

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
JUNE 1, 1939

FEDERAL RESERVE BANK OF PHILADELPHIA



Business and Banking Conditions in the United States

Volume of industrial production declined sharply in April, reflecting chiefly shutdowns at bituminous coal mines and reduction in activity at textile mills. Retail purchases by consumers were maintained.

Production. In April the Board's seasonally adjusted index of output at factories and mines was at 92 per cent of the 1923-1925 average, compared with 98 in March and 77 a year ago.

In the steel industry production declined in April and the first three weeks of May, but in the fourth week ingot output increased to 48½ per cent of capacity, about the rate prevailing a month earlier. Around the middle of May substantial concessions were made in prices of some types of steel and it is reported that a considerable volume of orders for steel was placed during this period.

Automobile production in April was at about the same rate as in March, although usually there is some increase, and in May output declined owing in part to the fact that stocks of new cars were larger than is usual at this time of the year. Plate glass pro-

duction decreased sharply in April, following smaller declines earlier in the year.

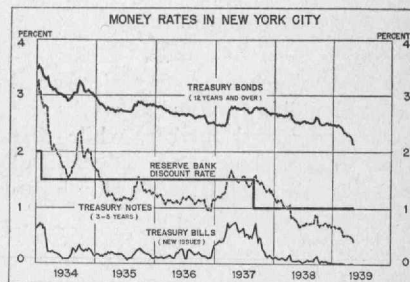
In the lumber industry output increased somewhat in April, while cement production, which had risen sharply in February and March, showed less than the usual increase.

Textile production declined sharply in April, particularly at woolen mills, where output had been at a high level, and in the silk goods industry where further curtailment reflected in part recent high prices for raw silk. Output of shoes showed a decrease from the high level maintained during the first quarter of this year. At flour mills and sugar refineries activity increased further, while in most other nondurable goods lines changes in output were largely seasonal in character.

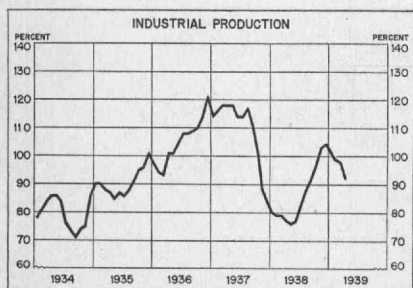
Bituminous coal production was in small volume during April and the first half of May as most mines were closed pending settlement of contract negotiations between mine operators and workers. After the middle of May agreements were reached at most mines and output began to increase rapidly.

Production of anthracite, which had been reduced in March, increased sharply in April and crude petroleum production rose further. In the first half of May anthracite production was maintained, but petroleum output declined somewhat.

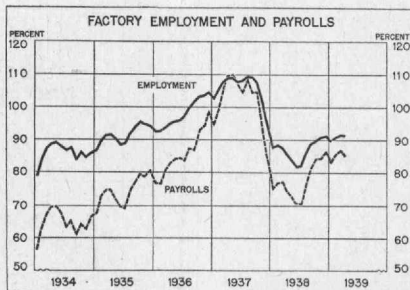
Value of construction contracts awarded, according to the F. W. Dodge Corporation, was larger in April than in March, owing chiefly to a rise in awards for public projects. Contracts for private construction showed little change in the aggregate as private



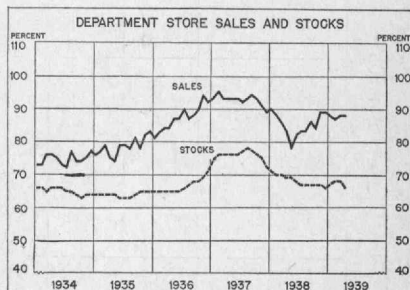
For weeks ending January 6, 1934, to May 20, 1939.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to April 1939.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January 1934 to April 1939. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to April 1939.

residential contracts declined, contrary to seasonal tendency, while contracts for commercial, factory, and other private construction increased. In the first half of May awards for private work increased somewhat, while the volume of public contracts declined.

Employment. Employment in non-agricultural pursuits declined somewhat from the middle of March to the middle of April, reflecting a sharp drop at bituminous coal mines offset in part by seasonal increases in construction and trade. At factories the number employed showed little change, while payrolls declined considerably because of fewer hours of work.

Distribution. In April distribution of commodities to consumers showed about the usual seasonal increase. The Board's adjusted index of department

store sales remained at 88 per cent of the 1923-1925 average, about the level that has prevailed since last autumn.

Railroad freight-car loadings declined sharply, owing mainly to a reduction in shipments of coal. Loadings of miscellaneous freight showed less than the usual seasonal rise.

Commodity prices. Prices of grains and cotton advanced from the middle of April to the third week of May and there were also increases in prices of silk, hides, and bituminous coal. Prices of copper and steel scrap, on the other hand, were reduced and substantial concessions were granted in prices of several leading steel products.

Bank credit. Total loans and investments at reporting member banks in 101 leading cities, which had in-

creased in April, declined during the first half of May. The decline was at New York City banks and reflected a reduction in loans to security brokers and dealers and redemption of obligations of New York state and city governments. After increasing substantially in April, demand deposits at banks in leading cities showed little change in the first half of May. Bank reserves increased further in May to a new high level.

Money rates. Prices of United States Government bonds and notes increased sharply during the last half of April and the first three weeks of May to new high levels. The average yield on long term Treasury bonds declined from 2.34 per cent on April 11 to 2.13 per cent on May 22. Other money rates showed little change.

Business and Banking Conditions in the Philadelphia Federal Reserve District

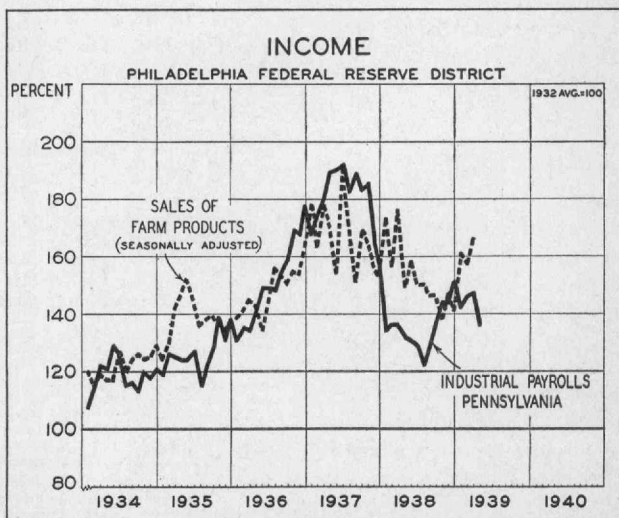
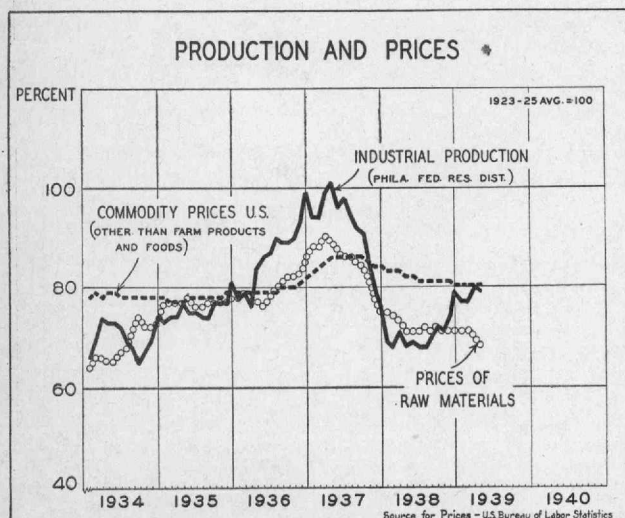
Industrial production in the Third Federal Reserve District declined slightly from March to April, owing to curtailed output of bituminous coal and of manufactured consumers' goods. Production of durable goods continued unchanged. Industrial activity in the four months this year averaged about 14 per cent higher than in the same period last year. Preliminary reports for May indicate some improvement, particularly in certain lines producing durable goods. Construction of family houses, factories, commercial buildings and public works and utilities increased further, while that of apartments, hotels, and educational buildings declined from March to April.

Employment and payrolls in twelve lines of trade and industry declined from March to April. Early reports from the manufacturing industry show a further drop in employment but an increase in payrolls and working time in May. Compared with last year, wage disbursements continue larger, while the number of wage earners employed declined somewhat.

Retail trade sales have increased seasonally, while business at wholesale establishments has slackened somewhat. Compared with a year ago, dollar sales at retail and wholesale have continued larger. Inventories of merchandise in both channels of trade declined.

Following a slight decline in April, prices of industrial staples have leveled off somewhat. Agricultural commodities have advanced recently, owing chiefly to higher prices for wheat, corn, and cotton. The index of 813 commodity prices compiled by the Bureau of Labor Statistics in the week ended May 20 was 75.9 per cent of the 1926 average, having shown little change since the end of March.

Manufacturing. Demand for factory products in this district showed little change in April and continued relatively steady in May. Inquiries have been in about the same volume as in the previous month in practically all reporting lines, and sales have been



Business Indicators Philadelphia Federal Reserve District

moderately well maintained except for seasonal declines in the case of textiles and shoes. Production is still closely geared to consumption, and backlogs have continued larger than last year.

Inventories of finished goods and raw materials have continued to decline, particularly in the iron and steel and textile industries.

Plant activity in the aggregate was well sustained in May, as shown by preliminary returns from more than one-half of the reporting factories. While the number of wage earners apparently declined slightly from April, the volume of wage disbursements and working time expanded somewhat.

Employment in Pennsylvania factories in April was in about the same volume as in March. Following the rapid recovery throughout the last six months of 1938, the number of workers employed declined in January but in the next month recovered to the December high and since then has been comparatively steady. The amount of wages paid out, however, declined about 4 per cent in April from the level in March, which was the highest since November 1937. The April indexes of employment and payrolls were respectively 5 and 13 per cent higher than a year earlier.

The most substantial declines in wage payments from March to April occurred at factories producing such consumers' goods as clothing, shoes, and foods. Declines also somewhat exceeded seasonal expectations in the case of some durable goods. Among the major lines, lumber products, chemicals and nonferrous metal products showed improvement.

Hourly earnings of Pennsylvania factory workers increased fractionally to 69.3 cents in April. These rates have fluctuated narrowly near the high level reached about the middle of 1937. Weekly earnings, however, declined from \$24.75 in March to \$23.83, after having shown improvement in the two preceding months.

In Delaware factories, employment and payrolls increased about 2 per cent in April, reflecting gains at plants producing building materials, transportation equipment, and metal products. In Southern New Jersey the number of workers employed and the volume of wages paid showed only fractional changes in the month.

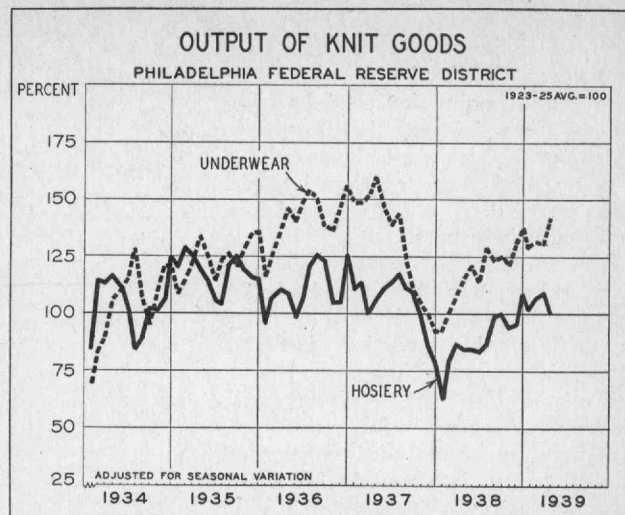
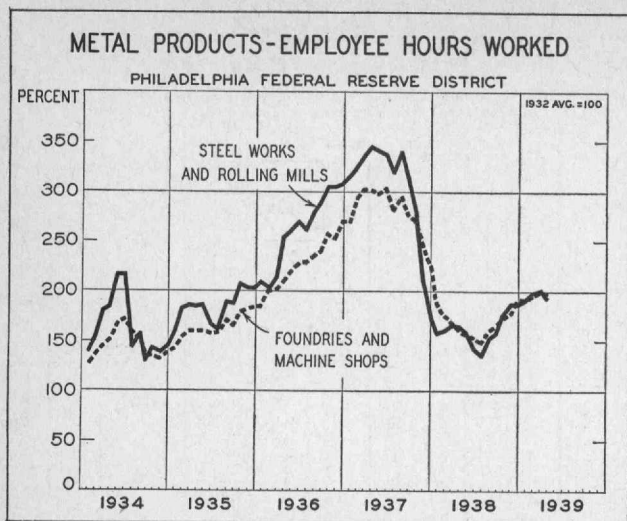
The output of manufactured products declined about 2 per cent in April, after allowing for seasonal changes,

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation								Not adjusted			
	Apr. 1938	Feb. 1939	Mar. 1939	Apr. 1939	Per cent change			Apr. 1938	Feb. 1939	Mar. 1939	Apr. 1939	
					April 1939 from	1939 from	Month 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.												
Industrial production	68	77	80	79p	- 0	+18	+ 14	67r	79	79	78p	
Manufacturing—total	66r	75	78	76p	- 2	+16	+ 16	64r	76	78	75p	
DURABLE GOODS	58r	68	70	70p	+ 0	+20	+ 17	.....	.....	.....	.....
CONSUMERS' GOODS	74	85	88	86p	- 3	+16	+ 17	.....	.....	.....	.....
Metal products	55	62	63	64	+ 1	+16	+ 10	54	63	64	63	
Textile products	60	82	85	82p	- 4	+37	+42	58	88	89	77p	
Transportation equipment	53r	71	71	71	+ 1	+33	+19	57r	72	75	75	
Food products	73	75	77	76p	- 2	+ 3	+ 3	72	74	76	75p	
Tobacco and products	92	104	101	98	- 4	+ 6	+ 6	84	88	93	89	
Building materials	34	35	41r	37	- 9	+ 8	+ 25	34	29	35r	37	
Chemicals and products	103	111	110	112p	+ 2	+ 9	+ 5	104	110	110	113p	
Leather and products	117	110	123	119p	- 3	+ 2	+ 3	116	117	127	118p	
Paper and printing	84	86	86	85	- 0	+ 2	- 1	85	86	87	87	
Coal mining	45	61	61	70p	+14	+56	+14	46	66	52	73p	
Anthracite	45	61	61	79p	+30	+76	+15	47	66	50	82p	
Bituminous	46	61	65	1	-98	-97	- 0	42	66	67	1	
Crude oil	453	414	418	436	+ 4	- 4	- 14	467	414	426	449	
Electric power												
Output	231	247	253	260	+ 3	+12	+ 11	227	262	258	254	
Sales, total	220	248	248	244	- 1	+11	+ 11	227	268	245	252	
Sales to industries	149	177	165	174	+ 5	+17	+ 15	151	175	157	176	
Employment and wages—Pa.												
Factory—Wage earners					- 0*	+ 5*	+ 2*	73	76	77	76	
Payrolls					- 4*	+13*	+12*	66	76r	77r	74r	
Man-hours (1927-28=100)					- 4*	+17*	+15*	56	67	68	65	
General (1932=100)												
Employment					- 4*	- 5*	- 3*	104	103	103	98	
Payrolls					- 7*	+ 3*	+ 6*	132	146	147	136	
Building and real estate												
Contracts awarded†—total	52	69	59	51	-14	- 2	+ 6	61	56	55	60	
Residential†	24	51	50	47	- 6	+95	+104	28	39	48	54	
Nonresidential†	90	69	60	51	-14	-43	- 34	100	59	56	57	
Public works and utilities†	72	119	105	86	-18	+19	+24	68	97	69	80	
Permits for building—17 cities	11	18	21	12	-40	+18	+ 64	15	14	26	18	
Real estate deeds—Philadelphia†	45	43	44	45	+ 3	+ 1	- 0	43	46	41	44	
Writs for Sheriff sales—Phila.	309	318	249	260	+ 4	-16	- 19	325	324	254	273	
Distribution												
Retail trade												
—sales	75r	80	78	77p	- 2	+ 3	+ 2	83r	59	75	82p	
—stocks	80r	77	77	77p	- 1	- 4	- 4	82r	75	80	79p	
Wholesale trade												
—sales					- 2*	+ 3*	+ 5*					
—stocks					- 1*	- 3*						
Life insurance sales	72	85	77	77	- 1	+ 6	+ 14	81	98	86	86	
New passenger auto. registrations					+20*	+36*	+42*	94	81	107	128	
Hotels—Occupancy (1934=100)					+ 2*	- 4*	- 4*	128	118	119	122	
Income, total (1934=100)					+ 9*	- 2*	+ 4*	138	132	125	136	
Freight-car loadings—total	51	60	62	53	-15	+ 5	+ 11	49	56	59	51	
Merchandise and miscellaneous	52	60	63	60	- 4	+15	+13	54	55	61	62	
Coal	50	60	64	32	-50	-36	+ 5	45	65	62	29	
Business liquidations												
Number					- 4*	+53*	+ 5*	81r	86	129	123	
Amount of liabilities					-50*	+48*	- 4*	25r	32	91	37	
Payment of accounts												
Check payments	82	82	84	82	- 2	- 0	+ 6	83	83	82	83	
Rate of collections (actual)												
Retail trade	29	31	34	30	-12	+ 5	.....	30	30	33	31
Prices—United States												
WHOLESALE (1926=100)												
Farm products					- 1*	- 3*	- 4*	79	77	77	76	
Foods					- 3*	- 7*	- 6*	68	67	66	64	
Other commodities					- 2*	- 5*	- 5*	72	71	70	69	
RETAIL FOOD					+ 0*	- 4*	- 3*	82	80	80	80	
Philadelphia					+ 1*	- 3*	- 3*	81	79	76	77	
Scranton					+ 0*	- 4*	- 2*	76	74	73	73	

(In millions of dollars)	Apr. 1938	Jan. 1939	Feb. 1939	Mar. 1939	Apr. 1939	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted	\$ 2.1	\$ 1.2	\$ 1.2	\$ 0.5	\$ 0.2	-60	-90
Other bills and securities	214	210	209	209	210	+ 0	- 2
Member bank reserves	391	401	401	410	444	+ 8	+14
Reserve ratio (per cent)	74.2	76.0	76.7	77.3	77.7	+ 1	+ 5
Reporting member banks							
Loans	\$ 428	\$ 409	\$ 407	\$ 411	\$ 411	- 0	- 4
Investments	641	723	723	719	707	- 2	+10
Deposits (a)	1357	1457	1455	1455	1487	+ 2	+10
Bankers' acceptances outstanding	10.8	10.0	9.7	9.6	9.0	- 6	-17

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

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



but in the first four months of the year was 16 per cent above the corresponding period of 1938. The expansion in manufacturing activity which had prevailed throughout the second half of 1938 was temporarily halted in January but was subsequently resumed, so that by March the adjusted index reached the highest level since October 1937. Even after the decline in April, the index was slightly above the December high.

The output of durable goods in the fourth month of the year was practically unchanged from March, but the production of consumers' goods declined about 3 per cent after adjustment for seasonal change. In this district, the largest decreases from March were in the case of carpets and rugs, where activity has been sustained at an unusually high level for the past several months, and in the output of woolen and worsted products. Activity at hosiery and cotton mills throughout the country is believed to have been reduced recently as a result of the increasing price of cotton and silk fibers. Other lines of consumers' goods showing declines in April were foods, tobacco products, and shoes.

The largest gain among durable goods lines was in the output of steel castings, which had declined sharply since last November. Production of electrical apparatus also increased further, after allowing for seasonal changes, the adjusted index continuing the rapid advance which has been in progress since last July. Other durable goods lines reporting improvement were shipbuilding, which has advanced sharply to post-war highs since last summer; locomotives and cars, where activity is still near the de-

pressed levels of 1931-33; and iron castings. The durable goods group as a whole has improved almost steadily since June 1938 and now is about 20 per cent higher than a year ago. The current rate of output, however, is more than 30 per cent below the recovery peak reached in the late spring and summer of 1937.

The output of electric power declined 3 per cent less than usual from March to April. Total sales of power were increased by about the customary amount in April. Industrial consumption of electricity increased sharply, the gain exceeding seasonal expectations by about 5 per cent.

Coal and other fuels. Sales of anthracite increased in April, reflecting the customary spring reduction in prices and the demand from commercial and industrial consumers, whose supply of soft coal had been cut off by the strike of bituminous miners. Output of hard coal expanded far more sharply than usual in April, and was the largest for any month in the past two years. Production slackened somewhat in the first half of May, but continued substantially above the level of a year ago. Anthracite shipments increased 44 per cent from March to April and were 65 per cent greater than in the same period last year.

Virtually all bituminous coal mines in Pennsylvania, as in other parts of the Appalachian region, suspended operations on April 1, as a result of the failure of representatives of the workers and the colliery operators to agree on a new contract. Production in this state dropped from 1,865,000 tons in the final week of March to a little over 200 tons in the first week of April and

continued negligible until an agreement was reached and the mines reopened on May 15.

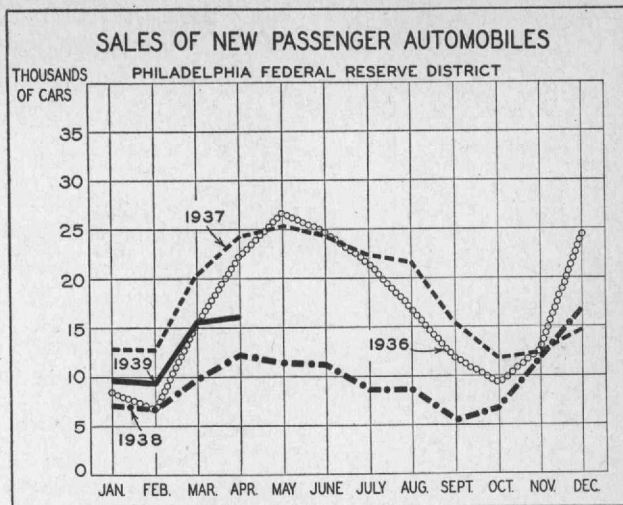
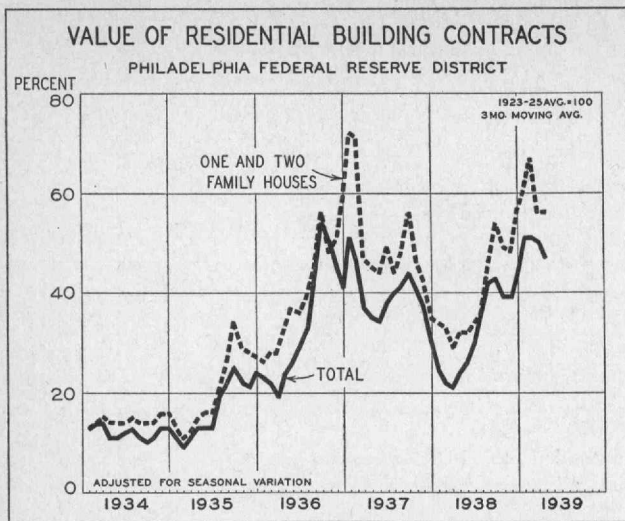
The shortage of bituminous coal was reflected in a substantial decline in the production of by-product coke from March to April. Usually production in April continues at the March level. Output of gas and fuel oils, on the other hand, increased further and was nearly 30 per cent larger than in April 1938.

Building. The value of building contracts awarded in this district in April exceeded \$17,300,000, a decrease of 4 per cent from March, and a decline of 24 per cent from the unusually large total reported a year earlier. The reduction in the month reflected substantially smaller awards for apartments and hotels, educational buildings, and unclassified structures, including public buildings, hospitals and other institutions.

Building contracts Philadelphia Federal Reserve District	April 1939 (000's omitted)	Per cent change	
		From month ago	1939 from 4 mos. 1938
Residential	\$ 6,109	- 27	+104
Apts. and hotels.....	465	- 85	+322
Family houses.....	5,644	+ 6	+ 76
Nonresidential.....	6,292	- 11	- 34
Commercial.....	1,208	+ 59	- 9
Factories.....	2,755	+270	+203
Educational.....	78	- 93	- 82
All other.....	2,251	- 50	- 33
Total buildings.....	\$12,401	- 20	+ 1
Public works and utilities.	4,925	+ 83	+ 24
Grand total.....	\$17,326	- 4	+ 6

Source: F. W. Dodge Corporation.

Contracts let for one- and two-family dwellings, which have continued in large volume in recent months, increased 6 per cent further in April and



were about 50 per cent greater than a year ago. Awards for industrial buildings and public works and utilities increased sharply in the month.

Contract awards in the first four months of 1939 reached a total of \$58,271,000, the largest for that period since 1931. Awards for residential buildings were double those reported in 1938 and the value of contracts let for factories was three times as large.

Wholesale prices of building materials have shown a declining tendency over the last two months. The index of the Bureau of Labor Statistics receded from 90.2 per cent of the 1926 average in the week ended March 18 to 89.3 per cent in the week ended May 20. A year ago this index was 90.4.

Agriculture. Seasonal farming operations in this district are progressing normally, after having been delayed by excessive rains at the beginning of the season. Rainfall has been unusually light during recent weeks, and a threatened deficiency of moisture in top soil is reported in some sections.

The condition of truck crops and early vegetables is generally satisfactory, but pastures and meadows are becoming somewhat dry. The outlook for orchard fruits is decidedly more favorable than at this time last year, fruit settings having been unusually heavy and frost damage negligible.

Department of Agriculture estimates as of May 1 indicate that the production of winter wheat will be somewhat smaller than in 1938, owing chiefly to a higher rate of abandonment reported thus far this year. This season's rye crop, however, is expected to show a substantial gain over a year ago, a slightly lower yield being more than offset by the increased acreage planted last fall.

Farm cash income in the three states comprising this district increased more than seasonally in March but was slightly smaller than a year earlier. The improvement in the month reflected principally a gain in sales of livestock products. In the first three months this year receipts from the sale of crops and livestock products combined were about 4 per cent less than in the same period of 1938.

Distribution, trade and service. Retail trade sales in this district increased further in April, the peak month of the spring buying season, and preliminary reports indicate that business was well sustained in early May. Purchases of apparel and shoes from specialty stores were unusually large. Sales by department stores and by credit establishments handling electrical appliances, furniture, radios, and other durable consumers' goods, however, failed to measure up to expectations in April.

Last year the adjusted index of retail sales reached the recession low in May, following which there was an almost steady improvement until after the turn of the year. Since January this year the expansion in trade has been somewhat smaller than usual, so that the seasonally adjusted index of retail sales has declined slightly in each of the past three months.

Compared with April 1938, retail trade sales showed a gain of about 3 per cent, after allowing for the earlier date of Easter this year. In March and April combined, the volume of business was about 5 per cent greater this year than last, reflecting general improvement in industrial conditions.

Sales reported by wholesale establishments declined about 2 per cent from March to April, after having

shown substantial gains in the previous two months, but business continued more active than a year earlier. Sharp seasonal declines were reported in April in sales of jewelry and footwear. Wholesalers of dry goods, paper, and groceries also had less business than in March, while in the case of electrical supplies and hardware, sales increased.

Inventories at retail stores declined slightly in April and continued below the levels of a year ago. Reductions from March and from April 1938 were reported by all types of stores except the apparel group. At wholesale establishments stocks of merchandise also decreased slightly in the month and continued smaller than in 1938.

Freight-car loadings in the Allegheny district declined about 15 per cent from March to April, owing in large measure to the reduced volume of coal shipments accompanying the shut-down in bituminous mines throughout the Appalachian area. Shipments of merchandise and miscellaneous freight increased slightly, but the gain was less than expected. Freight shipments originating in the Philadelphia area increased from March to April and were well sustained in early May. Compared with a year ago, railway freight traffic showed substantial improvement, although shipments of coal were reduced by more than one-third.

Registrations of new passenger cars in this district increased further from March to April and were 36 per cent above a year earlier. Sales of new cars in May apparently have been well sustained.

Revenue of nonresort hotels in this district increased 9 per cent from March to April but was 2 per cent below April 1938.

Hotel business Philadelphia Federal Reserve District	Apr. per cent change from		1939 from 4 mos. 1938
	Month ago	Year ago	
Capacity.....	- 0	-1	.....
Room occupancy.....	+ 2	-4	-4
Per cent of capacity used:			
Apr. 1939.....	57.4		
Mar. 1939.....	55.9		
Apr. 1938.....	59.5		
Revenue from:			
Guest rooms.....	+ 7	-6	-6
Food.....	+12	+4	-2
Other sources.....	+ 8	+1	-2
Total revenue.....	+ 9	-2	-4

Banking conditions. There has been a further accumulation of surplus funds at banks in this district, as in the country at large. The reserves of member banks here increased to an average of \$468,500,000 in the first half of May, a level which was approximately \$78,000,000 higher than a year ago. A new record of \$477,800,000 was established on May 9.

Reserves of banks in Philadelphia were 75 per cent above requirements and those of country banks were 58 per cent higher. Balances with correspondents also continue large. Early in April these balances were well in excess of \$300,000,000, nearly three-fifths of the banks showing correspondent balances as large as or substantially in excess of required reserves.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Philadelphia banks:				
1939—Apr. 1-15	\$278.7	\$176.5	\$102.2	58%
Apr. 16-30	310.6	180.8	129.8	72 "
May 1-15	318.8	181.7	137.1	75 "
1938—May 1-15	258.8	166.1	92.7	56 "
Country banks:				
1939—Apr. 1-15	150.4	95.3	55.1	58 "
Apr. 16-30	147.9	94.5	53.4	57 "
May 1-15	149.7	94.7	55.0	58 "
1938—May 1-15	131.9	91.7	40.2	44 "

In the five weeks ended May 24 Treasury disbursements in the district were about \$5,500,000 greater than receipts, although receipts included substantial amounts of unemployment trust funds and quarterly payments of Social Security taxes. Additional amounts were supplied to the local market by gains in commercial and financial transactions with other districts, and by the release of funds from miscellaneous deposits at the reserve banks. The only significant factor tending to reduce reserves was an expansion of \$4,500,000 in currency demand. The demand for currency was approximately triple the amount called for in the corresponding period a year ago. The net increase in reserves during the period was \$5,000,000.

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Federal Reserve Bank of Philadelphia (Dollar figures in millions)	May 24, 1939	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 0.3	+\$0.1	-\$ 1.3
Bills bought.....	0.1	+ 0.0	+ 0.0
Industrial advances.....	2.6	- 0.2	- 0.5
U. S. securities.....	206.9	0	- 3.6
Total.....	\$209.9	-\$0.1	-\$ 5.4
Note circulation.....	316.0	+ 3.4	+ 14.0
Member bank deposits.....	463.4	+ 5.0	+ 77.9
U. S. general account.....	46.1	+ 1.7	- 2.6
Foreign bank deposits.....	27.3	+ 5.8	+ 14.3
Other deposits.....	5.4	- 0.8	+ 3.9
Total reserves.....	670.2	+15.1	+110.3
Reserve ratio.....	78.1%	+ 0.4%	+ 3.5%

Changes in this bank's outstanding credit were minor. Discounts increased slightly to \$328,000, representing accommodation extended to 14 banks, while industrial advances to provide working capital declined to \$2,600,000.

The trend of deposits at the reporting member banks has been generally upward since March 1938, reaching a new high record of \$1,512,000,000 on May 24, 1939. An expansion of \$15,000,000 since April 19 reflected for the most part increases in funds held for other banks, and for state and local governments.

There was only a slight increase in loans to \$413,000,000, resulting from the extension of additional credit to brokers and dealers in securities. Commercial loans fluctuated narrowly over the period, following a rise from February to the latter part of April. On May 24 these loans were still about 3½ per cent less than a year ago, when business was less active.

The reporting banks' holdings of securities declined considerably from December to April, but in the aggregate did not show any material change in May. The investment in direct issues of the United States Government declined \$7,000,000 in the five weeks ended May 24, principally as a result of the sale of bonds, which comprise nearly nine-tenths of the total holdings of governments. This reduction was largely offset by the purchase of

Reporting member banks (000,000's omitted)	May 24, 1939	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 188	\$ 0	-\$ 7
Open market paper.....	25	- 1	+ 2
Loans to brokers, etc.....	23	+ 2	+ 7
Other loans to carry secur.....	32	0	- 2
Loans on real estate.....	53	+ 1	- 1
Loans to banks.....	1	0	- 1
Other loans.....	91	- 1	+ 7.9
Total loans.....	\$ 413	+\$ 1	-\$ 4
Government securities.....	\$ 345	-\$ 7	+\$38
Obligations fully guar'teed..	96	+ 4	+ 5
Other securities.....	260	+ 2	+ 3
Total investments.....	\$ 701	-\$ 1	+\$46
Total loans & investments.....	\$1,114	\$ 0	+\$42
Reserve with F. R. Bank.....	322	0	+ 57
Cash in vault.....	17	0	- 1
Balances with other banks.....	193	+ 17	+ 26
Other assets—net.....	102	- 1	- 3
Liabilities			
Demand deposits, adjusted.....	\$ 826	+\$ 9	+\$43
Time deposits.....	281	- 3	- 7
U. S. Government deposits.....	53	0	+ 33
Interbank deposits.....	352	+ 9	+ 59
Borrowings.....	0	0	.....
Other liabilities.....	13	0	- 2
Capital account.....	223	+ 1	- 5

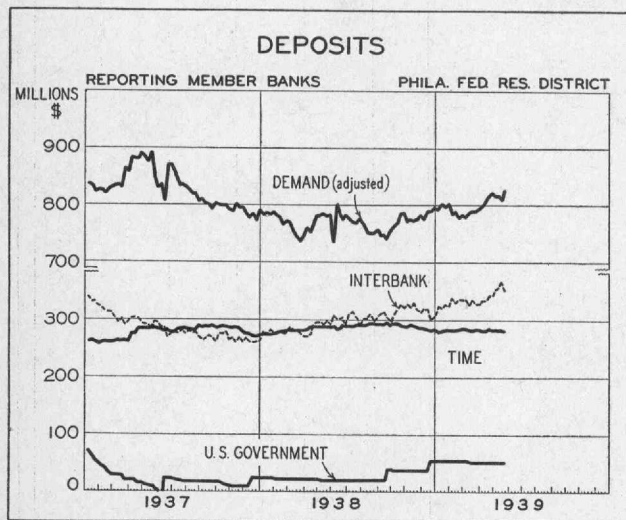
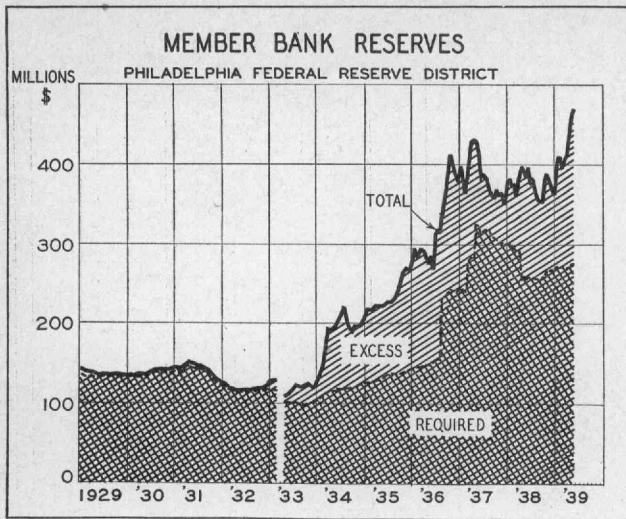
\$4,000,000 of guaranteed obligations and \$2,000,000 of corporate and municipal securities.

Despite the decline in recent months, investments of the reporting banks remain \$46,000,000 above a year ago, while total loans are smaller than they were at that time. The greater part of the funds received from a substantial expansion in deposits has been added to reserves and balances with correspondents, which now are equivalent to 34 per cent of deposits and are about 2.7 times the required reserves of these banks.

Acceptances of banks in this district have been declining steadily since November, the amount outstanding showing a contraction of nearly \$2,200,000 to \$8,973,000 at the end of April. All classes of bills show substantial declines in the past year with the exception of those covering goods stored in or shipped between foreign countries, which increased sharply in February and did not change materially in the subsequent two months.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—					Changes in five weeks
	April 26	May 3	May 10	May 17	May 24	
Sources of funds:						
Reserve bank credit extended in district.....	-0.0	-2.3	- 0.9	+3.4	- 0.2	-0.0
Commercial transfers (chiefly interdistrict).....	-0.7	+8.1	+ 9.2	-2.8	-10.6	+3.2
Treasury operations.....	+5.7	-3.3	+ 1.9	-1.5	+ 2.7	+5.5
Total.....	+5.0	+2.5	+10.2	-0.9	- 8.1	+8.7
Uses of funds:						
Currency demand.....	+1.3	+1.7	+ 2.0	+0.4	- 0.9	+4.5
Member bank reserve deposits.....	+5.0	+0.7	+ 7.7	-0.3	- 8.1	+5.0
"Other deposits" at reserve bank.....	-1.2	-0.2	+ 0.5	-0.8	+ 0.9	-0.8
Other Federal Reserve accounts.....	-0.1	+0.3	- 0.0	-0.2	- 0.0	-0.0
Total.....	+5.0	+2.5	+10.2	-0.9	- 8.1	+8.7



City areas*	Percentage change—April 1939 from April 1938				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+ 7	+ 18	-35	+ 5	- 1
Altoona.....	+59	+153	+43	+ 5	- 1
Harrisburg.....	+ 4	+ 17	+10	-13	- 6
Johnstown.....	- 0	+ 31	+78	- 4	- 0
Lancaster.....	+ 9	+ 17	- 0	+ 4	- 6
Philadelphia.....	+ 4	+ 10	+70	+ 3	+ 5
Reading.....	+ 7	+ 18	-41	+10	+ 0
Scranton.....	+ 6	+ 13	-81	- 1	- 0
Trenton.....	+ 7	+ 17	-75	+45	+ 0
Wilkes-Barre.....	+ 1	- 0	-25	- 3	- 8
Williamsport.....	+ 4	+ 12	+19	- 1	- 2
Wilmington.....	+19	+ 25	-55	+ 3	- 2
York.....	+ 8	+ 17	-59	+ 8	- 4

City areas*	April 1939 from March 1939				
	Employment	Wage payments	Building permits (value)	Debits	Retail trade sales
Allentown.....	+ 1	+ 0	-86	+ 6	+26
Altoona.....	+ 0	+ 10	+37	- 4	-20
Harrisburg.....	- 1	- 4	-72	-13	- 1
Johnstown.....	- 3	- 7	-43	- 1	+18
Lancaster.....	- 0	- 2	+19	- 4	-18
Philadelphia.....	- 0	- 4	-30	-12	+ 4
Reading.....	- 2	- 5	-47	+ 1	+ 7
Scranton.....	+ 1	- 6	+51	-12	+ 4
Trenton.....	- 0	- 1	-63	+18	+19
Wilkes-Barre.....	- 1	- 10	+29	- 7	+ 7
Williamsport.....	- 1	- 3	-46	- 5	- 2
Wilmington.....	+ 1	+ 2	-58	-11	+ 9
York.....	+ 1	- 1	-61	+ 2	+ 2

* 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

(Indexes are percentages of the 1923-25 average taken as 100. Total and group indexes are weighted proportionately.)

	Employment*			Payrolls*			Employe-hours†	
	April 1939 index	Per cent change from		April 1939 index	Per cent change from		Apr. 1939—per cent change from	
		Mar. 1939	April 1938		Mar. 1939	April 1938	Mar. 1939	April 1938
All manufacturing.....	76	- 0	+ 5	74	- 4	+13	- 4	+17
Iron, steel and products.....	68	+ 0	+ 4	74	- 3	+18	- 3	+18
Non-ferrous metal prods.....	106	+ 2	+ 5	119	+ 0	+16	+ 1	+20
Transportation equip.....	53	+ 0	+11	50	- 6	+18	- 6	+34
Textiles and clothing.....	94	- 3	+ 6	79	-10	+ 9	- 9	+17
Textiles.....	89	- 3	+ 7	75	-10	+ 7	- 9	+18
Clothing.....	116	- 4	+ 6	100	-10	+15	- 7	+15
Food products.....	100	- 1	+ 1	100	- 4	- 1	- 5	- 1
Stone, clay and glass.....	70	+ 4	+ 8	65	- 2	+14	- 2	+19
Lumber products.....	52	- 0	+10	43	- 1	+13	- 2	+ 5
Chemicals and products.....	83	+ 0	- 0	91	+ 0	+ 9	+ 1	+10
Leather and products.....	92	- 4	+ 6	82	-14	+ 8	-15	+ 7
Paper and printing.....	97	+ 2	+ 3	99	- 1	+ 7	- 1	+ 4
Printing.....	92	+ 3	+ 2	97	+ 0	+ 6	+ 0	+ 0
Others:								
Cigars and tobacco.....	56	+10	-10	45	+ 8	- 7	+ 8	-11
Rubber tires, goods.....	80	- 1	+ 7	88	- 6	+19	- 6	+16
Musical instruments.....	60	+ 5	+20	57	- 2	+36	- 1	+34

* Figures from 2,265 plants.

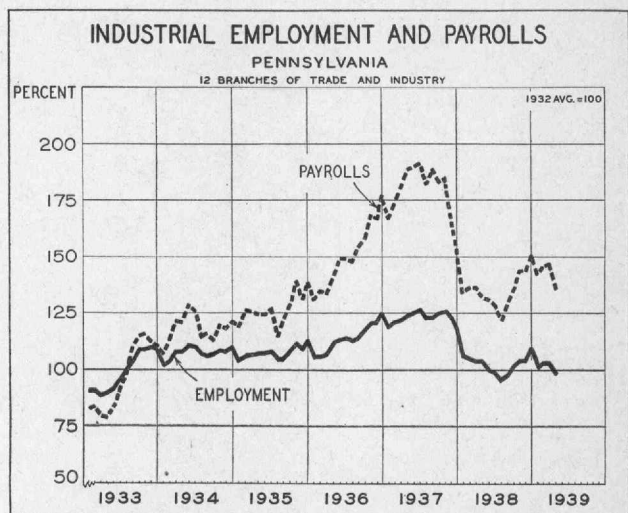
† Figures from 2,037 plants.

General Index Numbers

Covering twelve branches of trade and industry

(Indexes are percentages of the 1932 average taken as 100. Individual indexes are combined proportionately into general index number.)

	Employment			Payrolls		
	April 1939 index	Per cent change from		April 1939 index	Per cent change from	
		Mar. 1939	April 1938		Mar. 1939	April 1938
General index (weighted).....	98	- 4	- 5	136	- 7	+ 3
Manufacturing.....	120	- 0	+ 5	180	- 4	+13
Anthracite mining.....	70	+ 3	- 8	77	+32	+15
Bituminous coal mining.....	10	-91	-91	14	-93	-89
Building and construction.....	52	+ 9	- 6	66	+ 7	- 7
Quarrying and non-met. mining.....	98	+11	+ 3	163	+ 4	+ 6
Crude petroleum producing.....	130	- 0	-16	149	- 0	-14
Public utilities.....	93	+ 1	- 1	101	- 0	- 1
Retail trade.....	103	+ 1	- 9	119	+ 2	- 6
Wholesale trade.....	114	- 2	- 3	114	- 2	- 2
Hotels.....	108	- 0	- 4	119	+ 1	+ 1
Laundries.....	95	+ 0	- 4	119	+ 1	+ 1
Dyeing and cleaning.....	97	+ 5	-10	116	+ 5	-17



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					
	Apr. 1938	Feb. 1939	Mar. 1939	Apr. 1939	Per cent change			Apr. 1938	Feb. 1939	Mar. 1939	Apr. 1939
					April 1939 from		1939 from 4 mos. 1938				
Month ago					Year ago						
Retail trade											
Sales											
Total of all stores.....	75r	80	78	77p	- 2	+ 3	+ 2	83r	59	75	82p
Department.....	63r	68	70	68p	- 3	+ 8	+ 2	64r	52	65	67p
Men's apparel.....	73r	68	67	74	+10	+ 2	+ 1	73r	55	62	70
Women's apparel.....	100	95	89	96	+ 8	- 4	- 4	128r	68	105	116
Shoe.....	98r	91	85	94	+11	- 3	- 0	120r	61	90	110
Credit.....	79r	103	97	82p	-16	+ 4	+ 6	91r	75	85	92p
Stocks of goods											
Total of all stores.....	80r	77	77	77p	- 1	- 4	.....	82r	75	80	79p
Department.....	52r	51	52	50p	- 3	- 4	.....	55	50	53	52p
Women's apparel.....	108r	103	104	108	+ 4	- 0	.....	108r	102	114	107
Shoe.....	72r	75	73	71	- 2	- 1	.....	77	69	76	76
Credit.....	106	100	101	97p	- 4	- 9	.....	108r	100	104	99p
Rate of stock turnover											
4 months (actual, not indexes).....					+ 8*			1.19		1.28	
Wholesale trade											
Sales											
Total of all lines.....					- 2*	+ 3*	+ 5*				
Boots and shoes.....					-14*	-11*	+ 8*				
Drugs.....					+ 1*	+ 6*	+ 8*				
Dry goods.....					- 7*	- 8*	- 8*				
Electrical supplies.....					+16*	+19*	+21*				
Groceries.....					- 4*	- 1*	- 1*				
Hardware.....					+ 4*	+ 9*	+ 9*				
Jewelry.....					-17*	+27*	+31*				
Paper.....					- 7*	+ 0*	+ 6*				
Stocks of goods											
Total of all lines.....					- 1*	- 3*	.....			
Dry goods.....					- 5*	- 7*	.....			
Electrical supplies.....					- 2*	+ 5*	.....			
Groceries.....					- 2*	- 7*	.....			
Hardware.....					- 0*	- 9*	.....			
Jewelry.....					- 0*	- 7*	.....			
Paper.....					+ 7*	+ 23*	.....			
Output of manufactures											
Pig iron.....	26	43	39	35	- 9	+ 34	+ 28	30	45	45	40
Steel.....	48	58	58	57	- 2	+ 18	+ 21	51	61	63	60
Iron castings.....	45	45	47	50	+ 5	+ 11	+ 10	47	46	50	52
Steel castings.....	44	67	62	71	+15	+ 61	+ 24	45	75	69	72
Electrical apparatus.....	75	74	78	81	+ 5	+ 8	- 4	65	71	72	71
Motor vehicles.....	14	18	19	17	-12	+ 15	+ 4	18	18	20	21
Automobile parts and bodies.....	41	55	54	54	- 1	+ 31	+ 18	45	60	59	59
Locomotives and cars.....	19	17	15	16	+ 2	- 18	- 34	21	17	17	17
Shipbuilding.....	233	323	322	332	+ 3	+ 42	+ 28	238	317	335	339
Silk manufactures.....	74	85	85	81	- 5	+ 9	+ 22	73	90	88	80
Woolen and worsteds.....	33	59	60r	47	-22	+ 41	+ 62	31	60	58	43
Cotton products.....	30	43	43	42	- 4	+ 38	+ 34	31	46	46	43
Carpets and rugs.....	52	132	146	113	-23	+116	+164	50	134	144	106
Hosiery.....	84	107	109	100	- 8	+ 19	+ 33	84	111	114	100
Underwear.....	115r	132	131r	142	+ 8	+ 23	+ 29	113r	144	142r	139
Cement.....	60	56	75	63p	-15	+ 4	+ 41	60	39	57	62p
Brick.....	24	33	35r	32	- 7	+ 33	+ 26	25	32	34r	34
Lumber and products.....	25	23	24	24	+ 0	- 2	+ 3	23	22	23	23
Bread and bakery products.....					- 4*	+ 1*	+ 1*	85	88	89	86
Slaughtering, meat packing.....	83	94	103	96	- 7	+ 15	+ 12	82	96	99	94
Sugar refining.....	75	61	66	82	+24	+ 10	+ 9	97	80	101	106
Canning and preserving.....	57	54	57	57p	+ 1	+ 0	- 1	48	50	50	50p
Cigars.....	91	103	100	97	- 3	+ 6	+ 5	83	86	92	88
Paper and wood pulp.....	62	71	71	70	- 1	+ 12	+ 11	63	71	72	70
Printing and publishing.....	88	89	89	89	+ 0	+ 0	- 2	90	89	90	90
Shoes.....	163	132	150	132	-12	- 19	- 9	163	139	159	132
Leather, goat and kid.....	73	89	98	107p	+10	+ 46	+ 23	71	96	97	104p
Explosives.....	74	79	76	67	-12	- 10	- 6	75	79	76	68
Paints and varnishes.....	70	76	78	77	- 1	+ 9	+ 7	74	75	79	81
Petroleum products.....	142	148	145	150p	+ 8	+ 10	+ 4	141	146	144	150p
Coke, by-product.....	72	97	99	86	-12	+ 20	+ 23	75	102	102	90

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised.

