

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
AUGUST 1, 1936

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FEDERAL RESERVE BANK of PHILADELPHIA

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Business and Banking Conditions in the United States

Volume of production, employment, and trade was sustained in June at the May level, although usually there is a decline at this season. Wholesale prices of commodities advanced between the middle of May and the third week of July, reflecting in part the effects of the drought.

Production and employment. The Board's seasonally adjusted index of industrial production increased from 101 per cent of the 1923-25 average in May to 105 per cent in June. Steel production continued at about 70 per cent of capacity in June and the first three weeks of July, although a considerable decline is usual at this season. Output of automobiles declined seasonally. The cut of lumber showed a seasonal rise in June following a substantial increase in the preceding month. Production increased at woolen mills and was sustained at cotton mills where a decline is usual in June. Output of foods increased.

Factory employment and payrolls showed a slight increase between the middle of May and the middle of June, contrary to seasonal tendency. Steel mills and plants producing machinery employed more workers, and at auto-

mobile factories there was less than the seasonal decline. At textile mills employment was unchanged, although a decline is usual in June, while the clothing industries reported a decrease in the number employed.

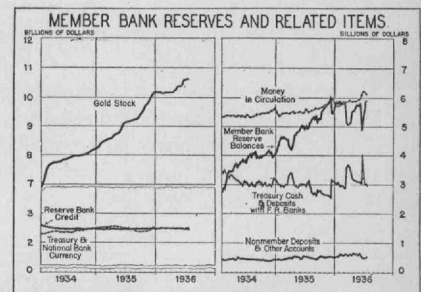
Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased somewhat from May to June and continued to be substantially larger than a year ago. There was a further increase in residential building.

Agriculture. Crop estimates by the Department of Agriculture on the basis of July 1 conditions indicated little change from last year for wheat and corn and considerable declines for oats, hay, potatoes, and tobacco. Since July 1 prospects have been reduced by extreme drought over wide areas. Cotton area in cultivation on July 1 was estimated by the Department of Agriculture at 30,600,000 acres compared with 27,900,000 acres last year and an average of 41,400,000 acres in the years 1928-1932.

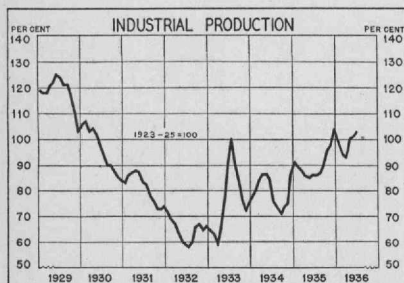
Distribution. Freight car loadings increased seasonally in June and the distribution of commodities to con-

sumers was maintained at the May level. In recent months retail trade as measured by sales of automobiles and by the volume of business of department, variety, and mail order stores has expanded considerably.

Commodity prices. The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced by about 3 per cent between the middle of May and the third week of July, following a decline of about the same amount earlier in the year. Prices of wheat, flour, feed grains, and dairy products advanced sharply, owing primarily to the drought, and there were increases also in the prices of hogs and pork,



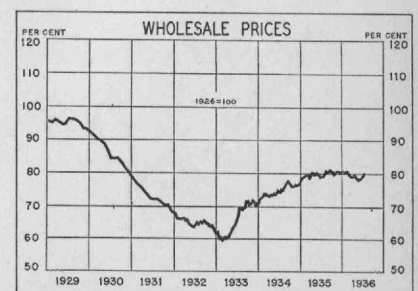
Wednesday figures. January 31, 1934, to July 22, 1936.



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



Index of number employed, adjusted for seasonal variation.



Index compiled by the United States Bureau of Labor Statistics. By months, 1929 to 1931; by weeks, 1932 to date. Latest figure is for week ending July 18, 1936.

cotton and cotton textiles, silk, rubber, copper, and finished steel.

Bank credit. Gold imports, which had been in large volume in May and June, declined in July. Funds held by the Treasury as cash and on deposit with Federal Reserve banks declined, as the result of disbursements in connection with the cashing of veterans' service

bonds. Consequently reserve balances of member banks, which had declined in June, rose once more to their previous level.

Total loans and investments of reporting member banks in leading cities, after increasing sharply at the end of May and the early part of June, declined somewhat in the four weeks

ending July 15, reflecting largely a reduction in loans to security brokers and dealers in New York City. Balances held for domestic banks increased by \$800,000,000 during the period, as a consequence of reposit with reporting banks of a considerable part of funds acquired by banks through Treasury disbursements.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Philadelphia Federal Reserve District has been well sustained since April at the highest level since 1930. Industrial production comprising output of factories, coal mines and oil fields has shown additional gains during June; this bank's adjusted index rose to 86 as compared with 85 in May, 83 in April and 74 a year ago. Building operations continue seasonally active, although the value of contracts awarded and permits issued declined from May with the exception of public works and utilities.

The condition of farm crops and livestock in this section apparently does not reflect the same severity of drought as in other parts of the country. Prices of farm products and foods have advanced during the month, and largely as a consequence of this rise total income from the sale of farm products, particularly dairy and poultry, has increased sharply, reaching lately the largest amount in several years with one exception.

The value of retail and wholesale trade sales during June changed little seasonally but continued appreciably greater than a year ago. Early reports for July also indicate that de-

mand at retail has been more active than last year. Inventories declined in the month but were somewhat larger than at the end of June last year. Sales of automobiles in June fell off sharply but were substantially above a year ago. Life insurance sales increased further. Business at commercial hotels showed large expansion during June, owing mainly to increased activity in Philadelphia. Freight and passenger traffic in this area also increased and the current level compares well with the usual seasonal estimates for this period with the exception of coal.

Industrial employment and payrolls showed little change from the middle of May to the middle of June and continued noticeably larger than a year ago. Early reports from manufacturing industries indicate that activity in July has been close to that of June, although usually marked declines occur at this time.

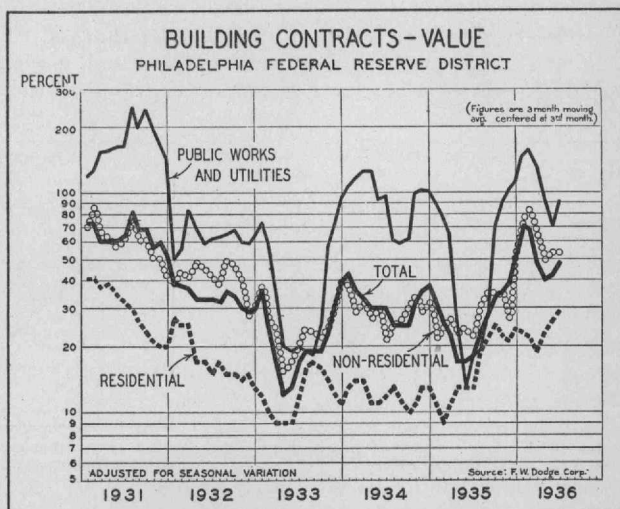
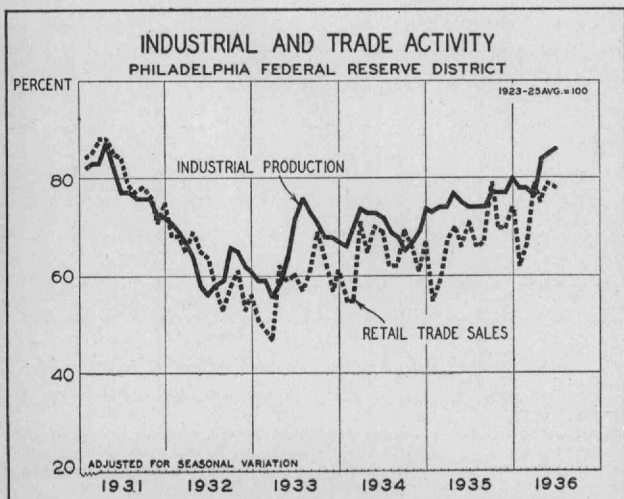
Manufacturing. Demand for factory products on the whole has continued fairly active, although seasonal influences are apparent in certain lines of manufacturing. Sales of iron and steel products, including machinery and

machine tools, structural materials, engines and pumps and electrical apparatus, have increased and the volume of unfilled orders at present is larger than a year ago. Similarly, the demand for silk, cotton and wool manufactures has expanded somewhat since the middle of last month, as indicated by forward commitments. Sales of other durable and non-durable products have continued larger than a year ago.

Prices of manufactures, especially certain textile and metal products, chemicals and building materials, have advanced during the past month. The price index of the Bureau of Labor Statistics for all commodities except farm products and foods was 79.4 on July 18 as compared with 78.7 a month ago, 77.9 a year ago and 78.6 two years earlier.

Inventories of finished goods at reporting plants for the most part show little change and, with a few exceptions, are smaller than last year. Stocks of most raw materials also appear to be considerably smaller than they were at this time last year.

The number of wage earners employed in manufacturing and the



Business Indicators

Philadelphia Federal Reserve District

amount of wage disbursements showed gains of about 2 per cent from the middle of May to the middle of June. Preliminary reports for July indicate that the June level was maintained despite the usual seasonal decline. Compared with June 1935 employment, payrolls and working time have continued substantially larger.

The June employment index number for Pennsylvania was 80.4, relative to the 1923-25 average, or 7.3 per cent higher than a year ago. The payroll index was almost 76, or 27 per cent higher than last year. Estimates indicate that all Pennsylvania factories about the middle of June this year employed approximately 866,000 wage earners and paid out in wages a total of \$19,439,000 a week. The average earnings of wage earners at reporting plants were about \$22.81 a week, or virtually the highest since 1930.

Delaware factories reported a gain of about 5 per cent in employment, payrolls and working time from May to June. Compared with a year ago employment was 5 per cent larger and payrolls almost 16 per cent greater. Reports from factories in southern New Jersey also show gains in the month and as compared with last year, although labor difficulties in that part of the district necessarily affected the current change.

Output of manufactures has continued gradually upward. On a seasonally adjusted basis, this bank's index of productive activity in June rose to 84 per cent of the 1923-25 average as compared with 83 in May and 81 in April; a year ago this index was 69. The rate of manufacturing activity in the first half of this year has averaged about 10 per cent higher than in the same period last year and in June was the highest for that month since 1930 when production was declining sharply.

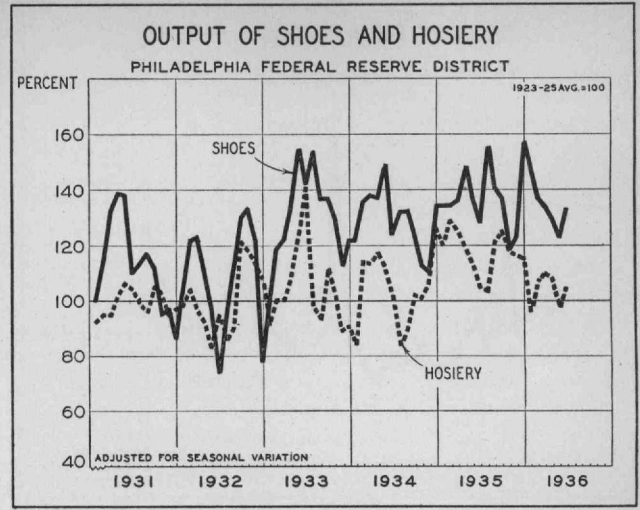
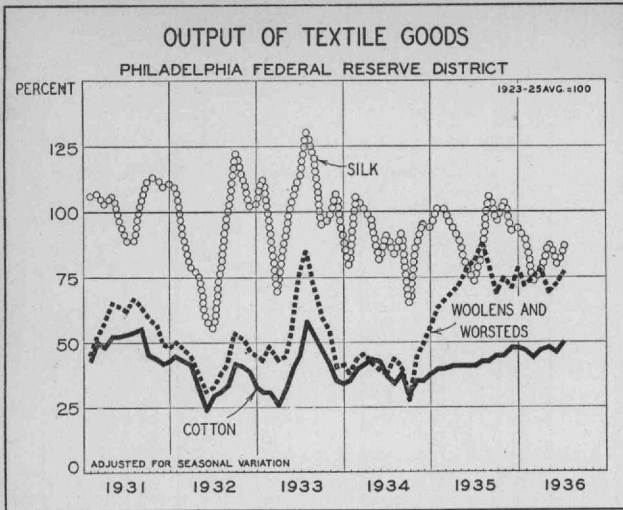
Activity of industries producing consumers' goods, particularly knit goods, silk, wool and cotton manufactures, shoes, and some of the food products, showed a marked improvement from May to June. The group comprising the durable goods industries showed a small decline, owing mainly to recessions in some of the transportation equipment lines and in such building materials as cement and brick, which more than offset gains in iron and steel and their products. For the year to date the output of durable goods

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation						Not adjusted					
	June 1935	Apr. 1936	May 1936	June 1936	Per cent change		June 1935	Apr. 1936	May 1936	June 1936		
					June 1936 from 6 mos. 1935	1936 from 6 mos. 1935						
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
	June 1935	Apr. 1936	May 1936	June 1936	Month ago	Year ago	June 1935	Apr. 1936	May 1936	June 1936		
Industrial production												
Manufacturing—total	74	83	85	86p	+ 1	+ 15	+ 8	73	81	84	84p	
DURABLE GOODS	69	81	83	84p	+ 2	+ 21	+ 10	69	79	81	83p	
CONSUMERS' GOODS	83	87	87	89p	- 1	+ 50	+ 28	83	87	87	89p	
Metal products	58	82	84	86	+ 3	+ 8	+ 1	58	80	84	87	
Textile products	80	85	79	83p	+ 3	+ 49	+ 25	59	80	84	87	
Transportation equipment	33	70	76	75	+ 5	+ 4	+ 4	78	81	77	81p	
Food products	73	74	78	81p	- 1	+ 127	+ 63	34	73	79	75	
Tobacco and products	89	98	100	88	+ 3	+ 11	+ 7	69	73	76	77p	
Building materials	31	38	45r	42p	- 12	- 1	+ 8	96	89	97	95	
Chemicals and products	106	110	118	118p	- 6	+ 34	+ 23	34	38	46r	46p	
Leather and products	116	122	125	117p	- 0	+ 11	+ 11	107	112	120	118p	
Paper and printing	83	84	85	86	+ 1	+ 0	- 1	114	120	114	114p	
Coal mining	95	64	69	67p	- 4	+ 4	+ 4	82	85	86	85	
Anthracite	97	63	69	66p	- 4	- 32	- 11	83	65	69	58p	
Bituminous	79	73	73	73	+ 1	- 6	+ 5	85	65	69	57p	
Crude oil	372	409	417	404	- 3	+ 9	+ 1	69	66	65	65	
Electric power												
Output	203r	229	228	229	+ 0	+ 13	+ 12	193r	224	212	218	
Sales, total†	193	215	214	218	+ 2	+ 13	+ 13	187	222	205	212	
Sales to industries†	146	158	160	156	- 3	+ 6	+ 13	148	160	163	157	
Employment and wages—Pa.												
Factory—Wage earners												
Payrolls					+ 2*	+ 7*	+ 4*	75	79	79	80	
Man-hours (1927-28 = 100)					+ 2*	+ 27*	+ 15*	60	73	74	76	
General (1932 = 100)					+ 2*	+ 34*	+ 21*	60	76	79	80	
Employment					+ 1*	+ 5*	+ 3*	108	112r	112	113	
Payrolls					- 0*	+ 17*	+ 12*	127	141	148r	148	
Building and real estate												
Contracts awarded†—total	18	40	42	49	+ 15	+ 172	+ 146	20	47	51	56	
Residential†	13	24	26	29	+ 9	+ 117	+ 102	16	27	33	34	
Non-residential†	22	49	53	53	- 1	+ 138	+ 146	26	55	60	62	
Public works and utilities†	18	90	70	92	+ 31	+ 404	+ 198	21	85	82	104	
Permits for building—17 cities	7	24	20	13	- 36	+ 76	+ 139	9	34	22	16	
Mortgages recorded—Philadelphia	5	7	7	7				5	8	7		
Real estate deeds—Philadelphia	40	36	45					44	35	49		
Sheriff deeds (1930 = 100)								109	48	100		
Other deeds (1930 = 100)								64	69	81		
Writs for Sheriff sales—Phila.	765	676	525	558	+ 6	- 27	- 32	765	709	551	558	
Distribution												
Retail trade												
—sales	71	75	79	78p	- 1	+ 11	+ 10	69	79	81	77p	
—stocks	63	68	69	67p	- 3	+ 8		60	70	69	64p	
Wholesale trade												
—sales	80	83	89	88p	- 2	+ 9	+ 7	77	77	83	84p	
—stocks	66	70	69	68p	- 1	+ 3		64	70	68	66p	
Life insurance sales	98	88	94	99	+ 4	+ 1	- 9	102	98	101	103	
New passenger auto. registrations	92	110	138	127	+ 8	+ 38	+ 26	128	165	199	177	
Hotels—Occupancy (1934 = 100)					+ 6*	+ 22*	+ 8*	106	129	121	128p	
Income, total (1934 = 100)					+ 20*	+ 43*	+ 12*	102	135	121	145p	
Freight car loadings—total	63	68	68	68	- 1	+ 8	+ 10	62	66	70	69	
Merchandise and miscellaneous	56	67	69	69	- 0	+ 22	+ 12	58	69	72	71	
Coal	88	70	69	65	- 6	- 26	- 3	77	63	64	56	
Business liquidations												
Number					+ 15*	- 17*	- 16*	92	66	66	76	
Amount of liabilities					+ 98*	- 8*	- 35*	48	23	22	44	
Payment of accounts												
Check payments	80	77	80	81	+ 1	+ 1	+ 7	83	77	79	84	
Rate of collections (actual)												
Retail trade	30	30	31	32	+ 3	+ 9		31	30	32	34	
Wholesale trade	65	74	72	72	+ 1	+ 11		67	72	72	75	
Prices—United States												
WHOLESALE (1926 = 100)												
Farm products					+ 1*	- 1*	+ 0*	80	80	79	79	
Foods					+ 4*	- 0*	- 2*	78	77	75	78	
Other commodities					+ 2*	- 4*	- 2*	83	80	78	80	
RETAIL FOOD					+ 0*	+ 1*	+ 1*	78	79	79	79	
Philadelphia					+ 4*	+ 2*	+ 1*	82	79	80	83	
Scranton					+ 5*	+ 4*	+ 2*	83	82	82	86	
Scranton					+ 4*	+ 1*	+ 1*	79	76	78	81	

(In millions of dollars)	June 1935	Mar. 1936	Apr. 1936	May 1936	June 1936	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ 1	\$ (a)	\$ (a)	\$ (a)	\$ (a)	+ 1	+ 3
Other bills and securities	178	183	183	183	184	0	+ 2
Member bank reserves	227	295	292	276	276	+ 1	+ 9
Reserve ratio (per cent)	67.3	73.4	74.1	73.1	73.5		
Reporting member banks							
Loans to customers	\$ 417	\$ 402	\$ 410	\$ 410	\$ 413	+ 1	- 1
Other loans and investments	670	745	757	763	763	0	+ 14
Total (gross) deposits	1,266	1,382	1,389	1,371	1,374	+ 0	+ 9
Bankers' acceptances outstanding	12.9	12.3	11.2	10.6			

* Computed from data unadjusted for seasonal variation.
 † 3-month moving daily average centered at 3rd month.
 (a) Less than \$500,000.

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



was 28 per cent greater than in the same period last year. In consumers' goods, the rate of production was but slightly higher than last year and in the case of the textile group factory activity averaged 4 per cent less.

Output of electric power in June was maintained at about the same high level as in the preceding month. Total sales of electricity were similarly held and were 13 per cent larger in the first six months this year than last. Industrial consumption of electrical energy declined by a somewhat larger amount than usual from May to June but continued appreciably larger than a year ago.

Coal and other fuels. After increasing for two months, the output of anthracite as well as employment in this industry declined sharply during June, reflecting the usual summer dullness in demand as evidenced by smaller shipments. In early July production slackened further. The supply of anthracite fuel held by producers, distributors and consumers appears to be considerably larger than it was last year, except for a decline in stocks at

electric power plants. Prices have advanced slightly and are about 4 per cent higher than a year ago.

Bituminous coal mined during June was in about the same volume as in the previous month but not as large as a year ago. The July level of production has been about the same as that in May-June. Production for the year to date has been in approximately the same volume as in the first six months last year.

Output of by-product coke has continued upward since April; usually production declines from May to June. For the six-month period, output was 25 per cent larger than in the same period last year. The employment and payroll indexes for June remained practically the same as in May. Production of gas and fuel oils fell off somewhat in June after an upturn in the previous month. Output of these fuels was substantially larger in the first six months this year than last.

Building. The value of contracts awarded for all types of construction during June totaled about \$14,442,000,

The largest gain during the month and over a year ago was in public works; contracts for non-residential buildings declined somewhat from May to June, though they continued larger than last year. There was also a decrease in contract awards for residential buildings during June but a marked increase over last year, particularly in the case of family houses. Operations on residential contracts accumulated over past months reached in June the highest level since early 1931. The table gives detailed comparisons.

The volume of current operations, as indicated by employment, has increased further and is substantially larger than a year ago. The largest gain in employment and payrolls occurred in the construction and repair of streets and highways. Employment in the production of building materials has increased steadily since February. The index of wage earners employed in seven industries of Pennsylvania producing important building materials in June rose to about 68, relative to the 1923-25 average, or the highest level shown for any month since 1930. The depression low index number was around 39.

Prices of building materials have continued firm.

Agriculture. The condition of farm crops in this district as of July 1 compared rather well with the average for 1928-32 but the indicated yield appears to be smaller this year than last in the case of grains, potatoes, and hay. Estimated production of tobacco, on the other hand, is larger than a year ago and is up to the average volume. There have been frequent rains in the past month but the benefits from them have been somewhat nullified by short intervals of intense heat, particularly in July, having an especially bad effect

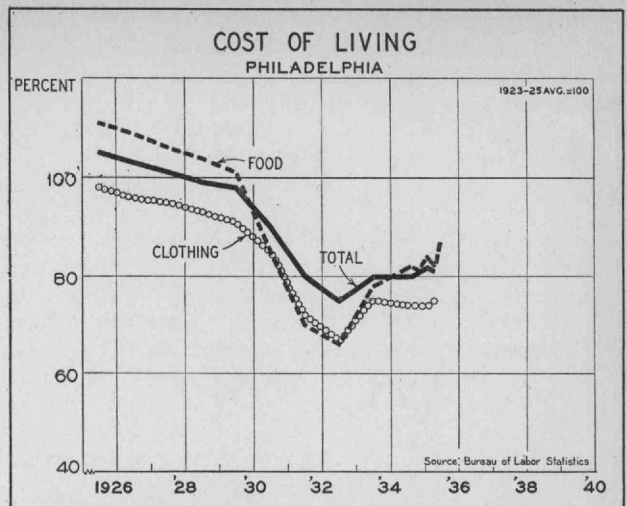
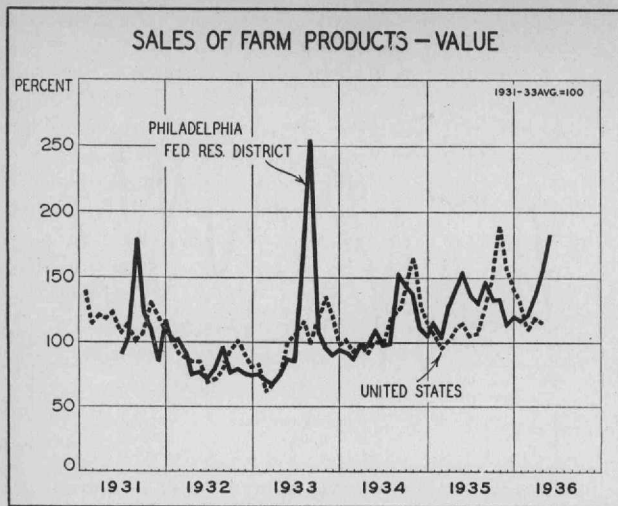
(Output and shipment figures are daily averages)	June 1936	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	152,200	- 17	-33
Shipments..... tons	146,495	- 21	-32
Stocks..... 1000 tons	853†	+131	+21
Prices..... (1926=100)	77.0	+ 1	+ 4
Employment..... No.	91,862	- 7	- 9
Bituminous			
Production..... tons	308,100	- 1	- 6
Shipments..... No. cars	20,743	- 2	-11
Prices..... (1926=100)	96.5	0	+ 0
Employment..... No.	125,299	- 1	- 7
Coke			
Prod. (1923-25=100)	113.8	+ 2	+42
Prices..... (1926=100)	93.7	0	+ 6
Gas and fuel oil			
Prod. (1923-25=100)	124.3*	- 3	+21
Prices..... (1926=100)	72.2	- 3	+12

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

Building contracts Philadelphia Federal Reserve District	June 1936 (000's omitted)	Per cent change	
		From month ago	1936 from 6 mos. 1935
Residential	\$ 3,532	-20	+102
Apts. and hotels.....	196	- 5	- 36
Family houses.....	3,336	-20	+131
Non-residential	5,541	- 6	+146
Commercial.....	1,478	+49	+112
Factories.....	489	- 3	- 14
Educational.....	2,381	-31	+793
All other.....	1,193	+24	+ 56
Total buildings	9,073	-12	+128
Public works and utilities	5,369	+58	+198
Grand total	\$14,442	+ 5	+146

Source: F. W. Dodge Corporation.

which was a substantial increase over a year ago but was only about 55 per cent as compared with the 1923-25 average.



on pastures and hay fields. The accompanying table compares the indicated yield of certain crops as of July 1 with the volume harvested last year.

Crop condition Philadelphia Federal Reserve District (000's omitted)	1935 yield	1936 indicated yield
Wheat.....bu.	19,083	16,564
Corn.....bu.	54,140	45,897
Oats.....bu.	16,699	14,645
Potatoes, white.....bu.	24,888	21,208
Hay, tame.....tons	2,412	1,777
Tobacco.....lbs.	28,488	31,850

Official reports indicate that the supply of grains held by farmers in this section on July 1 was noticeably larger than a year ago and as compared with the average for earlier years. Reserve supplies of dairy products in the country appear to be smaller than in other years; nor are the stocks of eggs large in comparison with records for other years, except in the case of frozen eggs.

The estimated production of orchard fruits, particularly apples, seems to be substantially smaller than last year and as compared with the average. The number of acres planted to truck crops for commercial canning or manufacture in this section has been relatively large but no official figures on the growth of these crops are yet available; naturally a prolonged drought would affect their condition adversely.

The volume of milk produced per cow in this section, according to the report as of July 1, was about the same as a year ago but larger than the average from 1925 to 1934. Consumption of milk has been increasing and prices have continued firm. Output of dairy products has expanded steadily since early spring. This is also true of dressed poultry and poultry products.

The amount of cash realized by farmers from the sale of their prod-

ucts, particularly dairy and poultry products, has continued steadily upward for four months, as indicated by the accompanying chart. This rise in part reflects higher prices.

Distribution, trade and service. Dollar sales by department, apparel, shoe and credit stores in this district during June were about 11 per cent larger than a year ago. The decline from May to June was 5 per cent, which is close to the usual seasonal rate of drop for this period. Sales by chain and mail-order stores in June were either sustained at the high level of May or increased further and were among the largest monthly sales in several years. Business in July appears to have continued larger than a year ago. In the first half of this year the value of retail trade sales by reporting stores was 10 per cent larger than in the same period last year, the most noticeable increases occurring in wearing apparel and such household equipment as furniture and electrical appliances. All trading areas have shared in this gain, reflecting largely improved industrial conditions and consequent gain in income.

Inventories at retail establishments were 7 per cent smaller at the end of June than a month before but 8 per cent larger than a year ago, reflecting in part higher prices for certain classes of merchandise. The rate of stock turnover this year has been 7 per cent higher than last year. The volume of accounts settled by customers in relation to receivables increased 3 per cent and was 9 per cent larger than a year ago.

The value of wholesale trade sales in June was 9 per cent larger than a year ago. A slight increase from May to June was of smaller proportion than

is usual for this period. Favorable changes in the sales of drugs, groceries and jewelry were somewhat more than offset by declines in shoes, dry goods, electrical supplies, hardware and paper. Aggregate sales in the first half of this year were 7 per cent larger than last year, reflecting higher prices and increased demand.

The supply of merchandise at wholesale establishments declined during the month but was slightly larger than a year ago. The rate of stock turnover was 5 per cent greater this year than last. The ratio of collections during June to receivables at the beginning of that month was slightly higher than in May and about 11 per cent above that in June 1935.

The sale of passenger automobiles during June declined rather sharply, following a new high record volume sold in May. The registration index of new passenger automobiles in this district dropped from about 138 in May to 127 in June. The number of new cars sold so far this year exceeds last year's volume by 26 per cent. Buying of new and used automobiles on the installment plan has been increasing at a very rapid rate both in the number of cars and in the amount of retail financing involved.

The volume of freight car loadings in this section on the whole has changed little since early May, despite a rather sharp decline in the shipment of coal. The movement of merchandise, chiefly manufactured goods, from the Philadelphia area was somewhat larger in June than in May and in early July continued close to the June level. For the year to date shipments of merchandise and miscellaneous commodities were 12 per cent larger while loadings of coal were 3 per cent smaller than last year.

Business at commercial hotels during June increased substantially as compared with May and a year ago. This expansion, particularly in the revenue from all sources, reflects chiefly the activity of Philadelphia hotels, especially during the convention period. In fact the revenue of commercial hotels outside Philadelphia declined from May to June except for income from guest rooms. Employment and payrolls in all hotels, seasonal as well as year-round, increased in June and continued larger than last year. Further details for commercial hotels follow:

Hotel business Philadelphia Federal Reserve District	June per cent change from		1936 from 6 mos. 1935
	Month ago	Year ago	
Capacity.....	- 0	+ 0	.....
Room occupancy.....	+ 6	+22	+ 8
Per cent of capacity used:			
June 1936.....	59.4		
May 1936.....	54.3		
June 1935.....	49.3		
Income from:			
Guest rooms.....	+27	+46	+11
Food.....	+ 6	+35	+12
Other sources.....	+28	+56	+12
Total revenue.....	+20	+43	+12

Banking conditions. Much interest has been manifested in the extent to which veterans have turned in adjusted service bonds for redemption. The following table, giving adjusted service checks charged against the Treasurer's account at this bank, reveals a pronounced slowing down in the rate at which bonds have been presented.

(000's omitted)	Bond redemptions	Fractional amounts	Totals
June 16-17.....	\$ 35	\$1,228	\$ 1,263
Week of June 24.....	30,639	2,336	32,975
July 1.....	23,443	385	23,828
July 8.....	6,274	168	6,442
July 15.....	3,149	96	3,245
July 22.....	2,378	69	2,447
Total.....	\$65,918	\$4,282	\$70,200

As noted last month some banks evidently accumulated currency in anticipation of the cashing of adjusted service checks even before the bonds were issued. From June 17 to July 4 there was a further rise of 15¼ millions in currency demand, some part of which was due to the usual holiday needs; last year in the same period the rise was only 6¼ millions. From July 4 to July 22 the net return flow was 10½ millions this year, as compared with 7¾ millions in 1935.

Over the five weeks ending July 22 the excess of Treasury disbursements over local receipts reached the large total of 88 millions. The funds so pro-

vided by the Government were much more than sufficient to offset an adverse balance of payments of 23 millions in commercial and financial transactions with other districts and an increase in currency demand, with the result that member bank reserve deposits increased from 260 to 319½ millions, or 93 millions higher than a year ago.

In the first twenty-two days of July member bank reserve deposits averaged 316½ millions. Member bank reserves averaged 268 millions in the last half of June and then were 119 millions or 79 per cent in excess of legal requirements.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	July 22, 1936	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 0.2	-\$ 0.2	-\$ 0.3
Bills bought.....	0.3	+ 0.0	- 0.1
Industrial advances.....	5.1	- 0.0	+ 1.5
United States securities.....	211.2	+ 34.0	+ 34.0
Total bills and securities.....	\$216.8	+\$33.8	+\$35.1
Federal res. note circulation.....	297.1	+ 5.7	+ 61.4
Member bank reserve deposits.....	319.5	+ 59.5	+ 93.1
U. S. Treasurer—general account.....	19.7	- 38.5	+ 18.1
Foreign bank deposits.....	5.6	- 0.1	+ 3.0
Other deposits.....	1.6	- 1.9	- 0.2
Total reserves.....	449.6	- 7.2	+140.7
Reserve ratio.....	69.9%	- 3.9%	+ 3.9%

The reserve bank's holdings of United States securities increased from 177 to 211 millions. This did not involve any local extension of credit, as it represented only an increased participation in the Federal Reserve System's holdings of such securities, which continued to approximate 2,430 millions.

In the same period of five weeks deposits of the reporting member banks increased from 1,368 to 1,428 millions. While the greater part of this growth took the immediate form of an expansion in balances held for other banks, it appears probable that payments to veterans were the princi-

pal source. The outstanding credit of these banks showed little change and balances with correspondents increased only 8 millions, the bulk of the funds being reflected in a rise of 47 millions in reserves at the reserve bank.

Loans to customers on securities increased from 167 to 171 millions, owing to a rise of 6 millions in those made to brokers and dealers outside of New York. The so-called commercial (all other) loans touched a high for the year at 185 millions on July 1,

Reporting member banks (000,000's omitted)	July 22, 1936	Changes in	
		Five weeks	One year
Assets			
Loans to brokers and dealers:			
In New York City.....	\$ 9	-\$ 1	-\$ 4
Outside New York City.....	24	+ 6	+ 12
Loans on securities to others (except banks).....	147	- 2	- 5
Acceptances and commercial paper bought.....	22	- 1	- 1
Loans on real estate.....	63	- 1	- 8
Loans to banks.....	2	.....	- 1
Other loans.....	181	+ 2	+ 2
Total loans.....	\$ 448	+\$ 3	-\$ 5
U. S. Government securities.....	322	- 1	+ 31
Obligations fully guaranteed by U. S. Gov't.....	105	+ 2	+ 29
Other securities.....	313	- 2	+ 40
Total loans and investments.....	\$1,188	+\$ 2	+\$95
Reserve with Fed. Res. Bank.....	225	+ 47	+ 76
Cash in vault.....	15	.....	+ 2
Balances with other banks.....	155	+ 8	+ 2
Other assets—net.....	87	- 1	- 2
Liabilities			
Demand deposits, adjusted.....	\$ 763	+\$18	+\$86
Time deposits.....	276	+ 9	+ 5
U. S. Government deposits.....	71	- 1	+ 37
Interbank deposits.....	318	+ 34	+ 40
Borrowings.....	.....	.....	.....
Other liabilities.....	21	- 1	+ 5
Capital account.....	221	- 3	.....

but subsequently receded to 181 millions, a point only 2 millions above five weeks or a year earlier. Declines of one or two millions each were recorded in loans on real estate, in holdings of open market paper, and in investments.

Comparison of the latest figures with those of a year ago reveals an increase of 168 millions in deposits.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (In millions of dollars)	Changes in weeks ending—					Changes in five weeks
	June 24	July 1	July 8	July 15	July 22	
Sources of funds:						
Reserve bank credit extended in district.....	- 1.9	- 0.5	- 0.1	+ 2.0	- 2.0	- 2.5
Commercial transfers (chiefly interdistrict).....	- 7.9	-10.0	+15.5	- 4.8	-15.9	-23.1
Treasury operations.....	+32.5	+26.4	+13.8	+ 7.3	+ 7.9	+87.9
Total.....	+22.7	+15.9	+29.2	+ 4.5	-10.0	+62.3
Uses of funds:						
Currency demand.....	+11.4	+ 2.7	- 2.5	- 2.2	- 4.6	+ 4.8
Member bank reserve deposits.....	+13.3	+12.8	+31.8	+ 6.9	- 5.3	+59.5
"Other deposits" at reserve bank.....	- 2.0	+ 0.6	- 0.2	- 0.1	- 0.2	- 1.9
Unexpended capital funds of reserve bank.....	+ 0.0	- 0.2	+ 0.1	- 0.1	+ 0.1	- 0.1
Total.....	+22.7	+15.9	+29.2	+ 4.5	-10.0	+62.3

Although 40 millions of the increase was in balances held for other banks, the reporting banks on their part did not change materially their own balances with correspondents. The influx of funds was reflected in a 100 million rise in security holdings, of which only 31 millions was in direct obligations of the United States, and in the addition of 76 millions to reserves at the Federal Reserve Bank.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data.)

Manufacturing Indexes

	Employment*		Payrolls*		Employe-hours†	
	June 1936 index	Per cent change from June 1935	June 1936 index	Per cent change from June 1935	June '36—per cent change from	
					June 1935	May 1936
All manufacturing	80	+7	76	+27	+2	+34
Iron, steel and products.....	73	+15	79	+50	+4	+51
Non-ferrous metal prods.....	115	+14	121	+28	+3	+39
Transportation equip.....	60	+21	55	+47	+3	+58
Textiles and clothing.....	96	+3	78	+7	+1	+9
Textiles.....	92	+1	75	+8	+0	+9
Clothing.....	115	+8	92	+5	+4	+5
Food products.....	101	+2	96	+5	+3	+4
Stone, clay and glass.....	79	+3	68	+17	+2	+14
Lumber products.....	62	+9	52	+22	+11	+24
Chemicals and products.....	84	+3	79	+6	+1	+7
Leather and products.....	89	+3	75	+2	+5	+0
Paper and printing.....	92	+2	87	+6	+1	+7
Printing.....	87	+4	85	+5	+1	+3
Others:						
Cigars and tobacco.....	65	+2	55	+3	+0	+5
Rubber tires, goods.....	81	+6	84	+45	+4	+40
Musical instruments.....	51	+6	42	+13	+15	+23

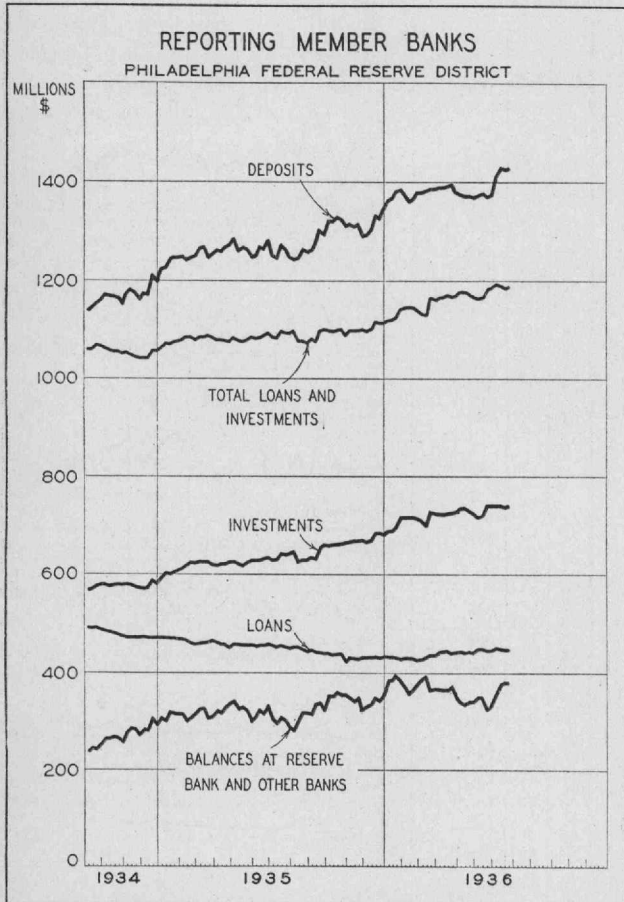
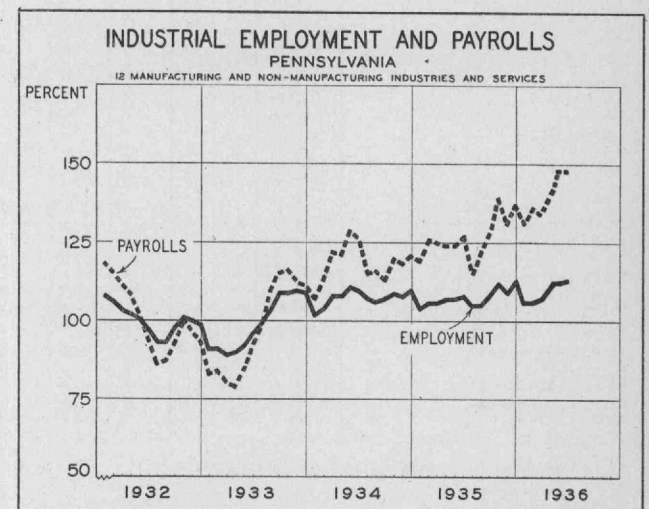
* Figures from 2308 plants.

† Figures from 2064 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment		Payrolls	
	June 1936 index	Per cent change from June 1935	June 1936 index	Per cent change from June 1935
General index (weighted)	113	+5	148	+17
Manufacturing.....	127	+7	185	+27
Anthracite mining.....	83	+9	78	+36
Bituminous coal mining.....	118	+7	178	+11
Building and construction.....	79	+15	93	+45
Quarrying and non-met. mining.....	114	+2	201	+37
Crude petroleum producing.....	165	+22	170	+0
Public utilities.....	91	+3	98	+8
Retail trade.....	116	+4	119	+8
Wholesale trade.....	111	+6	107	+8
Hotels.....	108	+2	112	+8
Laundries.....	100	+3	108	+10
Dyeing and cleaning.....	108	+7	125	+3



City areas*	Percentage change—June 1936 from June 1935				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+10	+32	+106	+12	+3
Altoona.....	+8	+46	+60	+35	+17
Harrisburg.....	+6	+24	-47	+17	+7
Johnstown.....	+17	+70	+551	+62	+66
Lancaster.....	+7	+9	+336	+16	+8
Philadelphia.....	+5	+10	+55	+4	+7
Reading.....	+8	+23	+147	+16	+2
Seranton.....	+4	+14	+326	+3	-1
Trenton.....	+2	+15	+225	+15	-1
Wilkes-Barre.....	+2	+2	+433	+17	+4
Williamsport.....	+4	+14	+179	+25	.....
Wilmington.....	+8	+20	+272	+35	+7
York.....	-5	+3	-16	+23	.....

City areas*	June 1936 from May 1936				
	Employment	Wage payments	Building permits (value)	Debits	Retail trade sales
Allentown.....	+1	+3	+109	+10	-10
Altoona.....	+2	+2	-30	+9	-19
Harrisburg.....	+1	+2	+43	+5	-14
Johnstown.....	+4	+4	-40	+19	-8
Lancaster.....	+1	-0	+132	+0	-18
Philadelphia.....	+1	+1	-57	+10	-0
Reading.....	+1	-2	+190	+1	-18
Seranton.....	+6	+5	+213	+8	-15
Trenton.....	+2	+3	+34	+35	+6
Wilkes-Barre.....	-1	+3	+420	+8	-14
Williamsport.....	+1	-2	+27	+6	.....
Wilmington.....	+3	+5	+110	+45	+5
York.....	+4	+5	+139	+6	.....

* 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			
	June 1935	Apr. 1936	May 1936	June 1936	Per cent change			June 1935	Apr. 1936	May 1936	June 1936
					Month ago	Year ago	1936 from 6 mos. 1935				
Retail trade											
Sales											
Total of all stores.....	71	75	79	78p	- 1	+ 11	+10	69	79	81	77p
Department.....	69	70	76	74p	- 2	+ 7	+ 9	66	70	74	71p
Men's apparel.....	66	65	70	70	- 0	+ 5	+15	71	67	67	75
Women's apparel.....	86	93	96	87	- 9	+ 2	+11	83	115	99	85
Shoe.....	68	78	81	70	-14	+ 3	+ 6	81	91	96	83
Credit.....	69	86	84	92	+ 9	+ 33	+25	65	87	89	87
Stocks of goods											
Total of all stores.....	63	68	69	67p	- 3	+ 8	.....	60	70	69	64p
Department.....	52	53	55	53p	- 3	+ 1	.....	50	56	54	51p
Men's apparel.....	67	66	71	71	- 0	+ 5	.....	64	69	71	67
Women's apparel.....	87	89	97	98	+ 1	+ 13	.....	78	95	98	88
Shoe.....	64	72	70	68	- 4	+ 5	.....	63	75	73	66
Credit.....	69	84	85	81	- 5	+ 17	.....	67	84	82	78
Rate of stock turnover 6 months (actual, not indexes).....							+ 7*	1.95			2.09
Wholesale trade											
Sales											
Total of all lines.....	80	83	89	88p	- 2	+ 9	+ 7	77	77	83	84p
Boots and shoes.....	55	55	70	59	-15	+ 8	+11	47	58	69	51
Drugs.....	91	93	95	98	+ 3	+ 8	+ 8	87	94	95	95
Dry goods.....	37	46	48	44p	- 9	+ 17	+11	34	40	45	40p
Electrical supplies.....	101	94	132	108p	-19	+ 7	+13	83	87	100	88p
Groceries.....	108r	108	107r	117	+ 9	+ 9	+ 1	110r	99	106r	119*
Hardware.....	50	57	57	55p	- 3	+ 11	+12	52	58	63	58p
Jewelry.....	44	51	49r	54	+10	+ 22	+ 6	37	33	41r	45
Paper.....	67	74	76	72p	- 6	+ 7	+12	64	74	75	69p
Stocks of goods											
Total of all lines.....	66	70	69	68p	- 1	+ 3	.....	64	70	68	66p
Boots and shoes.....	18	28	23	20	-14	+ 9	.....	17	28	22	19
Drugs.....	112	114	107	116	+ 8	+ 4	.....	105	116	108	109
Dry goods.....	42	41	38	37	- 3	- 12	.....	42	41	38	37
Electrical supplies.....	101	118	116	114p	- 2	+ 13	.....	99	115	111	111p
Groceries.....	70	68	72	70	- 3	- 0	.....	63	68	68	63
Hardware.....	67	80	79	77p	- 2	+ 15	.....	69	84	81	79p
Jewelry.....	49	61	54	53	- 3	+ 8	.....	53	59	58	57
Paper.....	61	62	64	63p	- 2	+ 3	.....	61	62	64	63p
Rate of stock turnover 6 months (actual, not indexes).....							+ 5*	2.72			2.86
Output of manufactures											
Pig iron.....	32	43	46	53	+15	+ 66	+71	30	49	48	50
Steel.....	51	75	77	82	+ 6	+ 61	+32	52	79	81	84
Iron castings.....	53	56	71	85	+20	+ 60	+32	52	58	73	84
Steel castings.....	51	101	93	93	- 0	+ 82	+69	53	103	97	96
Electrical apparatus.....	77	103	103	99	- 3	+ 29	+11	77	90	95	99
Motor vehicles.....	9	9	12	12	+ 6	+ 33	+22	11	11	15	15
Automobile parts and bodies.....	39	57	62	60	- 3	+ 53	+46	39	62	65	60
Locomotives and cars.....	18	30	32	32	- 2	+ 78	+50	18	32	32	33
Shipbuilding.....	79	224	242	240	- 1	+204	+78	78	229	249	237
Silk manufactures.....	74	88	80r	87	+ 8	+ 18	- 7	70	86	77r	82
Woolen and worsteds.....	81	69	72	77	+ 8	- 5	+ 3	78	63	67	74
Cotton products.....	41	48	46	50	+ 7	+ 22	+16	39	49	46	47
Carpets and rugs.....	132	118	126	123	- 3	- 7	+10	126	110	122	117
Hosiery.....	105	108	98	105	+ 7	+ 0	-12	103	108	98	103
Underwear.....	114	146	140	149	+ 6	+ 30	+14	114	143	142	149
Cement.....	43	54	59	56p	- 5	+ 29	+16	52	53	67	67p
Brick.....	33	42	47	45	- 5	+ 37	+34	34	44	50	47
Lumber and products.....	23	27	35r	32	+ 8	+ 38	+28	24	26	32r	32
Bread and bakery products.....					+ 3*	- 0*	+ 3*	90	86	88	90
Slaughtering, meat packing.....	68	83	85	96	+13	+ 41	+13	65	82	85	91
Sugar refining.....	39	95	88	74	-16	+ 87	+34	42	124	108	79
Canning and preserving.....	60	59	67	69p	+ 4	+ 15	+ 9	43	50	51	50p
Cigars.....	89	97	99	87	-12	- 1	+ 9	96	89	96	95
Paper and wood pulp.....	61	67	69	68	- 2	+ 10	+ 9	61	68	69	67
Printing and publishing.....	87	87	88	90	+ 1	+ 3	+ 3	86	89	89	89
Shoes.....	128	129	123	133	+ 8	+ 4	- 2	122	129	112	126
Leather, goat and kid.....	105	115	127	101p	-20	- 4	+ 2	106	112	116	102p
Explosives.....	78	75	78	76	- 2	- 2	+ 8	78	76	79	76
Paints and varnishes.....	78	80	82r	87	+ 5	+ 11	+12	80	84	87r	88
Petroleum products.....	140	144	157	152p	- 3	+ 8	+ 8	141	144	158	152p
Coke, by-product.....	80	103	108	114	+ 6	+ 42	+25	80	107	112	114

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

