

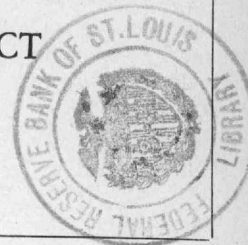
Mr. Hood
"Hagedorn" *AA*

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
MARCH 1, 1934



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Business and Banking Conditions in the United States

Volume of industrial production increased by more than the usual seasonal amount in January and the early part of February. The general level of wholesale commodity prices, after showing relatively little change during the last five months of 1933, advanced considerably after the turn of the year.

Production and employment. Output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, advanced from 75 per cent of the 1923-1925 average in December to 78 per cent in January. This compares with a recent low level of 72 per cent in November and a level of 65 per cent in January 1933. The January advance reflected chiefly increases of more than the usual seasonal amount in the textile, meat packing, automobile and anthracite coal industries. Activity at cotton mills, which had reached an unusually high level in the summer of 1933 and had declined sharply in the latter part of the year, showed a substantial increase in January. Output of automobiles also increased by more than the usual seasonal amount, while activity in the steel industry showed little change, following a non-seasonal

increase in December. In the first half of February there was a further growth in output at automobile factories and activity at steel mills showed a substantial increase.

Factory payrolls, which usually decline considerably at this season, showed little change between the middle of December and the middle of January, while factory employment declined by about the usual seasonal amount. There were substantial increases in employment and payrolls in the automobile, hardware, shoe and women's clothing industries, while decreases, partly of a seasonal character, were reported for the hosiery, tobacco, furniture and lumber industries.

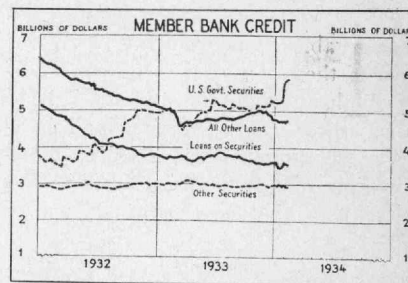
Value of construction contracts, as reported by the F. W. Dodge Corporation, showed a decline in January and the first half of February, following a substantial increase in the latter part of 1933. As in other recent months, public works made up a large part of the total.

Distribution. Freight traffic increased in January by more than the usual seasonal amount, reflecting larger shipments of coal and merchandise. Sales by department stores showed the usual

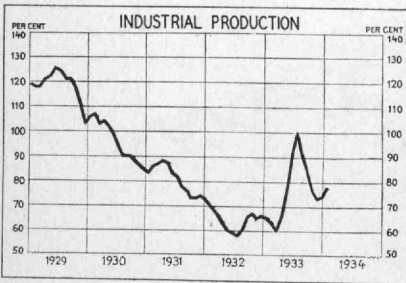
seasonal decline after the holiday trade.

Dollar exchange. The foreign exchange value of the dollar in relation to gold currencies, which in January had fluctuated around 63 per cent of par, declined after January 31 to slightly above its new parity of 59.06 per cent.

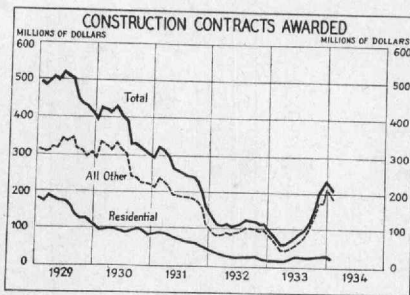
Prices. Wholesale commodity prices showed a general increase between the third week of December and the third week of February and the weekly index of the Bureau of Labor Statistics advanced from 70.4 per cent of the 1926 average to 73.7 per cent. There were substantial increases in livestock prices; wool continued to advance and cotton reached a level higher than at



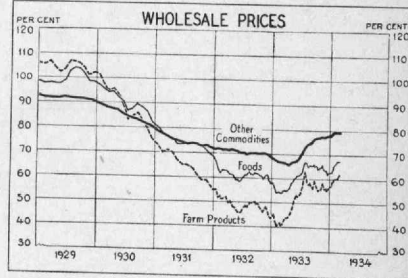
Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for February 14.



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 estimated for January.



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

any other time since 1930. Scrap steel advanced to about the level prevailing in the summer of 1933.

Bank credit. As a consequence of the reduction on January 31 of the weight of the gold dollar, together with subsequent imports of gold from abroad, the dollar amount of the country's stock of monetary gold increased from \$4,035,000,000 on January 17 to \$7,089,000,000 on February 14. About \$3,000,000,000 of this increase was reflected in a growth of the cash held by the Treasury, which includes gold bullion.

Notwithstanding a further reduction

in discounts for member banks and in acceptance holdings of the reserve banks, member bank reserve balances increased moderately during this period, reflecting gold imports, a return of currency from circulation, and a reduction in United States Government deposits with the reserve banks; in the middle of February these balances were more than \$900,000,000 above legal reserve requirements.

At reporting member banks there was a growth between January 17 and February 14 of more than \$600,000,000 in holdings of United States Government securities and of more than \$500,-

000,000 in United States Government deposits, reflecting Treasury financing. Loans on securities and all other loans increased slightly and bankers' balances showed a substantial growth.

Short-term money rates in the open market remained at low levels. On February 2, the Federal Reserve Bank of New York reduced its discount rate from 2 per cent to 1½ per cent and during the succeeding two weeks reductions of ½ per cent were made at the Federal Reserve Banks of Cleveland, Boston, St. Louis, Dallas, Richmond, Kansas City, Atlanta, and San Francisco.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business activity in this district generally declined in January but showed improvement in February. Industrial production continued downward through January in spite of an exceptional increase in the production of anthracite. Factory output, while declining almost steadily for six months since July, has held noticeably above the record low output reached in the first quarter of last year. Building construction slowed down seasonally and total contract awards decreased noticeably instead of increasing. Retail trade sales fell off more sharply than is normally the case for January but indicated an upturn in February. Sales at wholesale have registered a considerable improvement since the turn of the year. Prices of commodities both at wholesale and retail have advanced further. Virtually all indicators relating to production and distribution of commodities in this district show that the current level of

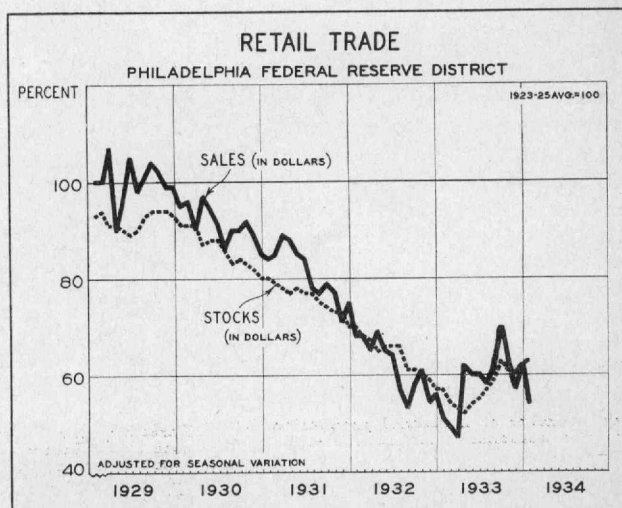
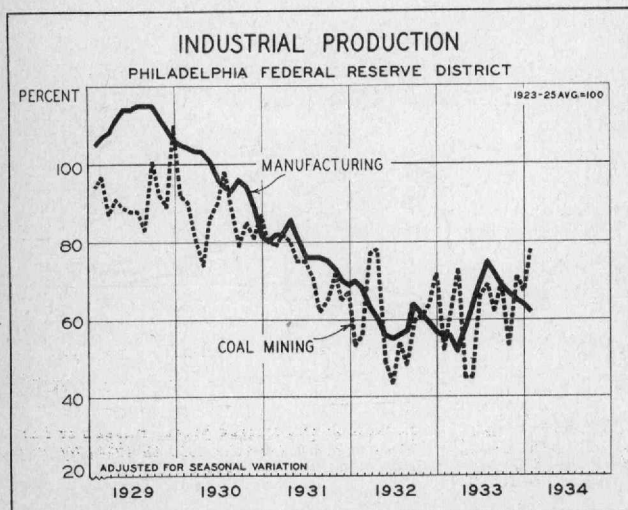
business activity continues appreciably higher than in the early part of last year when conditions were reaching the lowest mark in years.

General employment registered reductions somewhat larger than seasonal from December to January. The number of workers in twelve occupations in Pennsylvania, which employ about 2,280,000 persons or 60 per cent of the total working population, decreased 7 per cent and the amount of wages paid in January showed a drop of 4 per cent as compared with December. Manufacturing, building and retail trade were among the most important occupations that sustained losses, while the anthracite industry reported an unusually large gain in the month. Preliminary figures for February indicate that the labor situation in private industries has improved since the turn of the month. Compared with a year ago, these twelve occupations employed in January 12 per cent more

workers and their wage disbursements were 28 per cent larger.

Manufacturing. There has been a marked improvement in the demand for manufactures, particularly in the case of such consumers' goods as shoes and textile products, since the middle of January, in contrast to continued declines that occurred at the same time in the past two years. Sales of finished goods and of products for further manufacture have increased in the month and as compared with a year ago. Prices of manufactures have advanced further and the present level is upward of 16 per cent higher than last year.

The volume of unfilled orders for factory products has increased seasonally in the past four weeks and in the majority of lines is larger than at the same time last year. Stocks of finished goods at reporting establishments show additional reductions and on the whole are smaller than a year ago. Purchases of raw materials and semi-



Business Indicators Philadelphia Federal Reserve District

Index numbers: percentages of the 1923-1925 average taken as 100
(All figures are rounded from original data)

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 | | | |
|--|---------------------------------|-----------|-----------|-----------|--------------------------------------|----------|-----------|-----------|--------------|-----------|--|--|
| | Jan. 1933 | Nov. 1933 | Dec. 1933 | Jan. 1934 | Percentage comparison Jan. 1934 with | | Jan. 1933 | Nov. 1933 | Dec. 1933 | Jan. 1934 | | |
| | | | | | Month ago | Year ago | | | | | | |
| Industrial production | 56 | 65 | 64 | 63p | - 2 | +12 | 56 | 67 | 63 | 63p | | |
| Manufacturing—total | 56 | 65 | 64 | 61p | - 4 | + 9 | 56 | 66 | 62 | 61p | | |
| DURABLE OR CAPITAL GOODS..... | 30 | 45 | 45 | 44p | - 2 | +43 | | | | | | |
| CONSUMERS' GOODS..... | 76 | 80 | 78 | 73p | - 6 | - 4 | | | | | | |
| Metal products..... | 28 | 49 | 51 | 48 | - 6 | +69 | 27 | 49 | 49 | 46 | | |
| Textile products..... | 75 | 75 | 72 | 62p | -13 | -17 | 78 | 77 | 69 | 65p | | |
| Transportation equipment..... | 34 | 41 | 42 | 41 | - 1 | -21 | 34 | 39 | 42 | 41 | | |
| Food products..... | 68 | 68 | 67 | 69p | + 3 | + 1 | 67 | 68 | 66 | 68p | | |
| Tobacco and products..... | 79 | 82 | 84 | 87 | + 3 | +10 | 65 | 98 | 61 | 72 | | |
| Building materials..... | 16 | 22 | 19 | 22 | +16 | +40 | 14 | 22 | 18 | 19 | | |
| Chemicals and products..... | 88 | 101 | 101 | 103p | + 2 | -17 | 86 | 102 | 100 | 100p | | |
| Leather and products..... | 95 | 113 | 112 | 112p | - 0 | -17 | 99 | 108 | 108 | 116p | | |
| Paper and printing..... | 79 | 81 | 81 | 80 | - 2 | + 2 | 79 | 81 | 82 | 80 | | |
| Electric power output..... | 165 | 179 | 174 | 186 | + 7 | +12 | 175 | 186 | 186 | 197 | | |
| Industrial use of electricity..... | 112 | 122 | 127 | 123 | - 4 | + 9 | 109 | 124 | 121 | 119 | | |
| Coal mining | 52 | 71 | 67 | 78p | +17 | +50 | 56 | 73 | 66 | 85p | | |
| Anthracite..... | 53 | 73 | 68 | 82 | +21 | +55 | 57 | 75 | 67 | 89 | | |
| Bituminous..... | 46 | 58 | 59 | 56 | - 4 | +22 | 52 | 64 | 62 | 64 | | |
| Employment and wages—Pa. | | | | | | | | | | | | |
| Factory wage earners..... | | | | | - 5 | +15 | 60 | 75 | 73 | 69 | | |
| Factory payrolls..... | | | | | - 7* | +39* | 34 | 52 | 50 | 47 | | |
| Employe-hours (1927-28=100)..... | | | | | - 8* | +21* | 41 | 55 | 54 | 49 | | |
| General—12 occupations: | | | | | | | | | | | | |
| Employment (1932=100)..... | | | | | - 7* | +12* | 91 | 110 | 110 | 102 | | |
| Payrolls (1932=100)..... | | | | | - 4* | +28* | 83 | 112 | 111 | 106 | | |
| Building and real estate | | | | | | | | | | | | |
| Contracts awarded†—total..... | 37 | 31 | 41 | 44 | + 6 | +18 | 28 | 30 | 35 | 34 | | |
| Contracts awarded†—residential..... | 12 | 12 | 10 | 13 | +29 | +11 | 10 | 13 | 10 | 11 | | |
| Permits for building—17 cities..... | 9 | 3 | 18 | 9 | -48 | + 2 | 5 | 3 | 12 | 5 | | |
| Mortgages recorded—Philadelphia..... | 28 | 11 | 20 | 21 | -1 | -27 | 33 | 13 | 22 | 24 | | |
| Real estate deeds—Philadelphia..... | 62 | 51 | 81 | 41 | -48 | -33 | 58 | 55 | 79 | 39 | | |
| Sheriff deeds (1930=100)..... | | | | | -58* | -24* | 154 | 167 | 280 | 117 | | |
| Other deeds (1930=100)..... | | | | | -39* | -41* | 82 | 68 | 79 | 49 | | |
| Writs for Sheriff sales—Phila..... | 919 | 932 | 1026 | 746 | -27 | -19 | 1056 | 1044 | 1046 | 858 | | |
| Distribution | | | | | | | | | | | | |
| Retail trade—sales..... | 51 | 57 | 62 | 54 | -12 | + 7 | 42 | 68 | 101 | 44 | | |
| Retail trade—stocks..... | 56 | 60 | 62 | 63 | + 2 | +13 | 50 | 69 | 59 | 57 | | |
| Wholesale trade—sales..... | 61 | 63 | 63 | 74 | +16 | +21 | 53 | 71 | 69 | 65 | | |
| Wholesale trade—stocks..... | 57 | 60 | 62 | 61 | - 1 | + 7 | 56 | 61 | 58 | 60 | | |
| Life insurance sales..... | 112 | 98 | 90 | 99 | +10 | -11 | 100 | 104 | 95 | 89 | | |
| New passenger auto. registrations..... | 61 | 71 | 66 | 38 | -43 | -38 | 33 | 50 | 36 | 20 | | |
| Freight car loadings—total..... | 51 | 62 | 61 | 68 | +11 | +33 | 55 | 68 | 65 | 73 | | |
| Mdse. and misc. (64.9% of total)..... | 52 | 53 | 59 | 59 | + 1 | +14 | 46 | 54 | 52 | 52 | | |
| Coal (23.5% of total)..... | 49 | 54 | 57 | 59 | + 4 | +20 | 46 | 56 | 53 | 55 | | |
| Business liquidations | | | | | | | | | | | | |
| Number..... | | | | | +45* | -64* | 238 | 94 | 59 | 86 | | |
| Amount of liabilities..... | | | | | +64* | -65* | 175 | 119 | 37 | 60 | | |
| Payment of accounts | | | | | | | | | | | | |
| Check payments..... | 60 | 57 | 65 | 62 | - 4 | + 4 | 61 | 61 | 70 | 64 | | |
| Rate of collections (actual) | | | | | | | | | | | | |
| Retail trade..... | | | | | +17* | + 2* | 30 | 27 | 26 | 31 | | |
| Wholesale trade..... | | | | | - 0* | +16* | 55 | 59 | 64 | 64 | | |
| Prices—United States | | | | | | | | | | | | |
| WHOLESALE (1926=100)..... | | | | | + 2* | +18* | 61 | 71 | 71 | 72 | | |
| Farm products..... | | | | | + 6* | +38* | 43 | 57 | 55 | 59 | | |
| Foods..... | | | | | + 3* | +15* | 56 | 64 | 62 | 64 | | |
| Other commodities..... | | | | | + 1* | +16* | 67 | 77 | 77 | 78 | | |
| RETAIL FOOD (1913=100)..... | | | | | + 0* | +10* | 95 | 107 | 105 | 105 | | |
| Philadelphia..... | | | | | + 4* | +17* | 97 | 111 | 110 | 114 | | |
| Scranton..... | | | | | - 0* | +10* | 102 | 114 | 113 | 112 | | |

| (000,000's omitted in dollar figures) | Jan. 1933 | Oct. 1933 | Nov. 1933 | Dec. 1933 | Jan. 1934 | Per cent change from | |
|--|-----------|-----------|-----------|-----------|-----------|----------------------|----------|
| | | | | | | Month ago | Year ago |
| Banking and credit | | | | | | | |
| Federal Reserve Bank | | | | | | | |
| Bills discounted..... | \$ 47 | \$ 26 | \$ 25 | \$ 26 | \$ 24 | -8 | -49 |
| Other bills and securities..... | 140 | 163 | 169 | 174 | 175 | +1 | +25 |
| Member bank reserves..... | 127 | 128 | 122 | 126 | 138 | +9 | + 9 |
| Ratio..... | 59.3% | 62.4% | 61.2% | 61.7% | 60.6% | -2 | + 2 |
| Reporting member banks | | | | | | | |
| Loans to customers..... | \$553 | \$490 | \$488 | \$491 | \$476 | -3 | -14 |
| Other loans and investments..... | 506 | 538 | 560 | 550 | 541 | -2 | + 7 |
| Net deposits..... | 958 | 940 | 956 | 949 | 948 | -0 | - 1 |
| Bankers' acceptances outstanding..... | 11.1 | 16.3 | 15.6 | 15.5 | 14.7 | -5 | +32 |

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

p—Preliminary.
r—Revised.

finished products have been increasing in most cases, reflecting largely a comparatively limited supply of these commodities and the influence of advancing prices and improved demand for finished goods. Collections have shown gains in the month and a noticeable improvement over a year ago.

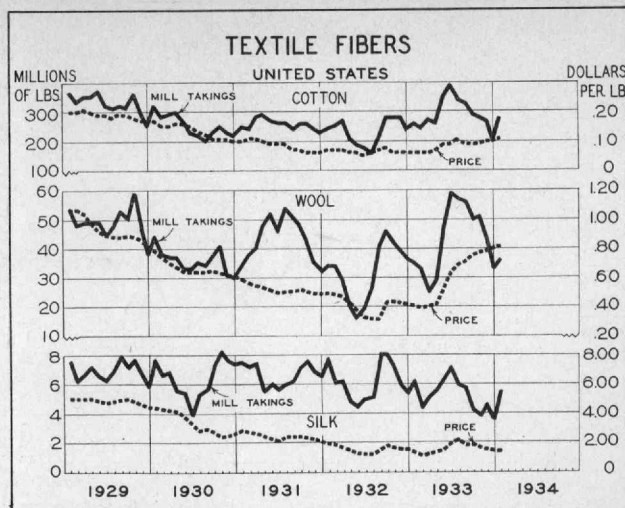
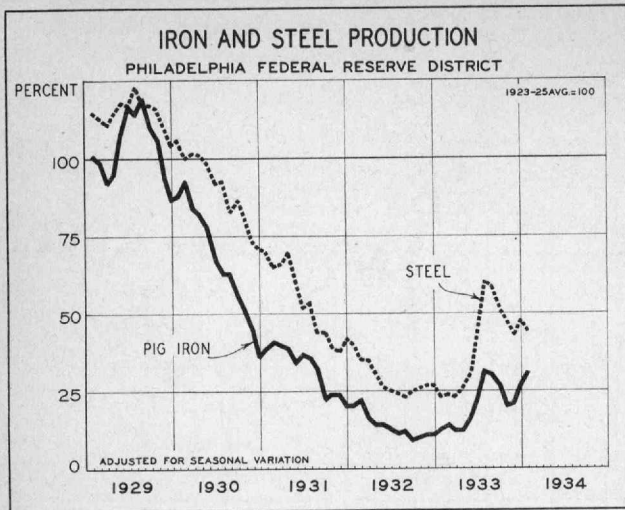
The number of factory workers and the amount of their earnings in this district decreased more sharply than usual from the middle of December to the middle of January, owing largely to exceptional curtailment of activity in the textile industry. In Pennsylvania, for example, employment dropped 5 per cent and payrolls over 7 per cent in this period. The textile group, including wearing apparel, which provides employment for about 22 per cent of all factory wage earners in this state, showed a decline of 7 per cent in employment and 11 per cent in payrolls. The largest percentage of decrease occurred in the lumber products industry which employs approximately 3 per cent of all factory workers. Ten individual industries, which normally employ about 16 per cent of all factory wage earners, reported reductions of 10 per cent or more in both employment and payrolls and half of these were textiles.

On the basis of these returns and the census figures, it is estimated that all Pennsylvania factories about the middle of January had on their rolls 722,000 wage earners, or 36,000 fewer than a month before, and their average weekly payrolls amounted to \$12,000,000, or a decline of \$1,000,000 a week.

The trend of factory employment has been steadily downward since October when the level was the highest in two years. January employment was 10 per cent below this high level but it was still about 18 per cent above a record low mark reached in March. Comparing January this year with last, Pennsylvania factories employed about 95,000 or 15 per cent more wage earners and their weekly wage disbursements were nearly \$3,500,000 or 39 per cent larger.

Preliminary reports for February indicate that there has been a marked increase in the number of wage earners and in the amount of wage disbursements of Pennsylvania factories since January. Operating schedules also have been expanded noticeably in this period, as shown by the number of employe-hours actually worked in February.

Output of factory products again declined in January, continuing the



Sources: Bureau of the Census, Fairchild's, Silk Association of Am.

downward trend since the high level in July, but in February operations turned upward. This bank's index number of productive activity, which takes account of the number of working days and the usual seasonal change, dropped from 64 in December to 61 per cent of the 1923-25 average in January, thus showing that the level of production failed to maintain the usual rate. The largest exceptional decreases occurred in the textile industry. This reduction was especially drastic in the output of silk, woolen and worsted goods, hosiery, underwear and men's clothing, the five textile branches which represent about 20 per cent of the total manufacturing in this district. As a result, the adjusted index of textile production at 62 was 17 per cent lower than a year ago, but it was still above the record low point reached in the middle of 1932 by about the same percentage.

The metal group showed the next largest decline, when allowance is made for seasonal change. This was due principally to reduced activity in the fabrication of steel products and in the output of electrical apparatus, the two industries which represent about 19 per cent of the total production covered by our index number. Output of pig iron, and steel and iron castings, on the other hand, showed more than the usual increases from December to January. In contrast with the textile group, the metal products industry continued to operate at a substantially higher level than a year ago.

Activity in the transportation equipment group on the whole declined in January, although the level of output in the industries comprising automobile parts and bodies, and locomotives and cars was higher than customary; this was offset by a decrease in ship-

building and a failure in motor vehicles to show the usual increase. The exceptional gain that occurred in the building materials industry was due almost solely to a very large increase in the output of cement, whose level of production, nevertheless, continued extremely low in comparison with other years except 1933. The improvement in the chemical industry reflected gains in the output of heavy chemicals, paints and varnishes, and various petroleum products; production of explosives and coke, on the other hand, showed unusual decreases. More than ordinary gains also were reported by the paper and wood pulp industry but printing and publishing declined. Virtually all lines composing the food products group showed unusual gains in the month, with the exception of canning and preserving.

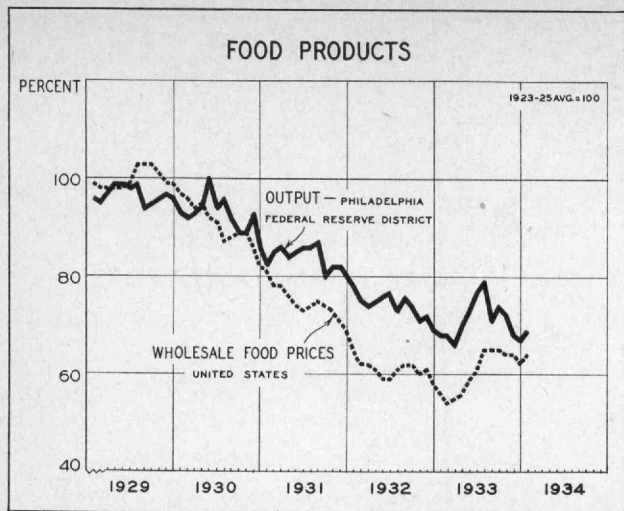
The analysis of manufacturing in this district as a whole shows that the general level of productive activity in January was about 9 per cent higher than a year ago and about 18 per cent above a record low reached last March; compared with the high level in July, however, the January rate of operation was approximately 18 per cent lower.

The output of electric power in this district which usually shows a slight decline from December to January registered an increase of 6 per cent and exceeded that of a year ago by 12 per cent. Sales of electricity also increased, owing chiefly to larger residential and commercial purchases and the greater use of power by municipalities. Industrial purchases of electrical energy, when computed on the basis of working days with an allowance for the usual seasonal variation, declined 4 per cent but were 9 per cent larger than in January 1933.

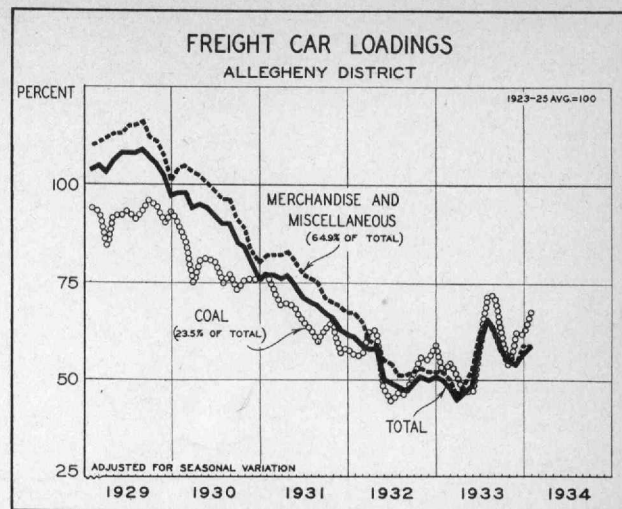
Coal. Demand for anthracite has increased appreciably in recent weeks, owing to unusually cold weather. A more active demand by householders for this type of fuel together with comparatively light stocks carried by dealers and retail yards resulted in greatly increased shipments from the mines during January. As compared with December, loadings of hard coal showed a gain of 27 per cent and exceeded those of any month in the past two years. Colliery output increased in January by considerably more than the usual seasonal amount and was the largest since October 1931. In early February the weekly production of mines increased sharply. Wholesale prices remained unchanged in January and were the lowest for that month in several years.

Reflecting chiefly larger takings by industrial establishments, demand for Pennsylvania bituminous coal also has been more active since the middle of last month. Shipments of soft coal increased substantially during January and were the largest for that month since 1931. Output of collieries showed a gain of 4 per cent from December to January, as compared with a usual seasonal increase of over 8 per cent. In early February there was a further increase in the output of mines. Prices of bituminous coal advanced but slightly in the month, although they were nearly 14 per cent higher than a year ago.

Building and real estate. Building and construction activity in Pennsylvania, which has shown a downward trend for several months, declined further in January, reflecting partly seasonal influences. Reports from about twelve hundred contractors reg-



Source: United States Bureau of Labor Statistics for prices.



Source: American Railway Association.

istered decreases of 13 per cent in employment and 11 per cent in wage payments and working time from December to January. As compared with a year ago, employment was about 2 per cent lower, while payrolls showed a decline of nearly 12 per cent. These figures refer to building and construction operations other than those undertaken by the Federal Government under the Public Works Administration.

Awards of building contracts showed an unusually large decline from December to January, owing to decreases in the value of awards for public works projects, which more than offset increases in other types of construction. Following a downward trend for several months, contracts let for residences turned sharply upward in January and exceeded the volume of a year ago by nearly 85 per cent. The average of total awards for the three months from November through January showed a further gain, reflecting largely substantial awards for public works, and was over 18 per cent larger than a year earlier.

Estimated cost of proposed building under permits issued in 17 cities of this district declined more sharply than usual from December to January. Although the dollar volume of contemplated construction in January was 2 per cent larger this year than last, as compared with earlier years it was at an exceedingly low level.

The local real estate situation remains quiet, although lately there has been a slight improvement in renting demand for small houses of the type usually occupied by industrial workers. The number of ordinary conveyances and the value of mortgages recorded in Philadelphia during January, however, continued at unusually low

levels as compared with other years. Foreclosures, which were exceptionally numerous during the fourth quarter of 1933, declined sharply in January and were the smallest for that month since 1930. Writs issued for forced sales in February showed an unexpected increase but were considerably less than in the same month last year.

Distribution, trade and service. Shipments of commodities in this section, as measured by freight car loadings, have continued to increase at a somewhat higher rate than usual, all classes of goods sharing in this gain. The increase has been especially pronounced in the delivery of coal, reflecting chiefly an active demand which was stimulated by cold weather. The movement of finished and semi-finished products, which account for over two-thirds of all freight-car loadings in this territory, have held little more than their usual level since the turn of the year. Similarly, deliveries by motor truck have been well sustained, partly in consequence of the early demand for Easter requirements.

Business at wholesale has shown an additional improvement since early January, owing in part to the early occurrence of the spring holiday this year. The January sales of eight important lines combined registered declines much smaller than usual, so that the extent of this betterment over December was about 16 per cent. All lines have maintained more than their seasonal rate of activity, except hardware whose sales declined in January but turned upward in February. Compared with a year ago, dollar sales in January were 21 per cent larger, reflecting a combination of influences such as higher prices and more active demand in contrast with an extremely

low level that prevailed early last year. Wholesale prices have advanced further since January.

The retail trade sales of department, apparel, shoe and credit stores, taken together, were 7 per cent larger in January this year than last, when computed on the basis of the number of actual trading days. Sales of men's apparel in Philadelphia and women's apparel outside of Philadelphia alone lagged behind last year's volumes. But in spite of this gain over a year ago, January sales failed to hold the normal seasonal rate of activity by about 12 per cent, following an exceptional rate of gain in December. Since January, sales at retail stores on the whole have improved seasonally, even though trading at times has been hampered somewhat by unfavorable weather.

Retail prices of general merchandise and food articles have been advancing in sympathy with a similar trend in quotations for wholesale commodities. Retail food prices in Philadelphia, for example, rose 4 per cent in the month, and were 17 per cent higher than a year ago.

Collections at retail were 17 per cent more rapid in January than in December but this increase does not seem to have been as large as is customary. Payment of accounts at wholesale, while declining in the month, was more satisfactory than at the same time in the past seven years. In comparison with a year ago, collections at retail were 2 per cent and at wholesale 16 per cent more prompt.

Inventories of merchandise at retail establishments at the end of January showed a reduction of 5 per cent, a rate which is not as large as usual. Stocks at wholesale, on the other hand, registered a gain of 3 per cent over

December, a slightly smaller increase than is to be expected. Compared with January 1933, retail stocks of reporting lines combined were 13 per cent larger and those at wholesale 7 per cent greater, reflecting chiefly higher prices. The rate of stock turnover at retail was 4 per cent and at wholesale 18 per cent above January 1933.

There has been a marked increase in business of commercial hotels of this district since the end of last year. Occupancy in January showed a gain of 13 per cent over December and was 14 per cent higher than a year ago, according to reports from 28 representative hotels of comparable size and character whose total revenue in January amounted to about \$776,000. Income from guest rooms and food also increased in the month but that from other sources declined. The following table gives a comparative summary:

| Hotel business (Philadelphia Federal Reserve District) | Per cent change— January 1934 compared with | |
|---|---|-----------------|
| | December 1933 | January 1933 |
| Capacity..... | - 0.3 | - 0.1 |
| Occupancy..... | +12.9 | +14.4 |
| Per cent of capacity used | | |
| January 1934.... | 43.5 | |
| December 1933.. | 38.5 | |
| January 1933.... | 38.0 | |
| Revenue from: | | |
| Guest rooms..... | +13.6 | + 3.2 |
| Food..... | + 0.0 | +17.7 |
| Other sources..... | -21.2 | +58.9 |
| Total revenue..... | - 0.2 | +18.8 |

Banking conditions. In the past month member banks have reduced their borrowings from this bank by several millions and have increased their reserve deposits from 146 to 154 millions, the highest point recorded in any weekly statement in late years. This occurred in the face of an unusual increase in circulation; during the past four weeks payments of currency and coin to banks and others have exceeded receipts from them by nearly 10 millions.

Withdrawals of funds from depositary banks by the Treasury amounted to 11 millions, far less than in the preceding month, but revenue from taxes and other sources also was supplemented by 18 millions of cash payments for new security issues. All but about 3 millions of these funds was disbursed locally, probably helping to swell deposits at the banks.

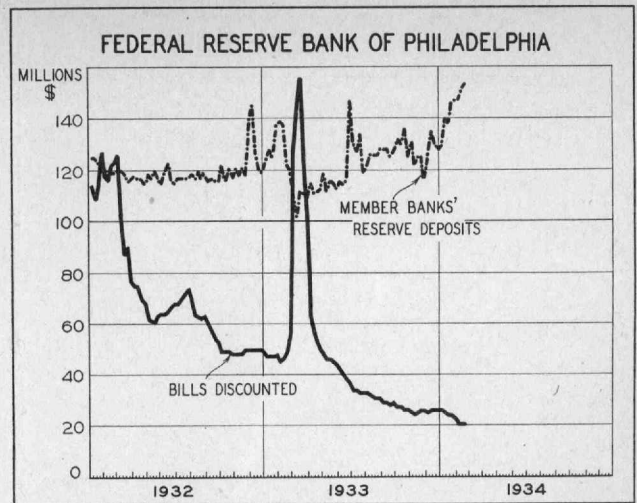
The funds to care for these transactions were provided largely by a favorable balance of 23 millions in transactions with other sections of the country. Contributing to this balance,

no doubt, were sums realized through sales of government securities in the market or to subscribing customers by banks which had received allotments of the new issues.

The accompanying table summarizes the operations referred to heretofore. Inasmuch as this tabulation deals with the flow of funds and is concerned with Treasury operations only to the extent of measuring the excess of receipts or disbursements, the dollar increase in gold stocks located within the district resulting from the reduction in the gold content of the dollar has not been included. In the national figures, which show actual totals of outstanding reserve bank credit and the factors which influence it, the revaluation is reflected in a large increase in the monetary gold stock of the country and a corresponding rise in the supply of cash in the hands of the Treasury.

The large gain in the interdistrict settlements caused a substantial rise in the cash reserves of this bank. This was greater than the increases in deposits and federal reserve note circulation and resulted in an advance in the reserve ratio from 60.5 to 63.9 per cent, which compares with 56.2 per cent a year ago.

During the past month there has been a further slight decline at the reporting member banks in loans to customers on the security of stocks and bonds, and the total of such loans is much smaller than a year ago; other loans to customers, which probably are more closely related to commercial activities, have increased 3 millions in the last four weeks, and are only 16 millions less than a year ago. The banks show an increase of 44 millions in holdings of United States se-



curities; this was materially less than the amounts allotted to them, but the difference probably is accounted for largely by the fact that their subscriptions included substantial sums for the account of customers. Holdings of other securities increased 7 millions to the highest point since November. Net demand and time deposits increased 11 millions and government deposits, 54 millions. In addition to larger holdings of securities, these banks have added 6 millions to reserves with this bank.

In January all licensed member banks in this district held an average of 134 millions on deposit with this bank as reserves. This was 27 millions in excess of legal requirements, and compared with 17 millions in December and the 1933 high of 24½ millions in October. Member banks in Philadelphia had excess reserves of

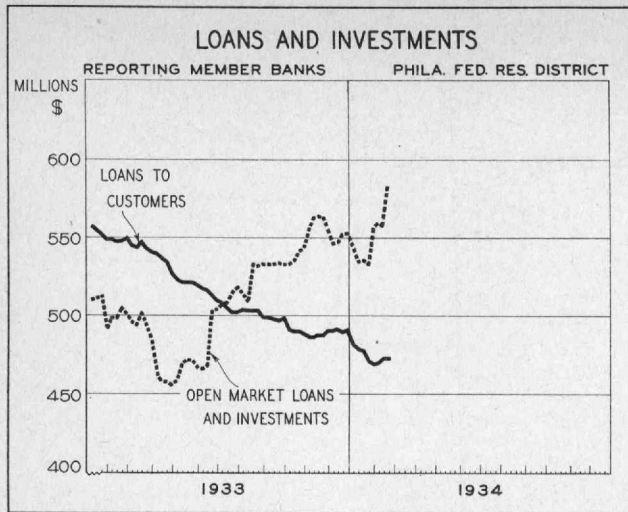
| Reporting member banks (000,000's omitted) | Feb. 21, 1934 | Jan. 24, 1934 | Feb. 21, 1933 |
|---|---------------------|---------------------|---------------------|
| Loans to customers: | | | |
| On stocks and bonds | \$ 223 | \$ 224 | \$ 284 |
| All other..... | 250 | 247 | 266 |
| Loans to open market..... | 33 | 34 | 9 |
| United States securities..... | 306 | 262 | 237 |
| Other securities..... | 244 | 237 | 255 |
| Total loans and investments..... | \$1,056 | \$1,004 | \$1,051 |
| Net demand deposits..... | 629 | 615 | 635 |
| Time deposits..... | 301 | 304 | 284 |
| Government deposits..... | 74 | 20 | 13 |
| Amounts due from banks..... | 113 | 105 | 86 |
| Amounts due to banks..... | 183 | 170 | 168 |

RESERVE BANK CREDIT AND THE FACTORS WHICH AFFECT IT

Philadelphia Federal Reserve District
Jan. 25 to Feb. 21 inclusive—in millions of dollars

| Sources of funds | Uses of funds |
|--|---|
| Reserve bank credit extended in this district..... | Currency demand..... + 9.7 |
| Commercial and financial transactions (chiefly interdistrict)..... +24.1 | Member bank reserve deposits..... + 8.3 |
| Treasury operations..... - 3.2 | Special and "Other" deposits at the reserve bank..... - 0.8 |
| Total..... +16.8 | Unexpended capital funds of reserve bank..... - 0.4 |
| | Total..... +16.8 |

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.



about 14½ millions in January, but in the early part of February this had risen to 18½ millions.

Subscriptions from this district to new issues of Treasury certificates and notes totaled 445 millions in the month; 91 millions of these was allotted here, as well as 5 millions of Treasury bills.

| Federal Reserve Bank of Philadelphia (Dollar figures in millions) | Feb. 21, 1934 | Changes in— | |
|--|----------------|---------------|----------------|
| | | Four weeks | One year |
| Bills discounted..... | \$ 19.5 | -\$3.9 | -\$36.1 |
| Bills bought..... | 4.1 | - 2.9 | - 8.8 |
| United States securities..... | 167.1 | 0 | + 30.0 |
| Other securities..... | 0.5 | 0 | 0 |
| Total bills and securities..... | \$191.2 | -\$6.8 | -\$14.9 |
| Fed. res. note circulation..... | 235.3 | + 8.3 | - 17.3 |
| Fed. res. bank note circulation..... | 19.3 | 0 | + 19.3 |
| Member bank reserve deposits..... | 154.2 | + 8.3 | + 33.8 |
| Special deposits—member and non-member banks..... | 6.7 | - 1.8 | + 6.7 |
| Government deposits..... | 3.3 | + 2.4 | + 1.7 |
| Foreign bank deposits..... | 0.3 | - 0.1 | - 5.9 |
| Total reserves..... | 256.7 | +24.6 | + 42.5 |
| Reserve ratio..... | 63.9% | + 3.4% | + 7.7% |

| City areas* | Percentage change—January 1934 from January 1933 | | | | |
|-------------------|--|---------------|--------------------------|--------|--------------------|
| | Manufacturing | | Building permits (value) | Debits | Retail trade sales |
| | Employment | Wage payments | | | |
| Allentown..... | +10 | + 40 | + 189 | + 0 | +10 |
| Altoona..... | + 2 | + 3 | + 204 | + 4 | + 9 |
| Harrisburg..... | +10 | + 40 | - 67 | - 1 | - 1 |
| Johnstown..... | +24 | +142 | - 5 | -28 | + 4 |
| Lancaster..... | +32 | + 62 | + 359 | - 2 | +12 |
| Philadelphia..... | +26 | + 34 | - 44 | +11 | + 7 |
| Reading..... | + 9 | + 36 | + 202 | -14 | + 4 |
| Scranton..... | +13 | + 16 | + 17 | + 3 | +15 |
| Trenton..... | +31 | + 58 | - 24 | + 9 | + 3 |
| Wilkes-Barre..... | + 0 | + 8 | - 44 | - 4 | + 2 |
| Williamsport..... | +33 | + 32 | +3079 | + 8 | |
| Wilmington..... | +27 | + 36 | + 602 | +13 | - 5 |
| York..... | +19 | + 30 | + 874 | + 6 | |

| January 1934 from December 1933 | | | | | |
|---------------------------------|-----|------|-------|-----|-------|
| Allentown..... | - 1 | - 1 | + 318 | - 2 | -56 |
| Altoona..... | - 4 | - 8 | + 614 | - 4 | -57 |
| Harrisburg..... | - 1 | + 1 | - 49 | + 6 | -56 |
| Johnstown..... | + 0 | + 21 | - 12 | + 7 | -58 |
| Lancaster..... | - 2 | - 0 | + 180 | - 0 | -57 |
| Philadelphia..... | - 3 | - 4 | + 129 | - 2 | -55 |
| Reading..... | + 0 | - 1 | + 488 | - 4 | -57 |
| Scranton..... | - 4 | - 2 | + 24 | - 6 | -58 |
| Trenton..... | - 5 | - 6 | - 58 | -19 | -66 |
| Wilkes-Barre..... | - 9 | -17 | + 34 | - 7 | -63 |
| Williamsport..... | - 7 | -16 | - 64 | + 8 | |
| Wilmington..... | - 2 | + 2 | - 82 | -16 | -61 |
| York..... | - 8 | -12 | + 23 | -14 | |

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

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data.)

Manufacturing indexes

(Indexes are percentages of the 1923-25 average taken as 100. Total and group indexes are weighted proportionately.)

| | Employment* | | Payrolls* | | Employment-hours† | | | |
|-------------------------------|-----------------|----------------------|------------|-----------------|----------------------|------------|------------|------------|
| | Jan. 1934 index | Per cent change from | | Jan. 1934 index | Per cent change from | | | |
| | | Jan. 1933 | Dec. 1933 | | Jan. 1933 | Dec. 1933 | Jan. 1933 | Dec. 1933 |
| All manufacturing..... | 69 | +15 | - 5 | 47 | +39 | - 7 | +21 | - 8 |
| Iron, steel and prods.. | 58 | +27 | - 4 | 39 | +84 | - 8 | +63 | - 8 |
| Non-fer. metal prods. | 81 | +27 | - 2 | 62 | +40 | - 5 | +22 | - 5 |
| Transportation equip. | 58 | +19 | + 2 | 33 | +13 | - 6 | +24 | + 1 |
| Textiles and clothing. | 86 | + 2 | - 7 | 59 | +16 | -11 | -21 | -11 |
| Textiles..... | 85 | + 5 | - 7 | 58 | +13 | -14 | -19 | -12 |
| Clothing..... | 88 | - 7 | - 5 | 64 | +29 | + 1 | -29 | - 6 |
| Food products..... | 96 | +15 | - 1 | 78 | +26 | - 1 | + 7 | - 6 |
| Stone, clay and glass. | 63 | +23 | - 5 | 29 | +58 | - 3 | +34 | - 2 |
| Lumber products..... | 45 | +27 | -16 | 25 | +33 | -24 | + 5 | -24 |
| Chemicals and prods. | 93 | +35 | + 2 | 74 | +49 | + 2 | +24 | - 2 |
| Leather and products. | 86 | +18 | - 3 | 72 | +49 | - 1 | + 6 | - 2 |
| Paper and printing... | 86 | +10 | - 4 | 70 | +15 | - 4 | + 8 | - 2 |
| Printing..... | 85 | + 4 | - 4 | 73 | + 7 | - 5 | + 2 | - 4 |
| Others: | | | | | | | | |
| Cigars and tobacco. | 43 | -21 | -31 | 28 | - 9 | -36 | -30 | -43 |
| Rubber tires, goods. | 85 | +32 | + 1 | 48 | +28 | + 1 | + 1 | + 0 |
| Musical instruments | 45 | +20 | + 5 | 40 | +63 | - 0 | +52 | - 5 |

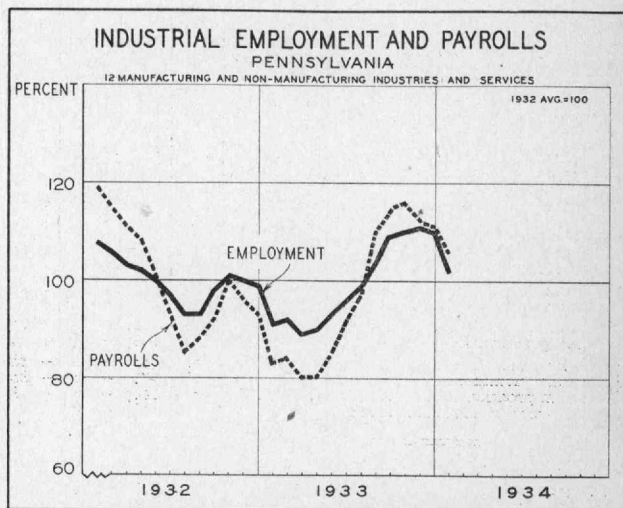
* Figures from 1741 plants.

† Figures from 1436 plants.

Indexes of twelve occupations

(Indexes are percentages of the 1932 average taken as 100. Individual indexes are combined proportionately into general index number.)

| | Employment | | Payrolls | | | |
|--|-----------------|----------------------|------------|-----------------|----------------------|------------|
| | Jan. 1934 index | Per cent change from | | Jan. 1934 index | Per cent change from | |
| | | Jan. 1933 | Dec. 1933 | | Jan. 1933 | Dec. 1933 |
| General index (weighted)..... | 102 | +12 | - 7 | 106 | +28 | - 4 |
| Manufacturing..... | 108 | +15 | - 5 | 115 | +39 | - 7 |
| Anthracite mining..... | 103 | +22 | +18 | 132 | +64 | +65 |
| Bituminous coal mining..... | 115 | +16 | - 1 | 148 | +60 | - 1 |
| Building and construction..... | 70 | - 2 | -13 | 54 | -12 | -11 |
| Quarrying and non-metallic mining..... | 81 | +36 | -13 | 76 | +75 | -13 |
| Crude petroleum producing..... | 214 | +86 | + 0 | 169 | +51 | + 0 |
| Public utilities..... | 91 | - 5 | - 0 | 85 | - 6 | - 0 |
| Retail trade..... | 106 | +11 | -20 | 103 | +12 | -17 |
| Wholesale trade..... | 102 | + 5 | - 1 | 94 | - 1 | - 1 |
| Hotels..... | 99 | + 7 | + 2 | 91 | + 9 | + 3 |
| Laundries..... | 92 | - 1 | - 1 | 89 | + 2 | - 0 |
| Dyeing and cleaning..... | 87 | - 1 | -10 | 84 | + 8 | - 7 |



Index numbers of individual lines of trade and manufacture

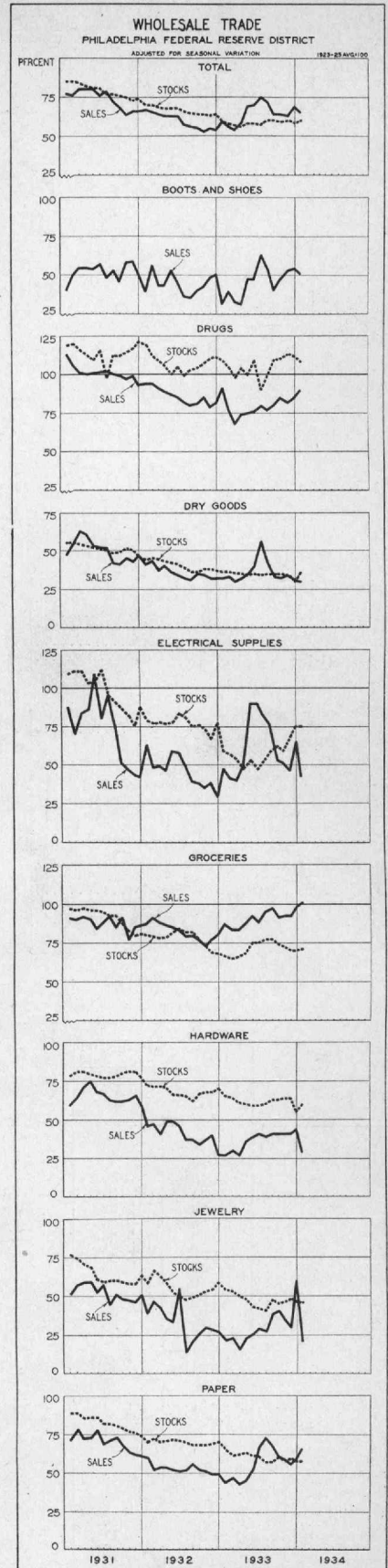
Philadelphia Federal Reserve District

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
(All figures are rounded from original data)

| | Adjusted for seasonal variation | | | | Not adjusted | | | | | |
|------------------------------------|---------------------------------|-----------|-----------|-----------|--------------------------------------|----------|-----------|-----------|-----------|-----------|
| | Jan. 1933 | Nov. 1933 | Dec. 1933 | Jan. 1934 | Percentage comparison Jan. 1934 with | | Jan. 1933 | Nov. 1933 | Dec. 1933 | Jan. 1934 |
| | | | | | Month ago | Year ago | | | | |
| Retail trade | | | | | | | | | | |
| Sales | | | | | | | | | | |
| Total of all stores..... | 51 | 57 | 62 | 54 | - 12 | + 7 | 42 | 68 | 101 | 44 |
| Department..... | 51 | 56 | 59 | 54 | - 9 | + 7 | 41 | 67 | 105 | 44 |
| Men's apparel..... | 44 | 52 | 52 | 46 | - 10 | + 3 | 46 | 57 | 84 | 47 |
| Women's apparel..... | 68 | 74 | 87 | 72 | - 17 | + 6 | 61 | 89 | 131 | 65 |
| Shoe..... | 61 | 61 | 61 | 62 | + 3 | + 3 | 48 | 64 | 79 | 49 |
| Credit..... | 41 | 50 | 59 | 46 | - 22 | + 11 | 27 | 64 | 91 | 30 |
| Stocks of goods | | | | | | | | | | |
| Total of all stores..... | 56 | 60 | 62 | 63 | + 2 | + 13 | 50 | 69 | 59 | 57 |
| Department..... | 52 | 57 | 56 | 56 | - 0 | + 7 | 46 | 67 | 53 | 49 |
| Men's apparel..... | 63 | 54 | 54 | 64 | + 19 | + 1 | 50 | 62 | 55 | 51 |
| Women's apparel..... | 80 | 91 | 89 | 85 | - 4 | + 6 | 68 | 111 | 82 | 73 |
| Shoe..... | 54 | 55 | 54 | 55 | + 1 | + 0 | 51 | 59 | 53 | 51 |
| Credit..... | 53 | 60 | 74 | 73 | - 1 | + 39 | 50 | 68 | 69 | 70 |
| Rate of stock turnover | | | | | | | | | | |
| January (actual, not indexes)..... | | | | | | | 0.25 | | | 0.26 |
| Wholesale trade | | | | | | | | | | |
| Sales | | | | | | | | | | |
| Total of all lines..... | 61 | 63 | 63 | 74 | + 16 | + 21 | 53 | 71 | 69 | 65 |
| Boots and shoes..... | 75 | 52 | 58 | 83 | + 43 | + 11 | 46 | 56 | 55 | 51 |
| Drugs..... | 91 | 82 | 84 | 87 | + 4 | - 4 | 94 | 84 | 85 | 90 |
| Dry goods..... | 29 | 34 | 29 | 37 | + 25 | + 29 | 23 | 43 | 31 | 30 |
| Electrical supplies..... | 51 | 46 | 39 | 62 | + 60 | + 23 | 34 | 60 | 65 | 42 |
| Groceries..... | 88 | 92 | 97 | 109 | + 12 | + 23 | 82 | 100 | 98 | 101 |
| Hardware..... | 25 | 41 | 40 | 37 | - 8 | + 46 | 20 | 45 | 44 | 29 |
| Jewelry..... | 22 | 30 | 29 | 37 | + 27 | + 72 | 12 | 43 | 60 | 22 |
| Paper..... | 51 | 56 | 63 | 63 | + 1 | + 24 | 53 | 58 | 60 | 66 |
| Stocks of goods | | | | | | | | | | |
| Total of all lines..... | 57 | 60 | 62 | 61 | - 1 | + 7 | 56 | 61 | 58 | 60 |
| Drugs..... | 109 | 112 | 119 | 110 | - 7 | + 1 | 107 | 114 | 111 | 108 |
| Dry goods..... | 31 | 34 | 35 | 38 | + 9 | + 23 | 29 | 33 | 30 | 36 |
| Electrical supplies..... | 60 | 67 | 84 | 79 | - 6 | + 32 | 57 | 73 | 75 | 75 |
| Groceries..... | 66 | 70 | 68 | 68 | + 1 | + 4 | 68 | 76 | 70 | 71 |
| Hardware..... | 61 | 64 | 58 | 59 | + 2 | - 3 | 61 | 59 | 55 | 60 |
| Jewelry..... | 54 | 47 | 57 | 53 | - 8 | - 2 | 47 | 48 | 46 | 46 |
| Paper..... | 54 | 59 | 61 | 59 | - 2 | + 10 | 53 | 59 | 58 | 58 |
| Rate of stock turnover | | | | | | | | | | |
| January (actual, not indexes)..... | | | | | | | 0.38 | | | 0.45 |
| Output of manufactures | | | | | | | | | | |
| Pig iron..... | 13 | 21 | 27 | 31 | + 12 | +132 | 13 | 21 | 27 | 30 |
| Steel..... | 23 | 43 | 48 | 44 | - 9 | + 88 | 23 | 41 | 45 | 43 |
| Iron castings..... | 21 | 42 | 39 | 50 | + 28 | +140 | 19 | 43 | 36 | 45 |
| Steel castings..... | 15 | 30 | 32 | 33 | + 4 | +124 | 16 | 28 | 30 | 35 |
| Electrical apparatus..... | 43 | 68 | 64 | 61 | - 6 | + 40 | 41 | 72 | 62 | 57 |
| Motor vehicles..... | 11 | 13 | 18 | 16 | - 15 | + 39 | 10 | 12 | 14 | 14 |
| Automobile parts and bodies..... | 33 | 53 | 58 | 60 | + 3 | + 79 | 33 | 49 | 56 | 59 |
| Locomotives and cars..... | 13 | 15 | 14 | 15 | + 6 | + 11 | 13 | 14 | 14 | 14 |
| Shipbuilding..... | 98 | 101 | 98 | 95 | - 3 | - 3 | 100 | 101 | 103 | 96 |
| Silk manufactures..... | 112 | 110 | 92 | 83 | - 10 | - 26 | 114 | 111 | 94 | 85 |
| Woolen and worsteds..... | 42 | 40 | 41 | 37 | - 9 | - 11 | 42 | 43 | 38 | 37 |
| Cotton products..... | 31 | 35 | 34 | 35 | + 2 | + 11 | 32 | 37 | 37 | 36 |
| Carpets and rugs..... | 30 | 41 | 33 | 34 | + 2 | + 14 | 30 | 42 | 34 | 34 |
| Hosiery..... | 91 | 89 | 90 | 84 | - 7 | - 8 | 95 | 102 | 88 | 87 |
| Underwear..... | 123 | 103 | 92 | 69p | - 25 | - 44 | 120 | 104 | 91 | 68p |
| Cement..... | 18 | 19 | 14 | 29 | +109 | + 64 | 12 | 19 | 11 | 20 |
| Brick..... | 23 | 29 | 28 | 27 | - 5 | + 16 | 22 | 29 | 27 | 25 |
| Lumber and products..... | 11 | 20 | 17 | 16 | - 10 | + 43 | 10 | 21 | 17 | 14 |
| Bread and bakery products..... | | | | | | | 80 | 82 | 82 | 83 |
| Slaughtering, meat packing..... | 92 | 89 | 87 | 93 | + 8 | + 2 | 101 | 99 | 93 | 104 |
| Sugar refining..... | 94 | 64 | 57 | 95 | + 66 | + 1 | 65 | 42 | 37 | 66 |
| Canning and preserving..... | 32 | 43 | 43 | 41p | - 5 | + 28 | 31 | 47 | 43 | 40p |
| Cigars..... | 78 | 82 | 83 | 86 | + 3 | + 10 | 64 | 98 | 60 | 70 |
| Paper and wood pulp..... | 52 | 61 | 55 | 59 | + 7 | + 14 | 51 | 61 | 56 | 58 |
| Printing and publishing..... | 84 | 85 | 87 | 84 | - 3 | + 0 | 84 | 86 | 88 | 84 |
| Shoes..... | 97 | 113 | 122 | 121p | - 0 | + 25 | 99 | 107 | 104 | 124p |
| Leather, goat and kid..... | 94 | 113 | 102 | 103p | + 0 | + 9 | 99 | 110 | 111 | 109p |
| Explosives..... | 48 | 79 | 72 | 66 | - 9 | + 36 | 48 | 79 | 72 | 66 |
| Paints and varnishes..... | 53 | 65 | 68 | 71 | + 5 | + 35 | 47 | 67 | 66 | 64 |
| Petroleum products..... | 133 | 139 | 138 | 144p | + 5 | + 8 | 133 | 139 | 138 | 143p |
| Coke, by-product..... | 53 | 75 | 75 | 70p | - 7 | + 32 | 53 | 72 | 73 | 70p |



* Computed from data unadjusted for seasonal variation.

p—Preliminary.