

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
FEBRUARY 1, 1934

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Business and Banking Conditions in the United States

Industrial activity as measured by the Federal Reserve Board's seasonally adjusted index, showed an increase in December, following upon four months of decline. Factory employment declined somewhat, while employment by public agencies showed a considerable increase.

Production and employment. The Board's index of industrial production, which is adjusted to allow for seasonal variation, advanced from 73 per cent of the 1923-1925 average in November to 74 per cent in December. For the fourth quarter of 1933 as a whole the volume of industrial output was 13 per cent larger than for the corresponding period of 1932. Activity in the steel industry, contrary to seasonal tendency, increased considerably in December and there was also an increase in the output of automobiles. Shoe production declined by an amount smaller than is usual in December. At textile mills, activity declined further by considerably more than the usual seasonal amount to about the low level of last spring.

The number of employees at factories declined between the middle of November and the middle of December

by somewhat more than the usual seasonal amount, reflecting chiefly reductions in working forces at cotton, woolen and silk mills and at clothing factories. At automobile factories there was a substantial increase in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in December and the first half of January. There was a large increase in contracts awarded for public works and private construction also increased. In the fourth quarter of 1933 as a whole construction contracts in 37 states totaled \$500,000,000 as compared with \$300,000,000 in the last quarter of 1932.

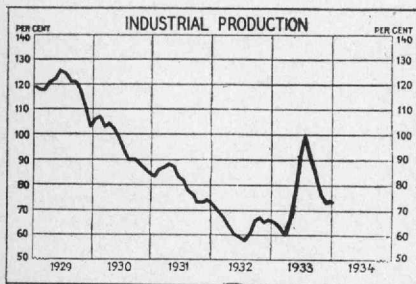
Distribution. Freight car loadings, particularly of miscellaneous freight, declined in December as compared with November by less than the usual seasonal amount. Dollar value of sales by department stores showed an increase slightly larger than is usual for December.

Dollar exchange. The foreign exchange value of the dollar which had fluctuated

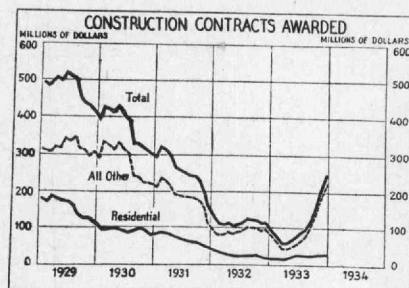
around 64 per cent of parity from the end of November to January 13, declined to 62 per cent on January 17, and subsequently advanced to a range from 62 to 63 per cent.

Prices. Wholesale commodity prices, which had shown a slight decline between the middle of November and the third week of December, advanced in the following month, reflecting chiefly increases in the prices of farm products and foods. Cotton and grains showed marked increase and livestock prices also advanced somewhat.

Bank credit. At the reserve banks the seasonal return of currency from



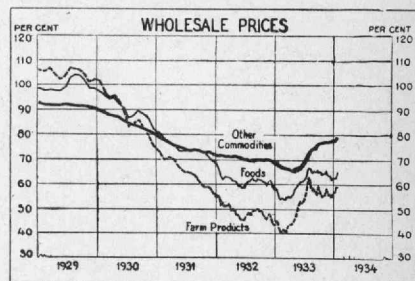
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Three month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for November and December and estimate for January.



Federal Reserve Board's index of factory employment with adjustment for seasonal variation. (1923-1925 average = 100.)



Indexes of the United States Bureau of Labor Statistics. By months 1929 to 1931; by weeks 1932 to date. (1926 = 100.)

circulation after the holiday demand amounted to about \$250,000,000 from the high point on December 22 to January 17. A large part of the funds arising from this inflow of currency to the reserve banks was added to the reserve balances of member banks, with the consequence that these balances in-

creased by January 17 to \$900,000,000 in excess of legal requirements.

The return flow of currency from circulation and the reduction of balances held by commercial banks for the United States Government were reflected in an increase of demand deposits at reporting member banks.

Loans of the banks declined between December 13 and January 17, while holdings of United States Government and other securities increased.

Short-term money rates in the open market, which had shown a slight advance in December, declined in January to the previous level.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in this district has been curtailed somewhat more than usual, while mercantile business has shown improvement in the past six weeks. Retail trade sales registered exceptional gains in December and continued well sustained in the first half of January. Decreases in wholesale lines also were smaller than is customary at the end of the year. Deliveries of goods by rail and motor freight have been more than seasonally active since early December. Output of factories, on the other hand, has been reduced further, showing larger than the expected decline from November to December. Production of anthracite also fell off sharply, while the drop in that of bituminous coal was less than ordinarily occurs at the turn of the year. Industrial production in 1933 as a whole was 5 per cent larger than in 1932, in spite of the extremely low level in the first quarter of the year. Construction activity generally has been unusually dull throughout the year, particularly in the case of residential building; the striking exception to this is found in public works which have expanded greatly under the civil and public works movement in the latter part of the year.

In general, the level of industrial, trade and commercial activity at the turn of

the year was noticeably higher than at the opening of 1933 when business was on the decline after showing an improvement in the fall months of 1932.

The number of workers as well as their earnings in private industries, trades and services decreased further in December and in the first part of January. The general index number of employment in twelve occupations in Pennsylvania dropped one per cent from the middle of November to the middle of December, owing mainly to reduced activity in manufacturing and anthracite mining. Compared with December 1932, however, general employment was 11 per cent larger and wage disbursements 19 per cent greater. Among those occupations showing the largest percentage gains in employment and payrolls over last year are manufacturing, bituminous coal mining, crude petroleum, quarrying and non-metallic mining, retail trade, and dyeing and cleaning establishments. Public utilities and anthracite mining had the greatest declines from a year ago.

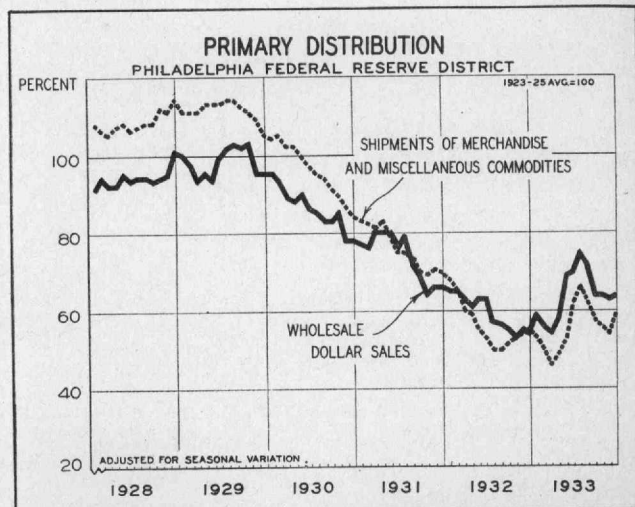
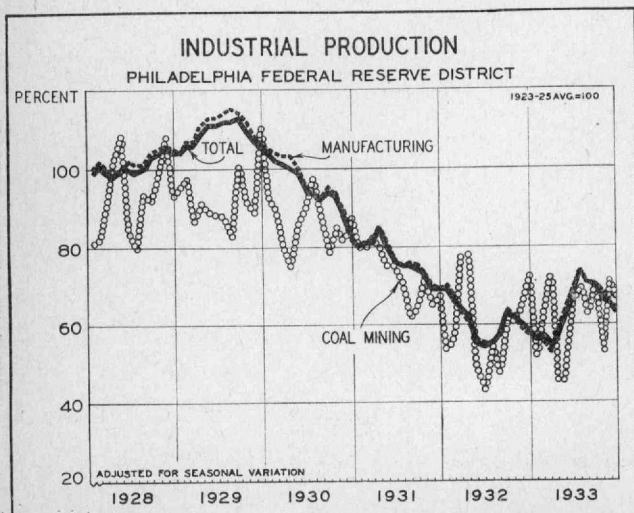
Manufacturing. Demand for factory products has been seasonally quiet through December and early January, although lately some improvement has been reported in the sale of certain manufactures. The volume of unfilled

orders for finished goods, while showing numerous increases since the middle of last month, has declined in the month but compared rather favorably with a year ago, particularly in such important industries as metals, certain textiles, leather, paper and some of the building materials.

The trend of prices for manufactured products generally has been steadily upward since spring. In December the general level was about 19 per cent higher than the low point reached in April and was 12 per cent above that of a year before. Increases in some of the commodities such as textiles, hides and leather, and building materials were considerably greater than in these totals. There were also further advances in early January. Collections have declined since the middle of last month but compared well with those of the previous year.

The supply of finished goods at most of the local factories has been reduced materially since November and about the middle of January appeared to be appreciably smaller than a year before. Stocks of raw materials also declined in the month but showed little change as compared with a year ago, except in the case of most textiles, leather and paper which registered increases.

The movement of factory employ-



Business Indicators Philadelphia Federal Reserve District

ment and wage payments in this section has been downward since October, following a continuous rise between spring and late fall. In December the number of factory wage earners and the amount of wages paid by the manufacturing industry of this district showed a further decline of approximately 3 per cent from November. Compared with a year ago, employment about the middle of December was 16 per cent larger and the amount of wage disbursements was 33 per cent greater. In Pennsylvania, for example, the factory employment index in December was 73 and that for payrolls was 51, relative to the 1923-25 average. Estimated in absolute figures, there were approximately 100,000 more wage earners on the rolls of all factories in this state at the end of 1933 than at the same time a year before, despite the recession in the last two months of the year. Similarly, the estimated amount of weekly wage disbursements was about \$3,450,000 larger.

Operating schedules in Pennsylvania factories have been curtailed noticeably since the high level in August, so that the number of employe hours actually worked was 14 per cent below the peak for the year. Nevertheless, working time in December exceeded that of a year before by 21 per cent. The average hourly earnings of factory workers, which increased most sharply since August with the adoption of various codes, were almost 25 per cent higher than in December 1932.

Preliminary reports for Pennsylvania manufacturing industries indicate a further sharp decrease in employment, payrolls and working time from the middle of December to the middle of January, reflecting partly the usual seasonal tendency.

Output of manufactured products in this district has continued to decline, following a sharp increase between spring and summer. Our index of productive activity, which is adjusted for the number of working days and the normal seasonal change, decreased from 65 in November to 63 per cent of the 1923-25 average in December. While there were improvements in the output of such important groups as metal and chemical products, these were more than offset by the unusual declines in the production of other leading manufactures, principally building materials and textile products.

The most striking increases in output during December occurred in pig iron, steel, motor vehicles, automobile parts and bodies, and petroleum products. The most noticeable among the

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

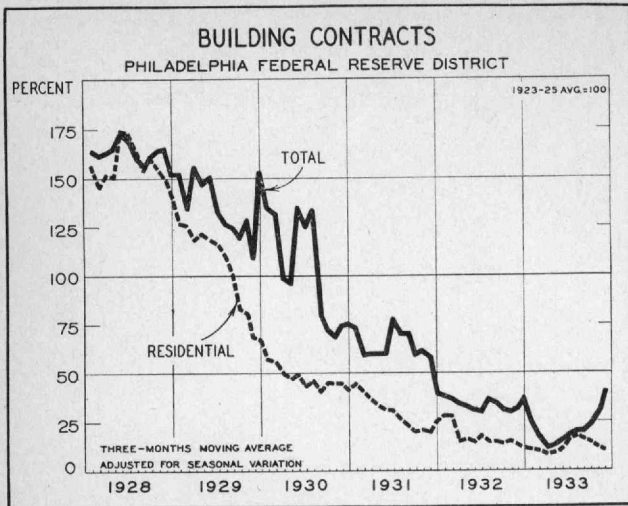
Unadjusted indexes reflect merely the actual change which may or may not be up to the usual seasonal expectations.

	Index numbers: percentages of the 1923-1925 average taken as 100									
	Adjusted for seasonal variation						Not adjusted			
	Dec. 1932	Nov. 1933	Dec. 1933	Percentage comparison			Dec. 1932	Nov. 1933	Dec. 1933	
				Dec. 1933 with		To date with year ago				
Month ago				Year ago						
Industrial production	58.4	65.1	63.7p	- 2.2	+ 9.1	+ 4.8	56.8	66.6	62.1p	
Manufacturing—total	57.1	64.6	63.4p	- 1.9	+11.0	+ 5.3	55.4	66.0	61.7p	
Durable or capital goods.....	32.9	45.1	44.9p	- 0.4	+36.5	+ 4.7	.....	.....	.....
Consumers' goods.....	75.8	79.0	76.7p	- 2.9	+ 1.2	+ 5.7	.....	.....	.....
Metal products.....	31.9	49.1	51.2	+ 4.3	+60.5	+23.5	30.4	49.3	48.7	
Textile products.....	76.1	74.9	68.5p	- 8.5	-10.0	+11.8	74.4	76.5	66.7p	
Transportation equipment.....	33.8	40.6	41.7	+ 2.7	+23.4	-30.3	34.0	38.9	41.6	
Food products.....	67.1	64.1	63.3p	- 1.2	- 5.7	- 4.5	66.2	64.4	62.8p	
Tobacco and products.....	71.3	82.5	84.1	+ 1.9	+18.0	+ 4.1	51.7	98.4	60.9	
Building materials.....	18.0	22.4	19.2	-14.3	+ 6.7	- 7.8	16.3	22.3	18.1	
Chemicals and products.....	92.0	101.1	106.3p	+ 5.1	+15.5	+ 6.3	91.1	101.6	105.0p	
Leather and products.....	80.8	113.2	112.7p	- 0.4	+39.5	+19.5	78.9	108.2	108.6p	
Paper and printing.....	78.6	80.8	81.4	+ 0.7	+ 3.6	- 3.5	79.3	81.5	82.3	
Electric power output.....	170.4	179.0	174.1	- 2.7	+ 2.2	+ 2.3	182.3	186.2	186.3	
Industrial use of electricity.....	122.7	122.0	127.5	+ 4.5	+ 3.9	+ 3.8	116.6	124.4	121.1	
Coal mining	72.1	70.9	66.9p	- 5.6	- 7.2	+ 0.5	71.6	73.5	66.4p	
Anthracite.....	75.0	73.0	68.0	- 6.8	- 9.3	0.0	74.0	75.0	67.0	
Bituminous.....	54.6	58.5	60.1p	+ 2.7	+10.1	+ 7.8	57.3	64.3	63.1p	
Employment and wages—Pa.										
Factory wage earners.....				- 3.8*	+15.2*	+ 4.8*	63.3	75.8p	72.9p	
Factory payrolls.....				- 3.4*	+35.0*	+ 7.6*	37.4	52.3p	50.5p	
Employe-hours (1927-28 = 100).....				- 3.5*	+21.2*	+10.9*	45.3	56.9	54.9p	
General—12 occupations:										
Employment (1932 = 100).....				- 0.8*	+10.8*	- 0.7*	98.9	110.5	109.6	
Payrolls (1932 = 100).....				- 1.2*	+19.2*	- 2.9*	93.0	112.3	110.9	
Building and real estate										
Contracts awarded†—total.....	32.3	31.4	41.3	+31.5	+27.9	-33.8	27.8	30.5	35.5	
Contracts awarded†—residential.....	12.7	12.4	10.4	-16.1	-18.1	-29.5	12.4	12.9	10.2	
Permits for building—17 cities.....	7.1	3.4	17.9	+426.5	+152.1	-40.2	4.8	3.2	12.2	
Mortgages recorded—Phila.....	32.9	10.8	.....	.....	.....	.....	36.2	13.0	.....
Real estate deeds—Phila.....	78.8	50.7	.....	.....	.....	.....	77.2	54.8	.....
Sheriff deeds (1930 = 100).....	.....	.....	.....	.....	.....	.....	202.2	167.4	.....
Other deeds (1930 = 100).....	.....	.....	.....	.....	.....	.....	109.3	68.2	.....
Writs for Sheriff sales—Phila.....	1090.3	931.8	1025.8	+10.1	- 5.9	- 1.9	1112.1	1043.6	1046.3	
Distribution										
Retail trade—sales.....	57.2	56.6	62.0p	+ 9.5	+ 8.4	- 5.8	93.6	68.0	101.4p	
Retail trade—stocks.....	57.6	59.9	62.4p	+ 4.2	+ 8.3	.....	54.8	69.0	59.4p
Wholesale trade—sales.....	56.9	62.8	63.8p	+ 1.6	+12.1	+ 6.7	63.3	71.1	70.7p	
Wholesale trade—stocks.....	63.5	59.7	61.9p	+ 3.7	- 2.5	.....	59.6	61.5	58.2p
Life insurance sales.....	98.2	98.4	90.2	- 8.3	- 8.1	- 9.9	103.1	104.3	94.7	
New passenger auto. registrations.....	67.0	71.0	66.3	- 6.6	- 1.0	+20.2	36.2	49.7	35.8	
Freight car loadings—total.....	50.9	54.1	56.9	+ 5.2	+11.8	.....	48.1	55.6	52.9
Misc. & misc. (64.9% of total).....	52.0	53.5	58.7	+ 9.7	+12.9	- 0.5	46.6	53.7	52.0	
Coal (23.5% of total).....	58.8	62.5	61.5	- 1.6	+ 4.6	+ 7.5	62.3	68.1	65.2	
Business liquidations										
Number.....				-36.7*	-72.4*	-38.3*	215.7	94.0	59.5	
Amount of liabilities.....				-69.2*	-82.6*	-50.6*	210.9	119.3	36.8	
Payment of accounts										
Check payments.....	61.5	57.2	65.2	+14.0	+ 6.0	- 4.2	66.4	61.2	70.4	
Rate of collections (actual)										
Retail trade.....				- 1.9*	+ 2.3*	.....	25.8	26.9	26.4
Wholesale trade.....				+ 8.1*	+ 9.4*	.....	58.8	59.5	64.3
Prices—United States										
Wholesale (1926 = 100).....				- 0.4*	+13.1*	+ 1.6*	62.6	71.1	70.8	
Farm products.....				- 1.9*	+25.9*	+ 6.5*	44.1	56.6	55.5	
Foods.....				- 2.8*	+ 7.2*	- 0.8*	58.3	64.3	62.5	
Other commodities.....				+ 0.4*	+12.3*	+ 1.1*	69.0	77.2	77.5	
Retail food (1913 = 100).....				- 2.0*	+ 6.1*	- 2.5*	98.7	106.8	104.7	
Philadelphia.....				- 1.4*	+ 9.1*	- 3.4*	100.5	111.2	109.6	
Seranton.....				- 0.6*	+ 7.8*	- 1.8*	104.9	113.8	113.1	

	(000,000's omitted in dollar figures)					Per cent change from	
	Dec. 1932	Sept. 1933	Oct. 1933	Nov. 1933	Dec. 1933	Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted.....	\$ 51	\$ 29	\$ 26	\$ 25	\$ 26	+4.0	-49.0
Other bills and securities.....	143	155	163	169	174	+3.0	+21.7
Member bank reserves.....	127	126	128	122	126	+3.3	- 0.8
Ratio.....	58.4%	63.4%	62.4%	61.2%	61.7%	+0.8	+ 5.7
Reporting member banks							
Loans to customers.....	\$574	\$498	\$490	\$488	\$491	+0.6	-14.5
Other loans and investments.....	522	533	538	560	550	-1.8	+ 5.4
Net deposits.....	953	937	940	956	949	-0.7	- 0.4
Bankers' acceptances outstanding	12.3	14.3	16.3	15.6	15.5	-0.6	+26.0

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

p—Preliminary.
r—Revised.



Source: F. W. Dodge Corporation

unusual decreases occurred in silk manufactures, carpets and rugs, underwear, cement, lumber and its products, sugar refining, paper and wood pulp, leather, explosives, coke, and iron castings, as shown by the table on the last page of this review.

Compared with December 1932 the level of factory production was 11 per cent higher despite the contraction of activity in the last five months of the year, all manufacturing groups except textile and food products sharing in this increase. Although factory output in the first quarter of 1933 reached the lowest rate of operation in many years, the average for the year was about 5 per cent higher than that for 1932, reflecting chiefly extraordinary increases that occurred from the beginning of April to the end of July and were partly maintained in subsequent months.

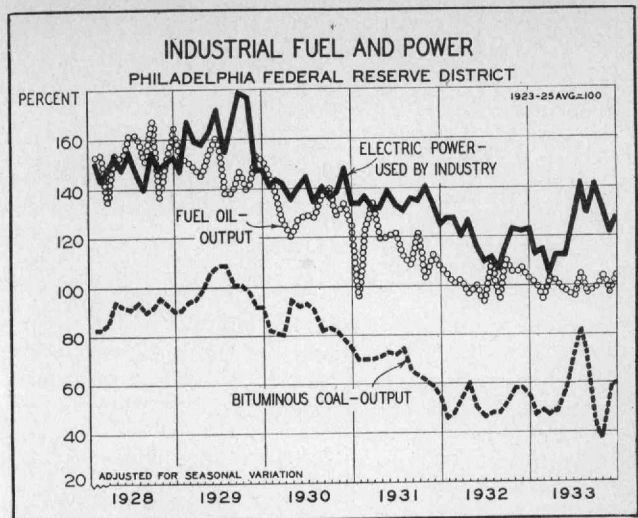
Output of electric power in this district made smaller than usual gains from November to December, so that the seasonally adjusted index declined almost 3 per cent but continued 2 per cent above the level of last year. Consumption of electrical energy by industries held up better than usual and when allowance is made for the normal seasonal change it showed an improvement of nearly 5 per cent. Compared with 1932, local industries used 4 per cent more electric power. There was also a seasonal increase in the consumption of electricity for residential and commercial purposes and in that of street cars and railroads. The sharpest percentage decrease as compared with the previous year occurred in the purchases by municipalities.

Coal. Demand for anthracite fuel has been stimulated considerably by colder weather for several weeks at the turn of the year. Reports indicate that current supplies have been adequate de-

spite labor difficulties prevailing chiefly in the northern or Wyoming region and to some extent in the Lehigh field. Shipments of hard coal declined in December, following a small increase in the preceding month, and were nearly 7 per cent smaller than a year ago; for 1933 as a whole deliveries showed only a small gain over 1932, when the tonnage carried by rail was the smallest in the previous five years. Output of collieries in December declined more sharply than usual, but increased in early January. Total output in 1933 was only slightly less than in 1932.

Demand for Pennsylvania bituminous coal has increased in recent weeks, owing chiefly to larger takings by some industrial establishments. Shipments showed a pronounced decrease in December and with one exception were the smallest for that month in the past five years. Colliery output showed an unusually small decline in December and was the largest for that month since 1930. Production in 1933 was nearly 8 per cent larger than in 1932, reflecting a higher level of industrial activity. In the first two weeks of January production increased. Average prices of soft coal throughout the country changed little from November to December but were over 12 per cent higher than a year ago.

Building. Activity in the construction and contracting industry, exclusive of projects undertaken primarily as re-employment measures by the Federal government, decreased sharply between the middle of November and the middle of December and continued at noticeably lower levels than in recent years. Reports from some 1100 contractors in Pennsylvania showed decreases in this period of 12 per cent in employment and 14 per cent in payrolls and working time. The most

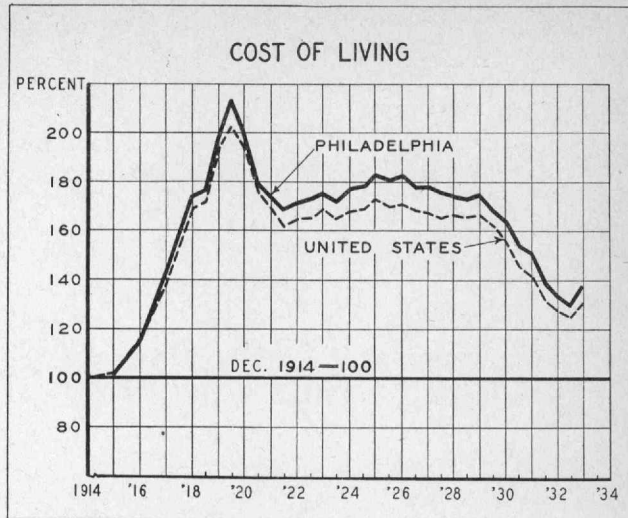
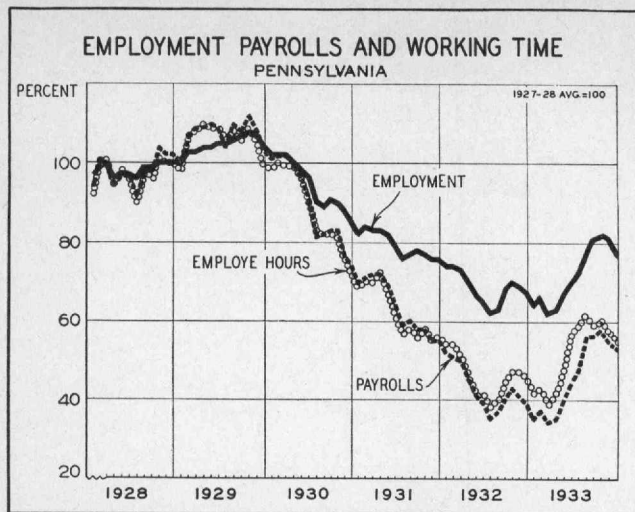


Source: Department of Commerce, Bureau of Mines

pronounced curtailment occurred in building operations and in the construction and maintenance of streets and highways. As compared with December 1932, the general level of employment was only about one per cent lower, while wage payments showed a decrease of 17 per cent.

Awards of building contracts showed an unusually large decline in December, following an upward trend for several months. This reduction in the total dollar volume of awards reflected an exceptionally sharp decrease in contracts let for dwellings, factories and commercial buildings, which more than offset a further expansion in the value of awards for public works. Since mid-summer, contracts let for residential construction have been decreasing; the value of public work projects, on the contrary, has been increasing very sharply since August, reaching an especially large volume between the middle of November and the middle of January, a period during which the Civil Works Administration was the most active. Of the \$33,750,000 awarded for this type of construction in the Middle Atlantic States during 1933, over 55 per cent, for example, was let in the last three months of the year, and most of this took place in the last month and a half of the year. This extraordinary increase in public works was not sufficient, however, to offset the decreases in private construction so that the total value of contract awards in 1933 was 34 per cent less than in 1932 and was the smallest in recent years.

Estimated cost of proposed building under permits issued in 17 cities of this district, which had been declining for four months, showed an exceptionally sharp rise in December and was the largest for that month since 1929. A large part of this gain may be attributed



Source: United States Bureau of Labor Statistics

to the activity on civil or public works projects. The value of permits issued in 1933, was 40 per cent smaller than in 1932 and was considerably below that of any previous year.

Distribution, trade and service. The movement of commodities by railroad freight in this section has been well sustained except for reduced shipments of coal. Loadings of merchandise and miscellaneous commodities, which constitute about 65 per cent of total shipments, showed smaller than usual declines from November to December, so that the seasonally adjusted index number rose 10 per cent. Compared with a year ago, total freight car loadings were 12 per cent larger, owing principally to increased deliveries of finished and semi-finished products. Transportation of goods by motor freight, delivering merchandise over short distances, showed seasonal increases during December, as indicated partly by the increased number of truck drivers and their earnings.

Retail trade sales of representative department, apparel, shoe and credit stores, combined proportionately, were 49 per cent larger in December than in November; when allowance is made for the number of business days and the usual seasonal change, this increase indicated an improvement of about 10 per cent, most of which occurred in the last two weeks of the month. Department stores in Philadelphia, men's apparel stores outside Philadelphia, women's apparel and credit stores showed the most pronounced betterment, while the sale of men's apparel in Philadelphia failed to measure up to the customary gain and that of shoes just about equaled the usual seasonal rate of increase.

The seasonally adjusted index of re-

tail trade sales in this district rose to 62, relative to the 1923-25 average, as compared with 57 in December 1932, a gain of about 8 per cent. All lines shared in this increase, except shoes which showed a decline of one per cent from a year before. In spite of the increased level of sales since early summer, the dollar volume of total retail trade sales in 1933 was almost 6 per cent smaller than in 1932. Prices of general merchandise have advanced almost steadily since April.

Retail business in January, while showing a seasonal let-down, continued more active than a year ago. Preliminary reports indicate that clearance sales in January this year were ahead of the dollar volume in the same period of 1933, reflecting in part higher prices and in part more active demand.

Wholesale and jobbing trade has been fairly well maintained since the middle of last month, and prices continued steady although there have been some further advances in a number of instances. Sales of eight leading wholesale lines in the aggregate showed smaller than the usual declines from November to December so that the figures, when adjusted for the customary seasonal change, showed an improvement of about 2 per cent. Compared with December 1932, total sales were 12 per cent larger, dry goods and shoes alone registering decreases. For the year as a whole, dollar sales exceeded those of 1932 by 7 per cent. This favorable comparison reflects the influence of advancing prices since spring and shows extraordinary increases in buying between spring and late summer.

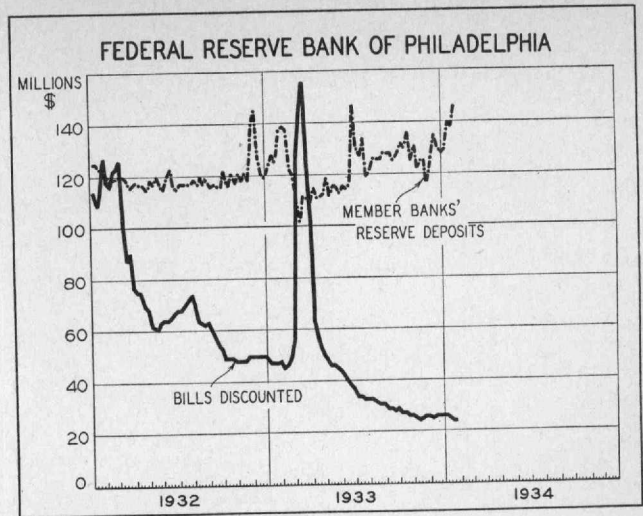
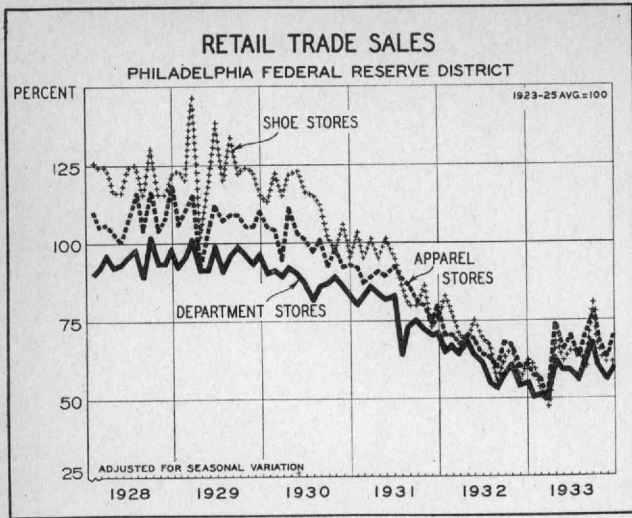
The supply of merchandise at representative mercantile establishments in the aggregate was reduced considerably during December, but the total stocks at the end of that month showed 4 per

cent less than the usual rate of decline for both retail and wholesale. Compared with the previous year inventories at retail were 8 per cent larger while those at wholesale establishments were 2 per cent smaller. The rate of stock turnover at retail was 2 per cent higher and at wholesale almost 9 per cent more active in 1933 than in 1932, indicating a more rapid movement of goods, particularly since early spring.

Payment of accounts at retail stores generally continued at a higher rate than in December 1932, and the decline from November to December appears to be smaller than customary. Wholesale collections increased 8 per cent from November to December, which was about the usual rate of gain for that period and were about 9 per cent more prompt than a year before. Settlement of accounts at both retail and wholesale increased rather sharply since spring so that the rate of payment in subsequent months was higher than in the corresponding period of 1932.

Sales of new passenger automobiles, as measured by registrations, declined 28 per cent from November to December, which decline was almost 7 per cent greater than was to be expected. This drop is partly attributable to the fact that manufacturers released their new models from one to three months later than has been their usual practice. A decline of one per cent from a year ago may also be ascribed to this delay. For the year as a whole, however, about 20 per cent more units were sold than in 1932, exceptional increases taking place between spring and fall.

Life insurance sales, while rising appreciably during the summer months when seasonal changes are taken into consideration, were 10 per cent smaller in 1933 than in 1932. The decline in December was substantially larger than



usual; total sales also were 8 per cent below those in December 1932.

General commercial activity is indicated by the movement of business travelers. Changes in this movement are shown by the accompanying table giving data on the operations of selected commercial hotels. Figures are based on original reports from 24 leading hotels in 13 cities of this district, whose revenue in 1933 totaled about \$6,100,000.

Hotel business Philadelphia Federal Reserve District	Per cent change compared		
	Dec. with Nov. 1933	Dec. 1933 with Dec. 1932	1933 with 1932
Capacity	- 0.1	- 0.2	.....
Occupancy	-11.1	+ 8.2	- 6.4
% of capacity used			
Dec. 1932 ..	35.8		
Dec. 1933 ..	38.9		
Nov. 1933 ..	43.4		
Revenue from:			
Guest rooms	-14.5	- 3.4	-17.8
Food	- 5.7	- 0.7	-16.8
Other sources	+67.6	+85.2	-11.6
Total revenue ..	- 4.3	+14.5	-15.0

Banking conditions. The return of money from circulation and substantial gains in transactions with other districts in the past month enabled the banks to meet large withdrawals of government funds and to raise their reserve deposits to the highest point in six months. Borrowings from this bank also show a small reduction.

Government operations have continued to be an important factor in the banking figures of the district. As in the fall months; Treasury receipts were much larger than local disbursements, though the latter were greater than a year ago. In the five weeks ending on January 24 the total receipts of the Treasury, including 56 millions withdrawn from depositary banks here, exceeded disbursements in the district by 47 millions, enabling it to make

large transfers to other sections of the country.

Included in the receipts was over 7 millions from this bank, representing its payment for stock of the Federal Deposit Insurance Corporation. The Banking Act of 1933 provided that the reserve banks should subscribe to the stock of the corporation in an amount equal to one-half of the surpluses on January 1, 1933, and that payment for one-half of the stock should accompany the subscription. This payment accounts for the greater part of the decrease in the unexpended capital funds of the bank shown in the table below.

Despite the sums taken from the market by the Treasury, the banks made a reduction of 3 millions in their borrowings from this bank and added 16 millions to reserve deposits, increasing them to the highest point since September 1931 with the single exception of one day in June of last year. This was made possible by a favorable balance of 34 millions in the settlements of commercial and financial transactions with other districts and by the redeposit of currency. Receipts of currency and coin exceeded amounts paid to banks and others by 23 millions; this seasonal inflow was much the same as a year and two years ago, but included gold coin and gold certificates returned in conformity with the order of the Secretary of the Treasury.

The combined federal reserve note and deposit liabilities of the bank changed little, but gold reserves and other cash decreased 7 millions, owing mainly to an excess of outbound transfers for the government over amounts gained in the other settlements; the result was a decline in the ratio of the bank from 62.4 to 60.5 per cent.

Net demand and time deposits at the reporting member banks increased 31 millions, reflecting the return of currency and, possibly, some influx of funds from other districts. Government deposits, however, declined 43 millions. The banks reduced their holdings of United States securities by 30 millions and other securities decreased 4 millions, but balances to their credit elsewhere showed an increase which was 7 millions larger than the rise in amounts due to banks, and 15 millions was added to loans to the

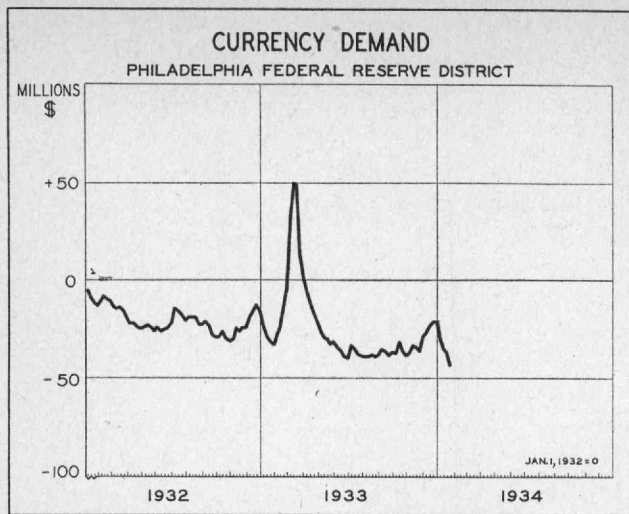
Reporting member banks (000,000's omitted)	Jan. 24, 1934	Dec. 20, 1933	Jan. 25, 1933
Loans to customers:			
On stocks and bonds	\$ 224	\$ 232	\$ 282
All other	247	258	267
Loans to open market ..	34	19	8
United States securities ..	262	292	232
Other securities	237	241	252
Total loans and investments	\$1,004	\$1,042	\$1,041
Net demand deposits ..	615	590	640
Time deposits	304	298	291
Government deposits ..	20	63	20
Amount due from banks	105	76	154
Amounts due to banks ..	170	148	216

RESERVE BANK CREDIT AND THE FACTORS WHICH AFFECT IT

Philadelphia Federal Reserve District
Dec. 21 to Jan. 24, inclusive—in millions of dollars

Sources of funds	Uses of funds
Reserve bank credit extended in this district	Currency demand
Commercial and financial transactions (chiefly interdistrict)	Member bank reserve deposits
Treasury operations	Special and "Other" deposits at reserve bank
Total	Unexpended capital funds of reserve bank
	Total

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.



open market; open market loans include bought commercial paper and bankers' acceptances and loans on securities to brokers and dealers in New York City. A decline in loans to customers totaled 19 millions, some part of which may have been due to amounts charged off at the end of the year, when such readjustments usually are made.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Jan. 24, 1934	Changes in—	
		Five weeks	One year
Bills discounted...	\$ 23.5	-\$ 2.8	-\$24.2
Bills bought.....	7.0	- 0.8	+ 3.9
United States securities.....	167.1	0	+ 35.1
Other securities.....	0.5	0	- 0.5
Total bills and securities...	\$198.1	-\$ 3.6	+\$14.3
Fed. res. note circulation.....	227.0	- 9.7	- 0.7
Fed. res. bank note circulation.....	19.3	- 2.9	+ 19.3
Member bank reserve deposits.....	146.0	+ 16.2	+ 8.2
Special deposits—member and non-member banks..	8.5	- 0.7	+ 8.5
Government deposits.....	0.9	- 5.8	+ 0.5
Foreign bank deposits.....	0.4	0	- 3.1
Gold reserves and other cash.....	232.1	- 7.0	+ 6.2
Ratio.....	60.5%	- 1.9%	- 0.6%

Factory employment and payrolls in Pennsylvania

	Employment*			Payrolls*			Employe-hours†
	Dec. 1933 index	Per cent change compared with		Dec. 1933 index	Per cent change compared with		
		Dec. 1932	Nov. 1933		Dec. 1932	Nov. 1933	
All manufacturing	72.9	+15.2	- 3.8	50.5	+35.0	- 3.4	- 3.5
Iron & steel & their products.....	60.3	+25.4	- 2.6	42.7	+76.4	+ 0.9	- 0.5
Non-ferrous metal products.....	82.4	+25.8	- 1.7	65.3	+38.1	- 0.5	- 2.5
Transportation equipment.....	56.6p	+18.2	- 0.9	34.7p	+14.1	- 2.0	+ 4.4
Textiles and clothing	91.6	+ 2.7	- 7.1	67.0	+14.9	-12.8	-12.7
Textiles.....	91.5	+ 8.9	- 5.6	67.7	+14.6	-12.1	-13.1
Clothing.....	91.9	-16.4	-12.8	63.6	+ 0.8	-16.1	- 8.0
Food products.....	97.7	+12.9	- 3.8	78.6	+19.3	- 1.1	- 1.3
Stone, clay and glass products.....	66.2	+20.8	- 6.1	30.4	+41.4	- 4.1	- 5.5
Lumber products.....	53.3	+32.9	-10.9	32.6	+32.0	-15.1	-22.0
Chemical and allied products.....	91.7	+33.1	+ 0.9	72.4	+42.8	- 0.3	+ 5.1
Leather and its products.....	88.7	+18.0	+ 1.7	72.1	+45.7	+ 5.3	+ 4.3
Paper and printing.....	90.6	+11.4	+ 0.4	73.2	+11.6	+ 1.7	- 3.3
Printing.....	89.1	+ 5.8	+ 2.8	76.7	+ 8.3	+ 4.4	+ 2.2
Others:							
Cigars and tobacco	62.5	+ 7.2	- 1.1	43.7	+16.8	- 5.6	-11.1
Rubber tires and goods.....	84.1	+28.0	- 8.6	47.7	- 9.3	-29.5	-29.7
Musical instruments.....	40.6	+ 7.4	- 2.6	37.5	+40.4	- 2.1	- 2.3

* Figures from 1,745 plants. † Figures from 1,281 plants. p—Preliminary.

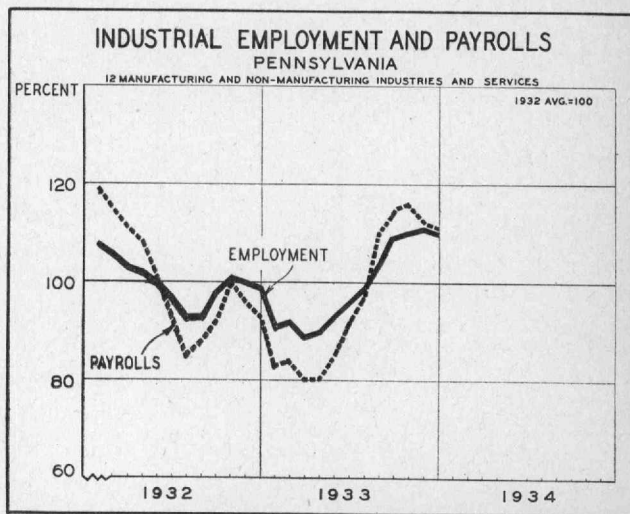
General indexes of employment and payrolls in Pennsylvania

Occupation (1932=100)	Employment			Payrolls		
	Dec. 1933 index	Per cent change compared with		Dec. 1933 index	Per cent change compared with	
		Dec. 1932	Nov. 1933		Dec. 1932	Nov. 1933
General index number	109.6	+ 10.8	- 0.8	110.9	+19.2	- 1.2
Manufacturing.....	113.2	+ 15.2	- 3.8	124.1	+35.0	- 3.4
Anthracite mining.....	87.2	- 12.6	-10.6	82.7	-21.0	- 7.2
Bituminous coal mining.....	116.7	+ 17.9	+ 7.7	149.4	+54.2	+11.8
Building and construction.	79.9	- 1.0	-12.4	60.4	-16.7	-13.8
Quarrying and non-metallic mining.....	94.1	+ 9.2	-10.3	87.8	+22.1	-19.0
Crude petroleum producing	213.3	+105.9	- 0.4	168.6	+69.4	- 7.8
Public utilities.....	91.3	- 4.4	- 0.0	85.4	- 6.9	+ 0.4
Retail trade.....	134.0	+ 16.0	+15.1	124.1	+14.7	+13.3
Wholesale trade.....	102.3	+ 5.4	+ 0.1	94.7	+ 0.2	+ 0.4
Hotels.....	97.2	+ 2.2	+ 1.3	88.1	- 2.4	+ 3.8
Laundries.....	93.0	- 2.6	- 1.6	89.1	- 0.1	- 0.8
Dyeing and cleaning.....	97.7	+ 8.4	- 3.7	90.5	+14.4	- 8.6

City areas*	Percentage change—December 1933 from December 1932				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+10.1	+ 40.2	- 28.6	-10.4	+10.6
Altoona.....	+ 1.6	+ 3.1	6.4	+ 1.8	+26.8
Harrisburg.....	+ 9.9	+ 40.3	72.7	-21.4	+ 5.0
Johnstown.....	+24.4	+142.1	+ 488.9	-25.9	+12.7
Lancaster.....	+32.0	+ 61.9	+ 37.3	-13.1	+ 9.0
Philadelphia.....	+26.1	+ 34.3	+ 55.3	+ 4.4	+ 6.9
Reading.....	+ 8.8	+ 36.3	+ 28.1	-15.9	+ 5.9
Scranton.....	+13.1	+ 15.7	+ 240.4	- 2.9	+ 3.6
Trenton.....	+33.7	+ 44.5	+ 65.6	- 7.4	+ 8.8
Wilkes-Barre.....	+ 0.4	+ 7.6	+ 95.6	-12.3	+10.6
Williamsport.....	+32.7	+ 31.7	+ 132.8	-17.7	.....
Wilmington.....	+26.5	+ 35.7	+5,783.4	+20.2	+14.1
York.....	+18.6	+ 29.9	+ 124.0	+ 0.7	.....

December 1933 from November 1933

Allentown.....	- 1.5	- 1.1	- 77.0	+13.1	+68.6
Altoona.....	- 4.0	- 8.5	36.6	+23.3	+63.6
Harrisburg.....	- 1.5	+ 1.1	26.2	+18.5	+56.7
Johnstown.....	+ 0.5	+ 21.5	+ 478.7	+ 0.6	+65.5
Lancaster.....	- 1.9	- 0.1	+ 32.5	+ 0.2	+58.6
Philadelphia.....	- 3.2	- 4.2	21.9	+20.7	+52.4
Reading.....	+ 0.3	- 0.7	92.1	+ 2.7	+52.2
Scranton.....	- 4.3	- 1.7	+ 37.3	+17.9	+41.3
Trenton.....	- 2.3	- 3.7	+ 10.5	+42.2	+54.4
Wilkes-Barre.....	- 8.7	- 17.1	42.1	+ 7.9	+58.5
Williamsport.....	- 6.9	- 16.2	+2,718.7	+ 4.4	.....
Wilmington.....	- 2.3	+ 2.5	+3,651.0	+45.4	+67.5
York.....	- 7.8	- 11.8	- 57.8	+11.3	.....



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.

	Adjusted for seasonal variation			Not adjusted					
	Dec. 1932	Nov. 1933	Dec. 1933	Percentage comparison			Dec. 1932	Nov. 1933	Dec. 1933
				Month ago	Year ago	To date with year ago			
Retail trade									
Sales									
Total of all stores	57.2	56.6	62.0p	+ 9.5	+ 8.4	- 5.8	93.6	68.0	101.4p
Department	55.3	55.8	59.6	+ 6.8	+ 7.8	- 5.1	97.6	67.5	105.2
Men's apparel	46.5	52.0	51.6p	- 0.8	+ 11.0	- 2.8	75.7	57.5	83.8p
Women's apparel	82.2	73.7	86.9p	+17.9	+ 5.7	- 4.9	123.5	88.7	130.6p
Shoe	61.4	60.8	60.8p	0.0	- 1.0	- 7.1	79.8	64.4	79.0p
Credit	52.1	50.2	60.1p	+19.7	+15.4	- 9.8	80.3	64.3	92.5p
Stocks of goods									
Total of all stores	57.6	59.9	62.4p	+ 4.2	+ 8.3	.....	54.8	69.0	59.4p
Department	52.1	57.3	55.8	- 2.6	+ 7.1	.....	49.6	67.1	53.0
Men's apparel	54.3	54.1	53.7p	- 0.7	- 1.1	.....	55.1	61.8	54.6p
Women's apparel	84.4	90.9	88.9	- 2.2	+ 5.3	.....	77.8	111.3	82.0
Shoe	56.4	55.2	53.9	- 2.4	- 4.4	.....	55.8	59.1	53.4
Credit	60.5	60.4	74.2p	+22.8	+22.6	.....	56.3	68.2	69.0p
Rate of stock turnover									
12 months (actual, not indexes)						+ 1.9*	3.77		3.84
Wholesale trade									
Sales									
Total of all lines	56.9	62.8	63.8p	+ 1.6	+12.1	+ 6.6	63.3	71.1	70.7p
Boots and shoes	56.4	52.5	56.0p	+ 6.7	- 0.7	+ 0.5	53.6	55.7	53.2p
Drugs	81.9	81.7	84.0p	+ 2.8	+ 2.6	- 7.8	83.5	84.2	85.7p
Dry goods	31.6	33.6	29.5p	-12.2	- 6.6	+ 2.0	32.9	43.4	30.7p
Electrical supplies	43.4	46.4	45.2p	- 2.6	+ 4.1	.....	72.1	60.3	75.1p
Groceries	80.0	91.9	96.8	+ 5.3	+21.0	+ 9.9	80.8	100.2	97.8
Hardware	32.4	40.6	38.6p	- 4.9	+19.1	-10.7	35.3	45.1	42.1p
Jewelry	28.1	29.8	30.4p	+ 2.0	+ 8.2	-10.7	57.7	42.6	62.4p
Paper	51.4	55.7	56.7p	+ 1.8	+10.3	+ 5.5	48.8	58.5	53.9p
Stocks of goods									
Total of all lines	63.5	59.7	61.9p	+ 3.7	- 2.5	.....	59.6	61.5	58.2p
Drugs	110.7	112.5	118.6	+ 5.4	+ 7.1	.....	104.1	113.6	111.5
Dry goods	37.4	34.0	34.9	+ 2.6	- 6.7	.....	32.5	33.0	30.4
Electrical supplies	85.8	67.4	79.1p	+17.4	- 7.8	.....	76.4	72.8	70.4p
Groceries	67.7	69.8	67.7	- 3.0	0.0	.....	69.7	76.1	69.7
Hardware	69.4	64.0	61.8p	- 3.4	-11.0	.....	65.9	59.5	58.7p
Jewelry	59.3	47.5	55.5p	+16.8	- 6.4	.....	47.4	48.0	44.4p
Paper	59.3	58.7	60.6p	+ 3.2	+ 2.2	.....	56.9	58.7	58.2p
Rate of stock turnover									
12 months (actual, not indexes)						+ 8.5*	5.18		5.62
Output of manufactures									
Pig iron	11.4	20.9	27.3	+30.6	+139.5	+47.8	11.3	21.1	27.0
Steel	26.8	43.0	48.1	+11.9	+79.5	+36.8	25.2	41.3	45.2
Iron castings	29.2	42.0	38.8	- 7.6	+32.9	+19.7	27.2	42.8	36.1
Steel castings	22.1	30.0	31.8	+ 6.0	+43.9	+ 9.3	21.2	27.9	30.5
Electrical apparatus	45.9	68.1	64.4	- 5.4	+40.3	+ 8.3	44.5	72.2	62.5
Motor vehicles	15.2	13.3	18.4	+38.3	+21.1	-48.1	12.0	11.6	14.5
Automobile parts and bodies	26.4	53.5	57.6	+ 7.7	+118.2	+ 6.9	25.9	49.2	56.4
Locomotives and cars	16.4	14.9	14.0	- 6.0	-14.6	-26.1	16.4	13.9	14.0
Shipbuilding	95.6	100.9	97.9	- 3.0	+ 2.4	-39.5	100.4	100.9	102.8
Silk manufactures	103.4	109.8	92.2	-16.0	-10.8	+13.8	105.5	110.9	94.0
Woolen and worsteds	45.3	40.0	40.7	+ 1.8	-10.2	+22.8	42.2	43.5	38.0
Cotton products	32.6	35.0	34.2	- 2.3	+ 4.9	+ 7.4	35.0	36.9	36.6
Carpets and rugs	36.6	41.1	33.1	-19.5	- 9.6	- 4.5	38.1	41.9	34.4
Hosiery	108.1	89.2	90.3	+ 1.2	-16.5	+ 3.0	104.9	101.7	87.6
Underwear	120.2	102.6p	92.3p	-10.0	-23.2	+18.9	119.0	103.6p	91.4p
Cement	29.4	19.3	13.9	-28.0	-52.7	-27.0	24.1	18.9	11.4
Brick	20.2	29.3	28.2	- 3.8	+39.6	+16.2	19.6	29.0	27.4
Lumber and products	10.1	20.4	17.4	-14.7	+72.3	0.0	9.9	20.6	17.1
Bread and bakery products				+ 0.2*	- 1.9*	- 1.3*	83.9	82.1	82.3
Slaughtering, meat packing	96.2	88.9	86.6	- 2.6	-10.0	+ 1.4	104.1	98.7	93.5
Sugar refining	43.2	64.5	57.1	-11.5	+32.2	- 5.5	28.1	41.9	37.1
Canning and preserving	23.4	29.2	29.3p	+ 0.3	+25.2	+ 3.4	23.6	31.9	30.5p
Cigars	69.7	81.9	83.5	+ 2.0	+19.8	+ 4.7	50.2	98.3	60.1
Paper and wood pulp	49.9	60.7	55.2	- 9.1	+10.6	+ 5.9	50.4	60.7	55.8
Printing and publishing	84.6	84.9	86.7	+ 2.1	+ 2.5	- 4.7	85.4	85.7	87.6
Shoes	78.0	113.4	122.0	+ 7.6	+56.4	+18.6	66.3	106.6	103.7
Leather, goat and kid	83.4	113.1	103.9p	- 8.1	+24.6	+20.5	90.9	109.7	113.2p
Explosives	53.5	79.1	72.4	- 8.5	+35.3	+13.3	53.0	79.1	71.7
Paints and varnishes	56.9	64.7	68.0	+ 5.1	+19.5	+ 3.9	55.2	66.6	66.0
Petroleum products	137.7	138.7	150.5p	+ 8.5	+ 9.3	+ 3.7	137.4	139.5	149.8p
Coke, by-product	54.8	75.2	75.5	+ 0.4	+37.8	+26.6	53.2	72.2	73.2

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

