

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
DECEMBER 1, 1939

FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK
 PHILADELPHIA
 DIVISION
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Business and Banking Conditions in the United States

Rapid expansion of industrial output continued in October, and employment and payrolls increased considerably. Distribution of commodities to consumers, which had increased in September, was maintained at the higher level in October. In the first half of November industrial activity increased further but, with production in many industries approaching capacity, the advance was less rapid than in earlier months. Commodity prices generally showed little change during October and the first half of November, following the sharp rise in September.

Production. Volume of industrial production showed a further sharp rise in October and the Board's seasonally adjusted index advanced from 111 to 120 per cent of the 1923-1925 average. Marked increases in activity were reported in the steel and steel-consuming industries and at mines. In the steel industry ingot production in October was at a rate of 90 per cent of capacity and actual volume of output was the greatest for any month on record. Some further increase in the rate of output was reported in the first half of November. Pig iron production also

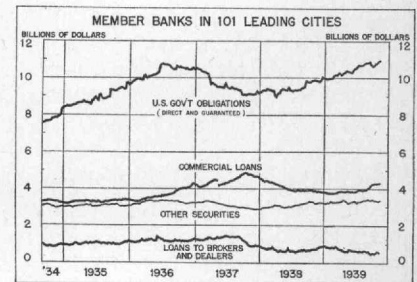
advanced sharply and lake shipments of iron ore, which had increased considerably in September, continued in exceptionally large volume. Activity in the machinery and shipbuilding industries and in most other steel-consuming lines rose in October but by a considerably smaller amount than output of steel. In the automobile industry, however, output showed less than the marked rise usual at this season. This was due to the fact that plants of one large producer were closed during most of the month by an industrial dispute. Mineral production in October was at record levels owing chiefly to a high rate of crude petroleum output.

In the nondurable goods industries activity was generally maintained at the high levels reached in August and September. Flour production declined sharply, however, following an exceptionally large volume of output in September.

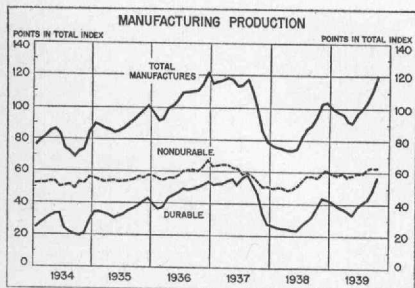
Value of construction contracts, as reported by the F. W. Dodge Corporation, decreased considerably in October, reflecting principally a reduction in awards for public construction.

Private residential contracts continued in substantial volume while awards for commercial and industrial building declined somewhat following increases in the previous month.

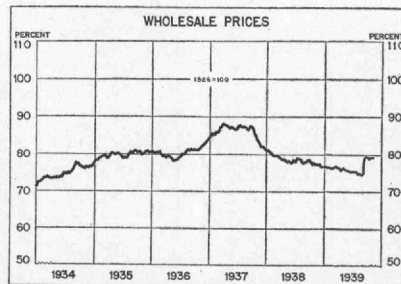
Employment. Reports from leading industrial states indicate that factory employment and payrolls increased sharply between the middle of September and the middle of October. Increases were particularly large at steel mills and in related industries. There was also a considerable increase in employment on the railroads in October.



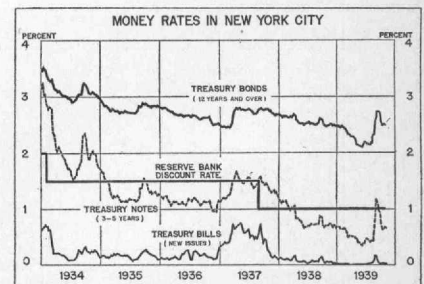
Wednesday figures for reporting banks in 101 leading cities, September 5, 1934 to November 11, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.



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



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending November 11, 1939.



For weeks ending January 6, 1934 to November 11, 1939.

Distribution. Retail distribution of general merchandise in October showed about the usual seasonal rise from the advanced September level. In the early part of November department store sales increased considerably.

Freight-car loadings rose further from September to October, reflecting a large increase in shipments of miscellaneous freight, which includes most manufactured products, and smaller increases in loadings of coal, forest products, and ore.

Commodity prices. Price changes that have occurred since the general sharp

rise in September have reflected largely particular developments in individual commodities. From the middle of October to the middle of November prices of a number of foodstuffs continued to decline and there were also decreases in some industrial materials, such as print cloths, wool, tin, and steel scrap. Wheat, cotton, and burlap advanced somewhat while prices of most other commodities, including finished industrial products, showed little change.

Government security prices. Following a sharp recovery from the low of September 21, prices of United States Government bonds showed irregular

changes during the period from October 24 through the first half of November. On November 15 yields on long-term Treasury bonds were at 2.47 per cent as compared with 2.79 per cent on September 21.

Bank credit. Total loans and investments at reporting member banks in 101 leading cities increased substantially during the six weeks ending November 8, reflecting largely purchases of Treasury bills by New York City banks. Commercial loans continued to show moderate increases. Deposits at these banks rose to new high levels.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial production in the Third Federal Reserve District increased 6 per cent more than usual from September to October to the highest level in more than two years, and preliminary indications are that activity has been sustained at this level during November. In the latest recovery movement, which started in May, industrial operations have advanced 15 per cent after allowing for the customary increase. Nearly half of the gain occurred in September and October, owing to the sharp increase in purchases of manufactured and semifinished goods. The current level of plant activity is 25 per cent higher than in October 1938 and 13 per cent above the 1938 peak reached in December.

Since the middle of October the domestic markets for both raw materials and finished goods have become quieter. In several basic industries

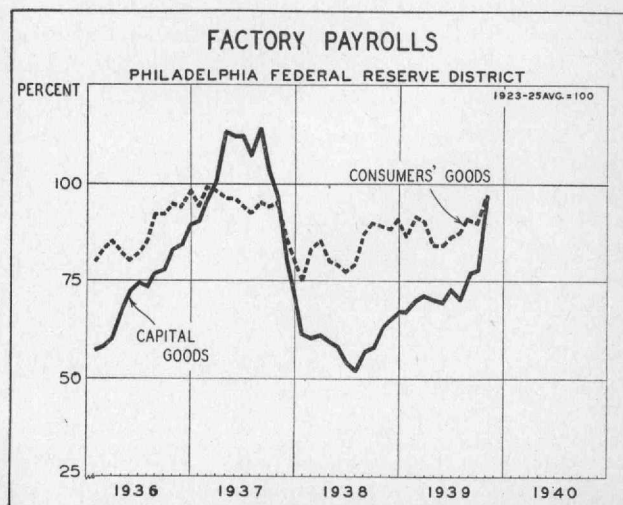
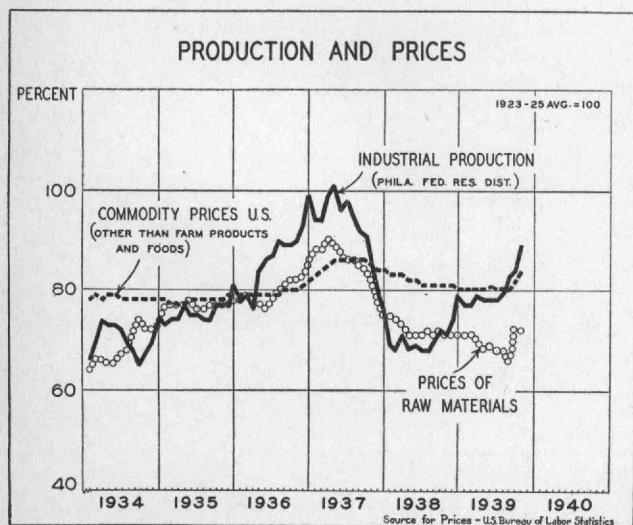
backlogs are adequate to maintain production at current levels to the end of the year and, in the case of durable goods, into next year.

Prices generally have declined from recent peaks. The index of wholesale prices of raw materials, compiled by the United States Bureau of Labor Statistics, declined from 73.1 per cent of the 1926 average at the end of September to 72.2 in the third week in November. Prices of semifinished goods declined by about the same amount in this period, while quotations on finished materials continue near the peak reached in October. The sharpest reductions in recent weeks have been in quotations on basic industrial commodities, especially steel scrap.

The largest gains in activity in October occurred in manufacturing industries, particularly those producing durable goods. Production of crude

oil and electric power also increased more than seasonally. The output of coal declined, on a seasonally adjusted basis, owing to a substantially smaller than customary increase in the production of anthracite, which has been at high levels since the bituminous strike last May. The value of new construction contracts awarded in October was less than in the preceding month and the gain in actual building activity was smaller than usual, but the volume of new construction continued well above 1938 levels.

Industrial employment in Pennsylvania increased 6 per cent from September to October and payrolls advanced 16 per cent. The sharpest gains were in coal mining, manufacturing, and quarrying. The number of wage earners and the volume of payrolls respectively were 9 and 25 per cent above October of 1938. Early



reports for November indicate that the high levels of the previous month have been well sustained in most major lines of activity.

Retail sales to consumers expanded less than seasonally in October, following the unusually large gains in the preceding month, and sales at wholesale were smaller than during the wave of buying in September. Retail trade sales have increased sharply during November. Stocks of goods at retail establishments increased somewhat more than usual in October and were slightly higher than in 1938. Wholesale inventories also increased and were above a year ago.

Manufacturing. The domestic market for goods manufactured in this district continues relatively quiet, following the sharp upturn in inquiries and orders in September and early October. The volume of inquiries and sales declined from the middle of October to the middle of November except in the case of iron and steel products. No significant cancellations have been received on the large orders placed earlier this fall and markets generally are much stronger than a year ago. There are evidences that foreign buying of certain goods has been increasing.

Increased shipments of goods in recent weeks have reduced backlogs except in the iron and steel industry, but unfilled orders are larger than last year in all reporting lines. The stimulus to business occasioned by the flood of orders two months ago has resulted in a substantial volume of purchases of equipment and, in scattered instances, in plant expansion.

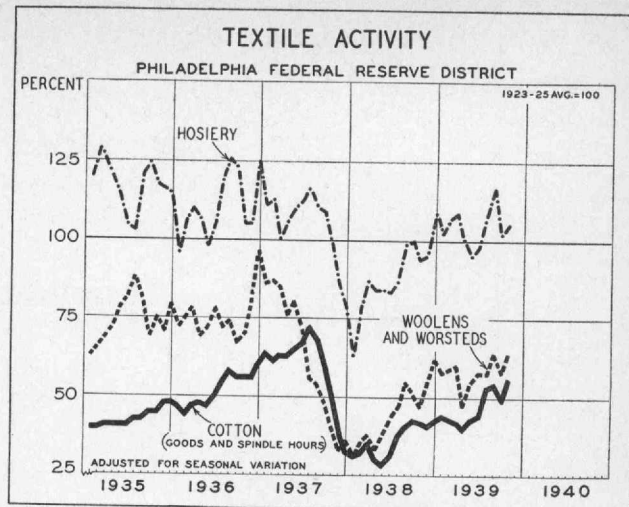
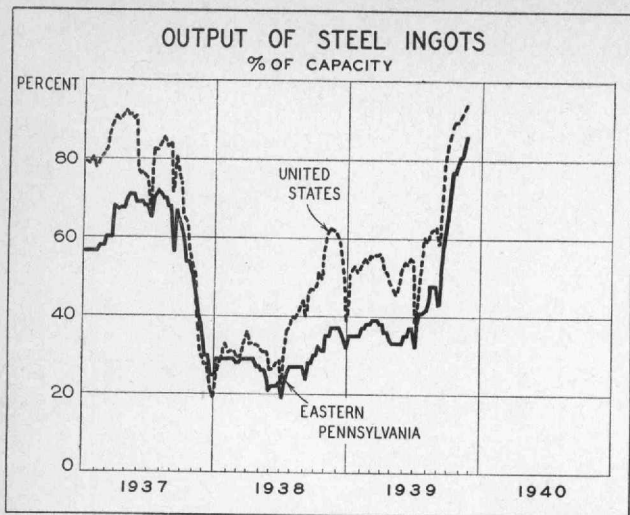
Stocks of finished goods at iron and steel and textile mills and at plants manufacturing leather products have declined since the middle of October, while in other lines little change was reported. Finished inventories in basic lines are smaller than a year ago. Stocks of raw materials at reporting plants continue at about the same level as last month and in November 1938, except at textile mills where supplies have declined.

Employment in Pennsylvania factories increased 7 per cent and the volume of wage payments 18 per cent from the middle of September to the middle of October and were respectively 15 and 34 per cent above October 1938. Since August factory employment in this state has expanded by approximately 73,000 workers, or more than twice the number customarily added to payrolls in this period,

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					
	Oct. 1938	Aug. 1939	Sept. 1939	Oct. 1939	Per cent change		Oct. 1938	Aug. 1939	Sept. 1939	Oct. 1939		
					Oct. 1939 from	1939 from 10 mos. 1938						
				Month ago	Year ago							
Industrial production												
Manufacturing—total	71	83	84	89p	+ 6	+ 25	+16	75	82	86	94p	
DURABLE GOODS	70	82	81	88p	+ 8	+ 26	+18	73	81	83	91p	
CONSUMERS' GOODS	60	74	78	92p	+17	+ 52	+29	.....	.....	.....	.....
Metal products	79	92	87	90p	+ 3	+ 13	+13	.....	.....	.....	.....
Textile products	55	67	73	90	+24	+ 64	+28	57	70	73	93	
Transportation equipment	71	90	80	86p	+ 8	+ 21	+27	74	84	82	90p	
Food products	65	83	89	100	+12	+ 54	+37	62	79	84	95	
Tobacco and products	76	81	83	77p	- 7	+ 2	+ 3	79	80	87	83p	
Building materials	100	103	100	101	+ 1	+ 1	+ 4	122	110	116	124	
Chemicals and products	37	39	41r	44	+ 9	+ 20	+19	39	44	44r	47	
Leather and products	111	122	128	128p	- 0	+ 15	+ 9	113	123	127	130p	
Paper and printing	106	122	115	118p	+ 3	+ 11	+ 5	113	125	126	125p	
Coal mining	83	87	89	89	- 0	+ 6	+ 1	84	85	88	90	
Anthracite	50	55	71	61p	+15	+ 22	+15	63	54	72	77p	
Bituminous	49	53	71	58p	+18	+ 18	+14	63	53	72	75p	
Crude oil	59r	67	75	85	+14	+ 44	+15	63r	63	76	91	
Electric power	394	432	432	460	+ 6	+ 17	- 5	394	432	432	460	
Output	240	273	268	273	+ 2	+ 14	+11	247	259	262	281	
Sales, total†	239	259	265	271	+ 2	+ 13	+11	239	246	263	271	
Sales to industries†	172	165	180	198	+10	+ 15	+13	167	170	191	192	
Employment and wages—Pa.												
Factory—Wage earners					+ 7*	+ 15*	+ 7*	74	79	80	85	
Payrolls					+18*	+ 34*	+19*	72	81	82	97	
Man-hours (1927-28=100)					+19*	+ 37*	+22*	62r	71	72	86	
General (1932=100)												
Employment					+ 6*	+ 9*	+ 2*	104	104	107	113	
Payrolls					+16*	+ 25*	+12*	144	152	156	180	
Building and real estate												
Contracts awarded†—total	55	71	79	77	- 3	+ 39	+30	56	72	77	78	
Residential†	39	62	67	67	- 0	+ 70	+80	39	58	62	66	
Nonresidential†	62	41	46	41	-11	- 33	-21	60	42	45	40	
Public works and utilities†	99	167	212	206	- 3	+108	+63	96	184	195	200	
Permits for building—17 cities	18	36	20	22	+13	+ 24	+ 70	19	32	18	23	
Real estate deeds—Philadelphia†	45	53	55	52	- 5	+ 16	+ 6	43	51	47	50	
Writs for Sheriff sales—Phila.	328	335	244	313	+28	- 5	-19	164	321	283	156	
Distribution												
Retail trade—sales	74r	78	85	79p	- 6	+ 7	+ 6	87r	59	86	93p	
stocks	77r	76	75	80p	+ 6	+ 4	.....	86r	73	81	90p
Wholesale trade—sales					- 7*	+ 17*	+ 9	.....	.....	.....	.....
stocks					+ 4*	+ 2*	.....	.....	.....	.....	.....
Life insurance sales	86	82	91	101	+11	+ 17	+12	78	69	73	92	
New passenger auto. registrations					+44*	+ 85*	+48*	51	79	66	94	
Hotels—Occupancy (1934=100)					+19*	+ 4*	- 3*	124	106	110	130p	
Income, total (1934=100)					+26*	+ 0*	- 3*	130	91	103	130p	
Freight-car loadings—total	57	62	70	76	+ 9	+ 35	+20	62	65	79	84	
Merchandise and miscellaneous	58	63	67	74	+10	+ 29	+19	62	65	76	80	
Coal	56	61	76	76	+ 1	+ 35	+15	64	59	79	87	
Business liquidations												
Number					-10*	- 30*	+ 1*	92	60	71	64	
Amount of liabilities					- 5*	+ 33*	- 6*	23	13	32	30	
Payment of accounts												
Check payments	83	92	91	85	- 7	+ 2	+ 9	85	78	87	87	
Rate of collections (actual)												
Retail trade	31	33	34	32	- 6	+ 4	.....	32	29	30	33
Prices—United States												
WHOLESALE (1926=100)					+ 0*	+ 2*	- 3*	78	75	79	79	
Farm products					- 2*	+ 0*	- 6*	67	61	69	67	
Foods					- 2*	+ 0*	- 5*	73	67	75	73	
Other commodities					+ 2*	+ 3*	- 1*	81	80	82	84	
RETAIL FOOD					- 1*	+ 0*	- 3*	78	75	79	78	
Philadelphia					- 1*	+ 1*	- 3*	79	77	80	80	
Scranton					- 2*	+ 3*	- 2*	73	71	77	75	
(In millions of dollars)	Oct. 1938	July 1939	Aug. 1939	Sept. 1939	Oct. 1939	% change from						
Banking and credit						Month ago	Year ago					
Federal Reserve Bank												
Bills discounted	\$ 1.1	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	+33	-64					
Other bills and securities	226	217	209	236	241	+ 2	+ 7					
Member bank reserves	384	502	516	540	521	+ 6	+49					
Reserve ratio (per cent)	72.6	77.9	79.5	77.6	77.3	- 0	+ 6					
Reporting member banks												
Loans	\$ 406	\$ 412	\$ 418	\$ 415	\$ 422	+ 2	+ 4					
Investments	713	710	738	737	729	- 1	+ 2					
Deposits (a)	1,426	1,558	1,591	1,617	1,660	+ 3	+16					
Bankers' acceptances outstanding	10.9	8.1	8.8	8.6	9.0	+ 5	-17					

* 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.



and weekly payrolls by the middle of October were nearly \$3,700,000 larger than two months earlier. Estimated employment in manufacturing industries reached 905,000 and payrolls advanced to about \$23,000,000 a week, the highest levels since the fall of 1937. Preliminary reports indicate that these high levels were generally maintained in November, with further gains being reported in the case of primary iron and steel, nonferrous metals, and fabricated metal products.

The largest gains from September to October occurred in heavy manufactured goods, including iron and steel, nonferrous metal products, and transportation equipment. Substantial advances were also reported at plants producing building materials, chemicals, and coke. In textiles, gains were marked at cotton, woolen, and hosiery mills and at factories producing women's clothing.

In nearly all lines of manufacturing, employment and payrolls were at substantially higher levels than in the fall of 1938. Among the major lines, the sharpest gains in the year were 57 per cent in the payrolls at iron and steel plants and 56 per cent in transportation equipment.

Delaware factories reported a decline of about 1 per cent in employment from September to October, reflecting reduced activity at canneries and at plants producing building materials, but the number of workers was still 17 per cent larger than in October 1938. Wage disbursements expanded about 6 per cent in the month and were 24 per cent above a year ago.

Employment in Southern New Jersey factories advanced 3 per cent in the month and was 26 per cent above last year, and wage disbursements in-

creased 11 per cent in October to a level 43 per cent above October 1938.

The output of factory products increased 8 per cent, on a seasonally adjusted basis, from September to October and was 26 per cent above 1938. The level of production was the highest since the early fall of 1937. The sharpest gains in the past several weeks have been in the production of durable goods, which increased 17 per cent more than usual from September to October, while the output of consumers' goods advanced 3 per cent after allowing for the seasonal increase. Activity at plants producing metal products improved 24 per cent in October, and in the case of transportation equipment and building materials respectively gains were 12 and 9 per cent.

In the textile industry output was 8 per cent larger than was to be seasonally expected, owing to gains at silk, woolen, and cotton mills. Production of leather goods was about the same as in September although there is usually a slight decline, while operations in the food industry were reduced. Other lines reported about seasonal changes from September to October.

Production and sales of electric power increased 2 per cent more than usual from September to October, and sales to industry expanded 10 per cent on a seasonally adjusted basis.

Coal and other fuels. Sales of anthracite at the mines slackened somewhat in November, following substantial gains in the preceding two months, but retail demand continues active, owing to colder weather.

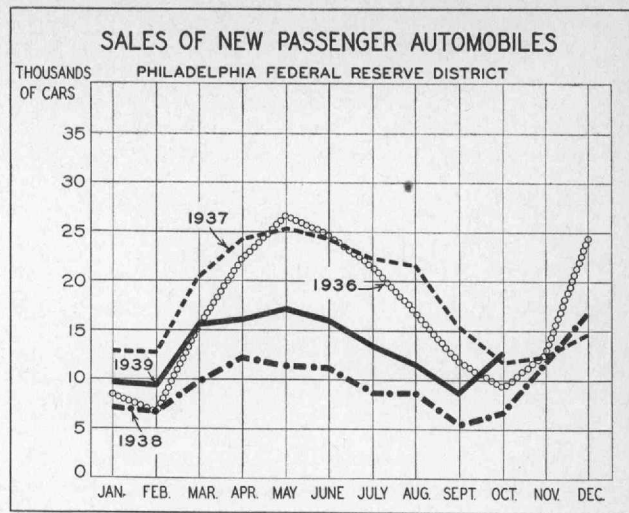
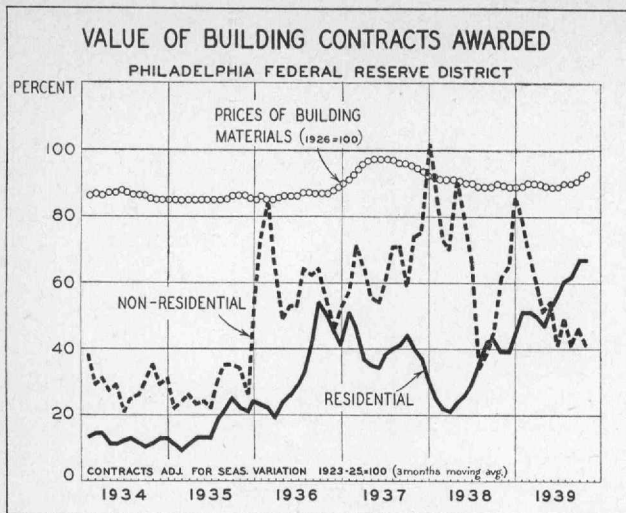
In October 4,955,000 tons of anthracite were produced, or nearly one-fifth

more than in the same month last year. Output declined sharply in the first half of November but continued above the 1938 level. Shipments increased in October for the third consecutive month and were the largest since last April, when the closing of bituminous mines created an unusually active demand for hard coal as a substitute fuel. In the first ten months of this year production and shipments were respectively 14 and 17 per cent greater than in the same period of 1938.

Demand for Pennsylvania bituminous coal has slackened somewhat, reflecting chiefly smaller takings by manufacturers, who made heavy purchases during September and October.

The output of mines has expanded more sharply than usual for six successive months and in October was the largest since March 1937. Production remained at a high level in the first half of November. Shipments of soft coal continued the upward trend that has been in evidence since the six-weeks suspension of mine operations last spring. Colliery output in the first ten months of 1939 was 15 per cent above the level of a year earlier and shipments increased 14 per cent.

Continued expansion in the operations of iron and steel plants resulted in a further sharp increase in the production of by-product coke in October to the largest of any month since 1937. Output was approximately double the volume reported last May. Activity at oil refineries slackened somewhat in October but continued above the level of a year ago. Production of by-product coke and of gas and fuel oils respectively was 34 and 9 per cent larger in the first ten months this year than last.



Building. Construction activity in this district on contracts awarded in the three latest months increased less than usual in October, after continuing above seasonal levels in the five preceding months. Total building activity on outstanding contracts remained considerably above October 1938.

The value of new contracts awarded declined 13 per cent from September to approximately \$16,500,000 in October and was in about the same volume as a year ago. Contracts for commercial and educational buildings increased substantially in the month, but awards for other classes of construction were below the September level.

Building contracts Philadelphia Federal Reserve District	October 1939 (000's omitted)	Per cent change	
		From month ago	1939 from 10 mos. 1938
Residential	\$ 6,802	- 26	+ 80
Apts. and hotels	714	- 75	+214
Family houses	6,088	- 4	+ 58
Nonresidential	4,609	+ 8	- 21
Commercial	2,438	+137	+ 13
Factories	725	- 19	+110
Educational	336	+ 46	- 74
All other	1,110	- 47	- 24
Total buildings	\$11,411	- 15	+ 19
Public works and utilities	5,126	- 5	+ 63
Grand total	\$16,537	- 13	+ 30

Source: F. W. Dodge Corporation.

In the first ten months of 1939 awards of building contracts in this district amounted to nearly \$171,000,000. This total was 30 per cent larger than a year earlier and exceeded any similar period since 1931. Substantial gains over 1938 were reported in contracts for residential buildings, industrial structures, and public works and utilities.

Wholesale prices of building materials softened slightly in November.

In the week ended November 18 the price index of the Bureau of Labor Statistics was 92.9 per cent of the 1926 average, compared with a two-year high of 93.1 earlier in the month and 89.7 at the beginning of September.

Distribution. Retail trade sales increased about 6 per cent less than seasonally in October, following an unexpectedly sharp upturn in the first month of the fall trading season. Preliminary figures for November, however, indicate that sales at retail have increased substantially further.

From September to October sales advanced 8 per cent at department stores, or about one-half the usual increase in this period. At men's apparel establishments and credit stores handling durable consumers' goods business showed approximately the usual sharp advance. Sales by women's specialty shops continued at about the September level, and at shoe stores the volume of business declined sharply, whereas ordinarily there is little change in this period.

Compared with last year, however, sales by nearly all types of reporting stores showed improvement, the aggregate gain over October 1938 amounting to 7 per cent. The largest increases were 11 per cent at men's apparel stores and at credit stores. Shoe stores were the only class reporting a decline from a year ago. In the first ten months of 1939 all types of establishments sold a larger dollar volume of goods than in the same period of 1938.

Inventories at retail stores were increased 6 per cent more than usual in October. Aggregate inventories at the end of the month were still only 4 per cent above a year ago, when the volume of sales was 6 per cent smaller.

The rate of stock turnover in the first ten months of this year has been considerably higher than in the same period of 1938.

Sales at wholesale declined 7 per cent, after having increased sharply in a wave of buying during September and early October. Hardware establishments reported the only material increase. Sales of drugs and paper were about the same as in the previous month, while other reporting lines declined from 6 per cent in the case of dry goods to 15 per cent in footwear. Sales of groceries at wholesale declined 11 per cent as the unusual war stimulus disappeared from the market. In all reporting wholesale lines, the volume of business was above October 1938 and in the first ten months averaged 9 per cent higher than in the corresponding period a year earlier.

Stocks of goods at wholesale establishments increased 4 per cent from September to October and were slightly above those at the end of October 1938.

Freight shipments by rail showed marked improvement during October, so that the adjusted index reached the highest level since June 1937. The largest gains in the month were in the movement of ore and coke. Shipments of coal, forest products, and of miscellaneous merchandise also expanded somewhat more than seasonally, while the volume of less-than-carload lots declined slightly. Loadings of grain and livestock also were reduced.

Freight-car loadings originating in the Philadelphia area and consisting primarily of manufactured goods increased more than seasonally in October and were unusually well main-

tained in the first three weeks of November.

Registrations of new passenger automobiles increased sharply, advancing 44 per cent from September, when the new model season was just getting under way. Sales continued substantially above last year's levels, when the new cars were introduced at a somewhat later date.

Total revenue of nonresort hotels increased 26 per cent from September to October and was at about the same level as in October 1938.

Hotel business Philadelphia Federal Reserve District	Oct.: per cent change from		1939 from 10 mos. 1938
	Month ago	Year ago	
Capacity.....	- 0	- 1	.....
Room occupancy.....	+19	- 4	- 3
Per cent of capacity used:			
Oct. 1939.....	58.1		
Sept. 1939.....	48.9		
Oct. 1938.....	55.6		
Revenue from:			
Guest rooms.....	+19	+ 1	- 3
Food.....	+38	- 3	- 4
Other sources.....	+28	+ 1	- 2
Total revenue.....	+26	- 0	- 3

Banking conditions. Reporting banks in this district have gained deposits in the past month and have increased their outstanding credit. Commercial loans declined somewhat from the year's peak, but were unusually well sustained for the season.

The reserves of member banks were at an all-time high of \$615,300,000 on November 3, and in the first half of that month averaged \$602,800,000. At Philadelphia banks, reserves were more than double requirements and were substantially larger than a year ago. While the growth in the year at country banks has been less spectacular, the excess of these banks was 78 per cent in the first fifteen days of November as against 50 per cent a year ago.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Philadelphia banks:				
1939—Oct. 1-15	\$385.1	\$200.5	\$184.6	92%
Oct. 16-31	410.9	205.0	205.9	100
Nov. 1-15	429.6	210.0	219.6	105
1938 Nov. 1-15	238.7	171.3	67.4	39
Country banks:				
1939—Oct. 1-15	175.4	97.7	77.7	80%
Oct. 16-31	172.9	97.1	75.8	78
Nov. 1-15	173.2	97.2	76.0	78
1938—Nov. 1-15	142.4	94.8	47.6	50

Reserves increased \$9,000,000 in the five weeks ended November 22. Approximately \$54,000,000 was gained in interdistrict transactions, chiefly as a result of incoming transfers in pay-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Nov. 22, 1939	Changes in—	
		Five weeks	One year
Bills discounted.....	\$ 0.5	+ \$0.1	- \$0.8
Bills bought.....	0	- 0.1	- 0.1
Industrial advances.....	3.1	+ 0.0	- 0.1
U. S. securities.....	222.4	- 13.8	- 0.3
Total.....	\$226.0	-\$13.8	- \$1.3
Note circulation.....	339.9	+ 8.1	+ 24.3
Member bank deposits.....	591.2	+ 9.0	+221.3
U. S. general account.....	53.0	+ 41.4	+ 22.4
Foreign bank deposits.....	38.2	- 2.3	+ 17.5
Other deposits.....	12.9	+ 3.4	+ 4.3
Total reserves.....	\$28.0	+ 73.7	+286.4
Reserve ratio.....	80.0%	+ 2.7%	+ 7.4%

ment for new issues of public and corporate securities originating in this district. The much smaller increase in reserves reflected the loss of funds through payments into the Treasury's account for securities issued by the Reconstruction Finance Corporation and a substantial amount of unemployment trust funds which the states deposited with the government for investment. Total Treasury receipts exceeded local disbursements by about \$28,000,000. Another factor tending to reduce the level of bank reserves was an expansion of more than \$14,000,000 in the demand for currency.

The only material change in reserve bank credit was a decline of \$13,800,000 to \$222,400,000 in the participation of this Reserve Bank in System holdings of securities. Bonds and notes were sold from the investment account and Treasury bills were allowed to mature without replacement.

Deposits at reporting banks established a new record early in November. Some decline has since taken place, but the total of \$1,696,000,000 reported on November 22 was still \$20,000,000 greater than five weeks before and surpassed the low point in the spring of 1938 by \$382,000,000 or 29 per cent. Much of the recent gain has been in deposits of states and local governments. Balances of individuals, firms and corporations also expanded, while interbank deposits declined.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—					Changes in five weeks*
	Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	
Sources of funds:						
Reserve bank credit extended in district.....	- 1.4	+ 0.6	- 3.5	+ 2.1	+ 2.3	+ 0.1
Commercial transfers (chiefly interdistrict).....	- 1.0	+ 10.3	+ 35.4	+ 4.4	+ 5.3	+ 54.4
Treasury operations.....	+ 3.2	+ 2.2	- 0.9	- 24.1	- 8.0	- 27.6
Total.....	+ 0.8	+ 13.1	+ 31.0	- 17.6	- 0.4	+ 26.9
Uses of funds:						
Currency demand.....	+ 0.7	+ 1.2	+ 7.9	- 1.9	+ 6.5	+ 14.4
Member bank reserve deposits.....	- 1.1	+ 4.2	+ 24.3	- 14.4	- 4.0	+ 9.0
"Other deposits" at reserve bank.....	+ 1.2	+ 7.7	- 1.2	- 1.3	- 3.0	+ 3.4
Other Federal Reserve Accounts.....	+ 0.0	+ 0.0	+ 0.0	- 0.0	+ 0.1	+ 0.1
Total.....	+ 0.8	+ 13.1	+ 31.0	- 17.6	- 0.4	+ 26.9

* Preliminary.

Reporting member banks (000,000's omitted)	Nov. 22, 1939	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 196	-\$ 2	+\$ 12
Open market paper.....	24	- 2	0
Loans to brokers, etc.....	21	+ 3	+ 2
Other loans to carry secur.....	31	0	- 2
Loans on real estate.....	56	+ 1	+ 2
Loans to banks.....	1	0	- 1
Other loans.....	98	+ 4	+ 1
Total loans.....	\$ 427	+\$ 4	+\$ 14
Government securities.....	\$ 362	0	+\$ 19
Obligations fully guar'eed.....	102	+\$ 10	+ 5
Other securities.....	275	+ 1	- 7
Total investments.....	\$ 739	+\$ 11	+\$ 17
Total loans & investments.....	\$ 1,166	+\$ 15	+\$ 31
Reserve with F. R. Bank.....	433	+ 13	+ 194
Cash in vault.....	19	+ 1	0
Balances with other banks.....	214	- 10	+ 50
Other assets—net.....	102	+ 2	- 4
Liabilities			
Demand deposits, adjusted.....	\$ 953	+\$ 36	+\$ 179
Time deposits.....	279	- 2	- 9
U. S. Government deposits.....	52	+ 1	+ 14
Interbank deposits.....	412	- 13	+ 93
Borrowings.....	0	0	0
Other liabilities.....	16	+ 2	- 1
Capital account.....	222	- 1	- 5

Loans and investments increased \$15,000,000 to \$1,166,000,000 and are in the largest volume in well over two years. The increase reflected chiefly the purchase of \$10,000,000 of guaranteed securities, part of which is accounted for by the allotment of newly-issued notes of the Reconstruction Finance Corporation. Holdings of corporate and municipal securities also are up slightly, but the investment in direct issues of the United States Government at \$362,000,000 shows no net change in the month. All but \$39,000,000 of this amount was in bonds.

An increase of \$4,000,000 in loans resulted principally from the extension of additional credit to brokers and dealers in securities and from an expansion in loans not otherwise classified. Commercial loans declined \$2,000,000 in the period to \$196,000,000 but remain approximately 7 per cent larger than a year ago. The increase over last year was about in line with the expansion shown by reporting banks outside of central reserve cities.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*		Payrolls*		Employment†			
	Oct. 1939 index	Per cent change from	Oct. 1939 index	Per cent change from	Oct. 1939—			
					Sept. 1939	Oct. 1938	Sept. 1939	Oct. 1938
All manufacturing	85	+ 7	+15	97	+18	+34	+19	+37
Iron, steel and products	79	+12	+24	104	+27	+57	+27	+55
Non-ferrous metal prods.	121	+10	+23	151	+14	+38	+16	+41
Transportation equip.	64	+11	+31	75	+27	+56	+26	+56
Textiles and clothing	100	+ 6	+ 7	93	+14	+10	+12	+12
Textiles	94	+ 8	+ 7	89	+15	+ 9	+14	+13
Clothing	122	+ 1	+ 8	112	+ 8	+16	+ 2	+ 8
Food products	110	- 0	+ 3	114	- 2	+ 5	- 1	+ 5
Stone, clay and glass	81	+ 5	+18	88	+15	+32	+15	+32
Lumber products	64	+ 5	+ 9	63	+10	+17	+ 9	+11
Chemicals and products	94	+ 6	+17	108	+12	+29	+15	+40
Leather and products	90	+ 1	+ 2	87	+ 2	+10	+ 2	+ 6
Paper and printing	100	+ 3	+ 8	106	+ 3	+12	+ 5	+12
Printing	91	+ 1	+ 4	97	- 1	+ 7	+ 0	+ 4
Others:								
Cigars and tobacco	62	+ 1	- 9	57	+ 2	-12	+ 2	-13
Rubber tires, goods	91	+ 6	+12	111	+12	+24	+13	+23
Musical instruments	60	+ 4	+12	68	+ 9	+25	+ 9	+24

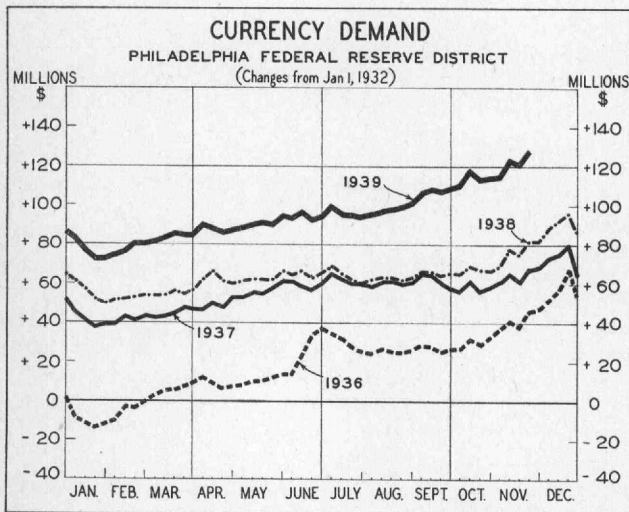
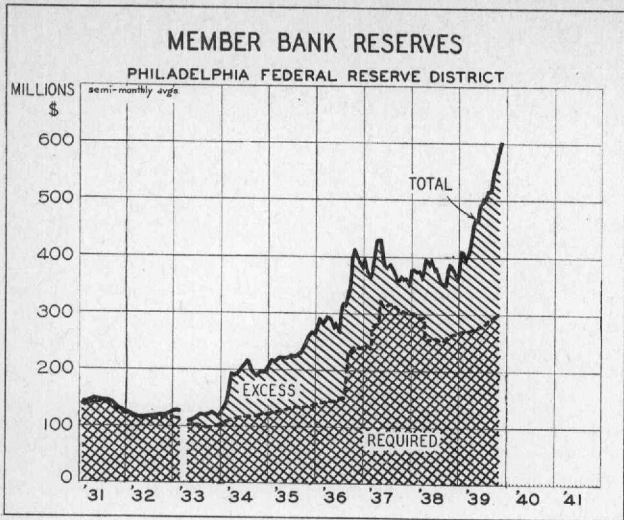
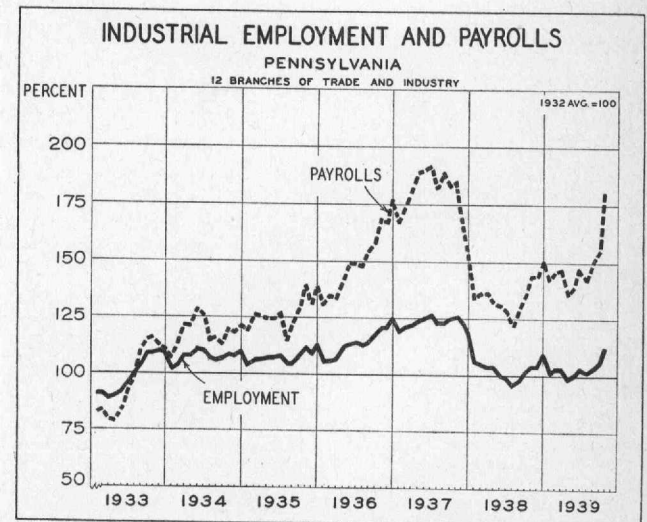
* Figures from 2346 plants.

† Figures from 2115 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment		Payrolls			
	Oct. 1939 index	Per cent change from	Oct. 1939 index	Per cent change from		
					Sept. 1939	Oct. 1938
General index (weighted)	113	+ 6	+ 9	180	+16	+25
Manufacturing	134	+ 7	+15	236	+18	+34
Anthracite mining	68	+ 5	- 2	89	+30	+19
Bituminous coal mining	110	+13	+11	245	+27	+37
Building and construction	58	+ 1	- 5	83	+ 3	- 3
Quarrying and non-met. mining	111	+ 2	+11	238	+13	+34
Crude petroleum producing	132	- 1	- 2	154	- 2	+ 0
Public utilities	95	- 0	+ 1	105	- 1	+ 1
Retail trade	109	+ 5	+ 1	128	+ 7	+ 5
Wholesale trade	118	+ 2	+ 4	125	+ 4	+ 9
Hotels	104	+ 0	- 7	118	+ 3	- 4
Laundries	97	- 2	- 3	127	+ 3	+ 6
Dyeing and cleaning	98	+ 2	- 7	119	- 0	-15



City areas*	Percentage change—October 1939 from October 1938				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown	+21	+38	+ 8	+13	+ 3
Altoona	+14	+43	- 18	+ 9	+ 7
Harrisburg	+19	+45	+247	- 8	+ 1
Johnstown	+33	+67	+ 67	+12	+13
Lancaster	+10	+14	- 12	+11	+ 4
Philadelphia	+15	+22	+ 31	+ 2	+ 7
Reading	+13	+19	- 14	+18	- 1
Scranton	- 0	+ 4	+177	+15	+ 3
Trenton	+18	+31	+172	+ 7	+10
Wilkes-Barre	+ 8	+21	- 30	+ 3	+ 7
Williamsport	+ 5	+11	- 26	+11	.....
Wilmington	+17	+26	+ 3	+12	+11
York	+ 6	+19	- 54	+11	- 1

City areas*	October 1939 from September 1939				
	Employment	Wage payments	Building permits (value)	Debits	Retail trade sales
Allentown	+ 9	+19	- 13	+12	+ 7
Altoona	+10	+34	- 74	+ 2	- 3
Harrisburg	+ 8	+22	+ 9	+ 8	- 0
Johnstown	+11	+19	- 15	+ 9	+16
Lancaster	+ 3	+ 4	- 28	+ 5	+11
Philadelphia	+ 5	+ 7	+ 66	+ 1	+ 9
Reading	+ 6	+19	- 37	+14	- 1
Scranton	+ 5	+17	+ 22	+15	+14
Trenton	+ 9	+10	+16	- 2	- 0
Wilkes-Barre	+ 4	+10	- 28	+ 6	+ 9
Williamsport	+ 3	+11	+582	+ 7	.....
Wilmington	+ 9	+11	- 32	+ 2	+25
York	+ 6	+ 7	- 45	+ 5	- 2

* 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					
	Oct. 1938	Aug. 1939	Sep. 1939	Oct. 1939	Per cent change			Oct. 1938	Aug. 1939	Sep. 1939	Oct. 1939
					Oct. 1939 from		1939 from 10 mos. 1938				
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	74r	78	85	79p	- 6	+ 7	+ 6	87r	59	86	93p
Department	64r	67	74	69	- 7	+ 7	+ 6	75	50	74	80
Men's apparel	67r	70	76	74p	- 2	+ 11	+ 5	76r	53	69	83p
Women's apparel	95r	96	106	98	- 8	+ 3	+ 0	108r	66	110	111
Shoe	83r	84	98	81	-17	- 2	+ 2	93r	50	111	91
Credit	88r	100	98	98p	- 0	+ 11	+11	110	84	102	123p
Stocks of goods											
Total of all stores	77r	76	75	80p	+ 6	+ 4	.....	86r	73	81	90p
Department	51r	52	51	53	+ 5	+ 4	.....	58r	48	54	61
Women's apparel	104r	107	105	109	+ 4	+ 5	.....	125r	101	121	131
Shoe	63r	70	67	67	+ 1	+ 7	.....	68	71	72	73
Credit	103r	95	94	108p	+15	+ 5	.....	116	92	103	121p
Rate of stock turnover 10 months (actual, not indexes)							+10*	3.05			3.36
Wholesale trade											
Sales											
Total of all lines					- 7*	+ 17*	+ 9*				
Boots and shoes					-15*	+ 2*	+ 3*				
Drugs					+ 1*	+ 3*	.....			
Dry goods					- 6*	+ 16*	+ 2*				
Electrical supplies					- 9*	+ 37*	+28*				
Groceries					-11*	+ 6*	+ 1*				
Hardware					+13*	+ 42*	+19*				
Jewelry					-14*	+ 29*	+21*				
Paper					+ 1*	+ 20*	+ 9*				
Stocks of goods											
Total of all lines					+ 4*	+ 2*	.....			
Drugs					- 1*	- 1*	.....			
Dry goods					+ 4*	+ 3*	.....			
Electrical supplies					+ 4*	+ 13*	.....			
Groceries					+10*	- 5*	.....			
Hardware					+ 0*	+ 6*	.....			
Jewelry					+ 4*	+ 5*	.....			
Paper					- 6*	+ 2*	.....			
Output of manufactures											
Pig iron	39	52	58	71	+23	+ 82	+45	39	46	54	70
Steel	55	65	73	93	+29	+ 70	+34	55	67	69	93
Iron castings	49	56	56	64	+13	+ 31	+13	52	54	57	68
Steel castings	73	62	84	127	+52	+ 75	+39	69	60	76	121
Electrical apparatus	57	76	77	84	+ 9	+ 48	+19	62	84	84	91
Motor vehicles	17	22	20	23	+18	+ 33	+20	16	18	17	21
Automobile parts and bodies	61	70	83	91	+10	+ 48	+43	58	66	78	86
Locomotives and cars	13	20	22	27	+21	+14	+ 4	12	21	21	26
Shipbuilding	204	356	373	417	+12	+ 58	+41	254	352	355	401
Silk manufactures	80	89	82	90	+10	+ 12	+10	82	87	82	92
Woolen and worsteds	47	64	58	64	+10	+ 35	+38	52	65	64	70
Cotton products	42	54	49r	56	+14	+ 33	+34	43	49	46	57
Carpets and rugs	74	142	127	126	- 1	+ 69	+99	83	130	140	144
Hosiery	94	117	102	105	+ 2	+ 11	+21	103	101	102	115
Underwear	122	164	144	147	+ 2	+ 20	+25	133	153	144	160
Cement	58	60	58	65	+11	+ 12	+15	65	76	68	73
Brick	34	36	45r	50	+12	+ 48	+34	34	37	45r	51
Lumber and products	26	27	28r	29	+ 4	+ 11	+10	27	30	29	30
Bread and bakery products	.....	.....	.....	.....	- 4*	+ 0*	- 0*	88	85	92r	88
Slaughtering, meat packing	99	106	103	103	+ 1	+ 5	+12	103	89	103	108
Sugar refining	116	104	148	102	-31	- 12	+ 8	98	89	128	86
Canning and preserving	45	63	59	49p	-17	+ 8	+ 4	59	71	76	73p
Cigars	98	102	99	100	+ 1	+ 2	+ 4	121	109	115	123
Paper and wood pulp	65	74	74	79	+ 7	+ 22	+12	66	74	74	81
Printing and publishing	87	90	92	91	- 2	+ 4	- 0	88	87	91	91
Shoes	145	150	143	151	+ 2	+ 5	- 8	156	161	163	163
Leather, goat and kid	69	94r	87	86p	- 2	+ 25	+29	72	91	91	89p
Explosives	72	85	89	91	+ 3	+ 26	+ 8	73	85	89	92
Paints and varnishes	72	83	87r	82	- 6	+ 13	+ 9	77	85	83	88
Petroleum products	153	162	167	164p	- 2	+ 7	+ 6	155	163	169	165p
Coke, by-product	94	112	125	138	+10	+ 46	+34	92	109	120	135

* Computed from data unadjusted for seasonal variation. p—Preliminary. r—Revised.

