

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
OCTOBER 1, 1937

FEDERAL RESERVE BANK OF PHILADELPHIA

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 FEDERAL RESERVE BANK
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Business and Banking Conditions in the United States

In August industrial activity advanced from the level of the two preceding months and on a seasonally adjusted basis was close to the volume of last spring. Early reports for September indicate a decline in steel output and a seasonal decrease in the production of automobiles.

Production and employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, was 117 per cent of the 1923-25 average in August as compared with a level of 114 per cent in June and July and 118 per cent during the spring. Steel production rose slightly further and was close to the high level prevailing before strikes curtailed output in June. Automobile production was maintained in considerably larger volume than is usual in the month preceding the shift to new model production. Lumber output declined following a period of increase. In the nondurable goods industries output increased in August, reflecting chiefly increases at cotton and woolen textile mills, following considerable declines in the preceding month. Activity at meat packing establishments increased somewhat from an extremely low level.

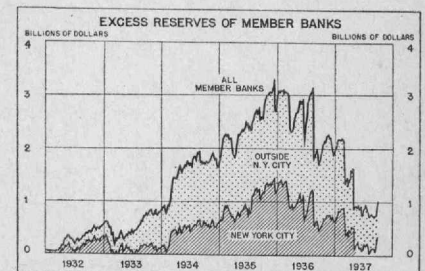
Shoe production showed less than the usual seasonal rise. At mines, output of coal increased less than seasonally, while crude petroleum production continued to expand.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined somewhat in August and the first half of September. Awards for private residential building showed little change and were in about the same volume as in the corresponding period of 1936, while publicly-financed residential building declined and was in considerably smaller volume than last year.

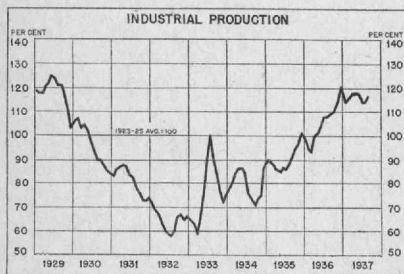
Factory employment, which had increased in July, showed less than a seasonal rise in August. Factory payrolls increased by about the usual seasonal amount. The number employed at steel mills increased somewhat further, while at automobile factories, railroad repair shops, and sawmills employment declined. In the textile industries employment in the production of fabrics decreased somewhat, while employment in the production of wearing apparel increased. Changes in employment in most other manufacturing industries were small.

Agriculture. Department of Agriculture crop estimates based on September 1 conditions were about the same as the estimates a month earlier, except for an increase in cotton and a decrease in corn. Output of leading crops is substantially larger than last season. Supplies of livestock and meats are expected by the Department of Agriculture to continue smaller than last year.

Distribution. Mail order sales and sales at department stores showed somewhat less than the usual seasonal increase from July to August. Freight-car loadings continued at the level of the previous month.



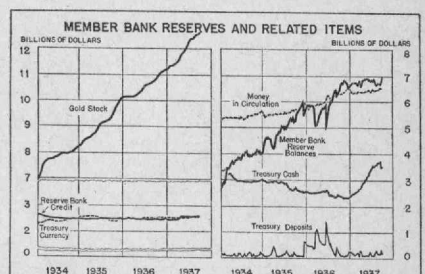
Wednesday figures of estimated excess reserves for all member banks and for New York City, January 6, 1932, to September 22, 1937.



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



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



Wednesday figures. January 3, 1934, to September 22, 1937.

Commodity prices. Cotton prices declined considerably further from the middle of August to the third week of September and there were smaller decreases in cotton goods, silk, hides, steel scrap, and lumber. Prices of livestock and livestock products, after some decline in the latter part of August and the first week of September, advanced sharply in the middle of September.

Bank credit. Excess reserves of member banks increased in the five-week period ending September 22 from

\$800,000,000 to \$1,000,000,000 as the result of a release of gold by the Treasury from its inactive account. The bulk of the increase in excess reserves went to New York City banks and on September 22 these banks had excess reserves of \$350,000,000, Chicago banks had \$50,000,000, and banks elsewhere \$600,000,000.

Commercial loans at reporting member banks in 101 leading cities, reflecting in part seasonal demands, continued to increase substantially during the four weeks ending September 15,

both in New York City and outside. Holdings of United States Government obligations and of other securities showed a further decrease, with the result that total loans and investments declined somewhat.

Money rates. Rates on nine-month Treasury bills declined from 0.71 per cent early in September to 0.44 per cent later in the month, and average yields on long-term Treasury notes declined from about 15/8 per cent to below 1 1/2 per cent.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial and trade conditions in the Philadelphia Federal Reserve District have shown indeterminate tendencies over the past several weeks. Industrial production failed to maintain the seasonal level that usually prevails from July to August and the adjusted indexes for durable and non-durable goods declined in about equal proportions. Output of coal and manufactures slackened, while production of crude oil expanded somewhat. For the year to date, however, industrial output in the aggregate was 15 per cent larger. The value of building contracts awarded in August increased, reflecting largely certain non-residential types of construction, including public works, but the total was smaller than a year ago. Agricultural conditions continue well maintained and farm cash income has been substantially larger than in several years.

Industrial employment showed little change, while payrolls expanded some-

what from July to August, though not as much as was to be expected in that period. Increases in wage rates continued in evidence. Preliminary reports for September indicate declines in the manufacturing industry as a whole.

Retail trade sales in August increased over July but the gain was smaller than usual; in September sales increased seasonally. Business at wholesale showed little change. Sales of new passenger automobiles declined further. Activity in commercial hotels has expanded seasonally with respect to occupancy and income. Freight car loadings declined.

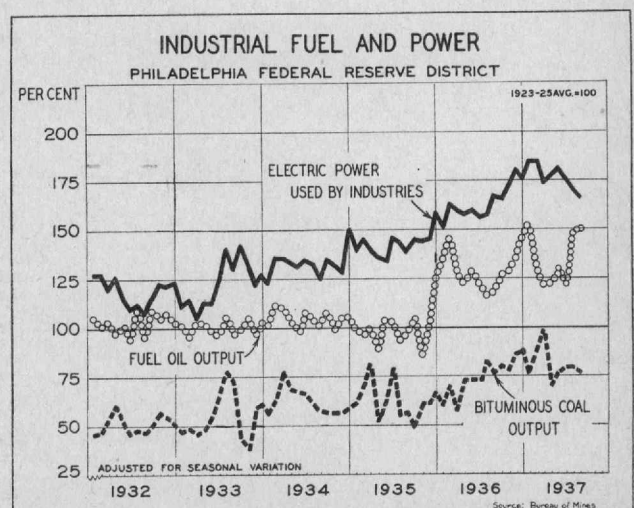
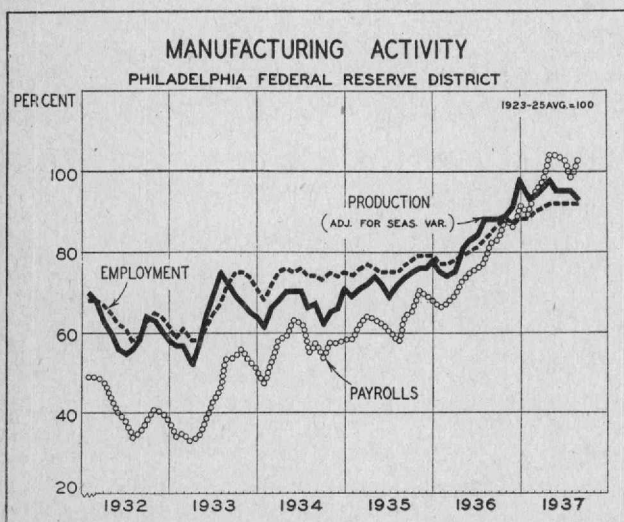
Commodity prices at wholesale have eased off somewhat, owing chiefly to declines in farm products. Retail food prices have shown a similar tendency, though in both cases they are higher than last year, reflecting increased costs generally.

Manufacturing. The market for manufactured goods on the whole has been rather quiet and further declines

in sales have been reported by several lines. Demand for iron and steel products, especially machinery and tools, textiles, including cottons and woollens, and virtually all building materials has declined as compared with last month and in some cases is less active than a year ago. Sales of leather goods, floor coverings, and clothing, on the other hand, appear to have increased somewhat in recent weeks.

Current reports covering the first half of September indicate that unfilled orders generally were smaller than a month before and in some lines, especially textiles, they showed decreases as compared with last year. Stocks of finished goods on the whole increased in the month and as compared with a year earlier. Inventories of raw materials, however, have not changed much in recent weeks but, as has been the case for several months, they are larger than they were a year before.

Wholesale prices of manufactured goods continue to show little fluctuation and are only a little below the



high point for the recovery period reached in the latter part of April. In the week ended September 18, the index number of the Bureau of Labor Statistics, measuring changes in prices of commodities other than farm products and foods, was 85.9 per cent of the 1926 average, or the same as four weeks earlier but nearly 8 per cent higher than a year ago.

Factory employment in this district increased fractionally from July to August and wage payments rose about 4 per cent. These changes failed to measure up to the seasonal gains which ordinarily occur in this interval and reflected in part interruptions occasioned by industrial disputes. Early figures for September indicate declines.

Estimates show that Pennsylvania manufacturing establishments about the middle of August employed approximately 990,000 wage earners receiving compensation of approximately \$26,270,000 a week. This was an increase over a year earlier of nearly 9 per cent in employment and 26 per cent in the case of wages. The average number of hours actually worked decreased steadily between April and July and, despite an increase in early August, was somewhat less than a year before. Hourly earnings, on the other hand, have risen continuously since the autumn of 1936 and in August were nearly 21 per cent higher than a year ago, reflecting largely increases in wage rates.

Delaware factories in August reported a gain of 1 per cent in employment but a decline of 1 per cent in payrolls. Compared with a year ago the number of workers employed was 7 per cent larger and the amount of wage disbursements 16 per cent greater. In southern New Jersey factory employment and wage payments rose about 8 per cent in August, owing chiefly to seasonal activity particularly in the canning industry.

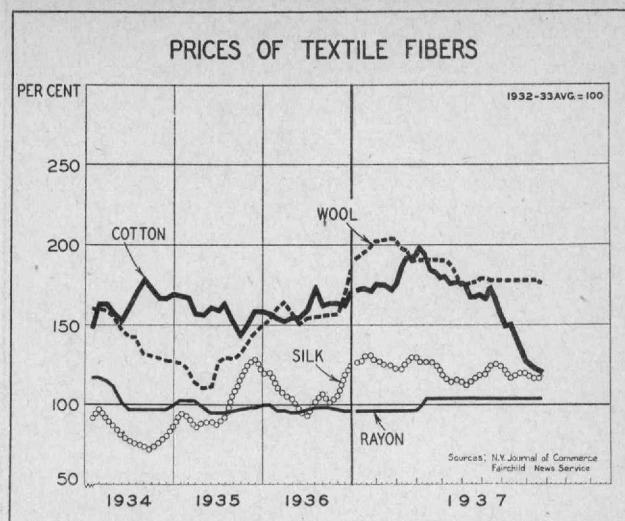
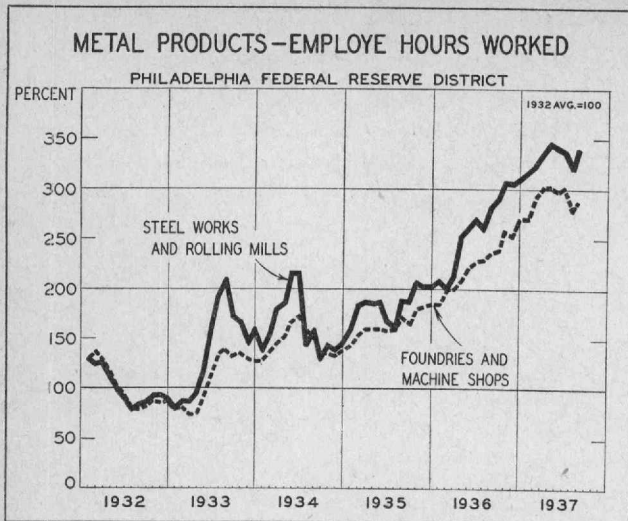
Output of factory products did not increase as much as it usually does from July to August. This bank's adjusted index of productive activity decreased to 93 per cent of the 1923-25 average from 95 in July and a high of 98 in April. In August last year this index was 88. Comparative figures for eight months show that the rate of manufacturing output was 17 per cent higher this year than last.

Productive activity in industries making durable goods such as pig iron, automobile parts and bodies, and lumber increased more sharply than usual from July to August. Less than

Business Indicators Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation						Not adjusted					
					Per cent change							
	Aug. 1936	June 1937	July 1937	Aug. 1937	Aug. 1937 from	1937 from 8 mos. 1936	Aug. 1936	June 1937	July 1937	Aug. 1937		
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
				Month ago	Year ago							
Industrial production												
Manufacturing—total	89r	97	95	92p	- 3	+ 4	+15	89r	96	91	92p	
DURABLE GOODS	88	95r	95	93p	- 3	+ 5	+17	88	95	91	93p	
CONSUMERS' GOODS	79r	92r	96	94p	- 2	+ 19	+29					
Metal products	88r	108	112	109	- 2	+ 3	+10					
Textile products	99	94	89	86p	+ 4	- 13	-34	92r	91	82	81p	
Transportation equipment	80	87	86	88	+ 3	+ 10	+20	78	88	84	87	
Food products	77	82	84	85p	+ 1	+ 10	+ 6	70	78	81	82p	
Tobacco and products	95	97	95	97	+ 1	+ 1	+ 9	102	104	103	103	
Building materials	42	45	45r	45	- 0	+ 8	+33	48	49	49	51	
Chemicals and products	117	131	135	129p	- 4	+ 10	+13	118	132	133	130p	
Leather and products	135	153	155	142p	- 8	+ 6	+16	137	149	141	146p	
Paper and printing	85	98	94r	92	- 3	+ 8	+13	83	97	91	89	
Coal mining	54r	75	51	41p	- 18	- 23	- 8	53r	65	42	41p	
Anthracite	51r	74	47	37p	- 21	- 26	-11	51r	65	38	37p	
Bituminous	76	79	79	76	- 4	- 1	+14	72	69	70	71	
Crude oil	443r	481	518	528	+ 2	+ 19	+16	443	500	518	528	
Electric power												
Output	234	253	248	248	+ 0	+ 6	+ 9	222	241	231	236	
Sales, total†	227	242	239	239	- 0	+ 5	+10	216	235	225	227	
Sales to industries†	167	175	170	166	- 2	- 1	+11	172	176	173	171	
Employment and wages—Pa.												
Factory—Wage earners					+ 0*	+ 9*	+14*	85	92	92	92	
Payrolls					+ 4*	+ 26*	+36*	82	103	98r	103	
Man-hours (1927-28=100)					+ 4*	+ 11*	+25*	85	97	91r	95	
General (1932=100)												
Employment					- 0*	+ 8*	+ 11*	114	127	123	123	
Payrolls					+ 3*	+ 22*	+ 28*	154	192	182	188	
Building and real estate												
Contracts awarded†—total	62	53	54	56	+ 3	- 10	+ 4	63	61	56	57	
Residential†	43	38	40	41	+ 4	- 4	+26	40	46	42	39	
Non-residential†	62	61	71	71	+ 1	+ 15	+ 6	63	72	69	72	
Public works and utilities†	115	67	64	65	+ 1	- 44	-18	126	76	68	71	
Permits for building—17 cities	24	18	17	24	+ 39	- 1	+33	22	22	21	22	
Real estate deeds—Philadelphia†	48	65	55	55	- 0	+ 14	+ 26	47	65	56	53	
Writs for Sheriff sales—Phila.	515	684	657	428	- 35	- 17	- 4	494	684	624	411	
Distribution												
Retail trade—sales	81	81	82	81p	- 2	- 0	+ 7	64	82	58	64p	
stocks	70	81	83	83p	- 1	+ 19	.....	67	77	75	80p
Wholesale trade—sales	87r	103	100	100p	+ 0	+ 15	+20	82r	98	92	93p	
stocks	67r	77	75	76p	+ 2	+ 13	.....	68r	75	74	77p
Life insurance sales	98	101	98	98	+ 1	+ 1	+ 6	82	105	94	83	
New passenger auto. registrations					+ 5*	+ 25*	+15*	124	180	163	154	
Hotels—Occupancy... (1934=100)					+ 4*	+ 8*	+ 9*	104	127	108	112p	
Income, total (1934=100)					+ 4*	+ 11*	+ 5*	91	126	96	100p	
Freight car loadings—total	70	78	75	73	- 3	+ 4	+17	74	80	79	78	
Merchandise and miscellaneous	72	78	77	76	- 2	+ 5	+18	75	81	80	79	
Coal	65	74	66	63	- 4	- 3	+ 7	63	64	59	60	
Business liquidations												
Number					+ 45*	+ 66*	-11*	41	48	46	68	
Amount of liabilities					+576*	+963*	+90*	20	37	31	208	
Payment of accounts												
Check payments	88	92	91	88	- 3	+ 0	+13	75	96	88	75	
Rate of collections (actual)												
Retail trade	32	32	32	32	- 0	+ 0	.....	29	33	32	29
Wholesale trade	74	78	78	78	- 0	+ 5	.....	74	81	80	78
Prices—United States												
WHOLESALE (1926=100)					- 0*	+ 7*	+ 9*	82	87	88	87	
Farm products					- 3*	+ 3*	+15*	84	88	89	86	
Foods					+ 1*	+ 4*	+ 6*	83	85	86	87	
Other commodities					- 0*	+ 8*	+ 8*	80	86	86	86	
RETAIL FOOD					- 0*	+ 2*	+ 5*	84	86	86	85	
Philadelphia					- 0*	+ 4*	+ 5*	86	89	89	89	
Scranton					- 1*	+ 2*	+ 5*	81	84	83	82	

* Computed from data unadjusted for seasonal variation. p—Preliminary. r—Revised.
 † 3-month moving daily average centered at 3rd month. (a) Less cash items in process of collection.
 ‡ Not included in production index.



seasonal gains occurred, however, in the output of steel, steel castings, and brick, while substantial declines were reported in the production of iron castings, goat and kid leather, and paints and varnishes.

Improvement in August occurred in the output of such non-durable goods as electrical apparatus, locomotives and cars, and carpets and rugs. Shipbuilding activity and canning and preserving also expanded more sharply than usual, but smaller than seasonal gains were reported in the output of shoes, hosiery, and woolens and worsteds. Production of motor vehicles decreased by a larger percentage than it ordinarily does in August. Output of silk manufactures was considerably less active than in July, reflecting largely the effect of strikes.

Electric power output by eight central stations showed about the usual rate of increase from July to August; it was 6 per cent greater than a year earlier and was 9 per cent larger in the first eight months this year than last. Consumption of electricity by industries declined slightly during the month and showed little change as compared with a year ago. For the year to date total sales of electricity were 10 per cent larger than last year.

Coal and other fuels. Output of anthracite showed a further decline in August instead of the usual seasonal increase; preliminary reports for September, however, indicate some increase in the first half of that month. Shipments also decreased in August, continuing a downward trend since May and, as was the case in July, they registered a marked decline from a year ago. Comparative figures show that production was 11 per cent and

shipments 6 per cent smaller in the first eight months this year than last.

The market for Pennsylvania bituminous coal has been somewhat more active lately, reflecting principally larger takings by manufacturing plants. Colliery output in August increased by a smaller percentage than usual, following larger than seasonal gains in the two preceding months. In early September production showed some expansion, according to preliminary figures. Shipments of soft coal increased further in August, continuing a pronounced upward trend since early this year. In the first eight months of 1937 output and shipments both registered substantial increases over a year earlier.

(Output and shipment figures are daily averages)	August 1937	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	99,400	- 3	-26
Shipments..... tons	101,539	- 1	-18
Stocks..... 1000 tons	1,895 [†]	+28	+22
Prices..... (1926=100)	76.8	+ 0	- 3
Employment..... No.	79,307	- 8	0
Bituminous			
Production..... tons	340,308	+ 3	- 1
Shipments..... No. cars	23,726	+ 3	- 1
Prices..... (1926=100)	98.7	+ 0	+ 2
Employment..... No.	129,530	+ 9	+ 3
Coke			
Prod. (1923-25=100)	136.2	+ 3	+18
Prices..... (1926=100)	104.9	0	+12
Gas and fuel oil			
Prod. (1923-25=100)	149.7*	+ 1	+27
Prices..... (1926=100)	68.6	+ 2	+ 3

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

Coke production in this section showed some additional gain in August, as did that of gas and fuel oils. Compared with a year ago output of coke was 18 per cent larger and that of gas and fuel oils 27 per cent greater. In both cases, production was considerably larger in the first eight months this year than last.

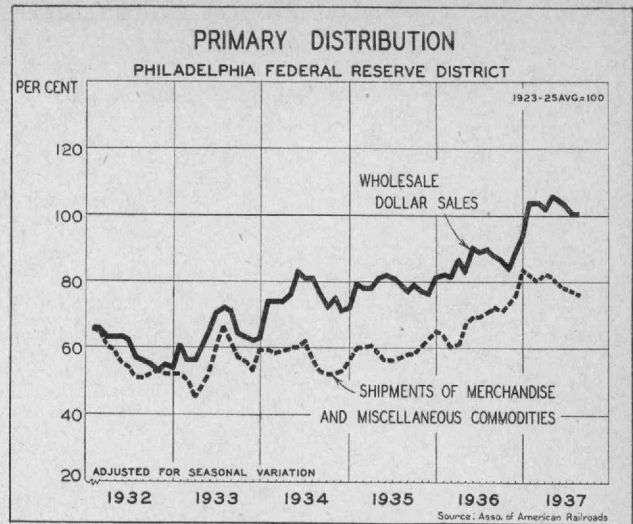
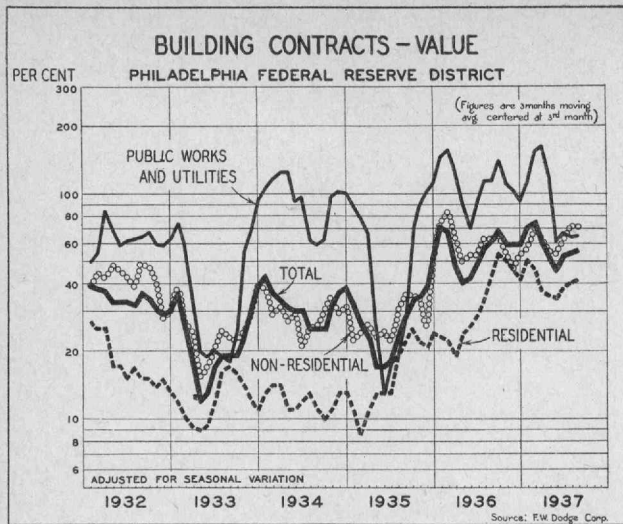
Building and real estate. The aggregate value of building contracts awarded in this district in August rose to nearly \$16,000,000, following a sharp drop a month before. This was a gain of 32 per cent as compared with July but a decrease of 7 per cent from a year ago. The improvement in the month reflected larger awards for public works and utilities and non-residential buildings, including factory, commercial and educational structures.

Building contracts Philadelphia Federal Reserve District	August 1937 (000's omitted)	Per cent change	
		From month ago	1937 from 8 mos. 1936
Residential	\$ 4,156	- 20	+ 26
Apts. and hotels.....	125	- 90	+ 11
Family houses.....	4,031	+ 2	+ 28
Non-residential	8,578	+ 91	+ 6
Commercial.....	1,532	+ 29	+ 11
Factories.....	5,393	+242	+181
Educational.....	566	+ 22	- 33
All other.....	1,087	- 14	- 13
Total buildings	\$12,734	+ 31	+ 13
Public works and utilities	3,232	+ 36	- 18
Grand total	\$15,966	+ 32	+ 4

Source: F. W. Dodge Corporation.

Comparative figures for eight months show that the dollar volume of all contract awards was 4 per cent greater this year than last and the largest for that period since 1931. The most pronounced gains over 1936 occurred in the value of contracts let for factories, one and two-family dwellings and commercial structures.

The local real estate situation on the whole has shown some improvement in recent weeks. Renting demand for houses and apartments has continued quite active since early this year; leasing of commercial space, however, slackened noticeably during the summer months and currently in-



quiries are less numerous than they were last spring. Rentals generally have advanced further, continuing an upward trend that has been quite pronounced since the turn of this year. Sales of small houses have shown some increase lately, following an inactive period of about five months duration.

Agriculture. The agricultural situation in this district has improved further since the middle of August and as in the previous month, compares favorably with 1936 and the average for other years. Late crops appear to be developing well and seasonal farming operations such as harvesting, plowing, and seeding winter grains, have progressed about as usual.

Yields of nearly all important field crops, save tobacco, will be substantially larger this year than last and above the average for the five years 1931-35. Production of orchard fruits, particularly apples and peaches, also is expected to be the largest in several years and considerably above average. Preliminary estimates show that this year's cranberry crop in New Jersey may approximate 135,000 barrels, exceeding that of any year since 1933, when 142,000 barrels were produced.

Farm cash income in this section as in the country generally expanded sharply in July, according to Department of Agriculture reports. In the three states included in this district receipts from the sale of farm products amounted to about \$40,000,000 in July; this was a gain of 8 per cent as compared with June and was the largest monthly total since August, 1929. Farm cash income in the aggregate was 19 per cent larger in the first seven months this year than last and exceeded that of any like interval in the past six years.

Wholesale prices of farm products in the country as a whole decreased somewhat between the middle of August and early September; there ensued, however, a pronounced rise in the week ended September 18, reflecting principally higher prices for livestock, poultry and certain grains, especially corn and rye.

Distribution, trade and service. Preliminary reports indicate that retail trade sales in September have increased seasonally and are slightly larger than a year ago. In August dollar sales by department, apparel, shoe and credit stores increased a little less than they usually do as compared with July, and in consequence this bank's seasonally adjusted index receded to 81 per cent of the 1923-25 average from 82 in July. The value of sales in all reporting lines combined was 7 per cent greater in the first eight months this year than last, owing in part to higher prices.

Business in wholesale lines registered about the customary small increase from July to August so that the adjusted index measuring total dollar sales in eight important branches remained unchanged at 100. The aggregate value of wholesale trade sales in August was 15 per cent larger than a year ago and showed an increase of 20 per cent in the first eight months this year as compared with last.

Sales of new passenger automobiles in this district, as shown by registrations in August, were about 25 per cent above a year ago. Compared with July, they showed a decline of approximately 5 per cent, reflecting in part the approach of the season when new models are introduced.

Shipments of commodities by railroad freight in this section, eliminating

seasonal changes, have shown a downward tendency since March, reflecting principally smaller loadings of merchandise and coal. Total loadings in August were 4 per cent higher than a year ago and over the first eight months were 17 per cent greater than last year. The volume of rail freight consisting chiefly of manufactures originating in the Philadelphia industrial area also decreased somewhat in August, following a substantial gain a month before. Some decline was indicated from a year ago but thus far this year shipments have registered an increase of 6 per cent over the same interval of 1936.

Activity at non-resort commercial hotels increased in August and was at a higher level than a year ago.

Hotel business Philadelphia Federal Reserve District	Aug., per cent change from		1937 from 8 mos. 1936
	Month ago	Year ago	
Capacity	-0	+0	.....
Room occupancy	+4	+8	+9
Per cent of capacity used:			
Aug. 1937	49.0		
July 1937	50.2		
Aug. 1936	47.9		
Income from:			
Guest rooms	+6	+14	+7
Food	+3	+10	+5
Other sources	+1	+5	+2
Total revenue	+4	+11	+5

Banking conditions. Reserve deposits of member banks declined further in the last half of August, but have been relatively stable over the first three weeks of September.

In the first half of September the average of reserves was \$360,000,000, representing a substantial decline from \$429,000,000 held during the first fifteen days of May, immediately following the final increase in the percentages

of reserves to be maintained against deposits. This drop has taken place in the figures of reserve city banks whose excess over requirements has decreased from \$74,700,000 to \$19,600,000, or from 36 per cent to 10 per cent of required reserves. Reserve balances of country banks, on the other hand, have increased a little in the four-month period, the excess fluctuating from 25 to 28 per cent of requirements.

(Averages of daily figures; dollar figures in millions)	1937			1936
	Aug. 1-15	Aug. 16-31	Sept. 1-15	Sept. 1-15
Reserve city banks:				
Reserves at Federal Reserve Bank.....	\$225.3	\$218.2	\$212.6	\$216.8
Required reserves.....	199.0	196.6	193.0	150.1
Excess reserves.....	26.3	21.6	19.6	66.7
Ratio of excess to required.....	13%	11%	10%	44%
Country banks:				
Reserves at Federal Reserve Bank.....	\$147.9	\$147.4	\$147.5	\$129.0
Required reserves.....	117.0	116.7	116.2	82.6
Excess reserves.....	30.9	30.7	31.3	46.4
Ratio of excess to required.....	26%	26%	27%	55%

In the five weeks from August 18 to September 22 the decrease in member bank reserves was \$10,000,000. This reflected a decrease of \$15,500,000 in the fortnight ended September 1, when there was a substantial adverse balance of payments in commercial transactions with other districts. In this two-week period most of the decline in reserves was at reporting banks in leading cities, which experienced a drop in deposits of \$13,000,000, chiefly in funds held for other banks. A decline of \$9,000,000 in adjusted demand deposits was accompanied by a rise of \$8,000,000 in time funds, reflecting in part a transfer of funds from the demand to the time classification following the passing of the date up to which member banks were permitted to pay interest on certain classes of de-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Sept. 22, 1937	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 0.7	-\$0.1	+\$0.3
Bills bought.....	0.3	- 0.0	- 0.0
Industrial advances.....	3.7	- 0.1	- 1.3
United States securities.....	213.3	.....	+ 2.1
Total bills and securities.....	\$218.0	-\$0.2	+\$1.1
Federal reserve note circulation.....	316.6	+ 1.3	+21.6
Member bank reserve deposits.....	363.0	-10.1	+ 4.2
U. S. Treasurer—general account.....	9.7	- 4.1	-12.0
Foreign bank deposits.....	22.4	+ 3.4	+16.5
Other deposits.....	6.2	- 3.1	+ 4.3
Total reserves.....	522.2	-11.3	+34.6
Reserve ratio.....	72.7%	- 0.3%	+ 1.4%

mand deposits, such as those held for savings banks and public bodies.

In the three weeks to September 22 member bank reserves increased over \$5,000,000. Although substantial amounts were credited to the account of the Treasury at this bank in connection with quarterly installments on the income taxes, they were largely offset by such Government payments as interest on the debt and redemptions of maturing Treasury bills, so that only about \$5,000,000 was taken from the local market by Treasury operations. This was more than compensated for by a gain of \$11,000,000 in the interdistrict settlements, some part of which was due to a flow of funds to this district in connection with the tax payments. The increased demand for currency over the Labor Day week-end was approximately equaled by the amount subsequently returned.

The gain in reserves during this period also was largely at the reporting banks. These banks sustained a further drop in deposits, as is to be expected around a tax payment period, but this loss of funds was more than met by funds derived from a reduction in security holdings.

On September 22 the total investments of the reporting banks were \$686,000,000, as compared with \$705,000,000 on August 18. The decrease was chiefly in direct securities of the United States Government, which declined \$11,000,000 and now are over \$30,000,000 below the peak amount held last January. There also were declines of \$2,000,000 in guaranteed obligations of the United States Government and of \$6,000,000 in other securities. Holdings of securities of the latter type, composed largely of obligations of corporations and local governments, now amount to \$273,000,000, and have shown a general trend downward since August of last year, when \$317,000,000 was held.

In contrast with the decline in in-

Reporting member banks (000,000's omitted)	Sept. 22, 1937	Changes in—	
		Five weeks	One year
Assets			
Commercial, industrial and agricultural loans:			
On securities.....	\$ 44	.....	*
Otherwise secured and unsecured.....	179	+\$ 8	*
Open market paper.....	25	- 1	*
Loans to brokers and dealers in securities.....	24	- 3	- 5
Other loans to purchase or carry securities.....	37	- 1	*
Loans on real estate.....	60	.....	- 2
Loans to banks.....	3	+ 1	+ 1
Other loans:			
On securities.....	49	+ 1	*
Otherwise secured and unsecured.....	57	- 1	*
Total loans.....	\$ 478	+\$ 4	+\$25
United States Government securities.....	316	- 11	.....
Obligations fully guar. by U. S. Government.....	97	- 2	- 4
Other securities.....	273	- 6	- 39
Total loans and investments.....	\$1,164	-\$15	-\$18
Reserve with Federal Reserve Bank.....	228	- 10	- 12
Cash in vault.....	18	+ 2	+ 3
Balances with other banks.....	123	+ 3	- 35
Other assets—net.....	88	+ 1	.....
Liabilities			
Demand deposits, adjusted.....	\$ 793	-\$25	+\$14
Time deposits.....	290	+ 10	+ 14
U. S. Government deposits.....	18	.....	- 58
Interbank deposits.....	268	- 9	- 37
Borrowings.....	1	+ 1	+ 1
Other liabilities.....	23	+ 4	.....
Capital account.....	228	.....	+ 4

* Comparable figures not yet available.

vestments, loans of the reporting banks have moved rather steadily upward, registering an increase of about \$30,000,000 in the past six months. This trend has been due to an expansion in accommodation extended to commerce, industry and agriculture. Since May 12, when such loans first were separately classified, they have increased from \$200,000,000 to \$223,000,000 of which \$8,000,000 was taken on in the past five weeks. The rise in commercial loans was more pronounced than a year ago, when loans of similar type increased from March to the middle of September.

Outstanding acceptances of banks in this district increased slightly during August. The total of \$13,460,000 at the end of the month was about \$1,200,000 larger than a year ago.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—					Changes in five weeks
	Aug. 25	Sept. 1	Sept. 8	Sept. 15	Sept. 22	
Sources of funds:						
Reserve bank credit extended in district.....	- 0.2	-0.5	+0.7	+3.7	- 4.5	- 0.8
Commercial transfers (chiefly inter-district).....	-11.0	-8.4	+2.9	-5.7	+13.7	- 8.5
Treasury operations.....	+ 0.6	+1.6	+4.4	+1.2	-11.2	- 3.4
Total.....	-10.6	-7.3	+8.0	-0.8	- 2.0	-12.7
Uses of funds:						
Currency demand.....	- 1.0	+0.9	+4.4	-1.2	- 3.3	- 0.2
Member bank reserve deposits.....	- 9.7	-5.8	+4.3	-0.6	+ 1.7	-10.1
"Other deposits" at reserve bank.....	+ 0.1	-2.3	-0.7	+0.2	- 0.4	- 3.1
Unexpended capital funds.....	+ 0.0	-0.1	-0.0	+0.8	- 0.0	+ 0.7
Total.....	-10.6	-7.3	+8.0	-0.8	- 2.0	-12.7

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	Aug. index 1937	Per cent change from		Aug. index 1937	Per cent change from		Aug. 1937—per cent change from	
		Aug. 1936	July 1937		Aug. 1936	July 1937	Aug. 1936	July 1937
All manufacturing.....	92	+ 9	+ 0	103	+26	+ 4	+11	+ 4
Iron, steel and products.....	92	+20	- 0	123	+48	+ 6	+20	+ 5
Non-ferrous metal prods.....	135	+17	- 1	161	+35	+ 6	+17	+ 4
Transportation equip.....	68	+ 7	- 4	63	+ 7	+ 0	+ 4	+ 2
Textiles and clothing.....	102	- 1	+ 2	91	- 4	+ 4	- 9	+ 1
Textiles.....	97	- 2	+ 0	88	- 4	+ 3	- 9	- 0
Clothing.....	123	+ 1	+ 7	103	- 3	+11	- 7	+ 6
Food products.....	106	+ 3	+ 1	114	+15	+ 3	+ 5	+ 5
Stone, clay and glass.....	90	+10	+ 0	93	+26	+ 6	+10	+ 5
Lumber products.....	69	+ 6	- 1	65	+20	+ 3	+ 8	+ 1
Chemicals and products.....	95	+ 8	+ 1	113	+29	+ 4	+ 9	+ 4
Leather and products.....	94	+ 2	+ 1	92	+ 7	+ 1	+ 9	- 0
Paper and printing.....	98	+ 7	- 1	100	+17	- 1	+ 9	- 0
Printing.....	91	+ 6	- 1	92	+12	- 3	+ 7	- 3
Others:								
Cigars and tobacco.....	68	+ 1	+ 3	67	+ 8	+ 9	- 2	+ 8
Rubber tires, goods.....	84	- 0	- 2	87	+ 1	+ 1	-13	+ 0
Musical instruments.....	56	+ 5	+22	56	+ 6	+42	- 2	+30

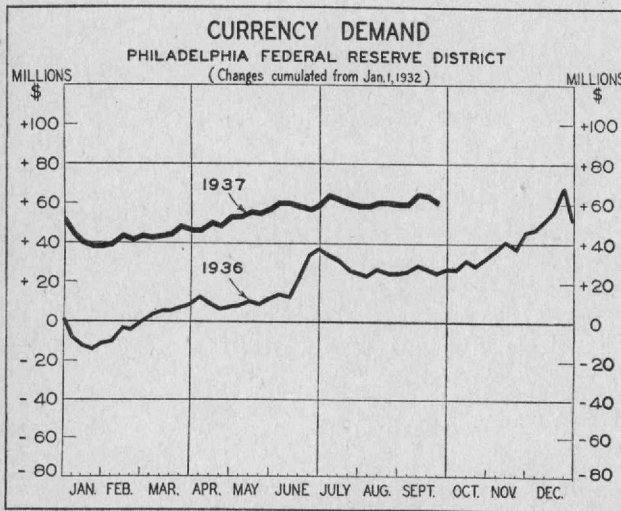
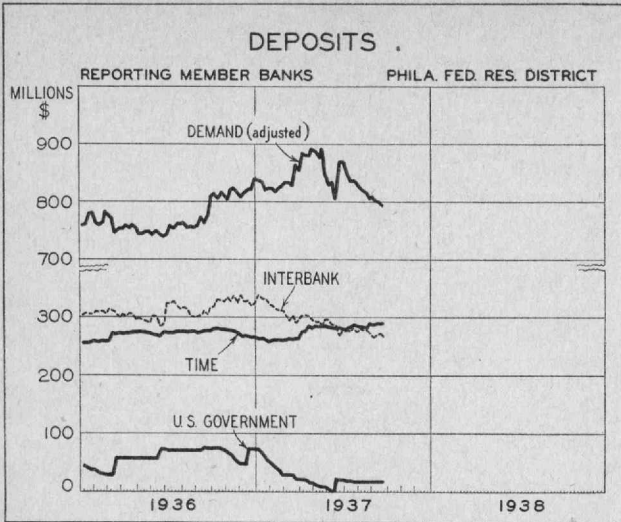
* Figures from 2,354 plants.

† Figures from 2,103 plants.

General Index Numbers

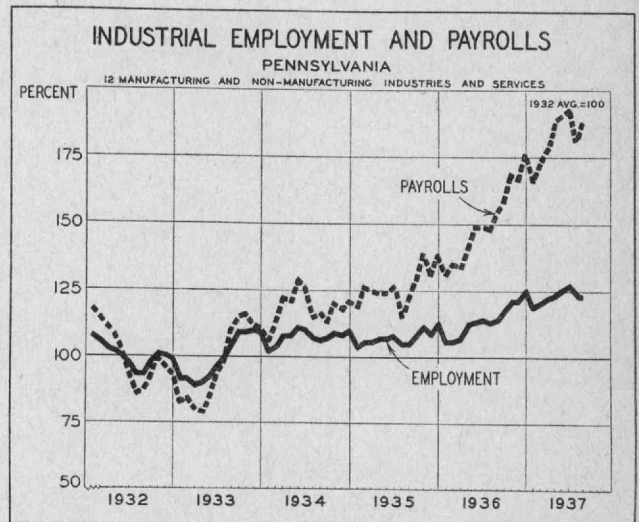
Covering twelve branches of trade and industry

	Employment			Payrolls		
	Aug. 1937 index	Per cent change from		Aug. 1937 index	Per cent change from	
		Aug. 1936	July 1937		Aug. 1936	July 1937
General index (weighted)....	123	+ 8	- 0	188	+22	+ 3
Manufacturing.....	145	+ 9	+ 0	250	+26	+ 4
Anthracite mining.....	67	- 0	- 9	51	-13	-23
Bituminous coal mining.....	122	+ 3	+ 9	217	+16	+15
Building and construction.....	97	+18	+ 1	130	+29	+ 6
Quarrying and non-met. mining.....	128	+ 7	+ 0	267	+20	+ 7
Crude petroleum producing.....	163	- 1	- 0	177	+13	+ 2
Public utilities.....	98	+ 6	+ 1	107	+ 9	+ 1
Retail trade.....	108	+ 4	- 3	123	+12	- 1
Wholesale trade.....	117	+ 5	+ 0	122	+13	+ 2
Hotels.....	110	+ 5	- 3	119	+13	- 1
Laundries.....	109	+ 7	+ 6	125	+18	+ 4
Dyeing and cleaning.....	108	+ 2	- 2	124	+16	- 5



City areas*	Percentage change—August 1937 from August 1936				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+ 7	+30	+ 49	+16	+ 1
Altoona.....	+ 1	-18	+358	+17	- 4
Harrisburg.....	+16	+42	+341	+11	- 4
Johnstown.....	+30	+63	+468	+32	-10
Lancaster.....	+10	+14	+ 94	+18	+ 4
Philadelphia.....	+ 7	+18	+ 92	+ 1	- 0
Reading.....	+ 7	+17	+ 19	+13	- 6
Scranton.....	+ 4	+ 3	- 36	- 4	+ 2
Trenton.....	+11	+22	- 71	-12	+ 1
Wilkes-Barre.....	+ 0	- 4	- 36	- 7	- 2
Williamsport.....	+ 0	+11	+103	+ 2	.....
Wilmington.....	+11	+20	+ 70	+10	- 2
York.....	+ 4	+18	+116	+15	.....
August 1937 from July 1937					
Allentown.....	- 2	+ 4	+ 41	-11	+ 2
Altoona.....	+ 1	+ 1	- 35	-10	+ 0
Harrisburg.....	+ 0	+ 6	+811	-11	+10
Johnstown.....	+ 1	- 0	+304	+ 6	+10
Lancaster.....	- 1	- 6	+303	- 9	-13
Philadelphia.....	+ 1	+ 2	- 31	-13	+15
Reading.....	+ 0	+ 9	+ 18	- 8	- 6
Scranton.....	+ 0	+ 3	- 48	-15	+ 5
Trenton.....	+ 1	+ 2	- 38	-14	- 5
Wilkes-Barre.....	+ 2	- 2	- 42	-11	- 3
Williamsport.....	+ 1	+ 7	- 29	- 2	.....
Wilmington.....	- 3	- 3	- 0	-29	+ 9
York.....	+ 1	+ 4	+ 17	- 8	.....

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



Index numbers of individual lines of trade and manufactures

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					
	Aug. 1936	June 1937	July 1937	Aug. 1937	Per cent change			Aug. 1936	June 1937	July 1937	Aug. 1937
					Month ago	Year ago	1937 from 8 mos. 1936				
Retail trade											
Sales											
Total of all stores	81	81	82	81p	- 2	- 0	+ 7	64	82	58	64p
Department	73	75	73	72	- 1	- 0	+ 6	56	75	51	56
Men's apparel	72	85	69	75	+ 9	+ 5	+ 11	56	91	57	59
Women's apparel	127r	98	95	126	+32	- 1	+ 9	87r	95	63	86
Shoe	63r	79	72	64	-12	+12	+ 1	48r	94	66	48
Credit	89r	88	108	87p	-20	- 2	+11	84r	83	71	83p
Stocks of goods											
Total of all stores	70	81	83	83p	- 1	+19	.....	67	77	75	80p
Department	55	60	59	61	+ 4	+12	.....	51	58	54	57
Men's apparel	64	87	106	82	-23	+28	.....	66	84	86	86
Women's apparel	108	110	127	125	- 2	+16	.....	95	98	97	110
Shoe	68	71	66	79	+19	+17	.....	68	70	62	79
Credit	88r	106	106	109p	+ 2	+23	.....	87r	103	105	107p
Rate of stock turnover 8 months (actual, not indexes)							- 6*	2.57			2.41
Wholesale trade											
Sales											
Total of all lines	87r	103	100	100p	- 0	+15	+20	82r	98	92	93p
Boots and shoes	63	57	42	54	+28	-14	- 3	71	49	35	61
Drugs	102r	109	111	108p	- 3	+ 7	+12	95r	105	105	101p
Dry goods	51	57	56	55	- 3	+ 6	+24	48	52	44	51
Electrical supplies	81r	149	158	130p	-18	+60	+65	67r	122	130	107p
Groceries	122	127	120	129p	+ 7	+ 6	+ 7	120	129	121	126p
Hardware	56	63	53	60	+13	+ 8	+16	50	65	52	54
Jewelry	47	59	57	67	+19	+43	+31	41	49	39	59
Paper	74	90	79	81	+ 2	+10	+20	70	86	75	77
Stocks of goods											
Total of all lines	67r	77	75	76p	+ 2	+13	.....	68r	75	74	77p
Boots and shoes	27	37	45	38	-16	+39	.....	29	35	45	41
Dry goods	42r	50	50	49	- 3	+16	.....	45r	50	51	52
Electrical supplies	89r	120	108	102	- 6	+15	.....	95r	117	108	109
Groceries	75r	82	78	85p	+ 9	+13	.....	70r	75	71	79p
Hardware	72	79	81	83	+ 2	+15	.....	71	81	81	82
Jewelry	55	49	52	56	+ 9	+ 3	.....	61	53	59	63
Paper	62	66	68	66	- 3	+ 6	.....	63	66	68	67
Rate of stock turnover 8 months (actual, not indexes)							+13*	3.82			4.31
Output of manufactures											
Pig iron	61	73	83	91	+10	+49	+69	54	70	76	81
Steel	85	102	109	104	- 5	+21	+36	87	104	99	106
Iron castings	75	100	86	81	- 5	+ 8	+29	73	99	82	79
Steel castings	110	120	140	136	- 2	+24	+36	106	125	124	131
Electrical apparatus	98r	126	124	125	+ 1	+28	+31	109r	126	130r	139
Motor vehicles	18	23	18	13	-30	-31	+71	15	28	18	11
Automobile parts and bodies	75	76	70	76	+ 8	+ 1	+14	70	76	67	71
Locomotives and cars	35	45	43r	45	+ 4	+26	+43	36	47	43r	45
Shipbuilding	236	244	255	264	+ 4	+12	+14	233	242	247	262
Silk manufacture	105	100	97	86	-11	-17	+13	101	95	95	84
Woolen and worsteds	74	72	56	54	- 3	-27	+ 1	76	69	52r	55
Cotton products	58	67	72r	69	- 5	+20	+33	52	64	63	62
Carpets and rugs	150	143	100	109	+ 9	-27	+21	137	137	92	100
Hosiery	126	113	117	111	- 5	-12	+19	110	110	96	97
Underwear	150	138	144	127	-12	-15	+ 4	139	138	119r	118
Cement	57	50	55	55p	+ 0	- 5	+20	72	60	64	68p
Brick	52	56	59r	56	- 5	+ 7	+43	54	59	56r	58
Lumber and products	27	36	33	34	+ 3	+24	+29	30	37	36	37
Bread and bakery products											
Slaughtering, meat packing	89	89	80	84	+ 4	- 6	+ 5	77	85	73	73
Sugar refining	69	67	87	89	+ 2	+29	- 7	59	71	88	76
Canning and preserving	62	69	73	78p	+ 6	+25	+ 9	71r	50	60	69p
Cigars	95	95	94	96	+ 2	+ 1	+ 7	101	103	101	102
Paper and wood pulp	69	77	77	76	- 1	+11	+14	69	77	74	76
Printing and publishing	88	102	98	95	- 3	+ 7	+13	86	101	95r	92
Shoes	155	181	176	167	- 5	+ 8	+24	166	172	164	179
Leather, goat and kid	115	127	136	119p	-13	+ 3	+ 5	111	128	119	114p
Explosives	81	92	96	92	- 4	+13	+15	81	92	94	92
Paints and varnishes	82	100	100r	77	-23	- 6	+14	83	102	93r	79
Petroleum products	151	166	170	171p	+ 1	+13	+11	152	167	171	172p
Coke, by-product	118	124	134	139	+ 3	+18	+23	115	124	132	136

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

