THE BUSINESS REVIEW

THIRD FEDERAL RESERVE DISTRICT
PHILADELPHIA FEBRUARY 1, 1936

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FEDERAL RESERVE BANK *of* PHILADELPHIA

Business and Banking Conditions in the United States

Industrial production and employment showed a further increase in December, when allowance is made for the usual seasonal changes, and distribution of commodities to consumers was in increased volume.

Production and employment. The Board's seasonally adjusted index of industrial production, which takes account of the considerable decline that usually occurs in December, advanced from 98 per cent of the 1923-1925 average in November to 103 per cent in December, the highest level reached by this index since the spring of 1930. As in other months during the last half of 1935, the rise in the index was due in large part to increases in output of durable manufactures, particularly iron and steel, and automobiles. During the first half of January production of steel and automobiles increased somewhat, following declines in the holiday period. Output at mines was also larger in December than in November. Activity at cotton and silk textile mills declined less than is usual in December, while at woolen mills there was a more than seasonal decrease in operation. Output at shoe factories increased.

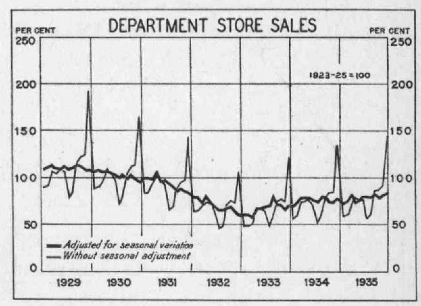
Factory employment showed little change between the middle of November and the middle of December, when a slight decline is customary. The number employed continued to increase at steel mills, automobile factories, foundries and machine shops, and at railroad car building plants. There was also an increase in employment at shoe factories. Seasonal declines were reported by many other important industries. Factory payrolls were larger in the middle of December than a month earlier.

The value of construction contracts awarded increased sharply in December, according to figures of the F. W. Dodge Corporation, although a decline is usual in that month. There was a further substantial growth in the volume of awards for publicly-financed projects and residential building also increased.

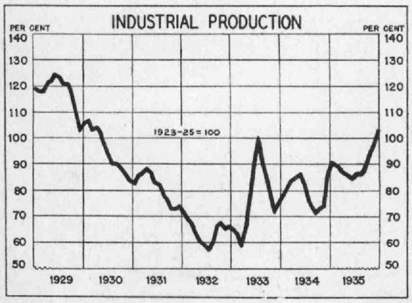
Distribution. Sales at department stores and variety stores, as well as sales by chain stores and mail order houses serving rural areas, showed larger increases than are usual in December. Freight-car loadings decreased by less than the usual seasonal amount in December, and the Board's adjusted index increased from 66 per cent of the 1923-1925 average in November to 71 per cent, continuing the advance begun last August.

Commodity prices. The general level of wholesale prices showed little change during December. In the first three weeks of January there was some decline in the general index, reflecting in part lower prices for cotton gray goods, flour, pork, and silk. Prices of hogs, rubber, and petroleum increased.

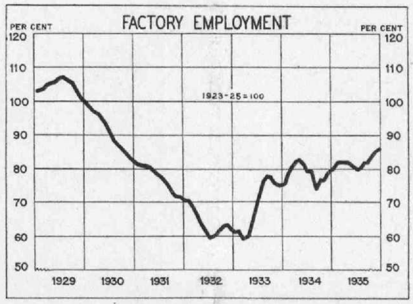
Bank credit. Excess reserves of member banks, which declined by $600,000,000 in the third week of December, increased by $320,000,000 during the following five weeks, reflecting the usual seasonal return flow of currency from circulation, a decline in Treasury balances with the Federal reserve banks, and a small increase in



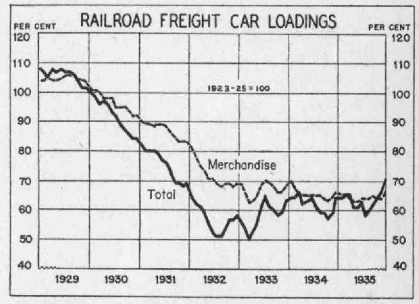
Indexes of value of sales.



Index of physical volume of production, adjusted for seasonal variation.



Index of number employed, adjusted for seasonal variation.



Indexes of number of cars loaded, adjusted for seasonal variation.

monetary gold stock. On January 22 excess reserves totaled $3,030,000,000, as compared with the peak of $3,300,000,000 on December 11, 1935.

Changes in the condition of reporting member banks in leading cities between December 18 and January 15 reflected largely the influences of seasonal factors.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business conditions in the Philadelphia Federal Reserve District at the turn of the year generally reflected a higher rate of activity than for several years past. Industrial production in December reached the highest level since early 1931, after allowance is made for the usual seasonal fluctuation; the index of manufacturing and mining combined in December rose to 80 per cent of the 1923-25 average. For the year 1935 as a whole the average rate of production was 8 per cent higher than a year earlier, 14 per cent higher than two years ago and nearly 20 per cent above the low reached in 1932.

The value of building contracts awarded during December increased substantially over November and was larger than a year ago. The largest relative increases in 1935 as compared with 1934 occurred in the case of contracts let for residential construction and unclassified buildings. Contracts awarded for public works and utilities, on the other hand, declined during the year. The real estate market on the whole has shown further improvement since 1934, particularly with respect to renting demand, foreclosures and the availability of mortgage funds.

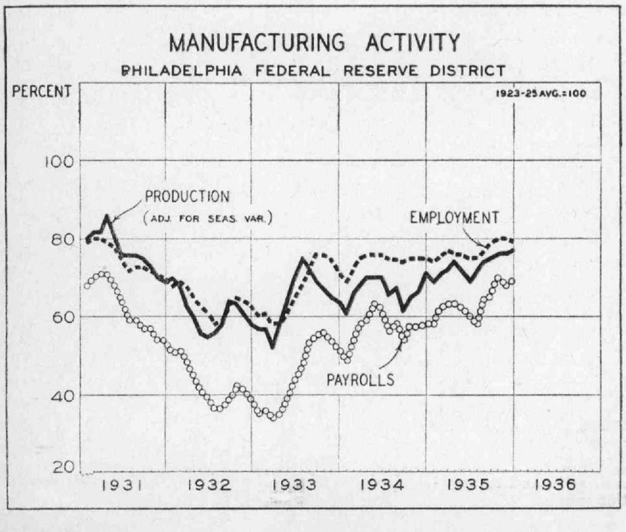
Retail trade sales in December showed a considerable improvement over the usual seasonal change and as compared with the same month of recent years. This was also true of wholesale trade sales. Stocks of merchandise at retail and wholesale establishments at the end of the year were larger than a year before, reflecting in part higher prices. The rate of stock turnover indicates a more rapid movement of merchandise through these channels in 1935 than in 1934. Sales of new passenger automobiles increased by a much larger proportion than usual and exceeded greatly the number of units sold last year. Shipments of commodities by rail and motor truck have been well sustained in recent months and the volume in 1935 was larger than in 1934.

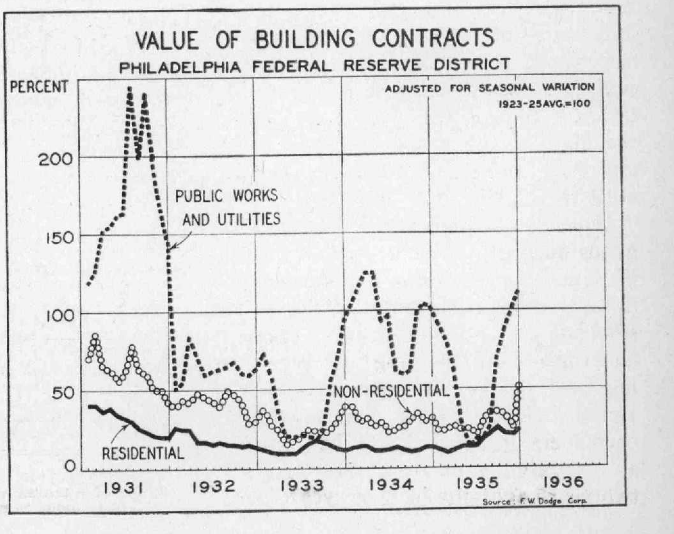
Industrial employment and payrolls, as reported by twelve branches of trade and industry in Pennsylvania, were well maintained throughout 1935, despite some irregular fluctuations. General employment and payrolls increased further from the middle of November to the middle of December, owing largely to a higher rate of activity at mines and retail trade establishments. Relative to the 1932 average, the December index of employment was 113 or about 3 per cent higher than a year ago; the payroll index was 138 or 14 per cent higher than in December 1934. Preliminary returns from manufacturing establishments indicate that declines in employment and payrolls from December to January were in about the same proportion as is to be seasonally expected.

Manufacturing. Manufacturing activity in this district has been well maintained at about the usual seasonal levels for December and January. Sales of goods have fallen off somewhat since the middle of December, reflecting largely the customary seasonal slackening in demand and the year-end listing of inventories at both producing and distributing establishments. It appears that stocks of finished goods at manufacturing plants are moderate and only in a few instances seem to be larger than a year ago. The purchase of raw materials has fallen off somewhat during the month and on the whole the volume at present does not seem to show much change from a year ago. Stocks of raw materials held at various sources in the country appear to have been considerably smaller toward the end of 1935 than at the same time for several years past.

The volume of unfilled orders for goods manufactured here, while declining seasonally during the month, continues larger than a year ago owing partly to increased commitments in the case of iron and steel products, wool manufactures, chemicals, lumber, and slate. Shipments of goods produced in this section have increased almost steadily since August last year reaching early this year the largest volume since 1931 and the early part of 1932.

Prices at factories generally have continued firm, although lately some recessions have occurred particularly in the case of certain textile products and processed food articles. The index





of the Bureau of Labor Statistics, which excludes farm products and foods but includes fuel and lighting materials, was 79.0 per cent of the 1926 average on January 25 as compared with 77.9 a year ago and 78.5 two years ago.

Factory employment and payrolls at the turn of the year were well sustained and were at the highest levels since early 1931. Changes between the middle of November and December on the whole were more favorable than is commonly to be expected.

The December index showing the number of wage earners in Pennsylvania factories was almost 79, relative to the 1923-25 average, or about 6 per cent higher than a year before. The payroll index was 68, or 17 per cent higher than in December 1934. Estimates made from current indexes and the census data show that all Pennsylvania manufacturing industries around the middle of December employed approximately 850,000 wage earners and paid in wages nearly $17,554,000 a week. It appears from a like estimate that all these industries in the entire year 1935 paid out approximately $847,000,000 in wages as compared with $756,300,000 in 1934, an increase of about 12 per cent. Compared with the low point reached in 1932, employment at the end of 1935 was 24 per cent larger and payrolls 67 per cent greater.

Production of manufactures in December declined less than usual and the level of factory operation continued the highest for that month since 1930. This bank's index of manufacturing activity, which is adjusted for the usual seasonal variation and for the number of working days, was 77 per cent of the 1923-25 average as compared with 76 in October and November; this index was 71 a year ago, 64 two years ago and 54 three years ago. The average rate of productive activity for 1935 was 73 as compared with 67 for 1934, 64 for 1933 and a low of 61 for 1932; the high of 111 was reached in 1929 and then continued to decline sharply until the middle of 1932.

Industries comprising consumers' goods during December showed a gain of 4 per cent over the usual seasonal change, reflecting mainly increases in silk and wool manufactures, carpets and rugs, shoes, canning and preserving, and cigars. The seasonally adjusted index showing the output of consumers' goods in December was 89 as compared with 86 a year ago, 78 two years ago and 76 three years ago.

Business Indicators

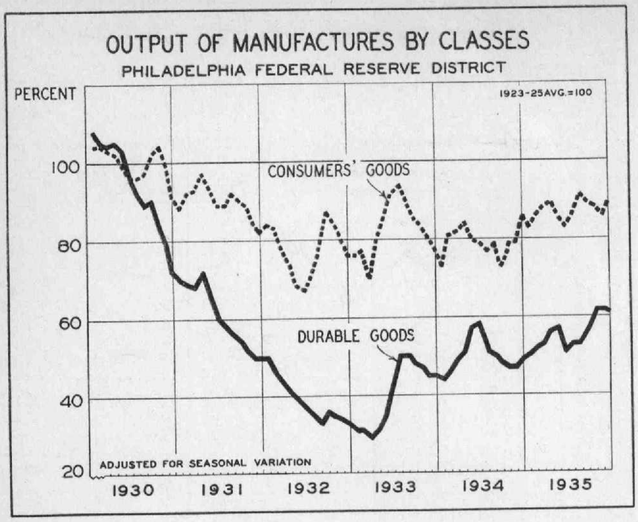
Philadelphia Federal Reserve District

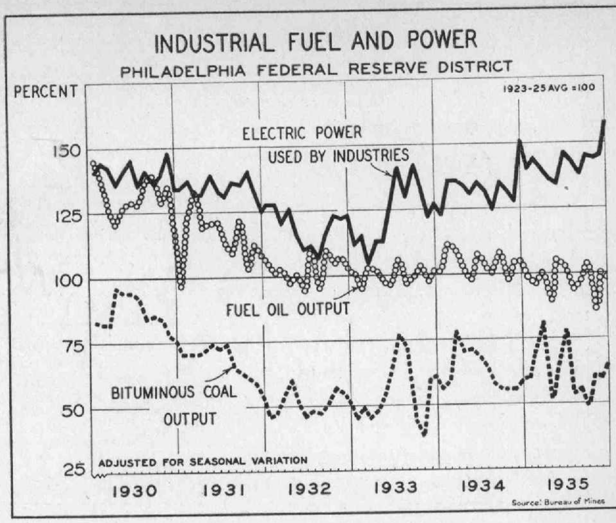
Adjusted indexes allow for the usual seasonal change in activity. Unadjusted indexes reflect merely the actual change which may or may not be typical.	Index numbers: percentages of the 1923–1925 average as 100										
	Adjusted for seasonal variation							Not adjusted			
					Per cent change						
					Dec. 1935 from		1935 from 12 mos. 1934				
	Dec. 1934	Oct. 1935	Nov. 1935	Dec. 1935	Month ago	Year ago		Dec. 1934	Oct. 1935	Nov. 1935	Dec. 1935
Industrial production	**74**	**77**	**77**	**80p**	+ 4	+ 8	+ 8	**71**	**81**	**79**	**77p**
Manufacturing—total	**71**	**76**	**76**	**77p**	+ 2	+ 9	+ 9	**68**	**80**	**78**	**75p**
Durable goods	49	62	62	61p	− 2	+ 24	+12	....	....	....	...
Consumers' goods	86	88	86	89p	+ 4	+ 3	+ 9	....	....	....	...
Metal products	56	69	68	70	+ 4	+ 25	+16	53	71	67r	67
Textile products	82	90	85	89p	+ 5	+ 9	+22	79	94	88	86p
Transportation equipment	51	58	62	62	0	+ 21	+ 5	51	56	59	62
Food products	79	67	72	70p	− 2	− 11	− 6	76	69	72	70p
Tobacco and products	97	92	86	97	+13	− 0	+ 0	70	113	103	70
Building materials	25	34	36	29	−18	+ 18	+ 6	23	36	36	27
Chemicals and products	104	104	111	109p	− 1	+ 5	+ 3	103	106	111	108p
Leather and products	111	118	125	132p	+ 6	+ 19	+ 6	105	125	119	125p
Paper and printing	78	82	81	83	+ 3	+ 6	+ 3	79	83	82	84
Coal mining	**70**	**49**	**49**	**70**	+43	− 0	−10	**70**	**62**	**52**	**69**
Anthracite	72	48	48	71	+48	− 1	−11	70	62	50	69
Bituminous	58	61	61	65	+ 8	+ 14	+ 2	60	65	67	69
Crude oil	**385**	**390**	**406**	**415**	+ 2	+ 8	+10	**362**	**390**	**394**	**390**
Electric power											
Output	194	198	197	205	+ 4	+ 6	+ 2	207	204	205	219
Sales, total‡	191	192	194	202	+ 4	+ 6	+ 2	197	192	200	208
Sales to industries‡	151	144	145	158	+ 9	+ 5	+ 7	144	140	148	150
Employment and wages—Pa.											
Factory—Wage earners	....	....	....	....	− 0*	+ 6*	+ 4*	75	79	79	79
Payrolls	....	....	....	....	− 0*	+ 17*	+12*	58	70	68	68
Man-hours (1927–28 = 100)	....	....	....	....	− 1*	+ 21*	+11*	57	71	69	69
General (1932 = 100)											
Employment	....	....	....	....	+ 4*	+ 3*	0*	110	112	109	113
Payrolls	....	....	....	....	+ 5*	+ 14*	+ 7*	121	139	131	138
Building and real estate											
Contracts awarded†—total	**38**	**35**	**39**	**53**	+36	+ 39	+ 0	**35**	**36**	**39**	**49**
Residential†	13	22	21	24	+12	+ 84	+45	12	21	22	23
Non-residential†	31	34	26	52	+97	+ 66	+17	28	33	28	47
Public works and utilities†	102	89	103	112	+ 8	+ 10	−30	119	86	115	131
Permits for building—17 cities	6	10	10	7	−25	+ 26	+29	4	11	9	5
Mortgages recorded—Philadelphia	14	6	10	15	+55	+ 10	−19	16	5	10	17
Real estate deeds—Philadelphia	52	52	44	51	+16	− 3	+ 2	51	54	47	50
Sheriff deeds (1930 = 100)	....	....	....	....	−12*	− 4*	− 6*	98	161	107	93
Other deeds (1930 = 100)	....	....	....	....	+17*	− 2*	+ 8*	88	68	74	86
Writs for Sheriff sales—Phila.	795	1212	610	672	+10	− 15	− 6	811	606	683	686
Distribution											
Retail trade —sales	67	70	70	74p	+ 6	+ 10	+ 4	110	79	84	121p
stocks	62	65	65	65p	+ 0	+ 5	.....	59	72	75	62p
Wholesale trade—sales	72	78	75	80p	+ 7	+ 11	+ 6	81	88	85	90p
stocks	66	66	67	69p	+ 3	+ 3	.....	62	69	69	64p
Life insurance sales	115	106	105	101	− 3	− 12	+ 0	121	97	111	106
New passenger auto. registrations	93	66	143	245	+71	+162	+36	50	54	100	132
Hotels—Occupancy (1934 = 100)	....	....	....	....	−11*	+ 2*	+ 6*	95	116	108r	96
Income, total (1934 = 100)	....	....	....	....	− 8*	+ 2*	+ 8*	108	119	119	110
Freight car loadings—total	**57**	**60**	**61**	**65**	+ 7	+ 15	+ 3	**52**	**65**	**62**	**59**
Merchandise and miscellaneous	56	61	63	65	+ 3	+ 16	+ 4	50	66	63	57
Coal	63	57	56	65	+15	+ 4	− 1	66	65	61	69
Business liquidations											
Number	....	....	....	....	+17*	+ 38*	+ 19*	54	74	64	75
Amount of liabilities	....	....	....	....	+24*	+ 18*	− 35*	35	49	34	41
Payment of accounts											
Check payments	75	77	81	82	+ 2	+ 10	+15	81	79	87	89
Rate of collections (actual)											
Retail trade	29	28	31	29	− 6	+ 1	.....	29	29	31	29
Wholesale trade	67	72	68	65	− 4	− 3	.....	72	73	66	70
Prices—United States											
Wholesale (1926 = 100)	....	....	....	....	+ 0*	+ 5*	+ 7*	**77**	**80**	**81**	**81**
Farm products	....	....	....	....	+ 1*	+ 9*	+20*	72	78	77	78
Foods	....	....	....	....	+ 1*	+ 14*	+19*	75	85	85	86
Other commodities	....	....	....	....	− 0*	+ 1*	− 1*	78	78	79	79
Retail food (1913 = 100)	....	....	....	....	+ 2*	+ 11*	+11*	**114**	**124**	**126**	**128**
Philadelphia	....	....	....	....	+ 2*	+ 12*	+ 8*	118	128	131	133
Scranton	....	....	....	....	+ 1*	+ 10*	+ 8*	117	126	127	129

(In millions of dollars)	Dec. 1934	Sept. 1935	Oct. 1935	Nov. 1935	Dec. 1935	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	$ 1	$ 1	$ (a)	$ (a)	$ (a)	......	......
Other bills and securities	170	181	184	185	184	− 1	+ 8
Member bank reserves	204	242	262	269	266	− 1	+30
Reserve ratio (per cent)	67.2	69.9	72.1	70.1	70.5	+ 1	+ 5
Reporting member banks							
Loans to customers	$ 432	$ 408	$ 403	$ 402	$ 402	0	− 7
Other loans and investments	618	681	694	698	706	+ 1	+14
Total (gross) deposits	1,190	1,283	1,319	1,306	1,319	+ 1	+11
Bankers' acceptances outstanding	12.3	13.4	14.1	13.7	12.3	−10	0

* Computed from data unadjusted for seasonal variation.
† 3-month moving daily average centered at 3rd month.
‡ Not included in production index.

(a) Less than $500,000.
p—Preliminary.
r—Revised.





In the case of durable goods, increases in primary and secondary steel products as well as in certain lines of transportation equipment were more than offset by decreases in the output of other products, particularly such building materials as cement, brick, and lumber and its products. The index measuring productive activity in the durable goods industries in December was 61, relative to the 1923-25 average in contrast with 49 a year before, 44 two years ago and a low of 33 in December 1932.

Activity of electric power stations has continued to expand since 1932 despite some irregular fluctuations. There was a further increase in output and sales during December as compared with the previous month and a year before. Reports from ten systems, whose sales of electricity approximate 95 per cent of the total electrical energy consumed in this district, show that in 1935 the volume of electricity sold for all purposes was 2 per cent larger than in 1934. Industrial consumption of electrical energy in the same period was 7 per cent greater. Our latest index of power sales to industry reached the highest level in the past thirteen years.

Coal and other fuels. Production of anthracite has increased sharply after declining in November, reflecting a more active demand largely as a result of cold weather. The December index of output, which is adjusted for seasonal change and for the number of working days, rose to 71, relative to the 1923-25 average, as compared with 48 in the previous two months; a year ago this index was 72. Total production in 1935 as a whole, however, was 11 per cent smaller than in 1934. Supplies of anthracite fuel at mines, retail yards, electric power plants and on Lake docks appeared to be smaller but in the hands of the principal railroads considerably larger at the end of 1935 than a year before.

Production of bituminous coal increased for three consecutive months and in December was 8 per cent above the usual seasonal change from November. The seasonally adjusted index in December was 65 per cent of the 1923-25 average as compared with 61 in October and November and 58 in December 1934. The total volume mined in 1935 was about 2 per cent larger than in 1934 and considerably larger than in 1932 or 1933.

(Output and shipment figures are daily averages)	Dec. 1935	Per cent change from: Month ago	Per cent change from: Year ago
Anthracite			
Production.......tons	184,800	+40	− 1
Shipments.......tons	178,941	+34	− 4
Stocks......1000 tons	2,244†	+ 0	−12
Prices.....(1926=100)	82.9	− 0	+ 1
Employment......No.	98,615	+23	− 6
Bituminous			
Production.......tons	327,040	+ 3	+14
Shipments....No. cars	26,216	+ 2	+ 7
Prices.....(1926=100)	98.7	+ 0	+ 2
Employment......No.	128,068	+ 3	− 3
Coke			
Prod...(1923-25=100)	100.4	+ 5	+39
Prices.....(1926=100)	89.6	+ 1	+ 5
Gas and fuel oil			
Prod...(1923-25=100)	97.9*	− 2	− 7
Prices.....(1926=100)	64.4†	+ 1	+14

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

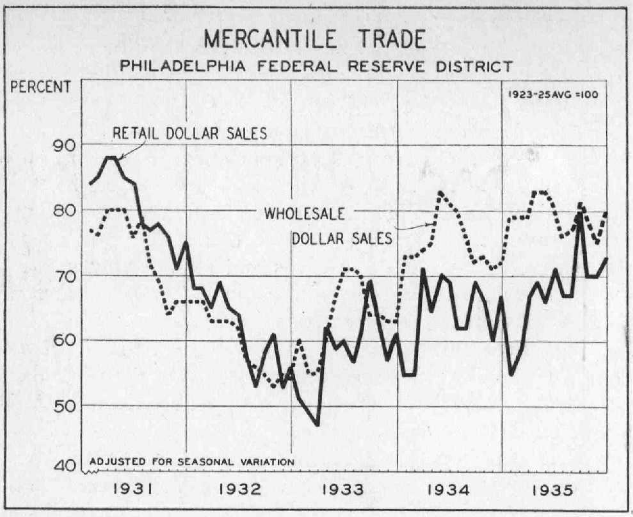
Production of by-product coke increased further in December. Output in 1935 as compared with 1934 showed an increase of 11 per cent. The trend of output since the low point in 1932 has been sharply upward, though the fluctuations have been marked and erratic during this period. Output of gas and fuel oils decreased somewhat in December, after a noticeable rise in the previous month.

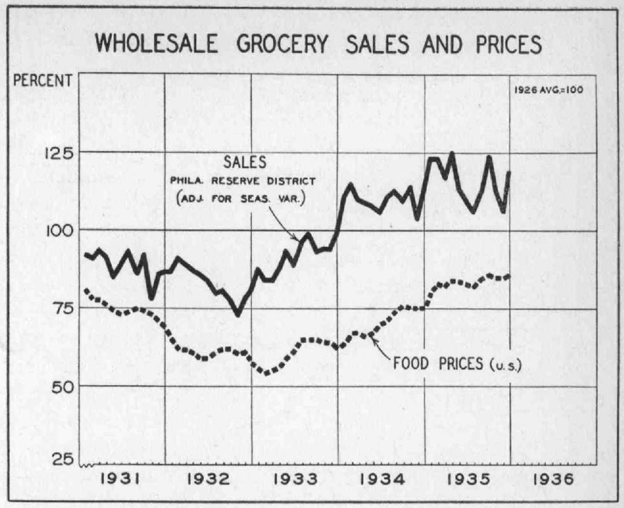
Building and real estate. The value of all contract awards in this district amounted to $17,772,000 in December, a gain of 82 per cent from the month before and the largest monthly total recorded since October 1931. This unusually sharp rise reflected largely substantial increases in the dollar volume of contracts let for apartments and hotels, such non-residential structures as factory and educational buildings, and public works and utilities. Awards for one and two-family dwellings and commercial buildings declined in December but continued materially larger than a year ago.

Building contracts Philadelphia Federal Reserve District	Dec. 1935 (000's omitted)	Per cent change: from month ago	Per cent change: 1935 from 12 mos. 1934
Residential............	**2,624**	+ 22	+45
Apts. and hotels......	1,352	+319	+39
Family houses........	1,272	− 31	+47
Non-residential........	**7,809**	+191	+17
Commercial..........	672	− 11	+ 6
Factories............	1,299	+210	+ 2
Educational..........	4,541	+730	+ 1
All other............	1,297	+ 35	+59
Total buildings.....	10,433	+116	+27
Public works and utilities	**7,339**	+ 48	−30
Grand total........	17,772	+ 82	+ 0

Source: F. W. Dodge Corporation.

Total awards of building contracts in 1935 showed virtually no change from the year before. Contracts awarded for residential buildings constituted nearly 28 per cent of the year's total and those for non-residential structures about 39 per cent, the remaining 33 per cent being for public works and utilities. These percentages, when compared with those for earlier years, indicate that the relative importance of residential construction increased appreciably in 1935, after continuing greatly diminished since 1929. Although the value of last





year's contracts — $94,259,000 — was nearly 40 per cent above the low of $67,789,000 in 1933, it was still small when compared with the three-year average, 1923-25, of $305,501,000 and the record high of $503,543,000 reached in 1928.

The real estate situation last year showed some improvement over 1934 but continued to reflect quiet in comparison with more normal years before the depression. Renting demand for small houses and apartments was more active than for several years past and rents have shown an upward tendency since 1933. Sales of the less expensive types of dwellings have increased somewhat. Ordinary conveyances in most of the larger city areas including Philadelphia registered fairly large gains over 1934 and in the Wilkes-Barre, Lancaster, York and Harrisburg sections they were the largest in several years. Funds for mortgage purposes generally have been plentiful and the trend of interest rates has been downward when compared with earlier years. Foreclosures decreased further.

Distribution, trade and service. Retail trade sales by department, apparel, shoe and credit stores showed an increase of 44 per cent from November to December; this was a larger gain than is usual for this period, indicating an improvement of about 6 per cent in the value of December trade. In comparison with a year ago sales were 10 per cent greater, all lines except shoes reporting an increased dollar volume of business this year. For the year as a whole sales were 4 per cent larger than in 1934. Business in January slackened seasonally but compared with a year ago the dollar volume of clearance sales seemed larger by a fair margin.

Inventories held by retail stores in this district at the end of the year declined by about the usual percentage but were 5 per cent larger than at the close of 1934, owing in some measure to higher prices for certain classes of merchandise. The rate at which stocks of merchandise moved during 1935 was about 6 per cent more rapid than in the preceding year.

Business at wholesale, as measured by the dollar sales of eight important lines combined, increased 7 per cent from November to December, after allowance is made for the usual seasonal change. Early reports for January indicate that wholesale business was well sustained.

Dollar sales by wholesale establishments in 1935 were 6 per cent larger than in 1934, the most pronounced increases occurring in the sale of jewelry, hardware and paper. This gain in total sales reflected partly the influence of higher prices, particularly in the case of groceries.

The trend of grocery sales and prices for common articles handled by wholesale establishments including cooperatives in this district has been almost steadily upward since the low levels reached in 1932 and 1933, as shown by the accompanying chart. Changes in sales and prices follow:

Wholesale grocery sales and prices (Indexes 1926=100)	1935 (average)	Per cent change from: Year ago	Two years ago	Three years ago
Grocery sales (value)	**115.0**	+ 6	+27	+41
Prices, all foods	**83.7**	+19	+38	+37
Cereals	94.1	+ 6	+25	+42
Fruits and vegetables	63.6	− 6	+ 3	+10
Milk, butter and cheese	79.8	+10	+31	+30
Meats	94.5	+50	+89	+62
Other foods	77.7	+17	+27	+28

Sources: Bureau of Labor Statistics and Federal Reserve Bank of Philadelphia.

Sales of new passenger automobiles, as measured by registrations in this district, increased sharply in December and, with the exception of last April, were the largest of any month in the past five years. This gain reflects in part the introduction of new models at an earlier date than was the case in other years. The number of new units sold last year totaled nearly 159,000, an increase of 36 per cent over 1934 and was the greatest since 1929, when the all-time record of 210,000 cars was established.

Factory sales of passenger cars and trucks in the country have risen sharply in the past three years, the most pronounced increase occurring during 1935, when nearly 1,108,000 more units were sold than in the preceding year. Retail financing of new passenger automobiles has followed the upward trend of production since 1932. According to figures compiled by the Bureau of Foreign and Domestic Commerce, the dollar volume of new cars financed at retail in 1935 was about 26 per cent greater than the year before, 87 per cent larger than in 1933 and 146 per cent above the low level of 1932.

Total freight car loadings in this section, which have been maintained at higher than seasonal levels for several consecutive months, were about 7 per cent larger than usual in December and exceeded those of a year ago by 15 per cent. For the entire year 1935 shipments of all commodities by rail were 3 per cent greater than the year before and showed an increase of about 13 per cent as compared with 1932, when they were the smallest since 1923. The volume of rail freight consisting largely of manufactures originating in the Philadelphia industrial area showed virtually no change from

November to December but continued at higher levels than in recent years.

Business at commercial hotels, excluding resort hotels, slackened at the end of the year, as shown by room occupancy and receipts from all sources. For the year 1935, room occupancy was 6 per cent larger than in 1934 and the total revenue was 8 per cent greater. Barring seasonal fluctuations, the rate of activity has been steadily upward in the past three years.

Hotel business Philadelphia Federal Reserve District	Dec., per cent change from		1935 from 12 mos. 1934
	Month ago	Year ago	
Capacity	− 0	−0	......
Room occupancy	−11	+2	+ 6
Per cent of capacity used:			
Dec. 1935 .... 44.4			
Nov. 1935 .... 44.9			
Dec. 1934 .... 44.8			
Income from:			
Guest rooms	−17	+0	+ 5
Food	− 3	+3	+ 8
Other sources	+ 2	+4	+11
Total revenue	− 8	+2	+ 8

Banking conditions. Deposits showed a strong tendency upward at the reporting member banks in December and the first three weeks of January. The increase of 48 millions in the five weeks ending January 22 was due principally to a rise of 37 millions in demand deposits, adjusted for cash items in process of collection, and an expansion of 13 millions in interbank balances. The total of the various classes on January 22 was 1,380 millions, a new high for the past year. Although holdings of United States Government securities declined 5 millions, the banks added 14 millions to their holdings of obligations fully guaranteed by the Federal Government and acquired 4 millions of other securities. They also increased somewhat their balances with correspondents, but the greater part of the funds made available to them through expansion in deposits and some repayment of loans was reflected in an increase of 29 millions in reserve balances at the Federal Reserve Bank.

Reporting member banks (000,000's omitted)	Jan. 22, 1936	Changes in	
		Five weeks	One year
Assets			
Loans to brokers and dealers:			
In New York City	$ 9	0	−$13
Outside New York City	14	−$ 1	− 3
Loans on securities to others (except banks)	145	− 3	− 20
Acceptances and commercial paper bought	21	......	......
Loans on real estate	67	− 1	− 4
Loans to banks	3	......	......
Other loans	171	+ 2	− 1
Total loans	$ 430	−$ 3	−$41
U. S. Government securities	295	− 5	+ 5
Obligations fully guaranteed by U. S. Government	109	+ 14	+ 59
Other securities	292	+ 4	+ 28
Total loans and investments	$1,126	+$10	+$51
Reserve with Federal Reserve Bank	222	+ 29	+ 75
Cash in vault	14	− 3	+ 1
Balances with other banks*	172*	+ 16	+ 1
Other assets—net	86	− 9	− 1
Liabilities			
Demand deposits—adjusted	780	+ 37	+177
Time deposits	257	+ 6	− 45
U. S. Government deposits	38	− 8	− 36
Interbank deposits	305	+ 13	+ 39
Borrowings	0	......	......
Other liabilities	17	− 4	− 11
Capital account	223	− 1	+ 3

* Figures reported prior to January 8 excluded a certain amount of time balances and balances with private banks; amount excluded December 31 approximated 10 millions.

There were declines of 4 millions in loans on securities and one million in those made on real estate. Other loans to customers, generally regarded as most typical of credit extended to commerce and industry, increased two millions in the five-week period and now are only slightly smaller than a year ago. If allowance is made for amounts charged off during the year, it is quite likely that such loans would be at a somewhat higher level than in mid-January of 1935.

Reserve deposits of all member banks increased 32½ millions in the five weeks ending January 22, to a record high. The factors bearing upon local reserve balances were somewhat obscured by the payment of over 31 millions to the Reconstruction Finance Corporation for securities sold by it; this payment, received from another district, greatly enlarged the favorable balance in the interdistrict settlements and correspondingly increased Treasury receipts. If this transaction be eliminated from the figures, in view of the fact that it did not directly affect reserve deposits here, it would be shown that the district had a small gain in the settlements, despite security purchases by the banks, and that Treasury disbursements exceeded receipts from local sources although the latter were augmented by the withdrawal of 11½ millions from depositary banks. In addition to these factors, which tended to increase reserves, over 20 millions of currency and coin was returned by the banks, reflecting the passing of the holiday season.

Outstanding credit of this bank continued to show small changes apart from variations in reserve bank float incident to the effect of holidays and transportation delays upon the time needed to collect checks. The reserve ratio of the bank rose from 71.2 to 73.3 per cent in the five weeks, reflecting an increase of 40 millions in total cash reserves and a somewhat smaller rise in the combined federal reserve note and deposit liabilities.

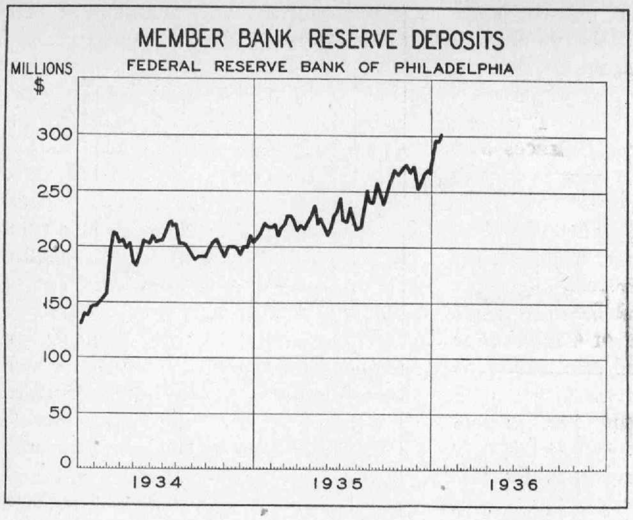
In December reserve balances of member banks in this district averaged 266 millions; as legal requirements aggregated only 142 millions, an excess of 124 millions or 87 per cent was indicated. This excess was several millions below the November figure, but compared favorably with 80 millions a year ago. As reserve balances averaged 293 millions in the first 22 days of January, it is clear that the excess then was even greater than in December or November, despite a probable increase in requirements.

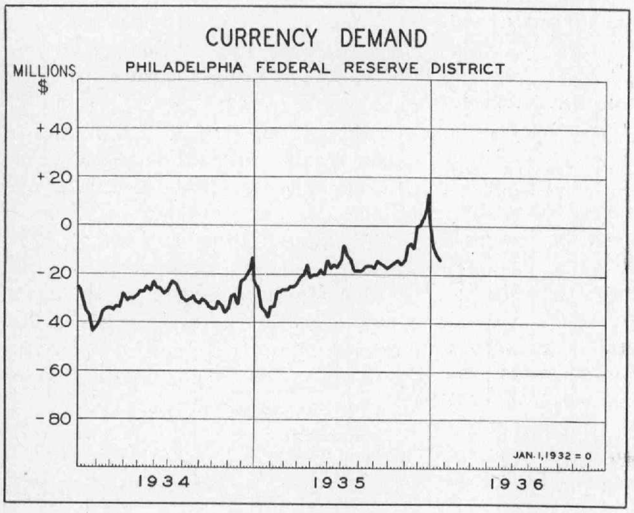
Although outstanding acceptances of banks in this district decreased from $13,700,000 to $12,300,000 during December, the latter figure still was a trifle higher than at the end of 1934. The national total decreased from 543 to 397 millions during 1935, owing to declines in bills covering exports and domestic warehouse credits and in those based on goods stored in or shipped between foreign countries.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Jan. 22, 1936	Changes in	
		Five weeks	One year
Bills discounted	$0.4	−$0.1	− $0.6
Bills bought	0.5	+ 0.0	− 0.1
Industrial advances	6.7	− 0.2	+ 3.1
United States securities	177.1	0	+ 10.0
Total bills and securities	$184.7	−$0.3	+$12.4
Fed. Res. note circulation	262.5	−11.2	+ 35.0
Member bank reserve deposits	302.1	+32.5	+ 84.0
U. S. Treasurer—general account	31.4	+15.9	+ 29.2
Foreign bank deposits	4.7	+ 1.5	+ 2.8
Other deposits	10.2	− 0.0	+ 5.8
Total reserves	447.7	+40.2	+143.5
Reserve ratio	73.3%	+ 2.1%	+ 6.3%

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (In millions of dollars)	Changes in weeks ending—					Changes in five weeks
	Dec. 25	Jan. 1	Jan. 8	Jan. 15	Jan. 22	
Sources of funds:						
Reserve bank credit extended in district	+3.8	− 4.8	− 0.4	+ 2.1	−0.1	+ 0.6
Commercial transfers (chiefly interdistrict)	−0.1	− 5.1	+11.8	+18.8	+8.0	+33.4
Treasury operations	−0.2	+ 5.7	+ 3.3	−25.1	−3.6	−19.9
Total	+3.5	− 4.2	+14.7	− 4.2	+4.3	+14.1
Uses of funds:						
Currency demand	+6.2	−11.5	−10.0	− 2.9	−2.2	−20.4
Member bank reserve deposits	−2.7	+ 7.4	+22.3	− 1.3	+6.8	+32.5
"Other deposits" at reserve bank	−0.1	− 0.0	+ 0.4	+ 0.1	−0.4	− 0.0
Unexpended capital funds of reserve bank	+0.1	− 0.1	+ 2.0	− 0.1	+0.1	+ 2.0
Total	+3.5	− 4.2	+14.7	− 4.2	+4.3	+14.1





City areas*	Percentage change—December 1935 from December 1934				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	+ 5	+17	+365	+ 7	+ 0
Altoona	+ 6	+19	+365	+14	+14
Harrisburg	+ 9	+25	− 0	+14	+ 5
Johnstown	+ 8	+45	− 31	+30	+14
Lancaster	+14	+26	+973	+17	+ 7
Philadelphia	+ 5	+ 7	− 3	+12	+ 8
Reading	+ 7	+12	+180	+ 3	+ 0
Scranton	− 4	− 6	− 48	+16	+ 2
Trenton	+ 3	+20	− 76	+ 6	+ 2
Wilkes-Barre	+ 7	+13	+ 2	+ 8	− 1
Williamsport	+ 9	+15	+224	+17	....
Wilmington	+ 8	+19	+104	+34	+ 6
York	+12	+14	− 65	+11	....
	December 1935 from November 1935				
Allentown	− 3	− 3	+ 66	+14	+61
Altoona	+ 2	+ 4	− 9	+16	+60
Harrisburg	+ 0	+ 1	− 41	+19	+52
Johnstown	− 1	− 1	+ 56	+ 8	+64
Lancaster	− 2	− 1	+ 51	+ 8	+54
Philadelphia	+ 0	+ 1	− 63	+13	+49
Reading	− 0	− 0	− 30	+ 2	+46
Scranton	+ 0	− 7	− 58	+20	+55
Trenton	− 1	+ 3	− 82	+41	+54
Wilkes-Barre	+ 1	+ 1	+ 2	+ 9	+40
Williamsport	− 0	− 0	− 30	+ 4	....
Wilmington	+ 2	+ 5	+214	+50	+78
York	− 4	+ 1	− 88	+13	....

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

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing

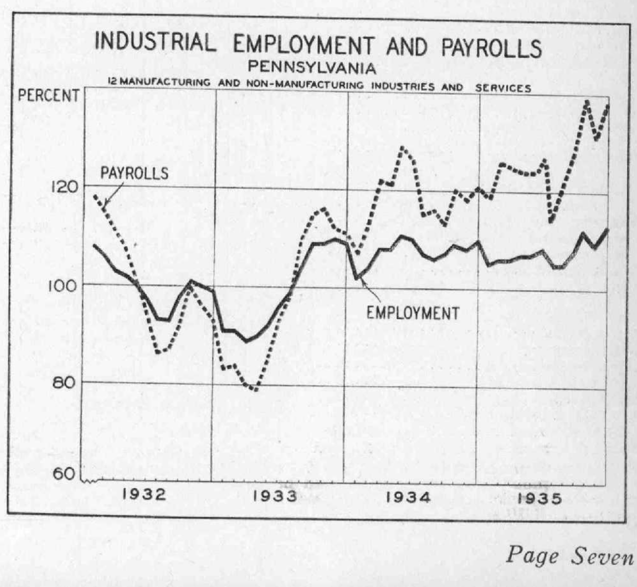
(Indexes are percentages of the 1923–25 average taken as 100. Total and group indexes are weighted proportionately.)	Employment*			Payrolls*			Employe-hours†	
	Dec. 1935 index	Per cent change from		Dec. 1935 index	Per cent change from		Dec. 1935—per cent change from	
		Dec. 1934	Nov. 1935		Dec. 1934	Nov. 1935	Dec. 1934	Nov. 1935
All manufacturing	**79**	+ 6	−0	**68**	+17	− 0	+21	− 1
Iron, steel and products	66	+10	−0	62	+34	+ 0	+33	− 1
Non-ferrous metal prods.	106	+17	+0	102	+26	− 1	+37	+ 1
Transportation equip.	56	+ 3	+2	46	+16	+ 4	+10	+ 3
Textiles and clothing	101	+ 4	−0	88	+ 6	− 1	+12	+ 0
Textiles	99	+ 3	+0	88	+ 4	− 1	+10	+ 0
Clothing	112	+10	−1	88	+15	− 2	+22	+ 0
Food products	104	− 4	−2	92	+ 1	+ 0	+ 0	− 2
Stone, clay and glass	76	+11	−4	62	+29	− 7	+23	−10
Lumber products	60	+18	−0	45	+27	− 4	+31	− 6
Chemicals and products	85	− 5	−2	74	+ 3	− 1	+12	− 2
Leather and products	97	+ 7	+2	86	+ 9	+10	+ 9	+ 9
Paper and printing	92	+ 3	−0	87	+ 9	+ 2	+ 6	+ 2
Printing	88	+ 5	+ 1	86	+10	+ 4	+ 5	+ 4
Others:								
Cigars and tobacco	69	+ 2	−1	59	+ 2	+ 3	− 2	+ 4
Rubber tires, goods	74	+ 2	−1	63	+ 4	+ 6	+14	+ 7
Musical instruments	56	+13	−2	53	+10	−14	+14	−15

* Figures from 2238 plants. † Figures from 2023 plants.

General Index Numbers

Covering twelve branches of trade and industry

(Indexes are percentages of the 1932 average taken as 100. Individual indexes are combined proportionately into general index number.)	Employment			Payrolls		
	Dec. 1935 index	Per cent change from		Dec. 1935 index	Per cent change from	
		Dec. 1934	Nov. 1935		Dec. 1934	Nov. 1935
General index (weighted)	**113**	**+ 3**	**+ 4**	**138**	+14	+ 5
Manufacturing	124	+ 6	− 0	167	+17	− 0
Anthracite mining	93	− 6	+23	104	+ 6	+95
Bituminous coal mining	121	− 3	+ 3	190	+21	+15
Building and construction	56	− 8	− 7	57	+ 3	− 7
Quarrying and non-met. mining	93	+ 6	− 5	128	+37	− 5
Crude petroleum producing	195	+19	− 2	179	+22	− 0
Public utilities	89	+ 0	− 1	92	+ 2	− 1
Retail trade	134	+ 5	+18	128	+ 5	+14
Wholesale trade	108	+ 3	− 0	104	+ 7	+ 3
Hotels	103	− 3	0	105	+ 0	− 0
Laundries	95	+ 1	+ 0	96	+ 5	+ 0
Dyeing and cleaning	89	− 0	− 5	89	− 1	− 8



Index numbers of individual lines of trade and manufacture

Philadelphia Federal Reserve District

Adjusted indexes allow for the usual seasonal change in activity.

Unadjusted indexes reflect merely the actual change which may or may not be typical.

	Index numbers: percentages of the 1923–1925 average as 100										
	Adjusted for seasonal variation							Not adjusted			
					Per cent change						
	Dec. 1934	Oct. 1935	Nov 1935	Dec. 1935	Dec. 1935 from Month ago	Dec. 1935 from Year ago	1935 from 12 mos. 1934	Dec. 1934	Oct. 1935	Nov 1935	Dec. 1935
Retail trade											
Sales											
Total of all stores	**67**	**70**	**70**	**74p**	**+ 6**	**+ 10**	**+ 4**	**110**	**79**	**84**	**121p**
Department	65	65	66	70p	+ 5	+ 6	+ 3	116	74	80	123p
Men's apparel	58	66	64	63	− 1	+ 8	+ 6	98	69	72	106
Women's apparel	90	93	88	102	+16	+ 14	+ 5	134	105	107	154
Shoe	68	74	72	63	−13	− 8	+ 1	89	74	76	82
Credit	61	70	70	77p	+10	+ 25	+ 11	95	85	90	119p
Stocks of goods											
Total of all stores	**62**	**65**	**65**	**65p**	**+ 0**	**+ 5**	......	**59**	**72**	**75**	**62p**
Department	52	55	54	52p	− 3	− 0	......	49	62	63	49p
Men's apparel	57	66	67	65	− 4	+ 13	......	58	70	77	66
Women's apparel	89	86	90	95	+ 6	+ 7	......	83	109	111	88
Shoe	53	57	56r	56	+ 1	+ 7	......	52	61	60r	56
Credit	77	80	79	82p	+ 4	+ 7	......	71	85	89	76p
Rate of stock turnover 12 months (actual, not indexes)	......	......	......	......	......	......	+ 6*	4.04	......	......	4.29
Wholesale trade											
Sales											
Total of all lines	**72**	**78**	**75**	**80p**	**+ 7**	**+ 11**	**+ 6**	**81**	**88**	**85**	**90p**
Boots and shoes	31	48	45	35	−23	+ 11	+ 6	30	59	48	33
Drugs	93	87	87	98	+12	+ 6	+ 2	94	85	90	100
Dry goods	37	41	37	41p	+13	+ 13	+ 4	38	55	47	43p
Electrical supplies	51	64	67	62p	− 7	+ 22	+ 6	84	82	87	103p
Groceries	111	112	106	119p	+13	+ 8	+ 6	112	122	115	120p
Hardware	48	54	54r	56	+ 5	+ 17	+ 12	53	62	60r	61
Jewelry	42	53	52	47	− 9	+ 11	+ 17	86	70	74	96
Paper	63	73	73	72	− 2	+ 14	+ 10	60	78	77	68
Stocks of goods											
Total of all lines	**66**	**66**	**67**	**69p**	**+ 3**	**+ 3**	......	**62**	**69**	**69**	**64p**
Boots and shoes	22	28	28	42	+50	+ 89	......	18	27	26	33
Drugs	118	112	116	......	......	......	......	111	116	117	......
Dry goods	46	41	41	45p	+ 9	− 3	......	40	43	40	39p
Electrical supplies	83	89	92	91p	− 2	+ 9	......	74	100	100	81p
Groceries	74	69	68	68	− 0	− 6	......	72	74	74	70
Hardware	59	69	68	67	− 0	+ 15	......	56	65	63	64
Jewelry	61	62	69	74	+ 7	+ 22	......	49	65	70	60
Paper	55	58	59	60	+ 1	+ 9	......	53	59	59	57
Rate of stock turnover 12 months (actual, not indexes)	......	......	......	......	......	......	+ 3*	5.57	......	......	5.71
Output of manufactures											
Pig iron	14	37	35	34	− 4	+150	+ 8	13	37	35	33
Steel	48	64	65	67	+ 2	+ 39	+ 15	45	64	63	63
Iron castings	48	50	56	62	+12	+ 30	+ 10	45	53	57	58
Steel castings	43	55	46	63	+39	+ 48	− 0	41	52	43	61
Electrical apparatus	80	86	80r	83	+ 4	+ 4	+ 20	77	94	85r	81
Motor vehicles	13	14	17	18	+ 6	+ 42	+ 10	10	13	15	14
Automobile parts and bodies	79	68	80	81	+ 1	+ 3	+ 2	77	65	74	80
Locomotives and cars	18	24	26	24	− 5	+ 33	− 1	18	23	24	24
Shipbuilding	118	156	153	153	+ 0	+ 30	+ 7	124	150	153	161
Silk manufactures	94	103	92	94	+ 2	+ 0	+ 4	95	106	93	96
Woolens and worsteds	56	75	71	79	+11	+ 41	+ 76	52	83	77	73
Cotton products	38	45	48	48	+ 0	+ 25	+ 14	41	47	50	51
Carpets and rugs	66	102	87	105	+20	+ 60	+104	63	117	99	99
Hosiery	125	118	116	115	− 0	− 7	+ 13	121	130	132	112
Underwear	121	129	135	133	− 1	+ 10	+ 19	119	141	136	132
Cement	33	38	44	29	−35	− 13	− 5	27	42	43	24
Brick	27	46	43	39	−10	+ 44	+ 17	26	46	43	38
Lumber and products	18	26	27	24	−10	+ 31	+ 9	18	27	27	23
Bread and bakery products	....	....	....	....	+ 0*	+ 1*	− 0*	89	88	89	89
Slaughtering, meat packing	94	70	85	85	+ 0	− 9	− 20	101	74	93	91
Sugar refining	182	55	65	26	−60	− 86	− 26	118	47	42	17
Canning and preserving	51	41	48	50p	+ 6	− 2	− 5	52	53	52	52p
Cigars	97	92	85	96	+13	− 0	+ 0	70	113	102	69
Paper and wood pulp	57	62	61	60	− 2	+ 6	+ 6	57	63	61	61
Printing and publishing	83	86	85	88	+ 3	+ 6	+ 3	84	87	86	89
Shoes	134	119	123	158	+28	+ 17	+ 6	114	129	116	134
Leather, goat and kid	89	117r	126	108p	−14	+ 21	+ 6	97	122r	122	118p
Explosives	69	77	82	74	−10	+ 7	− 3	68	78	82	73
Paints and varnishes	66	71	73r	75	+ 3	+ 13	+ 5	64	76	75r	73
Petroleum products	147	137	147	145p	− 1	− 1	+ 2	147	138	147	144p
Coke, by-product	74	93	100	104	+ 4	+ 39	+ 11	72	91	96	100

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