

# THE BUSINESS REVIEW

1938 NOV 5  
THIRD FEDERAL  
PHILADELPHIA



RESERVE DISTRICT  
NOVEMBER 1, 1938

STATISTICAL  
FEDERAL RESERVE BANK OF PHILADELPHIA

## Business and Banking Conditions in the United States

In September industrial production and employment continued to advance, and there was also an increase in the volume of retail trade. Building activity continued at the increased level reached in August, reflecting a large volume of awards for publicly-financed projects.

**Production.** Volume of industrial production increased further in September and the Board's seasonally adjusted index advanced to 90 per cent of the 1923-1925 average as compared with 88 per cent in August. There was a substantial rise in pig iron production, and output of steel ingots continued to increase, averaging 45 per cent of capacity. In the first three weeks of October activity at steel mills showed a further increase and was at a rate of about 50 per cent of capacity. Plate glass production continued to advance rapidly in September. Output of lumber and cement was maintained, although at this season activity in these industries usually declines. Automobile production in September remained at about the same low rate as in August; in October, however, output increased rapidly as most manufac-

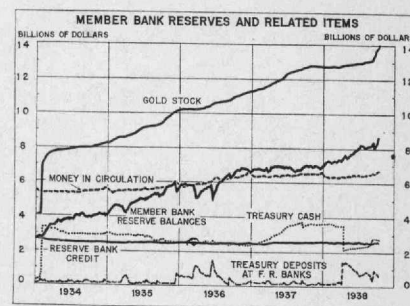
turers began the assembly of new model cars. In the nondurable goods industries there were substantial increases in activity at meat-packing establishments, sugar refineries, and tire factories. Output of shoes declined somewhat. Textile production, which had been rising sharply since spring, showed little change in September, although an increase is usual. Activity increased further at silk mills but at woolen mills there was a decline, and at cotton mills output did not show the usual seasonal rise.

At mines, coal production increased considerably in September and there was also an increase in output of copper. Crude petroleum output declined as wells in Texas were shut down on both Saturdays and Sundays whereas in August only Sunday shutdowns had been in effect.

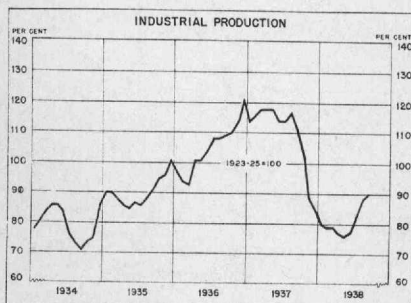
Value of construction contracts awarded, which had increased considerably in August, showed little change in September, according to figures of the F. W. Dodge Corporation. Awards for private residential building continued at the advanced level prevailing since early summer

and contracts for public residential projects were also maintained following a rise in the previous month. Other public projects continued in substantial volume.

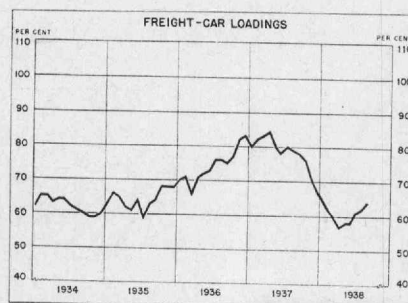
**Employment.** Employment and payrolls increased further between the middle of August and the middle of September, reflecting principally increases at manufacturing concerns. Employment rose sharply at automobile factories and increased moderately in other durable goods industries. At factories producing nondurable goods there was slightly more than the usual seasonal rise in the number employed.



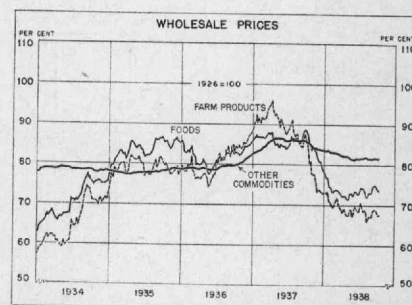
Wednesday figures, January 3, 1934, to October 19, 1938.



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



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



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

**Distribution.** Distribution of commodities to consumers showed a more than seasonal rise in September. There were increases in sales at department and variety stores, and mail order sales also increased. Department store sales for the first three weeks of October showed somewhat less than the usual seasonal rise.

Freight-car loadings continued to increase in September and the first half of October, reflecting chiefly a further rise in shipments of coal and miscellaneous freight.

**Commodity prices.** Prices of a number of industrial raw materials, particularly hides and copper, advanced from the middle of September to the third week of October. Crude oil and

gasoline prices, on the other hand, were reduced. Livestock and meat prices showed large seasonal declines in this period. In the first half of October there were sales of many finished steel products at prices below those announced for the fourth quarter, but in the third week of the month it was reported that prices had been restored to former levels.

**Bank credit.** During the four weeks ended October 19 there were further substantial increases in the gold stock of this country. As a result largely of these gold acquisitions and of net expenditures by the Treasury from its deposits with the Reserve banks, excess reserves of member banks increased to a total of \$3,270,000,000 on October 19.

Demand deposits at reporting member banks in 101 leading cities were also increased by the inward gold movement and on October 19 amounted to \$15,750,000,000, the largest volume ever reported by these banks. Following substantial increases during September, reflecting purchases of new issues of United States Government obligations, total loans and investments at reporting banks showed little change during October.

**Money rates and bond yields.** The average yield on long-term Treasury bonds declined from 2.48 per cent on September 27 to 2.28 on October 21. Yields on Treasury notes and Treasury bills also declined in the period.

## Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial production in the Philadelphia Federal Reserve District in September increased for the second consecutive month. Output rose 4 per cent, reaching the highest level this year. This, however, was nearly one-fifth below the level in September 1937 which was the third month of industrial recession in this district. Substantial improvement in September occurred in the manufacture of durable goods and in the mining of both anthracite and bituminous coal. Preliminary reports indicate that productive activity increased further early in October.

The value of awards for building contracts in September advanced 6 per cent from the previous month, owing to increased construction of educational buildings and public works and

utilities. Awards for residential building, however, declined, after having shown almost consistent improvement since early in the year. The value of total awards in September was well above the level of a year ago, but activity in the first nine months of this year remained below the corresponding period of 1937.

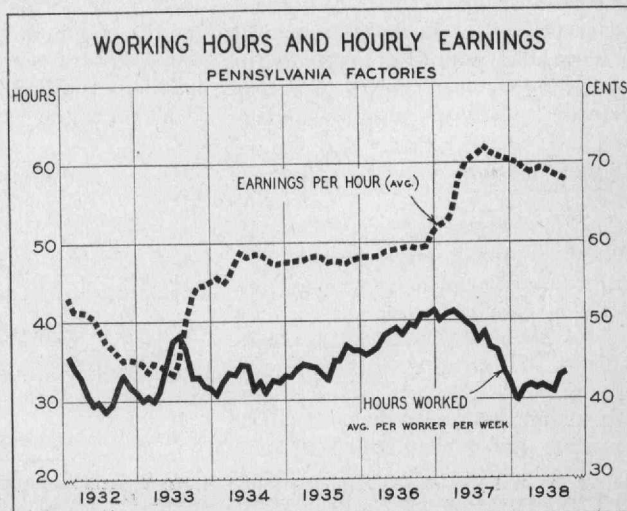
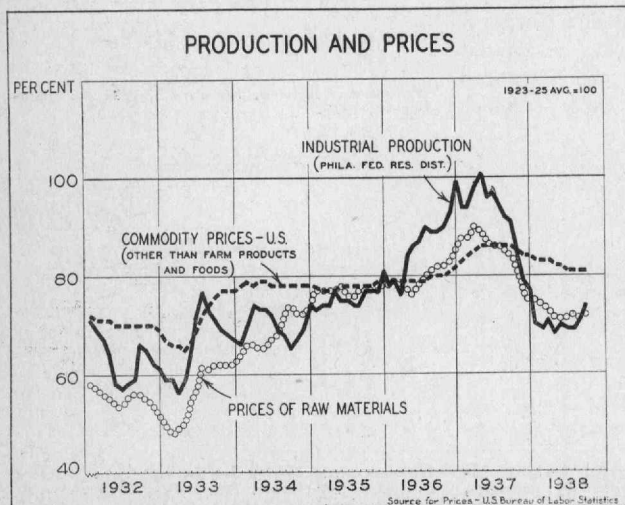
Industrial employment and compensation increased further in September but continued substantially under the levels prevailing in 1937. Incoming reports indicate that while expansion continued in October it was probably of less than seasonal proportions.

Agricultural production in the aggregate has been somewhat below a year ago but has exceeded the five-year average. Farm cash income also has shown some decline from last year,

owing for the most part to lower prices for agricultural staples.

Wholesale and retail trade increased sharply from August to September, showing the greatest gains for any month this year. Both lines, however, continued substantially below 1937. Inventories at retail stores increased for the second consecutive month, but were considerably below a year ago. Stocks in wholesale lines, however, declined in September and showed the greatest reduction from 1937 that has been registered so far this year. Preliminary reports indicate that gains in department store sales during early October apparently were smaller than usual and dollar sales continued noticeably below last year.

Prices of agricultural staples and industrial commodities in September





fluctuated irregularly, coincident with war threats abroad. Since that time the agricultural group has declined, largely because of a sharp drop in quotations for corn, which has been under heavy pressure from both the old and the new crops. Industrial staples, on the other hand, showed no change for September but since have advanced considerably. Prices of copper and hides in particular have shown marked increases. The Bureau of Labor Statistics' index of all commodities showed little change from the first of September to the middle of October. Average quotations on both raw materials and semi-manufactured articles advanced somewhat, while prices of finished products receded.

**Manufacturing.** Demand for factory products in this district has continued to show the improvement which has been in evidence for the past few months. Both inquiries and sales have increased recently, particularly in the case of textiles. Unfilled orders also have shown a tendency to expand but, owing to the prevalence of hand-to-mouth buying policies, continue substantially below a year ago.

Plant operations have shown a general increase. In most cases, however, the level of activity remains below that prevailing last year. Substantial inroads appear to have been made into stocks of finished goods in recent weeks but inventories of raw materials have remained relatively unchanged. Compared with 1937, stocks of both types of goods show substantial contraction.

Factory employment in this district increased slightly more than 2 per cent in September, and payrolls advanced 3 per cent. Compared with a year ago, however, employment and payrolls were smaller by 19 and 27 per cent respectively. In the fall last year the trend of activity was sharply downward, whereas this year it has been moderately upward. Preliminary reports for October indicate that further seasonal increases have been in evidence.

Factory employment in Pennsylvania increased approximately 3 per cent from August to September, following a gain of 4 per cent in the previous month. The greatest expansion was in the transportation equipment group, owing to increased activity at railroad repair shops, at plants producing automobiles and parts, and at shipbuilding yards. A substantial advance also occurred in food prod-

## 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											
	Sept. 1937	July 1938	Aug. 1938	Sept. 1938	Sept. 1938 from Month ago	1938 from 9 mos. ago	Sept. 1937	July 1938	Aug. 1938	Sept. 1938		
<b>Adjusted indexes allow for the usual seasonal change in activity.</b>												
<b>Unadjusted indexes reflect merely the actual change which may or may not be typical.</b>												
<b>Industrial production</b> .....	91	69r	71	74p	+ 4	- 19	-27	92	66r	71	75p	
<b>Manufacturing—total</b> .....	89	67r	70	72p	+ 3	- 19	-29	91	64	70	74p	
Durable goods.....	91	51	51	54p	+ 7	- 40	-42					
Consumers' goods.....	89	78r	84	84p	+ 1	- 5	-21					
Metal products.....	106	47	49	51	+ 6	- 51	-51	106	45	51r	51	
Textile products.....	80	63r	77	76p	- 1	- 5	-33	81	58r	72	77p	
Transportation equipment.....	87	66	61	71	+17	- 19	- 21	83	64	59	67	
Food products.....	80	83	79	82p	+ 4	+ 3	- 4	85	80	78	86p	
Tobacco and products.....	100	89	99	101	+ 2	+ 1	8	116	96	106	116	
Building materials.....	43	31	33	33	+ 1	- 22	-35	46	34	38	36	
Chemicals and products.....	130	106	105	112p	+ 7	- 13	-17	129	105	106	112p	
Leather and products.....	122	128	123	116p	- 5	- 5	-20	134	117	127	129p	
Paper and printing.....	93	85	84r	87	+ 2	- 7	- 9	93	82	82	86	
<b>Coal mining</b> .....	58r	47	40	51p	+29	- 12	- 16	58r	40	39	52p	
Anthracite.....	55r	47	38	50p	+32	- 9	-13	55r	39	38	51p	
Bituminous.....	79	50	53	59	+11	- 26	- 37	81	44	50	60	
<b>Crude oil</b> .....	532	424	431	419	- 3	- 21	- 7	532	424	431	419	
<b>Electric power</b>												
Output.....	246	241	254	247	- 3	+ 0	- 4	241	224	241	242	
Sales, total.....	244	227	243	242	- 0	- 1	- 5	242	214	231	240	
Sales to industries.....	171	155	155	161	+ 4	- 6	-13	181	158	160	171	
<b>Employment and wages—Pa.</b>												
<b>Factory—Wage earners</b> .....					+ 3*	- 20*	-21*	92	69	72	74	
Payrolls.....					+ 3*	- 20*	-34*	98	61	67	69	
Man-hours (1927-28 = 100).....					+ 3*	- 35*	-41*	90	51	57r	58	
<b>General (1932 = 100)</b>												
Employment.....					+ 5*	- 19*	-18*	125	96	98	102	
Payrolls.....					+ 5*	- 26*	-28*	183	122	130	136	
<b>Building and real estate</b>												
Contracts awarded†—total.....	52	42	46	50	+10	- 3	-10	51	43	46	49	
Residential.....	44	36	42	43	+ 4	- 1	-22	40	38	39	40	
Nonresidential.....	59	34	38	45	+17	- 24	- 3	57	33	39	44	
Public works and utilities.....	73	76	76	96	+26	+ 32	- 7	67	81	84	88	
Permits for building—17 cities.....	21	13	14	19	+ 34	- 8	-43	19	15	13	17	
Real estate deeds—Philadelphia.....	67	49	48	50	+ 5	- 26	-23	58	49	46	43	
Writs for Sheriff sales—Phila.....	493	315	301	325	+ 8	- 34	-35	572	299	289	377	
<b>Distribution</b>												
Retail trade—sales.....	90	73	70	79p	+14	- 12	-13	85	51	55	75p	
stocks.....	83r	68	70	72p	+ 2	- 14	-23	87r	63	67	75p	
Wholesale trade—sales.....					+12*	- 18*	-17*	106	75	77	87	
stocks.....					- 5*	- 18*	- 7	75	63	65	62	
Life insurance sales.....	100	72	74	81	+10	- 19	-24	80	69	62	65	
New passenger auto. registrations.....					-32*	- 65*	-55*	114	66	59	40	
Hotels—Occupancy..... (1934 = 100)					+16*	- 13*	- 6*	130r	97	98	114p	
Income, total (1934 = 100).....					+28*	- 15*	- 4*	127r	83	85	108p	
Freight car loadings—total.....	72	52	52	54	+ 5	- 24	-34	81	52	54	60	
Merchandise and miscellaneous.....	71	52	53	55	+ 2	- 23	-32	80	53	55	61	
Coal.....	69	53	51	56	+ 9	- 18	-27	71	47	49	59	
<b>Business liquidations</b>												
Number.....					- 3*	+192*	+72*	34	86	101	99p	
Amount of liabilities.....					-44*	+ 95*	-35*	10	30	35	19p	
<b>Payment of accounts</b>												
Check payments.....	85	83	80	70	-12	- 18	-14	81	80	68	66	
Rate of collections (actual)												
Retail trade.....	32	30	31	32	+ 1	- 2		28	30	28	28	
<b>Prices—United States</b>												
<b>Wholesale (1926 = 100)</b> .....					+ 0*	- 10*	-10*	87	79	78	78	
Farm products.....					+ 1*	- 21*	-23*	86	69	67	68	
Foods.....					+ 2*	- 15*	-15*	88	74	73	74	
Other commodities.....					- 0*	- 5*	- 4*	86	81	81	81	
<b>Retail food</b> .....					+ 0*	- 8*	- 7*	86	80	78	79	
Philadelphia.....					- 0*	- 9*	- 8*	88	81	81	80	
Scranton.....					- 0*	- 10*	- 9*	81	77	73	73	

(In millions of dollars)	Sept. 1937	June 1938	July 1938	Aug. 1938	Sept. 1938	% change from	
						Month ago	Year ago
<b>Banking and credit</b>							
<b>Federal Reserve Bank</b>							
Bills discounted.....	\$ 0.8	\$ 1.4	\$ 1.3	\$ 1.2	\$ 1.0	-17	+25
Other bills and securities.....	217	213	234	234	235	+ 0	+ 8
Member bank reserves.....	360	386	375	358	353	- 1	- 2
Reserve ratio (per cent).....	72.5	74.5	70.4	69.9	70.1	+ 0	- 3
<b>Reporting member banks</b>							
Loans.....	\$ 479	\$ 425	\$ 418	\$ 418	\$ 416	- 0	-13
Investments.....	692	686	706	714	720	+ 1	+ 4
Deposits (a).....	1,374	1,385	1,388	1,372	1,377	+ 0	+ 0
Bankers' acceptances outstanding.....	14.6	9.0	8.9	9.1	9.9	+ 9	-32

\* Computed from data unadjusted for seasonal variation.

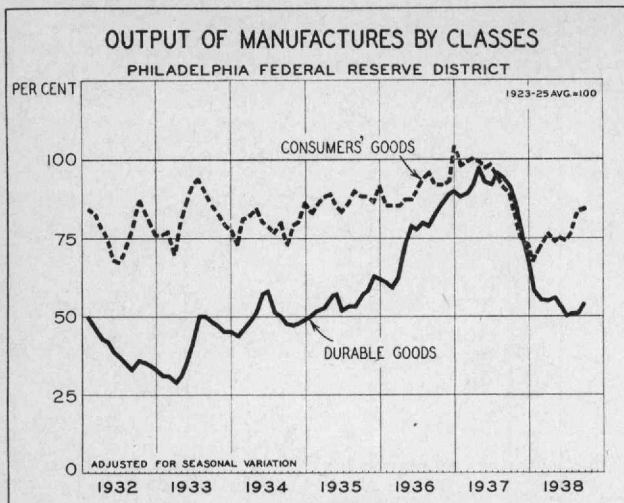
† Not included in production index.

‡ 3-month moving daily average centered at 3rd month.

p—Preliminary.

r—Revised.

(a) Less cash items in process of collection.



ucts as a result of a sharp seasonal increase in canning and preserving. Employee-hours in the sixty-eight reporting industries advanced slightly more than 3 per cent from August to September compared with a gain of 10 per cent in the preceding month.

Wage payments in Pennsylvania factories also increased approximately 3 per cent in September, somewhat exceeding seasonal expectations. Gains over the levels in August occurred in all industrial groups except leather and leather products, where payrolls were reduced because of a contraction in activity at shoe factories. Despite a slight decline for the fourth consecutive month in hourly earnings, average weekly earnings increased further and were at the highest level in nearly a year.

Employment and payrolls in southern New Jersey increased about 1 per cent from August but were 16 per cent below September 1937. In Delaware manufacturing plants, employment declined over 5 per cent from August and payrolls also showed a slight contraction.

Output of manufactures in the district as a whole increased further in September, the index adjusted for seasonal variation rising 3 per cent, compared with a gain of 5 per cent in August and 3 per cent in July. Manufacturing activity, however, was nearly one-fifth below September 1937, when the sharp recession was in progress. Output of manufacturing plants for the year to date was still nearly 30 per cent under the comparable period a year ago.

A large part of the latest gain occurred in durable goods industries, where output on a seasonally adjusted

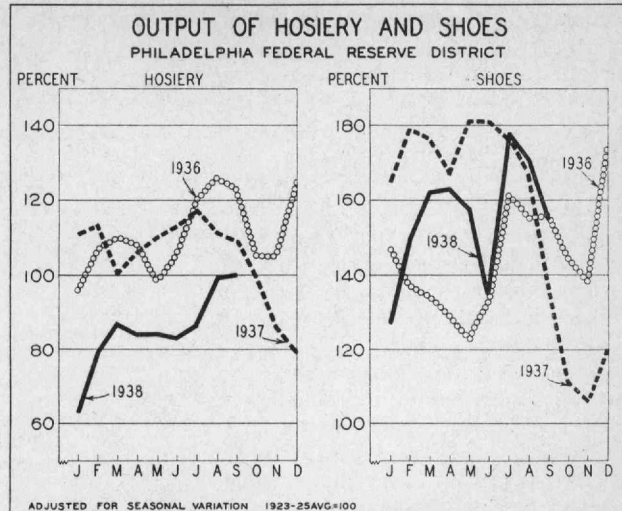
basis was 7 per cent greater than in August. This increase in turn was due principally to the expansion in the output of transportation equipment, although substantial expansion also occurred in the metal products group. Of the individual lines, the largest gains were in automobile parts and bodies, shipbuilding, steel castings, and brick.

An increase of 1 per cent in the production of consumers' goods reflected a sharp expansion in sugar refining and small gains in other food and miscellaneous lines. The output of textiles was close to seasonal expectations, after a marked improvement in the previous few months.

Total sales of electricity increased 4 per cent in September, the index of daily average sales reaching the highest level since September of last year. This is accounted for in part by a gain in sales of electricity to industry. The index of output, on a seasonally adjusted basis, declined.

**Coal and other fuels.** Seasonal improvement in consumer demand has been reflected in larger sales of anthracite at the mines. Output of collieries expanded sharply in September and increased further in the first two weeks of October. Shipments likewise were in much greater volume than during July and August but were the smallest for any September in recent years. In the first nine months this year production and shipments declined 13 and 12 per cent respectively from 1937 levels.

Demand for bituminous coal has increased appreciably, owing mainly to larger takings by manufacturing plants. Production at Pennsylvania mines, which has shown a rising tendency



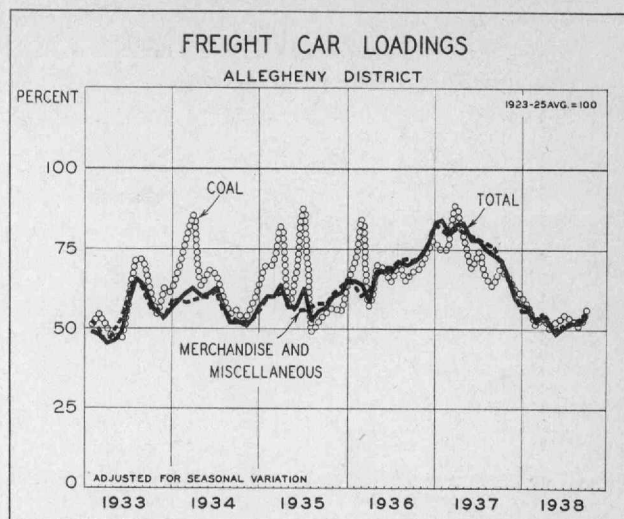
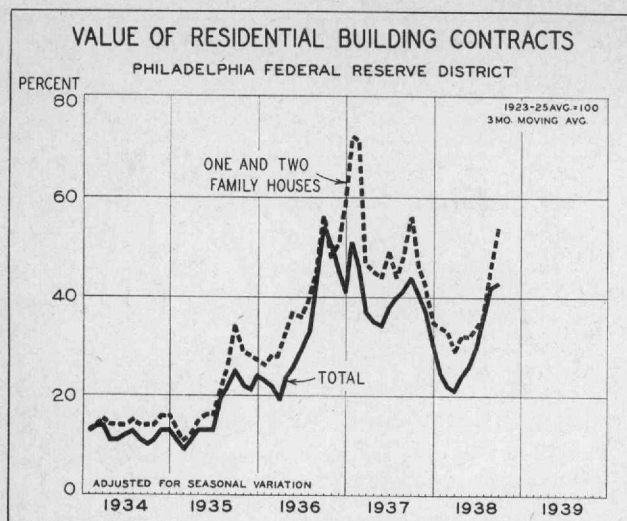
since the spring, expanded more sharply than usual in September, reaching the highest level since December 1937. Preliminary data indicate some further gain in output during the first half of October. The trend of soft coal shipments also has been upward for several months, deliveries in September being the largest reported this year. Over the first nine months of 1938, however, colliery output was 37 per cent smaller and shipments about 27 per cent less than in the same period last year.

Production of by-product coke increased in September for the third consecutive month, but it continued well under the high levels prevailing in the autumn of 1937. Output of gas and fuel oils also showed a gain in September, following a decline in the preceding month, but was substantially below the volume reported a year earlier.

**Building.** Awards of building contracts in this district increased 6 per cent in September to nearly \$14,000,000, a total 19 per cent greater than a year ago. In every other month of 1938 except March and April the volume of contract awards has been smaller than in 1937. The gain over August reflected a marked expansion in the dollar volume of awards for educational buildings and public works and utilities. Contracts let for family houses, commercial buildings, and factories, on the other hand, declined sharply in September, following substantial increases in the preceding month.

Contracts awarded in the first nine months of 1938 approximated \$115,000,000, a decline of 10 per cent as compared with a year ago. Residen-





tial awards decreased 22 per cent, owing to a sharp contraction in the value of contracts let for family houses. Contracts awarded for commercial buildings, factories, and public works and utilities likewise were substantially smaller than a year ago, improvement over 1937 being reported only in the case of awards for educational buildings and unclassified structures.

Building contracts Philadelphia Federal Reserve District	Sept. 1938 (000's omitted)	Per cent change	
		From month ago	1938 from 9 mos. 1937
<b>Residential</b> .....	\$ 4,151	- 23	- 22
Apts. and hotels.....	683	+ 9	- 3
Family houses.....	3,468	- 28	- 24
<b>Nonresidential</b> .....	5,275	+ 16	- 3
Commercial.....	705	- 53	- 24
Factories.....	246	- 68	- 77
Educational.....	2,910	+289	+ 6
All other.....	1,414	- 7	+120
<b>Total buildings</b> .....	\$ 9,426	- 5	- 11
<b>Public works and utilities</b> .....	4,545	+ 42	- 7
<b>Grand total</b> .....	\$13,971	+ 6	- 10

Source: F. W. Dodge Corporation.

Wholesale prices of building materials in the country have shown somewhat greater firmness lately, chiefly as a result of increases in quotations for such types of lumber as timbers, flooring, and shingles, and for certain paint materials and lime. In the week ended October 22, the price index of the Bureau of Labor Statistics was 89.8 per cent of the 1926 average, compared with 89.4 a month ago and 95.4 a year earlier.

**Agriculture.** Crop yields in this district on the whole were somewhat smaller in 1938 than a year before, but with few exceptions production compared favorably with the 1932-1936 average. Declines from 1937 were especially pronounced in the case of orchard fruits, corn, and potatoes;

the harvest of potatoes was the smallest since 1933. Output of wheat, hay, and oats was the largest in recent years, and production of tobacco in Pennsylvania exceeded the five-year average by approximately 10 per cent.

Farm cash income in this section in the first eight months of 1938 was nearly 7 per cent less than in the same period last year, owing to a sharp decline in receipts from the sale of crops. The reduction in the value of crops marketed reflected chiefly lower prices received this year for grains, potatoes, and orchard fruits. In the case of dairy and poultry products, sales continued to show a small increase over 1937, although in the later months this gain narrowed considerably.

Wholesale prices of farm products have declined since September and are substantially below the average of October 1937. The current level, however, continues somewhat above the low for recent years reached in August. In the week ended October 22, the index of the Bureau of Labor Statistics was 66.9 per cent of the 1926 average, compared with 68.9 a month earlier and 80.7 a year ago.

**Distribution, trade and service.** Retail trade sales in this district increased 14 per cent more than seasonally from August to September, the largest gain so far this year. Improvement was particularly marked in the case of shoes and men's apparel. Sales by department and women's apparel stores were 8 and 9 per cent respectively above the previous month on a seasonally adjusted basis.

Compared with a year ago, aggregate sales showed a decline of 12 per cent, which was somewhat more favor-

able than the August comparison with last year. The sharpest decline from 1937 levels occurred at credit stores, and the smallest was again reported by those specializing in women's apparel. For the nine months to date, aggregate sales were 13 per cent below the same period last year.

Sales at wholesale establishments in September showed an actual gain of 12 per cent over the previous month, as a result of seasonal buying by retailers. Of the eight reporting lines, the greatest increases occurred in the case of jewelry and dry goods; sales of electrical supplies declined slightly and those of boots and shoes were reduced 8 per cent, despite the usual sharp rise in September. Aggregate wholesale trade continued substantially below a year ago, unfavorable comparisons being most pronounced in the case of electrical supplies and jewelry.

Inventories in retail stores increased for the second consecutive month and for the first time in several months narrowed the decline from 1937. Stocks of goods on hand at wholesale establishments, however, decreased from August and widened to 18 per cent the decline from a year ago, which has become progressively greater since February.

Shipments of rail freight in September increased 5 per cent more than seasonally from August, showing a gain for the fourth successive month. This last advance, which was due in large part to increased shipments of coal, was the greatest for any month this year. Compared with 1937, freight shipments were down 24 per cent, representing the fifth consecutive improvement in the year ago comparison.

Owing to the termination of the 1938 model year at a somewhat earlier date than usual, registrations of new passenger automobiles were 32 per cent below August and 65 per cent under 1937.

Total revenue at nonresort hotels in this district increased 28 per cent over last month but remained 15 per cent below September of 1937.

Hotel business Philadelphia Federal Reserve District	Sept., per cent change from		1938 from 9 mos. 1937
	Month ago	Year ago	
Capacity.....	+ 0	+ 5	.....
Room occupancy.....	+16	-13	- 6
Per cent of capacity used:			
Sept. 1938.....	53.4		
Aug. 1938.....	46.0		
Sept. 1937.....	64.4		
Revenue from:			
Guest rooms.....	+23	-16	- 4
Food.....	+41	-15	- 5
Other sources.....	+25	-11	- 3
Total revenue.....	+28	-15	- 4

**Banking conditions.** Banks in leading cities of the district report a sharp expansion in deposits in the past month, which appears to have been due chiefly to Treasury disbursements. Outstanding credit showed little change, but reserves and balances with correspondents increased substantially.

The combined reserves of all member banks averaged \$380,700,000 in the first fifteen days of October as compared to \$353,600,000 a month earlier. This increase was reflected in a rise in the proportion of excess reserves to requirements from 32 to 41 per cent at reserve city banks and from 50 to 51 per cent at country banks.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
<b>Reserve city banks:</b>				
Sept. 1-15.....	\$215.5	\$162.7	\$52.8	32%
Sept. 16-30.....	217.1	165.1	52.0	31 "
Oct. 1-15.....	237.1	167.7	69.4	41 "
<b>Country banks:</b>				
Sept. 1-15.....	138.2	92.2	46.0	50 "
Sept. 16-30.....	136.2	93.8	42.4	45 "
Oct. 1-15.....	143.6	94.8	48.8	51 "

Practically all of the increase of \$37,000,000 in reserves in the four weeks ended October 19 occurred in October. The gain was due largely to Treasury disbursements, which exceeded receipts by nearly \$36,000,000. This reflected continuing heavy routine payments by the government, as well as loans by the Reconstruction Finance Corporation and the return of a portion of the unemployment in-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Oct. 19, 1938	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 1.1	+\$0.0	-\$0.7
Bills bought.....		+ 0.0	- 0.2
Industrial advances.....	3.1	- 0.1	- 0.5
U. S. securities.....	222.8	- 8.0	+ 9.4
Total.....	\$227.0	-\$8.1	+\$8.0
Note circulation.....	306.2	+ 1.8	- 7.6
Member bank deposits.....	391.8	+37.6	+21.7
U. S. general account.....	27.7	-28.7	+26.3
Foreign bank deposits.....	19.3	+ 0.2	- 8.0
Other deposits.....	2.6	+ 0.2	- 3.5
Total reserves.....	543.2	+21.5	+21.5
Reserve ratio.....	72.7%	+ 1.9%	+ 0.1%

surance funds that had been deposited with the Treasury for investment. A net inflow of funds in commercial and financial transactions with other districts also added \$7,000,000 to reserves. The principal factor tending to reduce reserves was a rise of \$3,000,000 in the demand for currency and coin.

Save for a decrease in float, there has been little change in reserve bank credit extended locally. Discounts have fluctuated narrowly at a level little over \$1,000,000. On October 1 the reserve bank's participation in Federal Reserve System holdings of United States securities was reduced \$8,000,000 to \$222,800,000. This decline, however, reflected only the usual quarterly redistribution of System holdings among the reserve banks.

Deposits at reporting banks of \$1,440,000,000 on October 19 were the largest since June 1937. A sharp gain of \$62,000,000 in the last four weeks has been due to an expansion of \$44,000,000 in adjusted demand deposits and to a substantial increase in funds held for other banks, further reflecting the excess of Treasury disbursements in the period. Balances with correspondents, which on October 19 were substantially larger than a year ago, increased \$33,000,000, and reserves were \$27,000,000 larger than four weeks earlier.

Total credit extended by the reporting banks declined slightly in this period, although the loan portfolio increased \$3,000,000. Holdings of open

Reporting member banks (000,000's omitted)	Oct. 19, 1938	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 185	-\$ 2	-\$34
Open market paper.....	23	+ 3	.....
Loans to brokers, etc.....	16	+ 1	- 3
Other loans to carry secur.....	33	- 1	- 4
Loans on real estate.....	58	.....	- 2
Loans to banks.....	1	- 1	- 1
Other loans.....	102	+ 3	- 4
Total loans.....	\$ 418	+\$ 3	-\$48
Government securities.....	\$ 342	-\$ 6	+\$27
Obligations fully guaranteed	95	.....	- 1
Other securities.....	286	+ 2	+ 16
Total investments.....	\$ 723	-\$ 4	+\$42
<b>Total loans and invest- ments</b>	\$1,141	-\$ 1	-\$ 6
Reserve with F. R. Bank.....	256	+ 27	+ 19
Cash in vault.....	18	+ 1	+ 1
Balances with other banks.....	184	+ 33	+ 45
Other assets—net.....	83	.....	- 5
<b>Liabilities</b>			
Demand deposits, adjusted.....	\$ 784	+\$44	-\$15
Time deposits.....	290	- 4	+ 1
U. S. Government deposits.....	38	- 2	+ 26
Interbank deposits.....	328	+ 24	+ 50
Borrowings.....	.....	.....	.....
Other liabilities.....	16	- 2	- 7
Capital account.....	226	.....	- 1

market paper and unclassified loans expanded, while commercial loans declined \$2,000,000 and are now 15 per cent below a year ago.

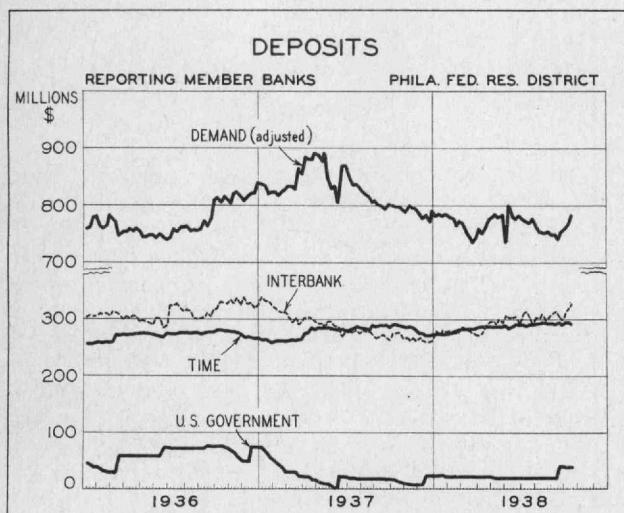
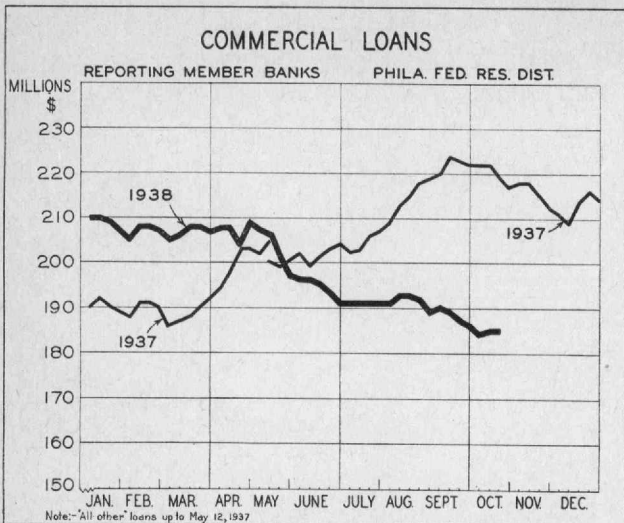
Investments of the reporting banks have decreased \$4,000,000 from the year's high point on September 21. The increase of \$74,000,000 to that date from the low early in the spring had reflected substantial purchases of both governments and other securities. The decline in the last four weeks has been due to a contraction of \$6,000,000 in holdings of direct issues of the United States Government.

An increase in the outstanding acceptances of banks in this district from \$9,134,000 to \$9,867,000 in September was due chiefly to a rise in import bills. The total at the end of the month still was 32 per cent smaller than a year earlier, although the dollar volume of bills based on goods stored in or shipped between foreign countries has been comparatively stable in the past year, and bills covering domestic shipments have shown an increase of 86 per cent.

#### MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Sept. 28	Oct. 5	Oct. 12	Oct. 19	
<b>Sources of funds:</b>					
Reserve bank credit extended in district.....	-0.6	- 1.1	-1.9	+ 1.6	- 2.0
Commercial transfers (chiefly interdistrict).....	-0.8	+16.3	+1.0	- 8.8	+ 7.7
Treasury operations.....	+3.9	+13.2	+6.6	+12.0	+35.7
Total.....	+2.5	+28.4	+5.7	+ 4.8	+41.4
<b>Uses of funds:</b>					
Currency demand.....	+1.7	- 0.2	+3.6	- 1.7	+ 3.4
Member bank reserve deposits.....	+0.3	+28.3	+2.5	+ 6.5	+37.6
"Other deposits" at reserve bank.....	+0.5	+ 0.2	-0.4	- 0.1	+ 0.2
Unexpended capital funds.....	-0.0	+ 0.1	-0.0	+ 0.1	+ 0.2
Total.....	+2.5	+28.4	+5.7	+ 4.8	+41.4





City areas*	Percentage change—September 1938 from September 1937				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	-16	-24	+ 65	-11	-16
Altoona.....	-22	-47	- 89	-16	-26
Harrisburg.....	-21	-32	+105	- 1	-10
Johnstown.....	-39	-53	+ 81	-31	-19
Lancaster.....	- 9	- 8	- 32	- 9	- 8
Philadelphia.....	-20	-19	- 0	- 2	-12
Reading.....	-14	-17	- 53	+14	- 9
Seranton.....	- 4	- 4	+134	+ 1	- 2
Trenton.....	-12	-16	- 73	- 3	-14
Wilkes-Barre.....	-11	-12	- 67	-11	- 2
Williamsport.....	+ 1	- 4	+ 3	-12	.....
Wilmington.....	-25	-29	- 69	-10	-13
York.....	-12	-17	+ 5	-15	- 5

September 1938 from August 1938					
Allentown.....	+ 3	+ 4	+ 11	- 3	+18
Altoona.....	+12	+20	- 16	+ 0	+16
Harrisburg.....	+ 1	- 3	+478	- 9	+33
Johnstown.....	+ 0	+ 4	+325	- 2	+35
Lancaster.....	+ 5	+ 8	+199	+10	+29
Philadelphia.....	+ 2	+ 4	+ 15	+ 2	+46
Reading.....	+ 4	+ 3	- 54	+ 4	+43
Seranton.....	+ 7	+10	- 19	+ 5	+38
Trenton.....	+ 4	+ 4	- 76	- 9	+33
Wilkes-Barre.....	+ 1	+ 0	- 39	+ 3	+48
Williamsport.....	+ 2	+ 1	+ 56	-11	.....
Wilmington.....	+ 2	+ 2	- 30	-10	+21
York.....	+ 5	+ 8	+120	- 2	+39

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

## Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

### Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	Sept. 1938 index	Per cent change from		Sept. 1938 index	Per cent change from		Sept. 1938—per cent change from	
		Sept. 1937	Aug. 1938		Sept. 1937	Aug. 1938	Sept. 1937	Aug. 1938
<b>All manufacturing</b> .....	74	-20	+ 3	69	-29	+ 3	-35	+ 3
Iron, steel and prods.....	62	-32	+ 1	61	-46	+ 1	-47	+ 1
Nonfer. metal prods.....	101	-24	+ 2	111	-29	+ 5	-31	+ 3
Transportation equip.....	52	-24	+11	49	-24	+14	-42	+12
Textiles and clothing.....	92	-11	+ 3	84	- 7	+ 3	- 6	+ 4
Textiles.....	87	-12	+ 3	80	- 9	+ 3	- 8	+ 4
Clothing.....	113	- 8	+ 1	99	+ 5	+ 3	+ 9	+ 4
Food products.....	108	+ 0	+ 5	111	+ 0	+ 4	- 2	+ 6
Stone, clay and glass.....	65	-28	+ 2	60	-32	+ 3	-37	+ 4
Lumber products.....	55	-17	+ 2	50	-17	+ 5	-21	+ 4
Chemicals and prods.....	80	-17	+ 1	82	-22	+ 0	-31	+ 1
Leather and products.....	86	- 7	+ 1	79	- 2	+ 2	- 1	+ 2
Paper and printing.....	94	- 6	+ 2	95	- 6	+ 5	- 6	+ 5
Printing.....	88	- 5	+ 2	90	- 7	+ 5	- 8	+ 4
Others:								
Cigars and tobacco.....	66	- 4	+ 0	63	- 5	+ 1	- 3	+ 1
Rubber tires, goods.....	80	- 5	+ 1	94	+ 8	+ 6	+ 5	+ 6
Musical instruments.....	49	-13	+ 4	45	-22	+ 9	-23	+ 8

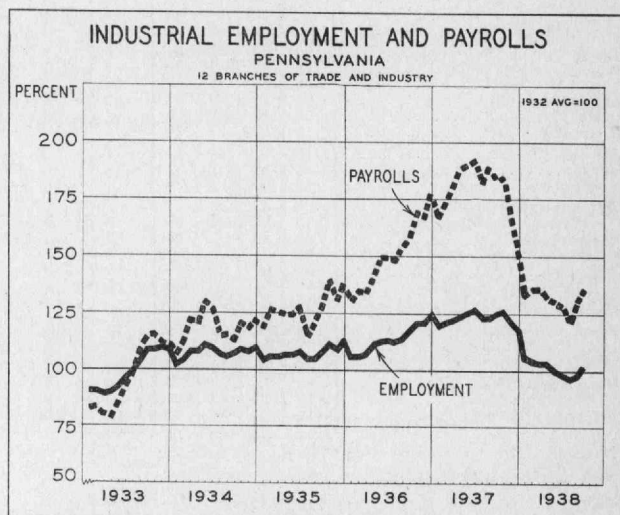
\* Figures from 2,314 plants.

† Figures from 2,081 plants.

### General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Sept. 1938 index	Per cent change from		Sept. 1938 index	Per cent change from	
		Sept. 1937	Aug. 1938		Sept. 1937	Aug. 1938
<b>General index (weighted)</b> .....	102	-19	+ 5	136	-26	+ 5
Manufacturing.....	116	-20	+ 3	169	-29	+ 3
Anthracite mining.....	62	-20	+23	50	-14	+46
Bituminous coal mining.....	97	-21	+ 3	159	-29	+11
Building and construction.....	60	-38	+ 2	78	-41	- 0
Quarrying and nonmet. mining.....	100	-21	- 0	169	-33	- 6
Crude petroleum producing.....	141	-14	- 1	156	-12	- 4
Public utilities.....	94	- 6	- 1	102	- 5	- 1
Retail trade.....	106	- 9	+12	118	- 9	+ 8
Wholesale trade.....	113	- 5	+ 1	113	- 6	+ 2
Hotels.....	107	- 6	+ 1	116	- 7	+ 2
Laundries.....	100	- 9	- 1	122	- 3	- 1
Dyeing and cleaning.....	107	- 3	+ 2	143	+10	+15



# Index numbers of individual lines of trade and manufactures

## Philadelphia Federal Reserve District

Index numbers: percentages of the 1923-1925 average as 100												
Adjusted indexes allow for the usual seasonal change in activity.  Unadjusted indexes reflect merely the actual change which may or may not be typical.	Adjusted for seasonal variation							Not adjusted				
	Sept. 1937	July 1938	Aug. 1938	Sept. 1938	Per cent change			Sept. 1937	July 1938	Aug. 1938	Sept. 1938	
					Sept. 1938 from		1938 from 9 mos. 1937					
					Month ago	Year ago						
<b>Retail trade</b>												
<b>Sales</b>												
Total of all stores.....	90	73	70	79p	+ 14	- 12	-13	85	51	55	75p	
Department.....	76	65	62	67	+ 8	- 12	-14	75	46	48	66	
Men's apparel.....	84	66	63	77p	+ 22	- 9	-14	70	54	49	63p	
Women's apparel.....	132	85	114	125	+ 9	- 6	- 8	114	57	78	107	
Shoe.....	92	64	56	84p	+ 50	- 9	- 9	94	59	43	86p	
Credit.....	104	92	75	87p	+ 16	- 17	-15	99	60	71	82	
<b>Stocks of goods</b>												
Total of all stores.....	83r	68	70	72p	+ 2	- 14	.....	87r	63	67	75p	
Department.....	60r	51	52	52	+ 1	- 13	.....	63r	47	48	55	
Women's apparel.....	116	100	107	107	- 1	- 8	.....	126	75	94	115	
Shoe.....	76	64	67	66p	- 1	- 13	.....	81	60	67	71p	
Credit.....	116	88	92r	97p	+ 6	- 16	.....	118	88	90	99	
<b>Rate of stock turnover</b> 9 months (actual, not indexes).....							- 4*	2.56			2.45	
<b>Wholesale trade</b>												
<b>Sales</b>												
Total of all lines.....					+ 12*	- 18*	-17*	106	75	77	87	
Boots and shoes.....					- 8*	+ 3*	- 5*					
Drugs.....					+ 11*	- 2*	- 3*					
Dry goods.....					+ 32*	- 19*	-24*					
Electrical supplies.....					- 0*	- 42*	-40*					
Groceries.....					+ 8*	- 14*	- 5*					
Hardware.....					+ 21*	- 14*	-23*					
Jewelry.....					+ 159*	- 28*	-32*					
Paper.....					+ 7*	- 4*	-23*					
<b>Stocks of goods</b>												
Total of all lines.....					- 5*	- 18*	.....	75	63	65	62	
Drugs.....					+ 0*	- 6*	.....					
Dry goods.....					+ 4*	- 10*	.....					
Electrical supplies.....					- 15*	- 33*	.....					
Groceries.....					+ 1*	- 16*	.....					
Hardware.....					- 4*	- 19*	.....					
Jewelry.....					+ 2*	- 7*	.....					
Paper.....					+ 0*	- 21*	.....					
<b>Output of manufactures</b>												
Pig iron.....	91	27	37	36	- 3	- 60	-60	85	25	33	34	
Steel.....	102	46	47	51	+ 9	- 50	-53	97	42	48	49	
Iron castings.....	72	49	48	47	- 3	- 34	-45	72	47	47	48	
Steel castings.....	143	45	59	68	+ 15	- 53	-58	130	40	57	62	
Electrical apparatus.....	117	51	53	53	+ 1	- 55	-47	129	54	58	59	
Motor vehicles.....	20	13	15	16	+ 8	- 18	-31	17	14	13	14	
Automobile parts and bodies.....	69	37	42	53	+ 25	- 24	-38	66	36	40	50	
Locomotives and cars.....	42	13	14	14	+ 1	- 65	-56	40	13	14	14	
Shipbuilding.....	264	257	219	257	+ 17	- 3	- 2	251	250	217	244	
Silk manufactures.....	92	69	87r	84	- 3	- 8	-25	92	67	84r	84	
Woolen and worsteds.....	48	47	54	50	- 7	+ 5	-42	52	44	55	55	
Cotton products.....	59	38	41r	43	+ 3	- 28	-47	56	33	37r	41	
Carpets and rugs.....	91	58	88	86	- 2	- 6	-58	99	53	80	93	
Hosiery.....	109	87	99	100	+ 1	- 8	-21	109	71	86	100	
Underwear.....	110	129	123	126	+ 2	+ 14	-19	110	107	114	126	
Cement.....	47	51	54	51	- 7	+ 8	-11	55	60	68	59	
Brick.....	58	26	27	31	+ 15	- 46	-57	59	25	28	32	
Lumber and products.....	32	21	23	24	+ 1	- 26	-33	34	23	25	25	
Bread and bakery products.....					+ 7*	+ 1*	- 3*	94	97	89	95	
Slaughtering, meat packing.....	90	88	93	98	+ 5	+ 9	- 1	92	79	79	98	
Sugar refining.....	60	48	77	123	+ 59	+104	-15	52	49	66	106	
Canning and preserving.....	59	72	59	56p	- 6	- 6	- 7	77	59	64	73p	
Cigars.....	99	87	98	99	+ 1	+ 0	- 8	115	94	105	115	
Paper and wood pulp.....	72	66	66	68	+ 3	- 5	-15	72	64	66	68	
Printing and publishing.....	98	89	88	90	+ 2	- 8	- 8	97	86	85r	89	
Shoes.....	136	178	171	155	- 10	+ 13	- 9	156	166	183	176	
Leather, goat and kid.....	109	81r	76	80p	+ 5	- 26	-36	113	71	73	84p	
Explosives.....	94	72	72	74	+ 4	- 21	-20	94	71	72	74	
Paints and varnishes.....	80	75	73	77	+ 6	- 3	-19	76	70	74	73	
Petroleum products.....	170	149	145	155p	+ 7	- 9	- 9	172	150	146	157p	
Coke, by-product.....	142	66	76	86	+ 13	- 40	-44	136	65	74	82	

\* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

