

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
JUNE 1, 1937

FEDERAL RESERVE BANK OF PHILADELPHIA

RESERVE BANK
ST. LOUIS
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STATISTICAL DIVISION

Business and Banking Conditions in the United States

Industrial activity in April and the first half of May was maintained at the relatively high level of recent months. The general level of wholesale commodity prices declined somewhat, reflecting considerable reductions in prices of many raw materials and semi-finished products.

Production, employment and trade. The Board's seasonally adjusted index of industrial production in April continued at 118 per cent of the 1923-1925 average. Manufacturing production rose further, reflecting increased output of durable goods. Activity at steel mills was at a rate slightly higher than in March and about equal to that in the peak month of 1929. Automobile production continued to expand. In the first three weeks of May output in these industries was maintained at the levels reached at the close of April. Increases in output in April were also reported for lumber and plate glass. At textile mills where output has been at a high level in recent months there was a slight reduction in activity.

At bituminous coal mines output declined sharply following an increase in March, when consumers accumu-

lated stocks of coal in anticipation of a strike. Crude petroleum output, which had risen sharply from November to March, showed further growth in April. Production of most metals also increased.

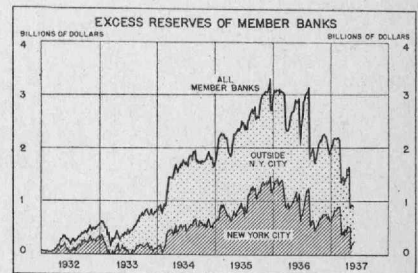
Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased more than seasonally from March to April and continued higher than a year ago, reflecting, as in earlier months of the year, a larger volume of residential building and of other privately-financed work. Contracts awarded for publicly-financed construction have been considerably smaller in the first four months of this year than in the corresponding period of 1936.

Employment rose further between the middle of March and the middle of April. There was a considerable growth in the number of persons employed in manufacturing and on the railroads, little change in those employed in the public utility industries and in trade, and a decline at bituminous coal mines. At factories the principal increases in employment were reported by the steel, machinery, and automobile industries, while the

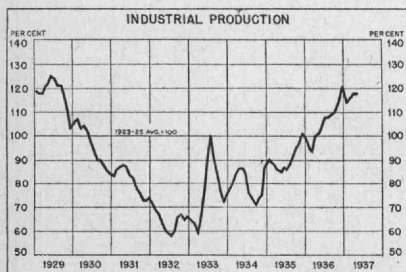
number employed in the clothing industry declined. Working forces at textile mills were maintained, although a decrease is usual at this season. Factory payrolls increased more than employment, reflecting chiefly further increases in wage rates.

In April sales at department stores showed little change and mail order sales were also maintained at the March level, while sales at variety stores declined.

Commodity prices. The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined from 88.3



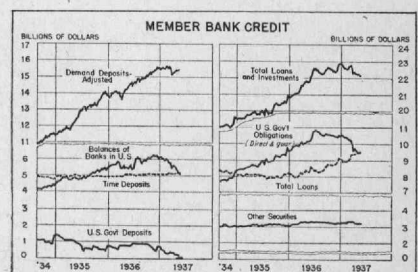
Wednesday figures of estimated excess reserves for all member banks and for New York City, January 6, 1932, to May 19, 1937.



Index of physical volume of production, adjusted for seasonal variation. By months, January 1929 to April 1937.



Indexes of number employed and payrolls, without adjustment for seasonal variation. By months, January 1929 to April 1937. Indexes compiled by the United States Bureau of Labor Statistics.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to May 19, 1937.

per cent of the 1926 average at the beginning of April to 86.9 in the middle of May. Prices of non-ferrous metals, steel scrap, cotton, and rubber declined considerably and there were also decreases in the prices of grains, cotton goods, silk, hides, and chemicals, while prices of shoes and clothing showed further small advances. Since the middle of May prices of hogs and pork have advanced sharply and grain prices have also risen.

Bank credit. Following upon the final increase in reserve requirements, which became effective on May 1, excess reserves of member banks declined from \$1,600,000,000 to about \$900,000,000, and in the first three weeks of May fluctuated around the

new level. Adjustments by banks to the new requirements were reflected in a decrease in interbank balances and in a small increase in borrowings. The Federal Reserve System in April purchased \$96,000,000 of United States Government securities, for the purpose of easing the adjustment to the new requirements and preserving orderly conditions in the money market.

Total loans and investments of reporting member banks showed a small decline from the middle of April through May 19. Holdings of United States Government obligations and other securities showed a decline, which was offset in part by increases in loans.

While domestic interbank and United

States Government deposits declined further, balances of foreign banks and other demand and time deposits at reporting member banks increased.

Money rates. The open-market rate on 90-day bankers' acceptances, which between January and the latter part of March had advanced from 3/16 to 9/16 per cent, was reduced to 1/2 per cent on May 7, and the rate on nine-months' Treasury bills declined to .62 per cent on May 24 compared with a high point of .74 per cent on May 3. Other short-term rates have shown little change in recent weeks. Yields on long-term Treasury and other high-grade bonds have declined somewhat.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Philadelphia Federal Reserve District has been well sustained at a comparatively high level, when allowance is made for the usual seasonal variation. Output of manufactures, anthracite fuel and crude oil during April was at a somewhat higher rate than in March and substantially above that of a year ago. Building and construction activity expanded seasonally and the value of contract awards increased, following a decline in March. Agricultural conditions on the whole reflect favorable seasonal developments and the current income of farmers continues materially larger than in recent years.

The volume of industrial employment and payrolls increased further in April but in May seasonal recessions were indicated. Wage disbursements in April showed unusually large gains, owing primarily to increases in

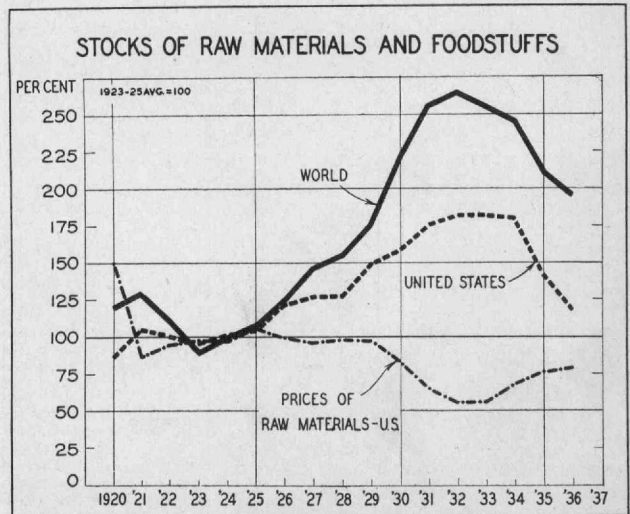
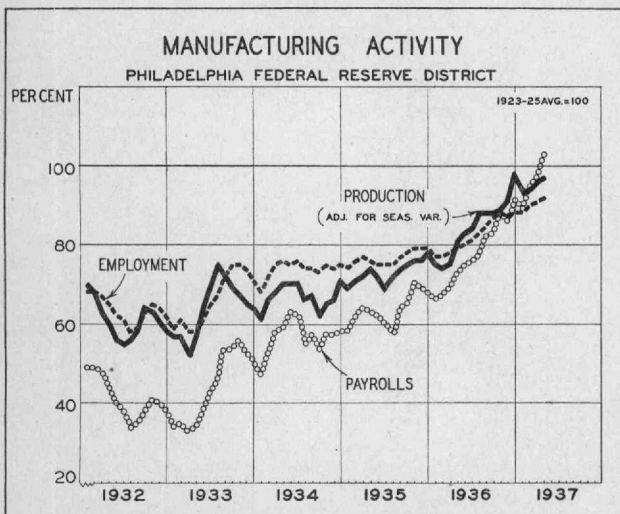
wage rates in a number of basic industries.

Retail trade sales have been in larger volume than last year, the Easter season considered, although the results of April business were less satisfactory than is usually to be expected. Some improvement is reported in early May. In the case of wholesale trade, dollar sales increased from March to April and the current index for the eight lines combined is the highest since 1923. Deliveries of goods by rail, motor truck and water have continued substantially larger than in recent years. Other indicators measuring the movement or purchase of goods have risen in the month and are considerably higher than last year.

Manufacturing. The market for factory products reflects the impact of seasonal influences so that the trend of current demand may be character-

ized as mixed. Sales generally have declined since the middle of last month but they continue larger than last year, particularly in the case of fabricated metal products and building materials. The volume of unfilled orders appears to have been reduced sharply in most of the important industries during the month but the backlog of forward commitments accumulated in the previous months is still sufficiently large to sustain operations for some time at considerably higher levels than those prevailing at the same time in recent years.

No significant changes in the inventories of finished goods held by plants in this district generally have been reported, aside from a few random instances showing increases. Purchases of raw materials on the whole have declined during the month but continued substantially larger than last



Raw materials

Business Indicators

Philadelphia Federal Reserve District

year. The supply of raw materials including foodstuffs at source and in warehouses in this country and elsewhere has decreased sharply in recent years; this trend in stocks has been accompanied by increasing production and rising prices, a fact which reflects a normal development in a period of business recovery.

Prices of manufactured products have declined slightly in May as compared with the preceding month but continued higher than for several years. The index number compiled by the Bureau of Labor Statistics for commodities other than farm products and foods in the week ended May 22 was 86.3, relative to the 1926 average, as compared with 78.7 a year before.

Factory employment and payrolls in this district increased from the middle of March to the middle of April but in May decreases were reported, reflecting such factors as seasonal recessions, industrial disputes and lack of business in some lines. The most striking development during April was a widespread increase in wage rates, a fact which largely accounted for a sharp rise in wage payments. In Pennsylvania factories, for example, the number of wage earners employed in April increased about one per cent as compared with March, while the amount of wages paid expanded by nearly 6 per cent.

The April employment index reached 92, relative to the 1923-25 average, and the payroll index was 103, both being the highest since 1929 and early 1930. Estimates show that Pennsylvania factories in the payroll period nearest the middle of April employed approximately 988,000 wage earners, or 16 per cent more than a year ago. The amount of wages paid out was about \$26,400,000 a week, or 41 per cent larger than in the same period last year.

Delaware factories in April reported a gain of 3 per cent in employment and 7 per cent in payrolls. Comparisons with a year ago show that the number of wage earners increased 30 per cent and the amount of wage disbursements rose 46 per cent. Similarly, payrolls of manufacturing plants in southern New Jersey increased almost 5 per cent while employment registered only a fractional gain. But both continued considerably larger than last year.

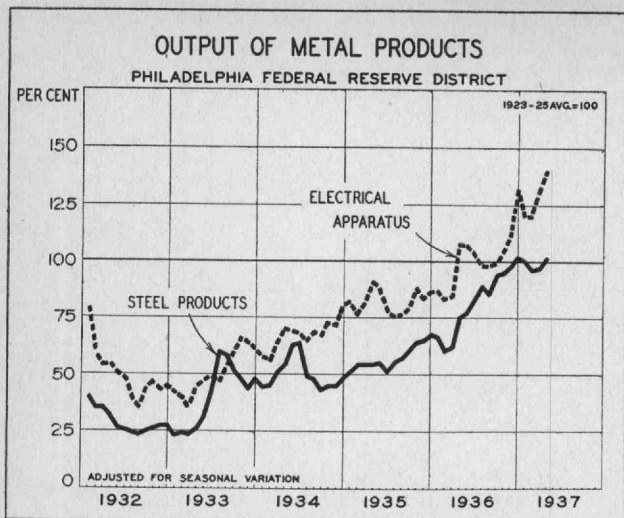
Output of manufactures has been well maintained, showing some improvement during the month under review. This bank's index of produc-

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation								Not adjusted			
	Apr. 1936	Feb. 1937	Mar. 1937	Apr. 1937	Per cent change		1937 from 4 mos. 1936	Apr. 1936	Feb. 1937	Mar. 1937	Apr. 1937	
					Month ago	Year ago						
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
Industrial production	84r	94	98	101p	+ 2	+20	+22	82r	95	98	99p	
Manufacturing—total	81	94	96	97p	+ 2	+20	+25	79	95	96	95p	
Durable goods	74r	89	92	96p	+ 4	+29	+43					
Consumers' goods	87	98	99	99p	+ 1	+14	+15					
Metal products	83r	102	106p	112p	+ 5	+35	+48	81r	104	108p	110p	
Textile products	85	99	97	98p	+ 1	+15	+18	81	105	100	93p	
Transportation equipment	70	84	83	85	+ 2	+22	+29	73	85	88	90	
Food products	74	76	80	79p	- 1	+ 7	+ 8	73	75	79	78p	
Tobacco and products	98	108	116	112	- 4	+14	+16	89	91	107	102	
Building materials	38	49	53	52p	- 2	+34	+67	38	43	47	51p	
Chemicals and products	110	125	121	125p	+ 3	+13	+15	112	124	121	127p	
Leather and products	122	141	146	146p	- 0	+19	+16	120	150	151	144p	
Paper and printing	84	94	95	96	+ 1	+15	+14	85	94	97	98	
Coal mining	69r	54	83	92p	+11	+33	- 1	71r	59	71	95p	
Anthracite	69r	50	81	95p	+17	+38	- 7	72r	54	67	99p	
Bituminous	73	87	98	70	-29	- 3	+28	66	95	100	64	
Crude oil	409	467	459	467	+ 2	+14	+15	422	467	468	481	
Electric power												
Output	229	236	244	254	+ 4	+11	+11	224	250	249	249	
Sales, total†	215	240	241	241	- 0	+12	+12	222	259	238	248	
Sales to industries†	158	185	174	178	+ 2	+12	+14	160	183	166	180	
Employment and wages—Pa.												
Factory—Wage earners					+ 1*	+16*	+16*	79	90	91	92	
Payrolls					+ 6*	+41*	+39*	73	94	98	103	
Man-hours (1927-28 = 100)					- 0*	+28*	+35*	77r	96r	98	98	
General (1932 = 100)												
Employment					+ 1*	+10*	+13*	112	121	122	123	
Payrolls					+ 4*	+32*	+31*	141	174	179	187	
Building and real estate												
Contracts awarded†—total	40	74	60	51	-16	+28	+16	47	60	56	60	
Residential†	24	46	37	35	- 4	+50	+70	27	36	35	40	
Non-residential†	49	71	64	56	-12	+14	- 7	55	61	60	62	
Public works and utilities†	90	154	162	116	-28	+29	+11	85	125	107	109	
Permits for building—17 cities	24	28	38	22	-42	- 8	+64	34	22	48	31	
Real estate deeds—Philadelphia	36	25	26	47	+77	+31	-13	35	25	26	46	
Writs for Sheriff sales—Phila.	676	461	498	600	+20	-11	- 9	709	470	508	630	
Distribution												
Retail trade—sales	73r	80	86	78p	- 9	+ 6	+10	79	63	83	79p	
stocks	68	80	80	81	+ 1	+19		70	77	82	83	
Wholesale trade—sales	83	104	102	106p	+ 4	+26	+22	77	95	95	98p	
stocks	69r	78	79r	79	+ 1	+15		69r	77	79	79	
Life insurance sales	88	100	101	102	+ 1	+16	+10	98	115	112	114	
New passenger auto. registrations					+19*	+ 5*	+33*	165	109	146	174	
Hotels—Occupancy					+ 7*	+ 6*	+ 8*	129	127	129	137p	
Income, total					+10*	+ 9*	+ 9*	137	134	135	149p	
Freight car loadings—total	68	80	83	83	- 0	+22	+24	66	73	78	79	
Merchandise and miscellaneous	67	80	82	81	- 1	+20	+27	69	73	79	83	
Coal	70	75	89	79	-12	+12	+12	63	82	87	71	
Business liquidations												
Number					- 8*	- 8*	-16*	66	58	56	61	
Amount of liabilities					-71*	-19*	+18*	23	30	64	18	
Payment of accounts												
Check payments	77	92	107	88	-18	+15	+16	77	93	105	89	
Rate of collections (actual)												
Retail trade	30	29	33	33	+ 1	+11		30	28	33	32	
Wholesale trade	74	78	79	81	+ 2	+ 9		72	73	78	79	
Prices—United States												
Wholesale (1926 = 100)					+ 0*	+10*	+ 9*	80	86	88	88	
Farm products					- 2*	+20*	+19*	77	91	94	92	
Foods					- 2*	+ 7*	+ 6*	80	87	87	85	
Other commodities					+ 1*	+10*	+ 8*	79	84	85	86	
RETAIL FOOD					+ 0*	+ 8*	+ 6*	79	84	85	86	
Philadelphia					+ 0*	+ 7*	+ 6*	82	86	87	88	
Scranton					0*	+ 7*	+ 6*	76	81	82	82	

(In millions of dollars)	Apr. 1936	Jan. 1937	Feb. 1937	Mar. 1937	Apr. 1937	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ (a)	\$ (a)	\$ (a)	\$ 1	\$ 1		
Other bills and securities	183	200	199	200	214	+ 7	+17
Member bank reserves	292	387	365	390	430	+10	+47
Reserve ratio (per cent)	74.1	75.0	74.3	76.1	75.0	- 1	+ 1
Reporting member banks							
Loans to customers	\$ 410	\$ 415	\$ 411	\$ 408	\$ 416	+ 2	+ 1
Other loans and investments	757	778	776	765	753	- 2	- 1
Total deposits (adjusted)	1,389	1,483	1,437	1,429	1,479	+ 3	+ 6
Banks' acceptances outstanding	11.2	13.8	15.0	17.2	17.2	0	+54

* Computed from data unadjusted for seasonal variation.
 † 3-month moving daily average centered at 3rd month.
 (a)—Less than \$600,000.

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



tive activity, which is adjusted for the usual seasonal change and for the number of working days, rose in April to 97, relative to the 1923-25 average, as compared with 96 in March and 94 in January and February; a year ago it was 81.

The greatest improvement occurred in durable goods such as primary and secondary metal products and transportation equipment. Activity also expanded in the output of industrial chemicals and such allied products as explosives and paints and varnishes. In the case of non-durable goods, some improvement occurred in such textile products as cotton manufactures, hosiery, and underwear, while production of silk and woolen goods, shoes, certain food products, and cigars declined. Compared with a year ago activity in both durable and non-durable goods was substantially higher, but the rate of gain for the former was much greater than that for consumers' goods as a whole.

Productive activity in the aggregate during the first four months this year was about 25 per cent higher than in the same period last year and the current rate continues the highest since 1929-30, with one exception.

Electric power production by eight central stations in April was maintained above its customary seasonal level for the third consecutive month and exceeded that of a year ago by 11 per cent. Total sales of electricity by 10 stations showed about the usual rate of gain from March to April and were 12 per cent greater in the first four months this year than last. Industrial consumption of electrical energy expanded by a larger percentage than it ordinarily does in April and was 12 per cent above the level of a year earlier.

Coal and other fuels. Anthracite out-

put and shipments showed additional sharp gains in April, owing chiefly to reduced prices which stimulated demand by householders. Production was the largest for that month since 1928 and shipments exceeded those of any month in the past six years. In early May output and demand declined.

The market for Pennsylvania bituminous coal has slackened further since the middle of last month, owing chiefly to smaller takings by manufacturing plants and public utility companies, which made unusually large purchases during February and March. Demand by railroads, however, has been well maintained in recent weeks. Shipments of soft coal declined 40 per cent in April from the relatively high level prevailing a month before and were 9 per cent smaller than a year earlier. Production also decreased more sharply than usual from March to April, but expanded somewhat in early May, according to preliminary reports.

Over the first four months of 1937 the output of by-product coke has been close to the relatively high level reached in the closing months of 1936; the April figure was 25 per cent larger than a year ago. Production of gas and fuel oil, on the other hand, in April was only 4 per cent greater than a year ago and was substantially under the peak for recent years attained in January 1937.

In April the wholesale price index of the Bureau of Labor Statistics for fuel and lighting materials was 76.8 per cent of the 1926 average, little changed from that of 76.4 a year earlier. Anthracite prices in April were below April 1936, but in the case of bituminous coal and coke increases of about 2 and 10 per cent, respectively, were recorded.

(Output and shipment figures are daily averages)	April 1937	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	263,000	+49	+38
Shipments..... tons	249,190	+47	+42
Prices..... (1926=100)	72.4	-7	-9
Employment..... No.	96,806	+10	+8
Bituminous			
Production..... tons	304,000	-36	-3
Shipments..... No. cars	19,590	-40	-9
Prices..... (1926=100)	98.6	+1	+2
Employment..... No.	123,136	-11	-1
Coke			
Prod. (1923-25=100)	133.9	0	+25
Prices..... (1926=100)	102.8	+5	+10
Gas and fuel oil			
Prod. (1923-25=100)	125.4*	+4	+4
Prices..... (1926=100)	64.4	-2	-13

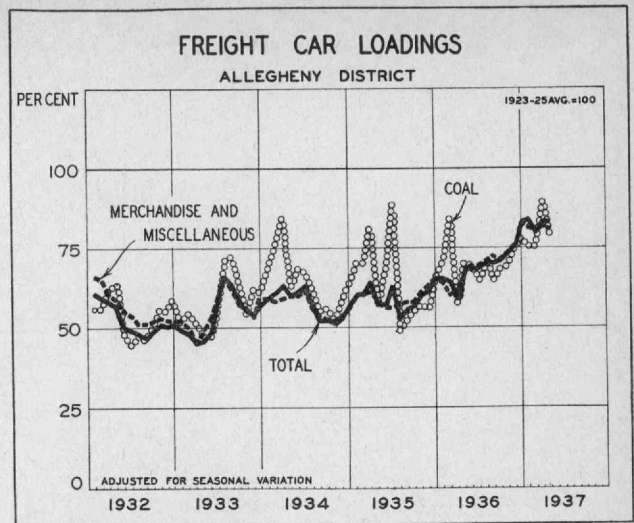
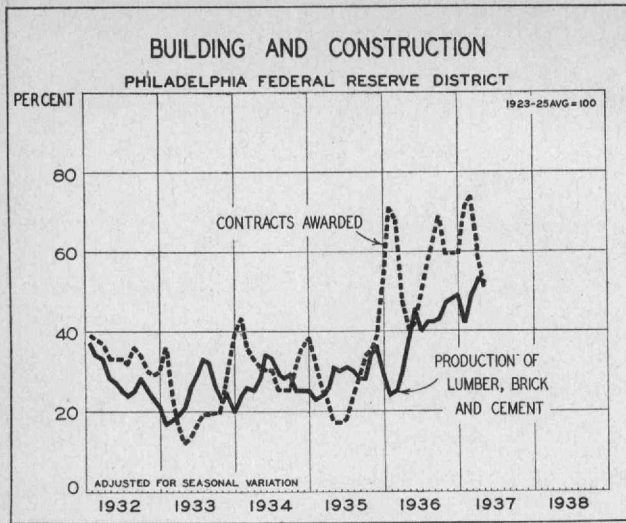
Sources: Bureau of Mines and Bureau of Labor Statistics. * Estimated.

Building. The value of building and construction contracts awarded in this district in April amounted to approximately \$15,600,000, an increase of 32 per cent as compared with March and a gain of 5 per cent over a year ago.

Building contracts Philadelphia Federal Reserve District	April 1937 (000's omitted)	Per cent change	
		From month ago	1937 from 4 mos. 1936
Residential	\$ 6,717	+ 62	+ 70
Apts. and hotels.....	307	- 76	+274
Family houses.....	6,410	+124	+ 57
Non-residential	5,458	+ 14	- 7
Commercial.....	2,288	+ 18	+ 15
Factories.....	1,153	+ 8	+191
Educational.....	990	+ 15	- 53
All other.....	1,027	+ 10	- 11
Total buildings.....	\$12,175	+ 36	+ 18
Public works and utilities.....	3,419	+ 21	+ 11
Grand total.....	\$15,594	+ 32	+ 16

Source: F. W. Dodge Corporation.

This was the largest April contract total since 1931. The improvement in the month reflected principally a marked expansion in the dollar volume of contracts awarded for one and two-family dwellings and to a lesser extent increased awards for other types of construction except apartments and hotels. In the first four months this



year the value of all contracts awarded was 16 per cent greater than a year earlier and exceeded that of any similar period in the past five years.

As partly indicated by employment, operations on contracts awarded earlier this year expanded considerably during April; this was especially true of general building construction and highway repair work. Employment in industries producing important building materials has increased steadily since the turn of the year, following a slight decline from the relatively high levels which prevailed last fall.

Wholesale prices of building materials in the country as a whole have increased considerably since early this year, reflecting chiefly advances in quotations for lumber, structural steel, brick, and tile. About the middle of May the Bureau of Labor Statistics' index was nearly 97 per cent of the 1926 average, compared with 90 at the beginning of this year and about 85 in May 1936.

Agriculture. Farming operations in this district were delayed by cool, wet weather at the beginning of the growing season, but lately plowing and seeding have progressed rapidly. Winter grains are growing satisfactorily and the germination of spring grains has been more even this year than last. The growth of pastures and meadows has been rather slow, as has that of nearly all forms of vegetation, but lately conditions have improved considerably as a result of more favorable weather.

Department of Agriculture reports show that sales of farm products in the three states included in this district amounted to nearly \$73,500,000 in the first three months of 1937, a gain of 21 per cent over the same period last year. This figure com-

pared with \$39,000,000 received by farmers in the first quarter of 1933 and was the largest total for that interval since 1930.

Sales of farm products— Pennsylvania, New Jersey, Delaware	First quarter 1937 (000's omitted)	Percentage change from—		
		1936	1933	1929
Crops.....	\$19,996	+44.2	+114.9	-15.4
Livestock and products.....	53,456	+14.7	+ 80.6	-21.3
Total.....	\$73,452	+21.4	+ 88.8	-19.8

Higher prices for most agricultural commodities have been the principal influence in raising the cash income of farmers in this section as in other parts of the country. For example, the index of prices received by Pennsylvania farmers in mid-April was the highest for that month since 1930 and was 25 per cent above the average for the pre-war years, 1910-14. Compared with April 1936, this index showed an increase of 21 per cent.

Distribution, trade and service. Retail trade sales by department, apparel, shoe and credit stores in this district were 6 per cent larger in April this year than last after allowance is made for the difference in the date of Easter. Comparing March and April this year with the same two months of 1936, both periods including the Easter buying season, the gain in total sales was nearly 7 per cent and for department stores alone about 6 per cent. In the first four months of 1937 dollar sales in the aggregate showed an increase of 10 per cent over a year earlier; this improvement was shared by all lines except shoes and was especially pronounced in the case of credit stores handling chiefly furniture and other household equipment.

Business at wholesale in April was

26 per cent greater than in the same month of 1936 and in the first four months was 22 per cent larger this year than last. Compared with March, the value of sales in eight important lines combined showed a 3 per cent increase instead of the usual small decline; consequently, our seasonally adjusted index in April rose to 106, relative to the 1923-25 average, from 102 a month before.

In both channels of trade, inventory changes during April were minor and about in line with seasonal expectations. Compared with a year ago, the value of stocks at retail was 19 per cent larger and at wholesale 15 per cent greater.

Installment buying in the country as a whole, as evidenced by the number of new and used automobiles financed at retail and by the sales of credit stores, dealing largely in furniture and such other household appliances as washers, radios and refrigerators, has increased considerably, continuing an upward trend that has been quite pronounced for more than a year. In the case of automobiles, Department of Commerce reports show that the dollar volume of purchases so financed approximated \$364,000,000 in the first quarter of 1937, a total 14 per cent larger than a year earlier and 67 per cent greater than two years ago. Compared with the same period of 1928 and 1929, automobile financing so far this year was 72 per cent and 19 per cent higher, respectively.

Transportation of commodities by railroad freight in this section has been expanding steadily since early this year. While the gain in April was somewhat less pronounced than during February and March, shipments were the largest for that month since 1930. In the case of commodities consisting

chiefly of manufactures originating in the Philadelphia industrial area, car loadings in April showed a small decline instead of increasing slightly as they ordinarily do. Comparative figures for four months, however, show that they were 16 per cent larger than a year earlier and exceeded those of any like period in the past five years.

Activity at non-resort commercial hotels increased considerably in April, as shown by room occupancy and total revenue.

Hotel business Philadelphia Federal Reserve District	April per cent change from		1937 from 4 mos. 1936
	Month ago	Year ago	
Capacity.....	+ 0	- 1	.....
Room occupancy.....	+ 7	+ 6	+ 8
Per cent of capacity used:			
April 1937.....			63.6
March 1937.....			60.1
April 1936.....			57.4
Income from:			
Guest rooms.....	+ 9	+ 8	+11
Food.....	+12	+ 9	+ 8
Other sources.....	+ 9	+11	+ 9
Total revenue.....	+10	+ 9	+ 9

Banking conditions. With the final increase in reserve requirements on May 1, member banks in reserve cities are required to maintain balances at the reserve bank equal to 20 per cent of their demand deposits and 6 per cent of their time deposits. In the case of country banks these ratios are 14 and 6 per cent, respectively.

Over the greater part of April excess reserves of member banks in Philadelphia, a reserve city, averaged over 110 millions; despite the subsequent increase in requirements, the excess in the first fortnight of May still was more than 70 millions. Tabulations for country banks in this district covering the first half of May show that their reserves in the aggregate were about 30 millions over requirements.

While there has been some expansion in the number of member banks that are borrowing from this bank, the dollar volume of bills discounted has increased only moderately. In the first nineteen days of May the range of fluctuation was from \$1,507,000 to \$2,252,000, the closing figure being \$1,542,000.

Reserve deposits of member banks declined nearly 7 millions in the four weeks ended May 19, but remained almost 150 millions above a year ago. The recent decline was due chiefly to an adverse balance of payments of about 18 millions in commercial transactions with other districts, which doubtless was caused partly by bank

purchases of securities. Another factor tending to reduce reserves was a 6¾ million increase in currency demand, which was nearly double that in the same period last year. Funds absorbed by these transactions were supplied partly by a 10 million excess of Treasury disbursements over local receipts and by a decline of 7½ millions in miscellaneous deposits at this bank.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	May 19, 1937	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 1.5	+\$0.4	+\$ 1.3
Bills bought.....	0.4	+ 0.1	- 0.1
Industrial advances.....	4.1	- 0.1	- 1.1
United States securities.....	213.3	+ 3.7	+ 36.2
Total bills and securities.....	\$219.3	+\$4.1	+\$36.3
Federal res. note circulation.....	312.1	+ 3.4	+ 31.4
Member bank reserve deposits.....	422.6	- 6.7	+147.9
U. S. Treasurer—general account.....	2.3	+ 0.0	- 23.3
Foreign bank deposits.....	12.3	+ 2.5	+ 4.4
Other deposits.....	1.2	- 7.4	- 0.7
Total reserves.....	553.4	-11.9	+123.7
Reserve ratio.....	73.7%	- 0.8%	+ 1.0%

Following a sharp rise in deposits at reporting member banks early in April, changes over the next few weeks were relatively small. From April 21 to May 19, however, there was a decline from 1,478 to 1,467 millions. An increase of 13 millions in demand deposits of individuals, corporations and others was accompanied by a decrease of 7 millions in funds credited to the Federal Government and a drop of 17 millions in interbank balances, which have shown a general tendency downward since early this year. The deposit loss and an increase of 17 millions in outstanding credit were reflected in decreases of 14 millions in balances with the reserve bank and 13 millions in those with correspondents.

The principal change in credit extended by the reporting banks was a rise of 16 millions in investments. Twelve millions of this was in direct securities of the United States Gov-

Reporting member banks (000,000's omitted)	May 19, 1937	Changes in	
		Four weeks	One year
Assets			
Commercial, industrial and agricultural loans:			
On securities.....	\$ 44	*	*
Otherwise secured and unsecured.....	156	*	*
Open market paper.....	27	*	*
Loans to brokers and dealers in securities.....	25	-\$ 1	-\$ 2
Other loans to purchase or carry securities.....	38	*	*
Loans on real estate.....	61	- 1	- 4
Loans to banks.....	2	.....	.....
Other loans:			
On securities.....	46	*	*
Otherwise secured and unsecured.....	55	*	*
Total loans.....	\$ 454	+\$ 1	+\$ 10
U. S. Government securities.....	347	+ 12	+ 32
Obligations fully guaranteed by U. S. Gov't.....	92	+ 1	- 8
Other securities.....	294	+ 3	- 20
Total loans and investments.....	\$1,187	+\$17	+\$ 14
Reserve with Federal Reserve Bank.....	291	- 14	+ 102
Cash in vault.....	16	.....	+ 2
Balances with other banks.....	135	- 13	- 17
Other assets—net.....	90	- 1	+ 1
Liabilities			
Demand deposits, adjusted.....	\$ 892	+\$13	+\$143
Time deposits.....	284	.....	+ 10
U. S. Government deposits.....	7	- 7	- 50
Interbank deposits.....	284	- 17	- 8
Borrowings.....	.....	.....	.....
Other liabilities.....	25	.....	+ 3
Capital account.....	227	.....	+ 4

* Comparable figures not yet available.

ernment; as a result holdings of such securities currently amount to 347 millions, a figure only 5 millions below the January peak and 32 millions larger than a year ago.

In May the report form used by these banks was revised with respect to the classification of loans. The principal effect was to segregate commercial, industrial and agricultural loans, and loans to purchase or carry securities. While these changes make comparisons with a month ago difficult, it does not appear that there has been any material change in commercial loans lately, whereas figures for the preceding month indicated that a substantial rise had taken place. Loans in total increased one million between April 21 and May 19.

Although acceptances of banks located in the Philadelphia Federal Re-

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks
	April 28	May 5	May 12	May 19	
Sources of funds:					
Reserve bank credit extended in district.....	+0.5	+ 1.3	+ 0.1	-1.9	+ 0.0
Commercial transfers (chiefly interdistrict).....	+4.5	-10.6	-12.3	+0.7	-17.7
Treasury operations.....	+1.8	+ 7.2	- 1.1	+2.3	+10.2
Total.....	+6.8	- 2.1	-13.3	+1.1	- 7.5
Uses of funds:					
Currency demand.....	+4.5	+ 0.0	+ 3.8	-1.6	+ 6.7
Member bank reserve deposits.....	+4.6	+ 2.7	-16.9	+2.9	- 6.7
"Other deposits" at reserve bank.....	-2.3	- 4.8	- 0.2	-0.1	- 7.4
Unexpended capital funds of reserve bank.....	-0.0	- 0.0	+ 0.0	-0.1	- 0.1
Total.....	+6.8	- 2.1	-13.3	+1.1	- 7.5

serve District declined slightly during April, the total of \$17,200,000 at the end of the month was about \$6,000,000 above a year ago. Of this increase, \$4,400,000 was in import bills and \$1,000,000 in bills based on domestic shipments. Smaller gains also were shown in several other classifications.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employe-hours†	
	April 1937 index	Per cent change from		April 1937 index	Per cent change from		April 1937—per cent change from	
		April 1936	Mar. 1937		April 1936	Mar. 1937	April 1936	Mar. 1937
All manufacturing	92	+16	+1	103	+41	+6	+28	-0
Iron, steel and products . . .	90	+30	+3	122	+65	+12	+36	+1
Non-ferrous metal prods. . .	132	+20	+3	158	+40	+8	+24	+1
Transportation equip.	70	+19	-1	68	+30	-2	+24	-2
Textiles and clothing.	105	+7	-2	96	+17	-3	+16	-4
Textiles	100	+6	-2	93	+16	-2	+16	-4
Clothing.	128	+9	-3	111	+18	-9	+14	-8
Food products	101	+0	+1	98	+8	-4	-2	-6
Stone, clay and glass	91	+19	+2	96	+47	+5	+34	+4
Lumber products	64	+24	+11	57	+43	+11	+33	+7
Chemicals and products	97	+8	+1	107	+32	+6	+21	+1
Leather and products.	95	+4	-2	92	+28	-8	+22	-13
Paper and printing.	100	+8	+1	104	+17	+3	+14	+0
Printing.	95	+8	+1	99	+14	+3	+15	+1
Others:								
Cigars and tobacco	66	+6	+0	61	+34	+6	+27	+5
Rubber tires, goods	93	+19	-1	103	+35	+5	+15	+1
Musical instruments	56	+8	+3	52	+37	+2	+33	-3

* Figures from 2306 plants.

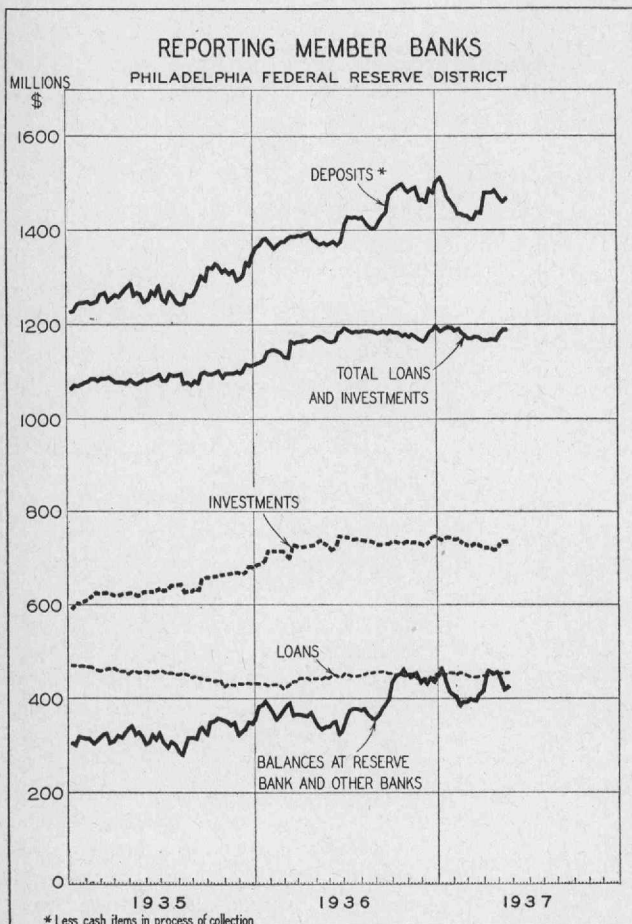
† Figures from 2064 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	April 1937 index	Per cent change from		April 1937 index	Per cent change from	
		April 1936	Mar. 1937		April 1936	Mar. 1937
General index (weighted) . . .	123	+10	+1	187	+32	+4
Manufacturing	145	+16	+1	251	+41	+6
Anthracite mining	87	+8	+11	119	+123	+69
Bituminous coal mining	117	-1	-11	156	-11	-40
Building and construction	80	+5	+13	97	+12	+20
Quarrying and non-met. mining . .	124	+20	+9	259	+53	+19
Crude petroleum producing	162	-19	0	183	-8	+3
Public utilities	93	+4	+1	99	+3	-2
Retail trade	118	+4	+1	128	+11	+2
Wholesale trade	119	+4	-2	117	+10	-0
Hotels	110	+6	+0	121	+14	-0
Laundries	102	+7	+2	115	+15	+6
Dyeing and cleaning	103	+8	+3	118	+2	+12

(Indexes are percentages of the 1932 average taken as 100. Individual indexes are combined proportionately into general index number.)



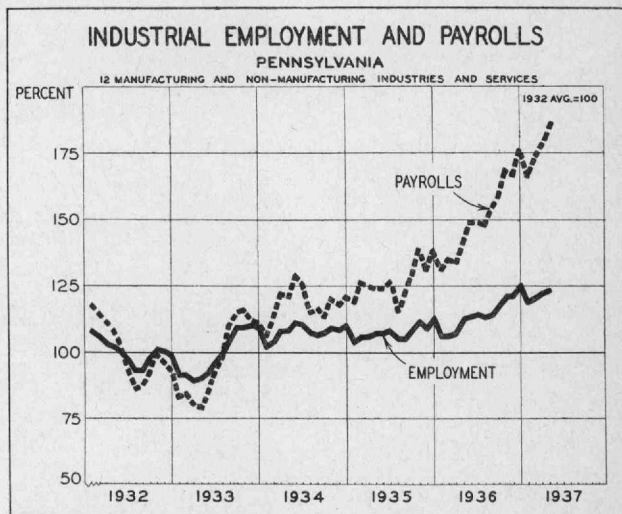
* Less cash items in process of collection

City areas*	Percentage change—April 1937 from April 1936				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	+18	+58	+100	+25	+1
Altoona	+2	-3	-9	+32	-12
Harrisburg	+17	+44	+217	+28	-10
Johnstown	+52	+93	+6	+61	-7
Lancaster	+19	+40	+20	+27	-2
Philadelphia	+14	+34	-5	+20	+1
Reading	+6	+20	+129	+20	-4
Scranton	+15	+20	-96	+15	-6
Trenton	+18	+40	-33	+8	+4
Wilkes-Barre	+2	+17	+165	+6	-5
Williamsport	+9	+14	-55	+9	.....
Wilmington	+27	+46	+213	+36	-9
York	+16	+43	+37	+33	.....

April 1937 from March 1937

Allentown	+1	+8	+122	-1	+2
Altoona	-3	-7	+152	+8	-34
Harrisburg	+2	+1	+156	-0	-11
Johnstown	+1	+10	+753	+5	+7
Lancaster	+1	+4	-82	-1	-29
Philadelphia	+1	+1	-52	-19	-7
Reading	-1	+10	+110	+1	-7
Scranton	-0	-0	-73	-4	-1
Trenton	+2	+9	-66	-5	+2
Wilkes-Barre	-1	+1	+275	-1	+6
Williamsport	+2	+1	+12	-1	.....
Wilmington	+4	+7	+69	-9	-13
York	+3	+8	+13	+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

	Index numbers: percentages of the 1923-1925 average as 100										
	Adjusted for seasonal variation					Not adjusted					
	Apr. 1936	Feb. 1937	Mar. 1937	Apr. 1937	Per cent change			Apr. 1936	Feb. 1937	Mar. 1937	Apr. 1937
					April 1937 from		1937 from 4 mos. 1936				
Month ago					Year ago						
Adjusted indexes allow for the usual seasonal change in activity.											
Unadjusted indexes reflect merely the actual change which may or may not be typical.											
Retail trade											
Sales											
Total of all stores	73r	80	86	78p	- 9	+ 6	+ 10	79	63	83	79p
Department	65r	76	80	68p	-15	+ 4	+ 9	70	57	74	69p
Men's apparel	65	77	72	67	- 7	+ 3	+ 10	67	62	70	64
Women's apparel	93	107	109	92	-15	- 0	+ 12	115	79	128	108
Shoe	79r	72	89	68p	-24	- 14	- 2	91	55	91	74p
Credit	86	82	93	104	+11	+ 21	+ 23	88r	73	84	100
Stocks of goods											
Total of all stores	68	80	80	81	+ 1	+ 19	.....	70	77	82	83
Department	54r	63	61	62	+ 1	+ 15	.....	56	60	63	64
Men's apparel	66	69	76	77	+ 2	+ 18	.....	69	68	77	82
Women's apparel	90r	123	112	106	- 5	+ 18	.....	96r	116	123	114
Shoe	72	72	71	77	+ 8	+ 6	.....	75	66	73	79
Credit	85r	107	108	108	+ 0	+ 28	.....	85r	105	110	108
Rate of stock turnover											
4 months (actual, not indexes)							- 4*	1.25		1.20	
Wholesale trade											
Sales											
Total of all lines	83	104	102	106p	+ 4	+ 26	+ 22	77r	95	95	98p
Boots and shoes	55	69	54	47	-13	- 15	+ 7	58	49	61	50
Drugs	95r	111	95	105	+10	+ 11	+ 12	96r	113	100	107
Dry goods	47r	72	60	67	+11	+ 41	+ 38	41r	61	56	58
Electrical supplies	87r	124	130	143p	+11	+ 66	+ 73	80r	111	112	132p
Groceries	12r	132	134	129	- 3	+ 15	+ 8	103r	123	123	119
Hardware	57	57	61	64	+ 6	+ 13	+ 24	58	46	59	66
Jewelry	51	56	62	77	+23	+ 51	+ 47	33	39	47	50
Paper	74	92	86	95	+11	+ 28	+ 26	74	90	90	95
Stocks of goods											
Total of all lines	69r	78	79r	79	+ 1	+ 15	.....	69r	77	79	79
Boots and shoes	28	33	37	36	- 2	+ 32	.....	28	40	41	36
Dry goods	113r	107	108	112	+ 4	- 1	.....	115r	109	109	113
Electrical supplies	42r	50	49	52	+ 7	+ 23	.....	42r	48	50	52
Groceries	110r	157	156	158	+ 1	+ 44	.....	108r	147	151	155
Hardware	68r	76	79	79	- 1	+ 15	.....	68r	79	81	79
Jewelry	68r	78	82	79	- 3	+ 16	.....	73r	80	86	84
Paper	61	59	57r	54	- 5	- 12	.....	59	52	53	52
Per	62	68	64	65	+ 2	+ 5	.....	62	67	65	65
Rate of stock turnover											
4 months (actual, not indexes)							+ 14*	1.85		2.11	
Output of manufactures											
Pig iron	43	70	66	73	+11	+ 68	+ 91	49	72	76	83
Steel	75	96	97	102	+ 4	+ 35	+ 50	79	101	104	107
Iron castings	56	79	86p	88p	+ 2	+ 57	+ 47	58	81	90p	91p
Steel castings	101	113	114	122	+ 7	+ 21	+ 58	103	127	128	125
Electrical apparatus	107r	120	131	140	+ 6	+ 31	+ 42	93r	115	122	122
Motor vehicles	9	25	28	25	-10	+179	+106	11	26	31	32
Automobile parts and bodies	57	68	68	68	- 0	+ 20	+ 17	62	73	74	74
Locomotives and cars	30	42	41r	43	+ 5	+ 46	+ 55	32	43	44	46
Shipbuilding	224	245	238	247	+ 3	+ 10	+ 22	229	240	248	251
Silk manufactures	88	104	101	100	- 0	+ 14	+ 23	86	110	104	98
Woolen and worsteds	69	87	85	77	-10	+ 11	+ 14	63	89	82	70
Cotton products	48	61	63r	63	+ 1	+ 32	+ 35	49	65	67	65
Carpets and rugs	118	181	176	152	-14	+ 29	+ 49	110	184	175	143
Hosiery	108	113	100	105	+ 5	- 2	+ 2	108	117	104	106
Underwear	146	148	152	161	+ 6	+ 10	+ 16	143	162	166r	157
Cement	54	61	73	62p	-15	+ 14	+ 73	53	43	56	61p
Brick	42	63	65r	66	+ 2	+ 57	+ 70	44	61	64	70
Lumber and products	27	34	34	37	+ 9	+ 38	+ 49	26	33	33	36
Bread and bakery products	.....	.....	.....	.....	- 3*	+ 2*	+ 1*	86	90	90	88
Slaughtering, meat packing	83	92	102	102	- 0	+ 22	+ 15	82	92	98	100
Sugar refining	95	52	72	74	+ 3	- 23	- 2	124	68	110	96
Canning and preserving	59	61	62	63p	+ 2	+ 7	+ 13	50	56	55	55p
Cigars	97	107	115	110	- 4	+ 13	+ 15	89	89	106	100
Paper and wood pulp	67	75	75	76	+ 1	+ 13	+ 17	68	75	77r	76
Printing and publishing	87	98	99	100	+ 1	+ 15	+ 14	89	98	101	102
Shoes	129	179	176	167	- 5	+ 29	+ 25	129	188	186	167
Leather, goat and kid	115	105	118	126p	+ 6	+ 9	+ 4	112	113	117	122p
Explosives	75	85	89	94	+ 5	+ 25	+ 13	76	85	89	95
Paints and varnishes	80	91	90	94	+ 5	+ 18	+ 19	84	89	91	99
Petroleum products	144	159	148	153p	+ 3	+ 6	+ 10	144	157	147	152p
Coke, by-product	103	125	129	129	0	+ 25	+ 31	107	132	134	134

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

