

# THE BUSINESS REVIEW

THIRD FEDERAL  
PHILADELPHIA



RESERVE DISTRICT  
APRIL 1, 1936

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

## Business and Banking Conditions in the United States

Volume of industrial production and employment showed little change in February, and the index of production, which makes allowance for seasonal changes, declined from 98 to 95 per cent of the 1923-1925 average. Distribution of commodities continued at about the January level.

**Production and employment.** Daily average output in basic industries was in about the same volume in February as in January. Since usually there is an increase in manufacturing activity at this season, the Board's seasonally adjusted index of factory output showed a decline. Output at mines increased. There was a substantial further decrease in automobile production in February, and the rate of operations at steel mills increased by less than the usual seasonal amount. In the first half of March production of steel expanded seasonally and output of automobiles showed a more than seasonal increase. There was little change in the volume of lumber cut in February, although an increase usually occurs in that month. At woolen mills production increased by about the seasonal amount, while activity at cotton textile mills, which is usually larger in February than in Jan-

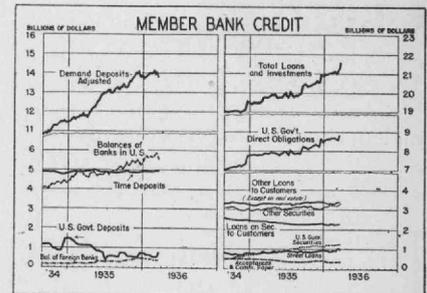
uary, decreased, and at silk mills there was a larger than seasonal decline. Output at meatpacking establishments also declined. There was a substantial increase in the mining of both anthracite and bituminous coal, while output of crude petroleum declined somewhat.

Factory employment increased by less than the usual seasonal amount between the middle of January and the middle of February. There was little change in the number of workers at steel mills and a decrease in the number employed at automobile factories, although increases are usual in these industries in February. Employment declined at silk and rayon textile mills and showed a smaller than seasonal increase at shoe factories. Increases in employment were reported for railroad repair shops, for printing and publishing establishments, and for factories producing wearing apparel. Factory payrolls, which are usually larger in the middle of February than a month earlier, showed no change.

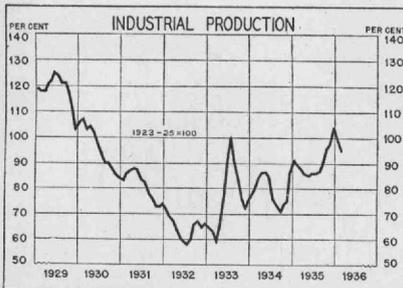
The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined further in February. Awards for residential construction showed little change, and

there was a decrease in the value of awards for all other contracts, a large part of which are for public projects.

**Distribution.** Department store sales showed little change from January to February and, after allowance for seasonal variation, were at about the same level as that prevailing last summer and autumn. Freight-car loadings increased by a small seasonal amount in February. Loadings of coal were considerably larger than in January, while shipments of miscellaneous freight declined, and the Board's seasonally adjusted index of total loadings remained at the January figure of 70 per cent of the 1923-1925 average as compared



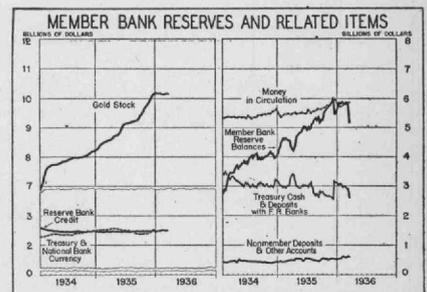
Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934 to March 18, 1936.



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



Index of number employed, adjusted for seasonal variation.



Wednesday figures. January 31, 1934, to March 18, 1936.

with 71 per cent in December and an average of 63 per cent for 1935.

**Commodity prices.** The general level of wholesale commodity prices declined somewhat during the latter part of February and the first half of March, following a six-month period of little change. The recent downward movement reflected declines in prices of farm products and foods.

**Bank credit.** Excess reserves of member banks decreased by \$650,000,000 during the four weeks ending March 18 and on that date amounted to \$2,400,000,000. This decrease reflected chiefly a transfer of funds to

Treasury deposits at the reserve banks in connection with receipt of income taxes and of cash payments for newly-issued Government securities.

Loans and investments of reporting member banks in leading cities increased rapidly in March and on the 18th of the month were \$525,000,000 higher than four weeks earlier. Of this increase \$190,000,000 represented a growth in holdings of direct and guaranteed obligations of the United States Government and \$80,000,000 an increase in other investments. Security loans both to brokers and dealers and to others increased, and there was a

substantial growth in so-called "other loans," which include loans for commercial purposes.

Adjusted demand deposits of reporting member banks declined by \$340,000,000 during the four weeks ending March 18. Balances held for domestic banks increased at the turn of the month as banks in the interior sold Government securities in New York in anticipation of maturities. During the week ending March 18 balances declined, partly as the result of banks throughout the country purchasing in the New York market Government securities issued on March 16.

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

Business activity in the Philadelphia Federal Reserve District generally seems to have been well sustained between January and the middle of March, even though some of the industries lagged somewhat behind their usual seasonal rate of operation. In the third week of March, the customary spring activity was greatly interrupted by the unusual and widespread floods which caused severe damage to property in addition to some loss of human life. Trade, manufacturing, communication and transportation, and other forms of business and service were temporarily paralyzed in many cities and towns located along the principal rivers and streams.

Industrial production in February continued around 78 per cent of the 1923-25 average, after allowance is made for the normal seasonal change and the number of working days. A small decline in manufacturing was offset by a substantial increase in coal

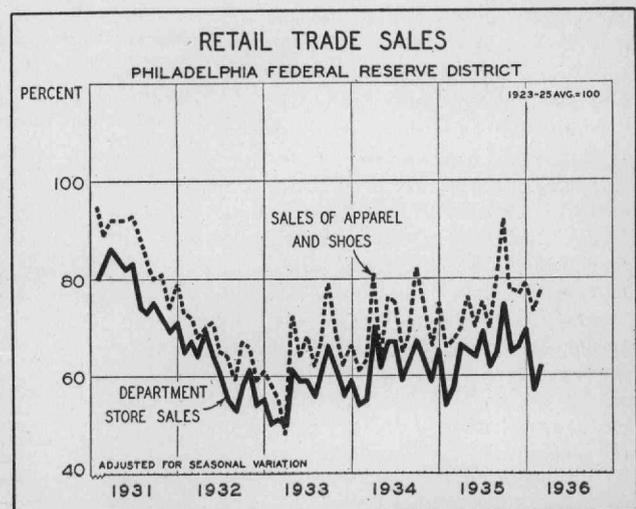
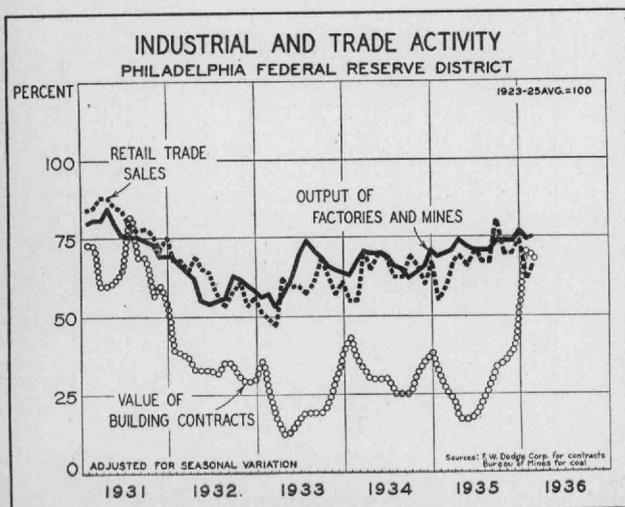
mining. Compared with a year ago, the aggregate output of industrial products was 6 per cent larger. The value of building contracts awarded for residential construction was greater in February than in January, while that of other awards was smaller. The largest relative gains over a year ago were noted in contracts let for educational buildings and family houses. Prices of industrial commodities other than farm products and foods have shown little fluctuation during recent weeks and continued higher than last year.

The heavy precipitation and the flow of water through the agricultural regions of this district indicate an abundant supply of moisture and consequently a favorable condition for the growth of crops. The degree of soil erosion by the floods does not appear to be extensive, since the inundation occurred chiefly along the water-ways. Planting intentions of farmers in this

district seem to indicate little change in acreage.

Dollar sales of retail and wholesale trade increased by a larger amount than usual from January to February and continued above that of last year. Activity at retail in early March was well ahead of a year ago. Sales of ordinary life insurance and new passenger automobiles showed less favorable changes than was to be expected at this time. Freight car loadings, particularly of merchandise produced in this area, have increased appreciably since the middle of last month and the shipment of coal in February was particularly heavy.

Industrial employment showed little change from the middle of January to the middle of February, while payrolls increased seasonally, according to reports from twelve branches of industry, trade and services in Pennsylvania. The February employment index was 106 and the payroll index 135



# Business Indicators

## Philadelphia Federal Reserve District

per cent of the 1932 average. Early reports from manufacturing industries indicate slightly more than seasonal gains in employment, payrolls and working time from the middle of February to the middle of March but subsequently losses occurred through the temporary suspension of activity in many industries which were exposed to floods.

**Manufacturing.** Demand for manufactured products has been somewhat more active lately following a brief period of comparative quiet. This upturn appears to have been more pronounced in such heavy industries as fabricated metal products and building materials than in the case of most textile and leather products, according to reports received early in March, but later returns indicate a temporary setback in many industries which were affected by recent floods.

At present there is contemplated or already under way considerable activity in the reconstruction of buildings, bridges and highways which have been severely impaired or destroyed by one of the worst floods that has ever occurred in this section. In consequence, the need for materials and equipment is substantial and it is expected that certain industries including cement, lumber, machinery parts and tools, paint, furniture, floor coverings and other furnishings, will show expansion in demand as the program of rehabilitation becomes fully effective.

The supply of finished products and raw materials at the reporting plants about the middle of March appears to have been in about the same volume as a year ago. Many subsequent reports indicate that inventories found in such industrial centers as Johnstown, Harrisburg, Williamsport, Pittsburgh and Wilkes-Barre have been materially damaged by water and silt but the extent of this damage or possible recovery of goods so affected cannot be determined at this early date.

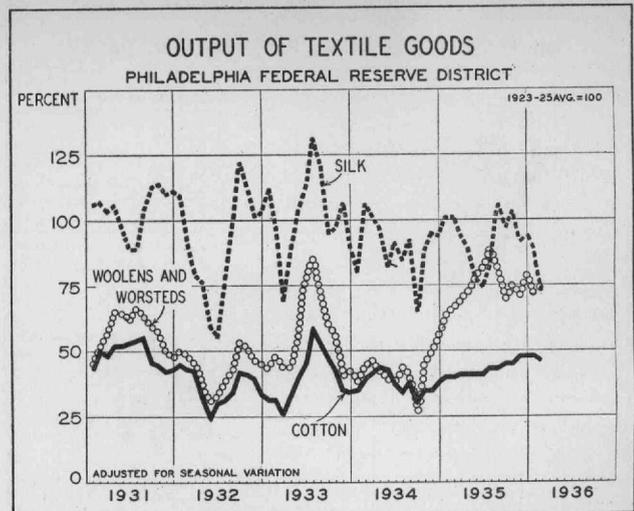
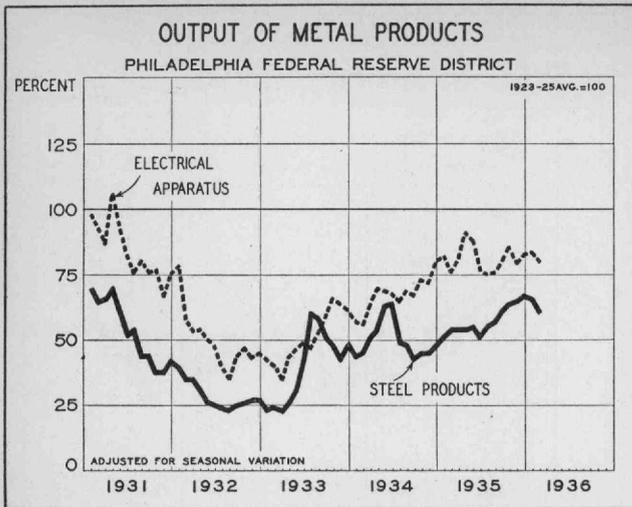
Another effect of the floods is shown by temporary loss of regular factory work and wage earnings in many important industries. This occurred at a time when employment and payrolls showed a marked seasonal upturn in addition to small increases during February. In that month the index of factory employment in Pennsylvania was 2 per cent higher than a year ago and 22 per cent above the average of four years earlier. The February payroll index was 8 per cent higher than last year and 63 per cent higher than the average for 1932.

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					
	Feb. 1935	Dec. 1935	Jan. 1936	Feb. 1936	Per cent change		Feb. 1935	Dec. 1935	Jan. 1936	Feb. 1936		
					Feb. 1936 from	1936 from 2 mos. 1935						
				Month ago	Year ago							
<b>Industrial production</b>	74	80	78	78p	+ 0	+ 6	+ 6	75	78	77	80p	
<b>Manufacturing—total</b>	71	78	75	73p	- 2	+ 4	+ 6	72	76	74	74p	
<b>DURABLE GOODS</b>	52	62	61	58p	- 4	+ 13	+ 17	50	60	57	55p	
<b>CONSUMERS' GOODS</b>	86	91	85	84p	- 0	- 2	+ 0	86	88	85	85p	
<b>Metal products</b>	59	70	70	64p	- 8	+ 10	+ 14	60	67	67	65p	
Textile products	87	91	82	79p	- 4	- 9	- 6	94	88	85	85p	
Transportation equipment	46	62	64	62	- 2	+ 36	+ 38	46	62	64	63p	
Food products	69	71	73	73p	+ 1	+ 7	+ 10	67	70	71	73p	
Tobacco and products	83	97	87	101	+ 17	+ 22	+ 16	70	70	72	85	
Building materials	24	29	24	25	+ 2	+ 5	+ 6	21	27	21	22	
Chemicals and products	101	115	109	109p	+ 0	+ 7	+ 8	101	113	106	109p	
Leather and products	118	137	128	122p	- 5	+ 3	+ 8	125	130	132	130p	
Paper and printing	80	83	82	83	+ 1	+ 3	+ 4	80	84	82	83	
<b>Coal mining</b>	67	70	69	90p	+ 31	+ 34	+ 12	72	69	74	96p	
Anthracite	67	71	70	93p	+ 33	+ 39	+ 14	72	69	75	99p	
Bituminous	69	65	60	70p	+ 16	+ 1	+ 2	75	69	69	76p	
<b>Crude oil</b>	401	415	416	395	- 5	- 2	+ 3	401	390	399	395	
<b>Electric power</b>												
Output	192r	210r	215r	217	+ 1	+ 13	+ 11	203r	224r	228r	230	
Sales, total†	189r	207r	212r	214	+ 1	+ 13	+ 12	204r	213r	218r	231	
Sales to industries‡	145	158	151	163	+ 8	+ 13	+ 11	143	150	147	161	
<b>Employment and wages—Pa.</b>												
<b>Factory—Wage earners</b>					+ 0*	+ 2*	+ 3*	76	79	77	77	
Payrolls					+ 2*	+ 8*	+ 10*	62	68	66	67	
Man-hours (1927-28=100)					+ 2*	+ 11*	+ 14*	61	69	67	68	
<b>General (1932=100)</b>												
Employment					+ 0*	+ 0*	+ 1*	106	113	106	106*	
Payrolls					+ 4*	+ 8*	+ 9*	126	137	130	135	
<b>Building and real estate</b>												
<b>Contracts awarded†—total</b>	26	53	71	68	- 5	+159	+142	21	49	56	55	
Residential†	9	24	23	22	- 4	+155	+117	7	23	18	17	
Non-residential†	24	52	73	84	+ 14	+249	+261	21	47	67	72	
Public works and utilities†	80	112	146	156	+ 7	+ 94	+ 64	65	131	138	126	
Permits for building—17 cities	4	7	11	9	- 18	+100	+ 88	3	5	6	7	
Mortgages recorded—Philadelphia	6	15	11	30	+176	+414	+165	6	17	13	31	
Real estate deeds—Philadelphia	45	51	42	37	- 12	- 19	- 10	45	50	39	37	
Sheriff deeds (1930=100)					- 19*	- 46*	- 34*	137	93	91	74	
Other deeds (1930=100)					+ 0*	+ 8*	+ 14*	56	86	61	61	
Writs for Sheriff sales—Phila.	761	672	641	487	- 24	- 36	- 32	776	686	738	497	
<b>Distribution</b>												
<b>Retail trade—sales</b>	59	73	62	67p	+ 8	+ 12	+ 8	48	120	50	54p	
stocks	61r	63	67	67p	- 1	+ 9	59	60	60	64p		
<b>Wholesale trade—sales</b>	77	79	79	80p	+ 2	+ 4	+ 4	70	88	69	73p	
stocks	66	69	66	66	- 0	- 1	66	65	65	66		
Life insurance sales	105	101	101	88	- 13	- 16	- 23	121	106	90	101	
New passenger auto. registrations	98	245	112	74	- 34	- 24	+ 3	72	132	60	55	
Hotels—Occupancy (1934=100)					- 2*	+ 2*	+ 3*	110	96	114	112p	
Income, total (1934=100)					- 6*	+ 5*	+ 6*	113	110	125	118p	
Freight car loadings—total	60	65	65	64	- 1	+ 8	+ 9	58	59	58	62	
Merchandise and miscellaneous	60	65	64	60	- 7	+ 0	+ 5	55	57	55	55	
Coal	70	65	70	84	+ 20	+ 20	+ 12	76	69	75	92	
<b>Business liquidations</b>												
Number												
Amount of liabilities												
<b>Payment of accounts</b>												
Check payments	75	82	82	86	+ 4	+ 15	+ 15	75	89	84	86	
Rate of collections (actual)												
Retail trade	29	29	27	30	+ 9	+ 3	28	29	32	29		
Wholesale trade	68	65	70	75	+ 7	+ 10	63	70	69	70		
<b>Prices—United States</b>												
<b>WHOLESALE (1926=100)</b>					0*	+ 1*	+ 2*	80	81	81	81	
Farm products					+ 2*	+ 1*	+ 1*	79	78	78	79	
Foods					+ 0*	+ 1*	+ 3*	83	86	83	83	
Other commodities					+ 0*	+ 2*	+ 2*	77	79	79	79	
<b>RETAIL FOOD (1913=100)</b>					0*	+ 3*	+ 5*	122	128	126	126	
Philadelphia					- 1*	+ 3*	+ 5*	126	133	132	130	
Scranton					- 0*	+ 3*	+ 4*	124	129	128	127	

(In millions of dollars)	Feb. 1935	Nov. 1935	Dec. 1935	Jan. 1936	Feb. 1936	% change from	
						Month ago	Year ago
<b>Banking and Credit</b>							
<b>Federal Reserve Bank</b>							
Bills discounted	\$ 1	\$ (a)	\$ (a)	\$ (a)	\$ (a)		
Other bills and securities	171	185	184	184	184	0	+ 8
Member bank reserves	216	269	266	294	283	- 4	+ 31
Reserve ratio (per cent)	67.5	70.1	70.5	72.6	71.4	- 2	+ 6
<b>Reporting member banks</b>							
Loans to customers	\$421	\$402	\$402	\$400	\$398	- 0	- 5
Other loans and investments	661	698	706	727	746	+ 3	+ 13
Total (governments) deposits	1,247	1,306	1,319	1,373	1,370	- 0	+ 10
Bankers' acceptances outstanding	12.7	13.7	12.2	12.2	12.2	0	- 4

\* Computed from data unadjusted for seasonal variation.  
† 3-month moving daily average centered at 3rd month.  
(a) less than \$650,000.

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



Production in early March showed seasonal expansion, particularly in durable goods industries, but it was interrupted seriously by inundation. In February there was little change in output, although normally a seasonal gain occurs following January. Our index of productive activity, which is adjusted for seasonal variation and the number of working days, in February fell off to 73 per cent of the 1923-25 average as compared with 75 a month ago, 78 in December and 71 a year before.

Production of durable goods failed to maintain its usual level between January and February by about 4 per cent, while the change in the output of nondurable products was negligible. Compared with a year ago, the former showed a gain of 13 per cent, whereas operation at consumers' goods industries changed little.

In the first two months this year as compared with the same period last year the sharpest relative increases were reported by such industrial groups as metal products, transportation equipment, food and tobacco products, chemical and leather products, and building materials. The textile group as a whole registered a decline, owing to large reductions in the output of hosiery and silk manufactures.

Output and sales of electric power in this district showed additional increases during February and continued about 13 per cent larger than a year ago. In the first two months this year, sales for lighting purposes were 9 per cent above those for the same period last year. Similarly, consumption for power uses was 12 per cent larger, the sharpest gains occurring in the purchase of electric power by industries

and transportation companies. Preliminary reports for early March indicate that output of electric power has continued substantially above that of last year, though in the third week of that month some of the stations were affected badly by floods.

**Coal and other fuels.** Production of anthracite advanced sharply in February, reflecting continued demand stimulated by cold weather. Output in early March, however, was decidedly curtailed. Production and shipments of anthracite for the first two months of the year increased 14 per cent over the same period a year ago, but were somewhat below 1934. Stocks at producers' and retail yards, and electric power plants on February 1 were 10 per cent below last year, whereas supplies held by railroads were almost 50 per cent above a year ago. The index of employment again increased slightly in February and that of payrolls showed a marked gain comparable to that of production. The existing wage agreement between mine operators and workers which expired March 31 has been extended until May 1, pending negotiations.

Output of bituminous coal increased further during February, in contrast to the usual seasonal drop from the January volume. Output of bituminous coal for the two-month interval was above the same period last year and higher than any like interval since 1931. Shipments of coal chiefly for industrial consumption were 16 per cent larger than last year, and were the largest for the same period since 1930.

Output of by-product coke increased 2 per cent from January to February. For the first two months of the year

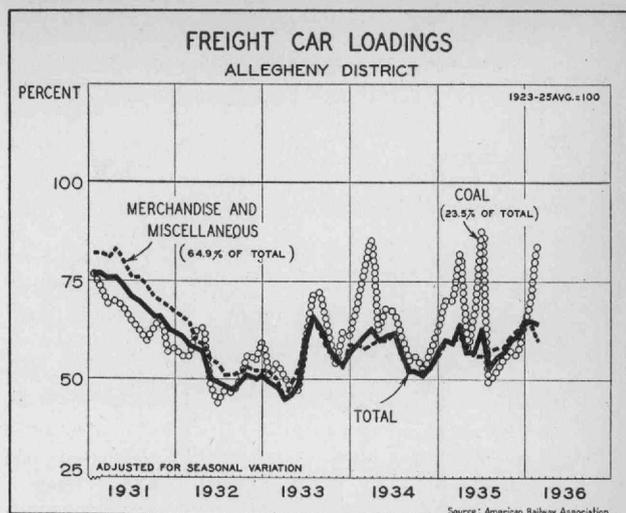
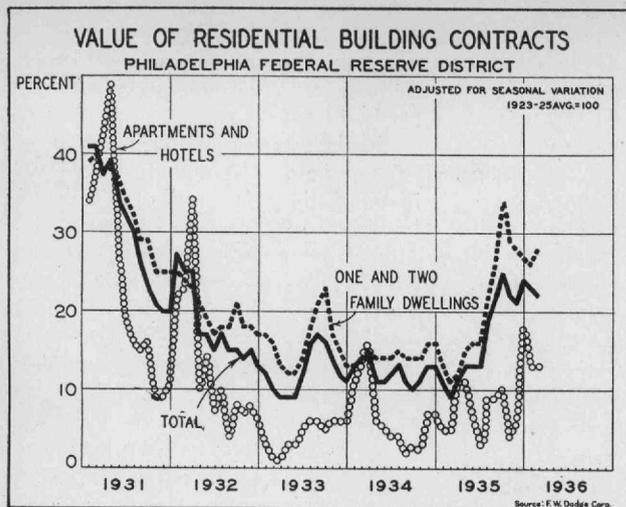
production was 16 per cent above that in the same period last year. Output of gas and fuel oil has continued to advance since October, and in February reached the highest point since 1930.

(Output and shipment figures are daily averages)	February 1936	Per cent change from	
		Month ago	Year ago
<b>Anthracite</b>			
Production . . . . . tons	263,900	+32	+38
Shipments . . . . . tons	263,721	+30	+47
Stocks . . . . . 1000 tons	1,217†	-36	-14
Prices . . . (1926 = 100)	82.6	+ 0	+ 0
Employment . . . . . No.	109,745	+ 4	- 4
<b>Bituminous</b>			
Production . . . . . tons	361,840	+11	+ 1
Shipments . . . No. cars	32,344	+16	+21
Prices . . . (1926 = 100)	100.1	+ 1	+ 4
Employment . . . . . No.	129,192	- 1	- 3
<b>Coke</b>			
Prod. (1923-25 = 100)	100.1	+ 2	+ 9
Prices . . . (1926 = 100)	93.7	+ 1	+ 6
<b>Gas and fuel oil</b>			
Prod. (1923-25 = 100)	136.3*	+ 3	+42
Prices . . . (1926 = 100)	69.3	+ 6	+18

Sources: Bureau of Mines and Bureau of Labor Statistics. \* Estimated. † February 1.

**Building and real estate.** The value of building contracts awarded in this district amounted to approximately \$9,400,000 in February, a decline of 33 per cent from a month before but an increase of 109 per cent as compared with a year ago. This contract total was the largest for any February since 1931 and was more than three times the dollar volume awarded in the same month of 1933, when the value of all contract awards reached the lowest level in many years.

The decrease in the month reflected a marked decline in contracts let for non-residential structures and public works and utilities, which more than offset a small gain in awards for residential buildings. In the case of family houses, which constitute by far the largest part of residential construction, the dollar volume of February awards showed an increase of about 2 per cent,



Building contracts Philadelphia Federal Reserve District	Feb. 1936 (000's omitted)	Per cent change	
		From month ago	1936 from 2 mos. 1935
<b>Residential</b> .....	<b>1,780</b>	<b>+ 3</b>	<b>+ 117</b>
Apts. and hotels.....	157	+19	- 48
Family houses.....	1,623	+ 2	+ 205
<b>Non-residential</b> .....	<b>4,135</b>	<b>-49</b>	<b>+ 261</b>
Commercial.....	846	-43	+ 124
Factories.....	383	+31	- 28
Educational.....	1,995	-53	+1,719
All other.....	911	-57	+ 183
Total buildings.....	5,915	-40	+ 215
Public works and utilities	3,467	-19	+ 64
Grand total.....	9,382	-33	+ 142

Source: F. W. Dodge Corporation.

instead of the usual seasonal decline. However small, this gain is nevertheless significant, since the trend in this type of building has been upward since early last year. Contracts awarded for factories, and apartments and hotels were considerably larger than in January, while those for educational and commercial buildings and certain unclassified structures, which have been increasing for several months, declined sharply in February. In the first two months this year the value of total awards was more than twice as large as a year ago, those for educational buildings and family dwellings showing the largest relative increases.

Ordinary conveyances of real estate in the first two months this year registered fairly large increases over a year earlier in the city areas of Philadelphia, York and Lancaster. The value of mortgages recorded, on the other hand, has been smaller thus far this year than last except in Philadelphia where it increased very sharply and was the largest for that period since 1932. Foreclosures have continued to decline in virtually all of the larger city areas. For example, in

Philadelphia the number of sheriff's deeds recorded in the first two months this year totaled 1,722 compared with 2,615 a year ago and an average for the period of 2,656 in the five years prior to 1935.

**Distribution, trade and service.** The value of retail trade sales in the aggregate was 12 per cent larger in February this year than last, as indicated by reports from department, apparel, shoe, and credit stores. Wearing apparel and credit stores showed the largest relative gains as compared with a year ago. In the case of department stores the increase over February of last year was 8 per cent for Philadelphia stores and 11 per cent for those located in other parts of the district. In the first two months this year total sales were 8 per cent larger than a year ago. Preliminary reports show that demand was well sustained in early March, but it is expected that sales were curtailed sharply after the middle of the month, when unprecedented floods occurred.

Inventories at retail establishments were 9 per cent larger at the end of February than a year earlier, those of department stores showing the smallest increase. The rate at which stocks of merchandise moved in the first two months this year was about 8 per cent more rapid than a year ago. The ratio of collections during February to receivables outstanding at the beginning of that month was about 3 per cent higher this year than last.

Business at wholesale, as measured by the dollar sales of eight important lines combined, increased about 2 per cent from January to February, after allowance is made for the usual seasonal change. In the first two months this year wholesale trade sales in the

aggregate showed an increase of 4 per cent over a year ago, a gain that was shared by all lines excepting dry goods and groceries.

Stocks at wholesale showed virtually no change from January to February and were about one per cent smaller than a year earlier. The rate of stock turnover was 2 per cent more rapid in the first two months this year than last. Collections in relation to outstanding balances increased appreciably during February and were 10 per cent higher than a year ago.

Total freight car loadings in this section showed a further small decline from January to February but continued about 8 per cent above the level of a year ago. Thus far this year total loadings of revenue freight have shown a gain of 9 per cent over the first two months of 1935, reflecting chiefly larger shipments of merchandise and miscellaneous commodities and coal. The volume of rail freight consisting largely of manufactures originating in the Philadelphia industrial area declined in February but increased in early March.

Sales of new passenger automobiles, as measured by registrations in this district, declined sharply in February, for the second consecutive month and were 24 per cent smaller than a year ago. This unfavorable comparison, while reflecting in part the earlier than usual introduction of new models last year and consequently a change in the buying habits of the consumer, may be attributed largely to the fact that unusually severe weather in February interfered with the normal movement of cars from factories to dealers. Despite these declines in the first two months this year, registrations thus far have

shown an increase of 3 per cent over a year ago and have been the largest for that period since 1930.

Activity at commercial hotels, excluding resort hotels, declined from January to February but continued larger than a year ago, as shown by room occupancy and income.

Hotel business Philadelphia Federal Reserve District	Feb. per cent change from		1936 from 2 mos. 1935
	Month ago	Year ago	
Capacity .....	0	+ 0	.....
Room occupancy .....	- 2	+ 2	+3
Per cent of capacity used:			
Feb. 1936 .....	47.5		
Jan. 1936 .....	52.1		
Feb. 1935 .....	51.2		
Income from:			
Guest rooms .....	- 4	- 0	+2
Food .....	-12	+10	+9
Other sources .....	- 6	+ 7	+8
Total revenue .....	- 6	+ 5	+6

**Banking conditions.** During February average reserve deposits of all member banks in this district were 95 per cent in excess of legal requirements. This ratio and that of 103 per cent recorded in January were the highest ever attained. On March 18 reserves aggregated 280 millions, about 2 millions above the level four weeks earlier. The small net increase, however, gives no indication of the substantial changes that took place in the period, the latter part of which was dominated by Treasury operations.

Reporting member banks (000,000's omitted)	Mar. 18, 1936	Changes in	
		Four weeks	One year
<b>Assets</b>			
Loans to brokers and dealers:			
In New York City .....	\$ 10	+\$ 1	-\$ 10
Outside New York City .....	20	+ 5	+ 5
Loans on securities to others (except banks) .....	148	+ 1	- 15
Acceptances and commercial paper bought .....	21	- 1	- 3
Loans on real estate .....	66	.....	- 6
Loans to banks .....	3	.....	+ 1
Other loans .....	169	+ 2	+ 2
Total loans .....	\$ 437	+\$ 8	-\$ 26
U. S. Government securities .....	326	+ 23	+ 26
Obligations fully guaran- teed by U. S. Govern- ment .....	102	- 13	+ 46
Other securities .....	299	+ 1	+ 30
Total loans and invest- ments .....	\$1,164	+\$19	+\$ 76
Reserve with Fed. Res. Bank .....	195	+ 1	+ 47
Cash in vault .....	14	.....	+ 1
Balances with other banks .....	170	.....	+ 12
Other assets—net .....	86	+ 1	- 4
<b>Liabilities</b>			
Demand deposits, ad- justed .....	750	- 15	+ 121
Time deposits .....	270	+ 10	- 21
U. S. Government de- posits .....	57	+ 26	- 5
Interbank deposits .....	308	- 3	+ 42
Borrowings .....	.....	.....	.....
Other liabilities .....	20	+ 2	- 8
Capital account .....	224	+ 1	+ 3

In the first three weeks member bank reserves climbed 37 millions to a new high of 314½ millions. This was due chiefly to a favorable balance of payments of over 39 millions in transactions with other districts and to net Treasury disbursements of 11 millions, which were only partly equalized by the repayment of one million to this bank in connection with industrial advances, a decline of 4 millions in reserve bank float, and an increase of 9 millions in currency demand. The latter change probably was due in part to increased payrolls in the anthracite region, as coal production was stimulated by severe weather in February.

These changes reflected to a considerable extent the operations of the reporting member banks and their customers. Reserves of these banks climbed 30 millions, chiefly as a result of funds derived from an increase in deposits from 1,367 to 1,382 millions and a reduction from 716 to 699 millions in their investment holdings. The principal change in securities was a drop of 13 millions in obligations fully guaranteed by the Federal Government.

Conditions changed materially in the week ending March 18. The due date for income taxes arrived and the district also made cash payments of 31 millions to the Treasury for new securities. The net of Treasury operations was a 41 million excess of receipts over disbursements. Although some funds were supplied by a 6½ million gain in transactions with other districts, the reserve balances of all member banks declined 34½ millions.

Figures of the reporting member banks for this week show a rise of 25 millions in holdings of Government securities, approximately equal to that portion of the allotments which they retained for their own account, and an accompanying expansion of 27 millions in deposits to the credit of the Gov-

ernment. Other classes of deposits dropped 24 millions, despite an increase in loans; this drop, chiefly in demand deposits adjusted, probably was due partly to tax payments and transfers of funds to other districts. The reporting banks accounted for 29 millions of the 34½ million decline in member bank reserve deposits.

Their loans in the aggregate climbed from 429 to 437 millions in the four-week period. Those made to the open market did not change in total, as a small rise in loans to brokers and dealers in New York City was balanced by a decline in holdings of purchased paper. The chief contributing factor was a rise from 15 to 20 millions in loans on securities to brokers located outside of New York. The volume of loans to customers without securities or real estate as collateral declined from 172 millions in mid-January to 165 millions on March 4, to be followed by a rise to 169 millions on the 18th. At this point they were 2 millions higher than a year ago.

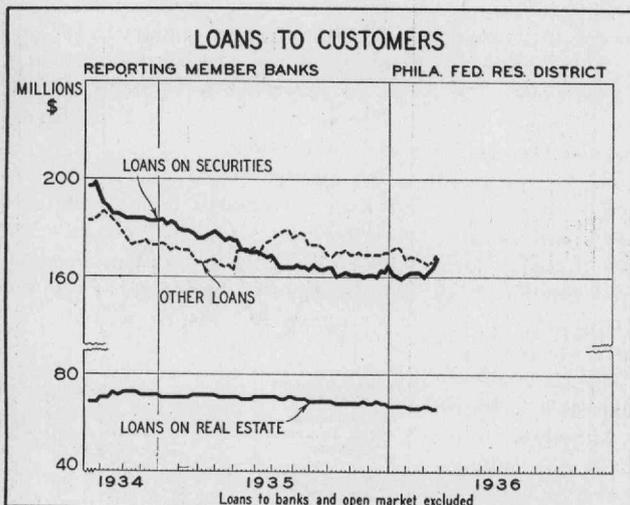
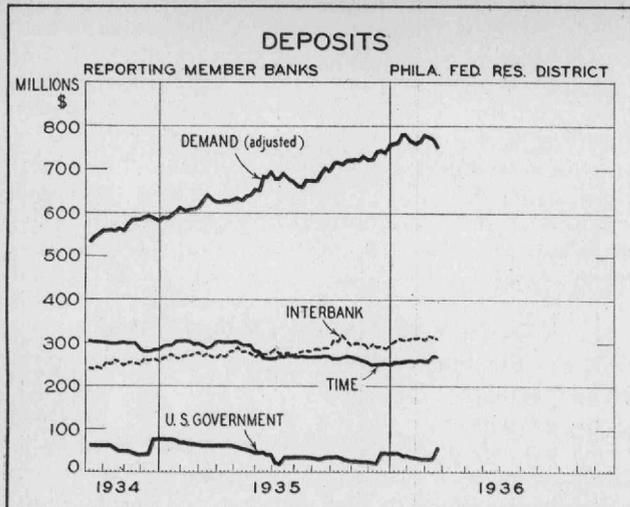
The district was allotted 77 millions of new Government bonds and notes on March 16. Of this amount 31¼ millions was paid for in cash, 37½ millions by deposit credit, and 8¼ millions by exchange for existing securities.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Mar. 18, 1936	Changes in	
		Four weeks	One year
Bills discounted .....	\$0.4	-\$0.1	-\$0.1
Bills bought .....	0.5	+ 0.0	- 0.1
Industrial advances .....	5.5	- 1.0	+ 1.8
United States securi- ties .....	177.1	0	+ 10.0
Total bills and securities .....	\$183.5	-\$1.1	+\$11.6
Fed. res. notes in circulation .....	277.1	+ 8.1	+ 43.5
Member bank reserve deposits .....	280.1	+ 2.4	+ 56.2
U. S. Treasurer— general account .....	44.3	+39.3	+ 32.9
Foreign bank de- posits .....	6.1	+ 1.6	+ 4.5
Other deposits .....	1.9	- 1.3	- 9.5
Total reserves .....	450.8	+56.0	+117.4
Reserve ratio .....	74.0%	+ 3.4%	+ 4.8%

#### MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (In millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Feb. 26	March 4	March 11	March 18	
<b>Sources of funds:</b>					
Reserve bank credit extended in district .....	- 2.2	- 0.4	- 2.8	- 0.4	- 5.8
Commercial transfers (chiefly interdistrict) .....	+16.4	+14.7	+ 8.7p	+ 6.6p	+46.4p
Treasury operations .....	+ 0.6	+ 5.0	+ 5.2p	-40.9p	-30.1p
Total .....	+14.8	+19.3	+11.1	-34.7	+10.5
<b>Uses of funds:</b>					
Currency demand .....	+ 3.8	+ 3.4	+ 2.1	+ 0.0	+ 9.3
Member bank reserve deposits .....	+11.1	+15.9	+ 9.9	-34.5	+ 2.4
"Other deposits" at reserve bank .....	- 0.2	+ 0.1	- 1.0	- 0.2	- 1.3
Unexpended capital funds of reserve bank .....	+ 0.1	- 0.1	+ 0.1	+ 0.0	+ 0.1
Total .....	+14.8	+19.3	+11.1	-34.7	+10.5

p—Preliminary.



## Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

### Manufacturing Indexes

	Employment*			Payrolls*			Employe-hours†	
	Feb. 1936 index	Per cent change from		Feb. 1936 index	Per cent change from		Feb. 1936—Per cent change from	
		Feb. 1935	Jan. 1936		Feb. 1935	Jan. 1936	Feb. 1935	Jan. 1936
<b>All manufacturing</b> .....	77	+ 2	+ 0	67	+ 8	+ 2	+11	+ 2
Iron, steel and products.....	66	+ 7	+ 0	62	+15	+ 0	+16	+ 0
Non-fer. metal prods.....	107	+15	+ 1	103	+24	+ 3	+25	+ 6
Transportation equip.....	60	+14	+ 6	53	+39	+11	+28	+ 8
Textiles and clothing.....	98	- 4	+ 0	83	- 9	+ 5	- 3	+ 3
Textiles.....	94	- 7	- 2	80	-11	+ 3	- 5	+ 2
Clothing.....	116	+ 9	+ 7	96	+ 1	+12	+ 6	+10
Food products.....	100	- 3	- 2	91	+ 3	+ 1	+ 1	- 0
Stone, clay and glass.....	67	- 2	- 0	53	+14	- 3	+ 8	- 3
Lumber products.....	54	+12	+ 1	37	+15	- 2	+17	+ 0
Chemicals and products.....	85	- 2	+ 1	74	- 2	+ 1	- 4	+ 0
Leather and products.....	93	- 4	- 1	83	- 5	- 1	- 4	- 1
Paper and printing.....	90	+ 0	+ 0	85	+ 6	+ 1	+ 4	+ 1
Printing.....	86	+ 2	+ 0	85	+ 6	+ 2	+ 3	+ 1
<b>Others:</b>								
Cigars and tobacco.....	65	+ 5	+ 3	48	+18	+ 3	+12	+ 5
Rubber tires, goods.....	72	- 7	- 4	60	- 5	- 0	- 0	- 2
Musical instruments.....	52	- 1	+113	44	- 8	+119	- 8	+107

\* Figures from 2,228 plants.

† Figures from 2,010 plants.

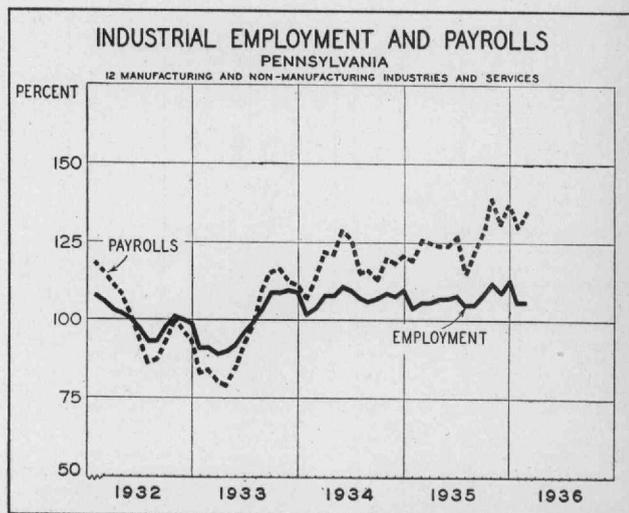
## General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Feb. 1936 index	Per cent change from		Feb. 1936 index	Per cent change from	
		Feb. 1935	Jan. 1936		Feb. 1935	Jan. 1936
<b>General index (weighted)</b> .....	106	- 0	- 0	135	+ 8	+ 4
Manufacturing.....	122	+ 2	+ 0	163	+ 8	+ 2
Anthracite mining.....	99	- 4	+ 4	144	+20	+41
Bituminous coal mining.....	122	- 3	- 1	205	+ 7	+ 8
Building and construction.....	43	- 7	-12	43	- 4	-13
Quarrying and non-met. mining.....	77	- 1	- 8	101	- 5	- 6
Crude petroleum producing.....	195	+21	+ 0	182	+18	+ 4
Public utilities.....	88	- 1	- 1	96	+ 7	+ 3
Retail trade.....	101	- 4	- 2	105	+ 2	- 0
Wholesale trade.....	106	+ 0	- 0	102	+ 4	+ 1
Hotels.....	104	- 2	+ 1	108	+ 2	+ 2
Laundries.....	93	+ 1	- 2	94	+ 4	- 3
Dyeing and cleaning.....	85	+ 2	- 1	79	- 5	-10

City areas*	Percentage change—February 1936 from February 1935				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+ 1	+ 8	+ 75	+ 6	+12
Altoona.....	0	+39	+ 69	- 1	+29
Harrisburg.....	+ 7	+14	- 47	+22	+20
Johnstown.....	- 2	+ 1	- 64	-17	+12
Lancaster.....	+ 9	+12	+ 43	+ 6	+ 7
Philadelphia.....	+ 4	+ 7	+176	+22	+ 8
Reading.....	+ 3	- 3	+772	+13	+ 9
Scranton.....	-10	- 5	- 67	+11	+ 4
Trenton.....	+ 0	+ 5	- 70	+ 7	+ 5
Wilkes-Barre.....	+ 1	- 3	+999	+12	+11
Williamsport.....	+ 1	+ 4	+614	+29	.....
Wilmington.....	+ 9	+13	+ 13	+38	+ 2
York.....	+ 9	+21	+121	+30	.....
	February 1936 from January 1936				
Allentown.....	- 0	- 0	+ 17	-18	+19
Altoona.....	+ 1	+18	+272	-10	+12
Harrisburg.....	+ 0	- 0	- 63	-19	+16
Johnstown.....	- 0	- 7	- 79	- 4	+54
Lancaster.....	- 1	- 1	+201	-12	- 5
Philadelphia.....	+ 0	0	- 19	- 9	+ 3
Reading.....	+ 1	+14	+ 68	- 9	+18
Scranton.....	- 1	+ 3	- 78	-13	+ 9
Trenton.....	- 1	- 2	- 28	-13	+21
Wilkes-Barre.....	+ 0	- 3	+1186	-17	+ 9
Williamsport.....	- 1	- 1	+817	- 8	.....
Wilmington.....	- 0	- 2	+ 32	-21	- 1
York.....	- 3	+ 5	- 16	-12	.....

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



# 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				
	Feb. 1935	Dec. 1935	Jan. 1936	Feb. 1936	Per cent change		Feb. 1935	Dec. 1935	Jan. 1936	Feb. 1936	
					Feb. 1936 from Month ago	1936 from 2 mos. 1935					
<b>Retail trade</b>											
<b>Sales</b>											
Total of all stores.....	59	73	62	67p	+ 8	+ 12	+ 8	48	120	50	54p
Department.....	57	69	57	62p	+ 9	+ 9	+ 7	47	122	47	51p
Men's apparel.....	57	63	70	65	- 7	+ 14	+ 14	46	106	65	53
Women's apparel.....	81r	102	85	94p	+11	+ 16	+ 10	60r	154	76	69p
Shoe.....	62	64	61	67	+ 9	+ 7	+ 1	47	82	48	51
Credit.....	53r	78r	57	63p	+12	+ 18	+ 25	48r	120r	37	56p
<b>Stocks of goods</b>											
Total of all stores.....	61r	63	67	67p	- 1	+ 9	.....	59r	60	60	64p
Department.....	53	52	53	54p	+ 2	+ 3	.....	50	50	47	51p
Men's apparel.....	56	65	78	62	-20	+ 10	.....	55	66	62	61
Women's apparel.....	90	95	98	97	- 1	+ 8	.....	84	88	83	91
Shoe.....	55	56	57	64	+12	+ 16	.....	52	56	54	60
Credit.....	71	77	81	83p	+ 2	+ 16	.....	70	72	77	81p
<b>Rate of stock turnover</b> 2 months (actual, not indexes).....								+ 8*	0.53		0.57
<b>Wholesale trade</b>											
<b>Sales</b>											
Total of all lines.....	77	79	79	80p	+ 2	+ 4	+ 4	70	88	69	73p
Boots and shoes.....	48	35	60	52	-14	+ 8	+ 11	34	33	37	37
Drugs.....	89	98	91	96	+ 6	+ 8	+ 5	91	100	93	98
Dry goods.....	42	40	40	42	+ 5	+ 1	+ 0	35	42	33	35
Electrical supplies.....	65	62	85	75p	-12	+ 15	+ 15	58	104	57	67p
Groceries.....	115r	115	110	116p	+ 6	+ 1	- 1	107r	116	103	108p
Hardware.....	41	56	42	44	+ 4	+ 8	+ 7	33	61	33	36
Jewelry.....	38	47	37	41	+12	+ 7	+ 3	27	96	21	29
Paper.....	66	72	70	69	- 1	+ 4	+ 10	65	68	72	68
<b>Stocks of goods</b>											
Total of all lines.....	66	69	66	66	- 0	- 1	.....	66	65	65	66
Boots and shoes.....	20	42	40	33	-18	+ 63	.....	24	33	41	39
Drugs.....	106	118	86	92	+ 7	- 13	.....	108	111	84	94
Dry goods.....	45	42	42	41	- 3	- 9	.....	43	36	40	40
Electrical supplies.....	90	92	106	104	- 2	+ 15	.....	85	82	101	98
Groceries.....	72r	68	67	65	- 2	- 9	.....	75r	70	69	68
Hardware.....	65	67	68	69	+ 2	+ 7	.....	67	64	69	71
Jewelry.....	57	75	66	67	+ 2	+ 19	.....	50	60	57	59
Paper.....	60	60	63	65	+ 3	+ 8	.....	59	57	61	64
<b>Rate of stock turnover</b> 2 months (actual, not indexes).....								+ 2*	1.06		1.08
<b>Output of manufactures</b>											
Pig iron.....	23	34	41	34	-17	+ 49	+ 76	24	33	40	35
Steel.....	54	67	66	60	-10	+ 10	+ 20	57	63	65	63
Iron castings.....	45	62	65	51p	-21	+ 15	+ 19	46	58	59	52p
Steel castings.....	51	63	58	60	+ 3	+ 18	+ 23	57	61	62	68
Electrical apparatus.....	76	83	84	80	- 4	+ 6	+ 4	73	81	79	77
Motor vehicles.....	10	18	15	12	-24	+ 13	+ 26	10	14	14	12
Automobile parts and bodies.....	45	81	73	56	-23	+ 24	+ 25	48	80	72	60
Locomotives and cars.....	19	24	25	25	+ 0	+ 34	+ 35	19	24	24	26
Shipbuilding.....	134	153	175	191	+ 9	+ 43	+ 46	131	161	178	187
Silk manufactures.....	101	94	89	73	-17	- 27	- 20	107	96	90	78
Woolen and worsteds.....	66	79	72	74	+ 3	+ 13	+ 14	68	73	73	77
Cotton products.....	40	48	48	46	- 6	+ 15	+ 18	43	51	49	49
Carpets and rugs.....	83	105	115	109	- 5	+ 32	+ 38	84	99	108	111
Hostery.....	129	115	96	107	+11	- 17	- 19	134	112	100	111
Underwear.....	113	136	117r	125	+ 7	+ 11	+ 10	123	134	115r	136
Cement.....	25	29	16	20	+29	- 19	- 25	18	24	11	14
Brick.....	30	39	37	34	- 9	+ 13	+ 25	29	38	34	32
Lumber and products.....	19	24	23	22	- 0	+ 17	+ 15	18	23	21	22
Bread and bakery products.....					+ 2*	+ 5*	+ 10*	86	90	89	90
Slaughtering, meat packing.....	78	85	85	84	- 0	+ 8	+ 5	79	91	92	85
Sugar refining.....	35	26	93	79	-14	+125	+237	46	17	64	103
Canning and preserving.....	50	51	51	53p	+ 3	+ 5	+ 5	46	51	50	49p
Cigars.....	82	96	86	101	+17	+ 23	+ 18	69	69	71	85
Paper and wood pulp.....	60	61	64	63	- 2	+ 6	+ 7	60	61	64	63
Printing and publishing.....	84	88	86	87	+ 1	+ 3	+ 4	84	89	86	87
Shoes.....	134	158	147	137	- 7	+ 2	+ 6	141	134	150	144
Leather, goat and kid.....	102	117	109	107p	- 2	+ 5	+ 11	111	127	116	116p
Explosives.....	77	74	82	81	- 0	+ 5	+ 12	77	73	82	81
Paints and varnishes.....	66	75	80	76	- 5	+ 14	+ 15	65	73	72	74
Petroleum products.....	136	156	139	143p	+ 3	+ 6	+ 4	134	155	138	142p
Coke, by-product.....	87	104	99	95	- 3	+ 9	+ 16	92	100	99	100

\* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

