

# THE BUSINESS REVIEW

THIRD FEDERAL  
PHILADELPHIA



RESERVE DISTRICT  
JANUARY 2, 1939

FEDERAL RESERVE BANK OF PHILADELPHIA



## Business and Banking Conditions in the United States

The sharp rise in industrial production, which began early last summer, continued in November. Preliminary reports for the first three weeks of December indicate some slowing down in the advance. Employment also increased in November and payrolls showed little change, although a decline is usual at this season. Distribution of commodities to consumers increased considerably.

**Production.** The Board's seasonally adjusted index of industrial production in November rose to 103 per cent of the 1923-1925 average from 96 per cent in October. Output of steel continued to increase, contrary to the seasonal trend, and there was a further sharp rise in automobile production. In the first three weeks of December activity at steel mills declined somewhat more than seasonally, while output of automobiles continued at the high level reached at the end of November. Lumber production in November decreased by more than the usual seasonal amount. In the non-durable goods industries, shoe production declined seasonally, while output

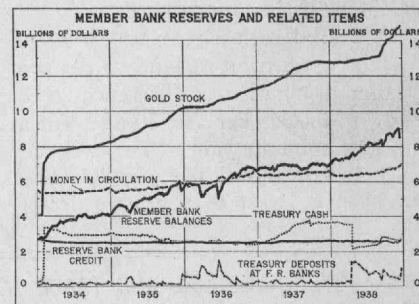
of textiles showed a considerable expansion, with increased activity at cotton, wool, and silk mills. At mines, bituminous coal output increased further and production of anthracite showed less than the usual seasonal decline. Output of petroleum showed little change.

Value of construction contracts awarded in November showed a decline from the high level reached in October, according to F. W. Dodge figures for 37 Eastern States. Private and public projects both declined, following increases in October. The decline in contracts for private residential building was less than seasonal.

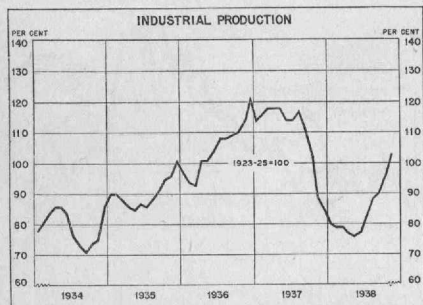
**Employment.** Employment increased somewhat further and payrolls showed little change between the middle of October and the middle of November, although declines are usual at this time of year. In manufacturing the number employed continued to rise, reflecting principally a further sharp increase at automobile factories and substantial increases in the machinery, steel, and textile industries. Employment de-

clined seasonally at establishments producing clothing and shoes; in most other industries employment increased somewhat. In lines other than manufacturing, employment showed some increase, when allowance is made for usual seasonal changes.

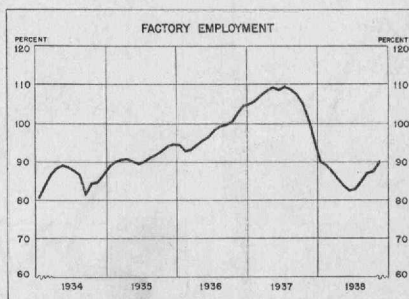
**Distribution.** Distribution of commodities to consumers showed a considerable increase in November. Department store sales and mail order sales, which had been retarded in October by unseasonably warm weather, rose sharply, and sales at variety stores also increased in November. Sales of



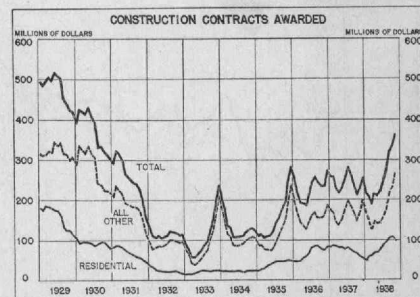
Wednesday figures, January 3, 1934 to December 21, 1938.



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



Index of number employed, adjusted for seasonal variation. By months, January 1934 to November 1938.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for September and October and estimate for November.

automobiles to consumers expanded sharply following the introduction of new models and in November were larger than a year earlier.

Freight-car loadings, which had increased considerably in previous months, showed a slightly less than seasonal decline in November.

**Commodity prices.** Prices of some industrial materials, such as nonferrous metals, hides, and cotton goods, decreased somewhat from the middle of November to the third week of De-

cember. Sugar prices also declined, while grains advanced somewhat. Prices of most other agricultural and industrial commodities continued to show little change.

**Bank credit.** In connection with pre-holiday trade, there was a sharp increase in money in circulation and as the result of this increase in the demand for currency, together with Treasury operations around December 15, there was a temporary decline in member bank reserves.

Following declines during November, total loans and investments of reporting member banks in 101 leading cities increased during the first three weeks of December, largely reflecting operations of the Treasury. Loans to security dealers by New York banks increased sharply, reflecting temporary borrowing for the purpose of carrying government securities exchangeable for new issues on December 15. Adjusted demand deposits rose to a new high level in the first half of December.

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

Industrial production in the Philadelphia Federal Reserve District during November showed marked improvement which continued into December. The adjusted index of productive activity rose about 4 per cent from October to November, reaching the highest level of the year. Production of manufactured goods and crude oil showed unusual gains, while the output of anthracite declined less than was to be expected. Production of bituminous coal and electric power increased somewhat more than usual. Early reports indicate that production was well sustained in December, despite the usual slackening in buying as inventory listing approached.

Compared with a year ago, total industrial production was only 5 per cent smaller as against a difference of 15 per cent in October and 30 per cent at the low point in June. The recovery since the middle of the year has been in sharp contrast to a drastic decline

that was in progress in the same period of 1937.

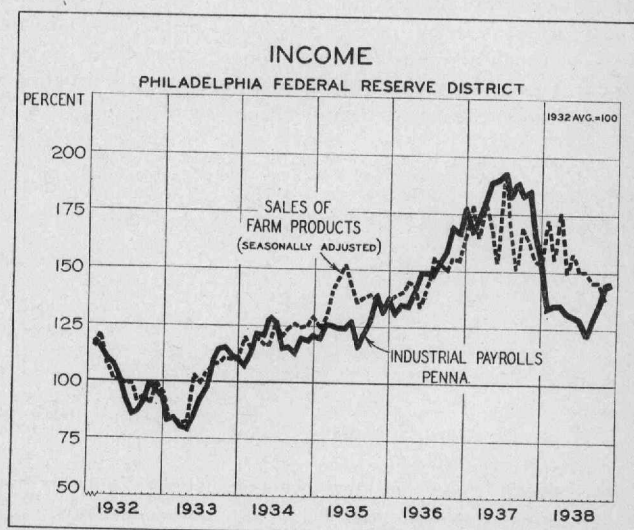
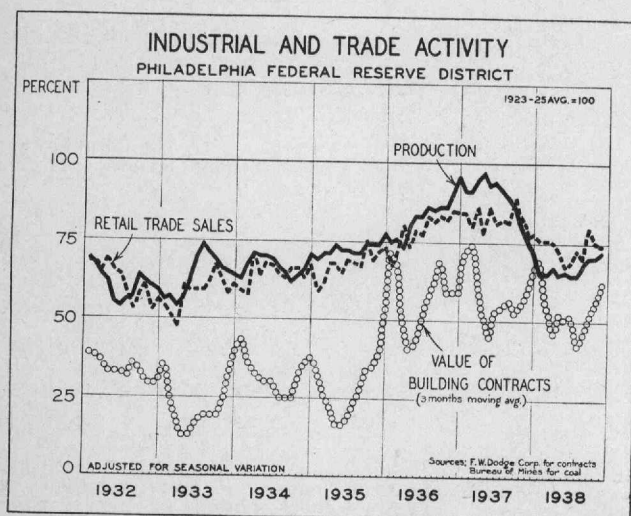
The value of building contracts awarded in this district in November declined somewhat, though there has been a marked expansion in activity since early summer. Total construction was below the 1937 level, and for the eleven months continued in smaller volume than in the previous year.

The number of workers employed and the amount of wage disbursements in twelve branches of trade and industry continued at about the same level in November as in the previous month but were again substantially below a year ago. The sharpest gain in payrolls was reported by the bituminous coal mining industry, while the building and construction and anthracite industries registered substantial declines. There were small gains in employment and payrolls at manufacturing establishments in November, and preliminary reports indicate further substantial increases in December.

Under the impetus of Christmas buying, the dollar volume of retail trade sales in the middle of December exceeded that of last year for the first time in many months. Sales also increased from October to November, but the gains fell somewhat short of seasonal expectations. Sales by department stores alone registered improvement. The decline from a year ago narrowed considerably in each of the last three months. Inventories at retail stores on a seasonally adjusted basis declined in November and were materially smaller than a year ago.

Sales at wholesale increased in most lines from October to November, and the index reached the highest level of the year. The margin of decline from a year ago has narrowed consistently throughout the past five months. Stocks of goods at wholesale establishments remained unchanged in the month and were substantially smaller than at the end of November 1937.

Prices of staple commodities have





declined since the third week of November. The average quotation on agricultural products has moved down gradually and is now at the lowest level in several months, despite a sharp increase in the price of corn and a recent upward tendency in wheat. The average of the industrial group moved up until near the end of November but subsequently declined, owing chiefly to lower prices of hides. The price index of 813 commodities compiled by the Bureau of Labor Statistics has shown a tendency to decline since the middle of September and in the week ended December 17 was 76.7, the lowest so far this year.

**Manufacturing.** The demand for goods manufactured in this district slackened somewhat after the middle of November in accordance with the general tendency to reduce stocks for the year-end inventory period. Both inquiries and sales were smaller than in the preceding four-week period, particularly at plants producing textile products and building materials. Similarly, the volume of unfilled orders on hand appears to have declined, indicating that operations are being sustained by working off backlogs in anticipation of spring business.

Producers' inventories of both raw and finished goods also have declined in the past few weeks, especially at textile mills, and currently are well below the levels of a year ago. Prices are reported to have declined in both the month and the year, and again the tendency appears to be most pronounced in the textile industry.

Factory employment in this district increased for the fifth consecutive month in November, gaining 1 per cent over the October level. The volume of wage payments also has been increasing for several months and in November advanced 2 per cent further, contrary to the usual seasonal tendency. Despite recent continuous gains, employment and payrolls respectively were still 12 and 10 per cent below November 1937, when manufacturing activity was declining sharply.

Preliminary reports for December indicate additional marked increases in employment, payrolls, and working time, whereas declines are usual from November to December. If the remaining returns show a similar trend, the December index of factory payrolls will exceed that of a year ago.

In Pennsylvania, employment advanced 1 per cent and wage disbursements increased 2 per cent in November.

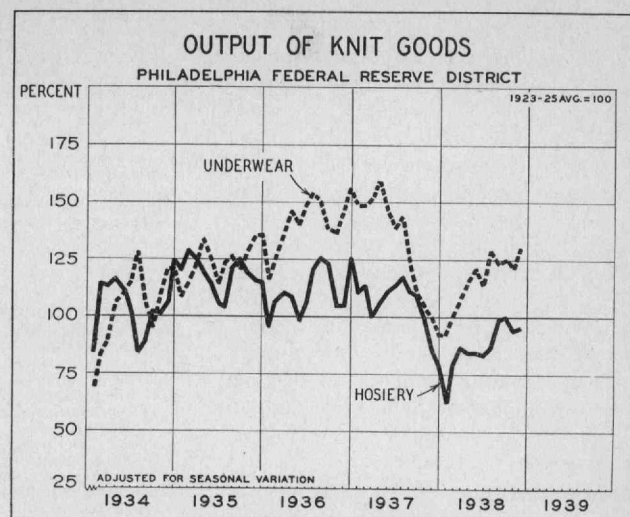
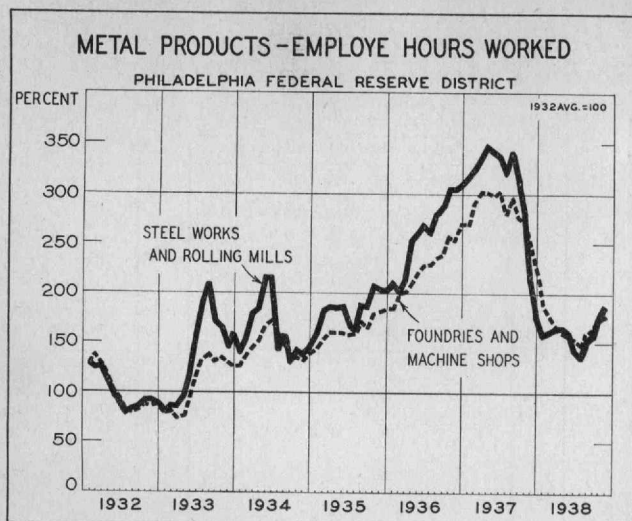
## Business Indicators Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100										
	Adjusted for seasonal variation							Not adjusted			
	Per cent change										
	Nov. 1937	Sept. 1938	Oct. 1938	Nov. 1938	Nov. 1938 from		1938 from 11 mos. 1937	Nov. 1937	Sept. 1938	Oct. 1938	Nov. 1938
					Month ago	Year ago					
<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> .....	79r	73	72r	75p	+ 4	- 5	-24	80r	74r	76	76p
<b>Manufacturing—total</b> .....	75r	71r	71	73p	+ 3	- 3	-26	76r	73	73r	74p
Durable goods.....	79r	57r	61r	63p	+ 3	- 20	-39				
Consumers' goods.....	75	84	81	81p	+ 1	+ 9	-17				
Metal products.....	81	52	55	62	+12	- 24	-48	81	51	57	61
Textile products.....	59	76	74	74p	+ 1	+ 25	-27	62	77	76	77p
Transportation equipment.....	80r	60r	65r	63	- 3	- 21	-22	76r	57r	62r	60
Food products.....	95	101	100	98	+ 1	+ 4	- 6	113	116	122	117
Tobacco and products.....	38	34	38r	36	- 4	- 4	-31	38	37	40	36
Building materials.....	125	111	111	117p	+ 5	- 6	-16	126	110	113	117p
Chemicals and products.....	96	109	105	114p	+ 8	+ 18	-17	92	121r	113	108p
Leather and products.....	90	87	83	83	- 7	- 9	- 9	90	86	84	84
Paper and printing.....	66r	51	50	58p	+15	- 13	-16	70r	51	63	60p
<b>Coal mining</b> .....	67r	50	49	57p	+16	- 15	-14	70r	50	63	59p
Anthracite.....	61	59	60	63	+ 7	+ 3	-32	68	60	64	70
Bituminous.....	520	419	394	419	+ 6	- 19	-10	504r	419	394	406
<b>Electric power</b> .....											
Output.....	233	247	240	244	+ 2	+ 5	- 3	242	242	247	253
Sales, total.....	231	242	239	240	+ 0	+ 4	- 3	238	240	239	247
Sales to industries.....	164	161	172	162	- 6	- 1	-11	168	171	167	166
<b>Employment and wages—Pa.</b>											
Factory—wage earners.....					+ 1*	- 13*	-20*	86	73r	74r	75
Payrolls.....					+ 2*	- 11*	-31*	83	69r	73r	74
Man-hours (1927-28=100).....					+ 2*	- 15*	-38*	75	59	63r	64
<b>General (1932=100)</b>											
Employment.....					+ 0*	- 14*	-17*	121	102	104	104
Payrolls.....					+ 0*	- 12*	-26*	165	136	145r	145
<b>Building and real estate</b>											
Contracts awarded—total.....	59	50	55	62	+12	+ 4	- 9	59	49	56	62
Residential.....	37	43	39	39	- 2	+ 5	-14	38	40	39	40
Nonresidential.....	75	45	62	65	+ 6	- 13	- 9	80	44	60	69
Public works and utilities.....	65	96	99	94	- 5	+ 44	- 1	73	88	96	105
Permits for building—17 cities.....	23	19	18	17	- 8	- 28	-41	22	17	19	15
Real estate deeds—Philadelphia.....	62	50	45	47	+ 4	- 25	-21	61	43	43	46
Writs for Sheriff sales—Phila.....	328	325	328	328	+ 0	- 0	-32	367	377	164	367
<b>Distribution</b>											
Retail trade—sales.....	77r	80	75	74p	- 2	- 5	-12	92	76	86	88p
stocks.....	77r	72	74	71p	- 4	- 8	-16*	89r	75	82	82p
Wholesale trade—sales.....					+ 6*	- 12*	-16*	101	87	84	89
stocks.....					+ 0*	- 18*	-18*	80	62	66	66
Life insurance sales.....	96	81	86	91	+ 5	- 5	-22	101	65	78	96
New passenger auto. registrations.....					+89*	- 5*	-51*	101	40	51	96
Hotels—Occupancy..... (1934=100)					- 4*	- 4*	- 6*	124r	114	124	119p
Income, total (1934=100).....					+ 5*	- 7*	- 5*	147r	108	130	137p
Freight-car loadings—total.....	60	54	57	58	+ 3	- 3	-30	61	60	62	59
Merchandise and miscellaneous.....	61	55	58	60	+ 3	- 2	-29	61	61	62	59
Coal.....	62	56	56	58	+ 3	- 7	-24	68	59	64	64
<b>Business liquidations</b>											
Number.....					+ 7*	+140*	+76*	41r	103	92	99
Amount of liabilities.....					+37*	+121*	-36*	14r	23	23	31
<b>Payment of accounts</b>											
Check payments.....	80	79	83	80	- 3	- 0	-11	86	75	85	86
Rate of collections (actual).....											
Retail trade.....	33	32	31	32	+ 4	- 2	.....	34	28	32	33
<b>Prices—United States</b>											
<b>Wholesale (1926=100)</b>											
Farm products.....					- 0*	- 7*	- 9*	83	78	78	77
Foods.....					+ 1*	- 10*	-22*	76	68	67	68
Other commodities.....					+ 1*	- 11*	-14*	83	74	73	74
<b>Retail food</b> .....					+ 1*	- 7*	- 8*	84	81	81	81
Philadelphia.....					- 0*	- 7*	- 8*	84	79	78	78
Scranton.....					- 1*	- 6*	- 8*	83	80	79	78

(In millions of dollars)	Nov. 1937	Aug. 1938	Sept. 1938	Oct. 1938	Nov. 1938	% change from	
						Month ago	Year ago
<b>Banking and credit</b>							
<b>Federal Reserve Bank</b>							
Bills discounted.....	\$ 2.6	\$ 1.2	\$ 1.0	\$ 1.1	\$ 1.3	+18	-50
Other bills and securities.....	219	234	235	226	226	0	+ 3
Member bank reserves.....	361	358	353	384	378	- 2	+ 5
Reserve ratio (per cent).....	72.3	69.9	70.1	72.6	72.8	+ 0	+ 1
<b>Reporting member banks</b>							
Loans.....	\$ 464	\$ 418	\$ 416	\$ 418	\$ 423	+ 1	- 9
Investments.....	677	714	720	723	731	+ 1	+ 8
Deposits (a).....	1353	1372	1377	1426	1425	- 0	+ 5
Bankers' acceptances outstanding.....	16.1	9.1	9.9	10.9	11.2	+ 3	-30

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

p—Preliminary. r—Revised.  
(a) Less cash items in process of collection.



ber, continuing the steady improvement which has been in progress since the middle of the summer. More workers were employed in the latest month than at any time since last February, and the amount paid in wages was the largest since December 1937. The most substantial gains were reported by plants manufacturing iron and steel, and stone, clay, and glass products, although considerable improvement again occurred at those producing transportation equipment. These three groups of industries since early fall have been among the leaders in the expansion of industrial activity, owing for the most part to the increase in automobile production and to the continued heavy volume of construction. The textile and clothing group continued to lag, largely because of a sharp drop in the production of men's clothing.

Working time increased further in November, the gain amounting to about 2 per cent as compared with 6 per cent in the previous month. Average weekly earnings also advanced slightly for the fourth consecutive month to \$23.65. In October the average weekly income of wage earners was \$23.49, and in June, when manufacturing activity was at the low point, the weekly wage was \$21.74. Hourly earnings increased somewhat further in November.

In Delaware factories, employment showed no change from October, and payrolls increased 1 per cent. Substantial gains were reported at establishments producing transportation equipment, but there were sharp declines at those turning out foods, cigars, furniture, and chemical products. In this region, textile mills reported

increases in both the number of workers and the amount of wage disbursements, while plants manufacturing metal products reported declines. At factories in Southern New Jersey employment advanced 3 per cent and payrolls nearly 2 per cent, following declines in the previous month.

The output of manufactured goods in this district increased 3 per cent from October to November on a seasonally adjusted basis and was only 3 per cent below the level of last year. This decline from 1937 approximated 30 per cent throughout the first five months of this year and reached 33 per cent at the year's low last June. Since that time the decline has narrowed consistently. This year the rate of manufacturing activity has expanded in four of the past five months, while in 1937 the adjusted index declined steadily from April to the end of the year.

Durable goods again led the expansion in November, the gain amounting to 3 per cent, after allowance for seasonal variation, compared with an advance of but 1 per cent in the production of consumers' goods. The manufacture of metal products increased 12 per cent, and the output of chemical and leather products respectively was 5 and 8 per cent above seasonal levels. All other lines showed only slight gains or losses. In the textile group, which advanced 1 per cent in the aggregate, the greatest improvements were 21 per cent in the weaving of carpets and rugs and 15 per cent in woollens and worsteds.

Total sales of electricity increased seasonally 3 per cent from October to November and were 4 per cent above a year ago.

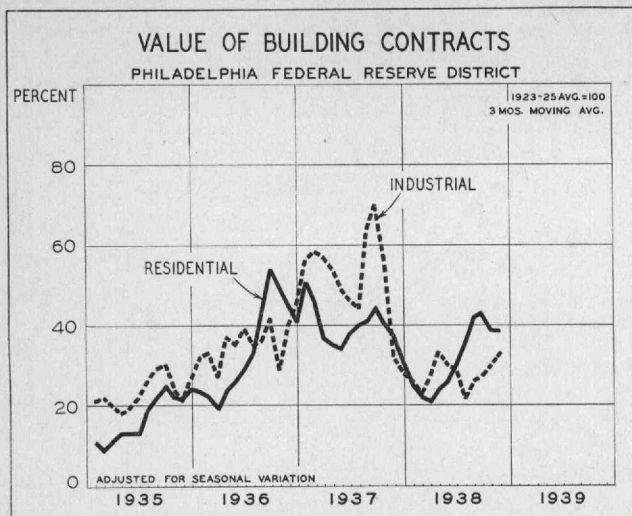
**Coal and other fuels.** Output of anthracite decreased much less than usual in November and continued to exceed seasonal expectations during the first half of December, sales at the mines being stimulated by colder weather. Shipments also declined somewhat in November, following a sharp expansion in the two preceding months. Both production and shipments were substantially below November 1937 and in the first eleven months were 14 and 13 per cent, respectively, smaller than a year ago.

The output of bituminous coal expanded more than seasonally in November and was the largest since October 1937, reflecting the improvement in industrial conditions which has been in evidence over the past several months. In early December production showed some additional gain. Shipments increased in November for the sixth consecutive month and were the largest reported this year. In the first eleven months, however, production was about one-third and shipments nearly one-quarter less than in the same period of 1937.

Output of by-product coke increased sharply in November and for the first time in 1938 exceeded the volume of a year ago. Production of gas and fuel oils has been increasing since August. In November, the crude oil run to stills was the largest for any month since last February and only 2 per cent smaller than a year ago.

**Building.** Awards of building contracts in this district declined in November, following substantial gains in the three preceding months. The contract total approximated \$15,000,000, a decrease of 10 per cent from October and of 9 per cent from a year ago.





Contracts for nonresidential structures declined 16 per cent in November, despite sharp increases in the construction of factories and educational buildings. The value of contracts for public works and utilities also declined. A small increase in residential building was due entirely to a substantial gain in the volume of awards for apartments and hotels. Contracts let for family houses decreased, following the sharp rise in October.

Building contracts Philadelphia Federal Reserve District	November 1938 (000's omitted)	Per cent change	
		From month ago	1938 from 11 mos. 1937
Residential.....	\$ 5,019	+ 3	-14
Apts. and hotels.....	940	+327	-11
Family houses.....	4,079	- 13	-15
Nonresidential.....	6,265	- 16	- 9
Commercial.....	523	- 65	-24
Factories.....	1,567	+ 70	-63
Educational.....	2,722	+ 63	+26
All other.....	1,453	- 58	+16
Total buildings.....	\$11,284	- 9	-11
Public works and utilities.	3,668	- 13	- 1
Grand total.....	\$14,952	- 10	- 9

Source: F. W. Dodge Corporation.

Aggregate contracts of \$146,000,000 in the first eleven months of 1938 were 9 per cent less than last year. Residential contracts amounting to \$44,500,000 were 14 per cent below 1937. Since July, however, there has been a pronounced improvement in the residential field, contracts having averaged nearly \$5,000,000 a month, as against slightly over \$3,000,000 in the first half of 1938 and about \$4,500,000 a year ago.

Wholesale prices of building materials have shown only small fluctuations over the past several weeks, increases in quotations for yellow pine

timbers and shingles having been virtually offset by slightly lower prices for common brick. Since early November the price index of the Bureau of Labor Statistics has continued at approximately 89 per cent of the 1926 average, compared with 90 in October and 94 a year ago.

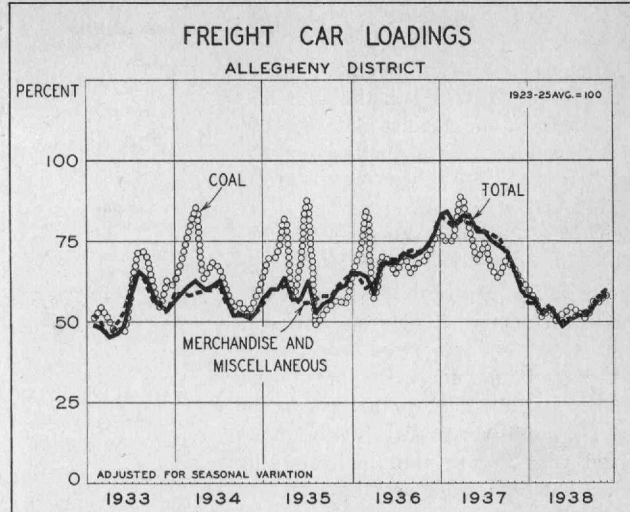
**Distribution, trade and service.** Volume of holiday trade at retail has increased sharply since early November, and in the two weeks preceding Christmas, sales exceeded the dollar volume of the same period of 1937.

Sales by department stores expanded more than usual from October to November, owing to substantial gains at Philadelphia establishments. In other reporting lines of retail trade throughout the district, dollar sales in November did not measure up to expectations. As a result, the adjusted index of aggregate sales was about 2 per cent below the previous month. Compared with a year ago, total sales decreased 5 per cent, the smallest decline from 1937 reported in any month this year.

Business at wholesale increased 6 per cent from October to November, actual gains being reported in all lines except shoes and hardware. Compared with a year ago, dollar sales in the aggregate showed a decline of 12 per cent, as against 14 per cent in October.

Stocks of merchandise in both channels of trade showed virtually no change from October to November. In retail lines inventories were 8 per cent smaller than a year ago, and at wholesale establishments they were 18 per cent less.

Freight-car loadings in this district declined less than seasonally from October to November, owing largely to



the fact that shipments of merchandise and miscellaneous commodities and coal were above their customary levels. Total car loadings showed a decrease of only 3 per cent from November 1937 but were nearly one-third smaller in the first eleven months this year than last. Shipments of manufactures originating in the Philadelphia industrial area declined somewhat more than seasonally in November, but showed some gain early in December.

Sales of new passenger automobiles in this district nearly doubled in November and were the largest since last April. The decline from a year ago was only 5 per cent in November, having narrowed considerably since the spring. Owing to the unusually small number of cars sold during the spring and summer, aggregate sales in the first eleven months this year were 51 per cent less than in 1937.

Despite a decrease in room occupancy from October to November, non-resort commercial hotels reported an increase in total revenue.

Hotel business Philadelphia Federal Reserve District	Nov.: per cent change from		1938 from 11 mos. 1937
	Month ago	Year ago	
Capacity.....	- 0	+0	.....
Room occupancy.....	- 4	-4	-6
Per cent of capacity used:			
Nov. 1938.....	50.6		
Oct. 1938.....	52.8		
Nov. 1937.....	53.0		
Revenue from:			
Guest rooms.....	- 3	-6	-5
Food.....	+ 7	-7	-6
Other sources.....	+18	-8	-4
Total revenue.....	+ 5	-7	-5

**Banking conditions.** In the past year the reporting banks have experienced a decline in the volume of loans, but they have gained deposits and have put a portion of their surplus funds to

use through the purchase of a substantial amount of securities.

The reserves of all member banks averaged \$370,000,000 in the first half of December, as against \$350,000,000 a year earlier. Owing to this increase and to the reduction in requirements in the spring, excess reserves have risen from \$50,000,000 to \$103,000,000. Since this reduction was made in April, the proportion of excess to required reserves at country banks in this district has averaged close to 50 per cent. While there has been some decline at Philadelphia banks in the past six months, the ratio in the latest period was 33 per cent, substantially above that reported a year ago.

Member bank reserves (Dollar figures in millions)	Held	Re-quired	Ex-cess	Ratio of excess to re-quired
<b>Reserve city banks</b>				
1938—Nov. 1-15	\$238.7	\$171.3	\$67.4	39%
Nov. 16-30	234.6	172.1	62.5	36 "
Dec. 1-15	227.9	171.4	56.5	33 "
1937—Dec. 1-15	207.4	184.6	22.8	12 "
<b>Country banks</b>				
1938—Nov. 1-15	142.4	94.8	47.6	50 "
Nov. 16-30	140.9	94.6	46.3	49 "
Dec. 1-15	141.8	94.7	47.1	50 "
1937—Dec. 1-15	142.3	115.0	27.3	24 "

In the third week of December there was a sharp decline in member bank reserves, owing to heavy payments to the Treasury for income taxes and new securities, with the result that on December 21 they were \$17,000,000 smaller than they were four weeks earlier. In this period \$33,000,000 of funds was withdrawn from the market through Treasury operations. Another major factor in reducing the level of reserves was a seasonal increase of \$14,600,000 in the demand for currency, which slightly exceeded that reported a year earlier. Among the several factors tending to sustain the level was a favorable balance of \$27,000,000 in commercial and financial transactions with other districts.

Despite the usual need for credit at this season, there was very little increase in borrowing from this bank. On December 21 discounts were only \$1,400,000, representing accommodation extended to 36 banks, as against \$3,000,000 to 54 banks a year ago.

Over \$45,000,000 of new Treasury securities was allotted to this district on December 15, in addition to those received in exchange for earlier issues. Chiefly as a result of these allotments, holdings of United States Government securities by reporting member banks

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Dec. 21, 1938	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 1.4	+\$0.1	-\$1.6
Bills bought.....		+ 0.0	- 0.2
Industrial advances.....	3.1	- 0.1	- 0.6
U. S. securities.....	222.8	0	+ 5.9
Total.....	\$227.3	+\$0.0	+\$3.5
Note circulation.....	324.6	+ 8.9	- 1.1
Member bank deposits.....	353.0	-16.9	- 4.8
U. S. general account.....	62.7	+32.1	+55.3
Foreign bank deposits.....	19.1	- 1.6	+ 0.6
Other deposits.....	7.1	- 1.6	+ 5.1
Total reserves.....	560.9	+19.3	+51.7
Reserve ratio.....	73.2%	+ 0.6%	+ 1.6%

in the four weeks ended December 21 increased \$22,000,000 to the highest point on record. This increase and a rise of \$4,000,000 in loans resulted in an expansion of \$16,000,000 in total bank credit outstanding. Holdings of guaranteed and of corporate and municipal securities declined.

The growth in loans was due to a rise of \$6,000,000 in the unclassified group, which includes municipal paper, as well as personal and installment loans. Currently this category shows an increase of \$11,000,000 from the low point in the summer and is slightly above a year ago. Commercial loans have fluctuated narrowly in the past few months, following a downward trend which was quite marked in the late spring and summer.

An increase in aggregate deposits at the reporting banks in the past four weeks was due to a rise in deposits credited to the Federal Government in payment for securities and to an increase in adjusted demand deposits. Declines in balances held for other banks apparently reflected the recall of funds to care for seasonal demands, and a decrease in time deposits was the result in part of the paying out of Christmas savings.

Gains in all major classifications contributed to an expansion of \$99,000,000 or more than 7 per cent in deposits over the past year, but the most pronounced increases were in government and interbank balances.

Reporting member banks (000,000's omitted)	Dec. 21, 1938	Changes in—	
		Four weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 185	-\$ 1	-\$31
Open market paper.....	22	+ 2	+ 2
Loans to brokers, etc.....	20	+ 1	+ 1
Other loans to carry secur.....	33	.....	- 3
Loans on real estate.....	58	.....	- 1
Loans to banks.....	2	.....	.....
Other loans.....	109	+ 6	+ 1
Total loans.....	\$ 429	+\$ 4	-\$31
Government securities.....	\$ 365	+ 22	+\$62
Obligations fully guaranteed	93	- 4	+ 3
Other securities.....	286	- 6	+ 23
Total investments.....	\$ 744	+\$12	+\$88
Total loans & investments	\$1,173	+\$16	+\$57
Reserve with F. R. Bank..	228	- 11	- 1
Cash in vault.....	22	+ 3	+ 1
Balances with other banks.	166	+ 2	+ 38
Other assets—net.....	83	- 1	- 4
<b>Liabilities</b>			
Demand deposits, adjusted	\$ 790	+\$16	+\$18
Time deposits.....	283	- 5	+ 12
U. S. Government deposits.	55	+ 17	+ 30
Interbank deposits.....	300	- 19	+ 39
Borrowings.....	.....	.....	.....
Other liabilities.....	19	+ 2	- 6
Capital account.....	225	- 2	- 2

Additional amounts were made available to the banks through the repayment of loans, which declined \$31,000,000.

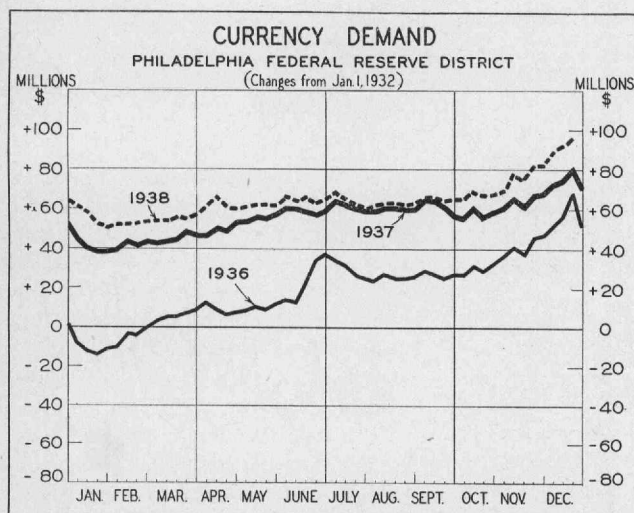
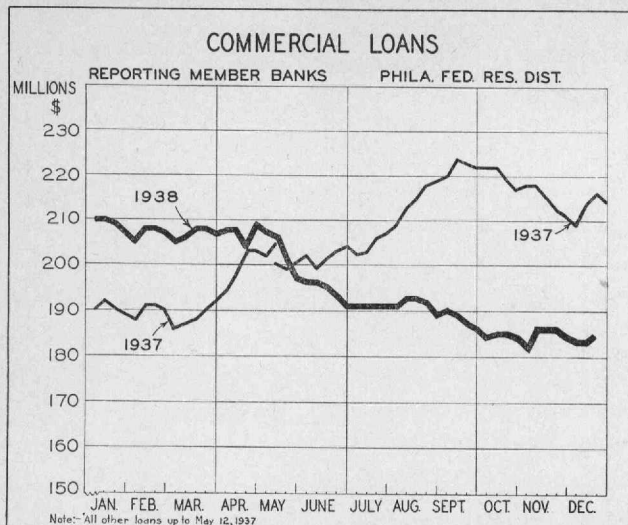
The reporting banks have made substantial additions to investments since the spring, and on December 21 their security holdings were \$88,000,000 larger than on the corresponding date of 1937, nearly three-fourths of the increase being in governments.

Outstanding acceptances of banks in this district continue to run substantially below the levels of last year, owing principally to the smaller amount of import bills that are being created. The decrease of over 30 per cent in the total to \$11,154,000 at the end of November also reflected sharp declines in bills covering exports and domestic warehouse credits. Those based on goods stored in or shipped between foreign countries show little change in volume, while bills relating to domestic shipments have increased over \$500,000 in the year to \$1,821,000, the largest amount reported since the fall of 1932.

#### MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Nov. 30	Dec. 7	Dec. 14	Dec. 21	
<b>Sources of funds:</b>					
Reserve bank credit extended in district.....	+0.3	- 1.1	+ 1.7	+ 1.2	+ 2.1
Commercial transfers (chiefly interdistrict).....	-5.6	+ 9.4	+17.9	+ 5.9	+27.6
Treasury operations.....	-1.1	+ 2.4	+ 0.3	-34.5	-32.9
Total.....	-6.4	+10.7	+19.9	-27.4	- 3.2
<b>Uses of funds:</b>					
Currency demand.....	+0.1	+ 7.0	+ 3.4	+ 4.1	+14.6
Member bank reserve deposits.....	-6.1	+ 4.0	+15.2	-30.0	-16.9
"Other deposits" at reserve bank.....	-0.3	- 0.3	+ 1.4	- 2.4	- 1.6
Unexpended capital funds.....	-0.1	0	- 0.1	+ 0.9	+ 0.7
Total.....	-6.4	+10.7	+19.9	-27.4	- 3.2





City areas*	Percentage change—November 1938 from November 1937				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	-7	-1	+247	-10	-7
Altoona.....	-13	-12	-86	-4	-4
Harrisburg.....	-16	-17	-36	-7	-9
Johnstown.....	-34	-29	-52	-24	-7
Lancaster.....	-3	+2	-71	-3	-5
Philadelphia.....	-12	-12	-40	-0	-9
Reading.....	-8	-1	+32	+7	-2
Scranton.....	-1	+9	+67	-3	-2
Trenton.....	-2	+4	+46	+8	-3
Wilkes-Barre.....	-6	-8	+16	-4	-5
Williamsport.....	+3	+5	-7	-1	-5
Wilmington.....	-13	-19	-42	+18	-5
York.....	-3	+2	+336	-10	-3
November 1938 from October 1938					
Allentown.....	+2	+2	+102	-13	-3
Altoona.....	+0	+4	-69	+2	+6
Harrisburg.....	+0	-3	-30	-21	+10
Johnstown.....	+1	-2	-55	-6	-6
Lancaster.....	+1	-3	-77	-8	+1
Philadelphia.....	+2	+1	-26	-6	+11
Reading.....	+1	+1	+33	-9	+8
Scranton.....	+1	-5	-7	+0	-6
Trenton.....	+5	+1	+27	+9	+7
Wilkes-Barre.....	+1	-4	-9	-7	+5
Williamsport.....	+0	-1	-87	+2	-5
Wilmington.....	+1	+2	-59	-8	-0
York.....	-3	-4	-16	-7	+1

\* 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†	
	Nov. 1938 index	Per cent change from		Nov. 1938 index	Per cent change from		Per cent change from	
		Nov. 1937	Oct. 1938		Nov. 1937	Oct. 1938	Nov. 1937	Oct. 1938
<b>All manufacturing</b> .....	75	-13	+1	74	-11	+2	-15	+2
Iron, steel and products.....	65	-22	+2	70	-19	+5	-21	+4
Nonferrous metal prods.....	99	-17	+1	109	-18	+0	-19	-0
Transportation equip.....	50	-25	+2	54	-16	+2	-31	+2
Textiles and clothing.....	93	-1	+0	83	+6	-2	+15	-1
Textiles.....	89	-3	+1	82	+5	-1	+14	+0
Clothing.....	109	+3	-3	91	+12	-6	+19	-5
Food products.....	105	+0	-0	106	-1	-2	-4	-1
Stone, clay and glass.....	71	-16	+4	69	-11	+5	-13	+2
Lumber products.....	57	-5	+0	49	-8	-6	-10	-6
Chemicals and products.....	81	-14	+1	87	-11	+4	-14	+6
Leather and products.....	87	+3	-2	78	+16	-1	+12	-4
Paper and printing.....	95	-5	+2	95	-4	+0	-4	-0
Printing.....	89	-6	+2	90	-6	+1	-9	-0
Others:								
Cigars and tobacco.....	67	-4	-1	61	-10	-7	-11	-7
Rubber tires, goods.....	79	+1	-3	84	+15	-6	+12	-7
Musical instruments.....	55	+2	+4	57	+8	+5	+5	+6

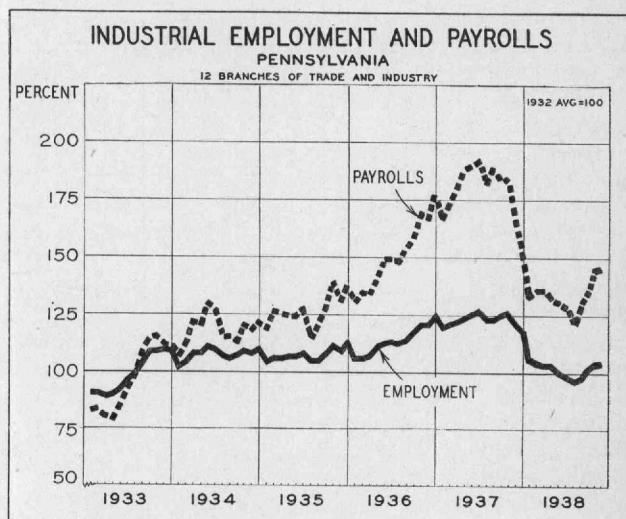
\* Figures from 2298 plants.

† Figures from 2067 plants.

### General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Nov. 1938 index	Per cent change from		Nov. 1938 index	Per cent change from	
		Nov. 1937	Oct. 1938		Nov. 1937	Oct. 1938
<b>General index (weighted)</b> .....	104	-14	+0	145	-12	+0
Manufacturing.....	118	-13	+1	180	-11	+2
Anthracite mining.....	68	-16	-3	62	-26	-16
Bituminous coal mining.....	102	-17	+2	201	-4	+12
Building and construction.....	57	-37	-7	75	-38	-13
Quarrying and nonmet. mining.....	98	-16	-3	174	-7	-1
Crude petroleum producing.....	136	-16	+1	158	-10	+3
Public utilities.....	95	-5	+1	104	-5	+1
Retail trade.....	109	-10	+1	124	-9	+1
Wholesale trade.....	113	-5	-0	113	-5	-1
Hotels.....	109	-6	-3	123	-6	-0
Laundries.....	98	-7	-1	123	+0	+2
Dyeing and cleaning.....	102	-4	-4	131	+10	-6



# Index numbers of individual lines of trade and manufactures

## Philadelphia Federal Reserve District

Adjusted indexes allow for the usual seasonal change in activity.  Unadjusted indexes reflect merely the actual change which may or may not be typical.	Index numbers: percentages of the 1923-1925 average as 100										
	Adjusted for seasonal variation							Not adjusted			
	Nov. 1937	Sep. 1938	Oct. 1938	Nov. 1938	Per cent change			Nov. 1937	Sept. 1938	Oct. 1938	Nov. 1938
					Nov. 1938 from		1938 from 11 mos. 1937				
					Month ago	Year ago					
<b>Retail trade</b>											
<b>Sales</b>											
Total of all stores.....	77r	80	75	74p	- 2	- 5	-12	92	76	86	88p
Department.....	75r	68	65	68p	+ 5	- 9	-13	89	67	75	82p
Men's apparel.....	67	76	70	63	-10	- 6	-14	77	63	74	72
Women's apparel.....	94	125	98	90	- 9	- 5	- 8	113	107	110	108
Shoe.....	75	84	79	78p	- 1	+ 4	- 8	73	86	81	76p
Credit.....	80	87	90	82p	- 9	+ 3	-12	102r	83	110	106p
<b>Stocks of goods</b>											
Total of all stores.....	77r	72	74	71p	- 4	- 8	.....	89r	75	82	82p
Department.....	58r	52	52	52p	- 1	- 11	.....	68r	55	59	61p
Women's apparel.....	105	106	93	92	- 1	- 12	.....	129	115	118r	113
Shoe.....	71	66	62	62	- 0	- 13	.....	75	71	68	65
Credit.....	104	99	109	101p	- 7	- 3	.....	117	101	116	115p
<b>Rate of stock turnover</b> 11 months (actual, not indexes).....								- 4*	3.58		3.44
<b>Wholesale trade</b>											
<b>Sales</b>											
Total of all lines.....					+ 6*	- 12*	-16*	101	87	84	89
Boots and shoes.....					-12*	+ 45*	- 1*				
Drugs.....					+ 1*	+ 0*	- 2*				
Dry goods.....					+11*	- 6*	-25*				
Electrical supplies.....					+10*	-45*	-39*				
Groceries.....					+ 4*	- 5*	- 7*				
Hardware.....					-10*	-12*	-22*				
Jewelry.....					+ 3*	- 8*	-26*				
Paper.....					+ 3*	+ 1*	-19*				
<b>Stocks of goods</b>											
Total of all lines.....					+ 0*	-18*	.....	80	62	66	66
Drugs.....					- 3*	- 7*					
Dry goods.....					-11*	- 9*					
Electrical supplies.....					+13*	-40*					
Groceries.....					+ 2*	-10*					
Hardware.....					- 3*	-16*					
Jewelry.....					+ 2*	-15*					
Paper.....					+ 4*	-16*					
<b>Output of manufactures</b>											
Pig iron.....	50	36	39	38	- 4	-26	-57	51	34	39	38
Steel.....	69	51	55	61	+11	-12	-49	66	49	55	58
Iron castings.....	59	47	49	49	- 0	-18	-41	61	48	52	50
Steel castings.....	110	68	73	83	+14	-25	-54	103	62	69	77
Electrical apparatus.....	111	53	57	65	+14	-42	-47	117	59	62	68
Motor vehicles.....	22	16	17	18	+ 1	-18	-27	19	14	16	15
Automobile bodies and parts.....	79	53	61	69	+12	-13	-35	72	50	58	63
Locomotives and cars.....	39	14	13	13	+ 2	- 67	-58	36	14	12	12
Shipbuilding.....	287r	257	264	227	-14	- 21	- 4	287r	244	254	227
Silk manufactures.....	78	84	80r	79	- 2	+ 1	-21	79	84	82r	79
Woolen and worsteds.....	33	51	47r	55	+15	+ 66	-34	35	55	52	59
Cotton products.....	38	43	42	42	- 0	+ 10	-41	40	41	43	44
Carpets and rugs.....	44	86	74	90	+21	+106	-49	48	93	83	102
Hosiery.....	86	100	94	95	+ 1	+ 10	-19	98	100	103	108
Underwear.....	100	125	122	130	+ 6	+ 30	-13	101	125	133	132
Cement.....	48	51	58	55	- 5	+ 13	- 6	48	59	65	54
Brick.....	37	31	34r	33	- 2	-11	-53	37	31	34r	33
Lumber and products.....	32	26	28	27	- 4	- 15	-29	32	27	29	27
Bread and bakery products.....					+ 3*	- 1*	- 3*	91	96	88	91
Slaughtering, meat packing.....	87	98	99	93	- 6	+ 8	+ 1	96	98	103	103
Sugar refining.....	79	123	116	90	-22	+ 14	- 5	51	106	98	59
Canning and preserving.....	54	53	45	49p	+11	- 9	- 8	59	68	59	56p
Cigars.....	93	99	98	97	- 2	+ 4	- 5	111	115	121	116
Paper and wood pulp.....	63	68	65	67	+ 3	+ 7	-12	63	68	66	67
Printing and publishing.....	95	90	87	87	- 0	- 9	- 8	96	89	88	88
Shoes.....	106	155	145	149	+ 3	+ 40	- 4	100	176	156	140
Leather, goat and kid.....	87	65r	68	80p	+18	- 7	-34	84	68r	71	78p
Explosives.....	90	74	72	76	+ 6	- 15	-20	90	74	73	76
Paints and varnishes.....	82	78	72	73	+ 2	-11	-18	85	74	77	76
Petroleum products.....	170	151	153	161p	+ 5	- 5	- 9	171	153	155	161p
Coke, by-product.....	103	86	94	105	+12	+ 2	-39	99	82	92	101

\* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

