

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
JULY 1, 1939

FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK
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STATISTICAL DIVISION

Business and Banking Conditions in the United States

Industrial production, which had been receding on a seasonally adjusted basis during the first four months of this year, showed little change in May and increased considerably in the first three weeks of June. The advance reflected principally larger output of steel and coal, which had previously shown considerable declines.

Production. In May the Board's seasonally adjusted index of industrial production was at 92 per cent of the 1923-1925 average, the same as in April. Volume of manufacturing production declined somewhat further, owing chiefly to reductions in output of steel and automobiles, but mineral production increased as most bituminous coal mines were reopened after the middle of the month.

Steel ingot production, which had been at an average rate of 52 per cent of capacity in April, declined to 45 per cent in the third week of May. About this time prices of some types of steel were reduced considerably and orders were placed in substantial volume. Subsequently steel output increased and the current rate

is about 55 per cent of capacity, approximately the level maintained during the first quarter of this year.

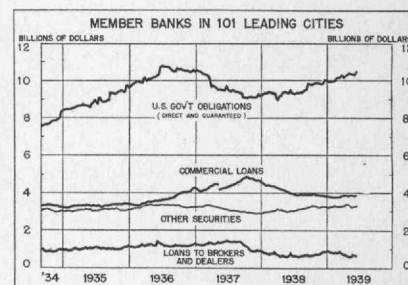
In the automobile industry output was reduced by about one fifth at the beginning of May, and in the latter part of the month there was further curtailment partly as a result of a strike at a body plant which led to the closing of most assembly lines of one major producer. In the early part of June the strike was settled and by the middle of the month output had risen to a level higher than that prevailing during most of May. Lumber production increased further in May following less than the usual seasonal rise during the first quarter of this year.

Output of nondurable manufactures in the aggregate was at about the same rate in May as in April. At woolen mills activity increased sharply, following a decline in April, and at cotton and rayon mills output was maintained. Mill consumption of raw silk showed a further sharp decline. At meat-packing establishments output increased more than seasonally, and as in March and April was considerably

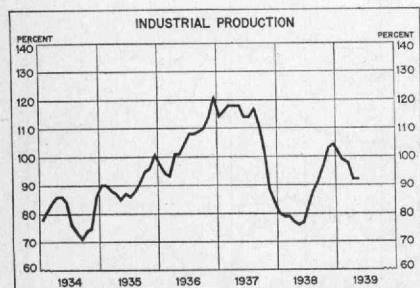
larger than a year ago, reflecting a sharp increase in the number of hogs slaughtered. Flour production continued in larger volume than is usual at this season, while at sugar refineries there was a decrease in output.

Mineral production increased in May owing chiefly to the reopening of most bituminous coal mines. Anthracite production, which had been in large volume in April, declined in May, while output of crude petroleum increased somewhat further.

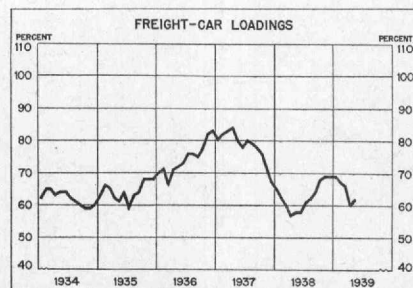
Value of residential building con-



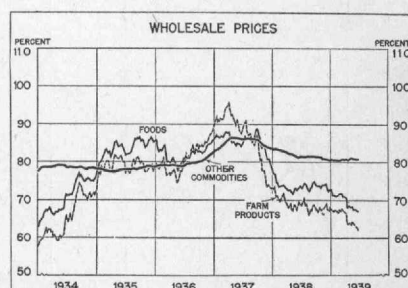
Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to June 14, 1939. Commercial loans, which include industrial and agricultural loans, represent, prior to May 19, 1937, so-called "Other loans" as then reported.



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



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to May 1939.



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending June 17, 1939.

tracts, which had shown a considerable decline in April, increased in May, according to figures of the F. W. Dodge Corporation. Public residential awards were higher owing to a greater volume of United States Housing Authority projects; private awards also increased but on a seasonally adjusted basis were below the high level reached in February and March. Contracts for both public and private nonresidential construction declined in May, following increases in the preceding two months.

Employment. Factory employment and payrolls showed little change from the middle of April to the middle of May, according to reports for a number of states.

Distribution. Department store sales declined from April to May, while sales at variety stores and by mail order houses showed little change. In the first two weeks of June department

store sales increased.

Freight-car loadings increased in the latter half of May, reflecting chiefly expansion in coal shipments. In the first half of June loadings of coal increased further and shipments of other classes of freight also were in larger volume.

Commodity prices. Prices of industrial materials, such as steel scrap, hides, wool, and print cloths, advanced somewhat from the middle of May to the third week of June. Wheat, silk, and coal prices declined early in June, following increases in May, and there were further declines in prices of livestock and meats.

Bank credit. During the four weeks ending June 14 total loans and investments at member banks in 101 leading cities increased by \$270,000,000, following a decline of \$200,000,000 in the preceding four weeks. The major increase was in holdings of Treasury

notes and bonds at New York City banks. Demand deposits increased sharply to new high levels both in New York and in the leading cities outside New York.

During the first three weeks of June excess reserves of member banks showed little change from the new high level of \$4,300,000,000 reached on May 24. Continued gold imports largely went into earmarked gold and into balances held for foreign account at the Federal Reserve banks.

Money rates. Prices of United States Government securities, which had advanced sharply from April 11 to June 5, reaching a new high level, eased slightly during the next two weeks. The yield on the longest-term Treasury bond outstanding declined from 2.49 per cent on April 11 to 2.26 per cent on June 5 and increased to 2.32 per cent on June 19. 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 further from April to May but continued at a substantially higher level than a year ago. The decrease in the output of coal and crude oil during May was somewhat greater than usual, and manufacturing activity did not measure up to seasonal expectations. The production of both consumers' and durable goods declined, following an upward tendency for several months. Decreases in the output and sales of electric power were less than seasonal.

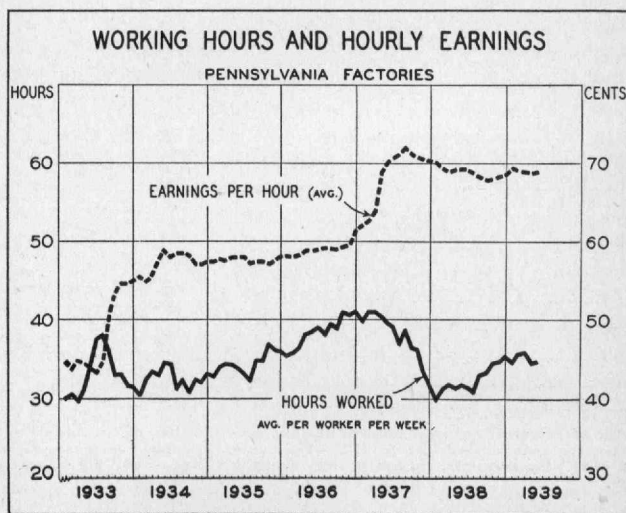
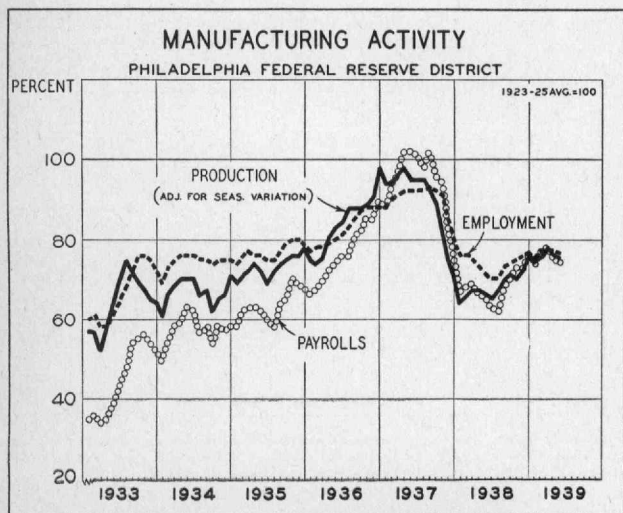
In the first five months of the year

total industrial production continued 13 per cent above the corresponding period in 1938. Virtually all lines of activity reported substantial increases over last year, except bituminous coal mining, where output was reduced by the shutdown.

Awards of building contracts increased sharply in May, owing to an increase in the construction of apartments and hotels, family houses, and public works and utilities. Awards for nonresidential structures declined. Building activity so far this year has been well above 1938 except in the case of nonresidential construction.

General employment conditions improved from April to May as practically all lines except manufacturing reported increases in wage disbursements and in the number of workers employed. The sharpest gains were reported by the coal mining, construction, and service industries. Both employment and wage payments were above last year. A marked improvement in plant activity in June is indicated in several important lines of manufacturing, as shown by early reports on employment and payrolls.

Retail trade sales declined slightly less than usual from April to May,



while sales at wholesale were substantially larger. Dollar sales in both channels of trade were again well above a year ago. Inventories declined in April and continued smaller than in 1938. Trade activity in June apparently has been well maintained, though some seasonal slackening has been in evidence.

Prices of staple industrial commodities increased in May and June, owing principally to higher quotations for hides, silk, and steel scrap. Following a sharp advance in May, prices of farm products have declined as growing conditions in the grain belt have improved. The wholesale price index of 813 commodities compiled by the Bureau of Labor Statistics continued to decline and in the week ended June 17 was 75.4 per cent of the 1926 average compared with 75.9 a month earlier and 78.4 in the corresponding period of 1938.

Manufacturing. The demand for factory products in this district showed little change from the middle of May to the middle of June except in the case of building materials. Inquiries for these materials, stimulated by the current high level of residential construction activity, increased in the month, while there appeared to be less interest in the market for metal and textile products.

The volume of current sales of construction materials has been increasing substantially, while sales of other manufactured goods continue about the same as in early May. Backlogs in most lines have not changed materially for several months.

Inventories of both raw and finished goods are still at minimum levels in contrast to a year ago when a substantial volume of surplus stocks had yet to be worked off. Prices of finished goods in all reporting lines are well below last year.

Preliminary reports indicate that factory employment and payrolls in Pennsylvania in June increased although usually there is a seasonal decline in the latter. The most favorable comparisons with May are in the iron and steel and miscellaneous manufacturing groups. Activity at textile mills continues rather sluggish.

Factory employment declined about 2 per cent and payrolls 1 per cent from April to May, when there is usually no change. Employment, however, was still 7 per cent above a year earlier, when the sharp contraction in activity was in progress, and 9 per cent above the low point reached last summer.

Business Indicators Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100											
	Adjusted for seasonal variation						Not adjusted					
	Per cent change											
	May 1938	Mar. 1939	Apr. 1939	May 1939	May 1939 from Month ago	1939 from Year ago mos. 1938	May 1938	Mar. 1939	Apr. 1939	May 1939		
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	69r	80	78	77p	- 1	+ 13	+ 13	68	79	77	77p	
Manufacturing—total	65r	78	75	74p	- 1	+ 14	+ 15	64r	78	74	73p	
Durable goods.....	56r	70	70	69p	- 2	+ 23	+ 17					
Consumers' goods.....	75	88	83	82p	- 1	+ 10	+ 15					
Metal products.....	51	63	64	64	- 1	+ 24	+ 13	51	64	63	64	
Textile products.....	58	85	76	73p	- 5	+ 25	+ 37	57	88r	73	70p	
Transportation equipment.....	52r	71	71	74	+ 4	+ 43	+ 23	54r	75	75	77	
Food products.....	79	77	76	80p	+ 5	+ 1	+ 2	77	76	74	73p	
Tobacco and products.....	94	101	98	106	+ 8	+ 12	+ 7	92	93	89	103	
Building materials.....	34	41	37	34p	- 9	- 2	+ 19	36	35	37	35p	
Chemicals and products.....	108	110	110	107p	- 3	- 1	+ 4	97	110	112	109p	
Leather and products.....	116	123	118	113p	- 4	- 2	+ 2	105	127	117	103p	
Paper and printing.....	87	86	85	87	+ 2	+ 1	- 0	87	87	87	88	
Coal mining	62	61	71	69p	- 4	+ 11	+ 14	61	52	74	68p	
Anthracite.....	64	61	80	73p	- 9	+ 14	+ 17	64	50	83	73p	
Bituminous.....	46	65	1	33	+2446	- 28	- 5	42	67	1	30	
Crude oil	442	418	436	423	- 3	- 4	+ 12	459	426	449	440	
Electric power												
Output.....	238	253	260	268	+ 3	+ 12	+ 12	222	258	254	249	
Sales, total.....	222	248	244	252	+ 3	+ 14	+ 12	213	245	252	242	
Sales to industries.....	151	165	174	166	- 5	+ 10	+ 14	154	157	176	170	
Employment and wages—Pa.												
Factory—Wage earners					- 2*	+ 7*	+ 3*	70	76	76	75	
Payrolls.....					- 1*	+ 13*	+ 13*	65	78	74	73	
Man-hours (1927-28=100).....					- 1*	+ 18*	+ 16*	55r	68	65	64	
General (1932=100)												
Employment.....					+ 1*	+ 0*	- 3*	100	103	99r	100	
Payrolls.....					+ 2*	+ 7*	+ 6*	131	147	136	139	
Building and real estate												
Contracts awarded†—total	50	59	51	60	+ 19	+ 21	+ 22	60	55	60	72	
Residential.....	26	50	47	53	+ 13	+ 106	+ 111	33	48	54	67	
Nonresidential.....	80	60	51	54	- 5	- 3	- 27	89	56	57	61	
Public works and utilities.....	59	105	86	96	+ 12	+ 62	+ 48	69	69	80	112	
Permits for building—17 cities	13	21	12	25	+100	+ 87	+ 71	15	26	18	28	
Real estate deeds—Philadelphia†	49	44	45	49	+ 8	+ 1	- 0	47	41	44	47	
Writs for Sheriff sales—Phila.	535	249	260	277	+ 7	- 48	- 28	562	254	273	291	
Distribution												
Retail trade —sales.....	67	78	77	77p	+ 0	+ 16	+ 5	70r	75	82	81p	
stocks.....	80r	77	77	75p	- 3	+ 6	+ 11	80r	80	79	75p	
Wholesale trade —sales.....					+ 7*	+ 6*	+ 5*					
stocks.....					- 3*	+ 2*						
Life insurance sales	72	77	77	77	+ 0	+ 7	+ 14	77	86	86	82	
New passenger auto. registrations					- 4*	+ 44*	+ 44*	86	107	128	123	
Hotels—Occupancy... (1934=100)					- 3*	- 7*	- 6*	126	119	122	118p	
Income, total (1934=100).....					- 10*	- 8*	- 5*	132r	125	136	122p	
Freight-car loadings—total	49	62	53	55	+ 3	+ 12	+ 12	50	59	52r	56	
Merchandise and miscellaneous.....	50	63	60	58	- 4	+ 16	+ 15	52	61	62	61	
Coal.....	52	64	32	49	+ 51	- 7	+ 3	48	62	29	45	
Business liquidations												
Number					+ 14*	+ 98*	+ 19*	71r	129	123	141	
Amount of liabilities					- 20*	- 9*	- 5*	33r	91	37	30	
Payment of accounts												
Check payments	81	84	82	88	+ 7	+ 9	+ 7	80	82	83	87	
Rate of collections (actual)												
Retail trade.....	30	34	30	32	+ 7	+ 9	.....	30	33	31	33	
Prices—United States												
WHOLESALE (1926=100)					0*	- 2*	- 4*	78	77	76	76	
Farm products.....					0*	- 6*	- 6*	67	66	64	64	
Foods.....					- 1*	- 5*	- 5*	72	70	69	68	
Other commodities.....					+ 0*	- 1*	- 3*	82	80	80	81	
RETAIL FOOD					- 0*	- 3*	- 3*	79	76	77	76	
Philadelphia.....					+ 1*	- 3*	- 3*	81	78	78	79	
Scranton.....					+ 2*	- 3*	- 3*	77	73	73	75	

(In millions of dollars)	May 1938	Feb. 1939	Mar. 1939	Apr. 1939	May 1939	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank							
Bills discounted.....	\$ 1.6	\$ 1.2	\$ 0.5	\$ 0.2	\$ 0.3	+50	-81
Other bills and securities.....	213	209	209	210	210	0	- 1
Member bank reserves.....	388	401	410	444	466	+ 5	+20
Reserve ratio (per cent).....	74.6	76.7	77.3	77.7	78.3	+ 1	+ 5
Reporting member banks							
Loans.....	\$ 422	\$ 407	\$ 411	\$ 411	\$ 411	0	- 3
Investments.....	656	723	719	707	700	- 1	+ 7
Deposits (a).....	1385	1455	1455	1487	1504	+ 1	+ 9
Bankers' acceptances outstanding	10.4	9.7	9.6	9.0	8.2	- 9	-21

* Computed from data unadjusted for seasonal variation.

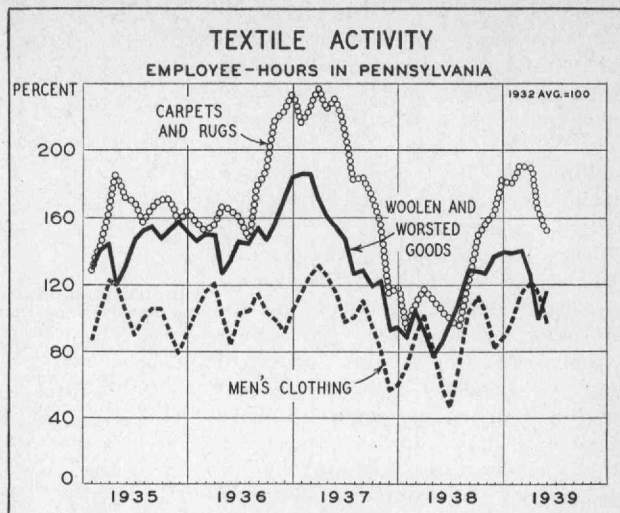
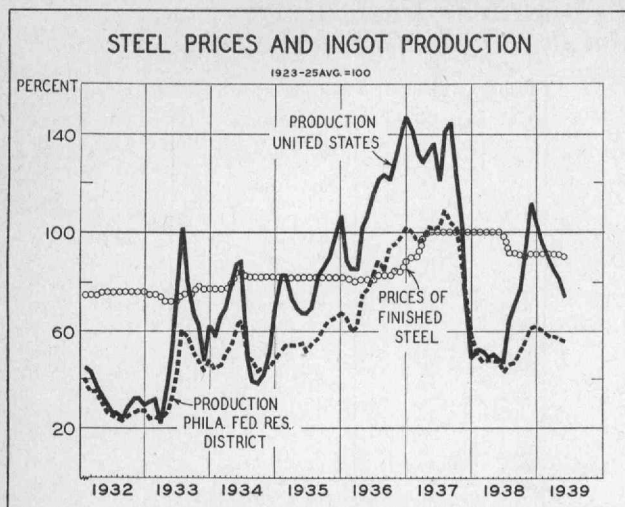
† Not included in production index.

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

p—Preliminary.

r—Revised.

(a) Less cash items in process of collection.



Wage payments were over 13 per cent above May of last year and 20 per cent higher than in July.

The decline from April to May reflected decreased operations at railroad repair shops and at plants producing such nondurable consumers' goods as apparel, shoes, and leather goods. Payrolls were well sustained at mills producing textiles other than clothing, particularly in the case of woolsens and worsteds to be used in fall suitings. At iron and steel mills, the level was maintained from April to May, despite a customary small decline. Plants handling food and lumber products reported sharper than seasonal increases.

Hourly earnings of factory workers continued near the April level of about 69 cents, which is approximately the same as the rate that has prevailed since the sharp increases in 1936 and early 1937.

At Delaware factories there was practically no change in employment from April to May, while payrolls declined about 1 per cent. The number of workers employed was 15 per cent higher than in May 1938, and wage payments were 19 per cent greater.

Factories in southern New Jersey likewise reported little change in employment and payrolls from April to May. The number on the rolls, however, was 10 per cent greater than in May last year and wage disbursements were 15 per cent greater.

The output of manufactured goods in May declined 1 per cent further, after having receded the month before from the March peak. The level of activity, however, was 14 per cent higher than a year earlier and in the

first five months averaged 15 per cent above the corresponding period of 1938, when industry and trade were receding sharply.

In May the production of durable goods declined about 2 per cent on a seasonally adjusted basis and the output of consumers' goods was 1 per cent smaller. The 1937-38 recession in activity was much the sharper in the case of durable goods, output declining 48 per cent from April 1937 to a low in June 1938 as against a decline of only 34 per cent in consumers' goods between December 1936 and January of last year. Since then the production of durable goods has recovered about one-third of the decline, while the consumers' group has regained about 40 per cent of its loss.

The reduction in output from April to May of this year in the durable group reflected sharp decreases in the production of brick, cement, and by-product coke. In the consumers' goods group the output of shoes and certain textiles declined substantially. Some part of the loss was attributable to the current high price of silk, which has influenced hosiery and silk goods mills to curtail operations. The weaving of carpets and rugs was also reduced substantially further in May, after having increased sharply from last July to March of this year.

The output and total sales of electric power in May declined 3 per cent less than usual from the April levels. Sales to industry, on the other hand, decreased 5 per cent more than was to be seasonally expected.

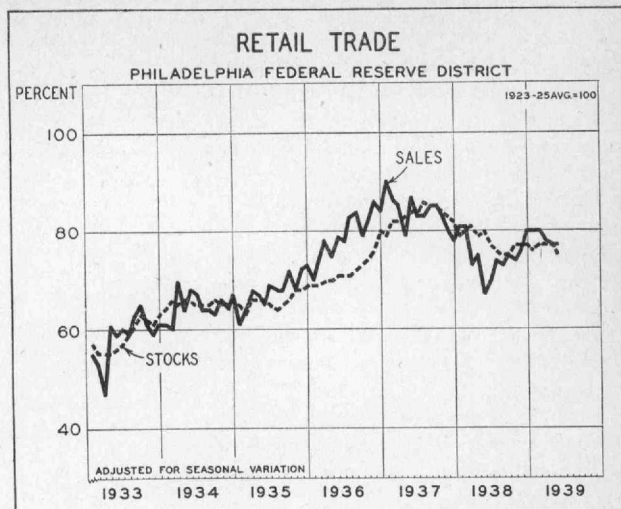
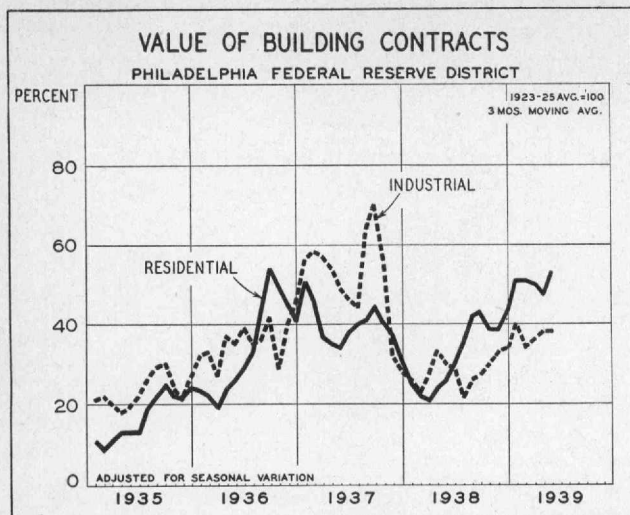
Coal and other fuels. Sales of anthracite coal have decreased considerably in the past month, reflecting less active buying of household fuel and a decline

in the demand from industrial consumers whose purchases had been unusually large during the soft coal shut-down. Output of hard coal slackened, following the resumption of operations at bituminous mines about the middle of May, and continued low through the first three weeks of June. Both production and shipments, however, were well above the 1938 level.

Purchases of Pennsylvania bituminous coal have expanded sharply as railroads, public utilities and manufacturing plants replenished stocks which had been greatly depleted by the six weeks' closing of mines in the Appalachian region. Output was substantial in the latter part of May and increased further in early June.

The shortage of bituminous coal further curtailed the output of by-product coke in May, but production continued larger than a year ago. Output of gas and fuel oils also slackened somewhat in the month, following marked increases in March and April. In the first five months of this year, however, production was 8 per cent greater than in the same period of 1938.

Building and real estate. Awards of building contracts in this district in May increased 20 per cent to \$20,855,000. This total was more than double that of a year earlier and, with one exception, it was the largest reported since October 1931. Although the value of contracts let for commercial buildings, factories and unclassified structures was below the April volume, all other classes of construction showed substantial increases, the gains being particularly sharp in the case of apartments and hotels, and educational institutions. Contracts for family houses in May were the largest in over two



years, and were 66 per cent above the 1938 level.

Contract awards in the first five months of 1939 approximating \$79,000,000 were 22 per cent more than in the same period last year. In the case of family houses, the most important single classification, the increase over 1938 was 74 per cent. Awards for this class of construction have comprised 30 per cent of the total thus far this year as against 21 per cent a year ago.

Building contracts Philadelphia Federal Reserve District	May 1939 (000's omitted)	Per cent change	
		From month ago	1939 from 5 mos. 1938
Residential	\$10,309	+ 69	+111
Apts. and hotels.....	4,422	+ 851	+335
Family houses.....	5,887	+ 4	+ 74
Non-residential	4,203	- 33	- 27
Commercial.....	1,081	- 11	- 3
Factories.....	873	- 68	+180
Educational.....	1,288	+1551	- 70
All other.....	961	- 57	- 33
Total buildings.....	\$14,512	+ 17	+ 15
Public works and utilities.....	6,343	+ 29	+ 48
Grand total.....	\$20,855	+ 20	+ 22

Source: F. W. Dodge Corporation.

The local real estate situation continues to show improvement, as indicated by a more active renting demand for small houses and apartments, and increased sales of new residences ranging in price from \$4,000 to \$6,000. The market for commercial and factory space, however, remains limited. The number of industrial properties available for sale or rent is still substantial.

Wholesale prices of building materials continued to fluctuate narrowly. In the week ended June 17 the index of the Bureau of Labor Statistics was 89.5 per cent of the 1926 average, compared with 89.3 a month earlier

and 89.8 a year ago. The general level of wholesale prices in the week of June 17 was 75.4 as compared with 78.4 in the same week last year.

Agriculture. Growing conditions in this district improved considerably in early June when beneficial rains restored top soil moisture. The condition of pastures and meadows is decidedly more favorable than a month ago, and the growth of corn, early potatoes, and garden vegetables has been stimulated. A substantial part of the oats crop, however, has been permanently stunted by insufficient moisture earlier this season.

Winter wheat and rye have matured rapidly and are being harvested in a few of the southern counties. The first cutting of hay is nearly completed, with unusually small losses reported in curing. The condition of orchard fruits continues to compare favorably with a year ago and the ten-year average. This is especially true of commercial varieties of apples.

Receipts from marketings of crops and livestock products in Pennsylvania, New Jersey and Delaware did not measure up to seasonal expectations in April. Total sales of agricultural commodities in these states in the first four months of 1939 were about 4 per cent less than a year ago.

Distribution, trade and service. Retail trade sales in this district during May continued near the high level of the month before, although usually there is a small decline from April. The slight improvement in the adjusted index was the first reported in four months. Preliminary returns indicate that volume also was well sustained through the first three weeks of June.

The uncertainty in general business

conditions has been retarding the customary expansion in retail sales, so that spring trade activity has been somewhat smaller than usual. Despite declines in February, March and April, however, the adjusted index of retail sales in May was 16 per cent above a year ago, when the low point in the 1937-38 recession was reached. In the first five months the dollar volume of sales was about 5 per cent larger this year than last.

Improvement from April to May was reported by department stores, women's apparel shops, and credit establishments selling furniture, electrical household appliances and other durable consumers' goods. Sales by men's apparel stores were about the same as in April, although ordinarily there is some increase. Shoe stores reported a decline in business instead of the customary expansion.

In the wholesale trade, substantial gains in sales from April to May were registered in nearly all reporting lines, the aggregate volume of business increasing about 7 per cent. Sales have increased in the past several months, owing in part to a larger volume of fill-in orders necessitated by the low level of inventories in retail outlets.

Dollar sales at wholesale were 6 per cent above May 1938 and in the first five months averaged 5 per cent larger this year than last.

Inventories in both channels of trade declined about 3 per cent from April to May and continued below the levels prevailing a year ago, when sales volume was smaller. Forward buying is still greatly restricted, and stocks are being moved more rapidly than usual.

Shipments of freight by rail increased about 3 per cent more than usual from April to May owing to the sharp ex-

pansion in the movement of coal, which was curtailed in the previous month by the closing of bituminous mines. Freight-car loadings, consisting chiefly of manufactured goods originating in the Philadelphia area, declined in May and early June.

Registrations of new passenger automobiles were 4 per cent fewer in May than in April as the seasonal peak in spring purchases of new cars was passed. Sales, however, were 44 per cent greater in May and in the first five months of the year than in the corresponding periods of 1938.

Income of nonresort hotels in this district declined 10 per cent from April to May and was 8 per cent below a year ago.

Hotel business Philadelphia Federal Reserve District	May: per cent change from		1939 from 5 mos. 1938
	Month ago	Year ago	
Capacity.....	+ 0	- 1	.....
Room occupancy.....	- 3	- 7	- 6
Per cent of capacity used:			
May 1939.....	50.5		
Apr. 1939.....	52.0		
May 1938.....	54.2		
Revenue from:			
Guest rooms.....	- 5	- 9	- 7
Food.....	-14	-10	- 4
Other sources.....	-13	- 3	- 2
Total revenue.....	-10	- 8	- 5

Banking conditions. The reserves of member banks on June 21 aggregated \$498,900,000, the largest volume on record. The average of \$491,600,000 in the first fifteen days of the month likewise was the largest for any half month and was \$94,500,000 greater than a year earlier. The recent expansion has been due largely to transfers of funds to this district in connection with the sale of new tax anticipation notes by the Commonwealth of Pennsylvania. In the first half of June the excess reserves of member banks averaged \$210,000,000, the proportion to requirements being 81 per cent at Philadelphia banks and 62 per cent at banks elsewhere in the district.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Philadelphia banks:				
1939—May 1-15	\$318.8	\$181.7	\$137.1	75%
May 16-31	313.1	181.1	132.0	73 "
June 1-15	337.8	186.8	151.0	81 "
1938—June 1-15	260.5	165.4	95.1	57 "
Country banks:				
1939—May 1-15	149.7	94.7	55.0	58 "
May 16-31	151.2	94.4	56.8	60 "
June 1-15	153.8	94.7	59.1	62 "
1938—June 1-15	136.6	91.1	45.5	50 "

A gain of more than \$36,000,000 in commercial and financial transactions with other districts was chiefly responsible for an increase of \$35,-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	June 21, 1939	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.4	+\$0.1	-\$ 0.9
Bills bought.....	0.1	- 0.0	+ 0.0
Industrial advances ..	2.5	- 0.1	- 0.4
U. S. securities.....	206.9	0.0	- 3.6
Total.....	\$209.9	+\$0.0	-\$ 4.9
Note circulation.....	313.0	- 3.0	+ 12.5
Member bank deposits	498.9	+35.4	+120.5
U. S. general account	45.5	- 0.6	- 7.1
Foreign bank deposits	34.4	+ 7.0	+ 19.7
Other deposits.....	4.7	- 0.7	+ 3.2
Total reserves.....	710.1	+39.8	+154.6
Reserve ratio.....	79.2%	+ 1.1%	+ 4.9%

400,000 in member bank reserves in the four weeks ended June 21. Treasury disbursements locally were nearly \$2,000,000 larger than receipts, despite a heavy movement of funds into the Treasurer's account in payment of the quarterly installment on the income tax. Funds supplied to the banks from these sources were somewhat reduced by a small increase in currency demand and a decline in reserve bank float.

As a result of widespread holdings of surplus funds and the sluggish demand for credit, borrowings by member banks from the Federal Reserve Bank of Philadelphia have continued negligible, currently amounting to less than half a million dollars. On June 21 only nine banks were receiving discount accommodation.

There was a sharp increase in deposits at reporting member banks in leading cities to \$1,549,000,000, which was a new record. The expansion of \$37,000,000 in the past four weeks has been chiefly in balances of states and local governments and in funds to be held for other banks. Outstanding credit increased only \$4,000,000 to \$1,118,000,000, most of the additional funds received being left on deposit with the Federal Reserve Bank.

The increase in credit reflected purchases of securities. Holdings of guaranteed obligations and of corporate and municipal securities increased \$7,000,000 and \$4,000,000 respectively, while the investment in direct issues

Reporting member banks (000,000's omitted)	June 21, 1939	Changes in—	
		Four weeks	One year
Assets			
Commercial loans	\$ 188	.....	— \$ 3
Open market paper	24	— \$ 1	+ 3
Loans to brokers, etc.	20	— 3	+ 4
Other loans to carry secur.	32	.....	— 2
Loans on real estate	53	.....	— 1
Loans to banks	1	.....	— 1
Other loans	93	+ 2	+ 1
Total loans	\$ 411	— \$ 2	+ \$ 1
Government securities	\$ 340	— \$ 5	+ \$ 7
Obligations fully guaranteed	103	+ 7	+ 13
Other securities	264	+ 4	.....
Total investments	\$ 707	+ \$ 6	+ \$20
Total loans & investments			
Reserve with F. R. Bank	\$1,118	+ \$ 4	+ \$21
Cash in vault	359	+ 37	+104
Balances with other banks	18	+ 1	+ 1
Other assets—net.	191	— 2	+ 32
Other assets—net.	101	— 1	— 3
Liabilities			
Demand deposits, adjusted	\$ 854	+ \$28	+ \$79
Time deposits	280	— 1	— 11
U. S. Government deposits	53	.....	+ 33
Interbank deposits	362	+ 10	+ 58
Borrowings . . . . .	.....	.....	.....
Other liabilities	14	+ 1	— 3
Capital account	224	+ 1	— 1

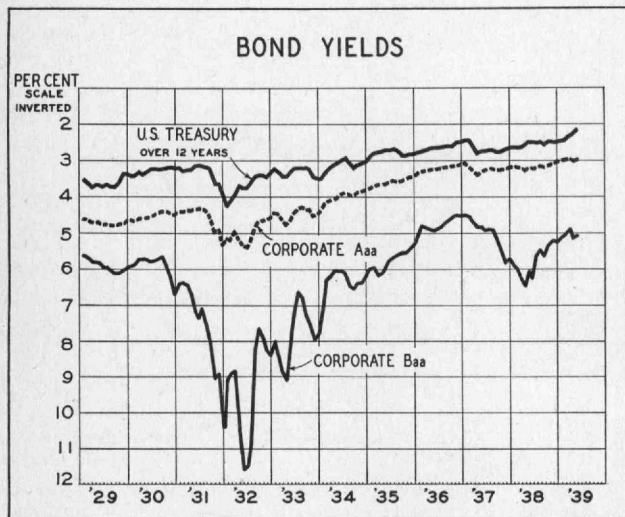
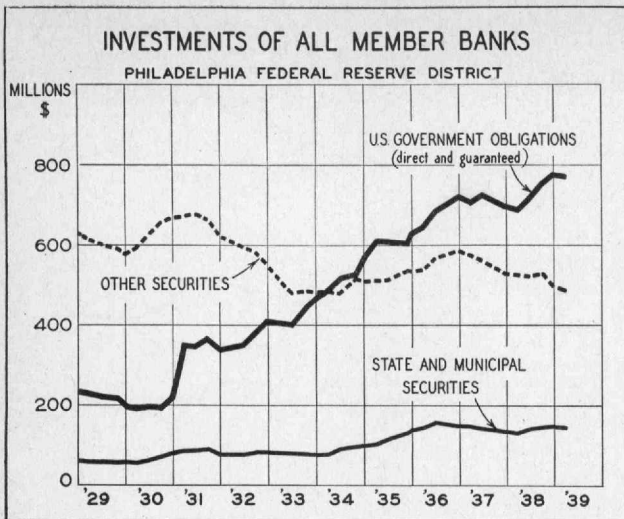
of the United States Government declined \$5,000,000 to \$340,000,000, the smallest amount held since last September.

The volume of loans has fluctuated narrowly in recent months and in the past four weeks dropped off \$2,000,000 to \$411,000,000 as a result of repayments by brokers and dealers in securities. Commercial loans show no net change in this period and, at \$188,000,000, are about 2 per cent under a year ago.

On June 21 deposits at the reporting banks were \$235,000,000 above the low point in March 1938, showing an increase of 18 per cent. Half of this gain has been in deposits of individuals, corporations, states and municipalities and the remainder chiefly in interbank deposits. Outstanding credit shows an increase of only \$38,000,000, loans declining \$25,000,000 and investments rising \$63,000,000. Reserves and balances with correspondents, on the other hand, have increased \$193,000,000 to \$550,000,000 and now are equal to approximately 279 per cent of required reserves.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)		Changes in weeks ending—				Changes in four weeks
		May 31	June 7	June 14	June 21	
Sources of funds:						
Reserve bank credit extended in district.....		-1.4	+ 0.9	- 1.1	+ 0.4	- 1.2
Commercial transfers (chiefly interdistrict).....		+0.6	+33.4	-15.8	+18.4	+36.6
Treasury operations.....		-3.2	+ 5.5	+ 2.2	- 2.7	+ 1.8
Total.....		-4.0	+39.8	-14.7	+16.1	+37.2
Uses of funds:						
Currency demand.....		+4.8	- 1.1	+ 2.6	- 4.5	+ 1.8
Member bank reserve deposits.....		-7.6	+40.8	-18.4	+20.6	+35.4
"Other deposits" at reserve bank.....		-1.1	+ 0.1	+ 1.2	- 0.9	- 0.7
Other Federal Reserve accounts.....		-0.1	- 0.0	- 0.1	+ 0.9	+ 0.7
Total.....		-4.0	+39.8	-14.7	+16.1	+37.2



City areas*	Percentage change—May 1939 from May 1938				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+ 6	+ 14	+369	+11	+13
Altoona.....	+76	+159	+324	+10	+15
Harrisburg.....	+ 0	+ 8	+100	+ 0	+ 1
Johnstown.....	- 0	+28	- 18	+ 1	+10
Lancaster.....	+ 9	+15	- 39	+11	+ 8
Philadelphia.....	+ 9	+16	+168	+13	+21
Reading.....	+17	+19	- 18	+25	+13
Scranton.....	- 3	- 5	- 67	+14	+ 9
Trenton.....	+ 7	+17	- 43	+34	+14
Wilkes-Barre.....	- 0	+ 3	+ 78	+10	+12
Williamsport.....	+ 5	+15	- 53	+ 8	.....
Wilmington.....	+18	+21	- 15	+15	+20
York.....	+ 6	+14	- 55	+11	+ 6

May 1939 from April 1939					
Allentown.....	- 2	- 1	+299	- 2	-13
Altoona.....	- 2	-15	+100	+ 0	+14
Harrisburg.....	- 4	- 7	+ 24	+ 0	- 0
Johnstown.....	- 0	- 0	- 28	- 3	- 5
Lancaster.....	- 1	- 2	- 57	- 7	+12
Philadelphia.....	- 1	+ 1	+ 89	+16	+ 2
Reading.....	- 2	- 5	+ 87	+ 4	-11
Scranton.....	- 6	- 9	- 60	+18	+ 2
Trenton.....	- 1	- 0	+122	+ 8	+ 2
Wilkes-Barre.....	- 5	- 1	+ 63	+ 9	- 6
Williamsport.....	+ 0	+ 2	+ 90	+ 3	.....
Wilmington.....	- 1	- 2	+138	-11	+ 8
York.....	+ 1	+ 3	+ 7	- 4	- 6

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

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data.)

Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	May 1939 index	Per cent change from		May 1939 index	Per cent change from		May 1939—per cent change from	
		April 1939	May 1938		April 1939	May 1938	April 1939	May 1938
All manufacturing	75	-2	+ 7	73	- 1	+13	- 1	+18
Iron, steel and prods.	67	-0	+ 6	74	- 1	+20	- 0	+22
Non-ferrous metal prods.	106	+0	+ 5	121	+ 2	+11	+ 1	+17
Transportation equip.	51	-5	+13	47	- 9	+16	- 7	+36
Textiles and clothing.....	90	-4	+ 9	77	- 3	+12	- 2	+19
Textiles.....	86	-3	+10	75	- 0	+11	- 1	+19
Clothing.....	107	-8	+ 7	89	-12	+15	- 7	+19
Food products.....	102	+2	+ 2	108	+ 8	+ 4	+ 7	+ 2
Stone, clay and glass.....	68	-5	+ 5	64	- 3	+ 8	- 5	+ 9
Lumber products.....	55	+7	+12	49	+14	+20	+12	+12
Chemicals and products.....	84	+1	+ 3	88	- 3	+ 5	- 7	+ 5
Leather and products.....	84	-8	+ 4	70	-15	+ 4	-21	- 2
Paper and printing.....	97	-0	+ 4	99	- 1	+ 5	+ 0	+ 3
Printing.....	92	+0	+ 3	96	- 1	+ 4	+ 1	- 1
Others:								
Cigars and tobacco.....	58	+3	- 6	50	+10	- 9	+12	-11
Rubber tires, goods.....	78	-2	+ 8	91	+ 2	+23	+ 7	+19
Musical instruments.....	58	-2	+38	49	-14	+36	-13	+29

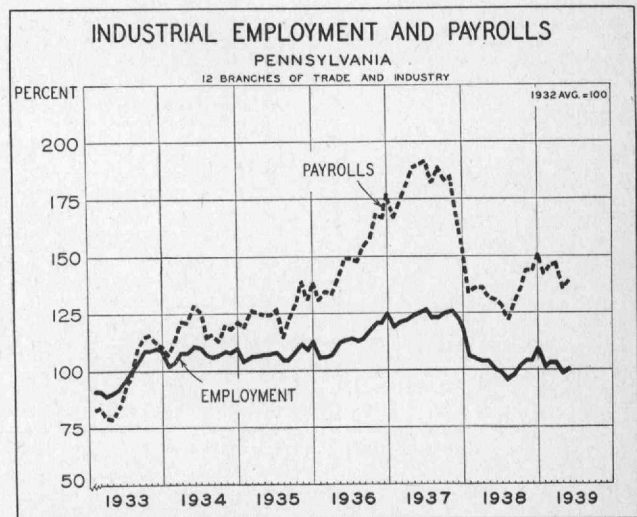
* Figures from 2352 plants.

† Figures from 2115 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	May 1939 index	Per cent change from		May 1939 index	Per cent change from	
		April 1939	May 1938		April 1939	May 1938
General index (weighted)	100	+ 1	+ 0	139	+ 2	+ 7
Manufacturing.....	118	- 2	+ 7	179	- 1	+13
Anthracite mining.....	69	- 1	- 2	97	-31	+47
Bituminous coal mining.....	39	+296	-61	21	+39	-84
Building and construction.....	56	+ 8	- 3	78	+18	- 0
Quarrying and non-met. mining	102	+ 3	+ 2	188	+15	+11
Crude petroleum producing ..	132	+ 1	-12	154	+ 0	- 9
Public utilities.....	93	+ 1	- 0	104	+ 3	+ 3
Retail trade.....	105	+ 2	+ 2	122	+ 2	+ 1
Wholesale trade.....	114	- 0	+ 2	116	+ 1	+ 1
Hotels.....	109	+ 1	- 4	122	+ 2	- 5
Laundries.....	98	+ 3	+ 4	130	+10	+ 3
Dyeing and cleaning.....	104	+ 6	- 8	138	+20	- 1



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			
Adjusted indexes allow for the usual seasonal change in activity.					Per cent change						
Unadjusted indexes reflect merely the actual change which may or may not be typical.	May 1938	Mar 1939	Apr. 1939	May 1939	May 1939 from		1939 from 5 mos. 1938	May 1938	Mar 1939	Apr. 1939	May 1939
					Month ago	Year ago					
Retail trade											
Sales											
Total of all stores.....	67	78	77	77p	+ 0	+ 16	+ 5	70r	75	82	81p
Department.....	59r	70	68	71	+ 3	+ 18	+ 6	60r	65	67	70
Men's apparel.....	60r	67	74	73p	- 2	+ 21	+ 5	57r	62	70	70p
Women's apparel.....	90	89	96	97	+ 1	+ 8	- 1	89r	105	116	96
Shoe.....	69r	85	94	80p	-16	+ 15	+ 3	90r	90	110	104p
Credit.....	74r	97	82	84p	+ 3	+ 14	+ 7	81	85	92	92p
Stocks of goods											
Total of all stores.....	80r	77	77	75p	- 3	- 6	.....	80r	80	79	75p
Department.....	54r	52	51	52	+ 1	- 5	.....	55r	53	53	52
Women's apparel.....	107r	104	108	100	- 7	- 6	.....	107r	114	107	100
Shoe.....	73r	73	71	70p	- 3	- 5	.....	77	76	76	74p
Credit.....	104r	101	97	95p	- 2	- 8	.....	100	104	99	91p
Rate of stock turnover											
5 months (actual, not indexes).....							+ 13*	1.48			1.67
Wholesale trade											
Sales											
Total of all lines.....					+ 7*	+ 6*	+ 5*				
Boots and shoes.....					+ 6*	+ 2*	+ 7*				
Drugs.....					+ 4*	+ 4*	+ 7*				
Dry goods.....					+ 11*	+ 8*	+ 5*				
Electrical supplies.....					+ 4*	+ 13*	+ 19*				
Groceries.....					+ 11*	+ 2*	+ 1*				
Hardware.....					+ 9*	+ 17*	+ 10*				
Jewelry.....					+ 1*	+ 10*	+ 27*				
Paper.....					- 2*	+ 9*	+ 7*				
Stocks of goods											
Total of all lines.....					- 3*	- 2*	.....			
Dry goods.....					+ 1*	+ 1*	.....			
Electrical supplies.....					- 7*	+ 1*	.....			
Groceries.....					- 1*	+ 5*	.....			
Hardware.....					- 1*	+ 9*	.....			
Jewelry.....					- 9*	+ 6*	.....			
Paper.....					- 4*	+ 17*	.....			
Output of manufactures											
Pig iron.....	30	39	35	38	+ 6	+ 27	+ 28	31	45	40	39
Steel.....	47	58	57	56	- 3	+ 19	+ 21	49	63	60	59
Iron castings.....	50	47	50	50	- 0	- 1	+ 8	52	50	52	52
Steel castings.....	35	62	71	72	+ 2	+ 103	+ 35	37	69	72	75
Electrical apparatus.....	64	78	81	84	+ 3	+ 31	+ 1	59	72	71	77
Motor vehicles.....	12	19	17	17	- 0	+ 36	+ 9	16	20	21	21
Automobile parts and bodies.....	38	54	54	58	+ 8	+ 53	+ 24	40	59	59	61
Locomotives and cars.....	19	15	16	19	+ 22	+ 1	- 28	19	17	17	19
Shipbuilding.....	234	322	332	335	+ 1	+ 44	+ 31	241	335	339	345
Silk manufactures.....	77	85	82r	76	- 7	- 1	+ 17	74	88	80	73
Woolen and worsteds.....	38	60	47	55	+ 17	+ 44	+ 58	36	58	43	51
Cotton products.....	28	42r	40r	43	+ 7	+ 57	+ 37	27	45r	42r	42
Carpets and rugs.....	54	146	113	106	- 7	+ 95	+ 149	53	144	106	102
Hosiery.....	84	109	100	95	- 6	+ 12	+ 29	84	114	100	95
Underwear.....	121	131	142	139	- 2	+ 15	+ 26	122	142	139	140
Cement.....	59	75	62	48p	-23	- 18	+ 19	67	57	62	54p
Brick.....	23	35	32	28	-14	+ 23	+ 26	24	34	34	30
Lumber and products.....	26	24	24	28	+ 16	+ 9	+ 5	24	23	23	26
Bread and bakery products.....					+ 11*	+ 6*	+ 2*	88	89	85r	94
Slaughtering, meat packing.....	95	103	96	104	+ 8	+ 9	+ 11	95	99	94	103
Sugar refining.....	67	66	82	57	-30	- 15	+ 5	82	101	106	70
Canning and preserving.....	64	57	60	62p	+ 4	- 3	- 1	48	50	50	50p
Cigars.....	93	100	97	105	+ 8	+ 13	+ 8	90	92	88	101
Paper and wood pulp.....	63	71	70	71	+ 2	+ 13	+ 11	63	72	70	71
Printing and publishing.....	91	89	89	90	+ 2	- 1	- 2	92	90	90	91
Shoes.....	158	150	132	126	- 4	- 20	- 11	144	159	132	115
Leather, goat and kid.....	76r	98	106	101p	- 4	+ 33	+ 26	69	97	102	92p
Explosives.....	64	76	67	72	+ 7	+ 12	- 3	65	76	68	73
Paints and varnishes.....	77	78	77	79	+ 2	+ 3	+ 6	81	79	81	84
Petroleum products.....	155	145	153	148p	- 3	- 4	+ 2	155	144	153	148p
Coke, by-product.....	65	99	86	69	-20	+ 5	+ 20	68	102	90	71

* Computed from data unadjusted for seasonal variation.

p—Preliminary,

r—Revised.

