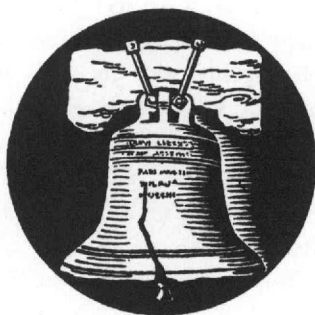


THE

# BUSINESS REVIEW

FEDERAL RESERVE BANK OF PHILADELPHIA



## APPLE HARVESTING TIME

*Pennsylvania's biggest and juiciest apples are grown in the South Mountain area of the border counties—Adams and Franklin. Adams is the land of the York Imperial—one of the finest apples for apple pie, the all-American dessert.*

*Franklin grows the glamour apples—the Stayman, the Delicious, the Jonathan, and the Rome Beauty—apples with red, red cheeks and full of juice.*

*Most of the Yorks go to market in cans. Glamour apples go to market in their own colorful jackets.*

*In the markets, Pennsylvania apples must compete with those from Virginia, New York, and Washington.*

*Sure enough, this story also has a little apple economics.*

## CURRENT TRENDS

*Recovery in the primary metal industries gained momentum in August.*

*Sales in department stores rose sharply.*

*Business loans increased in September.*

## APPLE HARVESTING TIME

When Jack Frost spreads his brilliant colors over the wooded hillsides it is a sign that apple harvesting time is at hand. He never fails to paint the cheeks of apples. Some he paints all yellow, others all red—some so red that they are almost purple. Sometimes he playfully dips his brush in all Nature's paint pots.

At the first signs of all this painting, the apple people hire extra workers for the picking; they dust off the ladders, oil up the machinery in the packing shed, and ready the cold storage warehouses to receive the fruit. All the while they keep their ears tuned to the market, listening for prices.

### Apple Dimensions

Apples grow almost anywhere except in climatic extremes. No less than thirty-five states are a part of the national apple economy. This year the country's apple harvest will be just a little short of 100 million bushels, according to the latest estimates. That is not phenomenal; it is just about average. It will be better than the 90 million crop of 1948, but less than half the big 1931 crop. Nowhere in all the apple literature will you find any reference to a "normal" crop. Professional apple people always refer to the size of the current harvest as a percentage of last year's crop. Apparently, this year's harvest is going to be about 90 per cent of last year's.

Last year's crop was worth 180 million dollars. That, of course, is not in the same league with a 2 billion dollar harvest of wheat, with which apples do not compete, but it was larger than the 1951-1952 crop of oranges with which apples do compete on dining tables.

### The Pennsylvania Harvest

Late September and early October is usually apple-harvesting time in Pennsylvania. Recent reports indicate that the crop will be a trifle short of 6 million bushels this season. It is only three-fourths of last year's harvest, and about one-eighth below the 1941-1950 average.

Pennsylvania ranks number six among the leading apple-producing states. Washington is the undisputed

leader, with a production of almost one-fourth of the country's total. New York ranks second and Virginia third; in recent years, California and Michigan have also forged ahead of Pennsylvania. There is no particular rhyme to this order, but there are reasons which will become apparent as the story unfolds.

The value of the Pennsylvania apple crop varies from 9 million dollars in poor years to 20 million dollars or better in good years. The size and quality of the crop depend upon a great many things. Among them are the acreage in trees and the condition of the soil; the age of trees and the varieties grown; the profusion of blossoms, which varies from light to heavy; the cooperation of bees that do the essential pollination during blossom time, the seasonality of rainfall and prevailing temperatures, the effects of wind and storm, and the ravages of diseases, insects, and mice.

This year the fruit growers in the Pennsylvania fruit belt had almost no spring. April was warm and wet, May was cold and windy with generally unfavorable pollination conditions. When all goes well, Pennsylvania produces around 10 million bushels, as it did in 1949 and some other recent years. When things go wrong, the crop may be less than 2½ million bushels, as it was in 1945. That is the way pomology is—very good or very bad or somewhere between those extremes, but never normal.

Over half of Pennsylvania's apples come from only seven counties; the other sixty counties grow the remainder. The largest orchard belt is a cluster of counties along the southern border of the state just west of the Susquehanna River—Adams, Cumberland, Franklin, and York. These counties have little in common other than the fact that they grow a lot of apples, and even the apple orchards differ from one county to another within this group. Two neighbor counties—Berks and Lehigh to the northeast, as shown on the map—are also big apple producers. Then there is Erie County, far up in the northwestern corner of Pennsylvania, which is noted more for its production of grapes, by reason of the moderating influence of Lake Erie on the weather of the area—and for

the same reason it is also an important apple-growing region.

### **Leading Apple-Producing Counties of Pennsylvania**

(1949 production in thousands of bushels)

Adams .....	1,645
Franklin .....	1,128
Berks .....	528
Lehigh .....	445
York .....	392
Erie .....	254
Cumberland .....	242
Seven-county total .....	4,634

### **Acres of Apple Pies**

Adams County stands at the head of the list. It grows about 1½ million bushels of apples a year or about one-fifth of the state's total output. That is enough to bake about 25 million apple pies, and a surprisingly large proportion of Adams County apples ultimately goes into apple pies. The reason is that Adams County specializes in a particularly good apple-pie apple—the York Imperial, an excellent processing apple. It also grows the Stayman and the Rome Beauty and other varieties, but the York Imperial is king. There is no other Pennsylvania county like Adams, not only because it grows the most apples but also because it grows a special apple for a special purpose.

Do not get the idea that Adams County is one vast apple orchard—far from it. Less than a quarter of the county is in fruit, and apples are not the only fruit grown there.

The county has both mountains and plains. The fighting during the Civil War was done on the plain—the Gettysburg Plain. The apples grow on the mountain but not over the whole mountain—only certain parts of it, because apples are very particular. South Mountain, they call it; but it isn't really a mountain. It belongs to a chain of mountains farther south—the Blue Ridge Mountains of Virginia that push up through Maryland and Pennsylvania. The Pennsylvania part of the upheaval seldom rises in excess of 2,000 feet, and that has no right to be called a mountain. Nevertheless, South Mountain it is.

South Mountain, as seen on the map, takes in a small wedge of Franklin County but most of it is in Adams County and it penetrates Cumberland County. The topography and soil of South Mountain is just right for apples and other fruit. Summertime colors in the valleys of this hilly countryside reveal a pattern of general farming: meadows and corn in green, ripening grain turning gold,

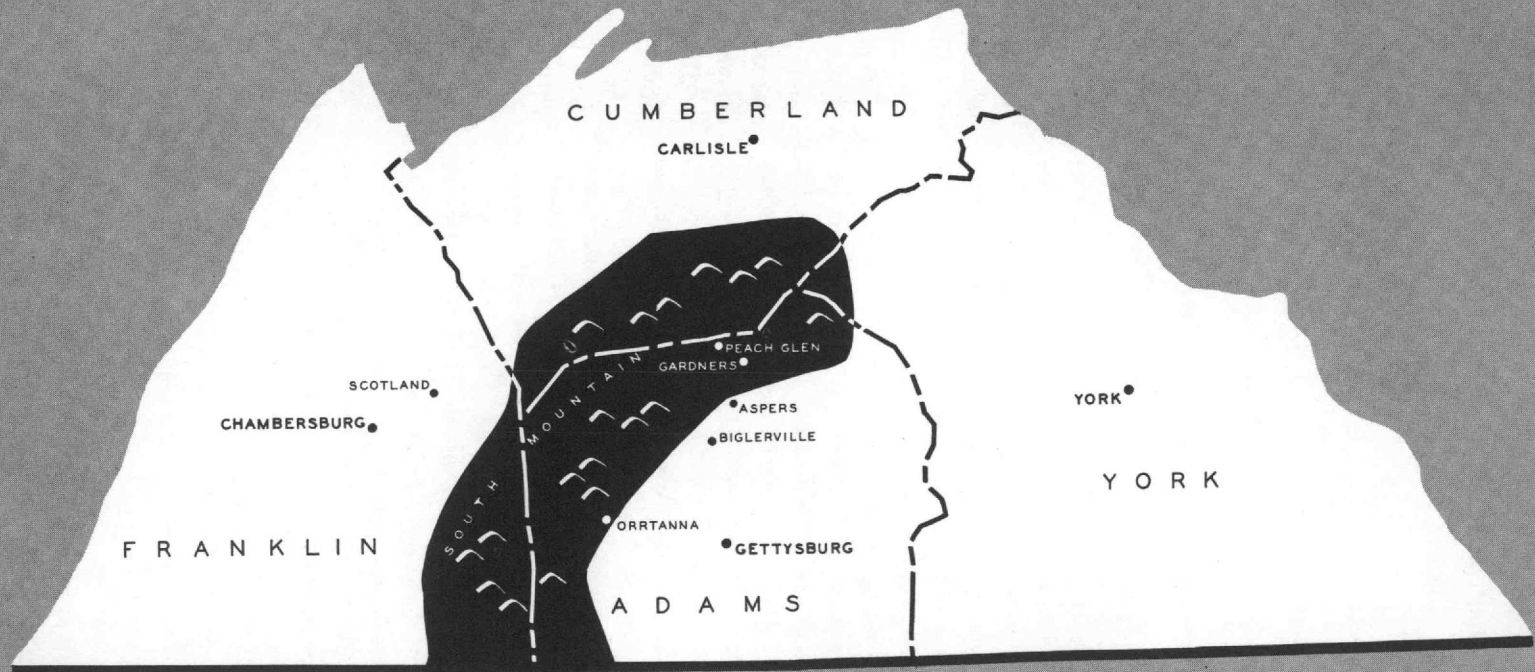
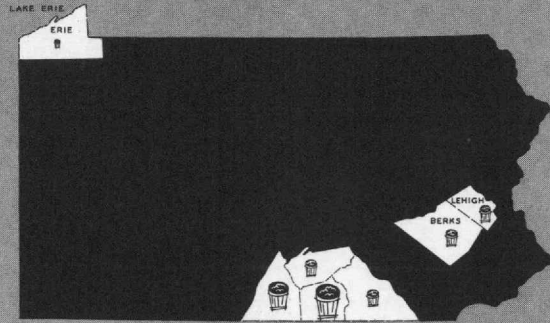
and freshly plowed patches of red earth and copperstone soil. The peaks and crests are forested with a mixture of soft and hard woods, and on the intermediate elevations—seldom over a thousand feet—are the orchards. Fruit trees on the slopes and hillsides get the benefit of good air and water drainage. Cold air currents settle in the lowlands and thereby the apple blossoms escape the damaging effects of late spring frosts, and similarly the maturing apples have a better chance to escape the hazards of early fall frosts. The eastern slopes of South Mountain are in Adams County. This gives them the added protection from unseasonably cold breezes from the west. These are among the principal reasons why Adams County grows so many apples.

Good management, with the help of Nature, explains why Adams County is a fruit grower's paradise. The Garden of Eden incident took place a good many years ago, however, and it is purely coincidental that Adams is the name of Pennsylvania's greatest apple growing county. Driving through the South Mountain country you see the well-dressed orchards. Some of the farms are small—forty to fifty acres—some are large, up to a thousand acres; some are fruit farms only, and others are a combination of fruit and general farming. All are well cared for.

The orchards are well-planned and carefully laid out with the trees scientifically spaced. Trees are pruned at the right time and sprayed throughout the growing season on a strictly observed schedule. The young trees, or "whips," wear boots as protection against mice and other nibblers of tender trunks, and older trees that have passed their peak productivity are uprooted to make way for saplings. Soil fertility is maintained with generous applications of fertilizers and the sowing of inter-crop alfalfa or other legumes. Fruit growing has become a highly specialized branch of agriculture. The small apple orchard as an adjunct of every farm is a thing of the past—for the most part they are monuments of neglect.

The well-managed commercial orchards of South Mountain are a sight to behold. At blossomtime they are wide expanses of white and pink. In mid-summer they are a profusion of rich green—healthy leaves and little apples. In the fall the maturing fruit hangs so heavy that the limbs of the trees must be propped up with long poles. Apple men love their orchards and tend them with great care. It pays.

# PENNSYLVANIA'S LEADING APPLE COUNTIES



To be sure, it takes money and labor to operate an orchard properly. Six to eight years pass before newly planted saplings show appreciable production. The average life of a tree is only thirty-five to forty years; hence about one-fourth of a going orchard is always in the capital-consuming, pre-bearing stage. During the growing season the farmer is engaged in constant battle against diseases and larvae that attack fruit, foliage, wood, and roots of apple trees. Chemical warfare requires mobile pressurized spraying equipment. The "shooting" is often done at night, which explains the flashing lights through South Mountain orchards long after dark during summer nights. A modern speed sprayer, together with auxiliary equipment consisting of a waterwagon and tractor to haul the spray unit through the orchard, costs approximately \$7,000. But it takes only a two-man crew and they do the work which formerly required eight men.

When harvesting time comes, imported crews of apple-pickers—Puerto Ricans and others—are supplied with bags, boxes, baskets, ladders, trucks, and other related equipment. Although apples are not so perishable as peaches, good management calls for rapid delivery to either the market or the cold storage warehouse or the processing plant. About 90 per cent of the Adams County apples go directly to nearby canneries for immediate processing or into cold storage for post-harvest processing.

### When Apples Roll into the Canneries

At this time of the year, when the harvest is in full swing, an apple avalanche rolls into the processing plants at Aspers, Biglerville, Gardners, Orrtanna, and Peach Glen. They are all in Adams County in the South Mountain area. Motor trucks loaded with field boxes full of apples go directly from the orchards to the processing plants where they are emptied onto a moving belt. Once on the belt, they get the typically American mass-production treatment—high speed and automatic disassembly—winding up with finished products like properly labeled cartons of canned apple slices, applesauce, apple juice, cider, vinegar, apple butter, apple pie mix, etc. In the process, the big apples become slices for the commercial bakeries that bake apple pies. Smaller apples are converted into applesauce, jellies, juice, and other products. Revenue is squeezed out of every part of the fruit including the pulp, which yields dried pomace and is worked up into pectin for the manufacture of jellies. The

entire process is scientific, sanitary, and speedy. During the harvesting season, apples naturally flow into the plants at a rate much faster than they can be processed; hence the large cold-storage warehouses out of which the plants continue to operate all through the winter and into the early spring.

What the processor pays the grower for his apples depends, in part, upon the quality and size of apples delivered. Just to give you an idea, U.S. #1 canner apples practically free from blemishes and defects and 2½ inches or more in diameter may command a price of \$3 per hundredweight. For the same quality but smaller size, the grower may receive only \$2.35 per hundredweight. For a slightly inferior grade, called #2 canners, the grower may get only \$1 per hundredweight. The "cidlers" will probably bring 60 cents per hundredweight. A sliding scale with such a steep slide is bound to put pressure on the grower to deliver good, well-formed, large-size apples free from defects.

### Sour Cherries on South Mountain

While apples are the big tonnage, Adams County canneries also process other fruits and vegetables. There is a saying, "From York Springs to Jacks Mountain the apple is king and the peach is queen." Adams County still produces a large number of peaches, but the peach no longer competes with apples as vigorously for the choice orchard sites. The sour cherry is usurping the place of the peach. One reason for the shift from peaches to cherries is that peaches push apples very hard at harvesting time. Peaches ripen just a few weeks ahead of apples and they demand immediate attention. Cherries ripen earlier than peaches, and that reduces the peak load at the canneries as well as on the farms. Furthermore, soil and climatic conditions are just as favorable to cherries as they are to apples and peaches, and it is a matter of indifference to the busy bees on what kinds of blossoms they light as they make their rounds. In 1934, Adams County grew relatively few sour cherries; now it is producing 4,000 to 5,000 tons annually. In season, the canneries also process tomatoes and tomato tonnage is likewise gaining. What a fruitful range of hills, that South Mountain!

### Apples with Glamour

The western slopes of South Mountain are in Franklin County, which differs from Adams County in a number of ways. To begin with, Franklin County usually rates

below Adams in tonnage of apples grown, but not necessarily in value of the total crop. Another difference is that Franklin County is not so highly specialized in producing apples for processing. Franklin growers send a larger proportion of their apples to the fresh market, and they do not specialize so much in the York Imperial. In Franklin County the Stayman ranks first, the York Imperial second, the Jonathan third, and the Rome Beauty fourth. All are red apples—apples with glamour. Apples differ from each other in many respects other than their color.

Each variety of apples has its own peculiar characteristics and its admirers. Apples generally fall into two broad classes: those best for cooking—like the York, the Rome Beauty, the Rhode Island Greening, and the Yellow Transparent—and apples for eating fresh, like the Delicious, Stayman, McIntosh, and the Winesap. In contrast with these common varieties are uncommon varieties like Evening Party, Snow, Nickajack, and Fourth-of-July. More than 200 varieties of apples are grown in the United States but this is hardly the place to describe all of them. About fifteen of these varieties are commercially important.

The York Imperial is recognized by its bright red color, indistinctly striped with carmine, and by its shape—both ends are distinctly truncated and the axis is sharply oblique. The flesh is coarse and the flavor not inviting (for eating fresh off the tree). The apple keeps and ships exceedingly well and that is why it is one of the best for processing.

Glamour apples are those with red cheeks, like the Delicious, Winesap, and Jonathan. Biting into a Red Delicious or a Golden Delicious is a joy to the core. The varieties just mentioned are yummy. Tastes differ, of course, among individuals and among regions. Some will say that the Northern Spy is the best apple to eat. In the Philadelphia area the Smokehouse is still popular, but it is on the decline—it just can't compete with the big, red, glamorous, Delicious and Winesap.

Franklin County orchardists grow some of the finest fresh market fruit in the country. Some of the growers sell their apples at roadside stands, others pack the fruit carefully for shipment to the big metropolitan markets. Some of the apples go to South America and other foreign markets. The best fruit commands fancy prices; lower quality fruit goes at lower prices to the processing plants

at Chambersburg, Scotland (Franklin County), or other plants within trucking distance.

Not all Franklin County orchards are in the South Mountain section; some are as far west as Mercersburg. Many of the growers have their own cold storage warehouses where carefully controlled temperature and humidity keep the apples in good condition. Shipments to market are made from these warehouses throughout the winter and well into the following summer.

Part of South Mountain is in Cumberland County to the north of Adams County and that explains why Cumberland County is also an important apple-growing region. York County, just east of Adams County, also has numerous orchards but apple production in York County is far surpassed by other sources of farm income such as dairy, poultry, and other livestock products.

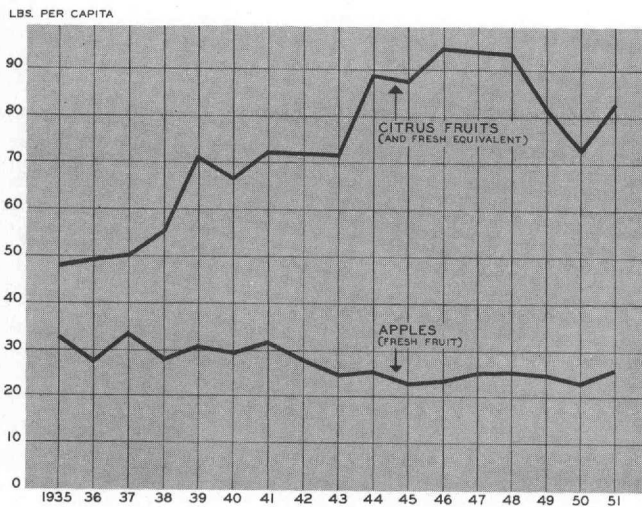
Berks and Lehigh counties to the northeast have superseded York County in the apple business, and again the reason is very largely a mountain—or, more accurately, a range of hills. The good apple-producing hillsides in Berks and Lehigh counties are a geological product of long, long ago—an irregular upland of modest elevation known as the Reading Prong. It is an extension of the New England Upland that sticks across these Pennsylvania counties like a finger pointing toward, and in fact reaching, Reading, the biggest city of Berks County. Again, this apple-producing region is different from the others. While this area sends a lot of its glamour apples to the nearby markets in the heavily populated Atlantic Seaboard, it has also gone in for considerable specialization, particularly apple juice. In Lehigh County, about half of the apple crop is processed.

Erie County, in the extreme northwestern part of the state, has apples without mountains. It has, however, a lake that furnishes the moderating temperatures. Erie apples go mostly to the fresh market and into apple juice, but Erie apples are fighting an apparently losing battle. They are encountering increasing competition, and orchard acreage is on the decline.

### Some Apple Economics

The basic problem confronting apple people, whether growers or processors, is the unpleasant and stubborn fact that the market for apples is declining. In this country, the records of what people eat and how much, go back with reasonable accuracy some forty years. The per capita

## APPLE AND CITRUS FRUIT CONSUMPTION



consumption of apples showed a peak of 74 pounds in 1912, and since that time there has been a persistent downward trend to current levels of 25 pounds per capita.

One reason for the decline is shown on the chart: it is the growing consumption of citrus fruits, principally oranges and grapefruit. On second thought, this is not really the reason. All the chart shows is that people consume more citrus fruits and less apples. But the question remains, why? It may be partly a matter of vitamins which citrus juices have; but apples have vitamins too. Maybe it is rather a question of "vitamin consciousness." It could be that the potential drinkers of apple juice have not been cultivated as intensively with advertising lineage and beautiful pictures; or it may be simply that more people like orange and other citrus juices better than apple juice. Not too many years ago, Santa Claus delighted the hearts of little children with an orange in their stockings hung by the chimney. Nowadays, oranges are as commonplace as the daily comics. We are not recommending the placement of an apple in the Christmas stocking. Apple people will have to take more effective measures than that to expand their market and, no doubt, they know more about that than we do.

One of the difficulties faced by Pennsylvania apple growers is their proximity to big Eastern markets. Local apples are easily trucked directly from the orchards into New York, Philadelphia, Baltimore, and Washington. That, strange as it may seem, is somewhat of a handicap. All too often insufficient care is taken in grading local

apples, in boxing, in transporting, in labeling, and in displaying. Growers out West, particularly in Washington, have the advantage of being so far away from Eastern markets. To overcome large shipping costs, they gild the glamour of their apples. They ship only the biggest and the juiciest, and the most red-cheeked apples. They wrap each apple in fancy colored paper, and they package the apples carefully in well-upholstered boxes. Their labels indicate the kind of apples in the box and precisely how many. That is the way Western growers have captured such a large slice of the Eastern market. It is not because Western apples are so much better; in fact, some experts claim Eastern apples are superior. This may sound like Eastern prejudice, and perhaps it is, but some Pennsylvania growers ship apples to the New York and other Eastern markets with the same care and get just as good results as the Western growers.

In Franklin County, for example, you will find growers who produce "fancy" and "extra fancy" grades of tree-ripened apples which are laid in straw under the trees for a special sun-kissing finish. Upon attainment of just the right color, they go to the packing shed and on an assembly line where they are automatically polished and graded into a dozen different sizes. Subsequently, they are hand-wrapped in fancy purple paper and put up for market in well-padded boxes properly labeled to indicate the exact number of apples in each Western type bushel box. Of course, marketing begins when the "roots" are planted. Nothing is gained by trying to market inferior grades in fancy packages.

Before World War II, substantial quantities of domestic apples went to foreign markets. The war interrupted the export flow, and since the end of the war, England and other European countries have been unable to resume their purchases of apples from this country by reason of their dollar shortages.

On the whole, South Mountain apple growers do very well. They have not taken the downward slide of declining apple consumption and that is because they process a large percentage of their apples. Consumption of apple products is not on the decline; on the contrary, it is rising. About twenty-five years ago the annual consumption of applesauce was about a million cases; in 1950 it was 13 million cases. In the meantime, applesauce and pork have become inseparable, like ham and eggs. As late as 1939, consumption of apple juice was about 300,000 cases. Last year it was over 3 million cases. South Mountain apple people were

quick to learn how to dish up apples in ways that people like them, and they are constantly on the alert to develop new apple products. From the laboratories of the processors have come new apple products like apple pie mix, and improved apple juice—not cloudy like cider but clear gold like Sauterne wine—also blended juices with an apple base. Now the laboratories are bringing out other new products such as apple sirup to lubricate pancakes and to sugar-coat sliced ham, and other delicacies we are not authorized to reveal. Apples are the base for about seventeen well-established consumer products, and the technicians are constantly expanding this list.

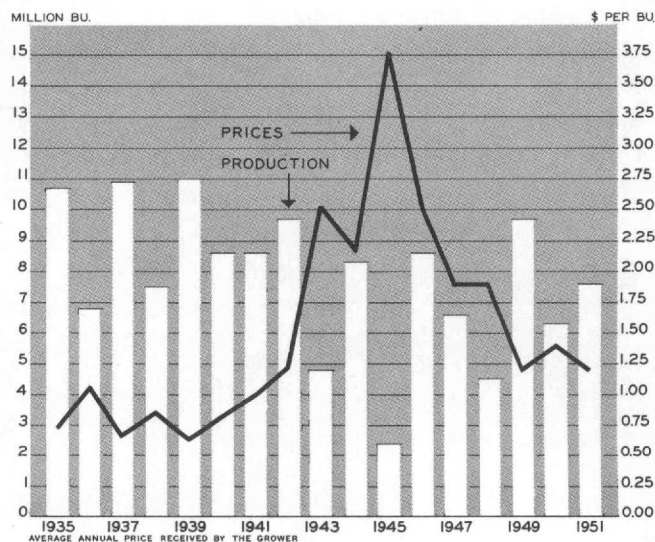
Another important branch of apple economics is the price the grower gets for his harvest. The scale of prices, as already indicated, depends of course upon the quality of his apples delivered to the cannery. The question is, what determines the scale? The scale can be easily compressed into an average which makes it look accurate, but actually an average price is a price nobody gets. That is an infirmity of averages, however—not apples. Nevertheless, averages, if not taken too seriously, are indicative of trends over a period of time.

In 1951, Pennsylvania apple growers received an average price of \$1.20 a bushel, and many South Mountain fruit growers will tell you they were “robbed.” The grower got less money than the year before but in the meantime his costs of production and cost of living continued to rise. Naturally, he blames the low price on the processor. The processor’s side of the story is that he paid what the apples were worth. (Apple growers throughout the country got an average of \$1.78 a bushel.)

What are apples worth? A simple answer is that the price of apples is determined by the law of supply and demand. Unfortunately, it is too simple. What determines supply and demand? Supply, last year, was about 7¾ million bushels in Pennsylvania—but do not forget that in the markets where Pennsylvania apples were sold there was competition from New England apples and apples from New York, Virginia, and the West. Another element in supply is the carry-over from the preceding season, which consists of both apples in cold storage and apple products in cans. This fluctuates from one season to another as a result of variation in the size of harvests.

Demand, while not so erratic as supply, is nevertheless a problem. After all, stock on hand can be counted and the current crop can be estimated with increasing accuracy as the season advances, but how can demand be estimated?

## PENNSYLVANIA APPLE PRODUCTION AND PRICES



That depends upon how many apples and apple products people are going to want. Apples, as fresh fruit, compete with citrus fruits, peaches, plums, apricots, and all other fruits. Moreover, fruits compete with meats, cereals, and dairy products. Apple pie competes with cherry pie and hundreds of other desserts. Consumption of applesauce depends, to some extent, on the consumption of pork; and Hallowe'en—which is cider-drinking time—comes but once a year. An intensive advertising campaign, like a National Apple Week, may help some but that too has to compete with a National Cheese Week and others. There just are not enough weeks for all the different kinds of food promotion.

The results of the past seventeen years of Pennsylvania apple supply and demand are shown by the price line on the accompanying chart, which also shows annual production. Analyzing the situation from year to year, you will notice that sometimes it seems to make sense and at other times it does not, but that is the way it is.

For some reason or other, apples have never been helped with price support such as received by basic commodities. In recent years, however, the Federal Government has purchased or subsidized apple marketings to a limited extent. Purchases of surplus apples have been made for school lunch programs, thus reversing the old practice of the pupil bringing teacher an apple.



### Apple Money

Three score and two years ago when the Census counted the country's apple trees, Pennsylvania ranked third. Today, the Commonwealth ranks sixth among the leading apple-producing states. Thus the state has slipped a few notches in the country's apple economy, but it is not necessarily an irreversible trend.

Of course Pennsylvania apple growers are not engaged in an inter-state race. They grow apples partly for fun but mainly for money. As long as they can make more money growing apples than anything else they will grow apples.

The point has already been made that apples grow almost anywhere except in climatic extremes, which is true, but the best yields of the best apples are obtained in comparatively few areas. One of these is South Mountain and the surrounding region. In that area there is no evidence whatsoever that apples are on the way out. Apple acreage may be decreasing but yields are increasing. New orchards are replacing old orchards, and new favorites are taking the place of obsolescent varieties. The apple people are adopting modern methods of planting, fertiliz-

ing, grafting, budding, spraying, grading, processing, packing, storing, and marketing. Occasionally you see a news item in a local paper, like the following from the October 3, 1952 issue of the Hagerstown *Morning Herald*: "A brief violent hailstorm cut sharply the late apple harvest prospects around Hancock yesterday." (Hancock is just below the border in the narrow neck of Maryland.) Progressive apple men whose orchards are concentrated in a small area protect themselves against such hazards by purchasing hail insurance.

Another of Nature's hazards is irregularity of rainfall. A long dry spell followed by heavy rains causes apples to grow so fast that they crack open. To avoid this hazard, apple men are now experimenting with irrigation.

Growing apples is one of the riskiest forms of agriculture. A successful apple grower must be not only a pomologist but also an expert in soils, climate, bugs and diseases, and insecticides. Above all he must be an expert in marketing. That is the kind of people you meet out in the South Mountain area. They may not hold degrees in all these sciences but they have the practical knowledge it takes. If you doubt it, just look at their apples!

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*Additional copies of this issue are available upon request to the Department of Research, Federal Reserve Bank of Philadelphia, Philadelphia 1, Pa.*

## CURRENT TRENDS

Industrial recovery was widespread and vigorous in August as resumed operations in the steel industry picked up speed. Employment, production, and payrolls rose to levels above those of the preceding month which had borne the adverse effects of the stoppage.

Increases in employment, production and payrolls occurred in many lines, but the greatest gains were registered by the industries turning out petroleum and coal products, and fabricated metal products and primary metals. The rise of activity in basic metals was the main force in the advance of the durable goods industries as a group. The soft goods category also gained. Despite the general improvement during the month, employment and production were below a year ago.

Seasonally adjusted department store sales rose substantially in August. The 8 per cent increase was the greatest month-to-month gain this year. The dollar volume of sales also exceeded that of a year earlier by 3 per cent. Latest weekly figures indicate that sales in September may be slightly below 1951. Inventories held by department stores again declined slightly. The ratio of stocks to sales at the end of August was lower than last year.

The volume of construction contract awards continued well above last year's level. The largest gain was registered by the nonresidential group, but the value of contracts for residential, and public works and utilities construction was up also.

Business loans of District reporting banks rose by \$33 million to \$852 million in the four weeks ended September 24, mainly reflecting stepped-up borrowing by manufacturers of foods, liquor and tobacco, sales finance companies and retail trade. In the past twelve months business loans have expanded by about \$47 million, whereas the increase in the previous year was \$215 million.

The nation's private money supply rose somewhat in August. This monthly increase in deposits and currency held by business and individuals was more moderate than in 1951. The turnover of demand deposits, which declined in July, resumed its upward trend in August.

SUMMARY	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	Aug. 1952 from		8 mos. 1952 from	Aug. 1952 from		8 mos. 1952 from
	mo. ago	year ago	year ago	mo. ago	year ago	year ago
<b>OUTPUT</b>						
Manufacturing production	+20*	- 3*	-7*	+12	0	- 3
Construction contracts	0†	+33†	0†	- 5	+13	- 6
Coal mining	+14	-21	-7	+11	-24	-10
<b>EMPLOYMENT AND INCOME</b>						
Factory employment	+21*	- 3*	-8*	+ 6	- 2	- 3
Factory wage income	+26*	0*	-5*			
<b>TRADE**</b>						
Department store sales	+ 8	+ 3	- 2	+ 9	+ 5	- 1
Department store stocks	- 1	-13		- 2	-12	
<b>BANKING</b> (All member banks)						
Deposits	0	+ 4	+4	- 1	+ 6	+ 6
Loans	+ 1	+ 8	+8	+ 1	+ 9	+ 8
Investments	0	+ 3	+1	- 1	+ 6	+ 5
U.S. Govt. securities	- 1	+ 1	-1	- 2	+ 5	+ 4
Other	0	+ 9	+7	+ 2	+14	+10
<b>PRICES</b>						
Wholesale				0	- 1	- 3
Consumers	0†	+4†	+3†	0	+ 4	+ 3
<b>OTHER</b>						
Check payments	-12	- 6	+1	-15	- 1	+ 6
Output of electricity	+ 5	+ 3	+2			

\*Pennsylvania

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

‡Changes computed from 3-month moving averages.

LOCAL CONDITIONS	Factory*				Department Store				Check Payments	
	Employment		Payrolls		Sales		Stocks		Per cent change Aug. 1952 from	
	Per cent change Aug. 1952 from		Per cent change Aug. 1952 from		Per cent change Aug. 1952 from		Per cent change Aug. 1952 from		Per cent change Aug. 1952 from	
	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago	mo. ago	year ago
Allentown	+26	-1	+43	+7					-2	+1
Harrisburg	+20	+8	+33	+14					-10	-1
Lancaster	+1	0	+1	+4	+7	+9	+3	-13	+1	+4
Philadelphia	+2	+2	+6	+10	+9	-2	+9	-13	-15	-10
Reading	+3	-6	+4	-2	+6	+3	+3	-19	-3	-6
Scranton	+4	+6	+4	+13					-7	-5
Trenton	+11	+1	+15	+3	+14	+6	+4	-13	-2	-6
Wilkes-Barre	+3	+4	+7	+17	+17	+8	+6	-14	-11	-9
York	+4	+1	+4	+5	+19	+8	+3	-12	-8	+9

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

MEASURES OF OUTPUT

	Per cent change		
	Aug. 1952 from		8 mos. 1952 from year ago
	month ago	year ago	
<b>MANUFACTURING (Pa.)</b> .....	+ 20	- 3	- 7
Durable goods industries.....	+ 33	- 6	- 8
Nondurable goods industries.....	+ 6	+ 1	- 6
Foods.....	- 1	- 1	- 2
Tobacco.....	0	+ 9	+ 1
Textiles.....	+ 7	+ 8	- 12
Apparel.....	+ 10	+ 5	- 9
Lumber.....	- 1	- 6	- 8
Furniture.....	+ 9	+28	+ 3
Paper.....	+ 14	+ 1	- 9
Printing and publishing.....	- 1	- 3	- 1
Chemicals.....	+ 3	0	0
Petroleum and coal products.....	+ 36	- 6	- 10
Rubber.....	- 1	- 12	- 3
Leather.....	+ 1	+ 2	- 7
Stone, clay and glass.....	+ 13	- 12	- 13
Primary metal industries.....	+ 160	- 13	- 19
Fabricated metal products.....	+ 25	- 3	- 11
Machinery (except electrical).....	+ 3	- 6	- 3
Electrical machinery.....	+ 5	+ 4	+ 3
Transportation equipment.....	+ 2	+ 8	+17
Instruments and related products.....	+ 1	- 11	- 5
Misc. manufacturing industries.....	+ 8	- 17	- 19
<b>COAL MINING (3rd F. R. Dist.)*</b> .....	+ 14	- 21	- 7
Anthracite.....	+ 7	- 21	- 6
Bituminous.....	+ 94	- 22	- 18
<b>CRUDE OIL (3rd F. R. Dist.)**</b> .....	- 4	- 2	- 1
<b>CONSTRUCTION—CONTRACT AWARDS (3rd F. R. Dist.)†</b> .....	0	+33	0
Residential.....	- 10	+21	+ 2
Nonresidential.....	+ 10	+52	- 22
Public works and utilities.....	- 1	+23	+59

\*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*  Indexes (1939 avg.=100)	Employment			Payrolls			Average Weekly Earnings		Average Hourly Earnings	
	Aug. 1952 (Index)	Per cent change from		Aug. 1952 (Index)	Per cent change from		Aug. 1952	% chg. from year ago	Aug. 1952	% chg. from year ago
		mo. ago	year ago		mo. ago	year ago				
All manufacturing.....	134	+ 21	- 3	390	+ 26	0	\$65.10	+ 3	\$1.65	+ 4
Durable goods industries.....	162	+ 35	- 4	442	+ 40	- 3	70.45	+ 1	1.78	+ 4
Nondurable goods industries.....	108	+ 5	- 1	322	+ 7	+ 7	57.25	+ 8	1.45	+ 4
Foods.....	127	+ 2	- 1	327	- 2	+ 5	57.71	+ 5	1.43	+ 6
Tobacco.....	88	- 1	+ 7	244	- 1	+ 13	36.53	+ 5	.96	+ 3
Textiles.....	69	+ 3	- 2	217	+ 8	+ 11	56.34	+ 14	1.41	+ 3
Apparel.....	131	+ 3	+ 1	397	+ 11	+ 9	42.72	+ 8	1.16	+ 3
Lumber.....	152	0	- 4	427	0	0	48.89	+ 4	1.17	+ 6
Furniture and lumber products.....	123	+ 6	+22	397	+ 12	+37	59.53	+ 12	1.33	+ 7
Paper.....	139	+ 9	- 4	447	+ 15	+ 9	69.45	+ 13	1.60	+ 8
Printing and publishing.....	116	- 1	- 3	327	+ 0	+ 6	80.03	+ 9	2.06	+ 9
Chemicals.....	146	+ 2	- 3	427	+ 3	+ 1	69.83	+ 5	1.65	+ 5
Petroleum and coal products.....	158	+ 64	0	443	+ 44	+ 3	84.43	+ 4	2.13	+ 6
Rubber.....	228	- 2	- 7	661	- 2	- 11	71.99	- 4	1.87	+ 3
Leather.....	85	0	- 1	240	+ 1	+ 7	48.18	+ 8	1.20	+ 2
Stone, clay and glass.....	130	+ 10	- 10	366	+ 14	- 9	64.70	+ 2	1.68	+ 5
Primary metal industries.....	135	+167	- 6	357	+173	- 9	73.71	- 3	1.99	+ 5
Fabricated metal products.....	174	+ 21	- 3	488	+ 28	+ 1	66.66	+ 4	1.67	+ 6
Machinery (except electrical).....	227	+ 1	- 6	663	+ 3	- 2	74.03	+ 4	1.75	+ 4
Electrical machinery.....	274	+ 3	+ 7	669	+ 6	+ 9	68.30	+ 2	1.69	+ 3
Transportation equipment.....	179	+ 1	+ 6	504	+ 3	+ 10	79.85	+ 3	1.95	+ 3
Instruments and related products.....	168	- 1	- 10	479	+ 2	- 10	65.30	+ 1	1.62	+ 2
Misc. manufacturing industries.....	119	+ 7	- 16	317	+ 9	- 14	54.69	+ 3	1.32	+ 4

\*Production workers only.

TRADE

Third F. R. District Indexes: 1947-49 Avg.=100 Adjusted for seasonal variation	Aug. 1952 (Index)	Per cent change		
		Aug. 1952 from		8 mos. 1952 from year ago
		month ago	year ago	
<b>SALES</b>				
Department stores.....	115	+ 8	+ 3	- 2
Women's apparel stores.....	88	- 6	- 10	- 2
Furniture stores.....		+17*	+17*	+15*
<b>STOCKS</b>				
Department stores.....	112P	- 1	- 13	
Women's apparel stores.....	97	- 3	- 15	
Furniture stores.....		+ 2*	- 16*	
Recent Changes in Department Store Sales in Central Philadelphia				Per cent change from year ago
Week ended September 13.....				- 4
Week ended September 20.....				- 5
Week ended September 27.....				+ 3
Week ended October 4.....				- 1

\*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. Aug. 1952 from year ago	% chg. 8 mos. 1952 from year ago	% chg. Aug. 1952 from year ago	Ratio to sales (months' supply) Aug.	
				1952	1951
<b>Total—All departments.....</b>	- 5	- 3	- 14	3.7	4.1
<b>Main store total.....</b>	- 4	- 4	- 14	4.0	4.4
Piece goods and household textiles.....	- 2	- 9	- 20	3.5	4.3
Small wares.....	- 3	0	- 5	4.8	4.9
Women's and misses' accessories.....	- 4	- 2	- 9	4.2	4.4
Women's and misses' apparel.....	+ 2	+ 2	- 6	2.5	2.7
Men's and boys' wear.....	- 7	- 1	- 14	5.8	6.2
Homefurnishings.....	- 7	- 9	- 18	4.1	4.7
Other main store.....	- 10	- 2	- 31	4.1	5.2
<b>Basement store total.....</b>	- 10	- 2	- 11	2.7	2.7
Domestics and blankets.....	- 12	- 1	- 21	2.6	2.8
Small wares.....	- 22	- 6	- 13	2.5	2.2
Women's and misses' wear.....	- 7	- 1	- 4	2.0	2.0
Men's and boys' wear.....	- 7	- 1	- 16	3.1	3.4
Homefurnishings.....	- 17	- 9	- 12	3.9	3.7
Shoes.....	- 9	- 3	- 12	3.8	3.9
<b>Nonmerchandise total.....</b>	- 2	+ 1			

**CONSUMER CREDIT**

Sale Credit Third F. R. District	Sales		Receiv- ables (end of month)
	% chg. Aug. 1952 from year ago	% chg. 8 mos. 1952 from year ago	% chg. Aug. 1952 from year ago
	Department stores		
Cash.....	- 6	- 2	.....
Charge account.....	- 3	- 3	+ 8
Instalment account.....	+ 9	+ 4	+ 8
Furniture stores			
Cash.....	+16	+ 4	.....
Charge account.....	+44	- 5	.....
Instalment account.....	+14	+15	+12
<b>Loan Credit</b> Third F. R. District			
	Loans made		Loan bal- ances out- standing (end of month)
	% chg. Aug. 1952 from year ago	% chg. 8 mos. 1952 from year ago	% chg. Aug. 1952 from year ago
	Consumer instalment loans		
Commercial banks.....	+16	+41	- 3
Industrial banks and loan companies.....	+14	+31	+23
Small loan companies.....	- 1	+13	+18
Credit unions.....	+11	+22	+16

**BANKING**

MONEY SUPPLY AND RELATED ITEMS United States (billions \$)	Aug. 27 1952	Changes in—	
		four weeks	year
Money supply, privately owned.....	186.2	+ .5	+9.2
Demand deposits, adjusted.....	95.8	0	+4.4
Time deposits.....	64.1	+ .3	+3.8
Currency outside banks.....	26.3	+ .1	+1.0
Turnover of demand deposits.....	21.7*	+2.8*	+ .9*
Commercial bank earning assets.....	136.6	- .2	+9.5
Loans.....	60.2	+ .5	+5.1
U.S. Government securities.....	62.0	- .9	+2.8
Other securities.....	14.4	+ .2	+1.6
Member bank reserves held.....	19.8	- .6	+ .9
Required reserves (estimated).....	19.6	- .1	+1.1
Excess reserves (estimated).....	.2	- .5	- .2
Changes in reserves during 4 weeks ended August 27, reflected the following:			
		Effect on reserves	
Decrease in Reserve Bank loans.....		- .5	
Increase of currency in circulation.....		- .2	
Net payments to the Treasury.....		- .1	
Gold and foreign transactions.....		- .1	
Increase in Reserve Bank holdings of Governments.....		+ .3	
Change in reserves.....		- .6	
* Annual rate for the month and per cent changes from month and year ago at leading cities outside N. Y. City.			

**PRICES**

Monthly Wholesale and Consumer Prices	Aug. 1952 (Index)	Per cent change from		
		month ago	year ago	
Wholesale prices—United States (1947-49 = 100)...	112	0	- 1	
Farm products.....	110	0	0	
Foods.....	111	0	- 1	
Other.....	113	0	- 2	
Consumer prices (1935-39=100)				
United States.....	192	0	+4	
Philadelphia.....	193	0	+4	
Food.....	236	- 1	+7	
Clothing.....	196	- 1	- 3	
Rent.....	129	0	+4	
Fuel.....	151	+ 1	- 1	
Housefurnishings.....	212	+ 1	- 4	
Other.....	176	0	+4	
Weekly Wholesale Prices—U.S. (Index: 1947-49 average = 100)				
	All com- modi- ties	Farm prod- ucts	Proces- sed foods	Other
Week ended September 9.....	111.4	107.2	110.3	112.6
Week ended September 16.....	111.3	106.2	110.0	112.7
Week ended September 23.....	111.1	105.2	109.8	112.7
Week ended September 30.....	111.0	105.9	108.7	112.6

Source: U.S. Bureau of Labor Statistics.

OTHER BANKING DATA	Sept. 24 1952	Changes in—	
		four weeks	year
Weekly reporting banks—leading cities United States (billions \$):			
Loans—			
Commercial, industrial and agricultural.....	21.6	+ .7	+ 1.5
Security.....	2.1	- .2	+ .1
Real estate.....	5.9	0	+ .3
To banks.....	.7	+ .1	+ .3
All other.....	6.6	+ .1	+ .7
Total loans—gross.....	36.9	+ .7	+ 2.9
Investments.....	39.2	- .8	+ 1.3
Deposits.....	85.9	+ 1.1	+ 4.6
Third Federal Reserve District (millions \$):			
Loans—			
Commercial, industrial and agricultural.....	852	+ 33	+ 47
Security.....	70	- 3	+ 27
Real estate.....	146	+ 3	+ 4
To banks.....	4	+ 2	- 1
All other.....	435	+ 5	+ 45
Total loans—gross.....	1,507	+ 40	+ 122
Investments.....	1,479	- 36	- 28
Deposits.....	3,321	+ 105	+ 123
Member bank reserves and related items United States (billions \$):			
Member bank reserves held.....	20.6	+ .8	+ 1.2
Reserve Bank discounts and advances.....	.4	- .5	+ .2
Reserve Bank holdings of Governments.....	23.7	+ .6	+ .2
Gold stock.....	23.3	0	+ 1.3
Money in circulation.....	29.2	+ .1	+ 1.1
Treasury deposits at Reserve Banks.....	.3	- .4	- .6
Federal Reserve Bank of Phila. (millions \$):			
Loans and securities.....	1,505	- 51	+ 4
Federal Reserve notes.....	1,763	+ 7	+ 73
932.....	932	+ 7	+ 20
Member bank reserve deposits.....	1,235	+ 4	+ 31
Gold certificate reserves.....	1,235	+ 4	+ 31
Reserve ratio (%).....	44.8%	+ 0.7%	+ 0.3%