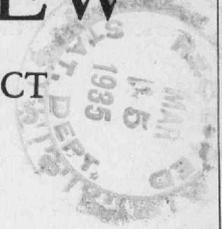


THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
MARCH 1, 1935



By RICHARD L. AUSTIN, Chairman and Federal Reserve Agent
FEDERAL RESERVE BANK of PHILADELPHIA

Business and Banking Conditions in the United States

Industrial output, which had shown a rapid growth in December, increased further in January. Activity in the building industry continued at a low level. Wholesale commodity prices advanced considerably during January and the first half of February, reflecting chiefly marked increases in the prices of livestock and livestock products.

Production and employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 86 per cent of the 1923-25 average in December to 90 per cent in January. Activity in the steel and automobile industries continued to increase rapidly during January and the early part of February; in the middle of the month, however, steel production declined. Output of lumber increased in January but was still at a low level. At cotton and woolen textile mills, activity showed a considerable growth while in the meat-packing industry output declined. Output of crude petroleum increased further in January and the first half of February.

Factory employment and payrolls increased somewhat between the middle of December and the middle of Janu-

ary, although a decline is usual at this season. At automobile factories the volume of employment increased further by a large amount and there were substantial increases at steel mills, foundries, and woolen mills. Employment in the meat-packing industry continued to decline and in January was at about the same level as a year ago. Among the non-manufacturing industries, the number employed at retail trade establishments and on construction projects showed declines of a seasonal nature.

Value of construction contracts awarded in January, as reported by the F. W. Dodge Corporation, was slightly larger than in December but considerably smaller than a year ago, when the volume of public projects was exceptionally large. The value of contracts awarded for residential building in the three months from November to January was about the same as in the corresponding periods of the two preceding years.

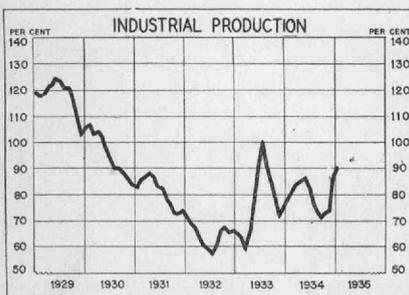
Distribution. Freight car loadings showed a seasonal growth in January. At department stores the volume of business declined somewhat more than is usual after the Christmas holidays.

Commodity prices. The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 77.9 per cent of the 1926 average in the week ending January 5 to 79.4 per cent in the week ending February 16. During January prices of cattle and beef showed substantial increases and in February the price of hogs advanced considerably. Prices of cotton, grains, and silk showed a decline in January and the first few days of February, followed by an advance in the middle of the month.

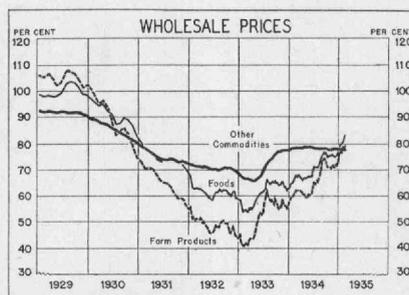
Bank credit. During the five weeks ended February 20, member bank bal-



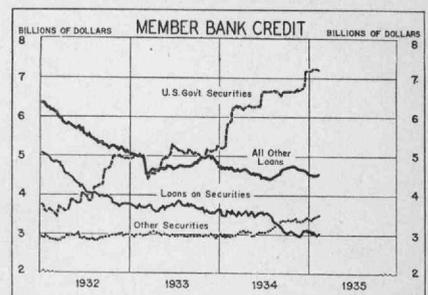
Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average = 100.) Indexes compiled by the United States Bureau of Labor Statistics.



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



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



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for February 13.

ances with the reserve banks increased by \$260,000,000 and their excess reserves rose to about \$2,300,000,000. The principal factors in the increase were an inflow of gold from abroad and disbursements by the Treasury of funds previously held as cash or on deposit with the Federal reserve banks.

Net demand deposits of weekly reporting member banks in leading cities increased by more than \$200,000,000 in the four weeks ended February 13. Total loans and investments of these banks showed no significant changes during the period. Slight declines occurred in loans on securities and in

holdings of direct obligations of the United States Government, while other loans and other securities increased somewhat.

Yields on United States Government securities declined slightly further and other open market money rates continued at a low level.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business conditions in this district have been rather mixed since the first of the year. After showing improvement for three months, output of factory products in January failed to maintain the usual seasonal level, while production of coal and crude oil increased further by a larger volume than usual. But in comparison with a year ago, output of these industries was still 10 per cent larger, production of anthracite fuel alone registering a decline. Activity in building trades, as indicated by building contract awards and by figures on employment and payrolls, showed a further large decrease during January and as compared with last year.

The value of retail trade sales in January declined by a larger amount than usual, following an exceptional increase in December, and was but slightly greater than a year ago. Dollar sales at wholesale establishments, on the other hand, fell off less than customary and continued above the volume of the previous year. Registrations of new passenger automobiles dropped sharply in the month but were about twice as large as in January last

year. Some further improvement was apparent during January in shipments of commodities by rail.

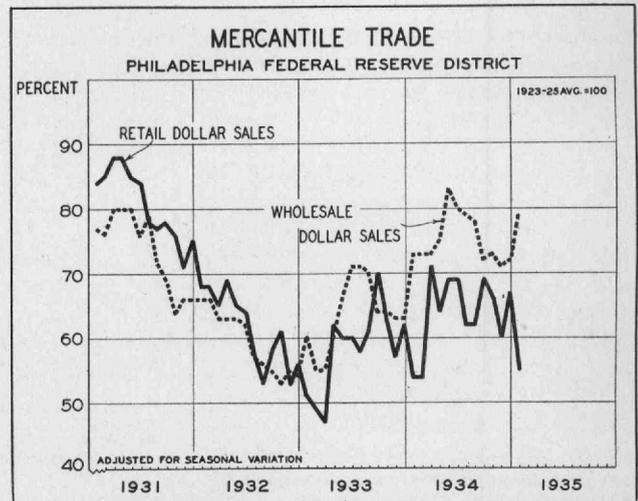
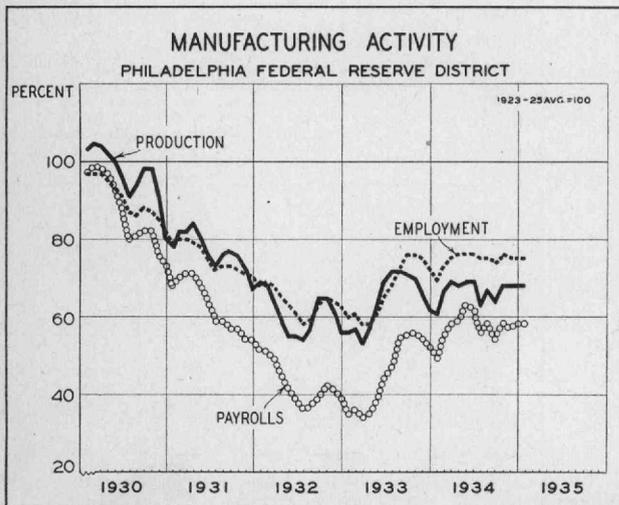
The volume of employment and wage disbursements by twelve branches of industry and trade declined seasonally between the middle of December and the middle of January, according to this bank's indexes prepared from reports of 10,560 establishments in Pennsylvania which about the middle of January employed upward of 775,000 workers drawing a weekly compensation of nearly \$16,300,000. Compared with a year ago, these establishments employed 2 per cent more workers and their wage payments were 11 per cent larger. Incomplete reports indicate seasonal gains in factory employment and payrolls in February.

Manufacturing. The market for many finished goods manufactured in this district was more than seasonally active during January but slackened somewhat shortly after the turn of the month, according to preliminary reports. The volume of unfilled orders has declined since the middle of last month, except for certain lines in the textile, leather and chemical products

industries as well as in the case of such building materials as lumber and pottery, which registered seasonal gains. While current sales have continued to show a favorable comparison with a year ago, the total of advance business about the middle of February was smaller, owing mainly to restricted commitments for building materials.

Reports on commodity stocks at local plants do not show any marked change since the previous month, except for the decline in the holdings of raw materials by several industries. In comparison with a year ago, the supply of both finished products and raw materials has continued smaller.

Collections generally have decreased in the month and as compared with a year ago. Factory prices of manufactures show little change, despite further advances of wholesale quotations for foodstuffs and farm products used for manufacturing and processing purposes. The index number, which comprises chiefly prices of manufactures as compiled by the Bureau of Labor Statistics, in the week ended February 16 was 77.7 per cent of the 1926 average as compared with 77.9



a month ago and 78.7 last year but was nearly 17 per cent higher than in early February 1933.

The volume of factory employment and wage payments in this section shows that the general level of plant activity was well maintained in January. Incoming reports indicate some upward change in employment and payrolls from the middle of January to the middle of February.

The number of wage earners employed and the amount of wages paid by Pennsylvania manufacturing industries in the payroll period nearest to the middle of January showed a decline of less than one per cent as compared with the same period in December. Operating time also showed little change in this period.

The rate of change in January this year appears to have been more favorable than that in the previous seven years, except for 1929 in the case of employment. It is quite usual for factory activity to slacken in the first part of January, owing largely to the prevailing year-end custom of listing inventories and general overhauling of equipment. The interruption this year apparently has been less pronounced than in other years, as indicated by productive activity in the latter part of January and by the changes from the middle of December to the middle of January from 1928 to 1935.

The January index of employment in Pennsylvania factories was about 74, relative to the 1923-25 average as 100, or 9 per cent higher than a year ago. The payroll index of 58 was 22 per cent higher than in January 1934.

The rate at which manufactures were produced in this district during January was about the same as that in December, contrary to the usual upward tendency in this period. Our preliminary index of productive activity, which is adjusted for the normal seasonal change, was 69, relative to the 1923-25 average as 100, compared with 71 in December, but it continued about 11 per cent higher than a year ago.

The failure of production to maintain the customary level during January was due chiefly to exceptional decreases in output of such consumers' goods as food products, knit goods, and cigars. Large declines in the seasonally adjusted index of production of motor vehicles, automobile parts and bodies, and cement were more than offset by substantial increases in output of iron and steel products and to some extent of chemical and allied products, so that the durable group as a whole

Business Indicators Philadelphia Federal Reserve District

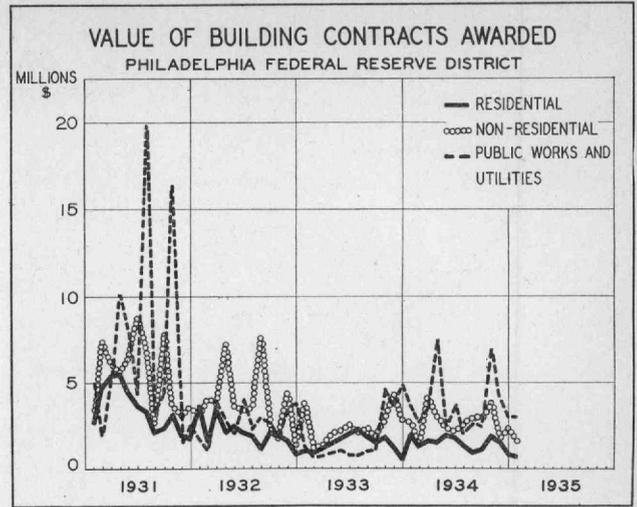
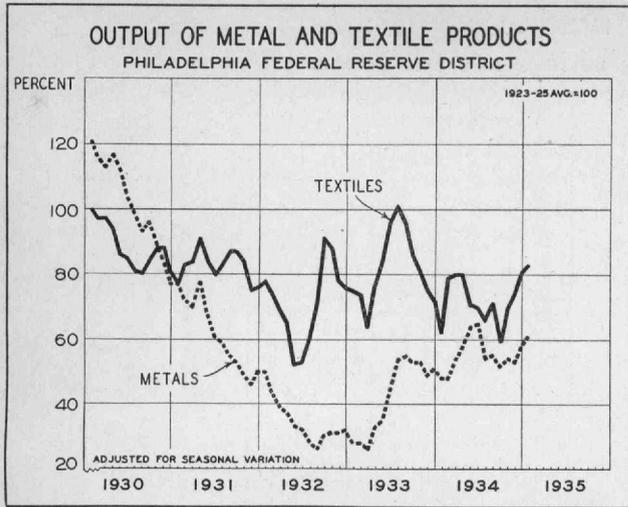
	Index numbers: percentages of the 1923-1925 average taken as 100 (All figures are rounded from original data)									
	Adjusted for seasonal variation						Not adjusted			
	Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935	Percentage comparison		Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935
					Jan. 1935 with					
				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	63	66	71	69p	- 2	+10	63	67	68	69p
Manufacturing—total	62	66	71	69p	- 3	+11	61	68	68	68p
DURABLE GOODS	44	48	50	51p	+ 2	+16	.....	.....	.....	.....
CONSUMERS' GOODS	73	79	86	82p	- 4	+12	.....	.....	.....	.....
Metal products	48	53	58	61	+ 5	+26	47	54	55	59
Textile products	62	74	81	83p	+ 2	+33	65	77	79	85p
Transportation equipment	41	49	53	47	-11	-13	41	47	53	46
Food products	69	73	77	62p	-19	-10	68	73	75	62p
Tobacco and products	87	86	97	79	-19	- 9	71	102	70	65
Building materials	22	23	23	20	-13	- 9	19	23	21	17
Chemicals and products	101	99	102	106p	+ 3	+ 5	99	100	102	104p
Leather and products	117	105	111	112p	+ 1	+ 4	122	100	105	116p
Paper and printing	80	77	79	79	- 0	- 2	80	78	80	79
Electric power output	186	188	194	191	- 2	+ 3	197	195	207	202
Industrial use of electricity	123	128	151	140	- 7	+14	119	131	143	136
Coal mining	79	63	70p	75p	+ 6	- 5	86	65	70p	82p
Anthracite	82	64	72	77p	+ 7	- 6	89	65	71	84p
Bituminous	56	56	57p	58p	+ 2	+ 3	64	62	60p	66p
Employment and wages—Pa.										
Factory wage earners					- 1*	+ 9*	68	74	75	74
Factory payrolls					- 0*	+22*	47	56	58	58
Employe-hours (1927-28=100)					+ 0*	+15*	49	55	57	57
General—12 occupations:										
Employment (1932=100)					- 5*	+ 2*	102	108	110	104
Payrolls (1932=100)					- 2*	+11*	107	118	121	118
Building and real estate										
Contracts awarded†—total	44	38	41	33	-20	-25	34	36	35	25
Contracts awarded†—residential	13	13	13	11	-13	-19	11	14	12	9
Permits for building—17 cities	9	10	6	6	+ 7	-34	5	9	4	3
Mortgages recorded—Philadelphia	15	8	14	8	-37	-43	18	8	15	10
Real estate deeds—Philadelphia	41	43	52	45	-14	+ 7	39	46	51	42
Sheriff deeds (1930=100)					+24*	+ 4*	117	137	98	122
Other deeds (1930=100)					-39*	+10*	49	59	88	53
Writs for Sheriff sales—Phila.	746	895	795	892	+12	+19	858	1003	811	1026
Distribution										
Retail trade—sales	55	60	67p	55p	-18	+ 1	45	73	110p	45p
Retail trade—stocks	63	61	61p	62p	+ 2	- 2	57	70	58p	55p
Wholesale trade—sales	73	71	72p	79p	+ 9	+ 8	64	80	81p	69p
Wholesale trade—stocks	64	67	70p	71p	+ 2	+11	63	69	66p	70p
Life insurance sales	99	100	115	146	+27	+47	89	106	121	130
New passenger auto. registrations	38	64	93	83	-11	+120	20	45	50	45
Freight car loadings—total	59	53	57	60	+ 6	+ 1	55	54	52	55
Mdse. and misc. (64.9% of total)	59	53	56	60	+ 7	+ 1	52	53	50	52
Coal (23.5% of total)	68	58	63	70	+11	+ 2	73	63	66	75
Business liquidations										
Number					+82*	+14*	86	61	54	99
Amount of liabilities					+ 4*	-40*	60	59	35	36
Payment of accounts										
Check payments	62	63	75	74	- 0	+19	64	68	81	76
Rate of collections (actual)										
Retail trade	26	28	29	27	- 6*	+ 2*	31	29	29	32
Wholesale trade	65	69	67	72	+ 7*	+10*	64	67	72	71
Prices—United States										
WHOLESALE (1926=100)					+ 2*	+ 9*	72	76	77	79
Farm products					+ 8*	+32*	59	71	72	78
Foods					+ 6*	+24*	64	75	75	80
Other commodities					- 0*	- 1*	78	78	78	78
RETAIL FOOD (1913=100)					+ 3*	+12*	105	115	114	118
Philadelphia					+ 4*	+10*	112	119	119	123p
Scranton					+ 3*	+ 7*	112	117	117	121p

	(000,000's omitted in dollar figures)					Per cent change from	
	Jan. 1934	Oct. 1934	Nov. 1934	Dec. 1934	Jan. 1935	Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ 25	\$ 3	\$ 1	\$ 1	\$ 1	0	-96
Other bills and securities	175	168	169	170	171	+1	- 2
Member bank reserves	138	198	198	204	217	+6	+57
Ratio	60.8%	66.4%	66.2%	67.2%	67.2%	0	11
Reporting member banks							
Loans to customers	\$476	\$445	\$434	\$432	\$428	-1	-10
Other loans and investments	541	612	613	618	643	+4	+19
Net deposits	948	1058	1051	1068	1107	+4	+17
Bankers' acceptances outstanding	14.7	13.1	13.7	12.3	13.0	+6	-12

* Computed from data unadjusted for seasonal variation.

p—Preliminary

† Three-month moving daily average.



Source: F. W. Dodge Corporation.

registered an additional gain of 2 per cent over December.

Compared with a year ago, the output of metal and textile products, the two most important manufacturing industries in this district, showed the largest increases—26 and 33 per cent respectively. The most pronounced declines from January last year occurred in the output of food products, cigars and building materials.

Total output of electric power fell off by an amount that was larger than usual, so that our seasonally adjusted index number dropped about 2 per cent from December to January. Sales to industries, the largest consumers of electric power, failed by 7 per cent to equal the customary volume estimated for January but continued about 14 per cent larger than a year ago. Total sales of electricity for all purposes decreased 3 per cent in the month but were 2 per cent larger than in January 1934.

Coal and other fuels. Production and shipments of anthracite in January increased 7 per cent more than is customary and continued upward in early February, reflecting unusually active demand chiefly from householders. As a result, stocks at producers' and retailers' yards and at electric utilities have been reduced further. Output of bituminous coal in Pennsylvania during January also was larger than usual as compared with December and continued upward in the first part of February, having followed an upward trend since August. The demand for this fuel chiefly by steel works and rolling mills and other manufacturing plants in general has increased during the past three months, and on the whole has been well sustained in early Feb-

ruary. For the six-month period, August to January, anthracite output and deliveries showed a decline of 9 per cent compared with the same period a year ago, while local production of bituminous coal showed an increase of 4 per cent in the same period.

Activity of by-product coke plants has shown marked improvement, following a comparatively quiet period since June. No significant change appears in the case of gas and fuel oil, although signs of seasonal expansion are apparent.

Wholesale prices of fuel and lighting materials have fluctuated within a very narrow range. The index of the Bureau of Labor Statistics was 74.0 on February 16 as compared with 74.2 a month ago, 73.9 a year earlier and 75.2 about the middle of August.

(Output and shipment figures are daily averages)	Jan. 1935	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	222,200	+18	- 6
Shipments..... tons	211,300	+13	- 2
Stocks..... 1000 tons	1,921†	-24	+74
Prices... (1926=100)	82	0	+ 1
Employment..... No.	124,394	+ 2	- 2
Bituminous			
Production..... tons	314,900*	+11	+ 3
Shipments... No. cars	25,606	+ 4	+ 9
Prices... (1926=100)	96	- 0	+ 6
Employment..... No.	146,254	+ 0	+ 8
Coke			
Prod. (1923-25=100)	83	+16	+13
Prices... (1926=100)	86	+ 1	+ 3
Gas and fuel oil			
Prod. (1923-25=100)	104*	- 0	+ 3
Prices... (1926=100)	56.6†	+ 2	-10

Sources: Bureau of Mines and Bureau of Labor Statistics. * Estimated. † December.

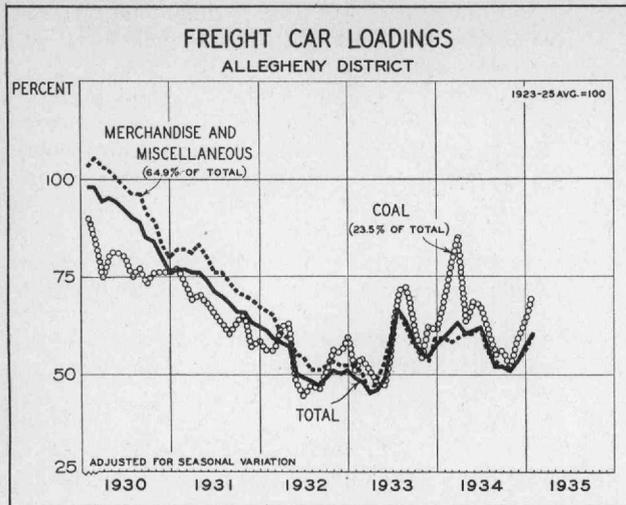
Building and real estate. Awards of building contracts in January totaled \$5,208,000, a decline of 13 per cent as compared with December and a drop

of 36 per cent from the level of a year ago. This decrease was contrary to seasonal tendency and reflected a sharp decline in the value of residential and non-residential awards, which more than offset a small gain in contracts let for public works and utilities. Contracts awarded for apartments and hotels showed a large percentage increase in January, while those for family houses, which constitute by far the largest part of the residential class of buildings, declined 27 per cent and were nearly one-third smaller than a year earlier. In early February the total of contract awards declined further, according to preliminary reports. As compared with January 1934, awards for all classes of construction showed declines; decreases were especially pronounced in the case of educational buildings, apartments and hotels and certain unclassified structures whose dollar volume was unusually large a year ago.

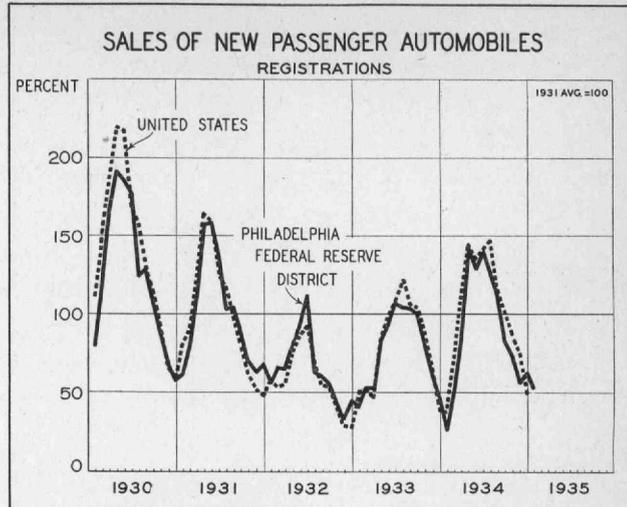
Building contracts Philadelphia Federal Reserve District	Jan. 1935 (000's omitted)	Per cent change from	
		Month ago	Year ago
Residential:	\$ 639	- 17	-68
Apts. and hotels.....	119	+122	-90
Family houses.....	520	- 27	-31
Non-residential:	1,570	- 31	-39
Commercial.....	523	- 21	- 1
Factories.....	552	- 10	- 3
Educational.....	205	- 69	-60
All other.....	290	- 13	-70
Total buildings....	2,209	- 27	-52
Public works and utilities:	2,999	+ 1	-15
Grand total.....	\$5,208	- 13	-36

Source: F. W. Dodge Corporation.

Prices of building materials have declined fractionally since December, continuing the gradual recession that



Source: American Railway Association.



has been in evidence since the middle of last year. The index of the Bureau of Labor Statistics on February 16 was 84.6 per cent of the 1926 average as compared with 84.8 a month ago and 86.3 about the same time last year.

The cost of contemplated construction under building permits issued in 17 cities of this district declined less than usual from December to January, but was 34 per cent below that of a year ago. As in the case of actual contract awards, the dollar volume of permits issued for new construction, repairs and alterations continued at an exceptionally low level as compared with more normal years.

Ordinary conveyances declined in January in most sections, including Philadelphia. The value of recorded mortgages also was generally smaller than in December. Foreclosures, on the other hand, showed increases in January in the city areas of Wilkes-Barre, Harrisburg and Philadelphia.

Distribution, trade and service. Shipments of commodities by railroad freight in this section increased more sharply than usual in January, reflecting chiefly larger loadings of merchandise and miscellaneous commodities, coal, coke and forest products. The volume of revenue freight originating in the Philadelphia industrial area, on the other hand, showed a decline in January instead of the customary seasonal increase and was approximately 13 per cent smaller than a year ago. In the first half of February total freight car loadings in the Allegheny district as a whole increased further, continuing an upward trend that has

been in evidence since November of last year.

Business at wholesale has shown additional improvement since the turn of the year. The January sales of eight important lines combined registered a decline which was much smaller than usual, so that the extent of this betterment over December amounted to about 9 per cent. As compared with a year ago, total sales in January were 8 per cent larger, all lines with the exception of drugs and shoes reporting an increased dollar volume of business over last year. In early February demand for hardware increased, while activity in most other lines continued at approximately the same rate as the month before, according to preliminary reports.

Retail trade sales of department, apparel, shoe and credit stores combined decreased more sharply than was to be expected from December to January, failing to maintain their customary seasonal level for that month by about 18 per cent. Our seasonally adjusted index number of total dollar sales was 55 in January, relative to the 1923-25 average as 100, in comparison with 67 for December and 55 a year ago. Figures for all lines showed unusually large declines in January. Preliminary reports indicate that, while current sales continue above those a year ago, there seems to be little evidence of improvement in early February over January. As compared with a year ago, the dollar volume of January sales for all lines combined was about one per cent larger.

Stocks at wholesale showed a gain of 6 per cent over December, a some-

what larger increase than is to be expected, while inventories of merchandise at retail establishments declined 4 per cent, which was a smaller drop than usual from December to January. Retail stocks at the end of January, however, were 2 per cent smaller than a year earlier and at wholesale they were 11 per cent larger. The rate of stock turnover at retail was 8 per cent and at wholesale 2 per cent more rapid this year than last.

The ratio of collections during January to outstanding balances at the beginning of that month at retail did not rise in the usual proportion, thus failing to maintain the seasonal level by about 6 per cent; but it was 2 per cent higher than a year ago. In the case of wholesale trade, this ratio showed a decided improvement in the month and was 10 per cent higher than in January 1934.

Sales of new passenger automobiles in January, as measured by registrations in this district, declined by a much larger amount than usual, after reaching in December the highest level since 1931. Our seasonally adjusted index for January stood at 83 per cent of the 1923-25 average, as compared with 93 for December and 38 a year earlier. The accompanying chart shows that the relative trend of automobiles sales in this district has been much the same as that for the country as a whole, barring minor variations, as in the case of December when sales increased here while they declined in the country.

Activity of commercial hotels in this district expanded between December and the beginning of February, as

shown by increases of 16 per cent in room occupancy and 9 per cent in total revenue. Further comparisons follow:

Hotel business Philadelphia Federal Reserve District	Per cent change Jan. 1935 from	
	Dec. 1934	Jan. 1934
Capacity.....	- 0	- 1
Room occupancy.....	+16	+13
Per cent of capacity used:		
Jan. 1935..... 52.1		
Dec. 1934..... 44.7		
Jan. 1934..... 45.8		
Revenue from:		
Guest rooms.....	+20	+13
Food.....	+ 4	+10
Other sources.....	- 1	+ 7
Total revenue.....	+ 9	+14

Banking conditions. Increased deposits, decline in loans to customers and expansion in security holdings are shown in the figures of the reporting member banks for the past month. Treasury expenditures in the district continued to exceed receipts, while currency demand increased in about the same volume as a year ago.

Treasury receipts and disbursements in this district during the four weeks ended February 20, manifested chiefly by transactions through the Government's deposit account at this bank, were heavier than in the preceding four weeks. The net excess of disbursements was about 24½ millions. These funds, together with 2½ millions supplied by a drop in nonmember deposits at this bank, were absorbed chiefly by an adverse balance of payments in commercial and financial transfers with other districts, which probably was caused in substantial measure by bank purchases of securities, and by a 10 million excess of currency payments to banks over amounts received from them. There was little change in the reserve deposits of member banks or in the volume of reserve bank credit extended locally.

The Treasury again transferred or deposited substantial sums to the credit of this bank in order to sustain its deposit here, but these funds were largely absorbed by payments on commercial account to other districts and to a lesser extent in meeting the demand for currency, so that the cash reserves of the bank increased only 3 millions. The effect of this gain and a decrease in the deposit liability on the reserve ratio of the bank was partly counteracted by a rise in federal reserve note circulation, so that the ratio increased only from 67.0 to 67.3 per cent.

The volume of loans and commitments approved by this bank to provide working capital for established industrial and commercial businesses increased from \$6,475,000 on January 23 to \$6,828,000 on February 20, while the amounts actually advanced thereunder, less repayments, rose from \$3,594,000 to \$3,783,000.

The aggregate of net demand, time and Government deposits at reporting member banks shows a further expansion to 1,112 millions on February 21, a point more than 100 millions above a year ago. In the last four weeks the total deposit liability, before deductions for reserve computations, has increased 9 millions; a substantial rise in demand deposits and in balances held for other banks more than offset declines of 5 millions and 9 millions in time and Government deposits, respectively. On the asset side of the statement a reduction of 10 millions in loans is to be found, reflecting some decline in loans to the open market as well as repayments by customers. Last year customers' loans, other than those having stock and bond collateral, recorded a spring rise of about 10 millions after the end of February; such

Reporting member banks (000,000's omitted)	Feb. 20, 1935	Jan. 23, 1935	Feb. 21, 1934
Loans on securities:			
To brokers and dealers in N. Y. City	\$ 18	\$ 22	\$ 22
To brokers and dealers elsewhere.....	15	17	12
To others.....	165	167	211
Total loans on securities	\$ 198	\$ 206	\$ 245
Acceptances and commercial paper....	22	21	11
Loans on real estate....	72	71	71
Other loans.....	169	173	250
Total loans.....	\$ 461	\$ 471	\$ 506
U. S. Gov. securities....	301	290	306
Obligations fully guaranteed by U. S. Government.....	58	50	50
Other securities.....	265	264	244
Total loans and investments.....	\$1,085	\$1,075	\$1,056
Net demand deposits.....	735	716	629
Time deposits.....	312	317	301
Government deposits.....	65	74	74
Due from banks.....	163	171	113
Due to banks.....	257	248	183
Reserve with Federal Reserve Bank....	144	147	95

loans now outstanding total 241 millions as against 250 millions a year ago.

The funds obtained from deposits and payments on loans did not accumulate as idle balances; in fact the total of reserves at the reserve bank, amounts due from other banks, and of checks and other items received for collection actually declined. Investments, on the other hand, increased 20 millions; 11 millions of this was in United States securities and 8 millions in obligations guaranteed principal and interest by the Government.

Average reserve deposits of member banks in this district increased from 204 millions in December to 217 millions in January, close to the high point last July. Most of the increase was reflected in a rise from 80 to 92 millions in the excess of reserves above legal requirements.

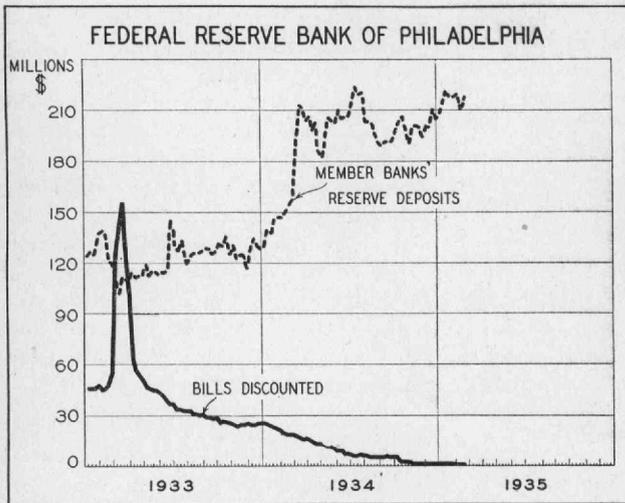
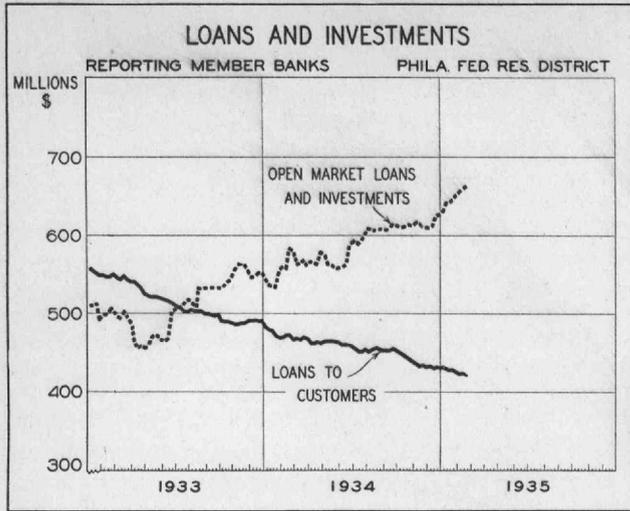
Contrary to the trend shown in the nation-wide figures, outstanding acceptances of banks in this district increased from \$12,287,000 to \$13,046,000 during January, according to figures of the American Acceptance Council. A decrease from 543 to 516 millions in the national figures was due chiefly to declines in export bills and in bills covering domestic warehouse credits.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Feb. 20, 1935	Changes in—	
		Four weeks	One year
Bills discounted....	\$ 0.7	-\$0.3	-\$18.8
Bills bought.....	0.6	+ 0.0	+ 3.6
Industrial advances....	3.8	+ 0.2	+ 3.8
U. S. securities.....	167.1	0	0
Other securities.....	0	0	- 0.5
Total bills and securities....	\$172.2	-\$0.1	-\$19.1
Fed. res. note circulation.....	234.5	+ 7.0	- 0.8
Fed. res. bank note circulation—net..	0	0	- 19.3
Member bank reserve deposits....	217.6	- 0.5	+ 63.4
U. S. Treasurer—general account..	1.3	- 0.9	- 2.1
Foreign bank deposits.....	1.3	- 0.6	+ 1.0
Other deposits.....	1.8	- 2.5	- 6.7
Total reserves.....	307.2	+ 3.0	+ 50.5
Reserve ratio.....	67.3%	+ 0.3%	+ 3.4%

RESERVE BANK CREDIT AND THE FACTORS THAT AFFECT IT

Philadelphia Federal Reserve District Jan. 24 to Feb. 20 inclusive—in millions of dollars			
Sources of funds		Uses of funds	
Reserve bank credit extended in district.....	- 0.3	Currency demand.....	+10.1
Commercial and financial transactions (chiefly interdistrict).....	-16.8	Member bank reserve deposits.....	- 0.5
Treasury operations.....	+24.4	Nonmember deposits at reserve bank.....	- 2.5
Total.....	+ 7.3	Unexpended capital funds of reserve bank.....	+ 0.2
		Total.....	+ 7.3

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 this district.



City areas*	Percentage change—January 1935 from January 1934				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+ 6	+17	+ 80	+ 4	- 2
Altoona.....	+11	+49	- 79	+ 0	+18
Harrisburg.....	+13	+19	+ 87	+ 9	- 5
Johnstown.....	+ 7	+21	- 87	+13	+ 9
Lancaster.....	+10	+30	+ 92	+26	+11
Philadelphia.....	+10	+21	- 28	+23	- 2
Reading.....	+11	+38	- 68	+14	+ 1
Scranton.....	+14	+17	- 82	- 1	+ 1
Trenton.....	- 3	+ 9	+232	- 1	+ 1
Wilkes-Barre.....	+12	+27	- 39	- 2	+13
Williamsport.....	+ 6	+21	- 95	+ 4	.....
Wilmington.....	- 1	+ 1	- 68	+26	+ 0
York.....	+22	+38	- 73	+16	.....

January 1935 from December 1934					
Allentown.....	+ 1	+ 1	+316	- 7	-60
Altoona.....	- 0	- 0	+215	- 4	-58
Harrisburg.....	+ 2	+ 5	- 66	- 4	-59
Johnstown.....	+ 3	+24	- 79	- 7	-61
Lancaster.....	- 1	- 2	+372	- 3	-59
Philadelphia.....	- 2	- 3	- 16	+ 5	-60
Reading.....	+ 1	+ 3	+ 29	-14	-61
Scranton.....	+ 7	- 2	- 59	- 4	-62
Trenton.....	- 1	+ 1	- 38	-28	-69
Wilkes-Barre.....	- 1	- 3	- 79	- 7	-56
Williamsport.....	- 2	- 3	+105	- 6	.....
Wilmington.....	- 0	+ 1	- 23	-13	-65
York.....	- 2	-12	- 76	-15	.....

* 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

	Employment*			Payrolls*			Employe-hours†	
	Jan. 1935 index	Per cent change from		Jan. 1935 index	Per cent change from		Jan. 1935—per cent change from	
		Jan. 1934	Dec. 1934		Jan. 1934	Dec. 1934	Jan. 1934	Dec. 1934
All manufacturing.....	74	+ 9	- 1	58	+22	- 0	+15	+ 0
Iron, steel, and prods.	60	+ 8	+ 0	48	+25	+ 4	+15	+ 5
Non-fer. metal prods.	90	+ 1	- 1	80	+11	- 1	+10	+ 2
Transportation equip.	57	+ 7	- 1	37	+ 7	- 3	+11	- 5
Textiles and clothing.....	98	+14	+ 1	84	+42	+ 0	+35	+ 1
Textiles.....	98	+17	+ 2	85	+48	- 0	+43	- 0
Clothing.....	97	+ 2	- 5	78	+15	+ 2	+ 3	+ 5
Food products.....	101	+ 9	- 6	84	+ 8	- 8	+ 9	- 9
Stone, clay and glass.....	67	+13	- 3	47	+27	- 3	+18	- 4
Lumber products.....	50	- 8	- 2	32	+ 5	- 9	+ 1	-11
Chemicals and prods.	89	- 4	- 1	74	- 1	+ 3	+ 8	+ 8
Leather and products.....	90	+ 6	- 0	82	+16	+ 3	+ 7	+ 1
Paper and printing.....	88	+ 1	- 2	78	+ 7	- 2	+ 2	- 3
Printing.....	83	- 1	- 1	77	+ 5	- 1	+ 2	- 2
Others:								
Cigars and tobacco.....	63	+45	- 7	44	+42	-25	+22	-23
Rubber tires, goods... ..	75	- 6	+ 2	58	+24	- 4	+18	- 2
Musical instruments... ..	52	+14	+ 4	45	+11	- 7	+ 9	- 4

* Figures from 2148 plants.

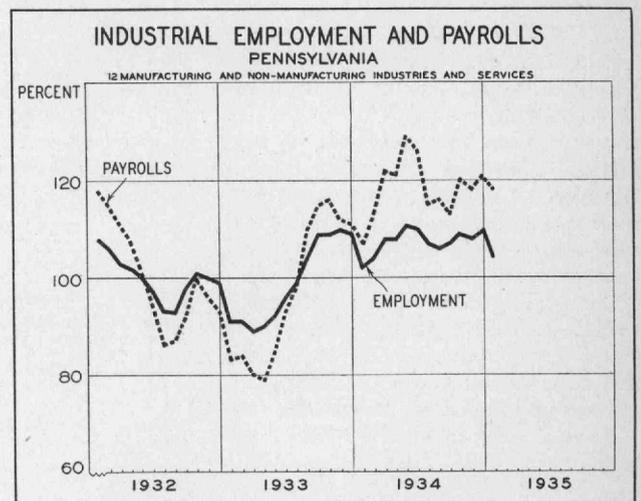
† Figures from 1923 plants.

Note: Indexes of factory employment and payrolls for previous years, as revised, are given in our supplements dated August 1933 and February 1935 as well as in the Business Review of the latter date.

General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Jan. 1935 index	Per cent change from		Jan. 1935 index	Per cent change from	
		Jan. 1934	Dec. 1934		Jan. 1934	Dec. 1934
General Index (weighted)....	104	+ 2	- 5	118	+11	- 2
Manufacturing.....	117	+ 9	- 1	141	+22	- 0
Anthracite mining.....	101	- 2	+ 2	107	-19	+10
Bituminous coal mining.....	124	+ 8	+ 0	167	+13	+ 6
Building and construction.....	50	-28	-18	47	-12	-15
Quarrying and non-met. mining	74	- 9	-15	86	+12	- 8
Crude petroleum producing... ..	174	-18	+ 6	151	-10	+ 3
Public utilities.....	89	- 3	- 0	90	+ 6	+ 0
Retail trade.....	102	- 4	-20	101	- 2	-17
Wholesale trade.....	103	+ 1	- 2	96	+ 2	- 2
Hotels.....	106	+ 7	- 1	103	+13	- 2
Laundries.....	93	+ 1	- 1	92	+ 3	+ 1
Dyeing and cleaning.....	86	- 1	- 3	87	+ 3	- 3



Index numbers of individual lines of trade and manufacture

Philadelphia Federal Reserve District

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

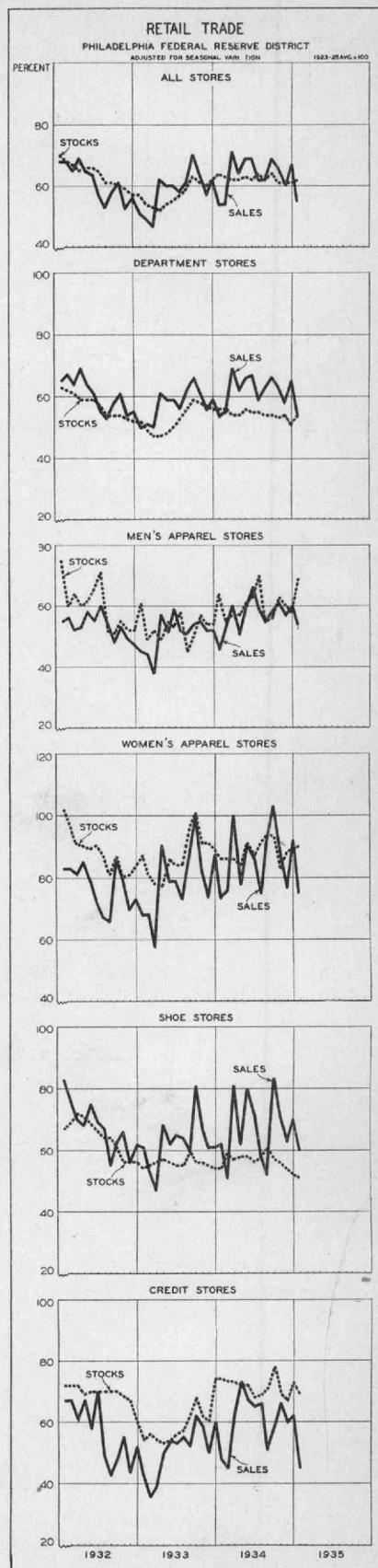
	Adjusted for seasonal variation						Not adjusted			
	Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935	Percentage comparison		Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935
					Jan. 1935 with					
					Month ago	Year ago				
Sales										
Total of all stores.....	55	60	67p	55p	-18	+ 1	45	73	110p	45p
Department.....	54	58	65p	54p	-17	0	44	70	115p	44p
Men's apparel.....	46	57	60p	54p	-10	+17	47	63	97p	55p
Women's apparel.....	74	77	92p	75p	-18	+ 2	66	93	137p	67p
Shoe.....	62	63	70p	60p	-14	- 4	49	67	91p	47p
Credit.....	48	60	62	45p	-28	- 7	32	77	96	30p
Stocks of goods										
Total of all stores.....	63	61	61p	62p	+ 2	- 2	57	70	58p	55p
Department.....	56	54	51p	54	+ 5	- 3	49	63	49p	48p
Men's apparel.....	64	60	58	69	+19	+ 8	51	68	59	55p
Women's apparel.....	86	88	89	90	+ 0	+ 5	73	107	83	77
Shoe.....	54	54	52p	51p	- 2	- 6	51	58	52p	48p
Credit.....	74	67	73	69p	- 5	- 6	70	76	68	66p
Rate of stock turnover										
January (actual, not indexes).....						+ 8*	0.26			0.28

Wholesale trade

	Adjusted for seasonal variation						Not adjusted			
	Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935	Percentage comparison		Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935
					Jan. 1935 with					
					Month ago	Year ago				
Sales										
Total of all lines.....	73	71	72p	79p	+ 9	+ 8	64	80	81p	69p
Boots and shoes.....	51	36	33p	46p	+38	-10	31	38	32p	28p
Drugs.....	88	86	93	85p	- 8	- 3	91	89	94	88p
Dry goods.....	39	36	37	40	+ 9	+ 3	32	47	38	33
Electrical supplies.....	69	60	51p	76p	+50	+11	46	79	84p	51p
Groceries.....	108	103	111	120p	+ 9	+11	101	113	112	112p
Hardware.....	38	47	48p	40p	-17	+ 6	30	53	53p	32p
Jewelry.....	37	40	42	37	-11	+ 1	21	58	86	22
Paper.....	56	62	63	59p	- 6	+ 7	58	65	60	62p
Stocks of goods										
Total of all lines.....	64	67	70p	71p	+ 2	+11	63	69	66p	70p
Boots and shoes.....	23	20	22	21	- 6	-11	24	18	17	21
Drugs.....	110	119	118	.....	.....	.....	108	120	111	.....
Dry goods.....	42	45	46	45	- 3	+ 6	40	44	40	42
Electrical supplies.....	78	76	83	74p	-12	- 6	74	82	74	70p
Groceries.....	70	81	84	82	- 2	+18	73	89	86	85
Hardware.....	59	59	59p	63p	+ 7	+ 6	60	55	56p	63p
Jewelry.....	53	57	61	58	- 6	+ 8	46	58	49	50
Paper.....	63	56	55	60p	+ 8	- 6	62	56	53	59p
Rate of stock turnover										
January (actual, not indexes).....						+ 2*	0.42			0.43

Output of manufactures

	Adjusted for seasonal variation						Not adjusted			
	Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935	Percentage comparison		Jan. 1934	Nov. 1934	Dec. 1934	Jan. 1935
					Jan. 1935 with					
					Month ago	Year ago				
Pig iron.....	31	20	13	20	+52	-33	30	20	13	20
Steel.....	44	45	48	51	+ 5	+16	43	43	45	50
Iron castings.....	54	43	48	53	+10	- 1	49	44	45	48
Steel castings.....	33	39	43	47	+11	+43	35	36	41	50
Electrical apparatus.....	61	79	87	89	+ 2	+47	87	83	85	84
Motor vehicles.....	16	20	19	15	-22	- 3	14	18	15	13
Automobile parts and bodies.....	60	59	79	58	-27	- 3	59	54	77	57
Locomotives and cars.....	15	19	19	19	+ 0	+30	14	17	19	19
Shipbuilding.....	95	123	118	117	- 1	+24	96	123	124	120
Silk manufactures.....	83	94	93	100	+ 8	+21	85	95	95	102
Woolen and worsteds.....	37	47	53	61	+13	+63	37	51	50	61
Cotton products.....	35	35	38	40	+ 5	+15	36	36	41	41
Carpets and rugs.....	43	57	64	76	+18	+76	41	64	61	71
Hosiery.....	84	106	125	120	- 3	+43	87	121	121	125
Underwear.....	69	121	121	108	-11	+56	68	123	119	106
Cement.....	29	29	33	23	-30	-20	20	28	27	16
Brick.....	27	28	27	26	- 2	- 3	25	28	26	24
Lumber and products.....	16	18	16	15	- 2	- 1	14	18	15	14
Bread and bakery products.....	.....	.....	.....	.....	-13*	- 8*	83	87	89	77
Slaughtering, meat packing.....	93	96	94	82	-12	-12	104	106	101	90
Sugar refining.....	117	96	182	9	-95	-93	81	62	118	6
Canning and preserving.....	43	54	54	53p	- 3	+22	42	59	55	52p
Cigars.....	86	85	97	78	-19	- 9	70	102	70	64
Paper and wood pulp.....	59	61	60	61	+ 3	+ 4	58	61	60	61
Printing and publishing.....	84	80	83	82	- 1	- 3	84	81	84	82
Shoes.....	122	110	134	134	- 0	+10	125	104	114	137
Leather, goat and kid.....	112	99	89	92p	+ 3	-18	119	96	97	97p
Explosives.....	66	76	69	68	- 1	+ 4	66	76	68	68
Paints and varnishes.....	71	60	62	65	+ 5	- 8	64	62	60	59
Petroleum products.....	140	139	147	147p	+ 0	+ 5	139	140	147	146p
Coke, by-product.....	74	73	74	83	+12	+13	74	70	72	83



* Computed from data unadjusted for seasonal variation.

p—Preliminary.