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THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
FEBRUARY 1, 1938

FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

Industrial output declined further in December and, according to preliminary reports, showed little change in the first three weeks of January. Prices of raw materials, which had declined sharply in October and November, have been maintained since that time.

Production. Volume of industrial production declined further in December and the Board's seasonally adjusted index was at 84 per cent of the 1923-1925 average as compared with 89 in November. The decline reflected chiefly a continued sharp curtailment of activity in the durable goods industries. Steel ingot production averaged about 26 per cent of capacity, output of automobiles and plate glass was reduced considerably, and production of lumber and cement also declined. Total output of nondurable goods declined seasonally. There was a sharp decrease in output at silk mills, and cotton consumption declined further. At woolen mills and shoe factories, however, output was maintained, following a considerable period of sharp decline. Activity at sugar refineries increased further. Mineral production in December, as in other

recent months, was at a high level. Output of crude petroleum and bituminous coal declined seasonally, while anthracite production increased somewhat.

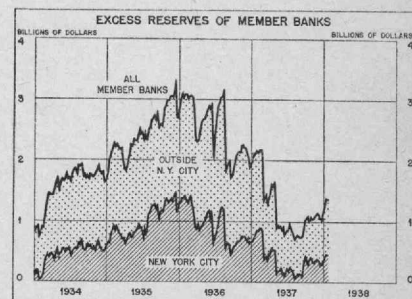
In the first three weeks of January output of steel and automobiles increased somewhat from the extreme low levels reached in the latter part of December.

Value of construction contracts awarded in December continued in about the same volume as in the preceding three months. During this period there was a decline in awards for privately-financed projects, reflecting in large part further reductions in residential building, while publicly-financed work increased.

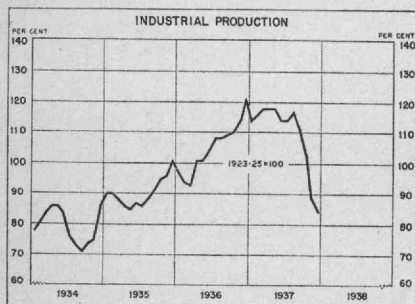
Employment. Factory employment and payrolls showed further declines between the middle of November and the middle of December, and employment at mines, on the railroads, and in the construction industry also continued to decrease. The decline in the number employed at factories was larger than in earlier months in industries producing durable goods, and was particularly marked in the steel, machinery, and automobile industries.

For the nondurable goods industries as a group, the decline in December was about the same as in each of the previous three months, after allowance for seasonal changes. There was some increase in employment at shoe factories and little change at plants producing tobacco products, while most other industries in this group showed further decreases.

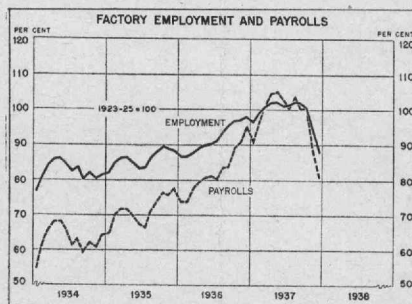
Distribution. Department store sales increased in December by about the usual seasonal amount, and the Board's adjusted index was 90 per cent of the 1923-1925 average as compared with 91 per cent in November and an aver-



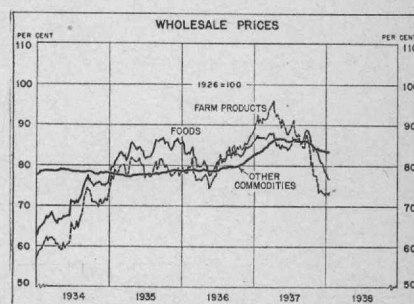
Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934 to January 19, 1938.



Index of physical volume of production, adjusted for seasonal variation. By months, January 1934 to December 1937.



Indexes of number employed and payrolls, without adjustment for seasonal variation. By months, January 1934 to December 1937. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes compiled by the United States Bureau of Labor Statistics. By weeks, 1934 to week ending January 15, 1938.

age of 93 per cent in the first ten months of the year. Mail-order business and sales at variety stores showed somewhat more than the seasonal increase, while sales of automobiles declined substantially. Preliminary reports indicate that in the first half of January sales at department stores were at about the same level as a year ago.

Railroad freight-car loadings continued to decline in December, and in that month were 18 per cent lower than the average for the first half of the year, making allowance for usual seasonal change.

Commodity prices. Wholesale prices of basic commodities, after declining sharply in the autumn, showed little change in December and the first three weeks of January. Grains, cotton,

print cloths, steel scrap, and bituminous coal increased somewhat, while leather, rayon, and woodpulp prices were reduced. Prices of a wide variety of finished industrial products showed further declines, and livestock products continued to decrease sharply.

Bank credit Excess reserves of member banks increased in the four weeks ending January 19 from \$1,010,000,000 to \$1,370,000,000 and were larger than at any time since May 1. The post-holiday decline in money in circulation, which accounted for this growth of excess reserves, was larger than the increase that occurred before Christmas.

The volume of loans at reporting member banks in 101 leading cities declined sharply in the five weeks ending January 19, while their holdings of

investments showed little net change. Declines occurred in loans to security brokers and dealers and in commercial loans, which decreased both in New York City and in other leading cities. Interbank balances were built up during the period, while other deposits decreased somewhat, reflecting largely the repayment of bank loans, partly offset by a return flow of currency from circulation.

Money rates and bond yields. The average rate on new issues of 91-day Treasury bills continued in January at less than $\frac{1}{8}$ of 1 per cent, and yields on Treasury notes and bonds declined to new low levels for recent months. Yields on the highest-grade corporate bonds also declined somewhat, while those on the lower-grade railroad issues rose.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Philadelphia Federal Reserve District declined further in December and continued in early January at the lowest level since 1935. Output of manufacturing and extractive industries showed an additional decrease of 4 per cent, when allowance is made for the usual seasonal variation. The December index was 76 as compared with 99 a year ago, 81 in December 1935 and 74 in the same month of 1934. Nevertheless, the average rate of productive activity for the entire year 1937 was 6 per cent higher than in 1936 and the highest since 1930.

The value of building contracts awarded during December declined sharply, although for the whole year it was slightly larger than in 1936.

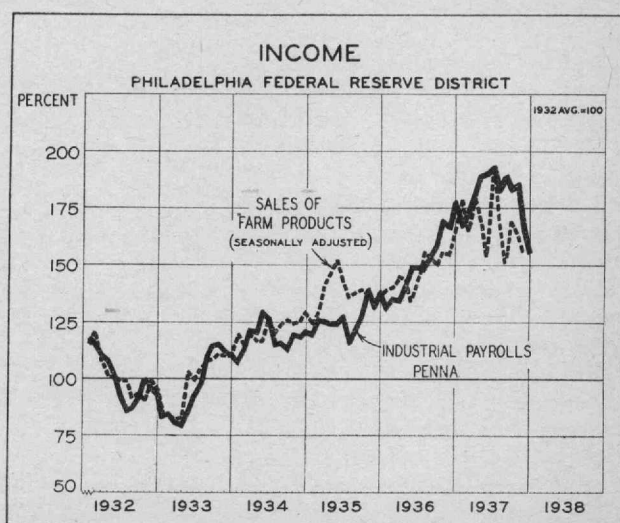
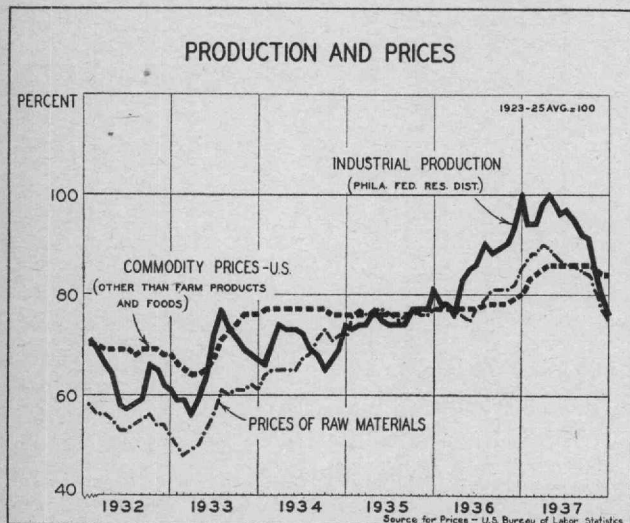
The real estate market generally showed improvement in the first part of 1937 but slackened considerably in the second half of the year.

Sales at retail and wholesale during December failed to measure up to the usual seasonal expectations and were smaller than in the same month of the previous year. For the entire year, however, sales were larger than in 1936. Preliminary figures for retail trade indicate some slight improvement about the middle of January. Inventories of merchandise declined further and were not materially larger than at the end of the preceding year.

Industrial employment and payrolls in December declined for the second month and were smaller than a year ago. The sharpest recessions during

the month occurred in the manufacturing and quarrying industries, whereas retail trade reported the largest gains over November. Early reports from manufacturing industries indicate further declines in January.

The burden of public relief increased at the turn of the year largely as a result of industrial conditions, according to a report of the Department of Public Assistance for Pennsylvania. In December the average number of persons receiving public assistance through direct relief, federal work relief, old age assistance, aid to dependent children and pensions for the blind approximated 1,300,000, or about 13.5 per cent of the total population in Pennsylvania. Total expenditures for the four types of assistance, excluding



federal work relief and administrative expenses in the year 1937 amounted to about \$90,000,000.

Manufacturing. Activity at manufacturing plants in this district declined to an unusually low level at the turn of the year. The sharp recession that was in progress during the fourth quarter of 1937, however, appears lately to have been leveling off somewhat.

Demand for factory products slackened considerably during December and the volume of new business continued greatly reduced. Unfilled orders likewise declined and were much smaller than a year earlier. At the majority of reporting plants, stocks of finished goods did not change materially in the month but in most cases they were larger than at the close of 1936. Inventories of raw materials, on the other hand, continued to decline during December and at the end of the month were smaller than a year ago.

Prices of factory products in this section decreased further in December, continuing a downward tendency since early autumn. The price index prepared by the Bureau of Labor Statistics for commodities other than farm products and foods declined appreciably during the fourth quarter of 1937, but fluctuated narrowly in the three weeks immediately following the close of the year. In the week ended January 22 this index was about 84 per cent of the 1926 average, or approximately the same as a month before and little higher than a year ago.

Factory employment and wage payments in this district declined respectively 6 and 10 per cent from November to December. Larger than seasonal decreases likewise occurred in January, according to preliminary reports covering the payroll period nearest to the middle of the month. Despite sharp recessions in both employment and wage payments during the fourth quarter of 1937, for the year as a whole the number of workers on the rolls averaged 9 per cent more than in 1936 and the amount of wages disbursed showed a gain of 22 per cent.

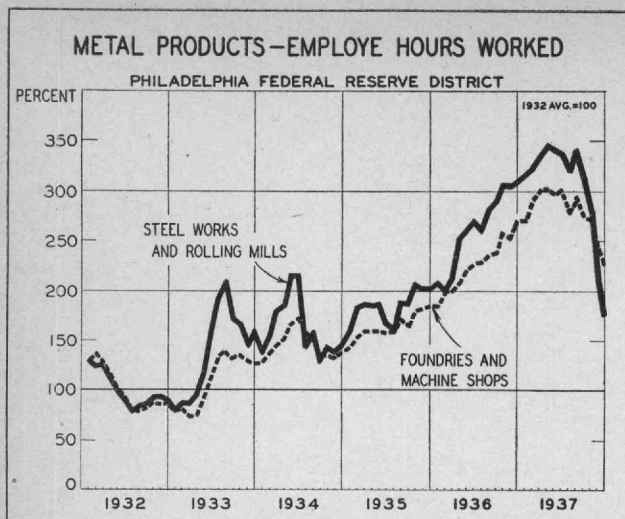
In Pennsylvania factories, the preliminary index of employment in December was 81 per cent of the 1923-25 average and the lowest for the year. This compared with the high for 1937 of about 92 between April and September and an index of 88 in December, 1936. Similarly, the payroll index at 74 was the lowest of any month

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											
	Dec. 1937 from											
	Dec. 1936	Oct. 1937	Nov. 1937	Dec. 1937	Month ago	Year ago	Dec. 1936	Oct. 1937	Nov. 1937	Dec. 1937	Month ago	Year ago
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
Industrial production	99r	85r	79	76p	-4	-23	+6	96	89r	81	74p	
Manufacturing—total	98	83r	76	72p	-5	-26	+6	94	87	77	70p	
Durable goods	90	85	75	68p	-10	-24	+15					
Consumers' goods	104	81r	75	73p	-2	-30	+0					
Metal products	109	95	81	72	-11	-33	+18	104	98	81	69	
Textile products	109	71r	59	56p	-5	-48	+4	105	73r	62	55p	
Transportation equipment	73	96	93r	85	-8	+17	+7	73	92	90r	87	
Food products	77	75	77	79p	+2	+3	+4	76	80	77	77p	
Tobacco and products	111	93	95	86	-9	-23	+3	81	113	113	63	
Building materials	49	42	38	35	-9	-29	+11	45	44	38	32	
Chemicals and products	129	130	125	119p	-5	-7	+9	127	132	126	118p	
Leather and products	141	100	95	94p	-1	-33	+3	134	106	91	88p	
Paper and printing	94	92	90r	91	+2	-3	+9	95	93	90	92	
Coal mining	75	57	65	68p	+6	-8	-8	74	71	67	68p	
Anthracite	73	55	65	70p	+8	-4	-9	72	70	67	69p	
Bituminous	88	72	61r	56	-8	-36	+2	92	77	68r	59	
Crude oil	487	518	520	531	+2	+9	+15	458	518	504	499	
Electric power												
Output	237	237	233	228	-2	-4	+6	254	244	242	244	
Sales, total	231	234	231	225	-3	-3	+7	238	234	238	232	
Sales to industries	176	178	164	155	-5	-12	+6	167	172	168	148	
Employment and wages—Pa.												
Factory—Wage earners					-6*	-9*	+9*	88	91	86	81	
Payrolls					-11*	-19*	+23*	91	95	83	74	
Man-hours (1927-28=100)					-11*	-29*	+11*	93r	87	75	66	
General (1932=100)												
Employment					-2*	-5*	+8*	125	126	121	118	
Payrolls					-6*	-12*	+19*	177r	185	166	155	
Building and real estate												
Contracts awarded—total	59	55	59	66	+12	+13	+2	54	57	59	61	
Residential	41	40	37	30	-19	-28	+5	39	40	38	28	
Non-residential	53	74	75	102	+35	+92	+20	48	72	80	92	
Public works and utilities	94	71	65	73	-12	-22	-23	110	69	73	85	
Permits for building—17 cities	20	28	23	12	-49	-41	+33	14	28	22	8	
Real estate deeds—Philadelphia	50	61	62	47	-25	-7	+24	61	58	61	57	
Writs for Sheriff sales—Phila.	905	509	328	401	+22	-56	-14	923	254	367	409	
Distribution												
Retail trade—sales	84	83	79	78	-1	-7	+3	138	95	92	129	
stocks	76	83	80	78p	-2	+3		72	92	91	74p	
Wholesale trade—sales	93r	86	88	86p	-2	+7	+12	106r	99	101	97p	
stocks	72r	78	77	76p	-2	+6		67r	82	80	71p	
Life insurance sales	93	107	96	81	-15	-13	+4	98	98	101	85	
New passenger auto. registrations					+1*	-41*	+10*	174	90	101	102	
Hotels—Occupancy... (1934=100)					-14*	-2*	+7*	110r	131	125	108	
Income, total (1934=100)					-7*	+1*	+4*	135r	139	146	136	
Freight car loadings—total	83	67	60	58	-4	-30	+6	74	74	61	52	
Merchandise and miscellaneous	83	67	61	56	-8	-32	+7	72	72	61	49	
Coal	78	67	62	61	-3	-23	+1	83	77	68	64	
Business liquidations												
Number					+86*	+48*	-7*	49	51	39	73	
Amount of liabilities					+135*	+115*	+74*	18	31	16	38	
Payment of accounts												
Check payments	97	87	80	85	+6	-12	+6	104	89	86	92	
Rate of collections (actual)												
Retail trade	30	32	33	28	-15	-7		30	33	34	28	
Wholesale trade	76	77	75r	77	+2	+1		81	78	74	82	
Prices—United States												
Wholesale (1926=100)					-2*	-3*	+7*	84	85	83	82	
Farm products					-4*	-18*	+7*	88	80	76	73	
Foods					-4*	-7*	+4*	85	85	83	80	
Other commodities					-1*	+2*	+7*	82	85	84	84	
RETAIL FOOD					-1*	-0*	+4*	83	85	84	83	
Philadelphia					+1*	-2*	+4*	86	87	83	84	
Scranton					-0*	-5*	+3*	81	80	77	77	

(In millions of dollars)	Dec. 1936	Sept. 1937	Oct. 1937	Nov. 1937	Dec. 1937	% change from	
						Month ago	Year ago
Banking and Credit							
Federal Reserve Bank							
Bills discounted	\$ 0.4	\$ 0.8	\$ 2.1	\$ 2.6	\$ 2.9	+12	+625
Other bills and securities	214	217	217	219	221	+1	+3
Member bank reserves	383	360	365	361	355	-2	-7
Reserve ratio (per cent)	73.1	72.5	72.5	72.3	71.7	-1	-2
Reporting member banks							
Loans	\$ 445	\$ 479	\$ 469	\$ 464	\$ 460	-1	+3
Investments	737	692	681	677	662	-2	-10
Deposits (a)	1,478	1,374	1,374	1,353	1,336	-1	-10
Bankers' acceptances outstanding	13.5	14.6	15.8	16.1	15.4	-4	+14

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



last year, the highest point reached being 104 in April. In December of the previous year this index was 91. The number of hours actually worked declined steadily after August and in December reached the lowest level since 1935.

The number of wage earners employed in Delaware factories declined 6 per cent from November to December and the amount of wage disbursements decreased 4 per cent. Plants located in southern New Jersey also reported pronounced recessions in employment and payrolls.

Output of manufactures again declined sharply in December and for the third consecutive month was below the level of the preceding year. This bank's seasonally adjusted index decreased to 72 per cent of the 1923-25 average as compared with 76 in November, 83 in October and nearly 98 in December, 1936. In the fourth quarter, the index averaged 77 as against an average of 94 in the first nine months of 1937 and 92 in the last quarter of 1936 when production was expanding rapidly. For the year as a whole, however, productive activity was about 6 per cent above the 1936 level and the highest for any twelve month period since 1930.

In durable goods industries the recession in December as in the previous few months was much greater than at plants making consumer's goods. Groups producing metal products, including pig iron, steel, and steel castings, and building materials and transportation equipment showed the greatest declines as compared with November. Sharp decreases also were reported in the output of such non-durable goods as cotton textiles, silk, knit goods, leather and cigars. Pro-

duction of woollens and worsteds, floor coverings and shoes, however, was unusually well maintained. In the case of sugar refining, activity expanded very sharply and was at a much higher level than in December, 1936.

Production of electric power, after seasonal adjustment, decreased further in December, continuing a downward tendency since August. Total sales were smaller than in November and consumption of electrical energy for industrial purposes decreased by a larger percentage than it usually does in December. Nevertheless, for the entire year 1937 the total output of electric power was 6 per cent larger than in 1936 and sales for all purposes were 7 per cent greater.

Coal and other fuels. Demand for Pennsylvania anthracite has changed little since last month, except for an improvement in takings of steam sizes. Although production of hard coal increased in December, it was 4 per cent less than a year earlier and was the smallest amount mined in December since 1933. Total production for the year approximated 50,091,000 tons as compared with 54,760,000 in 1936, a low of 49,541,000 in 1933, and an average of 79,542,000 tons for the years 1923-1929.

The market for bituminous coal continues quiet, owing principally to a lessened demand on the part of industry and a decline in the needs of railroads and public utilities. Colliery output sustained additional losses in December, continuing a downward trend since September. Production of soft coal fell off 36 per cent in December when compared with the corresponding month of the year before, and reached the lowest point for the entire year. The volume of bituminous

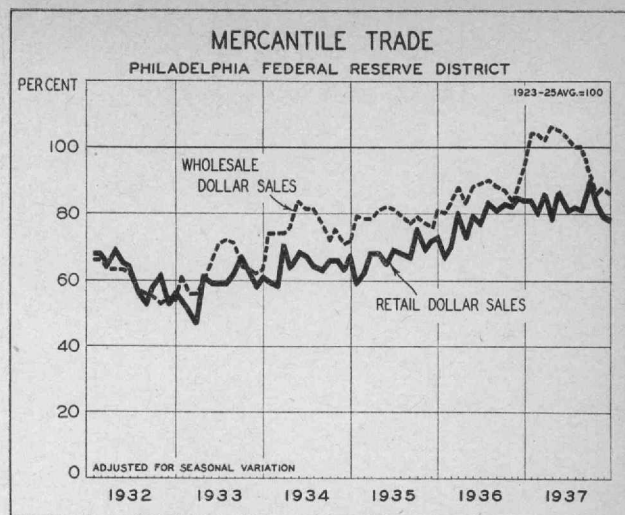
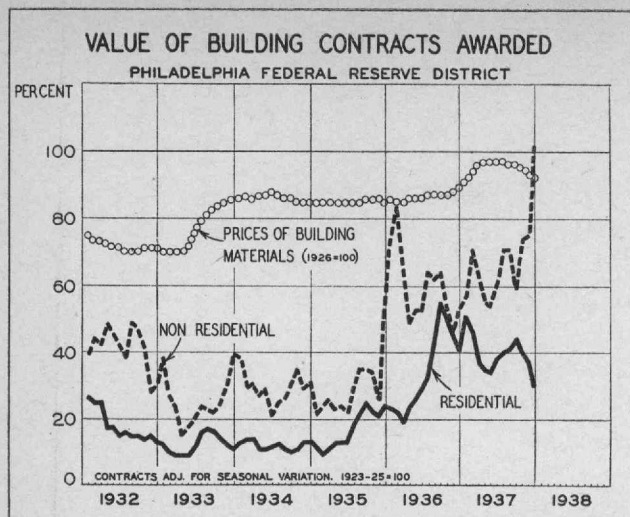
coal mined in Pennsylvania last year was the greatest since 1930.

(Output and shipment figures are daily averages)	Dec. 1937	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	182,800	+ 2	- 4
Shipments..... tons	169,785	+ 1	- 6
Stocks.....1000 tons	2,396†	- 2	- 5
Prices.....(1926=100)	80.0	+ 0	- 3
Employment.....No.	97,862	+ 1	- 7
Bituminous			
Production..... tons	282,769	-12	-36
Shipments..... No. cars	25,275	- 5	-21
Prices.....(1926=100)	101.1	+ 2	+ 4
Employment.....No.	123,828	- 5	- 8
Coke			
Prod....(1923-25=100)	84.3	-15	-35
Prices.....(1926=100)	105.5	+ 0	+ 8
Gas and fuel oil			
Prod....(1923-25=100)	144.2*	- 5	- 0
Prices.....(1926=100)	76.1	+ 3	+ 8

Source: Bureau of Mines and Bureau of Labor Statistics. * Estimated. † First of month.

Output of by-product coke declined further in December, continuing a sharp recession from the high levels prevailing during the first nine months of 1937. Production was about 35 per cent smaller than in December 1936. Total output in 1937 reached approximately 2,608,000 tons, a gain of 11 per cent over the previous year and the highest annual production in the industry. Production of gas and fuel oils showed increases in four consecutive months, but declined about 5 per cent in December.

Building and real estate. Awards of building contracts in this district in December approximated \$13,600,000, a decline of 17 per cent from November and 6 per cent as compared with a year before. The decrease in the month was much sharper than usual and reflected a marked reduction in the dollar volume of contracts let for all types of construction except public works and utilities and educational buildings.



Building contracts Philadelphia Federal Reserve District	Dec. 1937 (000's omitted)	Per cent change	
		From month ago	1937 from 12 mos. 1936
Residential.....	\$ 2,092	- 34	+ 5
Apts. and hotels.....	234	- 39	- 0
Family houses.....	1,858	- 33	+ 6
Non-residential.....	7,152	- 28	+20
Commercial.....	922	- 36	+ 6
Factories.....	115	- 72	+66
Educational.....	1,366	+101	-27
All other.....	4,749	- 36	+72
Total buildings.....	\$ 9,244	- 29	+13
Public works and utilities.....	4,335	+ 30	-23
Grand total.....	\$13,579	- 17	+ 2

Source: F. W. Dodge Corporation.

For the entire year 1937 the value of all contracts awarded was about \$174,000,000 or 2 per cent more than in 1936. This contract total was the largest for any year since 1931 but it was quite small in comparison with the peak of \$500,000,000 awarded in 1928 and the 1923-1929 average of \$390,000,000. Contracts let for residential buildings were 5 per cent greater than in 1936 and constituted 31 per cent of the dollar volume of all contract awards as compared with 44 per cent in 1928 and 19 per cent in 1934.

Wholesale prices of building materials in the country as a whole average nearly 10 per cent higher in 1937 than in 1936. Quotations for many essential materials advanced sharply in the early months of 1937 and in May reached the highest levels in the past decade. With a few exceptions prices showed a declining tendency in the succeeding four months and a more definite recession in the last quarter of the year. In the first three weeks of January quotations showed some further decrease.

The local real estate situation showed a mixed trend of improvement and re-

cession during 1937. In the early months of the year the renting demand for houses and apartments was more active than in any period since the depression, and rentals generally showed a pronounced upward trend. Several new residential operations were started and sales of houses ranging in price from \$4500 to \$6500 increased appreciably. The supply of commercial and industrial space diminished rapidly and in some cases manufacturers made plans for expanding their plants.

Since early summer, however, the real estate market has been unusually quiet. Many recently completed dwellings have not been sold and there has been a pronounced slackening in the demand for commercial space. The number of residential properties available for rent has shown no appreciable increase, but the upward adjustment of rentals, which had been in progress for more than a year, has not continued.

Distribution, trade and service. The dollar volume of retail trade sales by department, apparel, shoe and credit stores was 7 per cent smaller in December last than in the same month of 1936. All lines showed declines. The expansion in sales from November to December exceeded 40 per cent, failing by a small margin to equal the usual seasonal rate of increase. The adjusted index thus declined only slightly from 79 per cent of the 1923-1925 average in November to 78 in December. Aggregate sales in the year 1937 were 3 per cent larger than in 1936.

Dollar sales in eight important branches of wholesale trade were 7 per cent smaller in December 1937 than a year before. All lines except drugs showed losses. Compared with November, dollar sales in wholesale lines

declined about 2 per cent more than usual. Aggregate sales were 12 per cent greater in the year 1937 than in 1936.

In both retail and wholesale trade stocks of goods decreased more sharply than usual from November to December. At the end of the year, however, inventories at retail were 3 per cent larger than on December 31, 1936, and at wholesale they were about 6 per cent greater.

Total shipments of commodities by railroad freight in this area on a seasonally adjusted basis declined 4 per cent in December, owing largely to smaller loadings of merchandise and miscellaneous freight. While loadings in December were 30 per cent smaller than a year ago, total shipments in 1937 exceeded those of the previous year by nearly 6 per cent and were the largest since 1930. The volume of rail freight consisting chiefly of manufactures originating in the Philadelphia industrial area declined further in December and was 13 per cent less than a year ago.

Sales of new passenger automobiles in this district increased slightly in December but they were nearly 41 per cent smaller than in the same month last year. Total sales for the

Hotel business Philadelphia Federal Reserve District	Dec., per cent change from		1937 from 12 mos. 1936
	Month ago	Year ago	
Capacity.....	+ 0	+0	.....
Room occupancy.....	-14	-2	+7
Per cent of capacity used:			
Dec. 1937.....	50.0		
Nov. 1937.....	54.9		
Dec. 1936.....	47.7		
Income from:			
Guest rooms.....	-20	+3	+7
Food.....	+ 0	+1	+4
Other sources.....	+ 6	-0	+1
Total revenue.....	- 7	+1	+4

entire year 1937 approximated 218,000 units; they were about 10 per cent greater than in 1936 and were the largest in the history of the industry.

Room occupancy at non-resort commercial hotels declined 14 per cent in December and was 2 per cent smaller than a year ago. Total revenue showed a gain of 1 per cent when compared with a year earlier.

Banking conditions. In the latter part of December and the first half of January the reserve balances of member banks were substantially larger than in the first half of December, owing chiefly to the return of currency from circulation after the holidays. In the first fifteen days of January reserves of

Reserve balances of member banks (Dollar figures in millions)	Held	Re-quired	Ex-cess	Ratio of ex-cess to re-quired
Reserve city banks				
Dec. 1-15.....	\$207.4	\$184.6	\$22.8	12%
Dec. 16-31.....	216.2	185.0	31.2	17%
Jan. 1-15.....	233.6	185.9	47.7	26"
Country banks				
Dec. 1-15.....	142.3	115.0	27.3	24"
Dec. 16-31.....	144.1	115.5	28.6	25"
Jan. 1-15.....	145.8	114.4	31.4	27"

all member banks in this district averaged \$379,400,000, as against \$349,700,000 a month earlier. There was an increase in the excess over requirements from \$50,100,000 to \$79,100,000, or from 17 to 26 per cent of requirements.

From \$3,200,000 on December 15, this bank's discounts for member banks declined to \$2,300,000 on January 19. Small though this figure was, it represented accommodation to a substantial number of banks. The principal change in the reserve bank's earning assets over the turn of the year, however, was a decrease of \$5,200,000 to \$211,600,000 in its participation in System holdings of United States securities. This decline was due to an adjustment made in the distribution of securities among the various reserve banks in accordance with the formula for allotment prescribed by the Federal Open Market Committee, based on earning requirements for each quarterly period.

The first week of the period from December 15 to January 19 was marked by substantial payments of income taxes to the Treasury and the final increase in currency demand prior to the holidays. However, there was a sufficient inflow of funds from other sections to offset demands upon the banks, and their reserve balances increased somewhat. Over the subsequent four weeks there was a substan-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Jan. 19, 1938	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 2.3	-\$0.9	+\$ 1.9
Bills bought.....	0.1	- 0.2	- 0.3
Industrial advances.....	3.5	- 0.1	- 1.0
United States securities.....	211.6	- 5.2	+ 16.8
Total bills and securities.....	\$217.5	-\$6.4	+\$17.4
Federal reserve note circulation.....	311.2	-12.2	+ 7.6
Member bank reserve deposits.....	377.7	+24.2	- 8.2
U.S. Treasurer—general account.....	6.8	-14.5	- 4.9
Foreign bank deposits.....	16.5	- 4.7	+ 7.6
Other deposits.....	1.8	- 0.3	+ 0.0
Total reserves.....	520.2	+ 0.1	-10.9
Reserve ratio.....	72.9%	+ 0.8%	- 1.7%

tial adverse balance in commercial and financial transactions with other districts, but the return of money from circulation and net Treasury disbursements were in sufficient volume more than to compensate for amounts which moved out through the settlements.

The five week period as a whole shows a small gain in the interdistrict settlements and a close balance between Treasury receipts and local disbursements. The decrease in currency demand was strongly marked, exceeding the increase prior to Christmas.

Demand deposits declined \$13,000,000 at reporting banks in the week of December 22, largely as a result of tax payments. In the following four weeks such deposits increased \$10,000,000 as currency returned from circulation, but the principal factor responsible for a gain in total deposits was an increase of over \$20,000,000 in funds held for other banks. Changes in other types of deposits were minor.

Increases of \$23,000,000 in reserves and \$9,000,000 in balances with correspondents were reported between December 15 and January 19. This expansion in available funds reflected not only the growth in deposits but also a reduction in loans and investments.

Investments decreased \$15,000,000 in the first three weeks and increased \$8,000,000 in the following two weeks. The net reduction of \$7,000,000 re-

Reporting member banks (000,000's omitted)	Jan. 19, 1938	Changes in—	
		Five weeks	One year
Assets			
Commercial, industrial and agricultural loans:			
On securities.	\$ 48	+ 4	*
Otherwise secured and un- secured.	161	- 9	*
Open market paper.	24	+ 4	*
Loans to brokers and dealers in securities.	20	+ 1	- 9
Other loans to purchase or carry securities.	35	- 1	*
Loans on real estate.	59	- 1	- 4
Loans to banks.	3	+ 1	+ 1
Other loans:			
On securities.	50		*
Otherwise secured and un- secured.	59	- 2	*
Total loans.	\$ 459	-\$ 3	+\$ 6
United States Government securities.	305	- 5	- 47
Obligations fully guar. by U. S. Government.	92		+ 3
Other securities.	261	- 2	- 41
Total loans and invest- ments.	\$1,117	-\$10	-\$79
Reserve with Federal Re- serve Bank.	245	+ 23	- 18
Cash in vault.	17	- 3	
Balances with other banks.	145	+ 9	- 7
Other assets—net.	84	- 4	- 3
Liabilities			
Demand deposits, adjusted.	\$ 782	-\$ 3	-\$40
Time deposits.	274	+ 3	+ 13
U. S. Government deposits.	25		- 30
Interbank deposits.	282	+ 22	- 49
Borrowings.			
Other liabilities.	19	- 6	- 1
Capital account.	226	- 1	

* Comparable figures not yet available.

flected principally a decrease of \$5,000,000 in United States Government securities to a point \$47,000,000 under a year ago. Miscellaneous securities, chiefly the obligations of corporations, states and other political units, currently are \$41,000,000 smaller than a year earlier.

Loans decreased \$3,000,000, but on the 19th still were \$6,000,000 larger than a year ago. The principal changes in the last five weeks have been an increase of \$4,000,000 in open market paper and a decline of \$5,000,000 in commercial loans. Loans to commerce, industry and agriculture on January 19 were \$209,000,000, or about the same amount as that reported on December 8 but \$15,000,000 below the peak reached in September.

In the last half of December, total

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks
	Dec. 22	Dec. 29	Jan. 5	Jan. 12p	Jan. 19p	
Sources of funds:						
Reserve bank credit extended in district.....	+ 1.0	- 1.8	+ 0.4	- 0.8	+ 0.7	- 0.5
Commercial transfers (chiefly interdistrict).....	+25.5	+ 1.8	- 2.1	-10.2	-11.3	+ 3.7
Treasury operations.....	-17.3	+ 6.4	+ 4.6	+ 3.1	+ 2.8	- 0.4
Total.....	+ 9.2	+ 6.4	+ 2.9	- 7.9	- 7.8	+ 2.8
Uses of funds:						
Currency demand.....	+ 4.9	- 9.4	- 9.0	- 4.2	- 5.0	-22.7
Member bank reserve deposits.....	+ 4.4	+15.5	+13.8	- 3.6	- 5.9	+24.2
"Other deposits" at reserve bank.....	- 0.1	+ 0.3	- 1.2	- 0.1	+ 0.8	- 0.3
Unexpended capital funds.....	+ 0.0	- 0.0	- 0.7	+ 0.0	+ 2.3	+ 1.6
Total.....	+ 9.2	+ 6.4	+ 2.9	- 7.9	- 7.8	+ 2.8

p Preliminary.

deposits of all member banks in this district averaged \$2,706,000,000, or \$168,000,000 smaller than a year ago. The bulk of the decline, \$162,000,000, occurred at the reserve city banks. Deposits at country banks in cities and towns of over 15,000 population also showed a decrease of \$15,000,000, but there was an increase of \$9,000,000 at banks in smaller centers.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

(Indexes are percentages of the 1923-25 average taken as 100. Total and group indexes are weighted proportionately.)	Employment*			Payrolls*			Employee-hours†	
	Dec. 1937 index	Per cent change from		Dec. 1937 index	Per cent change from		Dec. 1937—per cent change from	
		Dec. 1936	Nov. 1937		Dec. 1936	Nov. 1937	Dec. 1936	Nov. 1937
All manufacturing.....	81	-9	-6	74	-19	-11	-29	-11
Iron, steel and products .	78	-4	-7	76	-22	-12	-32	-12
Non-ferrous metal prods.	116	-2	-3	136	+3	+2	-15	-2
Transportation equip. . .	61	-11	-9	55	-17	-17	-25	-16
Textiles and clothing. . .	87	-20	-7	68	-33	-13	-39	-9
Textiles.....	84	-19	-8	67	-33	-14	-39	-9
Clothing.....	99	-24	-6	74	-31	-9	-35	-7
Food products.....	104	-1	-1	106	+5	-1	-4	-3
Stone, clay and glass.....	79	+3	-7	63	-13	-19	-24	-13
Lumber products.....	54	-20	-10	45	-21	-14	-31	-16
Chemicals and products .	90	-3	-5	92	-3	-6	-20	-8
Leather and products.....	80	-16	-3	66	-26	-1	-33	-4
Paper and printing.....	98	+1	-2	100	+0	+1	-7	+1
Printing.....	94	+1	-1	98	+2	+2	-2	+2
Others:								
Cigars and tobacco....	68	+1	-3	65	+10	-3	+7	-5
Rubber tires, goods.....	77	-11	-2	77	-19	+4	-31	+2
Musical instruments . .	55	+0	+1	58	+5	+10	-7	+10

* Figures from 2340 plants.

† Figures from 2093 plants.

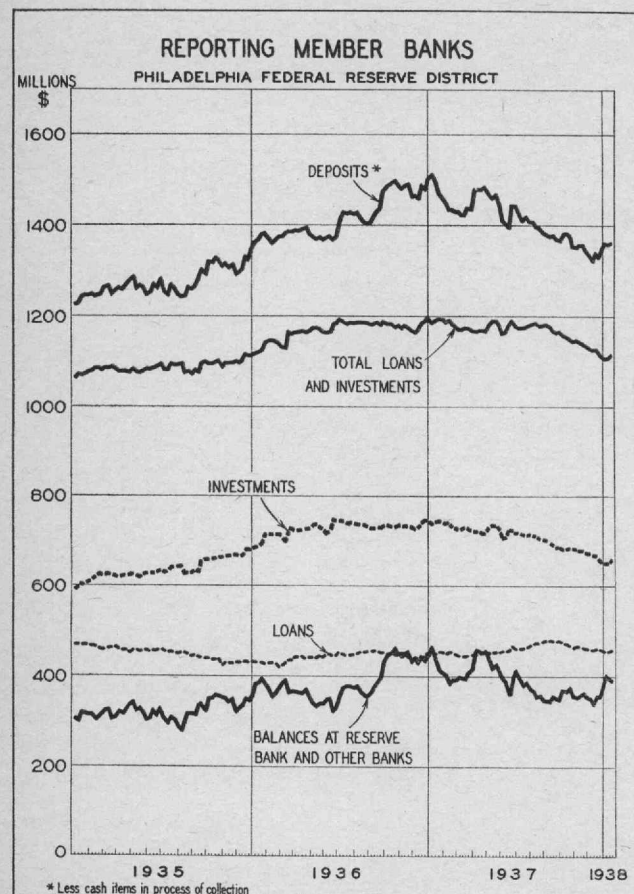
General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Dec. 1937 index	Per cent change from		Dec. 1937 index	Per cent change from	
		Dec. 1936	Nov. 1937		Dec. 1936	Nov. 1937
General index (weighted)....	118	-5	-2	155	-12	-6
Manufacturing.....	127	-9	-6	181	-19	-11
Anthracite mining.....	82	-7	+1	87	-15	+4
Bituminous coal mining.....	117	-8	-5	213	-11	+2
Quarrying and non-met. mining	105	-7	-10	148	-27	-21
Crude petroleum producing...	162	+1	+0	177	+11	+0
Public utilities.....	100	+8	-0	111	+10	+1
Retail trade.....	142	-2	+17	153	+4	+13
Wholesale trade.....	117	+2	-1	119	+6	-1
Hotels.....	116	+8	+0	134	+14	+3
Laundries.....	102	+0	-3	118	+9	-3
Dyeing and cleaning.....	100	+2	-5	109	+12	-9

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

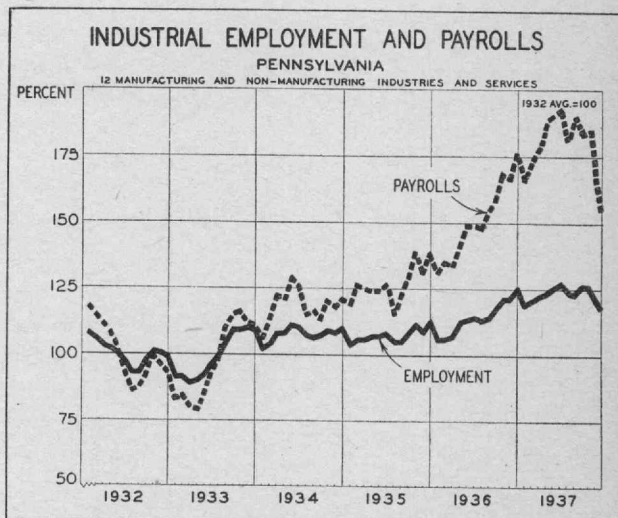
	Employment			Payrolls		
	Dec. 1937 index	Per cent change from		Dec. 1937 index	Per cent change from	
		Dec. 1936	Nov. 1937		Dec. 1936	Nov. 1937
General index (weighted)....	118	-5	-2	155	-12	-6
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Hotels.....	116	+8	+0	134	+14	+3
Laundries.....	102	+0	-3	118	+9	-3
Dyeing and cleaning.....	100	+2	-5	109	+12	-9



City areas*	Percentage change—December 1937 from December 1936				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	-4	-13	-51	-5	-2
Altoona.....	-15	-44	-71	-7	-17
Harrisburg.....	-1	-14	+11	+3	+3
Johnstown.....	-11	-38	+12	-3	-13
Lancaster.....	-8	-13	+175	-2	+1
Philadelphia.....	-9	-7	-20	-15	-6
Reading.....	-7	-23	-81	-6	-7
Seranton.....	-12	-19	+1	-8	+2
Trenton.....	-5	-20	-34	+6	-4
Wilkes-Barre.....	-6	-9	-91	-3	+1
Williamsport.....	-6	-11	-68	-10	.....
Wilmington.....	-9	-8	-68	+19	+1
York.....	-17	-22	-89	0	.....

December 1937 from November 1937					
Allentown.....	-4	-7	-44	+10	+72
Altoona.....	-4	-26	-67	+12	+64
Harrisburg.....	-6	-9	-10	+24	+55
Johnstown.....	-15	-25	+86	+1	+60
Lancaster.....	-5	-6	-6	+15	+73
Philadelphia.....	-5	-5	-66	+21	+35
Reading.....	-5	-12	-40	+8	+59
Seranton.....	-3	-6	+115	+14	+59
Trenton.....	-5	-11	-49	+41	+57
Wilkes-Barre.....	-2	-0	-74	+21	+55
Williamsport.....	-5	-7	+5	+6	.....
Wilmington.....	-5	-4	-34	+126	+86
York.....	-7	-4	+9	+21	.....

* 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.	Adjusted for seasonal variation						Not adjusted						
	Dec. 1936	Oct. 1937	Nov. 1937	Dec. 1937	Per cent change			Dec. 1936	Oct. 1937	Nov. 1937	Dec. 1937		
					Dec. 1937 from		1937 from 12 mos. 1936						
					Month ago	Year ago							
Unadjusted indexes reflect merely the actual change which may or may not be typical.													
Retail trade													
Sales													
Total of all stores.....	84	83	79	78	- 1	- 7	+ 3	138	95	92	129		
Department.....	76	74	78	72	- 7	- 5	+ 3	137	85	89	130		
Men's apparel.....	74	81	67	71	+ 6	- 3	+ 6	124	85	77	120		
Women's apparel.....	115	110	94	108	+15	- 6	+ 4	173	123	113	162		
Shoe.....	77	87	75	72	- 3	- 5	+ 1	99	89	73	93		
Credit.....	95r	92	80	81	+ 2	- 14	+ 3	146r	112	103	125		
Stocks of goods													
Total of all stores.....	76	83	80	78p	- 2	+ 3	.....	72	92	91	74p	
Department.....	56	60	59	56p	- 5	- 1	.....	54	68	69	53p	
Women's apparel.....	109	102	105	109	+ 4	+ 0	.....	101	129	129	102	
Shoe.....	67	71	71	71	- 1	+ 5	.....	63	78	75	66	
Credit.....	101r	114	104	103	- 1	+ 2	.....	94r	121	117	95	
Rate of stock turnover													
12 months (actual, not indexes).....							- 7*			4.41			4.10
Wholesale trade													
Sales													
Total of all lines.....	93r	86	88	86p	- 2	- 7	+12	106r	99	101	97p		
Boots and shoes.....	43	36	31	28	-10	-34	-12	41	44	33	27		
Drugs.....	105r	109	106	113p	+ 7	+17	+10	107r	106	109	115p		
Dry goods.....	58r	50	46	47	+ 2	-19	+ 9	60r	67	60	49		
Electrical supplies.....	81r	85	87	75p	-14	- 7	+44	134r	109	114	125p		
Groceries.....	128	115	124	125p	+ 1	- 2	+ 6	129	125	135	126p		
Hardware.....	69	63	60	60	- 0	-12	+ 7	75	72	67	66		
Jewelry.....	62	69	59	49p	-16	-20	.....	126	92	84	101p	
Paper.....	91	71	74	69	- 6	-24	+ 8	87	75	78	66		
Stocks of goods													
Total of all lines.....	72r	78	77	76p	- 2	+ 6	.....	67r	82	80	71p	
Boots and shoes.....	44	30	24	31	+30	-29	.....	34	30	22	24	
Dry goods.....	44	50	50	49	- 1	+12	.....	38	52	48	43	
Electrical supplies.....	120r	112	123	116	- 6	- 4	.....	107r	125	133	103	
Groceries.....	72r	81	77	74p	- 4	+ 4	.....	74r	87	84	77p	
Hardware.....	69	85	83	73	-12	+ 7	.....	65	81	77	70	
Paper.....	61	61	58	59	+ 1	- 4	.....	59	62	58	57	
Rate of stock turnover													
12 months (actual, not indexes).....							+ 4*			6.49			6.77
Output of manufactures													
Pig iron.....	65	75	50	35	-30	-46	+44	65	75	51	35		
Steel.....	102	87	69	58	-16	-43	+15	96	87	66	54		
Iron castings.....	80	60	59	54	-10	-33	+13	74	63	61	50		
Steel castings.....	123	114	110	89	-19	-27	+20	118	109	103	86		
Electrical apparatus.....	132	118	111	108	- 3	-18	+20	128	129	117	105		
Motor vehicles.....	26	16	22r	19	-12	-27	+43	21	14	19r	15		
Automobile parts and bodies.....	88	87	79	63	-19	-28	+ 8	86	82	72	62		
Locomotives and cars.....	37	43	39	32	-18	-12	+30	37	41	36	32		
Shipbuilding.....	169	291	284	281	- 1	+66	+15	178	279	284	295		
Silk manufactures.....	106	88	78r	71	- 8	-33	+ 2	108	90	79r	73		
Woolens and worsteds.....	97	40	33	36	+11	-63	-17	90	43	35	34		
Cotton products.....	60	49	38	33	-14	-46	+12	64	50	40	35		
Carpets and rugs.....	182	54	44	52	+19	-71	-11	172	59	48	50		
Hosiery.....	125	99	86	79	- 8	-36	- 5	121	109	98	77		
Underwear.....	156	104	100r	92	- 8	-41	- 7	154	113	101r	91		
Cement.....	64	50	48	44	- 9	-31	- 0	53	56	48	36		
Brick.....	58	54	37r	35	- 5	-38	+20	56	54	37r	34		
Lumber and products.....	35	31	32r	28	-11	-19	+15	34	32	32r	28		
Bread and bakery products.....	.....	.....	.....	.....	- 1*	+ 1*	+ 4*	90	95	91r	91	
Slaughtering, meat packing.....	90	86	87	81	- 7	-10	+ 3	96	90	96	87		
Sugar refining.....	58	30	79	136	+72	+136	- 2	37	26	51	88		
Canning and preserving.....	63	51	54	56p	+ 3	-12	+ 2	64	69	59	58p		
Cigars.....	110	91	93	84	- 9	-24	+ 2	79	112	111	61		
Paper and wood pulp.....	72	70	63	65	+ 4	-10	+ 8	73	72	63	66		
Printing and publishing.....	98	97	95	97	+ 2	- 2	+ 9	99	98	96	98		
Shoes.....	174	111	106	120	+13	-31	+ 8	148	120	100	102		
Leather, goat and kid.....	110	90	85	69p	-18	-37	- 2	120	93	82	75p		
Explosives.....	107	94	90	86	- 4	-20	+ 6	106	95	90	86		
Paints and varnishes.....	90	84	82	81	- 1	-10	+ 8	87	90	85	79		
Petroleum products.....	159	174	170	164p	- 3	+ 4	+ 9	158	175	171	163p		
Coke, by-product.....	134	123	103	87	-16	-35	+11	130	120	99	84		

* Computed from data unadjusted for seasonal variation. *

p—Preliminary.

r—Revised.

