

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT 4
DECEMBER 1, 1937

FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK
ST. LOUIS
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STATISTICS RECEIVED
DIVISION

Business and Banking Conditions in the United States

Volume of industrial production showed a further sharp decrease in October and the first three weeks of November, and there was a reduction in employment. Commodity prices continued to decline. Distribution of commodities to consumers was maintained at the level of other recent months.

Production and employment. In October the Board's seasonally adjusted index of industrial production was 103 per cent of the 1923-1925 average as compared with 111 per cent in September and an average of 116 per cent in the first eight months of this year. There was a marked curtailment of activity in the durable goods industries. Output of steel ingots, which had shown a steady decline since August, was at an average rate of 59 per cent of capacity in October and by the third week in November the rate had declined to 36 per cent. Automobile production increased considerably in October as most manufacturers began assembly of 1938 model cars. In the first three weeks of November output of automobiles showed little change from the level reached at the end of October,

with assemblies by one leading manufacturer continuing in exceptionally small volume. Production of lumber and of plate glass declined further in October. In the nondurable goods industries, where output had been declining since the spring of this year, there was a further decrease in October. Cotton consumption showed a sharp reduction and activity at woolen mills and shoe factories continued to decline. There was an increase in output at sugar refineries, where activity had been at a low level in September. In most other lines changes in output were largely seasonal. Mineral production continued at about the level reached at the close of 1936 and maintained throughout this year.

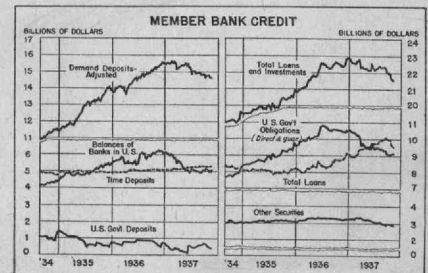
Value of construction contracts awarded in October and the first half of November was smaller than in the preceding six weeks, according to figures of the F. W. Dodge Corporation. The decline was chiefly in private nonresidential construction.

Factory employment declined substantially in October and payrolls showed little change, although an increase is usual at this season. Declines in the number employed were

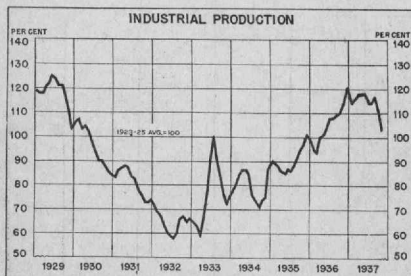
reported by factories producing steel, machinery, lumber, and textiles, and in many smaller industries. There was a seasonal increase in employment at automobile factories. Employment and payrolls increased seasonally at mines and at establishments engaged in wholesale and retail trade.

Distribution. Sales at department stores and mail order sales increased seasonally in October. Throughout the year sales at department stores have been sustained, with seasonal fluctuations, and the Board's adjusted index of these sales has shown little change.

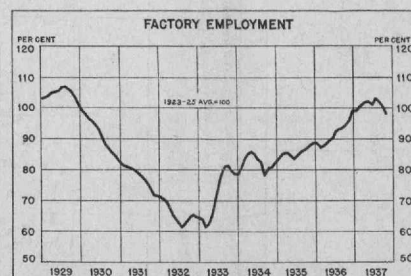
Freight car loadings declined in October and the first half of November, reflecting smaller shipments of



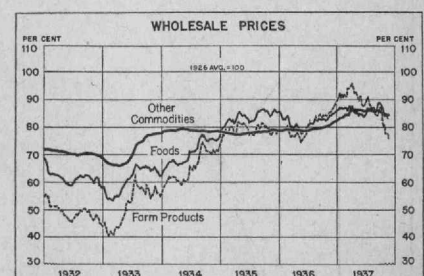
Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to November 17, 1937.



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



Index of number employed, adjusted for seasonal variation. By months, January 1929 to October 1937.



Indexes compiled by the United States Bureau of Labor Statistics. By weeks, 1932 to date. Latest figure is for week ending November 20, 1937.

foreign products, ore and miscellaneous freight.

Commodity prices. Prices of industrial materials, particularly nonferrous metals, steel scrap, rubber, and hides, declined further from the middle of October to the third week of November, and there were some decreases in the prices of finished industrial products. Livestock and meat prices declined substantially and coffee prices dropped sharply following the announcement by Brazil of modification of its control policy.

Bank credit. During the first half

of November the Federal reserve banks purchased \$28,525,000 of United States Government securities, in accordance with the policy adopted in September to provide additional reserves for meeting seasonal currency and other requirements. From the middle of October to November 17, excess reserves of member banks increased from about \$1,000,000,000 to \$1,100,000,000, reflecting the Federal reserve security purchases and a considerable decline in required reserves at member banks in New York City, caused partly by a reduction in demand de-

posits arising from a liquidation of brokers' loans.

Loans to brokers and dealers reported by banks in leading cities declined by \$250,000,000 during the four weeks ending November 17. Commercial loans, following a steady increase for several months, declined after the middle of October. Member banks in New York City increased their holdings of United States Government securities by over \$150,000,000, while banks outside New York City showed a further reduction. Deposits continued to show moderate reductions.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business conditions in the Philadelphia Federal Reserve District generally reflect a further slackening in industrial activity and in employment. The usual seasonal improvement in trade has not materialized to the extent that had been expected. Commodity prices at wholesale and retail have declined.

The output of manufactures, crude oil and bituminous coal decreased sharply, while production of anthracite increased from September to October. The gain in the output of electric power was smaller than usual during this period. The combined index of productive activity therefore declined to 85 as compared with 91 in September, 92 in August and a high of 101 in April. A year ago this index was 90. However, in the first ten months this year the average rate of industrial production was 12 per cent higher than in the same period last year.

The value of building contracts awarded during October increased

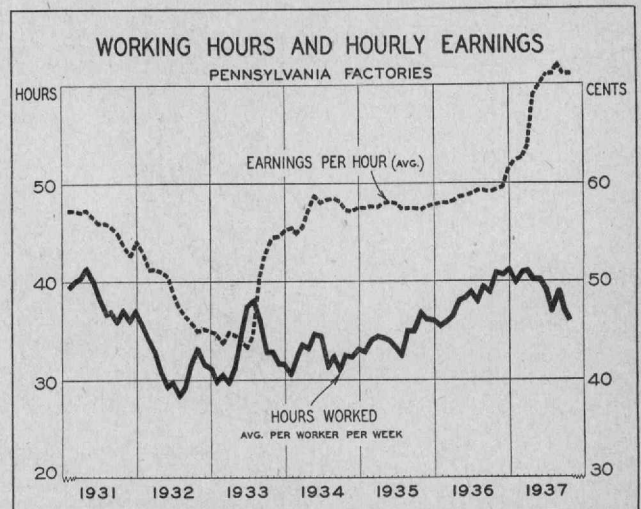
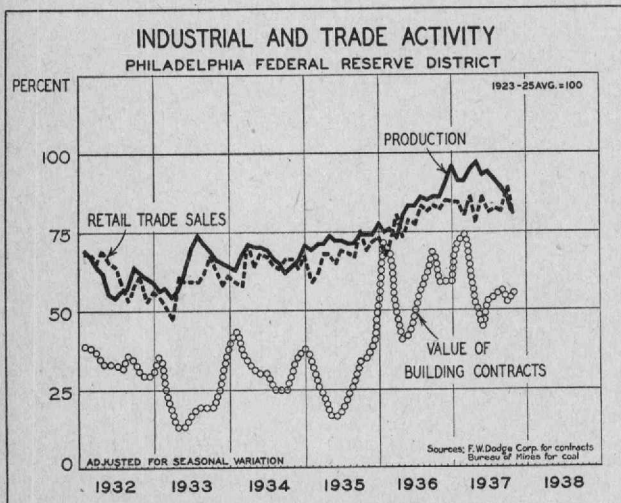
sharply over September and as compared with a year ago, though the total continued substantially smaller than in the pre-depression years. Residential construction declined noticeably but for the year to date it was still larger than last year.

Crop yields this year have been substantial, exceeding the average for previous years. Income of farmers from the sale of crops and livestock products has continued the largest in several years, although recently prices of farm products have declined.

Industrial employment and payrolls showed little change from September to October, although the usual tendency is to show a marked rise. Preliminary returns for November from manufacturing industries indicate a sharp recession in the number of wage earners as well as in wage disbursements and working time. In the period from January to October this year, general employment was 10 per cent and payrolls 25 per cent larger.

Activity at retail trade establishments failed to show the usual rate of increase from September to October but there was some improvement in the early part of November. Sales this year to the end of October continued larger than last year. This was also true of wholesale trade. Inventories of merchandise at retail and wholesale establishments are larger than a year ago. Improvement in the month was reported in the sale of life insurance and in income of commercial hotels, while automobile sales in this district declined considerably. Freight car loadings also decreased during the month.

Manufacturing. Manufacturing activity in this district has declined further. Current reports indicate that the market for factory products has been unusually quiet and sales have decreased sharply since the middle of last month. In most lines the volume of new business continues greatly reduced



Business Indicators

Philadelphia Federal Reserve District

and unfilled orders generally are smaller than they were a year ago.

Inventories of finished goods showed little change during the month but they were somewhat larger than a year earlier. The supply of raw materials at reporting plants has decreased in recent weeks and as compared with last year. This has been especially true in the case of woolen textiles, leather goods, and shoes.

Prices of factory products at most reporting plants have declined and in some lines they are lower than a year ago. In the country as a whole quotations for commodities other than farm products and foods increased slightly in the week ended November 20, following decreases for seven consecutive weeks, according to the index compiled by the Bureau of Labor Statistics. The latest index was 84 per cent of the 1926 average, as compared with a high for this year of nearly 87. A year ago this index was 81.

Factory employment and wage payments in this district declined about 2 per cent from September to October and additional decreases were shown by preliminary data covering the pay-roll period nearest to the middle of November. These changes did not measure up to seasonal expectations. The average number of workers employed at factories in the first ten months of 1937 was 12 per cent larger than a year ago and the amount of wage disbursements nearly 30 per cent greater.

Reports for Pennsylvania indicate that all manufacturing establishments in October employed approximately 980,000 wage earners receiving compensation of about \$24,370,000 a week. A month earlier nearly 992,000 workers were employed and their wages totaled \$24,918,000 a week.

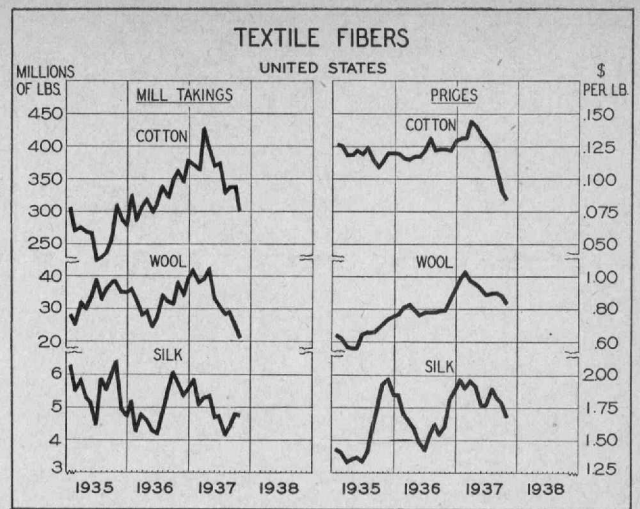
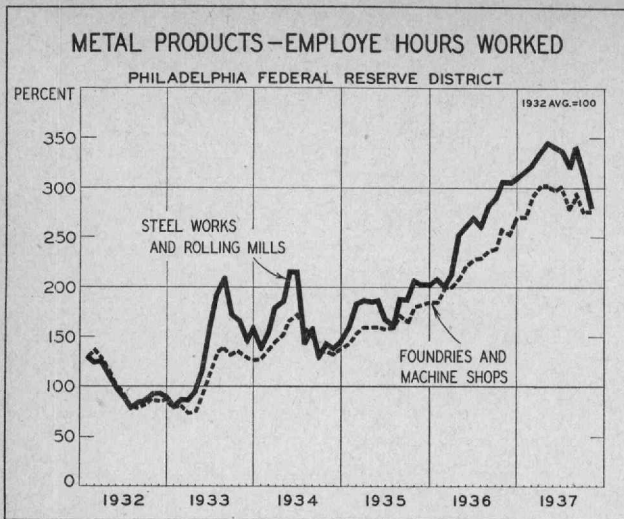
Employment and wage payments in Delaware factories showed decreases respectively of 8 and 6 per cent from September to October. In southern New Jersey employment and payrolls were 7 per cent smaller than in September. In both sections, however, they continued higher than a year before.

Manufacturing output in this district decreased further in October, continuing a downward trend that has been virtually uninterrupted since April. The seasonally adjusted index prepared by this bank was 84 per cent of the 1923-25 average in October or 6 per cent lower than a month ago and as compared with October last year. This compared with an in-

	Index numbers: percentages of the 1923-1925 average as 100												
	Adjusted for seasonal variation								Not adjusted				
					Per cent change								
Adjusted indexes allow for the usual seasonal change in activity.	Oct. 1936	Aug. 1937	Sept. 1937	Oct. 1937	Oct. 1937 from		1937 from 10 mos. 1936		Oct. 1936	Aug. 1937	Sept. 1937	Oct. 1937	
Unadjusted indexes reflect merely the actual change which may or may not be typical.					Month ago	Year ago							
Industrial production	90	92	91	85p	- 6	- 5	+12	94	92	92	90p		
Manufacturing—total	89	92	89	84p	- 6	- 6	+13	93	92	91	87p		
DURABLE GOODS	86	94	91	85p	- 6	- 1	+23						
CONSUMERS' GOODS	92	91	89	81p	- 8	-11	+ 6						
Metal products	96	109	106	95	-10	- 1	+28	98	114	106	98		
Textile products	90	85	80	72p	-10	-19	+ 5	94	80	81	75p		
Transportation equipment	91	88	87	96	+10	+ 6	+17	87	87	83	92		
Food products	74	82	80	75p	- 7	+ 1	+ 5	78	83	85	81p		
Tobacco and products	99	97	100	93	- 7	- 6	+ 7	121	103	116	113		
Building materials	47	44	43r	41p	- 3	-12	-23	50	49	46r	44p		
Chemicals and products	121	124	130	125p	+ 3	+ 4	+11	123	124	129	127p		
Leather and products	122	147	122	108p	-12	-11	+11	130	150	134	115p		
Paper and printing	93	92	93	92	- 1	- 1	+11	94	89	93r	93		
Coal mining	55r	41	55	50p	+ 2	+ 1	- 7	68	41	56	70p		
Anthracite	52r	37	52	54p	+ 4	+ 3	-10	67r	37	53	69p		
Bituminous	78	76	79	72	-10	- 8	+10	84	71	81	77		
Crude oil	459	528	532	518	- 3	+13	+16	459	528	532	518		
Electric power													
Output	232	248	246	237	- 4	+ 2	+ 8	239	236	241	244		
Sales, total†	231	239	244	234	- 4	+ 1	+ 9	231	227	242	234		
Sales to industries‡	173	166	171	178	+ 4	+ 2	+ 9	168	171	181	172		
Employment and wages—Pa.													
Factory—Wage earners					- 1*	+ 3*	+12*	88	92	92	91		
Payrolls					- 2*	+ 9*	+31*	88	104	97r	95		
Man-hours (1927-28=100)					- 3*	+ 5*	+19*	92	95	90	87		
General (1932=100)													
Employment					+ 0*	+ 4*	+10*	121	123	126	126		
Payrolls					+ 1*	+10*	+25*	169	189r	183r	186		
Building and real estate													
Contracts awarded†—total	59	56	52	55	+ 7	- 6	+ 2	60	57	51	57		
Residential†	50	41	44	40	- 8	-20	+16	49	39	40	40		
Non-residential†	54	71	59	74	+ 26	+37	+10	52	72	57	72		
Public works and utilities†	111	65	73	71	- 2	-36	-23	108	71	67	69		
Permits for building—17 cities	18	24	21	28	+ 33	+52	+35	19	22	19	28		
Real estate deeds—Philadelphia†	49	55	67	61	-10	+23	+26	47	53	58	58		
Writs for Sheriff sales—Phila.	525	428	493	509	+ 3	- 3	- 6	262	572	254	367		
Distribution													
Retail trade —sales	82	81	90r	83p	- 7	+ 1	+ 6	94	64	85r	95p		
stocks	73	82	85	83	- 1	+14		81	80	88	92		
Wholesale trade—sales	84	100	93	86p	- 8	+ 3	+16	96	93	106	98p		
stocks	71r	76	75	78p	+ 5	+10		75r	77	78	82p		
Life insurance sales	102	98	100	107	+ 8	+ 5	+ 4	93	83	80	98		
New passenger auto. registrations					-21*	+33*	+16*	68	154	114	90		
Hotels—Occupancy. (1934=100)					+ 0*	-6*	+ 7*	140	112	131	131		
Income, total (1934=100)					+ 8*	-9*	+ 4*	152r	100	128	139		
Freight car loadings—total	73	73	72	67	- 6	- 8	+12	80	78	81	74		
Merchandise and miscellaneous	73	76	71	67	- 6	- 8	+13	78	79	80	72		
Coal	69	63	69	67	- 2	- 2	+ 5	78	60	71	77		
Business liquidations													
Number					+ 50*	+20*	-10*	42	68	34	51		
Amount of liabilities					+206*	+57*	+79*	19	208	10	31		
Payment of accounts													
Check payments	88	88	85	87	+ 2	- 2	+ 8	91	75	81	89		
Rate of collections (actual)													
Retail trade	32	32	32	32	- 0	+ 1		32	29	28	33		
Wholesale trade	76	78	81	77	- 5	+ 1		77	78	81	78		
Prices—United States													
WHOLESALE (1926=100)					- 2*	+ 5*	+ 8*	81	87	87	85		
Farm products					- 6*	- 4*	+12*	84	86	86	80		
Foods					- 3*	+ 4*	+ 6*	83	87	88	85		
Other commodities					- 1*	+ 6*	+ 8*	80	86	86	85		
RETAIL FOOD					- 1*	+ 3*	+ 4*	83	85	86	85		
Philadelphia					- 1*	+ 2*	+ 5*	85	89	88	87		
Scranton					- 2*	0*	+ 4*	80	83	81	80		

* Computed from data unadjusted for seasonal variation.
 † Not included in production index.
 ‡ 3-month moving daily average centered at 3rd month.

p—Preliminary. r—Revised.
 (a) Less cash items in process of collection.



dex of 89 in September, 92 in August and a high for this year of 98 in April. Production in the first ten months, however, was 13 per cent above the corresponding period of 1936.

The decrease in the month was somewhat more pronounced in industries producing consumers' goods than in those manufacturing durable goods, although in both cases the reduction was substantial. The decline in activity of plants making non-durable goods has been almost continuous since last March, whereas in the case of the heavy industries the recession did not begin until August. Production of durable goods was about one per cent smaller in October this year than last and that of consumers' goods was 11 per cent smaller.

Productive activity in all the major groups except transportation equipment was at a lower level in October than in September. Compared with a year ago, there were exceptionally sharp decreases in the case of textiles, building materials and leather manufactures.

Marked declines in October were shown in the output of such metal products as pig iron, steel and castings. Production of motor vehicles declined but there was a substantial increase in the manufacture of automobile parts and bodies and in activity at shipbuilding establishments.

At textile plants operations in the cotton and woolen branches were sharply curtailed and there was a drastic decline in carpet and rug production. Output of knit goods, including hosiery and underwear, failed to show the usual expansion in October and was in smaller volume than a year earlier.

In the case of the food industries,

sugar refining receded to a very low level in October and activity of canneries showed a small decline instead of the customary sharp increase.

Output of building materials, chiefly cement, brick and lumber, declined more than it usually does in October. Shoe production decreased to the lowest level this year and activity at plants engaged in the manufacture of goat and kid leathers slackened.

Electric power production increased by a smaller percentage than usual from September to October but was 2 per cent larger than a year ago. Output of eight central stations was 8 per cent greater in the first ten months this year than last. Sales of electrical energy decreased in October following a larger than seasonal gain in September.

Coal and other fuels. The anthracite market has been somewhat more active lately, reflecting largely an improvement in the demand for steam sizes. Colliery output in October increased by a larger percentage than usual but decreased noticeably in early November. Shipments in October showed a pronounced gain for the second consecutive month and were the largest since February 1936. Production in the first ten months was 10 per cent and shipments 4 per cent smaller than a year ago.

Demand for Pennsylvania bituminous coal has slackened since the middle of last month, owing principally to smaller takings by manufacturing plants. Output of mines declined in October, contrary to seasonal tendency, and showed some further decrease in early November. Shipments increased in the month but were less than in October of last year. In the first ten months of 1937 production was 10 per

cent and shipments were 4 per cent greater than in the same period last year.

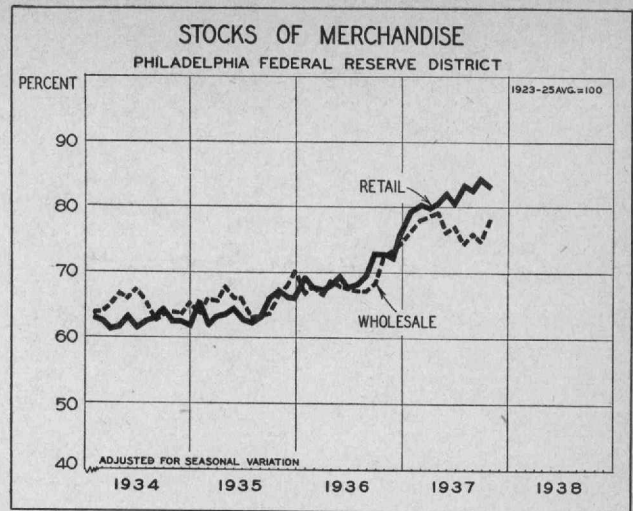
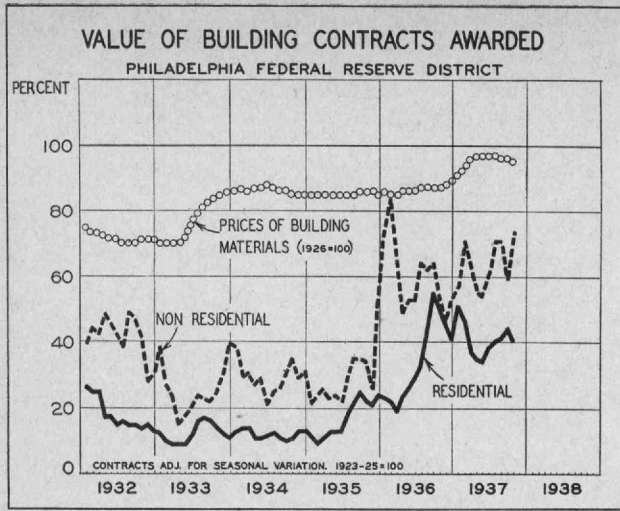
(Output and shipment figures are daily averages)	October 1937	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	183,200	+31	+3
Shipments..... tons	192,000	+37	+14
Stocks.....1000 tons	2,391†	+6	+2
Prices.....(1926=100)	78.8	+0	-4
Employment.....No.	98,161	+6	+2
Bituminous			
Production..... tons	366,077	-5	-8
Shipments.....No. cars	29,464	+3	-2
Prices.....(1926=100)	99.3	+0	+2
Employment.....No.	132,322	+2	+1
Coke			
Prod....(1923-25=100)	120.3	-12	-1
Prices.....(1926=100)	105.3	+0	+8
Gas and fuel oil			
Prod....(1923-25=100)	134.9*	-5	+5
Prices.....(1926=100)	71.6	+2	+5

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

Output of by-product coke declined sharply in October, following substantial gains in the preceding quarter. Production of gas and fuel oils also decreased from the relatively high level prevailing in September. Compared with a year earlier, production of coke was smaller, but that of gas and fuel oils was larger.

Building. Awards of building contracts in this district in October reached nearly \$15,800,000, a gain of 34 per cent as compared with a month and year ago. The increase over September was larger than customary and reflected a marked expansion in the volume of unclassified construction of non-residential character. Contracts let for dwellings were considerably smaller in October than a month before, owing to a sharp decrease in awards for one and two family houses. The value of awards for public works and utilities also declined and was 29 per cent smaller than a year earlier.

Total awards for the first ten months



of 1937 amounted to \$144,000,000 and were the greatest for that period since 1931. Even so, this amount is only about 40 per cent of the average for the same period from 1923 to 1929.

Building contracts Philadelphia Federal Reserve District	October 1937 (000's omitted)	Per cent change	
		From month ago	1937 from 10 mos. 1936
Residential.....	\$ 4,800	- 12	+ 16
Apts. and hotels.....	1,414	+ 39	- 1
Family houses.....	3,386	- 24	+ 19
Non-residential.....	8,424	+136	+ 10
Commercial.....	1,191	+ 16	+ 13
Factories.....	633	+ 3	+123
Educational.....	524	- 61	- 30
All other.....	6,076	+911	+ 13
Total buildings.....	\$13,224	+ 47	+ 13
Public works and utilities.....	2,549	- 7	- 23
Grand total.....	\$15,773	+ 34	+ 2

Source: F. W. Dodge Corporation.

Wholesale prices of building materials have shown a declining tendency for several months, though the current level continues higher than last year. In the third week of November the Bureau of Labor Statistics' index measuring prices of essential materials used in building and construction was about 94 per cent of the 1926 averages as compared with a high for this year of 97. A year ago this index was about 88. The general price index covering 784 commodities in the week ended November 20 was 82.9 as against 82.4 a year ago.

Agriculture. Agricultural production in this district, as in the country, during 1937 was one of the largest in many years and cash income of farmers in the first three quarters of this year reached the largest volume since 1930. Rising income reflected in part higher prices earlier in the year for farm products, including livestock and

poultry. However, in recent months a marked recession has occurred in prices for farm crops, particularly grains.

The extent of recovery in farm income since the depression is shown in the figures below:

Sales of farm products—Pennsylvania, New Jersey and Delaware	First 9 months of 1937 (000's omitted)	Per cent change from		
		1936	1933	1929
Crops.....	\$88,893	+24	+78	+ 2
Livestock and products.....	187,603	+11	+67	-13
Total.....	\$276,496	+15	+70	- 8

Wholesale prices of farm products have shown a pronounced downward tendency since September. In the week ended November 20 they were nearly 21 per cent below the 1937 high reached early in April, and were 11 per cent lower than a year ago.

Distribution, trade and service. Dollar sales by department, apparel, shoe and credit stores in October were 12 per cent greater than in September, but this increase was not as large as was to be anticipated at the season. General hesitation in buying on the part of the public was indicated by the fact that indexes of sales, when adjusted for seasonal variations, declined in all of the lines covered, the smallest decrease being 2 per cent in the case of department stores. Compared with October 1936, sales were slightly larger, and for the year to date they show a gain of 6 per cent over the same period of 1936.

Business at wholesale dropped below the usual seasonal level in October when aggregate sales registered a decline of 8 per cent instead of the usual increase of 1 per cent. In only two of the eight lines for which data

are received was the change in sales from September to October up to expectations. Compared with a year ago total sales showed a gain of 3 per cent, and for the first ten months of the year wholesale trade was 16 per cent larger than in the same period of 1936.

Total freight car loadings in this section, seasonal changes apart, have been declining since March. The decrease in October reflected smaller shipments of livestock, coke, forest products, ore, and merchandise and miscellaneous commodities. Grain alone showed a more than seasonal gain. Rail freight consisting for the most part of manufactures shipped from the Philadelphia industrial area showed a substantial increase in October over September and as compared with last year.

Sales of new passenger automobiles in this district declined further. However, sales in October were substantially greater than a year ago and were the largest for that month in any year since 1929. The dollar volume of retail sales for the country as a whole increased in the month and was substantially larger than in the previous two years.

There was practically no change in room occupancy of non-resort com-

Hotel business Philadelphia Federal Reserve District	Oct. per cent change from		1937 from 10 mos. 1936
	Month ago	Year ago	
Capacity.....	- 0	- 0	.....
Room occupancy.....	+ 0	- 6	+7
Per cent of capacity used:			
Oct. 1937.....	61.0		
Sept. 1937.....	60.6		
Oct. 1936.....	64.6		
Income from:			
Guest rooms.....	+ 1	- 5	+7
Food.....	+20	- 9	+4
Other sources.....	+ 8	-17	+0
Total revenue.....	+ 8	- 9	+4

mercial hotels from September to October. An increase of 8 per cent in revenue was due largely to a gain in income from food.

Banking conditions. The reserves of member banks averaged \$363,000,000 during the first half of November. At this level the excess was \$60,000,000 or 20 per cent above requirements. This proportion was substantially the same as that for the entire country, as indicated by weekly estimates. The ratio of excess at reserve city banks in this district was 17 per cent, comparing with an average of 16 per cent in October, 11 per cent in September, and 33 per cent in May, when the final increase in requirements became effective. Excess reserves of country banks ranged from 24 to 28 per cent of requirements in the period from May to October, and in the first fifteen days of November averaged nearly 25 per cent.

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:				
Oct. 1-15.....	\$219.6	\$189.6	\$30.0	16%
Oct. 16-31.....	217.4	187.6	29.8	16 "
Nov. 1-15.....	218.4	187.1	31.3	17 "
Country banks				
Averages:				
Oct. 1-15.....	148.6	116.8	31.8	27 "
Oct. 16-31.....	144.5	116.3	28.2	24 "
Nov. 1-15.....	144.6	116.1	28.5	25 "

Borrowings of member banks from this bank increased from \$1,800,000 to \$2,400,000 in the four weeks ended November 17, and there was some increase in the number of banks accommodated. Discounts, while still small, are \$2,100,000 larger than a year ago. In late weeks this bank's holdings of United States securities have increased \$2,600,000 to \$216,000,000 as a result of its participation in Federal Reserve System holdings. The System purchased \$28,000,000 of securities in the two weeks ended November 17.

In the four weeks to November 17 Treasury receipts from taxes and other usual sources were augmented by substantial amounts of unemployment insurance funds, turned over by the states for investment, and supplemented by the withdrawal of \$6,000,000 from depositary banks in this district. Nevertheless disbursements were in even greater amount, the net result of Treasury operations being the addition of nearly \$10,000,000 to the supply of available funds. The effect of this addition upon reserves, however, was more than offset by other factors,

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Nov. 17, 1937	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 2.4	+\$0.6	+\$2.1
Bills bought.....	0.3	+ 0.0	- 0.0
Industrial advances.....	3.6	- 0.0	- 1.4
United States securities.....	216.0	+ 2.6	+ 7.0
Total bills and securities.....	\$222.3	+\$3.2	+\$7.7
Federal reserve note circulation.....	315.5	+ 1.7	+13.9
Member bank reserve deposits.....	359.4	-10.7	-44.5
U. S. Treasurer—general account.....	5.2	+ 3.8	+ 2.5
Foreign bank deposits.....	26.2	- 1.2	+21.3
Other deposits.....	6.2	+ 0.1	+ 4.4
Total reserves.....	514.8	- 6.9	-12.1
Reserve ratio.....	72.3%	- 0.3%	- 1.4%

chief among which were an adverse balance of \$14,000,000 in commercial and financial transactions with other parts of the country and an increase of \$4,400,000 in currency demand. Accordingly, member bank reserve deposits declined \$10,700,000. Expansion in the demand for hand to hand currency was only about half of that in the corresponding period last year, reflecting the influence of business recession on seasonal currency requirements.

Deposits at the reporting member banks on November 17 were little above the level reached a fortnight earlier, which was the lowest point since 1935. The decrease in the past four weeks has amounted to \$20,000,000. Half of this was in deposits held for other banks.

There also has been a further decrease in the credit extended by the reporting banks. A decline of \$4,000,000 in loans was due chiefly to repayments by commercial customers. Commercial loans now are \$9,000,000 under the peak reached in September. Loans of all types on November 17 exceeded those of a year ago by \$17,000,000, reflecting chiefly larger borrowings by industry, commerce and agriculture.

Investments have decreased \$4,000,000 in the last four weeks, continuing the generally downward trend shown over most of this year. Only \$1,000,

Reporting member banks (000,000's omitted)	Nov. 17, 1937	Changes in	
		Four weeks	One year
Assets			
Commercial, industrial and agricultural loans:			
On securities.....	\$ 44	.....	*
Otherwise secured and unsecured.....	171	-\$ 4	*
Open market paper.....	22	- 1	*
Loans to brokers and dealers in securities.....	19	.....	-\$11
Other loans to purchase or carry securities.....	36	- 1	*
Loans on real estate.....	60	.....	- 2
Loans to banks.....	2	.....	.....
Other loans:			
On securities.....	49	+ 1	*
Otherwise secured and unsecured.....	59	+ 1	*
Total loans.....	\$ 462	-\$ 4	+\$17
United States Government securities.....	314	- 1	- 19
Obligations fully guar. by U. S. Government.....	94	- 2	+ 1
Other securities.....	269	- 1	- 37
Total loans and investments.....			
Reserve with Federal Reserve Bank.....	228	- 9	- 58
Cash in vault.....	18	+ 1	+ 1
Balances with other banks.....	135	- 4	- 35
Other assets—net.....	88	.....	.....
Liabilities			
Demand deposits, adjusted.....	\$ 796	-\$ 3	-\$27
Time deposits.....	286	- 3	+ 11
U. S. Government deposits.....	8	- 4	- 47
Interbank deposits.....	268	- 10	- 69
Borrowings.....	.....	.....	.....
Other liabilities.....	23	.....	+ 1
Capital account.....	227	.....	+ 1

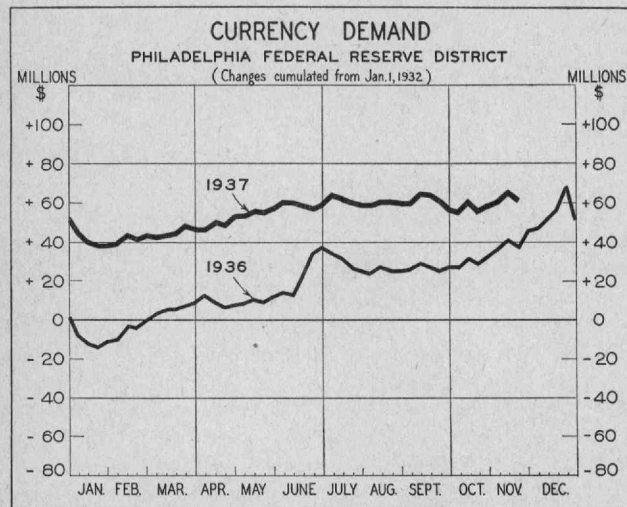
* Comparable figures not yet available

000 of this decline was in direct securities of the United States Government, holdings of which have been quite stable recently.

Net profits of member banks in this district amounted to \$16,000,000 during the first half of 1937. This was the highest point since the depression low reached in the last half of 1932 and represented an increase of approximately \$2,800,000 over the first six months of 1936. This gain was due only in small measure to expansion in earnings from current operations, as increases in gross earnings were largely balanced by heavier expenses. The principal factor was a reduction of \$6,600,000 in losses and depreciation, which more than offset a decline of \$4,000,000 in recoveries on charged-off assets and profits on security sales.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	
Sources of funds:					
Reserve bank credit extended in district.....	+ 3.1	- 6.5	+ 1.2	+ 0.3	- 1.9
Commercial transfers (chiefly interdistrict).....	-12.0	+ 0.8	+ 8.8	-11.6	-14.0
Treasury operations.....	- 1.1	+ 6.9	+ 3.9	- 0.1	+ 9.6
Total.....	-10.0	+ 1.2	+13.9	-11.4	- 6.3
Uses of funds:					
Currency demand.....	+ 1.2	+ 3.0	+ 4.3	- 4.1	+ 4.4
Member bank reserve deposits.....	-11.4	- 2.1	+ 9.9	- 7.1	-10.7
"Other deposits" at reserve bank.....	+ 0.2	+ 0.3	- 0.3	- 0.1	+ 0.1
Unexpended capital funds.....	+ 0.0	- 0.0	- 0.0	- 0.1	- 0.1
Total.....	-10.0	+ 1.2	+13.9	-11.4	- 6.3



City areas*	Percentage change—October 1937 from October 1936				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+ 8	+17	+138	+ 7	+ 8
Altoona.....	- 6	-11	+ 30	+ 8	- 9
Harrisburg.....	+12	+12	+ 53	+ 9	+ 4
Johnstown.....	+18	+19	- 8	+ 5	- 3
Lancaster.....	+ 1	+ 3	- 72	+ 21	+ 6
Philadelphia.....	+ 2	+ 9	+ 23	-10	+ 1
Reading.....	+ 0	+ 6	- 12	+ 5	+10
Scranton.....	+ 0	+ 0	+ 5	- 4	+10
Trenton.....	+ 2	+ 2	+ 27	+ 6	+ 2
Wilkes-Barre.....	+ 5	+ 8	+ 12	- 5	+ 5
Williamsport.....	+ 2	+13	+ 75	+ 1	.....
Wilmington.....	+ 2	+10	+543	+28	- 1
York.....	- 5	+ 0	+ 28	+ 4	.....

City areas*	October 1937 from September 1937				
	Employment	Wage payments	Building permits (value)	Debits	Retail trade sales
Allentown.....	+ 1	- 3	+210	+20	+24
Altoona.....	- 1	+ 7	- 61	+ 9	+ 6
Harrisburg.....	- 1	- 6	+ 25	+ 8	+ 7
Johnstown.....	- 1	-11	- 27	+ 5	+ 8
Lancaster.....	- 2	- 3	- 34	+10	+21
Philadelphia.....	- 1	+ 1	+ 25	+15	+15
Reading.....	- 1	+ 2	+ 76	+13	+14
Scranton.....	- 1	+ 3	+ 83	+13	+13
Trenton.....	- 1	- 5	+ 94	+19	+10
Wilkes-Barre.....	+ 0	+ 2	- 49	+ 8	+12
Williamsport.....	+ 0	+ 4	- 17	+11	.....
Wilmington.....	- 5	- 4	+336	- 4	+25
York.....	+ 1	- 3	+ 8	+ 7	.....

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

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employment-hours†	
	Oct. index 1937	Per cent change from		Oct. index 1937	Per cent change from		Oct. 1937 per cent change from	
		Oct. 1936	Sept. 1937		Oct. 1936	Sept. 1937	Oct. 1936	Sept. 1937
All manufacturing.....	91	+ 3	- 1	95	+ 9	- 2	- 5	- 3
Iron, steel and products..	90	+13	- 2	105	+18	- 6	- 3	- 6
Non-ferrous metal prod....	127	+ 8	- 5	149	+16	- 5	- 2	- 4
Transportation equip.....	68	- 1	- 1	67	- 1	+ 5	- 7	+ 5
Textiles and clothing....	101	- 6	- 2	91	- 6	+ 1	-15	- 2
Textiles.....	97	- 6	- 2	90	- 5	+ 1	-15	- 2
Clothing.....	120	- 7	- 2	95	-12	+ 1	-17	- 3
Food products.....	108	+ 1	+ 1	112	+10	+ 1	- 3	+ 1
Stone, clay and glass.....	89	+ 3	- 1	91	+11	+ 3	- 1	+ 1
Lumber products.....	65	- 2	- 2	60	- 0	- 1	-12	- 1
Chemicals and products..	97	+ 6	+ 1	105	+16	- 1	- 1	- 1
Leather and products.....	90	- 6	- 2	76	-15	- 6	-20	- 5
Paper and printing.....	100	+ 4	+ 1	104	+ 7	+ 2	- 1	+ 1
Printing.....	94	+ 2	+ 1	99	+ 5	+ 3	- 1	+ 1
Others:								
Cigars and tobacco.....	70	+ 1	+ 2	69	+10	+ 5	+ 1	+ 5
Rubber tires, goods.....	83	- 2	- 1	91	+ 8	+ 4	-11	+ 5
Musical instruments..	57	+ 4	+ 1	60	+22	+ 4	+ 7	+ 3

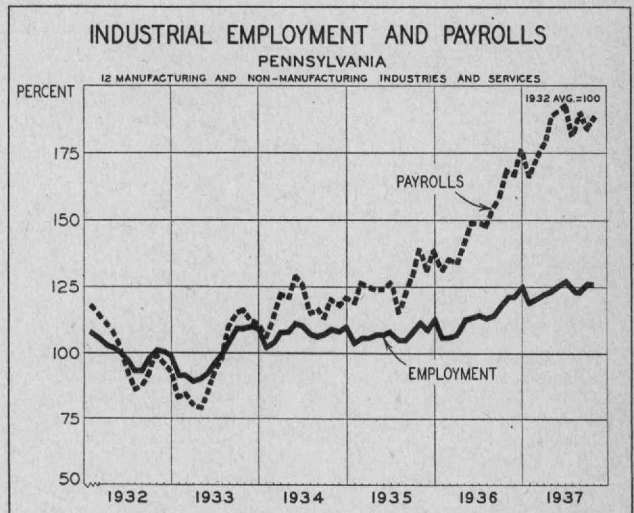
* Figures from 2340 plants.

† Figures from 2096 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Oct. 1937 index	Per cent change from		Oct. 1937 index	Per cent change from	
		Oct. 1936	Sept. 1937		Oct. 1936	Sept. 1937
General index (weighted)....	126	+ 4	+ 0	186	+10	+ 1
Manufacturing.....	143	+ 3	- 1	232	+ 9	- 2
Anthracite mining.....	82	- 2	+ 6	95	+ 5	+62
Bituminous coal mining.....	125	+ 1	+ 2	245	+ 9	+10
Building and construction..	98	+15	- 1	136	+22	+ 1
Quarrying and non-met. mining	125	+ 5	- 1	244	+ 4	- 3
Crude petroleum producing..	164	+ 1	+ 1	176	+13	- 1
Public utilities.....	100	+ 7	+ 1	111	+11	+ 3
Retail trade.....	122	+ 3	+ 5	135	+ 9	+ 4
Wholesale trade.....	119	+ 5	+ 1	121	+10	+ 1
Hotels.....	117	+ 8	+ 2	131	+11	+ 6
Laundries.....	108	+ 6	- 2	125	+14	- 0
Dyeing and cleaning.....	111	+ 3	+ 0	133	+ 9	+ 3



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						
	Oct. 1936	Aug. 1937	Sept. 1937	Oct. 1937	Per cent change			Oct. 1936	Aug. 1937	Sept. 1937	Oct. 1937		
					Month ago		Year ago						
Oct. 1937					Month 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	82	81	90r	83p	-7	+1	+6	94	64	85r	95p		
Department	73r	72	76r	74	-2	+2	+5	84r	56	75r	85		
Men's apparel	81	75	84	81	-4	+0	+10	85	57	70	85		
Women's apparel	107r	126	132	110	-16	+3	+8	120r	86	114	123		
Shoe	87r	64	92	87p	-5	+0	+2	89r	48	94	89p		
Credit	92r	87	104r	92	-12	-1	+9	113r	83	99r	112		
Stocks of goods													
Total of all stores	73	82	85	83	-1	+14	.....	81	80	88	92	
Department	56	61	61	60	-1	+8	.....	64	57	64	68	
Women's apparel	99r	125	116	102	-12	+3	.....	126r	110	126	129	
Shoe	66	79	76	71	-6	+7	.....	73	79	81	78	
Credit	98r	108	116	114	-1	+17	.....	104r	106	118	121	
Rate of stock turnover													
10 months (actual, not indexes)						-7*	3.34				3.11
Wholesale trade													
Sales													
Total of all lines	84	100	93	86p	-8	+3	+16	96	93	106	98p		
Boots and shoes	54	54	44	36	-19	-34	-9	67	61	63	44		
Drugs	108r	108	112	109p	-3	+1	+11	105r	101	116	106p		
Dry goods	52r	56	49	50	+3	-2	+17	69r	52	65	67		
Electrical supplies	69r	130	96	84p	-12	+22	+56	89r	107	115	108p		
Groceries	111	129	125	115p	-9	+3	+7	121	126	139	125p		
Hardware	62	60	63	63	+0	+1	-12	71	54	66	72		
Jewelry	71	67	95	69	-28	-3	+25	95	59	118	92		
Paper	80	81	74	71	-5	-12	+14	86	77	76	75		
Stocks of goods													
Total of all lines	71r	76	75	78p	+5	+10	.....	75r	77	78	82p	
Boots and shoes	30	38	37	30	-18	+0	.....	29	41	38	30	
Dry goods	45	49	50	50	-2	+11	.....	47	52	55	52	
Electrical supplies	100r	102	105	112	+7	+12	.....	112r	109	112	125	
Groceries	77r	83	78	83p	+7	+7	.....	82r	78	78	89p	
Hardware	80	83	83	85	+3	+7	.....	76	82	81	81	
Jewelry	59	56	60	68	+13	+14	.....	62	63	65	71	
Paper	60	66	64	61	-4	+1	.....	62	67	65	62	
Rate of stock turnover													
10 months (actual, not indexes)						+9*	4.96				5.41
Output of manufactures													
Pig iron	58	91	91	75	-17	+29	+63	58	81	85	75		
Steel	95	104	102	87	-15	-8	-27	95	106	97	87		
Iron castings	69	81	72	60	-17	-13	-20	73	79	72	63		
Steel castings	120	136	143	114	-20	-5	-28	114	131	130	109		
Electrical apparatus	105	125	118	118	+0	+13	-28	114	139	130	129		
Motor vehicles	19	13	20	16	-21	+17	+52	17	11	17	14		
Automobile parts and bodies	75	76	69r	87	+25	+15	-13	71	71	66	82		
Locomotives and cars	37	45	42	43	+4	+18	-37	35	45	40	41		
Shipbuilding	287	264	264	291	+10	+1	-12	276	262	251	279		
Silk manufactures	102	86	92r	89	-3	-13	+8	104	84	92r	91		
Woolen and worsteds	70	54	48	40	-18	-43	+6	77	55	52	43		
Cotton products	56	69	60	49	-18	-13	+25	58	62	57	51		
Carpets and rugs	130	109	91	54	-40	-58	+7	148	100	99	59		
Hosiery	105	111	109	99	-9	-5	-1	115	97	109	109		
Underwear	137	125	110r	104	-6	-25	-1	150	116	110r	113		
Cement	64	50	47	46p	-3	-29	+6	72	63	55	51p		
Brick	53	55	58r	56	-3	+6	-34	53	58	59r	57		
Lumber and products	33	34	32	31	-4	-8	-22	35	37	34	32		
Bread and bakery products	.....	.....	.....	.....	+1*	+5*	+4*	90	94	94	95
Slaughtering, meat packing	87	84	90	86	-4	-0	+5	91	73	92	90		
Sugar refining	43	89	60	30	-49	-30	-11	36	76	52	26		
Canning and preserving	57	67	59	48p	-19	-15	+4	75	74	77	73p		
Cigars	98	96	99	91	-8	-7	+4	120	102	115	112		
Paper and wood pulp	69	77	72	70	-3	+1	-12	71	77	72	72		
Printing and publishing	98	95	98r	96	-1	-1	-11	99	92	97	97		
Shoes	144	167	136	111	-19	-23	+15	155	179	156	120		
Leather, goat and kid	101	127	109	105p	-3	+4	+5	105	122	113	110p		
Explosives	98	92	94	94	+1	-4	-12	99	92	94	95		
Paints and varnishes	83	76	80	82	+3	-2	-10	89	77	76	88		
Petroleum products	151	160	170	162p	-5	+8	+9	152	161	172	163p		
Coke, by-product	124	139	142	123	-14	-1	+19	121	136	136	120		

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised

