

# THE BUSINESS REVIEW

THIRD FEDERAL  
PHILADELPHIA



RESERVE DISTRICT  
NOVEMBER 1, 1933

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FEDERAL RESERVE BANK of PHILADELPHIA

## Business and Banking Conditions in the United States

During September and the first half of October, industrial activity declined, as it had in August, following the rapid expansion of the spring and early summer. Factory employment and payrolls increased further between the middle of August and the middle of September.

**Production.** Industrial production, as measured by the Board's seasonally adjusted index, declined from 91 per cent of the 1923-1925 average in August to 84 per cent in September. Activity decreased in most lines of industry, and particularly in those in which output had increased rapidly in earlier months. Production of steel, lumber, cement, bituminous coal and petroleum declined considerably and automobile output was reduced. Deliveries of silk to mills were small in September while consumption of cotton and wool, although reduced during the month, was nevertheless larger than in other recent years at this season. Meat-packing plants were more active partly because of processing of pigs under the Government's emergency marketing program, and output of flour was larger than the exceptionally small volume produced in August.

In the first half of October further

declines in output of automobiles, bituminous coal and petroleum were reported. Steel mill activity, after increasing in the first half of October, receded in the third week.

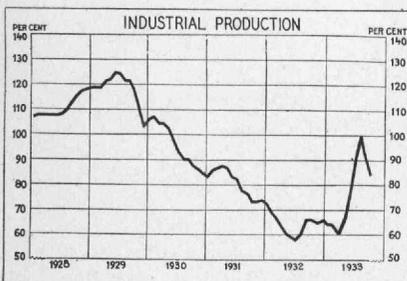
**Employment.** Employment of factory workers increased between the middle of August and the middle of September, and total earnings were larger, partly as a result of further advances in wage rates and the expansion of operations in seasonally active industries such as canning. Employment in public utilities, railroads, stores and mines also increased and it is estimated that about 600,000 industrial wage earners found work during the period.

Preliminary reports for the first half of October indicate some decrease in employment and a continuation of about the same volume of earnings in basic manufacturing industries.

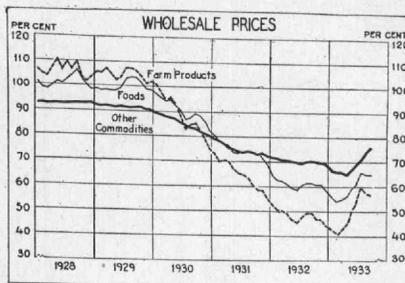
**Construction.** Construction contracts awarded increased in September to the highest level for the year, according to reports by the F. W. Dodge Corporation, the largest volume of new awards being for public works and for other non-residential projects. In the third quarter of the year value of construc-

tion contracts was 25 per cent of the 1923-1925 average.

**Distribution.** Sales at department stores in leading cities increased less than seasonally in September, following an unusually large increase in sales in August. Trade reports indicate that sales volume was affected by unseasonably warm weather and by price advances. Sales of chain variety stores continued in somewhat larger volume than in 1932. On the railroads, average daily freight shipments during September increased by somewhat less than is usual in the early autumn, but were in larger volume than at any time since the latter part of 1931. In the first two weeks of October carloadings were at a higher level than in late September.



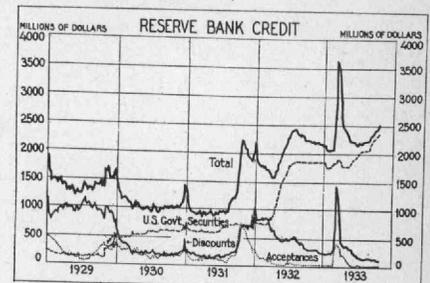
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Indexes of the United States Bureau of Labor Statistics. (1926 = 100.)



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average = 100.)



Wednesday figures for 12 Federal reserve banks. Latest figures are for October 18.

**Prices.** During September and the first two weeks of October the general average of wholesale prices in the United States was relatively stable at about 71 per cent of the 1926 average, reflecting, however, widely divergent movements in prices of individual commodities. Prices of raw materials traded on organized exchanges declined sharply during the first two weeks of October and then recovered somewhat. There have been further advances during recent weeks in prices of fuels, iron and steel, building materials and housefurnishings, while prices of cotton textiles and leather have declined.

Retail prices of food showed little change in September, while prices of clothing continued to advance.

**Foreign exchange.** The value of the

dollar in the foreign exchange market fluctuated around 65 per cent of its gold parity during the latter part of September and the first half of October, advanced to 71 per cent in the third week, and declined to 70 per cent on October 23.

**Bank credit.** Excess reserves of member banks increased by \$100,000,000 between September 13 and October 20, in consequence of the purchase by the Federal Reserve Banks of \$170,000,000 of United States Government securities during the period, offset in part by a further decline in discounts and a seasonal increase in the demand for currency. While these purchases of United States Government securities were made chiefly in New York City, member bank funds arising from these purchases were transferred to other parts of the coun-

try through expenditures in outlying areas by Federal agencies and through payment for crops marketed.

At reporting member banks in leading cities there was little change in loans and investments during this period; a decline in the volume of loans on securities was offset by growth in all other loans.

Money rates in the open market continued at low levels. On October 20 the Federal Reserve Bank of New York reduced its buying rate on bills from a range from 1 to 1¼ per cent for different maturities to a range from ½ to 1 per cent. The rediscount rate at New York was reduced from 2½ per cent to 2 per cent, effective October 20, and on October 21, the Federal Reserve Banks of Cleveland and Chicago reduced their rediscount rates from 3 per cent to 2½ per cent.

## **Business and Banking Conditions in the Philadelphia Federal Reserve District**

There was an additional improvement in retail trade activity but a further recession in industrial production during September; these divergent tendencies continued in early October for the third successive month. Output of manufactures, after an unusually sharp rise between spring and mid-summer, has shown a fairly steady contraction since a high peak in July. Production of industrial fuels naturally has reflected a similar trend. Activity in building trades continued at an unusually low level, although lately it has shown some improvement in a certain type of construction heavier than that of residential building.

Industrial employment and payrolls

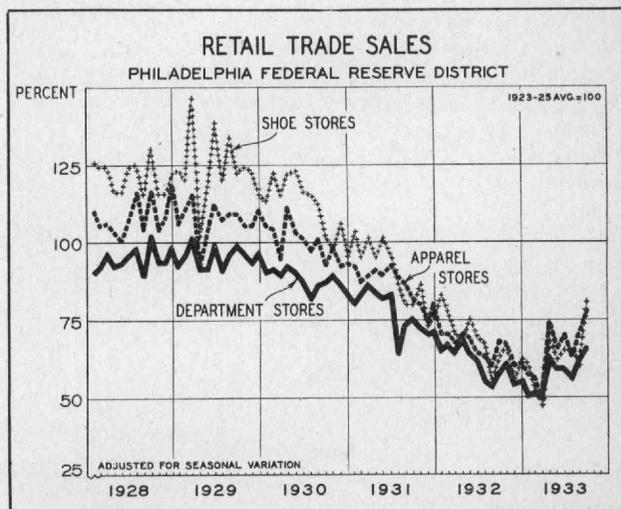
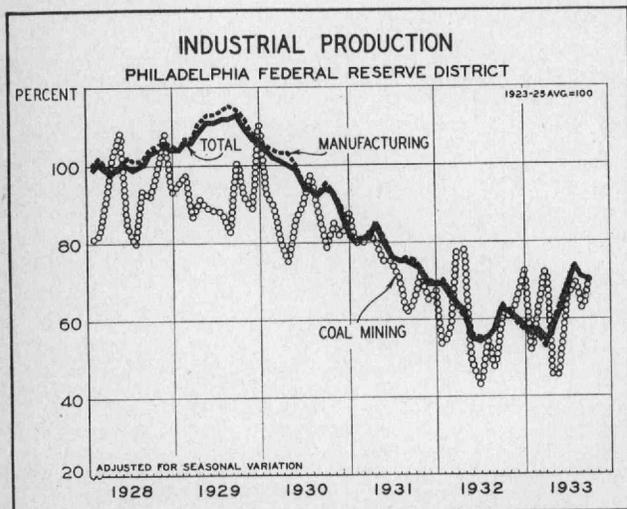
in the aggregate, as measured by 12 occupations in this section, showed a continued gain for six months, the most pronounced increases occurring in the third quarter, reflecting the influence of the application of blanket or industry codes. Latest preliminary reports from Pennsylvania factories and coal mines, however, indicate that the number of wage earners and man-hours actually worked in the first part of October decreased.

The value of retail trade sales in September again showed an exceptional increase and the volume has been fairly well maintained in October, gains being most noticeable in the latter part of the month. Wholesale and jobbing business, on the other

hand, failed to register the usual increase by a considerable margin in September. Other indicators of distribution, except that of new passenger automobile sales, show unsatisfactory comparisons with the previous month, but virtually all of them are at substantially higher levels than they were last year.

A brief summary of the trend in production, employment and distribution of goods in this district since early spring is given in the table on the next page.

**Manufacturing.** There has been a further falling off in the demand for products manufactured in this district since the middle of last month, so that the aggregate volume of new sales



# Business Indicators

## Philadelphia Federal Reserve District

Indexes, 1923-25 = 100	Industrial production	Employment*	Payrolls*	Retail sales
March 1933, low	54	59	33	47
April	57	59	33	62
May	62	62	38	60
June	69	66	43	60
July	74	69	46	58
August	71	74	53	61
Sept.	69	77	54	69

\* Pennsylvania factories, indexes are not adjusted for seasonal variation; production and retail sales indexes are so adjusted and cover Phila. res. district.

and reorders has continued to decline from the peak reached in July. Reports on unfilled orders thus show that there has been an additional decrease in the total of advance business at factories as compared with the previous month and in many instances the volume is smaller than a year ago for the first time in several months. There also has been some evidence of cancellations of orders.

The supply of finished goods at local establishments shows numerous increases during the past month, but it still appears to be smaller than a year ago, considering the manufacturing industry as a whole. Stocks of raw materials also have increased since August and in most instances are larger than they were last year, reflecting heavier buying in the rising markets during the earlier months and a subsequent contraction in the demand for finished products. Prices quoted by reporting manufacturers have been somewhat more stable between the middle of September and October, even though advances continue to exceed declines; compared with a year ago, quotations for most commodities originated in this district are substantially higher. Collections have declined in the month, but they compare rather well with the volume of payments a year ago.

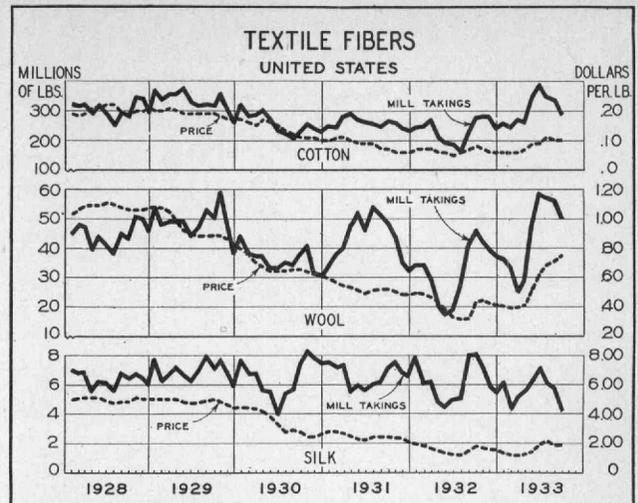
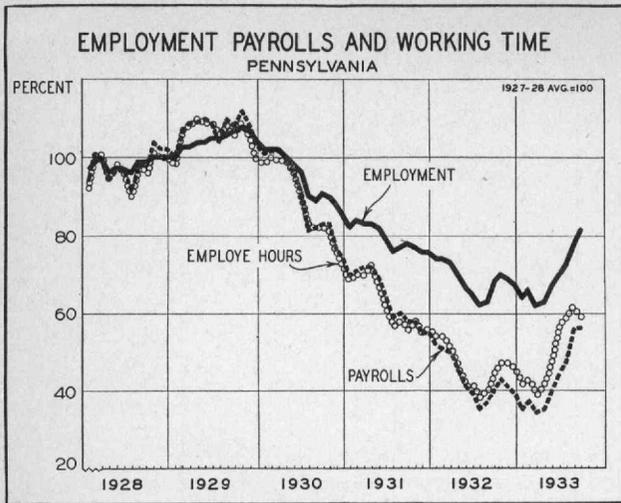
Factory employment and payrolls in this district showed further increases from August to September, although the rate of these gains was not as high as in the previous two months. In Pennsylvania, the number of wage earners rose 4 per cent, indicating an addition of about 33,000 workers over August. The gain in payrolls was nearly one per cent, while the total number of employe-hours actually worked in September showed a decline of 4 per cent as compared with August, following a steady expansion in operating time from a record low level in March. This falling off in working time was probably due in part to the slackening of productive activity, particularly in primary metal

	Index numbers: percentages of the 1923-1925 average taken as 100								
	Adjusted for seasonal variation					Not adjusted			
	Sept. 1932	Aug. 1933	Sept. 1933	Percentage comparison		Sept. 1932	Aug. 1933	Sept. 1933	
				Sept. 1933 with	To date with year ago				
			Month ago	Year ago					
Adjusted indexes allow for the usual seasonal change which results from an uneven distribution of business between the months of the year.									
Unadjusted indexes reflect merely the actual change which may or may not be up to the usual seasonal expectations.									
<b>Industrial production</b>	63.3	70.7	68.7p	-2.8	+8.5	+3.9	64.6	70.3	70.2p
<b>Manufacturing—total</b>	63.6r	71.4	68.6p	-3.9	+7.9	+3.8	65.0r	71.1	70.1p
Durable or capital goods	35.4	50.6	48.5p	-4.5	+36.4	+3.9			
Consumers' goods	86.4	87.8	84.1p	-4.2	-2.7	+8.1			
Metal products	30.2r	55.0r	53.0	-3.6	+75.5	+11.0	30.8r	57.3r	53.2
Textile products	91.5	93.9	86.3p	-8.1	+5.7	+20.7	92.3	89.6	87.2p
Transportation equipment	44.9r	33.7	39.4	+16.9	-12.2	-40.1	42.3r	32.4	37.2
Food products	72.5r	68.6	71.9p	+4.8	-0.8	-4.5	75.6r	68.5	75.6p
Tobacco and products	75.2r	85.2	80.6	+5.4	+7.2	+2.2	86.9	91.0	93.1
Building materials	24.3r	31.7	25.6	-18.6	+6.2	-15.0	26.7r	35.7	27.6
Chemicals and products	84.7	96.9	94.3p	-2.7	+11.3	+2.8	84.2	97.2	93.4p
Leather and products	99.9	132.8	127.3p	-4.1	+27.4	+20.6	110.2	134.9	139.0p
Paper and printing	79.5r	83.2	81.4	-2.2	+2.4	+5.3	78.7r	81.0	80.7
Electric power output	168.4	194.7r	195.0	+0.2	+15.8	+3.0	125.0	135.0r	191.1
Industrial use of electricity	116.0	130.3	141.8	+8.8	+22.2	+3.3	103.0	134.2	150.3
<b>Coal mining</b>	59.7	62.5	70.0p	+12.0	+17.3	+5.1	60.7	61.9	71.0p
Anthracite	61.0	61.0	74.0p	+21.3	+21.3	+3.6	62.0	61.0	75.0p
Bituminous	51.7	71.8	45.9	-36.1	-11.2	+15.7	52.7	67.5	46.8
<b>Employment and wages—Pa.</b>									
Factory wage earners				+4.3*	+20.8*	+1.3*	63.6	73.6p	76.8p
Factory payrolls				+0.9*	+42.3*	+1.2*	37.6	53.0p	53.5p
Employe-hours (1927-28=100)				-4.4*	+34.9*	+10.8*	43.8	61.8	59.1
General—12 occupations:									
Employment (1932=100)				+5.5*	+12.2*	-4.1*	97.8	104.0p	109.7p
Payrolls (1932=100)				+4.3*	+24.1*	-9.5*	92.1	109.6p	114.3p
<b>Building and real estate</b>									
Contracts awarded—total	35.0	20.0	19.7	-1.5	-43.7		33.6	19.6	18.9
Contracts awarded—residential	15.4	17.3	16.3	-5.8	+5.8	-43.3	14.3	16.3	15.2
Permits for building—17 cities	9.7	6.4	4.8	-25.0	-60.5	-43.9	8.7	5.8	4.3
Mortgages recorded—Phila.	38.3	10.9					29.5	8.6	
Real estate deeds—Phila.	31.5	50.2					29.0	45.2	
Sheriff deeds (1930=100)				*	*	*	34.8	150.0	
Other deeds (1930=100)				*	*	*	58.9	49.5	
Writs for Sheriff sales—Phila.	1315.1	1305.9	906.0	-30.6	-31.1	-0.3	1525.5	1253.7	1051.0
<b>Distribution</b>									
Retail trade—sales	59.5	61.3	68.7p	+12.1	+15.5	-8.8	53.4	48.5	61.9p
Retail trade—stocks	61.1	59.1	62.7	+6.1	+2.6		63.8	56.3	65.5
Wholesale trade—sales	56.4	71.9	65.1p	-9.5	+15.4	+4.5	64.0	67.6	74.0p
Wholesale trade—stocks	61.9	59.9	59.8p	-0.2	-3.4		63.9	60.2	61.7p
Life insurance sales	105.6	109.0	102.1	-6.3	-3.3	-10.6	84.5	91.6	81.7
New passenger auto. registrations	46.1	74.8	82.7	+10.6	+79.4	+11.0	44.3	82.3	79.4
Freight car loadings—total	49.0	63.0	58.2	-7.6	+18.8	+1.1	53.3	65.0	64.6
Mdse. & misc. (64.9% of total)	52.3	61.7	57.2	-7.3	+9.4	-3.7	57.8	63.5	63.5
Coal (23.5% of total)	50.5	71.9	61.6	-14.3	+22.0	+8.9	52.5	69.0	64.1
<b>Business liquidations</b>									
Number				-43.8*	-61.6*	-33.0*	161.8	110.6	62.2
Amount of liabilities				-69.7*	-79.9*	-51.0*	210.0	139.8	42.3
<b>Payment of accounts</b>									
Check payments	61.1	60.6	61.1	+0.8	0.0	-7.1	58.0	51.5	58.0
Rate of collections (actual):									
Retail trade				-1.2*	+9.2*		21.7	24.0	23.7
Wholesale trade				-2.2*	+11.0*		55.3	62.8	61.4
<b>Prices—United States</b>									
<b>Wholesale (1926=100)</b>				+1.9*	+8.4*		65.3	69.5	70.8
Farm products				-1.0*	+16.1*		49.1	57.6	57.0
Foods				+0.2*	+5.0*		61.8	64.8	64.9
Other commodities				+2.7*	+8.1*		70.4	74.1	76.1
<b>Retail food (1913=100)</b>				+0.3*	+6.9*		100.3	106.9	107.2
Philadelphia				+2.8*	+6.0*		104.5	107.8	110.8
Scranton				+0.6*	+8.0*		105.8	113.6	114.3

(000,000's omitted in dollar figures)	Sept. 1932	June 1933	July 1933	Aug. 1933	Sept. 1933	Per cent change from	
						Month ago	Year ago
<b>Banking and credit</b>							
<b>Federal Reserve Bank</b>							
Bills discounted	\$ 57	\$ 40	\$ 34	\$ 32	\$ 29	-9.4	-49.1
Other bills and securities	144	142	146	148	155	+4.7	+7.6
Member bank reserves	318	319	326	323	326	+2.4	+6.8
Ratio	56.4%	62.7%	64.2%	63.9%	63.4%	-0.8	+12.4
<b>Reporting member banks</b>							
Loans to customers	\$596	\$514	\$504	\$502	\$498	-0.8	-16.4
Other loans and investments	488	485	512	525	533	+1.5	+9.2
Deposits	920	898	921	928	937	+1.0	+1.8
<b>Bankers' acceptances outstand.</b>	12.3	11.9	13.0	12.4	14.3	+15.3	+16.3

\* Computed from data unadjusted for seasonal variation.  
† 3-month moving daily average.

p—Preliminary.  
r—Revised.



Sources: Department of Commerce, Fairchild News Service, Journal of Commerce, Silk Association of America

industries, stone, clay and glass, and in leather products. As shown by the accompanying chart, the spread between employment on the one hand and payrolls and working hours on the other has widened since August, after becoming narrower for a few months ending in July. In normal times the levels of employment, payrolls and working time move rather closely together with a tendency for payrolls and employe-hours to move at a somewhat higher rate than does employment if business conditions are satisfactory.

Considering the employment situation as a whole, it appears that between March and September there was a gain of approximately 185,000 wage earners in Pennsylvania factories. The largest increase—115,000 workers—occurred in the third quarter, reflecting largely the influence of the compliance with the industry or blanket codes. The estimated total number of factory wage earners on the roll in Pennsylvania about the middle of September was in the neighborhood of 795,000, or the highest for any month since early 1931.

Incomplete reports for October indicate a decrease in employment but practically no change in payrolls. Operating time appears to have decreased further, indicating a contraction in productive activity for two successive fall months.

Output of manufactures in this district continued to decline, in spite of the fact that usually there is a decided increase in the three-month period, August to October; it must be remembered, however, that there was a sharp increase in production from a record low point in March to July, a period which is usually marked by seasonal

recessions. This bank's index of factory production declined to 69 per cent of the 1923-25 average as compared with 71 in August and 74 in July, which was the highest point since 1931, after allowance is made for the number of working days and the usual seasonal variation. Compared with a year ago, the September index of production was almost 8 per cent higher, owing primarily to larger gains that occurred during the earlier months in the output of durable or capital goods, since the production of merchandise which is sold primarily to the ultimate consumers was at a lower level in September this year than last.

With the exception of transportation equipment and foodstuff industries, all manufacturing groups failed to measure up to the usual seasonal changes in the output of their products. Most of them, however, continued at appreciably higher levels than last year in spite of the fact that productive activity in several industries has been hampered considerably by strikes and lockouts.

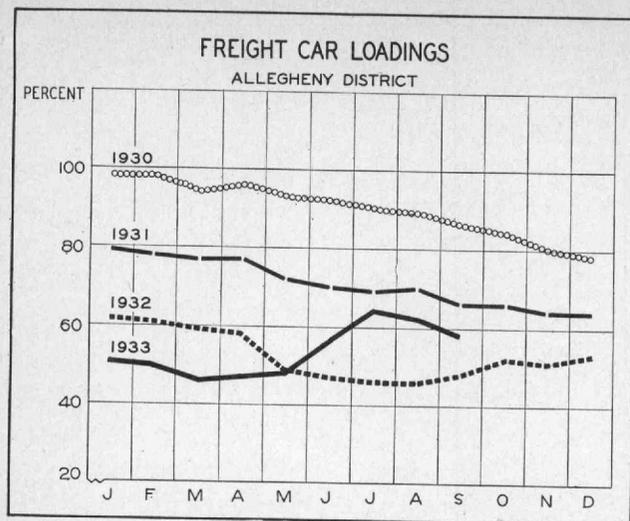
The largest decline in September among the individual industries occurred in such important lines as iron and steel, silk, woolen and worsted goods, cement, brick and motor vehicles. Among the most pronounced increases were those in the groups comprising electrical apparatus, automobile parts and bodies, ship and boat building, hosiery, sugar refining, and paints and varnishes. Some of these increases were of seasonal character, while others resulted from gradual adjustments of labor difficulties.

Production of electric power increased from August to September by slightly more than the usual seasonal

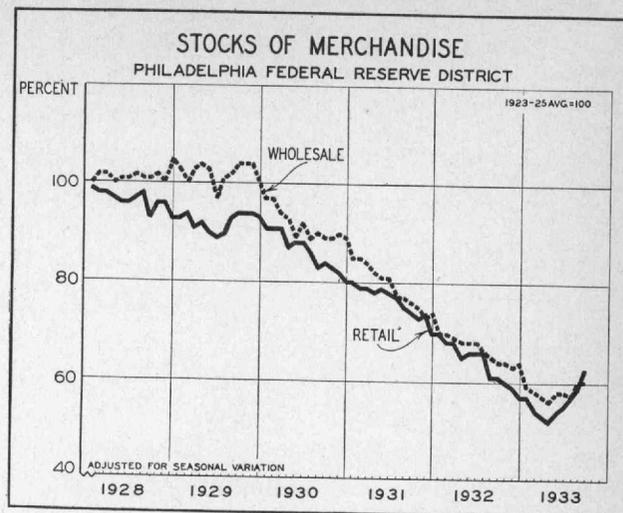
quantity, the seasonally adjusted index rising from 194.7 to 195 per cent of the 1923-25 average; this was nearly 16 per cent higher than a year ago. Total sales of electricity rose about 6 per cent in the month and were 18 per cent higher than in September 1932. Industrial consumption of electrical energy, which constitutes by far the largest part of total sales, increased about 12 per cent, when computed on the basis of working days; this gain was rather unusual and shows an improvement over August by nearly 9 per cent, when the normal seasonal change is taken into consideration. Compared with a year ago local industries purchased about 22 per cent more power in September this year.

**Coal.** Owing to unseasonable weather, demand for anthracite has slackened considerably since the middle of last month. Output of collieries showed a substantial gain in September and was the largest for that month since 1930. In the first fortnight of October there was some further gain in the weekly production of mines. The trend of hard coal shipments continued sharply upward during September, when daily loadings were the largest in more than a year. Wholesale prices of anthracite rose nearly 4 per cent between August and September, but were still about 6 per cent lower than those of a year ago.

Demand for Pennsylvania bituminous coal has slackened since the early part of last month, owing chiefly to the fact that many industrial consumers bought unusually large supplies in the latter part of September in anticipation of higher prices. Output of collieries decreased sharply in September, contrary to seasonal expecta-



Source: American Railway Association



tion, and reflected in part labor disturbances which continued fairly widespread during the month. In early October colliery output declined further. Although shipments of soft coal showed some decrease from August to September, they exceeded those of a year ago by nearly 14 per cent. Wholesale prices of bituminous coal in the country increased about one per cent in September and were 4 per cent higher than a year ago.

**Building and real estate.** Building construction activity in Pennsylvania showed a further substantial increase from August to September, while the construction of streets and highways as well as general contracting work declined sharply. Reports from some 1300 contractors showed gains in September of about 2 per cent in employment and nearly 8 per cent in payrolls for the industry as a whole; working time increased by more than 4 per cent in this period.

Aggregate awards of building contracts declined in September, reflecting decreases in the value of contracts let for residences and commercial buildings, which more than offset substantial gains in the awards for public works, utilities and factory buildings. In October the total of contract awards showed a gain, owing to increased expenditures for public works and highway construction, which included awards of \$1,140,080 approved by the Federal Government, for sixteen highway projects involving about twenty-seven miles of road building in Pennsylvania. The average of total awards for the three months from July through September showed a small decline, following an upward trend since early spring and was about 44 per cent lower than last year.

Estimated cost of proposed building under permits issued in 17 cities of this district declined sharply in September and with the exception of last March was the smallest of any month in recent years. The total value of contemplated construction, as measured by permits issued in September, was only one-half as large as that of a year ago and in the nine months since January 1 showed a decline of 43 per cent from the like period of 1932.

**Agriculture.** Owing to more favorable weather, seasonal farming operations have progressed rapidly since the middle of September. Estimated yields of corn, wheat, hay and white potatoes have been revised upward since September, indicating that considerable portions of these crops recovered from the effects of damaging storms in late August. The Pennsylvania tobacco crop, on the other hand, bears out earlier estimates and will be one of the smallest in several years. As compared with last year's harvest, yields of corn, wheat and hay are expected to be somewhat larger, while those of oats and white potatoes will probably show some decrease. As indicated by condition on October 1, production of orchard fruits will be unusually small in 1933 and considerably below the average of the five-year period from 1926-1930.

The condition of dairy cattle as well as other livestock generally continues satisfactory. Swine slaughterings are about equal to those of a year earlier and new hogs are said to be in good market condition.

**Distribution.** Sales of representative department, apparel, shoe and credit stores in this district during September showed an additional gain of al-

most 28 per cent as compared with the usual normal increase of 13 per cent between August and September; there was thus considerable improvement in retail trade beyond the customary change at this time. All reporting lines shared in this betterment. Our September index number of dollar sales, which allows for the number of trading days and for seasonal change, rose to 69 per cent of the 1923-25 average, which was the highest since 1931, with one exception; it continued 16 per cent higher than a year ago, reflecting in part the influence of higher prices. Sales in October continued fairly active, further gains being noticeable particularly since the second week of that month. Prices have been increasing rather consistently.

The supply of merchandise at retail establishments was 16 per cent larger at the end of September than a month before; this was an increase of 6 per cent in excess of the usual gain which occurs from August to September. The largest actual increases in stocks occurred in Philadelphia department and women's apparel stores and in men's apparel stores outside Philadelphia. In comparison with a year ago, inventories of reporting stores were 3 per cent larger, Philadelphia department and women's apparel stores reporting the greatest increases. The rate of stock turnover was 4 per cent larger this year than last.

The volume of wholesale trade was 10 per cent larger in September than August, but this increase was only about one-half of the estimated seasonal gain for this period. This lack of improvement was due largely to smaller than usual increases in the sale of dry goods, electrical supplies, and

groceries. Compared with a year ago, however, the total value of sales in the eight wholesale lines was 16 per cent greater, reflecting in a large measure higher prices. In the first nine months of this year, sales also were larger by 5 per cent than in the same period last year, owing solely to increased business in dry goods, electrical supplies, groceries and paper.

Stocks of goods at wholesale establishments showed a further gain of 3 per cent, but this change upward was not quite as large as is to be expected at this time. The greatest increases in inventories appear to have taken place in drugs and dry goods. The rate of stock turnover has been nearly 18 per cent higher this year than in the first nine months last year.

Collections of retail accounts were less rapid in September than August, which is somewhat contrary to the usual experience; nevertheless, the September ratio of payments to receivables outstanding was 9 per cent higher than a year ago. Account settlements at wholesale establishments were also less favorable in September than August, but they exceeded the rate of last year's collections by 11 per cent.

Shipments of commodities by railroad freight declined further, following a steady increase between March and July. The current index number of total shipments, however, is still considerably higher than in the earlier months as well as last year. The largest actual and relative declines occurred in the transportation of coal, and merchandise and miscellaneous commodities; these two classifications constitute about 85 per cent of all freight car loadings in this section. A rather sharp drop in deliveries of goods by motor truck during September reflected a considerable interruption in shipments incident to the strike of motor drivers.

Sales of new passenger automobiles, as measured by registrations in this district, have continued at an exceptionally high rate, reaching in September the largest number of units sold since the end of 1931, when allowance is made for the usual seasonal change; compared with a year ago September sales were 79 per cent larger, and for the year to date total sales were 11 per cent larger than in the first nine months of last year.

Life insurance sales were smaller in September than August by a considerably larger margin than usual; they were also 3 per cent below the sales of a year ago and were 11 per cent

smaller in the first nine months this year than last.

**Banking conditions.** During the past month borrowings from the reserve bank have been reduced a little and banks have added substantially to their reserves. Deposits at reporting member institutions increased materially; loans to customers declined, but nearly all of this was in those that were made on the security of stocks and bonds.

In the four weeks ending on October 18, commercial and financial transactions with other reserve districts resulted in a balance of over 19 millions in favor of this district; this exceptional gain appears to have been due largely to the receipt of funds to be held on deposit for other banks. Funds obtained in this manner, augmented by a decline of 2 millions in special deposits at the reserve bank, were partly absorbed by a 6 million excess of local Treasury receipts over disbursements in this district; the receipts included 11 millions withdrawn from depository banks. And, too, a substantial demand for currency prior to Columbus Day was only partly offset by the amount returned subsequently, so that for the period as a whole currency payments to banks exceeded receipts from them by nearly 2 millions. After these demands had been met, a sufficient balance of available funds remained to enable the banks to reduce borrowings from the reserve bank by almost 3 millions and to add 11 millions to their reserve balances at this bank.

The bill and security holdings of this bank increased 5 millions during the four weeks. The decline of 3 millions in bills discounted for banks was more than balanced by an increase of 8 millions in United States securities, representing the bank's participation in purchases of such securities by the system. There was little change in the amount of federal reserve notes in circulation, but deposits increased, decreases in government and special de-

posits not being sufficient to offset the rise in the reserves of member banks. The increase in the combined note and deposit liabilities was accompanied by only a small rise in the sum of gold and other cash held by the bank, so that the ratio decreased from 62.9 to 62.5 per cent.

Since the end of April loans to customers at the reporting member banks have declined 36 millions, but 35 millions of this was in loans on the security of stocks and bonds; other loans to customers have not varied more than 5 millions in this space of time. In the past month there has been only a slight decline in the latter type, while those with security collateral decreased 7 millions. Despite the repayment of loans, net demand deposits at these banks increased 22 millions, owing largely to an inflow of funds which added 20 millions to the balances due to banks. Government deposits at these institutions declined 9 millions, but it is probable that a part of this sum found its way back into the banks as the Treasury paid interest charges and other federal expenditures. Holdings of United States securities were increased by 11 millions, and the banks added 8 millions to their reserve balances at the reserve bank, but deposits held with other banks did not change.

In keeping with the usual tendency, the volume of outstanding acceptances of banks in this district rose from \$12,400,000 to \$14,300,000 during September; this was the largest amount since April 1932 and compared with \$12,300,000 a year ago. The national total also expanded in the month from 694 to 715 millions, most of this rise being in bills covering import and export transactions.

Under date of October 15 the Treasury offered bonds maturing in 1945, with interest at 4¼ per cent for the first year and 3¼ per cent for the balance of the term. Subscriptions were receivable on the basis of a par

#### RESERVE BANK CREDIT AND THE FACTORS WHICH AFFECT IT

Philadelphia Federal Reserve District  
September 21 to October 18, inclusive  
(In millions of dollars)

Sources of funds		Uses of funds	
Reserve bank credit extended in this district	- 3.2	Currency demand	+ 1.7
Commercial and financial transactions		Member bank reserve deposits	+10.9
(chiefly interdistrict)	+19.4	Special and "Other" deposits at reserve bank	- 1.9
Treasury operations	- 5.9	Unexpended capital funds of reserve bank	- 0.4
<b>Total</b>	<b>+10.3</b>	<b>Total</b>	<b>+10.3</b>

Note: This table gives, in balance sheet form, a summary of the banking changes which have had an influence on the amount of reserve bank credit in use in the district.

for par exchange for Fourth Liberty Loan bonds, some of which have been called for payment next April, or at 101½ if payment was to be made in cash or by credit at subscribing banks. Exchange subscriptions, all of which are being accepted, had not been terminated at the date of writing; other local subscriptions totaled 115 millions, of which 29 millions was allotted.

Federal Reserve Bank of Philadelphia (In millions of dollars)	Oct. 18, 1933	Changes in—	
		Four weeks	One year
Bills discounted...	\$ 25.6	-\$ 2.7	-\$23.3
Bills bought.....	0.7	0	- 2.6
United States securities.....	163.3	+ 7.7	+ 24.1
Other securities.....	0.5	0	- 0.8
<b>Total bills and securities.....</b>	<b>\$190.1</b>	<b>+\$ 5.0</b>	<b>-\$ 2.6</b>
Federal reserve note circulation.....	237.3	- 0.3	- 1.6
Federal reserve bank note circulation.....	9.2	+ 2.1	+ 9.2
Member bank reserve deposits.....	135.9	+ 10.9	+ 14.8
Special deposits—member and non-member banks..	10.7	- 1.9	+ 10.7
Government deposits.....	1.6	- 4.0	+ 0.2
Foreign bank deposits.....	1.4	- 0.2	+ 0.6
Gold reserves and other cash.....	242.2	+ 1.4	+ 32.8
Ratio.....	62.5%	- 0.4%	+ 4.7%

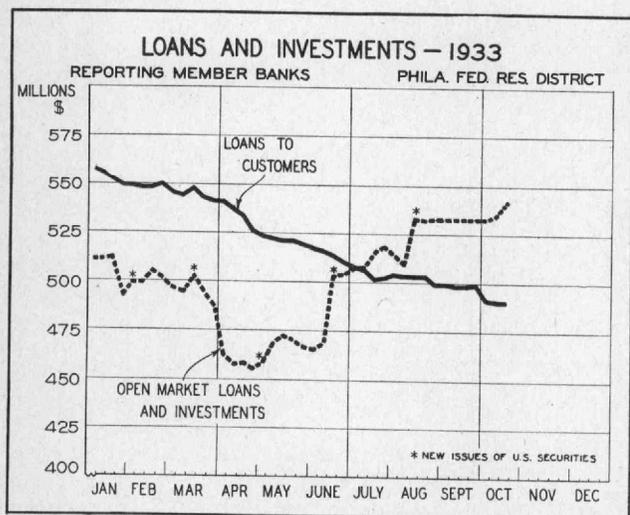
## Factory Employment and Payrolls in Pennsylvania

(Indexes of factory employment and payrolls are expressed in percentages of the 1923-25 average which is taken as 100)	Employment*			Payrolls*			Employe-hours†
	Sept. 1933 index	Per cent change compared with		Sept. 1933 index	Per cent change compared with		
		Sept. 1932	Aug. 1933		Sept. 1932	Aug. 1933	
<b>All manufacturing..</b>	<b>76.8</b>	<b>+20.8</b>	<b>+ 4.3</b>	<b>53.5</b>	<b>+42.3</b>	<b>+ 0.9</b>	<b>- 4.3</b>
Iron & steel & their products.....	62.6	+31.0	+ 3.0	43.2	+85.4	- 7.3	- 9.4
Non-ferrous metal products.....	84.8	+25.3	+ 6.1	66.9	+36.3	+ 5.4	+ 7.0
Transportation equipment.....	56.3p	+17.0	+ 3.1	33.7p	+27.2	- 1.2	+ 2.7
Textiles and clothing	100.2	+12.5	+ 5.8	78.5	+29.3	+ 7.5	+ 0.8
Textiles.....	98.2	+15.8	+ 8.3	76.9	+23.8	+ 8.8	+ 2.1
Clothing.....	108.0	+ 2.2	- 2.2	85.9	+35.9	+ 1.5	-14.9
Food products.....	104.2	+14.5	+ 9.3	82.3	+16.1	+ 8.9	+10.7
Stone, clay and glass products.....	75.9	+36.5	0.0	37.9	+64.8	- 2.6	- 8.7
Lumber products.....	56.8	+40.9	+23.2	36.7	+36.9	+24.4	+27.5
Chemical and allied products.....	88.9	+31.1	+ 5.7	70.5	+41.9	+ 3.8	- 4.2
Leather and its products.....	96.2	+27.9	+ 1.1	82.7	+45.3	+ 2.6	- 8.4
Paper and printing.....	90.2	+11.6	+ 4.6	72.4	+ 9.5	+ 7.7	- 3.2
Printing.....	85.3	+ 0.7	+ 4.5	73.3	+ 0.3	+10.6	+ 0.5
Others:							
Cigars and tobacco	61.8	- 2.7	- 6.2	43.7	- 0.2	- 2.7	- 5.2
Rubber tires and goods.....	100.1	+51.9	+ 1.9	82.3	+82.9	- 3.4	-10.0
Musical instruments.....	40.5	+31.1	+ 7.7	37.0	+54.2	+ 9.5	+ 7.4

\* Figures from 1,738 plants. † Figures from 1,252 plants. p—Preliminary.

## General Indexes of Employment and Payrolls in Pennsylvania

Occupation (1932 = 100)	Employment			Payrolls		
	Sept. 1933 index	Per cent change compared with		Sept. 1933 index	Per cent change compared with	
		Sept. 1932	Aug. 1933		Sept. 1932	Aug. 1933
<b>General index number..</b>	<b>109.7</b>	<b>+12.2</b>	<b>+ 5.5</b>	<b>114.3</b>	<b>+24.1</b>	<b>+ 4.3</b>
Manufacturing.....	119.3	+20.8	+ 4.3	131.4	+42.3	+ 0.9
Anthracite mining.....	90.9	+ 1.6	+19.0	113.1	+29.1	+30.2
Bituminous coal mining.....	113.6	+17.2	+ 3.7	123.0	+40.9	+ 5.5
Building and construction.....	96.2	-12.9	+ 1.8	76.6	-24.5	+ 7.7
Quarrying and non-metallic mining.....	118.8	+17.7	- 0.2	121.0	+15.2	-13.1
Crude petroleum producing.....	146.1	+46.1	+13.5	112.4	+13.0	+ 5.7
Public utilities.....	90.3	- 8.5	+ 0.9	81.5	-12.5	- 1.4
Retail trade.....	105.0	+16.5	+10.8	101.1	+18.7	+11.7
Wholesale trade.....	100.2	+ 2.6	+ 2.3	91.2	- 3.0	+ 0.4
Hotels.....	94.6	- 1.9	+ 0.4	81.2	-10.9	+ 3.0
Laundries.....	94.9	- 1.1	+ 0.1	89.5	- 1.4	+ 5.0
Dyeing and cleaning.....	114.0	+12.5	+13.4	110.8	+12.4	+44.3

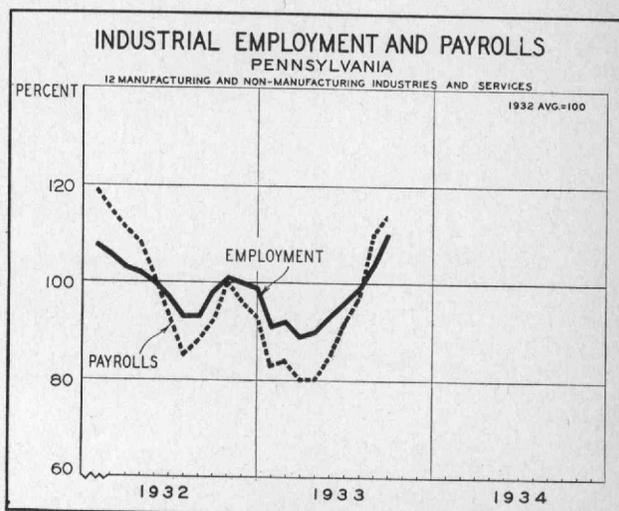


City areas*	Percentage change—September 1933 from September 1932				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+ 9.9	+ 31.1	- 59.6	- 1.7	+ 7.4
Altoona.....	+14.8	+ 79.9	- 70.6	- 2.8	+48.0
Harrisburg.....	+13.1	+ 33.4	+ 88.4	+16.6	+ 8.5
Johnstown.....	+28.5	+114.2	- 71.4	- 7.6	+15.9
Lancaster.....	+36.6	+ 48.5	+125.0	- 9.8	+15.8
Philadelphia.....	+27.7	+ 33.8	- 62.1	- 1.8	+13.2
Reading.....	+14.5	+ 49.2	- 75.8	-15.4	+22.9
Scranton.....	+36.5	+ 38.3	- 61.4	-12.8	+11.1
Trenton.....	+43.8	+ 68.8	- 5.4	- 2.9	+19.4
Wilkes-Barre.....	+10.2	+ 13.9	+ 62.4	-12.8	+19.3
Williamsport.....	+90.4	+104.2	- 26.7	-19.0	.....
Wilmington.....	+34.2	+ 34.5	+ 59.2	+ 9.9	.....
York.....	+25.4	+ 55.3	- 35.1	+11.1	.....

September 1933 from August 1933

Allentown.....	- 3.4	- 10.0	- 68.5	+ 1.9	+24.3
Altoona.....	+ 0.7	- 10.1	- 53.9	+ 3.0	+11.6
Harrisburg.....	+ 3.4	+ 1.0	+144.1	+ 2.9	+35.5
Johnstown.....	+ 1.8	- 23.5	- 49.7	+23.3	+ 6.8
Lancaster.....	+ 2.8	+ 4.0	+343.3	+11.4	+31.1
Philadelphia.....	+ 7.0	+ 8.0	- 42.6	+ 0.5	+26.9
Reading.....	+37.3	+35.6	- 27.6	+12.4	+49.4
Scranton.....	+10.3	+11.7	+ 24.7	- 3.7	+40.1
Trenton.....	+ 7.8	+ 5.4	+ 88.9	- 1.3	+29.4
Wilkes-Barre.....	- 4.0	- 10.7	- 32.2	- 4.4	+23.8
Williamsport.....	+13.5	+ 8.6	- 7.5	+ 5.8	.....
Wilmington.....	+ 3.8	+ 4.9	- 21.7	+ 8.6	.....
York.....	+ 1.6	+ 5.1	- 70.2	+ 3.7	.....

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



# Index numbers of individual lines of trade and manufacture

## Philadelphia Federal Reserve District

Index numbers: percentages of the 1923-1925 average taken as 100

Adjusted indexes allow for the usual seasonal change which results from an uneven distribution of business between the months of the year.

Unadjusted indexes reflect merely the actual change which may or may not be up to the usual seasonal expectations.

### Retail trade

	Adjusted for seasonal variation			Not adjusted					
	Sept. 1932	Aug. 1933	Sept. 1933	Percentage comparison		Sept. 1932	Aug. 1933	Sept. 1933	
				Month ago	Year ago				
<b>Sales</b>									
Total of all stores.....	59.5	61.3	68.7p	+12.1	+15.5	- 8.8	53.4	48.5	61.9p
Department.....	58.9	61.7	66.1p	+ 7.1	+12.2	- 8.0	52.7	47.2	59.2p
Men's apparel.....	48.1	51.5	54.1p	+ 5.0	+12.5	- 7.9	41.1	42.4	46.3p
Women's apparel.....	91.1	86.3	99.6	+15.4	+ 9.3	- 0.3	78.5	58.2	85.9
Shoe.....	63.2	59.6	81.0	+35.9	+28.2	-10.6	58.8	48.9	75.3
Credit.....	48.2	52.3	61.7	+18.0	+28.0	-16.4	45.8	49.7	58.6

### Stocks of goods

Total of all stores.....	61.1	59.1	62.7	+ 6.1	+ 2.6	.....	63.8	56.3	65.5
Department.....	53.8	55.6	58.7p	+ 5.6	+ 9.1	.....	56.0	51.7	61.1p
Men's apparel.....	51.5	44.8	49.6	+10.7	- 3.7	.....	55.9	46.0	54.0
Women's apparel.....	87.2	95.8	100.9	+ 5.3	+15.7	.....	93.6	84.7	108.8
Shoe.....	60.6	59.7	56.2	- 5.9	- 7.3	.....	63.6	57.9	59.0
Credit.....	71.1	62.1	68.3	+10.0	- 3.9	.....	72.5	60.9	69.7

### Rate of stock turnover

9 months (actual, not indexes).....							+ 3.9*	2.55	.....	2.65
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### Wholesale trade

	Adjusted for seasonal variation			Not adjusted					
	Sept. 1932	Aug. 1933	Sept. 1933	Percentage comparison		Sept. 1932	Aug. 1933	Sept. 1933	
				Month ago	Year ago				
<b>Sales</b>									
Total of all lines.....	56.4	71.9	65.1p	- 9.5	+15.4	+ 4.5	64.0	67.6	74.0p
Boots and shoes.....	38.5	54.2	35.3p	-34.9	- 8.3	- 2.6	55.4	61.2	50.8p
Drugs.....	80.9	77.0	80.4	+ 4.4	- 0.6	-10.8	83.3	71.6	82.8
Dry goods.....	31.8	41.9	36.6	-12.6	+15.1	+ 2.4	42.3	39.0	48.7
Electrical supplies.....	49.7	76.8	56.8p	-26.0	+14.3	+27.4	59.6	63.0	68.1p
Groceries.....	77.2	96.5	91.4	- 5.3	+18.4	+ 6.2	85.7	94.6	101.5
Hardware.....	34.2	41.1	41.3	+ 0.5	+20.8	-16.7	35.9	36.6	43.4
Jewelry.....	26.3	38.6	40.0	+ 3.6	+52.1	-22.8	32.6	34.0	49.6
Paper.....	52.3	67.5	61.4p	- 9.0	+17.4	+ 3.9	53.3	64.0	62.6p

### Stocks of goods

Total of all lines.....	61.9	59.9	59.8p	- 0.2	- 3.4	.....	63.9	60.2	61.7p
Drugs.....	102.8	98.7	109.1	+10.5	+ 6.1	.....	105.9	101.7	112.4
Dry goods.....	32.1	34.6	38.2	+10.4	+19.0	.....	35.3	37.0	42.0
Electrical supplies.....	73.9	59.3	56.5p	- 4.7	-23.5	.....	79.1	63.5	60.5p
Groceries.....	76.9	77.3	73.8	- 4.5	- 4.0	.....	76.9	71.9	73.8
Hardware.....	67.4	63.3	62.7	- 0.9	- 7.0	.....	66.1	62.7	61.4
Jewelry.....	50.6	46.5r	44.8	- 3.7	-11.5	.....	55.2	51.6r	48.8
Paper.....	57.9	57.2	57.7p	+ 0.9	- 0.3	.....	59.1	58.3	58.9p

### Rate of stock turnover

9 months (actual, not indexes).....							+17.6*	3.18	.....	3.74
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### Output of manufactures

Pig iron.....	8.9	29.7	26.6	-10.4	+198.9	+36.5	8.4	26.1	25.0
Steel.....	25.3r	58.1	51.5	-11.4	+103.6	+27.8	24.1r	59.3	48.9
Iron castings.....	24.9	42.2	41.2	- 2.4	+65.5	+ 4.7	25.1	40.9	41.6
Steel castings.....	19.7	35.0	34.0	- 2.9	+72.6	+ 9.9	17.9	33.6	30.9
Electrical apparatus.....	44.5r	56.5	63.2	+11.9	+42.0	- 6.3	48.9r	62.7	69.5
Motor vehicles.....	19.5	17.5	13.4	-23.4	-31.3	-54.9	16.8	14.7	11.5
Automobile parts and bodies.....	22.0	41.4	46.9	+13.3	+113.2	-11.0	20.9	38.9	44.6
Locomotives and cars.....	14.9r	13.3	13.9	+ 4.5	- 6.7	-31.4	14.3r	13.4	13.3
Shipbuilding.....	156.5	79.1	104.7	+32.4	-33.1	-48.0	148.7	78.3	99.5
Silk manufactures.....	121.6	122.6p	98.2p	-19.9	-19.2	+22.6	121.6	118.9p	98.2p
Woolen and worsteds.....	53.3	69.9	59.3	-15.2	+11.3	+35.6	58.9	71.7	65.2
Cotton products.....	41.6	51.9	47.1	- 9.2	+13.2	+12.8	39.4	46.9	44.7
Carpets and rugs.....	39.6	53.9	52.9	- 1.0	+33.6	- 7.8	38.4	51.7	51.3
Hosiery.....	120.8	92.9	111.2	+19.7	- 7.9	+11.7	120.8	80.8	111.2
Underwear.....	134.1	163.0	146.6	-10.1	+ 9.3	+40.9	134.1	151.6	146.6
Cement.....	42.3	39.8	26.1	-34.4	-38.3	-29.5	49.5	49.8	30.5
Brick.....	23.7r	46.0	37.0	-19.6	+56.1	+13.6	23.9r	47.8	37.4
Lumber and products.....	13.9r	19.0	19.6	+ 3.2	+41.0	-15.7	14.6r	20.7	20.6
Bread and bakery products.....	.....	.....	.....	+ 8.1*	+ 3.0*	- 0.9*	85.5r	81.5	88.1
Slaughtering, meat packing.....	102.5	108.3	103.9	- 4.1	+ 1.4	+ 4.1	102.5	90.4	103.3
Sugar refining.....	82.8	55.8	64.5	+15.6	-22.1	- 9.0	71.2	48.0	55.5
Canning and preserving.....	29.2	30.2	31.2p	+ 3.3	+ 6.8	- 1.5	41.5	37.6	46.3p
Cigars.....	74.0	84.6	79.6	- 5.9	+ 7.6	+ 2.8	85.8	90.5	92.3
Paper and wood pulp.....	49.7r	69.1	65.0	- 5.9	+30.8	+ 3.1	49.7r	69.1	65.0
Printing and publishing.....	85.7r	86.0	84.7	- 1.5	- 1.2	- 6.4	84.8r	83.4	83.9
Shoes.....	129.6	137.2	137.1	- 0.1	+ 5.8	+23.8	147.7	146.8	156.3
Leather, goat and kid.....	71.6	128.6	117.9p	- 8.3	+64.7	+17.1	74.5	123.5	122.6p
Explosives.....	55.7	71.4	73.0	+ 2.2	+31.1	+ 9.9	55.7	71.4	73.0
Paints and varnishes.....	54.1	59.0	68.9	+16.8	+27.4	- 0.6	51.4	60.2	65.5
Petroleum products.....	123.8	131.5	119.4p	- 9.2	- 3.6	+ 0.6	125.0	132.0	120.5p
Coke, by-product.....	49.6	88.9	87.0	- 2.1	+75.4	+23.0	47.6	87.1	83.5

\* Computed from data unadjusted for seasonal variation. p—Preliminary. r—Revised.

