

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
NOVEMBER 1, 1937

FEDERAL RESERVE BANK OF PHILADELPHIA

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Business and Banking Conditions in the United States

Declines in industrial production in September and the first part of October reduced output to the level of a year ago, and commodity prices continued to decline. The volume of distribution to consumers was maintained at the level of previous months.

Production and employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, declined in September to 111 per cent of the 1923-25 average as compared with 114 in June and July and 117 in August. At steel mills, where output in August had been at a high level, partly on the basis of orders placed earlier in the year, activity was reduced to an average rate of 75 per cent of capacity in September. This decline continued in October, as new orders were in limited volume, and the rate of steel output in the fourth week of the month is estimated at about 52 per cent of capacity. There were also declines in September in activity at woolen mills, shoe factories, and at sugar refineries, and activity at cotton mills showed little change, although an increase is usual at this season. Increases in output were reported at silk

mills and meat packing establishments where activity recently has been at a low level. Automobile production showed a decline from the high level of August, but in the first three weeks of October advanced sharply as most manufacturers began assembling 1938 models.

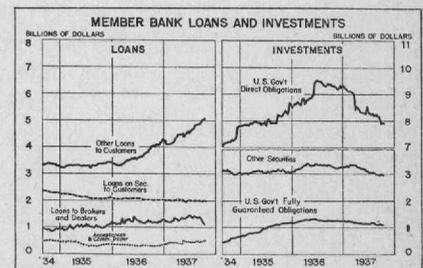
Mineral output increased in September, reflecting an expansion in coal production. Output of crude petroleum declined somewhat but continued in large volume.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was smaller in September and the first half of October than in the preceding six weeks, with a moderate decline in private residential building and sharp declines in awards for other private work and for publicly-financed work. Currently the dollar volume of private work is about the same as a year ago, while awards for public work are in smaller volume.

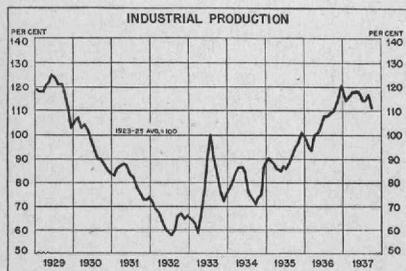
Factory employment showed little change from August to September, although an increase is usual at this season. There were declines in the num-

ber employed at textile mills, shoe factories, railroad repair shops, and lumber mills. At canning establishments employment increased seasonally. Factory payrolls, which usually expand in September, declined substantially, reflecting principally a reduction in the average number of hours worked by those employed. The levels of employment and payrolls continued to be considerably above last year.

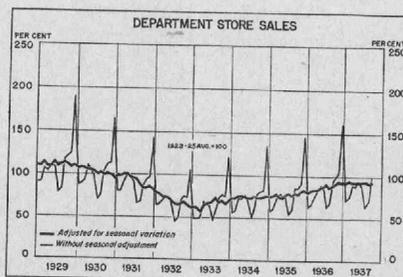
Distribution. Distribution of commodities to consumers by department stores and mail order houses increased more than seasonally in September,



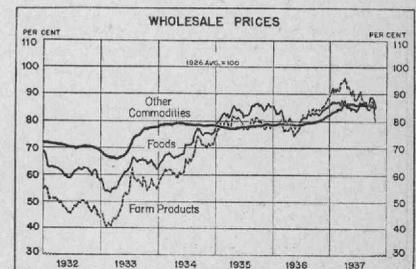
Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to October 20, 1937. Loans on real estate and loans to banks excluded.



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



Indexes of value of sales. By months, January 1929 to September 1937.



Indexes compiled by the United States Bureau of Labor Statistics. By weeks, 1932 to date. Latest figure is for week ending October 16, 1937.

and variety store sales showed about the usual seasonal expansion. Freight-car loadings increased by the usual seasonal amount from August to September.

Commodity prices. The general level of wholesale commodity prices, according to the Bureau of Labor Statistics' index, declined from 87.5 per cent of the 1926 average in the latter part of September to 85.2 in the middle of October. During that period price declines occurred in most commodities traded in on organized exchanges and

in some manufactured products. In the ten days ending October 25 commodity markets were steadier. New models of automobiles are currently being introduced at higher prices.

Bank credit. Excess reserves of member banks, after increasing in September from \$750,000,000 to over \$1,000,000,000, showed little further change in October.

Total loans and investments of reporting member banks in 101 leading cities declined somewhat in the four weeks ending October 20, reflecting

chiefly a steady reduction throughout the period in loans to security brokers and dealers. Commercial loans increased further.

Money rates and security prices. Rates on 9-month Treasury bills in October declined to about $\frac{3}{8}$ of one per cent, the lowest since last January. Prices of high-grade bonds showed little change in September and October, while prices of lower-grade bonds and of common stocks declined sharply to the lowest levels since the middle of 1935.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Philadelphia Federal Reserve District has shown additional declines, while retail trade sales have evidenced seasonal improvement since early September. Inventories of finished goods generally have increased. Commodity prices at wholesale have declined.

Industrial production during September continued downward, owing to a further recession in manufacturing activity. The index number prepared by this bank on the basis of the output of factory products, coal and crude oil decreased to 91 per cent of the 1923-25 average as compared with 92 in August, 95 in July, 97 in June, 96 in May and a high of 101 in April. A year ago this index was 89. The value of building contracts awarded in this district decreased more than seasonally from August to September and was considerably smaller than a year ago. Farm cash income from the sale of produce

has fallen off, though it continues larger than last year.

Employment in twelve branches of trade and industry showed some increase from August to September, while payrolls declined. Preliminary reports from manufacturing industries indicate that the changes in employment and payrolls from September to October have been less favorable than is to be seasonally expected.

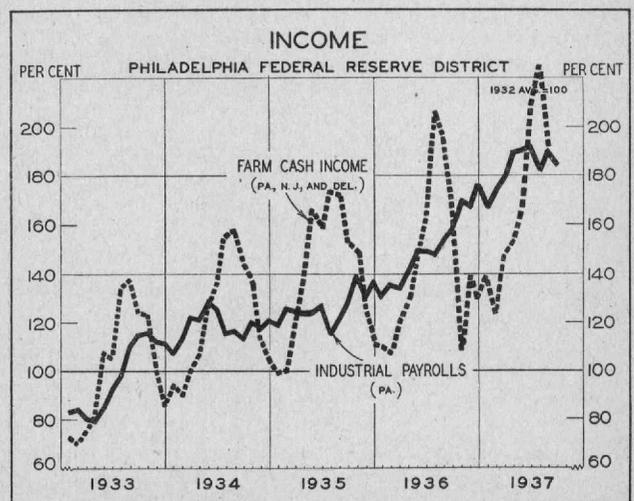
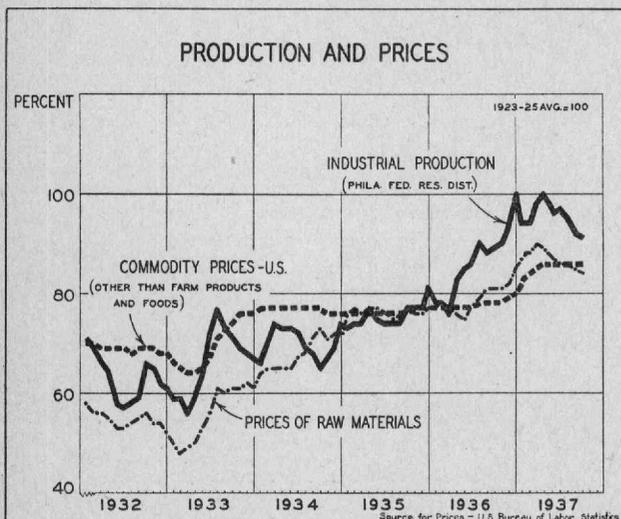
The value of retail trade sales showed a marked improvement from August to September and there was a further seasonal increase in the early part of October. Business at wholesale in September, on the other hand, failed to show the usual rate of increase over August but continued well ahead of a year ago. Shipments of merchandise by rail showed lack of improvement, while deliveries of coal increased more than seasonally. Sales of new passenger automobiles declined sharply,

though they were substantially larger than a year ago.

Manufacturing. Current reports indicate a continued recession in manufacturing activity of this district. The demand for factory products generally is described as unsatisfactory and sales have declined sharply since the middle of last month and as compared with last year. The volume of unfilled orders has decreased and is smaller than a year ago in the majority of manufacturing lines.

Stocks of finished goods at reporting plants increased during the month and in many instances are larger than they were at the same time last year. The supply of raw materials, on the other hand, has fallen off slightly since early September but it is larger than a year ago, particularly in the case of certain textiles, building materials, chemicals, rubber, and cigars.

Prices quoted by reporting plants



Business Indicators Philadelphia Federal Reserve District

for their products have fallen off during the past six weeks though they still are higher than a year ago. This is also borne out by the price index compiled by the Bureau of Labor Statistics on the basis of all commodities other than farm products and foods. Similarly, commodity futures and spot prices of staples traded in on organized exchanges showed additional sharp declines between the middle of September and the third week of October.

The number of wage earners in manufacturing plants continued about the same in September as in August but the volume of wage payments and employee-hours actually worked declined about 5 per cent. These changes were less favorable than is usual for this period. Neither do early reports for October indicate improvement. Compared with a year ago both employment and payrolls have continued larger.

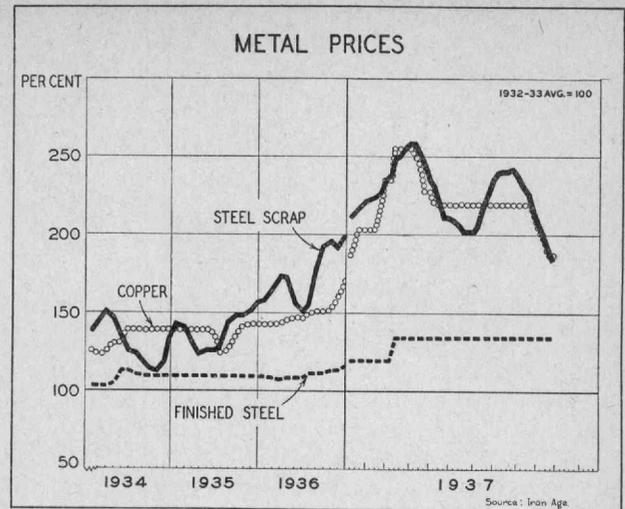
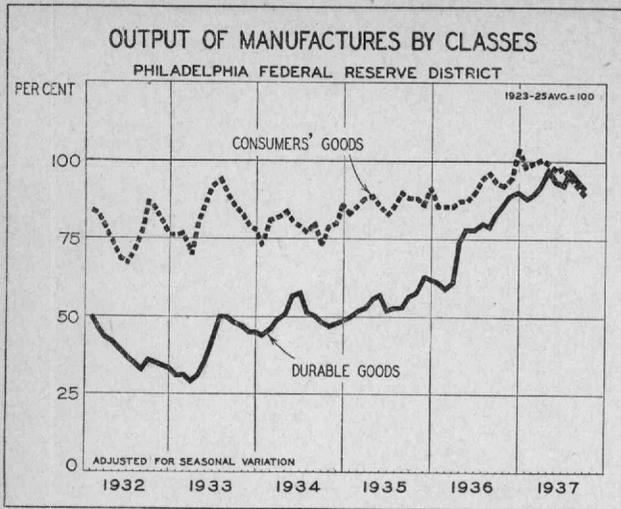
Reports for Pennsylvania show that all factories in September employed approximately 993,000 wage earners as compared with 987,000 in the previous month. The total amount paid in wages was \$25,117,000 a week as against \$26,580,000 in August. Average weekly earnings in September amounted to \$25.76 per worker and the average earnings approximated 71¢ an hour. The number of hours worked by an average wage earner totaled 36.6 a week. Over the last few years the trend of hourly earnings has been upward so that the present hourly wage in factories is substantially higher than it was three years ago and is 24 per cent higher than in 1928. The average number of hours worked weekly declined from a year ago but continued larger than in 1934 and 1935; compared with 1928, the weekly hours worked by the wage earner in September showed a decrease of 21 per cent.

Delaware factories reported decreases of 5 per cent in employment and 4 per cent in payrolls from August to September. In southern New Jersey factory employment also declined 2 per cent and payrolls 6 per cent in the same period. Wage disbursements in both these sections of the district continued larger than last year; employment in Delaware was greater, while in southern New Jersey it was about 1 per cent smaller than in September 1936.

The trend of factory production in this district has been almost steadily downward since April. The seasonally adjusted index prepared by this bank

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation						Not adjusted					
	Per cent change											
	Sept. 1936	July 1937	Aug. 1937	Sept. 1937	Sept. 1937 from Month ago	1937 from Year ago	1937 from mos. 9 1936	Sept. 1936	July 1937	Aug. 1937	Sept. 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.												
Industrial production	89	95	92	91p	-1	+2	+14	91	91	92	93p	
Manufacturing—total	88	95	92	89p	-3	+2	+15	90	91	92	91p	
DURABLE GOODS	83	96	94	91p	-3	+9	+27					
CONSUMERS' GOODS	93	95	91	89p	-3	-4	+8					
Metal products	94	112	109	106	-3	+13	+32	94	107	114	106	
Textile products	91	89	85	81p	-5	-12	+8	93	82	80	82p	
Transportation equipment	80	86	88	87	-1	+10	+19	75	84	87	83	
Food products	76	84	82	81p	-1	+7	+6	80	81	83	87p	
Tobacco and products	99	95	97	100	+3	+1	+8	114	103	103	116	
Building materials	44r	45	44r	42	-3	-3	+28	47	49	49r	45	
Chemicals and products	122	135	124	126p	+2	+3	+12	121	133	124	125p	
Leather and products	133	155	147	125p	-15	-6	+14	145	140r	150	136p	
Paper and printing	87	94	92	93	+2	+7	+12	86	91	89	92	
Coal mining	60r	51	41	56p	+35	-7	-8	61r	42	41	57p	
Anthracite	58r	47	37	53p	+43	-9	-11	58r	38	37	54p	
Bituminous	80	79	76	79	+4	-1	+12	81	69r	71	81	
Crude oil	461	518	528	532	+1	+15	+16	461	518	528	532	
Electric power												
Output	235	248	248	246	-1	+5	+8	230	231	236	241	
Sales, total†	229	239	239	244	+2	+6	+10	227	225	227	242	
Sales to industries†	166	170	166	171	+3	+3	+10	176	173	171	181	
Employment and wages—Pa.												
Factory—Wage earners					+1*	+6*	+13*	87	92	92	92	
Payrolls					-5*	+19*	+34*	83	99r	104r	98	
Man-hours (1927-28=100)					-5*	+5*	+23*	86	91	95	90	
General (1932=100)												
Employment					+2*	+6*	+11*	118	123	123	126	
Payrolls					-3*	+17*	+27*	158	182	190r	184	
Building and real estate												
Contracts awarded†—total	69	54	56	52	-7	-24	-1	68	56	57	51	
Residential†	54	40	41	44	+6	-19	+18	49	42	39	40	
Non-residential†	64	71	71	59	-18	-9	+1	63	69	72	57	
Public works and utilities†	141	64	65	73	+12	-48	-23	130	68	71	67	
Permits for building—17 cities	15	17	24	21	-13	+43	+34	13	21	22	19	
Real estate deeds—Philadelphia†	52	55	55	67	+22	+29	+32	45	56	53	58	
Writs for Sheriff sales—Phila.	631	657	428	493	+15	-22	-6	732	624	411	572	
Distribution												
Retail trade—sales	83	82	81	89	+9	+7	+7	79	58	64	84	
stocks	73	83	82	84	+2	+16	....	76	75	80	88
Wholesale trade—sales	86r	100	100	93p	-7	+8	+18	98r	92	93	106p	
stocks	69r	75	76	75p	-2	+9	....	71r	74	77	78p
Life insurance sales	102	98	98	100	+1	-2	+5	82	94	83	80	
New passenger auto. registrations					-26*	+29*	+16*	89	163	154	114	
Hotels—Occupancy (1934=100)					+18*	+7*	+9*	123r	108	112	132p	
Income, total (1934=100)					+29*	+12*	+7*	115	96	100	129p	
Freight car loadings—total	71	75	73	72	-2	+1	+15	80	79	78	81	
Merchandise and miscellaneous	71	77	76	71	-6	+0	+16	80	80	79	80	
Coal	68	66	63	69	+9	+1	+6	71	59	60	71	
Business liquidations												
Number					-50*	-20*	-12*	42	46	68	34	
Amount of liabilities					-95*	-46*	+80*	18	31	208	10	
Payment of accounts												
Check payments	90	91	88	85	-4	-5	+10	85	88	75	81	
Rate of collections (actual)												
Retail trade	31	32	32	32	+0	+3	....	27	32	29	28
Wholesale trade	76	78	78	81	+4	+7	....	75	80	78	81
Prices—United States												
WHOLESALE (1926=100)												
Farm products					-1*	+2*	+13*	84	89	86	86	
Foods					+1*	+6*	+6*	83	86	87	88	
Other commodities					-1*	+8*	+3*	80	86	86	86	
RETAIL FOOD												
Philadelphia					+0*	+2*	+5*	84	86	85	86	
Scranton					-1*	+3*	+5*	85	89	89	88	
					-2*	+1*	+5*	80	83	82	81	
(In millions of dollars)	Sept. 1936	June 1937	July 1937	Aug. 1937	Sept. 1937	% change from						
						Month ago	Year ago					
Banking and credit												
Federal Reserve Bank												
Bills discounted	\$ 0.4	\$ 1.6	\$ 1.1	\$ 0.9	\$ 0.8	-11	+100					
Other bills and securities	217	218	218	217	217	0	0					
Member bank reserves	354	384	385	369	360	-2	+2					
Reserve ratio (per cent)	71.0	73.0	73.1	72.9	72.5	-1	+2					
Reporting member banks												
Loans	\$ 456	\$ 460	\$ 463	\$ 474	\$ 479	+1	+5					
Investments	729	716	714	708	692	-2	-5					
Deposits (a)	1,433	1,420	1,417	1,394	1,374	-1	-4					
Bankers' acceptances outstanding	11.4	16.2	13.4	13.5	14.6	+8	+28					

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



declined in September to 89 per cent of the 1923-25 average as compared with 92 in August, 95 in June and July and a high of 98 in April. A year ago this index was 88.

The extent of current recession was about the same in industries producing durable goods and in those manufacturing non-durable goods. The decline in the latter has been almost continuous since March, while the level of production of durable goods showed considerable activity up to July but rather a marked decline since then. In both cases, the levels of activity have been higher so far this year than last.

Virtually all lines included in the metal group sustained further losses in output during September following a sharp upward trend for over a year. The fluctuations in the output of this group this year have been between 102 and 112 per cent of the 1923-25 average. The index in September was 106. Steel plants in this district reported that in the week ended October 23 their production declined to 52 per cent of capacity, which was the low for this year, as compared with a high of 72 reached in the week of July 24. A month ago this rate was 63 and a year ago it was over 55.

The textile industry as a whole has shown a declining tendency since the early part of the year, the adjusted index of productive activity having dropped from about 100 in February to 81 in September. This brought the September level of production below that in the same month of 1935 and 1936 but for the year thus far the rate was 8 per cent higher than in the same period last year. All important textile lines sustained unusual losses in out-

put from August to September with the exception of silk manufactures.

Activity of food industries continued rather stable around 80 which was 7 per cent higher than a year ago. Production of cigars and tobacco increased further by a larger proportion than usual. Output of shoes decreased to the lowest level in the year, the adjusted index dropping from the high of 181 in May and June to 136 in September. A slight gain in the paper and printing industry reflected largely improvement in the printing and publishing business.

Output of building materials, chiefly brick, cement and lumber combined, registered additional declines, so that the adjusted index fell to a low of 42 per cent of the 1923-25 average as compared with 54 in April, which was the highest in several years. This decline reflects a similar trend in building and construction activity.

The gain in the output of electric power from August to September was not as large as usual but production was 5 per cent larger than in the same month last year. Total sales of electricity showed improvement, owing chiefly to sharp increase in consumption by municipalities and residences. Industrial consumption also increased about 6 per cent during the month and was 3 per cent larger than a year ago. In the first nine months this year total sales of electrical energy were 10 per cent larger than in the same period last year.

Coal and other fuels. The market for anthracite has shown seasonal expansion since the middle of last month, reflecting a more active demand for household fuel as a result of colder weather. Colliery output in September

increased sharply from the unusually low level prevailing in August but was the smallest for the month since 1925. Shipments expanded as they usually do in September but continued smaller than a year ago. Preliminary reports indicate some additional gains in both production and shipments in the first fortnight of October.

Demand for Pennsylvania bituminous coal has been somewhat more active lately, owing principally to larger takings by manufacturing plants. Production increased considerably in September and was nearly as large as in the same month last year. Shipments of soft coal have increased appreciably.

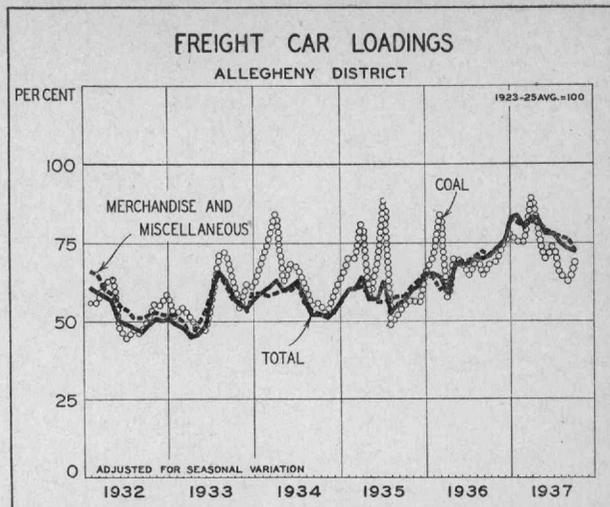
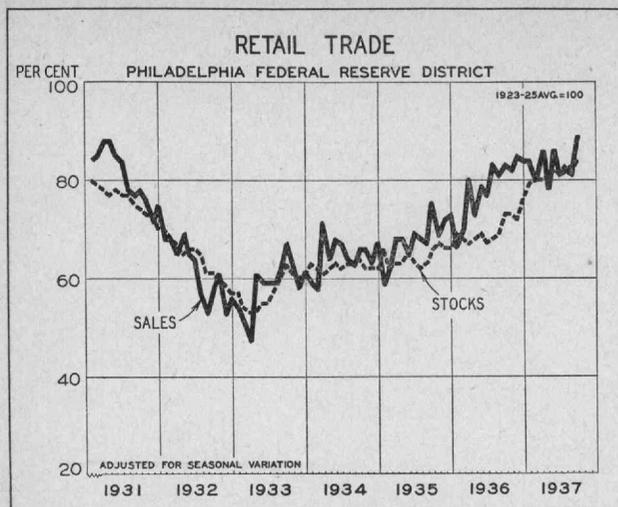
(Output and shipment figures are daily averages)	Sept. 1937	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	143,800	+44	-7
Shipments..... tons	140,398	+38	-6
Stocks..... 1000 tons	2,261†	+19	+14
Prices..... (1926=100)	78.7	+2	-2
Employment..... No.	92,868	+17	+1
Bituminous			
Production..... tons	386,040	+13	-1
Shipments..... No cars	28,600	+21	+5
Prices..... (1926=100)	99.2	+1	+2
Employment..... No.	129,474	+1	+1
Coke			
Prod... (1923-25=100)	136.3	+0	+15
Prices..... (1926=100)	105.0	+0	+12
Gas and fuel oil			
Prod... (1923-25=100)	131.5*	+1‡	+4
Prices..... (1926=100)	70.2	+2	+6

Sources: Bureau of Mines and Bureau of Labor Statistics.

* Estimated. † September 1.

‡ Index for previous month revised.

Output of by-product coke showed virtually no change from August to September, following larger than seasonal gains in the two previous months. Production of gas and fuel oil increased slightly in September, after declining sharply a month before.



Building. The value of building contracts awarded in this district amounted to approximately \$11,750,000 in September, a decline of 26 per cent as compared with August and a drop of 34 per cent from a year ago. The decrease in the month reflected sharp reductions in the dollar volume of contracts let for public works and utilities and non-residential structures other than educational buildings. In the case of residential awards, there was a large increase in September in the value of contracts awarded for apartments and hotels and a smaller gain in those for family houses.

Agriculture. Weather conditions generally continue favorable for outdoor work and seasonal farming operations are progressing about as usual. Late crops are being harvested and a considerable portion of the winter grains has been sown. In some sections early plantings of wheat and rye germinated very slowly owing to excessive dryness in the top soil. Recent rains, however, have greatly improved growing conditions for these crops.

Output of important field crops other than tobacco will be substantially larger this year than last; in the case of corn, wheat and hay, production in 1937 may exceed the average for the five years 1931-35. Yields of orchard fruits also are expected to be larger than in 1936 and several earlier years. Indications now are that this season's crop of cranberries in New Jersey will approximate 150,000 barrels, and exceed production in any year since 1926, when 210,000 barrels were harvested.

Farm cash income in the three states included in this district decreased considerably in August, following a sharp rise in the previous months this year. In the first eight months of 1937 receipts from the sale of crops and livestock products amounted to approximately \$242,600,000, a total 15 per cent greater than a year before and the largest for that interval since 1930.

Wholesale prices of farm products have declined appreciably since September, reflecting principally lower quotations for grains, livestock, and poultry.

Distribution, trade and service. The aggregate value of retail trade sales by department, apparel, shoe and credit stores in this district increased about

9 per cent more than it usually does from August to September. This improvement was shared by all reporting lines, and was especially pronounced in the case of shoes. Total dollar sales were 7 per cent greater than in September last year and in the first nine months they showed an increase of like amount over the corresponding interval of 1936.

In eight important branches of wholesale trade, dollar sales in the aggregate registered a smaller than customary gain in September. Compared with a year ago, the value of sales in September was about 8 per cent larger and showed a gain of 18 per cent in the first nine months this year over last.

Inventories of merchandise at retail showed a slightly larger than seasonal gain from August to September, but they increased less than usual in wholesale lines. Stocks of goods at the end of September were larger than a year ago in both channels of trade.

Total freight car loadings in this section increased less than usual in September; on a seasonally adjusted basis, loadings have been declining since March. Compared with a year ago, however, they registered an increase of about 1 per cent and were 15 per cent larger in the first nine months this year than last. The volume of rail freight shipments, consisting mostly of manufactures originating in the Philadelphia industrial area, increased by a larger percentage than usual in September, following some decline the month before.

Sales of new passenger automobiles as measured by registrations in this district decreased further in September, reflecting in part the approach of the season when new models are intro-

Building contracts Philadelphia Federal Reserve District	Sept. 1937 (000's omitted)	Per cent change	
		From month ago	1937 from 9 mos. 1936
Residential	\$ 5,447	+ 31	+ 18
Apts. and hotels.....	1,018	+716	- 19
Family houses.....	4,429	+ 10	+ 26
Non-residential	3,574	- 58	+ 1
Commercial.....	1,031	- 33	+ 12
Factories.....	614	- 89	+140
Educational.....	1,328	+134	- 30
All other.....	601	- 45	- 24
Total buildings.....	\$ 9,021	- 29	+ 8
Public works and utilities	2,728	- 16	- 23
Grand total.....	\$11,749	- 26	- 1

Source: F. W. Dodge Corporation.

In the first nine months this year the dollar volume of all building contracts awarded was slightly smaller than a year ago, owing chiefly to a substantial decline in contracts let for public works and utilities. Awards for non-residential structures in this interval were a little larger than a year before and there was an increase of one-quarter in the value of contracts let for residential buildings of the one and two family type.

duced. Compared with a year ago sales of new cars in September showed an increase of 29 per cent; they were 16 per cent larger in the first nine months this year than last and the greatest for that interval on record.

Business at non-resort commercial hotels, as indicated by room occupancy and total revenue, increased sharply in September and was more active than a year ago. Other details follow:

Hotel business Philadelphia Federal Reserve District	Sept. per cent change from		1937 from 9 mos. 1936
	Month ago	Year ago	
Capacity.....	+ 0	+ 0	.....
Room occupancy.....	+18	+ 7	+9
Per cent of capacity used:			
Sept. 1937.....	60.6		
Aug. 1937.....	49.0		
Sept. 1936.....	57.0		
Income from:			
Guest rooms.....	+25	+16	+9
Food.....	+38	+11	+6
Other sources.....	+26	+ 5	+4
Total revenue.....	+29	+12	+7

Banking conditions. Reserve balances of member banks in this district averaged \$359,000,000 in the last half of September, little under the amount reported for the first half of the month. Excess reserves rose from \$51,000,000 to \$53,000,000, owing to a decline in requirements. Subsequent increases, largely in Philadelphia, raised balances to an average of \$368,000,000 in the first fifteen days of October; at this point reserves were \$62,000,000 or 20 per cent in excess of requirements.

Reserve balances of member banks (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of ex- cess to re- quired
Reserve city banks				
Averages: Semi- monthly—				
Sept. 1-15.....	\$212.6	\$193.0	\$19.6	10%
" 16-30.....	212.5	190.0	22.5	12 "
Oct. 1-15.....	219.6	189.6	30.0	16 "
Averages: Weeks ended—				
Oct. 8.....	219.1	189.5	29.6	16 "
" 15.....	221.2	189.9	31.3	16 "
" 22.....	221.1	189.0	33.1	18 "
Country banks				
Averages: Semi- monthly—				
Sept. 1-15.....	147.5	116.2	31.3	27 "
" 16-30.....	146.9	116.7	30.2	26 "
Oct. 1-15.....	148.6	116.8	31.8	27 "

In the past four weeks there has been some increase in the number of banks which have borrowed from this bank and the volume of bills discounted increased by \$1,100,000 to \$1,800,000 on October 20. This amount was quite small when compared with the volume of borrowings in earlier years.

Member bank reserve balances increased over \$7,000,000 in the four week period. While a loss of about \$11,000,000 was sustained in commer-

cial and financial transactions with other districts, other factors tended to build up reserves. Chief among these were operations of the Treasury, showing that disbursements exceeded receipts and withdrawals from depositary banks by \$12,400,000. Another factor contributing to the increase in reserves was a decline of \$4,000,000 in currency demand, which contrasted with an increase of about the same amount a year ago.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Oct. 20, 1937	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 1.8	+\$1.1	+\$1.7
Bills bought.....	0.3	- 0.0	- 0.0
Industrial advances.....	3.7	- 0.1	- 1.4
United States securities.....	213.3	0	+ 4.3
Total bills and securities.....	\$219.1	+\$1.0	+\$4.6
Federal reserve note circulation.....	313.8	- 2.7	+17.7
Member bank reserve deposits.....	370.2	+ 7.2	-50.2
U. S. Treasurer— general account.....	1.4	- 8.3	- 0.7
Foreign bank de- posits.....	27.3	+ 4.9	+21.3
Other deposits.....	6.1	- 0.1	+ 4.4
Total reserves.....	521.7	- 0.5	-13.4
Reserve ratio.....	72.6%	- 0.1%	- 1.1%

Loans of the reporting member banks, following an expansion from \$445,000,000 in March to \$481,000,000 early in September, dropped to \$466,000,000 on October 20. The bulk of this decline has taken place in the past four weeks, a period in which there were decreases of \$5,000,000 in loans to brokers and dealers in securities and of \$4,000,000 in accommodation to commerce and industry. The high point in commercial loans thus far in 1937 was reached in the middle of September, or about the same time as last year. The drop this year has not been quite as rapid as in 1936, when the decline continued to early November.

Reporting banks also show a further drop of \$5,000,000 in security holdings in the last four weeks. The current total of \$681,000,000 is the lowest point since 1935. A decrease of \$48,000,000 in the past year has been largely in that group which comprises obliga-

Reporting member banks (000,000's omitted)	October 20, 1937	Changes in—	
		Four weeks	One year
Assets			
Commercial, industrial and agricultural loans:			
On securities.....	\$ 44	.....	*
Otherwise secured and unsecured.....	175	-\$ 4	*
Open market paper.....	23	- 2	*
Loans to brokers and dealers in securities.....	19	- 5	-\$11
Other loans to purchase or carry securities.....	37	.....	*
Loans on real estate.....	60	.....	- 2
Loans to banks.....	2	- 1	.....
Other loans:			
On securities.....	48	- 1	*
Otherwise secured and unsecured.....	58	+ 1	*
Total loans.....	\$ 466	-\$12	+\$17
United States Government securities.....	315	- 1	- 8
Obligations fully guar. by U. S. Government.....	96	- 1	- 1
Other securities.....	270	- 3	- 39
Total loans and investments.....	\$1,147	-\$17	-\$31
Reserve with Federal Reserve Bank.....	237	+ 9	- 63
Cash in vault.....	17	- 1	+ 2
Balances with other banks.....	139	+ 16	- 26
Other assets—net.....	88	.....	+ 1
Liabilities			
Demand deposits, adjusted.....	\$ 799	+\$ 6	-\$18
Time deposits.....	289	- 1	+ 10
U. S. Government deposits.....	12	- 6	- 62
Interbank deposits.....	278	+ 10	- 50
Borrowings.....	.....	- 1	.....
Other liabilities.....	23	.....	+ 1
Capital account.....	227	- 1	+ 2

* Comparable figures not yet available.

tions of corporations and political units other than the United States Government. Holdings of direct securities of the Federal Government have changed little recently. Although about \$35,000,000 under the January peak, they are only \$8,000,000 less than a year ago.

The decline of \$17,000,000 in outstanding credit from September 22 to October 20 was accompanied by an expansion of \$9,000,000 in deposits. Withdrawals from balances held for the Treasury were more than offset by an increase in deposits held for banks and others. Funds made available through the growth in deposits, repayment of loans and security sales enabled the reporting banks to add \$9,000,000 to reserves at the reserve bank and \$16,000,000 to the balances with correspondents.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Sept. 29	Oct. 6	Oct. 13	Oct. 20	
Sources of funds:					
Reserve bank credit extended in district.....	+ 1.3	+ 1.0	-3.1	+ 2.3	+ 1.5
Commercial transfers (chiefly interdistrict).....	-10.9	+ 5.3	+8.3	-13.5	-10.8
Treasury operations.....	+ 1.7	+ 2.5	+2.8	+ 5.4	+12.4
Total.....	- 7.9	+ 8.8	+8.0	- 5.8	+ 3.1
Uses of funds:					
Currency demand.....	- 2.8	- 1.7	+5.2	- 4.7	- 4.0
Member bank reserve deposits.....	- 5.4	+10.8	+2.7	- 0.9	+ 7.2
"Other deposits" at reserve bank.....	+ 0.3	- 0.3	+0.1	- 0.2	- 0.1
Unexpended capital funds.....	- 0.0	- 0.0	-0.0	+ 0.0	+ 0.0
Total.....	- 7.9	+ 8.8	+8.0	- 5.8	+ 3.1

Deposits now are \$120,000,000 smaller than a year ago. This has been due chiefly to a decrease of \$62,000,000 in United States Government deposits and to a reduction of \$50,000,000 in interbank deposits. The remainder of the deposits, composed chiefly of funds to the credit of individuals, corporations and political units, in the latest report was only \$8,000,000 smaller than a year ago.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employe-hours†	
	Sept. index 1937	Per cent change from		Sept. index 1937	Per cent change from		Sept. 1937	Aug. 1937
		Sept. 1936	Aug. 1937		Sept. 1936	Aug. 1937		
All manufacturing	92	+ 6	+1	98	+19	- 5	+ 5	- 7
Iron, steel and products	92	+17	- 0	113	+35	- 9	+11	- 7
Non-ferrous metal prods.	133	+13	- 2	156	+26	- 3	+ 9	- 2
Transportation equip.	68	+ 2	+3	68	+13	- 3	+ 3	- 5
Textiles and clothing	104	- 3	+1	89	- 3	- 1	- 9	- 3
Textiles	99	- 3	+2	88	- 2	+ 0	- 8	- 1
Clothing	123	- 3	- 0	96	- 7	- 8	-10	- 9
Food products	108	+ 1	+2	112	+10	- 2	- 3	- 0
Stone, clay and glass	90	+ 6	+0	89	+19	- 4	- 5	- 4
Lumber products	67	+ 1	- 3	61	+ 9	- 6	- 3	- 8
Chemicals and products	96	+ 5	+1	108	+21	- 3	+ 1	- 5
Leather and products	91	- 5	- 3	80	-10	-13	-17	-12
Paper and printing	100	+ 6	+2	102	+14	+ 2	+ 6	+ 1
Printing	93	+ 5	+2	97	+11	+ 6	+ 7	+ 5
Others:								
Cigars and tobacco	68	+ 1	+0	66	+10	- 3	+ 0	- 3
Rubber tires, goods	84	+ 1	+0	87	+ 5	+ 0	-12	+ 0
Musical instruments	57	- 1	+0	58	+ 5	+ 3	- 5	+ 4

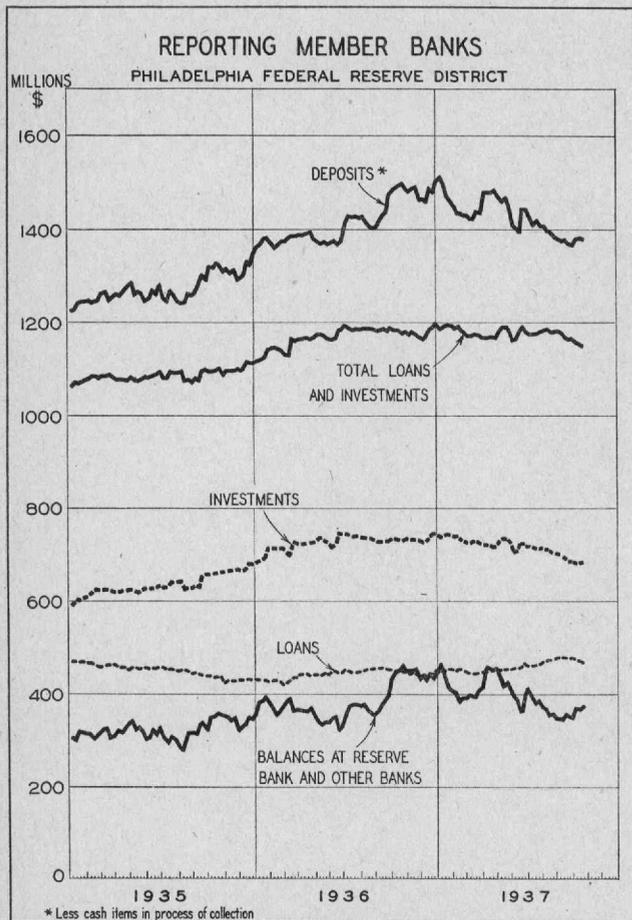
* Figures from 2,353 plants.

† Figures from 2,103 plants.

General Index Numbers

Covering twelve branches of trade and industry

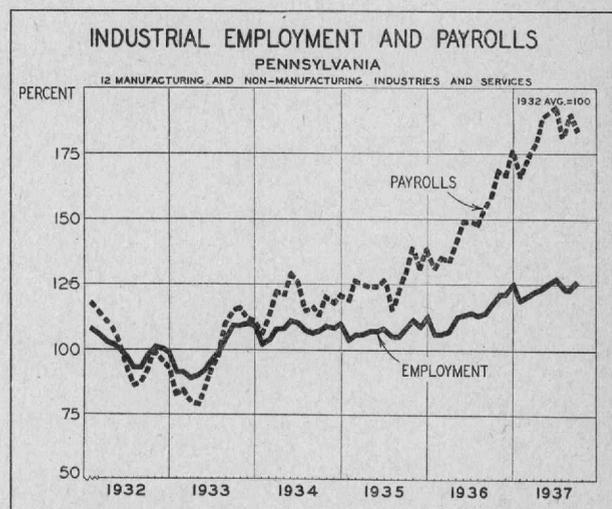
	Employment			Payrolls		
	Sept. 1937 index	Per cent change from		Sept. 1937 index	Per cent change from	
		Sept. 1936	Aug. 1937		Sept. 1936	Aug. 1937
General index (weighted)	126	+ 6	+ 2	184	+17	- 3
Manufacturing	145	+ 6	+ 1	239	+19	- 5
Anthraccite mining	78	+ 1	+17	59	-10	+16
Bituminous coal mining	122	+ 1	+ 1	221	+ 7	+ 2
Building and construction	99	+17	+ 2	134	+30	+ 3
Quarrying and non-met. mining	126	+ 4	- 1	250	-11	- 7
Crude petroleum producing	163	- 1	- 0	177	+10	+ 2
Public utilities	100	+ 7	+ 1	106	+ 8	- 0
Retail trade	116	+ 5	+ 7	130	+13	+ 5
Wholesale trade	119	+ 5	+ 1	120	-10	- 1
Hotels	114	+ 7	+ 3	124	+11	+ 4
Laundries	109	+ 8	+ 1	125	-17	+ 0
Dyeing and cleaning	110	+ 4	+ 4	131	+18	+ 8



* Less cash items in process of collection

City areas*	Percentage change—September 1937 from September 1936				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	+ 8	+26	+ 36	+ 8	+11
Altoona	- 3	+ 2	+106	+11	- 6
Harrisburg	+13	+26	+ 55	+20	+ 5
Johnstown	+26	+44	+127	+34	+ 5
Lancaster	+ 5	+ 8	+104	+10	+14
Philadelphia	+ 4	+14	+ 63	-16	+ 5
Reading	+ 3	+ 9	- 13	+ 9	+ 5
Seranton	+ 2	+ 1	- 22	- 6	- 1
Trenton	+ 7	+23	- 4	- 3	+ 6
Wilkes-Barre	+ 7	+12	- 31	- 1	+ 9
Williamsport	+ 1	+11	- 25	+14	.....
Wilmington	+ 8	+18	- 4	+38	+ 8
York	- 0	+10	+ 30	+17	.....
	September 1937 from August 1937				
Allentown	+ 0	- 6	- 53	- 5	+17
Altoona	+ 1	- 1	- 50	- 7	+13
Harrisburg	+ 1	- 4	- 73	- 0	+25
Johnstown	+ 0	- 6	- 80	- 3	+17
Lancaster	+ 1	- 2	+ 48	+ 2	+27
Philadelphia	+ 0	- 3	+ 18	- 4	+39
Reading	- 1	- 8	+ 22	- 2	+38
Seranton	- 3	- 3	- 14	- 3	+36
Trenton	- 1	- 3	+ 81	- 3	+34
Wilkes-Barre	+ 3	+ 5	+ 91	+ 1	+41
Williamsport	+ 2	- 2	- 22	- 5	.....
Wilmington	+ 1	+ 0	- 46	+41	+18
York	+ 1	- 1	- 51	- 1	.....

* 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 indexes allow for the usual seasonal change in activity.
Unadjusted indexes reflect merely the actual change which may or may not be typical.

	Adjusted for seasonal variation						Not adjusted				
	Sept. 1936	July 1937	Aug. 1937	Sept. 1937	Per cent change		Sept. 1936	July 1937	Aug. 1937	Sept. 1937	
					Sept. from 1936	1937 from 9 mos. 1936					
					Month ago	Year ago					
Retail trade											
Sales											
Total of all stores	83	82	81	89	+ 9	+ 7	79	58	64	84	
Department	71r	73	72	74	+ 2	+ 5	70r	51	56	74	
Men's apparel	76	69	75	84	-12	+11	63	57	59	70	
Women's apparel	119r	95	126	132	+ 5	+11	103r	63	86	114	
Shoe	84r	72	64	92	+45	+11	85r	66	48	94	
Credit	97r	108	87	103	+18	+ 6	92r	71	83	98	
Stocks of goods											
Total of all stores	73	83	82	84	+ 2	+16	76	75	80	88	
Department	56	59	61	61p	+ 1	+ 9	58	54	57	64p	
Men's apparel	66	106	82	89	+ 9	+35	71	86	86	96	
Women's apparel	110	127	125	116	- 7	+ 5	119	97	110	126	
Shoe	67	66	79	76	- 4	+13	72	62	79	81	
Credit	97r	106	108	115	+ 6	+19	99r	105	106	118	
Rate of stock turnover 9 months (actual, not indexes)							- 6*	2.91			2.74
Wholesale trade											
Sales											
Total of all lines	86r	100	100	93p	- 7	+ 8	+18	98r	92	93	106p
Boots and shoes	53	42	54	44	-19	-18	- 5	76	35	61	63
Drugs	102r	111	108	112p	+ 4	+10	+12	105r	105	101	116p
Dry goods	50r	58	56r	49	-13	- 3	+21	67r	44	52r	65
Electrical supplies	72r	158	130	95p	-27	+33	+61	86r	130	107	114p
Groceries	119	120	129	125p	- 3	+ 5	+ 7	132	121	126	139p
Hardware	63	53	60	63	+ 4	- 0	+13	66	52	54	66
Jewelry	70	57	67	95	+41	+36	+33	87	39	59	118
Paper	79	79	81	74	- 8	- 6	+17	81	75	77	76
Stocks of goods											
Total of all lines	69r	75	76	75p	- 2	+ 9	71r	74	77	78p	
Boots and shoes	30	45	38	37	- 2	+25	30	45	41	38	
Dry goods	42r	50	49	50	+ 3	+20	46r	51	52	55	
Electrical supplies	95r	108	102	105	+ 3	+10	101r	108	109	112	
Groceries	76r	78	83	78p	- 7	+ 4	76r	71	78	78p	
Hardware	73	81	83	83	- 0	+13	71	81	82	81	
Jewelry	56	52	56	60	+ 6	+ 7	60	59	63	65	
Paper	61	68	66	64	- 3	+ 3	63	68	67	65	
Rate of stock turnover 9 months (actual, not indexes)							+11*	4.38			4.88
Output of manufactures											
Pig iron	58	83	91	91	- 1	+57	+68	54	76	81	85
Steel	94	109	104	102	- 1	+ 8	+32	89	99	106	97
Iron castings	81	86	81	72	-12	-12	+24	82	82	79	72
Steel castings	125	140	136	143	+ 5	+14	+33	114	124	131	130
Electrical apparatus	99	124	125	118	- 6	+20	+29	109	130	139	130
Motor vehicles	18	18	13	20	+59	+14	+62	15	18	11	17
Automobile parts and bodies	66	70	76	70	- 8	+ 5	+13	63	67	71	66
Locomotives and cars	35	43	45	42	- 6	+18	+40	34	43	45	40
Shipbuilding	243	255	264	264	- 0	+ 9	+13	230	247	262	251
Silk manufactures	97	97	86	90	+ 5	- 7	+11	97	95	84	90
Woolen and worsteds	67	56	54	48	-11	-29	- 2	74	52	55	52
Cotton products	56	72	69	60	-13	+ 7	+29	53	63	62	57
Carpets and rugs	133	100	109	91	-16	-31	+15	147	92	100	99
Hosiery	123	117	111	109	- 2	-11	- 0	123	96	97	109
Underwear	138	144	125r	112	-10	-19	+ 1	138	119	116r	112
Cement	58	55	50	47	- 6	-19	+12	68	64	63	55
Brick	53	59	55r	56	+ 1	+ 5	+37	54	56	58	57
Lumber and products	29	33	34	32	- 5	+ 9	+27	31	36	37	34
Bread and bakery products	83	80	84	90	+ 7	+ 9	+ 6	83	73	73	92
Slaughtering, meat packing	89	87	89	60	-32	-33	-10	77	88	76	52
Sugar refining	59	73	67	63p	- 5	+ 7	+ 7	78	60	74	85p
Canning and preserving	98	94	96	99	+ 4	+ 1	+ 6	114	101	102	115
Cigars	68	77	77r	72	- 6	+ 6	+13	68	74	77r	72
Paper and wood pulp	91	98	95	97	+ 3	+ 7	+12	90	95	92	97
Printing and publishing	156	176	167	136	-18	-13	+20	178	164	179	156
Shoes	110	134r	127	114p	-10	+ 3	+ 6	114	118r	122	118p
Leather, goat and kid	91	96	92	94	+ 2	+ 3	+14	91	94	92	94
Explosives	87	100	76r	80	+ 6	- 7	+12	82	93	77r	76
Paints and varnishes	155	170	160	160p	+ 0	+ 4	+ 9	157	171	161	162p
Petroleum products	123	134	139	142	+ 2	+15	+22	118	132	136	136

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

