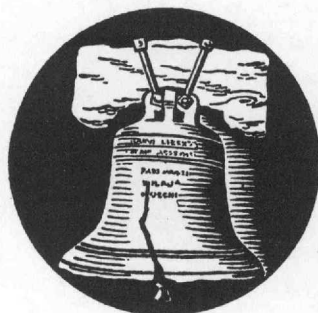


THE

BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA



BUSINESS ON THE NEW JERSEY SHORE

New Jersey has over a hundred miles of shore line, naturally designed as a vacation land.

There, each year, vacationists spend from a quarter to a half billion dollars.

The attractions are wide beaches of white sand, an equable climate, good fishing, and a variety of built-in amusements.

Accessible to millions of guests, the shore resort "industry"

continues to grow and prosper.

Still greater accessibility is offered by the New Jersey Turnpike and the Delaware Memorial Bridge, both nearing completion.

Expanding industrialization on the Delaware augurs well for the resorts.

CURRENT TRENDS

Commercial and financial activity was maintained at high levels.

Most business indicators reflected little change from the preceding month.

BUSINESS ON THE NEW JERSEY SHORE

Atlantic City unlocks the Atlantic Ocean on Memorial Day. That marks the official opening of the season for the seashore resort industry on the New Jersey coastline. Ceremonies appropriate to the occasion include the opening up of the bathing beach, the arrival of the first contingent of life guards, and the decking out of the mannequins in the Boardwalk store fronts with the season's new summer fashions. Throughout June, vacationists drift into town slowly, if the weather is normal, and more rapidly if the month is unseasonably warm. By the Fourth of July, people arrive in great, uncounted multitudes. Then the hotels fill up and so do the restaurants, the Boardwalk, the beaches, the cabanas, the taxis, the jitnies, the pleasure yachts, the fishing boats, the stores, the theatres and night clubs, the piers, and the auctions. Until Labor Day, the whole town is "jumping."

What happens in Atlantic City takes place on a smaller scale in the neighboring communities along the entire coastline of New Jersey all the way up to the northern end, which is almost within sight of New York City's skyline, and all the way down to Cape May where New Jersey dips its toes into the ocean.

No one really knows the exact size of the vacation "industry," spread out over the full length of this strand of sand; but New Jersey, the self-styled "Vacation Host to the Nation," entertains millions of visitors, and the volume of business runs into hundreds of millions of dollars. This industry is estimated to be one of the largest of the state.

New Jersey a Small But Mighty State

Probably no other state has greater diversity of wealth and charm packed into an area so small and irregular as New Jersey. It has mountains and marshes, country-side and sea-side, pine barrens and green gardens, fresh water and salt water, peach orchards and cranberry bogs, industry and wilderness, traffic congestion and open roads. It has a variety of soil, of scenic beauty, of topography, of people, and of occupations. Yet, it is hard to find on a map of the country because it is a small state. Great-

est over-all length from north to south is only 166 miles, and the longest east to west measurement is a mere 57 miles. It is possible to motor the shorter distance from Trenton to Raritan Bay in a half hour. Surrounded on the west and south by the meandering Delaware River and the choppy Delaware Bay, and on the east by the waters of the Hudson and the Atlantic, the state has only one man-made boundary on the north where it is anchored to New York state.

A diagonal drawn roughly from Trenton to Newark divides the state of New Jersey into essentially two geographic provinces. To the north are the Highland and Appalachian areas, characterized by mountainous ridges and long valleys of the extreme north and northwesterly parts. Here is where glaciers in time past carved out beautiful lakes and woodlands, now dotted with inland summer resorts. To the east, crowded between the Watchung Mountain range and New York Bay, is New Jersey's greatest concentration of commerce and industry in cities like Newark, Jersey City, Paterson, and Passaic. The dollar value increment of manufacturing activities of New Jersey is superseded by only five other states, all very much larger in size.

South Jersey, most of which is within the Philadelphia Federal Reserve District, is a coastal plain. The land is gently rolling and flat, the soil is loamy and sandy, and it is the bigger half of the state in square mileage. It is also an area of exceedingly great economic diversification. Within this area is Camden, a hive of industry making products as diverse and unrelated as cans of soup, television sets, and battle cruisers. Not far beyond the industrial belt are the broad, flat clay and marl acres of truck gardening for the fresh vegetable markets and commercial gardening for the canneries and "freezeries" nearby. If you drive through this region in the spring when the farmers are planting, or in the summer when they are spraying, or in the fall when they are harvesting, you will understand why New Jersey is called "The Garden State." Beyond the vegetable gardens and fruit orchards, heading toward the shore, are the pine barrens,

miles of second and third growth inhabited by the "Pineys"—a people undisturbed by the twentieth century commotion all around them. A sage of the Pines best expressed their philosophy of life to Cornelius Weygandt, author of 338 delightful pages, and a good index, entitled "Down Jersey." "The nicest thing about 'the Pines' is that there is no such thing as time here. You can always put off until tomorrow what is a trouble to do today. The only thing you need to do at any moment is what you want to do. There is always time to do what you want to do."

Continuing your travel south by east, before you emerge from the Pines, you are alerted of your approach to the shore by an invigorating change of atmosphere. The shore itself cannot be missed because there are 125 miles of it. All roads end where the endless blue begins.

A Multi-Million Dollar Climate

Visitors to the shore resorts of New Jersey spend between a quarter and a half billion dollars annually. While the resorts offer numerous attractions, the outstanding attraction common to all of them is the climate. When the days get hot and sticky in the cities of the interior, it is always cooler and more comfortable at the shore. This is borne out by official records of the Weather Bureau, going back more than a half century. At the shore the mean monthly temperature averages 53 degrees throughout the year. It drops to an average of only 34 degrees in the winter and rises to an average of only 73 degrees in the summer. Compared with New York, Philadelphia, and Washington, it is usually six to ten degrees cooler during the summer and warmer during the winter.

At the shore, wind and water cooperate to make good climate. With the change of seasons, large bodies of water absorb and lose heat more reluctantly than land masses. Prevailing winds from the wide watery wastes of the Atlantic envelop the shore resorts with cool temperatures in July and August when people in the interior mainland must endure higher temperatures and high humidity as best they can. At seaside communities, the monthly mean temperatures in July and August have never risen above 77 degrees over a period of three-quarters of a century. Hence, the mass influx of people from areas where temperatures are not so equable. Another climatic factor favoring the seashore is the abundance of days with sunshine. On this score, likewise,

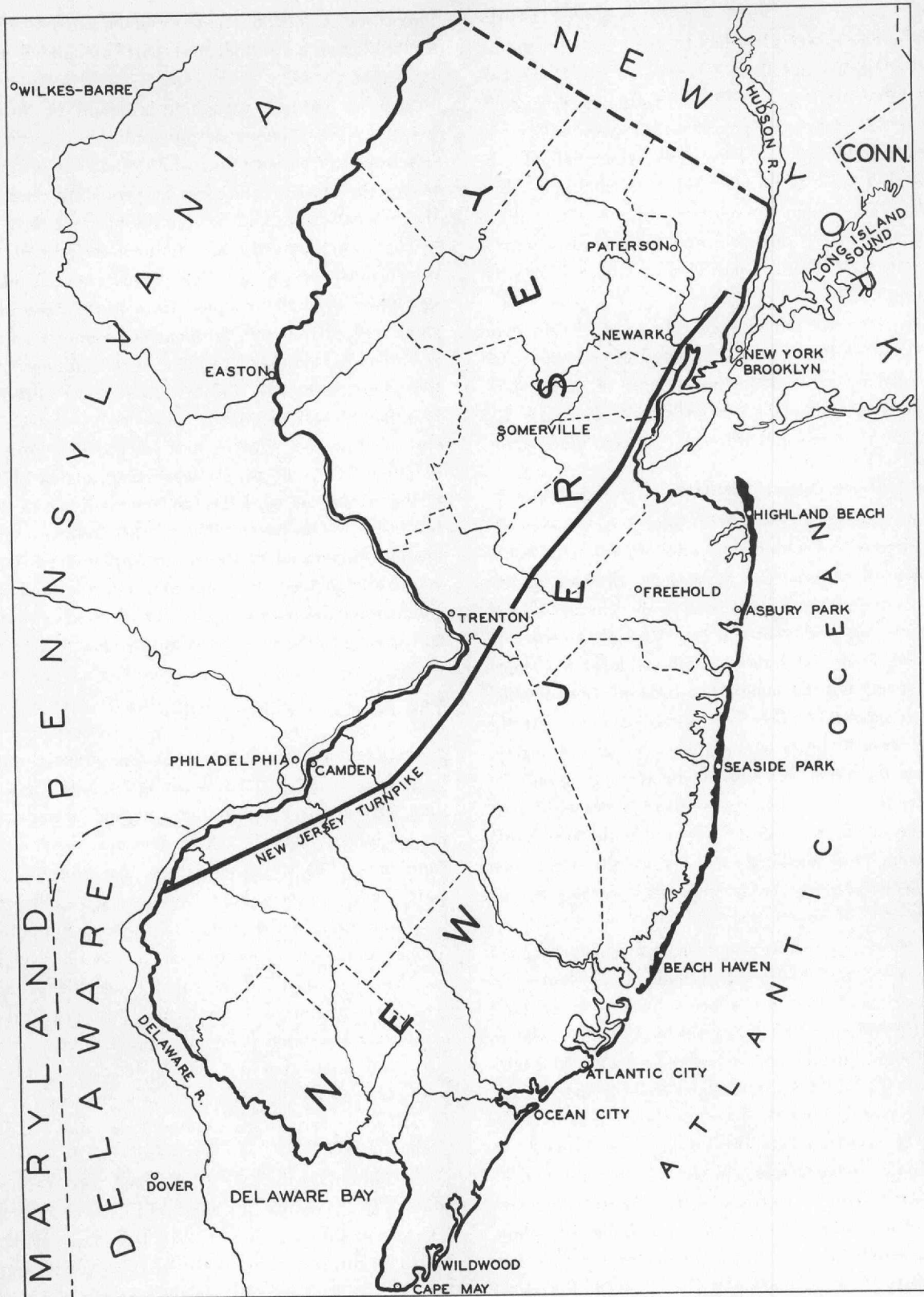
long-distance official records can be cited to show that daylight hours, for the most part, are gilded with sunlight.

Another natural attraction is found in the bathing beaches. New Jersey is favored with gently sloping beaches carpeted with fine, white sand. Every community makes the most of this asset by providing crews to keep the beaches clean, and life guards to make them safe.

The resort industry has attained its present size and dimensions because the New Jersey shore is so easy to get to by so many people. Here is the case where the small size of the state is an asset. Summer vacationing is easily and quickly available to the millions of people living in the heavily industrialized New York-Philadelphia-Baltimore-Washington axis—the country's largest cluster of people. When a heat wave strikes Philadelphia, untold numbers of people leave their places of business at the end of the work-day and motor down to the shore for a dip in the ocean. The market gardens, in the immediate hinterland of the shore, supply fresh vegetables and fruits to feed the summer multitude, and off-shore commercial fishermen supply fish and other seafoods to add variety to the seashore dining rooms.

The Seashore Communities

From Highland Beach, north of the Trenton parallel, to Cape May, south of the Washington parallel, are more than fifty resort communities ranging in size from less than 1,000 to over 50,000 year-round residents. Some communities have quaint names, like Ship Bottom and Love Ladies; others have famous names, like Atlantic City and Cape May. Some of these communities, like Asbury Park and Long Branch, are at the water's edge on the mainland; others, like Toms River and Pine Beach, are a short way up-stream; but most of them are on islands separated from the mainland by innumerable bays and inlets that dot the jagged New Jersey coast line. As seen on the map, there is a profusion of islands of all sizes and shapes—some long and slender like pencils and others very irregular like broken cookies in the bottom of the jar. In the back bays behind these islands, it is possible for a vessel to travel almost three-quarters of the New Jersey coast lines from Point Pleasant to Delaware Bay through the Inland Waterway without once getting into the Atlantic Ocean. En route, the mariner is sheltered by the major insular beaches—



Brigantine, Absecon, Peck's Beach, Ludlam's Beach, Seven-mile Beach, and Five-mile Beach.

The resort communities have many characteristics in common—the bathing beaches, boardwalks, the back bays, the seagulls, the hotels, restaurants, apartments for rent, and salt water taffy. They are all as American as “hot dogs” and popcorn. Yet no two are alike, and each attracts its own particular clientele.

Cape May is the oldest and southernmost. Sitting on the very edge of the cape, it has been host to a century and a half of patrons. In days gone by it has entertained the country's leading citizens—Presidents, Congressmen, merchants, and socialites. It has charm, individuality, folklore, and tradition. It has old houses with “widow's walks” on the roofs where wives kept vigil for their husbands returning from whaling expeditions. It has one of the first Ford cars, left behind as collateral by Henry Ford, who had to borrow money to return to Detroit, after having lost a race on the sands at Cape May. It has a fresh-water pond hard by the bay where British men-of-war and pirate vessels stopped to replenish their store of drinking water, and there are legends of buried treasure cached by Captain Kidd. It has famous hotel registrations, like “A. Lincoln and wife,” and a beach studded with Cape May “diamonds”—not real, of course, but just as pretty and “finder's keeper.”

The city does not fret over its loss of patronage to resorts up the coast but is content to entertain each year the visitors who love its streets shaded with trees almost to the beach itself, its three- and four-story hotels with tall columns, high windows and spacious verandas, and its atmosphere of peace and quiet conducive to complete relaxation.

Wildwood, just a short distance above the cape, is different. It is livelier and larger. Including the adjacent communities, it has a population of 10,000 permanent residents. Claiming the “World's Finest and Safest Bathing Beach,” this resort has been growing rapidly. Its growth is attributable to excellent bathing facilities afforded by a wide and moderately sloping beach, a variety of boardwalk amusements, and good fishing. Midway along the boardwalk is an amusement center designed for those who like motion and thrills with their fun. The amusement center includes the usual roller coaster, whip, carousel, ferris wheel, scooter, and a number of unusual features like the “Rollaplane” and other marvels

of mechanical ingenuity. The seasonal revenue of a million dollars is proof of the popularity of these amusements.

Fishing is obviously a popular sport along the entire New Jersey coast, but at Wildwood it is not only a sport but also a livelihood and a big business. At Cold Spring, there is an excellent deep water inlet which affords good shelter in time of storm, and there are also good harbor facilities. It is only a short run from Wildwood to a number of good fishing banks off the coasts of New Jersey, Delaware, and Maryland. Cape May Lighthouse and numerous jetties constructed over the years are additional safety factors that have contributed to the growth of commercial fishing out of Wildwood. Many of the boats are equipped with ship-to-shore communication facilities so that masters of the vessels can make quick sales of their catch in the best markets to representatives of the buyers awaiting at the wharves. Shipments leave Wildwood by rail or truck to the large markets in Washington, Philadelphia, and New York, with the latter taking the largest share of the best quality by reason of premium prices offered.

Wildwood is a city of small hotels and apartments. Its Bureau of Public Relations lists over 4,000 hotel and apartment rooms available to summer guests. The city has an airport accommodating trans-Atlantic 'planes, specializing in overseas freight, and recently the airport has become the nucleus of a rapidly growing industrial development. However, income derived from the entertainment of summer guests is the basis of the city's economic life.

Ocean City, farther up the coast and within sight of Atlantic City, is a resort of still another type. With a permanent population of 6,000, that swells to an estimated 60,000 at the peak of the season, Ocean City takes pride in being “The Country's Greatest Family Resort.” This grows out of the fact that it was started as a Methodist camp meeting, and in line with that tradition the sale of alcoholic liquor is still forbidden within the city limits. With one or two exceptions, the city has no really large hotels but numerous smaller hotels with 15 to 100 rooms each, and a large number of guest houses that are available by the week, the month, or the entire season. Long popular as a family resort and placing somewhat less emphasis upon commercial forms of entertainment than its neighboring communities, Ocean City is steadily gaining in the size of its permanent population,

which according to the latest census has increased over 25 per cent during the past decade. Over 1,000 homes, at a cost of almost \$10 million, have been built during the post-war period and many of these new homes are equipped with heating facilities for year-round occupation.

Atlantic City is in a class by itself. It has been described as "an amusement factory operated on the straight-line, mass production pattern. The belt is the boardwalk, along which each specialist adds his bit to assemble the finished product—the departing visitor, sated, tanned, and bedecked with souvenirs." Founded on sand, surrounded by water, and flooded with sunshine, Atlantic City is endowed with all the natural advantages that go with a seashore resort. What puts the city in a class all by itself are the added attractions built in by its enterprising promoters.

With a permanent population just in excess of 60,000, Atlantic City is by far the largest of the New Jersey resort centers. On popular week-end holidays, at the height of the season, the population rises to 360,000, including the day-trippers. According to the best official estimates, the city entertains 12 million to 14 million visitors annually. To take care of such multitudes requires physical and entertainment facilities in the grand manner, and Atlantic City has them. It is a city of hotels—448 of them, big hotels with capacity up to 1,000 rooms. In addition to the hotels there are about 1,600 guest houses. Total sleeping accommodations are so large you just would not believe it—but the city seldom sleeps. There are over 500 restaurants, the largest with a seating capacity of 3,000. The Convention Hall is big enough to seat the entire population of the city. There are a hospital, two airports, three radio stations, four bus lines, five libraries, six miles of boardwalk, and an official city flower. The boardwalk is one of the country's most famous fashion highways, where Easter styles go on parade each year.

Amusement and diversion facilities are almost endless—sports and entertainment compete with stores for space on the five large piers jutting out into the ocean. In addition to entertainment and recreational opportunities at the theatres, on the golf links, at the race track, on the dance floors, or in the night clubs, there are also fishing, yachting, boxing, wrestling, ice hockey, basketball, steeplechasing, and, of course, surf bathing and sun bathing to prove that you have been at the shore.

By reason of the ideal climate and all of the added attractions, Atlantic City is a great convention city. Americans are probably the world's greatest "conventioners." Whether it be bankers, doctors, teachers, or diamond cutters, they all have their annual conventions and sooner or later they convene at Atlantic City. And why not? The city has the facilities to house them, feed them, and entertain them. Atlantic City gets about 19 per cent of the country's annual conventions, and there is no better place for large conventions, like the Lions International, which may draw an attendance of 16,000 members. In still another respect, Atlantic City is a good place for conventions. The city can guarantee better-than-average convention attendance because conventioners meeting in Atlantic City do not have as many cousins or other relatives to visit while in town as they have in New York or Chicago or San Francisco. Atlantic City's Convention Bureau has bookings into 1961, with commitments in every month of the year. But the heaviest bookings are on either side of July or August, the months always most popular with the vacationing crowds.

Although most people motor to the shore in their own cars, the services and facilities of the common carriers have been improved very much in recent years. For those who prefer to travel by rail, the Pennsylvania-Reading Seashore Lines have installed a large number of Diesel-powered, air-conditioned coaches as part of an extensive modernization program begun in July, 1949. Those who prefer to travel by air can get to any of the major New Jersey resorts on frequently scheduled flights of the All-American Airways or the Eastern Airlines. Resort cities are also served by Public Service and Lincoln buses between Philadelphia and New York with over 200 buses arriving and departing every week-end during the vacation season.

The Nature of the Resort Business

Founded upon the changing seasons of the year, the most obvious and obstinate characteristic of the resort business is its seasonality. The greatest influx of people naturally occurs during July and August, and it is the job of the various business proprietors at the seashore to provide shelter, food, basic utilities, and amusement. The month-to-month fluctuations in dollar volume of business by the producers of any or all of these services shows the mid-summer upsurge as surely as the hump on the dromedary's back.

The seasonality is revealed not only by the turnstiles to the boardwalk amusements but also by hotel occupancy rates, consumption of kilowatts, bank deposits, sales at gasoline stations along shore highways, and volume of passenger car traffic over the Delaware River bridges. Not all seashore resort communities roll up their boardwalks for winter storage and go into hibernation after Labor Day. A study of the monthly composition of the total business volume of Atlantic City over a representative period of years shows that 25 per cent of the total is concentrated in July and August, with three-quarters of the total transacted during the remaining ten months. By various means, the season is extended beyond the peak months. Atlantic City extends its season by such attractions as the annual Miss America Pageant in September and the scheduling of conventions in the off-season months. Reduced hotel and apartment rates also attract a considerable number of guests in the less-favored months of the year.

In addition to a small amount of manufacturing activity at the larger resorts, most of them provide considerable year-round employment for the provision of the basic needs such as education, utilities, and trade for the permanent population. Many of the resorts are growing communities, with a substantial volume of new construction for residential and commercial use. Much of the repair and maintenance work is concentrated in the off-season period. Carpenters, electricians, painters, and other handicraftsmen are usually hard to find in the spring months because they are all busy on maintenance and renovation work in preparation for the coming summer season.

Off-season employment is also provided in the maintenance of the bathing beaches. Sand, sea, and sunshine—the sources of the New Jersey shore's prosperity—also bring with them a major problem, erosion. The shore line is forever changing, advancing here and receding there. It is a slow process that can be measured with the kind of stop watch used to time the movement of glaciers, but it is nevertheless very real to the seashore communities. Occasionally, though fortunately not very often, high winds of the North Atlantic storms whip the waters into an angry sea that rises up against the coast with considerable damage both to the shore line and to shore properties. Over \$30 million has already been spent in the construction of protective structures such as sea walls, bulkheads, jetties, and groins. Jetties, built with quarry

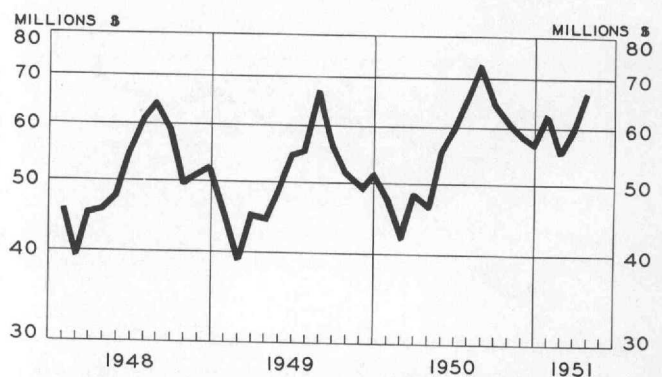
stone, and groins, built entirely out of timber, are constructed at right angles to the shore line so as to trap and hold sand to form and build up beaches. According to the latest report of the Beach Erosion Commission, additional expenditures of \$30 million are required along the beach frontage. While it would appear from these figures that the half-way mark has been reached, actually progress made thus far is greater because the dollars already invested in days gone by did more work than today's dollars. The cost of beach-protecting structures is split fifty-fifty between the local communities and the state.

Seashore Banking

Seasonality of the resort communities is reflected in seashore banking, as shown in the accompanying charts. While the seasonal changes are pronounced, they are not as marked as the extraordinary publicity given to summer business might lead one to expect. The average of debits at the high point in August is only about one-half again as large as in February, usually the low month. Check payments in the third quarter of the year, during which deposit turnover is most active, account for only about 30 per cent of the year's total. If it were possible to include transactions in currency, the proportion undoubtedly would be higher.

BANK DEBITS

Atlantic City, N. J.



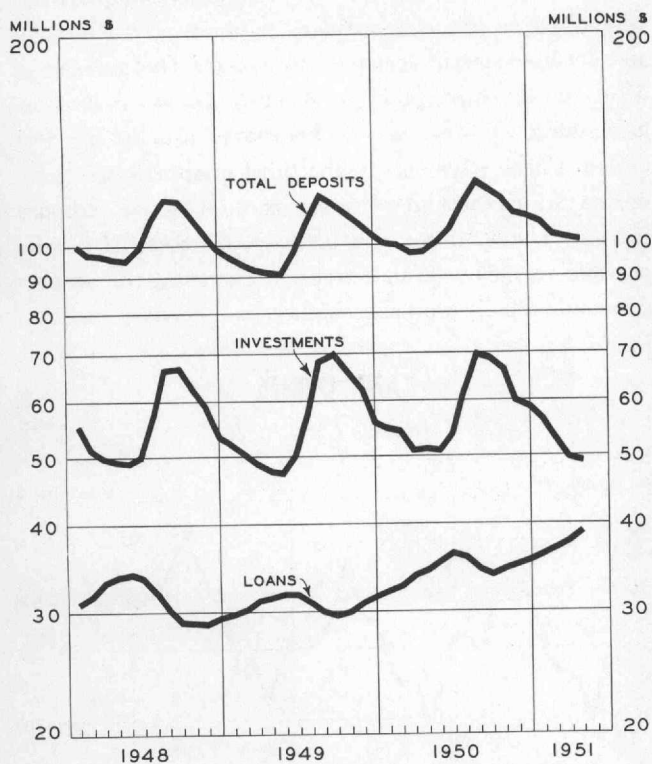
While deposits at banks in resort cities also exhibit characteristic seasonal changes, the general level of deposits is more stable than the volume of check payments. For a group of 10 member banks in seashore resorts in the area extending from Cape May up the coast beyond Atlantic City, the monthly average of deposits in the three

summer months was only about one-seventh higher than the average for other months. The expansion of deposits during the summer months, however, is of sufficient magnitude to pose special problems for bankers in the resort area. Since the growth in the summer is largely temporary, bankers adjust to the changing supply of funds by investing substantial proportions of the surplus funds in Government securities.

The peculiar nature of the resort industry is also reflected in the lending operations of banks, but seasonal changes in loans are less pronounced than those in deposits. The peak in bank loans is reached in May or

DEPOSITS AND EARNING ASSETS

Ten Banks in New Jersey Seashore Resorts



June as the season opens and preparations for summer activities are completed. Repayment occurs as funds flow into trade and service establishments, and loans ordinarily reach their low point in September or October. A relatively narrow spread between high and low points reflects, in part, the fact that a large proportion of the portfolio consists of relatively long-term real estate and consumer credit.

Seasonality of the resort business puts a premium on liquidity in seashore banking. This is indicated in the composition of bank assets. Last June, banks at the shore had, on the average, 39 per cent of their total assets in highly liquid form such as cash assets and short-term Governments—bills, certificates, and notes. That was in contrast with 26 per cent in cash assets and short-term Governments for all member banks of the Philadelphia Federal Reserve District. These proportions were based on mid-year figures, before the usual seasonal expansion in available funds had made real headway. While the emphasis upon liquidity naturally varies from one bank to another, seashore banks generally make adjustments in the liquidity of their assets to meet conditions peculiar to their localities.

Expectations

Shore "shop talk" is always in terms of "the season." It may be heard at hotel desks, in the cafes, at the teller's cage, at the fishing wharf, at the Rotary meeting, and, of course, at the real estate office. As you listen in, you learn that last year's season was inevitably bad—it did not come up to expectations.

The 1951 season is expected to be good. This is based upon recent apartment and hotel inquiries which have been running from 25 to 40 per cent above last year's. Of course, that does not mean that the number of people coming to the shore this year or the amount of money they will spend will be above last year's averages by those percentages, but it is some indication of the prospect. When the rental season opens, owners of apartments and guest homes hold out for guests who want to rent for the entire season. Later on, if demand does not come up to expectations, those with rooms still available make bookings by the month or by the week to accommodate guests who, for lack of time or financial resources, take only a short vacation.

Prospects for the current season are good because of prevailing high levels of business activity, employment, and income. The resort business is a luxury industry in which gross receipts rise and fall in harmony with changes in business activity generally. Delightful to millions when they can afford it, a vacation at the shore is something that they can forego if they must. The resort industry has enjoyed a series of good seasons growing out of high levels of business activity with almost no interruptions throughout the post-war period. Current and prospective business trends seem to assure another good season.

The long-run prospects for the resort industry of the area are especially auspicious. The region is favored by natural geographic factors which have already been turned to good account, and New Jersey is at present undergoing extensive alterations and improvements that will benefit the resort communities immeasurably.

Accessibility to the New Jersey shore will be ever so much easier to the millions of people on the fringe of the state by the end of this year when the New Jersey Turnpike is completed. This multi-lane, high-speed, super-highway will uncork the country's greatest bottle-neck of traffic along the densely populated New York to Washington route. The northern terminus of the turnpike will be at State Highway No. 6, with access to the George Washington Bridge over the Hudson to New York. The southern terminus of the Turnpike will be at the Delaware Memorial Bridge at Deepwater below Wilmington, Delaware. This bridge, now under construction, is also scheduled for completion this year. Numerous interchanges along this great artery of traffic will provide better access for more people to the beach resort areas of southern New Jersey. The Turnpike will be an important link with traffic northward up the Hudson River Valley and eastward over U. S. Route No. 1 across Connecticut by the Merritt Parkway and the Wilbur Cross Parkway through Massachusetts by highways existing and in process of extension, along the New Hampshire Turnpike, soon to be completed, and along the Maine Turnpike as far as Portland. Southward, the New Jersey Turnpike will afford free traffic movement across the Delaware Memorial Bridge over the DuPont Parkway through Delaware and U. S. Route No. 40 to Baltimore, Washington, Richmond, and points south. North of Philadelphia, a connecting link with the Pennsylvania Turnpike will afford easier traffic movement to and from the west. The New Jersey Turnpike is designed to accom-

modate an annual volume of traffic expected to increase from an initial 8 million vehicles in 1952 to 22 million by 1975.

In addition to the Turnpike there are a number of smaller public improvement projects sponsored by the state. Among these are a newly projected ferry from Cape May to Lewes, Delaware, a Delaware River Parkway from Trenton to Port Jervis, a freeway across the state from the Delaware Memorial Bridge and the Turnpike to the seashore, dualizing of the White Horse Pike, a Garden State Parkway from Paterson to Cape May, development of recreational centers on Sandy Hook and Island Beach, and the improvement of a half million acres of submarginal land throughout the state.

Central and southern New Jersey are in the process of great industrial development, stimulated by the expansion of steel manufacturing along the Delaware. A large, fully integrated plant on the Pennsylvania side of the river across from Trenton, now in the bulldozer and power-shovel stage, is to be in partial operation before the end of the year. Another mill in the vicinity of Paulsboro, south of Camden, where land and river frontage have been reserved, is expected to be under development in the near future. A third and possibly a fourth are in the contemplated or survey stages. Whether one steel mill or whether more than one, the result will be an influx of auxiliary industries—some to feed raw materials and supplies to the new steel plants; and others, steel consuming plants, to feed on finished steel, together with a host of allied trade and other service industries that are indispensable adjuncts to a new large-scale industrial development. Substantial growth in population accompanying the expansion and diversification of industrial activity, almost at the back door of the coastal resort industry, is destined to stimulate the demands for the services of the seashore vacationlands.

Additional copies of this issue are available upon request.

CURRENT TRENDS

Commercial and financial activity in the Third Federal Reserve District during April was maintained at about the same high level as in the previous month with most business indicators showing little or no change. The forward march of prices in Philadelphia was at a practical standstill. For the second consecutive month, the movement of the consumer price index was fractional.

Retail buying during the month was relatively quiet. Department store sales showed a slight improvement over March, and compared with a year ago, they were up only 2 per cent, the smallest gain for any month this year. It is quite evident, in view of today's higher prices, that physical volume is below that of April 1950. With consumer buying at a comparatively low level, efforts to reduce inventories met with little success. Stocks rose during the month, and at the end of April the ratio of stocks to sales was 4.2 compared with 3.0 last year.

Production in Pennsylvania factories showed no change in April. Although the durable goods industries continued to increase their output, curtailments in nondurable plants offset the gain. Manufacturers of hard goods also expanded the size of their work forces and payrolls, but again these advances were counter-balanced by declines in the soft goods group.

Although down somewhat from the previous month, the volume of construction contracts continued well above last year's level. The increase was most noticeable in the non-residential field, but more residential contracts were awarded as well. Activity in public works and utilities remained below that of 1950.

Business loans of Third District reporting member banks increased less than 1 per cent in the four weeks through May 23, and there was little change in real estate and consumer loans. For the country as a whole, business loans were unchanged over the same period.

Total loans at all commercial banks registered a small decline in April, after increasing by more than \$2 billion in the first quarter of the year. The Nation's money supply rose in April, reflecting in part a shift in deposits from Government to private accounts as tax receipts were spent. This was in contrast to the first quarter of the year when the private money supply declined seasonally by \$4½ billion.

SUMMARY	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	Apr. 1951 from		4 mos. 1951 from year ago	Apr. 1951 from		4 mos. 1951 from year ago
	mo. ago	year ago		mo. ago	year ago	
OUTPUT						
Manufacturing production . . .	0*	+18*	+17*	0	+17	+20
Construction contracts	- 1	+10	+35	+22	+15	+20
Coal mining	+26	-21	- 3	+ 7	- 9	+20
EMPLOYMENT AND INCOME						
Factory employment	0*	+13*	+12*	- 1	+13	+14
Factory wage income	0*	+32*	+31*	.....	.....	.....
TRADE**						
Department store sales	+ 1	+ 2	+13	+ 4	+ 3	+13
Department store stocks	+ 3	+33	.....	+ 2	+31	.....
BANKING (All member banks)						
Deposits	- 1	+ 4	+ 5	0	+ 7	+ 6
Loans	+ 1	+28	+26	0	+26	+26
Investments	- 1	-10	- 8	0	- 8	- 8
U. S. Govt. securities	- 2	-13	-11	0	-12	-12
Other	+ 1	+ 4	+ 7	0	+15	+18
PRICES						
Wholesale . . . . .	.....	.....	.....	0	+20	+20
Consumers	0†	+12†	+11†	0	+10	+10
OTHER						
Check payments	- 7	+22	+20	-11	+25	+25
Output of electricity	- 4	+10	+11	.....	.....	.....

LOCAL CONDITIONS	Factory*		Department Store				Check Payments	
	Employment	Payrolls	Sales		Stocks		Per cent change Apr. 1951 from	
			Per cent change Apr. 1951 from	Per cent change Apr. 1951 from	Per cent change Apr. 1951 from	Per cent change Apr. 1951 from		
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Allentown	-1	+19	0	+42	.....	.....	- 5	+25
Altoona	0	+24	-1	+42	.....	.....	- 7	+25
Harrisburg	0	+12	0	+32	.....	.....	-16	+28
Johnstown	0	+19	-1	+36	.....	.....	- 5	+19
Lancaster	0	+ 9	0	+25	-26	- 9	+7	+29
Philadelphia	0	+14	0	+33	- 6	- 3	+1	+34
Reading	0	+ 8	-1	+28	+ 5	+1	+5	+37
Scranton	0	+ 4	-3	+16	.....	.....	- 9	+10
Trenton . . . . .	.....	.....	.....	.....	- 1	- 2	+7	+28
Wilkes-Barre	+2	+14	+1	+35	- 7	- 8	-1	+33
Williamsport	-3	+12	-4	+36	.....	.....	- 7	+27
Wilmington	-3	+ 9	-4	+25	.....	.....	-19	+23
York	-5	+ 4	-5	+20	-11	- 5	+2	+27

*Pennsylvania
**Adjusted for seasonal variation. †Philadelphia.

*Not restricted to corporate limits of cities but covers areas of one or more counties.

MEASURES OF OUTPUT

	Per cent change		
	April 1951 from		4 mos. 1951 from year ago
	month ago	year ago	
MANUFACTURING (Pa.)	0	+18	+17
Durable goods industries.....	+1	+26	+27
Nondurable goods industries.....	-2	+8	+6
Foods.....	-2	+5	+3
Tobacco.....	-1	+22	+5
Textiles.....	-4	+4	+3
Apparel.....	-3	+13	+6
Lumber.....	0	+3	+5
Furniture.....	-8	-7	0
Paper.....	0	+14	+13
Printing and publishing.....	0	+3	+2
Chemicals.....	+1	+15	+16
Petroleum and coal products.....	+4	+6	+6
Rubber.....	+1	+29	+28
Leather.....	-8	+5	+4
Stone, clay and glass.....	+1	+18	+18
Primary metal industries.....	+1	+22	+26
Fabricated metal products.....	0	+34	+37
Machinery (except electrical).....	+1	+31	+33
Electrical machinery.....	+2	+28	+24
Transportation equipment.....	+4	+47	+27
Instruments and related products.....	+2	+40	+37
Misc. manufacturing industries.....	-3	+21	+24
COAL MINING (3rd F. R. Dist.)* ..	+26	-21	-3
Anthracite.....	+33	-23	-9
Bituminous.....	+1	-14	+40
CRUDE OIL (3rd F. R. Dist.)**	-2	0	+4
CONSTRUCTION — CONTRACT			
AWARDS (3rd F. R. Dist.)†.....	-1	+10	+35
Residential.....	+12	+16	+40
Nonresidential.....	-1	+67	+70
Public works and utilities.....	-35	-54	-17

*U.S. Bureau of Mines.

**American Petroleum Inst. Bradford field.

†Source: F. W. Dodge Corporation. Changes computed from 3-month moving averages, centered on 3rd month.

EMPLOYMENT AND INCOME

Pennsylvania Manufacturing Industries*	Employment			Payrolls			Average Weekly Earnings		Average Hourly Earnings	
	Apr. 1951 (Index)	Per cent change from		Apr. 1951 (Index)	Per cent change from		Apr. 1951	% chg. from year ago	Apr. 1951	% chg. from year ago
		mo. ago	year ago		mo. ago	year ago				
Indexes (1939 avg. = 100)										
All manufacturing.....	142	0	+13	403	0	+32	\$63.63	+17	\$1.572	+11
Durable goods industries.....	170	+1	+20	462	+1	+40	70.04	+17	1.689	+11
Nondurable goods industries.....	115	-1	+4	326	-1	+19	54.39	+15	1.393	+9
Foods.....	120	-2	+4	287	0	+16	53.46	+11	1.326	+9
Tobacco.....	92	+2	+5	239	-1	+32	34.30	+25	.917	+8
Textiles.....	83	-1	+1	247	-5	+16	52.95	+15	1.382	+11
Apparel.....	139	-1	+3	417	-2	+24	42.41	+20	1.153	+10
Lumber.....	159	-1	-1	418	+1	+12	45.70	+13	1.092	+9
Furniture.....	130	-6	-7	376	-9	-1	53.35	+6	1.255	+7
Paper.....	150	0	+8	445	0	+25	64.11	+16	1.453	+9
Printing and publishing.....	120	0	+2	314	0	+9	73.79	+7	1.873	+5
Chemicals.....	154	0	+13	429	0	+26	66.41	+12	1.571	+9
Petroleum and coal products.....	155	+1	+2	445	+7	+18	86.39	+16	2.059	+12
Rubber.....	245	0	+27	696	+2	+41	70.40	+11	1.733	+8
Leather.....	90	-3	0	233	-7	+14	44.39	+15	1.206	+8
Stone, clay and glass.....	147	+2	+14	414	+2	+32	64.35	+15	1.589	+11
Primary metal industries.....	141	0	+17	391	+1	+37	77.12	+17	1.895	+12
Fabricated metal products.....	187	+1	+26	521	0	+51	66.14	+20	1.581	+13
Machinery (except electrical).....	243	+1	+20	685	+2	+43	71.56	+19	1.637	+11
Electrical machinery.....	271	0	+22	633	+3	+43	65.25	+17	1.574	+10
Transportation equipment.....	162	+5	+43	428	+4	+59	75.16	+11	1.868	+8
Instruments and related products.....	186	+2	+31	547	+2	+58	67.01	+20	1.607	+13
Misc. Manufacturing Industries.....	149	-2	+20	384	-4	+32	52.96	+10	1.266	+9

*Production workers only.

TRADE

Third F. R. District Indexes: 1935-39 Avg. = 100 Adjusted for seasonal variation	Apr. 1951 (Index)	Per cent change			Per cent change from year ago
		Apr. 1951 from		4 mos. 1951 from year ago	
		month ago	year ago		
SALES					
Department stores.....	286	+1	+2	+13	
Women's apparel stores.....	234	+16	-2	+5	
Furniture stores.....		+3*	-1*	+13*	
STOCKS					
Department stores.....	331P	+3	+33		
Women's apparel stores.....	261	-3	+20		
Furniture stores.....		-2	+32*		
Recent Changes in Department Store Sales in Central Philadelphia					
Week ended May 5, 1951.....				+2	
Week ended May 12, 1951.....				-1	
Week ended May 19, 1951.....				+5	
Week ended May 26, 1951.....				+2	

* Not adjusted for seasonal variation. P-preliminary.

Departmental Sales and Stocks of Independent Department Stores Third F. R. District	Sales		Stocks (end of month)		
	% chg. April 1951 from year ago	% chg. 4 mos. 1951 from year ago	% chg. April 1951 from year ago	Ratio to sales (months' supply) April	
				1951	1950
Total — All departments.....	-6	+9	+34	4.2	3.0
Main store total.....	-5	+10	+34	4.6	3.3
Piece goods and household textiles.....	+12	+20	+35	5.4	4.5
Small wares.....	-4	+2	+17	5.0	4.1
Women's and misses' accessories.....	-17	+7	+20	3.9	2.7
Women's and misses' apparel.....	-4	+9	+17	2.4	1.9
Men's and boys' wear.....	-15	+10	+30	6.2	4.1
Housefurnishings.....	+7	+15	+51	5.7	4.0
Other main store.....	-16	+4	+57	5.3	2.9
Basement store total.....	-8	+5	+35	2.7	1.8
Domestics and blankets.....	+11	+21	+99	5.2	2.9
Small wares.....	-32	-9	+17	2.6	1.5
Women's and misses' wear.....	-12	+3	+13	1.7	1.3
Men's and boys' wear.....	-10	+8	+42	3.5	2.2
Housefurnishings.....	+15	+2	+53	3.7	2.8
Shoes.....	-12	+11	+23	3.5	2.5
Nonmerchandise total.....	-4	+5			

CONSUMER CREDIT

Sale Credit Third F. R. District	Sales		Receivables (end of month)
	% chg. April 1951 from yearago	% chg. April 1951 from yearago	% chg. April 1951 from year ago
	Department stores		
Cash.....	- 8	+ 6	.....
Charge account.....	+ 1	+17	+18
Instalment account.....	-20	- 1	+ 5
Furniture stores			
Cash.....	+ 5	+14	.....
Charge account.....	+46	+32	.....
Instalment account.....	+ 9	+17	+ 8
Loan Credit Third F. R. District			
	Loans made		Loan balances outstanding (end of month)
	% chg. April 1951 from year ago	% chg. April 1951 from year ago	% chg. April 1951 from year ago
	Consumer instalment loans		
Commercial banks.....	0	- 4	- 1
Industrial banks and loan companies.....	+10	+ 8	+ 9
Small loan companies.....	+ 9	+13	+10
Credit unions.....	+ 5	+11	+23

BANKING

MONEY SUPPLY AND RELATED ITEMS United States (Billions \$)	April 25 1951	Changes in—	
		four weeks	year
Money supply, privately owned.....	173.3	+ .8	+ 5.0
Demand deposits, adjusted.....	89.5	+ .5	+ 5.2
Time deposits.....	59.2	+ .1	- .2
Currency outside banks.....	24.6	+ .2	0
Turnover of demand deposits.....	22.5*	+1.8*	+14.8*
Commercial bank earning assets.....	125.4	- .4	+ 5.1
Loans.....	54.3	- .1	+10.6
U.S. Government securities.....	58.5	- .3	- 7.1
Other securities.....	12.6	0	+ 1.6
Member bank reserves held.....	19.2	+ .2	+ 3.3
Required reserves (estimated).....	18.5	- .1	+ 3.3
Excess reserves (estimated).....	.7	+ .3	0

Changes in reserves during 4 weeks ended April 25 reflected the following:

(Billions \$)	Effect on reserves
Net payments by the Treasury.....	+ 4
Increase in Reserve Bank holdings of Governments.....	+ 3
Decrease in loans to member banks.....	- 3
Other transactions.....	- 2
Change in reserves.....	+ 2

* Annual rate for the month and per cent changes from month and year ago at leading cities outside N. Y. City.

PRICES

Index: 1935-39 average = 100	April 1951 (Index)	Per cent change from		
		month ago	year ago	
Wholesale prices—United States.....	228	0	+20	
Farm products.....	267	-1	+27	
Foods.....	235	0	+19	
Other.....	212	0	+17	
Consumer prices				
United States.....	185	0	+10	
Philadelphia.....	185	0	+12	
Food.....	219	0	+14	
Clothing.....	204	+1	+13	
Rent.....	.....	.....	.....
Fuel.....	153	-1	+ 5	
Housefurnishings.....	225	0	+19	
Other.....	171	0	+13	
Weekly Wholesale Prices—U.S. (Index: 1935-39 average = 100)				
	All com- modities	Farm products	Foods	Other
Week ended May 8.....	227	261	239	211
Week ended May 15.....	226	259	237	211
Week ended May 22.....	226	261	237	211
Week ended May 29.....	226	263	238	210
Week ended June 5.....	226	260	237	210

Source: U.S. Bureau of Labor Statistics.

OTHER BANKING DATA	May 23 1951	Changes in—	
		four weeks	year
Weekly reporting banks—leading cities United States (billions \$):			
Loans—			
Commercial, industrial and agricultural.....	19.1	0	+ 5.8
Security.....	2.0	0	- .3
Real estate.....	5.5	0	+ .9
To banks.....	.5	+ .1	+ .1
All other.....	5.9	0	+ 1.2
Total loans—gross.....	33.0	+ .1	+ 7.7
Investments.....	36.9	- .5	- 5.1
Deposits.....	78.8	-1.1	+ 3.9
Third Federal Reserve District (millions \$):			
Loans—			
Commercial, industrial and agricultural.....	755	+ 5	+256
Security.....	51	- 5	+ 4
Real estate.....	140	+ 1	+ 27
To banks.....	7	0	- 3
All other.....	389	+ 1	+ 64
Total loans—gross.....	1,342	+ 2	+348
Investments.....	1,534	+ 2	-292
Deposits.....	3,202	+ 2	+112
Member bank reserves and related items United States (billions \$):			
Member bank reserves held.....	18.6	+ .6	+ 2.7
Reserve Bank holdings of Governments.....	22.4	- .5	+ 5.1
Gold stock.....	21.8	- .1	- 2.5
Money in circulation.....	27.3	+ 1	+ 3
Treasury deposits at Reserve Banks.....	.8	+ .1	+ .3
Federal Reserve Bank of Phila. (millions \$):			
Loans and securities.....	1,424	- 30	+268
Federal Reserve notes.....	1,635	+ 5	+ 30
Member bank reserve deposits.....	863	- 16	+103
Gold certificate reserves.....	1,224	+ 35	-107
Reserve ratio (%).....	46.1%	+1.0%	- 7.7%