

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
AUGUST 1, 1932

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FEDERAL RESERVE BANK of PHILADELPHIA

Business and Financial Conditions in the United States

Industrial activity decreased further from May to June by somewhat more than the usual seasonal amount and there was a considerable reduction in factory employment and payrolls. The general level of commodity prices advanced between the middle of June and the middle of July, reflecting chiefly a rise in the prices of livestock and meats.

Production and employment. Volume of industrial production as measured by the Board's seasonally adjusted index, declined from 60 per cent of the 1923-1925 average in May to 59 per cent in June. There were large decreases in output in the steel, coal, and meat-packing industries, while at automobile factories daily average production showed a smaller decline than is usual at this season, and at woolen mills activity increased, contrary to seasonal tendency. Consumption of cotton by domestic mills showed the usual seasonal decline.

At manufacturing establishments there was a further reduction of 3.6 per cent in the number of employees

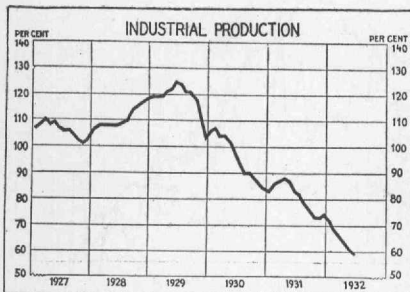
and of 7.8 per cent in earnings between the middle of May and the middle of June. Decreases in employment were general, with the exception of the automobile and tobacco industries, and of seasonally active industries, such as vegetable and fruit canning and the manufacture of ice cream. The largest decreases were in the steel, textile, chemical and machinery industries and at railway repair shops.

Daily average value of building contracts awarded, as reported by the F. W. Dodge Corporation, declined in June but increased in the first half of July.

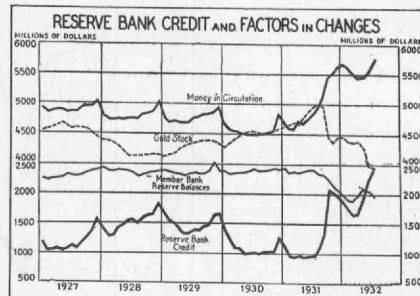
Department of Agriculture estimates as of July 1 indicate a corn crop of 3,000,000,000 bushels, the largest since 1923; a winter wheat crop of 432,000,000 bushels, 45 per cent smaller than last year and 21 per cent less than the five year average; a spring wheat crop of 305,000,000 bushels, three times as large as last year and slightly larger than the average; and a tobacco crop one fifth smaller than usual.

Distribution. Volume of railroad freight traffic declined somewhat further in June and value of merchandise sold by department stores decreased by more than the usual seasonal amount.

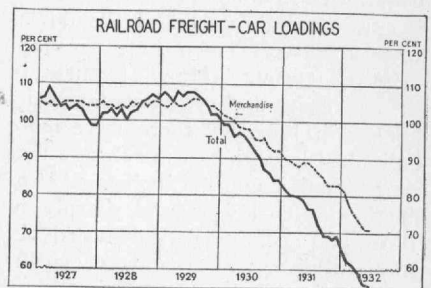
Wholesale prices. The level of prices in wholesale markets, after declining steadily during May, was relatively stable early in June, and after the middle of the month there was an advance which continued through the second week in July. Prices of several leading commodities, including



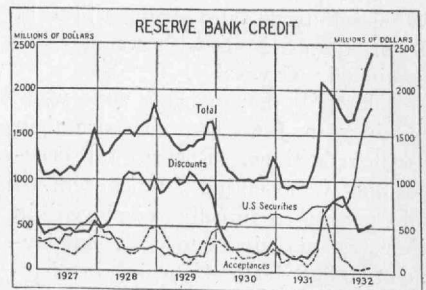
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Monthly averages of daily figures. Latest figures are averages of first twenty days in July.



Indexes of daily average number of cars loaded; adjusted for seasonal variation. (1923-1925 average = 100.)



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first twenty days in July.

livestock and meats, cotton, and sugar, increased considerably during June and the first half of July, but later showed some recession. Prices of wheat declined to unusually low levels and markets for copper and lead continued weak.

Bank credit. Volume of reserve bank credit continued to increase between the middle of June and the middle of July, reflecting principally further purchases of United States government securities by the reserve banks. In addition, member banks obtained reserve bank funds through an increase in the monetary stock of gold and a decline in deposits held with the reserve banks by foreign central banks. Funds released from these sources

were absorbed by an increase in the demand for currency which also caused the member banks to draw on their balances with the reserve banks and to increase their discounts somewhat. The demand for currency, which for the period amounted to \$270,000,000, was caused by banking disturbances, largely in the Chicago district, by seasonal requirements at the turn of the month and the Fourth of July holiday and by increased use of cash to avoid the tax on checks.

Loans and investments of reporting member banks, after fluctuating widely during June, declined in the first two weeks of July, and on July 13 totaled \$18,475,000,000, about \$540,000,000 less than on June 1. There was a further decline in loans while the banks'

investments in United States government securities, after increasing substantially during the period of Treasury financing in mid-June, declined gradually but on July 13 were still \$90,000,000 larger than six weeks earlier.

Money rates in the open market declined further during June and the first half of July. At the Federal Reserve Bank of New York buying rates for bankers' acceptances maturing within 90 days were reduced from 2½ to 1 per cent on June 24. On the same day the bank lowered its discount rate from 3 per cent to 2½ per cent and on the following day the rate at the Chicago bank was reduced from 3½ per cent to 2½ per cent.

Business and Financial Conditions in the Philadelphia Federal Reserve District

Business in general has shown further declines, reflecting partly seasonal influences. There have been, however, apparent signs of improvement in several lines of trade and industry, indicating largely replacement demand. Commodity prices have continued to exhibit strength, displaying an upward instead of the downward tendency shown in many past months. Output of manufactures in the aggregate declined more than customary in June, but there were more individual lines than a month ago that showed rather unusual increases. Production of coal decreased sharply in June and continued downward in July. Building activity was considerably below the usual rate, but some improvement is noted in early July. Retail sales declined in June, but there was a little more activity in early July. Wholesale trade sales changed little in June. Comparisons with recent years continued unfavorable.

Industrial employment and wage earnings in June showed more than usual reductions. Reports for occupations, representing 70 per cent of all persons gainfully employed in Pennsylvania, indicate that employment, industrial and service in character, was 5 per cent smaller and payrolls 12 per cent less in June than in May. Compared with a year ago, factory employment was 20 per cent less

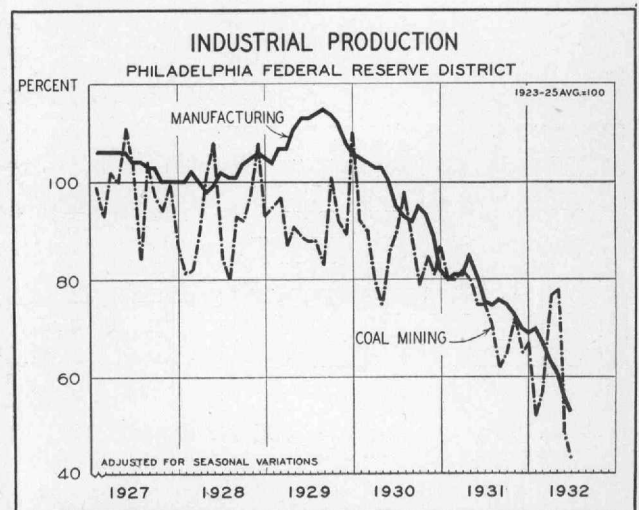
and payrolls 42 per cent smaller; the decline in factory output in the same period amounted to 30 per cent.

Manufacturing. The market for factory products continues seasonally quiet, although several lines manufacturing consumers' goods report a somewhat more active demand for their products. In early July reports showing increases in unfilled orders were more numerous than in the previous two months, but comparisons with a year ago continued unfavorable. Fluctuations of prices for manufactured products have been less pronounced than for many months and since the middle of June there has been a slight tendency toward higher levels in several commodities.

Stocks of finished goods in the middle of July were reduced further in most lines, and they were smaller than at the same time last year. This is also true of raw materials held by factories. Settlements of accounts

have declined somewhat since last month and they have been considerably below those of a year ago.

Factory employment in this section showed a drop of 3 per cent and wage payments 4 per cent from May to June, as compared with a decrease of 4 per cent in employment and 8 per cent in payrolls for the country as a whole. The local employment index in June was 60 or 19 per cent lower than a year ago, and the payroll index was 38, showing a drop of 40 per cent from June 1931; the decline in the country from a year ago amounted to 21 per cent in employment and 37 per cent in payrolls.



TRADE ACCEPTANCES

A description prepared by
 The Department of Research and Statistics of
 The Federal Reserve Bank of Philadelphia

A renewal of interest in the use of trade acceptances in this country is resulting in inquiries concerning the nature and advantages of trade acceptances as means of settling accounts between buyers and sellers of goods. At the suggestion of the local Committee on Banking and Industry, recently appointed by the Governor of this bank, a brief description is given here of some of the salient features of trade acceptances.

What Is a Trade Acceptance

A trade acceptance is defined as a draft or bill of exchange drawn by the seller on the purchaser of goods sold, and unconditionally accepted in writing upon its face by the purchaser. It is an unqualified acknowledgment of a debt by the buyer in favor of the seller. When the

buyer accepts such a bill, he expresses a binding promise to pay for the goods purchased a specified amount on a definite date, generally 60 or 90 days in the future.

A trade acceptance, to be in good faith, should arise out of current transactions only, representing actually existing values in the form of goods transferred from the ownership of the seller to that of the buyer. It differs from a draft such as may be drawn in mercantile transactions to settle an account which is past due, and it is not an ordinary note which may cover almost any kind of obligation, not involving the sale of merchandise.

A trade acceptance is a negotiable bill. It is a convenient and practicable type of commercial credit instrument which can be used to

TRADE ACCEPTANCE <small>STANDARD FORM APPROVED BY THE AMERICAN ACCEPTANCE COUNCIL NEW YORK</small>	No. <u>1000</u>	<u>Philadelphia, Pa.</u>	<u>August 1, 1932</u>
	ON <u>October thirty-first, 1932</u> <small>(DATE OF MATURITY)</small>		PAY TO THE ORDER OF OURSELVES
	<u>One thousand seven hundred and fifty</u> DOLLARS (\$ <u>1,750⁰⁰/₁₀₀</u>)		
	<small>THE TRANSACTION WHICH GIVES RISE TO THIS INSTRUMENT IS THE PURCHASE OF GOODS BY THE ACCEPTOR FROM THE DRAWER. THE DRAWEE MAY ACCEPT THIS BILL PAYABLE AT ANY BANK OR BANKER OR TRUST COMPANY IN THE UNITED STATES WHICH SUCH DRAWEE MAY DESIGNATE.</small>		
	TO <u>George Blank and Company</u> <small>(NAME OF DRAWEE)</small>	BY <u>Geo. J. Doe, Treas.</u> <small>(SIGNATURE OF DRAWER)</small>	
	<u>715 Nonsuch Street</u> <small>(STREET ADDRESS)</small>	<u>The John Doe, Inc.</u> <small>(SIGNATURE OF DRAWER)</small>	
	<u>Philadelphia, Pa.</u> <small>(CITY OF DRAWEE)</small>	DATE <u>August 2, 1932</u>	PAYABLE AT <u>Swampoodle National Bank</u> <small>(NAME OF BANK)</small>
		LOCATION OF BANK <u>Philadelphia, Pa.</u>	
		George Blank and Company <small>(SIGNATURE OF DRAWEE)</small>	

This is a sample of an executed trade acceptance in accordance with a standard form approved by the American Acceptance Council and by the Federal Reserve Board. Names and data used are fictitious.

advantage in financing business. The use of trade acceptances is designed as a substitute for the open book account whenever business is not conducted on a cash basis.

How Trade Acceptances Are Used

When a sale of goods is made, the seller may draw a draft on the buyer, using a trade acceptance form such as that shown by the accompanying sample, and send it to the buyer together with the invoice for the goods sold. This invoice may cover a single large purchase or several small purchases during the month, depending on the trade custom. Other documents, such as the bill of lading and delivery order, may accompany the invoice and the trade acceptance.

The buyer may either pay cash, taking advantage of the customary discount, or he may sign the trade acceptance by writing his name, the date and the place of payment across the face of the draft, thereby assuming the obligation to pay the amount specified in the acceptance at maturity. The acceptance so executed is then sent back to the seller and becomes a definite asset among his "trade acceptances receivable."

The seller may hold this acceptance until maturity when he may ask his bank to collect it in the same manner as in the case of any other maturing commercial paper handled by banks as collecting agents.

If on the other hand the seller finds himself in need of funds to be used in the further production or distribution of goods, he may arrange to have the acceptance negotiated; for example, he may discount it along with other acceptances at his bank, or sell it in the open market through brokers or dealers in commercial paper. In this way he may readily convert the acceptance into actual cash required for his business operations. The funds repre-

sented by a bona fide trade acceptance may thus become immediately available to the seller for his current use, whereas the money represented by an open book account may remain tied up more or less until maturity, especially when business conditions are unsettled.

Trade acceptances, as well as certain other types of paper, are exempt from the legal restriction under which national banks as well as banks and trust companies in some states are prohibited from lending to any one borrower more than 10 per cent of the banks' capital and surplus.

In discounting trade acceptances, a bank naturally must have sufficient evidence that the credit standing of the names which appear on these bills is satisfactory. The bank, having acquired a trade acceptance, may hold it until it is due, or, if it needs funds for business requirements, it may rediscount the bill with the Federal reserve bank.

In order to be eligible for rediscount, a trade acceptance must bear on its face evidence that it is drawn by the seller on the purchaser of goods sold, and must have a maturity at the time of rediscounting of not more than 90 days, exclusive of days of grace, excepting that if drawn for agricultural purposes or against the sale of live stock it may have a maturity at the time of rediscounting of not more than six months, exclusive of days of grace. A trade acceptance offered for rediscount must be endorsed by a member bank and supported, if required, by a recent financial statement of one or more parties to the bill.

Federal reserve banks also may purchase trade acceptances in the open market. As in the case of rediscounting, acceptances purchasable by the reserve bank must conform in all respects to the requirements which govern eligible paper.

Business Indicators

Philadelphia Federal Reserve District

Output of manufactures continued downward even though the decline in June was not as severe as in May, nor was it as sharp as in the previous two years. The bank's index, which accounts for the difference in the number of working days and for seasonal changes, was 53 per cent of the 1923-25 average as compared with 56 in May and 76 per cent in June 1931. This is a decline of 4 per cent from the preceding month and of 30 per cent from a year ago, as compared with a drop in the national index of 2 per cent from a month ago and over 29 per cent from June 1931.

More than normal seasonal gains were reported by groups comprising transportation equipment, food products, allied chemicals, and cigars, while the increase over a month ago in the output of building materials was smaller than it ordinarily should have been. Production in the remaining groups continued downward. The combined index for eleven manufacturing groups was 24 per cent lower in the first half of this year than last.

Out of twenty-nine leading industries fifteen showed improvements beyond the usual seasonal change. Substantial gains over the preceding month were especially noticeable in the output of iron castings, motor vehicles, shipbuilding, such textiles as cotton goods, hosiery and underwear, brick, paints and varnishes, and most of the items comprising the food group. In comparison with a year ago, a higher rate of operation prevailed in shipbuilding, meat packing, sugar and petroleum refining industries; other lines continued materially lower.

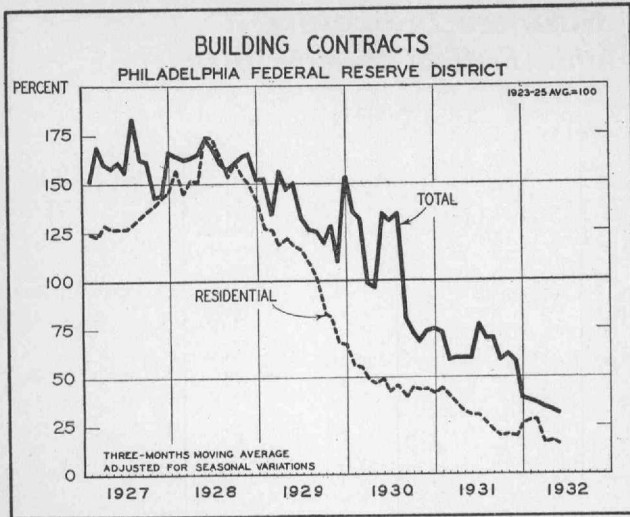
Production of electric power in June declined instead of increasing as is usually to be expected and was 12 per cent smaller than a year ago. Consumption of electrical energy by industries also showed a larger than usual decrease and was 18 per cent less than in June 1931. In the first half of this year industries used 10 per cent less power than in the same period last year.

Building and real estate. Activity in the construction and contracting industry as a whole declined in June instead of increasing as is customary. Reports from 16 city areas of Pennsylvania, 14 of which are located in this district, showed that employment in building trades declined 10 per cent and payrolls 13 per cent from May to June. Operating time in the same period showed a reduction of

	Index numbers—expressed in percentage of 1923-1925 average, which is taken as 100								
	Adjusted for seasonal variations					Not adjusted			
	June 1931	May 1932	June 1932	Percentage comparison		June 1931	May 1932	June 1932	
				June 1932, with	6 months 1932 with 6 months 1931				
			Month ago	Year ago					
Productive activity									
Manufacturing—total	75.7	55.5	53.4p	- 3.8	-29.5	-23.5	75.7	54.6	53.2p
Metal products.....	60.7	32.4r	30.5	- 5.9	-49.8	-45.6	61.2	32.1r	30.8
Textile products.....	80.6	52.8	52.0p	- 1.5	-35.5	-20.7	79.3	50.9	50.8p
Transportation equipment.....	52.5	50.0	54.2	+ 8.4	+ 3.2	-10.9	53.8	51.9	55.2
Food products.....	79.7	70.6	71.7p	+ 1.6	-10.0	-10.3	78.9	70.4	70.5p
Tobacco and products.....	103.8	79.3	80.9	+ 2.0	-22.1	-20.0	110.0	77.1	85.8
Building materials.....	42.9	24.6	23.5	- 4.5	-45.2	-35.6	47.7	25.5	25.9
Allied chemical products.....	103.5	91.1	93.7p	+ 2.9	- 9.5	-11.3	104.3	92.6	94.4p
Leather and products.....	112.4	97.5p	78.0p	-20.0	-30.6	-17.4	110.3	88.7p	76.6p
Paper and printing.....	98.6	77.8	73.2	- 5.9	-25.8	-17.9	97.6	78.5	72.4
Electric power output.....	192.5	178.2	169.4	- 4.9	-12.0	- 5.2	182.9	165.7	160.9
Elec. pwr. used by industries.....	133.3	116.0	110.0	- 5.2	-17.5	- 9.9	134.6	118.3	111.1
Factory employment—Penna.				- 2.8*	-19.9*	-16.5*	74.5	61.4	59.7
Factory wage payments—Penna.				- 4.3*	-42.0*	-35.4*	61.5	37.3	35.7
Coal mining	74.6	49.2	42.6	-13.4	-42.9	-24.6	65.6	48.5	37.5
Anthracite.....	75	49	42	-14.3	-44.0	-23.8	66	49	37
Bituminous.....	71.9	50.4	46.4	- 7.9	-35.5	-29.6	63.3	45.4	40.8
Building and real estate									
Contracts awarded†—total.....	59.6	32.6	30.9	- 5.2	-48.2	-45.4	82.9	39.8	38.0
Contracts awarded†—residential.....	31.1	16.7	15.1	- 9.6	-51.4	-43.6	37.6	21.4	18.3
Permits for building.....	13.4	6.7	10.8	+61.2	-19.4	-41.7	16.5	7.4	13.3
Mortgages recorded in Phila.....	41.4	22.8	31.3	+37.3	-24.4	-27.2	37.3	21.2	28.2
Real estate deeds recorded in Philadelphia.....	58.9	60.3	53.4	-11.4	- 9.3	- 3.4	63.6	65.1	57.7
Exclusive of Sheriff deeds (1930=100).....				+ 4.7*	- 3.3*	- 7.1*	85.0	78.5	82.2
Sheriff deeds (1930=100).....				+35.0*	+28.5*	+15.2*	137.0	130.4	176.1
Writs for Sheriff sales in Phila.....	1035.6	1003.5	1365.8	+36.1	+31.9	+12.5	1035.6	1053.7	1365.8
Distribution									
Retail trade—sales.....	84.8	63.5	61.0p	- 3.9	-28.1	-22.0	82.6	64.1	59.3p
Retail trade—stocks.....	74.0	61.0r	62.0	+ 1.6	-16.2	.....	71.0	61.0	59.5
Wholesale trade—sales.....	76.0	63.2r	62.9p	- 0.5	-17.2	-17.7	72.6	60.3r	60.5p
Wholesale trade—stocks.....	81.2	67.5	67.6r	+ 0.1	-16.7	.....	78.6	66.5	65.2p
Freight car loadings (Allegheny district).....	70.2	48.9	47.4	- 3.1	-32.5	-25.8	71.6	50.9	48.3
Life insurance sales.....	131.9	98.1	100.5	+ 2.4	-23.8	-16.3	137.2	105.0	104.5
New passenger auto registrations.....	77.2	50.5	63.5	+25.7	-17.7	-29.3	108.1	72.7	88.9
Business liquidations									
Number.....				+26.2*	+51.3*	+20.6*	119.4	143.1	180.6
Amount of liabilities.....				-12.2*	+99.0*	+134.5*	107.2	243.0	213.3
Payment of accounts									
Check payments.....	93.2	62.0	59.6	- 3.9	-36.1	-31.3	96.9	61.4	62.0
Rate of collections (actual, not indexes).....									
Retail trade.....				+ 4.1	-10.3	.....	31.1	26.8	27.9
Wholesale trade.....				+ 1.7	- 4.0	.....	55.6	52.5	53.4

	(000,000's omitted in dollar figures)					Per cent change from	
	June 1931	Mar. 1932	Apr. 1932	May 1932	June 1932	Month ago	Year ago
	Banking and credit						
Reporting member banks							
Loans to customers.....	\$776	\$693	\$671	\$652	\$637	- 2.3	- 17.9
Open market loans and investments.....	584	458	433	455	462	+ 1.5	- 20.9
All member banks—net demand and time deposits	2,405	1,983	1,964	1,962	1,962	0.0	- 18.4
Bankers' acceptances outstanding	23.8	15.2	15.1	14.1	13.6	- 3.5	- 42.9
Federal Reserve Bank							
Bills discounted.....	19	97	74	63	66	+ 4.8	+247.4
Other bills and securities.....	50	71	82	112	134	+19.6	+168.0
Reserve ratio.....	88.3%	64.9%	67.5%	62.5%	55.6%	-11.0	- 37.0

* Computed from unadjusted indexes. p—Preliminary.
† 3-month moving average. r—Revised.



Source: F. W. Dodge Corporation

nearly 7 per cent. The sharpest decreases in the number of workers and in their earnings occurred in plastering and bricklaying trades, while operations of structural iron workers showed the largest gain.

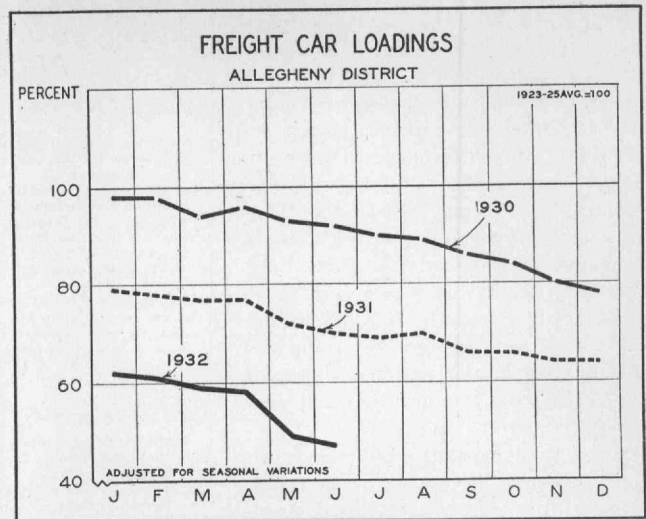
The value of building contracts awarded increased in June instead of declining seasonally. This gain was due to larger awards for other types of construction than dwellings, since residential contracts fell off 21 per cent in this period. In early July, residential contracts declined further, while awards for other types of buildings increased. June awards for all classes of building were about 57 per cent of those let in the same month of last year.

Contracts awarded in selected cities and district	Six months 1932 (000's omitted)	Per cent change from	
		1931	1926-30 average
Philadelphia.....	14,130	- 48.3	-86.9
Reading.....	1,076	- 57.3	-65.9
Seranton.....	1,714	+192.5	-35.3
Camden.....	223	- 87.0	-95.9
Trenton.....	587	- 55.7	-87.2
Wilmington.....	1,408	- 36.4	-63.8
"All other".....	36,686	- 41.6	-68.0
Total for district....	55,824	- 43.4	-76.9

Source: F. W. Dodge Corporation

The proposed expenditure under permits issued in 17 cities of this district increased in June by a larger amount than usual; first half year comparisons, however, show a decline of nearly 42 per cent from a year ago, owing partly to lower prices for building materials. The index number of building permits in June was 13 per cent of the 1923-25 average as against 7 per cent in May and 17 per cent in June 1931.

Page Four



Source: American Railway Association

The value of mortgages recorded in Philadelphia in June was 33 per cent larger than in May; usually a decline of 3 per cent takes place in this period. The number of recorded deeds, on the other hand, declined. First half year comparisons show reductions of 27 per cent for mortgages and 3 per cent for deeds as compared with the same period last year. Conveyances, exclusive of sheriff's deeds, fell off 7 per cent from the first half of 1931 and in June were 3 per cent smaller than a year earlier.

Agriculture. Owing to a deficiency in the supply of moisture, the growth of vegetation has been retarded since the middle of last month. Maturing crops have thus far suffered little damage, but later plantings are badly in need of rain. The condition of pastures and meadows has deteriorated rapidly because of drought.

Production estimates as of July 1 indicate that yields of leading crops in this district will be smaller this year than last. Fruit prospects also have declined and indications now are that this year's harvest will be smaller than the average of the five-year period from 1924 to 1928. The condition of livestock varies widely, although in most sections it compares favorably with that of a year earlier.

Cold storage holdings of dairy, poultry and poultry products increased noticeably in this section between May and June; as compared with a year ago, stocks of butter and poultry were larger, while those of cheese and eggs showed a decline.

Supply of farm labor continues to exceed the demand, reflecting partly a movement of urban labor to rural

communities in search of a livelihood. Wholesale prices of farm products in the United States were nearly 2 per cent lower in June than in May, increases in the average prices of livestock and poultry being more than offset by declines in other classes of agricultural commodities. As compared with a year ago, the price level of the farm products group was about 30 per cent lower.

Coal. Output of coal for both domestic and industrial consumption declined sharply during June. In Philadelphia, sales of hard coal by retail yards showed a marked reduction during the month and were unusually small as compared with those of other years. Production of anthracite, which averaged less than one hundred thousand tons daily, showed a drop of 25 per cent as compared with the rate of the preceding month and was the smallest of any June in recent years. During the first fortnight of July the weekly output of collieries declined further. Shipments also were smaller than in May and were exceedingly light as compared with the corresponding period of last year. Wholesale prices of anthracite continued to decline during June and were 4 per cent lower than a year earlier.

Production of Pennsylvania bituminous coal also declined last month, although the recession was less pronounced than in the case of anthracite. As compared with June of last year, however, the daily output of collieries was about 35 per cent smaller. Production declined further in early July. Shipments continued to fall off during June and were smaller than those of a year earlier. Average quotations for soft coal throughout the country were

Cost of living— items composing the index number	Per cent change June 1932, compared with					
	June 1930		June 1931		Dec. 1931	
	U. S.	Phila.	U. S.	Phila.	U. S.	Phila.
Food.....	-32.3	-29.8	-15.4	-17.1	-12.4	-14.4
Clothing.....	-19.6	-21.4	-12.5	-15.4	-5.7	-6.1
Housing.....	-14.6	-13.2	-10.0	-8.3	-6.2	-4.7
Fuel and light.....	-9.1	-10.2	-5.0	-7.3	-6.5	-12.7
House furnishing goods.....	-21.6	-21.5	-13.3	-11.8	-8.2	-6.6
Miscellaneous.....	-3.1	-3.7	-2.2	-2.4	-1.6	-2.0
Total.....	-18.5	-18.0	-9.7	-10.8	-6.9	-7.9

Source: United States Bureau of Labor Statistics.

fractionally lower during June than in the preceding month.

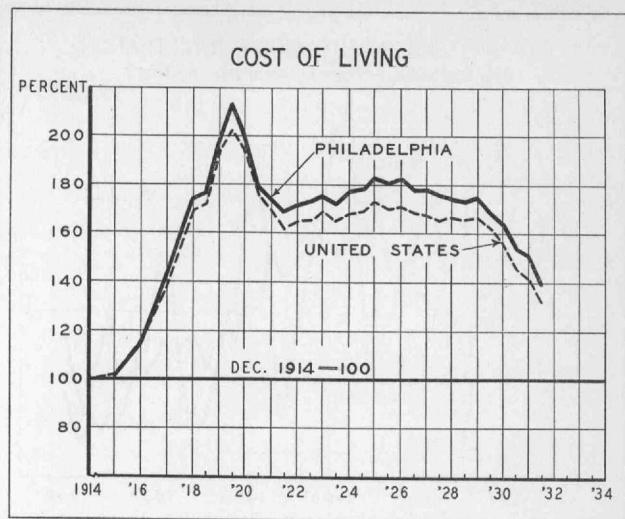
Distribution. Retail sales declined 4 per cent more than usual from May to June. The sharpest decreases occurred in the sales of department stores outside of Philadelphia, women's apparel stores in Philadelphia, and shoe stores; business at credit stores, on the other hand, showed a gain of almost 2 per cent from May. Increases reported by men's apparel stores were not as large as they customarily are in June. In early July, retail trade continued quiet as is usual.

Compared with a year ago, retail sales of the four lines covered by our reports showed a decline of 28 per cent, decreases varying from 26 per cent for department stores to 32 per cent for women's apparel stores. In the first half of this year sales were 22 per cent less than in the same period last year. This unfavorable trend as compared with last year, or with the year preceding, reflects partly industrial conditions, accompanied by reduced earnings, and partly the influence of lower prices, which on July 1 were about 18 per cent lower than a year ago, according to the Fairchild retail price index.

Business at wholesale and jobbing

establishments, comprising eight lines, in June increased slightly but not as much as customary when compared with May. Exceptional gain was reported in the sale of jewelry and a little more than usual increase in groceries. Business in shoes showed the sharpest drop when allowance for the normal seasonal change is made. In comparison with last year, dollar sales of the eight lines were 17 per cent smaller, and in the first half of this year, they were 18 per cent less than in the same period last year, reflecting reduced prices, as in the case of retail sales.

Stocks of commodities at mercantile establishments declined from May to June by a smaller amount than is characteristic of June. Inventories at retail were 16 per cent smaller and at wholesale 17 per cent less than at the end of June 1931. The rate of stock turnover was lower in both instances in the first six months of this year than last. The rate of collections during June was 4 per cent higher in retail and 2 per cent higher in wholesale than in May, but, as compared with a year



Source: United States Bureau of Labor Statistics

Sales of new, passenger automobiles, as measured by registrations, showed a further exceptional increase from May to June. For the year to date, these sales were 29 per cent smaller than in the first half of last year.

Sales of life insurance during May showed a much smaller drop than usual, so that our index adjusted for seasonal change rose 2 per cent over May. Nevertheless, sales in the first six months of the year were 16 per cent less than last year.

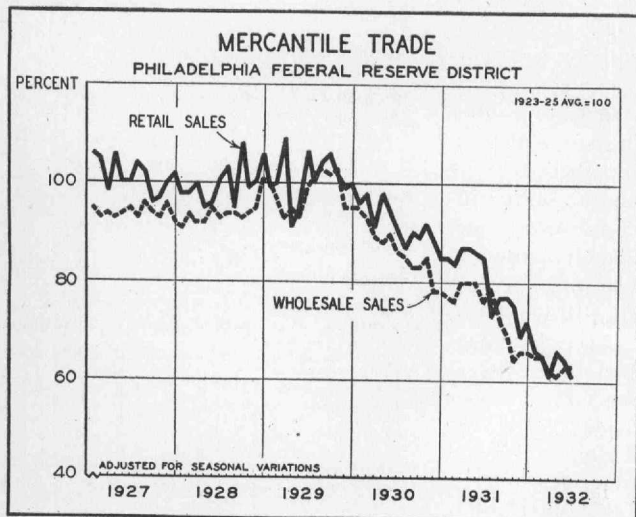
The accompanying table shows changes in the cost of living of industrial workers here and nationally.

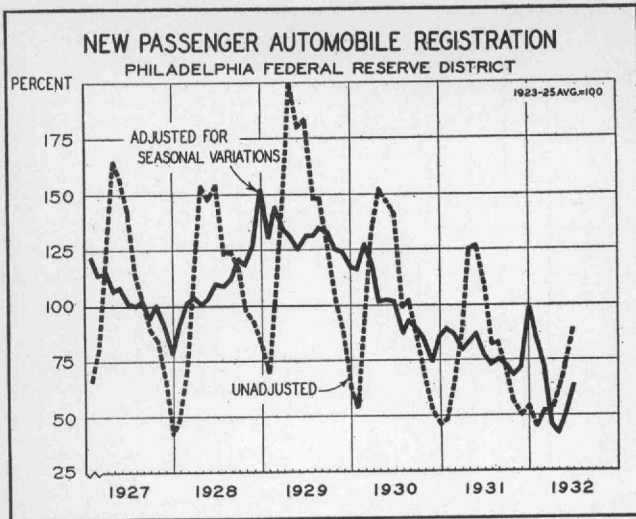
Financial conditions. Statements of the weekly reporting member banks show an increase lately in deposits (other than government deposits), but loans to customers have continued to decline, despite greater firmness in commodity prices and more promising reports from a few individual industries. Borrowings from the reserve bank have increased somewhat over the past few months with an accompanying increase in the number of borrowing banks.

Reserve bank loans to member banks have increased from 67 millions to 72 millions in the past month. The low point so far this year was 60 millions, reached on May 18; only 2 millions of the expansion of 12 millions since that date was due to increased accommodation granted to banks in Philadelphia, and their total borrowings of 13 millions on July 20 were only one-sixth of those reported at the highest point last winter. Borrowings of banks outside of Philadelphia have increased 10 millions in the last nine weeks to more than 59 millions, but this still is 5 millions less than at the peak in January.

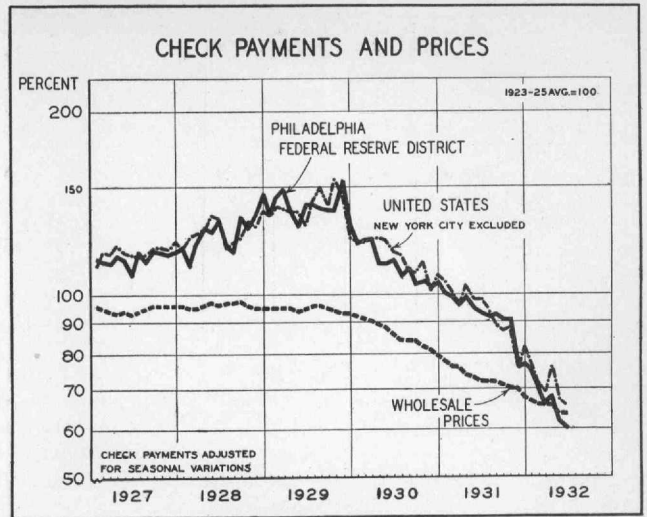
ago, settlements of accounts at retail were 10 per cent and at wholesale 4 per cent less rapid.

Freight car loadings in this section continued downward, the decline from May to June being 3 per cent more than was to be expected. In the first half of this year shipments of commodities were 26 per cent smaller than last year.





Sources: R. L. Polk Company, Pennsylvania Motor List Company



Source: Prices: United States Bureau of Labor Statistics

During the past four weeks currency receipts at this bank have exceeded payments to the banks by a little over 5 millions; there was a rise of probably more than the usual amount over the week which included July 4, but this was offset in part by the return of money in the following fortnight. Treasury collections and receipts amounted to 46 millions, while government disbursements here totaled 28 millions; in meeting this net withdrawal of 18 millions from the local market and in providing the additional currency, the banks did not greatly increase their borrowings from this bank. Most of the funds were acquired through a favorable balance of 20 millions in the settlements with other districts, which probably was the result mainly of drafts upon deposits held elsewhere and investment sales.

Despite the settlement balance in favor of the member banks, the cash reserves of this bank decreased from

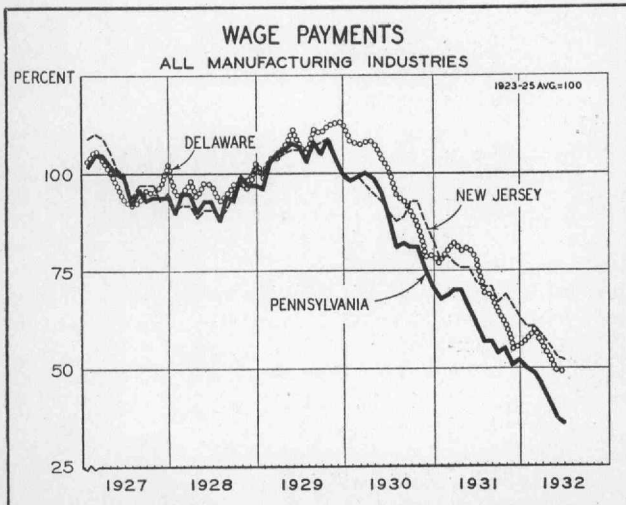
204 to 197 millions. Large transfers to other districts were made for the Treasury, and this bank also had to make payments to New York as a result of the participation in system operations. A decrease in the reserve ratio from 54.5 to 52.4 per cent reflected chiefly the change in cash reserves, as an increase in the federal reserve note liability was largely offset by a decline in total deposits.

Loans to customers at the weekly reporting member banks totaled 624 millions on July 20, which was 18 per cent less than a year earlier. Eleven millions of this decline has taken place in the last four weeks. Nevertheless, deposits, other than those to the credit of the government, show an actual increase of 9 millions in the month, owing in part no doubt to government disbursements and to a decline in amounts due from banks, one of the deductions permitted in figuring deposits. Government deposits at these banks declined 28 millions, the funds being provided largely by calling in sums on deposit in other districts and by selling investments; open market loans and investments declined 12 millions.

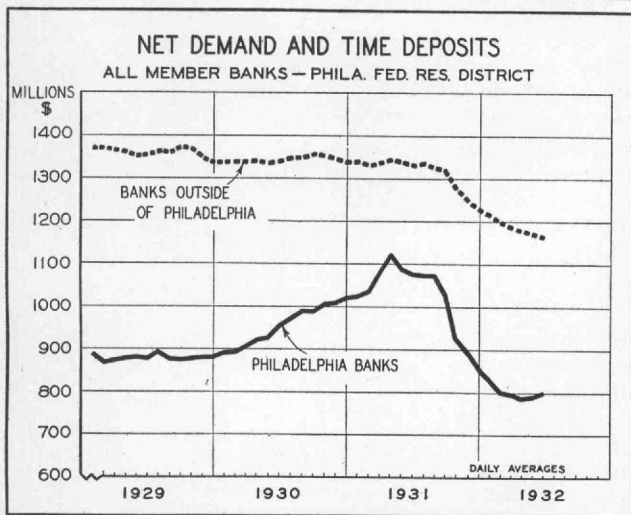
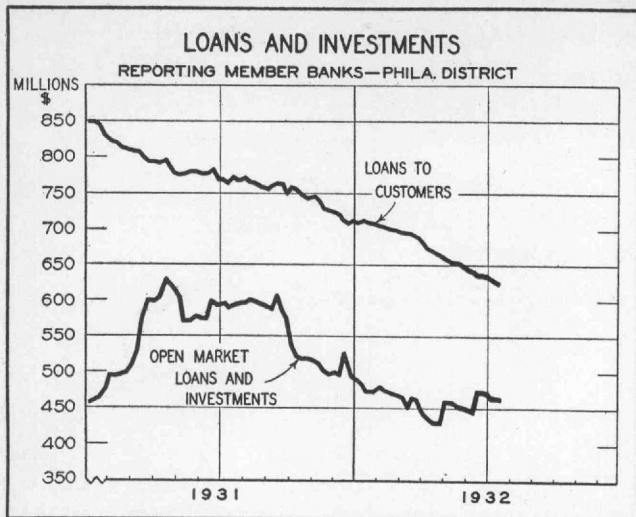
Average figures for June, covering all member banks, show net demand and time deposits of 1,962 millions,

Reporting member banks (000,000's omitted)	July 20, 1932	June 22, 1932	July 22, 1931
Loans to customers:			
On securities.....	\$ 315	\$ 319	\$ 409
All other.....	309	316	358
Loans to open market.....	8	7	48
United States securities.....	185	196	223
Other securities.....	268	270	322
Total loans and investments.....	\$1,085	\$1,108	\$1,360
Net demand and time deposits.....	899	890	1,179
Government deposits.....	7	35	19

practically unchanged from May. The stability of the total figures in May and June contrasts with pronounced declines in the last four months of 1931 and the first four in 1932. In June country banks reported a decrease of 8 millions in such deposits, but this was balanced by gains in Philadelphia.



Federal Reserve Bank of Philadelphia (Dollar figures in millions)	July 20, 1932	Changes in—	
		Four weeks	One year
Bills discounted for member banks in—			
Philadelphia.....	\$ 12.8	+\$0.7	+\$ 9.6
20 other large cities.....	27.1	+ 1.7	+ 23.9
Other communities.....	32.4	+ 2.5	+ 22.2
Total bills discounted.....	\$ 72.3	+\$4.9	+\$ 55.7
Bills bought.....	3.2	- 2.2	0
United States securities.....	138.2	+ 6.8	+ 83.7
Other securities.....	1.5	- 0.1	+ 1.0
Total bills and securities.....	\$215.2	+\$9.4	+\$140.4
Federal reserve note circulation.....	255.6	+ 8.0	+ 109.8
Member bank reserve deposits.....	117.1	+ 1.4	- 28.3
Foreign bank deposits.....	1.0	- 0.8	- 5.0
Government deposits.....	1.6	- 6.5	+ 0.7
Cash reserves.....	196.6	- 6.9	- 60.7
Reserve ratio.....	52.4%	- 2.1%	- 33.9%



Employment and wages in Pennsylvania	Employment June 1932		Payrolls June 1932			
	June* index	Per cent change since		June* index	Per cent change since	
		June 1931	May 1932		June 1931	May 1932
All manufacturing industries (51)	59.7	-19.9	- 2.8	35.7	-42.0	- 4.3
Metal products	51.0	-26.1	- 4.1	26.1	-50.1	- 6.5
Blast furnaces.....	36.4	-18.9	0.0	15.0	-55.5	-14.3
Steel wks. and rolling mills.....	44.9	-28.0	- 5.9	21.3	-53.6	- 9.7
Iron and steel forgings.....	47.9	-35.0	- 2.0	27.8	-53.8	- 1.1
Structural iron work.....	71.2	-17.6	- 5.1	33.8	-54.3	- 8.4
Steam & hot wtr. htg. app.....	73.0	-19.1	+ 0.3	44.9	-27.1	- 1.8
Stoves and furnaces.....	57.1	-15.3	- 5.6	33.6	-16.0	-10.9
Foundries.....	50.0	-27.3	- 3.8	21.2	-55.5	- 0.9
Machinery and parts.....	56.6	-28.7	- 4.7	28.7	-51.5	-13.6
Electrical apparatus.....	72.1	-22.2	- 1.1	44.1	-44.6	+ 3.3
Engines and pumps.....	32.7	-32.0	- 7.9	13.9	-61.3	-24.5
Hardware and tools.....	60.4	-14.3	+ 0.5	33.9	-35.7	+ 2.7
Brass and bronze products.....	53.4	-17.1	- 2.7	30.5	-39.2	- 0.3
Transportation equipment	44.4p	-22.6	- 0.4	26.2p	-45.4	- 5.1
Automobiles.....	45.6	-32.1	+53.5	26.4	-21.2	+131.6
Auto. bodies and parts.....	54.4	+ 4.8	+ 2.4	30.6	- 1.9	- 1.9
Locomotives and cars.....	21.2	- 7.0	- 2.3	12.7	-21.6	- 7.3
Railroad repair shops.....	60.3	-11.6	-19.7	29.5	-52.5	-38.4
Shipbuilding.....	51.9	- 2.4	+ 2.8	65.7	- 9.8	-13.1
Textile products	71.1	-16.0	- 3.4	43.9	-42.0	- 2.7
Cotton goods.....	49.6	-23.7	+ 9.3	31.1	-48.3	+ 7.2
Woolens and worsteds.....	45.8	-20.9	- 3.8	25.0	-53.6	- 7.4
Silk goods.....	62.9	-22.2	- 8.2	43.6	-42.9	-10.7
Textile dyeing & finishing.....	74.9	- 9.5	- 8.9	52.8	-27.6	-14.8
Carpets and rugs.....	46.5	-28.8	-15.1	24.2	-55.7	-31.6
Hats.....	57.2	-25.4	- 1.4	37.6	-33.7	+23.7
Hosiery.....	100.8	- 3.8	+ 0.1	61.4	-38.6	+ 7.0
Knit goods, other.....	80.7	- 8.8	- 0.7	52.2	-32.6	- 1.1
Men's clothing.....	73.0	-13.4	- 0.5	43.8	-44.1	-10.2
Women's clothing.....	119.8	- 3.7	- 2.3	88.8	-25.3	- 9.4
Shirts and furnishings.....	96.2	-31.0	- 4.0	55.1	-54.7	+ 0.2
Foods and tobacco	93.9	-10.3	+ 2.5	77.4	-20.0	+ 2.4
Bread and bakery products.....	97.9	- 9.0	- 0.9	83.4	-18.0	- 1.8
Confectionery.....	80.0	-16.4	- 4.1	65.8	-27.2	- 3.8
Ice cream.....	101.0	-16.4	+ 8.6	83.1	-28.1	+ 2.1
Meat packing.....	92.4	- 1.8	- 0.4	75.2	- 7.0	- 1.7
Cigars and tobacco.....	93.4	- 9.0	+ 6.6	71.5	-19.9	+12.2
Stone, clay & glass products	46.9	-20.2	+ 6.6	24.2	-46.7	+ 9.0
Brick, tile and pottery.....	48.8	-28.6	- 5.6	22.1	-48.6	+ 3.3
Cement.....	40.8	-25.8	+13.0	20.9	-55.9	+13.6
Glass.....	56.8	+ 3.5	+13.6	38.0	-18.3	+ 9.5
Lumber products	44.1	-20.7	+ 5.8	28.3	-40.4	+ 7.2
Lumber and planing mills.....	30.6	- 6.7	- 2.5	21.8	-27.8	- 7.6
Furniture.....	44.8	-27.5	+14.3	26.6	-48.2	+17.2
Wooden boxes.....	57.5	-15.1	0.0	39.6	-33.7	+ 8.2
Chemical products	78.0	-15.9	+ 0.3	63.2	-27.9	- 2.0
Chemicals and drugs.....	54.0	-20.6	- 8.5	43.0	-32.1	- 9.7
Coke.....	60.2	-13.8	- 1.5	19.6	-58.6	-24.6
Explosives.....	67.1	-17.1	- 0.4	49.3	-37.4	- 6.1
Paints and varnishes.....	87.2	- 7.5	+ 1.4	78.5	-13.0	+ 7.1
Petroleum refining.....	114.2	-14.1	+ 3.6	107.4	-19.9	+ 2.5
Leather and rubber products	78.2	- 9.9	-12.2	57.1	-32.3	-10.6
Leather tanning.....	85.0	-14.0	- 4.7	60.1	-35.2	- 6.4
Shoes.....	75.1	+ 3.4	-25.9	40.4	-29.7	-39.4
Leather products, other.....	59.8	-28.2	- 9.4	43.5	-53.7	- 9.9
Rubber tires and goods.....	79.7	-10.8	+ 0.6	99.1	- 8.8	+29.5
Paper and printing	82.7	-10.2	- 2.4	65.6	-27.1	- 8.1
Paper and wood pulp.....	73.0	- 9.7	- 2.4	49.0	-31.1	-11.9
Paper boxes and bags.....	66.6	-15.8	+ 5.5	51.6	-36.0	+ 1.4
Printing and publishing.....	88.4	- 9.8	- 3.1	73.4	-25.1	- 7.2
Anthracite mining	51.5	-30.6	-20.8	31.4	-43.8	- 35.4
Bituminous coal mining.....	.....	.....	- 2.1	.....	.....	-11.0
Canning and preserving.....	.....	.....	+11.6	.....	.....	+ 9.9
Construction and contracting.....	.....	.....	- 5.0	.....	.....	-10.0
Hotels.....	.....	.....	- 0.1	.....	.....	- 3.1
Laundries.....	.....	.....	- 1.6	.....	.....	- 3.2
Dyeing and cleaning.....	.....	.....	+ 0.4	.....	.....	- 3.4
Public utilities.....	.....	.....	- 0.2	.....	.....	- 2.8
Quarrying and non-metallic mining.....	.....	.....	- 2.2	.....	.....	-14.5
Retail trade	83.5	- 2.0	- 0.8	.....	.....	.....
Wholesale trade	81.5	- 9.4	- 0.5	.....	.....	.....

Percentage change—June 1932, from June 1931

City areas*	Percentage change—June 1932, from June 1931				
	Employment	Payrolls	Building permits (value)	Debits	Retail trade sales
Allentown.....	-19.1	-42.4	+ 75.9	-29.8	-27.8
Altoona.....	-35.4	-53.1	- 68.2	-24.6	-37.7
Harrisburg.....	-17.0	-33.8	- 36.1	-24.3	-22.2
Johnstown.....	-12.5	-54.1	- 30.7	-30.8	-32.9
Lancaster.....	-21.9	-46.8	- 77.7	-41.1	-35.5
Philadelphia.....	-17.8	-33.5	- 67.6	-40.1	-25.9
Reading.....	-14.4	-49.2	- 81.8	-21.3	-31.6
Scranton.....	-30.0	-38.3	+1354.4	-10.5	-19.8
Trenton.....	-22.0	-33.3	- 73.3	-17.6	-27.3
Wilkes-Barre.....	-11.5	-28.0	- 38.8	-22.1	-23.1
Williamsport.....	-32.5	-46.8	-15.2	-35.0	.....
Wilmington.....	- 5.3	-21.1	- 51.9	-30.3	-36.9
York.....	- 8.6	-23.0	- 81.1	-23.0	.....

June 1932, from May 1932

Allentown.....	- 1.2	- 3.1	+ 840.5	+ 1.6	- 5.8
Altoona.....	-10.9	-15.1	- 62.8	-15.2	-22.0
Harrisburg.....	-12.0	- 6.3	- 13.8	+ 1.9	-19.5
Johnstown.....	-13.0	-11.3	+135.6	- 0.2	-19.2
Lancaster.....	- 3.3	- 5.9	+ 7.4	- 5.1	- 8.3
Philadelphia.....	- 1.7	- 1.8	-21.2	+ 4.9	- 4.5
Reading.....	- 3.4	-14.5	- 23.5	+ 3.0	-10.5
Scranton.....	- 4.1	- 2.3	+1361.6	+ 1.3	-17.2
Trenton.....	- 4.1	+ 1.6	+ 40.0	+26.7	+ 3.5
Wilkes-Barre.....	+ 4.2	+ 4.0	+269.7	- 4.9	-22.4
Williamsport.....	+ 1.4	+ 0.0	- 75.0	- 1.5	.....
Wilmington.....	+ 0.7	+ 0.1	- 25.0	+10.6	- 3.4
York.....	+ 4.9	+ 2.1	- 24.2	+ 4.3	.....

* Area not restricted to the corporate limits of cities given here.

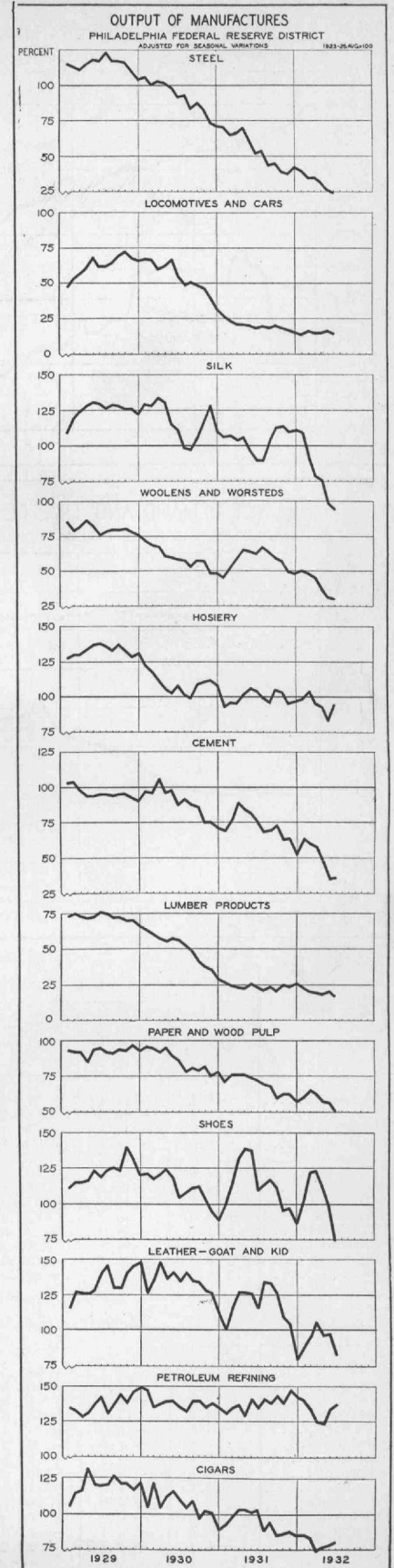
* 1923-1925 average = 100. p—Preliminary figures.

Index numbers of individual lines of trade and manufacture

Philadelphia Federal Reserve District

Index numbers—expressed in percentages of the 1923-1925 average which is taken as 100

	Adjusted for seasonal variations						Not adjusted			
	June 1931	May 1932	June 1932	Percentage comparison		June 1931	May 1932	June 1932		
				Month ago	Year ago					
<p>“Adjusted” index numbers make allowance for the usual seasonal changes which result from an uneven distribution of business between the months of the year. They are the most significant indexes because they show improvement or decline beyond the level usually to be expected.</p> <p>“Unadjusted” indexes reflect merely the actual changes which may or may not be up to the usual seasonal expectations.</p>										
Retail trade										
Sales										
All stores.....	84.8	63.5	61.0p	- 3.9	-28.1	-22.0	82.6	64.1	59.3p	
Department.....	82.8	64.4	61.4p	- 4.7	-25.8	-20.8	79.0	63.1	58.5p	
Men's apparel.....	80.2	56.4r	55.6p	- 1.4	-30.7	-29.7	83.4	52.5r	57.9p	
Women's apparel.....	102.9	75.3r	70.0	- 7.0	-32.0	-28.4	100.1	77.7r	68.0	
Shoe.....	94.8	75.0	68.6	- 8.5	-27.6	-24.9	109.0	83.3	78.9	
Credit.....	78.8	54.2	55.0p	+ 1.5	-30.2	-32.6	72.5	58.5	50.6p	
Stocks of goods										
All stores.....	74.0	61.0r	62.0	+ 1.6	-16.2	.....	71.0	61.0	59.5
Department.....	69.9	59.2	58.7	+ 0.8	-16.0	.....	67.1	58.9r	56.4
Men's apparel.....	72.9	60.9r	64.8	+ 6.4	-11.1	.....	69.5	61.1r	61.7
Women's apparel.....	104.7	82.3	82.0	- 0.4	-21.7	.....	93.3	83.1	73.4
Shoe.....	89.1	69.1	66.3	- 4.1	-25.6	.....	87.3	70.5	65.0
Credit.....	66.1	54.5	58.2p	+ 6.8	-12.0	.....	64.8	54.0	57.0p
Rate of stock turnover										
6 months (actual, not indexes)							- 8.0	1.99	1.83
Wholesale trade										
Sales										
Total of all lines.....	76.0	63.2r	62.9p	- 0.5	-17.2	-17.7	72.6	60.3r	60.5p	
Boots and shoes.....	57.0	52.9	44.4	-16.1	-22.1	-11.6	49.0	52.4	38.2	
Drugs.....	102.1	86.7	85.1	- 1.8	-16.7	-12.7	98.0	86.7	81.7	
Dry goods.....	51.7	35.6	33.6	- 5.6	-35.0	-27.3	47.6	33.5	30.9	
Electrical supplies.....	80.1	58.9	57.6	- 2.2	-28.1	-37.1	65.7	44.8	47.2	
Groceries.....	88.2	84.3r	84.5p	+ 0.2	- 4.2	- 8.8	90.0	83.5r	86.2p	
Hardware.....	66.6	49.2	45.9	- 6.7	-31.1	-31.3	69.3	54.1	47.7	
Jewelry.....	56.5	32.6r	51.5p	+58.0	- 8.9	-23.7	47.5	27.4r	43.3p	
Paper.....	69.4	51.8	50.8	- 1.9	-26.8	-22.7	66.6	51.3	48.8	
Stocks of goods										
Total of all lines.....	81.2	67.5	67.6p	+ 0.1	-16.7	.....	78.6	66.5	65.2p
Drugs.....	116.4	100.1	104.8	+ 4.7	-10.0	.....	109.4	101.1	98.5
Dry goods.....	51.4	41.9	40.6	- 3.1	-21.0	.....	51.4	41.5	40.6
Electrical supplies.....	112.3	77.7	83.3	+ 7.2	-25.8	.....	110.1	73.8	81.6
Groceries.....	95.1	81.8	83.6	+ 2.2	-12.1	.....	86.5	77.7	76.1
Hardware.....	77.3	65.9	65.6	- 0.5	-15.1	.....	78.8	67.9	66.9
Jewelry.....	59.4	53.4r	44.5p	-16.7	-25.1	.....	64.7	57.1r	48.5p
Paper.....	81.5	71.7	71.3	- 0.6	-12.5	.....	81.5	71.0	71.3
Rate of stock turnover										
6 months (actual, not indexes)							- 3.9	2.29	2.20
Output of manufactures										
Pig iron.....	37.2	13.8	12.6	- 8.7	-66.1	-57.2	35.3	14.3	12.0	
Steel.....	52.4	26.2	24.3	- 7.3	-53.6	-50.1	53.4	27.5	24.8	
Iron castings.....	49.1	27.7r	30.1	+ 8.7	-38.7	-44.4	48.6	28.8r	29.8	
Steel castings.....	46.1	24.5	20.6	-15.9	-55.3	-57.9	47.9	25.5	21.4	
Electrical apparatus.....	83.5	48.6	46.2	- 4.9	-44.7	-39.7	83.5	44.7	46.2	
Motor vehicles.....	34.0	11.3	26.8	+137.2	-21.2	-39.3	41.5	14.2	32.7	
Automobile parts and bodies.....	32.7	31.1	32.2	+ 3.5	- 1.5	+14.5	32.7	32.7	32.2	
Locomotives and cars.....	18.3	16.2	14.4	-11.1	-21.3	-30.2	18.8	15.9	14.8	
Shipbuilding.....	161.1	177.1	185.6	+ 4.8	+15.2	- 5.9	159.5	182.4	183.7	
Silk manufactures.....	88.6	58.8	54.9	- 6.6	-38.0	-22.8	84.2	56.4	52.2	
Woolens and worsteds.....	62.1	31.3	29.7p	- 5.1	-52.2	-30.3	59.6	29.4	28.5p	
Cotton products.....	53.1	23.6	29.9	+26.7	-43.7	-27.4	50.3	23.2	28.3	
Carpets and rugs.....	55.3	38.0	26.0p	-31.6	-53.0	-23.4	54.7	37.6	25.7p	
Hosiery.....	104.4	83.4	95.3	+14.3	- 8.7	- 4.3	102.3	83.4	93.4	
Underwear.....	120.4	99.6	104.2	+ 4.6	-13.5	-11.4	120.4	100.6	104.2	
Cement.....	74.6	35.2	35.7	+ 1.4	-52.1	-36.6	89.5	39.8	42.8	
Brick.....	43.0	20.9	22.0	+ 5.3	-48.8	-48.1	44.7	22.2	22.9	
Lumber and products.....	23.9	20.2	17.1	-15.3	-28.5	-19.8	24.4	18.8	17.4	
Bread and bakery products.....	.....	.....	.....	- 1.8*	-18.0*	-16.1*	101.7	84.9	83.4
Slaughtering, meat packing.....	81.2	95.1	103.5	+ 8.8	+27.5	+19.1	76.1	93.7	96.8	
Sugar refining.....	52.3	67.6	79.9	+18.2	+52.8	+20.4	56.0	83.1	85.5	
Canning and preserving.....	35.5	29.6	30.1p	+ 1.7	-15.2	-25.3	25.6	22.5	21.7p	
Cigars.....	103.4	78.4	80.1	+ 2.2	-22.5	-20.6	109.6	76.0	84.9	
Paper and wood pulp.....	71.7	55.8	49.7	-10.9	-30.7	-20.6	71.0	55.8	49.2	
Printing and publishing.....	104.0	82.3	77.9	- 5.3	-25.1	-17.6	103.0	83.1	77.1	
Shoes.....	109.6	97.8	73.8	-24.5	-32.7	-14.3	104.1	89.0	70.1	
Leather, goat and kid.....	115.0	97.3p	82.0p	-15.7	-28.7	-20.4	116.1	88.5p	82.8p	
Explosives.....	65.1	46.4	44.0p	- 5.2	-32.4	-30.7	65.1	46.9	44.0p	
Paints and varnishes.....	83.5	65.4	72.6	+11.0	-13.1	-13.0	85.2	69.3	74.1	
Petroleum products.....	134.7	134.1	137.1p	+ 2.2	+ 1.8	- 2.0	135.4	134.3	137.7p	
Coke, by-product.....	83.6	49.9	47.3	- 5.2	-43.4	-38.1	83.6	51.9	47.3	



* Computed from unadjusted indexes. p-Preliminary. r-Revised.