

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
JULY 2, 1934

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Business and Banking Conditions in the United States

Industrial production increased slightly in May, while factory employment and payrolls showed little change. The general level of wholesale prices, after remaining practically unchanged since the middle of February, advanced sharply in the middle of June, reflecting chiefly increases in the prices of livestock and livestock products.

Production and employment. Industrial production, as measured by the Board's seasonally adjusted index, advanced from 86 per cent of the 1923-1925 average in April to 87 per cent in May, as compared with a recent low level of 72 last November. Activity at steel mills increased further from 54 per cent of capacity in April to 58 per cent in May, while output of automobiles showed a decline. Lumber production continued at about one-third the 1923-1925 level. In the textile industries output declined somewhat, partly as a consequence of seasonal developments. At mines coal production showed little change in volume, while output of petroleum continued to increase.

In the first three weeks of June activity at steel mills continued at about the May level, although a decline is usual at this season. Maintenance of activity reflected in part, according to

trade reports, considerable stocking of steel. Output of automobiles declined somewhat, as is usual at this season.

Employment in factories, which usually declines slightly between the middle of April and the middle of May, showed little change, while employment on the railroads, in agriculture and in the construction industry increased, as is usual at this season. Increased employment was shown at manufacturing establishments producing durable goods, such as iron and steel and non-ferrous metals, while employment declined at establishments producing non-durable manufactures, such as textiles and their products.

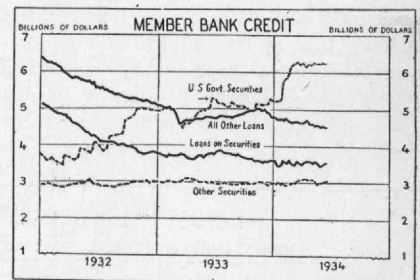
Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, has shown a decline in the spring months, reflecting a reduction in the volume of contracts for public projects. The volume of construction work actually under way has increased as work has progressed on contracts previously awarded.

Department of Agriculture estimates based on June 1 conditions indicated unusually small crops of winter wheat and rye and exceptionally poor conditions for spring wheat, oats, hay and pastures, largely as a consequence of a prolonged drought. The winter wheat

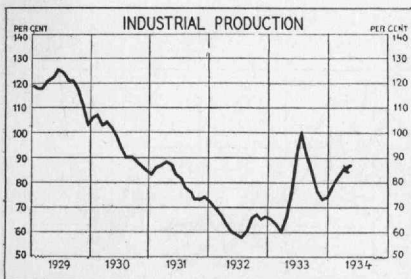
crop was estimated at 400,000,000 bushels as compared with a five year average of 630,000,000 bushels and an exceptionally small crop of 350,000,000 bushels last season. Rains in early June somewhat improved prospects for forage and grain crops not already matured.

Distribution. Total freight traffic increased in May by more than the usual seasonal amount, reflecting in considerable part a larger volume of shipments of miscellaneous products. At department stores the value of sales showed an increase as is usual at this season.

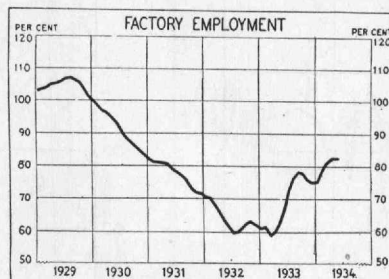
Commodity prices. During May and the first three weeks of June wholesale prices of individual farm products fluctuated widely, while prices of most



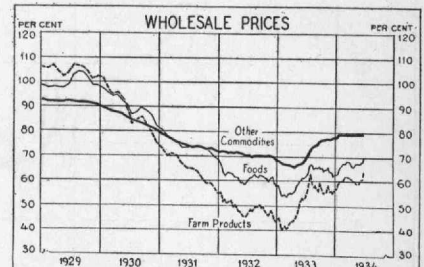
Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for June 13.



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



Federal Reserve Board's index of factory employment adjusted 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.)

other commodities showed little change. Wheat, after advancing rapidly during May declined considerably in the first three weeks of June. Cotton continued to advance in the early part of June. In the middle of the month hog prices increased sharply from recent low levels. Automobile prices were reduced in the early part of June, and copper prices advanced.

Bank credit. During May and the first half of June there was little change in the volume of reserve bank credit outstanding. As a consequence

of expenditure by the Treasury of cash and deposits with the Federal reserve banks and a growth in the country's monetary gold stock, member bank reserve balances advanced further to a level \$1,800,000,000 in excess of legal requirements. In the week ending June 20, however, excess reserves dropped to \$1,675,000,000 reflecting an increase in Treasury deposits at the reserve banks in connection with June 15 tax receipts and sales of Government securities.

Total loans and investments of re-

porting member banks increased by \$80,000,000 between May 16 and June 13, reflecting a growth in holdings of investments other than United States Government securities and in open-market loans to brokers and dealers, while loans to customers declined. Net demand deposits increased by about \$400,000,000 during the period.

Money rates in the open market continued at low levels. The rate on prime commercial paper declined to $\frac{3}{4}$ -1 per cent in June, the lowest figure on record.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business conditions in this district generally showed improvement during May, contrary to the usual seasonal change and the preliminary indications at the beginning of that month. Industrial production, comprising factory and mineral products, expanded about 2 per cent from April to May and the level for the year to date continued 20 per cent higher than last year. The value of contracts awarded declined sharply during the month in all types of construction, except for gains in the case of family dwellings and miscellaneous non-residential buildings; operations on old contracts continued at a seasonally higher rate.

Distribution of commodities in this district was larger in May than in April and was well maintained in early June. The value of both wholesale and retail sales showed more than usual gains in the month and continued ahead of last year, reflecting partly the influence of higher prices. Sales of new passenger automobiles declined a little more than usual, fol-

lowing an exceptional increase in the previous month. Freight car loadings also registered improvement, owing largely to increased shipments of coal.

General employment in twelve branches of industry and trade increased 2 per cent and earnings 6 per cent from April to May, according to reports from 5,000 establishments employing in May nearly 700,000 workers whose average weekly payroll amounted to \$15,200,000. In early June factory employment and payrolls, which account for about 48 per cent of all workers employed in these branches of labor and industry, declined seasonally, as indicated by early reports.

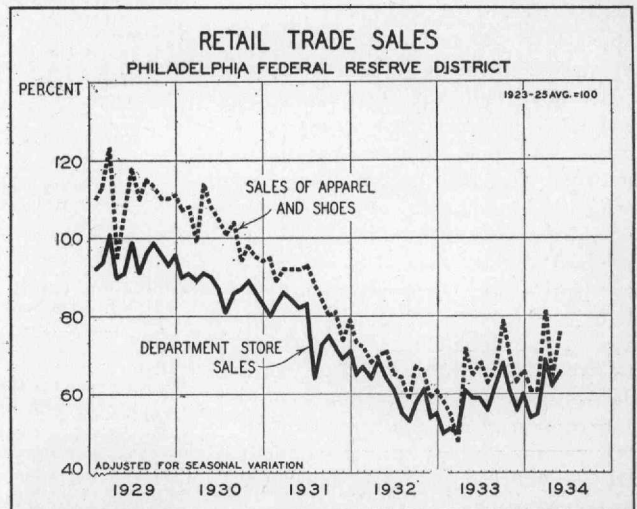
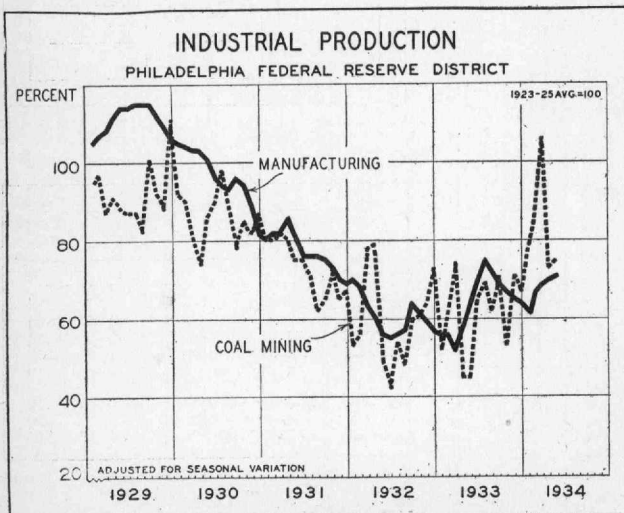
Manufacturing. Demand for finished products has fallen off appreciably since early May as is to be expected at this season. Sales in virtually all lines have declined in the month and in many instances even as compared with a year ago. The volume of textiles sold by local factories again registered the greatest decrease, continuing to reflect partly the usual sea-

sonal let-down; the volume of advance business at textile plants also has decreased in the month and was noticeably smaller than a year ago. The market for leather and shoes shows customary recessions.

Commitments for iron and steel products have been exceptionally large since the early part of the year and in May reached apparently the highest monthly volume in the past three years; but since May buying has slackened considerably. Building materials, particularly that type which is used in connection with residential repairs and construction, have been in fair demand. Although sales on the whole have decreased in the month, they continued larger than a year ago as in the case of other manufactures except textiles.

The majority of reports from local producers indicate that price concessions last month have been more prevalent than at any time this year.

The supply of finished products at local plants generally has been reduced



Business Indicators Philadelphia Federal Reserve District

since the middle of last month and evidently continued smaller than a year ago. This also seems to be true of raw materials, although lately seasonal buying, as in the case of certain textiles, has been in evidence with a consequent increase in stocks to be used in future manufacturing.

Factory payrolls in this district rose in May for the fourth successive month and the number of wage earners remained about the same as in April. The index number of employment, at 77, relative to the 1923-1925 average, was 24 per cent higher than a year ago and reached the highest level since May 1931. Payrolls, at 62, were 64 per cent greater than in May 1933 and were very close to the level of the first half of 1931.

In addition to the customary declines, the unusual curtailments in textile factories, especially those manufacturing cotton, silk and woolen goods, naturally had an adverse effect on the index of employment and earnings. The iron and steel plants, on the contrary, had 4 per cent more wage earners on their rolls and 16 per cent larger payrolls at a season when their operations usually are cut down. Except for the usual declines at the turn of the year, the volume of employment and payrolls has been advancing steadily since last spring, and during the past few months the spread between these two curves has narrowed somewhat. Average hourly earnings for manufacturing in general apparently reached a higher point in May than at any time since the beginning of 1927 when the collection of employe-hour data was inaugurated.

On the basis of current reports and census data it is estimated that all Pennsylvania factories about the middle of May had on their rolls approximately 803,000 wage earners whose average weekly payroll totaled about \$16,500,000. A year ago the number of workers on the rolls approximated 650,000 and their wage earnings averaged \$10,000,000 a week. Preliminary figures for June indicate that about the usual seasonal declines occurred during that month.

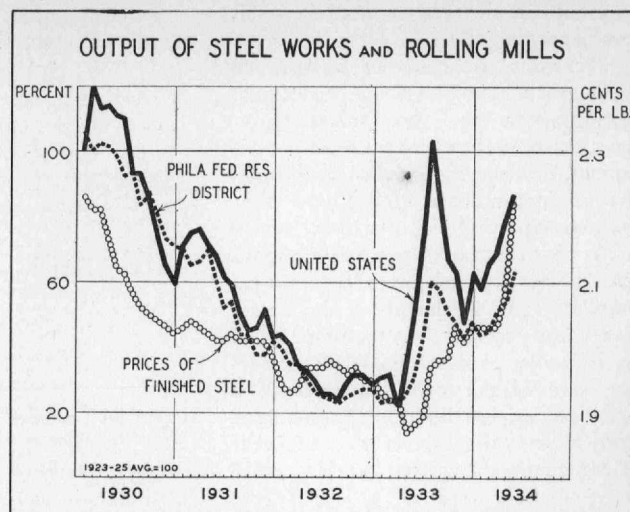
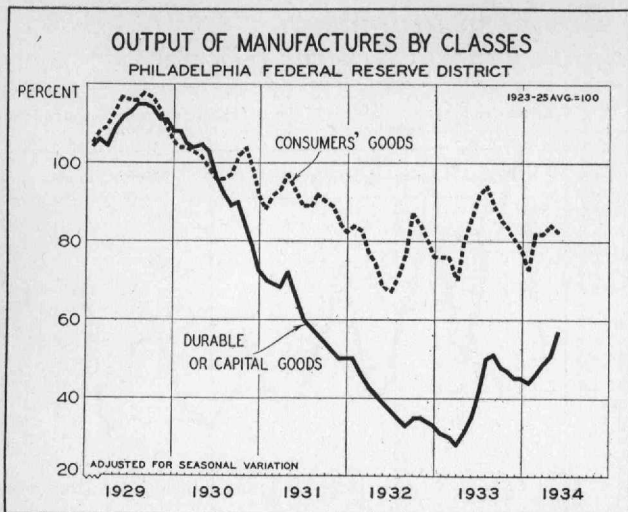
Output of manufactures during May increased slightly instead of declining as is usual. Our adjusted index number of productive activity, which combines proportionately 47 industries, rose from 70 in April to 71 in May, relative to the 1923-25 average. With the exception of last mid-summer, this level was the highest since the fall of 1931. Compared with the extremely low points reached in the summer of

	Index numbers: percentages of the 1923-1925 average taken as 100. (All figures are rounded from original data)											
	Adjusted for seasonal variation						Not adjusted					
	May 1933	Mar. 1934	Apr. 1934	May 1934	Percentage comparison		May 1933	Mar. 1934	Apr. 1934	May 1934		
					May 1934 with	To date with year ago						
				Month ago	Year ago							
Adjusted indexes allow for the usual seasonal change which results from an uneven distribution of business between the months of the year.												
Unadjusted indexes reflect merely the actual change which may or may not be up to the usual seasonal expectations.												
Industrial production	61	71	70	71p	+ 2	+ 16	+21	60	70	69	70p	
Manufacturing—total	64	68	70	71p	+ 1	+ 11	+17	62	69	68	70p	
DURABLE OR CAPITAL GOODS	35	49	51	57p	+ 12	+ 63	+59					
CONSUMERS' GOODS	86	82	84	82p	- 3	- 4	+ 4					
Metal products	35	54	58	64p	+ 10	+ 81	+82	35	55	57	64p	
Textile products	84	78	81	73p	+ 10	- 14	- 0	81	81	77	70	
Transportation equipment	26	45	39	40	+ 0	+ 55	+49	27	48	42	41	
Food products	73	70	74	74p	+ 1	+ 2	+ 3	72	70	73	73p	
Tobacco and products	87	86	91	92	+ 0	+ 5	+11	85	80	83	89	
Building materials	25	23	26	32	+ 24	+ 26	+34	27	20	26	34	
Chemicals and products	91	98	105	111p	+ 6	+ 22	+18	92	99	106	113p	
Leather and products	124	130	127	137p	+ 8	+ 11	+18	112	133	125	125p	
Paper and printing	81	80	80	80	+ 0	- 1	+ 3	81	82	81	81	
Electric power output	192	190	194	196	+ 1	+ 2	+ 9	178	194	190	182	
Industrial use of electricity	113	136	134	131	- 2	+ 17	+18	115	129	135	134	
Coal mining	45	106	73	75	+ 4	+ 69	+51	44	88	75	75	
Anthracite	43	109	73	76	+ 4	+ 77	+53	43	89	76	76	
Bituminous	57	78	70	71	+ 1	+ 23	+35	52	80	64	64	
Employment and wages—Pa.												
Factory wage earners					- 0*	+ 24*	+24*	62	76	77	77	
Factory payrolls					+ 5*	+ 64*	+61*	38	57	59	62	
Employe-hours (1927-28=100)					+ 7*	+ 35*	+37*	47	59	60	64	
General—12 occupations:												
Employment (1932=100)					+ 2*	+ 20*	+18*	92	109	108	111	
Payrolls (1932=100)					+ 6*	+ 52*	+44*	84	122	121	128	
Building and real estate												
Contracts awarded—total	13	32	31	29	- 5	+122	+66	16	30	36	36	
Contracts awarded—residential	9	16	10	11	+ 3	+ 15	+29	12	14	13	14	
Permits for building—17 cities	7	5	4	5	+ 41	- 27	+ 7	8	6	5	6	
Mortgages recorded—Philadelphia	10	6	5	11	+126	+ 9	-18	10	6	5	11	
Real estate deeds—Philadelphia	49	40	41	36	- 12	- 25	-21	53	40	41	39	
Sheriff deeds (1930=100)					- 25*	- 43*	-19*	172	109	130	98	
Other deeds (1930=100)					+ 21*	- 3*	-23*	60	55	48	58	
Writs for Sheriff sales—Phila.	1226	816	740	778	+ 5	- 36	-19	1287	832	777	817	
Distribution												
Retail trade—sales	59	71	64	69	+ 7	+ 18	+14	59	69	65	69	
Retail trade—stocks	55	62	62	63	+ 3	+ 16		54	64	64	63	
Wholesale trade—sales	66	73	75	83	+ 11	+ 24	+26	62	69	69	78	
Wholesale trade—stocks	57	66	67	66	- 1	+ 16		57	67	68	65	
Life insurance sales	90	100	106	103	- 3	+ 14	+ 7	96	111	118	110	
New passenger auto. registrations	52	60	75	75p	- 1	+ 43	+20	75	67	113	107p	
Freight car loadings—total	49	63	60	61	+ 2	+ 24	+28	50	61	58	62	
Mdse. and misc. (64.9% of total)	53	59	60	60	+ 0	+ 14	+19	55	58	61	63	
Coal (23.5% of total)	47	85	63	68	+ 8	+ 45	+44	43	82	56	62	
Business liquidations												
Number					- 18*	- 58*	-61*	120	71	61	50	
Amount of liabilities					+ 3*	- 26*	-57*	131	117	94	97	
Payment of accounts												
Check payments	52	70	72	71	- 2	+ 35		52	68	73	70	
Rate of collections (actual)												
Retail trade	25	29	28	29	+ 2	+ 13		26	28	28	29	
Wholesale trade	59	68	67	72	+ 7	+ 21		60	67	66	72	
Prices—United States												
WHOLESALE (1926=100)					+ 0*	+ 17*	+20*	63	74	73	74	
Farm products					+ 0*	+ 19*	+36*	50	61	60	60	
Foods					+ 1*	+ 13*	+19*	59	67	66	67	
Other commodities					+ 0*	+ 19*	+19*	66	78	79	79	
RETAIL FOOD (1913=100)					+ 1*	+ 16*	+17*	94	108	107	108	
Philadelphia					+ 1*	+ 24*	+24*	95	117	117	118	
Scranton					+ 1*	+ 16*	+16*	99	115	114	115	

	(000,000's omitted in dollar figures)					Per cent change from	
	May 1933	Feb. 1934	Mar. 1934	Apr. 1934	May 1934	Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ 46	\$ 20	\$ 17	\$ 14	\$ 12	-14	-74
Other bills and securities	141	172	170	169	168	- 1	+19
Member bank reserves	114	150	196	194	196	+ 1	+72
Ratio	61.6%	63.1%	68.2%	67.4%	66.9%	- 1	+ 9
Reporting member banks							
Loans to customers	\$521	\$471	\$ 468	\$ 463	\$ 465	+ 0	-11
Other loans anc. investments	468	570	564	568	563	- 1	+20
Net deposits	871	988	1036	1039	1035	- 0	+19
Bankers' acceptances outstanding	10.0	15.2	15.8	15.1	13.8	- 9	+38

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

p—Preliminary.



1932 and the first quarter of 1933, the rate of production in May was higher by 30 and 37 per cent respectively. Manufacturing activity in the country as a whole showed about the same relative trend in the past five months and in comparison with the last two years as did production in this district.

The most pronounced improvement thus far this year has taken place in the output of such durable or capital goods as fabricated metal products, used largely for equipment purposes, and certain building materials. The index number rose further in May to 57 or about 30 per cent higher than it was in January and more than twice as high as the record low reached in March 1933.

Production of consumers' goods, as typified by finished textiles and shoes, has increased 12 per cent since the early part of this year in spite of the decline from April to May. Since the low point in June 1932, the output of consumers' goods has fluctuated widely, the May index number being 82 or 3 per cent lower than in April and 4 per cent lower than a year ago. For the year to date, industries producing heavy goods indicate an improvement of 59 per cent, while those manufacturing products ready for consumption show an increase of only 4 per cent as compared with the first five months of last year.

The textile industries, which represent about 26 per cent of the output covered by our index number, registered the least favorable comparison with last year. In contrast, the iron and steel industry, whose relative importance in this district is about 22 per cent in point of production, showed an exceptional rise between January and May in addition to an even sharper increase last summer, so that the May

level was nearly three times as high as the low point reached in the summer of 1932 and the early part of 1933; since May the fabrication of metal products has been decreasing.

Output of building materials, another important group in this district, also indicated a considerable expansion so far this year. The index number rose to 32 per cent of the 1923-25 average in May as compared with 26 in April and 25 a year ago. The recent falling off in operations financed by public funds has been offset somewhat by a slight expansion in residential building. Other manufacturing groups generally registered a favorable change from April to May and their current levels continue substantially higher than last year.

The decline in the output of electric power has not been as large as usual, so that our seasonally adjusted index shows a continuous improvement in the past three months. The largest gain from April to May occurred in the output of electricity by steam, while the greatest decrease was in that of hydro-electric plants, reflecting the shrinkage in the water supply. Total sales of electricity for all purposes were 6 per cent smaller in May than in April but continued about 5 per cent larger than a year ago. Sales to industries, which are the largest consumers of electric power, declined somewhat more than is customary for May.

Coal. The volume of anthracite mined during May was about the same as in April; since output usually declines in this period, colliery operation in May showed an improvement of 4 per cent. Both production and shipments in June showed seasonal decreases. For the year to date the vol-

ume of output and deliveries exceeded that of last year by over 50 per cent and were the highest since 1929.

Accompanying a high level of output, average weekly payrolls for 1934 to date, still the highest since 1931, were 58 per cent above last year; the number of wage earners, while not as high as in 1932, was 23 per cent more than last year.

Production and shipments of bituminous coal for the first five months this year continue to be the greatest since 1931. Output in May was unchanged from April, while usually a slight decline occurs at this time. As in most other years, shipments increased in this period. Corresponding to the trend in production, average employment and earnings for the year to date continue to be the highest in about four years. Total industrial consumers' stocks as of May 1 were 4 per cent smaller than a month before. All classes of consumers showed a decrease, with the exception of cement mills, which increased their supply of coal by 17 per cent; the sharpest drop was at beehive coke ovens.

Building and real estate. Activity in the construction and contracting industry in Pennsylvania showed a substantial increase between April and May, continuing an upward trend since early this year. The most pronounced increases in employment, payrolls and working time occurred in the construction and maintenance of streets and highways, although moderately large gains also were shown in building and general contracting operations. Reports from some 1100 contractors showed increases from April to May amounting to 17 per cent in employ-

ment and 18 per cent in wage payments and working time.

The value of contract awards decreased sharply in May, contrary to seasonal tendency, but showed some gain in early June. Contracts let for one and two-family dwellings and sundry non-residential buildings alone showed an increase in this period, while engineering construction, which had been increasing for several months, declined sharply. The aggregate value for all construction in the five months since January 1 was 93 per cent larger this year than last, with educational buildings, apartments and hotels and public works and utilities showing the largest relative gains.

Building contracts Philadelphia Federal Reserve District	May 1934 (in \$1,000's)	Per cent change from	
		Month ago	5 mos. 1934 from 5 mos. 1933
Residential:			
Apts. and hotels...	\$ 185.0	-25	+310
Family houses....	1,726.7	+35	+ 8
Non-residential:			
Commercial.....	758.7	- 9	+ 26
Factories.....	419.2	-50	+ 68
Educational.....	569.5	-23	+584
All other.....	603.2	+33	- 41
Total building..	4,262.3	- 3	+ 28
Public works and utilities.....	2,472.9	-67	+329
Grand Total...	\$6,735.2	-44	+ 93

Source: F. W. Dodge Corporation

Wholesale prices of building materials, which have shown an upward trend for more than a year, increased further in May, reaching the highest level since the fall of 1930, according to figures compiled by the Bureau of Labor Statistics for the country as a whole.

Following a rising tendency for several months, ordinary conveyances declined rather sharply during May in the Lancaster and York areas, but showed further gains in the Wilkes Barre, Scranton and Johnstown territories. In Philadelphia and Harrisburg the number of ordinary deeds as well as the value of mortgages recorded increased appreciably in May.

Agriculture. Farm activity in this district has been progressing at about the normal seasonal rate. Heavy rains in the third week of June were especially beneficial in the central and western counties, where an inadequate moisture supply was retarding the growth of crops and making field work extremely difficult. The condition of pastures and meadows has improved noticeably.

Tobacco planting is nearly completed and first cuttings of hay are being made under generally favorable conditions. Truck crops, grown chiefly in the eastern and southeastern counties, seem to show the usual normal rate of growth. But fruit prospects continue poor and there are indications that this year's crop will be light.

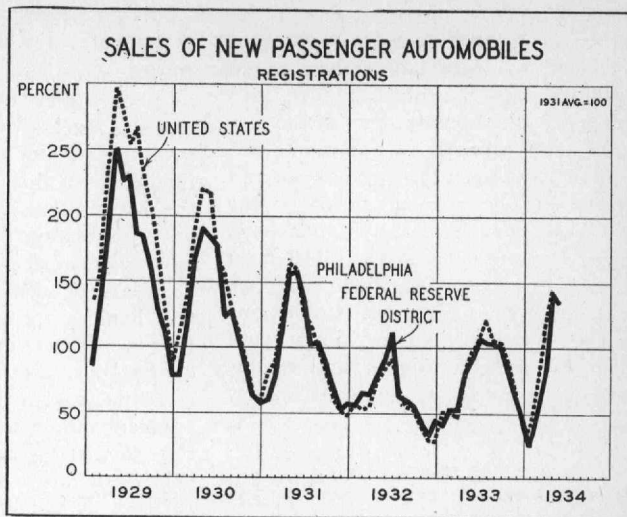
Output of dairy products, while showing some increase in May, continued in smaller volume than a year ago. Milk and cream receipts in the Philadelphia area increased more sharply than usual from April to May and for the first time this year showed a gain over last year. At four principal markets, receipts of eggs from this section were nearly 20 per cent larger in the first four months this year than last, while those of dressed poultry were 15 per cent smaller.

The wholesale price index for all agricultural commodities in this section stood at 90 per cent in May, relative to the base period 1910-14, as compared with the country's average of 74 per cent. During the past twelve months the local index has risen by more than 40 per cent, while in the United States as a whole the gain in this period amounted to less than 20 per cent. Detailed comparisons follow:

Wholesale prices of farm products	Per cent change May 1934 compared with a year ago	
	Pennsylvania	United States
All commodities....	+40.6	+19.4
Grains.....	+ 7.5	+25.8
Fruits and vegetables.....	+69.9	+54.4
Meat animals....	+14.1	- 3.1
Dairy products..	+85.7	+20.6
Poultry and products.....	+15.0	+11.3
Miscellaneous....	+ 3.3	+25.5

Source: U. S. Department of Agriculture

Distribution, trade and service. The movement of commodities in this section showed somewhat more than the usual rate of gain from April to May and increased further in early June. Total freight car loadings in May improved about 2 per cent, reflecting larger shipments of coal, coke and for-



est products, which more than offset decreases in the volume of grain, ore and livestock loadings. Deliveries of merchandise and miscellaneous commodities, which constitute nearly 65 per cent of all car loadings in this section, changed little in this period.

Business at wholesale showed an unusually large increase in May, when the dollar sales of eight reporting lines combined proportionately, on a seasonally adjusted basis, were 11 per cent larger than in April. Preliminary reports show that a relatively high level of activity continued throughout the first half of June. For the year to date the total value of wholesale sales was 26 per cent larger than last year. Higher prices undoubtedly account for some of the increase in both the value of sales and stocks of goods.

Inventories at wholesale declined 3 per cent during May but were 16 per cent larger than a year ago. The rate of stock turnover was 15 per cent more rapid in the first five months this year than last. Collections, after declining somewhat in April, increased 7 per cent in May, resuming the upward trend of recent months; they were 21 per cent more prompt than a year ago.

Dollar sales of department, apparel, shoe and credit stores combined increased 7 per cent in this district during May, when the usual seasonal change is taken into consideration. All lines, except credit stores whose May sales declined, reported a larger dollar volume of business than in April. In early June retail trade activity showed some further gain. As compared with a year ago, the value of May sales was 18 per cent larger, while for the year to date it exceeded last year's by 14

per cent, without allowance for the influence of higher prices.

Collections improved somewhat in the month and continued about 13 per cent more satisfactory than a year before. The ratio of collections to receivables on open or regular charge accounts of department stores so far this year was almost 13 per cent higher and the percentage collected on installment accounts was nearly 20 per cent higher than last year. Collections on open accounts in the country were about 17 per cent higher and on installment accounts 13 per cent higher.

Department stores Philadelphia Federal Reserve District	Ratio of collections to receivables	
	Open or regular charge accounts	Installment accounts
1933		
January.....	31.0	12.4
February.....	29.8	13.1
March.....	31.5	13.0
April.....	32.2	13.6
1934		
January.....	41.4	14.3
February.....	32.5	13.7
March.....	35.5	16.3
April.....	36.0	16.2
May.....	37.2	16.0

The rate of stock turnover was one per cent higher in the first five months this year than last, all lines with the exception of women's apparel and credit stores reporting a more rapid movement of goods. The dollar volume of inventories at retail establishments decreased less than usual from April to May. As compared with May of last year the value of stocks was 16 per cent higher, reflecting partly higher prices.

Sales of new passenger automobiles as measured by registrations showed some decrease in May, following an upward trend since early this year. In the five months this year as compared with last sales were 20 per cent larger.

The movement of commercial travelers throughout this district decreased

Hotel business Philadelphia Federal Reserve District	Per cent change May 1934 compared with		Jan. 1- May 31 1934 with Jan. 1- May 31 1933
	April 1934	May 1933	
Capacity.....	- 0	- 0	.....
Room occupancy.....	- 4	+23	+19
Per cent of capacity used:			
May 1934.....	45.8		
April 1934.....	47.8		
May 1933.....	37.3		
Revenue from:			
Guest rooms.....	- 6	+20	+13
Food.....	-11	+23	+21
Other sources.....	-15	+54	+75
Total revenue.....	-10	+29	+27

from April to May as indicated by the accompanying table.

Banking conditions. Reserves of member banks as a whole continue much in excess of legal requirements; over the past month there has been a further reduction in borrowings from the reserve bank. Commercial loans have not changed materially at the reporting member banks.

Treasury withdrawals from depository banks were unusually small in the four weeks ending on June 20, but quarterly installments on income taxes came due and over 8 millions of cash payments were made for new securities, so that the weekly average of receipts was larger than in the preceding period. Nevertheless, local disbursements continued heavy and exceeded government receipts by 2½ millions. These funds, together with those provided by a decline of 6 millions in nonmember deposits at the reserve bank, enabled the banks to reduce their borrowings here by nearly 4 millions, to meet an unfavorable balance in interdistrict commercial transfers, and to add 2 millions to their reserve deposits. Currency was a factor of minor importance, as the outflow prior to Memorial Day and, to a smaller extent, in the second week of June was approximately equalled by amounts returned in the other two weeks.

The decline in bills discounted at this bank was from 11 millions on May 23 to 7 millions on June 20, the lowest amount in many years; other earning assets show practically no change. The ratio of the bank advanced from 67.2 to 68.2 per cent.

In the last four weeks the outstanding credit of the weekly reporting member banks has increased from 1,023 to 1,043 millions. Loans on stocks and bonds to customers declined from 211 to 208 millions, while commercial accommodation, as indicated by other loans to customers, continued to show little fluctuation. Loans to the open market increased by several millions. In the first three weeks the banks' holdings of United States se-

curities declined from 281 to 272 millions but, with the allotment of new issues in the final week, there was a rise to 292 millions; other securities show an increase from 243 to 252 millions, the highest point with one exception since February of last year. Total deposits increased 11 millions; this was due chiefly to a rise in gov-

Reporting member banks (000,000's omitted)	June 20, 1934	May 23, 1934	June 21, 1933
Loans to customers:			
On securities.....	\$ 208	\$ 211	\$ 259
All other.....	252	253	254
Loans to open market.....	39	35	6
United States securities.....	292	281	250
Other securities.....	252	243	247
Total loans and investments.....	\$1,043	\$1,023	\$1,016
Net demand deposits.....	670	667	587
Time deposits.....	308	323	264
Government deposits.....	73	50	59
Amounts due from banks.....	160	157	132
Amounts due to banks.....	229	219	163

ernment deposits incident to new security issues, as a decline of 15 millions in time deposits much exceeded an increase of 3 millions in net demand deposits. Amounts due to and due from banks are at the highest points since 1931.

Reserve balances of licensed member banks in this district rose from an average of 191 millions in April to 196 millions in May. The margin above legal requirements was 79½ millions in May, as compared with 76 millions in April and 7½ millions a year ago. Reserves of country banks were 53 per cent and banks in Philadelphia 79 per cent above requirements.

The rate of turnover of demand and time deposits at a group of banks in Philadelphia declined a little from April to May, but this decrease was less than in any of the four preceding years. The May figure was materially higher than a year ago.

The number of licensed member banks in this district at the time of reopening after the bank holiday in March 1933 was 547. By the end of the year this had expanded to 606, and the number on June 22, 1934 was 643; seven were added to the list in the month ending on that date.

RESERVE BANK CREDIT AND THE FACTORS WHICH AFFECT IT

Philadelphia Federal Reserve District
May 24 to June 20 inclusive—in millions of dollars

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

Reflecting chiefly declines in bills covering domestic warehouse credits and exports, the national total of outstanding bankers' acceptances declined from 613 to 569 millions during May. Acceptances of banks in this district decreased from \$15,100,000 to \$13,800,000, but exceeded the figure of a year ago by 38 per cent.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	June 20, 1934	Changes in—	
		Four weeks	One year
Bills discounted	\$ 6.9	-\$3.9	-\$30.7
Bills bought	0.5	0	- 0.2
United States securities	167.1	0	+ 25.1
Other securities	0.5	0	0
Total bills and securities	\$175.0	-\$3.9	-\$ 5.8
Federal reserve note circulation	247.1	+ 1.1	+ 8.1
Fed. res. bank note circulation—net	5.0	- 1.0	- 0.5
Member bank reserve deposits	205.7	+ 2.1	+ 89.3
Deposit U. S. Treasurer—general account	8.8	+ 7.8	+ 2.8
Foreign bank deposits	0.4	- 0.2	- 0.6
Other deposits	11.8	- 6.1	+ 2.0
Total reserves	323.0	+ 7.9	+ 88.8
Reserve ratio	68.2%	+ 1.0%	+ 5.3%

Employment and Payrolls in Pennsylvania

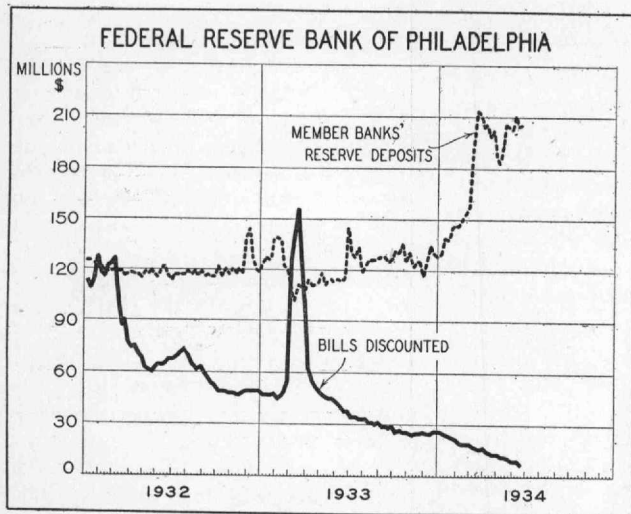
(All figures are rounded from original data)

Manufacturing indexes

	Employment*			Payrolls*			Employe-hours†	
	May 1934 index	Per cent change from		May 1934 index	Per cent change from		May 1934—per cent change from	
		May 1933	Apr. 1934		May 1933	Apr. 1934	May 1933	Apr. 1934
All manufacturing	77	+24	-0	62	+ 64	+ 5	+35	+ 7
Iron, steel and prods.	66	+43	+4	59	+124	+16	+75	+13
Non-fer. metal prods.	90	+36	+4	78	+ 51	+12	+32	+ 7
Transportation equip.	63	+40	-1	45	+ 72	0	+90	+ 1
Textiles and clothing	94	+ 9	-6	77	+ 39	- 7	-12	- 6
Textiles	90	+14	-6	74	+ 40	- 7	- 7	- 6
Clothing	107	- 5	-5	88	+ 35	- 9	-25	- 5
Food products	101	+14	-1	83	+ 19	+ 3	- 3	+ 1
Stone, clay and glass	75	+27	+6	39	+ 54	+10	+32	+ 8
Lumber products	44	+16	+7	29	+ 36	+11	+15	+14
Chemicals and prods.	92	+37	-1	79	+ 55	+ 1	+50	+ 5
Leather and products	92	+12	+0	81	+ 41	+ 5	- 4	+ 6
Paper and printing	89	+13	-0	75	+ 23	+ 1	- 0	+ 0
Printing	87	+ 6	+0	78	+ 20	+ 1	- 1	- 1
Others:								
Cigars and tobacco	63	+ 8	+1	46	+ 15	+ 7	-13	+16
Rubber tires, goods	102	+24	-2	79	- 6	- 6	-30	- 5
Musical instruments	50	+52	-2	37	+ 71	+10	+49	+ 5

* Figures from 1,850 plants.

† Figures from 1,541 plants.



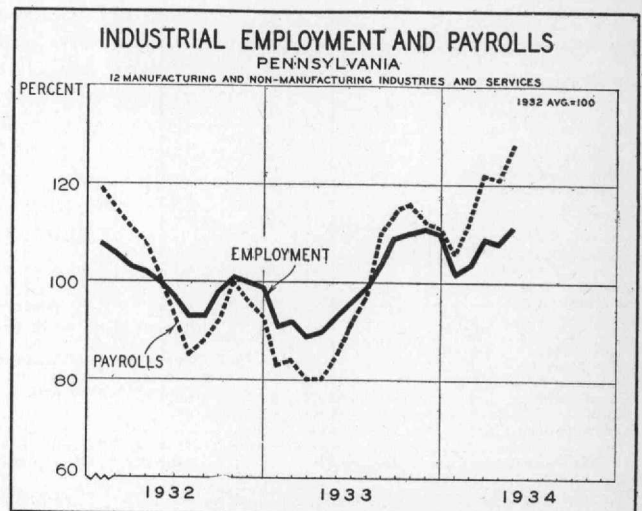
City areas*	Percentage change—May 1934 from May 1933				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	+23	+ 72	+ 93	+ 6	+ 1
Altoona	- 7	+ 71	+152	+21	+33
Harrisburg	+32	+ 86	- 64	+14	+10
Johnstown	+61	+136	+ 73	+60	+48
Lancaster	+29	+ 61	+279	+10	+26
Philadelphia	+27	+ 47	- 48	+42	+12
Reading	+25	+ 83	- 19	+20	+13
Scranton	+11	+ 26	+140	+22	+29
Trenton	+35	+ 57	+ 10	+11	+11
Wilkes-Barre	+ 3	+ 29	+ 27	+14	+21
Williamsport	+35	+ 53	+126	+28	.....
Wilmington	+31	+ 35	+ 40	+14	+19
York	+28	+ 44	+ 3	+18	.....

May 1934 from April 1934					
Allentown	+ 3	+ 7	+ 54	- 8	-10
Altoona	- 2	+ 0	+191	+ 1	+21
Harrisburg	- 2	+ 2	- 72	- 4	+ 8
Johnstown	+ 4	+13	+ 1	+20	+25
Lancaster	- 1	+ 4	+ 21	- 5	+31
Philadelphia	- 2	- 2	+ 20	+ 1	+ 7
Reading	0	+ 8	- 7	+ 7	+ 0
Scranton	-10	- 8	+ 42	- 0	+28
Trenton	+ 1	+ 6	+338	-11	+ 2
Wilkes-Barre	- 7	- 1	+105	+ 6	- 0
Williamsport	+ 2	+ 1	+ 80	+ 7	.....
Wilmington	- 1	- 1	- 27	- 2	+19
York	+ 2	+ 3	+ 98	- 7	.....

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

Indexes of twelve occupations

	Employment			Payrolls		
	May 1934 index	Per cent change from		May 1934 index	Per cent change from	
		May 1933	April 1934		May 1933	April 1934
General index (weighted)	111	+20	+ 2	128	+ 52	+ 6
Manufacturing	120	+24	- 0	152	+ 64	+ 5
Anthracite mining	102	+48	+ 9	119	+113	+24
Bituminous coal mining	124	+39	+ 3	157	+105	- 1
Building and construction	87	- 1	+17	70	+ 10	+18
Quarrying and non-met. mining	115	+29	+16	154	+ 84	+24
Crude petroleum producing	189	+80	+ 2	178	+ 77	+ 3
Public utilities	90	- 2	+ 0	87	+ 4	- 1
Retail trade	109	+17	+ 2	107	+ 24	+ 3
Wholesale trade	102	+ 8	+ 0	96	+ 9	- 1
Hotels	104	+11	+ 1	100	+ 23	+ 2
Laundries	95	+ 4	+ 2	95	+ 17	+ 4
Dyeing and cleaning	109	+ 9	+ 4	125	+ 36	+ 5



Index numbers of individual lines of trade and manufacture

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.

Retail trade

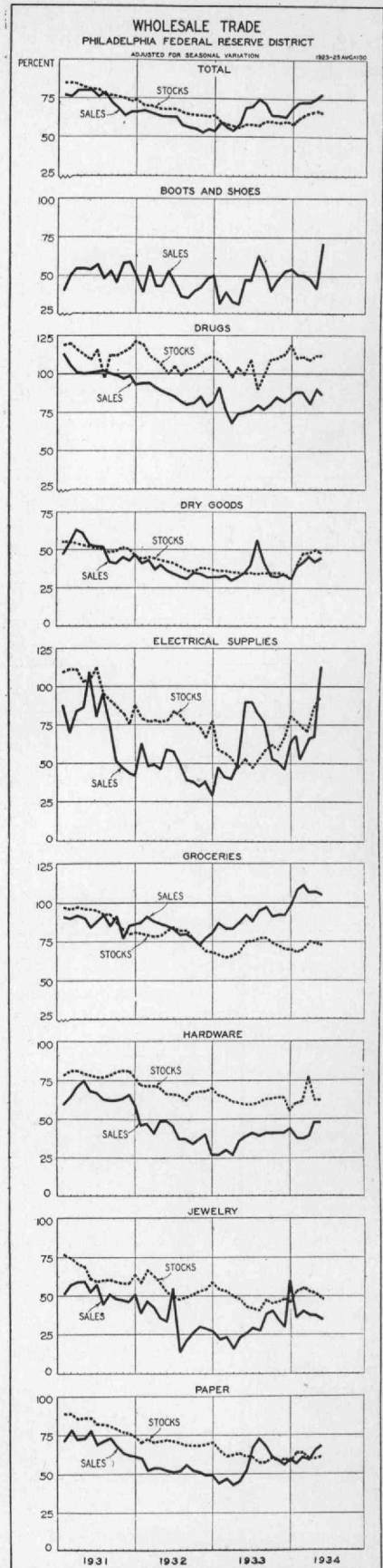
	Adjusted for seasonal variation							Not adjusted			
	May 1933	Mar. 1934	Apr. 1934	May 1934	Percentage comparison		May 1933	Mar. 1934	Apr. 1934	May 1934	
					May 1934 with	To date with year ago					
					Month ago	Year ago					
Sales											
Total of all stores.....	59	71	64	69	+ 7	+ 18	+ 14	59	69	65	69
Department.....	59	69	62	66	+ 7	+ 14	+ 14	57	64	60	65
Men's apparel.....	50	60	51	59	+16	+ 19	+ 21	46	59	49	55
Women's apparel.....	78	100	78	90	+15	+ 15	+ 14	81	117	92	93
Shoe.....	62	81	62	80	+30	+ 30	+ 18	69	81	69	89
Credit.....	54	62	73	67	- 8	+ 22	+ 33	57	55	71	70
Stocks of goods											
Total of all stores.....	55	62	62	63	+ 3	+ 16	.....	54	64	64	63
Department.....	48	54	54	56	+ 3	+ 15	.....	48	56	56	55
Men's apparel.....	56	57	57	61	+ 6	+ 9	.....	56	57	61	61
Women's apparel.....	81	86	84	91	+ 8	+ 13	.....	82	93	90	92
Shoe.....	56	57	58	57	- 1	+ 3	.....	57	58	59	58
Credit.....	56	73	72	72	+ 0	+ 29	.....	54	74	72	70
Rate of stock turnover											
5 months (actual, not indexes).....							+ 1*	1.50			1.51

Wholesale trade

	Adjusted for seasonal variation							Not adjusted			
	May 1933	Mar. 1934	Apr. 1934	May 1934	Percentage comparison		May 1933	Mar. 1934	Apr. 1934	May 1934	
					May 1934 with	To date with year ago					
					Month ago	Year ago					
Sales											
Total of all lines.....	66	73	75	83	+11	+ 24	+ 26	62	69	69	78
Boots and shoes.....	57	48	42	71	+69	+ 26	+ 10	56	54	45	70
Drugs.....	75	81	90	87	- 3	+ 16	+ 14	75	85	90	87
Dry goods.....	34	46	42	45	+ 8	+ 35	+ 43	32	42	37	43
Electrical supplies.....	74	66	68	113	+66	+ 51	+ 32	57	62	86	86
Groceries.....	92	107	107	105	- 1	+ 15	+ 26	91	98	98	104
Hardware.....	38	39	48	48	- 1	+ 25	+ 34	42	38	50	53
Jewelry.....	25	38	38	35	- 8	+ 40	+ 76	21	29	25	29
Paper.....	51	59	65	68	+ 5	+ 34	+ 35	50	62	65	67
Stocks of goods											
Total of all lines.....	57	66	67	66	- 1	+ 16	.....	57	67	68	65
Boots and shoes.....	23	20	21	22	+ 3	- 7	.....	22	22	21	21
Drugs.....	100	109	112	112	+ 0	+ 12	.....	101	111	113	113
Dry goods.....	31	48	50	48	- 3	+ 56	.....	31	49	50	48
Electrical supplies.....	55	71	88	93	+ 6	+ 69	.....	52	69	86	88
Groceries.....	75	75	74	73	- 1	- 2	.....	71	77	74	70
Hardware.....	59	77	62	62	- 1	+ 5	.....	61	81	66	63
Jewelry.....	43	53	52	48	- 8	+ 11	.....	46	49	50	51
Paper.....	58	60	60	61	+ 2	+ 4	.....	58	62	60	60
Rate of stock turnover											
5 months (actual, not indexes).....							+ 15*	1.94			2.23

Output of manufactures

	May 1933	Mar. 1934	Apr. 1934	May 1934	May 1934 with	To date with year ago	May 1933	Mar. 1934	Apr. 1934	May 1934	
Pig iron.....	16	28	32	41	+29	+158	+135	16	32	36	43
Steel.....	31	51	54	63	+17	+101	+102	33	55	56	66
Iron castings.....	27	43	44	43p	- 3	+ 61	+117	28	46	46	45p
Steel castings.....	28	39	58	66	+13	+137	+169	29	44	59	68
Electrical apparatus.....	48	68	74	74	- 0	+ 52	+ 57	45	63	64	68
Motor vehicles.....	10	17	11	11	+ 3	+ 8	+ 15	13	18	13	14
Automobile parts and bodies.....	32	63	56	39	-31	+20	+119	34	69	61	41
Locomotives and cars.....	8	15	17	22	+31	+183	+ 81	8	17	18	22
Shipbuilding.....	67	106	90	103	+14	+ 54	+ 17	69	110	92	106
Silk manufactures.....	104	105	101	85	-15	- 18	+ 3	99	108	99	82
Woolen and worsteds.....	54	45	41	39	- 5	- 28	- 9	50	43	37	36
Cotton products.....	40	42	44	43	- 1	+ 8	+ 26	39	45	45	42
Carpets and rugs.....	40	51	50	51	- 2	+ 27	+ 63	39	51	48	49
Hosiery.....	125	113	117	112	+ 4	- 10	+ 3	125	117	117	112
Underwear.....	152	89	106	109	+ 3	- 28	- 28	153	97	103	110
Cement.....	42	26	35	49	+42	+ 19	+ 28	47	20	34	56
Brick.....	23	27	31	34	+10	+ 50	+ 36	24	26	33	36
Lumber and products.....	17	18	17	21	+18	+ 20	+ 39	16	17	17	19
Bread and bakery products.....					+ 6*	- 1*	+ 1*	88	85	82	87
Slaughtering, meat packing.....	99	82	99	94	- 6	- 5	- 4	98	78	98	94
Sugar refining.....	72	84	96	66	-31	- 8	+ 10	89	129	125	82
Canning and preserving.....	40	55	60	63p	+ 5	+ 56	+ 55	31	49	50	51p
Cigars.....	87	85	90	91	+ 0	+ 5	+ 11	84	78	82	88
Paper and wood pulp.....	56	58	58	60	+ 3	+ 6	+ 16	56	59	59	60
Printing and publishing.....	86	84	84	84	- 0	- 2	+ 1	87	86	86	85
Shoes.....	154	138	137	149	+ 9	- 3	+ 9	140	146	137	136
Leather, goat and kid.....	95	122	118	126p	+ 7	+ 32	+ 28	87	121	114	115p
Explosives.....	37	69	83	89	+ 8	+139	+ 76	38	69	83	90
Paints and varnishes.....	68	67	63	68	+ 3	+ 0	+ 19	72	68	66	72
Petroleum products.....	133	132	145	150p	+ 8	+ 12	+ 7	133	131	144	149p
Coke, by-product.....	55	85	85	91	+ 7	+ 66	+ 61	57	88	88	95



* Computed from data unadjusted for seasonal variation.

p—Preliminary.