

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
APRIL 1, 1938

FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK
1938 APR 4 AM 5 56

Business and Banking Conditions in the United States

Volume of manufacturing production showed little change from January to February, while output of minerals declined further. Awards for residential building increased somewhat in February and rose considerably in the first half of March.

Production. The Board's seasonally adjusted index of industrial production, which includes both manufacturing and mining, was 79 per cent of the 1923-1925 average in February as compared with 80 per cent in January. The decline in the total index was accounted for chiefly by a reduction in output of minerals, particularly of crude petroleum. Steel ingot production showed about the usual seasonal increase and averaged 32 per cent of capacity in February. Automobile production decreased slightly further, and output of plate glass continued to decline. Lumber production rose seasonally. In the first three weeks of March activity at steel mills and automobile factories was at about the same average rate as in February. In the nondurable goods industries there were moderate increases in output in February at textile mills and shoe factories, where production has recently been at

low levels, while at meat packing establishments activity declined.

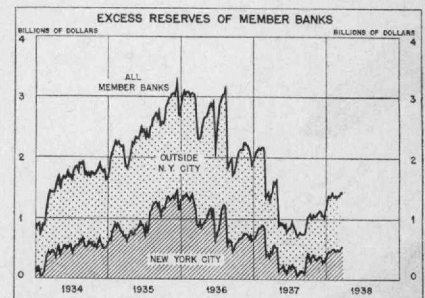
Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a sharp decline from January to February, reflecting chiefly a marked reduction in awards for publicly-financed projects. Contracts for residential building increased moderately. In the first half of March there was a considerable further increase reported for residential building and awards for other construction also increased.

Employment. Factory employment and payrolls increased by somewhat less than the usual seasonal amount between the middle of January and the middle of February. The Board's seasonally adjusted index of factory employment was at 83 per cent of the 1923-1925 average in February as compared with 84 in January. In the durable goods industries decreases were general in February, though not so large as in preceding months. Employment in nondurable goods industries increased somewhat following a period of rapid decline. Employment in trade, at mines, on the railroads, and in the construction and public utility

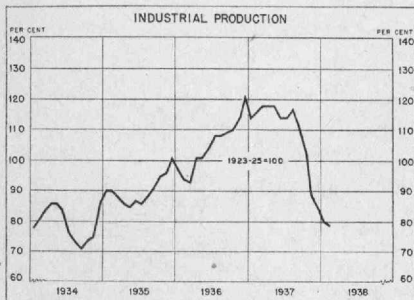
industries decreased somewhat from the January level.

Distribution. Value of department store sales, as measured by the Board's seasonally adjusted index, declined from 90 per cent of the 1923-1925 average in January to 88 per cent in February, and in the first three weeks of March there was further decrease. Sales at variety stores and mail order houses in February showed somewhat less than the usual seasonal increase.

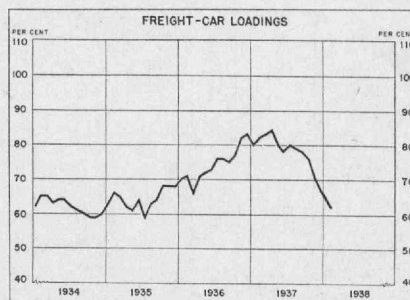
Freight car loadings decreased further in February, reflecting chiefly reduced shipments of coal and grain, and showed a seasonal increase in the first



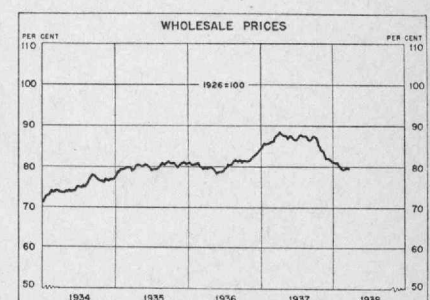
Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934 to March 16, 1938.



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



Index of total loadings of revenue freight, adjusted for seasonal variation. By months, January 1934 to February 1938.



Index compiled by the United States Bureau of Labor Statistics. By weeks, 1934 to week ending March 19, 1938.

two weeks of March. The current level of car loadings is about 25 per cent less than a year ago.

Commodity prices. The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics' index, showed little change from the middle of February to the third week of March. There were seasonal increases in prices of livestock and meats, while prices of such basic commodities as wheat, cotton, rubber, zinc, and bituminous coal declined.

Bank credit. Excess reserves of member banks increased during the first three weeks of March to over \$1,500,-

000,000, the highest level since last April. The bulk of the increase occurred at New York City banks, which in the third week of the month held over \$700,000,000 of excess reserves.

During February and the first half of March, there was little net change in deposits and in total loans and investments at reporting member banks in 101 leading cities. Holdings of United States Government obligations declined at banks in New York but increased in Chicago. Commercial loans, which had decreased sharply in the four preceding months, showed a further moderate decline.

Money rates and bond yields. Conditions in the short-term money market continued easy in March. Rates on Treasury bills were slightly lower and prime commercial paper was quoted at a range of from $\frac{3}{4}$ to 1 per cent as against the flat 1 per cent rate which has prevailed since a year ago. Yields on Treasury bonds and notes, after declining for the past six months, advanced slightly around the middle of March. Yields on corporate bonds also advanced in March, reflecting principally declines in prices of railroad bonds.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Philadelphia Federal Reserve District increased a little in February and showed some further gains in early March. This upturn reflects a higher rate of operations at manufacturing industries, principally those producing nondurable goods. Production of coal and crude oil, on the other hand, has declined. The seasonally adjusted index, measuring the combined output of factory and mineral products was 70 in February, compared with 69 in January and 94 a year ago. In early months of last year the level of industrial production was the highest in six years but subsequently declined sharply, reaching in the first two months this year the lowest level since 1934.

Awards of building contracts in the aggregate declined further in February, although the value of contracts let for residential structures, particularly one and two-family houses, was nearly

one-third larger than in January. Prices of building materials have eased off a little further. The real estate market generally continues quiet and much less active than early in the spring of last year when purchases of newly constructed dwellings were expanding rapidly.

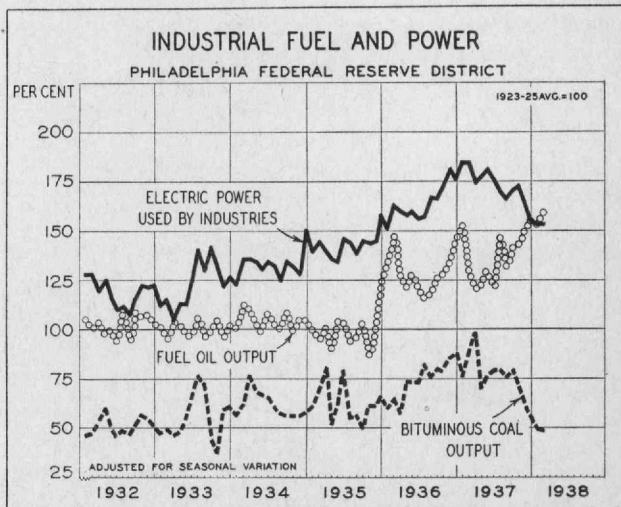
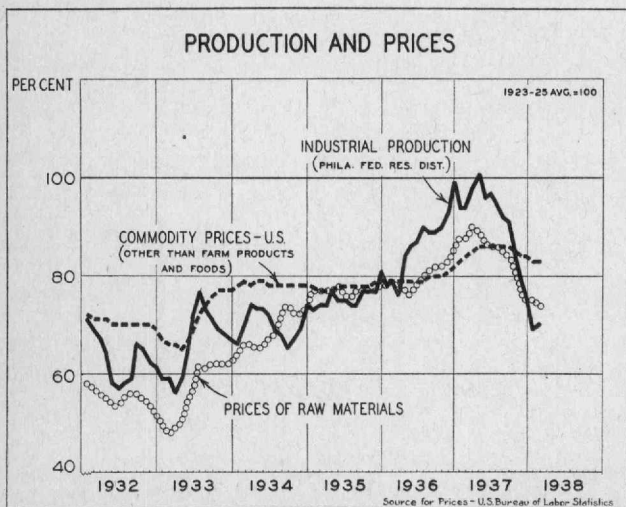
Retail trade sales increased by a small percentage from January to February but were less than last year. Preliminary reports for March show a substantial decline from a year ago, principally under the influence of the later Easter season this year. Business at wholesale also has been less active than last year. Stocks of goods at retail increased less than they usually do from January to February but at wholesale they registered a somewhat larger than seasonal gain. Inventories in both channels of trade, however, are smaller than a year ago.

Sales of new passenger automobiles

showed some gain in February but a sharp decline as compared with last year. Life insurance sales registered a smaller than seasonal increase over January and were materially less than at the same time in 1937. Total freight car loadings declined, owing chiefly to decreases in shipments of merchandise and miscellaneous commodities and of coal.

Employment in twelve branches of trade and industry showed virtually no change from January to February but payrolls increased about 2 per cent. Seasonal gains in textiles and clothing also are indicated by the preliminary reports for March. Compared with a year ago, however, the number of workers employed in February declined 13 per cent and the amount of wage disbursements decreased 22 per cent.

The general level of commodity prices has declined slightly since January, the largest relative drop being in



Business Indicators

Philadelphia Federal Reserve District

prices of raw materials. Prices chiefly of factory products in March, while fractionally lower than in the previous month, have fluctuated very little. Farm products and foodstuffs were somewhat firmer in the first two weeks of March but declined in the third week. Generally speaking, prices this year have been moving much more evenly than they did last year.

Manufacturing. Following sharp declines for several months, manufacturing activity shows signs of some improvement particularly in the case of industries producing consumers' goods. While still in relatively small volume the demand for textile, food, paper and leather products has been noticeably more active since January. Activity in durable goods industries has reached the lowest level since 1935 but also shows evidence of steadiness, as indicated by the rate of operation and the slight change in payrolls in March.

The volume of unfilled orders, although showing minor seasonal increases here and there, continues much smaller than a year ago. Inventories of finished goods have declined further to the point that in the majority of cases they appear lower than at this time last year. Buying of raw materials has been extremely conservative, and current supplies at reporting plants seem smaller than they have been for several months and as compared with a year ago.

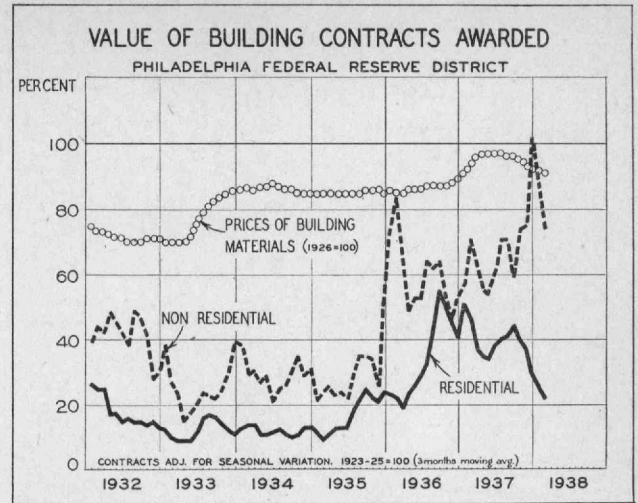
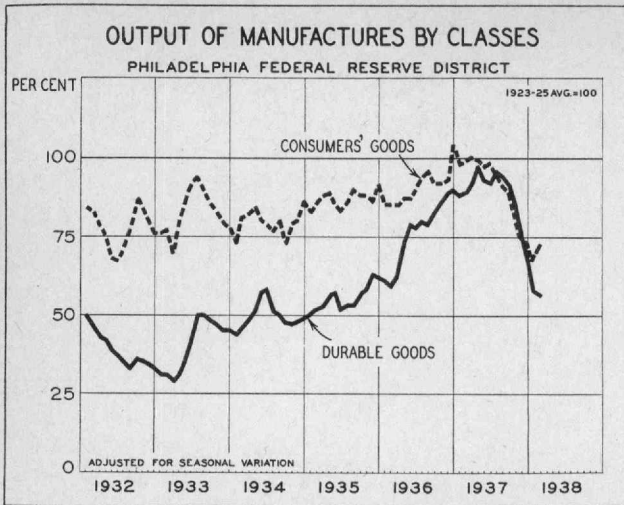
Prices of factory products have been somewhat steadier than in several previous months, although current quotations in the aggregate are the lowest since 1936. The index of the Bureau of Labor Statistics, comprising commodities other than farm products and foods, on March 19 was 82.8, relative to the 1926 average, as compared with 83.0 a month before and a high of 86.5 in 1937.

Factory payrolls and working hours have shown a measurable seasonal upturn during February and March. While this is due principally to seasonal expansion in the nondurable goods industries, preliminary reports for March indicate that a few other important lines registered some gains, particularly in payrolls.

The index of employment in Pennsylvania factories in February was about 76 per cent of the 1923-1925 average and that of wage payments was 68. The total number of employe-hours worked was 3 per cent greater than in January but 38 per cent less

Adjusted indexes allow for the usual seasonal change in activity.	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation						Not adjusted					
	Feb. 1937	Dec. 1937	Jan. 1938	Feb. 1938	Per cent change		Feb. 1937	Dec. 1937	Jan. 1938	Feb. 1938		
					Feb. 1938 from							
Month ago					Year ago							
Industrial production												
Industrial production	94	76	69	70p	+ 1	- 26	-27	96r	74	69	70.	
Manufacturing—total	94	72	65	66p	+ 3	- 30	-30	96p	70	64	67p	
DURABLE GOODS	89	68	58	56p	- 3	- 37	-35	90p	64	57	57	
CONSUMERS' GOODS	99r	74r	68	73p	+ 7	- 27	-29	104	69	59	57	
Metal products	102	72	62	57	- 8	- 44	-43	108r	57r	49	60p	
Textile products	101r	58r	48	56p	+17	- 44	-48	105r	57r	49	60p	
Transportation equipment	84	85	76	77	+ 1	- 9	- 9	85	87	76	77	
Food products	76	79	75	74p	- 1	- 3	- 4	75	76	73	73p	
Tobacco and products	108	86	90	91	+ 0	- 16	-13	91	63	75	77	
Building materials	49	34	25	24	- 2	- 51	-46	43	31	22r	22	
Chemicals and products	125	120	114	118p	+ 3	- 6	- 9	124	119	112	117p	
Leather and products	141	96	103	117p	+14	- 17	-20	150	91	107	125p	
Paper and printing	94	91	85r	88	+ 2	- 7	- 7	94	92	85r	88	
Coal mining	54	68	64	52p	-18	- 3	+ 4	59	67	70	56p	
Anthracite	50	69	66	53p	-20	+ 6	+12	54	68	72	56p	
Bituminous	87	56	49	48	- 2	- 45	-40	95	59	56	52	
Crude oil	467	531	522	498	- 5	+ 7	+ 6	467	499	502	498	
Electric power												
Output	236	228	222	221	- 0	- 6	- 6	250	244	235	235	
Sales, total†	240	225	222	222	- 0	- 7	- 6	259	232	229	240	
Sales to industries‡	185	155	153	153	+ 0	- 17	-17	183	148	148	152	
Employment and wages—Pa.												
Factory—Wage earners					+ 0*	- 16*	-15*	90	81	75r	76	
Payrolls					+ 4*	- 27*	-27*	94	75r	66r	68	
Man-hours (1927-28=100)					+ 3*	- 38*	-38*	96	66	57r	59	
General (1923=100)												
Employment					- 0*	- 13*	-12*	121	119r	106	106	
Payrolls					+ 2*	- 22*	-21*	174	156r	133r	136	
Building and real estate												
Contracts awarded†—total	74	66	69	54	-21	- 26	-36	60	61	53	44	
Residential†	46	30	25	22	-10	- 51	-51	36	28	20	17	
Non-residential†	71	102	90	74	-18	+ 3	-12	61	92	82	63	
Public works and utilities†	154	73	91	95	+ 4	- 38	-51	125	85	87	77	
Permits for building—17 cities	28	12	15	13	-17	- 56	-48	22	8	9	10	
Real estate deeds—Philadelphia†	52	47	48	44	- 9	- 16	-15	56	57	51	47	
Writs for Sheriff sales—Phila.	461	401	298	364	+22	- 21	-32	470	409	343	371	
Distribution												
Retail trade—sales	81	78	76	76	- 1	- 6	- 6	63	129	58	59	
stocks	80	78	80	79	- 1	- 2	...	77	74	71	76	
Wholesale trade—sales					+ 2*	- 17*	-15*	95	97	77	78	
stocks					+ 4*	- 5*	...	77	69	69	72	
Life insurance sales	100	81	89	76	-14	- 24	-19	115	85	79	88	
New passenger auto. registrations					+ 6*	- 48*	-46*	109	102	54	57	
Hotels—Occupancy... (1934=100)					+ 4*	- 1*	- 1*	127	109r	120	125	
Income, total... (1934=100)					+ 3*	+ 4*	+ 4*	134	137r	135	140	
Freight car loadings—total	80	58	57	52	- 8	- 35	-32	73	52	50	49	
Merchandise and miscellaneous	80	56	56	53	- 6	- 33	-32	73	49	49	49	
Coal	75	61	57	51	-12	- 33	-28	82	64	61	55	
Business liquidations												
Number					+ 1*	+107*	+99*	58	73	118	120	
Amount of liabilities					+ 7*	+ 38*	+24*	30	38	39	42	
Payment of accounts												
Check payments	92	85	81	77	- 5	- 16	-14	93	92	83	78	
Rate of collections (actual)												
Retail trade	29	28	29	30	+ 3	+ 3	...	28	28	34	29	
Prices—United States												
WHOLESALE (1926=100)					- 1*	- 8*	- 7*	86	82	81	80	
Farm products					- 3*	- 24*	-23*	91	73	72	70	
Foods					- 4*	- 16*	-14*	87	80	76	73	
Other commodities					- 1*	- 1*	- 1*	84	84	83	83	
RETAIL FOOD					- 2*	- 7*	- 6*	84	83	80	78	
Philadelphia					- 2*	- 8*	- 7*	86	84	82	80	
Saranton					- 1*	- 9*	- 8*	81	77	75	74	

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



than a year ago. Our estimates indicate that manufacturing establishments in this state about the middle of February employed some 800,000 workers receiving compensation of nearly \$17,500,000 a week.

In Delaware factories employment and payrolls declined 4 and 6 per cent respectively from the middle of January to the middle of February. The number of workers employed registered a decrease of 19 per cent as compared with a year ago and wage disbursements were 21 per cent smaller. Manufacturing plants in southern New Jersey reported little change in employment and payrolls in February but recessions from a year earlier were substantial in both cases.

Output of manufactures increased in February, following a continuous decline for five months. This bank's seasonally adjusted index advanced to 66 per cent of the 1923-1925 average, as compared with 65 in January, 72 in December and 94 a year ago. In April 1937 this index reached a high for recent years of nearly 98. The average rate of productive activity in the first two months of 1938 was 30 per cent less than a year ago and the lowest for that period since 1934.

The improvement in activity in February reflected principally increases in the production of textile manufactures, meat packing, leather and shoes, petroleum products, and paper. Output of certain durable manufactures including automobile parts and bodies, industrial chemicals, and brick and cement also turned upward. Production of pig iron, iron and steel castings, electrical apparatus, and lumber, however, registered appreciable declines and the

output of motor vehicles, locomotives and cars, and steel failed to show the usual expansion from January to February. At shipbuilding yards activity improved, but in the case of sugar refining operations rose by a much smaller percentage than was to be expected.

Production of electric power by eight central stations showed a further slight decline in February, when the adjusted index was 13 per cent below the peak of last April. Sales by ten systems were somewhat larger than in January, owing mainly to a seasonal gain in the consumption of electrical energy by industries. Compared with a year ago, output and sales of electricity were from 6 to 7 per cent smaller.

Coal and other fuels. The continuance of extremely mild weather has contributed to a considerable slackening in the demand for anthracite. Colliery output in February exceeded the unusually low figure of a year earlier, but in comparison with January showed a decline of much more than seasonal proportions. A further decrease was reported during the first half of March. Shipments of hard coal also fell off sharply from January to February but were about equal to those in February 1937.

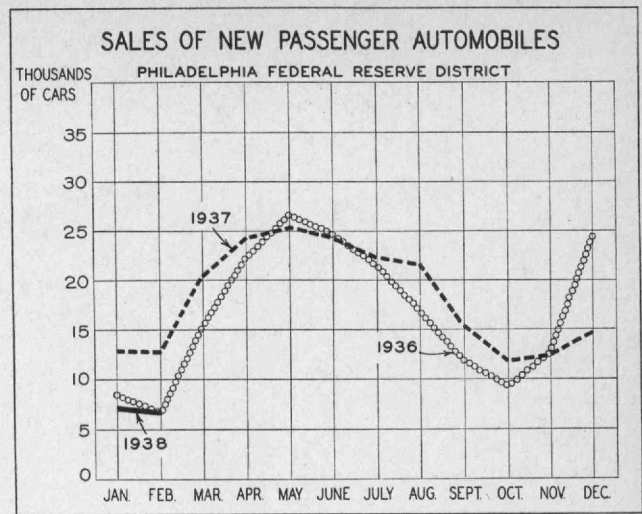
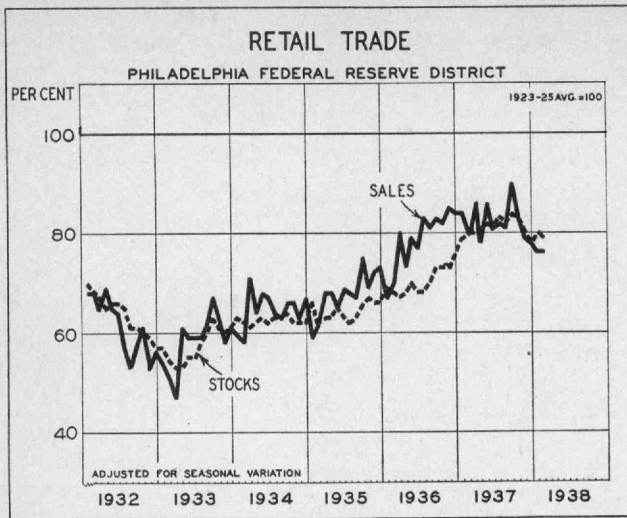
The low level of activity in industry and transportation is reflected in continued quiet in the market for Pennsylvania bituminous coal and a further decrease since the middle of last month in the takings of manufacturing plants, railroads, and public utilities. A reduction in output from January to February was little more than that which usually takes place but the amount mined in both months was much

smaller than a year ago. Shipments have been declining for four consecutive months and likewise compare unfavorably with the amount transported early in 1937.

Production of by-product coke was virtually unchanged in February, although an increase is usual, and was 37 per cent smaller than a year earlier. Output of gas and fuel oils, on the other hand, increased in February; it was 24 per cent greater than a year earlier and was the largest for the month since 1928.

Building and real estate. Of particular interest in the building figures of this district in February was an expansion from \$1,500,000 to \$2,000,000 in contracts awarded for one- and two-family houses. The only other subdivisions to show increases were apartments and hotels and factories, but the dollar amount involved remained small. Sharp decreases from January to February in the value of contracts let for public works and utilities and for nonresidential buildings other than factories were reflected in a decline of 11 per cent in total awards to \$8,900,000.

In comparison with a year ago contracts have declined materially. The February figures show that this decrease extended to all classes of construction save educational buildings, and apartments and hotels; the decline in the aggregate was 48 per cent. Totals for the first two months of 1938 show much the same situation; the residential group decreased 51 per cent and the combined total was 36 per cent under the corresponding months of 1937, although materially larger than in several prior years.



Building contracts Philadelphia Federal Reserve District	Feb. 1938 (000's omitted)	Per cent change	
		From month ago	1938 from 2 mos. 1937
Residential	\$2,277	+ 30	-51
Apts. and hotels.....	270	+ 13	-41
Family houses.....	2,007	+ 33	-52
Non-residential	4,581	- 19	-12
Commercial.....	825	- 27	-42
Factories.....	339	+313	+82
Educational.....	1,962	- 23	+82
All other.....	1,455	- 23	- 2
Total buildings.....	\$6,858	- 7	-28
Public works and utilities.	2,068	- 23	-51
Grand total.....	\$8,926	- 11	-36

Source: F. W. Dodge Corporation.

Reports indicate that houses available for rent are not numerous but the purchasing demand for newly finished houses remains quiet. This is to be expected in view of the recession in business, although more liberal financing provisions under amendments to the Federal Housing Act may stimulate activity.

Latest reports indicate a continuance of slack demand for building materials, despite the increase in residential contracts. The price index of the Bureau of Labor Statistics, measuring wholesale prices of building materials in the country as a whole, has shown a substantial decline from 97.2, relative to the 1926 average, at the peak last May, to 90.6 in the middle of March. This compares with an index of 82.8 for all commodities other than farm products and foods on March 19. The most pronounced declines in the nine months from May to February occurred in quotations for lumber, paint and miscellaneous materials, while prices of cement and structural steel have shown virtually no change.

Distribution, trade and service. Retail trade sales by department, apparel, shoe and credit stores in this district in February and in the first two months were 6 per cent smaller than a year ago. The value of department store sales in Philadelphia was 4 per cent less than in February last year and the decline outside the city was 6 per cent. Compared with January dollar sales showed a small increase that was nearly in line with seasonal expectation, so that our seasonally adjusted index in February continued at 76 per cent of the 1923-1925 average. A year ago it was 81.

Preliminary reports for March indicate substantial declines in sales from a year ago, reflecting partly the influence of decreased industrial activity and partly the fact that the Easter season this year is three weeks later than it was last year. In the case of Philadelphia stores, the sales tax which became effective early in March also apparently was a contributing factor to reduced sales.

The value of wholesale trade sales in February in eight important branches was 17 per cent less than a year ago. Decreases were reported in all lines and were 25 per cent or more in the case of dry goods, electrical supplies, jewelry, and hardware. Sales in the aggregate were 15 per cent smaller in the first two months this year than last.

Inventories of merchandise at retail increased a little less than was to be expected from January to February but in wholesale lines they expanded somewhat more than they usually do. In both channels of trade, however, they continued smaller than in February 1937.

Shipments of commodities by railroad freight in this section slackened further in February, continuing a pronounced downward trend since September. They showed a decline of 35 per cent as compared with a year ago and were 32 per cent less in the first two months this year than last. The decrease in the month was due largely to smaller loadings of merchandise and miscellaneous commodities, and coal. Railroad shipments chiefly of manufactures originating in the Philadelphia industrial area have improved recently, following a period of substantial declines. Total shipments, however, were nearly 10 per cent smaller than a year ago.

Sales of new passenger automobiles in this district on a daily average basis increased 6 per cent from January to February, although the monthly total declined slightly. They showed a drop of 48 per cent as compared with a year ago and were 46 per cent smaller in the first two months this year than last. In the country as a whole daily average sales of new passenger cars likewise expanded in February but continued substantially below a year ago. The number of new units financed at retail in February was the smallest for that month since 1934.

Room occupancy at nonresort commercial hotels showed some gain in February but a slight decline as compared with a year ago. Revenue from guest rooms and miscellaneous sources also was larger than in January but income from food was a little smaller. Total revenue was about 4 per cent greater in the first two months this year than last.

Hotel business Philadelphia Federal Reserve District	Feb., per cent change from		1938 from 2 mos. 1937
	Month ago	Year ago	
Capacity	-1	-1	.....
Room occupancy	+4	-1	-1
Per cent of capacity used:			
Feb. 1938	59.6		
Jan. 1938	56.4		
Feb. 1937	56.3		
Income from:			
Guest rooms	+5	+1	+2
Food	-1	+5	+3
Other sources	+6	+9	+7
Total revenue	+3	+4	+4

Banking conditions. The reserves of member banks in this district have declined in recent weeks, but continue substantially in excess of requirements. In the first half of March the average amount held was \$374,800,000, and excess reserves were \$80,500,000. In the case of reserve city banks the ratio of excess to requirements was 24 per cent, comparing with an average of 16 per cent in the last three months of 1937. At the country banks the excess was equivalent to 32 per cent, as against 28 per cent in the first two months of 1938 and 25 in the final quarter of last year.

Reserve balances of member banks (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Reserve city banks:				
Jan. 16-31	\$236.7	\$187.4	\$49.3	26%
Feb. 1-15	230.4	186.4	44.0	24 "
Feb. 16-28	230.0	184.7	45.3	25 "
Mar. 1-15	228.1	183.4	44.7	24 "
Country banks:				
Jan. 16-31	143.1	113.3	29.8	26 "
Feb. 1-15	143.8	112.6	31.2	28 "
Feb. 16-28	143.9	111.6	32.3	29 "
Mar. 1-15	146.7	110.9	35.8	32 "

There was a decline in the number of borrowing banks during the five weeks ended March 23 and a contraction of \$600,000 in the discounts of this bank to \$1,900,000. The bank's participation in System holdings of United States securities continued at \$211,600,000, but the distribution of this total into bonds, notes, and bills changed somewhat.

Member bank reserves increased in the two weeks ended March 2, but declines were reported in each of the three following weeks, so that the period as a whole shows a net decrease of \$15,000,000. This loss of funds was due mainly to tax payments to the Treasury. The Government disbursed substantial amounts in connection with interest on the public debt and redemptions of maturing Treasury bills, but its total expenditures in the district fell short of tax collections and other receipts by about \$13,000,000. Reserves also were reduced by a small increase

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	March 23, 1938	Changes in—	
		Five weeks	One year
Bills discounted	\$ 1.9	-\$0.6	+\$0.9
Bills bought	0.1	+ 0.0	- 0.3
Industrial advances	3.3	- 0.1	- 1.0
United States securities	211.6	0	+ 16.8
Total bills and securities	\$216.9	-\$0.7	+\$16.4
Federal reserve note circulation	308.5	- 2.3	+ 1.1
Member bank reserve deposits	357.2	-15.1	- 40.7
U. S. Treasurer—general account	13.2	+ 2.2	- 0.1
Foreign bank deposits	11.1	- 3.9	+ 1.1
Other deposits	1.2	+ 0.2	- 74.9
Total reserves	497.9	-15.8	-129.1
Reserve ratio	72.0%	- 0.4%	- 5.9%

in currency demand and a decrease, principally in float, in reserve bank credit extended locally. The only sustaining factor was a gain of nearly \$4,000,000 in commercial and financial transactions with other districts.

Member banks in leading cities reported a decrease of \$31,000,000 in deposits in the five weeks to \$1,314,000,000, the lowest point in more than two years. The decrease was almost entirely in adjusted demand deposits and reflected in considerable measure tax collections. There also was a small decline in funds held for other banks, but an increase in time deposits. The shrinkage in deposits was met chiefly through a reduction of \$15,000,000 in reserves and the withdrawal of \$7,000,000 from correspondents.

Outstanding credit of the reporting banks declined \$9,000,000. While \$3,000,000 of open market paper was purchased, declines of \$6,000,000 each occurred in loans to customers and in security holdings. The drop in investments was chiefly in obligations guaranteed by the United States Government. Holdings of direct issues of the Government have decreased slightly but still are \$7,000,000 above the low level reached at the end of 1937.

The contraction in loans to customers was largely in those which are

Reporting member banks (000,000's omitted)	Mar. 23, 1938	Changes in—	
		Five weeks	One year
Assets			
Commercial, industrial and agricultural loans:			
On securities	\$ 49	-\$ 1	*
Otherwise secured and unsecured	159	+ 1	*
Open market paper	29	+ 3	*
Loans to brokers and dealers in securities	18	.....	-\$ 10
Other loans to purchase or carry securities	34	- 1	*
Loans on real estate	58	.....	- 4
Loans to banks	2	.....	- 1
Other loans:			
On securities	49	- 1	*
Otherwise secured and unsecured	50	- 4	*
Total loans	\$ 448	-\$ 3	.....
United States Government securities	306	- 1	- 35
Obligations fully guar. by U. S. Government	88	- 4	- 4
Other securities	260	- 1	- 33
Total loans and investments	\$1,102	-\$ 9	-\$ 72
Reserve with Federal Reserve Bank	224	- 15	- 50
Cash in vault	16	+ 1	- 2
Balances with other banks	133	- 7	- 3
Other assets—net	83	- 2	- 7
Liabilities			
Demand deposits, adjusted	\$ 735	-\$31	-\$129
Time deposits	281	+ 2	+ 18
U. S. Government deposits	23	.....	+ 2
Interbank deposits	275	- 2	- 15
Borrowings .....	.....	.....	- 1
Other liabilities	18	.....	- 9
Capital account	226	- 1	.....

* Comparable figures not available.

not classified. Accommodation extended to finance commerce, industry and agriculture has shown only minor fluctuations and no net change in the five week period. The trend in loans of this type has been quite similar to a year ago, when the low point for the year was reached early in March. Commercial loans on March 23 were only 7 per cent under the high point of last September, while figures for all reporting banks throughout the country show a decline of 12 per cent from their October peak. The reports indicate that the volume of these loans outstanding continues greater than a year ago, despite the lower level of business activity.

Outstanding acceptances of banks in this district have declined from \$16,-

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—					Changes in five weeks
	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23p	
Sources of funds:						
Reserve bank credit extended in district	-3.0	+2.2	- 0.8	- 3.0	+ 1.6	- 3.0
Commercial transfers (chiefly interdistrict)	+4.8	-1.0	-13.2	- 1.6	+14.7	+ 3.7
Treasury operations	+3.4	+6.8	+ 5.8	- 7.3	-21.8	-13.1
Total	+5.2	+8.0	- 8.2	-11.9	- 5.5	-12.4
Uses of funds:						
Currency demand	+1.5	+0.0	- 0.1	+ 1.6	- 0.7	+ 2.3
Member bank reserve deposits	+3.9	+8.3	- 8.2	-14.3	- 4.8	-15.1
"Other deposits" at reserve bank	+0.0	-0.2	+ 0.1	+ 0.2	+ 0.1	+ 0.2
Unexpended capital funds	-0.2	-0.1	- 0.0	+ 0.6	- 0.1	+ 0.2
Total	+5.2	+8.0	- 8.2	-11.9	- 5.5	-12.4

p—Preliminary.

079,000 to \$12,446,000 in the past three months. The total at the end of February was less than half of the peak amount reported eight years earlier and was \$2,600,000 under the corresponding date in 1937. In the past year import bills have declined \$4,000,000 and those covering goods stored in or shipped between foreign countries have shown a small decline. Increases in other classifications included \$1,100,000 in domestic warehouse credits.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employe-hours†	
	Feb. 1938 index	Per cent change from		Feb. 1938 index	Per cent change from		Feb. 1938 - per cent change from	
		Feb. 1937	Jan. 1938		Feb. 1937	Jan. 1938	Feb. 1937	Jan. 1938
All manufacturing	76	-16	+ 0	68	-27	+ 4	-38	+ 3
Iron, steel and prods.	69	-18	- 4	65	-37	- 0	-45	- 1
Non-fer. metal prods.	105	-16	- 6	112	-20	- 5	-32	- 5
Transportation equip.	57	-19	+ 1	50	-24	+ 2	-34	+ 2
Textiles and clothing.	89	-20	+ 6	76	-26	+20	-33	+18
Textiles.....	84	-20	+ 4	73	-27	+19	-35	+18
Clothing.....	108	-18	+14	91	-21	+20	-26	+19
Food products.....	101	- 1	- 1	101	+ 1	- 0	- 8	+ 0
Stone, clay and glass.	66	-24	- 1	53	-36	+ 5	-45	+ 6
Lumber products.....	45	-24	- 4	35	-32	- 3	-40	- 1
Chemicals and prods.	84	-10	- 1	85	-13	+ 1	-27	+ 3
Leather and products.	85	-14	+ 5	81	-19	+10	-23	+12
Paper and printing.....	95	- 3	- 0	95	- 4	+ 4	-10	+ 5
Printing.....	91	- 2	- 0	94	- 2	+ 3	- 5	+ 2
Others:								
Cigars and tobacco....	64	- 0	+15	50	- 7	+14	-11	+17
Rubber tires, goods....	76	-20	- 1	72	-29	+ 1	-35	+ 1
Musical instruments....	52	- 5	- 4	47	- 5	- 5	-14	- 6

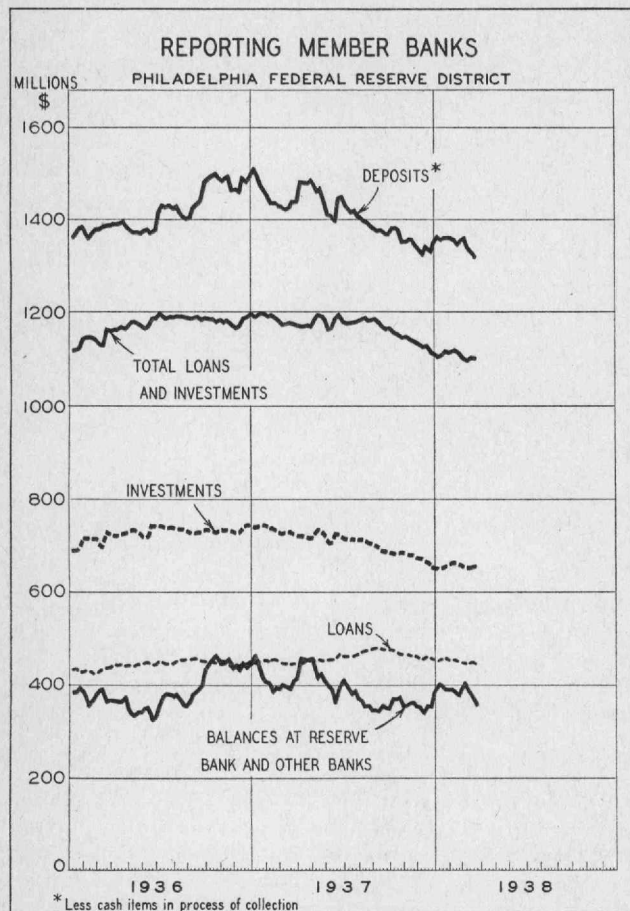
* Figures from 2,314 plants.

† Figures from 2,072 plants.

General Index Numbers

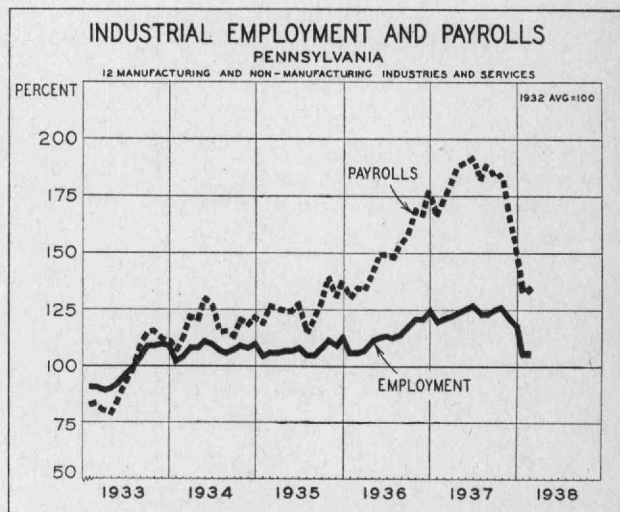
Covering twelve branches of trade and industry

	Employment			Payrolls		
	Feb. 1938 index	Per cent change from		Feb. 1938 index	Per cent change from	
		Feb. 1937	Jan. 1938		Feb. 1937	Jan. 1938
General index (weighted)	106	-13	- 0	136	-22	+ 2
Manufacturing.....	119	-16	+ 0	166	-27	+ 4
Anthracite mining.....	80	- 6	+ 1	79	+ 3	- 1
Bituminous coal mining....	109	-15	- 5	171	-31	+ 8
Building and construction....	54	-22	-11	69	-14	-10
Quarrying and non-met. mining	81	-25	- 3	110	-46	+ 4
Crude petroleum producing....	158	- 0	- 1	168	- 3	- 0
Public utilities.....	95	+ 4	- 2	104	+ 6	+ 1
Retail trade.....	109	- 5	+ 4	120	- 0	- 0
Wholesale trade.....	114	- 5	- 1	114	- 3	- 1
Hotels.....	113	+ 3	+ 1	132	+10	+ 2
Laundries.....	100	+ 1	- 1	115	+ 6	- 2
Dyeing and cleaning.....	94	- 1	- 1	105	+ 2	+ 4



City areas*	Percentage change—February 1938 from February 1937				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
Employment	Wage payments				
Allentown.....	-14	-22	+ 8	-10	- 6
Altoona.....	-19	-44	+ 68	-16	-23
Harrisburg.....	-10	-20	+ 23	- 4	-11
Johnstown.....	-32	-52	+ 15	-10	-15
Lancaster.....	-14	-19	+ 5	-18	- 9
Philadelphia.....	-12	-15	+ 64	-19	- 4
Reading.....	-15	-27	+ 30	-13	-13
Scranton.....	-19	-21	+ 70	-14	- 2
Trenton.....	-13	-20	+ 71	- 7	- 7
Wilkes-Barre.....	-13	-24	+ 46	-15	+ 1
Williamsport.....	- 7	-13	+ 26	-13	.....
Wilmington.....	-19	-22	+ 76	+ 8	-15
York.....	-21	-27	+ 22	-21	.....
February 1938 from January 1938					
Allentown.....	+ 1	+ 6	+ 126	-17	+ 8
Altoona.....	+ 3	+ 3	+ 33	-17	+ 3
Harrisburg.....	+ 3	+10	+ 44	-14	- 5
Johnstown.....	- 9	+ 8	+1133	-10	+25
Lancaster.....	- 0	+ 6	+ 116	-10	-10
Philadelphia.....	+ 2	+ 4	+ 17	-18	+ 4
Reading.....	+ 2	+13	+ 33	-13	+ 6
Scranton.....	+ 2	+ 6	+ 150	-16	+ 8
Trenton.....	+ 2	+ 6	+ 214	-16	+13
Wilkes-Barre.....	+ 1	+ 9	+ 115	-19	+ 1
Williamsport.....	+ 0	+ 1	+ 44	-11	.....
Wilmington.....	- 4	+ 7	+ 18	-34	-10
York.....	+ 4	+13	+ 162	-19	.....

* 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				
	Feb. 1937	Dec. 1937	Jan. 1938	Feb. 1938	Per cent change			Feb. 1937	Dec. 1937	Jan. 1938	Feb. 1938
					Month ago	Year ago	1938 from 2 mos. 1937				
Adjusted indexes allow for the usual seasonal change in activity.											
Unadjusted indexes reflect merely the actual change which may or may not be typical.											
Retail trade											
Sales											
Total of all stores	81r	78	76	76	- 1	- 6	- 6	63	129	58	59
Department	76	72	71	72	+ 2	- 5	- 5	58r	130	51	55
Men's apparel	77	71	75	65	-13	-15	- 8	62	120	70	53
Women's apparel	107	108	98	100	+ 2	- 7	- 8	79	162	88	74
Shoe	72	72	73	70	- 4	- 2	- 6	55	93	58	53
Credit	82	81	78	78	+ 0	- 5	-12	73	125	52	70
Stocks of goods											
Total of all stores	80	78	80	79	- 1	- 2	.....	77	74	71	76
Department	62r	55	55	56	+ 1	-10	.....	59r	52	49	53
Men's apparel	69	90	111	84	-24	+22	.....	68	92	87	83
Women's apparel	123	109	107	107	+ 1	-13	.....	116	102	91	101
Shoe	72	71	68	78	+15	+ 9	.....	66	66	62	72
Credit	107	103	101	106	+ 5	- 1	.....	105	95	96	104
Rate of stock turnover											
2 months (actual, not indexes)							0*	0.54			0.54
Wholesale trade											
Sales											
Total of all lines					+ 2*	-17*	-15*	95	97	77	78
Boots and shoes					+68*	-18*	-37*	.....	.....	.....	.....
Drugs					- 3*	- 4*	- 5*	.....	.....	.....	.....
Dry goods					- 4*	-35*	-33*	.....	.....	.....	.....
Electrical supplies					+17*	-33*	-34*	.....	.....	.....	.....
Groceries					- 9*	- 6*	- 2*	.....	.....	.....	.....
Hardware					+ 7*	-28*	-26*	.....	.....	.....	.....
Jewelry					+32*	-25*	-25*	.....	.....	.....	.....
Paper					+ 5*	-24*	-25*	.....	.....	.....	.....
Stocks of goods											
Total of all lines					+ 4*	- 5*	.....	77	69	69	72
Boots and shoes					+ 6*	-12*	.....	.....	.....	.....	.....
Dry goods					+ 5*	+ 4*	.....	.....	.....	.....	.....
Electrical supplies					-10*	-21*	.....	.....	.....	.....	.....
Groceries					+ 1*	- 1*	.....	.....	.....	.....	.....
Hardware					+ 9*	+ 6*	.....	.....	.....	.....	.....
Jewelry					- 4*	+ 5*	.....	.....	.....	.....	.....
Paper					- 4*	-24*	.....	.....	.....	.....	.....
Output of manufactures											
Pig iron	70	35	40	33	-16	-52	-49	72	35	39	35
Steel	96	58	50	47	- 5	-51	-51	101	54	49	50
Iron castings	79	54	49	41	-16	-48	-41	81	50	45	42
Steel castings	113	89	74	59	-20	-48	-43	127	86	78	66
Electrical apparatus	120	108	89	81	- 9	-33	-29	115	105	83	78
Motor vehicles	25	19	22	18	-16	-27	-14	26	15	19	19
Automobile parts and bodies	68	64	51	52	+ 1	-23	-29	73	62	51	56
Locomotives and cars	42	32	27	26	- 4	-37	-34	43	32	27	27
Shipbuilding	245	279	252	262	+ 4	+ 7	+ 8	240	293	257	257
Silk manufactures	104	71	56r	68	+21	-34	-39	110	73	58	73
Woolen and worsteds	87	36	31	36	+17	-58	-61	89	34	31	37
Cotton products	61	33	31	32	+ 3	-47	-49	65	35	32r	35
Carpets and rugs	181	52	40	47	+18	-74	-75	184	50	39	48
Hosiery	113	79	63	79	+24	-30	-39	117	77	66	82
Underwear	148	92	93	100	+ 7	-33	-35	162	91	91	109
Cement	61	44	20	23	+13	-62	-57	43	36	14	16
Brick	63	34	30r	30	+ 1	-53	-52	61	33	28r	29
Lumber and products	34	28	25	22	-11	-36	-32	33	28	23	21
Bread and bakery products					- 0*	- 3*	- 2*	90	91	88	88
Slaughtering, meat packing	92	81	83	89	+ 7	- 3	- 4	92	87	92	90
Sugar refining	52	136	81	46	-44	-13	-23	68	88	56	59
Canning and preserving	61	56	55	56p	+ 0	- 9	- 9	56	56	54	52p
Cigars	107	84	89	89	+ 0	-16	-13	89	61	73	75
Paper and wood pulp	75	64	60	64	+ 6	-14	-17	75	65	60	64
Printing and publishing	98	97	90r	92	+ 2	- 5	- 5	98	98	90r	92
Shoes	179	120	127	150	+18	-16	-22	188	102	129	157
Leather, goat and kid	105	74r	81	86p	+ 6	-18	-20	113	80	86	93p
Explosives	85	86	73	83	+13	- 3	-10	85	86	73	83
Paints and varnishes	91	81	75r	73	- 3	-19	-20	89	79	68r	72
Petroleum products	159	165	162	168p	+ 4	+ 6	+ 2	157	165	161	167p
Coke, by-product	125	87	82	78	- 5	-37	-37	132	84	82	82

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised

