

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
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Business and Banking Conditions in the United States

Factory employment and output were maintained in July at the June level, though usually there is a considerable decline at this season. Activity at mines showed a substantial decrease, reflecting a sharp reduction in output of coal.

Production and employment. The Federal Reserve Board's seasonally adjusted index of manufactures showed an increase in July, while the index of mineral production showed a marked decline, with the consequence that the index of industrial production remained unchanged at 86 per cent of the 1923-25 average. For the first seven months of the year industrial output was 6 per cent larger than a year ago. Activity at steel mills, which had declined during June, advanced considerably during July and the first three weeks of August and there was also a substantial increase in the output of lumber. Automobile production showed a decrease from the high level prevailing earlier in the year, reflecting in part seasonal developments. Output of textiles increased somewhat in July, owing chiefly to increased activity at silk mills. In the woolen industry the

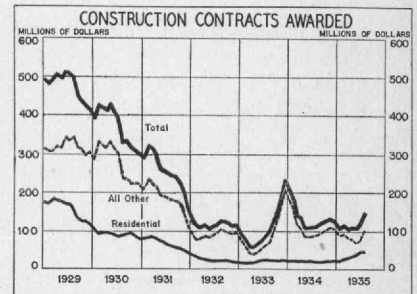
recent high rate of activity continued, while at cotton mills daily average output declined by about the usual seasonal amount. Meat packing remained at an unusually low level. At mines, output of bituminous coal decreased sharply in July, following an advance in the preceding month, and there was also a sharp reduction in output of anthracite.

Factory employment, which usually declines at this season, showed little change from the middle of June to the middle of July. Employment increased somewhat in the machinery, lumber, furniture and silk industries and there was a large seasonal increase in the canning industry. Decreases of a seasonal character were reported for establishments producing cotton goods and women's clothing, while in the automobile industry employment declined by more than the usual seasonal amount. At coal mines employment showed a marked decrease in July.

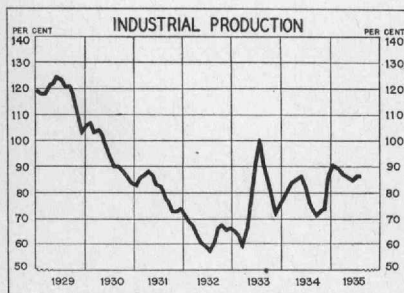
The total value of construction contracts awarded, as reported by the F. W. Dodge Corporation increased further in July and the first half of August, reflecting an increase in non-

residential projects. Residential building continued in considerably larger volume than a year ago, with increases from last year reported for most sections of the country.

Department of Agriculture estimates as of August 1 indicate a cotton crop of 11,800,000 bales, about 2,200,000 bales larger than the unusually small crop last year. The indicated wheat crop, while larger than a year ago, is considerably smaller than the five-year average for 1928-32. Crops of corn and other feed stuffs are substantially larger than last season.



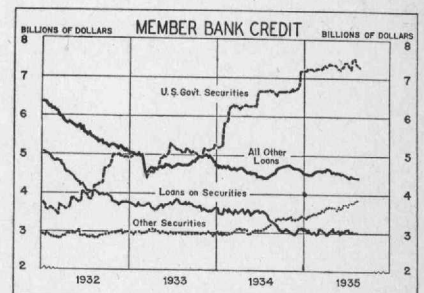
Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for May and June and estimate for July.



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



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



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for August 14.

Distribution. Daily average volume of freight-car loadings declined in July, reflecting a marked decrease in shipments of coal. Department store sales showed a seasonal decline and the Board's adjusted index remained unchanged at 80 per cent of the 1923-25 average.

Prices. The general level of wholesale commodity prices showed little change during July and advanced slightly in the first three weeks of August. For the seven-week period as a whole there were substantial increases in the prices of hogs, lard, silk, and scrap steel, while cotton de-

clined. Wheat, after advancing considerably during the latter part of July, declined somewhat in the early part of August.

Bank credit. Excess reserves of member banks increased by \$340,000,000 in the five-week period ended August 21 as a consequence principally of a reduction in the balances held by the Treasury with Federal Reserve Banks. There were also moderate imports of gold from abroad.

Total loans and investments of reporting member banks in leading cities showed a net decline of \$290,000,000

during the four weeks ended August 14. Holdings of direct obligations of the United States Government decreased by \$220,000,000 following a substantial increase in the middle of July. Loans declined by \$180,000,000 in the latter part of July but subsequently advanced by \$40,000,000, while holdings of Government guaranteed and other securities increased by \$70,000,000 in the four-week period.

Yields on Government securities rose 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

Business conditions in the Philadelphia Federal Reserve District on the whole have shown signs of seasonal improvement since the latter part of July, although current activity varies materially in the different lines of production and distribution.

Output of manufactures and crude oil in July was at a somewhat greater rate than usual, while that of anthracite and bituminous coal registered exceptional declines. The increase of 4 per cent in the total volume of industrial production during the first seven months this year over last has been due entirely to larger output of manufactures and crude oil. Building and construction has continued seasonally active, though the general level is still low in comparison with that prevailing in earlier years. The value of building contracts awarded and permits issued over the past three months has shown an upward tendency, particularly in the case of residential houses.

The value of retail and wholesale trade sales in July showed greater decline from June than usual but for the year to date has continued somewhat larger than last year. Decreases in sales of new passenger automobiles during the month were not as large as is to be commonly expected and the number of units sold has been considerably larger so far this year than last. Freight car loadings of merchandise and miscellaneous commodities have been well maintained in the month while shipments of coal declined sharply.

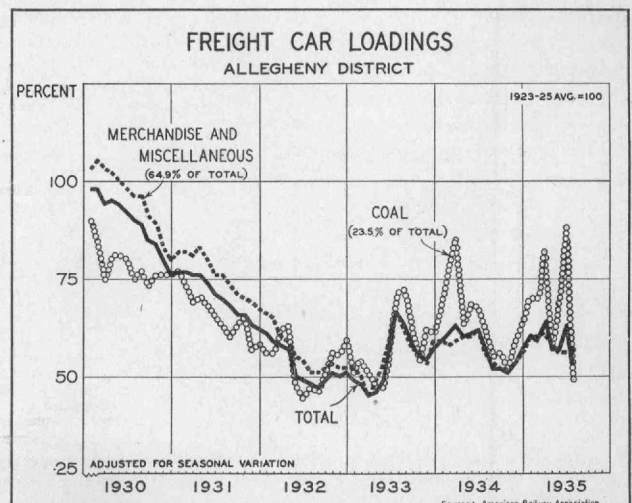
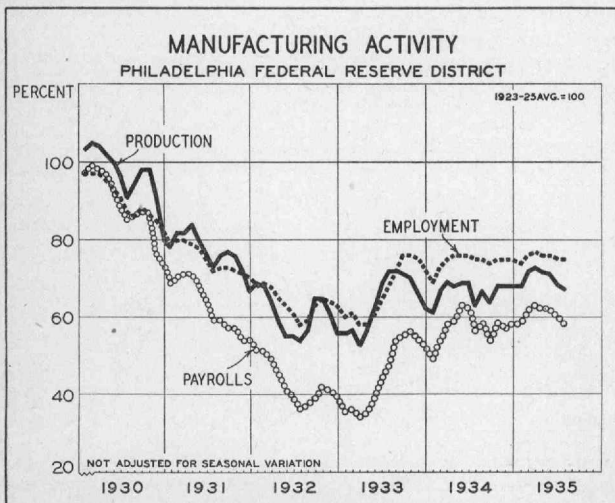
General employment and earnings of workers in the principal branches of trade and industry decreased from the middle of June to the middle of July, reflecting mainly marked reductions in coal fields and retail trade. Both employment and payrolls were somewhat smaller than a year ago but in comparison with the average for 1932 the number of workers was 5 per cent larger and earnings 14 per cent greater. In early August, seasonal in-

creases in both were evident, as shown by preliminary reports from the manufacturing industries.

Manufacturing. Demand for manufactured products has increased seasonally since the middle of last month and current sales have been larger than last year. A number of important lines, such as textiles, leather products, and some of the building materials and supplies, report gains in orders for immediate or nearby manufacture; the volume of unfilled orders in the aggregate appears to be larger than a year ago in most lines.

Prices of manufactured goods have continued fairly steady since early June, although lately advances have been apparent in several cases. The price index of the Bureau of Labor Statistics, which includes fuel and lighting materials, on August 17 was 78 per cent of the 1926 average or the same as in June and July; a year ago it was 78.4 and two years ago 74.2.

Stocks of raw materials at report-



Business Indicators Philadelphia Federal Reserve District

ing plants show little change in the month and continue to be somewhat smaller than a year ago. In the case of finished products inventories generally are said to be below last year's level, although there is evidence that since April increases have occurred in several important lines.

Factory employment, wage payments and working time declined from the middle of June to the middle of July but these recessions seem to have been smaller than usual. In the case of certain textiles, such as woolen, silk, and cotton manufactures as well as men's clothing, there occurred marked increases instead of the customary declines.

Average wage earnings at Pennsylvania factories in July were estimated at \$18.54 a week as compared with \$19.25 in June and \$18.04 in July 1934. Hourly earnings indicate a further drop in the month and a decline of 2 per cent from a year ago. The number of hours actually worked by a wage earner averaged 32.4 as against 33.2 a month ago and 31.2 in July 1934.

Output of manufactures has continued at a somewhat higher level than usual. This bank's preliminary index of productive activity, which is adjusted for working days and seasonal variation, rose from 68 in June to 70 in July, relative to the 1923-25 average, following declines in the previous two months. The high level of 74 was reached in April this year. The rate of factory production has continued 5 per cent higher in the first seven months this year than last.

The rate of activity in the industries producing consumers' goods such as textile products, shoes, and food products was relatively higher than in the case of durable goods, although these too showed increases over the previous month and as compared with a year ago. Operations of steel works and rolling mills as well as foundries showed higher than customary level of activity, while in the case of electrical apparatus activity failed to maintain its usual rate of production during July. Such slight improvement as occurred in the automotive branch has been offset by decreased activity in shipbuilding, and locomotives and cars. Groups comprising tobacco and chemical products, paper and printing, and building materials reported recessions of somewhat greater proportions than usual.

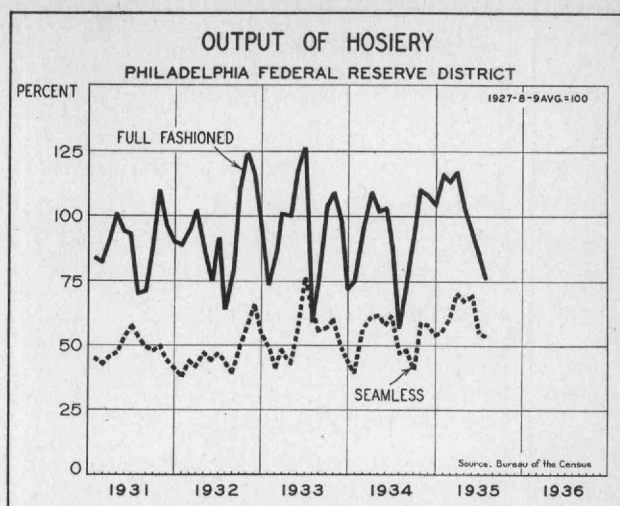
Output of electric power was 3 per cent larger in July than in June, in-

	Index numbers: percentages of the 1923-1925 average taken as 100											
	Adjusted for seasonal variation						Not adjusted					
	July 1934	May 1935	June 1935	July 1935	Per cent change			July 1934	May 1935	June 1935	July 1935	
					Month ago	Year ago	1935 from 7 mos. 1934					
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
All figures are rounded from original data.												
Industrial production (r)	69	75	74	72p	- 2	+ 6	+ 4	65	74	72	69p	
Manufacturing—total	66	72	68	70p	+ 3	+ 6	+ 5	63	71	68	67p	
DURABLE GOODS	52	57	52	52p	+ 1	+ 1	+ 5	52	57	52	52p	
CONSUMERS' GOODS	77	85	81	84p	+ 3	+ 9	+ 6	77	85	81	84p	
Metal products	54	65	60	62p	+ 3	+14	+11	52	65	61	60p	
Textile products	66	83	78	82p	+ 0	+23	+16	62	80	76	75p	
Transportation equipment	49	44	34	34	+ 0	-30	- 4	48	46	35	33	
Food products	79	70	69	72p	+ 3	- 9	- 8	75	68	66	67p	
Tobacco and products	78	94	89	88	+ 2	+13	- 0	84	91	96	94	
Building materials	27	27	27	25	- 7	- 6	- 7	29	28	30	28	
Chemicals and products (c)	104	105	106	102p	- 4	- 2	- 1	103	107	107	100p	
Leather and products	126	129	116	135p	+16	+ 7	- 0	114	117	114	122p	
Paper and printing	78	82	83	80	- 3	+ 3	+ 1	75	83	82	78	
Coal mining	63	70	95	62	-35	- 1	-11	52	69	83	51	
Anthracite	63	71	97	63p	-35	- 0	-11	52	71	85	51p	
Bituminous	61	62	79	54	-31	-11	+ 1	54	56	69	48	
Crude oil	361	386	372	375	+ 1	+ 4	+13	372	401	387	386	
Electric power												
Output	196	200	198	209	+ 6	+ 7	+ 2	182	186	188	195	
Sales, total					+ 0*	+ 3*	+ 1*					
Sales to industries	133	134	146	144	- 2	+ 8	+ 6	135	137	148	146	
Employment and wages—Pa.												
Factory—Wage earners					- 0*	+ 1*	+ 2*	74	75	75	75	
Payrolls					- 4*	+ 3*	+ 7*	55	62	60	57	
Man-hours (1927-28 = 100)					- 3*	+ 4*	+ 3*	56	62	60	58	
General—12 occupations:												
Employment (1932 = 100)					- 3*	- 1*	- 1*	107	107	108	105	
Payrolls (1932 = 100)					-10*	- 1*	+ 3*	115	124	127	114	
Building and real estate												
Contracts awarded†—total	25	17	18	23	+27	- 9	-30	26	20	20	24	
Residential†	13	13	13	19	+45	+47	+16	14	17	16	20	
Non-residential†	25	24	22	30	+36	+20	- 5	24	27	26	29	
Public works and utilities†	62	13	18	19	+ 5	-69	-67	65	15	21	20	
Permits for building—17 cities	6	7	7	8	+10	+32	+14	7	8	9	10	
Mortgages recorded—Philadelphia	5	5	5	7	+35	+23	-23	6	5	5	7	
Real estate deeds—Philadelphia	42	41	40	39	- 5	+ 7	+ 6	41	44	44	38	
Sheriff deeds (1930 = 100)					-30*	-26*	- 2*	102	109	109	76	
Other deeds (1930 = 100)					- 0*	+ 6*	+13*	61	66	64	64	
Writs for Sheriff sales—Phila.	786	928	765	667	-13	-15	- 0	747	974	765	634	
Distribution												
Retail trade—sales	62	66	71	67p	- 6	+ 8	+ 0	45	67	70	49p	
stocks	63	62	61	61p	- 0	- 3	...	57	62	58	55p	
Wholesale trade—sales	81	83	81	78p	- 4	+ 3	+ 5	75	78	77	73p	
stocks	66	70	70	67p	- 4	+ 1	...	65	69	68	66	
Life insurance sales	106	88	98	99	+ 2	+ 6	+ 2	102	94	102	95	
New passenger auto. registrations	89	85	92	100	+ 9	+12	+31	102	123	128	113	
Hotels—Occupancy					-17*	+ 8*	+22*	82	113	106	88p	
Income, total					-24*	+ 9*	+ 9*	71	115	102	77p	
Freight car loadings—total	57	57	63	53	-15	+ 6	- 2	58	58	62	55	
Merchandise and miscellaneous	56	56	56	57	+ 1	+ 1	- 2	58	59	58	58	
Coal	61	68	88	49	-45	-20	- 1	54	62	77	43	
Business liquidations												
Number					-32*	- 8*	+18*	67	60	90	61	
Amount of liabilities					- 3*	-27*	-42*	61	41	46	45	
Payment of accounts												
Check payments	71	75	80	77	- 3	+ 8	+ 7	69	74	83	75	
Rate of collections (actual)												
Retail trade	28	30	29	30	+ 3	+ 5	...	28	31	30	30	
Wholesale trade	68	73	67	67	+ 0	- 1	...	70	74	70	68	
Prices—United States												
WHOLESALE (1926 = 100)					- 1*	+ 6*	+ 8*	75	80	80	79	
Farm products					- 2*	+20*	+29*	64	81	78	77	
Foods					- 1*	+16*	+22*	71	84	83	82	
Other commodities					0*	- 1*	- 1*	71	78	78	78	
RETAIL FOOD (1913 = 100)					- 1*	+11*	+13*	110	124	123	122	
Philadelphia					- 0*	+ 7*	+ 8*	117	127	126	125	
Scranton					- 2*	+ 8*	+ 8*	114	125	125	123	

(000,000's omitted in dollar figures)	July 1934	April 1935	May 1935	June 1935	July 1935	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ 6	\$ 1	\$ 1	\$ 1	\$ 1	0	-83
Other bills and securities	168	171	171	178	181	+2	+ 8
Member bank reserves	218	221	221	227	226	-0	+ 4
Reserve ratio (per cent)	68.3	68.8	68.5	67.4	66.6	-1	- 2
Reporting member banks							
Loans to customers	\$454	\$413	\$416	\$417	\$417	0	- 8
Other loans and investments	593	665	664	670	674	+1	+14
Net deposits	1067	1124	1130	1139	1138	-0	+ 7
Bankers' acceptances outstanding	13.9	12.5	12.5	12.9	12.2	-5	-12

* Computed from data unadjusted for seasonal variation.
† 3-month moving daily average centered at 3rd month.
r—Industrial production index revised; see table on page 4.

p—Preliminary. c—Revised.
‡ Not included in production index.



REVISED INDEX NUMBER OF INDUSTRIAL PRODUCTION
Philadelphia Federal Reserve District

(1923-25 = 100)	Adjusted for seasonal variation							Not adjusted for seasonal variation						
	1929	1930	1931	1932	1933	1934	1935	1929	1930	1931	1932	1933	1934	1935
Jan.	105.1	106.3	81.6	71.3	58.4	66.1	72.5	103.5	104.9	80.9	70.6	58.4	65.9	72.5
Feb.	107.5	104.7	83.1	68.9	59.1	70.7	73.4	109.0	106.1	84.2	69.8	60.5	72.1	75.0
March	106.8	103.3	83.1	66.7	56.1	74.3	73.8	106.5	102.8	82.4	66.2	55.6	73.5	73.8
April	110.7	103.0	86.8	64.4	59.5	72.8	76.4	109.1	101.6	85.2	63.5	57.8	71.8	74.8
May	112.8	101.8	82.2	57.7	64.2	73.2	75.1	111.3	100.8	81.2	56.8	62.9	72.1	73.8
June	112.3	97.1	77.5	56.4	71.9	72.6	73.8	111.1	96.2	76.8	55.9	70.7	71.4	72.5
July	113.4	95.6	76.7	57.8	76.5	68.7	72.5p	108.9	91.7	73.5	55.4	72.9	65.5	68.8p
Aug.	113.7	93.4	76.4	58.8	73.5	68.3		114.6	94.3	76.5	58.5	73.2	68.3	
Sept.	114.6	95.4	76.2	65.5	71.7	65.2		117.1	97.7	78.0	67.0	73.2	66.7	
Oct.	111.6	94.6	75.8	64.5	68.8	67.0		118.1	100.8	80.2	68.1	72.4	71.1	
Nov.	108.7	90.3	72.1	62.1	68.3	68.8		110.7	92.3	73.6	63.4	69.8	70.5	
Dec.	108.3	84.5	71.7	61.0	67.2	73.8		105.5	82.4	69.9	59.4	65.2	71.4	
Average....	110.5	97.6	78.5	62.9	66.0	70.1		110.5	97.6	78.5	62.9	66.0	70.1	

NOTE: The revision consists of an inclusion of the new index number showing production of crude oil in Bradford field. The revised index of industrial production combines proportionately the following industries: manufacturing—90%, and mining—10%. This index for earlier years will be furnished upon request. July index is preliminary.

dicating a marked improvement when compared with the estimated rate of seasonal activity; it was 7 per cent larger than a year ago and 2 per cent greater in the first seven months this year than last. Sales for all purposes also showed a slight increase during the month and were 3 per cent larger than a year ago. Industrial consumption during July fell off a little more than was expected but continued larger than a year ago; the amount of electric power used by industries in the first seven months this year was 6 per cent larger than in the same period last year.

Coal and other fuels. Production of anthracite in July declined 35 per cent more than usual and shipments fell off correspondingly as compared with June. Figures for August indicate a further reduction in output. Stocks of anthracite have been increased substantially during the month; on July 1 stocks held by producers, retail dealers, electric power plants and railroads were 13 per cent larger than a year ago.

Production and shipments of bituminous coal declined sharply in July, fol-

lowing large increases in the previous two months owing to labor unsettlement. Industries and railroads on July 1 held considerably more coal fuel than a month earlier, reflecting increased buying largely for storage. But takings during July declined considerably. In the period from August 1934 to July this year, output of anthracite was 10 per cent smaller than in the same season last year, whereas production of bituminous coal was about 2 per cent larger.

(Output and shipment figures are daily averages)	July 1935	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	136,500	-40	-1
Shipments..... tons	126,333	-42	-2
Stocks..... 1000 tons	970†	+38	-37
Prices... (1926=100)	77.0	+4	-2
Employment..... No.	84,899	-13	-7
Bituminous			
Production..... tons	228,000	-31	-11
Shipments... No. cars	15,735	-32	-17
Prices... (1926=100)	96.5	+0	-1
Employment..... No.	114,136	+15	-10
Coke			
Prod. (1923-25=100)	67*	-16	-5
Prices... (1926=100)	88.6	-0	+4
Gas and fuel oil			
Prod. (1923-25=100)	99.9*	-3	-3
Prices... (1926=100)	64.4†	0	0

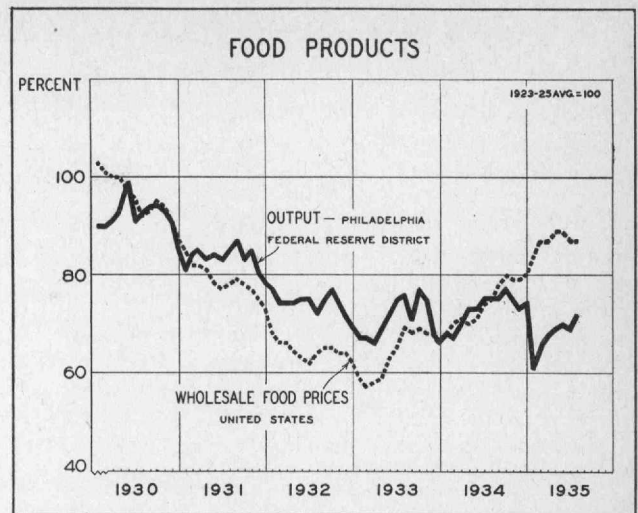
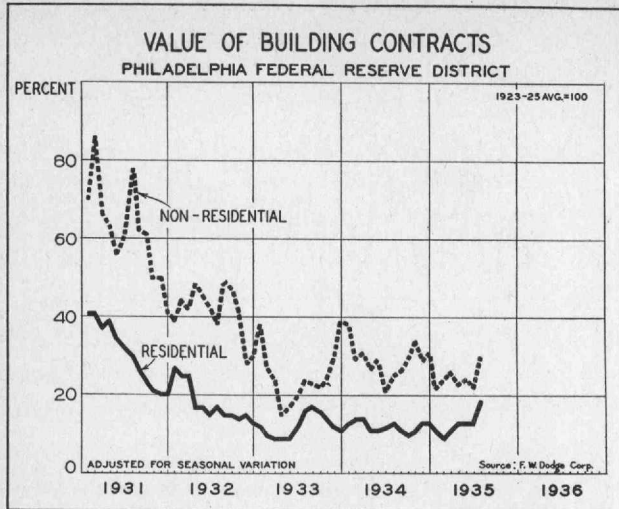
Sources: Bureau of Mines and Bureau of Labor Statistics. * Estimated. † June.

Output of by-product coke fell off 14 per cent more in July than the customary slight drop and for the year to date was 3 per cent less than last year. Production of gas and fuel oils declined further and for the period from January to July was 6 per cent below a year ago.

Building and real estate. Awards of building contracts in July totaled \$7,161,000, a gain of 20 per cent over June and an increase of 22 per cent over a year ago. This rise was contrary to seasonal tendency and reflected a sharp increase in contracts let for family dwellings, which in July amounted to nearly \$3,100,000 and were the largest for that month since 1929. Compared with the period from 1928-31, however, when the July volume of all contract awards averaged \$31,430,000, this year's total continued relatively small.

The most pronounced decreases from the June level occurred in contracts let for educational buildings and public works and utilities which declined 64 and 47 per cent respectively. In the case of the latter, which included projects involving public financing, the volume of July awards amounted to only \$641,000, or about 9 per cent of that month's contract total, while a year ago the dollar volume of this class of construction was in excess of \$2,000,000 and represented nearly 35 per cent of all contracts.

Building operations on contracts awarded earlier this year continued to expand during July, as indicated by additional increases in the number of workers employed and in their earnings. Street and highway construction on the other hand fell off sharply, as did certain miscellaneous types of contracting operations.



The local real estate market has shown a little more activity of late, as evidenced by an improvement in the renting demand for houses and apartments and some increase in the sale of properties. Rents also have shown a slight upward tendency in recent months. Ordinary conveyances in several of the larger city areas, including Philadelphia, were more numerous in the first seven months this year than last. Real estate foreclosures in this section have declined further, although they continue more numerous than in earlier years.

Agriculture. Seasonal farming operations are progressing at the usual rate and fall plowing for winter grains is in evidence. Distribution of rainfall has been very uneven. Some sections need more rain while in others local storms have interrupted harvesting operations and caused damage to grain in the shocks.

Estimated yields of important field crops in this district have been revised upward since early July. Department of Agriculture estimates as of August 1 indicate that the harvest of corn, wheat, oats, hay and tobacco will be substantially larger this year than last, while that of white potatoes will be smaller. The condition of orchard fruits also shows a decided improvement over a year ago, and in the case of apples yields are expected to be somewhat above the five-year average.

Sales of farm products have been considerably larger thus far this year than last, reflecting largely higher prices. In Pennsylvania, for example, it has been estimated by the Bureau of Agricultural Economics that cash income from farm production, and rental and benefit payments amounted to \$102,230,000 in the first half of this

year as compared with \$87,537,000 a year ago. Wholesale prices of farm products showed some decline in July but rose in early August.

Distribution, trade and service. Total freight car loadings declined more than usual in July, owing principally to a sharp drop in coal shipments. Deliveries of merchandise and miscellaneous goods maintained more than their customary seasonal volume, while those of coke and forest products declined. Rail freight chiefly of manufactures, originating in the Philadelphia industrial area, has fluctuated narrowly at somewhat higher levels than last year.

Business at wholesale, as measured by the total dollar sales of eight important lines, declined 4 per cent from June to July, after allowance is made for the usual seasonal change. Improvement in the sales of dry goods and groceries was more than offset by decreased activity in the remaining six lines. As compared with a year ago, aggregate sales in July were 3 per cent smaller but in the first seven months this year they were 5 per cent larger than in the same period last year, reflecting partly higher prices.

Retail trade sales of department, apparel, shoe and credit stores combined declined 6 per cent from June to July, after making allowance for the number of trading days and the usual seasonal change. Our seasonally adjusted index was 67 in July, relative to the 1923-25 average, in comparison with 71 in June and 62 a year ago. Sales in the first seven months this year showed virtually no change as compared with a year earlier. Demand for general merchandise in August has been dull but relative to recent years appears to have been well maintained.

Inventories at wholesale establishments declined 4 per cent more than usual from June to July, while at retail a seasonal decrease of 6 per cent was indicated. As compared with last year stocks at wholesale were 1 per cent larger in July, but at retail stores they were 3 per cent smaller. Rate of stock turnover in wholesale lines showed virtually no change from a year ago, but at retail it was 5 per cent more rapid in the first seven months this year than last.

Collections during July increased 3 per cent more than usual at retail and showed about the customary rate of decrease at wholesale. As compared with a year ago, the ratio of collections to balances outstanding was 5 per cent higher at retail but 1 per cent lower at wholesale.

Sales of new passenger automobiles, as measured by registrations in this district, showed an unusually small decline in July. At 100.2 per cent of the 1923-25 average, our seasonally adjusted index of registrations in July was the highest since May 1930, and compared with 91.8 the month before and 89.4 a year ago. The number of units sold in the first seven months this year was 31 per cent larger than in 1934 and exceeded that of any like period in the past four years.

Hotel business Philadelphia Federal Reserve District	July, per cent change from		1935 from 7 mos. 1934
	Month ago	Year ago	
Capacity	+ 0	- 0	.....
Room occupancy	-17	+ 8	+22
Per cent of capacity used:			
July 1935	38.7		
June 1935	49.3		
July 1934	36.6		
Income from:			
Guest rooms	-22	+ 7	+ 8
Food	-32	+ 8	+ 8
Other sources	-18	+16	+11
Total income	-24	+ 9	+ 9

Activity of commercial hotels, exclusive of hotels at summer resorts, has continued seasonally downward since April. Room occupancy in July showed an additional drop of 17 per cent and income from all sources a decline of 24 per cent as compared with June, but both were larger than a year ago.

Banking conditions. Reserve balances of member banks rose from 238 to 251 millions in the five weeks ending August 21; with one exception this was the highest point ever attained here. Interdistrict payments on commercial account were nearly in balance, but funds were supplied to the banks by a decline in currency demand and principally through a 16 million excess of Treasury disbursements over local receipts which reflected partly relief payments. A portion of the relief funds on August 21 still was in the form of outstanding officers' checks of this bank, helping to account for the rise in "Non-member deposits" here.

Reserve bank credit extended locally shows a slight rise, owing in part to industrial advances made by the bank to supply established businesses with working capital; actual advances to date aggregate over 5½ millions, but repayments have reduced the amount actually outstanding to less than 4 millions on August 21. Loans and commitments approved by the bank to provide such funds now total about 16 millions, as against 15½ millions five weeks ago.

Despite large disbursements by the Treasury, its deposit here decreased only about 2 millions. The Treasury did not make general withdrawals of funds from depository banks, but supported its account by transfers from other districts and by direct deposits to the bank's credit in the gold settlement fund. These transfers and deposits largely explain an increase of 21 millions in the bank's cash reserves. Its reserve ratio, owing to increased liabilities, advanced only from 67.1 to 68.5 per cent.

In the first three weeks of the period demand deposits declined substantially at the reporting member banks, while outstanding credit changed little in total. There was a decrease in amounts due from banks, but the principal effect of the drop in deposits was upon reserve balances, which fell 21 millions. This was little more than the reduction in reserves of all member banks at this bank, which was caused chiefly by commercial pay-

ments to other districts of sufficient size to much more than offset a return flow of currency and net Treasury disbursements.

From August 7 to August 21, however, deposits increased at the reporting banks and their investment holdings decreased 16 millions; payments received for securities and new de-

Reporting member banks (000,000's omitted)	Aug. 21, 1935	Changes in	
		Five weeks	One year
Loans on securities:			
To brokers and dealers in N. Y. City.....	\$ 13	0	-\$10
To brokers and dealers elsewhere.....	12	0	- 4
To others.....	154	0	- 30
Total loans on securities.....	\$ 179	0	-\$44
Acceptances and commercial paper.....	22	- 3	+ 6
Loans on real estate.....	70	0	- 5
Other loans.....	178	- 3	
Total loans.....	\$ 449	-\$6	-\$43
U. S. Government obligations.....	270	- 22	- 23
Obligations fully guaranteed by U. S. Gov't.....	83	+ 8	+ 82
Other securities.....	276	+ 1	
Total loans and investments.....	\$1,078	-\$19	+\$16
Net demand deposits.....	833	- 8	+165
Time deposits.....	281	0	- 36
United States deposits.....	35	+ 1	- 33
Due from banks.....	146	- 2	+ 18
Due to banks.....	265	+ 6	+ 45
Reserve with Federal Reserve Bank.....	172	+ 12	+ 46

posits were mainly responsible for a rise of 33 millions in their balances at the reserve bank. This change in reserves again was practically the same as that for all member banks in the district. In this fortnight the flow of interdistrict commercial payments was highly favorable to the district and Treasury operations further augmented the supply of funds available to the banks.

Over the five-week period as a whole, loans to customers on securities did not change at the reporting member banks, but there was a decrease of 3 millions in other loans to customers, following a prolonged rise aggregating 16 millions from April

24. The banks' holdings of open-market paper also decreased 3 millions and their holdings of United States Government securities fell off 22 millions. These declines were only partly offset by the acquisition of 8 millions of obligations fully guaranteed by the Government and one million of miscellaneous securities, so that total outstanding credit decreased from 1,097 to 1,078 millions.

Reserve deposits of all member banks in the district averaged 226 millions for the whole month of July, which was substantially less than the total on August 21. The July excess above legal requirements was 88 millions; this was a decrease of 3 millions from June and the lowest monthly average so far this year.

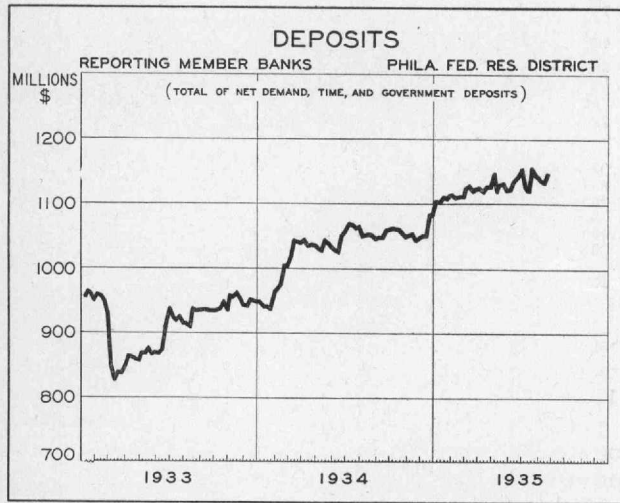
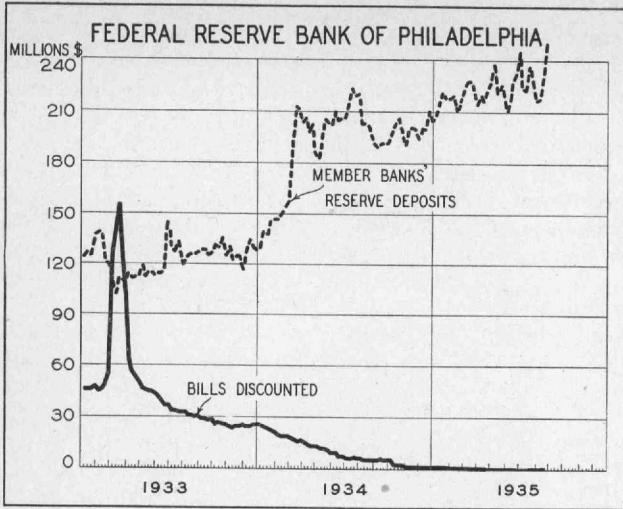
Outstanding acceptances of banks in this district amounted to \$12,230,000 on July 31, the smallest since 1933 and 12 per cent under a year ago. The national total shows a decrease of 195 millions or 38 per cent in the year; bills covering imports and domestic shipments are in greater amount than a year ago, but all other classes declined, the largest drop both relatively and actually being in those covering domestic warehouse credits.

Federal Reserve Bank of Philadelphia (in millions of dollars)	Aug. 21, 1935	Changes in	
		Five weeks	One year
Bills discounted.....	\$ 0.5	+\$0.2	-\$4.5
Bills bought.....	0.5	0	- 0.1
Industrial advances.....	3.9	+ 0.2	+ 3.8
United States securities.....	177.1	0	+10.0
Other securities.....	0	0	- 0.4
Total bills and securities.....	\$182.0	+\$0.4	+\$8.8
Fed. res. note circulation.....	242.9	+ 4.1	- 3.3
Member bank reserve deposits.....	250.9	+13.3	+53.6
U. S. Treasurer—general account.....	2.1	- 1.8	+ 1.0
Foreign bank deposits.....	2.4	- 0.2	+ 1.7
Other deposits.....	7.2	+ 5.5	- 0.6
Total reserves.....	346.0	+20.9	+46.3
Reserve ratio.....	68.5%	+ 1.4%	+ 2.3%

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (In millions of dollars)	Changes in weeks ending—					Changes in five weeks
	July 24	July 31	Aug. 7	Aug. 14	Aug. 21	
Sources of funds						
Reserve bank credit extended in district.....	+ 0.1	- 0.8	+ 0.4	+ 1.6	- 1.0	+ 0.3
Commercial transfers (chiefly interdistrict).....	-17.2	-8.5	+0.7	+11.7	+13.8	+ 0.5
Treasury operations.....	+ 2.6	-0.3	+3.9	+ 0.9	+ 9.2	+16.3
Total.....	-14.5	-9.6	+5.0	+14.2	+22.0	+17.1
Uses of funds						
Currency demand.....	- 3.5	-0.1	+0.2	+ 2.1	- 0.6	- 1.9
Member bank reserve deposits.....	-11.2	-9.4	+1.0	+15.2	+17.7	+13.3
Nonmember deposits at reserve bank.....	+ 0.1	+0.0	+3.6	- 3.1	+ 4.8	+ 5.4
Unexpended capital funds of reserve bank.....	+ 0.1	-0.1	+0.2	+ 0.0	+ 0.1	+ 0.3
Total.....	-14.5	-9.6	+5.0	+14.2	+22.0	+17.1

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



City areas*	Percentage change—July 1935 from July 1934				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	-4	+1	-64	+3	+7
Altoona.....	-10	-36	+243	+4	+10
Harrisburg.....	+2	+7	+289	+15	+7
Johnstown.....	+8	+15	-36	+4	+0
Lancaster.....	+7	+6	-48	+19	+18
Philadelphia.....	+9	+8	+45	+9	+5
Reading.....	+1	-5	-49	+12	+0
Scranton.....	+1	+9	-23	+2	+8
Trenton.....	-8	+7	+286	+5	+9
Wilkes-Barre.....	+3	+14	-134	-1	+9
Williamsport.....	-10	+22	-114	+25	.....
Wilmington.....	-9	-9	+59	+31	.....
York.....	+10	+15	+136	+22	.....

City areas*	July 1935 from June 1935				
	Employment	Wage payments	Building permits (value)	Debits	Retail trade sales
Allentown.....	+1	+1	-25	+7	-27
Altoona.....	+5	-9	+389	+3	-22
Harrisburg.....	+0	+0	-85	+6	-28
Johnstown.....	-1	-3	-6	+5	-25
Lancaster.....	-0	-8	+54	-5	-10
Philadelphia.....	-0	-1	+22	-6	-34
Reading.....	-2	-12	-66	+2	-32
Scranton.....	+6	+5	+120	+1	-25
Trenton.....	+2	+2	+612	+4	-40
Wilkes-Barre.....	+1	+2	+166	+3	-25
Williamsport.....	+1	-3	-18	+0	.....
Wilmington.....	-3	-3	+39	+3	.....
York.....	-1	-3	-31	+6	.....

* 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†	
	July 1935 index	Per cent change from		July 1935 index	Per cent change from		July 1935 per cent change from	
		July 1934	June 1935		July 1934	June 1935	July 1934	June 1935
All manufacturing.....	75	+1	-0	57	+3	-4	+4	-3
Iron, steel and products..	63	-1	-1	51	+7	-4	+8	-3
Non-ferrous metal prods..	101	+4	+0	92	+13	-2	+16	+1
Transportation equip.....	50	-10	-4	33	-22	-14	-32	-13
Textiles and clothing....	95	+4	+1	71	+3	-3	+12	-1
Textiles.....	93	+8	+3	69	+4	-1	+15	-0
Clothing.....	104	-6	-3	79	-1	-9	-0	-3
Food products.....	103	0	+0	90	+2	-1	+2	+0
Stone, clay and glass....	74	+9	-3	54	+21	-8	+12	-8
Lumber products.....	61	+7	+7	45	+17	+5	+23	+3
Chemicals and products..	83	-5	-4	71	-2	-4	+1	-7
Leather and products....	96	+7	+4	75	-3	-1	+14	+17
Paper and printing.....	90	+1	-0	76	+4	-7	+3	-6
Printing.....	83	-0	-1	75	+3	-7	+3	-5
Others:								
Cigars and tobacco....	66	+11	-1	56	+17	+6	+4	+12
Rubber tires, goods....	74	-13	-2	52	-1	-9	+3	-8
Musical instruments..	49	+3	+2	38	0	+2	+3	+5

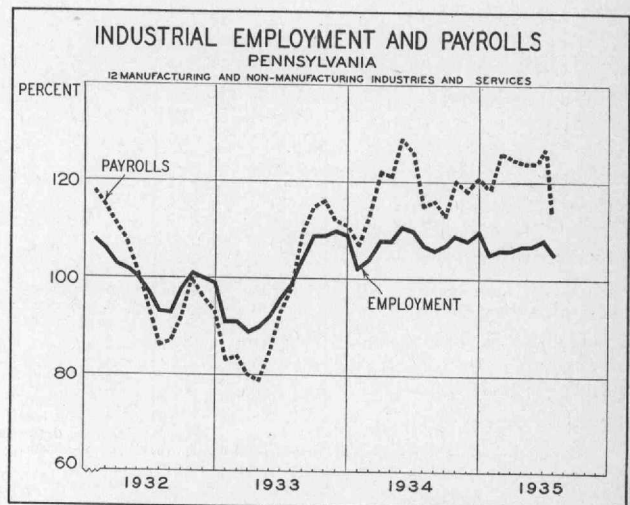
* Figures from 2294 plants.

† Figures from 2072 plants.

General Index Numbers

Covering twelve branches of trade and industry

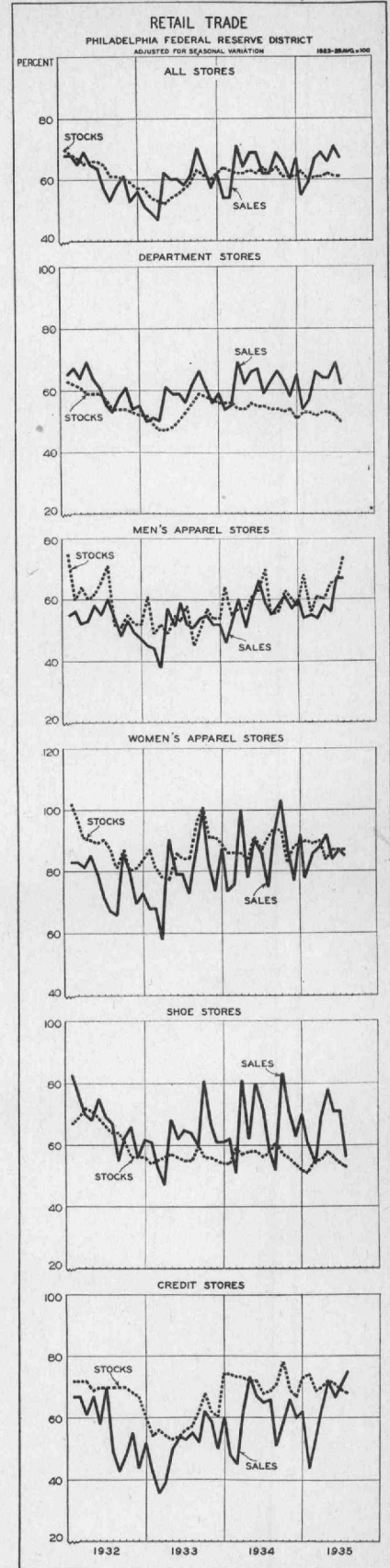
	Employment			Payrolls		
	July 1935 index	Per cent change from		July 1935 index	Per cent change from	
		July 1934	June 1935		July 1934	June 1935
General index (weighted)....	105	-1	-3	114	-1	-10
Manufacturing.....	118	+1	-0	139	+3	-4
Anthracite mining.....	80	-7	-13	70	-11	-43
Bituminous coal mining.....	108	-10	-15	87	-38	-56
Building and construction.....	71	-13	+4	67	-3	+4
Quarrying and non-met. mining	105	-17	-6	131	-14	-11
Crude petroleum producing...	211	-1	-1	174	-3	+3
Public utilities.....	89	-1	+0	90	+0	-1
Retail trade.....	103	+2	-7	103	+1	-7
Wholesale trade.....	104	+2	+0	98	+1	-0
Hotels.....	102	-7	-3	96	-3	-7
Laundries.....	98	-0	+1	100	+5	+1
Dyeing and cleaning.....	99	-3	-2	106	-2	-13



Index numbers of individual lines of trade and manufacture

Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average taken as 100											
	Adjusted for seasonal variation						Not adjusted					
	July 1934	May 1935	June 1935	July 1935	Per cent change			July 1934	May 1935	June 1935	July 1935	
					July from Month ago	Year ago	1935 from 7 mos. 1934					
Retail trade												
Sales												
Total of all stores.....	62	66	71	67p	- 6	+ 8	+ 0	45	67	70	49p	
Department.....	59	64	69	62p	-10	+ 6	+ 0	43	63	66	46p	
Men's apparel.....	59	56	67	67p	- 0	+ 13	+ 3	46	52	70	52p	
Women's apparel.....	75	84	87	85	- 3	+ 13	+ 1	50	86	85	56	
Shoe.....	58	71	71	56	-21	- 4	- 3	53	79	81	51	
Credit.....	66	67	71	75	+ 6	+ 14	+ 4	43	71	67	49	
Stocks of goods												
Total of all stores.....	63	62	61	61p	- 0	- 3	.....	57	62	58	55p
Department.....	53	54	52	50p	- 4	- 5	.....	48	53	50	46p
Men's apparel.....	69	66	66	74p	+ 11	+ 7	.....	56	66	63	60p
Women's apparel.....	91	87	87	87	+ 1	- 5	.....	70	88	78	66
Shoe.....	58	56	54	53	- 2	- 9	.....	54	57	53	49
Credit.....	70	71	69	68	- 1	- 2	.....	69	69	67	67
Rate of stock turnover												
7 months (actual, not indexes).....							+ 5*	2.14				2.25
Wholesale trade												
Sales												
Total of all lines.....	81	83	81	78p	- 4	- 3	+ 5	75	78	77	73p	
Boots and shoes.....	40	59	55	41p	-25	+ 3	+ 0	33	59	47	34p	
Drugs.....	91	87	91	88	- 3	- 3	+ 0	85	87	87	83	
Dry goods.....	41	40	38	42p	+ 10	+ 2	- 4	32	38	35	32p	
Electrical supplies.....	107	107	101	83p	-18	-22	+ 3	87	81	83	68p	
Groceries.....	110	113	108	110p	+ 2	+ 1	+ 7	111	112	110	111	
Hardware.....	41	48	50	47p	- 5	+16	+ 8	40	53	52	46p	
Jewelry.....	32	39	44	37	-17	+14	+13	22	33	37	25	
Paper.....	63	66	67	63p	- 5	+ 1	+ 7	59	65	64	60p	
Stocks of goods												
Total of all lines.....	66	70	70	67p	- 4	+ 1	.....	65	69	68	66p
Boots and shoes.....	22	22	18	26	+ 39	+16	.....	22	21	17	26
Drugs.....	102	108	112	97	-13	- 5	.....	101	109	105	96
Dry goods.....	44	43	42	41p	- 2	- 7	.....	45	42	42	42p
Electrical supplies.....	78	106	101	94	- 7	+ 20	.....	78	100	99	94
Groceries.....	81	81	83	80p	- 4	+ 1	.....	75	77	76	74p
Hardware.....	62	66	67	68p	+ 2	+11	.....	62	68	69	60p
Jewelry.....	46	50	49	46	- 5	- 1	.....	53	53	53	53
Paper.....	59	62	61	61p	- 0	+ 3	.....	59	61	61	61p
Rate of stock turnover												
7 months (actual, not indexes).....							+ 0*	3.41				3.42
Output of manufactures												
Pig iron.....	24	28	32	29	- 9	+ 21	- 21	22	30	30	27	
Steel.....	49	55	51	55	+ 7	+12	+ 1	44	58	52	50	
Iron castings.....	46	48	53	50p	+12	+30	+ 8	44	50	52	57	
Steel castings.....	70	44	51	62	+23	-11	- 6	62	45	53	55	
Electrical apparatus.....	69	96	84	82	- 3	+ 18	+ 30	73	88	84	86	
Motor vehicles.....	14	11	13	15	+ 21	+ 11	+ 4	14	14	15	15	
Automobile parts and bodies.....	42	34	39	42	+ 8	- 1	-17	41	35	39	40	
Locomotives and cars.....	27	21	18	17	- 8	- 37	- 1	27	21	19	17	
Shipbuilding.....	134	136	79	75	- 4	-44	+ 1	130	140	78	73	
Silk manufactures.....	86	76	72	80	+ 11	- 7	- 8	84	73	69	79	
Woolen and worsteds.....	43	75	77	84	+ 8	+93	+73	41	60	74	78	
Cotton products.....	34	41	41	44	+ 7	+28	+ 4	30	41	39	38	
Carpets and rugs.....	48	118	128	129	+ 1	+170	+118	44	114	121	117	
Hosiery.....	84	114	105	103	- 1	+ 23	+ 12	69	114	103	85	
Underwear.....	128	125	114	124	+ 8	+ 3	+ 20	106	126	114	103	
Cement.....	41	45	43	37	-13	- 9	- 5	48	51	52	44	
Brick.....	32	24	29	28	- 1	-11	- 6	31	26	30	27	
Lumber and products.....	16	17	17	17	- 2	+ 6	-11	17	16	17	18	
Bread and bakery products.....	.....	.....	.....	.....	- 4*	- 6*	- 1*	92	87	90	87
Slaughtering, meat packing.....	90	75	68	69	+ 1	-24	-18	80	76	65	62	
Sugar refining.....	81	82	39	106	+171	+31	-22	83	100	42	108	
Canning and preserving.....	68	59	60	61p	+ 2	+10	- 5	55	45	43	42p	
Cigars.....	77	94	89	87	- 2	+ 13	+ 1	83	91	96	94	
Paper and wood pulp.....	59	61	63	59	- 6	- 0	+ 4	57	61	63	57	
Printing and publishing.....	81	86	87	84	- 3	+ 4	+ 0	79	87	86	82	
Shoes.....	132	137	128	155	+ 21	+17	+ 4	123	124	122	144	
Leather, goat and kid.....	120	121	105	116p	+ 10	- 3	- 4	105	110	106	102p	
Explosives.....	77	79	78	70	- 10	- 8	- 8	75	80	78	69	
Paints and varnishes.....	72r	74r	78r	80	+ 3	+12	+ 3	67r	79r	80r	75	
Petroleum products.....	143	140	140	135p	- 3	- 6	+ 0	144	140	141	136p	
Coke, by-product.....	72	80	80	69p	-14	- 5	- 3	71	83	80	67p	



* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.