptances and in discounts for member banks.

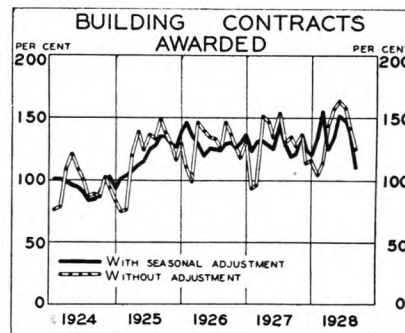
During the same period there were further increases in open market rates on collateral loans and on commercial paper, while rates on bankers' acceptances were reduced from 4½ per cent to 4¼ per cent.



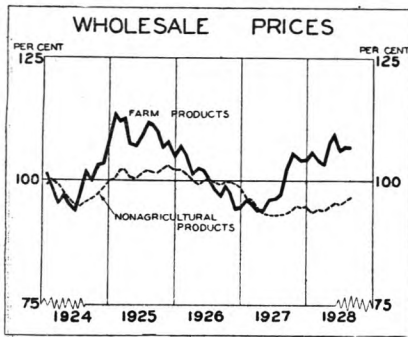
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, August, manufactures 114, minerals 105.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 22 days in September.



Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corporation (1923-25 average=100). Latest figures, August, adjusted index, 111, unadjusted index, 126.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, August, farm products, 107.0, non-agricultural commodities, 96.7.

BUSINESS CONDITIONS IN THE PHILADELPHIA FEDERAL RESERVE DISTRICT

Further evidence of substantial seasonal expansion of business in the Philadelphia Federal Reserve District has appeared during the last few weeks. Both industrial operations and commercial transactions have been in considerably larger volume than during the summer, while in many instances the volume of trade now exceeds that of last year. Factory employment in Pennsylvania showed a gain of 2.5 per cent from the July level while the number of employe-hours worked by reporting plants was nearly 10 per cent larger in August. Payrolls of reporting establishments showed a similar gain from July to August and in the latter month were only 2 per cent smaller than in the same period last year. The metal manufacturing industries, which continue exceptionally active for this period, showed an increase of nearly 4 per cent in payrolls as compared with August, 1927. Among other groups of industries which enlarged their working forces in August were textile products, foods and tobacco, lumber, chemical, leather and rubber products, and paper and printing industries.

Production records of various industries in this district also indicate material improvement in operating conditions. In August large increases occurred in the output of shoes, hosiery, pig iron, iron and steel castings, anthracite and bituminous coal, cement and electric power, and in the consumption of wool, while sales of electric power to industries in the district showed a gain of 6 per cent as compared with July and of 23 per cent as compared with last year. That further expansion of productive operations has taken place is evident from reports of state employment offices in Pennsylvania which show substantial improvement in the demand for industrial workers.

Distributive activity has also increased considerably since mid-summer. Freight car loadings in the Allegheny district reached the highest point for the current year in August and have not been exceeded since October, 1927. Loadings

BUSINESS INDICATORS Philadelphia Federal Reserve District	August, 1928	Latest figure, compared with	
		Previous month	Year ago
Retail trade—estimated net sales (127 stores)			
Department stores (57)	\$14,932,100	+ 0.5%	- 10.2%
Apparel stores (32)	\$11,834,100	- 0.6 "	- 11.4 "
Shoe stores (22)	\$1,704,300	- 4.9 "	- 10.8 "
Credit stores (16)	\$493,300	+ 10.0 "	+ 0.4 "
	\$900,400	+ 57.6 "	+ 4.4 "
Wholesale trade—net sales (124 firms)			
Boots and shoes (6)	\$8,551,900	+ 6.8 "	- 5.8 "
Drugs (11)	\$184,300	+ 47.4 "	- 17.9 "
Dry goods (16)	\$1,439,000	+ 0.2 "	- 5.7 "
Electrical supplies (4)	\$656,900	+ 24.6 "	- 16.9 "
Groceries (41)	\$390,600	+ 10.9 "	+ 11.7 "
Hardware (24)	\$3,101,400	+ 4.4 "	+ 1.5 "
Jewelry (11)	\$1,573,000	+ 1.5 "	- 8.2 "
Paper (11)	\$389,900	+ 41.3 "	- 11.8 "
	\$816,800	+ 6.5 "	+ 3.9 "
Productive activity:			
Employment—811 plants in Pennsylvania	264,687	+ 2.5 "	- 2.4 "
Wage payments in above plants	\$6,804,857	+ 9.1 "	- 2.0 "
Shoe production* (86 factories)	prs. 1,401,518	+ 17.8 "	.....
Hosiery production* (131 mills)	doz. prs. 1,389,624	+ 14.9 "	.....
Wool consumption* (84 mills)	lbs. 8,172,967	+ 26.0 "	.....
Active cotton spindle hours (Penna. and N. J.)	53,351,576	- 9.9 "	- 17.6 "
Pig iron production	tons 296,285	+ 10.0 "	+ 16.7 "
Iron casting production (37 foundries)	tons 6,474	+ 13.5 "	+ 8.1 "
Steel casting production (10 foundries)	tons 5,513	+ 7.5 "	- 9.6 "
Anthracite	tons 6,789,000	+ 51.7 "	- 12.4 "
Bituminous coal—Pennsylvania	tons 10,296,000	+ 11.6 "	+ 0.9 "
Cement	bbls. 4,015,000	+ 5.4 "	- 5.4 "
Electric power output (12 systems)	KWH 487,186,000	+ 4.0 "	+ 16.2 "
Distribution:			
Freight car loadings (Allegheny district—weekly average)	215,165	+ 8.3 "	+ 0.7 "
Tonnage of vessels (Port of Philadelphia)	tons 3,750,048	- 0.1 "	+ 3.8 "
Financial and credit:			
Debits (17 cities)	\$2,382,800,000	- 7.4 "	+ 3.1 "
Savings deposits (96 banks)	\$687,772,000	- 0.3 "	+ 5.3 "
Bills discounted held by F. R. B. of Phila. (daily average)	\$99,100,000	+ 5.7 "	+150.3 "
Acceptances executed (8 banks for month ended September 10)	\$4,993,000	+ 8.1 "	+ 3.5 "
Acceptances sold—4 dealers—(weekly average for period ended September 12)	\$1,083,000	- 13.4 "	+ 16.0 "
Acceptances outstanding (8 banks for month ended September 10)	\$14,026,000	+ 1.0 "	+ 25.9 "
Commercial paper sales (5 dealers)	\$3,247,500	+ 6.6 "	- 60.7 "
Commercial failures—number	87	+ 14.5 "	+ 61.1 "
Commercial failures—liabilities	\$3,149,500	+130.4 "	+184.8 "
Building and real estate:			
Building permits (16 cities)	\$17,000,800	- 9.1 "	- 7.5 "
Building contracts awarded (Philadelphia district)	\$33,967,400	- 17.7 "	- 36.5 "
Number of real estate deeds recorded (Philadelphia county)	4,778	- 14.9 "	- 4.4 "
Value of mortgages recorded (Philadelphia county)	\$15,883,000	- 52.4 "	- 45.6 "
Miscellaneous:			
Sales of life insurance (Penna., N. J., and Del.)	\$83,229,000	- 6.0 "	+ 5.0 "
Retail sales of automobiles (11 distributors)	\$3,125,000	- 1.5 "	- 14.4 "
Wholesale sales of automobiles (12 distributors)	\$5,523,000	+ 7.4 "	+ 6.7 "

* Bureau of Census preliminary figures.

of merchandise and miscellaneous commodities in the week ending September 1 were also larger than in any previous week in 1928. Wholesale trade in August showed improvement in all lines; the total volume was 6.8 per cent ahead of July, but nearly 5.8 per cent less than in August, 1927. Retail sales of reporting stores were only slightly larger than the July volume and were 10 per cent less than in August, 1927, which was an exceptionally active month. Check payments in the district, though considerably smaller than in July, exceeded the volume in August, 1927, by 3 per cent.

Following a very active building season both in this district and in the country as a whole during the first half year, substantial declines have occurred recently in contract awards and building permits. Building permits in August were 7.5 per cent less than in the same month last year, while contract awards declined by more than 36 per cent. Real estate trans-

actions in Philadelphia, as measured by number of deeds and value of mortgages recorded, also showed large declines from July and as compared with last year.

FINANCIAL CONDITIONS

Money rates continue very firm. Call money reached 9 per cent on September 20, the highest since July 2, and the renewal rate has averaged 7.39 per cent since the first of the month. Time money of ninety days' maturity on September 21 was quoted at 7½ per cent, an advance of one per cent since August 22, and the highest since early in 1921.

The highest point of brokers' loans was 4,563 millions on June 6, but a subsequent reaction reduced this to 4,159 millions on June 27. Recent additions carried these loans up to 4,470 millions on September 19, an increase of 269 millions in four weeks. This expansion was the result of an increase of 420 millions in demand

loans, and a decline of 151 millions in time loans.

Commercial paper in the open market, affording a measure of the rate for business funds, is quoted at 5½ per cent, slightly higher than a month ago, but the offering rate for ninety-day bankers' bills was reduced from 4¾ to 4½ per cent. In Philadelphia the rates of large banks on customers' prime commercial paper show a range from 5 to 5¾ per cent, as compared with 4¼ to 4½ per cent a year ago.

The foreign gold movement at New York has been without feature since early in August, both imports and exports being in small volume. The cash reserves of the federal reserve system increased slightly in the four weeks from August 22 to September 19, but heavier note and deposit liabilities caused a decline in the reserve ratio from 69.6 to 66.9 per cent. Larger discounts and additions to the system's holdings of purchased bills and United States securities raised the total of federal reserve credit to 1,560 millions, an expansion of 131 millions in four weeks.

At the end of August the bill and security holdings of the system were 460 millions larger than a year before. Member bank reserve deposits and money in circulation declined in the year, but losses from the monetary gold stock of the country amounted to 463 millions.

Borrowings of member banks from the Federal Reserve Bank of Philadelphia increased from 98.6 millions on August 22 to 118.5 millions on September 1, but receded thereafter and on September 19 were 104.2 millions. The reserve ratio declined from 61.1 to 59.2 per cent and the reserves of member banks increased nearly five millions.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Sept. 19, 1928	Changes in	
		Four weeks	One year
Bills discounted for member banks in Philadelphia.....	\$ 68.8	+\$7.2	+\$54.6
20 other large cities	22.4	+ 1.2	+ 13.7
Other communities	13.0	- 2.8	+ .9
Total bills discounted.....	\$104.2	+\$5.6	+\$69.2
Bills bought.....	12.8	- .8	+ 2.1
United States securities.....	22.2	+ 1.3	- 13.1
Total bills and securities.....	\$139.2	+\$6.1	+\$58.2
Member banks' reserve deposits.....	137.6	+ 4.7	- 1.7
Total cash reserves.....	162.8	+ 1.9	- 57.0
Reserve ratio.....	59.2%	- 1.9%	- 21.3%

Reports of member banks in the principal cities of the country give evidence of the expansion in commercial loans usual at this season of the year, when crop marketing is increasing, retailers are adding to their stocks of goods, and manufacturers are enlarging their operations. In this district the commercial

CITY CONDITIONS Philadelphia Federal Reserve District	Aug., 1928, compared with Aug., 1927						
	Employment	Wage payments	Value of building permits	Debits	Savings deposits	Retail trade sales	Electric power sales
Allentown area....	- 4.0%	- 5.7%	- 72.9%	+ 4.1%	+ 3.4%	- 6.8%%
Altoona ".....	.....	.....	+ 11.8	+ 1.9	+ 4.5	- 8.8	+ 12.7
Harrisburg ".....	+ 1.4	+ 3.1	+ 0.1	- 0.3	+ 0.7	+ 3.7	+ 17.1
Johnstown ".....	- 14.5	- 15.4	+ 60.8	+ 6.0	+ 0.9	- 8.9	+ 5.4
Lancaster ".....	- 11.8	- 15.3	+ 38.6	+ 8.9	+ 17.3	- 7.5	+ 3.8
Philadelphia ".....	- 10.4	- 10.0	+ 1.5	+ 3.6	+ 6.5	- 12.0	+ 10.7
Reading ".....	+ 1.7	+ 4.0	+ 27.0	- 2.7	+ 0.6	- 7.3	+ 42.4
Scranton ".....	+ 8.3	+ 3.8	+ 53.0	- 6.0	+ 2.0	- 9.3	+ 14.3
Trenton ".....	- 14.8	- 11.5	+ 114.0	+ 9.4	+ 9.9	- 9.3	+ 17.3
Wilkes-Barre ".....	- 1.9	- 2.5	+ 67.7	- 7.6	+ 0.5	- 10.1	.....
Williamsport ".....	- 5.0	+ 14.5	+ 103.9	+ 0.8	+ 1.3	.....	.....
Wilmington ".....	+ 0.8	+ 1.2	+ 65.6	+ 5.6	+ 5.2	+ 10.0	+ 17.3
York ".....	- 0.9	0.0	- 20.4	+ 1.5	+ 1.4	.....	- 6.5

CITY CONDITIONS Philadelphia Federal Reserve District	Aug., 1928, compared with July, 1928						
	Employment	Wage payments	Value of building permits	Debits	Savings deposits	Retail trade sales	Electric power sales
Allentown area....	+ 4.4%	+ 8.7%	- 56.0%	- 2.7%	+ 0.2%	+ 0.5%	+ 5.1%
Altoona ".....	+ 1.4	+ 0.8	+ 422.7	+ 6.2	+ 1.4	+ 15.6	+ 1.8
Harrisburg ".....	+ 2.8	+ 10.0	+ 81.5	- 0.5	+ 0.2	+ 1.8	+ 6.1
Johnstown ".....	+ 0.9	- 2.4	+ 22.0	+ 0.2	- 0.5	+ 8.7	+ 5.8
Lancaster ".....	- 2.7	- 2.2	+ 64.8	- 3.8	+ 1.5	- 15.1	+ 5.6
Philadelphia ".....	+ 3.0	+ 4.4	+ 10.7	- 8.2	- 0.2	+ 1.6	+ 3.2
Reading ".....	+ 1.7	+ 9.3	+ 52.6	- 16.5	- 1.2	- 5.8	+ 14.8
Scranton ".....	+ 13.8	+ 15.0	+ 30.7	- 3.0	+ 2.8	- 8.6	+ 1.9
Trenton ".....	+ 1.8	+ 10.8	+ 196.9	- 0.4	+ 0.4	- 9.6	+ 4.0
Wilkes-Barre ".....	+ 0.3	+ 2.3	+ 49.8	- 10.1	+ 0.4	- 8.0	.....
Williamsport ".....	+ 3.7	+ 10.7	+ 40.1	- 7.5	+ 0.4	.....	.....
Wilmington ".....	- 0.4	+ 3.2	+ 18.4	- 8.1	+ 0.2	- 3.2	+ 2.3
York ".....	- 1.4	- 0.8	+ 31.0	- 4.5	+ 0.4	.....	+ 6.7

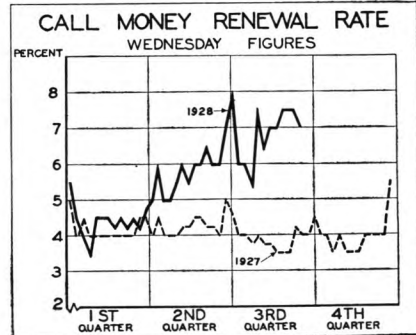
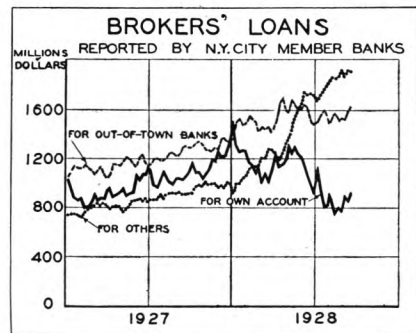
* Includes Wilkes-Barre and Williamsport areas. † Production (not sales). ‡ Includes Camden area. § Included in Allentown area.

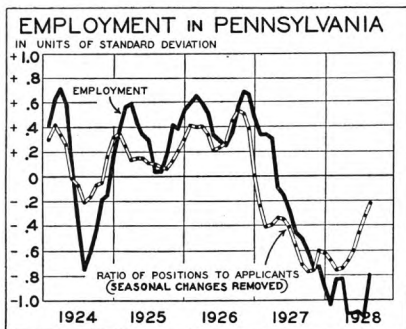
loans of member banks in Philadelphia increased in the four weeks ending September 12 to the highest point in 1928, no doubt reflecting the rising rate of industrial activity, whereas last year, when business was slackening, such loans fell off. Outside of Philadelphia there was little change in these loans. Taking as a whole the reports of member banks in twenty-one cities of the district, there has been a small decline in loans on securities in the past month, but the total continues considerably in excess of a year ago.

Third Liberty Loan bonds matured on September 15. Bonds of this issue to an amount of \$361,963,500 were allotted to this district in 1918. From August 1 to

Reporting member banks in twenty-one cities (In millions of dollars)	Sept. 12, 1928	Changes in	
		Four weeks	One year
Total loans and discounts:			
Philadelphia*.....	714.6	+ 3.0	+ 34.5
Outside Philadelphia†.....	398.2	+ .7	+ 20.9
Totals.....	1,112.8	+ 3.7	+ 55.4
Investments:			
Philadelphia*.....	305.0	- 5.1	+ 10.5
Outside Philadelphia†.....	218.2	- .3	+ 2.9
Totals.....	523.2	- 5.4	+ 13.4
Net demand deposits:			
Philadelphia*.....	606.4	+ 10.6	- 66.2
Outside Philadelphia†.....	254.4	+ 7.9	- 5.2
Totals.....	860.8	+ 18.5	- 71.4
Time deposits:			
Philadelphia*.....	228.3	- 4.2	+ 36.7
Outside Philadelphia†.....	283.6	- 1.7	+ 4.9
Totals.....	511.9	- 5.9	+ 41.6
Loans on securities:			
Philadelphia*.....	.....	- 3.8	+ 29.6
Outside Philadelphia†.....	.....	+ 1.8	+ 20.2
Totals.....	.....	- 2.0	+ 49.8
Other loans and discounts:			
Philadelphia*.....	.....	+ 6.8	+ 4.9
Outside Philadelphia†.....	.....	- .6	- 2.3
Totals.....	.....	+ 6.2	+ 2.6

* 34 banks. † 87 banks. ‡ 72 banks. § 69 banks.





Manufacturing. The demand for finished products is active and sales have increased substantially since the middle of last month. Nearly all groups of manufacturing industries are experiencing a marked recovery from the summer slackness, which was somewhat more pronounced than that in the country at large.

The market for fabricated iron and steel products continues unusually well sustained, buying by foundries, manufacturing plants, construction companies, and jobbers being larger than last month. Purchasing by railroads also is active while that by public utilities shows no appreciable change. The demand from the automobile industry is increasingly strong. Quotations for these products are firm and show numerous increases.

Business in textiles has turned sharply for the better, despite some unsatisfactory spots. While sales generally do not yet offer a favorable comparison with those of a year ago, they show a remarkable gain during the month, the largest increases being noted in the demand for cotton, woolen and worsted, and silk piece goods, hosiery, and floor coverings. Except for some advances on wool yarns and declines on cotton and silk goods, prices of textile products remain steady.

The shoe and leather market continues strong. Sales of shoes have increased further in the month and are well ahead of a year ago. The demand for colored kid also has increased, while that for black kid shows little change. Pronounced seasonal gains, too, are reported in the buying of leather goods.

Producers of building materials, particularly glass, paint, and pottery, continue to report a good volume of business, showing a further increase since last month, though barely comparable with a year ago. Prices of building materials for the most part remain unchanged.

Advance business on the books of reporting manufacturers has increased materially in the month, and generally compares well with the volume of a year ago, most of the textiles and building materials being the exceptions. The majority of the reports indicate that plants have a sufficient amount of business to assure operations at the present rate for from one to two months. Unfilled orders of the United States Steel Corporation on

August 31 totaled 3,624,043 tons, an increase of 1.5 per cent from the previous month and of 13.4 per cent as compared with that on the same date last year. Reflecting continued activity in building, new orders for fabricated structural steel in the country during August were 95 per cent of capacity as against July orders of 79 per cent of capacity and 73 per cent to a year ago.

As a consequence of the larger demand, the volume of output has increased and plant operations have expanded noticeably since the middle of last month. The improved labor situation, the increased consumption of fuel and electrical energy, and larger mill takings of raw materials afford additional evidence of current expansion in productive activity.

It is significant to note that the demand for workers by employers recently has increased more than usual, the ratio of positions available to applicants in Pennsylvania rising nearly 6 per cent from July to August and almost 35 per cent as compared with a year earlier.

Factory employment in Pennsylvania also increased 2.5 per cent and wage payments 9.1 per cent in the month, practically all reporting groups sharing in these gains. Last year at the same time, payrolls increased only 4.6 per cent, while employment registered a decline of two-tenths of one per cent. While the number of workers and the volume of wages paid still remained about 2 per cent smaller than a year before, the difference in the level of the two years was reduced considerably between July and August.

In New Jersey, the number of wage earners likewise increased at a slightly higher rate than in August, 1927, but payrolls showed a gain of only 2.5 per cent as against 3.5 per cent last year. Wage disbursements in Delaware increased about 3 per cent in the month as compared with a gain of less than one per cent a year earlier, and employment declined only 1.6 per cent as against a drop of 2.4 per cent in August, 1927.

The use of electrical energy by industries was over 6 per cent larger in August

than in July and 23 per cent greater than in the same month last year. Total sales of electricity increased about 3 per cent in the month and over 19 per cent in the year. Production of electric power by 12 central stations was 4 per cent larger than in July and surpassed the amount generated a year earlier by over 16 per cent.

Operations of plants making iron and steel products have increased nearly 8 per cent during the month, the present rate being about 70 per cent of capacity. The daily output of pig iron in this district showed a gain of 10 per cent from July to August and was the largest since the spring peak reached in April. Production in the country also increased about 2 per cent in the month and was the second largest for August since 1923. The daily output of steel ingots, too, was almost 2 per cent greater than in July and exceeded the amount shown for any August during the past seven years. Further details follow:

Iron and steel Daily output	Aug., 1928 (gross tons)	Change from Aug., 1927	8 mos., 1928, com- pared with 8 mos., 1927
Pig iron—			
United States.....	101,180	+ 6.4%	- 2.8%
Phila. Fed. Reserve District.....	9,558	+16.7 "	-12.6 "
Steel ingots—			
United States.....	154,759	+19.4 "	+ 7.0 "

Source: Iron Age.

Iron foundries showed a substantial gain in the volume of output, shipments and unfilled orders during August as compared with the previous month and a year earlier, according to reports received by the Department of Industrial Research of the University of Pennsylvania. Production and shipments of steel castings also increased in the month but were smaller than in August, 1927. Unfilled orders declined both from the July volume and from that of a year before.

ELECTRIC POWER Philadelphia Federal Reserve District 12 systems	Aug., 1928, change from	
	Aug., 1927	July, 1928
Rated generator capacity....	+ 28.4%	+ 1.2%
Generated output.....	+ 16.2 "	+ 4.0 "
Hydro-electric.....	+803.9 "	-31.8 "
Steam.....	- 20.9 "	+45.3 "
Purchased.....	+ 22.1 "	-14.5 "
Sales of electricity.....	+ 19.2 "	+ 2.7 "
Lighting.....	+ 19.2 "	+ 2.7 "
Municipal.....	+ 11.1 "	+14.1 "
Residential and commer- cial.....	+ 20.5 "	+ 1.2 "
Power.....	+ 12.7 "	+ 5.7 "
Municipal.....	+292.0 "	-16.5 "
Street cars and railroads.....	+ 3.6 "	+ 2.5 "
Industries.....	+ 23.0 "	+ 6.1 "
All other sales.....	+ 48.6 "	- 8.8 "

Foundries in the Philadelphia Federal Reserve District	Per cent change since	
	Aug., 1927	July, 1928
Iron castings—		
Production (37 firms).....	+ 8.1	+13.5
Shipments (34 firms).....	+ 0.7	+ 8.7
Unfilled orders (23 firms).....	+37.8	+ 9.8
Steel castings—		
Production (10 firms).....	- 9.6	+ 7.5
Shipments (10 firms).....	- 5.8	+ 9.3
Unfilled orders (9 firms).....	- 9.3	-14.4

Source: Department of Industrial Research of the University of Pennsylvania.

Virtually all of the leading branches of the textile industry show a definite expansion in plant operations, the average rate for the entire industry being about

75 per cent of capacity as against 70 per cent last month.

Wool consumption in this district was 26 per cent larger in August than in July, and mill takings of wool fibers by plants making carpets and rugs increased almost 51 per cent in the month. Total consumption of wool in the country also increased more than 17 per cent.

Mill takings of American cotton, though still substantially below the volume of a year ago, were nearly 19 per cent greater than in July. Official estimates of the new cotton crop as of September 1 indicate a production of 14,439,000 bales as against an estimate of 14,291,000 bales a month before and an actual yield of 12,955,000 bales last year.

The silk industry continues active, as shown by a higher rate of operations and larger deliveries of raw silk to mills. The movement of silk fibers in the country follows:

Raw Silk (in bales)	Aug., 1927	July, 1928	Aug., 1928
Imports.....	59,819	36,670	62,930
Storage (warehouses).....	56,618	38,866	50,975
Mill takings.....	47,042	40,931	50,821

Source: The Silk Association of America, Inc.

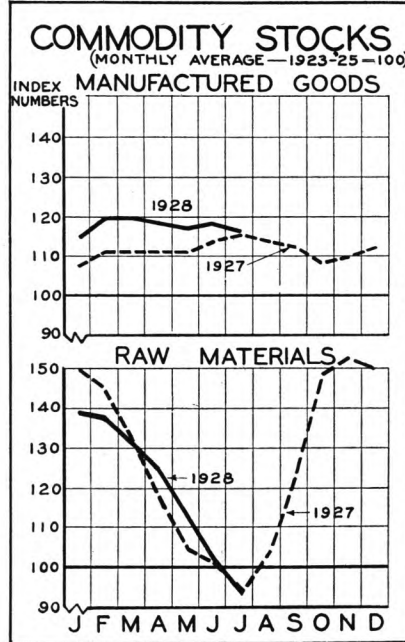
Both seamless and full-fashioned hosiery show considerable increase in plant activity during the past four weeks. Production of all hosiery in this district was nearly 15 per cent larger in August than in the preceding month.

The output of shoes shows a further gain, and in August production in this district increased almost 18 per cent as compared with the month before. Leather plants also register a considerable improvement. The cigar and paper industries are increasingly active, as usual at this season.

Stimulated by the general betterment in manufacture, particularly in textiles, chemical plants report a noticeable improvement in the volume of production, which now is at about 80 per cent of capacity, although prices for finished products have declined somewhat in the month.

No pronounced change is noted in the output of building materials. Produc-

tion of glass, paint, and cement, however, has increased during the month, but has not come up to the volume of a year ago. In response to the demand from construction companies, shipments of fabricated structural steel in August represented 80 per cent of capacity as against 72 per cent in July and 76 per cent a year earlier.



Source: Department of Commerce.

Inventories carried by manufacturers in this district generally are light and have decreased appreciably since the end of last month. Compared with a year ago, supplies of finished goods as a rule are smaller. Stocks of raw materials naturally have increased somewhat, as is customary at a time of rising level of productive activity.

Building and real estate. Building operations show a downward tendency, as was the case at the same time in past years. The value of contracts awarded during August declined nearly 18 per cent and was almost 37 per cent less than a year before. Similarly, the value of building permits issued in 16 cities of this district was 9 per cent smaller than

in July and about 8 per cent below that of a year earlier. Construction costs show no change. The following table indicates building activity thus far this year:

Building Operations	Aug., 1928 (000's omitted)	Change from Aug., 1927	8 mos., 1928 compared with 8 mos., 1927
Contract awards—			
Phila. Fed. Res. Dist.:			
Total.....	\$33,967	-36.5%	-0.7%
Residential.....	16,038	+4.0	+26.0
United States:			
Total.....	516,970	-6.4	+6.4
Residential.....	213,705	+2.0	+16.1
Permits issued—			
Phila. Fed. Res. Dist. (16 cities)	17,001	-7.5	-0.5
United States (575 cities)	316,004	-10.8	.....

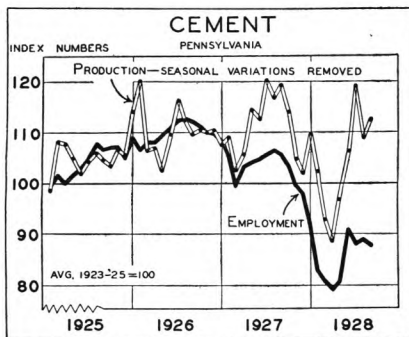
Sources: F. W. Dodge Corp. and S. W. Straus & Co.

Business in real estate shows a much smaller volume than last month or a year ago. The value of mortgages recorded in Philadelphia decreased 52.4 per cent in the month and was 45.6 per cent less than last year. The number of deeds recorded also was lower than of the previous month and year. Properties offered at sheriff's sale increased materially during August and nearly doubled the volume of a year before.

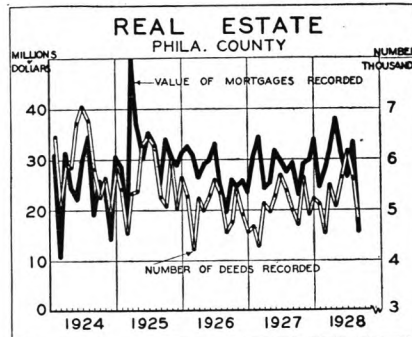
Coal. The market for anthracite has improved seasonally since last month, and prices are somewhat firmer than four weeks ago. Production in the four weeks ended September 15 totaled 5,984,000 tons, a gain of nearly 19 per cent over the previous four weeks but a loss of about 13 per cent from the total for the same period last year.

Business in bituminous coal also shows a pronounced recovery, although current conditions are still far from being satisfactory. Prices have been advanced in several instances. Production in the country in the four weeks ended September 15 totaled 37,824,000 tons, an increase of 6 per cent as compared with the preceding four weeks but a decrease of less than one per cent from the total for the corresponding period last year.

Agriculture. Recent weather conditions on the whole have been favorable to agricultural operations in this district. The growth and maturing of late crops generally have been more satisfactory than last year. The yield of these crops is estimated to be larger than the average for the past ten years. Production of peaches in Pennsylvania is greater but in New Jersey is smaller this year than last. The condition of livestock compares more than favorably with the average for September, and the number of hogs shows practically no change from that of a year ago. The supply of farm labor is sufficient and wage rates remain about at



Source: Geological Survey.



Source: Phila. Real Estate Board.

the same level as last year. Early estimates by county agents indicate that the proceeds realized from the sale of farm products this year will be somewhat smaller than was the case last year, owing largely to lower prices on products raised in this district.

Crop Estimates (Figures in thousands of units)	1927 yield	Estimate, Sept. 1, 1928	Per cent change
Phila. Fed. Res. Dist.			
Corn.....bus.	45,929	47,939	+ 4.4
Wheat....."	18,761	16,483	-12.1
Oats....."	24,844	23,023	- 7.3
Potatoes....."	25,998	30,621	+17.8
Hay.....tons	3,664	3,058	-16.5
Tobacco.....lbs.	44,880	47,040	+ 4.8
United States:			
Corn.....bus.	2,773,708	2,930,586	+ 5.7
Wheat....."	872,595	901,072	+ 3.3
Oats....."	1,184,146	1,453,829	+22.8
Potatoes....."	406,964	466,815	+14.7
Hay.....tons	123,794	87,859	-29.0
Tobacco.....lbs.	1,195,880	1,371,782	+14.7

DISTRIBUTION

Railroad shipments of merchandise and miscellaneous commodities in the Allegheny district, as in the country, have increased sharply in recent weeks, reaching the largest volume since the late fall of last year. Freight car loadings of all commodities show similar gains.

Domestic and foreign shipments by water to and from the Port of Philadelphia in August increased about 4 per cent as compared with the tonnage of a year earlier. The rate of gain in foreign trade was noticeably higher than that in coastwise and intercoastal shipments.

Wholesale trade. The wholesale market is seasonally active, and sales have increased appreciably in nearly all lines since the middle of last month, according to preliminary reports. The largest gains in demand are noted in shoes, dry goods, groceries, jewelry, and paper. Prices continue firm and unchanged, except for some advances in groceries.

Sales during August showed a gain of nearly 7 per cent as compared with those for the preceding month and of about 6 per cent from the volume in the same month last year. All lines reported substantial increases in the month, but only electrical supplies, paper, and groceries registered gains over a year earlier, sales of the remaining five lines being smaller.

Inventories carried by wholesalers generally were smaller than at the end of August, 1927. Most lines showed a larger volume of accounts outstanding in August than in the month before; this is also true in three out of seven lines as compared with a year before. Collections decreased during the month, except in electrical supplies and groceries.

Retail trade. Early reports indicate that retail trade is fairly active, although

AUTOMOBILE TRADE Philadelphia Federal Reserve District 12 distributors	August, 1928, change from			
	August, 1927		July, 1928	
	Number	Value	Number	Value
Sales, new cars, wholesale.....	- 1.6%	+ 6.7%	- 2.4%	+ 7.4%
Sales, new cars, at retail.....	- 2.0 "	-14.4 "	- 6.4 "	- 1.5 "
Stocks of new cars.....	-65.1 "	-36.7 "	-56.0 "	-31.5 "
Sales of used cars.....	-10.6 "	- 4.6 "	-27.7 "	-20.3 "
Stocks of used cars.....	+68.4 "	+42.2 "	+ 3.0 "	+ 4.3 "
Retail sales, deferred payment.....	+22.7 "	+36.2 "	+14.7 "	+26.4 "

no pronounced improvement in sales has been noted since the middle of last month. Except for some advances in leather products, retail prices remain unchanged.

Sales in August, while increasing slightly from the preceding month, were about 10 per cent smaller than in August, 1927, when retail sales reached an unusually large volume for that month. With the exception of credit and shoe stores, and men's apparel stores outside of Philadelphia, all lines experienced a noticeable decline. Of eleven city areas only Harrisburg and Wilmington showed gains. Sales in the first eight months of this year were nearly 4 per cent less than in the same period last year.

Inventories carried by retailers increased seasonally, but were smaller than at the end of August, 1927. The rate of

turnover showed little change in the month.

Automobile trade. Retail sales of new passenger cars during August by 12 distributors in this district declined both in number and value as compared with the preceding month and a year before, but deferred payment sales showed a marked gain over a month and year earlier. Business in used cars declined sharply.

Wholesale sales decreased in number but not in value from July to August, and showed similar changes as compared with the same month last year. Stocks of new cars at the end of the month were much smaller than a month and a year before, while inventories of used cars showed a gain especially pronounced as compared with August, 1927.

RETAIL TRADE Philadelphia Federal Reserve District	Comparison of net sales		Comparison of stocks		Rate of turnover, Jan. 1 to Aug. 31		Accounts receivable at end of month compared with year ago	Collections during month compared with year ago
	Aug., 1928, with Aug., 1927	Jan. 1 to Aug. 31, 1928, with Jan. 1 to Aug. 31, 1927	Aug. 31, 1928		1927	1928		
			with Aug. 31, 1927	with July 31, 1928				
All reporting stores.....	-10.2%	- 3.9%	- 5.3%	+ 3.7%	2.13	2.13		
Department stores.....	-11.4 "	- 4.8 "	- 6.2 "	+ 2.0 "	2.05	2.05		
in Philadelphia.....	-13.8 "	- 5.6 "	- 8.0 "	+ 1.3 "	2.14	2.16		
outside Philadelphia.....	- 6.4 "	- 2.9 "	- 2.2 "	+ 3.3 "	1.83	1.79	+ 9.0%	+ 0.2%
Apparel stores.....	-10.8 "	.....	.....	.....	.....	.....
Men's apparel stores.....	- 5.6 "	- 4.8 "	-10.5 "	+26.0 "	1.77	1.79		
in Philadelphia.....	- 8.7 "	- 4.3 "	- 8.9 "	+37.0 "	2.00	2.08		
outside Philadelphia.....	+ 1.8 "	- 5.9 "	-12.8 "	+12.3 "	1.39	1.34	+ 1.7 "	+ 1.3 "
Women's apparel stores.....	-12.6 "	- 2.7 "	+ 5.8 "	+31.0 "	4.51	4.28		
in Philadelphia.....	-12.8 "	- 2.9 "	+ 3.6 "	+27.2 "	4.79	4.63		
outside Philadelphia.....	-11.5 "	- 0.1 "	+16.7 "	+51.6 "	3.00	2.65	+15.8 "	+ 5.6 "
Shoe stores.....	+ 0.4 "	+13.8 "	+ 2.5 "	+ 0.3 "	1.80	1.84	+ 2.0 "	+ 4.8 "
Credit stores.....	+ 4.4 "	- 1.1 "	+ 0.7 "	- 0.1 "	1.59	1.81	- 0.7 "	- 6.3 "

WHOLESALE TRADE Philadelphia Federal Reserve District	Net sales, Aug. 1928, com- pared with		Stocks, Aug. 31, 1928, compared with		Accounts out- standing, Aug., 1928, com- pared with		Ratio of ac- counts out- stand- ing to sales, Aug., 1928	Collections, Aug., 1928, compared with	
	Aug., 1927	July, 1928	Aug. 31, 1927	July 31, 1928	Aug., 1927	July, 1928		Aug., 1927	July, 1928
Drugs.....	- 5.7 "	+ 0.2 "	.....	.....	- 1.8 "	+ 3.5 "	167.3 "	+ 0.1 "	- 3.6 "
Dry goods.....	-16.9 "	+24.6 "	- 9.8%	+ 6.3%	- 1.8 "	+ 3.1 "	268.0 "	-14.3 "	- 2.1 "
Electrical supplies.....	+11.7 "	+10.9 "	-14.7 "	+ 1.4 "	.....	- 3.4 "	163.3 "	.....	+12.8 "
Groceries.....	+ 1.5 "	+ 4.4 "	- 2.3 "	+ 0.6 "	+ 0.2 "	+ 0.3 "	115.7 "	- 0.3 "	+ 8.1 "
Hardware.....	- 8.2 "	+ 1.5 "	- 3.4 "	- 2.4 "	- 4.4 "	- 0.9 "	209.8 "	- 8.9 "	- 2.5 "
Jewelry.....	-11.8 "	+41.3 "	+ 2.3 "	+ 0.9 "	+ 4.3 "	+ 5.8 "	393.9 "	+ 8.7 "	-23.3 "
Paper.....	+ 3.9 "	+ 6.5 "	+ 1.8 "	- 1.9 "	+14.4 "	+ 4.3 "	151.9 "	+ 1.8 "	- 3.5 "

COMMODITY PRICES

Wholesale commodity prices during the first three weeks of September remained practically at the same level as that prevailing during August. Fisher's index, at 99.9, virtually showed no change from the average in August, but was more than four per cent higher than in September, 1927.

The general level of prices, as computed by the Bureau of Labor Statistics, advanced more than one-half of one per cent from July to August and was nearly 4 per cent higher than in the corresponding month last year. Among farm products grains declined sharply, while livestock and poultry advanced.

Foods also increased appreciably, on the average, but flour declined. Hides and skins decreased materially. Cotton and wool goods also showed a downward tendency. Soft coal and petroleum products increased, as did most metals and metal products. Building materials, chemicals and drugs, and housefurnishing goods registered little change.

Retail food prices increased a little less than one per cent from the middle of July to the middle of August, and were slightly more than one per cent above the level of a year earlier. Compared with the pre-war figures, retail food prices were nearly 53 per cent higher in the country, and 60 per cent higher in Philadelphia.

Index numbers of wholesale commodity prices (1926=100.0)	Aug., 1927	July, 1928	Aug., 1928
All commodities.....	95.2	98.3	98.9
Farm products.....	102.2	107.1	107.0
Foods.....	94.2	102.3	104.1
Hides & leather products.....	111.7	124.2	121.0
Textile products.....	96.2	96.8	96.3
Fuel and lighting.....	84.1	82.8	84.6
Metals and metal products.....	98.0	98.6	100.4
Building materials.....	92.9	94.4	94.6
Chemicals and drugs.....	95.4	94.5	94.7
Housefurnishing goods.....	98.6	96.9	97.2
Miscellaneous.....	89.9	80.8	79.3
Raw materials.....	97.5	99.5	99.2
Semimanufactured articles.....	97.3	97.8	97.3
Finished products.....	93.4	97.8	99.1
Nonagricultural commodities.....	93.3	95.9	96.7

BUSINESS CONDITIONS IN THE PHILADELPHIA FEDERAL RESERVE DISTRICT

	Prices	Demand	Unfilled orders compared with a year ago	Operations	Stocks
Retail trade.....	Generally unchanged	Fairly active			Increased in the month but smaller than year ago
Wholesale trade.....					
Drugs.....	Unchanged	Fairly active; little change			Larger
Dry goods.....	Little change	Fair, increased			Smaller
Electrical supplies..	Little change	Fair, little change			Slightly larger
Groceries.....	Some advances	Active; increased			Smaller
Hardware.....	Unchanged	Fairly active; little change			Smaller
Jewelry.....	Unchanged	Fair; increased			Smaller
Paper.....	Unchanged	Active; increased			Smaller
Shoes.....	Unchanged	Fair; increased			Smaller
Iron and steel products	Slightly higher	Active; increased	U. S. Steel Corp. larger	Increased; 70% of capacity	Smaller
Cotton.....	Some declines	Fair; increased	Little change	Increased; 65% of capacity	Smaller
Silk.....	Lower	Fair; increased	Little change	Some gain; about 70% of capacity	Smaller
Wool.....	Some advances on yarns	Fair; increased	Little change	Increased; 70 to 80% of capacity	Smaller
Hosiery.....	Little change	Fair; increased	Little change	Increased; 95% for full-fashioned and 60% of capacity for seamless	Smaller
Carpets and rugs.....	Little change	Fair; increased	Smaller	Increased; 75% of capacity	Smaller
Shoes.....	Some advances	Active; increased	Larger	Increased; 75% of capacity	Smaller
Leather goods.....	Little change	Active; increased	Little change	Increased; 80% of capacity	Smaller
Leather—kid.....	Some advances	Colored kid more active than black; increased	Larger	Increased; 85% of capacity	Smaller
Leather—sole.....	Little change	Fair; increased	Little change	Little change; 65% of capacity	Larger
Paper.....	Little change	Fair; increased	Larger	Increased; 90% of capacity	Smaller
Chemicals.....	Lower	Active; increased	Larger	Increased; 80% of capacity	Smaller
Cigars.....	Little change	Good; increased	Larger	Increased; 90% of capacity	Smaller
Brick.....	Some declines	Fair; some declines	Smaller	Decreased; over 70% of capacity	Smaller
Lumber.....	Little change	Fair to poor; declined	Smaller	Decreased; 75% of capacity	Smaller
Paint.....	Little change	Active; increased	Smaller	Some gain; 80% of capacity	Smaller
Pottery.....	Little change	Fair; increased	Little change	Decreased; 70% of capacity	Smaller
Anthracite.....	Higher	Active; increased		Increased; 80 to 85% of capacity	Little change
Bituminous coal.....	Some advances	Fair to poor; increased		Increased; 50% of capacity	Little change