

# THE BUSINESS REVIEW

THIRD FEDERAL  
PHILADELPHIA



RESERVE DISTRICT  
APRIL 1, 1939

FEDERAL RESERVE BANK OF PHILADELPHIA

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## Business and Banking Conditions in the United States

In February industrial activity continued at the January rate, without showing the usual rise, and retail trade increased less than seasonally. In the first three weeks of March, however, industrial activity and trade showed seasonal increases. Commodity prices continued to show little change.

**Production.** Volume of industrial production was at about the same rate in February as in the two previous months, although usually there is an increase, and the Board's seasonally adjusted index declined further to 98 per cent of the 1923-1925 average. In the steel industry activity did not show the usual seasonal advance. Pig iron production increased, but new orders for steel were in limited volume and ingot production remained at about 54 per cent of capacity throughout the month. There was some decline in automobile assemblies, following a period of considerable increase. Output of lumber and plate glass continued to decrease in February, while cement production, which had been curtailed in January, increased considerably. In the first three weeks of March steel

production increased to about 56 per cent of capacity and automobile output was also in somewhat larger volume.

Textile production in February was at about the same rate as in January. At cotton and woolen mills activity increased somewhat but at silk mills there was a marked decline. Output of shoes and tobacco products continued at high levels. In the meat-packing industry activity declined further and there was also a decrease in activity at sugar refineries.

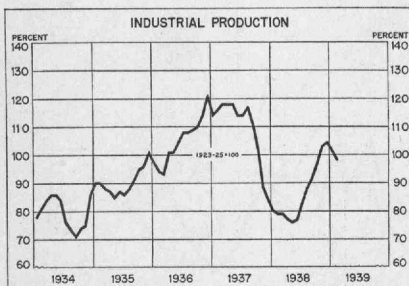
Bituminous coal production was maintained in February, and crude petroleum output likewise continued in substantial volume. Anthracite output declined in February, and in March was reduced further as mine owners and workers agreed on a curtailment program.

Value of construction contracts awarded declined in February, according to F. W. Dodge Corporation figures, owing principally to a further decrease in awards for publicly-financed work. Contracts for privately-financed residential building increased

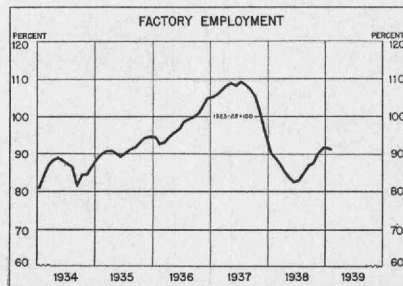
further, while awards for private non-residential building remained at the low level of other recent months.

**Employment.** Factory employment and payrolls increased somewhat less than is usual between the middle of January and the middle of February. Changes in nonmanufacturing lines were largely of a seasonal nature.

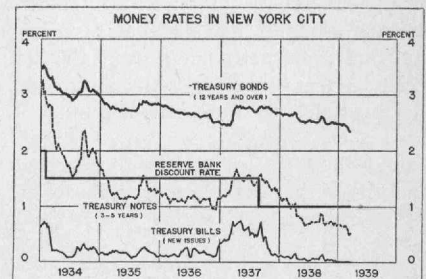
**Distribution.** Department store sales were in about the same volume in February as in January, although some increase is usual, and sales at variety stores increased less than seasonally, while mail order sales rose by slightly



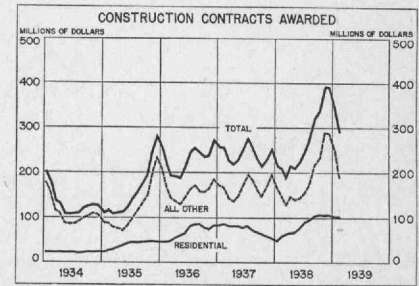
Index of physical volume of production, adjusted for seasonal variation. By months, January 1934 to February 1939.



Index of number employed, adjusted for seasonal variation. By months, January 1934 to February 1939.



For weeks ending January 6, 1934, to March 18, 1939.



Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 eastern states, adjusted for seasonal variation. Latest figures based on data for December and January and estimate for February.

more than the seasonal amount. In the early part of March department store sales increased.

Freight-car loadings declined somewhat from January to February, reflecting for the most part reduced shipments of grains, forest products, and miscellaneous freight.

**Commodity prices.** Wholesale commodity prices were generally maintained with little change during February and the first three weeks of March. As is usual at this season prices of livestock and meats increased while dairy products declined. Silk prices advanced considerably in this period. In the early part of March

current prices of pig iron and of semi-finished and finished steel were reaffirmed for the second quarter of this year.

**Bank credit.** Investments in United States Government obligations by New York City banks increased considerably in February and the first half of March. In this period member banks reduced their holdings of Treasury notes and increased their bonds, reflecting in part exchanges of notes for new bond issues on March 15. Excess reserves of member banks continued somewhat below the high level of \$3,600,000,000 reached at the end of Jan-

uary, fluctuating largely in accordance with changes in Treasury balances at the Federal reserve banks.

**Money rates.** Average yields on United States Government securities declined to new record low levels from February 27 to March 10, following the announcement by the Treasury that no cash would be raised in the March financing. Yields rose slightly after the middle of March accompanying renewed tension in Europe. New issues of 91-day Treasury bills continued to sell on practically a no-yield basis during March. Other open market rates continued unchanged.

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

Industrial production in the Third Federal Reserve District increased more than seasonally from January to February. The adjusted index of productive activity rose 1 per cent to 77, a level only slightly below the recent high reached in December and 14 per cent above the 1938 low last July. The improvement during February reflected gains in the output of manufactured goods, particularly of the durable type in which the current level of production is nearly 28 per cent above last summer's low. The output of coal and crude oil, on the other hand, declined on a seasonally adjusted basis.

Total construction activity in the district, as measured by contract awards, declined sharply in the month and was somewhat below a year ago. Despite the declines in each of the first two months of this year, however, the value of awards was substantially above early

1938. An encouraging sign in February was the slight increase from the previous month in awards for residential construction, which reflected a substantially larger volume of awards for family houses.

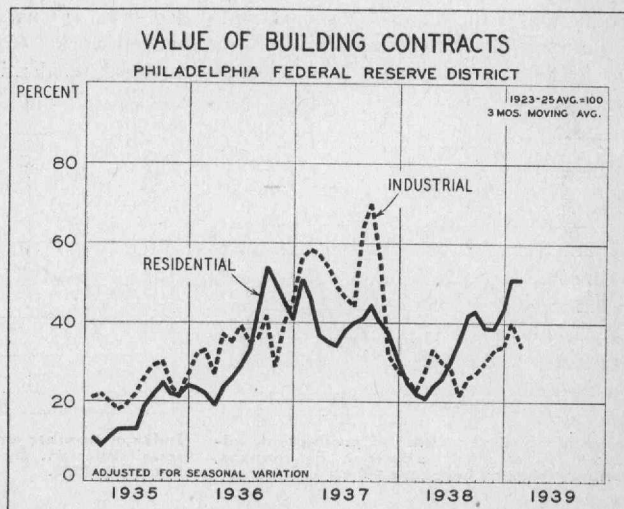
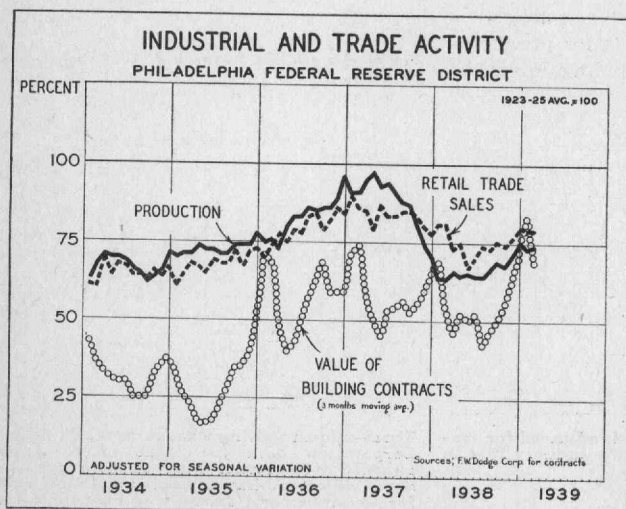
Employment and payrolls in twelve lines of trade and industry increased 1 and 3 per cent respectively in February, following substantial reductions in the previous month. The gain in February was due largely to increased activity at manufacturing plants. Most lines reported increases in the volume of wages disbursed, the only substantial declines being in the building and construction industry and at retail establishments. Compared with February 1938 employment was down 2 per cent, while wage payments showed an increase of 8 per cent.

Preliminary reports for March indicate that changes in factory employ-

ment, payrolls and working time have been about usual as compared with February, although some improvement is evident in miscellaneous manufacturing lines.

Retail trade increased slightly less than usual from January to February and continued below the levels of a year ago. Early data for March, however, indicate seasonal improvement in most lines. Aggregate wholesale trade increased in February and for the second successive month was above the levels of a year earlier. Inventories in both channels of trade showed some tendency to accumulate in the month but were substantially smaller than in early 1938.

Prices of staple industrial commodities, after having declined irregularly from the first of the year to the end of February, increased almost steadily in March to recover nearly all of the



## Business Indicators Philadelphia Federal Reserve District

1939 losses. The agricultural group, on the other hand, has continued to fluctuate narrowly. The index of 813 wholesale commodity prices has shown little change since the first of the year and at the end of the third week in March was 76.7 per cent of the 1923-1925 average compared with 76.6 a month earlier. Prices of foods during this period were somewhat weak while other prices had a tendency toward firmness.

**Manufacturing.** The demand for manufactured goods in this district has been fairly well sustained since January, following the customary contraction during the year-end inventory period. There has as yet been no evidence of a resumption of the sharp upward trend which prevailed throughout the latter half of 1938, but neither has there been any sign of an unexpected decline. Buying continues cautious throughout industry and trade.

In most lines, the volume of sales and unfilled orders in early March was approximately the same as a year ago; in the case of textiles and leather goods, however, the volume in 1939 has been larger owing principally to the improved inventory positions at most distributing establishments this year as compared with last.

Plant operations in the aggregate have shown a slight increase since the first of the year, a reduction in textile activity in the latest period being offset by the increased output of building materials. Operations at most plants, especially textile mills, continue at a level above early 1938.

Stocks of both raw materials and finished goods continued at the low levels prevailing since the turn of the year, further substantial reductions being reported in the latest period by textile mills. In all reporting lines inventories are well below 1938.

Prices quoted by manufacturers in this district generally are subject to bargaining and are somewhat lower than in the preceding month and well under the quotations of a year earlier.

Employment and payrolls at Pennsylvania factories increased seasonally in February, being 2 and 4 per cent respectively above the preceding month. These gains followed a seasonal contraction in January, which was the first month to show a decline since the summer of 1938. In March employment, payrolls and working time have apparently been maintained at seasonal levels.

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation						Not adjusted					
	Feb. 1938	Dec. 1938	Jan. 1939	Feb. 1939	Per cent change			Feb. 1938	Dec. 1938	Jan. 1939	Feb. 1939	
					Month ago	Year ago	1939 from 2 mos. 1938					
Adjusted indexes allow for the usual seasonal change in activity.												
Unadjusted indexes reflect merely the actual change which may or may not be typical.												
<b>Industrial production</b>												
Manufacturing—total	68r	79r	76	77p	+ 1	+ 13	+ 12	69r	76	76	78p	
DURABLE GOODS	65r	76	73	75p	+ 3	+ 15	+ 15	66r	74r	72	76p	
CONSUMERS' GOODS	58r	65	65	68p	+ 5	+ 17	+ 11					
Metal products	73	87r	83	85p	+ 3	+ 16	+ 18					
Textile products	57	65	63	62	- 1	+ 10	+ 6	57	62	61	63	
Transportation equipment	58	83r	78	80p	+ 2	+ 38	+ 47	63	80r	80	86p	
Food products	63r	70	69	71	+ 2	+ 13	+ 11	64r	70	69	72	
Tobacco and products	74	73	76	74p	- 2	+ 1	+ 2	72	73	75	74p	
Building materials	91	97	88	104	+18	+ 14	+ 6	77	70	73	88	
Chemicals and products	24	33	29r	35	+22	+ 48	+ 33	21	30	25	30	
Leather and products	106	111	114	117p	+ 2	+ 10	+ 5	106	109	111	116p	
Paper and printing	111	129	109	110p	+ 0	- 1	+ 2	118	120	113	117p	
Coal mining	88	88	84	86	+ 2	- 2	- 2	88	89	84	86	
Anthracite	52	66	68	61p	-10	+ 16	+ 10	56	65	73	66p	
Bituminous	53	66	69	61p	-12	+ 15	+ 8	57	65	74	66p	
Crude oil	48	62	57	60	+ 5	+ 25	+ 21	52	65	65	66	
Electric power	498	437	426	414	- 3	- 17	- 18	498	410	409	414	
Output	221	248	246	247	+ 1	+ 12	+ 11	235	266	261	262	
Sales, total†	222	244	249	248	- 0	+ 12	+ 12	240	252	257	268	
Sales to industries‡	153	177	175	177	+ 1	+ 16	+ 15	152	168	169	175	
<b>Employment and wages—Pa.</b>												
Factory—wage earners					+ 2*	+ 1*	0*	75	76	75	76	
Payrolls					+ 4*	+ 13*	+ 12*	68	76	73	76	
Man-hours (1927-28 = 100)					+ 4*	+ 15*	+ 13*	58	66	64	67	
General (1932 = 100)												
Employment					+ 1*	- 3*	- 4*	105	109	101	102	
Payrolls					+ 3*	+ 7*	+ 7*	136	151	142	146	
<b>Building and real estate</b>												
Contracts awarded†—total	54	73	82	69	-15	+ 27	+ 20	44	67	64	56	
Residential†	22	44	51	51	- 2	+126	+118	17	42	41	39	
Non-residential†	74	86	80	69	-14	- 7	- 17	63	77	73	59	
Public works and utilities†	95	98	116	119	+ 3	+ 26	+ 18	77	114	110	97	
Permits for building—17 cities	13	21	43	18	-58	+ 41	+112	10	14	24	14	
Real estate deeds—Philadelphia†	44	43	47	43	- 7	- 2	- 4	47	53	50	46	
Writs for Sheriff sales—Phila.	364	341	214	318	+49	- 13	- 20	371	348	246	324	
<b>Distribution</b>												
Retail trade—sales	81r	81r	79	79p	- 0	- 2	- 4	60r	132	58	59p	
stocks	80r	76	76	77p	+ 2	- 4	- 7	77r	71r	69	75p	
Wholesale trade—sales					+ 4*	+ 4*	+ 5*					
stocks					+ 6*	+ 7*						
Life insurance sales	76	127	127	85	-33	+ 12	+ 27	88	133	113	98	
New passenger auto. registrations					+10*	+42*	+39*	57	122	73	81	
Hotels—Occupancy (1934 = 100)					+ 1*	- 6*	- 5*	125	101	116r	118	
Income, total (1934 = 100)					+ 3*	- 5*	- 5*	140	125	129	133	
Freight-car loadings—total	52	62	64	60	- 6	+ 16	+ 13	49	56	57	56	
Merchandise and miscellaneous	53	62	64	60	- 6	+ 13	+ 13	49	55	55	55	
Coal	51	62	63	60	- 6	+ 18	+ 14	55	66	68	65	
<b>Business liquidations</b>												
Number					- 9*	- 30*	- 25*	123r	71	95	86	
Amount of liabilities					+44*	- 21*	- 22*	41r	34	22	32	
<b>Payment of accounts</b>												
Check payments	77	94	82	82	+ 0	+ 7	+ 4	78	101	84	83	
Rate of collections (actual)												
Retail trade	30	29	30r	31	+ 2	+ 1		30r	29	35	30	
<b>Prices—United States</b>												
WHOLESALE (1926 = 100)					0*	- 4*	- 4*	80	77	77	77	
Farm products					0*	- 4*	- 5*	70	68	67	67	
Foods					0*	- 3*	- 5*	73	73	71	71	
Other commodities					0*	- 3*	- 4*	83	80	80	80	
RETAIL FOOD					- 1*	- 3*	- 3*	78	79	77	77	
Philadelphia					- 0*	- 3*	- 4*	80	78	78	78	
Seranton					- 0*	- 1*	- 2*	74	75	74	74	
(In millions of dollars)												
	Feb. 1938	Nov. 1938	Dec. 1938	Jan. 1939	Feb. 1939	% change from						
						Month ago	Year ago					
<b>Banking and credit</b>												
<b>Federal Reserve Bank</b>												
Bills discounted	\$ 2.5	\$ 1.3	\$ 1.4	\$ 1.2	\$ 1.2	0	-52					
Other bills and securities	215	226	226	210	209	-0	- 3					
Member bank reserves	374	378	366	401	401	0	+ 7					
Reserve ratio (per cent)	72.6	72.8	72.9	76.0	76.7	+1	+ 6					
<b>Reporting member banks</b>												
Loans	\$ 441	\$ 411	\$ 415	\$ 409	\$ 407	-0	- 8					
Investments	650	721	724	723	723	0	+11					
Deposits (a)	1355	1425	1428	1457	1455	-0	+ 7					
Bankers' acceptances outstanding	12.4	11.2	10.9	10.0	9.7	-3	-22					

\* Computed from data unadjusted for seasonal variation.

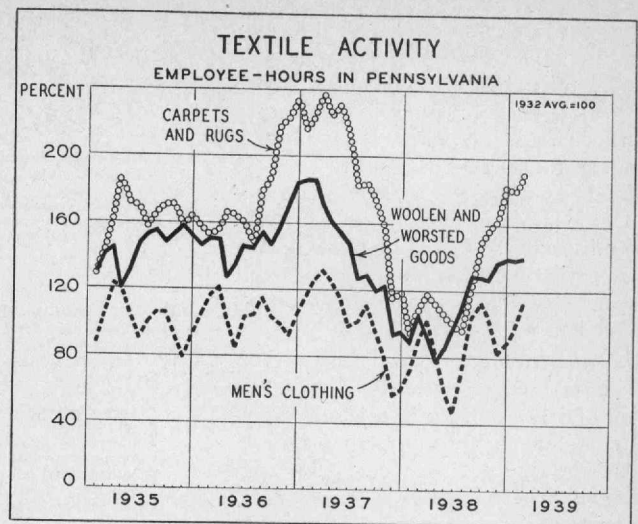
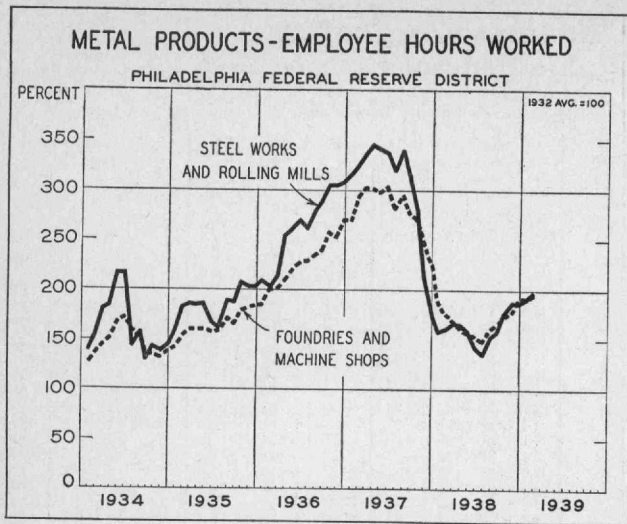
p—Preliminary.

r—Revised.

† Not included in production index.

(a) Less cash items in process of collection.

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



The greatest improvement in February was in the wages paid by producers of transportation equipment, where there was an increase of 4.5 per cent; customarily payrolls at these plants are reduced in February. The volume of wage payments at clothing factories and at plants turning out non-ferrous metal products increased more than is customary at this time of year. At iron and steel plants increases were seasonal. There was some improvement also at cigar and tobacco factories, but most other lines either declined slightly or failed to increase as much as was to be seasonally expected.

At Delaware factories, employment increased 1.5 per cent and payrolls slightly less than 1 per cent from January to February. The largest gain occurred at establishments turning out metal products, although substantial gains also were reported by manufacturers of textile and chemical products. In Southern New Jersey, the number of workers at manufacturing plants increased 1 per cent, and total wage disbursements were fractionally larger than in the previous month.

Throughout the district the number of factory workers in February was somewhat larger than a year earlier, and the volume of payrolls was nearly 12 per cent greater.

The earnings of Pennsylvania factory workers also improved in February, despite the slight decline in average hourly wage payments. Average weekly earnings rose from \$24.01 to \$24.58, which is the highest level since October 1937 and compares with only \$21.74 in February last year.

The output of manufacturers in this district in February resumed the upward trend which had proceeded al-

most without interruption from June to December. The index of factory production, adjusted for seasonal variation, was 75.2 per cent of the 1923-1925 average compared with 73.3 a month earlier and 76.3 in December. Since February 1938 the net gain has amounted to an even 10 points or 15 per cent. The output of durable goods increased 5 per cent in February, owing principally to increased activity at plants manufacturing transportation equipment and cement. Continued expansion in the production of hosiery and other textiles and tobacco products was largely responsible for the 3 per cent improvement in the output of consumers' goods.

Production of nearly all types of goods was substantially greater in the first two months of this year than during early 1938. The greatest improvement was in the output of textiles which was nearly 47 per cent larger than last year; the manufacture of building materials was nearly one-third greater.

Sales of electric power to industry increased 1 per cent from January to February, while total sales declined slightly, after adjustment for seasonal variation. The output of electric power was 1 per cent greater than in January. Compared with a year ago, both output and sales in February were 12 per cent larger.

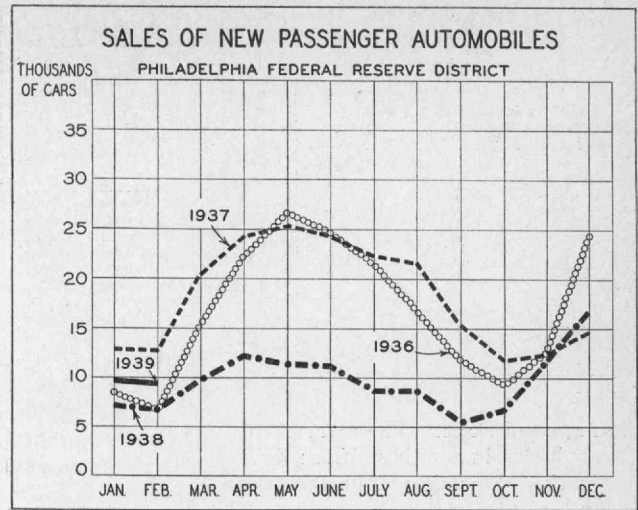
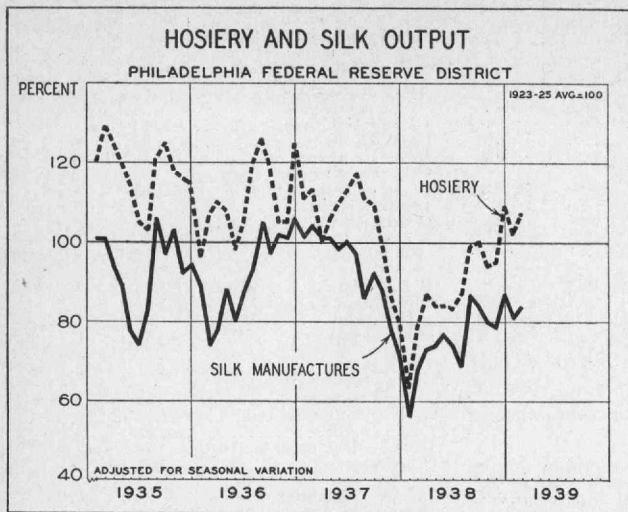
**Coal and other fuels.** While declining from January, anthracite production during February was the largest for that month since 1936. In the first three weeks of March colliery output slackened further, as is to be expected at this season. Another factor in the decline was an agreement reached by

mine operators and workers to curtail operations in an effort to stabilize the anthracite market. Shipments continued substantially larger than a year ago. Stocks in producers' storage yards have been reduced sharply from the high levels prevailing last autumn, and early in January were the smallest in nineteen months.

Demand for Pennsylvania bituminous coal has been fairly well sustained. In recent weeks, however, industrial consumers have covered only their immediate requirements, pending a decision on wage rates, which is expected to be announced about April 1. Colliery output increased in February, although a decline is usual, and showed a further small gain in the early part of March. Shipments from the mines increased slightly and were nearly 25 per cent greater in February this year than last.

Activity at by-product coke plants in February for the third successive month failed to show the usual expansion, so that the seasonally adjusted index declined from 105 in November to 97 in February. Production in Eastern Pennsylvania, however, was approximately one-quarter greater than the volume reported a year earlier. Output of gas and fuel oils, showed a further sharp increase in February and was 6 per cent larger than a year ago.

**Building and real estate.** There was a sharp increase in the awards of contracts for family houses in February and as compared with a year ago. Some increase in the month also occurred in the case of educational buildings. All other types of construction including commercial buildings, factories, and public works declined considerably. As a result of these changes,



all contract awards in this district during February aggregated about \$8,564,000, showing a drop of 40 per cent from the January volume and 4 per cent from a year ago. In the first two months of this year, however, the dollar volume was 20 per cent larger than in the same period last year, all types of construction showing marked gains except educational buildings.

Building contracts Philadelphia Federal Reserve District	Feb. 1939 (000's omitted)	Per cent change	
		From month ago	1939 from 2 mos. 1938
Residential.....	\$4,422	+ 2	+118
Apts. and hotels.....	392	-74	+277
Family houses.....	4,030	+42	+ 95
Non-residential.....	2,272	-63	- 17
Commercial.....	605	-72	+ 42
Factories.....	309	-65	+182
Educational.....	432	+12	- 82
All other.....	926	-66	+ 9
Total buildings.....	\$6,694	-38	+ 21
Public works and utilities.....	1,870	-50	+ 18
Grand total.....	\$8,564	-40	+ 20

Source: F. W. Dodge Corporation.

Wholesale prices of building materials increased during the first half of March, reflecting higher quotations for a wide variety of materials, including lumber, brick, glass, sand, and plumbing fixtures.

There is some evidence of seasonal improvement in the local real estate situation. Renting demand for residential properties has expanded considerably, and in the case of small houses and apartments comparisons with a year ago continue favorable. Demand for commercial and industrial space has not changed materially. Sales of houses costing less than \$6,000 have increased sharply during the past six weeks, and

at present show a decided gain over last year. The market for more expensive dwellings, on the other hand, has been unusually quiet.

**Agriculture.** Planting intentions of farmers in this district indicate some increase this year in the acreage to be allotted to tobacco, hay, barley, and soy beans, but little change is contemplated in the case of other leading field crops such as corn, wheat, oats, and potatoes. Stocks of grains on farms at the beginning of 1939 were nearly one-third larger than the 1928-1937 average. Compared with a year ago, however, supplies of wheat showed virtually no change, and stocks of corn were 7 per cent smaller.

Farm cash income in this district increased sharply in January, after reaching in December the lowest level since early 1936. Receipts from the sale of crops declined appreciably throughout the second half of 1938, but showed substantial gains immediately following the turn of the year. In the case of livestock products, particularly milk and eggs, sales have shown a pronounced upward trend since last October.

Prices of agricultural commodities have fluctuated narrowly around 67 per cent of the 1926 average for several months. Quotations for livestock and poultry products have advanced considerably during the past two months, but these gains have been offset by lower prices for other farm products, including grains.

**Distribution, trade and service.** Business at retail has shown a marked improvement in March, preliminary to the Easter season. Sales in February continued at about the same level as in January, when computed on a daily

average basis and adjusted for seasonal changes. Compared with a year ago, the dollar volume was 2 per cent smaller and in the first two months sales were four per cent smaller.

Inventories at retail establishments at the end of February, while increasing over January, were 4 per cent smaller than on the same date a year ago. The rate of stock turnover was somewhat higher in the first two months this year than last.

Wholesale establishments reported an increase of 4 per cent in their sales as compared with January and with a year ago. For the year to date, the dollar volume was 5 per cent larger, reflecting increased business in shoes, electrical supplies, hardware, jewelry, and paper. Inventories increased during February but at the end of the month were 7 per cent smaller than a year ago. Reductions occurred in all lines except paper.

Registrations of new passenger automobiles in this district, after having shown a sharp seasonal contraction in the first month of the year, resumed the upward trend which has been in evidence since new models were introduced last fall. In the first two months of this year compared with last, registrations in this district were 39 per cent higher, while in the same period factory sales in the country were nearly double the 1938 volume.

Freight shipments by rail in February declined somewhat, owing to reduced loadings of coal. Shipments of both coal and merchandise and miscellaneous commodities decreased 6 per cent, on a seasonally adjusted basis, but continued well above last year.

The income of nonresort hotels in February was 3 per cent larger than

in the previous month but 5 per cent smaller than in February 1938.

Hotel business Philadelphia Federal Reserve District	Feb., per cent change from		1939 from 2 mos. 1938
	Month ago	Year ago	
	Capacity.....	0	-0
Room occupancy.....	+1	-6	-5
Per cent of capacity used:			
Feb. 1939.....	55.4		
Jan. 1939.....	54.8		
Feb. 1938.....	58.9		
Revenue from:			
Guest rooms.....	+3	-8	-7
Food.....	+1	-3	-4
Other sources.....	+6	-2	-3
Total revenue.....	+3	-5	-5

**Banking conditions.** The reserves of member banks in the first fifteen days of March, averaging \$407,000,000, were about 50 per cent above requirements, the excess approximating 47 per cent at banks in Philadelphia and 56 per cent at country banks. The banks also have been carrying very substantial balances with their correspondents, data for the first half of January showing \$286,000,000 due from domestic banks, an amount more than equal to required reserves in that period.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
<b>Reserve city banks:</b>				
1939—Feb. 1-15	\$260.7	\$176.3	\$84.4	48%
Feb. 16-28	249.4	175.2	74.2	42 "
Mar. 1-15	258.0	175.3	82.7	47 "
1938—Mar. 1-15	228.1	183.4	44.7	24 "
<b>Country banks:</b>				
1939—Feb. 1-15	146.1	95.1	51.0	54 "
Feb. 16-28	144.9	95.1	49.8	52 "
Mar. 1-15	149.0	95.3	53.7	56 "
1938—Mar. 1-15	146.7	110.9	35.8	32 "

On February 15 the reserves of member banks were reduced by payment for notes of the Reconstruction Finance Corporation. Subsequently there was an upward trend for four consecutive weeks, which was only partly offset by a decline in the fifth, so that in the five weeks ended March 22 reserves increased \$20,000,000 to \$412,000,000. This rise was due principally to a gain of nearly \$28,000,000 in transactions with other districts, to which payments to the Treasury and security sales contributed. Funds gained through the settlements were partly offset by an expansion in the demand for currency, exceeding that reported a year ago, and by net Treasury receipts of about \$5,000,000.

Outstanding credit of the reserve bank declined slightly. An increase in float was more than equaled by a reduction in member bank borrowing from \$1,200,000 to about \$300,000, the

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	March 22, 1939	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 0.3	-\$0.9	-\$ 1.7
Bills bought.....	2.9	- 0.0	0.0
Industrial advances.....	2.0	- 0.4	0.4
U. S. securities.....	205.9	0	5.7
Total.....	\$209.1	-\$0.9	-\$ 7.8
Note circulation.....	312.2	- 5.0	+ 3.7
Member bank deposits.....	412.4	+20.1	+ 55.2
U. S. general account.....	75.2	+ 6.0	+ 62.0
Foreign bank deposits.....	22.7	- 3.1	+ 11.6
Other deposits.....	4.9	- 1.9	+ 3.7
Total reserves.....	641.0	+16.3	+143.0
Reserve ratio.....	77.5%	+ 0.5%	+ 5.5%

smallest amount shown in any weekly statement since 1936. The number of banks receiving accommodation dropped from 20 to 8.

Deposits at reporting member banks have been consistently at higher levels than early in 1938. The total of \$1,454,000,000 on March 22 was \$140,000,000 or nearly 11 per cent larger than on the corresponding date last year. An increase of \$5,000,000 in the five weeks ended March 22, despite withdrawals by other banks and payments of income taxes, was due to an increase in balances to the credit of states and political subdivisions.

Outstanding credit also has expanded in the past year, but in smaller amount than deposits, with the result that funds carried with the reserve bank and correspondents have increased substantially. Additional accommodation extended to brokers and dealers and on commercial account was reflected in an increase of \$4,000,000 in total loans in the period from February 15 to March 22. The rise of \$6,000,000 in commercial loans was the most substantial upturn in this classification since 1937, although the amount currently extended remains 11 per cent under a year ago.

Holdings of corporate and municipal securities have decreased \$6,000,000 in recent weeks and at present are \$30,000,000 under the high point in November. Direct and contingent obligations of the United States, on the other hand, showed increases of \$1,000,000 and \$2,000,000 respectively since Feb-

Reporting member banks (000,000's omitted)	Mar. 22, 1939	Changes in—	
		Five weeks	One year
<b>Assets</b>			
Commercial loans.....	\$ 184	+\$ 6	-\$22
Open market paper.....	23	0	6
Loans to brokers, etc.....	23	+ 4	+ 5
Other loans to carry secur.....	32	0	2
Loans on real estate.....	52	- 1	- 2
Loans to banks.....	1	- 1	1
Other loans.....	97	- 4	+ 4
Total loans.....	\$ 412	+\$ 4	-\$24
U. S. Government securities.....	\$ 365	+\$ 1	+\$59
Obligations guaranteed by U. S.....	94	+ 2	+ 6
Other securities.....	262	- 6	+ 12
Total investments.....	\$ 721	-\$ 3	+\$77
Total loans & investments.....	\$1,133	+\$ 1	+\$53
Reserve with F. R. Bank.....	275	+ 15	+ 51
Cash in vault.....	17	0	+ 1
Balances with other banks.....	162	- 10	+ 29
Other assets—net.....	105	+ 1	0
<b>Liabilities</b>			
Demand deposits, adjusted.....	\$ 789	+\$12	+\$54
Time deposits.....	283	0	+ 2
U. S. Government deposits.....	53	- 1	+ 30
Interbank deposits.....	329	- 6	+ 54
Borrowings.....	.....	.....	.....
Other liabilities.....	16	+ 1	- 2
Capital account.....	222	+ 1	- 4

ruary 15. The investment in direct obligations of the Federal Government has been at record levels, averaging over \$360,000,000 in the past month and comprising 32 per cent of the outstanding credit of the reporting banks. A decline of \$9,000,000 in holdings of Treasury notes to \$42,000,000 and a rise of \$10,000,000 in government bonds to \$323,000,000 have been partly due to the exchange of notes of the June 15 maturity under the recent offer of the Treasury.

Year-end figures covering all member banks in the district show that in 1938 the outstanding credit of banks in Philadelphia increased, expansion of \$79,000,000 in security holdings more than offsetting a decline of \$40,000,000 in loans which reflected chiefly the repayment of commercial loans. Both loans and investments of country banks declined, the combined shrinkage being \$23,000,000. At the end of 1938 the loans of all member banks were the lowest in nearly twenty years and less than half the average level of 1929.

#### MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Changes in five weeks
	Feb. 22	Mar. 1	Mar. 8	Mar. 15	Mar. 22	
<b>Sources of funds:</b>						
Reserve bank credit extended in district.....	-0.8	+0.8	-1.6	+ 3.6	- 2.2	- 0.2
Commercial transfers (chiefly interdistrict).....	+0.5	+5.1	+0.1	+24.7	- 2.5	+27.9
Treasury operations.....	+4.4	-2.8	+4.2	+ 3.4	-14.0	- 4.8
Total.....	+4.1	+3.1	+2.7	+31.7	-18.7	+22.9
<b>Uses of funds:</b>						
Currency demand.....	+0.9	+1.0	+1.6	+ 1.3	- 0.3	+ 4.5
Member bank reserve deposits.....	+2.8	+4.7	+1.3	+30.0	-18.7	+20.1
"Other deposits" at reserve bank.....	+0.5	-2.6	-0.2	- 0.0	+ 0.4	- 1.9
Unexpended capital funds.....	-0.1	-0.0	-0.0	+ 0.4	- 0.1	+ 0.2
Total.....	+4.1	+3.1	+2.7	+31.7	-18.7	+22.9

# Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

## Manufacturing Indexes

	Employment*			Payrolls*			Employe-hours†	
	Feb. 1939 index	Per cent change from		Feb. 1939 index	Per cent change from		Feb. 1939—per cent change from	
		Feb. 1938	Jan. 1939		Feb. 1938	Jan. 1939	Feb. 1938	Jan. 1939
<b>All manufacturing</b> .....	76	+1	+2	76	+13	+4	+15	+4
Iron, steel and prods. ....	67	-3	+2	75	+16	+4	+14	+4
Non-fer. metal prods. ....	102	-4	+2	116	+4	+3	+9	+6
Transportation equip. ....	54	+2	+4	53	+18	+4	+27	+6
Textiles and clothing .....	98	+10	+3	90	+17	+7	+24	+6
Textiles .....	93	+10	+3	86	+17	+5	+26	+5
Clothing .....	116	+8	+5	105	+15	+14	+16	+14
Food products .....	101	-0	+0	102	+2	-0	+2	+1
Stone, clay and glass .....	66	+2	+0	62	+16	-0	+16	+3
Lumber products .....	51	+9	+1	42	+16	+3	+11	+1
Chemicals and prods. ....	80	-4	-1	87	+3	-0	+1	-0
Leather and products .....	94	+9	+3	94	+14	+4	+11	+5
Paper and printing .....	94	-1	+1	97	+2	+4	+1	+4
Printing .....	88	-4	+1	93	-0	+3	-4	+2
Others:								
Cigars and tobacco .....	55	-14	+14	43	-13	+26	-16	+32
Rubber tires, goods .....	80	+8	+0	88	+22	-1	+22	+1
Musical instruments .....	56	+9	+2	57	+22	+4	+20	+3

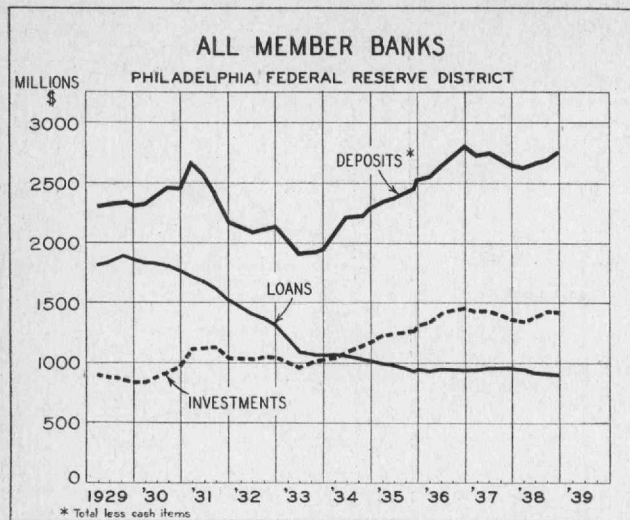
\* Figures from 2269 plants.

† Figures from 2041 plants.

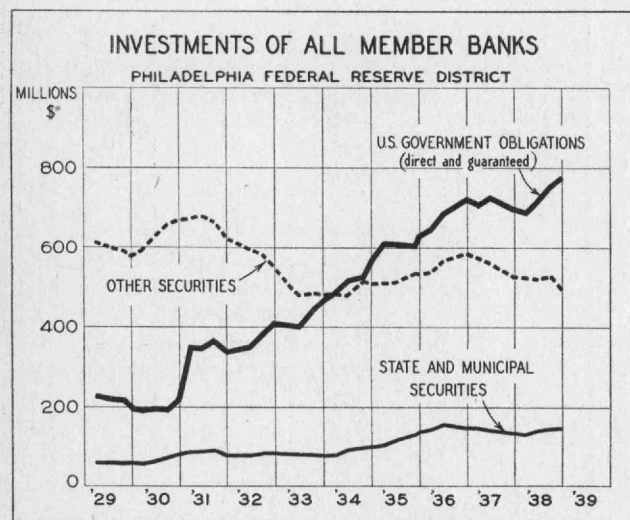
## General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Feb. 1939 index	Per cent change from		Feb. 1939 index	Per cent change from	
		Feb. 1938	Jan. 1939		Feb. 1938	Jan. 1939
<b>General index (weighted)</b> .....	102	-3	+1	146	+7	+3
Manufacturing .....	120	+1	+2	186	+13	+4
Anthracite mining .....	70	-13	+4	77	-2	+19
Bituminous coal mining .....	104	-6	+1	197	+16	+4
Building and construction .....	46	-14	-5	59	-15	-10
Quarrying and non-met. mining .....	82	+0	+1	134	+20	+4
Crude petroleum producing .....	130	-18	-2	154	-15	+0
Public utilities .....	92	-4	-0	101	-3	-5
Retail trade .....	97	-9	-2	111	+3	+3
Wholesale trade .....	120	+5	+4	122	-7	+2
Hotels .....	108	-5	-0	117	+3	-2
Laundries .....	94	-6	-1	117	+3	-2
Dyeing and cleaning .....	92	-2	-0	107	+4	+3



\* Total less cash items

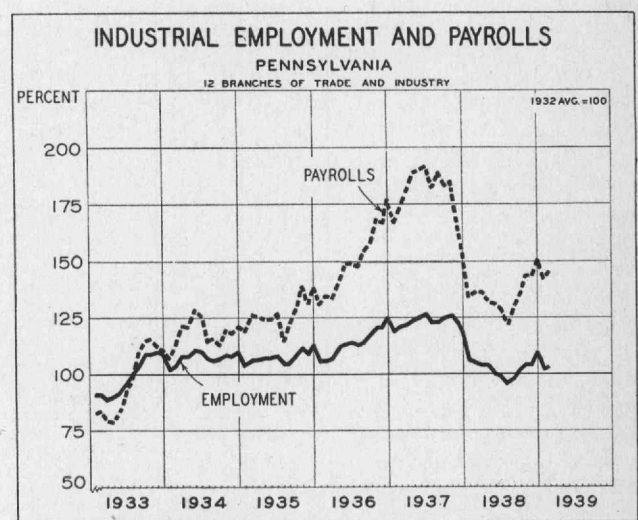


City areas*	Percentage change—February 1939 from February 1938				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown .....	+7	+17	-8	+1	-2
Altoona .....	+60	+281	+95	+6	+11
Harrisburg .....	+0	+10	-58	+5	+6
Johnstown .....	-6	+23	-82	-7	-1
Lancaster .....	+5	+15	+5	+14	+2
Philadelphia .....	-0	+5	+16	+7	-7
Reading .....	+7	+24	+82	+13	+5
Scranton .....	+9	+22	-27	+10	-2
Trenton .....	+8	+16	-40	+3	-7
Wilkes-Barre .....	+4	+13	+52	+2	-3
Williamsport .....	+8	+17	+1	+0	-4
Wilmington .....	+9	+11	+747	+7	.....
York .....	+2	+9	-37	+10	+4

February 1939 from January 1939					
Allentown .....	+4	+8	+48	-14	+18
Altoona .....	+5	-1	-5	-21	+20
Harrisburg .....	+5	+8	-20	-18	+14
Johnstown .....	+1	+10	+144	-11	+36
Lancaster .....	+1	+3	-4	-12	+3
Philadelphia .....	+1	+2	-74	-13	+1
Reading .....	+3	+6	-17	-17	+6
Scranton .....	+1	+8	+86	-7	+3
Trenton .....	+0	-0	-90	+2	+2
Wilkes-Barre .....	+7	+15	+77	-20	+5
Williamsport .....	+1	+2	+116	-14	.....
Wilmington .....	+2	+1	+407	-20	-11
York .....	-0	+4	-81	-15	+11

\* 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						
	Feb. 1938	Dec. 1938	Jan. 1939	Feb. 1939	Per cent change			Feb. 1938	Dec. 1938	Jan. 1939	Feb. 1939	
					Month ago	Year ago	1939 from 2 mos. 1938					
<b>Retail trade</b>												
<b>Sales (r)</b>												
Total of all stores	81	81	79	79p	- 0	- 2	- 4	60	132	58	59p	
Department	71	70	68	68p	- 1	- 5	- 5	54	127	49	52p	
Men's apparel	69	76	76	68	-11	- 1	- 1	55	127	69	55	
Women's apparel	101	101	99	96p	- 3	- 6	- 5	73	154	81	69p	
Shoe	89	101	77	87	+13	- 2	- 6	62	111	61	61	
Credit	95	89	99	100p	+ 1	+ 5	+ 6	70	140	56	73p	
<b>Stocks of goods (r)</b>												
Total of all stores	80	76	76	77p	+ 2	- 4	.....	77	71	69	75p	
Department	54	51	50	51p	+ 2	- 5	.....	52	47	45	50p	
Women's apparel	106	106	101	104p	+ 3	- 2	.....	105	96	90	103p	
Shoe	72	62	68	75	+10	+ 4	.....	67	58	61	69	
Credit	104	105	98	100p	+ 2	- 4	.....	104	96	93	100p	
Rate of stock turnover 2 months (actual, not indexes)								+ 4*	0.54			0.56
<b>Wholesale trade</b>												
<b>Sales</b>												
Total of all lines					+ 4*	+ 4*	+ 5*					
Boots and shoes					+29*	+ 2*	+ 19*					
Dry goods					- 0*	- 6*	- 8*					
Electrical supplies					- 1*	+ 10*	+ 21*					
Groceries					- 5*	0*	0*					
Hardware					+13*	+ 12*	+ 10*					
Jewelry					+67*	+ 39*	+ 20*					
Paper					+ 3*	+ 10*	+ 8*					
<b>Stocks of goods</b>												
Total of all lines					+ 6*	- 7*	.....					
Dry goods					+10*	- 2*	.....					
Electrical supplies					+11*	- 2*	.....					
Groceries					+ 1*	- 16*	.....					
Hardware					+ 2*	- 15*	.....					
Jewelry					+ 6*	- 6*	.....					
Paper					+ 7*	+ 7*	.....					
<b>Output of manufactures</b>												
Pig iron	33	42	41	43	+ 6	+ 30	+ 14	35	42	40	45	
Steel	47	62	60	58	- 3	+ 24	+ 23	50	58	59	61	
Iron castings	41	46	52	45	-12	+ 11	+ 8	42	43	47	46	
Steel castings	59	77	72	67	- 6	+ 14	+ 5	66	74	76	75	
Electrical apparatus	81	75	72	74	+ 4	- 8	- 14	78	73	67	71	
Motor vehicles	18	19	19	18	- 6	- 4	- 9	19	15	17	18	
Automobile parts and bodies	52	74	62	55	-11	+ 6	+ 14	56	73	62	60	
Locomotives and cars	26	14	14	16	+16	- 37	- 43	27	14	14	17	
Shipbuilding	258	264	293	323	+10	+ 25	+ 21	253	277	299	317	
Silk manufactures	68	87	81r	84	+ 4	+ 24	+ 32	72	89	82r	89	
Woolen and worsteds	36	62	58	59	+ 1	+ 63	+ 74	37	58	59	60	
Cotton products	32	43	44	42	- 4	+ 32	+ 36	35	46	45	46	
Carpets and rugs	47	115	133	132	- 1	+177	+202	48	109	125	134	
Hosiery	79	109	102	107	+ 5	+ 35	+ 47	82	106	106	111	
Underwear	100r	138	129	132	+ 2	+ 32	+ 36	109r	136	126	144	
Cement	23	43	29	56	+96	+144	+ 93	16	36	20	39	
Brick	29	35	36r	36	0	+ 24	+ 22	28	33	33r	34	
Lumber and products	22	26	26	23	-12	+ 5	+ 5	21	26	24	22	
Bread and bakery products					+ 0*	+ 0*	- 0*	87	90	87	87	
Slaughtering, meat packing	89	89	94	94	+ 0	+ 5	+ 9	90	96	103	96	
Sugar refining	46	31	96	61	-36	+ 34	+ 26	59	20	66	80	
Canning and preserving	55	52	54	54p	+ 0	- 3	- 3	51	53	52	50p	
Cigars	89	95	87	103	+18	+ 15	+ 6	75	68	71	86	
Paper and wood pulp	64	68	68	71	+ 4	+ 11	+ 12	64	68	67	71	
Printing and publishing	92	93	87	89	+ 2	- 4	- 4	92	94	87	89	
Shoes	150	176	133	132	- 0	- 12	- 4	157	150	136	139	
Leather, goat and kid	74	84	87	88p	+ 1	+ 19	+ 13	80	92	92	96p	
Explosives	83	79	68	79	+16	- 4	- 5	83	78	68	79	
Paints and varnishes	73	79	79	76	- 4	+ 4	+ 4	72	76	71	75	
Petroleum products	143	144	156	161p	+ 3	+ 12	+ 4	141	143	154	159p	
Coke, by-product	78	103	100	97	- 3	+ 23	+ 23	82	100	100	102	

\* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

