

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
MARCH 1, 1938

FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK
OF ST. LOUIS
1938 MAR 7 AM 9 56
RECEIVED
STATISTICAL DIVISION

Business and Banking Conditions in the United States

The decline in business activity, which had been rapid during the last quarter of 1937, continued in January but at a slower rate.

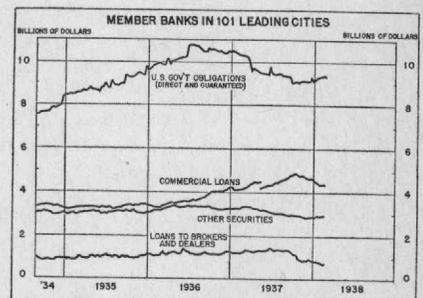
Production. Volume of industrial production, as measured by the Board's seasonally adjusted index, was at 81 per cent of the 1923-1925 average in January as compared with 84 per cent in December. Output of durable goods continued to decline, reflecting chiefly considerable decreases in production of automobiles and plate glass and a further decline in output of lumber. Steel ingot production increased somewhat, the output for January averaging 30 per cent of capacity. In the first three weeks of February, activity at steel mills showed little change at about 31 per cent of capacity, while production of automobiles was at a lower rate than in January.

In the textile industries, activity at silk and rayon mills in January showed a sharp rise from the low levels reached in December. At cotton mills, however, there was less than the usual seasonal increase and output of woolen products continued in small volume.

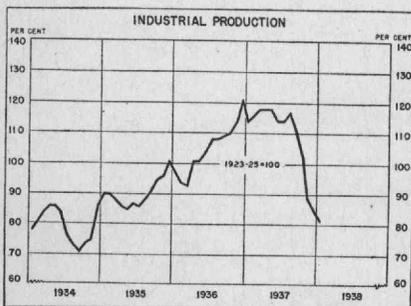
Shoe production, which also had been at a low rate in December, increased considerably in January, and activity at meat packing establishments rose somewhat further. Output of tobacco products remained at a high level, while sugar meltings declined. At mines, bituminous coal production was considerably smaller than in December, and there was also a reduction in output of nonferrous metals. Petroleum production continued at the high level of other recent months.

Value of construction contracts awarded in January was smaller than in December and somewhat below the level maintained during the last four months of 1937, according to figures of the F. W. Dodge Corporation. Contracts awarded for public projects increased somewhat further, while awards for private work continued to decline, reflecting a further decrease in residential building and a sharp reduction in awards for factory construction. In the first half of February awards for private projects were at about the same rate as in January, while those for public work showed a sharp decline.

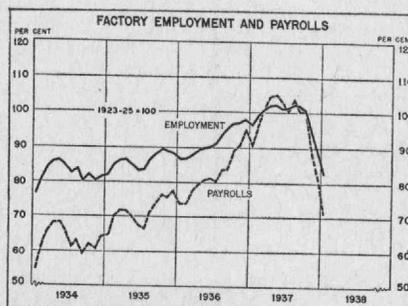
Employment. Factory employment and payrolls declined substantially further between the middle of December and the middle of January. In the durable goods industries, decreases in employment were general and were particularly large at factories producing automobiles, steel, and machinery. Employment in non-durable goods industries showed a somewhat smaller decline than in previous months. There was some increase in the number employed at shoe factories and little change in the food industries as a



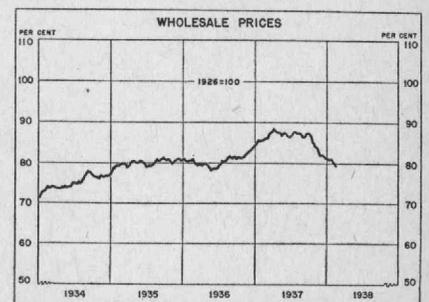
Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to February 16, 1938. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.



Index of physical volume of production, adjusted for seasonal variation. By months, January 1934 to January 1938.



Indexes of number employed and payrolls, without adjustment for seasonal variation. By months, January 1934 to January 1938. Indexes compiled by the United States Bureau of Labor Statistics.



Index compiled by the United States Bureau of Labor Statistics. By weeks, 1934 to week ending February 12, 1938.

group. But in other non-durable goods industries employment continued to decrease. Employment on the railroads, in mining, and in the construction industry also declined.

Distribution. Department store sales showed a seasonal decrease from December to January, while sales at variety stores and mail order sales declined by more than the usual seasonal amount.

Freight-car loadings continued to decline in January, reflecting principally a reduction in shipments of coal.

Commodity prices. Prices of steel scrap and non-ferrous metals declined

from the middle of January to the third week of February, following some advance in December and the early part of January. There were further decreases in some other basic commodities, while prices of cotton and silk advanced. Livestock products continued downward and a number of finished industrial products declined further. Prices of pig iron and most finished steel products have been reaffirmed for second quarter delivery.

Bank credit. During the first three weeks of February excess reserves of member banks were little changed from the level of \$1,400,000,000 reached at

the end of January following the post-holiday return of currency from circulation.

During January there were substantial reductions in commercial loans and brokers' loans and moderate increases in investments at reporting member banks in 101 leading cities. In the first three weeks of February loans and investments of these banks showed little change.

Money rates. Rates on Treasury bills and yields on Treasury notes and bonds continued in February at the low levels reached in the latter part of January.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Business conditions in the Philadelphia Federal Reserve District failed to show improvement in the first month of the year but lately they have reflected some upturn in the market for consumer's goods. The rate of industrial recession in durable goods also has been less rapid than in the closing months of last year. The adjusted index of industrial production in January declined to 69 from 76 in the previous month and was the lowest since 1934.

The value of building contracts awarded in December declined further by a larger amount than usual and was the lowest in the past two years. Income of farmers from dairy products continues fairly steady but that from the sale of farm products has been affected adversely by the continued decline in prices.

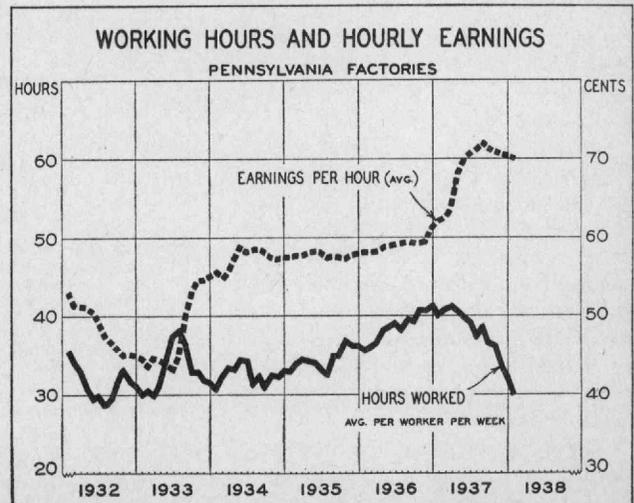
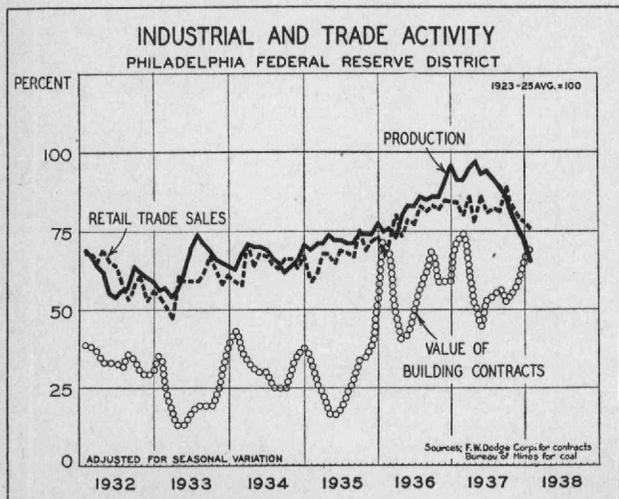
Retail trade sales in January declined more than seasonally and were noticeably smaller than a year ago. In February a further decline is indi-

cated by preliminary figures. Inventories of merchandise have shown a substantial reduction since last fall, so that at the end of January they were close to the volume held at the same time last year. Business at wholesale also has continued smaller than last year. Sales of new passenger automobiles declined sharply in the month and as compared with a year ago. Life insurance sales, on the other hand, decreased much less than usual from December to January but were smaller in the year. Freight car loadings generally declined.

Industrial employment and payrolls showed additional decreases from December to January and were substantially smaller than a year ago. Preliminary returns from manufacturing industries indicate that in February there were further decreases in certain durable goods industries but noticeable increases in factories producing non-durable goods.

Manufacturing. Manufacturing activity in this district has slackened further since the turn of the year, although lately the recession has moderated considerably and become less widespread than in the closing months of 1937. This has been especially true in the case of industries making consumers' goods, including textiles, leather goods and shoes.

Current reports indicate that the market for factory products on the whole continues quiet and in a number of durable goods lines sales have declined further and are much smaller than they were a year ago. The demand for non-durable goods, on the other hand, shows signs of improvement. As in several past months the greatest decreases have occurred at plants turning out iron and steel products, such as machinery and tools, castings, and virtually all building materials. The volume of unfilled orders about the middle of February was smaller than a month earlier and less



Business Indicators Philadelphia Federal Reserve District

than a year ago. Inventories of finished goods, especially at textile plants, have declined in recent weeks and supplies of raw materials at plants quite generally show marked reductions this year and as compared with a year ago.

Prices quoted by local manufacturers for their products have decreased further and in many instances are below the level of a year earlier. In the country, the price index of the Bureau of Labor Statistics for commodities other than farm products and foods showed a pronounced downward trend in the fourth quarter of last year but subsequently fluctuated rather narrowly. On February 19 this index was 83.0 per cent of the 1926 average as compared with 83.7 four weeks earlier, 83.6 on January 1 and 84.2 a year ago.

The number of workers employed in manufacturing industries in this district decreased 6 per cent and their compensation declined 11 per cent from the middle of December to the middle of January. Preliminary data covering the payroll period nearest the middle of February show a small decline in employment and little change in wage payments. The decline was due to sluggish activity in durable goods industries. Factories producing non-durable goods, including textiles and shoes, show marked increases in employment, payrolls and working time. In all industries of this district, nearly 14 per cent fewer workers were employed in January this year than last and wage disbursements were about 25 per cent less.

In Pennsylvania factories the preliminary index of employment for January was about 76, relative to the 1923-25 average, and that of payrolls was 65. In both instances these indexes were the lowest in any month since 1935. Working time, as measured by total employee-hours, has decreased continuously since August and in January was 36 per cent less than in the same month last year.

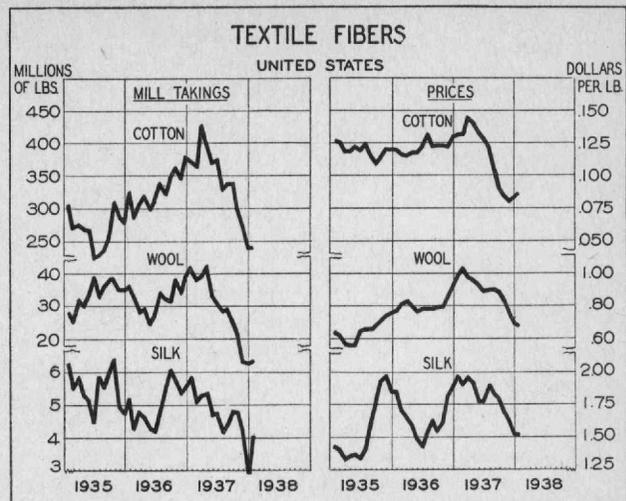
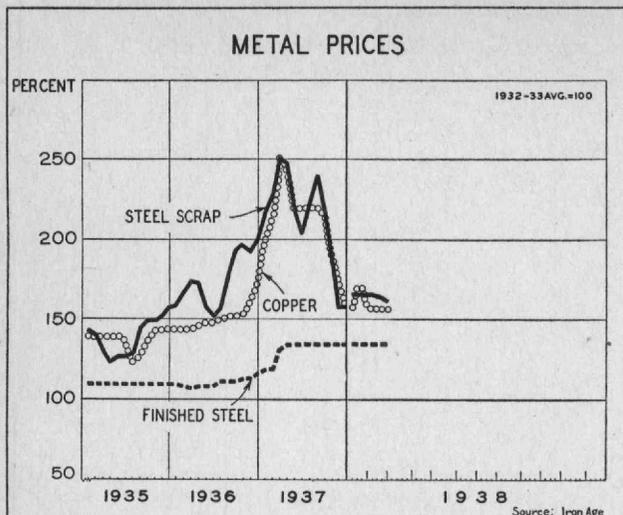
Factory employment and wage payments in Delaware declined 5 and 9 per cent respectively from December to January. Compared with a year earlier, 14 per cent fewer workers were employed and an equally large decrease occurred in wage disbursements. Manufacturing plants in southern New Jersey likewise reported marked recessions in employment and payrolls during January.

Output of manufactures decreased sharply in January, continuing a

	Index numbers: percentages of the 1923-1925 average as 100									
	Adjusted for seasonal variation				Not adjusted					
	Jan. 1937	Nov. 1937	Dec. 1937	Jan. 1938	Per cent change		Jan. 1937	Nov. 1937	Dec. 1937	Jan. 1938
					Jan. 1938 from	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.										
Industrial production	94	79	76	69p	-9	-27	93	81	74	69p
Manufacturing—total	94r	76	72	65p	-10	-31	92	78r	70	64p
DURABLE GOODS	88	76r	68	58p	-14	-34				
CONSUMERS' GOODS	98r	75	73	67p	-8	-31				
Metal products	104	81	72	62	-15	-41	101	81	69	59
Textile products	99r	59	57	47p	-17	-53	102r	62	56	48p
Transportation equipment	82	93	85	76	-11	-8	82	90	87	76
Food products	78	77	79	75p	-5	-5	76	77	76	74p
Tobacco and products	101	95	86	90	+5	-11	84	113	63	75
Building materials	42	38	34r	25	-28	-42	37	38	31r	21
Chemicals and products	130r	125	120	116p	-3	-11	127	126	119	113p
Leather and products	135	96r	96	103p	+8	-23	140	92r	91	107p
Paper and printing	92	90	91	86	-5	-6	92	90	92	86
Coal mining	58	65	68	65p	-4	+12	64	67	67	70p
Anthracite	56	65	69	67p	-3	+20	61	67	68	72p
Bituminous	76	61	56	49	-14	-35	86	68	59	56
Crude oil	496	520	531	522	-2	+5	476	505	499	502
Electric power										
Output	236	233	228	222	-3	-6	250	242	244	235
Sales, total†	234	231	225	222	-1	-5	241	238	232	229
Sales to industries‡	185	164	155	153	-2	-18	180	168	148	148
Employment and wages—Pa.										
Factory—Wage earners					-7*	-14*	88	86	81	76
Payrolls					-11*	-27*	89	83	74	65
Man-hours (1927-28=100)					-13*	-36*	91	75	66	58
General (1932=100)										
Employment					-10*	-11*	119	121	118	106
Payrolls					-17*	-23*	167	165r	155	129
Building and real estate										
Contracts awarded†—total	71	59	66	69	+3	-3	55	59	61	53
Residential†	51	37	30	25	-16	-51	40	38	28	20
Non-residential†	57	75	102	90	-12	+56	52	80	92	82
Public works and utilities†	112	65	73	91	+25	-18	106	73	85	87
Permits for building—17 cities	24	23	12	15	+27	-38	14	22	8	9
Real estate deeds—Philadelphia†	53	62	47	48	+3	-10	57	61	57	51
Writs for Sheriff sales—Phila.	504	328	401	298	-26	-41	580	367	409	343
Distribution										
Retail trade										
—sales	84	79	78	76p	-2	-9	64r	92	129	58p
—stocks	79	80	78	79p	+1	-0	70r	91	74	70p
Wholesale trade										
—sales	104	88	86	87r	+1	-17	89	101	97	77
—stocks	76	77	74	71	-4	-6	74	80	69	69
Life insurance sales	106	96	81	89	+10	-16	94	101	85	79
New passenger auto. registrations					-48*	-45*	98	101	102	54
Hotels—Occupancy (1934=100)					+13*	0*	121	125	108	121p
Income, total (1934=100)					-1*	+3*	130	146	136	134p
Freight car loadings—total	84	60	58	57	-2	-33	72	61	52	50
Merchandise and miscellaneous	82	61	56	56	+0	-31	71	61	49	49
Coal	75	62	61	57	-5	-24	81	68	64	61
Business liquidations										
Number					+62*	+91*	62	39	73	118
Amount of liabilities					+3*	+11*	35	16	38	39
Payment of accounts										
Check payments	95	80	85	81	-4	-14	97	86	92	83
Rate of collections (actual)										
Retail trade	28	33	28	29	+2	+3	33	34	28	34
Prices—United States										
WHOLESALE (1926=100)										
Farm products					-1*	-6*	86	83	82	81
Foods					-2*	-22*	91	76	73	72
Other commodities					-4*	-12*	87	83	80	76
Other commodities					-0*	+0*	83	84	84	83
RETAIL FOOD										
Philadelphia					-3*	-5*	85	84	83	80
Scranton					-3*	-7*	88	83	84	82
Scranton					-2*	-8*	82	77	77	75

(In millions of dollars)	Jan. 1937	Oct. 1937	Nov. 1937	Dec. 1937	Jan. 1938	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ 0.5	\$ 2.1	\$ 2.6	\$ 2.9	\$ 2.4	-17	+380
Other bills and securities	200	217	219	221	216	-2	+8
Member bank reserves	387	365	361	355	380	+7	-2
Reserve ratio (per cent)	75.0	72.5	72.3	71.7	72.7	+1	-3
Reporting member banks							
Loans	\$ 451	\$ 469	\$ 464	\$ 460	\$ 456	-1	+1
Investments	741	681	677	662	656	-1	-11
Deposits (a)	1,483	1,374	1,353	1,336	1,362	+2	-8
Bankers' acceptances outstanding	13.8	15.8	16.1	15.4	12.9	-16	-7

* 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.



marked downward trend since August, and was the smallest for the month since 1934. This bank's seasonally adjusted index of productive activity receded to 65 per cent of the 1923-25 average as compared with 72 in December, 76 in November and nearly 94 in January, 1937.

As in months immediately preceding, the decline during January in the output of consumers' goods, though sharp, was neither so widespread nor so drastic as that at plants making durable goods. Production of non-durable goods such as leather, shoes, cigars and petroleum products was larger than in December. Activity at meat packing establishments also was at a higher rate in January than in the previous month. In the case of durable goods, an outstanding exception to the general recession was the increase in the output of pig iron. Production of motor vehicles also expanded substantially.

Electric power output by eight central stations showed a decline from December to January that was larger than seasonal, continuing a downward trend for about six months. Total sales for all purposes fell off slightly. The rate of consumption of electrical energy by industries was virtually unchanged, although a small increase is usual; compared with a year ago, industrial consumption was 18 per cent smaller.

Coal and other fuels. Reflecting the prevalence of relatively mild weather, demand for anthracite declined. There was an increase in output from December to January, but this fell somewhat short of the volume usually to be expected. Compared with a year ago, however, production increased 20 per cent. Shipments also increased con-

siderably in January and were 18 per cent greater than a year ago.

Producers report little activity in the market for bituminous coal, with further decreases in sales to industries, railroads and utilities. Continuing the decline which occurred in the last quarter of 1937, colliery output decreased 6 per cent from December to January, although an increase is usual in that month. Production was the smallest since the autumn of 1935 and was 35 per cent less than a year earlier. Shipments also declined, reflecting reduced industrial consumption and adequate supplies of coal for current needs.

(Output and shipment figures are daily averages)	January 1938	Per cent change from	
		Month ago	Year ago
Anthracite			
Production..... tons	191,600	+ 6	+20
Shipments..... tons	192,240	+13	+18
Stocks..... 1000 tons	2,154†	-10	- 5
Prices..... (1926=100)	80.1	+ 0	- 2
Employment..... No.	94,926	- 3	- 9
Bituminous			
Production..... tons	265,200	- 6	-35
Shipments..... No. cars	22,092	-13	-27
Prices..... (1926=100)	103.2	+ 2	+ 7
Employment..... No.	122,355	- 1	-10
Coke			
Prod.... (1923-25=100)	82.3	- 2	-37
Prices..... (1926=100)	105.5	0	+ 8
Gas and fuel oil			
Prod.... (1923-25=100)	155.8*	+ 1	+ 3
Prices..... (1926=100)	76.1	0	+10

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

There was a small decline in the output of by-product coke in eastern Pennsylvania from December to January instead of the usual seasonal increase. Production was the smallest in two and one half years and 37 per cent below that in January 1937. Production of gas and fuel oils increased slightly in January, according to preliminary figures.

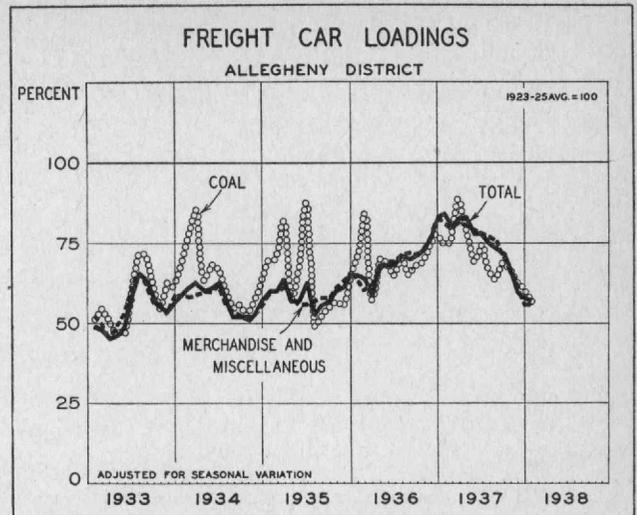
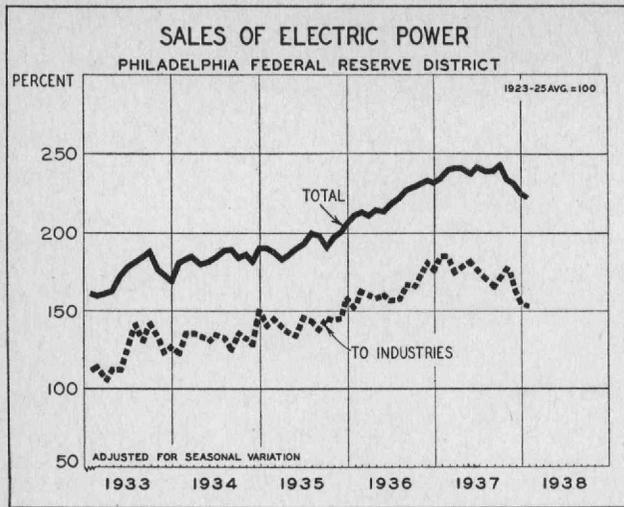
Building. The value of building contracts awarded in January amounted to approximately \$10,000,000, a decline of 26 per cent from December as against the estimated seasonal decrease of 15 per cent. This change was due principally to a sharp drop in awards for public works and utilities, family houses and miscellaneous construction; substantial increases were reported in the case of educational and commercial buildings.

The January total was the smallest for the month since 1935; it showed a decline of 18 per cent from a year ago, despite a much larger volume of contracts let for educational buildings and unclassified structures. The decrease in awards for family dwellings contributed largely to the falling off in the total.

Building contracts Philadelphia Federal Reserve District	January 1938 (000's omitted)	Per cent change from	
		Dec. 1937	Jan. 1937
Residential	\$ 1,748	-16	- 64
Apts. and hotels.....	238	+ 1	+ 60
Family houses.....	1,510	-19	- 65
Non-residential	5,648	-21	+ 26
Commercial.....	1,130	+23	- 36
Factories.....	82	-29	- 92
Educational.....	2,544	+86	+184
All other.....	1,892	-60	+131
Total buildings.....	\$ 7,396	-20	- 21
Public works and utilities.....	2,675	-38	- 9
Grand total.....	\$10,071	-26	- 18

Source: F. W. Dodge Corporation.

Wholesale prices of building materials have shown an almost continuous drop since September. The index of the Bureau of Labor Statistics for the week ended February 19 was 91.1 per cent of the 1926 average, about 1 per cent lower than in the first week of the year and 6 per cent under the high point for recent years reached in May. A year ago the index was



92.8. Lower quotations for brick and tile, lumber, and paint materials were among those which caused the decline.

Distribution, trade and service. The value of retail sales by department, apparel, shoe and credit stores in this district in January was 9 per cent smaller than a year ago. Decreases ranged from 3 per cent at men's apparel stores to 21 per cent at credit stores which sell merchandise on the installment plan. Department store sales in the district as a whole were 7 per cent smaller in January this year than last; at Philadelphia stores the decline was 5 per cent and elsewhere it amounted to 9 per cent.

Total dollar sales decreased a little more than they usually do from December to January, so that the seasonally adjusted index declined from 78 to 76 per cent of the 1923-25 average. In January, 1937, this index was 84.

Inventories of merchandise at retail establishments declined a little less than usual but at the end of the month showed virtually no change as compared with a year earlier. The trend of retail inventories was definitely upward in the first three quarters of 1937, as indicated by a rise in the seasonally adjusted index from 76 in December 1936 to 85 in September 1937. Subsequently, stocks of goods were reduced almost steadily to 79 in January. The rate of stock turnover was slightly less rapid in January this year than last. Collections, in relation to outstanding balances, were somewhat higher than a year ago.

Business at wholesale, as measured by total dollar sales, was considerably less active in January this year than

last. Decreases were substantial in all lines except groceries, which showed a small gain over a year ago. Stocks of goods at the end of the month were about 6 per cent smaller than a year earlier.

Total freight car loadings in this section decreased further in January and were nearly one-third smaller than in the same month last year. Shipments of merchandise and miscellaneous commodities showed about the customary rate of change as compared with December but loadings of coal declined appreciably instead of increasing as they usually do in January. The volume of rail freight consisting chiefly of manufactures originating in the Philadelphia industrial area decreased somewhat less than was to be expected from December to January, following larger than seasonal declines in the last two months of 1937. Compared with a year ago, however, shipments were almost 17 per cent smaller.

Sales of new passenger automobiles increased somewhat for two months following the introduction of new models last autumn but declined drastically in January and were the smallest since February 1936. Although the decrease in the month was sharp in all parts of this district, it was more pronounced in eastern Pennsylvania than in southern New Jersey or Delaware.

Room occupancy at non-resort commercial hotels increased sharply in January but total revenue declined slightly, owing to smaller receipts from food and miscellaneous sources. Compared with a year ago, room occupancy showed virtually no change but revenue from all sources was somewhat larger.

Hotel business Philadelphia Federal Reserve District	Jan. per cent change from	
	Month ago	Year ago
Capacity.....	+ 0	+0
Room occupancy.....	+13	-0
Per cent of capacity used:		
Jan. 1938.....	53.3	
Dec. 1937.....	50.0	
Jan. 1937.....	57.9	
Income from:		
Guest rooms.....	+12	+3
Food.....	- 6	+1
Other sources.....	-12	+6
Total revenue.....	- 1	+3

Banking conditions. The reserve balances of reserve city or Philadelphia member banks have shown substantial fluctuations over the past six months. Semi-monthly averages have varied within upper and lower limits of \$236,700,000 and \$207,400,000, the latest figure covering the first half of February being \$230,400,000. The proportion of excess reserves to requirements declined as low as 10 per cent early in September, but subsequently increased and in January was 26 per cent.

Reserve balances of member banks (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Reserve city banks				
Dec. 16-31.....	\$216.2	\$185.0	\$31.2	17%
Jan. 1-15.....	233.6	185.9	47.7	26
Jan. 16-31.....	236.7	187.4	49.3	26
Feb. 1-15.....	230.4	186.4	44.0	24
Country banks				
Dec. 16-31.....	144.1	115.5	28.6	25
Jan. 1-15.....	145.8	114.4	31.4	27
Jan. 16-31.....	143.1	113.3	29.8	26
Feb. 1-15.....	143.8	112.6	31.2	28

The reserves of country member banks have been relatively more stable, showing a range of only \$142,300,000 to \$148,600,000 and a proportion of excess to requirements which has averaged close to 26 per cent in Sep-

tember and over the past six months as a whole. A recent study shows that the great majority of member banks in this district carry reserves substantially in excess of requirements and that they also have large balances of available funds on deposit with their correspondents.

Preliminary figures as of the close of the year show that there was a decline of \$3,000,000 in the loans of member banks in Philadelphia during 1937. A substantial increase in unclassified loans, largely of commercial or industrial character, was more than offset by declines in loans on securities and other classes. Investments decreased \$87,000,000, of which \$40,000,000 was in direct issues of the United States Government.

The situation at the country banks was quite different. Loans increased \$19,000,000, owing largely to expansion in those made on real estate, and the shrinkage in investments was only \$15,000,000. Holdings of United States Government obligations, direct or guaranteed, increased \$18,000,000, while those of other securities declined \$33,000,000.

Outstanding credit of the reserve bank changed very little in the four weeks ended February 16. A small increase in discounts was offset by declines in industrial advances and in float. Holdings of United States securities remain at \$211,600,000, comparing with \$194,800,000 a year ago.

The district had an unfavorable balance of payments in interdistrict commercial and financial transactions of \$21,000,000, but much of this loss was offset by funds received from other sources, so that reserves declined only \$5,300,000. The principal factor tending to sustain reserves was the operations of the Treasury. The excess of Government disbursements over receipts amounted to \$12,800,000, reflecting largely the redemption of Treasury bills; apart from public debt operations, expenditures of the Treasury were about \$5,000,000 larger than receipts. To meet the drain upon its deposits at the reserve bank, the Treasury transferred funds from other districts, and its balances at this bank increased by \$4,000,000.

The seasonal return of currency from circulation was completed in the second half of January as usual. Subsequently there was a small increase in the demand for money but the net change in the four weeks ended February 16 was negligible.

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Feb. 16, 1938	Changes in—	
		Four weeks	One year
Bills discounted	\$ 2.5	+\$0.2	+\$ 2.0
Bills bought	0.1	0	- 0.2
Industrial advances	3.4	- 0.1	- 1.0
United States securities	211.6	0	+ 16.8
Total bills and securities	\$217.6	+\$0.1	+\$17.6
Federal reserve note circulation	310.7	- 0.5	+ 5.6
Member bank reserve deposits	372.3	- 5.3	+ 5.8
U. S. Treasurer—general account	10.9	+ 4.1	- 1.4
Foreign bank deposits	15.0	+ 1.4	+ 4.2
Other deposits	1.0	- 0.8	- 0.7
Total reserves	513.7	- 6.5	+ 0.9
Reserve ratio	72.4%	- 0.5%	- 1.2%

The reserves of reporting banks in leading cities declined \$13,000,000 and their balances with correspondents \$10,000,000 in the period from January 5 to February 16. Nearly half of these declines occurred in the first four weeks, although deposits were quite stable at a level somewhat about \$1,360,000,000. The banks reported the repayment of \$5,000,000 in commercial loans but a substantial expansion in their outstanding credit through the purchase of \$6,000,000 of open market paper, \$8,000,000 of direct and guaranteed obligations of the United States Government, and \$4,000,000 of other securities.

In the two following weeks, ended February 16, the reporting banks reduced reserves and balances with other banks by \$12,000,000; in addition they decreased their holdings of securities and purchased paper by \$3,000,000. The principal reason for these changes was a decrease of \$17,000,000 in deposits, only part of which may be accounted for by the repayment of loans by customers. While commercial loans increased \$3,000,000, other classes of loans declined \$6,000,000.

Deposits of the reporting banks on February 16 continued above the low

Reporting member banks (000,000's omitted)	Feb. 16, 1938	Changes in—	
		Four weeks	One year
Assets			
Commercial, industrial and agricultural loans:			
On securities	\$ 50	+\$ 2	*
Otherwise secured and unsecured	158	- 3	*
Open market paper	26	+ 2	*
Loans to brokers and dealers in securities	18	- 2	-\$10
Other loans to purchase or carry securities	35	.....	*
Loans on real estate	58	- 1	- 5
Loans to banks	2	- 1	.....
Other loans:			
On securities	50	.....	*
Otherwise secured and unsecured	54	- 5	*
Total loans	\$ 451	-\$ 8	-\$ 2
United States Government securities	307	+ 2	- 40
Obligations fully guar. by U. S. Government	92	.....	+ 7
Other securities	261	.....	- 37
Total loans and investments	\$1,111	-\$ 6	-\$72
Reserve with Federal Reserve Bank	239	- 6	- 10
Cash in vault	15	- 2	- 1
Balances with other banks	140	- 5	- 5
Other assets—net	85	+ 1	- 4
Liabilities			
Demand deposits, adjusted	\$ 766	-\$16	-\$60
Time deposits	279	+ 5	+ 19
U. S. Government deposits	23	- 2	- 12
Interbank deposits	277	- 5	- 36
Borrowings . . . . .	.....	.....	.....
Other liabilities	18	- 1	- 3
Capital account	227	+ 1	.....

* Comparable figures not yet available.

levels reached in December, but they were \$89,000,000 smaller than a year earlier. The principal source from which funds were obtained to meet withdrawals was through the sale of \$70,000,000 of investments, of which \$33,000,000 represented a reduction in obligations of the United States Government.

The shrinkage in deposits in the past year has been due partly to a decrease in balances held for other banks. Another factor has been the substantial amount by which Government expenditures within the district fell short of its local receipts, the latter including a very considerable volume of unemployment trust funds which the States turned over to the Treasury for investment.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Jan. 26	Feb. 2	Feb. 9p	Feb. 16p	
Sources of funds:					
Reserve bank credit extended in district	-0.8	- 2.4	+2.0	+1.2	- 0.0
Commercial transfers (chiefly interdistrict)	-8.3	- 9.6	-3.6	+0.4	-21.1
Treasury operations	+6.0	+10.6	+0.8	-4.6	+12.8
Total	-3.1	- 1.4	-0.8	-3.0	- 8.3
Uses of funds:					
Currency demand	-2.3	+ 1.9	-0.2	+1.1	+ 0.5
Member bank reserve deposits	+2.3	- 3.1	-0.4	-4.1	- 5.3
"Other deposits" at reserve bank	-0.6	- 0.1	-0.1	+0.0	- 0.8
Unexpended capital funds	-2.5	- 0.1	-0.1	+0.0	- 2.7
Total	-3.1	- 1.4	-0.8	-3.0	- 8.3

p—Preliminary.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employe-hours†	
	Jan. 1938 index	Per cent change from		Jan. 1938 index	Per cent change from		Jan. 1938—per cent change from	
		Jan. 1937	Dec. 1937		Jan. 1937	Dec. 1937	Jan. 1937	Dec. 1937
All manufacturing	76	-14	-7	65	-27	-11	-36	-13
Iron, steel and products	72	-13	-8	65	-34	-14	-42	-14
Non-ferrous metal prod.	112	-6	-4	118	-10	-13	-24	-15
Transportation equip.	57	-19	-6	45	-32	-15	-34	-13
Textiles and clothing	84	-23	-5	64	-34	-6	-40	-7
Textiles	81	-22	-4	62	-35	-8	-42	-9
Clothing	95	-24	-5	77	-27	+3	-31	+6
Food products	102	-1	-2	102	+3	+4	-8	-7
Stone, clay and glass	67	-8	-15	51	-20	-21	-36	-23
Lumber products	47	-25	-13	35	-31	-22	-39	-22
Chemicals and products	89	-4	1	89	-7	+4	-23	-2
Leather and products	81	-16	+1	74	-22	+12	-25	-14
Paper and printing	96	-1	-2	92	-5	-8	-11	-8
Printing	92	-1	-2	91	-2	-7	-4	-6
Others:								
Cigars and tobacco	56	-4	-18	43	-5	-34	-9	-35
Rubber tires, goods	76	-15	-3	71	-25	-7	-32	-6
Musical instruments	54	+0	-2	50	+7	-14	-2	-14

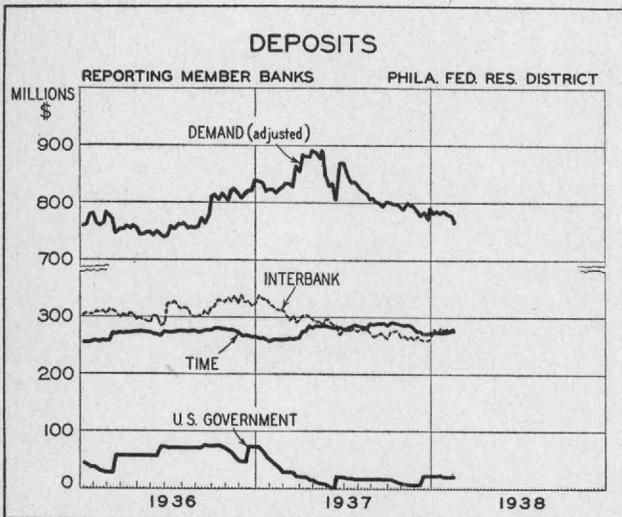
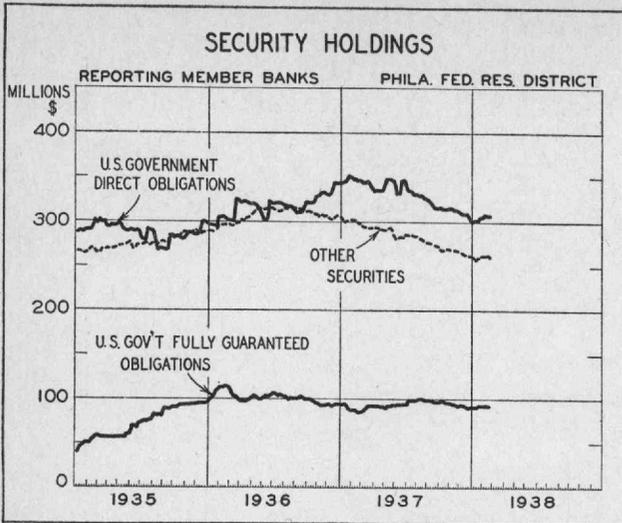
* Figures from 2327 plants.

† Figures from 2078 plants.

General Index Numbers

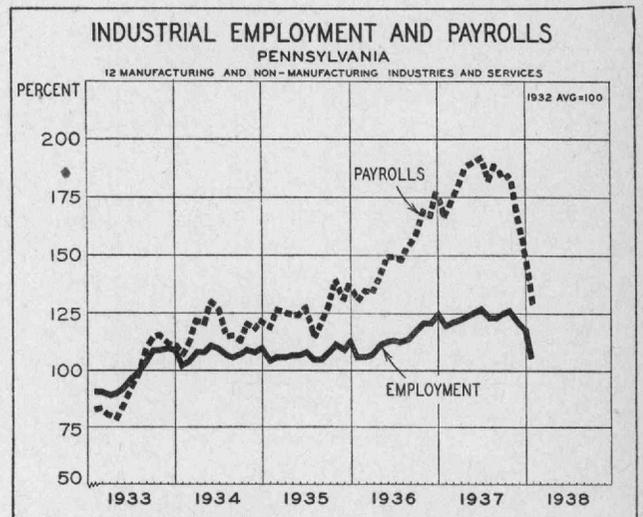
Covering twelve branches of trade and industry

	Employment			Payrolls		
	Jan. 1938 index	Per cent change from		Jan. 1938 index	Per cent change from	
		Jan. 1937	Dec. 1937		Jan. 1937	Dec. 1937
General index (weighted)	106	-11	-10	129	-23	-17
Manufacturing	119	-14	-7	159	-27	-11
Anthracite mining	80	-9	-3	80	-0	-9
Bituminous coal mining	115	-10	-1	147	-35	-31
Building and construction	63	-12	-20	83	-1	-21
Quarrying and non-met. mining	83	-23	-21	103	-44	-30
Crude petroleum producing	165	+5	+2	178	+14	+1
Public utilities	98	+6	-1	104	+6	-5
Retail trade	105	-6	-26	121	+1	-20
Wholesale trade	115	+0	-2	115	+2	-3
Hotels	111	+3	-4	127	+9	-5
Laundries	100	-2	-2	117	+7	-2
Dyeing and cleaning	94	-2	-6	99	+2	-9



City areas*	Percentage change—January 1938 from January 1937				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	-11	-20	-41	-6	-9
Altoona	-19	-48	-46	-12	-26
Harrisburg	-10	-25	+89	-8	-4
Johnstown	-23	-45	-85	-8	-14
Lancaster	-11	-21	-77	-9	-2
Philadelphia	-13	-16	-37	-13	-6
Reading	-15	-30	-29	-13	-14
Seranton	-18	-19	-59	-15	-6
Trenton	-13	-24	-85	+3	-11
Wilkes-Barre	-12	-23	-69	-17	-3
Williamsport	-7	-14	-9	-18	.....
Wilmington	-14	-14	-57	-5	+4
York	-28	-37	-80	-15	.....
January 1938 from December 1937					
Allentown	-8	-9	+49	-10	-58
Altoona	-5	-13	-40	-13	-58
Harrisburg	-8	-11	+144	-20	-58
Johnstown	-9	-4	-93	-20	-59
Lancaster	-5	-9	-60	-20	-58
Philadelphia	-5	-9	+4	-12	-58
Reading	-6	-14	+6	-15	-62
Seranton	-8	-10	-63	-10	-61
Trenton	-9	-9	-73	-18	-66
Wilkes-Barre	-7	-18	+32	-20	-59
Williamsport	-4	-9	+119	-16	.....
Wilmington	-5	-9	-46	-42	-59
York	-19	-25	+31	-23	.....

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



Index numbers of individual lines of trade and manufacture

Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100										
	Adjusted for seasonal variation					Not adjusted					
	Jan. 1937	Nov. 1937	Dec. 1937	Jan. 1938	Per cent change		Jan. 1937	Nov. 1937	Dec. 1937	Jan. 1938	
					Jan. 1938 from	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	84	79	78	76p	- 2	- 9	64r	92	129	58p	
Department	76r	78	72	71p	- 2	- 7	55r	89	130	51p	
Men's apparel	79	67	71	77p	+ 9	- 3	74	77	120	72p	
Women's apparel	104	94	108	98	- 9	- 6	93	113	162	88	
Shoe	82	75	72	73p	+ 1	-10	64	73	93	58p	
Credit	99	80	81	78p	- 4	-21	65	103	125	51p	
Stocks of goods											
Total of all stores	79	80	78	79p	+ 1	- 0	70r	91	74	70p	
Department	59r	59	55	55p	+ 1	- 6	52r	69	52	49p	
Women's apparel	118	105	109	107	- 2	-10	101	129	102	91	
Shoe	65	71	71	68	- 4	+ 5	59	75	66	62	
Credit	100	104	103	100p	- 2	+ 0	95	117	95	95p	
Rate of stock turnover											
January (actual, not indexes)					- 3*		0.29				0.28
Wholesale trade											
Sales											
Total of all lines					-21*	-17*	89	101	97	77	
Boots and shoes					-12*	-55*					
Dry goods					-9*	-30*					
Electrical supplies					-49*	-37*					
Groceries					-3*	+ 2*					
Hardware					-24*	-25*					
Jewelry					-77*	-25*					
Paper					-2*	-25*					
Stocks of goods											
Total of all lines					+ 1*	- 6*	74	80	69	69	
Boots and shoes					+19*	-13*					
Dry goods					+12*	+ 5*					
Electrical supplies					+ 6*	-18*					
Groceries					- 1*	0*					
Hardware					+ 3*	+ 4*					
Jewelry					-39*	-25*					
Paper					+ 1*	-11*					
Output of manufactures											
Pig iron	75	50	35	40	+13	-47	73	51	35	39	
Steel	100	69	58	50	-14	-50	98	66	54	49	
Iron castings	79	59	54	49	- 8	-38	72	61	50	45	
Steel castings	119	110	89	74	-17	-38	126	103	86	78	
Electrical apparatus	120	111	108	89	-18	-26	113	117	105	83	
Motor vehicles	21	22	19	22	+15	+ 3	19	19	15	19	
Automobile parts and bodies	78	79	64r	51	-19	-34	77	72	62	51	
Locomotives and cars	40	39	32	27	-14	-31	39	36	32	27	
Shipbuilding	231	286r	279r	252	-10	+ 9	235	286r	293r	257	
Silk manufactures	101	78	71	57	-20	-44	103	79	73	58	
Woolen and worsteds	86	33	36	31	-15	-64	87	35	34	31	
Cotton products	64	38	33	31	- 6	-52	65	40	35	31	
Carpets and rugs	171	44	52	40	-22	-76	160	48	50	39	
Hosiery	111	86	79	63	-20	-43	116	98	77	66	
Underwear	148	100	92	93	+ 1	-37	146	101	91	91	
Cement	40	48	44	20	-54	-49	28	48	36	14	
Brick	61	37	34r	29	-16	-53	56	37	33r	27	
Lumber and products	34	32	28	25	-12	-27	31	32	28	23	
Bread and bakery products					- 2*	+ 0*	88	91	91	88	
Slaughtering, meat packing	88	87	81	83	+ 3	- 5	96	96	87	92	
Sugar refining	119	79	136	81	-40	-32	82	51	88	56	
Canning and preserving	61	54	56	55p	- 1	-11	60	59	56	54p	
Cigars	100	93	84	89	+ 5	-11	82	111	61	73	
Paper and wood pulp	75	63	64r	60	- 6	-19	74	63	65r	60	
Printing and publishing	95	95	97	92	- 5	- 4	95	96	98	92	
Shoes	165	106	120	127	+ 5	-23	168	100	102	129	
Leather, goat and kid	107	87r	73	81p	+11	-24	113	84r	80	86p	
Explosives	86	90	86	73	-16	-16	86	90	86	73	
Paints and varnishes	95	82	81	71	-13	-25	86	85	79	64	
Petroleum products	167	170	165	168p	+ 2	+ 1	165	171	165	167p	
Coke, by-product	130	103	87	82	- 5	-37	130	99	84	82	

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

