THE BUSINESS REVIEW

THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA JUNE 1, 1934

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FEDERAL RESERVE BANK *of* PHILADELPHIA

Business and Banking Conditions in the United States

Volume of manufacturing production increased during April, while the output of mines declined. Employment and payrolls continued to increase. The general level of commodity prices remained substantially unchanged during April and the first three weeks in May, although prices of individual commodities showed considerable changes.

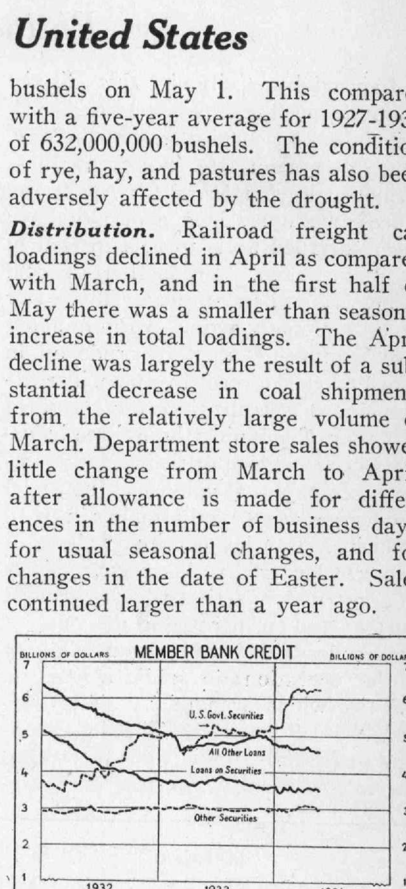
Production and employment. Production of manufactures, which had increased continuously since last November, showed a further advance in April, according to the Board's seasonally adjusted index, while output of mines was smaller in April than in March. The Board's combined index of industrial production remained practically unchanged at 85 per cent of the 1923-1925 average. The growth in manufacturing reflected increases in iron and steel, automobiles, and meatpacking. Lumber production declined in April, and activity at wool and silk mills was considerably reduced, while cotton consumption by mills showed little change. Crude petroleum output continued to increase, but there was a more than seasonal decline at the beginning of April in the mining of both anthracite and bituminous coal. During the first two weeks of May steel operations increased further, but declined somewhat in the third week. Output of automobiles decreased considerably in May.

Volume of employment and wage payments continued to increase in April, and employment in factories, according to the new index of the Bureau of Labor Statistics, was larger than at any time since the end of 1930. There was a substantial seasonal increase in the number of workers employed in private construction as well as those engaged in projects financed by the Public Works Administration. Employment on railroads, in metal mining and quarrying, and in various service activities also increased further, while in coal mining there was a considerable decrease.

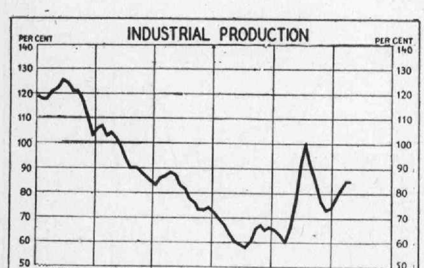
Construction contracts awarded during April, as reported by the F. W. Dodge Corporation, were smaller in value than during March. There was a substantial decline in public works contracts, while contracts for privately financed projects showed a slight increase in April.

Following extended drought in important grain areas, the Department of Agriculture forecast of the winter wheat crop was reduced from 492,000,000 bushels on April 1 to 461,000,000 bushels on May 1. This compares with a five-year average for 1927-1931 of 632,000,000 bushels. The condition of rye, hay, and pastures has also been adversely affected by the drought.

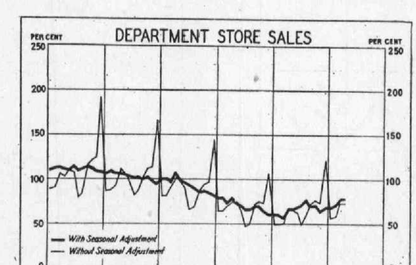
Distribution. Railroad freight car loadings declined in April as compared with March, and in the first half of May there was a smaller than seasonal increase in total loadings. The April decline was largely the result of a substantial decrease in coal shipments from the relatively large volume of March. Department store sales showed little change from March to April, after allowance is made for differences in the number of business days, for usual seasonal changes, and for changes in the date of Easter. Sales continued larger than a year ago.



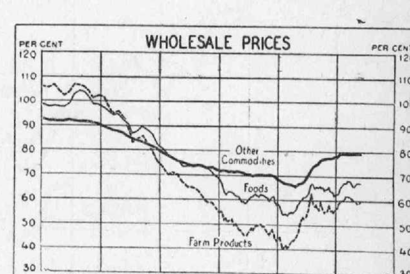
Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for May 16.



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



Indexes of daily average value of sales. (1923–1925 = 100.)



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

Commodity prices. The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics index, has shown little change during the past three months. Prices of grains, cotton, silk, and silver, which declined sharply in April, rose during the first three weeks of May. Rubber prices advanced sharply until early in May but subsequently declined somewhat, and prices of textile products declined during recent weeks. Steel scrap has declined since March, while finished steel products, automobiles, non-ferrous metals, and building materials advanced. Cattle and beef prices rose during April and the early part of May, while prices of hogs declined.

Bank credit. Excess reserves of member banks remained at a level of about $1,600,000,000 between the middle of April and the middle of May. There were no considerable changes in monetary gold stock or in money in circulation. The total volume of reserve bank credit also showed little change.

At reporting member banks in leading cities in the five weeks ending May 16 there were decreases of about $240,000,000 in loans and of $80,000,000 in investments, the latter reflecting a decrease in holdings of securities other than those of the United States Government. Net demand and time deposits increased by nearly $200,000,000 while United States Government deposits were reduced by about $300,000,000.

Short-term money rates in the open market continued at low levels during May and yields on United States Treasury bonds declined further to the lowest levels of the post-war period.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in this district continued well maintained during April but showed seasonal recessions in May. Output of manufactures decreased less than usual from March to April, and since then operations generally have been curtailed as is to be expected in most instances. Production of coal mines has fallen off materially, after an exceptionally active season of about five months. Output of crude oil in April reached a record volume, increasing almost steadily since the spring of last year. Combining these three industries in proportion of their relative importance, the total volume of industrial production was slightly smaller in April than in March but continued about 23 per cent larger than last year.

Construction activity has expanded further and an increase in the value of contract awards has been due mainly to larger operations in public works and utilities which account for about two-thirds of all contracts. The dollar volume of retail trade sales decreased more than usual, while that of wholesale lines showed some improvement from March to April; early reports for May indicate a fair rate of activity in these mercantile lines. The falling off in freight car loadings reflects chiefly reduced shipments of coal.

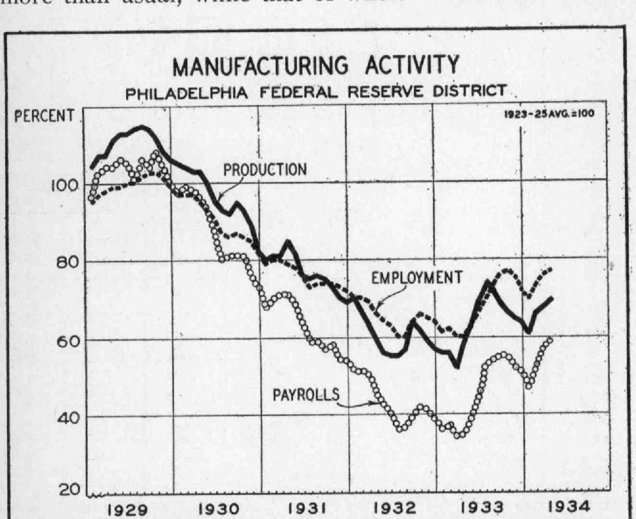
Employment and payrolls in twelve branches of industry and trade, which provide jobs for approximately 2¼ million workers in Pennsylvania, showed small declines from March to April, reflecting principally sharp decreases in the anthracite industry.

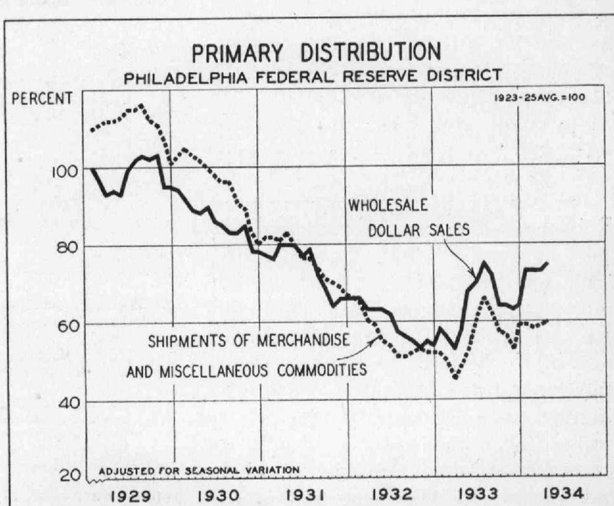
Manufacturing. Demand for factory products was well sustained during April, but slackened seasonally in May. Textile factories, which in this district account for about 20 per cent of all factory wage earners and 26 per cent of the value added through the manufacturing process, reported the largest declines in commitments. Sales of building materials, on the other hand, registered seasonal gains and the market for heavy iron and steel products continued active. Compared with last year, sales of semi-manufactured and finished goods were in greater volume in all lines except textiles where the recent falling off has apparently brought the level below that of last spring.

Prices generally remained fairly steady, although there was a slight downward tendency, especially in such textiles as cotton, hosiery and silk. Manufacturers report a continued resistance to price advances.

Unfilled orders decreased in practically all textile lines but in most other industries there was little change. Reports from a number of establishments indicate that consumers are not anticipating their requirements very far in advance. While the individual orders in many cases are small, they come from more widely distributed sources than has been the case for some time.

Inventories of finished goods were virtually unchanged from the previous month but supplies of raw materials declined; both are smaller than a year ago. Collections have been improving





Source: American Railway Association for shipments gradually and appear to be more satisfactory than a year ago.

Factory employment and payrolls in this district continued to rise in April, contrary to the usual seasonal tendency. In Pennsylvania, the number of wage earners showed an increase of 1 per cent and payrolls a gain of more than 3 per cent. These figures compare with an increase of 2 per cent in employment and 4 per cent in payrolls for the United States as a whole.

A number of factories reported increases in wage rates, the average being about 10 per cent, affecting over 15 per cent of the total number of workers covered in April. This was the largest number of wage earners receiving increases since last August when there was a general advance of about 20 per cent. These latest increases were not spread over as many industries or individual companies as was the case last summer but were confined chiefly to steel works and rolling mills, foundries, and related industries.

From current reports and census figures it is estimated that all manufacturing industries in Pennsylvania around the middle of April had on their rolls about 797,000 wage earners as compared with 789,000 a month ago and 614,000 at the same time last year. The amount of wages paid in April averaged $15,500,000 a week, an increase of about $500,000 over the previous month and $6,700,000 as compared with a year ago.

The amount of work done, as measured by employe-hours actually worked also was 1 per cent larger in April than in March, indicating a continuance of well sustained activity since January. Compared with April 1933, employe-hours worked increased almost 49 per cent.

Although manufacturing activity in this district normally declines in May, preliminary reports indicate that the number of wage earners changed little from April and that both employe-hours and payrolls showed some additional gains.

The volume of manufactured goods produced in this district increased further in April, when allowance was made for the number of working days and seasonal changes. Our index number rose from 68 in March to 70 per cent of the 1923-25 average in April, moving upward for three consecutive months since January; it reached the highest level since early 1932 with the exception of last midsummer. Spring factory activity this year thus registered a more favorable trend than was

Business Indicators
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.

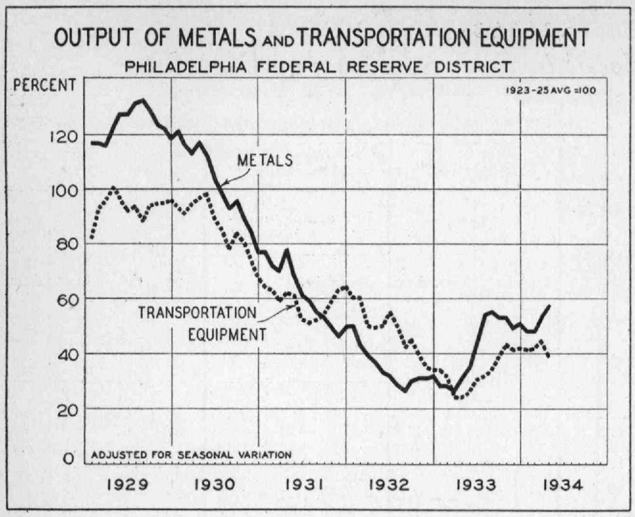
Unadjusted indexes reflect merely the actual change which may or may not be up to the usual seasonal expectations.

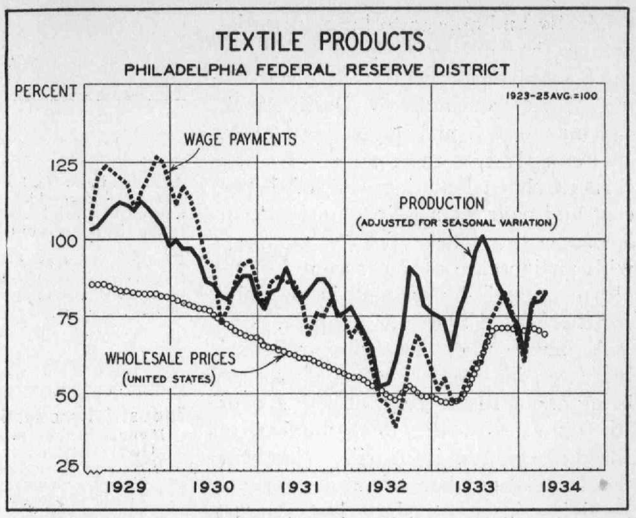
Index numbers: percentages of the 1923–1925 average taken as 100

	Adjusted for seasonal variation							Not adjusted			
					Percentage comparison						
					April 1934 with		To date with year ago				
	Apr. 1933	Feb. 1934	Mar. 1934	Apr. 1934	Month ago	Year ago		Apr. 1933	Feb. 1934	Mar. 1934	Apr. 1934
Industrial production	57	68	71	70p	− 1	+24	+22	55	69	71	69p
Manufacturing—total	58	66	68	70p	+ 3	+20	+19	57	67	69	68p
DURABLE OR CAPITAL GOODS	31	46	49	51p	+ 5	+64	+58	.....	.....	.....	.....
CONSUMERS' GOODS	80	82	82	84p	+ 2	+ 6	+ 6	.....	.....	.....	.....
Metal products	31	48	54	58	+ 8	+90	+85	30	49	55	57
Textile products	77	79	80	83p	+ 4	+ 7	+ 5	73	85	83	79p
Transportation equipment	24	42	45	39	−12	+64	+47	25	43	48	42
Food products	70	68	70	73p	+ 5	+ 5	+ 3	69	67	70	72p
Tobacco and products	81	88	86	91	+ 6	+13	+13	74	75	80	83
Building materials	20	24	23	26	+14	+28	+37	20	21	20	26
Chemicals and products	85	97	98	96p	− 2	+12	+15	86	96	99	97p
Leather and products	109	128	130	121p	− 6	+11	+18	108	136	133	120p
Paper and printing	78	82	80	80	− 0	+ 3	+ 4	79	82	82	81
Electric power output	176	185	190	194	+ 2	+10	+11	173	197	194	190
Industrial use of electricity	113	136	136	134	− 1	+19	+19	114	135	129	135
Coal mining	45	85	105	73	−31	+62	+47	45	91	88	74
Anthracite	44	89	109	73	−33	+66	+48	45	95	89	76
Bituminous	49	59	78	70	−11	+42	+38	45	65	80	64
Employment and wages—Pa.											
Factory wage earners	....	....	....	....	+ 1*	+31*	+24*	59	74	76	77
Factory payrolls	....	....	....	....	+ 3*	+76*	+60*	33	53	57	59
Employe-hours (1927–28 = 100)	....	....	....	....	+ 1*	+49*	+38*	41	55	59	60
General—12 occupations:											
Employment (1932 = 100)	....	....	....	....	− 0*	+21*	+17*	90	104	109	108
Payrolls (1932 = 100)	....	....	....	....	− 1*	+52*	+42*	79	112	122	121
Building and real estate											
Contracts awarded†—total	12	36	32	31	− 4	+154	+57	14	29	30	36
Contracts awarded†—residential	8	15	16	10	−34	+24	+32	10	11	14	13
Permits for building—17 cities	4	11	5	4	−23	− 5	+17	6	8	6	5
Mortgages recorded—Philadelphia	7	19	6	5	−14	−35	−23	8	20	6	5
Real estate deeds—Philadelphia	60	42	40	41	+ 4	−31	−20	59	42	40	41
Sheriff deeds (1930 = 100)	....	....	....	....	+20*	−38*	−12*	211	141	109	130
Other deeds (1930 = 100)	....	....	....	....	−13*	−20*	−27*	60	46	55	48
Writs for Sheriff sales—Phila.	572	987	816	740	− 9	+29	−14	601	1007	832	777
Distribution											
Retail trade—sales	62	54	71	64	− 9	+ 3	+15	66	45	69	65
Retail trade—stocks	53	63	62	61	− 0	+17	.....	54	60	64	63
Wholesale trade—sales	60	73	73	75	+ 2	+24	+27	56	67	69	70
Wholesale trade—stocks	56	64	66	67	+ 1	+19	.....	56	64	67	67
Life insurance sales	89	93	100	106	+ 6	+18	+ 5	100	107	111	118
New passenger auto. registrations	44	54	60	75	+25	+72	+14	66	40	67	113
Freight car loadings—total	46	61	63	60	− 6	+28	+29	45	59	61	58
Mdse. and misc. (64.9% of total)	49	58	59	60	+ 1	+22	+21	50	54	58	61
Coal (23.5% of total)	47	77	85	63	−26	+35	+44	42	84	82	56
Business liquidations											
Number	....	....	....	....	−14*	−63*	−62*	163	69	71	61
Amount of liabilities	....	....	....	....	−20*	−60*	−62*	233	60	117	94
Payment of accounts											
Check payments	56	64	70	72	+ 4	+30	.....	56	64	68	73
Rate of collections (actual)											
Retail trade	25	26	29	28	− 3	+11	.....	25	25	28	28
Wholesale trade	56	67	68	67	− 1	+19	.....	55	62	67	66
Prices—United States											
WHOLESALE (1926 = 100)	....	....	....	....	− 0*	+21*	+21*	60	74	74	73
Farm products	....	....	....	....	− 3*	+34*	+41*	44	61	61	60
Foods	....	....	....	....	− 2*	+18*	+20*	56	67	67	66
Other commodities	....	....	....	....	+ 0*	+20*	+19*	65	79	78	79
RETAIL FOOD (1913 = 100)	....	....	....	....	− 1*	+19*	+17*	90	108	108	107
Philadelphia	....	....	....	....	− 0*	+27*	+24*	92	117	117	117
Scranton	....	....	....	....	− 1*	+18*	+16*	96	115	115	114

(000,000's omitted in dollar figures)	Apr. 1933	Jan. 1934	Feb. 1934	Mar. 1934	Apr. 1934	Per cent change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	$ 56	$ 24	$ 20	$ 17	$ 14	−18	−75
Other bills and securities	144	175	172	170	169	− 1	+17
Member bank reserves	112	138	150	196	194	− 1	+73
Ratio	58.8%	60.6%	63.1%	68.2%	67.4%	− 1	+15
Reporting member banks							
Loans to customers	$534	$476	$471	$468	$463	− 1	−13
Other loans and investments	458	541	570	564	568	+ 1	+24
Net deposits	862	948	988	1036	1039	+ 0	+20
Bankers' acceptances outstanding	9.9	14.7	15.2	15.8	15.1	− 4	+52

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





Source: U. S. Bureau of Labor Statistics for prices

the case in the previous four years. It also compares well with the progress of manufacturing in the country as a whole, the rate of increase during April being in about the same proportion. Beginning with April local productive activity usually shows seasonal recessions until about midsummer.

Output of products, generally described as durable or capital goods, increased 5 per cent in April as compared with a gain of 2 per cent in nondurable or consumers' goods industries. This relatively greater improvement in the heavy industries which has been noticeable in recent months is attributable in large measure to unusual expansion in practically all branches fabricating iron and steel products. The latest index number of output of consumers' goods nevertheless stood at 84 per cent of the 1923-1925 average while that for capital goods had reached only 51 per cent of this average.

Exceptionally large increases occurred in the output of pig iron, steel castings, cement, brick, explosives, and in meat packing and sugar refining. Activity in the locomotive and car industry was 10 per cent greater in April, but this advance was not sufficient to offset decreases in the output of motor vehicles, automobile bodies and parts and in shipbuilding, so that the transportation equipment group as a whole registered a drop of 12 per cent.

The textile group was more active in April, owing chiefly to increased output of cotton and hosiery mills. Silk and woolen mills, on the contrary, reported considerable recessions. In an effort to keep a balance between production and demand, the silk code authority ordered a complete shut-down of silk mills for an entire week in May. A modification of this plan is to be followed in the cotton industry when for twelve weeks beginning June 4 production will be curtailed by limiting the activity of machinery to not more than 75 per cent of the maximum number of hours permitted under the code. It is estimated that over 60,000 workers in local silk and cotton mills will be affected by these developments.

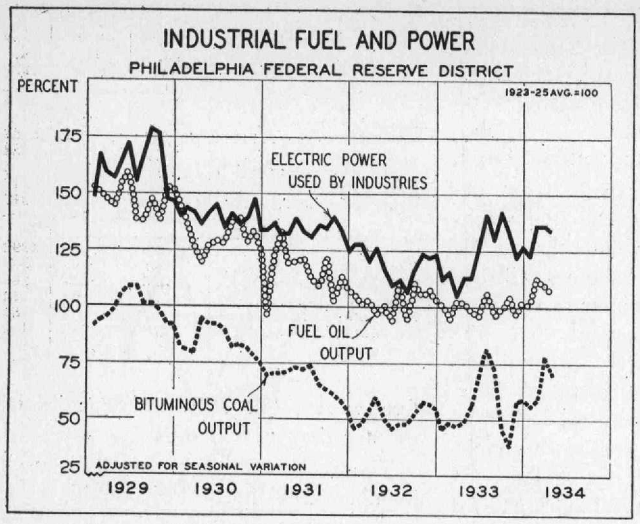
Output of electric power declined less than seasonally from March to April and the index reached again the high point of last summer. The seasonally adjusted index of industrial consumption, at 134 per cent of the 1923-1925 average, declined slightly and continued below the peak registered last August and September. Compared with a year ago, total sales were about 10 per cent larger.

Coal. The market for anthracite has slackened considerably, following an unusually active demand in recent months. The volume of output, which in February reached the highest level since December 1929, decreased by a relatively large amount instead of increasing as is usual for April, reflecting probably an exceptionally large production since late last fall. The number of workers on the rolls of this industry in April totaled approximately 115,000 persons, a decline of about 14 per cent as compared with a decline of 15 per cent in production from March. In the first four months of this year output of anthracite was 48 per cent larger than last year. Average employment in this period increased 16 per cent and the amount of wages paid on the average was 46 per cent larger than in the first four months last year. Productive activity in May indicates a further decline, a movement which is common for summer months. Prices reflect seasonal reduction in the month and generally remain below the levels for April of the past two years.

Industrial demand for bituminous coal produced in this section has declined seasonally. The volume of output in April dropped more than usual, following exceptional increases in the previous three months. The preliminary figures indicate a further let-down in production during May as is to be expected. Estimates show that there were in April about 141,000 workers on the rolls of bituminous coal companies in Pennsylvania, a decline of one per cent, and total wage payments registered a drop of 7 per cent from the March volume. In the first four months of this year as compared with last, output and deliveries of this fuel were the greatest since 1931. In consequence, this industry employed the largest number of workers in five years and disbursed in wages the largest amount since 1930.

Building and real estate. Building and construction activity shows a further substantial increase since our last report, even though the current level of operation continues extremely low relative to more normal years. The most pronounced gain in employment and payrolls occurred in the construction and maintenance of streets and highways, although building operations and general contracting work also registered appreciable increases in this period. Reports from nearly 1,200 contractors in Pennsylvania, covering construction other than that sponsored by the Federal Government through its local agencies, showed a gain of 15 per cent from March to April in both employment and working time and wage payments increased 12 per cent.

Continuing an upward trend since February, the value of all building



contracts awarded in April increased more sharply than usual, owing chiefly to additional large gains in public works and utilities, as indicated by the accompanying table. The value of contracts for two-family houses, which constitute about 85 per cent of the residential construction, decreased while that for apartments and hotels increased since March. In the case of non-residential buildings, contracts for all classes except commercial buildings declined during the month. The total value of all construction so far this year as compared with last was 111 per cent larger. The greatest relative increases occurred in three classifications as follows: educational, 536 per cent; apartments and hotels, 432 per cent; public works and utilities, 390 per cent. The smallest increase—7 per cent—was shown for the family dwellings, while sundry non-residential alone registered a decline. Reports for the first part of May indicate a drop in the total value of awards, although normally there occurs a slight seasonal gain in that month.

Construction costs have increased considerably. Prices of building materials, as compiled by the Bureau of Labor Statistics for the country, have risen almost steadily since April last year and about the middle of May were 87.4 per cent of the 1926 average or 23 per cent higher than a year ago. The sharpest relative advances occurred in lumber, brick, plumbing and heating, paint, and in other miscellaneous materials. The cost of labor also has increased in the same period.

In some areas such as Lancaster, York, Scranton and Wilkes-Barre, ordinary conveyances have shown a rising tendency for several months, while in Philadelphia and Harrisburg the trend has been mostly downward since the first of the year. The number of mortgages recorded in Philadelphia has decreased sharply during the past four months and was the smallest of any month in the last decade.

Agriculture. Farm work has made considerable progress during the past fortnight, but the growth of crops, particularly young plants and grasses, has been retarded in some sections by lack of sufficient moisture. Conditions approaching drought are more pronounced in the western part of this district than in eastern and southeastern counties, where moderately heavy rains in early May served to build up fairly large reserves of moisture in the subsoil. Grains that survived the intense cold of last winter have grown rapidly and the outlook for both wheat and rye crops is more promising than several weeks ago. Corn planting is nearing completion in all but the northern counties and oats seedlings are above ground over the greater part of this district. Orchard fruit prospects continue poor, there being numerous reports of frost injury.

The condition of livestock generally compares favorably with that of other years, although in some areas where there has been a noticeable shortage of winter feeds the cattle are said to be thin and somewhat below average condition. Output of dairy products showed some further decrease during April and continued in smaller volume than a year ago. This is especially true of milk production, which has been declining for several months, according to Department of Agriculture estimates. In the case of creamery butter output, there has been some increase lately from the exceptionally low level of last February, when production was the smallest in months.

Building contract awards Philadelphia Federal Reserve District	April 1934 (in thousands)	Per cent change from Month ago	Year ago	4 months 1934 from 4 months 1933
Residential				
Apartments and hotels.....	$ 245.3	+ 90	+ 21	+432
Family houses............	1,275.8	− 13	+ 3	+ 7
Non-residential				
Commercial.............	837.3	+ 22	+ 82	+ 33
Factories.............	846.0	− 43	+ 13	+132
Educational.............	743.1	− 34	+851	+536
All other.............	454.6	− 41	− 36	− 45
Total building..........	4,402.1	− 22	+ 28	+ 34
Engineering				
Public works and utilities..	7,556.5	+113	+762	+390
Grand total...........	$11,958.6	+ 30	+177	+111

Source: F. W. Dodge Corporation

The number of farm workers hired up to May 1 this year was about 10 per cent larger than in 1933. Monthly wages paid to farm workers generally were higher during April this year than last.

Distribution, trade and service. Following an upward trend since last November, the movement of commodities by railroad freight in this section declined in April and showed a further decrease in early May. Total freight car loadings dropped 6 per cent, reflecting mainly a sharp decrease in coal and coke shipments, which for several months have been unusually large. Deliveries of merchandise and miscellaneous commodities, accounting for nearly 65 per cent of all local car loadings, showed a small gain in April, while less than seasonal decreases were reported in grain, forest products and livestock shipments.

Business at wholesale made slightly more than the usual rate of gain in April and was fairly well maintained in early May. The dollar sales of eight leading lines combined increased 2 per cent from March to April, computed on a seasonally adjusted basis. The most pronounced gains occurred in the sale of hardware, drugs and paper, while at shoe and dry goods establishments sales declined sharply. As compared with a year ago, sales in the aggregate were 24 per cent larger.

Wholesale inventories changed little between March and April, but were 19 per cent larger than a year ago, reflecting mainly higher prices. The rate of stock turnover has been about 14 per cent higher in the first four months this year than last. Collections, which have shown a marked improvement since the first of the year, declined somewhat more than seasonally in the month, but were 19 per cent more prompt than in April last year.

Retail trade sales, after an exceptional gain in March, fell off 9 per cent during April, after adjustment for seasonal variation and for the change in the date of Easter. In early May, however, retail trade activity showed some increase. With the exception of credit stores, the sales of all lines were smaller in April. Compared with a year ago, the dollar volume sold by all reporting stores was about 3 per cent larger. Sales in March and April combined were almost 17 per cent larger than in the same period last year, both periods including the holiday season. For the year to date sales exceeded those of last year by 15 per cent, without allowance for the influence of increased prices.

Retail prices of general merchandise, such as is usually sold at department stores throughout the country, showed a small decrease in April, following a steady advance since last spring. Food prices also turned downward in April, but increased in early May in both Philadelphia and the country as a whole. In the second week of May retail prices of food in Philadelphia were 24 per cent higher than a year ago, while the increase in the average for 51 cities was about 15 per cent.

The collection ratio at retail establishments declined 3 per cent in April, after making allowance for seasonal factors, but was 11 per cent more rapid than a year ago. The rate of stock turnover was 17 per cent higher in the first four months this year than last, all lines reporting a more rapid movement of goods.

Sales of new passenger automobiles, as measured by registrations, continued to show exceptionally large increases in April. In the four months this year as compared with last unit sales were 14 per cent larger.

Activity of business travelers increased further from March to April, as shown by reports from thirty commercial hotels of this district whose total revenue in April amounted to $918,049. Details follow:

Hotel business Philadelphia Federal Reserve District	Per cent change April 1934 compared with		Jan. 1–Apr. 30 1934 with Jan. 1–Apr. 30 1933
	Mar. 1934	Apr. 1933	
Capacity	− 0.0	− 0.1	....
Room occupancy	+ 7.7	+20.6	+17.3
% of capacity used:			
Apr. 1934... 49.5			
Mar. 1934... 46.0			
Apr. 1933... 41.0			
Revenue from:			
Guest rooms	+17.2	+18.6	+11.0
Food	+15.8	+30.2	+21.3
Other sources	+ 8.2	+75.8	+74.4
Total revenue	+14.5	+32.3	+26.2

Banking conditions. Loans have shown only slight fluctuations at the reporting banks during the past month and total deposits did not change materially. Excess reserves of member banks in the aggregate continue large.

Government withdrawals from depositary banks during the five weeks ending on May 23 were less than in the preceding month and balances still uncalled for are much greater than a year ago. Local disbursements of the Treasury were nearly 24 millions larger than amounts received here. These expenditures were the principal source of the funds used by the banks in caring for an adverse balance of 21 millions in commercial and financial transfers, chiefly with other districts, and a small increase in the demand for currency. The banks also added one million to their reserve deposits.

Bills discounted have declined almost steadily at this bank since the beginning of the year and on May 23 were less than 11 millions, as compared with 13½ millions on April 18. The reserve ratio rose from 66.9 to 67.2 per cent.

Depositors in the weekly reporting member banks probably received a considerable part of the heavy government disbursements, but demand deposits at these banks increased only 12 millions in the five weeks ending on May 23. It appears likely that substantial payments were made for customers to other districts, an explanation which helps to account for the adverse balance in the interdistrict transactions. Time deposits did not change, but government deposits decreased 10 millions. Total deposits increased only 2 millions. Loans to customers have been stable recently; a decrease from 521 to 464 millions in the past year was due to a falling off in those made on the security of stocks and bonds, while others, which are more typical of credit extended for commercial operations, are in about the same volume as a year ago. Open market loans and investments have decreased 3 millions in the last five weeks, but still are 88 millions greater than a year ago.

Reporting member banks (000,000's omitted)	May 23, 1934	Apr. 18, 1934	May 24, 1933
Loans to customers:			
On securities	$ 211	$ 211	$268
All other	253	253	253
Loans to open market	35	36	6
United States securities	281	284	218
Other securities	243	242	247
Total loans and investments	$1,023	$1,026	$992
Net demand deposits	667	655	594
Time deposits	323	323	261
Government deposits	50	60	12
Amounts due from banks	157	152	87
Amounts due to banks	219	215	152

The reserve deposits of all licensed member banks in the Philadelphia Federal Reserve District decreased from an average of 194 millions in March to 191 millions in April. The average held above requirements was 76 millions; 54 millions of this was for banks in Philadelphia, which in the two weeks ending on May 18 had an average excess of 53 millions.

Following two months of expansion, outstanding acceptances of banks in this district declined from $15,800,000 to $15,100,000 during April, according to the figures of the American Acceptance Council. On April 30 the local figures still were more than one-half greater than a year ago.

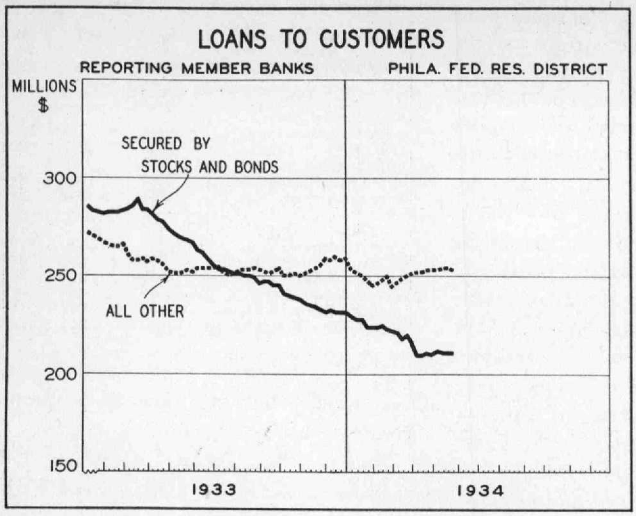
Federal Reserve Bank of Philadelphia (Dollar figures in millions)	May 23, 1934	Changes in— Five weeks	Changes in— One year
Bills discounted	$ 10.8	−$2.6	−$34.4
Bills bought	0.5	− 0.8	− 0.9
United States securities	167.1	0	+ 28.1
Other securities	0.5	0	0
Total bills and securities	**$178.9**	**−$3.4**	**−$ 7.2**
Federal reserve note circulation	246.0	+ 3.4	+ 1.8
Fed. res. bank note circulation—net	6.0	− 1.6	+ 0.5
Member bank reserve deposits	203.6	+ 1.0	+ 88.4
Government deposits	1.0	− 1.4	− 0.7
Foreign bank deposits	0.6	+ 0.2	− 1.0
Other deposits	17.9	− 3.7	+ 9.2
Total reserves	315.1	+ 0.9	+ 87.5
Reserve ratio	67.2%	+ 0.3%	+ 5.9%

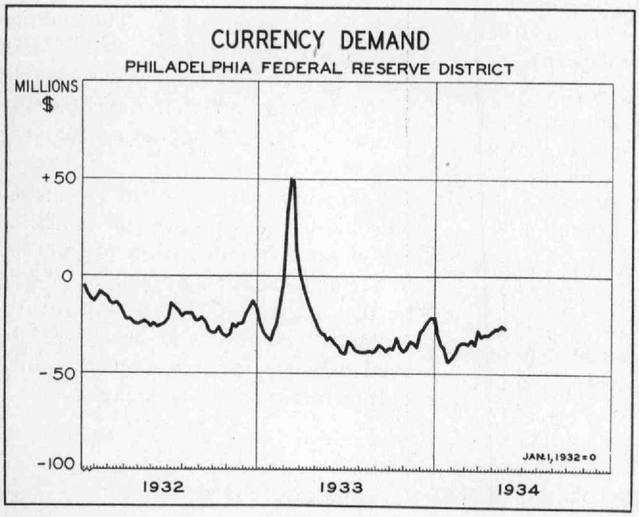
RESERVE BANK CREDIT AND THE FACTORS WHICH AFFECT IT

Philadelphia Federal Reserve District
April 19 to May 23 inclusive—in millions of dollars

Sources of funds		Uses of funds	
Reserve bank credit extended in this district	− 3.6	Currency demand	+2.8
Commercial and financial transfers (chiefly interdistrict)	−21.0	Member bank reserve deposits	+1.0
Treasury operations	+23.7	Nonmember deposits at reserve bank	−3.7
		Unexpended capital funds of reserve bank	−1.0
Total	− 0.9	Total	−0.9

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.





City areas*	Percentage change—April 1934 from April 1933				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employ-ment	Wage payments			
Allentown	+27	+ 97	+132	+11	− 0
Altoona	+ 9	+114	− 65	+23	+14
Harrisburg	+53	+117	+425	+23	− 6
Johnstown	+54	+205	+328	+57	+22
Lancaster	+41	+ 82	+532	+30	+ 3
Philadelphia	+36	+ 65	+ 5	+44	− 7
Reading	+28	+ 94	+ 4	+24	− 4
Scranton	+29	+ 57	+ 65	+18	− 9
Trenton	+41	+ 73	− 93	+35	+ 1
Wilkes-Barre	+26	+ 59	+ 13	+ 1	− 9
Williamsport	+40	+ 66	− 65	+33	....
Wilmington	+39	+ 54	− 38	+37	− 0
York	+35	+ 69	+ 95	+31	....
	April 1934 from March 1934				
Allentown	+ 0	+ 3	+106	+10	−12
Altoona	+11	+ 16	+225	+ 1	−27
Harrisburg	+ 1	+ 6	+268	+ 5	−15
Johnstown	+11	+ 20	− 40	− 0	− 1
Lancaster	+ 1	+ 0	+420	+ 6	−27
Philadelphia	+ 0	+ 1	− 42	+ 6	− 6
Reading	+ 1	+ 2	+ 74	+ 6	− 5
Scranton	− 2	− 0	+ 78	− 2	−21
Trenton	+ 1	+ 3	− 80	+13	+ 5
Wilkes-Barre	− 4	− 9	+ 27	− 2	− 7
Williamsport	− 1	− 0	+ 26	− 4	....
Wilmington	− 3	− 3	+ 30	− 2	− 4
York	+ 4	+ 7	+257	+14	....

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

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

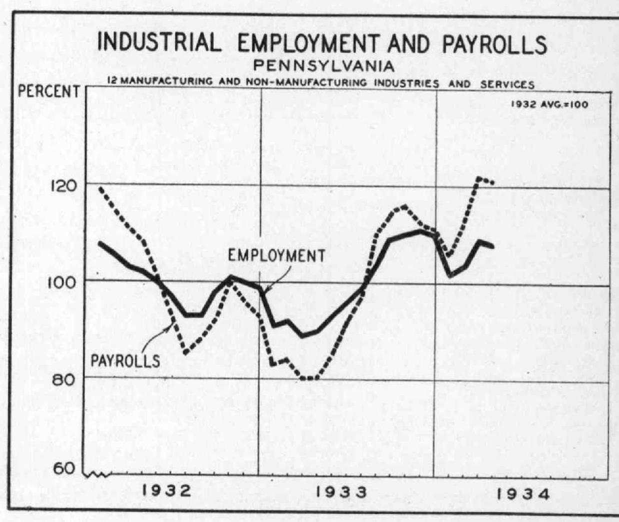
Manufacturing Indexes

(Indexes are percentages of the 1923–25 average taken as 100. Total and group indexes are weighted proportionately.)	Employment*			Payrolls*			Employe-hours†	
	April 1934 index	Per cent change from		April 1934 index	Per cent change from		April 1934—per cent change from	
		April 1933	Mar. 1934		April 1933	Mar. 1934	April 1933	Mar. 1934
All manufacturing	**77**	**+31**	**+ 1**	**59**	**+ 76**	**+ 3**	**+ 49**	**+ 1**
Iron, steel and prods.	64	+43	+ 3	51	+122	+ 8	+ 84	+ 2
Non-fer. metal prods.	87	+35	+ 3	69	+ 59	+ 2	+ 53	+ 2
Transportation equip.	64	+45	+ 5	45	+ 88	+ 6	+116	+ 7
Textiles and clothing	99	+23	− 1	83	+ 72	− 0	+ 8	− 3
Textiles	96	+30	− 2	80	+ 73	− 1	+ 16	− 4
Clothing	113	+ 6	+ 1	97	+ 64	+ 5	− 17	+ 3
Food products	101	+17	0	81	+ 20	− 2	+ 1	+ 1
Stone, clay and glass	70	+38	+ 6	36	+ 74	+ 6	+ 50	+ 7
Lumber products	41	+22	0	26	+ 51	+ 1	+ 24	− 1
Chemicals and prods.	93	+37	− 1	78	+ 63	0	+ 53	− 2
Leather and products	91	+14	− 5	77	+ 45	−12	+ 2	−13
Paper and printing	90	+15	+ 1	74	+ 27	0	+ 6	− 0
Printing	87	+ 7	− 0	77	+ 22	+ 0	+ 4	− 0
Others:								
Cigars and tobacco	62	+35	− 1	42	+ 57	− 2	+ 5	− 1
Rubber tires, gooas	104	+40	+ 8	84	+ 65	+16	+ 13	+12
Musical instruments	51	+48	+ 2	33	+ 78	−26	+ 66	−27

* Figures from 1,789 plants. † Figures from 1,488 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		
	April 1934 index	Per cent change from		April 1934 index	Per cent change from	
		April 1933	Mar. 1934		April 1933	Mar. 1934
General index (weighted)	**108**	**+21**	**− 0**	**121**	**+ 52**	**− 1**
Manufacturing	120	+31	+ 1	144	+ 76	+ 3
Anthracite mining	93	+12	−14	96	+ 38	−37
Bituminous coal mining	120	+32	− 1	160	+114	− 7
Building and construction	74	− 1	+15	59	+ 4	+12
Quarrying and non-metallic mining	99	+29	+24	124	+ 79	+41
Crude Petroleum producing	185	+72	− 4	173	+ 80	+ 6
Public utilities	89	− 5	+ 0	88	+ 2	+ 2
Retail trade	107	+13	− 6	104	+ 19	+ 0
Wholesale trade	102	+ 9	− 0	96	+ 12	− 0
Hotels	104	+14	+ 1	98	+ 22	+ 0
Laundries	93	+ 2	+ 1	92	+ 15	+ 3
Dyeing and cleaning	105	+ 8	+12	118	+ 29	+21



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 montns 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			
					Percentage comparison						
	Apr. 1933	Feb. 1934	Mar. 1934	Apr. 1934	April 1934 with: Month ago	April 1934 with: Year ago	To date with year ago	Apr. 1933	Feb. 1934	Mar. 1934	Apr. 1934
Retail trade											
Sales											
Total of all stores	62	54	71	64	− 9	+ 3	+ 15	66	45	69	65
Department	61	55	69	62	−10	+ 1	+ 14	62	45	64	60
Men's apparel	57	53	60	51	−16	− 11	+ 17	59	44	60	49
Women's apparel	88	76	100	78	−22	− 11	+ 16	111	56	117	92
Shoe	68	51	81	62	−23	− 9	+ 14	81	41	81	69
Credit	50	44	62	70	+13	+ 40	+ 36	52	39	55	69
Stocks of goods											
Total of all stores	53	63	62	61	− 0	+ 17	.....	54	60	64	63
Department	47	56	54	54	− 0	+ 14	.....	49	53	56	56
Men's apparel	49	55	56	56	+ 0	+ 13	.....	52	54	57	59
Women's apparel	75	86	86	84	− 1	+ 12	.....	80	81	93	90
Shoe	57	59	57	58	+ 1	+ 2	.....	58	55	58	59
Credit	55	73	73	72	− 1	+ 31	.....	55	72	74	72
Rate of stock turnover											
4 months (actual, not indexes)	....	....	....	....	......	......	+ 17*	1.14	....	....	1.34
Wholesale trade											
Sales											
Total of all lines	60	73	73	75	+ 2	+ 24	+ 27	56	67	69	70
Boots and shoes	49	50	48	42	−12	− 14	+ 6	52	35	54	45
Drugs	74	88	81	90	+11	+ 21	+ 13	75	90	85	90
Dry goods	30	42	46	42	− 7	+ 43	+ 46	26	35	42	37
Electrical supplies	61	53	66	68	+ 2	+ 11	+ 26	56	47	57	62
Groceries	86	112	107	107	− 0	+ 24	+ 29	79	104	98	98
Hardware	35	37	39	48	+25	+ 36	+ 38	36	30	38	50
Jewelry	23	41	38	38	+ 1	+ 68	+ 89	15	29	29	25
Paper	45	60	59	65	+10	+ 46	+ 35	45	59	62	65
Stocks of goods											
Total of all lines	56	64	66	67	+ 1	+ 19	.....	56	64	67	67
Boots and shoes	25	19	20	21	− 2	− 16	.....	25	23	22	21
Drugs	104	111	109	112	+ 2	+ 8	.....	105	113	111	113
Dry goods	32	48	48	50	+ 5	+ 57	.....	32	47	49	50
Electrical supplies	51	74	71	88	+23	+ 70	.....	50	70	69	86
Groceries	67	70	75	74	− 2	+ 10	.....	67	73	77	74
Hardware	60	61	77	62	−20	+ 3	.....	64	63	81	66
Jewelry	47	56	53	54	+ 1	+ 13	.....	46	49	49	52
Paper	58	63	60	60	− 1	+ 2	.....	58	63	62	60
Rate of stock turnover											
4 months (actual, not indexes)	....	....	....	....	......	......	+ 14*	1.49	....	....	1.70
Output of manufactures											
Pig iron	12	28	28	32	+14	+167	+128	13	28	32	36
Steel	26	45	51	54	+ 5	+108	+102	27	47	55	56
Iron castings	18	44	40	41	+ 2	+123	+ 95	19	45	42	43
Steel castings	17	37	39	58	+48	+247	+184	17	42	44	59
Electrical apparatus	46	60	68	74	+ 9	+ 60	+ 58	40	57	63	64
Motor vehicles	10	13	17	11	−35	+ 11	+ 16	12	13	18	13
Automobile parts and bodies	19	55	63	56	−11	+189	+154	21	60	69	61
Locomotives and cars	7	15	15	17	+10	+148	+ 60	7	15	17	18
Shipbuilding	78	108	106	90	−14	+ 16	+ 10	79	106	110	92
Silk manufactures	89	110	105	101	− 4	+ 13	+ 9	87	116	108	99
Woolens and worsteds	42	43	45	41	− 9	− 3	− 3	39	44	43	37
Cotton products	33	40	42	44	+ 4	+ 32	+ 32	34	43	45	45
Carpets and rugs	30	50	51	50	− 3	+ 65	+ 76	29	51	51	48
Hosiery	109	114	113	117	+ 4	+ 7	+ 7	109	119	117	117
Underwear	125	84	89	106	+19	− 16	− 27	123	91	97	103
Cement	32	36	26	35	+35	+ 9	+ 32	32	25	20	34
Brick	20	25	27	31	+15	+ 51	+ 33	21	24	26	33
Lumber and products	13	16	18	17	− 5	+ 37	+ 46	12	16	17	17
Bread and bakery products	....	....	....	....	− 3*	− 2*	+ 2*	84	84	85	82
Slaughtering, meat packing	93	85	82	99	+22	+ 6	− 4	92	87	78	98
Sugar refining	93	64	84	96	+15	+ 4	+ 14	121	83	129	125
Canning and preserving	36	48	55	58p	+ 6	+ 62	+ 53	30	44	49	51p
Cigars	80	88	85	90	+ 6	+ 13	+ 13	73	74	78	82
Paper and wood pulp	50	60	58	58	+ 0	+ 16	+ 19	51	60	59	59
Printing and publishing	84	86	84	84	− 0	+ 1	+ 2	85	86	86	86
Shoes	133	136	138	122p	−11	− 8	+ 10	133	143	146	122p
Leather, goat and kid	86	120	122	121p	− 1	+ 39	+ 28	84	129	121	117p
Explosives	37	77	69	83	+20	+121	+ 63	38	77	69	83
Paints and varnishes	53	70	67	63	− 6	+ 19	+ 25	55	68	68	66
Petroleum products	132	126	132	128p	− 3	− 3	+ 2	132	125	131	128p
Coke, by-product	49	78	85	85	0	+ 74	+ 60	51	82	88	88

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