

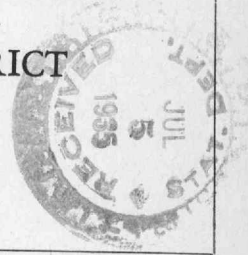
THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
JULY 1, 1935

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FEDERAL RESERVE BANK of PHILADELPHIA



Business and Banking Conditions in the United States

There was a further slight decline in industrial production in May and factory employment and payrolls also showed a decrease. Activity in residential construction continued to be above the level of a year ago.

Production and employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 86 per cent of the 1923-25 average in April to 85 per cent in May, which was the fourth consecutive month of gradual decline from the recent high level of 90 in January. At steel mills output declined somewhat in May and the first three weeks of June, as is usual at this season. In the automobile industry, where output this spring has been at a level substantially higher than in other recent years, production showed a marked decline in May, reflecting in part the effects of a strike. At cotton mills there was little change in activity, while at woolen mills production increased further, contrary to seasonal tendency. Production of shoes declined seasonally. Output of coal, which has fluctuated widely in recent months, reflecting partly developments in the labor situation, showed

a marked increase during May and the early part of June.

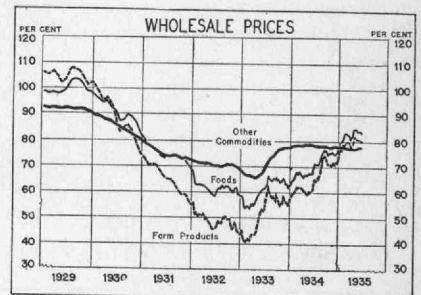
Factory employment and payrolls declined between the middle of April and the middle of May. Decreases in employment were reported for the automobile, radio, lumber, clothing, cotton, silk, and shoe industries, while at woolen mills employment increased and in many other lines little change was reported.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in May as April. Residential work continued in excess of a year ago, while the volume of contracts for public projects was smaller than in the corresponding month of 1934.

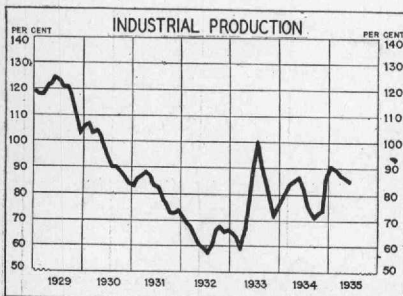
Department of Agriculture estimates based on June 1 reports indicate that conditions for wheat, oats, barley, rye, hay, and pastures were at the ten year average for 1923-32, in contrast with conditions a year ago, which were unusually poor as a consequence of a prolonged drought. The winter wheat crop this year is estimated to be somewhat larger than last year and, with a considerable increase indicated for

spring wheat, present conditions, according to the Department of Agriculture, suggest a total crop of about 670,000,000 bushels as compared with 496,000,000 bushels last season and a ten year average of 828,000,000 bushels. Domestic stocks of wheat have been materially reduced this season.

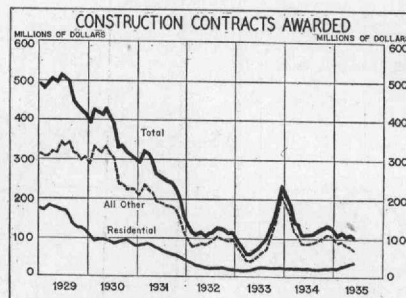
Distribution. Total volume of freight-car loadings increased in May by about the usual seasonal amount. Coal shipments showed a marked increase, while loadings of miscellaneous freight declined. Department store sales, as measured by the Board's seasonally adjusted index, increased from 73 per



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



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



Three-month moving averages of F. W. Dodge data for 37 eastern states, adjusted for seasonal variation. Latest figure based on data for March and April and estimate for May.



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

cent of the 1923-25 average in April to 76 per cent in May and were at approximately the same level as a year ago.

Commodity prices. The general level of wholesale prices, which was 80.3 per cent of the 1926 average at the end of April and also in the week ending May 25, had declined to 79.8 per cent by the week ending June 15, according to the index of the Bureau of Labor Statistics. Grain prices decreased considerably during May and the first half of June. Cotton prices, after a sharp decline at the end of May and a subsequent increase, also were

lower in the middle of June than at the beginning of May. Prices of commodities other than farm products and foods as a group advanced slightly during this period.

Bank credit. During the five weeks ending June 19 reserve balances of member banks increased by \$175,000,000 as a result of gold imports, offset in part by an increase in Treasury cash and deposits with the reserve banks. Excess reserves of member banks on June 12 were above \$2,500,000,000 for the first time, but declined somewhat in the following week.

At reporting member banks in lead-

ing cities there was an increase of \$540,000,000 in net demand deposits in the four weeks ending June 12, due in part to gold imports. Time deposits declined by \$150,000,000, of which \$70,000,000 represented a decline at New York City banks consequent upon a ruling of the New York Clearing House in May prohibiting the payment of interest on new time deposits maturing in less than six months. Total loans and investments of reporting banks showed no important changes.

Short term open-market interest rates continued at low levels in May and the first half of June.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business activity in the Philadelphia Federal Reserve District has slackened seasonally since April. After rising for three months, factory production declined a little more than usual during May, while activity at coal mines increased for the second consecutive month. Output of crude oil has continued downward. Industrial production in the aggregate, as measured by these three branches combined according to their relative importance, failed to maintain its usual May level by about 2 per cent, but for the year to date the rate of output has been 4 per cent greater than last year. The value of all building contracts awarded increased in the month, owing to larger volume in the non-residential type of construction. The conditions of crops and livestock indicate increased production, and farm income continues larger mainly because of higher prices and rental and benefit payments.

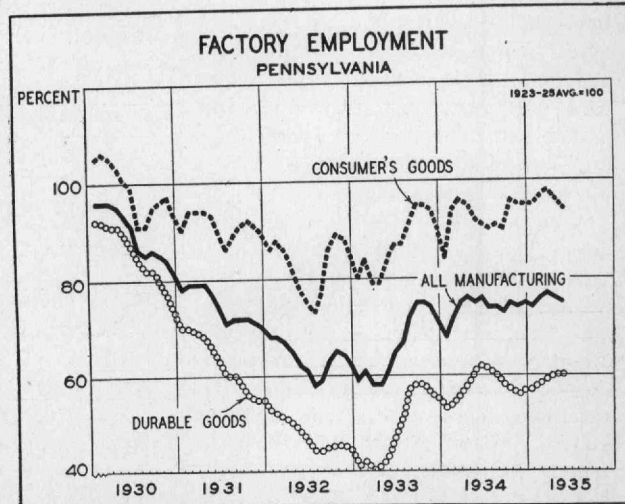
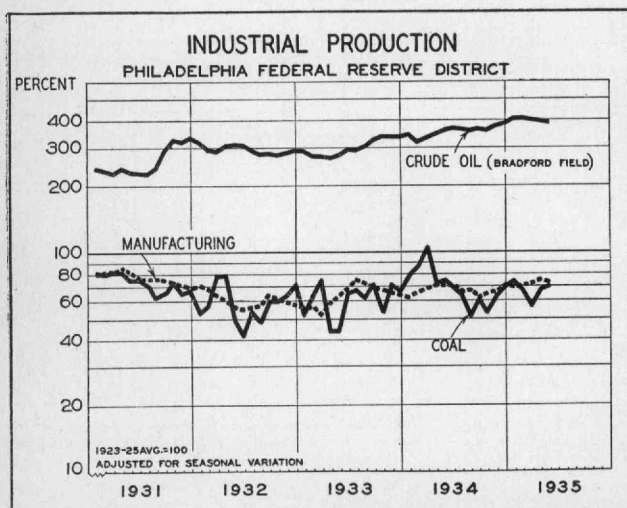
The value of retail trade sales during

May fell off more than usual, but some improvement was indicated in June. For the year to date dollar sales have been slightly smaller than last year. Virtually no important change has been noted in the case of wholesale trade sales, which continue larger than in the first part of last year, largely because of higher prices. Sales of new passenger automobiles, while again declining in May, have been the largest since 1930. Freight car loadings have been well sustained, partly because of increased shipments of coal.

Industrial employment and payrolls generally showed little change from the middle of April to the middle of May. This bank's index of employment in twelve branches of trade and industry of Pennsylvania was 107 per cent of the 1932 average in May, or about the same as in the previous month, but about 3 per cent lower than a year ago. The payroll index was 123, showing practically no change in

the month but a drop of 4 per cent from May 1934. Seasonal recessions in both have been apparent during June.

Manufacturing. Manufacturing activity continues to reflect seasonal quiet, although current sales of factory products in general appear to be well sustained when compared with the volume last year. Prices of manufactures on the whole have shown a slight rise since the middle of May, reflecting mainly advances in wool fibers and their products as well as in some of the other commodities, particularly cement and lumber. The price index of manufactures, including fuel and light materials, as compiled by the Bureau of Labor Statistics, was 77.9 per cent of the 1926 average in the week ended June 15 in comparison with 77.6 a month ago and 78.9 a year ago. It was less than one per cent above the low and only three-tenths of one per cent below the high reached this year.



Business Indicators

Philadelphia Federal Reserve District

No significant changes seem to have occurred in stocks of finished goods or raw materials held at reporting plants in June as compared with the previous month. Inventories in the aggregate continue to be smaller than a year ago. This also appears to be true for the country as a whole, as indicated by the indexes of the Department of Commerce for raw materials and manufactured goods.

Factory employment, payrolls and working-hours showed somewhat smaller declines than usual from the middle of April to the middle of May. Incomplete reports for June indicate a further recession which seems to be slightly larger than customary. The May index of employment in sixty-eight manufacturing industries of Pennsylvania was 75.5 per cent of the 1923-25 average or virtually the same as a year ago. The payroll index was nearly 62, showing a drop of about 2 per cent from May 1934.

The average weekly earnings about the middle of May were estimated at \$19.72, as compared with \$19.96 a month ago, reflecting a corresponding decline in working-hours; a year ago average earnings amounted to \$20.03. The average number of hours actually worked in May approximated 33.9, as compared with 34.3 in the previous month and 34.6 a year before. Hourly earnings averaged about 58.1 cents as against 58 cents in April and 58.8 cents in May 1934. Since February this year there has been no important change in the relative fluctuation of working-hours and wage earnings.

Production of manufactures during May declined by a larger proportion than is seasonally to be expected, following a marked improvement in the preceding three months. This bank's index of productive activity dropped from 74 in April to 72 in May, or about the same level as it was in March, when adjustment is made for working days and the usual seasonal variation. Compared with a year ago, it was 4 per cent higher and for the year to date 6 per cent above the average level in the first five months last year.

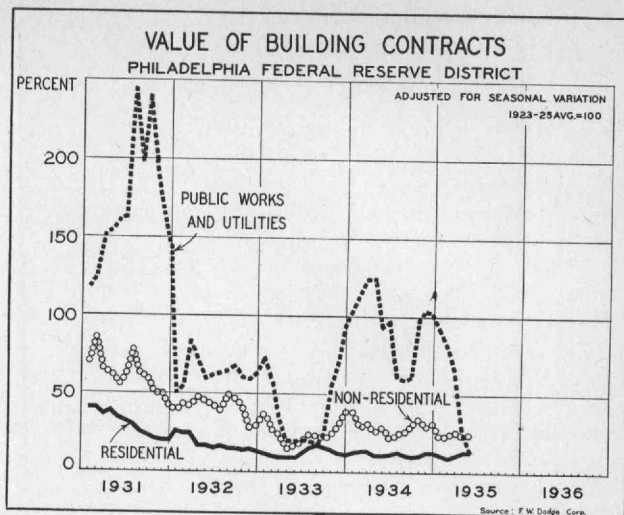
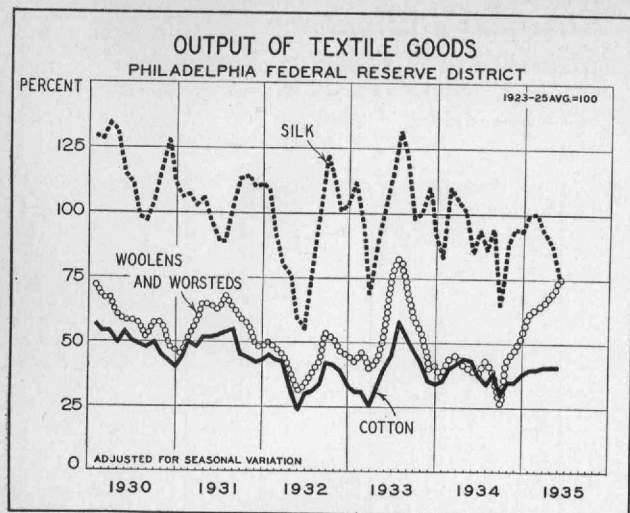
A slight gain in the activity of the durable goods industry was more than offset by substantial declines in the manufacturing of consumers' products. The sharpest decreases during the month were reported by the textile industry, reflecting mainly substantial recessions in the case of silk and knit goods, inasmuch as the rate of operation at the woolen and worsted mills has continued upward since last fall.

	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 1934	Mar. 1935	Apr. 1935	May 1935	Percentage comparison			May 1934	Mar. 1935	Apr. 1935	May 1935	
					May with		1935 with 5 mos. 1934					
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												
Manufacturing—total	70	71	74	72p	- 2	+ 3	+ 4	69	71	72	71p	
Durable goods	70	72	74	72p	- 3	+ 4	+ 6	69	73	72	71p	
Consumer's goods	57	54	57	57p	+ 1	+ 0	+10					
Metal products	64	62	66	65	- 5	+ 6	+ 6					
Textile products	71	88	92	85p	- 8	+21	-17	68	91	87	81p	
Transportation equipment	40	43	42	44	+ 5	+12	+ 8	41	46	44	46	
Food products	76	68	69	69p	+ 0	- 9	- 6	73	68	68	68p	
Tobacco and products	92	85	93	94	+ 1	+ 3	- 2	89	79	85	91	
Building materials	32	24	27	27	- 1	-17	- 6	34	21	27	28	
Chemicals and products	104	97	95	95p	+ 1	- 8	- 4	105	98	96	97p	
Leather and products	134	126	134	132p	- 1	- 2	- 2	122	129	132	120p	
Paper and printing	80	80	81	82	+ 1	+ 2	+ 0	81	81	82	83	
Electric power output	196	185	197	200	+ 2	+ 2	+ 1	182	189	193	186	
Industrial use of electricity	131	140	136	134	- 1	+ 2	+ 5	134	133	138	137	
Coal mining	75	57	67	70p	+ 4	- 7	-20	74	49	69	69p	
Anthracite	76	54	67	71p	+ 3	- 7	- 2	76	45	72	71p	
Bituminous	67	81	52	63p	+20	- 6	- 2	60	83	48	57p	
Employment and wages—Pa.												
Factory wage earners					- 1*	0*	+ 3*	75	77	76	75	
Factory payrolls					- 2*	- 2*	+10*	63	64	63	62	
Employe-hours (1927-28=100)					- 1*	- 5*	+ 6*	65	63	62	62	
General—12 occupations:												
Employment (1932=100)					- 0*	- 3*	- 1*	111	106	107	107	
Payrolls (1932=100)					- 0*	- 4*	+ 4*	129	125	124	123	
Building and real estate												
Contracts awarded—total†	30	23	17	17	- 2	-43	-39	31	21	20	20	
Residential†	11	11	13	13	+ 2	+22	- 7	12	11	15	17	
Non-residential†	29	26	23	24	+ 5	-16	-16	30	24	25	27	
Public works and utilities†	93	67	26	13	-51	-86	-67	91	44	25	15	
Permits for building—17 cities	5	10	6	7	+ 8	+25	- 1	6	13	9	8	
Mortgages recorded—Philadelphia	11	13	7	5	-25	-51	-29	11	13	8	5	
Real estate deeds—Philadelphia	36	41	44	41	- 6	+13	+ 7	39	41	43	44	
Sheriff deeds (1930=100)					- 7*	+11*	- 2*	98	100	117	109	
Other deeds (1930=100)					+11*	+15*	+16*	58	61	60	66	
Writs for Sheriff sales—Phila.	778	750	801	928	+16	+19	+ 2	817	765	841	974	
Distribution												
Retail trade—sales	70	67	69	66p	- 4	- 5	- 1	70	61	74	67p	
Retail trade—stocks	63	61	62	62p	+ 1	- 1		63	63	63	62p	
Wholesale trade—sales	83	79	83	83p	+ 0	+ 0	+ 7	78	74	77	78p	
Wholesale trade—stocks	67	69	71	69p	- 2	+ 3		66	70	71	68p	
Life insurance sales	103	98	93	88	- 6	-14	+ 6	110	108	105	94	
New passenger auto. registrations	71	98	94	85	- 9	+19	+53	103	110	142	123	
Hotels—occupancy					- 6*	+ 8*	+ 9*	106	110	121	114p	
Total revenue received					- 8*	+ 8*	+ 8*	107	109	125	115p	
Freight car loadings—total	61	64	57	57	+ 1	- 5	- 2	62	61	55	58	
Mdse. and misc.	60	61	58	56	- 3	- 7	- 1	63	59	59	59	
Coal	68	82	58	68	+16	- 0	- 4	62	79	53	62	
Business liquidations												
Number					-12*	+19*	+22*	50	101	68	60	
Amount of liabilities					-15*	-57*	-45*	97	61	48	41	
Payment of accounts												
Check payments	71	80	77	75	- 3	+ 6	+12	70	79	78	74	
Rate of collections (actual)												
Retail trade	29	30	29	30	+ 4*	+ 6*		29	29	29	31	
Wholesale trade	72	72	75	73	- 2*	+ 2*		72	71	73	74	
Prices—United States												
Wholesale (1926=100)					+ 0*	+ 9*	+ 9*	74	79	80	80	
Farm products					+ 0*	+35*	+32*	60	78	80	81	
Foods					+ 0*	+25*	+25*	67	82	84	84	
Other commodities					+ 1*	- 2*	- 1*	79	77	77	78	
Retail food (1913=100)					- 0*	+15*	+14*	108	122	125	124	
Philadelphia					- 1*	+ 7*	+ 8*	118	125	128	127	
Seranton					+ 1*	+ 8*	+ 7*	115	122	124	125	

	(000,000's omitted in dollar figures)					Per cent change from	
	May 1934	Feb. 1935	Mar. 1935	Apr. 1935	May 1935	Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ 12	\$ 1	\$ 1	\$ 1	\$ 1	0	-92
Other bills and securities	168	171	171	171	171	0	+ 2
Member bank reserves	196	216	222	221	221	0	+13
Ratio	66.9%	67.5%	68.8%	68.8%	68.5%	- 0	+ 2
Reporting member banks							
Loans to customers	\$465	\$421	\$418	\$413	\$416	+1	-11
Other loans and investments	563	661	667	665	664	- 0	+18
Net deposits	1035	1112	1123	1124	1130	+1	+ 9
Bankers' acceptances outstanding	13.8	12.7	13.2	12.5	12.5	0	- 9

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

p—Preliminary.



The most pronounced gains in the activity of heavy products occurred in pig iron, iron castings, shipbuilding, lumber and explosives.

Output of electric power in May declined by a smaller extent than usual. Total sales of electricity were about 5 per cent smaller in May than in April, but 3 per cent larger than a year ago. Industrial consumption of power has declined steadily for three months, when allowance is made for the usual seasonal change, but in comparison with last year it has been 5 per cent larger.

Coal and other fuels. Production of anthracite in May did not decline as much as it usually does from April, thus indicating an additional improvement in activity. Shipments have continued upward since March. The supply of anthracite at retail yards at the beginning of May was 25 per cent larger than a month before, while stocks at producers' yards in the same period were reduced 41 per cent. Figures for the first half of June indicate an increase in production, and demand for domestic and steam sizes is reported to be fair.

Following a sharp gain in the first three months of this year and a large decline in April, output of bituminous coal showed an increase of 19 per cent during May, in contrast to the customary slight decline at this time. Shipments also increased greatly, reflecting in part labor unsettlement. Industrial stocks of this fuel have declined. The most noticeable reduction in consumption was at beehive coke ovens, whereas cement mills again showed a decided increase, both changes being seasonal. For the first week in June, figures indicate a further increase in output.

Production of by-product coke has

continued downward since February. For the period from January to May, production was one per cent below the same interval in 1934. Output of gas and fuel oils has declined a little further in May. For this year to date, it was 10 per cent below the same period last year.

(Output and shipment figures are daily averages)	May 1935	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	189,600	- 1	- 6
Shipments..... tons	181,119	+ 4	- 3
Stocks..... 1000 tons	456†	-41	-61
Prices.... (1926=100)	73.0	- 3	- 4
Employment..... No.	92,061	+ 2	-15
Bituminous			
Production..... tons	269,923	+19	- 6
Shipments... No. cars	19,671	+26	- 1
Prices.... (1926=100)	95.7	+ 0	+ 1
Employment..... No.	127,157	- 1	- 3
Coke			
Prod. (1923-25 = 100)	80.0*	- 3	-16
Prices.... (1926 = 100)	88.7	0	+ 5
Gas and fuel oil			
Prod. (1923-25 = 100)	87.6*	- 2	-11
Prices.... (1926 = 100)	62.4†	+ 1	+ 4

Sources: Bureau of Mines and Bureau of Labor Statistics.

* Estimated. † April.

Wholesale prices of fuels on the whole have changed little during the month. The index of the Bureau of Labor Statistics for fuel and lighting materials was 74.9 for the week of June 15, compared with 74.2 a month ago and 73.7 a year ago. Anthracite has advanced somewhat since early June, after three months of seasonal decline. Bituminous coal prices also have risen again. Prices of coke were slightly lower in the middle of June, while petroleum advanced further.

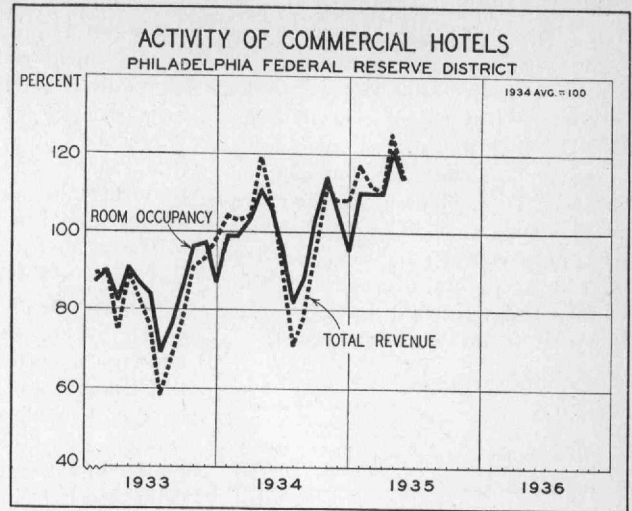
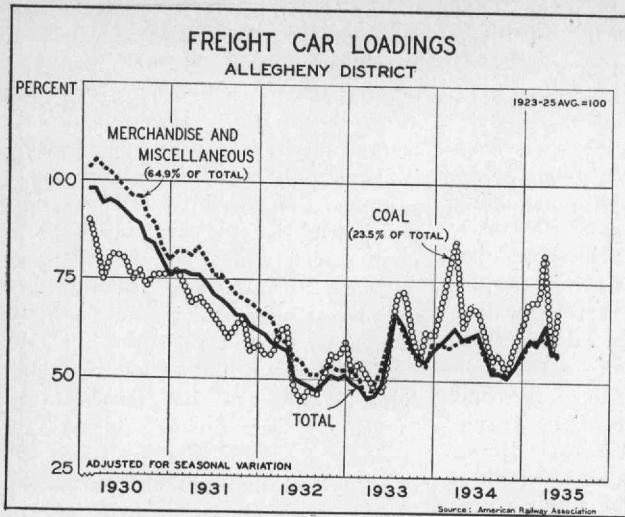
Building. The value of all building contracts awarded in this district during May totaled about \$5,214,000, which indicates a rise larger than usual from April chiefly because of in-

creased volume in such nonresidential construction as factories and educational buildings. The customary trend in June is downward. In May 1934 total awards amounted to \$6,735,000, while in the same month of 1928 the value of all building contracts was reported to be \$17,727,000.

According to the index of the Bureau of Labor Statistics, prices of building materials so far this year have fluctuated around 85 per cent of the 1926 average as compared with about 87 last year and the average of 94 for 1928, which was a high year in building operations. The decline in prices of building materials between 1928 and this year thus appears to have been about 10 per cent whereas the drop in the value of building contracts has been 70 per cent.

Following an upward movement in the post-war years up to about 1928, general activity in building and construction has fallen off drastically and since 1932 the level of operations has been extremely low. The accompanying chart shows relative trends in the value of building contracts awarded since 1931 by three principal classes of construction in this district.

The most striking fluctuation has occurred in the case of public works and utilities, which last year accounted for about \$44,660,000, or 47 per cent of the value of all contract awards. The large increases in 1931 and 1934 and the sharp decreases in 1933 and so far this year reflect chiefly the influence of public works involving federal funds. For example, by the end of October 1934, total allotments to Pennsylvania by the Public Works Administration amounted to over \$150,000,000, including loans to railroads. The nonresidential class also has shown



considerable variation chiefly through contracts for such buildings as schools, hospitals and libraries. Contracts for residences, particularly one and two-family houses, on the whole, have fluctuated sidewise since 1932 and in the past three months have increased.

The figures used in the chart are revised indexes constructed from the original data reported by the F. W. Dodge Corporation; they are expressed as percentages of the 1923-25 average. They are also adjusted for seasonal variation. In order to smooth out to some extent such erratic fluctuations as those caused by the occasional awards of a few very large contracts in a given month, moving averages of contracts for three months instead of data for one month are used. This method facilitates the study of sustained movements and the determination of seasonal changes. These indexes have been revised in order to obtain separate data for each of the six sub-divisions in addition to the group totals. Both seasonally adjusted and unadjusted indexes for all contracts and by three major groups are given for the past three months in the table on page 3. Any of the back indexes may be obtained from this bank upon request.

Agriculture. The agricultural situation in this district has improved further since the middle of last month. Seasonal farming operations including haying and cultivating have progressed rapidly and the growth of crops has been stimulated by warmer weather and frequent rains.

Department of Agriculture estimates, based on the June 1 condition of winter wheat and rye, indicate that production of both crops would be larger this year than last but somewhat

below the 1928-32 average. The condition of spring wheat, hay and oats also shows improvement. Fruit prospects continue favorable; indications now are that yields this year will be substantially larger than in 1934.

The outlook for dairying appears to be generally satisfactory and the condition of cattle is about normal. Although there has been no marked tendency to increase the size of the herds, current reports indicate that their quality has been improving.

Prices received by farmers for their products generally have increased further and continue higher than last year as shown below.

Wholesale prices of farm products (August 1909-July 1914 = 100)	Pennsylvania		United States	
	May 1935 index	Per cent change from May 1934	May 1935 index	Per cent change from May 1934
All farm commodities	103	+14	108	+32
Grain	102	+19	112	+44
Fruits and vegetables	72	-49	98	-11
Meat animals	114	+56	118	+84
Dairy products	115	+11	108	+19
Poultry and products	101	+46	110	+53
Miscellaneous	83	+34	89	+51

Source: U. S. Department of Agriculture

Distribution, trade and service.

Freight car loadings in this section were slightly larger in May than in April, owing to an exceptionally sharp increase in coal loadings and to a somewhat smaller gain in livestock shipments. Deliveries of merchandise and miscellaneous commodities, grain and coke failed to maintain their customary seasonal level, while those of forest products and ore increased by smaller percentages than usual. The volume of railroad freight originating in the Philadelphia industrial area showed

practically no change from April to May and decreased slightly in the first two weeks of June.

Business at wholesale was maintained at about its customary seasonal level in May. As compared with a year ago the dollar volume of May business showed virtually no change, increases in the sale of jewelry, groceries and hardware being largely offset by decreases in the remaining five lines. For the year to date, however, the total sales of all lines were 7 per cent larger than in 1934, continuing to reflect the influence of higher prices. Some decline in demand is indicated by preliminary reports for June.

Retail trade sales of department, apparel, shoe and credit stores combined declined 4 per cent from April to May, after allowance is made for the number of trading days and the usual seasonal change. In early June demand for general merchandise showed some improvement, according to early reports.

Inventories of merchandise at wholesale declined 2 per cent more than usual from April to May, while stocks at retail establishments showed an increase of about one per cent. As compared with a year ago, wholesale stocks were 3 per cent larger, while at retail they were one per cent smaller. The rate of stock turnover in both lines of trade was 4 per cent more rapid this year than last.

Collections during May increased 4 per cent more than was to be expected at retail, but showed a smaller gain than usual at wholesale. As compared with a year ago, the ratio of collections to balances outstanding was 6 per cent higher at retail and 2 per cent higher at wholesale.

The number of new passenger automobiles, as measured by registrations

in this district, decreased more sharply than usual in May, but was 19 per cent larger than a year ago. In the first five months this year total sales exceeded those of 1934 by 53 per cent and were the largest for that period since 1930.

Activity of commercial hotels declined in May, following a sharp increase during April. The general trend of room occupancy and revenue since 1933 has been upward, allowing for seasonal and accidental fluctuations, as shown by the accompanying chart.

Hotel business Philadelphia Federal Reserve District	Per cent change		
	May 1935 from		1935 from 5 mos. 1934
	April 1935	May 1934	
Capacity	- 0	- 0	.....
Room occupancy	- 6	+ 7	+9
Per cent of capacity used:			
May 1935	50.3		
April 1935	58.9		
May 1934	45.8		
Revenue from:			
Guest rooms	- 9	+ 5	+9
Food	- 5	+ 9	+7
Other sources	-11	+11	+9
Total revenue	- 8	+ 7	+8

Banking conditions. During the four weeks ending on June 19 both receipts and payments through the gold settlement fund were in larger volume than a year ago, but the rise in receipts was greater so that the balance of interdistrict payments was over 4 millions in favor of this district and not adverse as was the case last year. In these figures transactions for the account of the reserve banks and the Treasury are omitted, so that commercial and financial transactions of banks, business firms and individuals may be indicated. Treasury operations in the past month have included a variety of transactions that reached substantial totals; among these were income tax payments and withdrawals from depositary banks, which tend to reduce the reserve deposits of banks, and security redemptions, payments of interest on debt and relief payments which tend to raise such deposits. Treasury transactions show an 11 million excess of local disbursements over receipts.

There was a 2½ million increase in currency demand but, after this was cared for, a sufficient sum remained to add nearly 14 millions to the reserve deposits of member banks.

The bank acquired an additional 10 millions of participation in the Federal reserve system's holdings of United States securities, but changes in other forms of outstanding credit of this bank

were minor. The total of loans and commitments approved by this bank for the purpose of providing working capital for established businesses rose from \$8,853,000 to \$9,533,000, and the aggregate of actual advances from \$4,811,000 to \$5,022,000; owing to repayments the amount of outstanding advances on June 19 was \$3,509,000.

The accompanying table shows that there was a sharp increase in net demand deposits at the reporting member banks during the four-week period; although a portion of this was due to the transfer of funds from the time to the demand classification, a substantial part also reflected a decline in amounts due from banks, which is a deduction item in the figuring of "net" deposits. The total of net demand and time funds increased 17 millions; Government deposits decreased 7 millions.

Outstanding credit of the reporting banks increased 8 millions. Turning

Reporting member banks (000,000's omitted)	June 19, 1935	Changes in	
		Four weeks	One year
Loans on securities:			
To brokers and dealers in N. Y. City	\$ 15	0	-\$11
To brokers and dealers elsewhere	12	0	- 4
To others	158	-\$ 2	- 34
Total loans on securities	\$ 185	-\$ 2	-\$49
Acceptances and commercial paper	25	- 1	+ 12
Loans on real estate	71	+ 1	- 5
Other loans	176	+ 3	
Total loans	\$ 457	+\$ 1	-\$42
U. S. Government obligations	290	+ 1	- 2
Obligations fully guaran- teed by U. S. Govern- ment	68	+ 8	
Other securities	273	- 2	+ 89
Total loans and invest- ments	\$1,088	+\$ 8	+\$45
Net demand deposits	826	+ 50	+156
Time deposits	275	- 33	- 33
United States deposits	42	- 7	- 31
Due from banks	159	- 22	- 1
Due to banks	258	- 3	+ 29
Reserve with Federal Re- serve Bank	156	+ 15	+ 20

to the subdivisions it is found that loans on securities to customers show a further decrease of 2 millions, while other loans to customers, which rose 4 millions in the period, on June 19 were at the highest point since December and only 5 millions less than a year ago. A rise in obligations fully guaranteed by the Federal Government probably was due mainly to an exchange for securities guaranteed as to interest only, which find classification under "Other securities"; as the total of the latter decreased only 2 millions, it appears that purchases of securities were made during the period. Reserves of these banks expanded 15 millions in the four weeks.

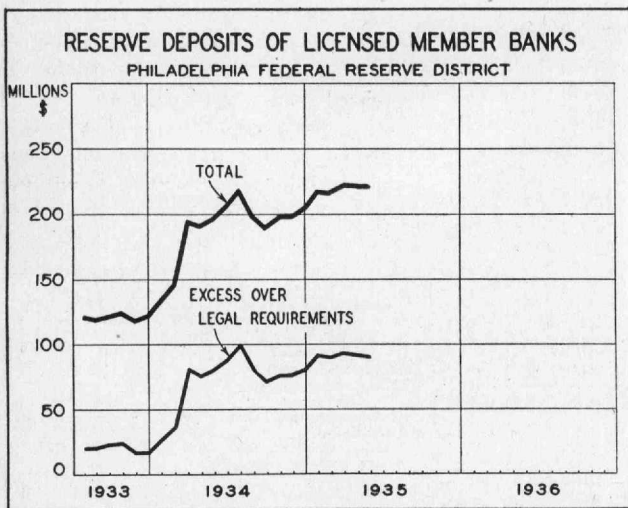
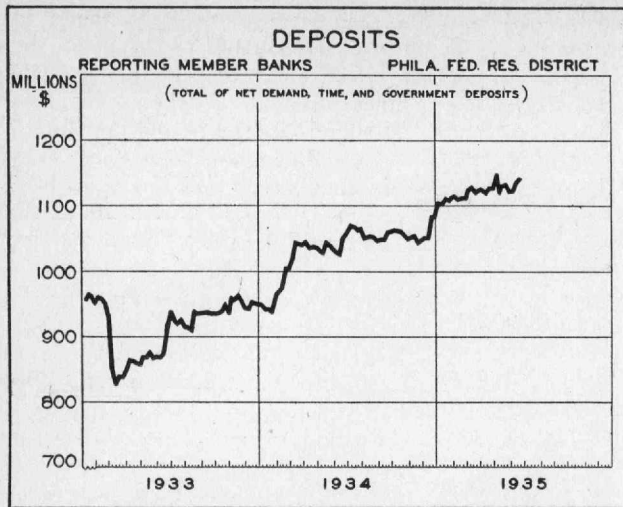
Although reserve deposits of all member banks in this district averaged over 221 millions in May, almost the same as in April, requirements increased somewhat owing to a rise in net demand deposits. The excess of reserves over legal requirements therefore declined from 92½ to 90 millions; the latter figure was over 68 per cent above requirements.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	June 19, 1935	Changes in	
		Four weeks	One year
Bills discounted	\$ 0.5	+\$ 0.0	-\$ 6.3
Bills bought	0.5	+ 0.0	- 0.1
Industrial advances	3.5	+ 0.1	+ 3.5
United States se- curities	177.1	+ 10.0	+ 10.0
Other securities	0	0	- 0.5
Total bills and securities	\$181.6	+\$10.1	+\$ 6.6
Fed. res. note cir- culation	234.9	+ 1.6	- 12.2
Fed. res. bank note circulation—net.	0	0	- 5.0
Member bank re- serve deposits	233.2	+ 13.9	+ 27.5
U. S. Treasurer— general account	10.8	+ 9.8	+ 2.0
Foreign bank de- posits	2.7	+ 0.6	+ 2.4
Other deposits	8.7	+ 0.1	- 3.1
Total reserves	331.6	+ 15.5	+ 8.6
Reserve ratio	67.6%	- 0.5%	- 0.6%

RESERVE BANK CREDIT AND THE FACTORS THAT AFFECT IT
Philadelphia Federal Reserve District

(In millions of dollars)	Changes in weeks ending				Changes in four weeks
	May 29	June 5	June 12	June 19	
Sources of funds					
Reserve bank credit extended in district	-0.6	+1.1	- 0.3	+0.3	+ 0.5
Commercial and financial transactions (chiefly interdistrict)	+2.6	-4.5	+ 6.1	+1.0	+ 5.2
Treasury operations	-9.6	+9.4	+ 4.6	+6.6	+11.0
Total	-7.6	+6.0	+10.4	+7.9	+16.7
Uses of funds					
Currency demand	+6.2	-3.7	+ 1.8	-1.6	+ 2.7
Member bank reserve deposits	-8.5	+5.9	+12.3	+4.2	+13.9
Nonmember deposits at reserve bank	-5.3	+3.8	- 3.8	+5.3	+ 0.0
Unexpended capital funds of reserve bank	-0.0	+0.0	+ 0.1	+0.0	+ 0.1
Total	-7.6	+6.0	+10.4	+7.9	+16.7

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—May 1935 from May 1934				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	-5	-8	-24	+1	+8
Altoona	-10	-18	-10	+0	-4
Harrisburg	+5	-4	+526	+9	-1
Johnstown	-14	-26	-33	-3	-11
Lancaster	+9	+14	+85	+24	-4
Philadelphia	+5	+7	+27	+4	-5
Reading	+7	-4	+16	+8	-10
Seranton	-12	-7	-48	-1	-14
Trenton	-5	-2	+92	+45	+2
Wilkes-Barre	+1	+2	+28	-14	-13
Williamsport	+5	+10	+25	+8	.....
Wilmington	-7	-5	+61	+14	-8
York	-2	+11	-4	+12	.....
May 1935 from April 1935					
Allentown	-3	-3	-64	-8	-11
Altoona	-0	+10	-10	-5	+2
Harrisburg	-1	-1	+30	-5	+1
Johnstown	-2	+7	-62	-4	-6
Lancaster	-0	-0	-45	-1	+8
Philadelphia	-1	-3	+32	-2	-8
Reading	-0	-4	-53	-1	-15
Seranton	-8	-6	-83	+8	-5
Trenton	+1	+0	+54	+22	-6
Wilkes-Barre	-0	-1	+50	+1	-11
Williamsport	-0	-3	-31	+1	.....
Wilmington	+1	-0	+5	+3	-5
York	+3	+6	-15	+1	.....

* 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

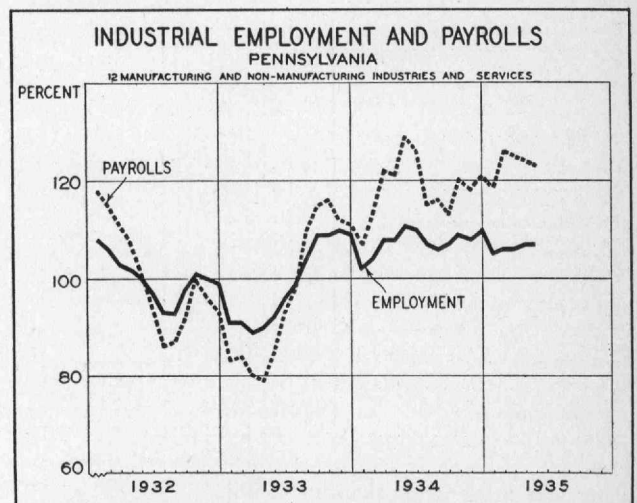
	Employment*		Payrolls*		Employe-hours†			
	May 1935 index	Per cent change from		May 1935 index	Per cent change from			
		May 1934	Apr. 1935		May 1934	Apr. 1935	May 1934	Apr. 1935
All manufacturing	75	0	-1	62	-2	-2	-5	-1
Iron, steel and products.....	64	-0	+1	56	-6	+1	-6	+0
Non-ferrous metal prods.....	98	+0	0	92	+1	-1	-1	-3
Transportation equip.....	50	-10	+4	37	-15	+6	-23	+4
Textiles and clothing.....	97	+3	-4	78	+3	-11	+7	-8
Textiles.....	92	+4	-4	74	+2	-12	+11	-8
Clothing.....	115	-1	-2	97	+5	-9	-5	-8
Food products.....	101	+2	-1	89	+4	+0	+2	-1
Stone, clay and glass.....	75	+6	+0	57	+18	+4	+7	-2
Lumber products.....	52	-3	+8	37	+4	+13	+7	+10
Chemicals and products.....	87	-5	-3	74	-5	-2	-6	-2
Leather and products.....	93	+2	-3	78	-1	-7	-6	-9
Paper and printing.....	89	-1	-2	83	+5	-1	+1	-1
Printing.....	84	-2	-2	83	+5	-0	+2	+1
Others:								
Cigars and tobacco.....	63	-3	+4	49	-5	+7	-22	+8
Rubber tires, goods.....	78	-18	-0	62	-19	-3	-16	-4
Musical instruments.....	52	+4	-6	39	+7	-20	+9	-20

* Figures from 2249 plants. † Figures from 2038 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment		Payrolls			
	May 1935 index	Per cent change from		May 1935 index	Per cent change from	
		May 1934	Apr. 1935		May 1934	Apr. 1935
General index (weighted)	107	-3	+0	123	-4	-0
Manufacturing.....	119	0	-1	150	-2	-2
Anthracite mining.....	86	-15	+2	93	-22	-1
Bituminous coal mining.....	120	-3	-1	139	-12	+7
Building and construction.....	64	-26	+12	59	-15	+12
Quarrying and non-met. mining.....	111	-3	+10	142	-8	+15
Crude petroleum producing.....	212	+12	+20	168	-5	+3
Public utilities.....	89	-1	+0	91	+4	+1
Retail trade.....	109	+0	-3	108	+1	-2
Wholesale trade.....	104	+2	-2	98	+2	-1
Hotels.....	106	+1	+1	106	+6	+2
Laundries.....	95	+1	+1	96	+1	+3
Dyeing and cleaning.....	97	-11	-1	109	-13	-2



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 for seasonal variation						Not adjusted					
	May 1934	Mar. 1935	Apr. 1935	May 1935	Percentage comparison		May 1935 with 5 mos. 1934	May 1934	Mar. 1935	Apr. 1935	May 1935	
					Month ago	Year ago						
Retail trade												
Sales												
Total of all stores.....	70	67	69	66p	- 4	- 5	- 1	70	61	74	67p	
Department.....	67	66	65	64p	- 1	- 5	- 1	66	59	65	63p	
Men's apparel.....	59	54	58	56p	- 4	- 6	+ 3	55	49	62	52p	
Women's apparel.....	90	88	92	84	- 9	- 7	+ 1	93	95	116	86	
Shoe.....	80	69	78	71	- 9	- 12	- 2	89	64	92	79	
Credit.....	67	63	72	66p	- 8	- 0	+ 1	70	53	74	70p	
Stocks of goods												
Total of all stores.....	63	61	62	62p	+ 1	- 1	.....	63	63	63	62p
Department.....	55	52	53	54p	+ 2	- 3	.....	55	54	55	53p
Men's apparel.....	60	62	60	66	+ 9	+ 10	.....	60	62	64	66
Women's apparel.....	91	91	84	87	+ 4	- 5	.....	92	99	90	88
Shoe.....	58	55	58	56	- 3	- 4	.....	59	56	59	57
Credit.....	72	70	72	71p	- 2	- 2	.....	70	72	72	69p
Rate of stock turnover												
5 months (actual, not indexes).....							+ 4*	1.53				1.59
Wholesale trade												
Sales												
Total of all lines.....	83	79	83	83p	+ 0	+ 0	+ 7	78	74	77	78p	
Boots and shoes.....	68	46	54	59p	+ 10	- 13	+ 0	68	53	57	59p	
Drugs.....	87	84	87	87	+ 0	- 0	+ 0	87	88	88	87	
Dry goods.....	46	39	39	40p	+ 3	- 11	- 4	43	37	34	38p	
Electrical supplies.....	115	82	79	106p	+ 34	- 7	+ 15	87	70	73	81p	
Groceries.....	107	116	124	113	- 8	+ 6	+ 9	106	107	114	112	
Hardware.....	47	44	49	48p	- 2	+ 2	+ 7	52	43	50	53p	
Jewelry.....	35	49	50	39	- 23	+ 11	+ 14	29	38	33	33	
Paper.....	68	64	69	66p	- 4	- 3	+ 6	67	67	69	65p	
Stocks of goods												
Total of all lines.....	67	69	71	69p	- 2	+ 3	.....	66	70	71	68p
Boots and shoes.....	22	24	22	22	+ 1	+ 2	.....	21	26	22	21
Drugs.....	112	104	111	108	- 3	- 4	.....	114	105	112	109
Dry goods.....	48	43	44	43	- 2	- 12	.....	48	44	44	42
Electrical supplies.....	87	95	108	103p	- 4	+ 19	.....	82	92	105	98p
Groceries.....	76	84	83	81	- 2	+ 6	.....	72	86	83	77
Hardware.....	59	66	65	66p	+ 1	+ 12	.....	61	70	69	68p
Jewelry.....	48	54	54	50	- 7	+ 4	.....	51	50	51	53
Paper.....	61	58	60	62	+ 2	+ 1	.....	60	59	60	61
Rate of stock turnover												
5 months (actual, not indexes).....							+ 4*	2.28				2.36
Output of manufactures												
Pig iron.....	41	21	20	28	+ 40	- 30	- 29	43	24	23	30	
Steel.....	63	54	54	55	+ 1	- 12	+ 5	66	58	57	58	
Iron castings.....	44	46	44	48	+ 10	+ 10	+ 1	46	48	46	50	
Steel castings.....	66	48	44	44	+ 0	- 33	+ 0	68	54	44	45	
Electrical apparatus.....	74	88	100	96	- 4	+ 31	+ 36	68	82	87	88	
Motor vehicles.....	11	14	13	11	- 14	+ 2	+ 0	14	15	16	14	
Automobile parts and bodies.....	39	38	34	34	- 1	- 14	- 24	41	41	37	35	
Locomotives and cars.....	22	19	21	21	+ 2	- 5	+ 19	22	21	22	21	
Shipbuilding.....	103	126	122	136	+ 11	+ 32	+ 26	106	131	125	140	
Silk manufactures.....	85	93	88	76	- 13	- 11	- 6	82	95	86	73	
Woolen and worsteds.....	39	65	69	75	+ 8	+ 94	+ 63	36	63	63	70	
Cotton products.....	43	41	41	41	- 0	- 4	- 0	42	43	43	41	
Carpets and rugs.....	51	98	119	118	- 1	+ 133	+ 100	49	97	112	114	
Hosiery.....	112	125	119	114	- 4	+ 1	+ 12	112	130	119	114	
Underwear.....	109	122	133	125	- 6	+ 14	+ 32	110	133	131	126	
Cement.....	50	34	44	45	+ 2	- 10	- 2	56	26	44	51	
Brick.....	34	30	29	24	- 17	- 29	- 3	36	30	31	26	
Lumber and products.....	21	14	16	17	+ 9	- 17	- 13	19	13	15	16	
Bread and bakery products.....	.....	.....	.....	.....	+ 0*	- 1*	+ 0*	87	88	86	87
Slaughtering, meat packing.....	94	76	75	75	+ 1	- 20	- 15	94	73	74	76	
Sugar refining.....	75	65	89	82	- 9	+ 9	- 34	92	100	116	100	
Canning and preserving.....	67	53	55	57p	+ 2	- 16	- 3	51	47	47	46p	
Cigars.....	91	85	92	94	+ 1	+ 3	- 2	88	78	84	91	
Paper and wood pulp.....	60	63	62	61	- 2	+ 1	+ 4	60	64	63	61	
Printing and publishing.....	84	83	85	86	+ 2	+ 2	- 1	85	85	86	87	
Shoes.....	149	136	145	137	- 8	- 9	+ 1	136	145	148	124	
Leather, goat and kid.....	120	116	120	127p	+ 6	+ 6	- 6	109	114	116	116p	
Explosives.....	89	65	65	79	+ 21	- 12	- 8	90	65	66	80	
Paints and varnishes.....	68	62	64	65	+ 1	- 5	- 6	72	63	67	68	
Petroleum products.....	134	134	128	125p	- 2	- 7	- 3	134	133	128	125p	
Coke, by-product.....	91	83	79	77p	- 3	- 16	- 1	95	87	82	80p	

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

