

Mr. Hood 1938



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FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

Industrial production continued to increase sharply in October and the first three weeks of November, reflecting principally larger output of steel and automobiles. Wholesale commodity prices showed little change in this period. Volume of employment and national income increased in October.

Production. In October the Board's seasonally adjusted index of industrial production was at 96 per cent of the 1923-1925 average, as compared with 90 per cent in September. Steel ingot production increased considerably, averaging 53 per cent of capacity in October, and in the first three weeks of November there was a further substantial advance. In the automobile industry output was increased rapidly during October and the first three weeks of November both to stock dealers with new model cars and to meet the increased volume of retail demand accompanying the introduction of new models. Production, which in the first nine months of 1938 had been at a considerably lower level, was at nearly the same rate as in the corresponding period in other re-

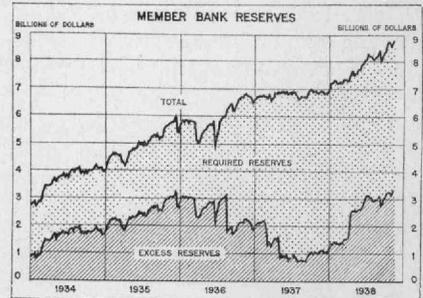
cent years. Output of plate glass also increased sharply further in October. Cement production showed a considerable increase, while lumber production declined slightly.

Activity at textile mills, which had risen sharply during the summer, continued at about the August and September rate, although usually there is an increase at this time of the year. Shoe production declined somewhat further in October, and there was a decrease in output of tobacco products, while in most other industries manufacturing nondurable goods, changes in output were largely seasonal in character. Mineral production showed a further moderate rise, reflecting in large part increased output of crude petroleum and nonferrous metals. Lake shipments of iron ore also were in larger volume, although a decrease is usual in October. Coal production increased seasonally.

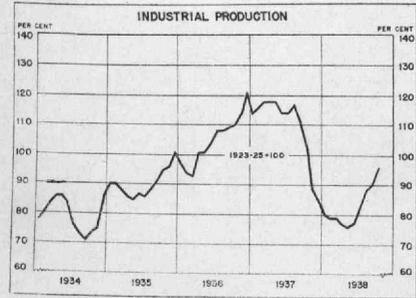
Value of construction contracts awarded in 37 Eastern States increased considerably in October, according to figures of the F. W. Dodge Corporation, reflecting chiefly a sharp rise in

awards for public projects. Contracts for hospital, educational, and other public buildings included in the Public Works Administration program were in large volume, and there was a further increase in contracts awarded for slum clearance projects of the United States Housing Authority.

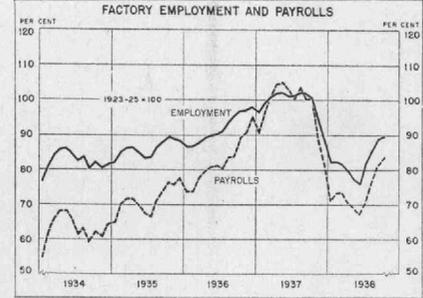
Employment. Employment and payrolls increased somewhat further between the middle of September and the middle of October. At automobile factories employment continued to rise



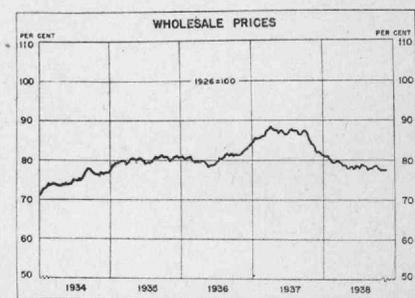
Wednesday figures of total member bank reserve balances at Federal reserve banks, with estimates of required and excess reserves, January 3, 1934, to November 23, 1938.



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



Indexes of number employed and payrolls, without adjustment for seasonal variation. By months, January 1934 to October 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 November 19, 1938.

sharply and there were further moderate increases in most other durable goods industries. The number employed at canning establishments declined and in other nondurable goods industries showed little change. Employment increased somewhat at mines, on the railroads, and in the construction industry, while in trade the rise was less than seasonal.

Distribution. Sales at department and variety stores and by mail order houses showed less than the usual seasonal increase in October, partly because consumer buying of winter merchandise was retarded by unseasonably warm weather during most of the month. In the first two weeks of November department store sales increased moderately.

Freight-car loadings rose considerably further in October, owing largely

to increased shipments of grains, coal, and miscellaneous freight. In the first half of November loadings showed a seasonal decline.

Commodity prices. Wholesale commodity prices generally showed little change from the middle of October to the third week of November. Prices of steel scrap and leather advanced. Tin plate prices, on the other hand, were reduced, and there were also decreases in zinc, hides, and rubber. Prices of farm products and foods showed small fluctuations in this period.

Bank credit. Total loans and investments at reporting member banks in 101 leading cities declined by about \$150,000,000 during the first half of November, following a substantial increase during October. The decline in November was almost entirely at New

York City banks and reflected the retirement of State and local government obligations held by these banks. Adjusted demand deposits, which reached an all-time peak of \$16,000,000,000 at reporting banks in the last week in October, also decreased somewhat in the first half of November. Member bank reserves in the middle of November were at about the high level reached a month earlier.

Money rates and bond yields. The prevailing rate on open-market commercial paper declined slightly in November to $\frac{3}{8}$ of 1 per cent, a new low level. Other short-term open-market rates were unchanged. Yields on U. S. Government securities and on high-grade corporate bonds showed only small changes during November, continuing close to the low levels reached in October.

Business and Banking Conditions in the Philadelphia Federal Reserve District

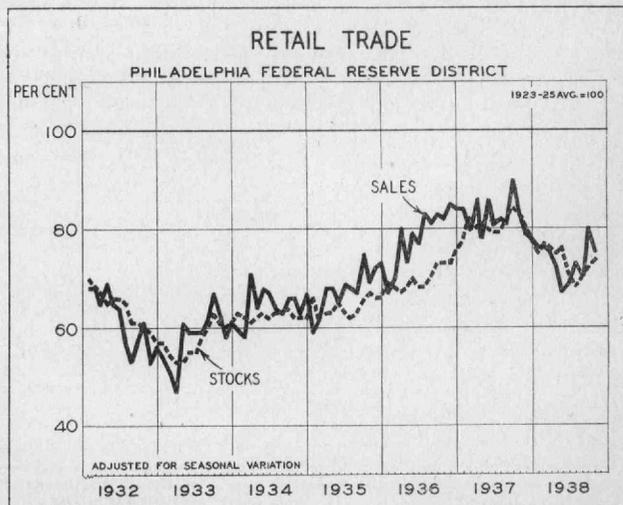
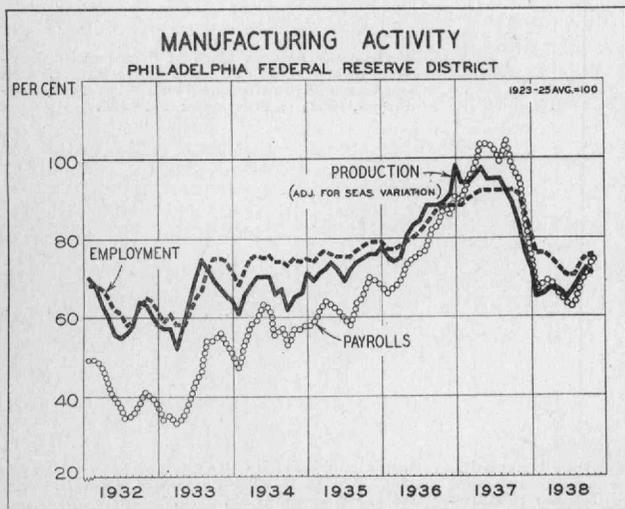
Industrial production in the Philadelphia Federal Reserve District, after advancing more than seasonally for two successive months, continued at about the same level in October as in the previous month, but was still noticeably lower than a year ago. The October level was sustained by the expanding output of durable goods, including iron and steel products, transportation equipment, and building materials. This upward trend continued in November. Production of consumers' goods, on the other hand, declined from September to October, and the output of anthracite coal in-

creased less than is usual in this period. Production of crude petroleum in this district registered an actual decline. Early reports indicate a further recession in textile activity.

The value of building contracts awarded in October increased substantially over the previous month and, except for last April, was at the highest level in more than a year and a half. The latest gain was due for the most part to an increase in nonresidential construction, although contracts let for family houses also showed marked improvement, following a sharp reduction in September. For the second consecu-

tive month, aggregate contract awards exceeded the levels of a year ago, but the total for the ten months was well below the comparable period in 1937.

The number of workers employed at manufacturing and nonmanufacturing establishments increased 2 per cent and the amount of wages disbursed, 7 per cent from September to October, but the volume of both continued substantially smaller than a year ago. The largest gains in the month occurred in the coal mining industry, manufacturing, building and construction, retail trade, and hotels. Preliminary reports from manufacturing industries indi-



cate further gains in activity at plants producing durable goods.

Following a sharp increase from August to September, wholesale trade contracted slightly in October, and retail trade sales increased less than is usual at this season. In both lines, however, the declines from a year ago were the smallest since last spring. Inventories of merchandise at retail establishments increased in October but were considerably smaller than those on hand in 1937. Similarly, stocks of goods at wholesale establishments increased sharply, although they were further below 1937 levels than they had been at any other time this year. In November more reasonable weather appears to have stimulated retail trade sales. A slight improvement also is in evidence in wholesale business.

Prices of staple agricultural commodities declined considerably in October owing to sharp decreases in quotations on corn and hogs, but since that time there has been some recovery. In the industrial group, prices of hides and copper advanced substantially, and other lines also showed some strength. Quotations leveled off in most cases during November. The index prepared by the Bureau of Labor Statistics on the basis of 813 commodities declined from 78 per cent of the 1926 average on October 1 to 77.3 per cent in the week ended November 19.

Manufacturing. The market for manufactured goods in this district has improved further since the middle of October, particularly in the case of iron and steel products, woollens, hosiery, and clothing. Despite increases in both sales and operations, however, the volume of unfilled orders has remained practically unchanged from earlier periods and continues substantially below a year ago. Stocks of raw materials for the most part are maintained at the low levels which have prevailed over the past several months, while inventories of finished goods have been reduced further, especially at plants producing textile products.

Factory employment in this district in October increased for the fourth consecutive month, the index being 1 per cent above the September level. At the same time wage disbursements increased more than 5 per cent. Compared with a year ago, however, employment and payrolls respectively were 17 and 22 per cent smaller.

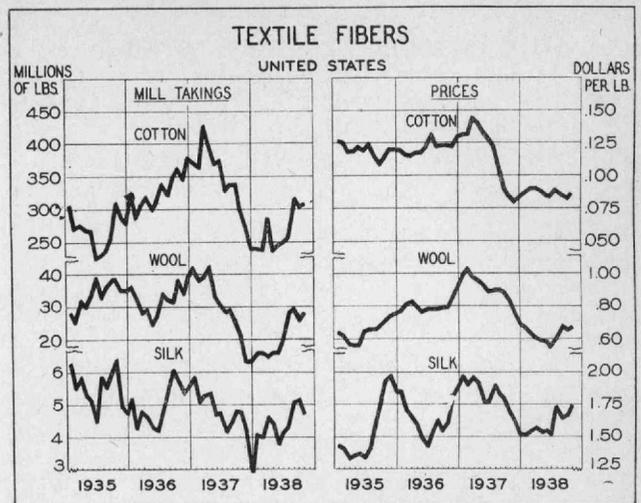
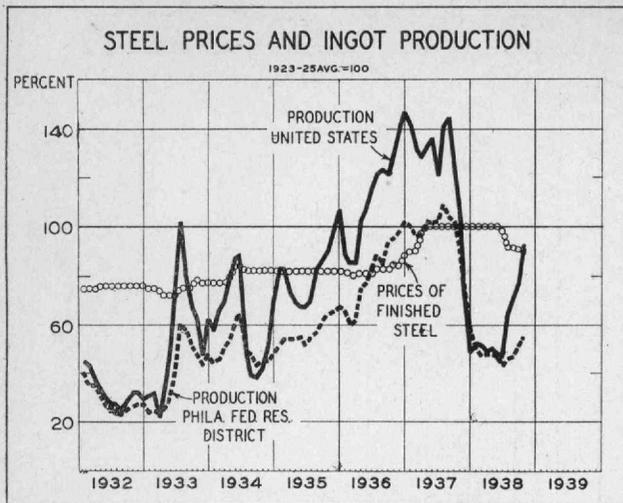
In Pennsylvania, employment has

Business Indicators Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100										
	Adjusted for seasonal variation						Not adjusted				
	Adjusted indexes allow for the usual seasonal change in activity.						Unadjusted indexes reflect merely the actual change which may or may not be typical.				
	Oct. 1937	Aug. 1938	Sept. 1938	Oct. 1938	Per cent change		1938 from 10 mos. 1937	Oct. 1937	Aug. 1938	Sept. 1938	Oct. 1938
Month ago					Year ago						
Industrial production											
Manufacturing—total	85	71	73	73p	-1	-15	-26	90r	71	76	76p
DURABLE GOODS	83	70	72	71p	-1	-14	-27	87	70	73	74p
CONSUMERS' GOODS	85	51	54	57p	+6	-32	-41				
Metal products	81	84	84	81p	-4	-1	-19				
Textile products	95	49	52r	55	+7	-42	-50	98	51	51	57
Transportation equipment	71	77	76	73p	-3	+4	-30	73	72	77	76p
Food products	96	61	71	74	+4	-23	-21	92	59	67	71
Tobacco and products	75	79	82	76p	-7	+1	-4	80	79r	85	80p
Building materials	93	99	101	100	-1	+7	-7	113	106	116	122
Chemicals and products	42	33	34r	37	+10	-11	-33	44	38	37r	40
Leather and products	130	105	111	108p	-3	-17	-17	132	106	110	110p
Paper and printing	100	123	109	109p	+0	+8	-19	106	127	120	116p
Coal mining	92	84	87	83	-4	-10	-9	93	82	86	84
Anthracite	59r	40	51	50p	-2	-14	-16	73r	39	51	63p
Bituminous	57r	38	50	49p	-2	-14	-14	73r	38	50	63p
Crude oil	72	53	59	60	+1	-17	-35	77	58	60	64
Electric power	518	431	419	394	-6	-24	-9	518	431	419	394
Output	237	254	247	240	-3	+1	-3	244	241	242	247
Sales, total†	234	243	242	239	-1	+2	-4	234	231	240	239
Sales to industries†	178	155	161	172	+7	-3	-12	172	160	171	167
Employment and wages—Pa.											
Factory—Wage earners					+1*	-18*	-20*	91	72	74	75
Payrolls					+6*	-23*	-33*	95	67	70	74
Man-hours (1927-28=100)					+6*	-28*	-40*	87	57	59r	62
General (1932=100)											
Employment					+2*	-17*	-18*	126	98	102	104
Payrolls					+7*	-21*	-27*	185	130	136	146
Building and real estate											
Contracts awarded—total	55	46	50	55	+9	-1	-9	57	46	49	56
Residential†	40	42	43	39	-9	-1	-19	40	39	40	39
Nonresidential†	74	38	45	62	+38	-17	-4	72	39	44	60
Public works and utilities†	71	76	96	99	+3	+39	-2	69	84	88	96
Permits for building—17 cities	28	14	19	18	-6	-35	-42	28	13	17	19
Real estate deeds—Philadelphia†	61	48	50					58	46	43	
Writs for Sheriff sales—Phila.	509	301	325	328	+1	-36	-35	254	289	377	164
Distribution											
Retail trade—sales	84r	70	80	75p	-6	-10	-13	96r	55	76	86p
stocks	81r	70	72	74p	+2	-9		91r	67	75	82p
Wholesale trade—sales					-3*	-14*	-17*	98r	77	87	84
stocks					+6*	-19*		82	65	62	66
Life insurance sales	107	74	81	86	+7	-20	-23	98	62	65	78
New passenger auto. registrations					+27	-44	-54	90	59	40	51
Hotels—Occupancy (1934=100)					+8*	-6*	-6*	131	98	114	124p
Income, total (1934=100)					+20*	-7*	-5*	138r	85	108	130p
Freight car loadings—total	67	52	54	57	+5	-15	-32	74	54	60	62
Merchandise and miscellaneous	67	53	55	58	+6	-14	-31	72	55	61	62
Coal	67	51	56	56	+0	-16	-26	77	49	59	64
Business liquidations											
Number					-10*	+75*	+72*	51	101	99p	89p
Amount of liabilities					+10*	-30*	-35*	31	35	20p	22p
Payment of accounts											
Check payments	87	80	79r	83	+5	-4	-12	89	68	75r	85
Rate of collections (actual)											
Retail trade	32	31	32	31	-2	-3		33	28	28	32
Prices—United States											
WHOLESALE (1926=100)					-1*	-9*	-9*	85	78	78	78
Farm products					-2*	-17*	-23*	80	67	68	67
Foods					-1*	-14*	-15*	85	73	74	73
Other commodities					-0*	-8*	-4*	85	81	81	81
RETAIL FOOD					-1*	-8*	-7*	85	78	79	78
Philadelphia					-2*	-10*	-8*	87	81	80	79
Scranton					-0*	-9*	-9*	80	73	73	73
(In millions of dollars)											
	Oct. 1937	July 1938	Aug. 1938	Sept. 1938	Oct. 1938	% change from					
						Month ago	Year ago				
Banking and credit											
Federal Reserve Bank											
Bills discounted	\$ 2.1	\$ 1.3	\$ 1.2	\$ 1.0	\$ 1.1	+10	-48				
Other bills and securities	217	234	234	235	226	-4	+4				
Member bank reserves	365	375	358	353	384	+9	+5				
Reserve ratio (per cent)	72.5	70.4	69.9	70.1	72.6	+4	+0				
Reporting member banks											
Loans	\$ 469	\$ 418	\$ 418	\$ 416	\$ 418	+0	-11				
Investments	681	706	714	720	723	+0	+6				
Deposits (a)	1,374	1,388	1,372	1,377	1,426	+4	+4				
Bankers' acceptances outstanding	15.8	8.9	9.1	9.9	10.9	+10	-31				

* 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.



increased steadily since July, and the number of wage earners working in October was about 1 per cent greater than in the preceding month. Wage payments increased about 6 per cent from September to October, reaching the highest level since December of last year. The largest gains again occurred at plants turning out transportation equipment, although substantial increases were also reported by those producing iron and steel, and stone, clay, and glass products. Despite recent continuous additions to payrolls, however, the number employed in the sixty-eight industries was nearly 18 per cent below October of last year, while disbursements for wages were 23 per cent smaller.

Working time in October increased over 6 per cent, after having gained but half that in the preceding month. Hourly earnings also advanced slightly for the first time since April, and average weekly earnings increased for the third consecutive month to the highest level since October 1937.

Employment in Delaware factories declined more than 7 per cent in October and payrolls were 4 per cent less than in the previous month. These decreases were almost entirely due to a sharp seasonal reduction in the activity of canneries. All other lines showed either negligible declines or actual increases in employment and payrolls during this period. In Southern New Jersey, the number of workers was reduced 7 per cent, and payrolls declined 1 per cent.

Output of factory products in this district increased slightly less than seasonally from September to October, so that the index adjusted for seasonal

variation declined to 71.3 per cent of the 1923-25 average as compared with 71.8 in September, 70.1 in August, 66.7 in July, and a low of 64.7 in June. This index was 83.2 in October 1937, having declined steadily from the year's high of almost 98 reached in April. The slight drop in the total index from September to October this year was due chiefly to declines in the activity at textile industries, after a marked expansion in the earlier months. In contrast, production of durable goods, after allowing for seasonal influences, increased 6 per cent.

Actual declines in activity were registered at plants producing textile, food, and paper products in October, while less than seasonal gains occurred at those turning out tobacco products. The output of such durable commodities as metal products, transportation equipment, and building materials showed substantial increases, the largest gains being in the output of automobile parts and bodies and cement.

Total sales of electric power in October showed a slight decline from September but were about 2 per cent above a year ago. The contraction in the month was due to a decrease of 2 per cent in sales for power; consumption of electricity for lighting increased somewhat, as is to be expected at this time of year. Total output of electricity advanced 2 per cent from September and was 1 per cent above 1937.

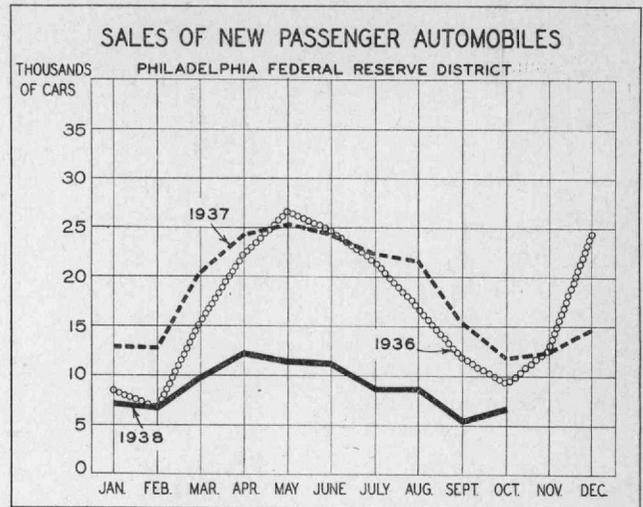
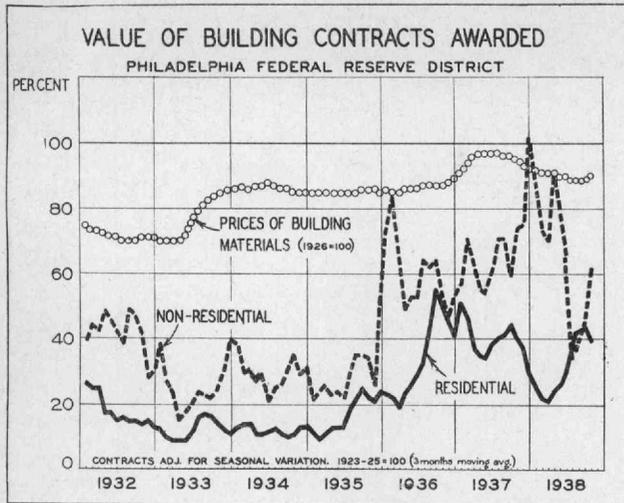
Coal and other fuels. Production of anthracite registered less than the usual sharp increase from September to October and continued below seasonal levels during the early part of

November. In the first ten months of this year, colliery output was 14 per cent below 1937 and was the smallest for the period in recent years. Shipments increased in October but were 13 per cent under a year ago.

Demand for Pennsylvania bituminous coal has improved considerably over the past several weeks, reflecting larger takings by manufacturing plants, railroads, and public utility companies. Output of mines increased over 6 per cent in October, exceeding seasonal expectations for the third consecutive month. Shipments also showed a further substantial gain in October and were the largest reported this year. In the first ten months of 1938, however, production and shipments respectively declined 35 and 26 per cent from a year ago.

Output of by-product coke has expanded steadily since June, reaching in October the largest volume in nearly a year. Although production in recent months has continued at a lower rate than in 1937, the decline from last year has narrowed considerably. Production of gas and fuel oils, on the other hand, has slackened somewhat, after a substantial gain in September, and was nearly 13 per cent less than a year earlier.

Building. The value of building contracts awarded in this district increased 19 per cent in October to approximately \$16,600,000. This total was 5 per cent greater than a year ago and, with the exception of last April, was the largest reported since February 1937. October was the third consecutive month to show a gain in contract awards, the increase since May amounting to 68 per cent.



Contracts let for all classes of construction except apartments and hotels, educational buildings, and public works and utilities increased substantially in October. The most pronounced improvement was in the dollar volume of awards for industrial structures, which was the largest reported in the past six months. Contracts awarded for family houses in October approximated \$4,700,000, an increase of 35 per cent over September and a gain of 38 per cent as compared with a year ago. In only one other month this year has the value of awards for this type of construction been above the corresponding 1937 level.

Building contracts Philadelphia Federal Reserve District	October 1938 (000's omitted)	Per cent change	
		From month ago	1938 from 10 mos. 1937
Residential	\$ 4,891	+ 18	-19
Apts. and hotels	220	- 68	-20
Family houses	4,671	+ 35	-19
Nonresidential	7,498	+ 42	- 4
Commercial	1,480	+110	-20
Factories	924	+276	-72
Educational	1,668	- 43	-13
All other	3,426	+142	+59
Total buildings	\$12,389	+ 31	-11
Public works and utilities	4,193	- 8	- 2
Grand total	\$16,582	+ 19	- 9

Source: F. W. Dodge Corporation.

Over the first ten months of 1938 contracts aggregated \$131,600,000, or about 9 per cent less than a year earlier. Contracts let for residential buildings totaled \$39,400,000 in this period, a decrease of 19 per cent from 1937.

Wholesale prices of building materials in the country as a whole continue to fluctuate narrowly at levels

lower than in the autumn of last year. About the middle of November the price index of the Bureau of Labor Statistics was 89 per cent of the 1926 average, compared with an average of 90 in October and 94 a year ago.

Distribution. Retail trade in this district increased less than seasonally in October so that, after allowing for seasonal changes, the index declined 6 per cent from the September level. Changes in the adjusted indexes for individual lines ranged from a decline of 21 per cent at women's apparel stores to an increase of 4 per cent at credit stores. Department store sales increased 4 per cent less than usual in this period. Compared with October 1937, aggregate retail trade showed a contraction of 10 per cent, which was the smallest decline from last year's levels since April. For the first ten months of 1938, total sales were 13 per cent below the comparable period a year ago.

Sales by wholesale establishments showed an actual decline of 3 per cent from September to October, the greatest contractions being in footwear and jewelry. The only increase in this period was reported by hardware dealers. In comparison with 1937, aggregate wholesale trade sales declined 14 per cent as against a contraction from a year ago of 18 per cent in September. For the ten months to date, sales in nearly all lines have decreased substantially from the preceding year.

Inventories in both channels of trade increased somewhat from September. Stocks of goods at retail stores rose 2 per cent on a seasonally

adjusted basis, owing to a substantial gain in inventories at credit stores. The amount of goods on hand at department and women's apparel stores increased less than usual, while at shoe stores an actual decline was reported. Wholesalers' inventories increased 6 per cent but were 19 per cent below last year's levels, widening the decline from a year ago for the fifth consecutive month.

Freight-car loadings in this district in October continued the upward movement which has been in evidence since June and were only 15 per cent below the level of a year earlier. The margin of decline from last year has narrowed consistently since April, when shipments were 39 per cent less than in 1937. The increase in the latest month reflected a contraseasonal rise in loadings of iron ore and merchandise and miscellaneous commodities and an increase in shipments of grain, coal, and coke.

Sales of new passenger automobiles in October increased 27 per cent from the four-year low reached the month before but were more than 40 per cent under last year's level. In the first ten months of 1938, registrations were

Hotel business Philadelphia Federal Reserve District	Oct., per cent change from		1938 from 10 mos. 1937
	Month ago	Year ago	
Capacity	0	-4	...
Room occupancy	+ 8	-6	-6
Per cent of capacity used:			
Oct. 1938	56.2		
Sept. 1938	51.9		
Oct. 1937	57.6		
Revenue from:			
Guest rooms	+11	-9	-5
Food	+35	-6	-5
Other sources	+20	-1	-3
Total revenue	+20	-7	-5

less than one-half the number reported the previous year.

The income of nonresort hotels was one-fifth greater than in September but was 7 per cent less than in October 1937.

Banking conditions. In the past month the volume of loans and investments at reporting member banks has increased, while deposits have declined somewhat from the year's peak, owing in part to a seasonal increase in the demand for currency.

From \$380,700,000 in the first half of October, the aggregate reserves of member banks increased to \$388,000,000 in the second half of the month, which was the highest level since June. In the first fifteen days of November, total reserves declined to an average of \$381,100,000, but excess reserves continued substantial, being equal to 39 per cent of requirements at banks in Philadelphia and to 50 per cent at country member banks.

Member bank reserves (Dollar figures in millions)	Held	Re-quired	Ex-cess	Ratio of excess to re-quired
Reserve city banks:				
Oct. 1-15.....	\$237.1	\$167.7	\$69.4	41% ⁷ / ₁₀
Oct. 16-31.....	245.8	170.8	75.0	44 "
Nov. 1-15.....	238.7	171.3	67.4	39 "
Country banks:				
Oct. 1-15.....	143.6	94.8	48.8	51 "
Oct. 16-31.....	142.1	94.5	47.6	50 "
Nov. 1-15.....	142.4	94.8	47.6	50 "

Over the five-week period from October 19 to November 23 member bank reserves declined \$21,800,000. This reduction resulted principally from an adverse balance of \$18,900,000 in transactions with other districts, which apparently was due in part to purchases of securities, and from a rise of \$14,800,000 in currency demand. The call for currency was somewhat greater than a year ago, but was not equal to that experienced in the corresponding weeks of 1936, when industrial and trade activity was increasing sharply. Another factor contributing to the decline in reserves was the movement of \$6,000,000 into miscellaneous deposits at the reserve bank. On the other hand, local disbursements by the Treasury exceeded receipts by \$18,000,000, despite the fact that receipts included a substantial volume of unemployment insurance funds and Social Security taxes.

In the same five-week period banks in leading cities reported declines of

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Nov. 23, 1938	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 1.2	+\$0.1	-\$1.5
Bills bought.....	0.1	0	- 0.2
Industrial advances.....	3.2	+ 0.1	- 0.4
U. S. securities.....	222.8	0	+ 5.9
Total.....	\$227.3	+\$0.2	+\$3.8
Note circulation.....	315.7	+ 9.4	- 3.5
Member bank deposits.....	370.0	-21.8	+12.1
U. S. general account.....	30.6	+ 2.9	+25.4
Foreign bank deposits.....	20.7	+ 1.4	- 5.8
Other deposits.....	8.6	+ 6.0	+ 2.9
Total reserves.....	541.6	- 1.6	+28.3
Reserve ratio.....	72.6%	- 0.1%	+ 0.8%

\$17,000,000 in reserves with the Federal Reserve Bank and of \$20,000,000 in balances with correspondents, which at the beginning of the period had been at the highest point in recent years. These changes reflected the combined influence of expansion in outstanding credit and contraction of deposits.

Loans and investments increased \$16,000,000. Total loans increased \$7,000,000, of which \$3,000,000 was in loans to brokers and dealers in securities, and \$1,000,000 in each of several other classifications. Commercial loans continued to decline until the beginning of November, in contrast to the usual increases in the summer and early autumn. A gain in this type of credit in the first week of November, however, more than offset the contraction in the weeks immediately preceding, with the result that a slight rise was shown for the five weeks as a whole.

The purchase of \$9,000,000 of securities, chiefly miscellaneous corporate and municipal liens, raised the total of investments to \$732,000,000 on November 23. This was the largest amount held at any time since the spring of 1937 and represented a gain of \$83,000,000 over the low last April. About \$50,000,000 of the increase from the low point has been in direct and

Reporting member banks (000,000's omitted)	Nov. 23, 1938	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 186	+\$ 1	-\$26
Open market paper.....	24	+ 1	+ 1
Loans to brokers, etc.....	19	+ 3	0
Other loans to carry secur.....	33	0	- 3
Loans on real estate.....	58	0	- 2
Loans to banks.....	2	+ 1	0
Other loans.....	103	+ 1	- 7
Total loans.....	\$ 425	+\$ 7	-\$37
Government securities.....	\$ 343	+\$ 1	+\$31
Obligations fully guaranteed..	97	+ 2	+ 4
Other securities.....	292	+ 6	+ 24
Total investments.....	\$ 732	+\$ 9	+\$59
Total loans & investments	\$1,157	+\$16	+\$22
Reserve with F. R. Bank.....	239	- 17	+ 12
Cash in vault.....	19	+ 1	+ 1
Balances with other banks.....	164	- 20	+ 37
Other assets—net.....	84	+ 1	- 4
Liabilities			
Demand deposits, adjusted.....	\$ 774	-\$10	-\$22
Time deposits.....	288	- 2	+ 9
U. S. Government deposits.....	38	0	+ 30
Interbank deposits.....	319	- 9	+ 58
Borrowings.....	.....	.....	.....
Other liabilities.....	17	+ 1	- 7
Capital account.....	227	+ 1	0

guaranteed obligations of the United States Government, which now make up 38 per cent of the total credit extended by the reporting banks.

Balances held for other banks, which recently were at the highest levels since the beginning of 1937, decreased \$9,000,000 in the period under review. A decline of \$12,000,000 also was reported in deposits of individuals, corporations, and municipalities, owing partly to the demand for currency. Total deposits still show an increase of \$75,000,000 or about 6 per cent over a year ago, reflecting mainly a substantial rise in interbank deposits.

Acceptances of banks in the Philadelphia Federal Reserve District again increased in October as a result of a heavier volume of import bills, which constitute nearly 60 per cent of the total of this type of credit. At the end of the month the aggregate outstanding was \$10,939,000, as compared to \$15,844,000 a year earlier.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks
	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	
Sources of funds:						
Reserve bank credit extended in district....	+ 1.1	- 2.2	-0.6	+1.7	- 0.2	- 0.2
Commercial transfers (chiefly interdistrict)...	-10.3	- 8.6	+8.1	+3.5	-11.6	-18.9
Treasury operations.....	+ 3.8	+15.3	-2.7	-1.5	+ 3.1	+18.0
Total.....	- 5.4	+ 4.5	+4.8	+3.7	- 8.7	- 1.1
Uses of funds:						
Currency demand.....	+ 0.3	+ 2.1	+8.2	-2.8	+ 7.0	+14.8
Member bank reserve deposits.....	- 5.5	- 4.2	-2.8	+5.2	-14.5	-21.8
"Other deposits" at reserve bank.....	- 0.2	+ 6.6	-0.6	+1.4	- 1.2	+ 6.0
Unexpended capital funds.....	+ 0.0	- 0.0	+0.0	-0.1	+ 0.0	- 0.1
Total.....	- 5.4	+ 4.5	+4.8	+3.7	- 8.7	- 1.1

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	Oct. 1938 index	Per cent change from		Oct. 1938 index	Per cent change from		Oct. 1938—per cent change from	
		Oct. 1937	Sept. 1938		Oct. 1937	Sept. 1938	Oct. 1937	Sept. 1938
All manufacturing	75	-18	+ 1	74	-23	+ 6	-28	+ 6
Iron, steel and prods.	64	-29	+ 2	67	-37	+ 9	-38	+10
Nonfer. metal prods.	98	-23	- 3	108	-27	- 3	-27	+ 1
Transportation equip.	54	-19	+ 6	59	-13	+21	-36	+16
Textiles and clothing.	92	- 9	- 0	85	- 7	+ 1	- 2	+ 1
Textiles	88	- 9	+ 0	82	- 8	+ 2	- 3	+ 2
Clothing	111	- 7	- 2	96	- 0	- 4	+ 5	- 5
Food products	106	- 2	- 2	108	- 3	- 3	- 6	- 3
Stone, clay and glass.	68	-23	+ 5	66	-27	+11	-31	+10
Lumber products	57	-13	+ 0	52	-14	+ 2	-15	+ 3
Chemicals and prods.	80	-17	+ 1	84	-21	+ 2	-29	+ 4
Leather and products	88	- 3	+ 3	79	+ 3	- 0	+ 3	- 1
Paper and printing.	93	- 8	- 1	94	- 9	- 0	- 9	- 1
Printing	88	- 7	- 0	90	- 9	- 0	-10	- 2
Others:								
Cigars and tobacco	67	- 5	+ 1	64	- 7	- 0	- 7	- 1
Rubber tires, goods	82	- 2	+ 2	90	- 0	- 4	- 2	- 3
Musical instruments	54	- 5	+10	55	- 8	+21	-12	+18

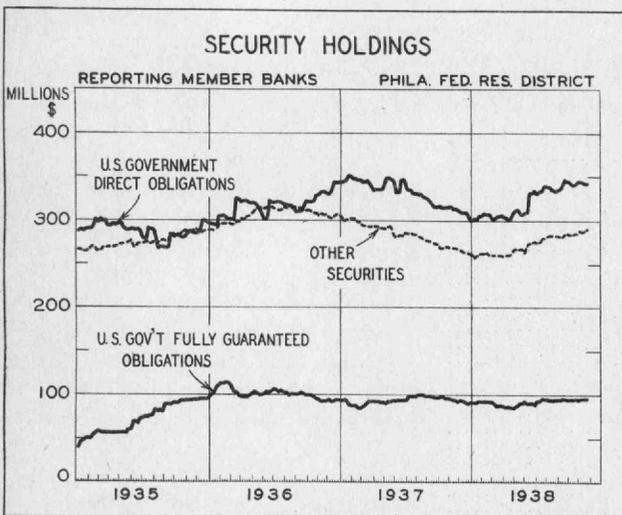
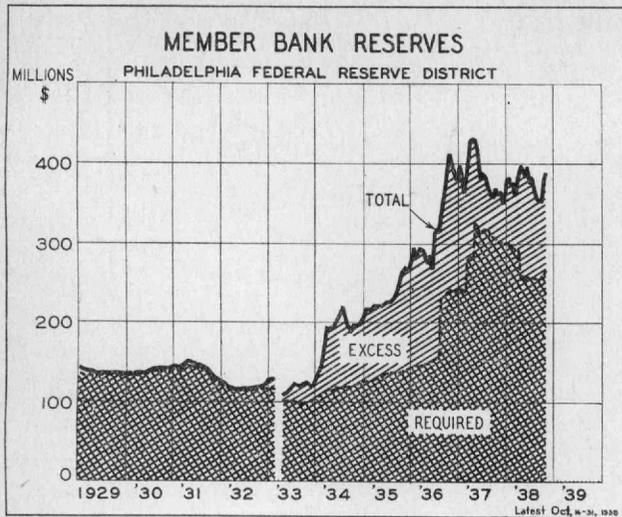
* Figures from 2,306 plants.

† Figures from 2,075 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Oct. 1938 index	Per cent change from		Oct. 1938 index	Per cent change from	
		Oct. 1937	Sept. 1938		Oct. 1937	Sept. 1938
General index (weighted)	104	-17	+ 2	146	-21	+ 7
Manufacturing	118	-18	+ 1	179	-23	+ 6
Anthracite mining	70	-15	+13	74	-22	+48
Bituminous coal mining	100	-20	+ 4	177	-28	+10
Building and construction	61	-36	+ 2	85	-36	+ 9
Quarrying and nonmet. mining	101	-19	- 0	180	-25	+ 6
Crude petroleum producing	140	-14	+ 3	155	-10	- 2
Public utilities	94	- 6	- 0	102	- 7	- 1
Retail trade	108	-11	+ 3	123	- 8	+ 5
Wholesale trade	113	- 5	+ 0	115	- 6	+ 1
Hotels	112	- 4	+ 3	123	- 5	+ 5
Laundries	99	- 8	- 1	120	- 3	- 1
Dyeing and cleaning	106	- 4	- 1	140	+ 5	- 1



City areas*	Percentage change—October 1938 from October 1937				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	-15	-18	- 52	-13	-17
Altoona	-19	-21	- 21	-19	-19
Harrisburg	-21	-27	- 30	+ 4	-13
Johnstown	-37	-45	- 10	-29	-17
Lancaster	- 8	- 4	- 8	-10	-14
Philadelphia	-17	-19	- 13	- 4	-13
Reading	-13	-13	- 65	+ 4	-11
Seranton	- 2	+ 1	- 27	-10	+ 1
Trenton	- 8	- 6	- 31	-12	-10
Wilkes-Barre	-13	-17	- 4	- 4	- 5
Williamsport	+ 3	- 2	+176	-13	.....
Wilmington	-20	-27	- 73	+ 3	-12
York	- 8	-11	+ 19	-15	- 8
October 1938 from September 1938					
Allentown	+ 2	+ 5	- 9	+18	+22
Altoona	+ 3	+34	+170	+ 5	+16
Harrisburg	- 2	+ 0	- 82	+15	- 0
Johnstown	+ 2	+ 2	- 64	+ 8	+14
Lancaster	- 1	+ 1	- 12	+10	+16
Philadelphia	+ 2	+ 1	+ 10	+13	+13
Reading	+ 0	+ 7	+ 30	+ 3	+11
Seranton	+ 3	+10	- 43	+ 0	+18
Trenton	+ 3	+ 7	+ 35	+ 8	+15
Wilkes-Barre	- 2	- 4	+ 46	+16	+ 7
Williamsport	+ 2	+ 4	+122	+ 9	.....
Wilmington	+ 2	+ 0	+275	+ 9	+26
York	+ 6	+ 3	+ 23	+ 7	+10

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



Index numbers of individual lines of trade and manufactures

Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation					Not adjusted						
	Oct. 1937	Aug. 1938	Sep. 1938	Oct. 1938	Per cent change			Oct. 1937	Aug. 1938	Sep. 1938	Oct. 1938	
					October 1938 from		1938 from 10 mos. 1937					
Month ago		Year ago										
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
Retail trade												
Sales												
Total of all stores.....	84r	70	80	75p	- 6	- 10	-13	96r	55	76	86p	
Department.....	74	62	68r	65p	- 4	- 12	-13	86r	48	67r	75p	
Men's apparel.....	81	63	76	70	- 8	- 14	-12	85	49	63	74	
Women's apparel.....	110	114	125	98	-21	- 11	- 9	123	78	107	110	
Shoe.....	87	56	84	79p	- 6	- 10	- 9	89	43	86	81p	
Credit.....	95r	75	87	90	+ 4	- 4	-14	115r	71	83r	110	
Stocks of goods												
Total of all stores.....	81r	70	72	74p	+ 2	- 9	.....	91r	67	75	82p
Department.....	60	52	52	52p	- 0	- 12	.....	67r	48	55	59p
Women's apparel.....	102	107	106r	93	-12	- 8	.....	129	94	115	119
Shoe.....	71	67	66	62	- 6	- 13	.....	78	67	71	68
Credit.....	117r	92	99	109	+11	- 7	.....	124r	90	101r	116
Rate of stock turnover												
10 months (actual, not indexes).....							- 5*	3.20				3.05
Wholesale trade												
Sales												
Total of all lines.....					- 3*	- 14*	-17*	99	77	87	84	
Boots and shoes.....					-15*	+ 24*	- 4*	.....	.....	.....	.....
Drugs.....					- 1*	+ 5*	- 2*	.....	.....	.....	.....
Dry goods.....					- 4*	- 23*	-27*	.....	.....	.....	.....
Electrical supplies.....					-10*	- 43*	-38*	.....	.....	.....	.....
Groceries.....					- 2*	- 7*	- 7*	.....	.....	.....	.....
Hardware.....					+ 5*	- 16*	-23*	.....	.....	.....	.....
Jewelry.....					-13*	- 18*	-28*	.....	.....	.....	.....
Paper.....					- 1*	+ 2*	-21*	.....	.....	.....	.....
Stocks of goods												
Total of all lines.....					+ 6*	- 19*	.....	82	65	62	66
Drugs.....					+ 5*	- 4*	.....	.....	.....	.....	.....
Dry goods.....					- 1*	- 40*	.....	.....	.....	.....	.....
Electrical supplies.....					+ 3*	- 17*	.....	.....	.....	.....	.....
Groceries.....					+ 3*	- 20*	.....	.....	.....	.....	.....
Hardware.....					+ 5*	- 14*	.....	.....	.....	.....	.....
Jewelry.....					- 1*	- 19*	.....	.....	.....	.....	.....
Paper.....					- 1*	- 19*	.....	.....	.....	.....	.....
Output of manufactures												
Pig iron.....	75	37	36	39	+ 7	- 48	-59	75	33	34	39	
Steel.....	87	47	51	55	+ 7	- 37	-52	87	48	49	55	
Iron castings.....	60	48	47	49	+ 3	- 18	-43	63	47	48	52	
Steel castings.....	114	59	68	73	+ 8	- 36	-56	109	57	62	69	
Electrical apparatus.....	118	53	53	57	+ 7	- 52	-47	129	58	59	62	
Motor vehicles.....	16	15	16	17	+ 7	+ 11	-28	14	13	14	16	
Automobile parts and bodies.....	87	42	53	61	+16	- 29	-37	82	40	50	58	
Locomotives and cars.....	43	14	14	13	-11	- 71	-57	41	14	14	12	
Shipbuilding.....	291	219	257	264	+ 3	- 9	- 2	279	217	244	254	
Silk manufactures.....	88	87	84	79	- 5	- 10	-23	90	84	84	81	
Woolen and worsteds.....	40	55r	51r	48	- 7	+ 19	-39	43	56r	55	52	
Cotton products.....	49	41	43	42	- 3	- 13	-44	50	37	41	43	
Carpets and rugs.....	54	88	86	74	-13	+ 36	-54	59	80	93	83	
Hosiery.....	99	99	100	94	- 6	- 5	-20	109	86	100	103	
Underwear.....	104	123	125r	122	- 3	+ 18	-17	113	114	125r	133	
Cement.....	50	54	51	58	+14	+ 17	- 8	56	68	59	65	
Brick.....	54	27	31	32	+ 4	- 40	-56	54	28	31r	32	
Lumber and products.....	31	23	26r	28	+ 9	- 10	-30	32	25	27r	29	
Bread and bakery products.....					- 9*	- 8*	- 3*	95	89	96r	88	
Slaughtering, meat packing.....	86	93	98	99	+ 1	+ 15	+ 0	90	79	98	103	
Sugar refining.....	30	77	123	116	- 5	+282	- 6	26	66	106	98	
Canning and preserving.....	51	59	53	41p	-22	- 19	- 9	69	64	68	62p	
Cigars.....	91	98	99	98	- 1	+ 8	- 6	112	105	115	121	
Paper and wood pulp.....	70	66	68	65	- 5	- 7	-14	72	66	68	66	
Printing and publishing.....	97	88	90	87	- 4	- 10	- 8	98	85	89	88	
Shoes.....	111	171	155	145	- 7	+ 30	- 7	120	183	176	156	
Leather, goat and kid.....	90	76	65	75p	+15	- 17	-36	93	73	68	78p	
Explosives.....	94	72	74	72	- 3	- 24	-21	95	72	74	73	
Paints and varnishes.....	84	73	78r	72	- 7	- 14	-19	90	74	74r	77	
Petroleum products.....	174	145	151	146p	- 4	- 16	-10	175	146	153	147p	
Coke, by-product.....	123	76	86	94	+10	- 23	-42	120	74	82	92	

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

