

FEDERAL RESERVE BANK OF PHILADELPHIA

MAY

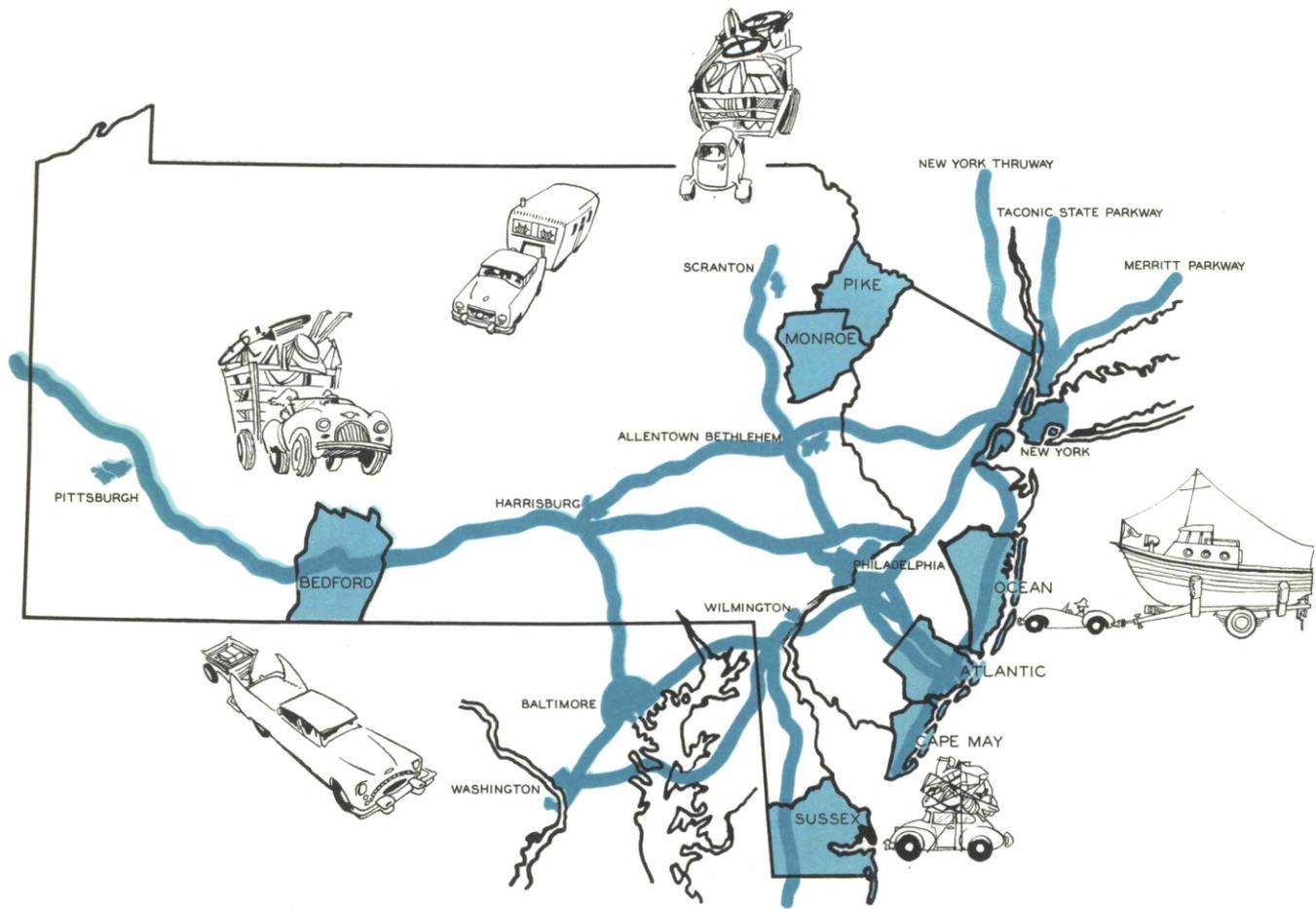
1958

still on vacation

*a survey of the travel and
vacation industry of the philadelphia
federal reserve district*

capital spending: still falling

business review



STILL ON VACATION

A Survey of the Travel and Vacation Industry of the Philadelphia Federal Reserve District



Part II: The Problems

The travel and vacation industry in this district is beset with two major problems: seasonality and the need for modern facilities and services. The problems are easily stated but not easily solved.

SEASONALITY

When the earth was hung up in space it was not hung straight. If the earth had been hung so that its axis were perpendicular to the plane of the earth's orbit around the sun there would be no seasons. Day and night would be of equal length. Equable conditions of temperature would prevail.

But the earth was cocked at a 23-degree angle, and so the travel and vacation industry of the Philadelphia Federal Reserve District has a seasonality problem.

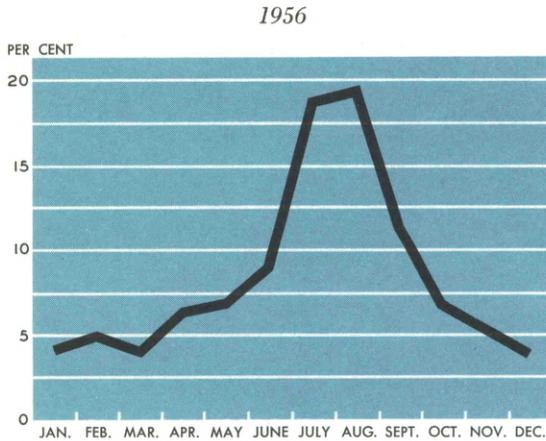
To be sure, not quite all of the industry's sea-

sonality can be ascribed to the 23-degree angle of inclination. There is no law that compels us to take a vacation between the Fourth of July and Labor Day. But most people do.

The evidence is abundant. Seasonality leaves its imprint all over resort communities. It shows up in cash registers, parking meters, church offerings, boardwalk traffic, water consumption, milk deliveries, bank deposits, liquor sales, pinball machine receipts, and tax collections.

One of the best reflectors of seasonality is the luxury tax take at our largest resort. Almost 40 per cent of the Atlantic City luxury tax is received in the months of July and August. Extend the period to include June and September, and the tax collections for the four summer months almost reach 60 per cent. In December, January, and February, collections are very low, as the chart shows.

MONTHLY COLLECTION OF ATLANTIC CITY LUXURY TAX



Seasonality is worse in some resorts than in others. In Bedford County, for example, over 80 per cent of the retail and service establishments are open eight months or more, while only 20 per cent of the establishments covered in Cape May County are open that long. Seasonality of operations varies between these two extremes, as may be seen in the vertical bar chart which shows for each of the resort areas the proportion of total retail and service establishments that are closed part of the year.

In Atlantic County, 60 per cent of all retail and service establishments operate the year round. This shows the influence of Atlantic City—a metropolis with a permanent population of more than 65,000, and facilities for lodging and entertaining guests both in season and out of season. Atlantic City attracts conventions every month of the year, partly because of the promotional efforts to attract business in the off-season. Special events are scheduled for holidays and weekends to encourage off-peak vacations.

Bedford County's comparatively low rate of seasonality is rather unique. Bedford County caters to transients to a considerable extent. Some

of the transients are vacationers and some are not. Even among the vacationers, the destination may be either a summer or a winter resort.

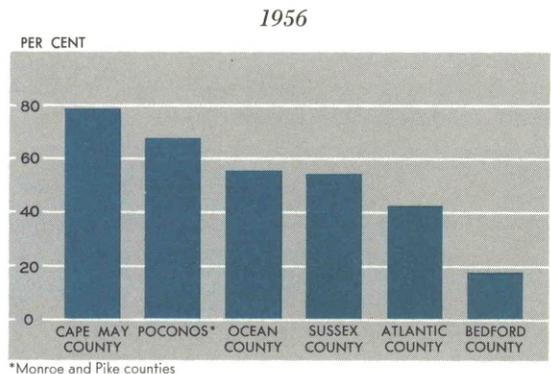
The Poconos have a few establishments that remain open during the winter months. Hunting, hiking, and skiing are off-season attractions—and so is honeymooning. Despite all the conquests made by June brides, marriage overtakes a surprisingly large number of people in other months.

In Ocean County, seasonality might be higher were it not for the winter-season activities at Lakewood and the year-round business activities of the county's several inland cities. Cape May and Sussex counties have made limited efforts to obtain off-season vacation business. Convention business, however, requires large establishments with spacious meeting-room facilities that are not in evidence in these areas.

Must the industry hibernate?

Annual off-season hibernation is the curse of the travel and vacation industry. Large capital investments go unused for eight to ten months of the year. If the automobile industry or the steel industry operated at 20 per cent of capacity year after year, it would be looked upon as an unnecessary waste of resources. The existence of idle resources

PROPORTION OF RETAIL AND SERVICE ESTABLISHMENTS NOT OPEN ALL YEAR



*Monroe and Pike counties

in the travel and vacation industry is no less wasteful. Even those areas that maintain operations throughout the year, face a drastic drop in the level of utilization of their facilities.

Nor is idle capital the only problem. Hibernation also idles labor. Fortunately, some of the off-season unemployment is voluntary. The industry draws heavily on college and high school students who are in the labor market only during the summer. Moreover, there is a body of migrant workers who travel South in winter to Florida and other Southern resorts. Nevertheless, seasonal unemployment is a real problem as reflected in sharply rising unemployment claims in our resort areas during off-season months.

Falling temperatures and the public school calendar are generally regarded as insuperable obstacles to the expansion of the resort season. Obstacles though they are, the fact is that some enterprising resort operators have lengthened their season in a variety of ways. Many of these take the form of special events fitted into the calendar when school children have holidays and long weekends. Moreover, there are sporting events for all seasons of the year.

Seashore resorts have the ever-present natural advantage of the moderating influence of the ocean so that their winters are milder. An off-season stroll on the boardwalk or beach in the absence of a crowd has a charm of its own. In the mountains, snow and ice set the scene for skiing and skating and related winter sports.

People can be lured to take off-season trips to resorts by special inducements such as lower rates, fashion parades, festivals, historic pageants, dances, antique shows, sports and athletic contests, jousting tournaments, conventions, art exhibitions, writers' conferences, card parties, house parties for fraternities and sororities, youth conventions, retreats, family reunions, etc.

It is not suggested that seasonality can be eliminated, but it can be reduced considerably if active and constructive efforts are exerted toward that end. Resort leaders state that two trends have been observed in recent years: (1) the average stay of the visitor is becoming shorter, and (2) there are more "day trips." It is conceivable that both of these trends might possibly be geared into a comprehensive plan for combatting the seasonal problem.

Another approach is to induce other industries into the resort areas so as to diversify economic activity—but that is another story.

NEED FOR MODERN FACILITIES AND SERVICES

The second major problem of our travel and vacation industry is obsolescence—out-of-date facilities and old-style services. Public bathrooms, improvised showers rigged over old-fashioned tubs, early American plumbing, 25-watt bulbs spreading gloom from the end of a lone drop cord, electric fans, wicker furniture, match-fired gas ranges, creeping elevators, sandy rugs, bumpy mattresses, paper-thin walls, and ice boxes are not the kind of facilities that attract present-day vacationers.

Some of the outmoded facilities are a heritage of pioneer days. Travel and vacation was already a well-established industry in this district when buffaloes roamed the ranges and Custer made his last stand. A group of Philadelphia Quakers established a resort at Buck Hill Falls in 1847, and Atlantic City built its first boardwalk in 1870.

Today's vacationer has purchasing power. He probably lives in a suburban home with an attractive lawn in a setting with open space and sunshine. His home is equipped with sanitary plumbing, self-defrosting refrigerator, indirect lighting, thermostatically controlled heating, electric laundering equipment, dishwasher, vacuum cleaner,

electric range, radio, television, and perhaps air conditioning. When he takes his family on vacation he expects to find most of these conveniences to which the family is accustomed.

In each resort area, accommodations and services range from barely passing to super—from lax to de luxe. Rates vary accordingly. Often the weekly rate at some establishment is lower than the daily rate at a resort hotel within a few miles, and the resort hotel is usually operating at a higher rate of occupancy.

With prevailing levels of income, the limited-service guest home is rapidly losing business to the modern, full-service motel and hotel. And it isn't always the largest places that are the best. Some restaurants have waiting lines almost every day, while others have tables with empty chairs for guests who seldom come to dinner. The field work for this survey was performed during the 1957 season—a season which most operators said was the best in four or five years. Despite the general feeling of prosperity, some establishments encountered declining volume of sales. Almost invariably it was the out-dated, limited-service places that had idle capacity.

Progress through united effort

The industry is large in the aggregate, but most of the individual establishments are small. Independent operation, rather than joint effort is characteristic of them. The small firms fear domination by their larger competitors; they doubt that community promotion and improvement will be beneficial to them as individuals. The larger the resort area the greater the spirit of independence—the will to go it alone.

Cooperative effort is more likely to be found among the larger firms that derive the major share of their business from vacationers, and cooperation is more likely when the entire area of the

resort is small and when the firms are in similar types of business. Curiously, the firms most reluctant to cooperate in projects for local improvement are those that need them most, and the operators most willing to cooperate are usually the ones in least need of cooperation. The large resort hotel, camp, or restaurant can perhaps isolate itself to a degree and offer a complete package that is competitive. The small guest home or restaurant must rely to a considerable extent upon what the area has to offer in the way of natural attractions and advantages.

The starting place for the individual operator must be with his own facilities and services; they must be of acceptable quality and quantity. The next consideration is the general development and offerings of the area. If the present resort areas are to continue to be vacation-dependent, they should continue to offer ever-improving vacation opportunities. Such improvement can come about through individual effort reinforced by community effort and industry-wide effort.

The changing vacation market

Probably the greatest change that has taken place in the travel and vacation industry is in its market. Its market has grown fast in recent years not only because of the rapidly growing population, but also because people have more leisure time, more money to spend, and a greater desire to travel.

The country's 172 million people are the potential market. That multitude consists of 54 million spending units—9 million larger than in 1947, just a decade ago. They might be called families, since most of them are families or live together and pool their incomes to meet major expenses.

More important is the improvement in their economic well-being that has taken place during the past ten years. Note the table which shows how

they have been stepping up higher on the income ladder. The improvement is remarkable even after allowing for changes in the purchasing power of the dollar. Over 15 million families now have incomes, after taxes, of \$6,000 and over. These are the families that can afford a vacation, and they are the people to whom the travel and vacation industry might most profitably pitch its appeal.

DISTRIBUTION OF CONSUMER UNITS BY INCOME CLASS

Family personal income (before income taxes)	Percent of families	
	1947	1957
Under \$2,000	25	14
\$ 2,000 to \$ 3,999	38	23
4,000 to 5,999	20	25
6,000 to 7,999	9	18
8,000 to 9,999	3	9
10,000 to 14,999	3	7
15,000 and over	2	4
Total	100	100

Source: *Survey of Current Business*, U. S. Department of Commerce, April 1958.

Air travel has greatly increased the range of travel and the choice of vacation spots—Canada, Florida, Mexico, Bermuda, Europe, or Hawaii, just to mention a few. Moreover, jet planes will soon be in service and then no spot on earth will be more than 20 hours distant from any place in the United States. That is something to ponder for the travel and vacation industry of the Philadelphia Federal Reserve District. While air travel may enlarge the market for our vacation industry, it also increases the competition from distant vacation lands.

As long as the automobile remains the favorite mode of travel, our local seashore and mountain resorts are highly favored. The New Jersey seashore resorts, so easily accessible to the vacationers of the Philadelphia metropolitan area, are now easily reached by vacationers from New

York, who can use the New Jersey Turnpike and the Garden State Parkway. The seaside resorts of New Jersey are also within easy reach of vacationers as far west as Chicago who now have uninterrupted turnpike motorways to the Atlantic Seaboard.

Sussex County resorts have the good fortune of being close to Baltimore and Washington—cities of about equal size—and Washington is probably the most depression-proof city in the country.

The Poconos are doubly favored. They are at the back door of New York and the northern extension of the Pennsylvania Turnpike makes the Poconos easily accessible to Philadelphia vacationers. Moreover, plans are in the making to bring the Poconos still closer to New York with a six-lane highway from the George Washington Bridge to the Delaware Water Gap.

With such huge markets so close at hand, the major resorts of this district couldn't possibly be better located. If they provide the kinds of services and facilities that vacationers expect, the industry should prosper, provided sufficient lines of communication between the industry and its market are established. Adequate communication, however, requires more than an occasional advertisement in the newspapers and a few magazines. It requires concerted effort on the part of the industry to bring to the attention of the greatest number of people precisely what facilities are available and where and at what rates and what special attractions are offered. United efforts for better publicity could doubtless be performed best by the resort associations. The travel and vacation industry of the district is size \$600 million. Only one cent out of each dollar would provide \$6 million for public information and publicity. Hawaii has been lying out in the Pacific for ages, but last year—according to Willis J. Lipscomb of Pan American World Airways—Hawaii, by investing \$800,-

000 in promotion efforts, induced Americans from continental United States to spend \$65 million on vacations.

Planning for vacationers

Planning for vacationers is ever so much more difficult than planning a vacation because vacationers do not run to type. Nevertheless, there are certain common objectives that people have in mind when they go on vacation.

In one of its numerous travel and vacation surveys conducted on a nation-wide basis, the Curtis

Publishing Company asked what specific things people regard of importance on any vacation. Scoring highest was a change of scenery or surroundings. Other things, in order of importance, were: a rest and a renewed outlook on life in general; a chance to meet people, new faces, different customs; touring by automobile; a chance to enjoy different foods and dishes; a chance to visit historic shrines; a hospitable atmosphere; and, a chance to attend concerts, festivals, etc. Our own travel and vacation industry has abundant opportunities to gratify these vacation desires.

CAPITAL SPENDING:



STILL FALLING

Results of Spring Check-up of Manufacturers in the Delaware and Lehigh Valleys

Business hasn't looked so good. Gross National Product has fallen more than was expected. Most of its principal spending components other than government are down. Retail sales have disappointed. First-quarter corporate earnings reports are not heartening.

The foregoing brief recitation gives some impression of the economic environment that provided the backdrop for this Bank's spring check-up of manufacturers' spending plans. It is not surprising that the survey revealed evidence of some further weakness.

Manufacturers in the Philadelphia area now say they are going to spend \$331 million for construction and equipment during 1958. Last fall they indicated spending would approximate \$342 million in 1958. Total spending in 1957 was \$394 million.

Further trimming of spending plans is indi-

cated in two neighboring areas in this district. In the Wilmington metropolitan area, spending plans have been cut by 40 per cent since the fall. Trenton-area manufacturers now plan to pare spending another 11 per cent. Spending plans in the Lehigh Valley metropolitan area are running strongly counter to trends. Manufacturers there now plan to increase spending over their fall estimates by 45 per cent. In the fall, the Lehigh area had shown a large prospective drop of 39 per cent from 1957 levels. The spring revision would bring spending beyond year-ago totals.

A REPORT FROM PHILADELPHIA AREA MANUFACTURERS

The paring down of fall spending plans is not at all surprising; in fact, the 3 per cent trim is somewhat less than might have been anticipated. The following table shows how spending plans have changed by industry.

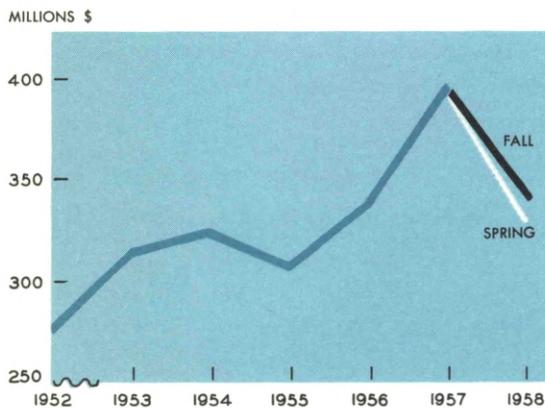
CAPITAL EXPENDITURE EXPECTATIONS OF MANUFACTURERS IN THE PHILADELPHIA METROPOLITAN AREA, 1958

(In millions of dollars)

Industries	Total actual expenditures 1957	Spring estimate 1958	Per cent change	Spring estimate compared with fall estimate Per cent change
All manufacturing	394.3	331.2	-16.0	- 3.0
Durables	161.6	136.6	-15.5	- 5.4
Lumber and furniture	5.0	2.6	-48.0	- 55.9
Stone, clay and glass	10.5	11.7	+11.4	+ 12.5
Primary metals	54.8	55.4	+ 1.1	- 5.0
Fabricated metals	21.3	9.9	-53.5	- 26.7
Machinery (except electrical)	22.5	13.0	-42.2	- 5.1
Electrical machinery	18.9	25.4	+34.4	- 4.9
Transportation equipment	18.2	10.6	-41.8	+ 35.9
Instruments and misc.	10.4	8.0	-23.1	- 1.2
Nondurables	232.7	194.6	-16.4	- 1.3
Food and tobacco	38.1	25.4	-33.3	+ 7.2
Textiles	10.3	5.3	-48.5	- 1.9
Apparel	2.1	2.0	- 4.8	0.0
Paper	14.8	18.5	+25.0	+ 24.2
Printing and publishing	11.7	12.8	+ 9.4	+116.9
Chemicals	71.2	53.4	-25.0	- 5.7
Petroleum and coal products	74.8	70.4	- 5.9	- 14.6
Rubber	9.1	6.3	-30.8	+ 12.5
Leather	0.6	0.5	-16.7	- 16.7

Of the seventeen separate industry groups, ten now show more hesitancy in spending than last

CAPITAL SPENDING OF MANUFACTURERS IN THE PHILADELPHIA METROPOLITAN AREA SINCE 1952



fall. Six have made upward revisions in their plans, and one remains unchanged.

Surprisingly, more firms have revised their spending plans upward than downward. The following table shows that 29 per cent of all firms have larger spending goals than in the fall. Just 27 per cent of the firms have cut back, and 44 per cent have not changed their anticipations. The firms cutting back are slashing hard enough, however, to more than offset the plurality of increases.

It is interesting that the two industries scoring the sharpest upsurge in spending plans since last fall are printing and publishing, and transportation equipment. In the fall, these industries planned the deepest percentage-wise slashes from actual 1957 levels.

In the case of printing and publishing, the

planned increase restores spending to the actual 1957 level and then some. Despite a large change in plans since the fall, manufacturers of transportation equipment still do not expect to spend as much as in 1957.

Conversely, the petroleum group, which planned to hike spending by nearly \$8 million last fall, has had a change of heart. Refineries in this area now say spending will be cut back by about \$12 million. The first table illustrates how spring spending plans compare with actual 1957 expenditures.

Capacity and 1959 spending

This spring, for the first time, we asked manufacturers questions about capacity and spending plans for the following calendar year. As a group, manufacturers told us they were operating at

about 80 per cent of capacity in the fourth quarter of 1957, and at 75 per cent of capacity in the first quarter of this year. They expect to operate at something like 76 per cent in the current quarter and at 77 per cent in the summer months. By the final three months of the year, manufacturers expect operations to be back at 80 per cent of capacity.

Slow but steady improvement in percentage of capacity operations is expected over the balance of 1958. In view of this, it is no shock to find that firms expect capital spending in 1959 to be close to 1958 levels. About 63 per cent of the firms reporting said they expected to spend about as much in 1959 as in 1958. The remaining firms were about evenly split between those which expected to increase and those which expected to decrease spending.

CAPITAL EXPENDITURES: 1958 SPRING ESTIMATE COMPARED WITH 1957 FALL ESTIMATE

Per cent of firms

Industries	Per cent of firms		
	Higher	Same	Lower
All manufacturing	29	44	27
Durables	26	43	31
Lumber and furniture	29	50	21
Stone, clay and glass	33	28	39
Primary metals	23	58	19
Fabricated metals	28	42	30
Machinery (except electrical)	16	54	30
Electrical machinery	30	31	39
Transportation equipment	50	17	33
Instruments and miscellaneous	31	30	39
Nondurables	31	46	23
Food and tobacco	49	36	15
Textiles	15	62	23
Apparel	24	57	19
Paper	41	41	18
Printing and publishing	61	21	18
Chemicals	33	42	25
Petroleum and coal products	30	10	60
Rubber	33	42	25
Leather	16	52	32

Decline in activity has jolted manufacturers

Survey results show that the decline in business that has taken place has been considerably more severe than had been anticipated.

In September, manufacturers were questioned about their employment expectations. Their replies indicated they expected a decline by December and a small seasonal pick-up by March. Actual employment in December was only 1 per cent below expectations. But the actual March employment level was 5 per cent below manufacturers' anticipations.

In 13 of the 17 industrial categories, actual em-

ployment levels were below projections. Food and tobacco, and stone, clay and glass makers find actual employment levels far below the expectations they submitted last September. Employment in the printing and publishing industry has held up much better than was anticipated.

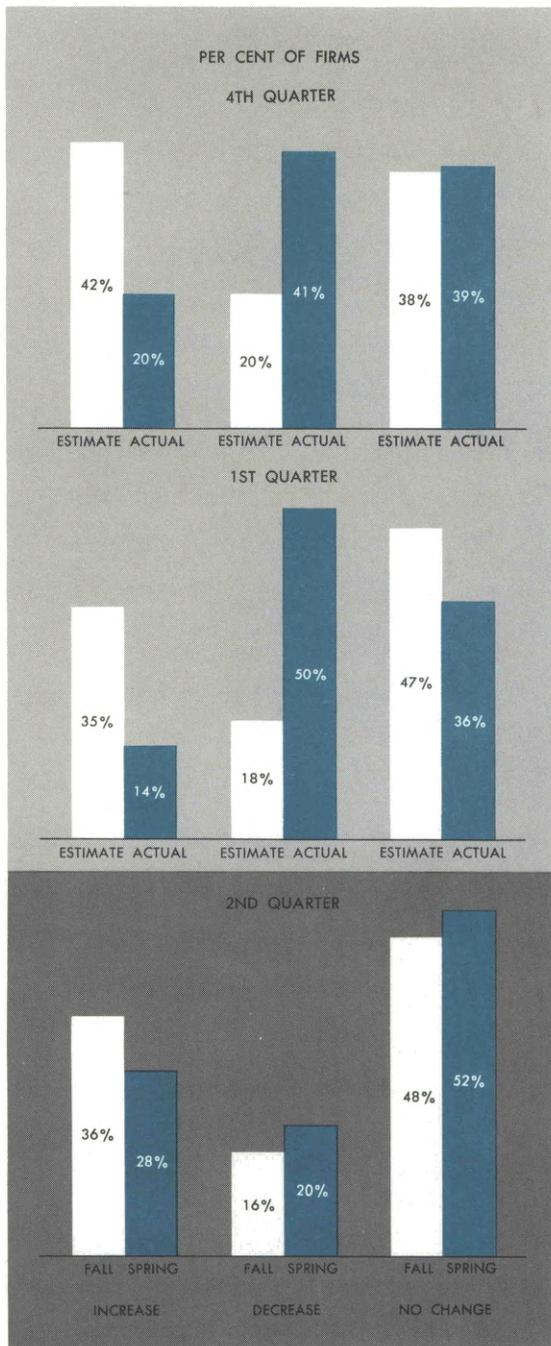
Another indication of the unexpected severity of the business slump comes from manufacturers' reports on production. Predictions made last fall, when matched with actual results in the fourth quarter of 1957 and the January, February, and March quarter of this year, were found to be overly optimistic. This was especially true of first-quarter 1958 figures. In each quarter, fewer

EMPLOYMENT IN THE PHILADELPHIA METROPOLITAN AREA

(In thousands)

Industries	December 1957 estimated	December 1957 actual	March 1958 estimated	March 1958 actual
All manufacturing	548.5	542.6	552.5	517.5
Durables	262.7	260.5	265.9	246.9
Lumber and furniture	9.4	10.5	9.8	10.3
Stone, clay and glass	13.8	13.4	13.9	12.5
Primary metals	38.5	37.1	39.0	35.7
Fabricated metals	40.8	41.4	41.4	39.2
Machinery (except electrical)	49.2	47.9	49.4	45.4
Electrical machinery	52.5	51.1	52.3	48.4
Transportation equipment	31.2	32.0	32.8	29.9
Instruments and miscellaneous	27.3	27.1	27.3	25.5
Nondurables	285.8	282.1	286.6	270.6
Food and tobacco	52.1	50.8	51.4	44.0
Textiles	40.1	40.0	41.8	38.3
Apparel	63.3	59.2	63.1	58.0
Paper	20.4	20.7	20.9	19.9
Printing and publishing	34.7	36.4	34.8	36.6
Chemical products	36.7	35.7	36.0	35.3
Petroleum and coal products	22.7	23.0	22.7	22.8
Rubber	9.1	9.1	9.1	8.7
Leather	6.7	7.2	6.8	7.0

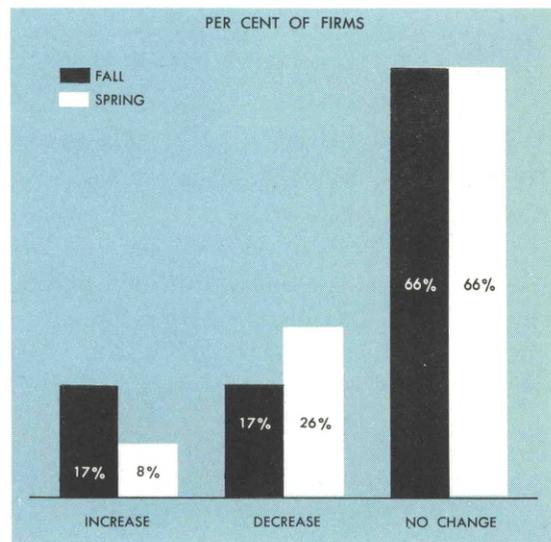
PRODUCTION PREDICTIONS



firms than it was anticipated increased output. At the same time, the number that experienced declines was at least double the fall forecast.

Production plans for the balance of 1958 show that manufacturers anticipate consistent improvement in the second, third, and fourth quarters of the year. On the other hand, the prediction for the second quarter is considerably less optimistic than in the survey last fall.

INVENTORY EXPECTATIONS



Finally, inventory plans also reveal that new downward assessments are taking place. In the fall, more firms looked for some increase in inventory over the next twelve months and fewer looked for a decrease than do now.

Conclusion

It is possible to find some "silver linings" in this cloudy capital expenditures report. But you would have to be a blind and dogmatic optimist to extract a net balance of buoyancy from it. Clearly, the business situation is worse than it was at the

time of the original survey in the fall—is worse than manufacturers thought it would be this spring.

Clearly, too, manufacturers' plans have been affected by the unexpected severity of the business decline. Capital spending and inventory plans have been adjusted downward. It is possible that the spring survey reached manufacturers at the nadir of the recession. If that was the case, possibly manufacturers' actions will not be subject to any further downward reassessments. Certainly that is to be hoped.

RESULTS FROM OUTSIDE PHILADELPHIA

Outside of the Philadelphia area an even more cautious air prevails. Reports from the Wilmington, Trenton, and Lehigh Valley metropolitan areas show that manufacturers have cut their 1958 capital spending plans 16 per cent since last fall. They now place outlays this year at \$107 million compared with the \$155 million spent in 1957—a drop of 31 per cent. Last year the decline was estimated at 17 per cent.

ESTIMATED CHANGE IN 1958 CAPITAL EXPENDITURES

(Wilmington, Trenton, and Lehigh Valley metropolitan areas)

Industries	Actual 1957 (In millions of dollars)	Spring estimate 1958 (In millions of dollars)	Per cent change
Total manufacturing	\$154.5	\$107.1	—30.7
Durables	64.0	53.8	—15.9
Nondurables	90.5	53.3	—41.1

The further trimming of budgets did not reflect a general or over-all trend but, rather, was centered as to area, industry, and often as to firm. A 40 per cent slash in spending in the Wilmington area figured prominently in the three-area total, and one industry was largely responsible for this decline.

Diversified Trenton also reported decreases, and these were centered in durable goods lines.

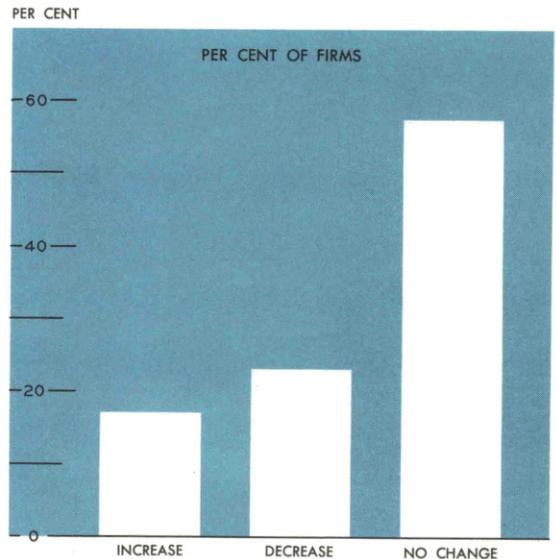
SPRING ESTIMATES OF 1958 SPENDING COMPARED WITH FALL ESTIMATES

	Per cent change
All metropolitan areas	—15.7
Lehigh Valley	+44.8
Trenton	—11.4
Wilmington	—40.0

On the brighter side was an increase in planned expenditures of 45 per cent in the Lehigh Valley. This is especially significant because last fall manufacturers in this area said they planned to cut their 1958 expenditures about 39 per cent. Local firms in the very important primary metals and transportation equipment industries are now considerably more optimistic than last fall.

Spending plans for 1959 in the three areas outside of Philadelphia indicate that most firms are cautious. Tabulations show almost 60 per cent of

DIRECTION OF ANTICIPATED CHANGES IN OUTLAYS IN 1959



The following gives the results of a national survey of capital spending plans of manufacturers. Nationally, all manufacturers now expect an 18 per cent cutback in spending. In the Delaware and Lehigh Valley areas, spending is expected to be down 22 per cent.

CAPITAL SPENDING PLANS OF MANUFACTURING COMPANIES

(millions of dollars)

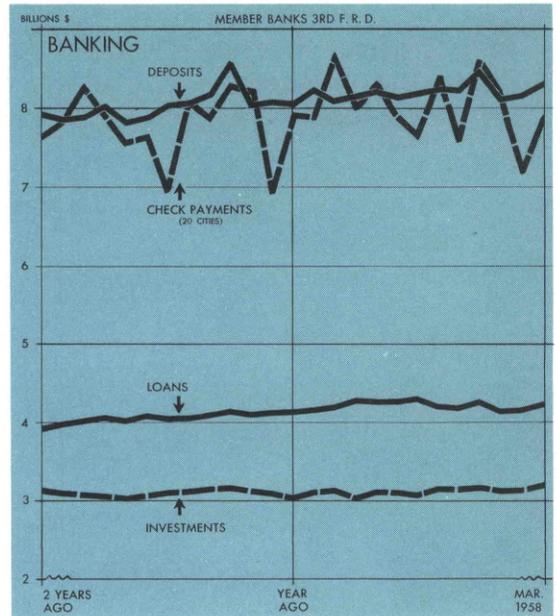
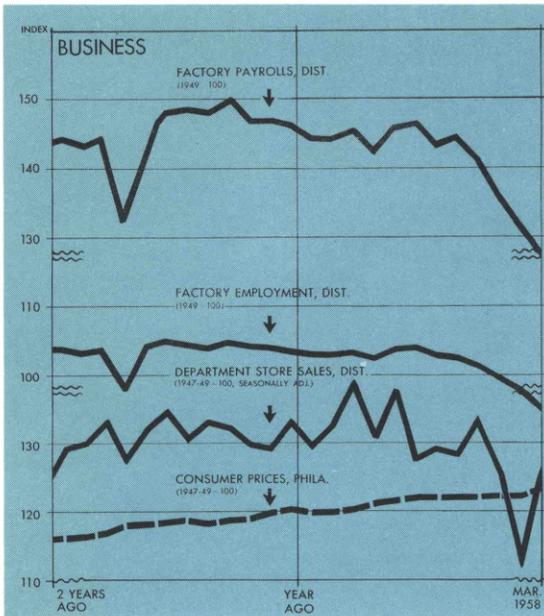
Industries	Actual 1957	Planned 1958	Per cent change 1957-1958
All manufacturing	\$13,647	\$11,129	-18
Iron and steel	1,844	1,309	-29
Nonferrous metals	980	627	-36
Machinery	1,275	1,043	-18
Electrical machinery	599	623	+ 4
Automobiles, trucks and parts	1,058	709	-33
Transportation equipment	544	528	- 3
Other metalworking	942	690	-27
Chemicals	1,724	1,569	- 9
Paper and pulp	811	527	-35
Rubber	200	172	-14
Stone, clay and glass	572	493	-14
Petroleum refining	853	768	-10
Food and beverages	850	819	- 4
Textiles	408	347	-15
Miscellaneous	987	905	- 8

Source: U. S. Department of Commerce, Securities & Exchange Commission, and McGraw-Hill Department of Economics.

all concerns expect to maintain their 1958 levels of capital outlays. Approximately one-fourth reported that decreases were anticipated next year. Only 17 per cent of the replies called for larger expenditures. The degree of caution varied con-

siderably by area. In Wilmington, only 11 per cent of the reporting firms expected to raise outlays in 1959; in Trenton, 21 per cent were in a spending mood; in the Lehigh Valley, 17 per cent were more optimistic about next year.

FOR THE RECORD...



SUMMARY	Third Federal Reserve District			United States		
	Per cent change			Per cent change		
	March 1958 from		3 mos. 1958 from year ago	March 1958 from		3 mos. 1958 from year ago
	mo. ago	year ago		mo. ago	year ago	
OUTPUT						
Manufacturing production...	-3	-15	-13	-2	-12	-10
Construction contracts.....	+91	-13	-19	+39	-12	-11
Coal mining.....	-8	-27	-26	-1	-24	-20
EMPLOYMENT AND INCOME						
Factory employment (Total)...	-3	-8	-6	-1	-9	-8
Factory wage income.....	-3	-12	-10			
TRADE*						
Department store sales.....	+11	-5	-3	+6	-4	-3
Department store stocks.....	-1	-1		-2	-5	
BANKING (All member banks)						
Deposits.....	+2	+3	+2	+2	+5	+3
Loans.....	+2	+2	+1	+1	+2	+3
Investments.....	+2	+5	+3	+3	+9	+5
U.S. Govt. securities.....	+1	+2	0	+3	+7	+3
Other.....	+3	+14	+11	+4	+14	+12
Check payments.....	+9†	-1†	+1†	+12	+3	+3
PRICES						
Wholesale.....				+1	+2	+2
Consumer.....	+1‡	+3‡	+3‡	+1	+4	+3

*Adjusted for seasonal variation. †20 Cities ‡Philadelphia

LOCAL CHANGES	Factory*				Department Store				Check Payments	
	Employment		Payrolls		Sales		Stocks		Check Payments	
	Per cent change March 1958 from		Per cent change March 1958 from		Per cent change March 1958 from		Per cent change March 1958 from		Per cent change March 1958 from	
	mo. ago	year ago								
Lehigh Valley	-4	-9	-4	-12					+11	-1
Harrisburg...	-3	-14	-5	-20					+13	0
Lancaster....	-1	-4	0	-6	+54	+3	+18	+10	+7	-4
Philadelphia..	-1	-7	-1	-8	+36	+5	+5	+1	+8	-1
Reading.....	-4	-10	-4	-17	+37	-6	+8	-4	+6	-6
Scranton.....	-9	-18	-7	-18	+50	+13	+3	+1	+16	+4
Trenton.....	-2	-10	+1	-10	+34	-2	+13	-5	+24	+9
Wilkes-Barre..	-15	-20	-10	-19	+42	+5	+5	-4	+7	+6
Wilmington...	-2	-5	0	-3	+31	-3	+7	-7	+5	+2
York.....	0	-7	0	-5	+20	-11	+10	-5	+11	+2

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