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# THE BUSINESS REVIEW

THIRD FEDERAL  
PHILADELPHIA



RESERVE DISTRICT  
AUGUST 1, 1935

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FEDERAL RESERVE BANK of PHILADELPHIA

## Business and Banking Conditions in the United States

Factory production declined seasonally in June, while output of mines increased. Employment and payrolls at factories showed more than seasonal declines. There was little change in the average level of wholesale prices, and a decrease in retail food prices.

**Production and employment.** Daily average output at factories, according to the Federal Reserve Board's production index, declined by about the usual seasonal amount during June. Output of mines increased, and the Board's combined index of industrial production, which is adjusted for usual seasonal changes, advanced from 85 per cent of the 1923-1925 average in May to 86 per cent in June. Daily average output of automobiles and lumber increased in June, while activity at cotton mills, shoe factories, and meat-packing establishments declined. Activity at steel mills declined seasonally during June, but, according to trade reports increased after the first week of July. There were sharp increases in the production of anthracite and bituminous coal during June and output of crude petroleum was also larger than in May.

Factory employment and payrolls de-

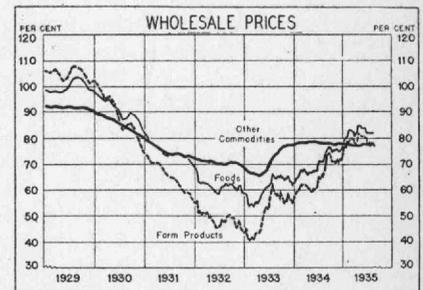
creased between the middle of May and the middle of June. More than seasonal declines in employment were reported by producers of automobiles, clothing, shoes and cotton fabrics, and employment at lumber mills also decreased, while the number of workers at woolen mills increased. In most other manufacturing industries changes in employment from May to June were largely seasonal in character. Employment and payrolls at mines increased considerably.

Daily average construction contracts awarded, according to reports of the F. W. Dodge Corporation, were larger in value in June, and the first half of July than in May. Awards of residential building contracts were twice as large as a year ago, while contracts for public projects continued smaller than last year.

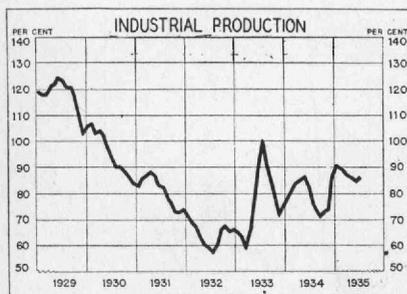
The Department of Agriculture July 1 estimates forecast corn and wheat crops larger than a year ago, but smaller than the five-year average for 1928-1932. Acreage of cotton in cultivation on July 1 was reported as about 5 per cent larger than at the same time last year.

**Distribution.** Daily average loadings of freight on railroads increased during June, reflecting larger shipments of coal. Daily average value of department store sales showed little change from May to June, when a decline is usual, and the Board's seasonally adjusted index advanced from 76 per cent of the 1923-1925 average to 80 per cent.

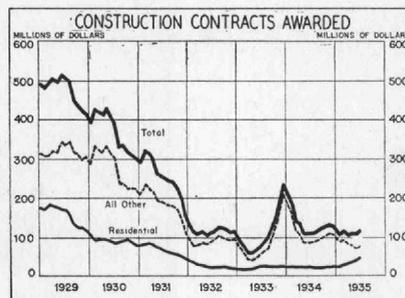
**Commodity prices.** Wholesale prices of farm products and foods declined during June, while the prices of other commodities as a group showed little change. Retail prices of food, which had increased sharply in the two years



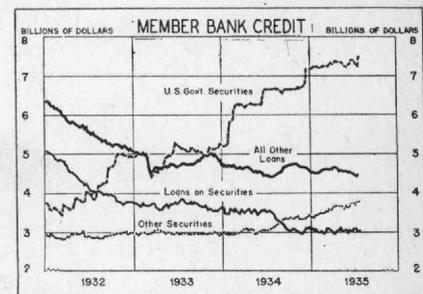
Indexes of the United States Bureau of Labor Statistics. (1926=100.) By months 1929 to 1931; by weeks 1932 to date.



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 figures based on data for April and May and estimate for June.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for July 17.

ending last April, according to the index of the Bureau of Labor Statistics, declined somewhat in May and June.

**Bank credit.** Member bank reserve balances with the Federal reserve banks and excess reserves showed declines for the four weeks ending July 17, reflecting in large measure an increase in the balance of the Treasury with the Federal reserve banks, following a sale of Treasury notes.

Total loans and investments of reporting banks in leading cities increased by \$260,000,000 during the five week period ended July 17. Subscriptions by reporting banks to new security offerings by the Treasury exceeded retirement of bonds held by these banks, and consequently their holdings of direct obligations of the United States increased by \$200,000,000. Holdings of other securities in-

creased by \$125,000,000, while loans declined by \$60,000,000. Government deposits with these banks were reduced by over \$200,000,000, while other deposits, exclusive of inter-bank balances, showed an increase of a similar amount.

Yields on Government securities declined slightly during this period, while other short term open market money rates remained at low levels.

## **Business and Banking Conditions in the Philadelphia Federal Reserve District**

Industrial activity in the Philadelphia Federal Reserve District generally has declined further, after increasing for three months ended in April. Output of manufactures and crude oil during June fell off by a larger volume than usual while production of coal showed an exceptional increase over the May volume. The June output of these three industries combined was still larger than a year ago, and the rate of productive activity continued about 4 per cent higher in the first half of this year than last and was the highest for that period since 1931. Some improvement also was evident in the activity of building and construction, though the present level continues very low compared with that prevailing in the years prior to 1931.

Retail trade sales in June showed a considerable improvement over May and in July the dollar volume compared well with a year ago. Trading at wholesale in general failed to maintain the normal seasonal rate of activity. The market for new passenger automobiles showed noticeable improvement in June, after declining in May from the three-year peak reached in April; for the year to date about one-third

more new units have been sold than in the same period last year. There has been some gain in railroad freight car loadings, mainly because of greatly increased shipments of coal, but the movement of manufactures from this district has shown little change since early June.

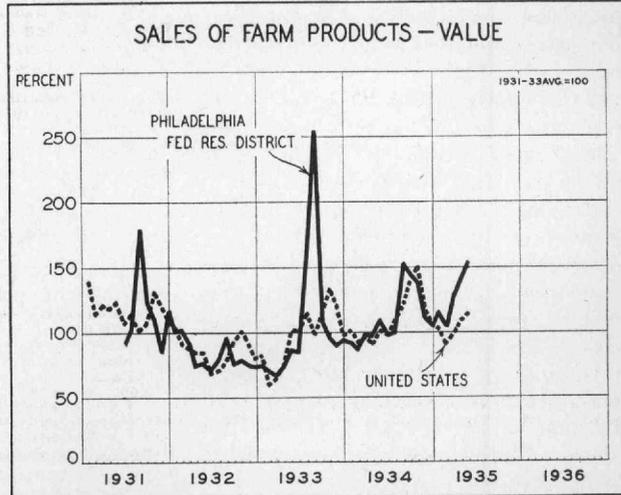
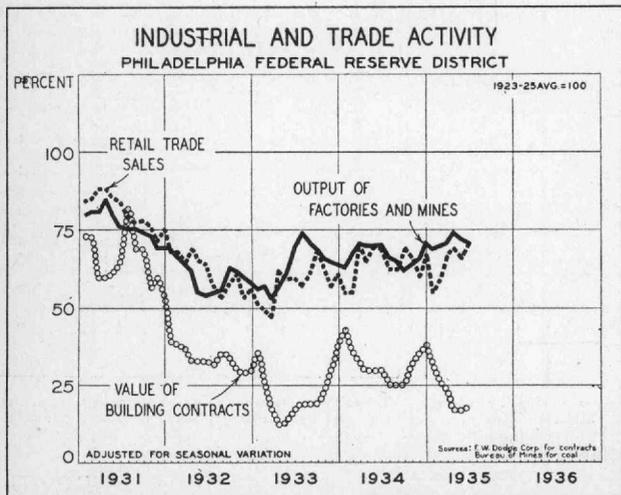
General employment and earnings of workers in the principal branches of trade and industry in this section increased slightly from the middle of May to the middle of June, according to reports from 10,265 establishments employing in June about 783,000 workers whose average weekly earnings approximated \$17,500,000. Early reports for July indicate about the usual seasonal declines in the case of manufacturing. Compared with the average for 1932, which was a record low year, the June index of general employment was 8 per cent higher and that of income from wages and salaries 27 per cent higher.

**Manufacturing.** The market for manufactures shows additional slackening as it usually does at this season. Sales have fallen off since the middle of last month, except in the case of wool and silk manufactures and some of

the metal products. Compared with a year ago, the volume of business has been well maintained and in the case of cotton, wool, clothing, shoes, chemicals, brick, lumber, plumbing supplies and certain fabricated metals sales have continued larger. The volume of unfilled orders for finished products generally about the middle of July seemed to have exceeded that at the same time last year by a fair margin.

Stocks of finished goods at factories have not shown much change during the month, and with but a few exceptions they are smaller than a year ago. Nor has there been any material change during the month in the case of raw materials, except for some increases in the inventories of wool fibers and yarns, leather, pottery and slate. The supply of raw materials held by the plants in this section appears to be smaller than a year ago; stocks of such important textile fibers as silk and wool, for example, seemed considerably smaller on June 30 this year than a year before.

Factory prices of finished products have shown little change during the month, following some advances in such textiles as wool and silk manu-



## Business Indicators Philadelphia Federal Reserve District

factures and fibers in early June. But the range of fluctuations on the whole has been negligible. The price index, compiled by the Bureau of Labor Statistics for all manufactures including fuel and lighting materials, on July 20 was 77.9 per cent of the 1926 average or the same as a month ago and compared with 78.6 a year ago.

The number of wage earners in Pennsylvania manufacturing industries showed a decline of nearly 1 per cent and the amount of wage payments almost 3 per cent from the middle of May to the middle of June. The volume of work done during the payroll period nearest to the middle of June, as measured by the number of hours actually worked by all wage earners, decreased in about the same proportion as did payrolls. The extent of these recessions is about usual at this time. The June level of factory employment was a trifle higher than the low and 2 per cent lower than the high point reached this year. A somewhat similar comparison is found in the figures on payrolls and working time. July declines appear to be no larger than is to be seasonally expected.

Average weekly earnings in June amounted to about \$19.25 as compared with \$19.72 in May and \$19.71 in June 1934. Hourly earnings showed a slight drop from the previous month but were virtually unchanged from a year ago. The number of hours actually worked by a wage earner averaged 33.2 a week as against 33.9 a month ago and 34.4 a year before.

The index of factory employment, representing 68 important industries in Pennsylvania, in June was 75 per cent of the 1923-25 average, or about 1 per cent lower than a year ago. The payroll index was about 60, or 3 per cent below that in June 1934. Since March last year the range of fluctuation has narrowed down greatly. For example, the proportion that the low level has been to the high level in the past 16 months approximates 95 per cent in employment and 82 per cent in payrolls. These ratios were much higher than in the previous comparable period.

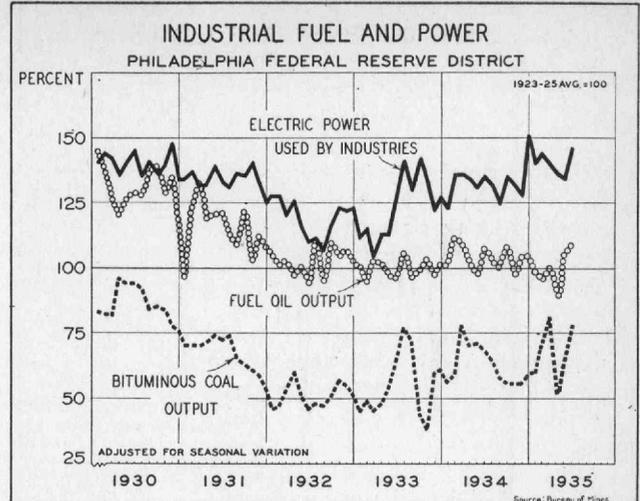
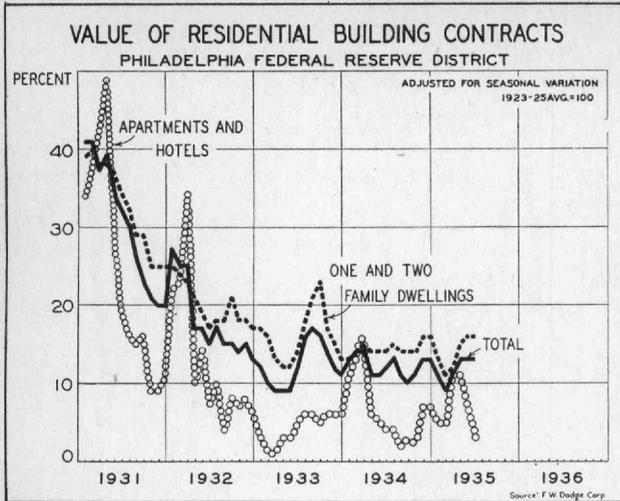
Output of factory products in this district during June declined from the May volume by a larger proportion than usual, following a rise for three months from February to April. Relative to the 1923-25 average as a base, this bank's preliminary index of productive activity, which is adjusted for the number of working days and seasonal variation, was 69 as compared with 73 in May, 74 in April, and 70 in June last year. The rate of factory pro-

	Index numbers: percentages of the 1923-1925 average taken as 100 (All figures are rounded from original data)														
	Adjusted for seasonal variation						Not adjusted								
	June 1934	Apr. 1935	May 1935	June 1935	Percentage comparison			June 1934	Apr. 1935	May 1935	June 1935				
					June with		1935 with 6 mos. 1934								
Month ago		Year ago													
<b>Industrial production</b>	70	74	72	71p	- 2	+ 2	+ 4	68	72	71	70p				
<b>Manufacturing—total</b>	70	74	73	69p	- 5	- 1	+ 5	69	72	71	68p				
<b>DURABLE GOODS</b>	58	57	57	52p	- 9	- 10	+ 6								
<b>CONSUMERS' GOODS</b>	79	90	86	82p	- 4	+ 3	+ 6								
Metal products	65	66	65	60	- 8	- 7	+ 11	65	64	65	61				
Textile products	70	92	85	79p	- 7	+ 13	+ 16	68	87	81	77p				
Transportation equipment	48	42	44	34	- 24	- 29	+ 1	48	44	46	35				
Food products	79	69	70	69p	- 5	- 13	- 7	75	68	68	66p				
Tobacco and products	90	93	94	89	- 5	- 5	- 1	92	97	85	91				
Building materials	31	27	27	27	+ 2	- 13	- 7	34	27	28	30				
Chemicals and products	101	95	102	107p	+ 5	+ 6	- 1	102	96	104	107p				
Leather and products	111	134	129	123p	- 5	+ 11	- 1	108	132	117	120p				
Paper and printing	80	81	82	83	+ 1	+ 4	+ 0	79	82	83	82				
Electric power output	187	197	200	198	- 1	+ 0	+ 1	188	193	186	188				
Industrial use of electricity	135	136	134	146	+ 9	+ 8	+ 5	137	138	137	148				
<b>Coal mining</b>	69	67	70	95p	+ 36	+ 38	- 12	60	69	69	83p				
Anthracite	69	69	71	97p	+ 37	+ 41	- 13	60	72	71	85p				
Bituminous	66	52	62	79p	+ 27	+ 19	+ 2	58	47	56	69p				
<b>Employment and wages—Pa.</b>															
Factory wage earners					- 1*	- 1*	+ 3*	76	76	76	75				
Factory payrolls					- 3*	- 3*	+ 8*	62	63	62	60				
Employe-hours (1927-28=100)					- 3*	- 7*	+ 3*	65	62	62	60				
<b>General—12 occupations:</b>															
Employment (1932=100)					+ 1*	- 2*	- 1*	110	107	107	108				
Payrolls (1932=100)					+ 3*	+ 0*	+ 4*	126	124	123	127				
<b>Building and real estate</b>															
Contracts awarded—total†	30	17	17	18	+ 7	- 39	- 36	34	20	20	20				
Residential†	12	13	13	13	0	+ 11	- 6	14	15	17	16				
Non-residential†	21	23	24	22	- 8	+ 3	- 8	25	25	27	26				
Public works and utilities†	97	26	13	18	+ 41	- 81	- 67	110	25	15	21				
Permits for building—17 cities	8	6	7	7	+ 4	- 12	+ 10	10	9	8	9				
Mortgages recorded—Philadelphia	6	7	5	5	- 11	- 23	- 27	6	8	5	5				
Real estate deeds—Philadelphia	37	44	41	40	- 2	+ 10	+ 7	40	43	44	44				
Sheriff deeds (1930=100)					0*	+ 22*	+ 1*	89	117	109	109				
Other deeds (1930=100)					- 3*	+ 3*	+ 13*	63	60	66	64				
Writs for Sheriff sales—Phila.	764	801	928	765	- 18	+ 0	+ 2	764	841	974	765				
<b>Distribution</b>															
Retail trade—sales	69	69	66	71p	+ 7	+ 3	+ 0	67	74	67	69p				
Retail trade—stocks	62	62	62	60p	- 3	- 2		59	63	62	58p				
Wholesale trade—sales	81	83	83	81p	- 3	+ 0	+ 6	77	77	78	77p				
Wholesale trade—stocks	68	71	70	70p	+ 0	+ 3		66	71	69	68p				
Life insurance sales	100	93	88	98	+ 11	- 3	+ 3	104	105	94	102				
New passenger auto. registrations	79	94	85	92	+ 8	+ 16	+ 34	111	142	123	128				
Hotels—occupancy					- 5*	+ 12*	+ 9*	96	121	113	107				
Total revenue received					- 11*	+ 10*	+ 8*	92	125	115	102				
Freight car loadings—total	63	57	57	63	+ 9	+ 0	- 2	63	55	58	62				
Mdse. and misc.—total	62	58	56	56	- 0	- 9	- 3	64	59	59	58				
Coal	67	58	68	88	+ 30	+ 32	+ 1	58	53	62	77				
<b>Business liquidations</b>															
Number					+ 51*	+ 23*	+ 22*	74	68	60	90				
Amount of liabilities					+ 12*	- 42*	- 44*	80	48	41	46				
<b>Payment of accounts</b>															
Check payments	71	77	75	80	+ 7	+ 12	+ 7	74	78	74	83				
Rate of collections (actual)															
Retail trade	29	29	30	29	- 5*	+ 0*		30	29	31	30				
Wholesale trade	70	75	73	67	- 9*	- 4*		73	73	74	70				
<b>Prices—United States</b>															
<b>WHOLESALE (1926=100)</b>															
Farm products					- 0*	+ 7*	+ 8*	75	80	80	80				
Foods					- 3*	+ 24*	+ 30*	63	80	81	78p				
Other commodities					- 2*	+ 19*	+ 24*	70	84	84	83				
<b>RETAIL FOOD (1913=100)</b>															
Philadelphia					+ 1*	- 0*	- 1*	78	77	78	78				
Scranton					- 1*	+ 13*	+ 14*	109	125	124	123				
					+ 1*	+ 7*	+ 8*	118	128	127	126				
					+ 1*	+ 10*	+ 8*	115	124	125	125				

	(000,000's omitted in dollar figures)	June 1934	Mar. 1935	Apr. 1935	May 1935	June 1935	Per cent change from	
							Month ago	Year ago
<b>Banking and credit</b>								
<b>Federal Reserve Bank</b>								
Bills discounted	\$ 8	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	0	-87
Other bills and securities	167	171	171	171	178	178	+4	+ 7
Member bank reserves	206	222	221	221	227	227	+3	+10
Ratio	68.0%	68.8%	68.8%	68.5%	67.4%	67.4%	-2	- 1
<b>Reporting member banks</b>								
Loans to customers	\$460	\$418	\$413	\$416	\$417	\$417	+0	- 9
Other loans and investments	674	667	665	664	670	670	-1	+17
Net deposits	1041	1123	1124	1130	1139	1139	+1	+ 9
<b>Bankers' acceptances outstanding</b>	14.5	13.2	12.5	12.5	12.9	12.9	+3	-11

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

p—Preliminary.



duction in the first six months of this year averaged 5 per cent higher than in the same period last year.

The decline in the output of the durable goods industries in June was somewhat more pronounced than that in consumers' manufactures, owing partly to curtailed operation of ship-building through prolonged labor difficulties and partly to lessened activity of steel works and rolling mills, electrical apparatus plants, and establishments producing chiefly locomotives and cars. Nevertheless, latest reports seem to indicate that there exists at present well sustained or more active forward demand for certain heavy products including tools and machinery from such industries as automotive, railroads, farm equipment and manufacturing.

Marked increases in the output of woolens and worsteds, and carpets and rugs during June were not sufficient to offset sharp declines in production of knit goods and silk manufactures. In the case of the food group only bakeries and canning plants reported gains, while meat packing and sugar refining fell off substantially from the previous month. Output of shoes and leather was less active than usual in June, though the current level of production continued well above the base period.

Activity at petroleum refineries and paint and varnish plants showed larger gains than usual from May to June. This is also true of paper and wood pulp, and brick establishments, while output of cement, lumber, explosives, coke and cigars failed to maintain their customary levels.

Output of electric power in this district on the whole changed little and continued slightly above the level of a year ago. Total sales of electricity for

all purposes increased and in the case of industries, which constitute the largest class of consumers, purchases of electrical energy in June were 9 per cent above the usual seasonal quantity and they exceeded last year's consumption by 6 per cent, comparing on the half-yearly basis.

**Coal and other fuels.** Production and shipments of anthracite increased greatly in June, contrary to the usual downward tendency. Output and shipments have been increasing since March, although preliminary figures for July indicate slackening in anthracite activity. Stocks in producers' yards increased 55 per cent by the first of June, after declining for six months; retailers' supplies also showed a gain for the second month.

Owing in part to labor difficulties, railroads and industries have purchased a considerable amount of coal for storage but industrial consumption has declined coincident with a lower rate of industrial activity in June.

As usual, output of by-product coke declined 4 per cent in June. For the year to date, production was 2 per cent smaller than last year. Production of gas and fuel oils has increased in the past two months, though for the first half of the year, it was 5 per cent below the same interval last year.

**Building and real estate.** The value of all building contracts awarded in this district during June totaled \$5,946,800, a gain of 14 per cent over May but a decrease of 21 per cent as compared with a year ago. In contrast with an active period from 1923 to 1929, when the June volume averaged about \$35,495,000, this year's amount of contracts let for various projects both in June and in the first six months has continued small.

The most pronounced increase from May to June occurred in the awards of contracts for those projects which apparently involved public financing. The largest relative declines during the month were shown in the case of factories and certain types of residences. On the basis of the three-month moving average centered at the third month, as described in this bulletin for July this year, the trend of contract awards for family houses has been upward during the past four months, as shown by the chart on page 4. This rise appears to reflect the influence of improved renting demand and sustained industrial conditions generally.

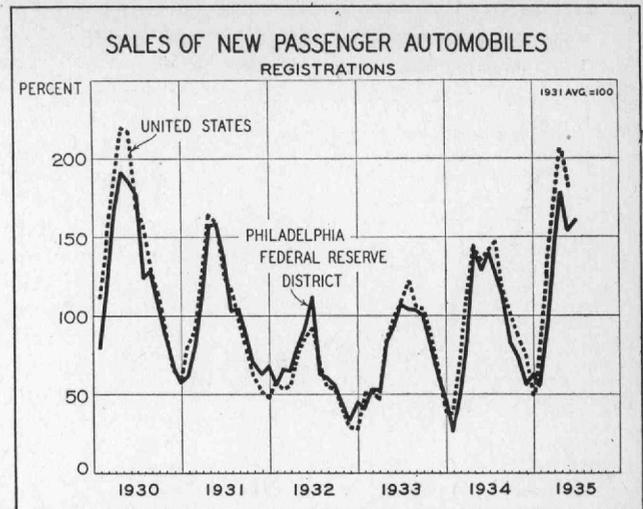
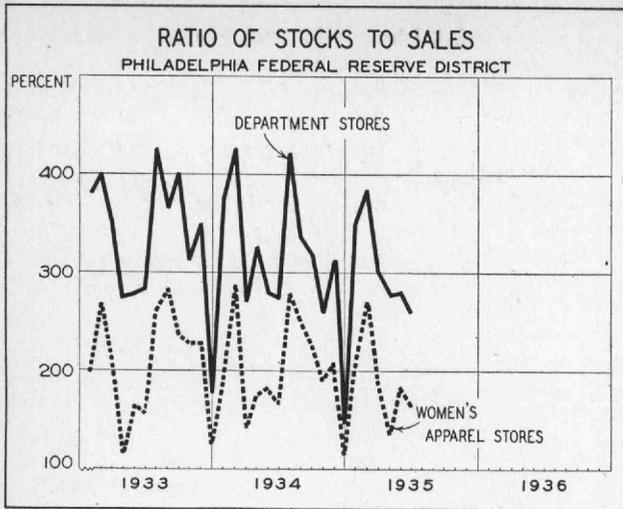
Operations on contracts previously awarded for private and public projects

(Output and shipment figures are daily averages)	June 1935	Per cent change from	
		Month ago	Year ago
<b>Anthracite</b>			
Production . . . . . tons	225,700	+19	+40
Shipments . . . . . tons	216,833	+20	+46
Stocks . . . . . 1000 tons	705,000†	+55	-39
Prices . . . (1926=100)	74.0	+1	-4
Employment . . . . . No.	97,585	+6	-1
<b>Bituminous</b>			
Production . . . . . tons	329,200	+24	+19
Shipments . . . No. cars	23,210	+18	+20
Prices . . . (1926=100)	96.1	+0	+1
Employment . . . . . No.	134,278	+6	+4
<b>Coke</b>			
Prod. (1923-25=100)	80.1	-4	-13
Prices . . . (1926=100)	88.7	0	+4
<b>Gas and fuel oil</b>			
Prod. (1923-25=100)	109.5*	+5	+2
Prices . . . (1926=100)	64.4†	+3	+3

Sources: Bureau of Mines and Bureau of Labor Statistics.

\*Estimated. † May.

Output of bituminous coal continued upward in June, being 24 per cent larger than in May, instead of showing the usual slight decline; shipments also increased substantially. Figures for July reflect a falling off in production.



expanded further in June. The number of workers and the amount of their earnings have increased almost steadily since the spring, though in June the volume of both seemed smaller than a year ago. Prices of building materials have continued to fluctuate narrowly around 85 per cent of the 1926 average.

The real estate market has been quiet, though some activity in renting demand was apparent in earlier months. The number of real estate foreclosures in this section, while declining in June, has continued heavy relative to other more prosperous years. For example, in Pennsylvania the number of real estate foreclosures during the first five months of this year seems to have exceeded the volume in the same period of 1926 by about 325 per cent.

**Agriculture.** Farming operations have progressed rapidly since the middle of last month. The greater part of the wheat crop has been harvested and threshing is well under way. Growing conditions generally have been favorable, excepting in scattered sections of northern and central Pennsylvania, where some fields were flooded by the excessive rains.

Department of Agriculture estimates of July 1 indicate that yields of wheat, oats, hay and tobacco will be larger this year than last, while those of corn and potatoes will be smaller. This year's harvest of orchard fruits promises to be substantially larger than 1934 and, in the case of apples, larger than the average yields.

Demand for farm labor has increased by a larger percentage between April and July this year than last; the trend of farm wage rates also was more sharply upward than a year ago.

The income of farmers has in-

creased sharply thus far this year, as indicated by the chart on page 2. The high peaks in the curve for this district are attributable partly to an unusually large sale of potatoes. The increase in income this year, as in the fall of the past two years, reflects for the most part higher prices, and rental and benefit payments. For example, wholesale prices of farm products on July 20 were about 17 per cent higher than a year ago. It is reported, moreover, that Pennsylvania farmers in the year ended June 1, 1935 collected \$1,676,409 in the form of benefits under the crop control program. The tobacco growers received the largest share, Lancaster County alone being credited with \$837,379.

**Distribution, trade and service.** Freight car loadings increased 9 per cent more than usual from May to June owing to an exceptionally large gain in coal shipments. The volume of rail freight originating in the Philadelphia industrial area showed practically no change from May to June and was somewhat larger than that of a year earlier; in the first two weeks of July shipments declined.

The total dollar sales of eight wholesale lines decreased 3 per cent from May to June after allowance is made for the customary seasonal change. Improvement in sales of jewelry, hardware, paper and drugs was offset by lessened activity in the sales of shoes, dry goods, electrical supplies and groceries. Comparisons with last year continue favorable, owing in part to higher prices. Early reports for July indicate seasonal slackening in sales.

Retail trade sales of department, apparel, shoe and credit (largely furniture) stores combined increased 7 per

cent from May to June, after making allowance for the number of trading days and the usual seasonal changes. In early July demand for general merchandise slackened somewhat but compared rather well with a year ago. Our seasonally adjusted index was 71 in June, relative to the 1923-25 average, compared with 66 in May and 69 a year ago. Dollar sales in the first half of this year showed virtually no change as compared with a year earlier.

The accompanying chart shows the proportionate value of stocks that the department and women's apparel stores carry in relation to their total value of sales. As is to be expected, these ratios disclose a considerable degree of seasonal fluctuation, but they fail to indicate any unusual change in the custom of the stores represented in these ratios with respect to carrying inventories, although some decline has been apparent since 1932 in the case of department stores. That the level of the ratios in the case of department stores is considerably higher than that of women's apparel stores is accounted for chiefly by the fact that the department stores carry a larger proportion of slow-moving stocks, as in the case of staples, than do the apparel specialty shops.

The number of new passenger automobiles sold in June increased, contrary to seasonal tendency, so that the rate of activity indicated an improvement of 8 per cent over May. Since last February sales have exceeded those in the same month of the past four years, the number of units sold in the first half this year being 34 per cent larger than in 1934 and the largest of any like period since 1930.

Commercial hotels in this district report a further decline in room oc-

cupancy and in income from all sources. This downward tendency is seasonal, reflecting slackened business activity. Summer resort hotels are not represented in the data below.

Hotel business Philadelphia Federal Reserve District	June 1935 from		1935 from 6 mos. 1934— %
	May 1935— %	June 1934— %	
	Capacity .....	- 0	- 0
Room occupancy .....	- 5	+12	+ 9
Per cent of capacity used:			
June 1935.....	49.3		
May 1935.....	50.3		
June 1934.....	43.2		
Revenue from:			
Guest rooms.....	- 6	+10	+ 8
Food.....	-17	+11	+ 8
Other sources.....	-15	+ 9	+11
Total revenue.....	-11	+10	+ 8

**Banking conditions.** Treasury disbursements, partly for relief and the redemption of securities, reached substantial amounts in this district during the four weeks ending July 17. Government receipts, however, including 27 millions withdrawn from depositary banks and cash payments for new securities, were a little in excess of disbursements. Treasury operations therefore had relatively little influence on the level of member bank reserve deposits. Commercial payments to and from other districts also were nearly in balance. The chief factor tending to raise reserves of member banks was a decline of 7 millions in miscellaneous deposits at this bank, reflecting mainly the payment of officers' checks issued by the bank in connection with Federal relief. While a part of the funds so provided was absorbed by a rise in currency demand, member bank reserves increased over 4 millions. Variations in reserve deposits were marked, high and low points of 244 and 216 millions being reached within the four weeks; the closing figure on July 17 was 237 millions.

Borrowings of member banks continued of negligible proportions in this period and additional industrial advances of over quarter a million dollars were partly balanced by repayments, so that there was little net change in the amount of reserve bank credit extended locally. There was a sharp increase in the total of loans and commitments approved by the bank to provide working capital for industry; from \$9,533,000 on June 19 there was a rise of \$15,558,000 on July 17.

Relatively slight changes have taken place in reserve bank credit over the

past year and increasing interest has been manifested in member bank reserves as a result of the growth of excess reserves. Reserve balances reflect early the impact of a demand for funds as well as the initial effect of an inflow of funds. Accordingly the title of the table heretofore headed "Reserve bank credit and the factors that affect it" has been changed to read "Member bank reserves and related factors".

Although total deposits of the reporting member banks have declined a little in the past several weeks, net deposits show an increase owing to a reduction in amounts due from banks and in collection items, which may be used as deductions in figuring net deposits. Reserves with the reserve bank increased somewhat and there also was an expansion of 9 millions in the outstanding credit of these banks. Declines of 4 millions in loans on securi-

Reporting member banks (000,000's omitted)	July 17, 1935	Changes in	
		Four weeks	One year
Loans on securities:			
To brokers and dealers in N. Y. City.....	\$ 13	-\$ 2	-\$15
To brokers and dealers elsewhere.....	12	0	- 5
To others.....	154	- 4	- 31
Total loans on securities	\$ 179	-\$ 6	-\$51
Acceptances and commercial paper.....	25	0	+ 9
Loans on real estate.....	70	- 1	+ 1
Other loans.....	181	+ 5	
Total loans.....	\$ 455	-\$ 2	-\$41
U. S. Government obligations.....	292	+ 2	+ 5
Obligations fully guaran- teed by U. S. Gov't....	75	+ 7	+ 88
Other securities.....	275	+ 2	
Total loans and invest- ments.....	\$1,097	+\$ 9	+\$52
Net demand deposits.....	841	+15	+165
Time deposits.....	281	+ 6	- 33
United States deposits.....	34	- 8	- 39
Due from banks.....	148	-11	- 20
Due to banks.....	259	+ 1	+ 13
Reserve with Federal Re- serve Bank.....	160	+ 4	+ 18

ties to customers and 2 millions in loans to the open market were accompanied by a rise of 4 millions in other loans to customers, which are thought to be more typical of local credit granted to finance the current operations of industry. This latter class of loans, totaling 251 millions on July 17, was at the highest point since October and slightly greater than a year ago; the rise of 16 millions since the 1935 low on April 24 contrasts with a small decline in the same period of 1934. In the past four weeks investments of the reporting banks have increased 11 millions, owing mainly to the acquisition of 7 millions of obligations fully guaranteed by the Government.

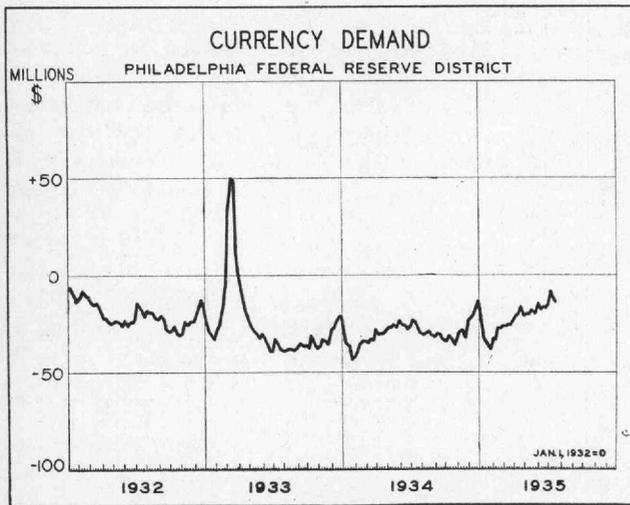
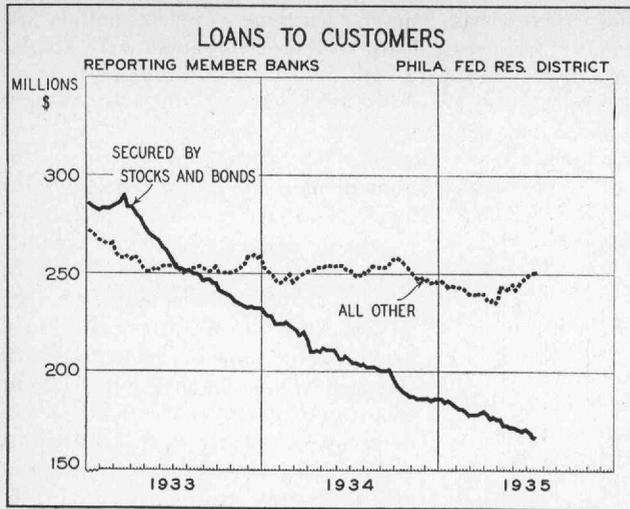
The upward trend of reserve balances of member banks so far this year has been accompanied by a rise in deposits, hence in required reserves, so that in June the average excess above requirements of 91½ millions was much the same as in January. The excess in June was nearly 68 per cent.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	July 17, 1935	Changes in	
		Four weeks	One year
Bills discounted.....	\$ 0.3	-\$0.2	-\$ 6.3
Bills bought.....	0.5	- 0.0	- 0.1
Industrial advances.....	3.7	+ 0.2	+ 3.7
United States securi- ties.....	177.1	0	+ 10.0
Other securities.....	0	0	- 0.4
Total bills and securi- ties.....	\$181.6	-\$0.0	+\$ 6.9
Fed. res. note circula- tion.....	238.7	+ 3.8	- 10.6
Fed. res. bank note circulation—net..	0	0	- 4.3
Member bank re- serve deposits....	237.5	+ 4.4	+ 18.5
U. S. Treasurer— general account..	3.9	- 6.9	+ 2.6
Foreign bank deposi- ts.....	2.6	- 0.2	+ 2.1
Other deposits.....	1.7	- 7.0	+ 8.8
Total reserves.....	325.2	- 6.4	- 3.9
Reserve ratio.....	67.1%	- 0.5%	- 1.4%

MEMBER BANK RESERVES AND RELATED FACTORS  
Philadelphia Federal Reserve District

(In millions of dollars)	Changes in weeks ending—				Changes in four weeks
	June 26	July 3	July 10	July 17	
<b>Sources of funds</b>					
Reserve bank credit extended in district....	+ 1.0	- 0.1	- 0.2	- 0.7	- 0.0
Commercial transfers (chiefly interdistrict)	+ 4.6	- 0.3	- 9.0	+ 5.2	+ 0.5
Treasury operations.....	+ 0.6	- 2.9	+ 0.1	+ 1.6	- 0.6
Total.....	+ 6.2	- 3.3	- 9.1	+ 6.1	- 0.1
<b>Uses of funds</b>					
Currency demand.....	+ 1.9	+ 7.1	- 4.2	- 1.9	+ 2.9
Member bank reserve deposits.....	+11.6	-19.3	- 2.4	+14.5	+ 4.4
Nonmember deposits at reserve bank.....	- 7.3	+ 9.4	- 2.6	- 6.5	- 7.0
Unexpended capital funds of reserve bank..	+ 0.0	- 0.5	+ 0.1	- 0.0	- 0.4
Total.....	+ 6.2	- 3.3	- 9.1	+ 6.1	- 0.1

Note: This table gives, in balance sheet form, a summary of the banking changes which have had an influence on member bank reserve deposits.



## Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

### Manufacturing Indexes

	Employment*			Payrolls*			Employe-hours†	
	June 1935 index	Per cent change from		June 1935 index	Per cent change from		June 1935 per cent change from	
		June 1934	May 1935		June 1934	May 1935	June 1934	May 1935
<b>All manufacturing</b> .....	75	- 1	- 1	60	- 3	- 3	- 7	- 3
Iron, steel and products ..	63	- 3	1	53	-11	- 6	-13	- 6
Non-ferrous metal prods. .	100	+ 7	+ 1	93	+12	+ 0	+13	+ 1
Transportation equip. . . .	50	-10	0	37	-10	+ 2	-23	- 0
Textiles and clothing . . . .	94	+ 2	- 3	74	+ 3	- 5	+ 9	- 2
Textiles . . . . .	90	+ 2	- 3	71	+ 1	- 5	+10	- 2
Clothing . . . . .	108	+ 2	- 6	89	+14	- 8	+ 6	- 6
Food products . . . . .	103	+ 2	+ 1	91	+ 3	+ 2	+ 1	+ 2
Stone, clay and glass . . . .	77	+ 7	+ 2	58	+18	+ 2	+11	+ 5
Lumber products . . . . .	57	+ 5	+ 8	43	+11	+13	+17	+12
Chemicals and products . . .	86	- 4	- 1	74	- 6	0	- 7	- 0
Leather and products . . . .	92	+ 3	- 1	75	+ 3	- 3	- 3	- 3
Paper and printing . . . . .	90	- 0	0	82	+ 6	- 2	+ 4	+ 0
Printing . . . . .	84	- 1	- 1	80	+ 6	- 3	+ 3	- 1
Others:								
Cigars and tobacco . . . . .	67	- 2	+ 4	53	- 3	+ 7	-23	+ 2
Rubber tires, goods . . . . .	76	-12	- 2	58	-16	- 7	-13	- 7
Musical instruments . . . . .	48	- 0	-11	37	- 1	-12	0	-13

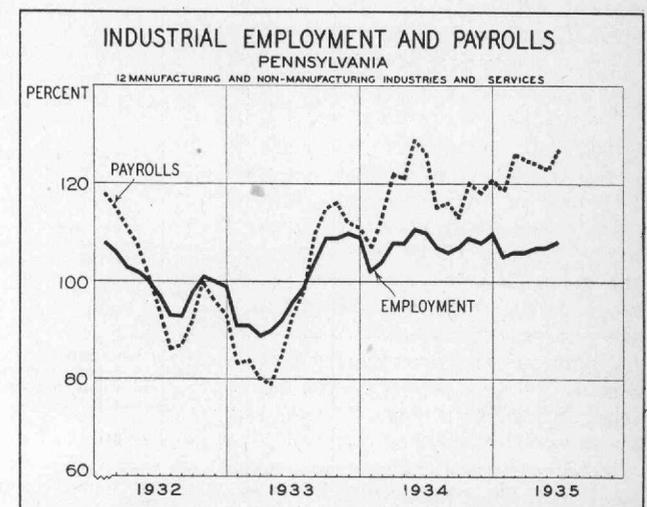
\* Figures from 2264 plants.

† Figures from 2051 plants.

## General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	June 1935 index	Per cent change from		June 1935 index	Per cent change from	
		June 1934	May 1935		June 1934	May 1935
<b>General index (weighted)</b> ....	108	- 2	+1	127	+ 0	+ 3
Manufacturing . . . . .	118	- 1	-1	145	- 3	- 3
Anthracite mining . . . . .	91	- 1	+6	123	+24	+33
Bituminous coal mining . . . .	127	+ 4	+6	200	+22	+44
Building and construction . . .	68	-19	+7	64	- 9	+ 8
Quarrying and non-met. mining	111	-13	+0	147	-17	+ 3
Crude petroleum producing . . .	212	+ 9	+0	169	- 3	+ 1
Public utilities . . . . .	89	- 1	+0	91	+ 2	+ 0
Retail trade . . . . .	111	- 0	+2	110	+ 0	+ 2
Wholesale trade . . . . .	104	+ 1	+0	99	+ 2	+ 1
Hotels . . . . .	105	- 2	-0	104	+ 2	- 2
Laundries . . . . .	97	- 1	+1	99	+ 2	+ 3
Dyeing and cleaning . . . . .	101	- 8	+4	121	+ 1	+11



City areas*	Percentage change—June 1935 from June 1934				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown . . . . .	- 6	-11	- 65	- 1	- 1
Altoona . . . . .	-14	-17	- 38	- 5	+ 7
Harrisburg . . . . .	- 0	- 7	+924	+ 5	+ 0
Johnstown . . . . .	-14	-18	- 53	+ 6	- 3
Lancaster . . . . .	+ 9	+12	- 44	+21	+ 1
Philadelphia . . . . .	+ 6	+ 9	- 24	+15	+ 3
Reading . . . . .	+ 6	- 5	+106	+ 7	- 2
Scranton . . . . .	- 4	+ 1	- 51	+ 1	+ 3
Trenton . . . . .	- 6	+ 0	- 70	- 7	+15
Wilkes-Barre . . . . .	- 1	+ 1	- 37	-16	- 4
Williamsport . . . . .	+ 9	+18	+ 13	+17	.....
Wilmington . . . . .	- 8	- 6	+ 40	+ 8	- 2
York . . . . .	+ 2	+12	+ 0	+11	.....
	June 1935 from May 1935				
Allentown . . . . .	- 3	- 6	- 11	+ 5	+ 6
Altoona . . . . .	+ 1	- 1	- 57	- 2	+ 0
Harrisburg . . . . .	- 2	- 3	+136	+ 4	- 5
Johnstown . . . . .	+ 0	- 3	+145	- 2	- 8
Lancaster . . . . .	+ 1	+ 0	- 57	+ 5	- 9
Philadelphia . . . . .	+ 0	+ 1	+ 4	+ 7	+ 6
Reading . . . . .	- 0	- 3	+ 19	- 2	+ 6
Scranton . . . . .	+ 3	+ 2	- 18	+ 1	+ 1
Trenton . . . . .	- 1	+ 0	- 61	-17	+27
Wilkes-Barre . . . . .	- 0	+ 2	- 49	+ 3	+ 5
Williamsport . . . . .	+ 2	+ 3	- 15	+ 8	.....
Wilmington . . . . .	+ 2	+ 3	+ 24	+19	+13
York . . . . .	+ 3	+ 4	+176	+ 1	.....

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

# 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					
	June 1934	Apr. 1935	May 1935	June 1935	Percentage comparison			June 1934	Apr. 1935	May 1935	June 1935	
					June 1935 with		1935 with 6 mos. 1934					
				Month ago	Year ago							
<b>Sales</b>												
Total of all stores	69	69	66	71p	+ 7	+ 3	+ 0	67	74	67	69p	
Department	67	65	64	69p	+ 8	+ 3	+ 0	64	65	63	66p	
Men's apparel	66	58	56	67p	+21	+ 2	+ 2	68	62	52	70p	
Women's apparel	86	92	84	87	+ 5	+ 1	+ 1	84	116	86	85	
Shoe	72	78	71	71	- 0	- 2	- 2	83	92	79	81	
Credit	65	72	67	68p	+ 1	+ 5	+ 3	61	74	71	64p	
<b>Stocks of goods</b>												
Total of all stores	62	62	62	60p	- 3	- 2	.....	59	63	62	58p	
Department	54	53	54	52p	- 3	- 4	.....	52	55	53	50p	
Men's apparel	62	60	66	66p	+ 1	+ 7	.....	59	64	66	63p	
Women's apparel	87	84	87	87	- 0	- 0	.....	78	90	88	78	
Shoe	56	58	56	54	- 3	- 4	.....	55	59	57	53	
Credit	68	72	71	66p	- 6	- 3	.....	66	72	69	64p	
<b>Rate of stock turnover</b>												
6 months (actual, not indexes)							+ 4*	1.89			1.97	

### Wholesale trade

	Adjusted for seasonal variation						Not adjusted					
	June 1934	Apr. 1935	May 1935	June 1935	Percentage comparison			June 1934	Apr. 1935	May 1935	June 1935	
					June 1935 with		1935 with 6 mos. 1934					
				Month ago	Year ago							
<b>Sales</b>												
Total of all lines	81	83	83	81p	- 3	+ 0	+ 6	77	77	78	77p	
Boots and shoes	55	54	59	55	- 8	- 0	+ 0	47	57	59	47	
Drugs	88	87	87	91	+ 4	+ 4	+ 1	84	88	87	87	
Dry goods	42	39	40	40p	- 1	- 5	- 4	39	34	38	37p	
Electrical supplies	108	79	107	100p	- 6	- 7	+ 8	89	73	81	82p	
Groceries	105	124	113	108p	- 5	+ 3	+ 8	107	114	112	110p	
Hardware	48	49	48	50	+ 5	+ 5	+ 7	50	50	53	52	
Jewelry	40	50	39	44	+13	+ 10	+ 13	34	33	33	37	
Paper	65	69	66	67p	+ 1	+ 2	+ 5	63	69	65	64p	
<b>Stocks of goods</b>												
Total of all lines	68	71	70	70p	+ 0	+ 3	.....	66	71	69	68p	
Boots and shoes	17	22	22	18	-17	+ 7	.....	16	22	21	17	
Drugs	121	111	108	112	+ 3	- 8	.....	114	112	109	105	
Dry goods	47	44	43	42p	- 1	- 9	.....	47	44	42	42p	
Electrical supplies	83	108	106	101	- 5	+ 21	.....	82	105	100	99	
Groceries	80	83	81	83	+ 3	+ 3	.....	73	83	77	76	
Hardware	61	65	66	67	+ 2	+ 10	.....	62	69	68	69	
Jewelry	47	54	50	49	- 3	+ 3	.....	52	51	53	53	
Paper	59	60	62	61	- 1	+ 4	.....	59	60	61	61	
<b>Rate of stock turnover</b>												
6 months (actual, not indexes)							+ 2*	2.84			2.89	

### Output of manufactures

	Adjusted for seasonal variation						Not adjusted				
	June 1934	Apr. 1935	May 1935	June 1935	Percentage comparison			June 1934	Apr. 1935	May 1935	June 1935
					June 1935 with		1935 with 6 mos. 1934				
				Month ago	Year ago						
Pig iron	35	20	28	32	+12	- 8	- 26	33	23	30	30
Steel	64	54	55	51	- 7	- 21	- 0	66	57	58	52
Iron castings	44	44	48	53	+10	+ 20	+ 1	44	46	50	52
Steel castings	68	44	44	51	+16	- 26	- 6	71	44	45	53
Electrical apparatus	72	100	96	84	-12	+ 17	+ 33	72	87	88	84
Motor vehicles	11	13	11	13	+12	+ 19	+ 3	13	16	14	15
Automobile parts and bodies	32	34	34	39	+16	+ 23	- 19	32	37	35	39
Locomotives and cars	25	21	21	18	-13	- 28	+ 8	26	22	21	19
Shipbuilding	148	122	136	79	-42	- 47	+ 10	147	125	140	78
Silk manufactures	94	88	76	69	- 9	- 26	- 9	89	86	73	66
Woolen and worsteds	38	69	75	77	+ 3	+104	+ 69	36	63	70	74
Cotton products	37	41	41	41	- 1	+ 9	+ 1	35	43	41	39
Carpets and rugs	50	119	118	128	+ 9	+156	+110	48	112	114	122
Hosiery	102	119	114	105	- 8	+ 3	+ 11	100	119	114	103
Underwear	115	133	125	114	- 9	- 1	+ 25	115	131	126	114
Cement	49	44	45	43	- 4	- 11	- 4	59	44	51	52
Brick	33	29	24	29	+19	- 14	- 5	35	31	26	30
Lumber and products	20	16	17	17	- 1	- 13	- 13	20	15	16	17
Bread and bakery products					+ 4*	0*	+ 0*	91	86	87	90
Slaughtering, meat packing	93	75	75	68	-10	- 27	- 19	88	74	76	65
Sugar refining	87	89	82	39	-52	- 55	- 30	93	116	100	42
Canning and preserving	69	55	59	60p	+ 3	- 12	- 4	49	47	45	43p
Cigars	89	92	94	89	- 5	- 1	- 2	96	84	91	96
Paper and wood pulp	60	62	61	63	+ 4	+ 5	+ 4	60	63	61	62
Printing and publishing	84	85	86	87	+ 1	+ 4	- 0	83	86	87	86
Shoes	124	148	137	128	- 6	+ 3	+ 1	118	148	124	122
Leather, goat and kid	98	120	121	118p	- 3	+ 20	- 3	99	116	110	119p
Explosives	89	65	79	78	- 1	- 12	- 8	89	66	80	78
Paints and varnishes	71	64	65	68	+ 6	- 4	- 6	72	67	68	70
Petroleum products	127	128	140	146p	+ 4	+ 15	+ 2	128	128	140	147p
Coke, by-product	92	79	80	80	+ 0	- 13	- 2	92	82	83	80

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

