

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
MAY 1, 1939

FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

In April manufacturing production was maintained at about the same rate as in March but mineral production declined, reflecting a sharp reduction in output of bituminous coal pending settlement of negotiations between operators and miners. In the first quarter of this year industrial output, after a rapid rise in the latter half of 1938, increased less than is usual at this season.

Production. Volume of industrial production showed little change in March and the Board's seasonally adjusted index remained at 98 per cent of the 1923-1925 average. The index for the first quarter averaged 99, compared with 101 in the final quarter of last year. Activity at steel mills in March was at 54 per cent of capacity, a slightly higher level than in January and February. Automobile production increased less than seasonally; retail sales of cars continued to fluctuate around a level considerably higher than last year but lower than in 1936 and 1937. Dealers' stocks of new cars began to decline in March, following an increase to a seasonally high level.

Activity in the machinery industries increased further in March, continuing the rise that began last summer. Lumber production increased less than seasonally from the relatively low level of other recent months.

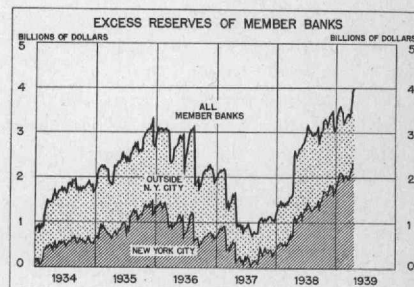
Production of nondurable goods in March continued at about the level that has prevailed since last autumn. In the woolen textile industry activity showed a decrease from the high level of recent months, while at cotton mills and shoe factories output was maintained in large volume. At meat-packing establishments and sugar refineries increases in activity were reported, following earlier declines.

Value of construction contract awards increased in March, according to F. W. Dodge Corporation figures, reflecting a seasonal rise in residential and other private building. Awards for public projects showed little change.

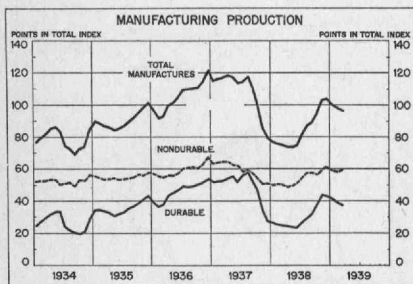
In the first three weeks of April bituminous coal production declined to a low level as most mines were closed, pending the settlement of biennial contract negotiations between mine op-

erators and workers. Steel ingot production was reduced somewhat, averaging about 52 per cent of capacity, and automobile production showed little change from the rate reached in the latter part of March.

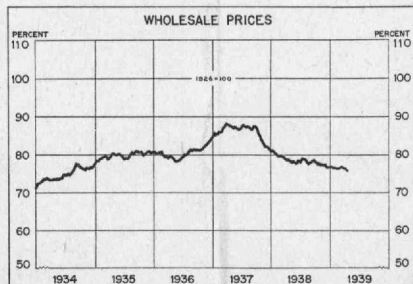
Distribution. Sales at department stores and mail order houses increased somewhat more than seasonally in March, while variety store sales showed about the usual rise. For the first quarter as a whole retail sales were in about the same volume as in



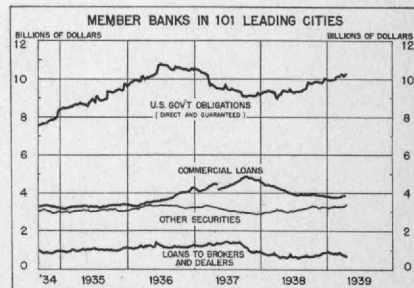
Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934 to April 19, 1939.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. Durable and nondurable series expressed in terms of points in the total index. By months, January 1934 to March 1939.



Index compiled by the United States Bureau of Labor Statistics. By weeks, 1934 to week ending April 15, 1939.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to April 19, 1939. Commercial loans, which include industrial and agricultural loans, represent, prior to May 19, 1937, so-called "Other loans" as then reported.

the final quarter of 1938, after allowance for seasonal changes.

Freight car loadings showed less than the customary advance from February to March as loadings of coal declined and shipments of miscellaneous freight increased less than seasonally. In the first half of April there was a marked decrease in freight traffic, reflecting in large part a sharp decline in coal shipments.

Commodity prices. Prices of steel scrap, copper, hides, and some other industrial raw materials declined from the middle of March to the third week of April, and there were decreases also in prices of livestock and dairy products. Silk prices rose considerably.

The general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined to 76 per cent of the 1926 average as compared with 77 in the middle of March and at the beginning of the year.

Bank credit. Reflecting continued heavy gold imports and Treasury disbursements from its balances at the reserve banks, member bank reserves and deposits increased sharply during the four weeks ending April 19. Excess reserves rose to a record high level of \$4,000,000,000. Total loans and investments at banks in 101 leading cities, which had shown little change during March, increased some-

what during the first three weeks of April, reflecting principally continued purchases of United States Government obligations by New York City banks. Loans to brokers and dealers in securities declined.

Money rates and security prices. Prices of government bonds and of other bonds of highest grades continued firm at high levels during March and the first three weeks of April, while prices of the lower-grade corporate bonds and of corporate stocks declined. The average discount rate on new issues of 91-day Treasury bills continued at a low level and other open market rates remained unchanged.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial production in the Third Federal Reserve District expanded almost steadily from the middle of last year through March of this year, the adjusted index rising from 68 to 79. The change from February to March was slightly more favorable than usual, although the earlier expectations of substantial improvement in industrial activity so far have not materialized. Preliminary reports indicate some contraction in April resulting principally from unsettled conditions at home and abroad.

The rate of production in the first quarter of this year was 12 per cent higher than in the same quarter last year, virtually all branches of industry in this district sharing in this expansion. Employment and wage disbursements also show a favorable compari-

son with the levels in the first quarter of last year.

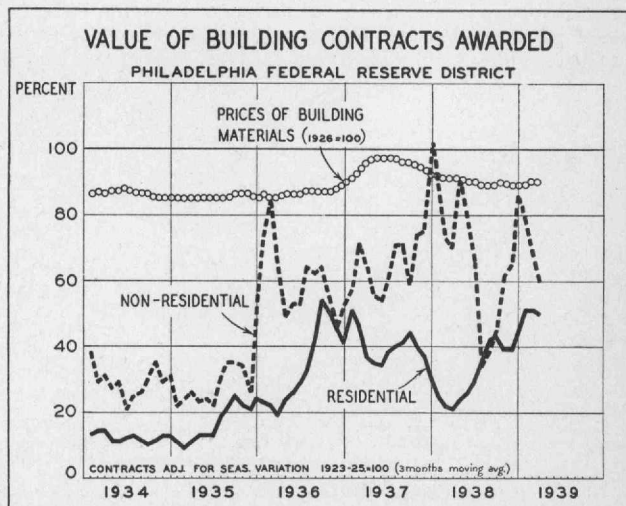
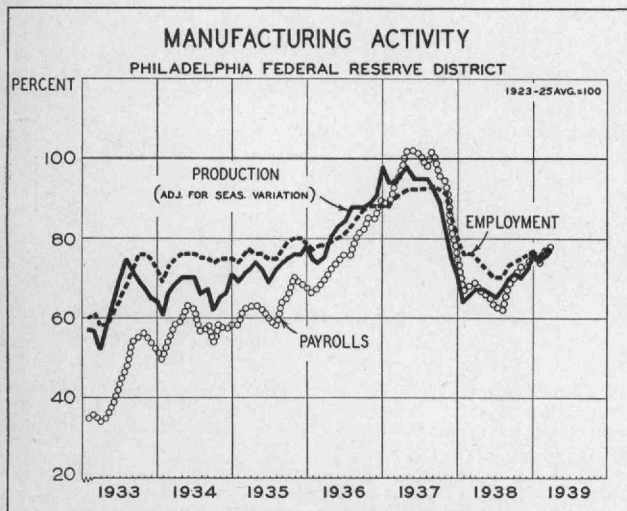
The volume of building contracts awarded for residential buildings as well as public works and utilities has been substantially larger than in the first quarter last year, while awards for non-residential construction have been smaller. Construction activity during April in the aggregate shows a further expansion.

Retail trade sales in the first quarter exceeded the dollar volume of a year ago. The sharp gain in March and the first week of April over a year ago was due chiefly to the earlier occurrence of Easter this year than last. Activity in wholesale lines also has been greater than last year. The value of inventories at retail and wholesale establishments at the end of March

was smaller than on the same date last year.

Prices of staple industrial commodities increased in March but subsequently declined, reflecting lower quotations on metals and hides. Rubber prices have been fairly steady, while silk again advanced sharply. In the agricultural group, price fluctuations continued narrow. The general level of wholesale prices, as measured by the index of the United States Bureau of Labor Statistics, declined from 77.0 on March 11 to 75.8 in the week ended April 15; a year ago this index was 78.6.

Manufacturing. The market for manufactured goods, particularly textiles, has slackened, owing in part to the customary seasonal let-down. As partly indicated by current inquiries



and by the volume of unfilled orders, the earlier expectations of continued improvement thus far have not materialized. The striking exception is a marked expansion in the demand for building materials, reflecting principally the usual spring activity in building and construction.

Backlogs have been reduced in many important lines and in certain cases are smaller than those on hand at the same time last year. Operations also have shown some tendency to decline and no longer register a uniformly favorable comparison with 1938. In scattered instances some production for stock appears to have occurred. Supplies of raw materials are still comparatively low but here also the decline seems to be leveling off as production is slowing down.

Prices of manufactured goods continue weak and in practically all lines are lower than last year at this time. The market in this respect apparently continues unsettled.

Factory employment in this district in April, according to preliminary reports, showed practically no change from the month before, while payrolls declined slightly more than was to be expected. The sharpest loss appears to have occurred in the case of textile and clothing mills. In March, both employment and wage payments showed some improvement, the actual gains being about 1 per cent and 2 per cent respectively. In comparison with a year ago, employment was 3 per cent and payrolls 13 per cent higher.

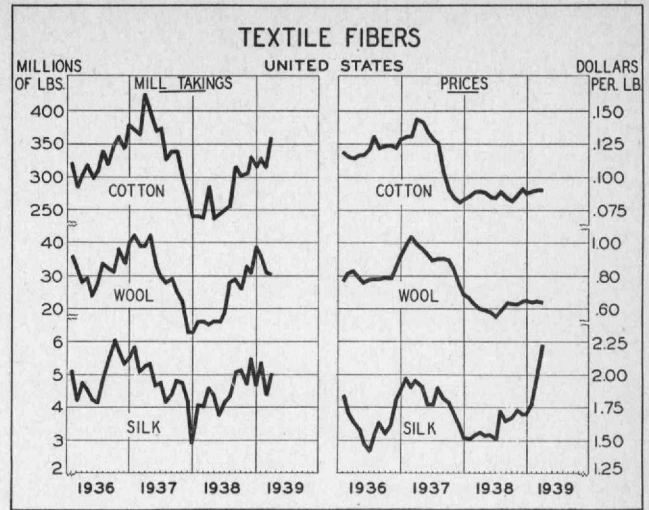
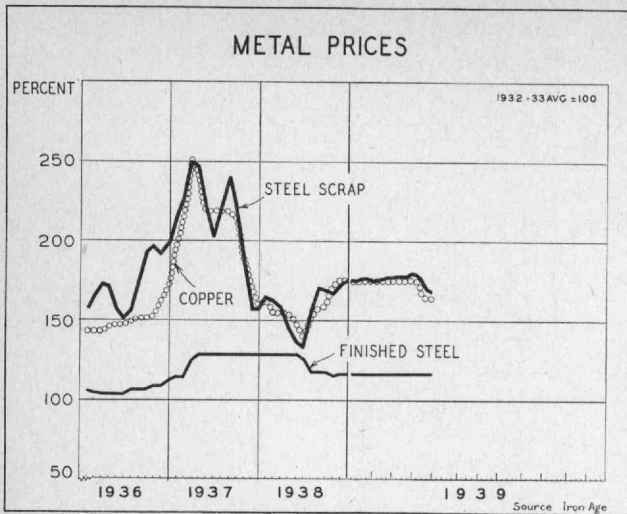
At Pennsylvania factories, employment increased fractionally from February to March and payrolls rose over 1 per cent. The index of wage payments was approximately 78 per cent of the 1923-25 average, the highest since November 1937. Except for a small decline in January, the index advanced steadily for eight months and by March was about 27 per cent above the 1938 low last July.

Increases were reported in March by all major industry groups, with the exception of textiles other than clothing, where there was a seasonal decline. Wages paid by producers of fabricated metals and transportation equipment were maintained at the usual levels, while most other lines showed substantial improvement. At plants manufacturing leather and lumber products and at paper and printing establishments, where there is customarily a contraction at this time of year, there were increases, and in

Business Indicators 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					
	Mar. 1938	Jan. 1939	Feb. 1939	Mar. 1939	Per cent change			Mar. 1938	Jan. 1939	Feb. 1939	Mar. 1939	
					Mar. 1939 from Month ago	Mar. 1939 from Year ago	1939 from 3 mos. 1938					
Industrial production	71	77r	77	79p	+ 2	+ 11	+ 12	70r	76	79	79p	
Manufacturing—total	66r	74r	75	77p	+ 2	+ 15	+ 15	67r	73r	76	78p	
DURABLE GOODS	58r	65	68	68p	+ 0	+ 18	+ 13					
CONSUMERS' GOODS	76	83	85	88p	+ 3	+ 16	+ 18					
Metal products	54	63	62	63	+ 1	+ 16	+ 9	55	61	63	64	
Textile products	63	80r	82	86p	+ 5	+ 35	+ 45	66	82r	88	89p	
Transportation equipment	57r	69	71	71	- 0	+ 2	+ 2	61r	69	72	75	
Food products	74	76	75	77p	+ 3	+ 4	+ 2	73	75	74	76p	
Tobacco and products	97	88	104	101	- 2	+ 5	+ 6	89	73	88	93	
Building materials	30	29	35	36	+ 2	+ 18	+ 26	27	25	29r	31	
Chemicals and products	102	114	111	104p	+ 7	+ 2	+ 2	102	111	110	104p	
Leather and products	118	109	110	118p	+ 7	- 0	+ 2	122	113	117	122p	
Paper and printing	87	84	86	86	+ 1	- 1	- 2	88	84	86	87	
Coal mining	66	68	61	61p	+ 0	- 7	+ 4	55	73	66	52p	
Anthracite	68	69	61	61p	+ 0	- 10	+ 2	56	74	66	50p	
Bituminous	50	57	61	65p	+ 8	+ 31	+ 25	51	65	66	67	
Crude oil	488	426	414	418	+ 1	- 14	- 17	498	409	414	426	
Electric power												
Output	229	246	247	253	+ 2	+ 11	+ 11	233	261	262	258	
Sales, total†	224	249	248	248	- 0	+ 10	+ 11	222	257	268	245	
Sales to industries‡	148	175	177	165	- 7	+ 12	+ 14	141	169	175	187	
Employment and wages—Pa.												
Factory—wage earners					+ 0*	+ 3*	+ 1*	75	75	76	77	
Payrolls					+ 1*	+ 13*	+ 13*	68	73	77r	78	
Man-hours (1927-28 = 100)					+ 2*	+ 17*	+ 14*	58	64	67	68	
General (1932 = 100)												
Employment					+ 1*	- 0*	- 2*	104	101	103	104	
Payrolls					+ 1*	+ 8*	+ 7*	136	142	146	147	
Building and real estate												
Contracts awarded†—total	46	82	69	59	- 15	+ 27	+ 27	43	64	56	55	
Residential†	21	51	51	50	- 1	+ 135	+ 135	21	41	39	48	
Nonresidential†	70	80	69	60	- 13	- 14	- 14	65	73	59	56	
Public works and utilities†	87	116	119	105	- 12	+ 20	+ 21	57	110	97	69	
Permits for building—17 cities	14	43	18	21	+ 17	+ 52	+ 81	17	24	14	26	
Real estate deeds—Philadelphia†	45	47	43	44	+ 2	- 3	- 2	43	50	46	41	
Writs for Sheriff sales—Phila.	317	214	318	249	- 22	- 21	- 21	323	246	324	254	
Distribution												
Retail trade												
—sales	73r	80r	80	78p	- 0	+ 8	+ 3	67r	58	59	75p	
—stocks	81r	76	77	77p	- 0	- 4	- 4	83r	70r	75	79p	
Wholesale trade												
—sales					+ 7*	+ 5*	+ 5					
—stocks					+ 6*	- 6*	- 6*					
Life insurance sales	75	127	85	77	+ 9	+ 4	+ 19	83	113	98	86	
New passenger auto. registrations					+ 33*	+ 59*	+ 47*	67	73	81	107	
Hotels—Occupancy... (1934 = 100)					+ 4*	- 2*	- 4*	126	116	118	120p	
Income, total (1934 = 100)								130	129	133	127p	
Freight-car loadings—total	55	64	60	62	+ 3	+ 14	+ 14	51	57	56	59	
Merchandise and miscellaneous	55	64	60	63	+ 4	+ 15	+ 14	53	55	55	61	
Coal	53	63	60	64	+ 7	+ 22	+ 17	51	68	65	62	
Business liquidations												
Number					+ 49*	+ 45*	- 7*	89r	95	86	129	
Amount of liabilities					+ 183*	+ 5*	- 12*	96r	22	32	91	
Payment of accounts												
Check payments	76	82	82	84	+ 2	+ 11	+ 6	75	84	83	82	
Rate of collections (actual)												
Retail trade	34r	30	31	34	+ 12	+ 2		31	35	30	33	
Prices—United States												
WHOLESALE (1926 = 100)					- 0*	- 4*	- 4*	80	77	77	77	
Farm products					- 2*	- 6*	- 5*	70	67	67	66	
Foods					- 2*	- 4*	- 5*	73	71	71	70	
Other commodities					+ 0*	- 3*	- 3*	83	80	80	80	
RETAIL FOOD					- 1*	- 3*	- 3*	79	77	77	76	
Philadelphia					0*	- 3*	- 3*	80	78	78	78	
Scranton					- 1*	- 3*	- 2*	75	74	74	73	

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



such other lines as nonferrous metal products, clothing, foods, chemicals, and certain building materials the gains from February to March were greater than usual.

In Delaware factories, employment increased 1 per cent and payrolls nearly 3 per cent, the sharpest gains being reported by plants producing building materials. Employment in southern New Jersey was at about the same level as in February but wage payments increased 3 per cent.

The earnings of factory workers in Pennsylvania increased slightly in March from \$24.53 to \$24.74 a week. Hourly earnings were unchanged at 69 cents, while average working time increased fractionally from 35.7 to 35.9 hours a week.

Production of manufactured goods in this district increased approximately 2 per cent in March, so that the seasonally adjusted index advanced to 77 per cent of the 1923-25 average, the highest level since October 1937. Except for a fractional decline last October and the customary year-end contraction in January, production has been increasing since the low of last June. The adjusted index in these nine months advanced 20 per cent and reached a level more than 15 per cent above a year ago.

The latest improvement was due to a 3 per cent rise in the output of consumers' goods. The sharpest gains during March occurred in the output of foodstuffs, footwear, and certain textiles, especially carpets and rugs where productive activity is 150 per cent above a year ago.

Production of durable goods, which was expected to lead the advance in business activity this spring, was un-

changed in March, following a marked improvement in February and for a time last fall. Manufacturers of building materials, however, reported substantial improvement. The greatest declines among individual products were in the output of pig iron, steel castings, and locomotives and cars. In the case of both pig iron and steel castings, production is about 50 per cent above March 1938.

The output of electric power declined less than it usually does from February to March. Industrial consumption of electrical energy declined sharply from the high level in February, but was 12 per cent higher than a year ago.

Coal and other fuels. Demand for anthracite has improved since the customary reduction in prices of domestic sizes became effective early last month. Colliery output and shipments showed substantial seasonal gains during the first half of April, following the usual declines from February to March. Production and shipments in the first quarter of the year were about 2 per cent larger than in 1938.

Production of bituminous coal has been drastically curtailed as virtually all mines in this section have been forced to suspend operations, pending settlement of disputes between operators and miners over a renewal of their working agreement. Output in the country during the week ended April 8 declined to less than 2,000,000 tons as compared with over 7,000,000 tons in the previous week and an average of close to 8,000,000 tons a week in the first quarter of this year. Apparently in anticipation of this development, production of this fuel in Penn-

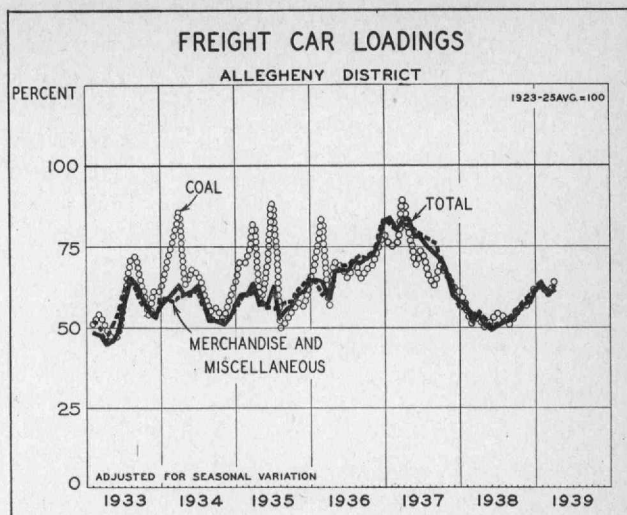
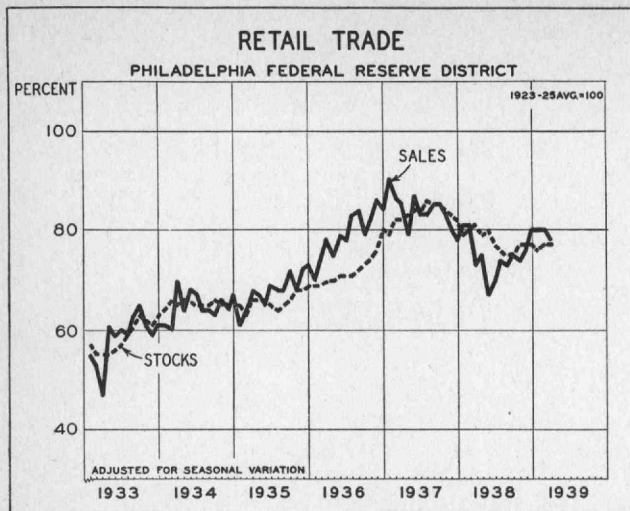
sylvania increased between January and the first week of April and was much larger than in the same period last year. Reports indicate considerable anxiety on the part of large consumers with respect to the supply of bituminous fuel if the present negotiations are greatly prolonged.

Production of by-product coke showed little change in March, when there usually is some decline, and in the first three months was about 25 per cent larger than in 1938. Output of gas and fuel oils decreased sharply as compared with February, and in the first quarter of 1939 was 3 per cent less than a year ago.

Building. Awards of building contracts in this district more than doubled from February to March, aggregating \$18,136,000 or nearly 40 per cent more than a year earlier. Contracts let for all types of construction showed substantial increases in the month, and pronounced gains over a year ago were reported in residential buildings and public works and utilities. Awards for residences in March were the greatest since April 1930.

Building contracts Philadelphia Federal Reserve District	March 1939 (000's omitted)	Per cent change	
		From month ago	1939 from 3 mos. 1938
Residential	\$ 8,354	+ 89	+135
Apts. and hotels.....	3,025	+672	+427
Family houses.....	5,329	+ 32	+ 92
Nonresidential	7,096	+212	- 14
Commercial.....	759	+ 25	+ 18
Factories.....	745	+141	+ 62
Educational.....	1,060	+145	- 74
All other.....	4,532	+389	+ 22
Total buildings.....	\$15,450	+131	+ 29
Public works and utilities	2,686	+ 44	+ 21
Grand total	\$18,136	+112	+ 27

Source: F. W. Dodge Corporation.



In the first three months of this year about \$41,000,000 of construction work was let, or about the same as in the corresponding period of 1937, which was the best first quarter since 1931. Awards for all types of construction except educational buildings have been substantially greater this year than last, the increases being especially large in the case of family houses and apartments and hotels.

Wholesale prices of building materials have declined slightly in the first half of April, after having shown firmness during several preceding weeks. The price index of the Bureau of Labor Statistics in the week ended April 15 was 89.7 per cent of the 1926 average, compared with 90.2 four weeks earlier and 91.1 a year ago.

Agriculture. Plowing and seeding on farms in this district have been delayed this year by the unusually heavy rainfall and continued low temperatures over the greater part of April. In some sections the planting of early truck crops such as white potatoes, onions and peas is from ten days to two weeks late.

In southern New Jersey and Delaware the outlook for orchard fruits is more favorable than in the early spring of 1938, according to reports from the county agents. The Department of Agriculture estimates that the condition of winter grains and pastures in this district on April 1 was approximately the same as a year ago, but substantially above the 1928-37 average. Stocks of wheat and corn on farms at the beginning of April were smaller than a year earlier, when the carry-over was unusually large.

Farm cash income in Pennsylvania, New Jersey and Delaware decreased

in February, according to the latest government reports, following a small gain immediately after the turn of the year. Receipts from the sale of crops were fairly well sustained, but there was a decline in the value of livestock products marketed, reflecting chiefly lower prices.

Distribution, trade and service. Retail sales expanded sharply from the middle of March through the first week of April, reflecting the customary expansion during the Easter season. In the subsequent weeks business declined, as was to be expected. Sales in the Easter buying period this year were about the same as a year ago, the dollar volume of trade reported by a group of representative stores for the four weeks ended April 15 showing practically no change from the corresponding period in 1938.

Retail trade sales during March were substantially higher than a month earlier, owing to usual seasonal tendencies and to the fact that Easter was a week earlier this year than last. The expansion in both February and March, however, was slightly less than was to be expected, so that the seasonally adjusted index declined from an eleven-month high of 80 per cent of the 1923-25 average in January to 78 per cent in March. Department stores alone showed improvement in the latest period, adjusted sales increasing 4 per cent as against declines at other types of reporting establishments ranging from 1 to 7 per cent.

Compared with a year ago, sales in March showed substantial increases at all types of reporting stores, even after allowing for the difference in the date of Easter. In the first quarter of this year aggregate sales were up 3

per cent from 1938 levels, gains being reported in all lines except women's apparel.

Inventories at retail establishments increased somewhat further from February to March, reflecting customary spring buying. Compared with a year ago, inventories generally were about 4 per cent smaller.

Sales at wholesale in March were 7 per cent larger than a month earlier, owing chiefly to marked gains in retailers' seasonal purchases of footwear, electrical supplies, and hardware. Sales of groceries were about the same as in February while drugs declined somewhat. Compared with 1938 wholesale business in March and in the first quarter showed an increase of 5 per cent. Inventories at wholesale establishments increased seasonally from February to March, but were 6 per cent smaller than a year earlier.

Shipments of freight by rail in the Allegheny district increased somewhat from February to March, after allowing for seasonal changes. The index, however, failed to regain the high of 64 per cent of the 1923-25 average reached in January, which represented the culmination of an eight-month advance from a low of 49 in May of last year. In early April coal loadings declined abruptly, owing to labor difficulties in the Appalachian bituminous district.

The volume of rail freight shipments originating in the Philadelphia area has increased almost steadily from a six-months' low of 7,656 cars in the last week of December to 10,693 cars in the week ended April 15. In the first quarter of 1939 car loadings in this area totaled approximately 121,400 or about 9 per cent more than in the first quarter last year.

Registrations of new passenger automobiles in this district increased substantially from February to March, reflecting the usual spring upturn in sales. Although the expansion was less than had been anticipated, registrations in March were about 60 per cent higher than a year ago, and for the entire first quarter the increase from 1938 levels was nearly 50 per cent.

Total revenue of nonresort hotels in March declined 4 per cent from February and showed the same reduction from 1938 for the first quarter as a whole.

Hotel business Philadelphia Federal Reserve District	Mar.: per cent change from		1939 from 3 mos. 1938
	Month ago	Year ago	
Capacity.....	+ 0	- 0	.....
Room occupancy.....	+ 3	- 6	- 5
Per cent of capacity used:			
March 1939.....	53.0p		
Feb. 1939.....	55.4		
March 1938.....	58.9		
Revenue from:			
Guest rooms.....	+ 1	- 7	- 7
Food.....	- 6	- 0	- 3
Other sources.....	- 10	+ 3	- 1
Total revenue.....	- 4	- 2	- 4

Banking conditions. The reserves of member banks in this district on April 19 were the largest ever reported on a statement date and \$53,400,000 greater than a year ago. Increase of \$46,000,000 in the four latest weeks to \$458,400,000 has resulted chiefly from net Treasury disbursements of \$31,000,000, and the receipt of over \$16,000,000 through the settlements with other districts. A slight increase in currency demand was an offsetting factor, the seasonal rise over the Easter holidays not being entirely offset by the subsequent return of money from circulation.

In the first half of April, when reserves averaged \$429,100,000, the excess over requirements was \$157,300,000 or 58 per cent. The proportions at both Philadelphia banks and country banks were 58 per cent, as compared to 47 and 56 per cent respectively a month earlier.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Reserve city banks:				
1939—Mar. 1-15	\$258.0	\$175.3	\$82.7	47%
Mar. 16-31	264.6	175.4	89.2	51 "
Apr. 1-15	278.7	176.5	102.2	58 "
1938—Apr. 1-15	236.9	183.2	53.7	29 "
Country banks:				
1939—Mar. 1-15	149.0	95.3	53.7	56 "
Mar. 16-31	148.3	95.4	52.9	55 "
Apr. 1-15	150.4	95.3	55.1	58 "
1938—Apr. 1-15	147.6	110.4	37.2	34 "

Reporting member banks show substantial increases in their reserves and

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	April 19, 1939	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.2	-\$0.0	-\$ 1.6
Bills bought.....	0.1	+ 0.0	+ 0.0
Industrial advances.....	2.8	- 0.1	- 0.4
U. S. securities.....	206.9	+ 1.0	- 3.6
Total.....	\$210.0	+\$0.9	-\$ 5.6
Note circulation.....	312.6	+ 0.4	+ 5.3
Member bank deposits.....	458.4	+46.0	+ 53.4
U. S. general account.....	44.4	-30.8	- 1.5
Foreign bank deposits.....	21.5	- 1.2	+ 8.2
Other deposits.....	6.2	+ 1.3	+ 4.6
Total reserves.....	655.1	+14.1	+74.5
Reserve ratio.....	77.7%	+ 0.2%	+ 2.6%

balances with correspondents in the four weeks to April 19. This was due principally to an expansion of \$43,000,000 in deposits arising partly out of government expenditures in the period. Aggregate deposits of \$1,497,000,000 at the close were the largest held in over two years and little under the record established at the beginning of 1937. Recent gains have been distributed over several categories—deposits of individuals and corporations, of states and political subdivisions, and balances to the credit of other banks.

The increase in reserves also reflected the sale of \$19,000,000 of investments. In the first quarter, holdings of direct and guaranteed obligations of the Federal government had been quite steady at an average level of over \$450,000,000, but in the last four weeks there has been a decline of \$15,000,000 to the lowest point in 1939. The trend of the investment in corporate and municipal securities has been generally downward since November, the decrease in the latest period being \$4,000,000.

Commercial loans show a further increase of \$7,000,000 since March 22, continuing the expansion that has been in progress since early February, but remain 5 per cent smaller than a year ago. Recent increases have been distinctly at variance with a slight decline in the corresponding period of 1938 and parallel more closely 1936 and

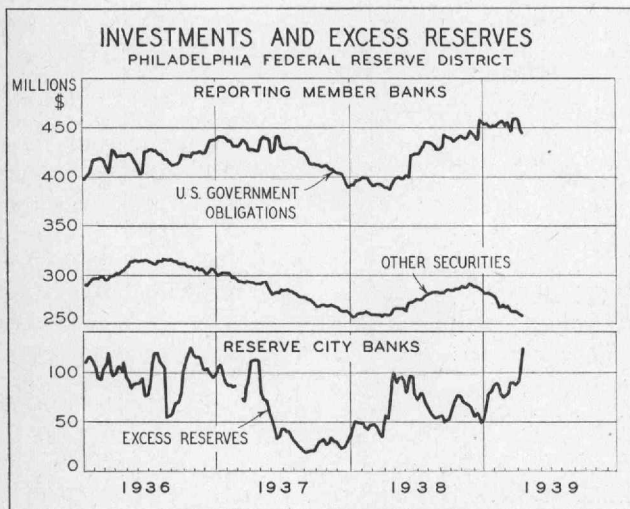
Reporting member banks (000,000's omitted)	April 19, 1939	Changes in—	
		Four weeks	One year
Assets			
Commercial loans.....	\$ 191	+\$ 7	-\$11
Open market paper.....	23	.....	- 1
Loans to brokers, etc.....	21	- 2	+ 5
Other loans to carry secur.....	32	.....	- 2
Loans on real estate.....	52	.....	- 2
Loans to banks.....	1	.....	- 1
Other loans.....	92	- 5	.....
Total loans.....	\$ 412	.....	-\$12
Government securities.....	\$ 352	-\$13	+\$50
Obligations fully guaranteed	92	- 2	+ 6
Other securities.....	258	- 4	+ 7
Total investments.....	\$ 702	-\$19	+\$63
Total loans & investments	\$1,114	-\$19	+\$51
Reserve with F. R. Bank.....	322	+ 47	+ 51
Cash in vault.....	17	.....	.....
Balances with other banks.....	176	+ 14	+ 24
Other assets—net.....	103	- 2	- 2
Liabilities			
Demand deposits, adjusted.....	\$ 817	+\$28	+\$52
Time deposits.....	284	+ 1	- 4
U. S. Government deposits.....	53	.....	+ 30
Interbank deposits.....	343	+ 14	+ 53
Borrowings.....	.....	.....	.....
Other liabilities.....	13	- 3	- 3
Capital account.....	222	.....	- 4

1937, when the trend was upward during March and part of April. This expansion, however, was offset by declines in other types of credit, including brokers' loans, so that total loans have shown no net change.

Total current earnings of all member banks in this district declined from \$110,900,000 in 1937 to \$108,400,000 in 1938, according to a study of operating results just completed by this bank. Current expenses were more than correspondingly reduced, owing chiefly to smaller amounts of interest paid on deposits and to lower tax payments resulting from losses and depreciation. Net earnings from current operations, therefore, increased from \$34,500,000 to \$35,300,000. Recoveries on assets previously charged off were not equal to the amounts realized in 1937 and losses and depreciation, particularly on investments, increased sharply. Net profits available for distribution declined from \$23,500,000 in 1937 to \$10,000,000 in 1938.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks
	Mar. 29	Apr. 5	Apr. 12	Apr. 19	
Sources of funds:					
Reserve bank credit extended in district.....	+0.9	+ 0.1	+ 0.7	- 1.2	+ 0.5
Commercial transfers (chiefly interdistrict).....	-2.5	+ 9.4	+ 3.1	+ 6.6	+16.6
Treasury operations.....	+2.3	+ 7.6	+10.1	+11.3	+31.3
Total.....	+0.7	+17.1	+13.9	+16.7	+48.4
Uses of funds:					
Currency demand.....	+0.1	+ 5.3	- 1.7	- 2.6	+ 1.1
Member bank reserve deposits.....	+0.6	+11.9	+15.4	+18.1	+46.0
"Other deposits" at reserve bank.....	-0.0	- 0.0	+ 0.2	+ 1.1	+ 1.3
Unexpended capital funds.....	+0.0	- 0.1	- 0.0	+ 0.1	- 0.0
Total.....	+0.7	+17.1	+13.9	+16.7	+48.4



Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	Mar. 1939 index	Per cent change from		Mar. 1939 index	Per cent change from		Mar. 1939—per cent change from	
		Feb. 1939	Mar. 1938		Feb. 1939	Mar. 1938	Feb. 1939	Mar. 1938
All manufacturing . . .	77	+ 0	+ 3	78	+ 1	+13	+ 2	+17
Iron, steel and products . . .	67	+ 1	- 1	76	+ 2	+17	+ 2	+18
Non-ferrous metal prods. . .	104	+ 2	- 2	119	+ 3	+ 9	+ 3	+14
Transportation equip. . . .	54	+ 1	+11	56	+ 4	+25	+ 4	+42
Textiles and clothing . . .	97	- 1	+ 7	88	- 2	+ 9	- 2	+17
Textiles	92	- 1	+ 8	83	- 3	+ 9	- 3	+19
Clothing	120	+ 2	+ 4	111	+ 4	+12	+ 3	+ 9
Food products	101	+ 0	+ 1	104	+ 2	+ 4	+ 1	+ 7
Stone, clay and glass	67	+ 2	+ 5	66	+ 5	+24	+ 7	+26
Lumber products	52	+ 1	+10	43	+ 3	+15	+ 2	+ 8
Chemicals and products . . .	83	+ 3	- 1	90	+ 4	+ 7	+ 6	+ 7
Leather and products	95	+ 1	+ 9	96	+ 2	+13	+ 3	+ 9
Paper and printing	95	+ 1	+ 0	100	+ 3	+ 4	+ 4	+ 2
Printing	89	+ 1	- 3	97	+ 4	+ 3	+ 1	- 3
Others:								
Cigars and tobacco	51	-16	-17	42	-11	-16	-12	-19
Rubber tires, goods	81	+ 1	+10	94	+ 6	+41	+ 2	+36
Musical instruments	57	+ 2	+14	58	+ 2	+27	+ 1	+24

* Figures from 2262 plants.

† Figures from 2038 plants.

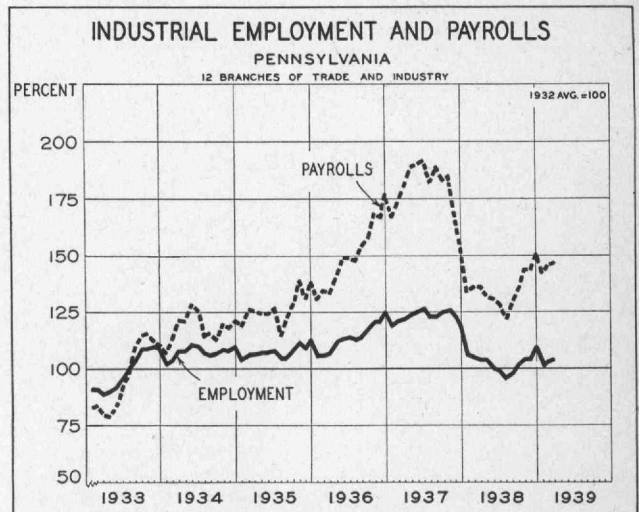
General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Mar. 1939 index	Per cent change from		Mar. 1939 index	Per cent change from	
		Feb. 1939	Mar. 1938		Feb. 1939	Mar. 1938
General index (weighted) . . .	104	+ 1	- 0	147	+ 1	+ 8
Manufacturing	121	+ 0	+ 3	189	+ 1	+ 13
Anthracite mining	68	- 3	-14	58	-25	- 28
Bituminous coal mining	102	- 1	- 8	198	+ 2	+ 19
Building and construction . . .	48	+ 4	-10	62	+ 5	- 8
Quarrying and non-met. mining	90	+10	+ 7	156	+16	+ 26
Crude petroleum producing . . .	132	+ 1	-15	161	- 2	- 6
Public utilities	91	- 1	- 4	100	- 1	- 2
Retail trade	106	+ 5	+ 2	119	+ 4	+ 1
Wholesale trade	115	- 3	- 3	116	- 1	- 1
Hotels	109	+ 0	- 0	124	+ 0	- 2
Laundries	95	+ 1	- 5	118	- 0	+ 3
Dyeing and cleaning	93	+ 2	- 7	109	+ 5	+ 3

City areas*	Percentage change—March 1939 from March 1938				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	+ 7	+ 21	+613	+ 7	+13
Altoona	+92	+270	+ 5	+13	+ 9
Harrisburg	+ 3	+ 17	+377	- 1	+ 1
Johnstown	- 1	+ 29	+181	- 2	+ 4
Lancaster	+ 6	+ 14	- 77	+ 7	+ 6
Philadelphia	+ 1	+ 8	+ 95	+10	+12
Reading	+ 9	+ 15	+ 73	+19	+ 8
Scranton	+ 1	+ 14	- 95	+ 6	+19
Trenton	+ 6	+ 19	- 81	+13	+11
Wilkes-Barre	+ 0	+ 8	- 30	+ 1	+16
Williamsport	+ 6	+ 16	+171	+ 9	.....
Wilmington	+14	+ 15	+ 65	+13	+14
York	+10	+ 14	+ 42	+10	+ 8
March 1939 from February 1939					
Allentown	+ 1	+ 3	+520	+16	+14
Altoona	- 0	+ 7	+ 45	+17	+33
Harrisburg	+ 1	+ 6	+699	+31	+25
Johnstown	+ 3	+ 4	+641	+11	- 6
Lancaster	+ 1	- 1	- 7	+19	+52
Philadelphia	- 0	+ 1	+214	+25	+26
Reading	- 0	- 2	+143	+31	+31
Scranton	- 3	- 1	+ 38	+10	+38
Trenton	- 0	+ 4	+177	+ 1	+30
Wilkes-Barre	- 2	- 3	- 59	+18	+41
Williamsport	+ 0	- 1	+127	+22	.....
Wilmington	+ 1	+ 3	- 64	+49	+18
York	+ 0	+ 1	+ 82	+26	+28

* 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					
	Mar. 1938	Jan. 1939	Feb. 1939	Mar. 1939	Per cent change			Mar. 1938	Jan. 1939	Feb. 1939	Mar. 1939	
					1939 from 1938		1939 from 3 mos. ago					
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	73r	80r	80	78p	- 2	+ 8	+ 3	67r	58	59	75p	
Department	65r	68	68	70p	+ 4	+ 8	+ 2	58r	49	52	65p	
Men's apparel	63r	76	68	68p	- 1	+ 8	+ 4	54r	69	55	62p	
Women's apparel	87r	101r	95	89	- 6	+ 2	- 0	98r	83r	68	105	
Shoe	74r	80r	91r	85	- 7	+ 15	+ 5	74r	61	61	90	
Credit	90r	102r	103	97p	- 6	+ 8	+ 8	75r	58r	75	84p	
Stocks of goods												
Total of all stores	81r	76	77	77p	- 0	- 4	.....	83r	70r	75	79p
Department	55r	50	51	52p	+ 2	- 5	.....	56r	45	50	53p
Women's apparel	107r	101	103	104	+ 1	- 3	.....	117r	90	102	114
Shoe	73r	68	75	73	- 3	- 1	.....	76r	61	69	76
Credit	104r	98	100	100p	- 1	- 4	.....	107r	93	100	102p
Rate of stock turnover 3 months (actual, not indexes)							+ 8*	0.85r	0.92			
Wholesale trade												
Sales												
Total of all lines				+ 7*	+ 5*	+ 5*						
Boots and shoes				+39*	+ 5*	+ 14*						
Drugs				- 8*	+ 4*	+ 9*						
Dry goods				+ 1*	- 9*	- 9*						
Electrical supplies				+26*	+ 22*	+ 21*						
Groceries				- 0*	- 3*	- 1*						
Hardware				+17*	+ 6*	+ 9*						
Jewelry				+ 6*	+ 57*	+ 32*						
Paper				+ 8*	+ 9*	+ 8*						
Stocks of goods												
Total of all lines				+ 6*	- 6*							
Dry goods				+ 3*	- 2*							
Electrical supplies				+12*	+ 3*							
Groceries				+ 7*	+ 10*							
Hardware				- 1*	- 17*							
Jewelry				+ 9*	+ 12*							
Paper				+ 5*	+ 9*							
Output of manufactures												
Fig iron	25	41	43	39	-10	+ 56	+ 26	29	40	45	45	
Steel	48	60	58	58	+ 0	+ 22	+ 22	51	59	61	63	
Iron castings	41	52	45	47	+ 4	+ 14	+ 10	44	47	46	50	
Steel castings	42	72	67	62	- 9	+ 46	+ 16	47	76	75	69	
Electrical apparatus	75	72	74	78	+ 4	+ 4	- 8	69	67	71	72	
Motor vehicles	15	19	18	19	+ 7	+ 29	+ 1	16	17	18	20	
Automobile parts and bodies	47	62	55	54	- 2	+ 16	+ 14	51	62	60	59	
Locomotives and cars	21	14	17r	15	- 7	- 26	- 38	23	14	17	17	
Shipbuilding	246	293	323	322	- 0	+ 31	+ 24	255	299	317	335	
Silk manufactures	73	80r	85r	85	+ 0	+ 17	+ 27	75	82	90r	88	
Woolen and worsteds	38	58	59	61	+ 3	+ 59	+ 69	37	59	60	58	
Cotton products	35	44	43r	43	+ 1	+ 26	+ 33	37	45	46	46	
Carpets and rugs	58	133	132	146	+11	+151	+181	58	125	134	144	
Hosiery	87	102	107	109	+ 2	+ 25	+ 39	91	106	111	114	
Underwear	107r	129	132	132	- 0	+ 23	+ 31	117r	126	144	144	
Cement	48	29	56	56p	+ 0	+ 18	+ 51	37	20	39	43p	
Brick	25	36	33r	34	+ 4	+ 37	+ 23	24	33	32r	33	
Lumber and products	23	26	23	24	+ 6	+ 6	+ 5	22	24	22	23	
Bread and bakery products				+ 1*	+ 3*	+ 1*	87	87	88r	89		
Slaughtering, meat packing	90	94	94	103	+ 9	+ 15	+ 11	86	103	96	99	
Sugar refining	69	96	61	66	+ 8	- 3	+ 11	105	66	80	101	
Canning and preserving	56	54	54	56p	+ 2	- 1	- 2	50	52	50	51p	
Cigars	95	87	103	100	- 3	+ 5	+ 6	88	71	86	92	
Paper and wood pulp	65	68	71	71	- 0	+ 8	+ 11	67	67	71	72	
Printing and publishing	91	87	89	89	- 1	- 3	- 3	93	87	89	90	
Shoes	162	133	132	150	+14	- 7	- 5	172	136	139	159	
Leather, goat and kid	76	87	89	87p	- 2	+ 14	+ 14	75	92	96	86p	
Explosives	77	68	79	76	- 4	- 2	- 4	77	68	79	76	
Paints and varnishes	71	79	76	78	+ 2	+ 9	+ 6	73	71	75	79	
Petroleum products	137	156	148	131p	-12	- 5	- 2	136	154	146	130p	
Coke, by-product	77	100	97	99	+ 2	+ 29	+ 25	80	100	102	102	

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

