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FEDERAL RESERVE BULLETIN

VOL. 4 DECEMBER 1, 1918. No. 12

REVIEW OF THE MONTH.

The armistice.

The armistice arranged between the allied Governments and the United States, on the one hand, and the German Government on the other, announced on November 11, foreshadows the end of the most remarkable era in American finance, and the opening of another which will be replete with new and momentous problems demanding no less serious consideration than those of war.

Changes in the financial outlook for the Government were set forth by the Secretary of the Treasury in a statement to the Senate Finance Committee on November 14. Estimated revenue requirements for the year will be perhaps $18,000,000,000. While there is thus a material reduction in requirements, it still remains true that the sums to be raised are such as two years ago, or even a year ago, would have been thought to call for the utmost effort on the part of the community. This makes it plain that, as pointed out in the last issue of the FEDERAL RESERVE BULLETIN, the present is no time for relaxation, either of our financial precautions or of the measures which must be regarded as vitally necessary to insure the conservation of our banking and credit resources for the purpose of meeting imperative national needs, for the defeat and collapse of Germany still leave the Nation with banking and financial problems of first importance. While the termination of the war has set definite limits to the requirements of public finance, the United States in common with the rest of the world is confronted with the important economic problems and needs growing out of "reconstruction."

Sales of certificates of indebtedness and bonds for the purpose of obtaining the funds which must be had by the Treasury in meeting the contracts and other obligations already incurred in the prosecution of the war will be a continuing burden upon the banks of the country for many months to come. The banks will, at the same time, necessarily be called upon to lay the foundations for the financing of new trade growing out of the reestablishment of normal business and to assist in the resumption of developmental enterprises necessarily suspended during the continuance of the war.

Shifting to the peace basis.

Experience has shown the character of the problems which must be met in the financing of the war, and they are perhaps better understood to-day than at any time in the past. The Board has emphasized the necessity of saving and conserving resources, the indispensable requirement that, so far as practicable, long-term securities shall be paid for, either outright or within the period of subscription, and has laid especial stress upon the call for the limitation of industry to those lines which may properly be called "essential." These admonitions will continue to have much the same force as in the past, so long as the Nation is engaged in completing its war financing and in facilitating the transition to the peace basis. This transition will not involve any wide departure from the principles already developed out of our war experience but rather a modification of the details of their application. The liquid capital of the country may for a long time to come be inadequate to meet the needs of the world, and some process of husbanding or rationing it must therefore be applied during the period of reconstruction, just as has been the case during the period of war. This system of distribution or rationing—to use a word already made familiar—can not be the same and can not employ the methods that have been found effective under a régime of military necessity; yet the object to be gained—that of husbanding our resources and of distributing them in such a way as to promote the process of return to normal conditions—will be closely analogous to those which have been pursued during the war. Some of the steps which must be taken in the development of this policy have already been indicated by the War Industries Board and by other Government organizations which have shifted their system of rationing or control in such a way as to give preference to those industries which are considered essential to industrial restoration as against those which have thus far been deemed essential to success in war. To the private individual the process of shifting to the peace basis must mean much the same as the process of conserving resources during war. In both cases it is incumbent upon him to avoid undue waste, to limit his consumption to what is necessary to efficiency, and to devote his savings systematically and fully to the strengthening of the banking and investment position of the country. The erection of a strong foundation for the peace industry of the future demands the continued exercise of self-denial and foresight just as during the war.

Banking under peace conditions.

That the transition of the world from a war to a peace basis must necessarily exert an important and direct influence upon banking is, of course, clearly obvious. Immediately the problem will be that of preventing credit from expanding too far and, so far as practicable, of reducing any excess that already exists. The economic history of the period immediately succeeding wars of the past has shown that in practically every instance there has been a tendency toward the use of bank funds for the purpose of promoting the development of industries and enterprises involving a considerable investment of capital. The Federal Reserve system is now in an exceptional position for influencing the distribution and use of banking credit upon an economic basis. Prior to the entry of the United States into the European war the volume of business at Federal Reserve Banks was too limited, while the available or free resources of member banks were too large, to enable the Federal Reserve institutions to exert more than an incidental influence upon credit uses. The period of belligerency has changed these conditions, and the Federal Reserve Banks now stand as practically the holders of the entire reserve of the country—the directors of what is probably to be regarded as the one unexhausted reservoir of banking credit in the world. To them is thus assigned a function of surpassing importance—to maintain the liquid character of the assets held against the demand obligations of the banks, and, by regulation of discount rates, to regulate, as conditions permit, the uses and limits of credit. This function has almost of necessity been temporarily suspended during the continuance of the period of belligerency. So long as the United States is in the market as the greatest borrower and so long as its borrowings are intended for the maintenance of the national integrity, there can be no doubt that the policy to be adopted must be one which should subordinate all other considerations to that of success of national finance. With the return of peace the close of the period of urgent Government financing through the sale of long or short term obligations comes in sight, and the resumption of their function as a regulator of credit becomes a duty for Federal Reserve Banks.

Controlling war loans.

Reduction of loans on war paper is doubtless a problem to be at once faced by the Federal Reserve Banks and their members. The reasons for such action from the standpoint of banking prudence are obvious. In former numbers of the BULLETIN the Board has, moreover, explained its view of the connection between these expanded loans and prices. Return to stability of prices, as well as of economic relationships generally, must go hand in hand with the reduction of the banks' holdings of such paper. It is to the public that we must look for effective aid in the accomplishment of this object. Direct absorption of the Government bonds now carried by the banks through extensive popular saving is the only means by which real improvement can be effected. Such saving means the creation of new current wealth through continued activity in industry and its application to the process of reducing outstanding purchasing power in the shape of bank credit. As bank obligations are restored to a condition of normal liquidity and as commercial paper growing out of actual transactions takes the place of notes secured by bonds and certificates of indebtedness, which now make up so large a proportion of the assets of both Federal Reserve and member banks, prices will gradually work toward a normal and stable basis. The transition period will unquestionably involve new and large needs for credit and capital. It will require both the provision for natural growth of industry, for the furnishing of aid to businesses which are in process of transition from a war to a peace basis, and finally for the usual and permanent capital advances which are required in carrying their regular financing. The completion of the movement toward a stable banking basis does not necessarily imply a restoration of the older level of prices, since the equation of supply and demand throughout the world is now different from what it was before the war. Costs of production are fundamentally altered and conditions of consumption have been widely changed. We need not, therefore, necessarily look for a return to the older level of prices, and we certainly can not expect the restoration of that older level in the case of any given commodity, but the return to normal conditions in prices, so far as these have been affected by inflation, through the elimination of that inflation, is not only a reasonable but a necessary expectation.

Conservation of reserves.

Present conditions in the world are different from those which have existed after previous wars in that all leading countries are involved. On former occasions these conditions were more or less localized. In most countries to-day there exists a condition of banking and credit inflation, sometimes for one reason and in other cases for others. But whatever the cause, the outward result and consequences have much similarity. The necessities of the war and the difficulties of obtaining supplies have resulted in a far-reaching alteration in the distribution of gold. Much of this gold has accumulated in the United States, but considerable portions of it have gone to the countries which remained neutral throughout the war—Spain, Holland, Switzerland, and Scandinavia. The question may be fairly raised whether the return of prices and bank credit to a normal level, can be expected without changes in the existing adjustment of the gold supply of the world. It is probable that the supplies of gold which are thus needed will not be as great in many cases as they were before the war, since it may be expected that the use of gold in current circulation will be far less than before. The movement of gold, therefore, from the countries which have acquired it to those which now need it will undoubtedly be gradual and is a matter of common concern to all of them. It is, indeed, quite possible that peace adjustments may be such as not to disturb in large degree the continued holding of considerable quantities of gold by the countries which now possess them, notwithstanding that they still continue to be used as a basis for banking in other nations.

But, as in time the gold supply of the world is gradually redistributed in accordance with the needs and requirements of circulation and banking reserves in the different countries, there will necessarily be alterations of the percentage relationship of the gold held to the demand obligations of the banks in the countries which are affected by such shifting of the metallic supply. These changes in reserve percentages need not, therefore, necessarily be regarded as indicative of any abnormal situation. Provided that the process of reducing war obligations is steadily and conservatively pursued, the supply of gold in reserves will take care of itself and the liquidity of the banks will be insured through the regulation of the volume and quality of their assets far more freely and promptly than through the reduction or amassing of quantities of the reserve metal.

Aid to foreign countries.

Coincident with the reduction of domestic war loans there may probably be expected to develop a direct demand upon our banking resources for accommodation designed to facilitate the movement of goods to other countries. Such accommodation has been extended in large measure ever since the opening of the European war—first, through the extension of loans to belligerent countries, privately placed with bankers in the United States, and later, when the United States itself became a belligerent, through the issue of Government bonds whose proceeds were advanced to foreign countries and were then used by them in payment of supplies purchased in the United States. It may be possible, as has already been intimated, that additional credits may from time to time have to be opened in favor of the allied nations, but from this time forward the bulk of our foreign financing will necessarily return to a peace basis and the services of our banks will lie in supplying the means for financing the movement of consumable goods to the foreign countries by which they are needed. That this prospect opens a large new field for American bankers is obvious. That it is a field which opens new opportunities for the application of the acceptance principle and in other ways calls for the skillful and intelligent use of their credit resources is equally clear. The connections which have been formed by Federal Reserve Banks with foreign central banking institutions should now be of material service in facilitating the development of trade and in applying to it those principles of general control which the experience of the world in the management of reserves and discount rates has demonstrated to be essential. These demands will necessarily be made, since they will represent the credits growing out of the immediate requirements of the world—requirements which can not be refused without impairing both our future prospects of foreign business and the progress toward readjustment to normal conditions of industry. They can not be wisely made by superimposing a new structure of banking credit upon the old one which has been developed in the process of financing governmental requirements. Progress toward the new basis will thus be a judicious apportioning of our resources between the necessities of new development and those of reduction of already outstanding commitments. It will require wisdom and self-restraint on the part of the bankers of the country to make this adjustment upon a feasible and effective basis.

In this connection the Board commends to the banking and business community of the United States the careful study of the report (elsewhere reprinted in full in this issue) of the committee appointed some months ago, under the chairmanship of Lord Cunliffe, then governor of the Bank of England, to investigate the question of currency and foreign exchanges after the war. The report of the committee takes the view that it will be imperative after the war that the conditions necessary to the maintenance of an effective gold standard be at once restored, and for this purpose recommends that the machinery which British experience has shown to be the only effective remedy for an adverse balance of trade and an undue growth of credit be once more brought into play. Otherwise there will be grave danger of a progressive credit expansion.

"Nothing can contribute more," says the committee, "to a speedy recovery from the effects of the war, and to the rehabilitation of the foreign exchanges than the reestablishment of the currency upon a sound basis." It believes that "the principle of the act of 1844, which has upon the whole been fully justified by experience, should be maintained; mainly, that there should be a fixed fiduciary issue beyond which, subject to emergency arrangements, notes should only be issued in exchange for gold."

Position of banking system.

A general survey of the position of the principal central banks of the world shows conclusively that the problems of the United States in bringing about a return to a normal basis of credit are in no sense special or peculiar. In practically all countries there has been an enormous inflation of bank credits, and particularly of those credits that rest upon or are secured by Government bonds and certificates of indebtedness. This inflation has undoubtedly been greatest in the territory of the Central Powers, but it has also been very great in both France and England. The following tabulated statement shows in compact form some of the principal features of the condition to which reference is thus made:

[000 omitted.]

	Discounts and advances.		Government securities.	
	1914	1918	1914	1918
Central banks of allied powers:				
Bank of England	$230,222	$464,048	$143,343	$281,048
Bank of France	618,189	541,977	80,582	4,383,566
Russian State Bank	400,205	[1] 1,120,867	....	[1] 8,507,363
Bank of Italy	209,477	266,623	105,865	969,576
Central banks of Central European powers:				
German Reichsbank	543,417	5,672,996	(2)	(2)
Austro-Hungarian Bank	193,352	[3] 1,267,253	12,156	[3] 2,686,071

[1] Latest available data as of Oct. 29, 1917.
[2] Advances to the Government are included with discounts and advances.
[3] Latest available data as of Dec. 7, 1917.

Differences between the various countries are thus differences not of character, but of degree, and the United States is peculiarly situated only in this—that inflation has not proceeded in the United States to anything like the same extent that is characteristic in many of the other countries, so that our problem of restoring a normal currency basis is to that extent easier; and in that its gold reserve is far larger than that of any other nation. It is therefore better able to maintain the convertibility of its demand obligations upon request. An added consideration is that there has never been any suspension of the parity of our currency and credit with gold. It is, however, true that as we proceed further in the direction of the restoration of normal conditions we find our relationship toward other countries subject to more and more extensive modifications. It may therefore be open to some doubt whether any one of the principal commercial countries of the present date can succeed in making its way back to its former status unless it does so practically in combination with its principal neighbors. The problem of reestablishment of a normal level of prices and banking reserves is thus, in fact, an international rather than a local question and must be treated as such. The return by any one nation to a normal level of prices will give that nation an advantage in its export trade that will react powerfully on the price level in all other countries.

This state of affairs may make it advisable that Government control of banking and exchange shall in some degree be continued until the way is clear for a return to a policy of unrestricted exports of gold. The early development of a policy which will provide for steady progress toward the removal of these restrictions at the earliest possible date is therefore highly desirable.

Position of the Federal Reserve system.

The unique position of the Federal Reserve system, standing, as it does, at the head of American banking organization, makes it worth while to note what the system has accomplished during the years since the opening of the European war, and particularly since the United States itself became a belligerent. Inasmuch as the organization of the new system was practically contemporaneous with the beginning of the war, its present totals practically represent a complete growth from nothing. It was, in fact, almost exactly four years ago that the banks on November 16, 1914, opened their doors for business. A better basis for comparison is therefore afforded by taking the figures representing the situation after a year had been afforded to the new system for the purpose of organization. In the following table are set forth salient facts regarding the growth of the Federal Reserve system, showing the condition of the Reserve Banks at the close of 1914, a year after opening for business, at approximately the date of our entering the war as a belligerent, and upon the fourth anniversary of the system. A compact review is thus afforded of the bare facts regarding the increase in the scope and activity of the new banks.

[000 omitted.]

	Dec. 31, 1914.	Nov. 19, 1915.	Mar. 30, 1917.	Nov. 15, 1918.
Gold reserves	$241,321	$482,632	$938,046	$2,056,777
Other cash reserve	26,578	32,173	9,282	53,039
Total cash reserves	267,899	514,805	947,328	2,109,816
Bills on hand	9,909	45,149	104,579	2,175,685
Other earning assets	939	40,193	63,415	122,955
Total earning assets	10,848	85,342	167,994	2,298,640
Capital paid in	18,051	54,854	56,075	79,903
Net deposits	256,018	384,170	706,905	1,665,677
Federal Reserve notes in actual circulation	10,608	160,886	357,610	2,562,517
Ratio of total reserves to net deposit and Federal Reserve note liabilities combined	100.5	94.5	89.0	49.9

It would not be fair to state the figures relating to the actual operations of the Federal Reserve system without accompanying them with the salient facts relating to the character of the changes that have occurred in the operations of the banks. Reserve figures, for example, show growth, not only because of the increasing strength and inclusiveness of the system, but also because of the additional legislation adopted by Congress for the purpose of concentrating the reserves of the country more largely in the vaults of the Federal Reserve Banks. On the other hand, the issues of notes, as is well known, have been enlarged, not merely for the purpose of meeting the needs of trade but in order to render possible the withdrawal and concentration of gold certificates for the purpose of increasing the sums of reserve money available as a support to our banking credits. In the same way, the immense growth in the discounts of the banks should be studied in the light of the fact that on November 15 there were included in the resources of the Federal Reserve Banks not less than $1,358,416,000 of war paper, or about 75.6 per cent of the entire discounts.

Strength of our resources.

Even subject to due modification at the points thus enumerated, the balance sheet of the Federal Reserve system exhibits a condition of enormous strength. It is a notable fact that the average reserve percentage for the banks as a whole has never fallen below 50, its extreme fluctuations, therefore, lying between 50 and 80 per cent. It is therefore capable not only of meeting large outstanding international obligations without difficulty, but also of accommodating the business community with very large additional discounts. It is in a position to finance, without embarrassment to itself, a large volume of active commercial paper representing the movement of consumable commodities to market, and can expect to supply the requirements of its member banks with the utmost ease so long as it adheres to the limitations and requirements laid down in the constituent act creating it. The immense requirements of war are such that they could easily impair the lending capacity of the Federal Reserve system, as they have that of other strong central banking systems, were they to be indefinitely continued. But the period of such drafts is now fortunately approaching its end, notwithstanding the probability, if not certainty, of further large issues of Government bonds during the current fiscal year ending June 30, 1919. The fact that the termination of this period is approaching does not, however, mean that a period of ease or lack of demand for capital has arrived. On the contrary, the indications of the situation are all to the effect that the needs of the community and of the world at large for productive resources are likely to increase rather than grow less, and that this increase may be expected to proceed rapidly in the near future. One effect of the war has been to produce shortages of materials of production in many different directions, a fact which implies that the reserve stock of such articles, always relatively small, as compared with total consumption, has been allowed to become exhausted. To meet all current demands and thus to reestablish such reserve stocks will be a task calling for the increase of production in many lines, particularly as the current requirements of the European nations for material to be used in reconstructing their industrial systems will constitute an abnormal addition to regular needs. It must be expected, therefore, that the demands of the Nation and of the world for capital and for goods will continue to be more or less active for a good while to come. The fear of depression of trade expressed in many quarters need not be entertained with respect to trade as a whole, but depression may be expected only in those lines in which demand has been suddenly suspended or curtailed in the process of readjusting consumption and production. This demand for capital must, however, be met from the ordinary sources of saving and accumulation and not through the creation of banking credit. To rely upon bank loans as the source from which to draw the means for supporting industrial operations would raise the question whether instead of resorting to intensive saving, accompanied by reduction of prices, we had resolved to fall back upon inflation of bank liabilities and of the currency.

Avoiding unnecessary loans.

It is in pursuance of the principles thus set forth that the Board has endeavored during the past month to prevent some member banks from drawing too heavily upon the resources of the Federal Reserve institutions for purposes which, in its judgment, were in no wise essential to the welfare of the community. The attention of the Board has been in some instances called to the fact that member banks have applied for and obtained rediscounts which appear to be largely in excess of their natural needs or of the requirements of the community they serve, and has noted that such banks have used the proceeds of these rediscounts in purchasing paper in the open market or in lending to nonmember banks at a profit. The proper commercial activities of member banks should in no wise be discouraged, and the Board has no desire to obstruct the very natural effort of bank officers to increase the normal profits and business of their institutions. It recognizes a duty, however, to caution the bankers who have rendered and are rendering such efficient service to the Government that profit making and business expansion must for some time to come be subordinated to the general welfare. Particularly does this caution apply to those cases in which rediscounting operations are sought for the purpose of developing resources from other sections primarily to increase the profits or the business of the banks in any given community. Rediscounting between Federal Reserve Banks has been an indispensable element in the process of financing the war and was made necessary both by the Government's operations and by the essential requirements of the various Federal Reserve districts. Such rediscounting, however, ought not to be undertaken merely for the benefit of member banks in a given district as a means of enabling them to go outside their natural field for the purpose of making profits. Having knowledge of the fact that abnormal demands upon banking resources may be expected for some time to come, directors of Federal Reserve Banks should exercise a reasonable prudence in extending accommodations to any member and should satisfy themselves by proper inquiry that the accommodation sought is intended for legitimate liquid requirements and has not been applied for merely to increase profits or expand the business of the borrowing banks. While the directors, with the approval of the Federal Reserve Board, might by advancing their discount rates curtail the credit extended to banks which seek rediscounts solely for the purpose of making a profit, such a course might work hardship upon other member banks which ask rediscounts for their own natural needs and might therefore result in an enforced and premature liquidation of legitimate requirements. The Board therefore believes that in this, as in other cases, prudence in bank lending and careful distribution of the supply of credit available is preferable to the application of an indiscriminate increase in rates of discount.

Inflation a continuous menace.

There is some ground for fearing that the conditions which have thus far resulted from loans obtained from banks upon the strength of Government obligations and granted by the various institutions because of their belief that such action was a patriotic assistance to the public Treasury, will be continued through the medium of loans granted by banks because of their belief that such action is urgently necessary in the interests of the community and its prosperity. A temptation to the extension of such loans based upon long-term securities of an industrial character will be furnished by the fact that decline in prices is always difficult to endure and is always opposed by many classes in the community who regard it as synonymous with lack of prosperity. The suggestion that some measure be taken to prevent the restoration of the older relationship existing between gold and prices is, in effect, one way of expressing the demand for a continued maintenance of inflation. Wages and prices having assumed new relations to one another upon a new basis of relationship to gold, any alteration in this relationship tends to disturb the existing adjustment and necessitates an effort to restore the older level of prices and wages. It is almost invariably true that such readjustment would inflict hardship upon some class in the community, due to the fact that wages and prices seldom, if ever, decline in similar proportions or in a manner precisely parallel in point of time. Where the decline in wages is more rapid than that of prices, the wage earner suffers correspondingly, and where prices fall off more rapidly than wages similar hardship is inflicted upon the producing element in the community. It is therefore a natural instinct to seek the maintenance of existing conditions as nearly as may be, or if any change be contemplated to ask that it be a continuation of an existing upward movement which each section of the community believes will afford to it the possibility of advantage. This might be regarded as merely a clash of class interests were it not for the hazard to the general banking structure of the country, which is involved in the continued progress of inflation of bank credit, essential as this is to the maintenance of an upward trend in prices.

Operations of Federal Reserve Banks.

Reports immediately following the consummation of the fourth Liberty loan on October 19 indicate substantial liquidation of war paper, primarily, of course, paper secured by Treasury certificates. Holdings of this class of paper on October 25 were 170.3 millions below corresponding figures for October 18, on the eve of the conclusion of the loan. On October 24 and November 7 two issues of Treasury certificates fell due, though it may be assumed that by far the larger portions of these issues had been previously received by the Federal Reserve Banks in payment for Liberty bonds subscribed. At all events, the amounts redeemed were not large enough to reduce appreciably the pressure for loans, caused by the heavy calls for funds on the part of the Government. It was only on November 22, following the redemption of the outstanding balance of the July 23 issue of Treasury certificates and of the 4 per cent tax certificates, that a downward trend in the movement of discount operations is noticed, resulting in declines from the corresponding November 15 figures of 78.2 millions of war paper on hand and of 10.3 millions of other discounted bills. This decline, however, affects not all the Federal Reserve Banks, some of them, notably the banks at Cleveland and Minneapolis, continuing to show large increases in the amounts of war paper held. Total holdings of war paper on November 22—1,280.3 millions—are 187.9 millions larger than on October 25, the Friday following the consummation of the most recent war loan, and 845.8 millions in excess of figures for June 28, the Friday following the issue of the first series of Treasury certificates under the fourth Liberty loan. On November 22 the proportion of war paper in the total discounts held by the Federal Reserve Banks is practically the same as on

October 18, viz, 75 per cent. For the New York bank this percentage is about 85 per cent while for the Boston bank an even higher percentage obtains.

But little change is shown in the total holdings of acceptances, though the proportion held by the New York bank shows an increase from less than 35 to about 47 per cent. Increases in the weekly holdings of United States short-term securities represent largely temporary Treasury certificates covering advances to the Government by the New York bank, and to a minor extent one-year 2 per cent certificates deposited with the Treasury to secure Federal Reserve Bank notes, the circulation of which increased by 24.8 millions. No appreciable increase in United States bonds on hand is shown, the Federal Reserve Banks holding in their own name but very small amounts of Liberty bonds, and these only for the temporary accommodation of their members, the bulk of their holdings being bonds deposited with the Treasury to secure circulation. As the result of the developments sketched the Federal Reserve Banks' total earning assets show an increase from 2,154.8 to 2,255.6 millions.

For the period under review the banks' gold reserves show an increase from 2,035.3 to 2,060.3 millions, and their net deposits an increase from 1,580.8 to 1,632.8 millions. Federal Reserve notes in actual circulation show an increase for the five weeks under review from 2,502.5 to 2,555.2 millions, or at the rate of slightly over 10.5 millions per week as against an average of 51.9 millions for the preceding four weeks. It is notable that the Federal Reserve note circulation on November 22 was 7.3 millions less than the week before. The ratio of cash reserves to aggregate net deposit and Federal Reserve note liabilities, which on October 25 declined to 49.6 per cent, has risen slightly and on November 22 stood at 50.5 per cent.

In the following table are shown the changes between October 18 and November 22, 1918, in the total discounted and purchased bills held by each of the Federal Reserve Banks, as well as changes between the two dates in the holdings of other classes of investments:

[000 omitted.]

Federal Reserve Bank.	Oct. 18.	Nov. 22.	Net increase.	Net decrease.
Boston	$138,129	$148,934	$10,805	....
New York	771,003	823,050	52,047	....
Philadelphia	132,469	182,948	50,479	....
Cleveland	140,038	164,607	24,569	....
Richmond	74,044	90,012	15,968	....
Atlanta	92,427	84,211	....	$8,216
Chicago	290,046	219,441	....	70,605
St. Louis	86,767	80,477	....	6,290
Minneapolis	54,612	49,213	....	5,399
Kansas City	84,161	80,248	....	3,913
Dallas	58,367	49,305	....	9,062
San Francisco	136,629	105,773	....	30,856
Total	2,058,692	2,078,219	19,527	....
United States long-term securities	28,205	29,134	929	....
United States short-term securities	67,738	148,180	80,442	....
Other earning assets	197	27	....	170
Total investments held	2,154,832	2,255,560	100,728	....

Condition of member banks.

Weekly reports from about 750 member banks in leading cities for the period of October 18 to November 15 indicate an increase of 360.4 millions in their aggregate holdings of United States bonds, other than circulation bonds, the total for the latter date—887.3 millions—being about 200 millions in excess of the largest total shown prior to the conclusion of the fourth war loan. For the central reserve city banks the increase in these bond holdings—composed mainly of Liberty bonds—is 156 millions, of which over 95 millions represents the increase at the Greater New York member banks. United States certificates on hand because of the large amounts delivered to the Federal Reserve Banks in payment for Liberty bonds subscribed show a reduction from 1,730 to 954 millions. For the banks in the central reserve cities a decrease of this item from 938.2 to 491.8 millions and for the Greater New York banks a decrease from 808.8 to 440.2 millions are noted. Loans secured by United States war obligations show the largest absolute and relative increase from 500.3 to 1,203.2 millions, the banks in the central reserve cities reporting an increase under this head of 413.6 millions and the Greater New York banks alone an increase of 390.7 millions. Combined holdings of war securities and loans supported by such securities show a rise from 2,757.2 to 3,044.5 millions for all reporting banks and from 1,218.9 to 1,336.1 millions for the Greater New York banks alone. Meanwhile there has been an increase in other loans and investments from 10,508.9 to 10,605.0 millions, and a proportionate increase at the banks in Greater New York, with the result that the share of United States war securities and war paper combined in total loans and investments as reported has risen from 20.4 to 21.9 per cent for all reporting banks and from 23.9 to 25.4 per cent for the New York banks.

For the two weeks following the close of the loan the volume of Government deposits shows the large increase from 459.6 to 1,286.5 millions. Since November 1 there have been withdrawals on a large scale, though the November 15 total of 869.4 millions is still over 400 millions in excess of the total shown on October 18. Central reserve and New York City banks report a similar development. Net demand deposits, on the other hand, move in the opposite direction, the two weeks following the close of the loan witnessing a decrease from 9,796.3 to 9,354.5 millions, and the two weeks in November an increase back to 9,659.8 millions. Net demand deposits of the New York banks follow a similar course, declining from 4,222.2 on October 18 to 4,087 millions on November 1, and rising again to 4,199.1 millions on November 15. Total time deposits show a slight increase from 1,441.3 to 1,443.5 millions.

Aggregate reserve balances (with the Federal Reserve Banks) of all reporting banks declined during the four weeks from 1,213.5 to 1,183.9 millions, while cash in vault went up from 380.7 to 386.2 millions. Because of the large investments in Government securities and the still larger increase in the holdings of war paper, the ratio of deposits to investments, notwithstanding the considerable increase in Government deposits, shows a slight decline from 78.9 to 78.7 per cent. For the banks in the central and other reserve cities slight rises of this ratio are noted. "Excess reserves" show considerable fluctuations from week to week, the high level of 232.2 millions being shown for October 25 and the lower level of 42.1 millions on November 15. For the central reserve city banks a similar development is noted, the high point—148.5 millions—being reached on October 25, the Friday following the close of the loan, and the low point—27.3 millions—on November 15.

Gold imports and exports.

During the month ending November 10 the net outward movement of gold was $2,517,000, as compared with a net inward movement of $284,000 for the month ending October 10. Gold imports for the month, amounting to $1,479,000, came largely from Canada, Mexico, and Salvador, while gold exports, totaling $3,996,000, were consigned chiefly to Chile and Mexico.

The gain in the country's stock of gold since August 1, 1914, was $1,070,389,000, as may be seen from the following exhibit:

[000 omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914	$23,253	$104,972	[1] $81,719
Jan. 1 to Dec. 31, 1915	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916	685,745	155,793	529,952
Jan. 1 to Dec. 31, 1917	553,713	372,171	181,542
Jan. 1 to Nov. 10, 1918	58,654	38,569	20,085
Total	1,773,320	702,931	1,070,389

[1] Excess of exports over imports.

The fourth and subsequent loans.

Final figures compiled by the Treasury Department from the returns made by Federal Reserve Banks show that the success of the fourth Liberty loan has been even greater than had been expected or than was indicated in the preliminary announcement given in the last issue of the FEDERAL RESERVE BULLETIN. The approximate final figures for subscriptions for the fourth Liberty loan are now as follows:

District.	Quota.	Subscribed.	Per cent.
Boston	$500,000,000	$632,221,850	126.44
Richmond	280,000,000	352,688,200	125.95
Philadelphia	500,000,000	598,763,650	119.75
Cleveland	600,000,000	702,059,800	117.00
Dallas	126,000,000	145,944,450	115.82
Minneapolis	210,000,000	241,628,300	115.06
San Francisco	402,000,000	459,000,000	114.17
St. Louis	260,000,000	296,388,550	113.99
New York	1,800,000,000	2,044,778,600	113.59
Atlanta	192,000,000	217,885,200	113.48
Kansas City	260,000,000	294,649,450	113.32
Chicago	870,000,000	969,209,000	111.40
Total	6,000,000,000	6,954,875,200	
United States Treasury		33,820,850	
Total		6,989,017,000	116.48

The rehabilitation of European industries to be effected at a time when urgent necessity for renewed sales of securities still exists, suggests the probable effect of a double burden upon the banking resources of the community. Additional bond sales, unless preceded by an elimination of inflated conditions, by genuine and rigid restriction of credit must either prevent the banking mechanism of the country from functioning as it otherwise would in facilitating the reconstruction of European industry and at the same time assisting in the resumption of domestic development, so long arrested as a result of the war, or must be used as a basis for the furnishing of the needed funds through Government advances to the allied nations. Not all of the multifarious demands which are now being made upon the resources of the country can be complied with, but a choice must be made between those of a greater and those of a less degree of urgency. Such an adaptation of resources to the use to be made of them is unquestionably an essential element in the maintenance of banking soundness and liquidity.

Resignation of the Secretary of the Treasury.

The Secretary of the Treasury, in a letter addressed to the President under date of November 14 and published elsewhere in this issue of the BULLETIN, having presented his resignation, the Board has placed on record the following resolutions:

Whereas Hon. W. G. McAdoo, ex officio chairman of this Board, has tendered to the President his resignation as Secretary of the Treasury and has announced his intention to return to private life;

Therefore be it resolved, That the Board desires to put on record this expression of its admiration of the able and brilliant statesmanship shown by the Secretary of the Treasury in the discharge of his official duties during a period when he was confronted by financial problems of greater variety and magnitude than have ever faced the finance minister of any government, and to testify to its deep appreciation of the splendid and inspiring example he has left to all who were privileged to have association with him, of self-sacrificing and untiring devotion to the public interest.

Be it further resolved, That the members of the Board desire to express their profound regret at the retirement of Mr. McAdoo and the termination of their official association with him, and to assure him that he carries with him the cordial good wishes of each and every member for his future welfare and continued success in whatever field he may enter.

Meeting of Advisory Council.

The usual quarterly meeting of the Advisory Council with the Federal Reserve Board on Monday and Tuesday, November 18 and 19, resulted in a full discussion of the business and banking situation of the country, with particular reference to the transition from war to peace activities. Eleven members of the council were present, and it was stated that reports from all sections of the country thus represented indicated that both bankers and business men view with equanimity and confidence the nation's ability to meet such problems as may confront it during the reconstruction period. The subject of after-war policies, both domestic and foreign, of the Federal Reserve system constituted one of the most important topics of discussion at the meeting, and it was the unanimous view of the members that the policy of the Federal Reserve Banks should be as liberal as consistent with safety, while there should unquestionably be a systematic effort, in common with other allied countries, to restore the free market for and movement of gold which existed before the war. Attention was called to the importance of reestablishing a free gold market and of action on the part of Federal Reserve Banks, designed conservatively to control and regulate the movement of gold between countries. An interesting recommendation made by the council was to the effect that the net earnings of Federal Reserve Banks should be accumulated until the surplus funds of the banks shall amount to 100 per cent of the paid in capital stock of each such bank, after which total net earnings in excess of such dividends should be paid to the United States as a franchise tax.

Resignation of the Secretary of the Treasury.

The following correspondence between the President and the Secretary of the Treasury was made public in Washington on November 22:

NOVEMBER 14, 1918.

DEAR MR. PRESIDENT: Now that an armistice has been signed and peace is assured, I feel at liberty to apprise you of my desire to return, as soon as possible, to private life.

I have been conscious, for some time, of the necessity for this step, but, of course, I could not consider it while the country was at war.

For almost six years I have worked incessantly under the pressure of great responsibilities. Their exactions have drawn heavily on my strength. The inadequate compensation allowed by law to Cabinet officers (as you know, I receive no compensation as Director General of Railroads) and the very burdensome cost of living in Washington have so depleted my personal resources that I am obliged to reckon with the facts of the situation.

I do not wish to convey the impression that there is any actual impairment of my health, because such is not the fact. As a result of long overwork, I need a reasonable period of genuine rest to replenish my energy. But more than this, I must, for the sake of my family, get back to private life to retrieve my personal fortunes.

I can not secure the required rest nor the opportunity to look after my long neglected private affairs unless I am relieved of my present responsibilities.

I am anxious to have my retirement effected with the least possible inconvenience to yourself and to the public service, but it would, I think, be wise to accept my resignation now, as Secretary of the Treasury, to become effective upon the appointment and qualification of my successor, so that he may have the opportunity and advantage of participating promptly in the formulation of the policies that should govern the future work of the Treasury. I would suggest that my resignation as Director General of Railroads become effective January 1, 1919, or upon the appointment of my successor.

I hope you will understand, my dear Mr. President, that I would permit nothing but the most imperious demands to force my withdrawal from public life. Always I shall cherish as the greatest honor of my career the opportunity you have so generously given me to serve the country under your leadership in these epochal times.

Affectionately, yours,

W. G. MCADOO.

The PRESIDENT,
The White House.

NOVEMBER 21, 1918.

MY DEAR MR. SECRETARY: I was not unprepared for your letter of the 14th because you had more than once, of course, discussed with me the circumstances which have long made it a serious personal sacrifice for you to remain in office. I knew that only your high and exacting sense of duty had kept you here until the immediate tasks of the war should be over. But I am none the less distressed. I shall not allow our intimate personal relation to deprive me of the pleasure of saying that in my judgment the country has never had an abler, a more resourceful and yet prudent, a more uniformly efficient Secretary of the Treasury; and I say this remembering all the able, devoted, and distinguished men who preceded you. I have kept your letter a number of days in order to suggest, if I could, some other solution of your difficulty than the one you have now felt obliged to resort to. But I have not been able to think of any. I can not ask you to make further sacrifices, serious as the loss of the Government will be in your retirement. I accept your resignation, therefore, to take effect upon the appointment of a successor, because in justice to you I must.

I also, for the same reasons, accept your resignation as Director General of Railroads, to take effect, as you suggest, on the 1st of January next, or when your successor is appointed. The whole country admires, I am sure, as I do, the skill and executive capacity with which you have handled the great and complex problem of the unified administration of the railways under the stress of war uses, and will regret, as I do, to see you leave that post just as the crest of its difficulty is passed.

For the distinguished, disinterested, and altogether admirable service you have rendered the country in both posts, and especially for the way in which you have guided the Treasury through all the perplexities and problems of transitional financial conditions and of the financing of a war which has been without precedent alike in kind and in scope I thank you with a sense of gratitude that comes from the very bottom of my heart.

Gratefully and affectionately yours,

WOODROW WILSON.

Hon. WILLIAM G. MCADOO,
Secretary of the Treasury.

Transit and Audit Conferences.

At the suggestion of Governor Harding of the Federal Reserve Board the transit managers and auditors of the Federal Reserve Banks met at the Congress Hotel, Chicago, Ill., on November 11, 12, 13, and 14 for the purpose of considering matters relating to the clearing and collection system, also questions relating to transactions between Federal Reserve Banks, including their branches.

The meetings were attended by representatives from all the Federal Reserve Banks and from the Federal Reserve Board. The discussion at the transit conference, which was the sixth general meeting held by the transit managers since the inauguration of the Federal Reserve system, related mainly to the development and improvement in operation of the interdistrict clearing system. The principal topics covered were: (*a*) Operation of the clearing and collection system; (*b*) ways and means to bring about additions to the par list (items on about 19,000 member and nonmember banks are now collectible at par through the Federal Reserve Bank); (*c*) so-called "float" carried by Federal Reserve Banks; (*d*) harmonizing interdistrict time schedules; (*e*) extension of facilities to member banks; and (*f*) operation of the gold settlement fund.

Discussion at the audit conference, the fourth since the inauguration of the system, related both to uniformity in accounting between Federal Reserve Banks and reports submitted by them to the Federal Reserve Board as well as to internal accounting methods.

The recommendations made by the two conferences, at which nearly one hundred separate questions were discussed, have been submitted to the Federal Reserve Banks and the Federal Reserve Board, and it is expected that, as a result of the conferences, there will be greater uniformity in handling interbank transactions and that many valuable improvements will be effected in internal accounting methods.

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Meeting of Advisory Council.

On November 19, there was held a session of the Federal Reserve Board and Federal Advisory Council in accordance with the requirements of the Federal Reserve act. This session is the last that will be held during this year. The following members of the Advisory Council were present: Mr. James B. Forgan, Chicago; Mr. L. L. Rue, Philadelphia; Mr. J. P. Morgan, New York; Mr. Daniel G. Wing, Boston; Mr. W. S. Rowe, Cincinnati; Mr. J. W. Norwood, Richmond; Mr. C. A. Lyerly, Chattanooga; Mr. F. O. Watts, St. Louis; Mr. John R. Mitchell, Minneapolis; Mr. E. P. Wilmot, Dallas; Mr. Herbert Fleishhacker, San Francisco.

The session developed a full discussion of the business and banking situation of the country, with particular reference to the transition from war to peace activities. Reports from all sections of the country indicate that both bankers and business men view with equanimity and confidence the Nation's ability to meet whatever problems may confront it.

In addressing the meeting at the opening session Governor Harding reviewed the situation produced by the conclusion of the war, taking a retrospective view of what had been accomplished during the last few years, a paraphrase of which is in part as follows:

"When the banks were organized on November 16, 1914, the shock given to credit institutions and industries by reason of the outbreak of the European war had largely subsided. Through the measures taken, and particularly through the issue of the emergency currency provided by the Aldrich-Vreeland Act, as amended by the Federal Reserve act, and through the reduction of member-bank required reserves, the Federal Reserve Banks found themselves at the outset approaching a period of easy money. In 1915 and up to the early months of 1916, there was such a plethora of money that most of the Federal Reserve Banks were unable to make expenses, and the control contemplated over the banking situation by means of discount rates vested in the Board and the Federal Reserve Banks was nullified. Discount rates all over the country were abnormally low. As the Federal Reserve Banks were unable to get business under the prevailing low rates, they certainly would have gotten even less business at higher rates. Owing to the urgent demands of European belligerents for supplies and munitions of war for quick delivery, and as the result of their policy of shipping gold into this country in payment of their obligations here, we experienced abnormally easy-money conditions, which created a good market for foreign-owned American securities. The result was that we gained something over a billion dollars in gold from January 1, 1915, to January 1, 1917. We saw a very large increase in the gold volume of bank credits is a result of our gold expansion.

"The only period when the Federal Reserve Board was able to exercise any effective control over the banking situation was during the last two or three months of 1916 and the first quarter of 1917. You will remember that during these months the Board discouraged the purchase of municipal warrants, advanced discount rates, and advised the Federal Reserve Banks to put their affairs in the most liquid shape possible, and that very material increases in reserves had been effected by the 1st of April, 1917. I believe you gentlemen will agree with me that the United States entered the war better prepared from a banking standpoint than in any other line of activity. After April 6, 1917, as you know, war necessities became paramount and imperative. It is not within the power of any group of banks or of any banking system to regulate the financial demands of war. War is a hard taskmaster; munitions and supplies must be had at all hazards and transported to the front without delay, and the only province of the banking community in this connection is to 'come across' with the capital necessary to procure the goods and man power required. The military organization makes its requisitions and all other activities must adjust themselves to the military demands. Now, we are approaching the time of general international readjustment and reconstruction, and while the war, as far as actual hostilities are concerned, is ended, it is not over in a financial sense and from a standpoint of permanent adjustment. These problems of readjustment must be met by the civil authorities of the various nations supported by their military and naval power.

"Indications are that we are coming back rapidly to a peace basis. A great many of the restrictions imposed by the War Industries Board and other branches of executive departments of the Government are fast being removed. For example, the domestic use of gold and silver for industrial purposes and in the arts has been freed of restrictions. I believe that the removal of restrictions against the use of gold and silver in the arts will have a very good effect because while it may result in the presentation of some Federal Reserve notes for redemption there will be afforded an opportunity to demonstrate that the Federal Reserve note is what it purports to be—redeemable in gold—and will show the people that there is no premium on gold in this country, which can be obtained by the presentation of Federal Reserve notes.

"The restrictions imposed upon the exportation of gold were made effective over a year ago (in September, 1917) by an Executive order of the President which put the whole matter in the hands of the Secretary of the Treasury, who, in turn, gave to the Federal Reserve Board power to issue licenses in specific cases. The question arises as to when the Board should advise that these restrictions be modified or lifted entirely.

"The suggestion has been made that it would be wise policy for the Federal Reserve Banks to reduce their rates on bankers' acceptances against the exportation and importation of goods. Such a course would give the banks quickly available resources in the shape of prime investments and would enable us to meet foreign competition. There would be no reason then for anyone to hesitate as between drawing in dollars or in sterling or feel obliged to use sterling because of lower rates. In order to put the banks in a position to give these low rates it seems necessary to continue the existing rates on our internal transactions. There does not appear to be any reason why we should consider at this time any reduction of the discount rate on 90-day commercial paper or member banks' collateral notes.

"Upon the entrance of the United States into the war, the Federal Reserve Board, in line with its policy of supporting the Government to the utmost of its ability, established a differential rate on paper secured by Government obligations. The rate of interest on Treasury certificates and Government bonds was established by the Secretary of the Treasury after consultation with various interests all over the country, and in order to make it possible for banks to engage in these transactions without being penalized the Board felt that it would be helpful to establish a differential. The result has been that the invested resources of the Federal Reserve Banks are between 70 per cent and 80 per cent in paper secured by Government obligations and the balance in commercial obligations, with the further effect that the Federal Reserve notes outstanding are thus indirectly secured proportionately by Government obligations.

"It is evident that a reduction in the Federal Reserve Banks' rate on bankers' acceptances will have a tendency to restore the proper equilibrium in the banks' invested resources and give them an opportunity gradually to work off these obligations secured by Government issues.

"Whenever we establish a free gold market in this country we should be particularly careful to see that it is not one-sided and that it works both ways. Take the case of a bank which suspends business and then is reorganized within a brief period. It as a rule provides for the payment of old deposits over a period of months or years in installments. It then opens its doors for business; any new deposits coming in are subject to payment in cash on demand, old deposits being treated as time obligations until due under the terms of the agreement. It seems to me that whoever has authority in the matter should require, whenever we come to a free gold basis, some definite understanding whereby such gold operations will be engaged in as current business and upon a basis of reciprocity, so that whenever our trade balance should permit or require there should be no obstruction to our drawing in gold because of the erection of artificial barriers on account of old war debts. Unless our free gold market is established upon that basis, a nation might withdraw gold and impound it as a reserve against its war debts instead of treating the gold transaction as one of current business."

The Advisory Council considered a number of important questions, among them the attitude properly to be adopted with reference to Federal Reserve notes. On this point the view was taken that "during the period of readjustment and reconstruction on which we are now entering sudden changes in financial conditions are likely to arise which will have to be met with practical banking judgment. It would seem to be undesirable to take any steps to check further growth in the volume of Federal Reserve notes issued. The expansion which has taken place recently incident to war financing and which will continue under additional Government financing and probably through the reconstruction period is made possible chiefly through the issue of Federal Reserve notes. Their issue and redemption respond to the requirements of trade. Natural and not artificial methods should control the situation."

As to the development of bankers' acceptances the view was taken that this was likely to be a matter of gradual growth to be brought about by a natural process of evolution.

With reference to the question of drafts drawn for the purpose of furnishing dollar exchange the Council took the view that the drawing of such drafts to create exchange from countries other than those already prescribed may later become necessary, but that the matter is one that can be best considered as conditions develop.

So far as relates to the extension of American banking facilities abroad the Council held that branch banking abroad may be considered to have developed quite satisfactorily, and that under peace conditions there will undoubtedly be a natural development which calls for no special steps. In line with the position already taken by the Board the Council held that the question of the reserves of foreign branches might to very good effect be left entirely to the discretion of the parent institution.

Regarding after-war policies, it was recommended that the Federal Reserve Banks act as liberally as is consistent with safety and that consideration of the status of the gold embargo be left in the hands of the present committee of the Federal Reserve Board. The reestablishment of a free gold market as soon as can conveniently and properly be done was recommended as part of the after-war reconstruction plan.

As an amendment to the Federal Reserve act the Advisory Council suggested the following changes:

Sec. 7. After all necessary expenses of a Federal Reserve Bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met all the net earnings shall be paid into a surplus fund until it shall amount to 100 per cent of the paid-in capital stock of such bank, after which all the net earnings in excess of aforesaid dividend shall be paid to the United States as a franchise tax.

The Council further reported that—

"It is generally conceded that following the declaration of peace, this country will have an opportunity to develop its foreign trade to an extent impossible before the war. If we are to develop and maintain our export and import trade it should be financed by American banks and bankers, and it is therefore essential that the member banks be granted additional acceptance powers to properly take care of the increasing volume of dollar exchange and credits.

"We recommend that the Federal Reserve act be amended as soon as possible so as to allow member banks to accept on purely foreign transactions up to 200 per cent of their capital and surplus. This limit to include acceptances of foreign banks or bankers for the account of and under the guaranty of the member banks. This acceptance power to be in addition to that now provided by the act for domestic acceptances."

Consolidation of National Banks.

On November 7 the act to provide for the consolidation of national banking associations, which has been before Congress for some time past, became law through the signature of the President. The text of the new measure is as follows:

[PUBLIC—No. 240—65TH CONGRESS.]

[H. R. 10205.]

An Act To provide for the consolidation of national banking associations.

Be it enacted by the Senate and House of Representative of the United States of America in Congress assembled, That any two or more national banking associations located within the same county, city, town, or village may, with the approval of the Comptroller of the Currency, consolidate into one association under the charter of either existing banks, on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each association proposing to consolidate, and be ratified and confirmed by the affirmative vote of the shareholders of each such association owning at least two-thirds of its capital stock outstanding, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper published in the place where the said association is located, and if no newspaper is published in the place, then in a paper published nearest thereto, and after sending such notice to each shareholder of record by registered mail at least ten days prior to said meeting: *Provided*, That the capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national bank in the place in which it is located: *And provided further*, That when such consolidation shall have been effected and approved by the comptroller any shareholder of either of the associations so consolidated who has not voted for such consolidation may give notice to the directors of the association in which he is interested within twenty days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to the shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and if said reappraisal shall exceed the value fixed by said committee the bank shall pay the expenses of the reappraisal; otherwise the appellant shall pay said expenses, and the value so ascertained and determined shall be deemed to be a debt due and be forthwith paid to said shareholder from said bank, and the share so paid shall be surrendered and after due notice sold at public auction within thirty days after the final appraisement provided for in this act.

SEC 2. That associations consolidating with another association under the provisions of this act shall not be required to deposit lawful money for their outstanding circulation, but their assets and liabilities shall be reported by the association with which they have consolidated. And all the rights, franchises, and interests of the said national bank so consolidated in and to every species of property, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national bank into which it is consolidated without any deed or other transfer, and the said consolidated national bank shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by the national bank so consolidated therewith.

Approved, November 7, 1918.

After the War: The Gold Standard and Currency in Great Britain.

Herewith is reprinted in full, as being of exceptional interest, the first interim report presented to the British Parliament of a committee appointed "to consider the various problems which will arise in connection with currency and the foreign exchanges during the period of reconstruction and report upon the steps required to bring about the restoration of normal conditions in due course, and to consider the working of the Bank Act, 1844, and the constitution and functions of the Bank of England, with a view of recommending any alterations which may appear to them to be necessary or desirable."

The membership of the committee consisted of:

Lord Cunliffe, governor of the Bank of England, chairman.

Sir Charles Addis, Hongkong & Shanghai Banking Corporation.

The Hon. Rupert Beckett, Beckett & Co.

Sir John Bradbury, secretary to the treasury.

G. C. Cassels, Bank of Montreal.

Gaspard Farrer, Baring & Co.

The Hon. Herbert Gibbs, Antony Gibbs & Sons.

W. H. N. Goschen, Chairman of the clearing bankers' committee.

Lord Inchcape, of Strathnaver.

R. W. Jeans, Bank of Australasia.

A. C. Pigou, professor of political economy, Cambridge University.

G. F. Stewart, ex-governor of the Bank of Ireland.

William Wallace, Royal Bank of Scotland.

G. C. Upcott, of the treasury and ministry of reconstruction, secretary.

INTRODUCTION.

1. We have the honor to present herewith an interim report on certain of the matters referred to us in January last. In this report we attempt to indicate the broad lines on which we think the serious currency difficulties which will confront this country at the end of the war should be dealt with. The difficulties which will arise in connection with the foreign exchanges will be no less grave, but we do not think that any recommendations as to the emergency expedients which may have to be adopted in the period immediately following the conclusion of peace can usefully be made until the end of the war is clearly in sight and a more definite opinion can be formed as to the conditions which will then prevail. We propose also to deal in a later report with questions affecting the constitution and management of the Bank of England, and with the applicability of the recommendations contained in this report to Scotland and Ireland, in regard to which we have not yet taken evidence. We have therefore confined our inquiry for the present to the broad principles upon which the currency should be regulated. We have had the advantage of consultation with the Bank of England, and have taken oral evidence from various banking and financial experts, representatives of certain chambers of commerce and others who have particularly interested themselves in these matters. We have also had written evidence from certain other representatives of commerce and industry. Our conclusions upon the subjects dealt with in this report are unanimous, and we can not too strongly emphasize our opinion that the application, at the earliest possible date, of the main principles on which they are based is of vital necessity to the financial stability and well-being of the country. Nothing can contribute more to a speedy recovery from the effects of the war, and to the rehabilitation of the foreign exchanges, than the reestablishment of the currency upon a sound basis. Indeed, a sound system of currency will, as is shown in paragraphs 4 and 5, in itself secure equilibrium in those exchanges, and render unnecessary the continued resort to the emergency expedients to which we have referred. We should add that in our inquiry we have had in view the conditions which are likely to prevail during the 10 years immediately following the end of the war, and we think that the whole subject should be again reviewed not later than the end of that period.

THE CURRENCY SYSTEM BEFORE THE WAR.

2. Under the bank charter act of 1844, apart from the fiduciary issue of the Bank of England and the notes of Scottish and Irish banks of issue (which were not actually legal tender), the currency in circulation and in bank reserves consisted before the war entirely of gold and subsidiary coin or of notes representing gold. Gold was freely coined by the mint without any charge. There were no restrictions upon the import of gold. Sovereigns were freely given by the bank in exchange for notes at par value, and there were no obstacles to the export of gold. Apart from the presentation for minting of gold already in use in the arts (which under normal conditions did not take place) there was no means whereby the legal tender currency could be increased except the importation of gold from abroad to form the basis of an increase in the note issue of the Bank of England or to be presented to the mint for coinage, and no means whereby it could be diminished (apart from the normal demand for the arts, amounting to about £2,000,000 a year, which was only partly taken out of the currency supply) except the export of bullion or sovereigns.

3. Since the passing of the act of 1844 there has been a great development of the check system. The essence of that system is that purchasing power is largely in the form of bank deposits operated upon by check, legal tender money being required only for the purpose of the reserves held by the banks against those deposits and for actual public circulation in connection with the payment of wages and retail transactions. The provisions of the act of 1844 as applied to that system have operated both to correct unfavorable exchanges and to check undue expansions of credit.

4. When the exchanges were favorable, gold flowed freely into this country and an increase of legal tender money accompanied the development of trade. When the balance of trade was unfavorable and the exchanges were adverse, it became profitable to export gold. The would-be exporter bought his gold from the Bank of England and paid for it by a check on his account. The bank obtained the gold from the issue department in exchange for notes taken out of its banking reserve, with the result that its liabilities to depositors and its banking reserve were reduced by an equal amount, and the ratio of reserve to liabilities consequently fell. If the process was repeated

sufficiently often to reduce the ratio in a degree considered dangerous, the bank raised its rate of discount. The raising of the discount rate had the immediate effect of retaining money here which would otherwise have been remitted abroad and of attracting remittances from abroad to take advantage of the higher rate, thus checking the outflow of gold and even reversing the stream.

5. If the adverse condition of the exchanges was due not merely to seasonal fluctuations but to circumstances tending to create a permanently adverse trade balance, it is obvious that the procedure above described would not have been sufficient. It would have resulted in the creation of a volume of short-dated indebtedness to foreign countries which would have been in the end disastrous to our credit and the position of London as the financial center of the world. But the raising of the bank's discount rate and the steps taken to make it effective in the market necessarily led to a general rise of interest rates and a restriction of credit. New enterprises were therefore postponed and the demand for constructional materials and other capital goods was lessened. The consequent slackening of employment also diminished the demand for consumable goods, while holders of stocks of commodities carried largely with borrowed money, being confronted with an increase of interest charges, if not with actual difficulty in renewing loans, and with the prospect of falling prices, tended to press their goods on a weak market. The result was a decline in general prices in the home market which, by checking imports and stimulating exports, corrected the adverse trade balance which was the primary cause of the difficulty.

6. When apart from a foreign drain of gold, credit at home threatened to become unduly expanded, the old currency system tended to restrain the expansion and to prevent the consequent rise in domestic prices which ultimately causes such a drain. The expansion of credit, by forcing up prices, involves an increased demand for legal tender currency both from the banks in order to maintain their normal proportion of cash to liabilities and from the general public for the payment of wages and for retail transactions. In this case also the demand for such currency fell upon the reserve of the Bank of England, and the bank was thereupon obliged to raise its rate of discount in order to prevent the fall in the proportion of that reserve to its liabilities. The same chain of consequences as we have just described followed and speculative trade activity was similarly restrained. There was therefore an automatic machinery by which the volume of purchasing power in this country was continuously adjusted to world prices of commodities in general. Domestic prices were automatically regulated so as to prevent excessive imports; and the creation of banking credit was so controlled that banking could be safely permitted a freedom from State interference which would not have been possible under a less rigid currency system.

7. Under these arrangements this country was provided with a complete and effective gold standard. The essence of such a standard is that notes must always stand at absolute parity with gold coins of equivalent face value, and that both notes and gold coins stand at absolute parity with gold bullion. When these conditions are fulfilled, the foreign exchange rates with all countries possessing an effective gold standard are maintained at or within the gold specie points.

CHANGES WHICH HAVE AFFECTED THE GOLD STANDARD DURING THE WAR.

8. It will be observed that the fall in a number of the foreign exchanges below the old export specie points which has taken place since the early part of 1915[1] is not by itself a proof that the gold standard has broken down or ceased to be effective. During the present war the depredations of enemy submarines, high freights, and the refusal of the Government to extend State insurance to gold cargoes have greatly increased the cost of sending gold abroad. The actual export specie point has, therefore, moved a long way from its old position. In view of our enormous demands for imports, coupled with the check on our exports due to the war, it was natural that our exchanges with neutrals should move toward the export specie point. Consequently, the fall in the export specie point would by itself account for a large fall in our exchange rates. Such a fall must have taken place in the circumstances, even though all the conditions of an effective gold standard had been fully maintained.

9. The course of the war has, however, brought influences into play in consequence of

[1] In the abnormal circumstances at the outbreak of war the neutral exchanges moved temporarily in our favor owing to the remittance home of liquid balances from foreign countries and the withdrawal of foreign credits.

which the gold standard has ceased to be effective. In view of the crisis which arose upon the outbreak of war it was considered necessary, not merely to authorize the suspension of the act of 1844, but also to empower the treasury to issue currency notes for £1 and for 10 shillings as legal tender throughout the United Kingdom. Under the powers given by the currency and bank notes act, 1914, the treasury undertook to issue such notes through the Bank of England to bankers, as and when required, up to a maximum limit not exceeding for any bank 20 per cent of its liabilities on current and deposit accounts. The amount of notes issued to each bank was to be treated as an advance bearing interest at the current bank rate.

10. It is not likely that the internal demand for legal tender currency which was anticipated at the beginning of August, 1914, would by itself have necessitated extensive recourse to these provisions. But the credits created by the Bank of England in favor of its depositors under the arrangements by which the bank undertook to discount approved bills of exchange and other measures taken about the same time for the protection of credit caused a large increase in the deposits of the bank. Further, the need of the Government for funds wherewith to finance the war in excess of the amounts raised by taxation and by loans from the public has made necessary the creation of credits in their favor with the Bank of England. Thus, the total amount of the bank's deposits increased from, approximately, £56,000,000 in July, 1914, to £273,000,000 on July 28, 1915, and, though a considerable reduction has since been effected, they now (August 15) stand as high as £171,870,000. The balances created by these operations passing by means of payments to contractors and others to the joint stock banks have formed the foundation of a great growth of their deposits which have also been swelled by the creation of credits in connection with the subscriptions to the various war loans.[1] Under the operation of these causes the total deposits of the banks of the United Kingdom (other than the Bank of England) increased from £1,070,681,000 on December 31, 1913, to £1,742,902,000 on December 31, 1917.

11. The greatly increased volume of bank deposits, representing a corresponding increase of purchasing power and, therefore, leading in conjunction with other causes to a great rise of prices, has brought about a corresponding demand for legal tender currency which could not have been satisfied under the stringent provisions of the act of 1844. Contractors are obliged to draw checks against their accounts in order to discharge their wages bill—itself enhanced on account of the rise of prices. It is to provide this currency that the continually growing issues of currency notes have been made. The banks instead of obtaining notes by way of advance under the arrangements described in paragraph 9 were able to pay for them outright by the transfer of the amount from their balances at the Bank of England to the credit of the currency note account and the circulation of the notes continued to increase. The Government subsequently, by substituting their own securities for the cash balance so transferred to their credit, borrow that balance. In effect, the banks are in a position at will to convert their balances at the Bank of England enhanced in the manner indicated above into legal tender currency without causing notes to be drawn, as they would have been under the prewar system, from the banking reserve of the Bank of England, and compelling the bank to apply the normal safeguards against excessive expansion of credit. Fresh legal tender currency is thus continually being issued, not, as formerly, against gold, but against Government securities. Plainly, given the necessity for the creation of bank credits in favor of the Government for the purpose of financing war expenditure, these issues could not be avoided. If they had not been made, the banks would

[1] This process has had results of such far-reaching importance that it may be useful to set out in detail the manner in which it operates. Suppose, for example, that in a given week the Government require £10,000,000 over and above the receipts from taxation and loans from the public. They apply for an advance from the Bank of England, which by a book entry places the amount required to the credit of public deposits in the same way as any other banker credits the account of a customer when he grants him temporary accommodation. The amount is then paid out to contractors and other Government creditors, and passes, when the checks are cleared, to the credit of their bankers in the books of the Bank of England—in other words, is transferred from public to "other" deposits, the effect of the whole transaction thus being to increase by £10,000,000 the purchasing power in the hands of the public in the form of deposits in the joint-stock banks and the bankers' cash at the Bank of England by the same amount. The bankers' liabilities to depositors having thus increased by £10,000,000 and their cash reserves by an equal amount, their proportion of cash to liabilities (which was normally before the war something under 20 per cent) is improved with the result that they are in a position to make advances to their customers to an amount equal to four or five times the sum added to their cash reserves, or, in the absence of demand for such accommodation, to increase their investments by the difference between the cash received and the proportion they require to hold against the increase of their deposit liabilities. Since the outbreak of war it is the second procedure which has in the main been followed, the surplus cash having been used to subscribe for treasury bills and other Government securities. The money so subscribed has again been spent by the Government and returned in the manner above described to the bankers' cash balances, the process being repeated again and again until each £10,000,000 originally advanced by the Bank of England has created new deposits representing new purchasing power to several times that amount. Before the war these processes, if continued, compelled the Bank of England, as explained in paragraph 6, to raise its rate of discount, but, as indicated below, the unlimited issue of currency notes has now removed this check upon the continued expansion of credit.

have been unable to obtain legal tender with which to meet checks drawn for cash on their customers' accounts. The unlimited issue of currency notes in exchange for credits at the Bank of England is at once a consequence and an essential condition of the methods which the Government have found necessary to adopt in order to meet their war expenditure.

12. The effect of these causes upon the amount of legal-tender money (other than subsidiary coin) in bank reserves and in circulation in the United Kingdom are shown in the following paragraph.

13. The amounts on June 30, 1914, may be estimated as follows:

Fiduciary issue of the Bank of England	£18,450,000
Bank of England notes issued against gold coin or bullion	38,476,000
Estimated amount of gold coin held by banks (excluding gold coin held in the issue department of the Bank of England) and in public circulation	123,000,000
Grand total	179,926,000

The corresponding figures on July 10, 1918, as nearly as they can be estimated, were:

Fiduciary issue of the Bank of England	£18,450,000
Currency notes not covered by gold	230,412,000
Total fiduciary issues [1]	248,862,000
Bank of England notes issued against coin and bullion	65,368,000
Currency notes covered by gold	28,500,000
Estimated amount of gold coin held by banks (excluding gold coin held by issue department of Bank of England), say	40,000,000
Grand total	382,730,000

There is also a certain amount of gold coin still in the hands of the public which ought to be added to the last-mentioned figure, but the amount is unknown.

14. As Bank of England notes and currency notes are both payable at the Bank of England in gold coin on demand this large issue of new notes, associated, as it is, with abnormally high prices and unfavorable exchanges, must have led under normal conditions to a rapid depletion, threatening ultimately the complete exhaustion, of the bank's gold holdings. Consequently, unless the bank had been prepared to see all its gold drained away, the discount rate must have been raised to a much higher level, the creation of banking credit (including that required by the Government) would have been checked, prices would have fallen, and a large portion of the surplus notes must have come back for cancellation. In this way an effective gold standard would have been maintained in spite of the heavy issue of notes. But during the war conditions have not been normal. The public are content to employ currency notes for internal purposes, and, notwithstanding adverse exchanges, war conditions interpose effective practical obstacles against the export of gold. Moreover, the legal prohibition of the melting of gold coin, and the fact that the importation of gold bullion is reserved to the Bank of England, and that dealings in it are limited have severed the link which formerly existed between the values of coin and of uncoined gold. It is not possible to judge to what extent legal tender currency may in fact be depreciated in terms of bullion. But it is practically certain that there has been some depreciation, and to this extent therefore the gold standard has ceased to be effective.

RESTORATION OF CONDITIONS NECESSARY TO THE MAINTENANCE OF THE GOLD STANDARD RECOMMENDED.

15. We shall not attempt now to lay down the precise measures that should be adopted to deal with the situation immediately after the war. These will depend upon a variety of conditions which can not be foreseen, in particular the general movements of world prices and the currency policy adopted by other countries. But it will be clear that the conditions necessary to the maintenance of an effective gold standard in this country no longer exist, and it is imperative that they should be restored without delay. After the war our gold holdings will no longer be protected by the submarine danger, and it will not be possible indefinitely to continue to support the exchanges with foreign countries by borrowing abroad. Unless the machinery which long experience has shown to be the only effective remedy for an adverse balance of trade and an undue growth of credit is once more brought into play, there will be very grave danger of a credit expansion in this country and a foreign drain of gold which might jeopardize the convertability of our note issue and the international trade position of the country. The uncertainty of the monetary situation will handicap our industry, our position as an international financial center will suffer, and our general commercial status in

[1] The notes issued by Scottish and Irish banks which have been made legal tender during the war have not been included in the foregoing figures. Strictly the amount (about £5,000,000) by which these issues exceed the amount of gold and currency notes held by those banks should be added to the figures of the present fiduciary issues given above.

the eyes of the world will be lowered. We are glad to find that there was no difference of opinion among the witnesses who appeared before us as to the vital importance of these matters.

CESSATION OF GOVERNMENT BORROWINGS.

16. If a sound monetary position is to be reestablished and the gold standard to be effectively maintained, it is in our judgment essential that Government borrowings should cease at the earliest possible moment after the war. A large part of the credit expansion arises, as we have shown, from the fact that the expenditure of the Government during the war has exceeded the amounts which they have been able to raise by taxation or by loans from the actual savings of the people. They have been obliged, therefore, to obtain money through the creation of credits by the Bank of England and by the joint-stock banks, with the result that the growth of purchasing power has exceeded that of purchasable goods and services. As we have already shown, the continuous issue of uncovered currency notes is inevitable in such circumstances. This credit expansion (which is necessarily accompanied by an evergrowing foreign indebtedness) cannot continue after the war without seriously threatening our gold reserves and, indeed, our national solvency.

17. A primary condition of the restoration of a sound credit position is the repayment of a large portion of the enormous amount of Government securities now held by the banks. It is essential that as soon as possible the State should not only live within its income but should begin to reduce its indebtedness. We accordingly recommend that at the earliest possible moment an adequate sinking fund should be provided out of revenue, so that there may be a regular annual reduction of capital liabilities, more especially those which constitute the floating debt. We should remark that it is of the utmost importance that such repayment of debt should not be offset by fresh borrowings for capital expenditure. We are aware that immediately after the war there will be strong pressure for capital expenditure by the State in many forms for reconstruction purposes. But it is essential to the restoration of an effective gold standard that the money for such expenditure should not be provided by the creation of new credit, and that, in so far as such expenditure is undertaken at all, it should be undertaken with great caution. The necessity of providing for our indispensable supplies of food and raw materials from abroad and for arrears of repairs to manufacturing plant and the transport system at home will limit the savings available for new capital expenditure for a considerable period. This caution is particularly applicable to far- reaching programs of housing and other development schemes.

The shortage of real capital must be made good by genuine savings. It can not be met by the creation of fresh purchasing power in the form of bank advances to the Government or to manufacturers under Government guarantee or otherwise, and any resort to such expedients can only aggravate the evil and retard, possibly for generations, the recovery of the country from the losses sustained during the war.

USE OF BANK OF ENGLAND DISCOUNT RATE.

18. Under an effective gold standard all export demands for gold must be freely met. A further essential condition of the restoration and maintenance of such a standard is therefore that some machinery shall exist to check foreign drains when they threaten to deplete the gold reserves. The recognized machinery for this purpose is the Bank of England discount rate. Whenever before the war the bank's reserves were being depleted, the rate of discount was raised. This, as we have already explained, by reacting upon the rates for money generally, acted as a check which operated in two ways. On the one hand, raised money rates tended directly to attract gold to this country or to keep gold here that might have left. On the other hand, by lessening the demands for loans for business purposes, they tended to check expenditure and so to lower prices in this country, with the result that imports were discouraged and exports encouraged, and the exchanges thereby turned in our favor. Unless this twofold check is kept in working order the whole currency system will be imperiled. To maintain the connection between a gold drain and a rise in the rate of discount is essential to the safety of the reserves. When the exchanges are adverse and gold is being drawn away, it is essential that the rate of discount in this country should be raised relatively to the rates ruling in other countries. Whether this will actually be necessary immediately after the war depends on whether prices in this country are then substantially higher than gold prices

throughout the world. It seems probable that at present they are on the whole higher, but if credit expansion elsewhere continues to be rapid, it is possible that this may eventually not be so.

CONTINUANCE OF DIFFERENTIAL RATES FOR HOME AND FOREIGN MONEY NOT RECOMMENDED.

19. It has been argued before us that during the period of reconstruction and perhaps for many years afterwards it will be possible and desirable, even though the exchanges are adverse, to keep money for home industry substantially cheaper in this country than it is abroad and yet retain an effective gold standard by continuing the present practice of differentiating between home money and foreign money. It is held that relatively low rates should be offered for home money and charged on domestic loans, while gold is at the same time prevented from going abroad by the offer of high rates for foreign money. In our judgment, so soon as the present obstacles in the way of international intercourse are removed, any attempt to maintain this differentiation must break down, because it would be impracticable to prevent people from borrowing at the low home rate and contriving in one way or another to relend at the high foreign rate. This could only be prevented, if at all, by the maintenance of such stringent restrictions upon the freedom of investment after the war as would, in our opinion, be most detrimental to the financial and industrial recovery of this country. Even, however, if differentiation, as a post-war policy, were practicable, it would not, in our judgment, be desirable. For the low home rate, by fostering large loans and so keeping up prices would continue to encourage imports and discourage exports; so that, even though the high rate offered for foreign money prevented gold from being drawn abroad, it would only do this at the cost of piling up an ever-growing debt from Englishmen to foreigners. It would be necessary at the same time to continue to pay for our essential imports of raw materials by borrowing in the United States and elsewhere, instead of by increasing our exports, thus imposing further burdens of foreign debt. This process could not continue indefinitely, and must sooner or later lead to a collapse. We are, therefore, of opinion that the need for making money dear in the face of adverse exchanges can not, and should not, be evaded by resort to differential rates.

LEGAL LIMITATION OF NOTE ISSUE NECESSARY.

20. The foregoing argument has a close connection with the general question of the legal control of the note issue. It has been urged in some quarters that in order to make possible the provision of a liberal supply of money at low rates during the period of reconstruction further new currency notes should be created, with the object of enabling banks to make large loans to industry without the risk of finding themselves short of cash to meet the requirements of the public for legal-tender money. It is plain that a policy of this kind is incompatible with the maintenance of an effective gold standard. If it is adopted there will be no check upon the outflow of gold. Adverse exchanges will not be corrected either directly or indirectly through a modification of the general level of commodity prices in this country. On the contrary, as the issue of extra notes stimulates the conditions which tend to produce an advance of prices, they will become steadily more and more adverse. Hence the processes making for the withdrawal of our gold will continue and no counteracting force will be set in motion. In the result the gold standard will be threatened with destruction through the loss of all our gold.

21. The device of making money cheap by the continued issue of new notes is thus altogether incompatible with the maintenance of a gold standard. Such a policy can only lead in the end to an inconvertible paper currency and a collapse of the foreign exchanges, with consequences to the whole commercial fabric of the country which we will not attempt to describe. This result may be postponed for a time by restrictions on the export of gold and by borrowing abroad. But the continuance of such a policy after the war can only render the remedial measures which would ultimately be inevitable more painful and protracted. No doubt it would be possible for the Bank of England, with the help of the joint stock banks, without any legal restriction on the note issue, to keep the rate of discount sufficiently high to check loans, keep down prices, and stop the demand for further notes. But it is very undesirable to place the whole responsibility upon the discretion of the banks, subject as they will be to very great pressure in a matter of this kind. If they know that they can get notes freely, the temptation to adopt a lax loan policy will be very great. In order, therefore, to ensure that this is not done, and the gold standard thereby endan-

gered, it is, in our judgment, imperative that the issue of fiduciary notes shall be, as soon as practicable, once more limited by law, and that the present arrangements under which deposits at the Bank of England may be exchanged for legal tender currency without affecting the reserve of the banking department shall be terminated at the earliest possible moment. Additional demands for legal tender currency otherwise than in exchange for gold should be met from the reserves of the Bank of England and not by the treasury, so that the necessary checks upon an undue issue may be brought regularly into play. Subject to the transitional arrangements as regards currency notes which we propose in paragraphs 43 to 46, and to any special arrangements in regard to Scotland and Ireland which we may have to propose when we come to deal with the questions affecting those parts of the United Kingdom, we recommend that the note issue (except as regards existing private issues) should be entirely in the hands of the Bank of England; the notes should be payable in gold in London only, and should be legal tender throughout the United Kingdom.

MACHINERY FOR THE CONTROL OF THE NOTE ISSUE.

22. So far we have addressed ourselves to the principles upon which the retention and maintenance of an effective gold standard depend. We have now to consider the particular machinery in regard to the control of the note issue by which the observance of these principles can most effectively be secured, and what modification (if any) may be desirable or permissible in the system in force before the war.

23. We would in the first place observe that, while the obligation to pay both Bank of England notes and currency notes in gold on demand should, in our judgment, be maintained, it is not necessary for the maintenance of an effective gold standard, nor do we think it desirable, that there should be an early resumption of the internal circulation of gold coin. For the present at any rate we think that it will be more economical that gold should be held in a central reserve as a backing for notes in circulation. We do not think that any legislation on this subject will be required. People have by now become fully accustomed to the use of notes, and it is probable that (except for the limited requirements of persons proposing to travel abroad) they will continue to circulate instead of gold coin much as they do at present. Informal action on the part of the banks may be expected to accomplish all that is required. If necessary, however, the circulation of gold coin could be prevented by making the notes convertible at the discretion of the Bank of England either into such coin or into bar gold, though for our own part we should prefer to maintain the right of the noteholder to receive payment in gold coin and to trust to the informal steps suggested above to prevent gold from flowing into internal circulation.

24. Secondly, while it is a necessary condition of an effective gold standard that the import of gold should be free from all restrictions, it is not necessary to allow gold coin or bullion obtained otherwise than from the Bank of England to be exported. In view of the fact that it is convenient that the Bank of England should have cognizance of all gold exports, we think it desirable that the export of gold coin or bullion should be subject to the condition that such coin or bullion has been obtained from the bank for the purpose. Manufactured gold should be deemed to be bullion unless it is in the form of articles containing a prescribed fashion value (say, of 10 per cent). The bank should be under obligation to supply gold for export in exchange for its notes. These conditions will be sufficient to enable parity to be maintained between currency and bullion, since importers of gold will be free to sell it either in the market or to the Bank of England.

25. Thirdly, in view of the withdrawal of gold from circulation, it is, we think, desirable that the gold reserves of the country should be held by one central institution, and we recommend therefore that all banks should transfer any gold now held by them to the Bank of England, except such small amounts as they may require to keep for the convenience of travelers.

In our opinion, the prohibition against the melting of gold coin should for the present be maintained.

26. We have carefully considered various proposals that have been laid before us as regards the basis upon which the fiduciary note issue should in future be fixed. It has been urged that the raising of the discount rate by the Bank of England may be delayed too long to check effectively an undue expansion of credit, and that under the rigid restrictions of the act of 1844 a famine of legal tender money might ensue. Crises of this nature necessitating the suspension of the act arose in 1847, 1857, and 1866, and on the first two occasions

notes were actually issued by the bank in excess of the maximum authorized by law. On this ground mainly it has been urged that these rigid restrictions ought to be transformed into something more elastic. To this end the following principal proposals, either separately or in combination, have been put before us by various witnesses:

(1) That the banking and issue department of the Bank of England should be amalgamated.

(2) That the issue of additional notes, instead of being required to be covered pound for pound by gold, should be freely allowed, subject only to the condition that a prescribed percentage of the total issue should be so covered.

(3) That, while either an absolute figure for the maximum fiduciary issue or a maximum determined on a proportionate basis should be prescribed by law, provision should be made for increases beyond this maximum upon condition of a tax being paid by the bank to the Government.

These various suggestions we now proceed to discuss.

27. First, the main effect of the amalgamation of the two departments of the Bank of England would be to place deposits with the Bank of England in the same position as regards convertibility into gold as is now held by the note. It has been argued in favor of this change that greater security would be given to the deposits than under the present system. After careful consideration we are unable to recommend it. The deposits have at present the full security of the reserve in the banking department, and it is obvious that any such additional security would be at the direct expense of the security of the note. In our opinion it is desirable that the issue of currency shall be subject to strict legal regulation, but that the management of banking should be left as free as possible from State interference. We think that the amalgamation of the two departments would inevitably lead in the end to State control of the creation of banking credit generally, a contingency which we are convinced would greatly hamper the elasticity and efficiency with which the banks are able to meet the requirements of industry.

28. Secondly, the proposal to allow the issue of fiduciary notes without limit, subject only to a fixed percentage of the total issue being held in gold by the Bank of England (or the issue department of the Bank of England if there is no amalgamation), appears to us objectionable for the following reasons. If, as happened in general in the German Reichsbank, other regulations keep the actual note issue much below the maximum fixed by this proportion, the proportion is not effective and produces no result. But, if the actual note issue is really controlled by the proportion, the arrangement is liable to bring about very violent disturbances. Suppose, for example, that the proportion of gold to notes is actually fixed at one-third and is operative. Then, if the withdrawal of gold for export reduces the proportion below the prescribed limit, it is necessary to withdraw notes in the ratio of three to one. Any approach to the conditions under which the restriction would become actually operative would thus be likely to cause even greater apprehension than the limitations of the act of 1844.

29. This consequence might no doubt be obviated for a time if the joint stock banks themselves kept large reserves of gold and were prepared in the event of the depletion of the bank of England reserve either by an external or by an internal drain to use them to make good the depletion and so dispense for the time being with the necessity for withdrawing notes from circulation. It is clear, however, that unless the same steps in regard to money rates and the restriction of credit were taken as would be necessary if the depletion were actually operative, this remedy would be merely a temporary palliative, since the causes which had occasioned the drain would continue to operate unchecked. If, on the other hand, as some have advocated, the banks were given in consideration for their assistance in such contingencies, in addition to the right to obtain notes for the gold brought in, the right to receive advances in further fiduciary notes, the result, so far as the right was exercised, would be to neutralize the effect which the gold brought in would otherwise have had in preserving or restoring the proportion of gold to circulation, while the Bank of England would be placed in the very dangerous position of being under an absolute obligation to create new credits at the very moment at which a policy of credit restriction had become essential.

Incidentally we would remark that the minimum percentages proposed by the London Chamber of Commerce, namely, $33\frac{1}{3}$ per cent of gold against the Bank of England note issue and 20 to 25 per cent against a separate issue of currency notes, would in our opinion be wholly inadequate. The percentage of gold to the two issues, taken together, would actually be less than is now held. The Manchester Chamber of Commerce propose that the proportion of gold to notes should be 40 per cent, while Sir Edward Holden was of opinion that the bank should aim at that proportion of gold in respect to its total liabilities on account of the notes issued and deposits. For the reasons indicated above, however, we have come to the unanimous conclusion that there are substantial objections to basing the note issue of this country upon any proportionate holding of gold.

30. There remains, thirdly, the plan of fixing a maximum absolute limit to the fiduciary note issue, subject to the condition that this limit may be exceeded on the payment of a tax to the Government. It is obvious that, if such a tax is to act as a deterrent, it must be sufficiently high to secure that no profit should accrue to the bank as the result of the emergency issue. As this profit necessarily depends to a larger degree upon the rate of interest at which accommodation is given to the market, we do not think, in view of the great uncertainty as to the future course of interest rates, that it is practicable now to name any figure which could safely be adopted for such a tax. Unless it is fixed at a sufficiently penal rate to secure that the normal fiduciary issue is not exceeded except in circumstances of real emergency, and then only for a strictly limited period, the system may afford dangerous possibilities of excessive speculation and lend itself to the development of crises which more stringent safeguards might have averted altogether. This criticism has in fact been made of the German plan, and we are not clear how the arrangements recently adopted by the United States, which have not yet been tested by experience will actually operate. If it were decided to adopt any such method in this country, it would be necessary for safety to take a very high rate which might in fact prove to be unduly penal.

31. In view of the comparison with the systems prevailing in foreign countries which have been put forward by various witnesses, we would point out that these countries have not in practice maintained the absolutely free gold market which this country, by reason of the vital importance of its position in international finance, is bound to do. It has therefore been open to them to have recourse to devices to steady the rate of discount which, even if successful for this purpose, it would be inexpedient and dangerous for us to attempt.

MAINTENANCE OF PRINCIPLE OF BANK CHARTER ACT 1844, RECOMMENDED.

32. Having regard to the foregoing considerations, we are of opinion that the principle of the act of 1844, which has upon the whole been fully justified by experience, should be maintained, namely, that there should be a fixed fiduciary issue beyond which, subject to emergency arrangements which we recommend below, notes should only be issued in exchange for gold. It is noteworthy that from 1866 till the outbreak of the present war no suspension of the act was ever necessary. We think that the stringent principles of the act have often had the effect of preventing dangerous developments and the fact that they have had to be temporarily suspended on certain rare and exceptional occasions (and those limited to the earlier years of the act's operation when experience of working the system was still immature) does not, in our opinion, invalidate this conclusion. We recommend, therefore, that the separation of the issue and banking departments of the Bank of England should be maintained and that the Weekly Return continue to be published in its present form.

MODIFICATION OF PROVISIONS OF ACT OF 1844 IN RESPECT OF ISSUE OF EMERGENCY CURRENCY RECOMMENDED.

33. This conclusion, however, has not prevented us from considering with care the possibility of so modifying the act of 1844 as to make provision for the issue of emergency currency in times of acute difficulty. It might, no doubt, be sufficient to leave matters as they were prior to 1914 and to risk the possibility of the law having to be broken, subject to indemnity from Parliament, but upon the whole we share the objections which have been expressed in many quarters to this procedure. We are, therefore, of opinion that the provisions of section 3 of the currency and bank notes act, 1914, under which the Bank of England may, with the consent of the treasury, temporarily issue notes in excess of the legal limit, should be continued in force. It should be provided by statute that Parliament should be informed forthwith of any action taken by the treasury under this provision by means of a treasury minute which should be laid before both houses. The statute should

also provide that any profits derived from the excess issue should be surrendered by the bank to the exchequer. It will, of course, be necessary that the bank rate should be raised to, and maintained at, a figure sufficiently high to secure the earliest possible retirement of the excess issue.

34. In connection with these emergency arrangements we have considered the question of the reserves which should be held by the joint-stock banks quite apart from their normal reserves of legal-tender money. As we do not contemplate a resumption of the internal circulation of gold, no useful purpose would be served by their accumulating gold which can be more effectively employed by the Bank of England in maintaining the exchanges and supporting the note issue. We have considered a proposal that they should be required to hold a certain proportion of their deposits in the form of treasury bills and other short-dated Government securities, which, in the event of a crisis, might be discounted with the Bank of England and form the basis of an issue of emergency currency, if required. While we think it expedient that such reserves should be held, we have come to the conclusion that it would not be desirable to attempt any legal regulation of the matter. Our attention has, however, been called to the fact that a committee of bankers have recommended that banks should in future be required to publish a monthly statement in the form of Appendix I to this report showing the average of their weekly balance sheets during the month. We entirely concur in this recommendation and we suggest that the statement of assets should be amplified by the addition after "money at call and at short notice" of a heading "Government securities maturing within 12 months." If this is done, we think that the consequent publicity will be amply sufficient to secure the object which we have in view.

AMOUNT OF FIDUCIARY NOTE ISSUE AND GOLD RESERVE.

35. Having come to the conclusion that the amount of the fiduciary issue should, subject to what was said in paragraph 33, be fixed by law at some definite amount, we have next to consider how large this fiduciary issue ought to be. Assuming the restoration of an effective gold standard, and given the conventional standards of banking practice and the customs of the public as regards the use of currency, the amount of legal-tender currency (other than subsidiary coin) which can be kept in circulation, including the currency holdings of the banks and the banking department of the Bank of England, will determine itself automatically, since, if the currency becomes redundant, the rate of discount will fall, and prices will rise; notes will be presented in exchange for gold for export and the volume of the currency will be reduced pro tanto. If, on the other hand, the supply of currency falls below current requirements, the rate of discount will rise, prices will fall, gold will be imported and new notes taken out in exchange for it.

36. Under the arrangements which we contemplate virtually the whole amount of the currency gold in the country will be held in a central reserve at the Bank of England; and the circulation, in the wide sense in which we are using the term, will consist (apart from the subsidiary currency, which we need not now consider) in part of fiduciary notes and, as regards the balance, of notes covered by that reserve. The total circulation being automatically determined, it will follow that the higher the amount fixed for the fiduciary issue the lower will be the amount of the covered issue and, consequently, of the central gold reserve and vice versa, while, if the fiduciary issue were fixed at a figure which proved to be higher than the total requirements of the country for legal-tender currency, the covered issue, and with it the central gold reserve, would disappear altogether. It is clear, therefore, that the amount of the fiduciary issue must be fixed at a figure low enough to make sure, not merely that there will always be some covered issue, but that there will always be a covered issue of sufficiently substantial amount to secure that the covering gold which constitutes the central reserve never falls so low as to give rise to apprehension as to the stability of the gold standard.

37. If the postwar requirements proved to be no larger than the prewar requirements (about £180,000,000, exclusive of subsidiary coin, as shown in paragraph 13), it is clear that the present fiduciary issue of £249,000,000 would have to be reduced by £69,000,000 before any gold could be retained in the central reserve at all. Even upon the supposition that the policy of substituting notes for all gold outside that reserve is completely successful, in order to have a central gold reserve of £100,000,000 the fiduciary issue would have to be reduced to £80,000,000 and, even so, we should have £60,000,000 less gold in the country than before the war.

38. The prewar requirements, however, had relation to the level of prewar world prices, the existing conventional standards in regard to banking reserves, and the habits of the people, both in regard to the amounts of money which they carried in their pockets and kept in their homes and to the use of credit instruments in place of cash. It is probable that after the war world prices will stand for many years, if not permanently, at a greatly enhanced level, and that the banks may well find it desirable to adopt a higher standard for their holdings of legal-tender money. Furthermore, any additional economy in the use of legal-tender money which may take place though the extended use of bankers' checks and other credit instruments may be more than offset by the fact that a larger share of the national income is likely to be enjoyed by the wage-earning classes who are the chief users of legal-tender money. All these causes will tend to increase the amount of legal-tender money which the country will, consistently with the maintenance of a gold standard, be able to retain in bank reserves and general circulation to a point much above the prewar figure, but the precise amount of the increase can only be determined by experience.

39. Until such experience has been gained it would, in our opinion, be dangerous to seek to lay down any precise figure for the fiduciary issue. The adoption of an unnecessarily low figure would result in the accumulation of a gold reserve of larger dimensions than is strictly necessary for the protection of the gold standard and the security of our national credit—a luxury which we shall be ill able to afford in the difficult times which are ahead—while the adoption of too high a figure would destroy the gold standard altogether.

40. It therefore seems desirable to approach the problem from the other end, and to attempt to fix tentatively the amount which we should like to see held in gold in the central reserve, leaving the ultimate dimensions of the fiduciary issue to be settled as the result of experience at the amount of fiduciary notes which can be kept in circulation—in banking reserves (including the banking reserve of the Bank of England), and in the pockets of the people—without causing the central gold reserve to fall appreciably below the amount so fixed.

41. The prewar gold reserves were about £38,500,000 in the Bank of England and an amount estimated at £123,000,000 in the banks and in the pockets of the people. If the actual circulation of gold coin ceases and the whole of the gold is concentrated in the central institution, some economy is permissible in view of its increased mobility. On the other hand, the aggregate amount of currency required will undoubtedly be larger. We accordingly recommend that the amount to be aimed at in the first instance as the normal minimum amount of the central gold reserve should be £150,000,000, and that, until this amount has been reached and maintained concurrently with a satisfactory foreign-exchange position for a period of at least a year, the policy of reducing the uncovered note issue as and when opportunity offers should be consistently followed. In view of the economic conditions which are likely to follow the restoration of peace, it will be necessary to apply this policy with extreme caution and without undue rigidity. When the exchanges are working normally on the basis of a minimum reserve of £150,000,000 the position should again be reviewed in the light of the dimensions of the fiduciary issue as it then exists.

REDUCTION OF PRESENT CURRENCY NOTE ISSUE DURING INTERIM PERIOD.

42. If these arrangements are adopted, there will be an interim period beginning after the completion of demobilization during which it is probable that the present issue of currency notes will have to be gradually reduced until experience has shown what amount of fiduciary notes can be kept in circulation consistently with the maintenance of this reserve. It was suggested to us in evidence that, until that amount has been ascertained, steps should be taken as soon as possible after the war to reduce the uncovered issue at the rate of not less than 3 per cent per annum of the outstanding amount, and that, subject to arrangements for meeting a temporary emergency, the issue in any period of six months or one year should not be allowed to exceed the amount outstanding in the preceding similar period. We think that it would be highly desirable to aim at a steady and continuous reduction, but we are disposed to doubt whether it will be found to be practicable to work to any precise rule. We confine ourselves therefore to the general recommendation of policy indicated above. We entirely concur, however, in the suggestion that, when reductions have taken place, the actual maximum fiduciary circulation in any year should become the legal maximum for the following year, subject only to the emergency arrangements proposed in paragraph 33.

TRANSITIONAL ARRANGEMENTS PENDING REPLACEMENT OF CURRENCY NOTE ISSUE BY A BANK OF ENGLAND ISSUE.

43. It remains for us to consider how and when the present issue of currency notes is to be replaced by the Bank of England issue. There would be some awkwardness in transferring the issue to the Bank of England before the future dimensions of the fiduciary issue have been ascertained. We therefore recommend that during the transitional period the issue should remain a Government issue, but that such postwar expansion (if any) as may take place should be covered not by the investment of the proceeds of the new notes in Government securities, as at present, but by taking Bank of England notes from the bank and holding them in the currency note reserve, and that, as and when opportunity arises for providing cover for the existing fiduciary portion of the issue, the same procedure should be followed. The effect of this arrangement would be that the demands for new currency would operate in the normal way to reduce the reserve in the banking department at the Bank of England, which would have to be restored by raising money rates and encouraging gold imports.

44. We should thus in course of time have the currency note issue covered partly by the £28,500,000 of gold at present held and partly by Bank of England notes covered by gold in the issue department of the Bank of England; the balance, forming the fiduciary part of the issue properly so called, being covered by Government securities as at present. During the transition stage the greater part at any rate of the demand for gold for export will fall upon the Bank of England, since currency notes are not likely to be presented to any large extent for actual payment in gold, but will be paid in by the banks which collect them to the credit of their accounts with the Bank of England, the balances thereby created being used when necessary to draw gold from the Bank of England for export in the ordinary way. We accordingly think that it will be desirable that the Bank of England notes should likewise be substituted in the currency note reserve, either immediately after the war or from time to time by installments, for the £28,500,000 gold now held by that reserve, so that when the time is ripe for the final transfer the whole of the gold reserve may be in the hands of the bank.

45. When the fiduciary portion of the issue has been reduced to the amount which experience shows to be consistent with the maintenance of a gold reserve of £150,000,000 in the issue department of the bank, the outstanding currency notes should be retired and Bank of England notes of low denominations substituted, the Bank of England fiduciary issue being simultaneously increased by an amount equal to the then issue of currency notes covered by Government securities. As the Bank of England notes held in the currency note reserve and the gold against them would already appear in the bank return, the only effect on that return of the ultimate merger would be to add to the total Bank of England issue the amount of the fiduciary portion of the currency note issue as ultimately ascertained, and to add the same amount of Government securities to the securities in the issue department.

46. The settlement as between the treasury and the bank would take the form of the treasury handing over to the bank in exchange for a like amount of currency notes withdrawn by the bank from circulation the Bank of England notes held for the currency note account, and in respect of the remainder of the currency notes withdrawn Government securities. These securities should be either ways and means advances or treasury bills and other marketable securities, being part of the ordinary public debt, and should be taken at current market value. In so far as any of the assets of the currency-note redemption account at the time of transfer might not come within these categories, they should be retained by the treasury and other securities substituted. The Bank of England notes of small denomination would be issued by the bank in place of the currency notes withdrawn from circulation, partly in substitution for the Bank of England notes returned to them from the currency-note reserve (which would be already covered by gold in the issue department) and partly in respect of the bank's new fiduciary issue based on the transferred securities. The profits of the increased fiduciary issue would be payable by the bank to the exchequer.

SUMMARY OF CONCLUSIONS.

47. Our main conclusions may be briefly summarized as follows:

Before the war the country possessed a complete and effective gold standard. The provisions of the bank act, 1844, operated automatically to correct unfavorable exchanges and to check undue expansions of credit. (Pars. 2 to 7.)

During the war the conditions necessary to the maintenance of that standard have ceased to exist. The main cause has been the growth of credit due to Government borrowing from the Bank of England and other banks for war needs. The unlimited issue of currency notes has been both an inevitable consequence and a necessary condition of this growth of credit. (Pars. 8 to 14.)

In our opinion it is imperative that after the war the conditions necessary to the maintenance of an effective gold standard should be restored without delay. Unless the machinery which long experience has shown to be the only effective remedy for an adverse balance of trade and an undue growth of credit is once more brought into play, there will be grave danger of a progressive credit expansion which will result in a foreign drain of gold, menacing the convertibility of our note issue and so jeopardizing the international trade position of the country. (Par. 15.)

The prerequisites for the restoration of an effective gold standard are:

(*a*) The cessation of Government borrowing as soon as possible after the war. We recommend that at the earliest possible moment an adequate sinking fund should be provided out of revenue, so that there may be a regular annual reduction of capital liabilities, more especially those which constitute the floating debt. (Pars. 16 and 17.)

(*b*) The recognized machinery—namely, the raising and making effective of the Bank of England discount rate—which before the war operated to check a foreign drain of gold and the speculative expansion of credit in this country, must be kept in working order. This necessity can not and should not be evaded by any attempt to continue differential rates for home and foreign money after the war. (Pars. 18 and 19.)

(*c*) The issue of fiduciary notes should, as soon as practicable, once more be limited by law, and the present arrangements under which deposits at the Bank of England may be exchanged for legal-tender currency without affecting the reserve of the banking department should be terminated at the earliest possible moment. Subject to transitional arrangements as regards currency notes and to any special arrangements in regard to Scotland and Ireland which we may have to propose when we come to deal with the questions affecting those parts of the United Kingdom, we recommend that the note issue (except as regards existing private issues) should be entirely in the hands of the Bank of England. The notes should be payable in London only and should be legal tender throughout the United Kingdom. (Pars. 20 and 21.)

As regards the control of the note issue, we make the following observations:

(1) While the obligation to pay both Bank of England notes and currency notes in gold on demand should be maintained, it is not necessary or desirable that there should be any early resumption of the internal circulation of gold coin. (Par. 23.)

(2) While the import of gold should be free from all restrictions, it is convenient that the Bank of England should have cognizance of all gold exports, and we recommend that the export of gold coin or bullion should be subject to the condition that such coin and bullion has been obtained from the bank for the purpose. The bank should be under obligation to supply gold for export in exchange for its notes. (Par. 24.)

(3) In view of the withdrawal of gold from circulation, we recommend that the gold reserves of the country should be held by one central institution and that all banks should transfer any gold now held by them to the Bank of England (Par. 25.)

Having carefully considered the various proposals which have been placed before us as regards the basis of the fiduciary note issue (pars. 26 to 31), we recommend that the principle of the bank charter act, 1844, should be maintained, namely, that there should be a fixed fiduciary issue beyond which notes should only be issued in exchange for gold. The separation of the issue and banking departments of the Bank of England should be maintained, and the Weekly Return should continue to be published in its present form. (Par. 32.)

We recommend, however, that provision for an emergency be made by the continuance in force, subject to the stringent safeguards recommended in the body of the report, of section 3 of the currency and bank notes act, 1914, under which the Bank of England may, with the consent of the treasury, temporarily issue notes in excess of the legal limit. (Par. 33.)

We advocate the publication by the banks of a monthly statement in a prescribed form. (Par. 34.)

We have come to the conclusion that it is not practicable to fix any precise figure for the fiduciary note issue immediately after the war. (Pars. 35 to 39.)

We think it desirable, therefore, to fix the amount which should be aimed at as the central gold reserve, leaving the fiduciary issue to be settled ultimately at such amount as can be kept in circulation without causing the central gold reserve to fall below the amount so fixed. We recommend that the normal minimum of the central gold reserve to be aimed at should be, in the first instance, £150,000,000. Until this amount has been reached and maintained concurrently with a satisfactory foreign exchange position for at least a year, the policy of cautiously reducing the uncovered note issue should be followed. When reductions have been effected, the actual maximum fiduciary circulation in any year should become the legal maximum for the following year, subject only to the emergency arrangements previously recommended. When the exchanges are working normally on the basis of a minimum reserve of £150,000,000, the position should again be reviewed in the light of the dimensions of the fiduciary issue as it then exists. (Pars. 40 to 42.)

We do not recommend the transfer of the existing currency note issue to the Bank of England until the future dimensions of the fiduciary issue have been ascertained. During the transitional period the issue should remain a Government issue, but new notes should be issued, not against Government securities, but against Bank of England notes, and, furthermore, when opportunity arises for providing cover for existing uncovered notes, Bank of England notes should be used for this purpose also. Demands for new currency would then fall in the normal way on the banking department of the Bank of England. (Pars. 43 and 44.)

When the fiduciary portion of the issue has been reduced to an amount which experience shows to be consistent with the maintenance of a central gold reserve of £150,000,000, the outstanding currency notes should be retired and replaced by Bank of England notes of low denomination in accordance with the detailed procedure which we describe. (Pars. 45 and 46.)

APPENDIX I.

PROPOSED MONTHLY STATEMENT TO BE PUBLISHED BY BANKS.

Statement of the average figures of the weekly balance sheets during the month of ——, 19——.

LIABILITIES.		ASSETS.	
Capital:		Cash:	
Registered	£	(1) Coin, bank and currency notes, and balances with the Bank of England	£
Subscribed		(2) Balances with London clearing agents and with other banks, bankers, or banking companies in the United Kingdom	
Paid up		(3) Items in transit	
Reserve fund			£
Current, deposit, and other accounts		Money at call and at short notice	
Acceptances		British bills of exchange	
Indorsements, guarantees, and other obligations		Foreign bills, foreign bank bills, and domiciled bills	
Notes in circulation		Balances abroad	
		Investments:	
		(1) Securities of or guaranteed by British Government	
		(2) Indian and colonial government securities, British corporation stocks, British railway debenture and preference stocks	
		(3) Other investments	
		Loans and advances	
		Other assets	
		Bank premises	
		Liabilities of customers for acceptances, as per contra	
		Liabilities of customers for indorsements, guarantees, and other obligations, as per contra	

New Series of War Savings Stamps.

The Secretary of the Treasury has determined upon the issuance of a new series of war-savings certificates and stamps to be placed on sale early in 1919 and to be known as the series of 1919. The new series will have a maturity date of January 1, 1924, and in practically all respects will be issued on the same terms and in the same manner as the present series of 1918.

A new $5 war-saving stamp, blue in color, bearing the head of Benjamin Franklin, the apostle of saving and a former Postmaster General, is in preparation. The new stamp will be placed on sale early in 1919.

The same thrift stamps and thrift cards now in use will be continued in 1919 and will be exchangeable into new series of 1919 war-savings stamps payable January 1, 1924, in the same way as the exchange has been made during this year into the series of 1918 war-savings stamps.

Status of the Trade Acceptance Movement.

Mr. J. H. Tregoe, secretary-treasurer of the National Association of Credit Men, who has been active in the movement for the development of the trade acceptance and its application in the financing of American business, has prepared the following statement for the Federal Reserve Bulletin in which he sets forth the observations and conclusions of his organization which should, he believes, have careful consideration, especially as the National Association of Credit Men was the first organization to enter upon the task of introducing the use of the acceptance method of settlement between sellers and buyers.

Our first motive was to relate merchandise credits more intimately with bank credits, and to help business to get its affairs and methods in such shape that it could not be taken unawares by untoward happenings, and be subjected to disastrous money strain. We pointed out that this could be best assured to our merchants and manufacturers if they had in hand that class of instruments which are most readily available for rediscount at the Federal Reserve Banks. In other words, we pointed out that American business men had been given a banking system of great potential advantage to them, that the investment preferred above all others under the law creating the system, was true merchandise paper which only our merchants and manufacturers could create. We argued that for their own safety they should make their paper conform to the rules for the most readily eligible paper for purchase and discount at the Federal Reserve Banks.

We pointed out the advantage that business would get in the formation of an open market for true merchandise paper such as was most readily rediscountable at the Federal Reserve Banks and urged the folly of conducting one's financial arrangements on open book account and single name paper upon which open market transactions could not be built.

Incidentally, we found through the testimony of those of our member concerns who were quickest to see what the Federal Reserve act had given American business, that the trade acceptance in substitution for the open-book account is a great collection instrument, and that it tends to eliminate abuses which apparently are inherent in the open book account—abuses which are not only annoying but exceedingly burdensome, such as the neglect of terms of sale, unreasonable claims, reckless returns, etc.

This secondary reason for the adoption of the acceptance naturally became first in the mind of many business men as they saw in the acceptance a cure-all for costly abuses, and also a means of simplifying collections. The result was that they asked their customers for acceptances not that they might use them for financing their requirements at the bank, but purely for collection purposes, and perhaps these concerns, if they borrowed at all, continued to borrow on single name paper.

These concerns missed the first great point of the acceptance but we ask, should the Federal Reserve Banks for this reason lose interest in the acceptance or feel that they should not continue to give it a special position in the rediscount, or give it in other ways their support? In our opinion the Federal Reserve Banks should not change their original policy with reference to the acceptance. The fundamental potential advantage of the acceptance is present in full force as it originally was; true that advantage has not been as widely appreciated even by large business concerns as had been hoped, but through the acceptance, a betterment in our system of high value has taken place; from almost universal testimony we know that mercantile credits have through the trade acceptance, and the agitation for its adoption been greatly improved, are far more liquid and collection troubles have been appreciably lessened.

Through the trade acceptance, the open book account has been put through a severe test, and its shortcomings have been widely recognized and it is, we feel, but a question of time when we shall have a general substitution of the acceptance method for the open book account method.

In this progress, we as an association, exerting ourselves for better credit conditions in all phases, are deeply interested. We should think that the Federal Reserve Banks would be no less so, for whatever benefits credit conditions is vitally interesting to them and they should be as patient in treating errors and misunderstandings and even willful abuses which here and there have come up in the adoption of the acceptance method, as we are inclined to be and as they have been unfailingly in the past.

We feel that the Federal Reserve Banks should not lose their interest even if the trade acceptance were used exclusively as a collection instrument, immediately, and not as an instrument for discount, for the latter step is inevitable as the number of acceptances grows.

The great thing to remember, to our mind, is that the trade acceptance has stirred up more general interest in the whole subject of merchandise and bank credits than anything we have had in this generation. Through the trade acceptance a vast number of people have been put on notice of the existence of the Federal Reserve Banks as live business factors, with which they have a real connection, and the educational work in general has been splendid. That there have been some teachings that have mislead is not to be wondered at, but our observation is that the misunderstandings and the erroneous thinking have been coming steadily to the surface and are being corrected.

Banking Committees on Taxation.

The Commissioner of Internal Revenue has announced the formation of committees of banks in various places throughout the country for the purpose of dealing with questions of taxation. A statement on the subject issued on November 15 is as follows:

Following the lead of New York and Cleveland, committees of banking institutions on Federal taxation are expected to be organized in the principal cities of the country. The object of the committees is to promote cooperation among the institutions they represent in matters pertaining to Federal taxation, particularly in matters of administration. Unity of action will be sought in a way to benefit depositors of the banks concerned and taxpayers generally.

Local problems will be handled by the committees. Problems requiring official interpretation will be submitted directly to the office of the supervisor of business cooperation, Bureau of Internal Revenue, at Washington, where, it is promised, they will receive immediate attention.

Suggestions and recommendations from the committees relating to Federal taxation and methods of administration also will be received and considered.

Production Index.

In the FEDERAL RESERVE BULLETIN for July plans were outlined for the establishment of a series of indexes of business conditions. Certain of these have already made their appearance from time to time as they have been completed. It is now possible to make a definite statement regarding the data available concerning the physical volume of trade and the methods which will be employed in presenting these figures.

Both the actual figures and relative figures based upon these will be presented. The latter are of two kinds. Current figures will be expressed as percentages of the averages of figures for the same periods in each of the years 1911, 1912, and 1913. An average will be struck, for example, of the amount of grain received at the more important seaboard points during the months of October, 1911, October, 1912, and October, 1913, and the figure for October, 1918, expressed as a percentage of the average receipts during the earlier months. By the use of this method allowance will be made for seasonal variations in the amount of grain received. But it is desirable for certain purposes to show the actual seasonal variation as well. Hence current figures will also be expressed as percentages of the averages of figures for the entire three-year period. To employ the previous illustration, an average will also be struck of the amount of grain received monthly at the more important seaboard points during the years 1911, 1912, and 1913, and the grain receipts during October, 1918, expressed as a percentage thereof.

Objection may be raised to the above method on the ground that no allowance is made for growth—in technical language, that the secular trend is not eliminated. A comparison with conditions existing prior to the outbreak of the war is alone afforded. But reflection will show that this is really no defect at all. For the methods which have been developed for the elimination of the secular trend are all based upon the theory of normal growth, and require that when the disturbing factors cease to operate this normal growth shall again be resumed. Who, however, can maintain that the conditions of the past few years may not permanently have changed the direction of the curve which shows this normal trend? This brings to light the other objection to the attempt to eliminate the secular trend; the attempt is based upon past data only, and hence data which are incomplete and insufficient for the solution of the problem, especially at a time of great change. All that can be done at present is to contrast conditions now prevailing with those prevailing prior to the outbreak of the great war, and thus indicate in their totality the changes which have occurred.

The data which are available relative to the physical volume of trade are twofold, and may be termed, respectively, direct and indirect. The former relate to the actual output and movements of the commodity in question and take several forms. In the case of certain commodities, of which coal and coke as well as certain of the metals afford examples, figures of estimated total output are currently available. For certain other commodities, actual figures of total output are available, as for new tonnage and for manufactured tobacco. In other cases, figures of output for a selected portion of the industry may be obtained, as in the case of steel ingots, also of Connellsville coke. Movements of commodities at important markets also afford an important source of data. This is the case with grain, both at interior and seaboard markets, as well as with leaf tobacco, naval stores, and live stock. Again, coal-shipment figures, as is well known, are available, likewise figures of crude petroleum runs from wells, and of lumber shipments. In the case of commodities for which the supply of raw material is derived from abroad, figures of imports may be used. This is true with respect to rubber, tin, and silk. For certain of the textiles, additional figures of active and idle spindles and looms are available.

The indirect indices are less numerous, relating as they do to general activity rather than to activity in any particular branch of industry. Railroad operating statistics may be mentioned, likewise statistics of commerce on the Great Lakes as shown by the monthly reports for the Sault Ste. Marie Canal and figures of vessel entrances and clearances in foreign trade.

The above affords a general indication of the character of the data which will be presented. They will be secured in large part from the reports of various governmental agencies, though similar data for other commodities as well as data concerning movements at the various markets may be obtained from trade organizations, and to some extent from trade journals. Careful selection from among the data prepared by these various agencies has been made.

Consolidated Statement of Farm Loan System.

In accordance with the provision of the farm loan act, requiring that the Farm Loan Board "shall from time to time require examinations and reports of condition of all land banks established under the provisions of this act, and shall publish consolidated statements of the results thereof," the Farm Loan Board on November 25 made public the second consolidated statement of the condition of the 12 Federal land banks as of October 31, 1918.

The statement of condition shows that the banks have made loans to farmers to the amount of $139,378,156. Their capital stock has increased from $9,000,000 to $15,975,220. They have issued farm loan bonds to the amount of $140,122,200. They hold among their assets United States Government bonds and Treasury certificates to the amount of $14,850,000. Their excess of expenses and interest charges over earnings is $211,609.09, which is a reduction of over $200,000 since the previous semiannual statement, and amounts to less than 1½ per cent of their present capital. Three of the banks show an actual surplus. Before the close of the present month two banks will begin the repayment of the stock originally subscribed by the Government. The total payments by borrowers overdue on October 31 amounted to $86,073, of which $51,117 was less than 30 days overdue, and only $10,730 was 90 days or more overdue.

Consolidated balance sheet of the 12 Federal land banks at close of business, Oct. 31, 1918.

ASSETS.		
Mortgage loans [1]		$140,883,441.37
United States Government bonds and certificates		14,850,008.05
Securities pledged as security for deposits of Government funds:		
United States Government bonds	$430,000.00	
Farm loan bonds	400,000.00	
		830,000.00
Cash on hand and in banks		3,343,087.33
Accounts receivable		40,527.81
Furniture and fixtures		223,387.09
Other assets		305,836.68
Total assets		160,477,188.33
Excess of expenses and interest charges over earnings		211,609.09
Total		160,688,797.42
LIABILITIES.		
Capital stock:		
United States Government	$8,892,130.00	
National Farm Loan Associations	6,963,140.00	
Borrowers through agents	15,145.00	
Individual subscribers	104,805.00	
Total capital stock		15,975,220.00
Farm loan bonds outstanding		140,122,200.00
United States Government deposits		830,000.00
Bills payable (money and bonds borrowed)		680,000.00
Accounts payable (due to borrowers, deferred payments on loans in process of closing)		919,111.57
Reserved for interest on farm loan bonds, due Nov. 1, 1918		2,010,703.72
Other liabilities		151,562.13
Total liabilities		160,688,797.42

Study of Gold Production Conditions.

Secretary McAdoo, on November 2, announced that he had invited the following gentlemen to serve on a committee to study present conditions in the gold-mining industry: Albert Strauss, vice governor, Federal Reserve Board; R. T. Baker, Director of the Mint; Gov. Emmet D. Boyle, of Nevada; Dr. Edwin F. Gay, of the War Trade Board; Pope Yeatman, of War Industries Board.

[1] Represents mortgage loans plus accrued interest less amortization payments.

The function of the committee appointed by the Secretary will be to study the problem carefully and thoroughly with a view to definitely ascertaining all the difficulties confronting gold production and submitting suggestions of sane and sound methods of relief.

Branches of American Institutions Abroad.

The following tabular statement showing the total number of branches of American banking institutions in foreign countries, classified by countries, is subjoined for convenient reference:

	England.	France.	Italy.	Russia.	Spain.	Argentina.	Bolivia.	Brazil.	Chile.	Colombia.	Ecuador.	Peru.	Uruguay.	Venezuela.	Canal Zone.	Cuba.	Dominican Republic.	Panama.	Porto Rico.	China.	Hongkong.	India.	Java.	Japan.	Philippines.	Straits Settlements.	United States.
International Banking Corporation	1									1							4	2		5	1	2	1	2	2	1	2
National City Bank			1	2		1		4	1				1	1		2			1								1
W. R. Grace & Co.							1		4			3															3
Grace & Co.								3																			
Mercantile Bank of The Americas		1	1		1																						1
Banco Mercantile Americano del Peru												4															
Mercantile Oversea Corporation										2	1			1													1
Banco Mercantile Americano de Caracas														2													
American Mercantile Bank of Brazil								1																			
Banco Mercantile Americano de Colombia										1																	
First National Bank of Boston						1																					1
Equitable Trust Co.	1	1																									3
Guaranty Trust Co.	1	1																									3
American Foreign Banking Corporation															1			1									1
Panama Banking Co.																		2									
Empire Trust Co.	1																										
Farmers Loan & Trust Co. (Ltd.)	1	4																									2
Total	5	7	2	2	1	2	1	8	5	4	1	7	1	4	1	2	4	5	1	5	1	2	1	2	2	1	18

State Banks and Trust Companies Admitted.

The following list shows the State banks and trust companies which have been admitted to membership in the Federal Reserve system during the month of November.

Eight hundred and ninety-five State institutions are now members of the system, having a total capital of $340,227,943, total surplus of $392,291,571, and total resources of $6,881,140,822.

	Capital.	Surplus.	Total resources.
District No. 1.			
Menotomy Trust Co., Arlington, Mass.	$125,000	$25,000	$1,070,397
District No. 2.			
Floral Park Bank, Floral Park, N. Y.	25,000	25,000	717,762
District No. 3.			
Drovers and Merchants Bank, Philadelphia, Pa.	200,000	40,000	1,165,617
Logan Trust Co. of Philadelphia, Pa.	1,000,000	250,000	11,022,856
Swedesboro Trust Co., Swedesboro, N. J.	100,000	20,000	724,576
District No. 3—Continued.			
Northern Central Trust Co., Williamsport, Pa.	$500,000	$150,000	$3,687,086
Susquehanna Trust & Safe Deposit Co., Williamsport, Pa.	400,000	300,000	2,984,904
District No. 4.			
Bank of Independence, Independence, Ky.	40,000	8,000	277,708
Minerva Savings & Trust Co., Minerva, Ohio.	50,000	40,000	1,368,347
The Erie County Banking Co., Vermilion, Ohio.	50,000	10,000	479,254
District No. 5.			
Bank of Commerce, High Point, N. C.	100,000	12,000	789,578
District No. 6.			
Georgia Savings Bank & Trust Co., Atlanta, Ga.	200,000	100,000	1,559,260
Cherokee County Bank, Center, Ala.	25,000		222,943
District No. 7.			
North Liberty State Bank, North Liberty, Ind.	25,000	10,000	353,776
State Bank of Blairsburg, Blairsburg, Iowa.	25,000	5,000	309,997
County Savings Bank, Algona, Iowa.	100,000	25,000	1,704,068
Sac County State Bank, Sac City, Iowa.	75,000	75,000	1,199,472

	Capital.	Surplus.	Total resources.
District No. 7—Continued.			
Edmore State Bank, Edmore, Mich...	$30,000	$7,500	$423,702
Auburn State Bank, Auburn, Ill......	25,000	25,000	516,013
Merchants and Savings Bank, Kenosha, Wis........	100,000	13,000	1,500,380
Farmers and Merchants Bank, Nashville, Mich........	30,000	35,000	667,588
American Savings Bank, Pontiac, Mich........	100,000	30,800	954,158
First State Bank of Holland, Mich....	100,000	20,000	2,065,919
District No. 8.			
Farmers & Merchants Bank, Hickman, Ky........	65,000	57,500	446,446
District No. 9.			
The Commercial Bank, Iron Mountain, Mich........	100,000	50,000	1,262,026
Peoples State Bank, Whitehall, Wis..	30,000	5,000	346,341
First State Bank, Stratford, S. Dak ..	30,000	....	424,169
Citizens State Bank, Westbrook, Minn........	25,000	7,000	223,892
Midland Trust & Savings Bank, St. Paul, Minn........	214,136	26,890	292,758
Commercial & Savings Bank, Sioux Falls, S. Dak........	100,000	3,000	565,915
District No. 10.			
St. Joseph Stock Yards Bank, South St. Joseph, Mo........	250,000	100,000	5,548,671
District No. 11.			
First State Bank, Corsicana, Tex......	100,000	15,000	817,992
First State Bank & Trust Co., Snyder, Tex........	50,000	25,000	236,188
First State Bank, White Deer, Tex...	25,000	....	115,609
Stockmans State Bank, Corona, N. Mex........	30,000	3,000	159,538
Fannin County Bank, Bonham, Tex..	100,000	50,000	1,213,806
District No. 12.			
Barnes Banking Co., Kaysville, Utah.	50,000	50,000	436,801
James M. Peterson Bank, Richfield, Utah........	48,000	23,000	553,198

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from October 26, 1918, to November 29, 1918, inclusive:

	Banks.	
New charters issued to....................	12	
With capital of..............................		$450,000
Increase of capital approved for...........	11	
With new capital of..........................		2,302,100
Aggregate number of new charters and banks increasing capital................	23	
With aggregate of new capital authorized.....		2,752,100
Number of banks liquidating (other than those consolidating with other national banks)..................................	1	
Capital of same banks......................		75,000
Number of banks reducing capital.........	0	
Reduction of capital.........................		0
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks).	1	
Aggregate capital reduction..................		75,000

The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was..........	$2,752,100
Against this there was a reduction of capital owing to liquidation (other than for consolidation with other national banks) and reductions of capital of.........................	75,000
Net increase..........................	2,677,100

Commercial Failures Reported.

Numbering only 408 in the first three weeks of November, commercial failures in the United States, as reported to R. G. Dun & Co., disclose a 45 per cent reduction from the 737 insolvencies of the corresponding period of 1917. Moreover, the returns for October, the latest month for which complete statistics are available, show but 660 defaults for $13,980,306, against 1,082 in October of last year, when, however, the liabilities were less than $13,000,000. The October exhibit, numerically, is the best for any month back to October, 1899, and, in fact, so few business reverses have occurred in only three other months since the figures were first compiled in this form, namely, in August, July and May of 1899. Separated according to Federal Reserve districts, the October statement reveals an appreciably smaller number of failures than in October of 1917 in all of the 12 districts, except the tenth district, where a slight increase appears. The showing as to liabilities, however, is not so favorable, the amounts being larger in the second, fourth, eighth, tenth, eleventh, and twelfth districts, although only in the second and twelfth districts is the expansion especially marked.

Failures during October.

Districts.	Number.		Liabilities.	
	1918	1917	1918	1917
First..........................	78	133	$1,250,232	$1,260,557
Second..........................	115	219	4,295,328	3,067,784
Third..........................	35	69	480,298	942,480
Fourth..........................	50	70	1,464,848	903,909
Fifth..........................	18	69	221,300	1,698,482
Sixth..........................	36	64	381,858	699,113
Seventh..........................	104	152	1,472,745	2,246,269
Eighth..........................	30	65	631,661	453,481
Ninth..........................	28	45	191,417	274,920
Tenth..........................	39	35	325,617	181,995
Eleventh..........................	30	52	410,202	392,822
Twelfth..........................	97	109	2,854,800	690,200
Total..........................	660	1,082	13,980,306	12,812,012

Acceptances to 100 Per Cent.

Since the issue of the November BULLETIN the following banks have been authorized to accept drafts and bills of exchange up to 100 per cent of their capital and surplus:

Merchants National Bank, Providence, R. I.
Central Union Trust Co., New York City.
Union Trust Co., Chicago, Ill.

FOREIGN EXCHANGE SITUATION.

Since midsummer of the present year the discount on the American dollar, as measured by the premiums on neutral currencies prevailing in the New York market, has shown a continuous decline. On the basis of maximum quotations for each month since July, the premium on the Dutch florin has declined to the end of November by 26 per cent, the high quotation for November being about 5 per cent above par. Swedish crowns show a decline for the same period of over 27 per cent, the high quotation for November being 29 cents, or 8.2 per cent above par. Danish crowns, which had never during the war period reached the same high premium as the Swedish currency, declined about 18 per cent, the highest rate for sight drafts on Copenhagen during November being 27 cents, or less than 1 per cent above mint par. Swiss francs, on which a maximum premium in excess of 32 per cent was quoted in the New York market during August, show a maximum premium of 5.3 per cent for November, a decline of over 27 per cent. An even larger decline is indicated for the Spanish peseta, the maximum premium for November being 7.25 per cent, as against 37.31 per cent for August. Chilean exchange followed a similar course, the high November valuation of the Chilean peso being 25.51 cents, compared with 33.07 cents for August. On the other hand, the November premium on the Argentine peso, which had been stabilized before, went up from about 5 to 7.2 per cent. Rates on Bombay and Shanghai, owing to the stabilized price of silver, show but little change, these quotations moving more or less in sympathy with the average monthly price of silver, as may be seen by reference to the accompanying tables and diagrams.

As regards rates on financial markets in belligerent countries the effect of the successful termination of the war and the approach of peace is reflected primarily through an improvement in the exchange position of the French currency, the discount on the franc declining from 9.3 per cent for July to 3.9 per cent for November, and closely approaching the discount on British currency. Quotations of the pound sterling fluctuated within the very narrow limits of about one-third of 1 per cent, the high quotation for demand bills in November being 2.24 per cent below par. A similar course is followed by the Italian lira, quotations of which for the four months show but little variation from the officially "pegged" rate of 635 lire per $100, equivalent to 15.75 cents per lira. Exchange on Yokohama likewise shows but little change, yen bills selling in New York at a premium of slightly less than 10 per cent. Until November but little change is shown in the exchange position of the Brazilian milreis. For the last month a distinct improvement is seen, the high rate for November—27 cents—being about 17 per cent below par, as against 24–25 per cent below par during the preceding months.

Advices from neutral European points indicate a rather erratic course of the German mark. Thus October quotations of the mark in the leading neutral markets were invariably higher than during September, as may be seen from the table on page 1162 of the November BULLETIN. During November a downward course sets in, the most recently available quotations of the mark in the principal European neutral places being as follows:

	Par of exchange.	Date of quotation.	Quotation.	Per cent of depreciation.
Amsterdam	59.26	Nov. 26	30.60	48.36
Switzerland	123.45	Nov. 27	59.00	52.21
Copenhagen	88.88	Nov. 26	50.75	42.90
Stockholm	88.88	Nov. 27	44.75	49.65
Christiania	88.88	...do...	47.44	46.62

Movement of exchange rates (highest rates for sight drafts during month) in New York on principal financial centers during period from June, 1918, to November, 1918.

1. RATES ON MARKETS IN BELLIGERENT COUNTRIES.

	London (4.8665=100).		Paris (19.3=100).		Milan (19.3=100).		Yokohama (49.85=100).		Rio de Janeiro (32.444=100).		Petrograd (51.5=100).	
1918.		Per cent.		Per cent.		Per cent.		Per cent.		Per cent.		Per cent.
June	4.755	97.71	17.5	90.67	11.29	58.50	52.9	106.12	25.64	79.03	[1] 15.25	29.63
July	4.7535	97.68	17.5	90.67	12.48	64.66	53.75	107.82	24.94	76.87	[1] 15.0	29.15
August	4.76	97.98	18.26	94.61	15.71	81.40	54.63	109.59	24.21	74.62	....	....
September	4.755	97.71	18.28	94.72	15.7	81.35	54.63	109.59	24.0	73.97	....	....
October	4.755	97.71	18.29	94.77	15.75	81.61	54.63	109.59	24.6	75.82	....	....
November	4.7575	97.76	18.55	96.11	15.75	81.61	54.75	109.83	27.0	83.22	....	....

[1] Cable rates.

2. RATES ON MARKETS IN NEUTRAL COUNTRIES.

	Amsterdam (40.2=100).		Copenhagen (26.8=100).		Stockholm (26.8=100).		Zurich. (19.3=100).		Madrid (19.3=100).		Buenos Aires (42.45=100).		Valparaiso (18.80=100).	
1918.		Per ct.		Per ct.		Per ct.		Per ct.		Per ct.		Per ct.		Per ct.
June	51.0	126.87	31.25	116.60	35.6	132.84	25.38	131.50	28.55	147.93	43.38	102.19	33.51	178.24
July	52.0	129.35	31.3	116.79	35.8	133.58	25.38	131.50	27.55	142.75	44.83	105.61	32.99	175.48
August	52.75	131.22	31.75	118.47	36.25	135.26	25.54	132.33	26.5	137.31	44.6	104.97	33.07	175.90
September	49.5	123.13	30.75	114.74	33.75	125.93	23.04	119.38	23.37	121.09	45.0	106.01	32.21	171.33
October	46.75	116.29	28.75	107.28	31.8	118.66	21.65	112.18	22.65	117.36	45.35	106.83	30.17	160.48
November	42.25	105.10	27.0	100.75	29.0	108.21	20.32	105.28	20.7	107.25	45.5	107.18	25.51	135.69

3. RATES ON MARKETS IN SILVER COUNTRIES.

	Bombay (32.44=100).		Hongkong (47.16=100).		Shanghai (65.49=100).		Average London price of silver (£=4.8665).	Average price for 1913—0.60458 cent=100.
1918.		Per cent.		Per cent.		Per cent.		Per cent.
June	38.5	118.68	79.0	167.51	113.5	173.31	1.07140	177.21
July			80.5	170.70	116.5	177.89	1.07003	176.99
August			88.0	186.60	125.0	190.87	1.07561	177.91
September	[1] 35.73	110.14	90.0	190.84	135.0	206.14	1.08510	179.49
October			87.75	186.07	134.0	204.61	1.08510	179.49
November			80.0	169.64	124.0	189.34	1.07464	177.75

[1] Rate for telegraphic transfer fixed June 18 at 35.73.

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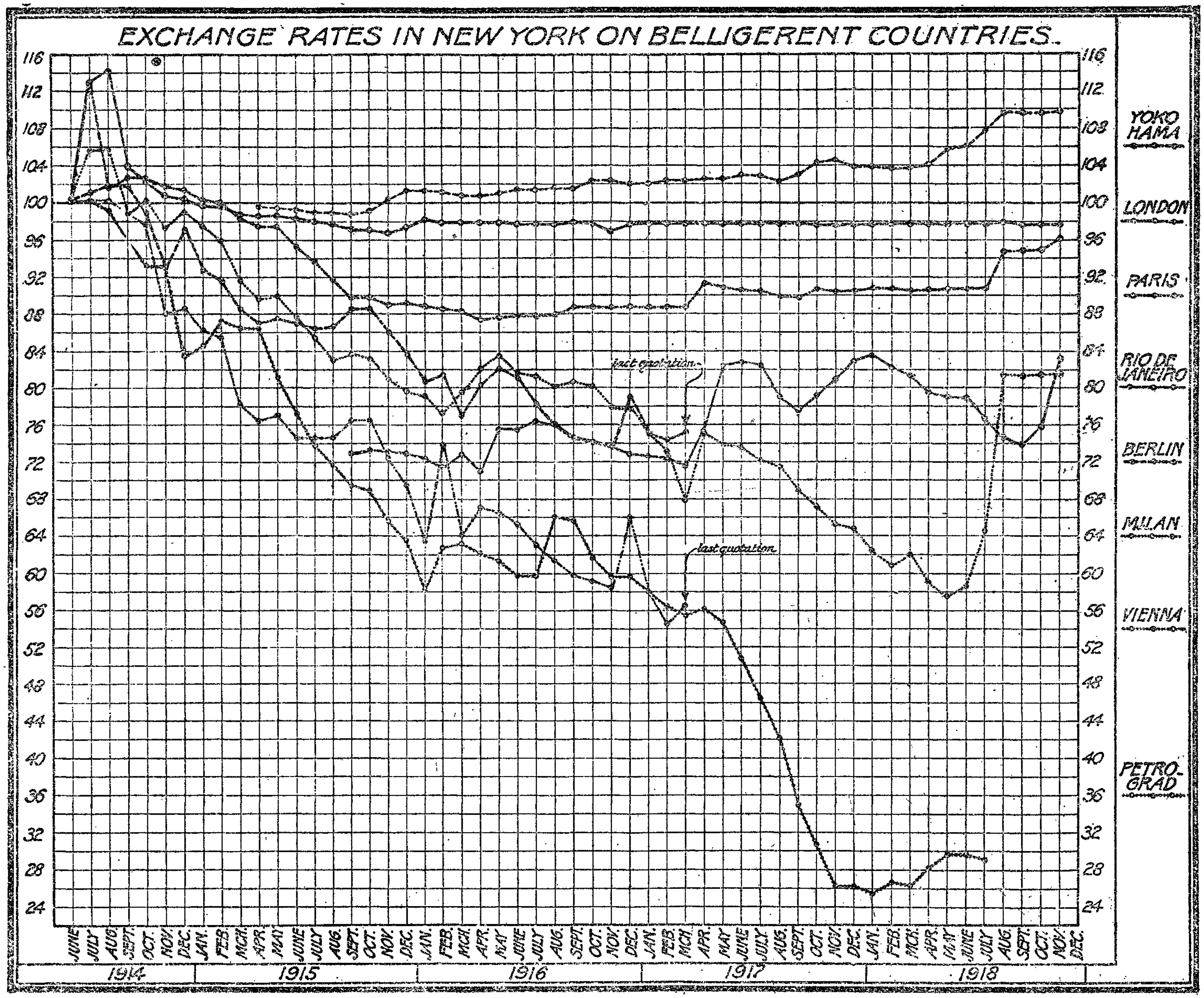
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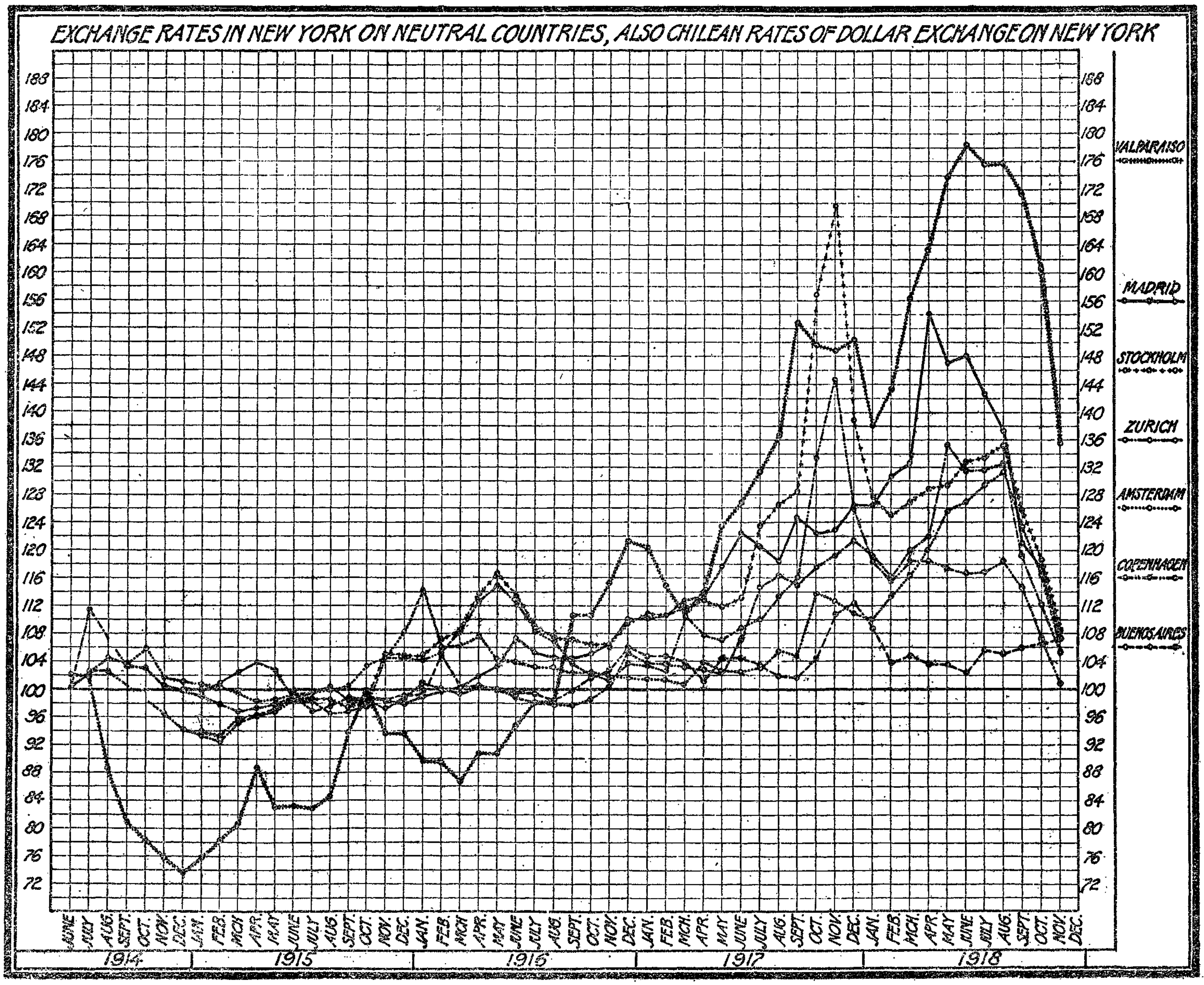
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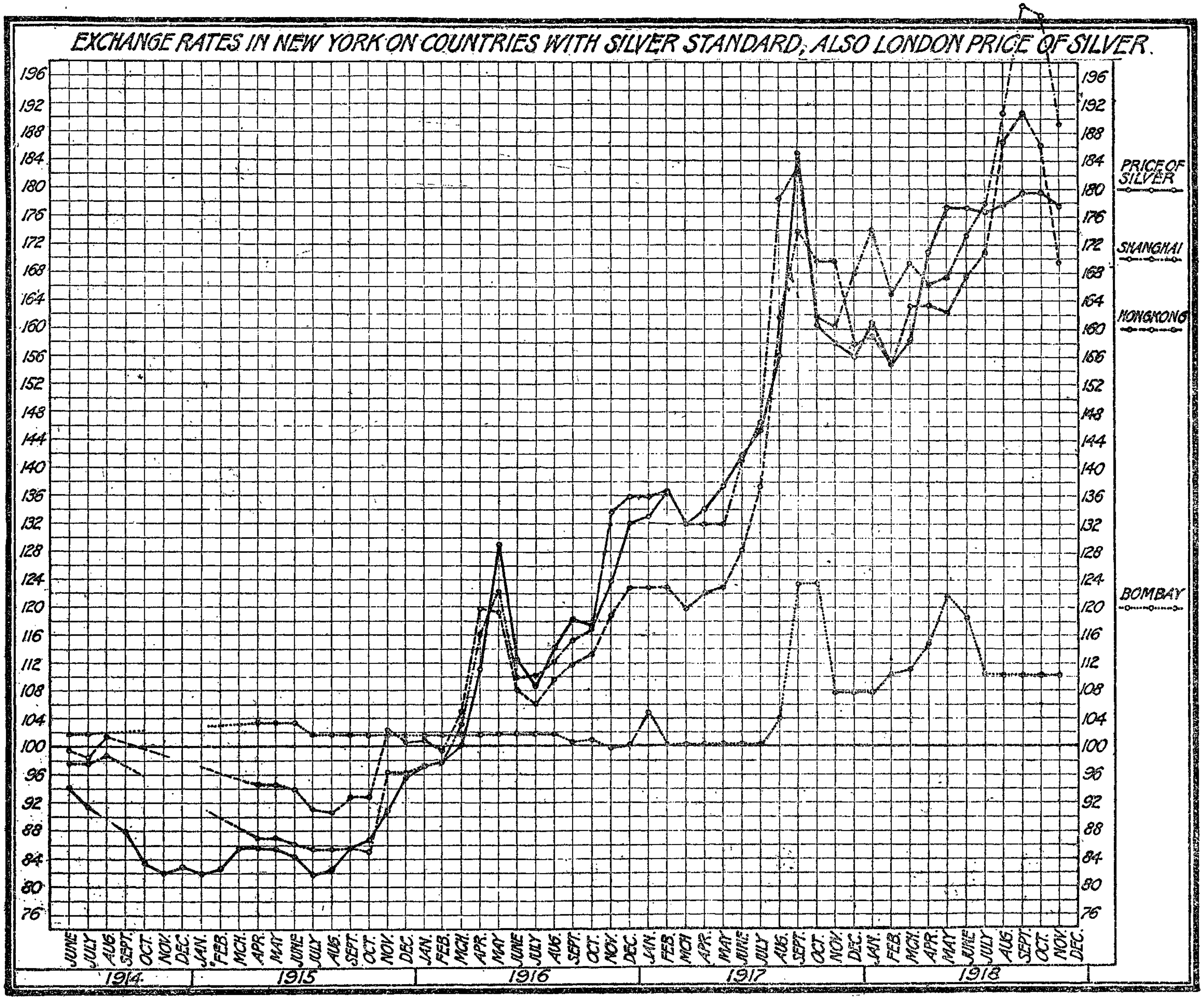
EXCHANGE RATES IN NEW YORK ON COUNTRIES WITH SILVER STANDARD, ALSO LONDON PRICE OF SILVER.
PRICE OF SILVER
SHANGHAI
HONGKONG
BOMBAY
1914
1915
1916
1917
1918

WHOLESALE PRICES.

In continuation of figures shown in the November BULLETIN there are presented below monthly index numbers of wholesale prices for the period January to October, 1918, compared with like figures for October of previous years, also for July, 1914, the month immediately preceding the outbreak of the great war. The general index number is that of the United States Bureau of Labor Statistics. In addition, there are presented separate numbers for certain particular classes of commodities in accordance with plans announced in previous issues of the BULLETIN.

There are further changes to be noted in the list of commodities included in the calculation of the index numbers for September. Quotations for two commodities, namely, brick (common, run of kiln, salmon) and laundry starch had to be omitted. On the other hand, quotations for sulphur (brimstone, stick, crude, New York) and canned peas (western, No. 5 sieve), which had been dropped temporarily, have been secured for the months of September and October, and the commodities again included in the calculation of the index numbers for the latter month. Index numbers for October are provisional, due to the fact that certain of the data were not received in time to render them available for use in the calculations.

A decrease in prices between September and October is indicated in the table which follows. This is the first decrease during the present year. The general index number of the Bureau of Labor Statistics has fallen from 207 to 204, the decrease being due principally to the fall in the prices of raw materials, the index number of the latter group showing a decrease from 204 to 198. Within the group the index number for the forest products subgroup remains unchanged at 143, slight increases in the prices of poplar and yellow pine siding being offset by a decrease in the price of Douglas fir. The index number for the mineral products subgroup shows an increase from 180 to 181, due to the rise in the price of iron ore and the slight increases in the prices of certain classes of pig iron, which were not offset by the slight decline in the prices of pig tin, spelter, and sulphur. Considerable decreases in the index numbers for both the farm products and animal products subgroups are noted, in the case of the former from 255 to 240, in the case of the latter from 219 to 209. The decrease for the former subgroup is due largely to the decline in the prices of cotton and of corn, though all the commodities included in the group show a decrease in price, with the exception of wheat and tobacco, which remained practically unchanged. The decrease shown for the animal products subgroup is due principally to the decline in the prices of live stock, especially hogs and cattle, though silk to a slight extent shares in the decline.

On the other hand, the index number for the group of producers' goods has increased from 203 to 205. Although linseed oil and certain of the chemicals decreased in price, the decrease was more than offset by the increases in the prices of other articles in the group, prominent among which were raw sugar, wood pulp, cement, bar iron, and cast iron pipe.

The index number for the group of consumers' goods also shows an increase, from 209 to 210. Considerable decreases in the prices of potatoes, various classes of meat, especially beef (New York quotation), corn meal, and a lesser decrease in the price of flour were outweighed by increases in the prices of other foodstuffs, notably eggs, dairy products, lemons and oranges, granulated sugar, rice, and coffee, as well as in the prices of hosiery and underwear.

Index numbers of wholesale prices in the United States for principal classes of commodities.

[Average price for 1913=100.]

Year and month.	Raw materials.					Producers' goods.	Consumers' goods.	All commodities (Bureau of Labor statistics index number).
	Farm products.	Animal products.	Forest products.	Mineral products.	Total raw material.			
July, 1914	102	106	97	88	98	92	103	99
October, 1914	100	105	96	85	96	95	102	99
October, 1915	105	105	92	92	99	101	102	101
October, 1916	151	122	96	133	128	148	135	133
October, 1917	227	190	129	150	178	185	181	180
1918.								
January	240	174	130	171	183	181	192	185
February	242	176	131	172	184	184	193	187
March	249	178	135	172	187	187	189	187
April	243	193	137	170	190	190	193	191
May	226	201	138	173	189	192	194	191
June	232	198	138	171	189	194	197	193
July	237	209	140	180	196	196	202	198
August	246	215	143	180	200	199	205	202
September	255	219	143	180	204	203	209	207
October	240	209	143	181	198	205	210	204

In order to give a more concrete illustration of actual price movements there are also presented in the following table monthly actual and relative figures covering the same period for certain commodities of a basic character. The actual average monthly prices shown in the table have been abstracted from the records of the United States Bureau of Labor Statistics.

Average monthly wholesale prices of commodities.

[Average price for 1913=100.]

Year and month.	Corn, No. 3, Chicago.		Cotton, middling, New Orleans.		Wheat, No. 1, northern spring, Minneapolis.		Wheat, No. 2, red winter, Chicago.		Cattle, steers, good to choice, Chicago.		Hides, packers', heavy native steers, Chicago.	
	Average price per bushel.	Relative price.	Average price per pound.	Relative price.	Average price per bushel.	Relative price.	Average price per bushel.	Relative price.	Average price per 100 pounds.	Relative price.	Average price per pound.	Relative price.
July, 1914	$0.7044	114	$0.1331	105	$0.8971	103	$0.8210	83	$9.2188	108	$0.1938	105
October, 1914	.7266	118	.0692	54	1.1020	126	1.1086	112	9.4313	111	.2125	116
October, 1915	.6335	103	.1203	95	1.0190	117	1.1325	115	8.8750	104	.2650	144
October, 1916	.9463	154	.1723	136	1.7569	201	1.6809	170	9.9050	116	.2663	145
October, 1917	1.9620	319	.2659	209	2.1700	248	2.1700	220	14.6750	173	.3375	184
1918.												
January	1.6850	274	.3105	244	2.1700	248	2.1700	220	13.1125	154	.3280	178
February	1.6375	266	.3097	244	2.1700	248	2.1700	220	13.0750	154	.2925	159
March	1.5563	253	.3291	259	2.1700	248	2.1700	220	13.2313	156	.2625	143
April	1.5850	258	.3350	264	2.1700	248	2.1700	220	15.1750	178	.2719	148
May	1.5250	248	.2894	228	2.1700	248	2.1700	220	16.4167	193	.3110	169
June	1.5125	246	.3066	241	2.1700	248	2.1700	220	17.1750	202	.3300	179
July	1.5900	258	.2945	232	2.1700	248	2.2470	228	17.6250	207	.3240	176
August	1.6225	264	.3038	239	2.2231	255	2.2325	226	17.8250	210	.3000	163
September	1.5313	249	.3578	282	2.2169	254	2.2363	227	18.4100	216	.3000	163
October	1.3270	216	.3150	248	2.2155	254	2.2345	227	17.8563	210	.3000	163

Average monthly wholesale prices of commodities—Continued.

[Average price for 1913=100.]

Year and month.	Hogs, light, Chicago.		Wool, Ohio, ¼–⅜ grades, scoured.		Hemlock, New York.		Yellow pine, flooring, New York.		Coal, anthracite, stove, New York tidewater.		Coal, bituminous, run of mine, Cincinnati.	
	Average price per 100 pounds.	Relative price.	Average price per pound.	Relative price.	Average price per M feet.	Relative price.	Average price per M feet.	Relative price.	Average price per long ton.	Relative price.	Average price per short ton.	Relative price.
July, 1914	$8.7563	104	$0.4444	94	$24.5000	101	$42.0000	94	$4.9726	98	$2.2000	100
October, 1914	7.9313	94	.4583	97	24.2500	100	42.0000	94	5.1947	103	2.2000	100
October, 1915	8.0125	95	.6000	127	20.5000	85	38.0000	85	5.1826	102	2.2000	100
October, 1916	9.6550	114	.6857	146	23.7500	98	39.0000	87	5.6744	112	3.7500	170
October, 1917	17.5550	208	1.3571	288	30.5000	126	57.0000	128	6.1426	121	3.3000	150
1918.												
January	16.2125	192	1.4545	309	30.5000	126	57.0000	128	6.5000	128	3.6000	164
February	16.6938	197	1.4545	309	30.5000	126	57.0000	128	6.5000	128	3.6000	164
March	17.4260	206	1.4545	309	30.5000	126	60.0000	135	6.4642	128	3.6000	164
April	17.5100	207	1.4545	309	33.5000	138	60.0000	135	6.2606	124	3.6000	164
May	17.5000	207	1.4182	301	33.5000	138	60.0000	135	6.3000	124	3.8500	175
June	15.5250	184	1.4182	301	34.5000	142	60.0000	135	6.3212	125	3.7500	170
July	18.0000	213	1.4365	305	34.5000	142	60.0000	135	6.5968	130	4.1000	186
August	19.7750	234	1.4365	305	....	....	63.0000	141	6.5992	130	4.1000	186
September	20.0700	237	1.4365	305	....	....	63.0000	141	6.9000	136	4.1000	186
October	18.0938	214	1.4365	305	....	....	63.0000	141	6.9000	136	4.1000	186

Year and month.	Coal, Pocahontas, Norfolk.		Coke, Connellsville.		Copper, ingot, electrolytic, New York.		Lead, pig, desilverized, New York.		Petroleum, crude, Pennsylvania, at wells.		Pig iron, basic.	
	Average price per long ton.	Relative price.	Average price per short ton.	Relative price.	Average price per pound.	Relative price.	Average price per pound.	Relative price.	Average price per barrel.	Relative price.	Average price per long ton.	Relative price.
July, 1914	$3.0000	100	$1.8750	77	$0.1340	85	$0.0390	89	$1.7500	71	$13.0000	88
October, 1914	3.0000	100	1.6750	69	.1170	74	.0375	85	1.4500	59	12.8100	87
October, 1915	2.8500	95	2.0000	82	.1800	114	.0450	102	1.7000	69	15.0000	102
October, 1916	4.5000	150	3.1250	128	.2850	181	.0705	160	2.4000	98	19.8800	135
October, 1917	3.9080	130	6.0000	246	.2350	149	.0795	181	3.5000	143	33.0000	224
1918.												
January	4.4120	147	6.0000	246	.2350	149	.0684	155	3.7500	153	33.0000	224
February	4.4120	147	6.0000	246	.2350	149	.0706	160	3.9375	161	33.0000	224
March	4.4120	147	6.0000	246	.2350	149	.0724	165	4.0000	163	33.0000	224
April	4.2440	141	6.0000	246	.2350	149	.0698	159	4.0000	163	32.0000	218
May	4.2190	141	6.0000	246	.2350	149	.0691	157	4.0000	163	32.0000	218
June	4.2320	141	6.0000	246	.2350	149	.0728	165	4.0000	163	32.0000	218
July	4.6320	154	6.0000	246	.2550	162	.0802	182	4.0000	163	32.0000	218
August	4.6320	154	6.0000	246	.2600	165	.0805	183	4.0000	163	32.0000	218
September	4.6320	154	6.0000	246	.2600	165	.0805	183	4.0000	163	32.0000	218
October	4.6320	154	6.0000	246	.2600	165	.0805	183	4.0000	163	33.0000	224

Year and month.	Cotton yarns, northern cones, 10/1.		Leather, sole, hemlock No. 1.		Steel, billets, Bessemer, Pittsburgh.		Steel, plates, tank, Pittsburgh.		Steel, rails, open hearth, Pittsburgh.		Worsted yarns, 2-32's, crossbred.	
	Average price per pound.	Relative price.	Average price per pound.	Relative price.	Average price per long ton.	Relative price.	Average price per pound.	Relative price.	Average price per long ton.	Relative price.	Average price per pound.	Relative price.
July, 1914	$0.2150	97	$0.3050	108	$19.0000	74	$0.0113	76	$30.0000	100	$0.6500	84
October, 1914	.1700	77	....	....	20.0000	78	.0115	78	30.0000	100	.6300	81
October, 1915	.1950	88	.3200	113	24.6300	96	.0140	95	30.0000	100	.8500	119
October, 1916	.3000	136	.4050	144	46.2500	179	.0350	236	35.0000	117	1.1500	148
October, 1917	.4200	190	.4600	163	49.3750	191	.0325	220	40.0000	133	1.8000	232
1918.												
January	.5363	242	.4900	174	47.5000	184	.0325	220	46.8000	156	2.0000	257
February	.5536	250	.4900	174	47.5000	184	.0325	220	57.0000	190	2.0071	258
March	.5745	260	.4550	161	47.5000	184	.0325	220	57.0000	190	2.1000	270
April	.6162	278	.4550	161	47.5000	184	.0325	220	57.0000	190	2.1500	277
May	.6332	286	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
June	.6437	291	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
July	.6412	290	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
August	.6400	289	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
September	.6100	276	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
October	.6100	276	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277

Average monthly wholesale prices of commodities—Continued.

[Average price for 1913=100.]

Year and month.	Beef carcass, good native steers, Chicago.		Coffee, Rio No. 7.		Flour, wheat, standard patents, 1914-1917, standard war, 1918, Minneapolis.		Hams, smoked, Chicago.		Illuminating oil, 150° fire test, New York.		Sugar, granulated, New York.	
	Average price per pound.	Relative price.	Average price per pound.	Relative price.	Average price per barrel.	Relative price.	Average price per pound.	Relative price.	Average price per gallon.	Relative price.	Average price per pound.	Relative price.
July, 1914	$0.1350	104	$0.0882	79	$4.5938	100	$0.1769	106	$0.1200	97	$0.0420	98
October, 1914	.1438	111	.0656	59	5.7563	126	.1719	103	.1200	97	.0593	139
October, 1915	.1375	106	.0675	61	5.5188	120	.1613	97	.1200	97	.0497	116
October, 1916	.1375	106	.0950	85	9.2800	202	.1935	116	.1200	97	.0708	166
October, 1917	.1900	147	.0850	76	10.5000	229	.2860	172	.1300	105	.0818	192
1918.												
January	.1750	135	.0853	77	10.0850	220	.2950	177	.1600	130	.0744	174
February	.1750	135	.0833	75	10.3000	225	.2984	180	.1600	130	.0730	171
March	.1750	135	.0891	80	10.0938	220	.3028	182	.1600	130	.0730	171
April	.2050	158	.0903	81	9.9850	218	.3075	185	.1675	136	.0730	171
May	.2250	174	.0873	78	9.5250	208	.3025	182	.1700	138	.0730	171
June	.2338	181	.0841	76	9.8250	214	.2994	180	.1700	138	.0731	171
July	.2400	185	.0855	77	10.7020	233	.3025	182	.1710	139	.0735	172
August	.2420	187	.0853	77	10.2100	223	.3225	194	.1750	142	.0735	172
September	.2450	189	.0959	86	10.2100	223	.3281	197	.1750	142	.0845	198
October	.2450	189	.1040	93	10.2100	223	.3361	202	.1750	142	.0882	207

REPORT OF BANK TRANSACTIONS.

Below are given figures of debits to deposit accounts of clearing house banks in leading cities for the weekly periods ending Wednesday, November 6 to 27, in continuation of similar figures printed in previous numbers of the BULLETIN. The number of centers from which reports are regularly received has been well maintained, the most important accession during the month being Pittsburgh, Pa. Efforts are being continued to make the report as comprehensive as possible, so as to provide data fairly comparable, both as regards the number of centers covered by the statement and, what is just as important, the number of banks reporting at each center.

During the month there has been an almost steady increase in the totals of debits, both to individual and bank accounts. While a small proportion of their increase is due to the larger number of individual bank reports comprised in the totals of some reporting centers, by far the larger part of the increase shown is due undoubtedly to the increasing volume of business handled by the banks. Increases between November 13 and November 27 apparently reflect to some extent the large payments by check or draft on account of the November 21 installment of the fourth Liberty loan.

Figures of reporting clearing houses by Federal Reserve districts are as follows:

Weekly figures of clearing-house bank debits to deposit account.

[In thousands of dollars; i. e., 000 omitted.]

District.	Debits to individual account.				Debits to banks' and bankers' account.			
	Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.	Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.
No. 1—Boston:								
Bangor	2,802	2,532	2,902	2,903	461	363	488	475
Boston	267,650	233,321	290,082	247,621	199,484	220,983	253,648	265,075
Fall River	12,477	7,455	9,640	8,032	522	547	431	384
Hartford	19,711	17,413	21,225	18,073	1,106	1,323	1,173	1,308
Holyoke	3,904	3,264	3,322	3,070	701	683	726	811
Lowell	6,513	4,970	6,127	6,452	608	294	543	511
New Bedford	6,414	4,451	7,469	7,292	187	103	257	202
New Haven	15,764	14,935	17,445	17,822	269	340	408	450
Portland	6,993	6,499	9,149	9,285	3,141	2,744	3,483	626
Providence	28,107	27,544	26,231	30,837	1,437	1,977	1,440	2,559
Springfield	17,111	11,618	16,607	16,708	113	132	231	385
Waterbury	6,685	6,210	9,032	7,436	443	885	647	788
Worcester	14,031	14,596	17,204	22,478	3,388	1,290	1,432	1,556

Weekly figures of clearing-house bank debits to deposit account—Continued.

[In thousand of dollars; i. e., 000 omitted.]

District.	Debits to individual account.				Debits to banks' and bankers' account.			
	Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.	Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.
No. 2—New York:								
Albany	19,280	14,154	15,718	20,981	9,434	14,451	13,520	13,509
Binghamton	2,358	2,698	2,742	2,415	...	...	...	...
Buffalo	53,034	59,787	60,553	71,673	9,708	11,700	12,272	16,938
New York	3,458,829	3,779,197	4,053,165	4,159,526	1,498,930	1,589,212	1,620,110	1,769,688
Passaic	2,607	3,273	3,675	3,721	539	427	417	2,102
Rochester	23,479	25,675	27,672	22,589	687	921	765	1,548
Syracuse	13,115	10,050	15,671	12,803	491	1,248	895	951
No. 3—Philadelphia:								
Altoona	1,879	3,370	2,159	2,975	...	...	...	...
Chester	4,432	6,059	5,323	4,981	66	...	70	2
Harrisburg	4,719	4,668	6,530	6,420	...	28	21	100
Johnstown	2,967	2,670	2,913	2,950	167	153	272	320
Lancaster	3,854	5,113	4,793	4,238	26	178	37	262
Philadelphia	273,938	431,648	323,852	332,868	261,404	370,107	290,909	412,697
Reading	4,231	5,346	4,865	3,868	...	...	...	...
Scranton	9,330	12,528	9,201	14,099	2,241	2,096	2,220	2,459
Trenton	8,279	7,785	8,891	9,547	159	174	212	147
Wilkes-Barre	5,710	6,499	6,731	5,902	120	98	104	67
Williamsport	2,646	3,284	3,567	3,081	151	432	237	260
Wilmington	9,840	9,672	9,410	10,054	...	...	...	...
York	3,007	3,485	3,026	3,254	50	39	41	53
No. 4—Cleveland:								
Akron	13,442	11,420	14,423	14,869	45	71	102	137
Cincinnati	51,069	49,758	62,818	63,815	39,158	35,111	42,770	43,095
Cleveland	115,847	120,043	131,787	147,953	111,590	109,652	111,803	149,205
Columbus	23,905	17,945	24,628	24,344	3,167	4,720	3,806	4,177
Dayton	11,203	8,753	13,423	11,183	214	474	397	329
Erie	6,280	6,390	7,153	6,709	48	78	64	76
Greensburg, Pa	2,406	2,559	2,548	2,594	...	...	...	...
Lexington, Ky	3,875	3,539	3,363	3,207	1,996	1,838	2,984	2,518
Newcastle	1,001	1,498	603	...	954	1,139	584	...
Oil City	1,944	2,214	3,545	2,937	2,155	2,275	3,274	2,247
Pittsburgh	140,040	169,434	180,831	249,496	143,072	282,915	293,496	430,853
Springfield	2,283	2,272	2,753	2,438	2,305	2,118	2,639	2,332
Toledo	18,806	21,071	27,617	31,496	6,499	7,272	9,411	8,723
Wheeling	6,257	7,010	9,656	8,501	5,722	8,147	8,134	7,922
Youngstown	9,581	11,622	9,637	15,842	356	412	357	716
No. 5—Richmond:								
Baltimore	74,254	75,180	82,960	69,376	37,561	41,798	40,736	47,879
Charlotte	6,200	8,500	6,700	5,600	9,300	6,100	9,200	8,100
Columbia	7,268	9,974	9,112	8,727	4,598	3,852	3,791	3,584
Norfolk	16,035	17,567	19,390	19,205	25,275	31,416	26,926	30,392
Raleigh	3,957	4,330	3,355	4,410	3,106	3,021	3,572	3,120
Richmond	25,954	26,994	29,371	26,455	56,885	71,796	69,259	69,239
No. 6—Atlanta:								
Atlanta	28,073	23,610	25,855	24,189	28,571	27,627	29,392	28,951
Augusta	9,266	8,679	8,454	7,004	3,110	4,006	3,590	2,720
Birmingham	13,640	11,903	13,160	13,998	4,077	4,196	4,714	4,673
Chattanooga	9,586	10,406	9,309	8,494	3,973	5,296	5,637	5,176
Jacksonville	9,812	11,226	11,231	10,430	5,284	7,027	7,333	7,155
Knoxville	5,351	4,659	5,800	5,645	1,795	1,796	1,700	1,691
Macon	6,713	6,163	6,868	5,502	4,553	3,520	4,268	4,306
Mobile	7,049	6,119	8,104	7,435	616	749	851	902
Montgomery	6,545	4,109	5,100	4,328	1,094	494	558	485
Nashville	19,768	20,179	31,003	24,940	13,862	16,649	15,337	15,673
New Orleans	54,365	65,597	67,285	57,762	31,835	41,025	43,298	40,375
Pensacola	2,208	1,920	1,968	2,017	1,031	1,248	1,012	1,442
Savannah	16,045	12,247	14,812	10,945	10,119	9,670	8,550	8,600
Tampa	3,507	4,445	4,447	3,839	796	1,331	1,306	1,046
Vicksburg	1,900	1,874	1,924	1,630	148	213	231	171
No. 7—Chicago:								
Bay City	2,280	2,551	3,549	3,134	532	593	611	714
Bloomington, Ill	2,117	1,978	2,203	1,777	837	632	723	641
Cedar Rapids	[1] 10,094	[1] 12,260	[1] 13,224	[1] 13,767	...	...	...	...
Chicago	513,871	544,434	697,652	657,715	508,410	512,924	625,174	649,593
Davenport	8,152	6,327	7,138	4,264	1,415	1,375	1,777	1,637
Decatur, Ill	2,257	2,983	3,356	2,241	354	410	652	406
Des Moines	12,275	17,007	16,122	16,860	28,305	35,987	31,347	31,215
Detroit	82,641	84,556	118,205	109,110	36,329	38,977	49,305	53,520
Dubuque	1,900	1,700	2,549	2,300	1,400	1,800	1,637	1,800
Flint	3,119	3,366	3,844	4,776	34	31	52	54
Fort Wayne	4,626	4,848	5,187	4,476	1,409	1,789	1,884	1,995
Grand Rapids	11,723	20,584	15,185	15,309	4,691	5,023	4,643	5,300
Indianapolis	29,253	31,773	32,509	28,992	20,104	23,402	24,334	24,618
Kalamazoo	2,882	2,789	3,099	3,103	507	479	523	511
Milwaukee	45,763	51,244	59,596	53,437	26,260	30,525	31,953	29,395
Peoria	12,389	10,062	11,920	13,074	1,561	1,445	1,621	2,075
Rockford, Ill	4,921	4,710	5,012	5,654	166	133	207	165
Sioux City, Iowa	7,607	9,912	13,664	...	6,314	8,968	11,819	...
South Bend	3,423	2,202	3,001	2,722	2,811	1,643	2,425	1,627
Springfield, Ill	3,752	3,503	4,727	4,124	1,759	1,728	2,009	2,096
Waterloo, Iowa	2,600	2,673	3,180	2,601	992	880	1,244	968

[1] Figures comprise debits to both individual as well as to banks' and bankers' accounts.

Weekly figures of clearing-house bank debits to deposit account—Continued.

[In thousands of dollars; i. e. 000 omitted.]

District.	Debits to individual account.				Debits to banks' and bankers' account.			
	Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.	Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.
No. 8—St. Louis:								
Evansville	3,692	4,480	3,480	4,497	1,608	1,638	1,370	1,932
Little Rock	6,490	7,278	7,493	....	5,467	5,734	6,624	....
Louisville	37,855	36,933	41,005	46,708	18,932	20,565	22,768	22,805
Memphis	30,458	38,102	35,001	31,926	26,525	30,778	30,083	29,635
St. Louis	122,012	131,651	153,181	151,114	115,923	126,882	145,461	146,327
Springfield, Mo	3,050	3,594	2,840	3,246	3,950	2,987	3,215	2,165
No. 9—Minneapolis:								
Aberdeen	1,529	1,282	1,572	1,121	1,507	1,268	2,360	1,015
Billings	2,140	2,074	2,587	2,343	962	896	930	1,181
Duluth	53,615	49,744	45,360	52,051	4,693	6,183	6,046	5,473
Fargo	2,914	....	3,085	2,549	3,777	1,089	3,325	2,950
Grand Forks	1,842	1,439	1,618	1,350	1,833	1,635	1,786	1,762
Great Falls	2,997	2,638	2,944	....	6,421	5,716	5,828	....
Helena	2,475	2,913	2,649	2,190	3,726	3,334	3,698	4,466
Minneapolis	80,248	80,154	87,076	84,943	81,926	96,508	92,444	94,519
St. Paul	....	33,361	39,121	45,178	....	47,662	49,319	49,681
Superior	1,925	2,230	2,557	2,931	134	204	141	157
No. 10—Kansas City:								
Atchison	854	825	997	1,011	405	581	678	586
Bartlesville, Okla	1,742	1,644	2,088	1,822	96	75	48	86
Colorado Springs	2,302	2,443	2,466	2,216	675	764	663	1,079
Denver	35,085	27,251	32,138	32,215	23,182	24,458	37,197	32,530
Joplin	2,873	3,606	3,409	3,082	672	682	790	611
Kansas City, Kans	3,017	3,039	3,538	2,859	4,627	5,632	6,305	4,851
Kansas City, Mo	84,499	92,318	102,262	89,236	163,205	172,025	189,098	188,407
Muskogee, Okla	3,130	3,663	3,910	2,921	3,465	2,143	2,968	2,875
Oklahoma City	15,483	19,116	14,370	14,409	11,765	10,765	11,643	10,425
Omaha	64,541	34,899	55,809	62,649	70,484	41,483	60,226	61,738
Pueblo	2,824	4,993	12,955	6,222	985	1,138	1,192	1,020
St. Joseph	19,507	20,769	22,614	25,841	14,904	15,015	15,611	17,328
Topeka	4,569	4,150	4,679	3,564	1,358	1,617	1,483	1,179
Tulsa	14,094	17,969	21,734	22,084	4,562	4,895	6,200	5,238
Wichita	8,861	8,719	8,748	8,503	10,653	12,551	14,392	13,572
No. 11—Dallas:								
Albuquerque	1,497	1,715	1,644	1,459	3,415	3,685	3,955	4,511
Austin	2,235	3,900	3,006	3,625	2,896	4,800	3,720	6,321
Beaumont	3,106	3,435	4,231	3,935	260	300	537	429
Dallas	28,018	26,739	31,830	33,567	59,498	55,063	72,034	74,091
El Paso	4,914	5,162	6,117	4,936	8,003	7,765	8,398	8,989
Fort Worth	15,512	13,634	10,866	12,377	33,707	37,786	39,990	24,420
Galveston	6,614	5,422	6,974	7,667	4,018	4,778	5,802	5,446
Houston	21,446	20,817	26,540	28,599	44,363	56,321	49,873	52,890
San Antonio	[1] 6,196	[1] 7,593	[1] 6,938	[1] 6,124	....	....	....	....
Shreveport	5,182	5,846	6,556	4,506	3,301	3,600	4,328	3,555
Texarkana	1,284	2,001	1,186	1,419	466	815	669	467
Tucson	1,759	1,643	1,900	1,503	1,660	1,822	2,160	1,735
Waco	2,960	4,511	3,691	3,277	1,877	2,152	2,046	2,117
No. 12—San Francisco:								
Boise	2,018	2,629	2,606	2,574	4,499	6,245	5,969	7,006
Fresno	5,971	6,115	5,996	6,523	3,225	5,171	2,747	2,781
Long Beach	2,019	2,399	2,456	2,421	57	68	92	81
Los Angeles	45,395	43,849	46,865	61,624	32,193	32,904	38,350	29,732
Oakland	11,456	9,758	11,343	12,063	2,553	3,221	3,464	2,617
Ogden	3,248	3,481	7,265	2,673	5,291	4,403	6,823	3,366
Pasadena	1,963	1,938	2,338	2,226	96	156	407	119
Portland	39,682	36,596	45,030	60,466	23,977	25,609	32,074	31,730
Reno	1,497	1,321	1,752	1,663	1,442	1,086	1,219	1,400
Sacramento	11,180	12,296	13,669	12,066	4,266	6,320	5,003	4,980
Salt Lake City	13,948	14,474	19,989	19,704	21,237	18,242	26,069	28,633
San Diego	3,722	5,060	4,896	4,970	151	174	264	260
San Francisco	130,085	144,016	160,622	173,151	105,895	104,014	104,748	129,099
Seattle	42,133	46,646	54,112	55,686	18,123	23,474	23,754	24,881
Spokane	8,754	8,003	9,216	9,396	8,750	8,379	9,877	8,690
Stockton	3,991	3,997	4,983	4,930	3,185	3,392	3,657	3,260
Tacoma	12,476	11,847	11,314	11,420	7,454	8,461	10,402	8,459
Yakima	1,894	2,378	2,450	2,404	196	179	657	726

[1] Figures comprise debits to both individuals as well as to banks' and bankers' accounts.

Recapitulation showing figures for centers reporting both weeks.

[In thousands of dollars; i. e., 000 omitted.]

Federal Reserve District.	Number of centers included.	Debits to individual account.				Debits to banks' and bankers' account.			
		Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.	Nov. 6.	Nov. 13.	Nov. 20.	Nov. 27.
1. Boston	13	408,162	354,808	437,335	398,009	211,860	231,664	264,907	275,130
2. New York	7	3,572,702	3,894,834	4,179,196	4,293,708	1,519,879	1,617,959	1,647,979	1,804,736
3. Philadelphia	13	334,832	531,827	391,261	404,237	264,384	373,305	294,123	416,367
4. Cleveland	14	406,938	434,030	494,182	585,384	316,327	455,083	479,237	652,330
5. Richmond	6	133,663	142,545	150,888	133,773	136,725	157,983	153,484	162,314
6. Atlanta	15	193,828	193,136	215,320	188,158	110,864	124,847	127,777	123,366
7. Chicago	20	760,038	811,550	1,011,258	949,436	637,876	659,776	782,121	808,330
8. St. Louis	5	197,067	214,760	235,507	237,491	166,938	182,850	202,897	202,864
9. Minneapolis	7	143,774	139,836	143,419	146,929	94,781	110,028	107,405	108,553
10. Kansas City	14	260,557	240,411	278,762	272,412	310,053	292,686	347,302	340,505
11. Dallas	13	100,723	102,418	111,479	112,994	163,464	178,887	193,512	184,970
12. San Francisco	18	341,432	356,803	406,902	445,960	242,590	251,498	275,576	287,820
Grand total	145	6,853,716	7,416,958	8,055,509	8,168,491	4,175,741	4,636,566	4,876,320	5,367,285

DISCOUNT AND INTEREST RATES.

In the following tables are presented actual discount and interest rates prevailing in the various cities in which the several Federal Reserve Banks and their branches are located, during the 30-day periods ending September 14 and October 15, 1918. Quotations are given for prime commercial paper, both customers' and purchased in open market, interbank loans, bankers' acceptances, and paper secured by prime stock exchange or other current collateral. Separate rates are quoted for paper of longer and shorter maturities in the first-named and last-named classes. In addition, quotations are given for commodity paper secured by warehouse receipts and for cattle loans, as reported from centers in which such paper is current.

Quotations are also given of rates charged on ordinary loans to customers secured by Liberty bonds and certificates of indebtedness. Assistance to customers to enable them to purchase such Government obligations is generally extended at lower rates, either at the rate borne by such obligations or at a rate slightly higher. The table also shows quotations in New York for demand paper secured by prime bankers' acceptances, a type of paper which has made its appearance in the New York market during the past several months. Quotations for new types of paper will be added from time to time as deemed of interest.

During the period under review, local conditions again appear to have exercised preponderating influence in causing increase in some rates and decline in others. While in certain centers there may appear to have been an upward trend in rates, as in the case of Minneapolis, in other centers the reverse appears to have been the case. However, customary rates in general, with few exceptions, remain unchanged, movements in rates being confined largely to fractional changes in high or low quotations. Rates charged on loans to individuals, secured by Liberty bonds and certificates of indebtedness on the whole are lower than on ordinary commercial loans, or on loans secured by other collateral.

Discount and interest rates prevailing in various centers.

DURING 30-DAY PERIOD ENDING OCT. 15, 1918.

District.	City.	Prime commercial paper. Customers. 30 to 90 days. H.	L.	C.	Customers. 4 to 6 months. H.	L.	C.	Open market. 30 to 90 days. H.	L.	C.	Open market. 4 to 6 months. H.	L.	C.	Interbank loans. H.	L.	C.
No. 1	Boston	6¼	6	6	6¼	6	6	6½	6	6	6½	6	6	5½	5½	5½
No. 2	New York[a]	6	4½	5¾-6	6	5½	5¾-6	6	6	6	6	6	6	6	5	5-5½
No. 3	Philadelphia	6	5½	6	6	5½	6	6	6	6	6	6	6	6	4¾	5½
No. 4	Cleveland	6	5	6	6	5	6	6	5	6	6	5	6	5	5	5
	Pittsburgh	6	5¾	6	6	6	6	6	6	6	6	6	6	6	6	6
	Cincinnati	6	6	6	6	6	6	6	6	6	6	6	6	6	5½	6
No. 5	Richmond	6	4½	6	6	6	6	6	6	6	6	6	6	6	5	6
	Baltimore	6	5½	6	6	5½	6							6	5	5½
No. 6	Atlanta	7	5½	6	7	5½	6							6	5	5½-6
	Birmingham	8	6	6	8	6	6	8	5	6	8	6	6	8	6	6
	Jacksonville	7	6	7	7	6	7	6½	6½	6½	6½	6½	6½	7	6	6
	New Orleans	6	5¾	6	6	6	6	6	6	6	6	6	6	5¾	5	5
No. 7	Chicago	6	6	6	6	6	6	6	6	6	6	6	6	6	5½	6
	Detroit	6	5¾	6	6	5¾	6	6	6	6	6	6	6	6	4	5½
No. 8	St. Louis	6	5½	6	6	5½	6	6½	6	6	6½	6	6	6	5½	6
	Louisville	6	6	6	6	5	6	6	6	6	6	6	6	5	5	5
	Memphis	6	6	6	6	6	6	6	6	6	6	6	6	6	5	6
No. 9	Minneapolis	6	5½	6	7	6	6	6	6	6	6½	6	6	6	6	6
No. 10	Kansas City	7	5	6	7	5	6	6	6	6	6	6	6	6	5	6
	Omaha	7	6	6	8	6	6	7	6	6	7	6	6	7	5½	6
	Denver	8	6	6	8	6	6	6	6	6	6	6	6	7	6	6
No. 11	Dallas	8	6	6	8	6	6							6	5	6
	El Paso	8	6	8	8	6	8	6	6	6	6	6	6	7	6	7
No. 12	San Francisco	7	5½	6	6	5½	6	6½	5¾	6	6½	6	6	6	4¼	5½
	Portland	7	6	6				6	6	6	6	6	6	6	6	6
	Seattle	8	6	6	8	6	6	6	6	6	6½	6	6	6	6	6
	Spokane	8	6	7	8	6	7							6	6	6
	Salt Lake	8	6	7	8	6	7	6	6	6	6	6	6	7	6	6

District.	City.	Bankers' acceptances, 60 to 90 days. Indorsed. H.	L.	C.	Unindorsed. H.	L.	C.	Collateral loans—Stock exchange or other current. Demand. H.	L.	C.	3 months. H.	L.	C.	3 to 6 months. H.	L.	C.
No. 1	Boston	4 5/16	4 3/16	4 3/16	4½	4 5/16	4 5/16	6	6	6	6	6	6	6	6	6
No. 2	New York[a]	4½	4¼	4 5/16	6	4¼	4 5/16	6½	4½	6	6	5	6	6	5½	6
No. 3	Philadelphia	4⅜	4¼	4⅜	4¾	4¼	4⅜	6	5	6	6	6	6	6	6	6
No. 4	Cleveland	4⅜	4¼	4¼	4 9/16	4 7/16	4 7/16	6	5	6	6	5	6	6	5	6
	Pittsburgh	4⅜	4¼	4⅜	4⅞	4½	4⅞	6	6	6	6	6	6	6	6	6
	Cincinnati	4½	4¼	4½	4¾	4⅜	4¾	7½	6	6	7	6	6	7	6	6
No. 5	Richmond							6	6	6	6	6	6			
	Baltimore							6	5	6	6	5	6	6	5	6
No. 6	Atlanta	6	5½	6	6	5	5-6	7	5½	6	6	5½	6	6	5½	6
	Birmingham							8	6	6	8	6	7	8	6	6
	Jacksonville				7	6	6	7	6	7	7	6	7	7	7	7
	New Orleans	6	5	6	6	6	6	6	6	6	6½	6	6	6½	6	6
No. 7	Chicago	4⅜	4 5/16	4 5/16	4⅜	4 5/16	4 5/16	6½	6	6	6½	6	6	6½	6	6
	Detroit	6	4 3/16	6	6	6	6	6	5¾	6	6	5½	6	6	5½	6
No. 8	St. Louis	6	4½	6	6	4½	6	7	5½	6	7	5½	6	7	5½	6
	Louisville	6	6	6	6	5¼	5½	6	6	6	6	6	6	6	6	6
	Memphis	6	6	6				6	6	6	6	6	6	6	6	6
No. 9	Minneapolis	4¾	4½	4¾	5	4¼	4½	7	6	6	7	6	6	7½	6	6
No. 10	Kansas City							7	6	6	7	6	6	7	6	6
	Omaha							8	6	6	8	6	6	8	6	6
	Denver							8	6	6	8	6	6	8	6	6
No. 11	Dallas															
	El Paso							8	8	8	8	8	8	8	8	8
No. 12	San Francisco	6	4⅜	6	6	5½	6	7	5	6	7	5	6	6	5½	6
	Portland				6	6	6				7	6	6			
	Seattle	4½	4½	4½	4¾	4¾	4¾	8	6	6	8	6	6	8	6	7
	Spokane							7	6	6	8	6	8	8	6	8
	Salt Lake							8	6	7	8	6	7	8	6	7

District.	City.	Cattle loans. H.	L.	C.	Secured by warehouse receipts, etc. H.	L.	C.	Secured by Liberty bonds and certificates of indebtedness. H.	L.	C.
No. 1	Boston							5	4¼	4½
No. 2	New York[a]							6	4¼	4½
No. 3	Philadelphia							5	4¼	4½
No. 4	Cleveland							6	4¼	4¾
	Pittsburgh				6	6	6	6	4¼	5½
	Cincinnati							5½	4½	5
No. 5	Richmond							5	4½	4½
	Baltimore							6	4½	5
No. 6	Atlanta				6	5½	6	6	4¼	5-6
	Birmingham				8	6	7	[b] 8	[c] 6	6
	Jacksonville				7	6	7	7	5	6
	New Orleans				7	6	6	6	4¼	5
No. 7	Chicago							6	6	6
	Detroit							6	4¼	4½
No. 8	St. Louis							6	4¼	5½
	Louisville								4½	6
	Memphis							6	[c] 6	6
No. 9	Minneapolis				8	6½	7			
No. 10	Kansas City	8	6	8				6	5	6
	Omaha	8½	6	6-7				6	4¼	6
	Denver	8	6	6				6	4¼	6
No. 11	Dallas	10	6	8				8	5	6
	El Paso	10	8	8				8	7	8
No. 12	San Francisco							6	3½	6
	Portland									
	Seattle							6	4¼	6
	Spokane							7	4¼	6
	Salt Lake							6	6	6

[a] Rates for demand paper secured by prime bankers' acceptances, high 6, low 4⅜.
[b] Rate on small loans.
[c] Rate in connection with fourth Liberty loan, 4¼ per cent.

DURING 30-DAY PERIOD ENDING NOV. 15, 1918.

District.	City.	Prime commercial paper. Customers. 30 to 90 days. H.	L.	C.	Customers. 4 to 6 months. H.	L.	C.	Open market. 30 to 90 days. H.	L.	C.	Open market. 4 to 6 months. H.	L.	C.	Interbank loans. H.	L.	C.
No. 1	Boston	6¼	6	6	6¼	6	6	6½	6	6	6½	6	6	5½	5½	5½
No. 2	New York [a]	6	4 7/16	5¾-6	6	5	5¾-6	6	5½	1	6	5¾	6	6	5	5-5½
No. 3	Philadelphia	6	5½	6	6	5¾	6	6	5¾	6	6	6	6	6	5	5½
No. 4	Cleveland	6	5	6	6	6	6	6	6	6				5	5	5
	Pittsburgh	6⅛	6	6	6	6	6	6	6	6	6	6	6	6	6	6
	Cincinnati	6	6	6	6	6	6	6	6	6	6	6	6	6	5½	6
No. 5	Richmond	6	6	6	6	6	6	6	6	6	6	6	6	6	5	5½
	Baltimore	6	5½	6	6	5½	6	6	5½	6	6	5½	6	5½	5½	5½
No. 6	Atlanta	7	5½	6	7	5	6							6	5	5-6
	Birmingham	8	5	6	8	6	6	8	6	6	8	6	6	8	6	6
	Jacksonville	8	6	7	8	6	7	6½	6	6	6½	6	6	7	6	6
	New Orleans	6¼	5½	6	6½	5½	6	6¼	6	6	6½	6	6	6	4	5
No. 7	Chicago	6	6	6	6	6	6	6	6	6	6	6	6	6	5½	6
	Detroit	6	5¾	6	6	5¾	6	6	6	6	6	6	6	6	4	4
No. 8	St. Louis	6	5½	6	6	5½	6	6½	6	6	6½	6	6	6	5	6
	Louisville	6	5	6	6	6	6	6	6	6	6	6	6	6	5	5
	Memphis	6	6	6	6	6	6							6	4½	6
No. 9	Minneapolis	6½	6	6	7	6	6	6	6	6	7½	6	6½	6	5½	6
No. 10	Kansas City	7	5½	6	7	5½	6							6	5	6
	Omaha	6½	6	6	6½	6	6	6½	6	6	6½	6	6	7	6	6
	Denver	8	6	6	8	6	6	6	6	6	6	6	6	7	6	6
No. 11	Dallas	8	6	6	8	6	6							6	5½	6
	El Paso	8	6	8	8	6	8	8	6	6	8	6	6	7	6	7
No. 12	San Francisco	6	5	6	6	5½	6	6	6	6	6	6	6	6	4¼	5-6
	Portland	7	6	6				6½	6	6	6½	6	6	6	6	6
	Seattle	8	6	6	8	6	6	6	6	6	6½	6	6	6	6	6
	Spokane	8	6	6½	8	6	6½							6	6	6
	Salt Lake	8	7	7	8	7	7	6	6	6	6	6	6	7	7	7

District.	City.	Bankers' acceptances, 60 to 90 days. Indorsed. H.	L.	C.	Unindorsed. H.	L.	C.	Collateral loans—stock exchange or other current. Demand. H.	L.	C.	3 months. H.	L.	C.	3 to 6 months. H.	L.	C.	Cattle loans. H.	L.	C.	Secured by warehouse receipts, etc. H.	L.	C.	Secured by Liberty bonds and certificates of indebtedness. H.	L.	C.
No. 1	Boston	4 5/16	4 3/16	4 3/16	4½	4 5/16	4 5/16	6	6	6	6	6	6	6	6	6							5	4¼	4¼
No. 2	New York [a]	4 7/16	4¼	4 5/16-4⅜	6	4 5/16	4 5/16-4 7/16	8	5	6	6	5	6	6	5	6							6	4¼	4¼-4¾
No. 3	Philadelphia	4½	4¼	4 5/16	4¾	4 5/16	4⅜	6	4¾	6	6	6	6	6	6	6							6	4¼	4½
No. 4	Cleveland				4½	4 7/16		6	5	6	6	5	5	6	6	6							6	4¼	..
	Pittsburgh	4 7/16	4⅜	4 7/16	4 9/16	4 7/16	4½	6	5	6	6	6	6	6	6	6				6	6	6	6	4¼	5½
	Cincinnati	4½	4¼	4½	4¾	4⅜	4¾	7	6	6	7	6	6	7	6	6							5½	4¼	4¼
No. 5	Richmond	6	6	6	6	6	6	6	5½	6	6	6	6	6	6	6							5	4¼	4¾
	Baltimore	6	6	6	6	6	6	6	5	5½	6	5½	6	6	5½	6							5½	4¼	4¾
No. 6	Atlanta	5¼	5¼	5¼				7	5½	6	6	5½	6	6	5½	6				7	5½	5-6	6	b 4¼	5-6
	Birmingham	6	6	6	6	6	6	8	6	6	8	6	6	8	6	6				8	6	7	8	4¼	6
	Jacksonville				6	6	6	8	6	7	8	6	7	8	6	7				8	6	7	7	5	6
	New Orleans	6	5	6	5	5	5	6	5½	6	6	4¾	6	6	5	6				6¼	5	6	5	4¼	5
No. 7	Chicago	4⅜	4¼	4 5/16	4¾	4¼	4 5/16	6½	6	6	6½	6	6	6½	6	6							b 4¼	4¼	4¼
	Detroit							6	5½	6	6	5½	6	6	5½	6							6	4¼	6
No. 8	St. Louis	7	5	6	7	5	6	7	5½	6	7	5½	6	7	5½	6							6	4¼	6
	Louisville	6	6	6	6	6	6	6	5	6	6	6	6	6	6	6							6	4¼	5
	Memphis	6	6	6				6	6	6	6	6	6	6	6	6							6	b 4¼	...
No. 9	Minneapolis	4¾	4½	4½	4¾	4½	4½	8	6	7	7	6	7	8	6	7				8	6	6	7	5	6
No. 10	Kansas City							6	5½	6	7	6	6	7	6	6	8	6	8				8	4¼	6
	Omaha							6	6	6	8	6	6	8	6	6	8	6	6-6½				6	5	5½
	Denver							8	5½	6	8	5½	6	8	5½	6	8	6	6				6	4¼	5
No. 11	Dallas							7	6	6	7	6	6	7	6	6	10	6	8				6	6	6
	El Paso							8	6	8	8	6	8	8	6	8	10	8	8				8	7	8
No. 12	San Francisco	6	4¼	4½-6	6	4⅜	4⅝ 6	6	5½	6	6	5½	6	6	5½	6							6	4¼	...
	Portland	4⅜	4⅛	4¼	4½	4¼	4⅜				7	6	6										7	4¼	6
	Seattle	4½	4½	4½	4¾	4¾	4¾	8	6	6	8	6	6	8	6	7							8	6	7
	Spokane				5	5	5	6	6	6	8	6	8	8	6	8							7	4½	5
	Salt Lake							8	7	7	8	7	7	8	7	7							6	6	6

[a] Rates for demand paper secured by prime bankers' acceptances, high 6, low 4½.
[b] Secured by fourth Liberty loan bonds.

Lost Liberty Bonds.

In the list given below is published the numbers of lost or stolen Liberty bonds that have been reported to the American Bankers Association within the last month. In the event that any of the bonds mentioned in the list should be presented or any information received relative to their recovery it would be appreciated if the data be reported to L. W. Gammon, manager Protective Department, American Bankers Association, 5 Nassau Street, New York City.

FIRST $3\frac{1}{2}$ PER CENT BONDS DUE 1947.

Number.	Amount.	Number.	Amount.	Number.	Amount.
48143	$50	990050	$50	83283	$100
48144	50	990051	50	84433	100
48145	50	990052	50	131622	100
107439	50	990053	50	131623	100
110764	50	990054	50	519615	100
164058	50	990055	50	590518	100
179669	50	990056	50	590528	100
208225	50	990057	50	590529	100
236593	50	990058	50	590530	100
240149	50	990059	50	590531	100
241376	50	1069571	50	590532	100
271318	50	1126488	50	596552	100
243067	50	1138953	50	596553	100
343067	50	1138965	50	596554	100
381852	50	1196970	50	745689	100
629520	50	1239210	50	773715	100
749335	50	1251111	50	773716	100
749336	50	1313684	50	831866	100
749337	50	1468915	50	844334	100
749338	50	1468936	50	849014	100
749339	50	1501011	50	888182	100
749340	50	1659053	50	899673	100
749341	50	1720187	50	953385	100
749342	50	1790543	50	1040119	100
749343	50	1831918	50	1242956	100
749344	50	1835846	50	1242957	100
749345	50	1854652	50	1246214	100
749346	50	1848332	50	1338433	100
749347	50	1886691	50	1916519	100
749348	50	1924415	50	3824550	100
749349	50	1946054	50	4765944	500
749350	50	1966636	50	41898	500
749351	50	2563528	50	41899	[1] 1,000
749352	50	6731496	50	14218	1,000
749353	50	6731497	50	50794	1,000
774691	50	6731498	50	50795	1,000
828824	50	6832724	50	50796	1,000
824825	50	914	100	50797	1,000
851492	50	32258	100	50798	1,000
882839	50	37257	100	233498	1,000
882840	50	37258	100	453955	
882841	50	52305	[1] 100		
882842	50	52306	[1] 10		

[1] Registered.

FIRST 4 PER CENT CONVERTED BONDS DUE 1947.

22808	$50	928487	$50	510558	$100
116613	50	928488	50	522770	100
119796	50	1677711	50	559202	100
388531	50	1704994	50	594664	100
430436	50	2034029	50	665353	100
531409	50	2076588	50	1047950	100
567506	50	3034030	50	1944335	100
701738	50	3727279	50	1944336	100
777335	50	19290	100	24369	1,000
835029	50	325696	100		

SECOND 4 PER CENT BONDS DUE 1942.

Number.	Amount.	Number.	Amount.	Number.	Amount.
47629	$50	2570799	$50	4091947	$50
98015	50	2643919	50	4091950	50
116613	50	2643920	50	4091951	50
194184	50	2674358	50	4091994	50
231608	50	2746068	50	4091995	50
231666	50	2807832	50	4091996	50
254273	50	2807833	50	4091997	50
312568	50	2903058	50	4091998	50
367237	50	2950592	50	4091999	50
367723	50	2995770	50	4092000	50
368813	50	3030941	50	4101895	50
399443	50	3044350	50	4298887	50
440484	50	3145940	50	4323115	50
485187	50	3145945	50	4385506	50
567113	50	3168646	50	4435837	50
567114	50	3297545	50	4467259	50
624626	50	3300192	50	4620143	50
763645	50	3342987	50	4630780	50
763646	50	3400301	50	4711324	50
763647	50	3432800	50	4742220	50
781587	50	3455392	50	4783266	50
781588	50	3523804	50	4855848	50
786890	50	3602762	50	4984813	50
802772	50	3610737	50	5105260	50
802773	50	3613572	50	5122315	50
835029	50	3613573	50	5158996	50
855737	50	3622856	50	5218302	50
932504	50	3642259	50	5284417	50
939017	50	3710502	50	5322448	50
980105	50	3712172	50	5352920	50
1033489	50	3779773	50	5352921	50
1067698	50	3835679	50	5372461	50
1070131	50	3835793	50	5397528	50
1148420	50	3844601	50	5415254	50
1154568	50	3861466	50	5494227	50
1164347	50	3886897	50	5519020	50
1198815	50	3914852	50	5522575	50
1198817	50	3947560	50	5885360	50
1205793	50	4066461	50	5885361	50
1207177	50	4066462	50	5995294	50
1233035	50	4091668	50	6069595	50
1254881	50	4091859	50	6080152	50
1257096	50	4091860	50	6127488	50
1424107	50	4091861	50	6197115	50
1512035	50	4091862	50	6205189	50
1512036	50	4091863	50	6225225	50
1520956	50	4091864	50	6260662	50
1544867	50	4091865	50	6538903	50
1544868	50	4091866	50	6559381	50
1570688	50	4091867	50	6559382	50
1570689	50	4091868	50	6559383	50
1570690	50	4091869	50	6559384	50
1637258	50	4091870	50	6559385	50
1637259	50	4091871	50	6559386	50
1717759	50	4091872	50	6559387	50
1810753	50	4091873	50	6559388	50
1841212	50	4091874	50	6559389	50
1848536	50	4091875	50	6559390	50
1857987	50	4091876	50	6680822	50
1857988	50	4091877	50	6690186	50
1857989	50	4091878	50	6783119	50
1858203	50	4091879	50	7092997	50
1904045	50	4091880	50	7270604	50
1904046	50	4091881	50	7380295	50
1904047	50	4091882	50	7380296	50
1904048	50	4091883	50	7419797	50
1904049	50	4091884	50	7431223	50
1904050	50	4091885	50	7466999	50
1922299	50	4091886	50	7576791	50
1923940	50	4091887	50	7576792	50
2049960	50	4091888	50	7636538	50
2071032	50	4091889	50	7706649	50
2115284	50	4091890	50	7731535	50
2127815	50	4091891	50	7875844	50
2127816	50	4091892	50	17962	100
2373914	50	4091893	50	33266	100
2456320	50	4091894	50	54542	100
2458310	50	4091895	50	92502	100
2467722	50	4091896	50	143534	100
2467723	50	4091897	50	182383	100
2467724	50	4091898	50	191521	100
2467725	50	4091899	50	191522	100
2482869	50	4091900	50	191523	100
2456920	50	4091945	50	192250	100
2554088	50	4091946	50	198192	100

SECOND 4 PER CENT BONDS DUE 1942—Continued.

Number.	Amount.	Number.	Amount.	Number.	Amount.
250378	$100	2173037	$100	4063846	$100
267407	100	2173038	100	4063847	100
295010	[1] 100	2173039	100	4063848	100
295011	[1] 100	2173040	100	4063849	100
295012	[1] 100	2173041	100	4063850	100
320675	100	2173042	100	4063851	100
320676	100	2173043	100	4063852	100
320677	100	2173044	100	4063853	100
320678	100	2173045	100	4063854	100
338001	100	2173046	100	4063855	100
338002	100	2173047	100	4063856	100
395469	100	2173048	100	4063857	100
412886	100	2173049	100	4063858	100
431190	100	2173050	100	4063859	100
431191	100	2173051	100	4063860	100
431192	100	2173052	100	4063861	100
447013	100	2173053	100	4063862	100
451282	100	2173054	100	4063863	100
467523	100	2173055	100	4063942	100
483849	100	2173056	100	4063943	100
545142	100	2173057	100	4063944	100
574611	100	2173058	100	4063945	100
574612	100	2173059	100	4063946	100
591165	100	2173060	100	4063947	100
593561	100	2173061	100	4063948	100
626598	100	2173062	100	4063949	100
635631	100	2173063	100	4063950	100
652007	100	2173064	100	4063951	100
652009	100	2173065	100	4063952	100
652011	100	2173066	100	4063953	100
652010	100	2173067	100	4063954	100
659066	100	2173068	100	4063955	100
669502	100	2173069	100	4063956	100
699192	100	2173070	100	4063957	100
701206	100	2173071	100	4063958	100
701207	100	2173072	100	4063959	100
701221	100	2189786	100	4063960	100
721874	100	2345576	100	4112925	100
746151	100	2399952	100	4112926	100
746656	100	2399953	100	4388570	100
813079	100	2435973	100	4398308	100
821656	100	2566675	100	4398309	100
883296	100	2567762	100	4398310	100
1017244	100	2652902	100	4398311	100
1024686	100	2663768	100	4406916	100
1089427	100	2704446	100	4490859	100
1129894	100	2762709	100	4507903	100
1134126	100	2762710	100	14533	500
1245327	100	2802643	100	30764	500
1254640	100	2807879	100	89037	500
1379764	100	2856877	100	107890	500
1440493	100	2835879	100	112934	500
1442059	100	3181505	100	112935	500
1412060	100	3284696	100	194051	500
1522577	100	3486637	100	296042	500
1543383	100	3487043	100	324217	500
1742317	100	3487044	100	378338	500
1742318	100	3487045	100	599476	500
1742319	100	3506564	100	599477	500
1909774	100	3687754	100	599479	500
2106420	100	3888209	100	599480	500
2144974	100	3888210	100	444024	500
2147795	100	3999337	100	474766	500
2153279	100	3999338	100	579974	500
2153280	100	4027493	100	599476	500
2153281	100	4050491	100	599477	500
2153282	100	4063835	100	599479	500
2153283	100	4063836	100	599480	500
2153284	100	4063837	100	557390	1,000
2166150	100	4063838	100	557391	1,000
2173030	100	4063839	100	557392	1,000
2173031	100	4063840	100	557393	1,000
2173032	100	4063841	100	557394	1,000
2173033	100	4063842	100	1304053	1,000
2173034	100	4063843	100	1304054	1,000
2173035	100	4063844	100		
2173036	100	4063845	100		

SECOND CONVERTED 4¼ PER CENT BONDS DUE 1942.

458598	$50	1172404	$50	73978	$500
458599	50	1369005	50	73979	500
458600	50	1369006	50	73980	500
805002	50	73977	500		

[1] Registered.

THIRD 4¼ PER CENT BONDS, DUE 1928.

Number.	Amount.	Number.	Amount.	Number.	Amount.
15425	$50	2482848	$50	7766056	$50
15426	50	2482849	50	7870986	50
27125	50	2515624	50	7936172	50
37827	[1] 50	2570430	50	8211132	50
37834	[1] 50	2570664	50	8309101	50
37838	[1] 50	2589041	50	8309102	50
37839	[1] 50	2605999	50	8309103	50
37841	[1] 50	2651746	50	8309104	50
71757	50	2764014	50	8309105	50
73113	50	2879186	50	8309106	50
73114	50	2890324	50	8309107	50
74792	50	2890325	50	8309108	50
74793	50	2890326	50	8309109	50
122404	50	2890327	50	8309110	50
151878	50	2890328	50	8309111	50
175882	50	2890329	50	8309112	50
177880	50	2890330	50	8309113	50
181128	50	2890331	50	8309114	50
217558	50	2904149	50	8309115	50
234047	50	2985170	50	8309116	50
268403	50	2989171	50	8309117	50
342144	50	3009578	50	8309118	50
362045	50	3023263	50	8309119	50
362046	50	3023301	50	8309120	50
365478	50	3023303	50	8309121	50
380035	50	3023304	50	8309122	50
380036	50	3044746	50	8309123	50
383234	50	3069200	50	8309124	50
521828	50	3249141	50	8309125	50
541222	50	3292137	50	8309126	50
582359	50	3311618	50	8309127	50
582358	50	3510104	50	8309128	50
598161	50	3552939	50	8309129	50
618038	50	3564710	50	8309130	50
634500	50	3564711	50	8309131	50
678551	50	3573409	50	8309132	50
679757	50	3653174	50	8309133	50
767300	50	3663054	50	8324340	50
918296	50	3683419	50	8576463	50
928607	50	3753911	50	8583182	50
981544	50	3753913	50	8639323	50
992819	50	3912825	50	8790428	50
993472	50	3926831	50	8827148	50
1042712	50	3927494	50	8868172	50
1044895	50	3939195	50	9330169	50
1044896	50	4062125	50	9382419	50
1073022	50	4312506	50	9667721	50
1086520	50	4385614	50	9920665	50
1086521	50	4432736	50	9927759	50
1127242	50	4456768	50	10032833	50
1157909	50	4595065	50	10397699	50
1175798	50	4706135	50	10562129	50
1175799	50	4966942	50	10642139	50
1175800	50	5144266	50	10707274	50
1216935	50	5354707	50	11232242	50
1224193	50	5371458	50	11232243	50
1235837	50	5401427	50	11350838	50
1386655	50	5406362	50	11432828	50
1423276	50	5431251	50	11940159	50
1470609	50	5521739	50	12110728	50
1537192	50	5615134	50	12147653	50
1608741	50	5778593	50	12706751	50
1609742	50	5778630	50	13122575	50
1630461	50	5779799	50	14666	100
1690644	50	5878090	50	14667	100
1690644	50	5877743	50	26204	100
1708902	50	5968548	50	42757	100
1768109	50	6150509	50	42758	100
2014003	50	6262293	50	78417	[1] 100
2059981	50	6262294	50	78418	[1] 100
2135276	50	6268193	50	78419	[1] 100
2168368	50	6300939	50	78423	[1] 100
2168369	50	6488556	50	78424	[1] 100
2200329	50	6578934	50	78430	[1] 100
2200330	50	6776636	50	78431	[1] 100
2200331	50	6776637	50	78433	[1] 100
2200332	50	6889413	50	78434	[1] 100
2266495	50	7074474	50	78435	[1] 100
2270819	50	7328680	50	78436	[1] 100
2270222	50	7414753	50	78437	[1] 100
2284394	50	7436298	50	78438	[1] 100
2284395	50	7469145	50	78439	[1] 100
2284710	50	7469146	50	78440	[1] 100
2291883	50	7579261	50	89921	100
2295498	50	7586481	50	226796	100
2295499	50	7727589	50	274751	100
2320045	50	7727893	50	274752	100

[1] Registered.

THIRD 4¼ PER CENT BONDS DUE 1928—Continued.

Number.	Amount.	Number.	Amount.	Number.	Amount.
377087	$100	5092189	$100	109882	$500
377088	100	5138217	100	115917	500
441252	100	5138218	100	134807	500
441857	100	5138219	100	175104	500
450898	100	5138220	100	228884	500
498348	100	5138221	100	228885	500
521019	100	5161071	100	228886	500
524740	100	5161072	100	250965	500
674425	100	5321479	100	254029	500
739708	100	5398252	100	254030	500
899370	100	5398253	100	254031	500
916533	100	5398254	100	323192	500
920147	100	5398255	100	357665	500
920148	100	5398256	100	357669	500
920149	100	5398257	100	427317	500
920150	100	5398258	100	519911	500
920151	100	5398259	100	526077	500
920152	100	5398260	100	532550	500
920153	100	5398261	100	540226	500
1073484	100	5398262	100	754928	500
1105353	100	5398263	100	754929	500
1105354	100	5502658	100	754930	500
1117238	100	5502659	100	754931	500
1178153	100	5502660	100	754932	500
1221539	100	5502661	100	754933	500
1221875	100	5502662	100	754934	500
1222088	100	5502663	100	754935	500
1346918	100	5502664	100	754936	500
1452358	100	5502665	100	754937	500
1530764	100	5502666	100	756595	500
1586009	100	5502667	100	940195	500
1591343	100	5662340	100	67903	1,000
1719018	100	5662341	100	79345	1,000
1737959	100	5662342	100	91715	1,000
1737960	100	5662343	100	91716	1,000
1737961	100	5662344	100	91718	1,000
1804256	100	5662345	100	91719	1.000
1834420	100	5662346	100	203461	1,000
1876930	100	5662347	100	209266	1,000
1882135	100	5662348	100	517311	1,000
1888478	100	5662349	100	537978	1,000
1924668	100	5662350	100	537979	1,000
1924680	100	5662351	100	537980	1,000
2084901	100	5662352	100	537981	1,000
2122708	100	5662353	100	537982	1,000
2122709	100	5662354	100	537983	1,000
2390260	100	5662355	100	541163	1,000
2390261	100	5662356	100	598021	1,000
2390262	100	5662357	100	598022	1,000
2390263	100	5662358	100	598023	1,000
2390264	100	5662359	100	598024	1,000
2500386	100	5662360	100	598025	1,000
2517332	100	5662361	100	598026	1,000
2517333	100	5662362	100	598027	1,000
2546203	100	5662363	100	598028	1,000
2555307	100	5662364	100	598029	1,000
2591899	100	5662365	100	598030	1,000
2600386	100	5662366	100	598031	1,000
2631792	100	5662367	100	598032	1,000
2716999	100	5677796	100	598033	1,000
2721001	100	5898133	100	598034	1,000
2721049	100	5898134	100	598035	1,000
2721050	100	6066042	100	598036	1,000
2783119	100	6066043	100	598037	1,000
2847205	100	6084174	100	598038	1,000
3069062	100	6084175	100	598039	1,000
3116301	100	6084176	100	598040	1,000
3367203	100	6084177	100	683490	1,000
3390323	100	6084178	100	683491	1,000
3470854	100	6084179	100	683492	1,000
3539650	100	6084180	100	683493	1,000
3539651	100	6088912	100	683494	1,000
3609070	100	6152548	100	683495	1,000
3609071	100	6152549	100	683496	1,000
3897908	100	6492686	100	683497	1,000
4138943	100	6521461	100	683498	1,000
4138944	100	6521462	100	683499	1,000
4138945	100	6521463	100	936610	1,000
4347790	100	6521464	100	936611	1,000
4428895	100	6521465	100	942547	1,000
4428896	100	18169	[1] 500	942548	1,000
4827580	100	18170	[1] 500	1444866	1,000
5004713	100	41508	[1] 500		

[1] Registered.

FOURTH 4¼ PER CENT BONDS DUE 1938.

Number.	Amount.	Number.	Amount.	Number.	Amount.
68385	$50	3101167	$50	2609914	$100
163426	50	3101168	50	2609915	100
454931	50	3101169	50	2609916	100
454932	50	3101170	50	2609917	100
454933	50	3101171	50	2609918	100
454934	50	3101172	50	2609919	100
671928	50	3101173	50	2609920	100
723034	50	3101174	50	2609921	100
723035	50	3101175	50	2609922	100
723036	50	3101176	50	2609923	100
723037	50	3101177	50	2609924	100
723038	50	3101178	50	2609925	100
723039	50	3101179	50	2609926	100
723040	50	3101180	50	2609927	100
723041	50	3101181	50	2609928	100
723042	50	3101182	50	2609929	100
723043	50	3101183	50	2609930	100
1153708	50	3101184	50	2609931	100
1525068	50	3101185	50	2609932	100
1808308	50	3101186	50	2609933	100
1808309	50	3101187	50	2609934	100
2380854	50	3101188	50	2609935	100
3101093	50	3101189	50	2609936	100
3101094	50	3101190	50	2609937	100
3101095	50	3101191	50	2609938	100
3101096	50	3101192	50	2609939	100
3101097	50	36286	100	2609940	100
3101098	50	59624	100	2609941	100
3101148	50	161849	100	2609942	100
3101149	50	161850	100	2609943	100
3101150	50	161851	100	2609944	100
3101151	50	161852	100	2609945	100
3101152	50	161853	100	2609946	100
3101153	50	454930	100	2609947	100
3101154	50	468342	100	2609948	100
3101155	50	468343	100	2609949	100
3101156	50	547566	100	2609950	100
3101157	50	927269	100	2609951	100
3101158	50	2363468	100	2609952	100
3101159	50	2363469	100	2609953	100
3101160	50	2363470	100	2609954	100
3101161	50	2363471	100	2609955	100
3101162	50	2609909	100	2609956	100
3101163	50	2609910	100	2609957	100
3101164	50	2609911	100	2609958	100
3101165	50	2609912	100		
3101166	50	2609913	100		

Removals.

FIRST 3½ PER CENT BONDS DUE 1947.

807579	$50	6680822	$50

SECOND 4 PER CENT BONDS DUE 1942.

1512035	$50	324217	$500
1512036	50	474766	500
4507903	100		

SECOND CONVERTED 4¼ PER CENT BONDS DUE 1942.

458598	$50	73978	$500
458599	50	73979	500
458600	50	73980	500
73977	500		

THIRD 4¼ PER CENT BONDS DUE 1928.

1127241	$50	1586009	$100	6521464	$100
1610751	50	1586010	100	6521465	100
2393996	50	6521461	100	540226	500
2393997	50	6521462	100	936610	1,000
3468624	50	6521463	100	936611	1,000

INFORMAL RULINGS OF THE BOARD.

Below are reproduced letters sent out from time to time over the signatures of the officers or members of the Federal Reserve Board which contain information believed to be of general interest to Federal Reserve Banks and member banks of the system:

Fiduciary powers of national banks, revision of regulation F, series of 1917.

(To Federal Reserve agents.)

A revision of Regulation F, series of 1917, which deals with trust powers of national banks is now in course of preparation. The recent amendment to section 11 (k) of the Federal Reserve Act makes certain State laws applicable to the trust operations of national banks. The laws of the several States dealing with this subject are not uniform.

From letters received it appears that counsel for the several Federal Reserve Banks are not agreed on the question of what powers may be granted to national banks where the State laws do not specifically enumerate the fiduciary powers that competing State corporations may exercise.

It is, of course, necessary that the policy adopted by the Federal Reserve Board should be uniform in the several districts, and at the request of its counsel the Board has deferred the adoption of a regulation superseding Regulation F, series of 1917, until he can communicate with counsel for the several Federal Reserve Banks.

In order, however, that the Federal Reserve Banks may be fully advised as to the method of procedure to be followed in handling the applications for trust powers, the Board has adopted the inclosed amendment to Article II of Regulation F, series of 1917.

NOVEMBER 22, 1918.

AMENDMENT TO REGULATION F, SERIES OF 1917.

Article II, Regulation F, series of 1917, which relates to applications for permission to exercise trust powers, has been amended by the Board to read as follows:

II. *Applications.*

(*a*) *Original application.*—A national bank which has not heretofore been granted a permit to exercise any trust powers desiring to exercise any or all of the powers authorized by section 11, subsection (k), of the Federal Reserve Act, as amended by the act of September 26, 1918, shall make application to the Federal Reserve Board on a form approved by said Board (Form No. 61a). Such application shall be forwarded by the applying bank to the chairman of the board of directors of the Federal Reserve Bank of its district, and shall thereupon be transmitted to the Federal Reserve Board for its action.

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(*b*) *Supplementary applications.*—A national bank which has heretofore been granted permission to exercise any or all of the fiduciary powers enumerated in section 11 (k) as orignaly enacted, desiring to apply for permission to exercise additional powers, shall make application to the Federal Reserve Board on a form approved by said Board (Form No. 61b) Such application shall be forwarded to the Federal Reserve Board in the same manner as an original application.

(*c*) *Pending applications.*—A national bank, whose application for permission to exercise trust powers was filed before the passage of the act of September 26, 1918, if it desires to exercise the additional powers enumerated in section 11 (k), as amended, may withdraw such application and file a new application on Form 61a. If the original application is not withdrawn, the Board will act upon it as to the powers enumerated in such application, and the applying bank may later file a supplementary application for the additional powers desired on Form 61b.

(*d*) *Applications heretofore refused.*—A national bank whose application for permission to exercise trust powers has heretofore been refused must file a new application on Form 61a if it desires to exercise any of the powers enumerated in section 11 (k) as amended.

War tax on currency shipments.

(To Federal Reserve Banks.)

In connection with your absorption of the cost of shipping currency, there are quoted below inquiry received by the Board and response thereto:

"There is inclosed herewith a file on the subject of exemption of war tax on currency shipments to and from Federal Reserve Banks.

"We shall be very glad to have some advice as to whether we should pay full express rates on shipments or whether the Federal Reserve Bank will be construed as a department of the Government justified to sign the exemption certificate provided."

"Reference is made to your letter of November 18, regarding war tax on currency shipments to and from Federal Reserve Banks and file accompanying same.

"On page 931 of the FEDERAL RESERVE BULLETIN for December, 1917, there was published an opinion of the Commissioner of Internal Revenue that Federal Reserve Banks are not subject to tax upon charges for telephone, telegraph, and express service when such charges fall directly upon the Federal Reserve Bank."

NOVEMBER 21, 1918.

Election of class A and class B directors.

(To Federal Reserve agents.)

The Board has been asked whether, under section 4, as amended by act of September 26, a chairman holding an election of directors may refuse to count the vote of a member bank unless within the time limit prescribed by him the bank has filed the necessary certificate authorizing one of its officers to cast its vote. The Board has ruled that a member bank is entitled to have its vote counted if the certificate in question is filed with the chairman at any time before the polls are closed.

NOVEMBER 19, 1918.

Maintenance by nonmember banks of clearing accounts with Federal Reserve Banks.

(To Federal Reserve Banks.)

The Board has had frequent inquiries as to the propriety of permitting nonmember banks which maintain accounts with Federal Reserve Banks for purposes of exchange or collection to make use of the expression "Clearing member of the Federal Reserve Bank."

It would be improper to permit this, for the reason that the banks are not members, nor is the term "clearing member" authorized by the act.

Any reference which may be made by a nonmember bank to its account with the Federal Reserve Bank should set forth the relation which actually exists, and if nonmember depositing banks wish to call attention to the fact that they have accounts with the Federal Reserve Banks for exchange and collection purposes, they may use this expression: "Nonmember depositor of the Federal Reserve Bank, through which checks on this bank are collectible."

This is a brief statement of fact and can not convey any misleading impression as to the bank's relation with the Federal Reserve Bank.

This is a formal ruling which supersedes all informal rulings previously made on this subject.

NOVEMBER 22, 1918.

Eligibility of Federal land bank bonds.

(To an individual.)

Receipt is acknowledged of your letter of November 1, in which you asked to be advised "if Federal Reserve Banks are permitted under the rules of the War Finance Corporation, to advance funds on Federal land bank bonds or joint stock land bank bonds, up to 100 per cent of their par value; or if not, up to what per cent such an advance may be made by the Federal Reserve Banks."

In reply you are advised that the War Finance Corporation has no jurisdiction over operations of Federal Reserve Banks, and it is not entirely clear to what rules of that corporation you refer in your letter. Your attention is directed, however, to section 27 of the farm loan act, approved July 17, 1916, which provides in part as follows:

> Any Federal Reserve Bank may buy and sell farm loan bonds issued under this act to the same extent and subject to the same limitations placed upon the purchase and sale by said banks of State, county, district, and municipal bonds under subsection (b) of section 14 of the Federal Reserve Act, approved December 23, 1913.

Subsection (b) of section 14 of the Federal Reserve Act reads as follows:

> Every Federal Reserve Bank shall have power:
>
> (b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenue by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board.

As the bonds to which you specifically refer mature in 1938 they could hardly be treated as eligible for purchase by Federal Reserve Banks.

NOVEMBER 6, 1918.

Use of gold coin for Christmas presents.

The Board has been asked for an expression of its views as to the propriety of using gold coin for Christmas presents. About a year ago the Board issued a statement giving some reasons why, in its opinion, it was not desirable to use gold coin for such purposes. There are still some objections to the use of gold coin for gifts, for we are not yet through with war financing, and the problems which grow out of the war and reconstruction will be live ones for many years. There is a world-wide movement to discourage the use of gold coin as a circulating medium upon the ground that gold should be concentrated in the banks as reserve and used in the settlement of balances growing out of international transactions.

New bills can be obtained readily for use as presents, and Liberty bonds, war savings certificates, and United States thrift cards can be used in the same way to good advantage. We should continue to encourage habits of thrift and should frown upon extravagance and the wasteful employment of anything which can be diverted to a useful purpose.

NOVEMBER 26, 1918.

RULINGS OF THE DIVISION OF FOREIGN EXCHANGE.

Following are formal and informal rulings made by the Federal Reserve Board, Division of Foreign Exchange, under Executive order of January 26, 1918, and subsequent to the issuance of "Instructions to dealers" of January 26, 1918. The terms "person," "dealer," "correspondent," "customer," and such other terms as have a special meaning, are used in these rulings as prescribed in the Executive order above.

Censorship.

In view of the frequency of the omission of the word "dealer" on financial cables going out of the United States, and the delay to cables resulting therefrom, it has been thought well to reprint the following from "Instructions to dealers," issued under the Executive order of the President on January 26, 1918:

For the purpose of preventing unnecessary friction and delay to "dealers" in the carrying on of their foreign business, the Board has made arrangements for the expediting of the foreign mail of holders of registration certificates. The detail of this arrangement can not be outlined, but in order to obtain the quicker service and to conform with these regulations "dealers" must stamp their envelopes with the words "Foreign exchange, U. S. F. R. B. No. —." For the sake of uniformity and greater efficiency, stamps should be made as follows:

Foreign Exchange
U. S. F. R. B. No. —,

and should be placed upon the lower left-hand corner of the envelope in red ink. Each "dealer" should use the number of his registration certificate.

Particular attention is called to the fact that no one other than a "dealer" is authorized to use such stamp, and if attempted it will result in extended delays of such correspondence while its character is being particularly looked into. The foreign exchange censors will have complete lists of "dealers" holding registration certificates.

"Dealers" are prohibited from inclosing customers' mail in envelopes stamped for the foreign exchange censor except under the following circumstances: Where a "dealer" is engaged in some transaction which should be expedited in the interest of the United States, he may submit the facts to the Federal Reserve Bank of his district, and such bank, in its discretion, may make the following notation on the letter of the customer which the "dealer" desires to inclose: "For exchange censor. Approved, Federal Reserve Bank." This notation must be signed by an officer of the bank. Such notation may also be made by the Foreign Exchange Division of the Federal Reserve Board. To prevent misunderstandings, the attention of "dealers" is called to the fact that under these regulations it will be necessary for them to stamp all their mail whose destination is outside of the United States, as heretofore outlined, without regard to whether there is special need for expedition.

The same stamp must be used on cablegrams and must be placed on the lower left-hand corner of every cablegram filed for transmission.

All cablegrams must also bear as the last word of the signature the word "dealer." (Example: Cablegram to Foreign Bank, London, from Third Bank, Chicago, would read:

Foreign Bank, London.
Charge our account and pay John Jones, London, one hundred pounds.
Third Bank, dealer.

Both the Postal Telegraph Co. and the Western Union Telegraph Co. have agreed to carry the word "dealer" as far as the cable censor at the local rate for one word from the point of sending to the station of censorship. The censor will delete the word "dealer" before the message is released. (The censor's office is not in position to assume the cost of carrying the word "dealer" if through oversight it should not be deleted, but very positive regulations have been issued by the chief cable censor and errors should not occur.)

No person other then a "dealer" is authorized to use either the stamp or the word "dealer" in the manner outlined, and any attempt to do so will be dealt with as the occasion warrants.

Purchase of securities abroad.

Until otherwise instructed, "dealers" in foreign exchange, as defined in the Executive order of the President of January 26, 1918, are prohibited from transferring funds to foreign countries for the purpose of purchasing securities, or making investments of any nature whatsoever, for their own account or that of other "persons," as defined in the Executive order referred to, except the building up of deposit accounts in connection with their regular foreign exchange business, without first obtaining the approval of the Division of Foreign Exchange of the Federal Reserve Board.

In connection with this order, attention is called to the fact that no "person" in the United States can, under the law, carry out any such transactions unless he is a "dealer" or, if the transactions in themselves do not require that he be a "dealer," that they be carried out through a regularly registered "dealer."

OCTOBER 28, 1918.

Credits covering goods in warehouse.

Until otherwise instructed, "dealers," as defined under the Executive order of the President of January 26, 1918, are hereby prohibited from issuing letters of credit or making transfers of funds, for the purpose of purchasing goods to be held in warehouse for future and indefinite shipment, without first obtaining the approval of the director of the Division of Foreign Exchange, Federal Reserve Board.

NOVEMBER 4, 1918.

LAW DEPARTMENT.

Uniform negotiable instruments law adopted in California.

In an informal ruling of the Board published on page 971 of the October (1918) BULLETIN, California was mentioned as one of the States in which the uniform negotiable instruments law had not been adopted. Since the publication of this ruling, the Board's attention has been called to the fact that this law was adopted in California by an act approved June 1, 1917 (California Statutes, 1917, p. 1533).

Stamp Tax on drafts in connection with shipments of goods to seaboard.

The Board's attention has been called to the fact that some difference of opinion exists as to the proper interpretation of the ruling of the Commissioner of Internal Revenue, published on page 614 of the July (1918) BULLETIN, in regard to the application of the stamp tax to drafts drawn in connection with shipments of goods to the seaboard for export.

To clear up any misunderstanding, the question was again referred by counsel of the Board to the Office of the Commissioner of Internal Revenue, and there is published below a copy of the counsel's letter and the reply thereto of the commissioner.

WASHINGTON, *November 6, 1918.*

SIR: In June we had some correspondence on the subject of revenue stamps on drafts drawn to finance sales of goods to the allied purchasing commission, and your office finally ruled as follows:

"It is accordingly held that the stamp tax imposed by subdivision 6 of Schedule A of title 8 of the act of October 3, 1917, does not attach to drafts on domestic banks in connection with the shipment of articles from the interior to the seaboard where such articles have been sold to the United States agent of a foreign purchaser for export under circumstances entitling the transportation within the United States to exemption from the transportation tax."

The Federal Reserve Banks and member banks were advised of this ruling through the FEDERAL RESERVE BULLETIN, but it appears that the interpretation placed upon it by banks in different parts of the country is not uniform. In some instances counsel have advised the banks that drafts drawn in connection with the sales to the allied purchasing commission are subject to the tax unless accompanied by shipping documents or other evidence showing that the period the draft is to run is more or less coincident with the time consumed in the shipment from the interior point to the place from which the exportation is to be made.

In other instances counsel have taken the position that if the drafts are drawn in connection with the actual sale to the allied purchasing commission, they are exempt from the stamp tax, whether or not the time the draft is to run is a longer period than would ordinarily be consumed in the domestic shipment of the goods. In order that the matter may be definitely determined, will you be good enough to let me know which of these is the correct interpretation of your ruling?

Respectfully, M. C. ELLIOTT, *Counsel.*

OFFICE COMMISSIONER OF INTERNAL REVENUE,
Washington, November —, 1918.

SIR: Reference is made to your letter of November 6, 1918, relative to the method of determining whether a draft on a domestic bank is exempt from stamp tax within the ruling of the letter to you on June 19, on the ground of its connection with an export transaction.

The reason for holding such a draft exempt is, as stated in the letter of June 19, its direct connection with a process of exportation; it provides a financing method which permits the exportation to begin. This connection depends solely on the function of the draft and not at all on the length of time which the draft has to run. The letter of June 19, stating that even though the draft is to be paid before the ocean voyage begins the connection with the export transaction is not thereby affected necessarily holds that the length of life of the draft is immaterial on the question of exemption.

The ground of exemption is the function of the draft to finance an export transaction. Therefore the draft and attached papers should be examined to see that the draft represents all or part of the price of goods bought for export and placed in a course of export in one of the ways specified in article 31 of Regulations 42.

Respectfully,

DANIEL C. ROPER, *Commissioner.*

[Treasury Department. United States Internal Revenue. Regulations No. 42.]

ART. 31. Charges on property shipped for export and actually exported exempt from tax.—Amounts paid for the exportation of property in the course of exportation to foreign ports or places are held to be exempt from the tax imposed under section 500 of the act. Property may be deemed to be in the course of exportation when it moves under any of the following conditions:

(*a*) Under a through export bill of lading.

(*b*) Under a domestic bill of lading or receipt on which, at point of origin, "For export", is marked or the foreign consignee and destination are specified.

(*c*) Under a through bill of lading or through live-stock contract to a place in Canada or Mexico.

(*d*) Under a domestic bill of lading or receipt marked at point of origin, "For export", wherein the Food Administration Grain Corporation, Director of Overseas Transportation, British Admiralty, or any export representative of the United States or of a foreign Government, approved by the Commissioner of Internal Revenue, is named as consignee.

Provided, That in either case (*a*) or (*b*), the property so consigned be delivered to a vessel clearing to a foreign port or place, and a ship's receipt is taken therefor, or, in case (*c*) the property so consigned be delivered at a place in Canada or Mexico, or, in case (*d*), the property so consigned be delivered to such consignee.

If, when property is delivered to a carrier for transportation, it clearly appears that such goods are in the course of exportation as provided in clause (*a*), (*b*), (*c*), or (*d*), no tax shall be collected on the amounts of any otherwise taxable charges prepaid upon such property; but, unless such property is delivered in such manner as is specified in the proviso to such clauses, the total transportation charges on such property, from the point of origin to destination, are subject to the tax, and such tax must be collected as and when the transportation charges thereon are collected, if the transportation charges be billed collect, or, upon delivery of the consignment, if the transportation charges, or any of them, be prepaid.

SUMMARY OF BUSINESS CONDITIONS NOVEMBER 23, 1918.

District.	General business.	Crop condition.	Industries of the district.	Construction, building, and engineering.	Foreign trade.	Money rates.	Railroad, post office, and other receipts.	Labor conditions.
No. 1—Boston	Hesitating		Busy	Increase in value	Decrease	Firm	Post-office receipts mixed.	More plentiful.
No. 2—New York	Volume decreasing, except retail sales; profits decreasing; collections good.	Good	Reduced activity; many orders cancelled.	Normal seasonal inactivity; outlook improved by removal of government restrictions.	Stimulated interest; some uncertainty.	Slightly lower	Increase	Very little shortage since armistice was signed.
No. 3—Philadelphia	Very good	Good	Very busy	Building at low ebb, but prospects bright.		Continue firm	Increasing	No labor disturbance expected.
No. 4—Cleveland	Satisfactory	do	Busy	Inactive		Tendency to increase.	Increase	Scarce.
No. 5—Richmond	Resuming activity after effects of influenza.	Tobacco active at high prices; cotton held for 30 cents.	Limited only by supplies and labor.	Preparations being made to resume activity.	Inactive	Active demand, 6 per cent.	Railroad facilities improving; post office in full volume.	Thought to be improving.
No. 6—Atlanta	Satisfactory	Good	Continue active	Very quiet	Quiet	Stationary	Stationary	Fair.
No. 7—Chicago	Good but reflecting conservatism.	Excellent	Active	Dull but showing improving tendency.		Firm at 6 per cent.	Post-office receipts decrease.	Scarce and restless.
No. 8—St. Louis	Good	Winter wheat excellent.	Readjusting to peace basis.	Quiet		Firm	Increase in postal receipts.	Improving.
No. 9—Minneapolis	do		Slowing down	Slow		do	No change	Good.
No. 10—Kansas City	Continues active	Condition normal; outlook excellent.	Active	Dull but promising revival.	Heavy on meats	Firm, 6 to 7 per cent.	Heavy	Recovering from influenza.
No. 11—Dallas	Satisfactory	Condition good; outlook promising.	do	Inactive	Increase in October.	No changes; firm at 6 to 8 per cent.	Railroad increased; post office 21.8 per cent increase in October.	Unsettled and unsatisfactory.
No. 12—San Francisco.	Volume large, collections good.	Good	do	Decreased; new projects under consideration.	Increasing	Firm and stationary.	Increasing	Full employment.

GENERAL BUSINESS CONDITIONS.

There is given on the preceding page a summary of business conditions in the United States by Federal Reserve districts. These reports are furnished by the Federal Reserve agents, who are the chairmen of the boards of directors for the Federal Reserve Banks of the several districts. Below are the detailed reports as of approximately November 23:

DISTRICT NO. 1.—BOSTON.

The capitulation of the central powers and the cessation of hostilities has so far overshadowed all other factors in the business situation as to make them wholly neglible.

In this district war industries had reached their height in late September, and efforts were being devoted almost entirely to the prosecution of the war. By the middle of October peace discussions were causing uncertainty and general hesitation and, and this month finds business face to face with the readjustment period.

Already there are reports of canceled war contracts and of labor being less freely employed, and labor leaders are on the defensive lest there be a return to prewar wages and hours.

Next in importance to labor is the question of high cost inventories and the task of those having a large stock carried at war prices to continue domestic business on a profitable basis while prices are becoming adjusted.

The money market remains inactive with no change in the level of rates, 6 per cent being quoted for practically all classes of accommodation. Banks have experienced some demand the last few days from customers who have delayed expenditures until the close of hostilities and are now either drawing down their balances or borrowing to carry out their purposes.

Cotton mills are well sold up for the balance of the year and buyers have little interest beyond small lots for immediate delivery. As a consequence, business in mill centers is extremely quiet. The labor situation is much better, and mills are beginning to have old employees return who have been engaged in munition plants and are now out of employment. Until manufacturers can ascertain what part of their machinery is to be available for civilian orders of an entirely different character they have little interest in the market for raw material, and purchases are unusually small.

The release of wool for civilian needs is the principal feature of that market. However, manufacturers are not anxious to make large purchases until they are more certain of future price levels. The wool trade will be in a good position in case of a decline in the market, as the entire supply is owned by the Government, which is taking the clip being received from the West. Manufacturers have so far had no war orders canceled, upon which work had commenced, although the Government will permit of cancellation at the option of the mill. It is estimated that present contracts will carry them until well toward the end of the year.

As a result of the armistice, price restrictions on shoes have been removed, although the restriction on colors will remain until June 1, 1919. The retail shoe dealers are, in consequence, somewhat uncertain as to whether or not they should stock up heavily for the spring trade. Manufacturers, however, have had few cancellations of spring orders. The Italian Government is in the market for a large number of civilian shoes, and it is expected that orders from other foreign countries will follow.

In the dry-goods trade conditions remain unchanged. There are many inquiries as to the future course of prices, and some hesitation, but practically no orders are being canceled. Dry-goods merchants turn their inventories over several times a year, and even in a falling market should be able to liquidate without serious loss.

Boston clearing-house figures compare as follows:

	Nov. 16, 1918.	Oct. 11, 1918.	Nov. 17, 1917
Loans and discounts	$569,900,000	$521,285,000	$501,874,000
Demand deposits	506,633,000	450,092,000	448,815,000
Time deposits	13,515,000	14,685,000	26,560,000
Due to banks	116,028,000	120,528,000	153,431,000
Exchanges	318,703,051	[1] 246,191,936	374,002,763

[1] 5 days.

Building and engineering operations in New England from January 1 to November 14, 1918, amounted to $139,206,000, as compared with $189,058,000 for the corresponding period of 1917.

The receipts of the Boston post office for October, 1918, show an increase of $138,786.80, or about 17 per cent more than October, 1917. For the first 15 days of November, 1918, receipts were about 19 per cent or $100,752.48, less than for the corresponding period of last year.

DISTRICT NO. 2—NEW YORK.

Attention in this district is centered on the problem of readjusting business to a peace basis, different lines reacting in different manners to the change in conditions since the armistice was signed. In general, the volume of business continued above normal until about November 10, and then contracted with gradually increasing rapidity during the next fortnight. Sales by retailers, which were somewhat restricted at the beginning of the period under report because of the influenza epidemic and the spirit of war economy, showed a decided gain toward the end of November. On the other hand, sales of manufacturers, jobbers, and retailers decreased considerably after the armistice was signed, especially in those lines where it was felt that new conditions would cause a fall in prices, the tendency being to buy only for immediate requirements. Supply of materials is generally satisfactory. The general rise in prices was checked somewhat but there was no widespread decline. Profits, as for some time past, are reported as decreasing, due to high wages, the shortage and inefficiency of labor, and in some lines to large overhead expenses as compared with the volume of business done. The tendency to shorten credits continues, and collections are, on the whole, good.

Labor.—Since the signing of the armistice the labor shortage has almost disappeared, except for a very slight scarcity in the unskilled class and of certain kinds of clerical workers. Many firms report that former employees are reporting back for their old employment and that others are applying for work. There is little unemployment, however, except that just at present some workers, who have been employed away from their homes in war plants, are returning to seek permanent positions. The New York State Department of Labor reports that the record August pay roll in the State was surpassed by that of September by 5 per cent, but that October showed a falling off of about 4 per cent from the September aggregate. The decline, both in number of workers and in aggregate wages, was felt in all of the eleven industry groups reported on, being heaviest in the paper and textile trades. The decrease was due primarily to the recent influenza epidemic.

Agriculture.—Crops were generally satisfactory. Apples, hay, oats, and onions were very good; other products fair, except grapes, which fell 40 per cent below normal.

Foodstuffs.—Trading in coffee on the produce exchange has been suspended since November 1, except for liquidation of certain contracts. Prices are firm and show little change. There was no noticeable change in sugar, and the recent increase in allowance to consumers has had little effect on the demand. The demand for most canned goods, except tomatoes, is strong, but the supply is very light. In general, buying by retailers has become more conservative.

Building.—Building, other than Government construction, continues to be inactive. With the lifting of the limitation on the production of building material and on construction work, however, the outlook is for increased activity. There is a fair amount of uncompleted work to be finished, but the real effect of the raising of this limitation, it is expected, will not be felt until next spring.

Railroads.—The average daily loading of cars of export freight at New York during October was 44.5 per cent higher than during September, due to the rapidly increasing volume of freight for the United States Government. A comparative statement of traffic handled at New York for 23 days ending October 14 shows an increase of 19.4 per cent in the tonnage as against a decrease of 9 per cent in the number of cars used to carry that increased tonnage.

Foreign trade.—The signing of the armistice was a decided stimulant to interest in foreign trade, offset, however, to some extent by limited shipping facilities and by continued political disturbances in some of the foreign countries. There is considerable agitation just now for improvement in port and terminal facilities at New York City.

Textiles.—The cotton market has been irregular throughout the period under report. Short sales are now forbidden by Government order. With wool, the domestic supply is small and the price is fixed. There was no release of wool for civilian purposes until just at the end of the period. In woolen goods, speculators have cut their prices 15 per cent to 25 per cent, and in cotton goods quotations are down 1 to 3 cents a yard. Silk prices are rather firm.

Coal.—At New York City the supply of bituminous coal is ample, but there is a shortage in anthracite of domestic sizes. Outside the city the fuel supply is reported as satisfactory.

Paper.—The demand in the paper industry has been outrunning the supply, but with the announcement of the signing of the armistice a slight hesitancy in placing orders was apparent.

Banking.—Clearings at New York for the 10 months ending November 1 show a gain of 7.3 per cent over the same period in 1917. They increased slightly after November 14. Loans of New York City banks increased during October somewhat faster than did their demand deposits, including Government deposits. Outside New York City, banks in general report that their deposits have increased both in amount and in the number of accounts.

Securities.—The stock exchange has been fairly active, with attention directed more and more toward those stocks which would presumably benefit by peace. Stock prices were irregular during November, the general list rising during the first week, but falling during the the next fortnight to a level slightly below that of the beginning of the month. Bond prices continued their upward trend through the first week and then showed little net change during the next two weeks. Liberty bonds are fairly active, with no marked changes in quotations.

DISTRICT NO. 3—PHILADELPHIA.

A more normal situation has resulted from the waning of the influenza epidemic. Retail trade has improved, and merchants express the belief that the buying during the balance of the year will more than make up the loss caused by the epidemic.

In wholesale lines, however, conservatism is manifest, many buyers displaying a disposition to hold back orders until more definite knowledge is available concerning the trend of prices, deliveries, etc. At the same time, inquiries continue fairly numerous, and though purchases are mainly in small lots to cover immediate requirements, the volume of business in the aggregate is very encouraging. Manufacturers continue busy, practically all the leading mills and factories operating to capacity and most of them still complaining of the scarcity of help.

While there is a strongly defined tendency to mark time trying to sketch out the probable breadth of the readjustment on account of the ending of the war, the consensus of opinion is that the period of readjustment will be relatively short, to be followed by an era of industrial activity in which the world will be reconstructed.

Overtime and Sunday work has been abolished in war and shipbuilding industries, but it is believed that the campaign for construction of ships in the yards already built will be carried steadily forward for some time.

The foreign commerce of the district, which has been choked up by the war, is expected to revive and create a new demand for labor. In addition, manufacturers expect a tremendous domestic demand for a great variety of articles which our people have had to dispense with because of the war. Municipal expenditures for needed improvements, held in abeyance during the war, are also under way. Another method of providing needed work will be railroad improvements and extensions.

The situation as regards supplies of fuel reflects considerable improvement, no undue scarcity being apparent, despite the loss in output occasioned by the recent epidemic. The shipments of anthracite for the month of October, as furnished to the Anthracite Bureau of Information, amounted to 6,286,366 tons, as compared with 7,110,950 tons for October last year and 6,234,395 tons for the month of September this year.

Railroad freight car movements continue heavy. The loaded car movement over the Pennsylvania Railroad at Lewistown Junction during October totaled 105,589 cars, as compared with 108,481 in September and 94,557 in October, 1917. Eastbound shipments of bituminous coal increased 40.5 per cent over October of last year; miscellaneous westbound decreased 24.1 per cent. During the first 14 days of November the number of loaded freight cars passing the junction was 46,027, as compared with 41,389 during the same period of last year.

While total pig-iron production in October surpassed that of September, the daily rate was smaller; the output per day in October, because of the restraint imposed by the influenza epidemic, fell to 112,482 tons from the high record of 113,942 tons in September, and the number of active furnaces on November 1 was unchanged at 365. Yet the aggregate production of 3,486,941 tons in October has only been exceeded by the 3,508,849 tons of October, 1916. There are indications that a considerable volume of iron and steel business may soon be placed. Stove manufacturers and others who have been working under restrictions are already looking forward to a period of greater freedom and are inquiring as to whether they can obtain material without priority orders. It is confidently expected that as soon as the policies dictated at Washington will permit, the placing of orders by "nonessential" users will be started. There is every prospect that eventually there will be a period of steady, orderly demand.

There has been a downward tendency in cotton-yarn prices while the Government is adjusting contracts. The Government controls the wool situation, owning practically all the wool in the United States. Some is now being released for civilian use.

Mills manufacturing book and high-grade printing papers are running on about a 75 per cent basis, due chiefly to labor shortage and a scarcity of wood pulp. The domestic consumption is not more than 40 per cent of normal, but the excess in production is readily absorbed by the demand for export. As the deficiency in the wood pulp can not be overcome before next summer, the output of fine printing papers during the first six months of 1919 may be far below normal. The only possible relief appears to be in the hope that the Scandinavian countries have during the war accumulated a large tonnage of pulp, which with the release of ships will flow to this country.

Sentiment among builders is particularly optimistic, as they look for a pronounced increase in activity with the removal of Government restrictions and the probably better supply of labor that is expected to follow a curtailment of Government construction. There has not yet been much change in lumber, but shipments continue to improve and prospects are regarded as brighter. Building at present is at the lowest ebb for a decade, the figures for October being as follows:

	Number of permits.		Values.	
	October, 1918.	October, 1917.	October, 1918.	October, 1817.
Allentown	13	40	$34,685	$77,725
Altoona	40	22	10,160	7,651
Atlantic City	61	110	18,453	124,113
Harrisburg	16	26	7,150	146,160
Lancaster	8	20	3,730	8,800
Philadelphia	333	552	843,520	2,030,475
Reading	13	32	1,775	24,125
Scranton	12	35	10,420	236,905
Wilkes-Barre	49	45	13,233	41,851
Williamsport	4	9	400	60,872
York	33	31	7,580	42,450

The money market has remained firm during the past month, the prevailing rate for paper being 6 per cent, with the banks buying very little.

Loans and discounts to member banks by the Federal Reserve Bank during the month of October amounted to $215,323,196, of which 89 per cent represented notes secured by Liberty bonds or certificates of indebtedness. Bankers' acceptances purchased amounted to $30,976,703. Total discount and investment operations for the first 10 months of the year amounted to $1,146,822,763.

DISTRICT NO. 4—CLEVELAND.

This district, by reason of its large part in the manufacture of war materials and its prominence in the production of basic steel and iron, is consequently affected possibly more than others by the signing of the armistice, and adjustments will be correspondingly severe. Anticipated changes, together with peace celebration and the epidemic of influenza, have decreased production. However, there is little pessimism about the ultimate future, and it is believed that in view of the dammed-up domestic demand and probable export requirements, necessary readjustments can be accomplished without undue strain to the business fabric.

Manufacturing.—Manufacturers are concerned with the adjustments which peace will finally impose. Cancellation of Government orders, of course, is expected and has caused some uneasiness and speculation as to future prices and conditions. Up to the present time but little slackening on this account has been noticed.

Plate mills are running as full as conditions will permit. Mills engaged in producing cotton ties report that orders have been filled and operations suspended for the season. Inquiries for pig iron are few. The tonnage moving is chiefly of the steel-making grade.

Up to the middle of November the iron and steel trade generally has been satisfactory, and while some inquiry has been made as to terms upon which cancellation of orders might be made, yet this is to be expected and is not causing any uneasiness. It is believed that conditions in these lines will right themselves very quickly.

Many industries outside of those devoted to war goods report large orders on their books not subject to cancellation, and considerable new small business is being offered.

There are many indications of a return to their respective fields of industries which have been held in check by reason of the suspension of the law of supply and demand and through Government control.

Clay products.—Manufacturers of building brick and tile report a scarcity of orders. Other ceramic industries are reported quite active. Little change is noted by window glass manufacturers.

Fuel.—The demand for coke shows some slackening, due to the belief that peace will bring lower prices. The epidemic of influenza has been most severe in the coal and coke regions and has caused a very marked decrease in the output. This condition prevails generally throughout all the coal fields.

In places in the Kentucky fields production is reported to have been cut at least 60 per cent for a period of about three weeks.

Agriculture.—Crops for this district have been harvested for the year and with very few exceptions it has been an exceptionally satisfactory year to the farmer, both on account of the yield and the price obtained for his products. All sections report a large acreage sown in wheat, and its condition is all that could be expected at this time.

In the northeastern section the apple and grape crops have been very good, although the potato crop is reported to be only 80 per cent of normal.

Corn husking is practically finished, and this crop is very much more satisfactory this year, both in yield and in condition, the late fall allowing for proper maturing.

Generally it is believed that there has been an increase in the number of live stock over a year ago. There have been no epidemics or disease, and hogs have been practically free from cholera.

The tobacco crop is a very large one. It is said to weigh heavier than usual this year, and this, together with the increased acreage, will make a very large tonnage. It is probable that the moving of this crop will tax the banks in the affected localities to the extent of their credit powers.

Agriculture in this district has kept step with the country at large in its "speed-up" program made necessary by reason of the war.

The Governor of Ohio has named Thanksgiving week as a time to be set apart for celebration of the culmination food production program and big patriotic mass meetings will be held at each county seat on Saturday of that week.

Labor.—The prevalence of influenza has had a very marked effect upon the labor supply, particularly in steel and coal centers. Generally throughout the district it has tended to lessen production. Aside from this, the labor situation remains practically as heretofore—a very strong demand, and shortages in localities.

The cancellation of calls in the selective service has tended to relieve a heretofore expected shortage on this account. It is thought that the return of the men from the camps and from foreign service will gradually relieve the strong demand. The changes likely to take place in the industrial field tend to unsettle labor. Improvement in supply of skilled labor in some lines is noted.

Collections.—In a number of instances there is reported a falling off in collections during the past few weeks and in some cases it is reported that pressure is necessary. These reports, however, are sporadic and a number of large concerns report that collections continue to be exceptionally good and that they expect little difficulty along this line by reason of the adjustments which will be made.

Transportation.—No complaints are registered this month of hardships occasioned by lack of proper transportation facilities, and in consequence it is believed that the situation is better in hand than has been the case since last fall.

Rolling stock and rails have been taxed to their utmost during the past year and are believed to be in great need of repairs, and unless these have prompt attention transportation companies will be greatly handicapped in the future.

Mercantile lines.—Wholesale and jobbing houses report some hesitation in buying and also state that business is not quite up to the standard of the past few months, due in part to the prevalence of influenza. The last few days are said to have shown improvement in nearly all lines. However, speculation as to the effect the ending of the war will have on present values tends to retard the placing of orders.

Altogether the jobbing and wholesale business may be said to be in a satisfactory condition.

In the retail lines there was a decided falling off for a time, but buying is now gathering impetus, and with the lifting of the quarantines and the coming of seasonable weather it is thought it will show an improved condition.

Money and investments.—The demand for money is increasingly firm and there is a tendency to higher rates. Bankers say that concerns whose business has been held in abeyance through Government control and other reasons are now looking forward to means for financing their affairs when the restrictions have been lifted. It is believed, however, that care is being exercised and discrimination used until Government financing has secured its requirements.

Building.—The building in process of construction is confined altogether to that for industrial purposes and for the housing of workingmen, which is absolutely needed. The outlook for this industry, however, is good and undoubtedly as soon as restrictions have been lifted there will be general activity. However, until the bans have been removed this industry will probably be less active than heretofore on account of the cessation of the demand for essential building.

DISTRICT NO. 5—RICHMOND.

The foremost event in this district during the past month was its subscription to fourth Liberty loan bonds of $352,400,000, the allotment being $280,000,000. This gave the fifth district a percentage of 125.95, which was excelled only by the Boston district.

Out of approximately $352,400,000 of fourth Liberty loan bonds subscribed for in this district, $178,700,000 were paid for in full on October 24, and upon the remaining $173,700,000 the initial payment of 10 per cent was made.

In making these payments, $96,000,000 was paid by credit in war loan deposit accounts. Several calls have been made upon these deposits, leaving approximately $24,000,000 yet unpaid, but the final call will require the payment of this balance November 21.

On November 21 the second payment of 20 per cent on $173,700,000 of installment subscriptions was due. The actual payments will, of course, exceed the amount due, as some subscribers will exercise the privilege of paying subscriptions in full on a regular installment date. Payments will undoubtedly be made to a large extent by credit in war loan deposit accounts.

The subsidence of the prevalent influenza permitted the reopening of churches, schools, and other places of gathering. The united war work campaign has been brought to a successful conclusion. Richmond has exceeded its allotment of $416,000, and generally satisfactory returns are anticipated from the entire district.

Trade has been spotted and below normal during the influenza period, but on the whole prosperous and on a sound basis, both for manufacturers, jobbers, and buyers. Dun's last available monthly report of failures shows 27 in the fifth district, with a total of $245,000 of liabilities, as against 56 failures, with a total of $715,000 of liabilities, during September, 1917. Stocks of goods are rather below normal and buyers are cautious at present prices. Collections have been restricted by the influenza, which compelled the closing of the tobacco markets from October 10 to November 2, and by the slump of 5 cents per pound in cotton. The reopening of the tobacco markets has promoted the return to normal conditions and relieved the stagnation to a material extent. The average price of tobacco for the season, to November 1, was 34 cents against 30 cents for the same period last year. The reopening of these markets resulted in a strong demand for currency and the Federal Reserve Bank shipped Federal Reserve notes to the amount of $7,500,000 in six days.

The production of cotton has been increased by the very open fall weather. The price of spot month contracts in New York on October 14 was 31.45 cents per pound and on November 14, 26.35 cents, a decline of 5.10 cents per pound. Since spot prices in the South fell below 30 cents, farmers have sold very little. Many are storing the staple and, where necessary, are borrowing sufficient amounts to liquidate current obligations. Merchants are getting in hand, or in storage, cotton to protect obligations due them. There is a persistent refusal to sell below 30 cents and many express a determination to hold off for higher prices. This refusal to sell at higher prices when they had the opportunity should be an object lesson. Cotton is urgently needed abroad and foreign shipments would appear to be the only relief from the present embarrassing situation.

Manufacturing continues active with the prevailing restriction of supplies and labor. The effects of the influenza are passing and mills are resuming more normal operations. New business, however, is reported less active.

The coal trade is in better condition than for some months past and no serious shortage of fuel is anticipated. The weather in the district has been unusually open, which has served to reduce fuel consumption.

The large volume of business moving is reflected in an increase of 54 per cent in clearing-house returns. Deposits in member banks have remained fairly satisfactory, but the condition in the tobacco markets referred to has caused some shrinkage. Money is in strong demand at 6 per cent, and this is reflected in increased demands for rediscounts at the Federal Reserve Banks, both for deposit and installment payments on subscriptions for fourth Liberty loan bonds. The volume of the Federal Reserve Bank loans has approximated $100,000,000, over 65 per cent of which appears to be on account of bond transactions.

The readjustment period confronting us presents to this district, as well as the whole country, vital questions of interest. As Government demands relax, the tendency will be to release, first, labor; second, material; and third, credit. These much needed essentials can be devoted to peace industries, and will facilitate their return to supplying the enormous reconstruction demands of the world. The trade awaiting the industries of the district promises a continued and more stable prosperity. Restrictions on building and other essential construction are being removed and labor is being affected by the decline in Government activities. All Sunday and extra-time work has been discontinued at the Norfolk Navy Yard and other Government plants and large manufacturers working on Government contracts are following suit. One large corporation which has ceased taking on new employees is allowing its force to be gradually reduced by the natural turnover of employees, and during five days 700 employees have found employment elsewhere and left. As Government requirements for material relax, supplies for private work will be more readily obtainable. As present Government obligations are met and new ones are restricted, national demands on credit will also relax, and we will gradually return to normal conditions. There is a general feeling throughout the district that as soon as the readjustment steps are successfully accomplished, we may reasonably expect good business.

DISTRICT NO. 6—ATLANTA.

The recent decline in cotton has had a depressing effect on business in general, and while it has created somewhat temporary pessimism, the leaders of agricultural, industrial, and commercial enterprises are not inclined to underestimate the Nation's strength and power to recuperate; and a gradual readjustment of business and the proposed plan of demobilization of the Army give hope for a bright future.

The cessation of hostilities, coming as it does just previous to the holiday trade, it is believed will have a better effect on business conditions than had the war come to a practical end early in the year.

It is an indisputable fact that the present crop has cost more to produce than any crop of cotton ever grown in the district and the growers feel that they must obtain close to 35 cents per pound if they are to realize a profit. This applies to short staple cotton. The long staple cotton situation is reported rather demoralized; the factors are reluctant to furnish advances, and producers are holding, refusing to sell except at fair prices.

The farmers are being morally supported in their holding movement and will probably continue to receive sufficient financial assistance to enable them to hold the bulk of their cotton off the market until higher prices are established.

Business men think that the era of high prices is here to stay for some years because of the fact there is hardly a surplus in any particular line. The sudden termination of the war has caused a let-up in business conditions and there is little tendency to place orders ahead at this time, owing to the unsettled condition of the markets and the uncertainty of the time of withdrawal of Government restrictions. The general consensus of opinion is that we should continue to conserve our resources and restrict credits generally, with the exception that more opportunity be given to those who are undertaking to produce food. During the war little, if any, construction has been carried on. This applies especially to farm buildings, and it is hoped that there will be a loosening up of credit along this line and also of funds to purchase labor-saving machinery for farmers.

While the banks show a general willingness to carry cotton, there is no large borrowing by the producer for the reason that a large majority sold sufficient cotton early in the season at a fair price to liquidate existing indebtedness, and the forced economy and restricted credit due to Government regulation have left farmers in a relatively better position to carry their surplus crop than heretofore. They are also better supplied with cattle and hogs.

The opinion is general that the Government restrictions and regulations should be lifted gradually. The sudden withdrawal of such restrictions would no doubt cause a quick decline in prices; whereas a gradual change will enable business to adjust itself to new conditions.

Banks are heavy holders of Liberty bonds and certificates of indebtedness of their own investment, and collateral to notes of customers and the sudden withdrawal of restricted credits under Government regulation would cause a sudden and heavy demand for loans, with the accompanying tendency that easy money would tempt many to venture into hazardous investments and expand unwisely. This apprehension of sudden changes in values and prices has surrounded business with an atmosphere of caution.

The plan proposed by the Government in connection with the demobilization of the Army has met with approval, as a too rapid demobilization would have a rather demoralizing effect on labor and business in general. Labor conditions are viewed with extreme uncertainty. Wages paid and rules practiced with reference to compensation and extra time during the war have somewhat demoralized both skilled and unskilled labor for normal conditions, and if the Army is demobilized gradually it will tend to restore activity in lines of industry at wages satisfactory to the manufacturer with corresponding lessening in prices of the necessities of life.

With the prevailing uncertainty and high price of labor and raw materials, manufacturers are inclined to play a waiting game until the situation clarifies, and are not stocking up with manufactured products. Mills are not making contracts for future deliveries except in very small quantities, in view of these changing conditions. The manufacturer is inclined to believe that he will more severely feel the withdrawal of Government regulations and demands for materials and this will, for a time, disrupt lumber, cotton, and mineral products in our section, as these trade organizations during the war have largely surrendered the civilian trade for preferential Government orders and have not had time or opportunity to determine any set policy. While there is a general air of optimism, there appears to be no definite idea as to what the future may bring.

While collections are reported to be equally as good as at this time last year, a considerable portion of these collections is represented in cotton now being held by merchants, and present prices are forcing the merchants to hold the product until they can realize investment represented.

With the contemplated increase in ocean tonnage during the next six months, operators are optimistic as to the demands for naval stores, especially rosin, as such a demand would come at a time when it would be impossible to increase the production, as the present crop is about gathered. There will be no new production until late in the spring of 1919. This would leave rosin and turpentine in a very strong position with tendencies for upward prices.

The brick and building industry have been seriously handicapped during the war. Brick stocks are now low, and, with little or no stock being accumulated before spring, when the season opens, this indicates higher prices, and the tendency to hold stocks has tightened.

The lumber trade is inclined to be pessimistic, at least as to the next 8 or 10 months, largely on account of the ban placed on shipments of lumber and the lessening of Government demands, and no great improvement is looked for until matters adjust themselves to more normal conditions. The lumber millmen are complaining that shortage and insufficient labor, poor car facilities, and Government restrictions are reducing the output. The cost of manufacturing lumber has been exceedingly expensive. The output is about 30 per cent less, while the cost in conducting the mills shows an increase of about 25 per cent. Considerable decrease in orders is reported, and it is believed that Government requirements will not be in sufficient volume to keep the mills fully employed.

The mercantile business, while reported fair, is not very good, owing to the influenza epidemic, which prevented many traders from visiting stores, and resulted in a considerable curtailment of sales. Business, however, is increasing, and a large holiday trade is anticipated.

There is submitted herewith data showing the loss of live stock in States in this district, due to killing on railways' right of way.

Georgia	$300,000
Florida	$350,000- 375,000
Alabama	150,000- 160,000
Mississippi	275,000- 300,000
Louisiana	300,000

The amount shown represents the value of the animals killed during 1917. Of course, the increased prices in meat and leather would now make the prices much higher. Investigation shows that the great majority of the animals killed were immature—that is, young stock—and within a few months would have been of greater value, both from a food as well as a financial standpoint. The State councils of defense have inaugurated campaigns looking to reduction of killing of live stock, appealing to officials of railroads, employees, and the general public to exercise all diligence to obviate this big waste.

In the Alabama coal fields the influenza epidemic was disastrous to the coal operators in October. About 30 coal mines were forced to shut down. The output for September, 1918, was 1,544,769 tons; for October, 1918, 1,425,219 tons—a loss in October, as compared with September, of 119,550 tons. More mines are now in operation and an increased output is shown. Railroad service is reported improved. It is also claimed that within the next 10 to 15 days all of the mines in this district will be opening and that conditions will soon become normal.

The pipe plants (except the soil pipe people) are practically out of business at the present time, except for filling munition orders for the Government. They have no open trade and can have none so long as the transportation facilities and Government restrictions are in force. The soil pipe plants have had a fair but limited business in filling orders for the Government.

The pig iron plants report an increased output; orders for the Government are large, and the demand from foreign Governments is enormous. The production of pig iron in the State of Alabama is all that could be desired. The output in September, 1918, was 207,444 tons, and in October, 1918, 208,470 tons.

The steel mills are kept busy and are making good showings as to output, with orders enough to keep them employed, and are not handicapped in making deliveries. The structural buildings, in course of erection, were somewhat retarded during the influenza epidemic, but conditions are becoming normal and good progress is now being made in all lines of this industry.

The citrus crop of Florida is reported good and though only about 70 per cent normal, shows an increase of about 50 per cent over last year. Weather conditions have been favorable and the crop is being marketed about three weeks earlier than last year. The present crop is estimated at 5,550,000 boxes of oranges and 2,900,000 boxes of grapefruit. First grade oranges are now selling at $4 and $4.50 f. o. b., with an occasional sale at higher prices.

DISTRICT NO. 7—CHICAGO.

Business continues active and crop conditions are unusually favorable, two developments which ordinarily would be regarded as a sufficient incentive for the making of plans on a broad scale for the coming year. There is, however, discernible in the business world a distinct tendency to relax from the high tension of war-time production. So far this has not manifested itself in the volume of business but rather in the industrial morale. The climax of the war, so far as the productive forces at home are concerned, apparently passed with the signing of the armistice with Germany.

The relaxation of tension in our business and industrial forces is still manifesting itself in business sentiment, although it is too early to note the effect on output. It is to be expected that as the treaty making progresses the pressure on the war industries will relax, but the consensus of opinion among bankers and captains of industry is that the more gradually this shifting to peace pursuits can be accomplished, the more orderly will be the general readjustment. There is a disposition on the part of all to cooperate with a view of bringing this about.

GOVERNMENT CONTROL AS A SAFEGUARD.

Bankers especially—and they are supported by many practical business men in this—are urging the continuation of governmental control over the raw material supplies and the exercise of priority shipment regulations during the period of readjustment as a means of averting any suddden reaction in the business world. It is the endeavor of all to avoid a scramble or undue haste on the part of manufacturers who have been engaged on war contracts to return to their prewar business, as this might result in a far-reaching unsettlement which might be exceedingly injurious to general business at this time and seriously affect the future business situation.

The advices from business men of this district indicate a well-grounded belief that the same attitude of business in meeting and solving the war problems must continue to manifest itself in the post-war period, at least until the country has been readjusted to a peace basis. This attitude is stimulating business confidence.

PLANNING CAUTIOUSLY FOR THE FUTURE.

Business men are looking ahead. An indication of this is found in plans being developed for a resumption of public improvement work to tide over the readjustment period and avert unemployment. The activity of a Chicago commission studying labor conditions illustrates this, as that body has asked the approval of Washington of a plan calling for the expenditure, as soon as the treasury war financing has been cared for, of upwards of $500,000,000.

These improvements include the resumption of the work on Chicago railway terminals; the Michigan Avenue and Chicago plan program involving a governmental expenditure for harbor improvement; a $100,000,000 traction extension improvement in addition to the construction of a $40,000,000 transportation subway, and the building of a new gas plant and other municipal betterments. In addition to these expenditures is one contemplated by the Illinois Highway Commission aggregating $60,000,000 for hard surfacing of roads in the State. The bond issue was recently approved by the voters and now awaits a favorable investment market.

These expenditures of upward of $500,000,000 are expected to cover a period of five years and necessarily will depend upon the attitude of the Treasury Department, as they involve bond issues. The proceeds from these expenditures, if approved, will, to a very large extent, be distributed as wages. These improvements were planned prior to the war but were halted by the pressure of Government financing and other war requirements.

CANCELLATIONS RELIEVING ABNORMAL PRESSURE.

At this moment there are few, if any, signs of an actual let-down in war production. Such cancellations of war contracts as have taken place have operated simply to relieve the pressure elsewhere in essential productions and have served as an equalizing factor rather than a disturbing one. The banking situation is sound and the reserve position affords assurance of the ability of the financial machinery to care for essential business needs.

Necessarily, banking conditions continue to reflect Government financing. Money rates are firm at 6 per cent, but the credit situation appears to be in an unusually liquid condition and collections are reported good throughout the district with a general expectation on the part of business concerns that they will continue so the remainder of the year. The requirements of the Treasury, however, are still pressing and the absorption of certificates of indebtedness by the banks continues.

GRAIN PRODUCTION FORTIFIES THE WEST.

One feature that strengthens the position of the Middle West is the bountiful crops, together with the high prices for farm products. Industry in the West generally has not been fully employed in the manufacture of war material to the exclusion of other production, owing to the fact that the East was filled up on war orders earlier. Some industries were able to continue their ordinary lines to some degree while working on Government contracts until the war requirements exceeded the eastern capacity, hence the reversion to normal production will involve a less radical change here than in the East. Furthermore, there has been only a very restricted amount of new plant construction for war purposes in this section, which further strengthens the situation. It is generally believed by bankers and others that after a short period, which will enable business men to get their bearings under the new conditions, there will develop a very large volume of general business from sources which have been unable to buy during the war period.

EFFECT OF GOVERNMENT RELAXATION IS DISCERNIBLE.

The building industry, which has been exceedingly dull for months, except in instances of war construction, is beginning to reflect the effect of the removal of restrictions on buildings costing $10,000 or less. Modification of the food regulations is stimulating business among the distributors of produce. Elimination of flour substitutes is finding its reflection in an increased flour business. The increased allowance of sugar to consumers, it is estimated by wholesale grocers, will result in at least a 50 per cent increase in the sugar business. The coffee situation, however, is unsatisfactory and there is a serious shortage in the available supply.

The sudden termination of hostilities in Europe, together with the reversal of the position of the War Industries Board in the matter of releasing wool for civilian use, has led to some uncertainty as to probable average prices for the next year's business, and this has contributed to considerable hesitation in making commitments, so that practically nothing has been done for the 1919 supply. Unseasonably warm weather also has resulted in the curtailment of business in woolens.

AGRICULTURAL PROSPECTS ARE EXCELLENT.

Speaking generally, however, the advices over the seventh Federal Reserve district indicate a promising outlook from an agricultural point of view. Seed has gone into the ground under the most favorable circumstances; pasture is excellent, and there is a good crop of clover and an increased acreage of wheat and rye in most sections, due to favorable weather for fall farm work.

Live stock continues to move freely. The October receipts at Chicago were the largest of any month during the last 9 or 10 years. Prices are good, although those for hogs and sheep have reacted some from the highest level.

Receipts of live stock at Chicago for the four weeks ended November 19, 1918, compared with the corresponding period of 1917, as follows:

	Cattle.	Calves.	Hogs.	Sheep.
1918	395,132	40,584	802,228	554,538
1917	353,293	47,510	546,101	365,916
Increase	41,839	[1] 6,926	256,127	188,622

[1] Decrease.

UNCERTAINTY CONTRIBUTES TO CONSERVATISM.

There is in evidence throughout the district a manifestation of caution on the part of business men in making commitments until it can be determined just what the future holds in store. This is regarded as a favorable development, because this conservatism is operating to keep stocks of merchandise down and credits liquid and is a check on unnecessary borrowings at banks.

Clearings in Chicago for the first 18 days of November were $1,236,332,213, being $21,128,-960, or 1.73 per cent greater than for the corresponding 17 days in October, 1917. Clearings reported by 23 cities in the district outside of Chicago amounted to $341,784,200 for the first 15 days of November, 1918, as compared with $314,371,700 for the first 15 days of November, 1917. Deposits in 12 central reserve city member banks in Chicago were $917,600,000 at the close of business November 18, 1918, and loans were $632,100,000. Deposits show an increase of approximately $20,600,000 over those of October 17 last, and loans approximately $10,100,000. Chicago post-office current receipts are running 11 per cent below those of a year ago.

DISTRICT NO. 8—ST. LOUIS.

Since the ending of hostilities on November 11, the attention of business men has been directed toward restoring their enterprises to a peace basis. Manufacturers, who have been engaged mainly on war contracts, are rearranging their plants to take on their former work or new work. Other producers whose output has been restricted on account of the war are preparing for increased activity with the lifting of restrictions.

It is believed that the resumption of normal demands and the production of commodities which heretofore have been designated as nonessentials will offset the gradual curtailment of war contracts. In fact, business men, as a rule, have no serious misgivings about the ensuing period of readjustment. They are moving cautiously, but are looking to the future in confidence.

The influenza epidemic is on the decline in this district, and the bans placed on business to combat it, in most instances, have been lifted. Department stores, theaters, etc., are now operating as usual, and schools, churches, lodges, etc., are again open. This has materially helped the retail trade. It is also being stimulated by Christmas shopping, which is being done early this year in response to the requests of merchants. Reports indicate a good demand for all kinds of seasonable merchandise. Collections throughout the district are reported to be good, except in some of the southern portions of the district where cotton has been slow in moving.

There has been little change in banking situation in this district since last report. The deposits in the banks have been well maintained, and there has been a good demand for money. The bank rate to customers continues firm at 6 per cent in the larger cities and somewhat higher in the country districts.

There has been some revival in the commercial paper market, though it is still considerably below normal. Brokers report a fair demand from country banks, but very little demand from the large city institutions. The commercial paper rate is still 6 per cent for all names and maturities.

Agricultural conditions in this district are favorable. The winter wheat is reported almost without exception as "the most promising ever seen." The weather since planting has been ideal for its development, and it is making bountiful pasturage. Reports indicate that the acreage planted is considerably in excess of the acreage last year.

Latest reports indicate that the corn crop in the seven States included in this district will yield 1,010,734,000 bushels. This is 247,952,000 bushels less than the estimate for last year, but 37,158,000 bushels more than the average for the previous five years. In Illinois and Indiana the quality of this year's corn is considerably better than the quality of the corn in those States last year, but taking the district as a whole the quality of the corn is 2.5 per cent below the quality of last year. In the drouth-stricken districts, the corn is reported to be chaffy and light, while in other sections heavy fall rains have caused it to decay. More corn has been cut for silage purposes than last year.

The tobacco crop in Kentucky and Tennessee was estimated on November 1 to yield 451,188,000 pounds. This is 57,222,000 pounds less than the estimate for last year, but 28,855,000 pounds more than the estimate of October 1 and 24,491,000 pounds more than the average for the previous five years. The quality of the tobacco in the two States named is estimated to be about 4 per cent below the quality last year.

The prosperity of the farmer is reflected in the Government's report for November 1, which shows that the price index of all crops on that date was 3.1 per cent higher than a year ago, and 97.3 per cent higher than the average for the preceding five years.

The report of the St. Louis National Stock Yards for October shows substantial increases in the receipts of hogs and sheep, in comparison with the corresponding month last year, but decreases in the receipts of cattle, horses, and mules. In the shipments of live stock, decreases are shown in all excepting sheep, in which there was a slight increase over October of last year. In comparison with September of this year, the report shows decreases in the receipts of all kinds of live stock, excepting hogs, in which there was a decided increase.

Postal receipts during October in St. Louis, Louisville, Memphis, and Little Rock all show substantial increases in comparison with the same month last year. The reports for October also show increases over September of this year, excepting that of Memphis, which shows a slight decrease.

Reports for October from leading cities in this district show perceptible decreases in the number of building permits issued and the estimated cost of construction, in comparison with the corresponding month last year. In comparison with September of this year, little change is noted. Since the signing of the armistice renewed interest in real estate, building, etc., has been manifested, and with the lifting of restrictions, increased activity in this line is anticipated.

An improvement in the labor situation is expected with the release of men from the Army. Many concerns are eagerly awaiting the return of experienced employees, while others are desirous of obtaining additional help. There is a good demand for both skilled and unskilled workmen in this district, and little difficulty is anticipated in furnishing employment to those who return. Reports indicate that there are practically no labor disturbances in this district.

DISTRICT NO. 9—MINNEAPOLIS.

In view of the very critical seed corn situation that existed at the beginning of the 1918 planting season, the very good reports concerning supplies of seed for 1919 are being received with especial satisfaction. There is considerable complaint in the corn-growing sections of the district regarding the results from corn grown from seed brought in from eastern localities and points farther south. In eastern and southern Wisconsin and in south central and southern Minnesota considerable corn from such seed has shown an unsatisfactory result, again demonstrating the necessity of obtaining seed corn supplies locally in order to make sure that the crop will develop properly and mature before frost. Owing to the very favorable fall weather, there is a very large amount of excellent seed corn in western and northern Wisconsin and through all of Minnesota and the two Dakotas.

Montana's corn crop, estimated at 2,100,000 bushels has been largely used for silage and fodder, and approximately half of the yield has been harvested as ear corn. In Wisconsin, Minnesota, and the two Dakotas the production per acre is considerably better than the average, and in addition to the high percentage of matured corn, which has cured in excellent shape, the quality is very good. Wisconsin and Minnesota have cut an unusual amount of corn for silage. The proportion of the Wisconsin crop used for that purpose is being estimated as high as 52 per cent.

Reliable estimates indicate that Montana has maintained its rank of second among the flax-producing States of the country, with a production in excess of 3,000,000 bushels this year. The quality is better than that of the last crop. Figures for the two Dakotas are not available but promise to show better flax production than was anticipated in the early fall.

The embargo on grain shipments to terminals has had a serious effect upon the movement of the wheat crop and held back a large quantity of good grain which is ready to seek a market. The terminal situation is gradually improving, both at Minneapolis and Duluth, with the promise that within a short time a largely increased movement will occur. Marketing conditions have had the effect of slowing down the liquidation process at country points, yet the financial strength in the agricultural portions of the district is so great that the discounts at the Federal Reserve Bank, which reached $97,000,000 at the peak of the load in October, were reduced within 40 days to less than $30,000,000. This liquidation was paralleled by a corresponding heavy reduction in the loans of the larger banks at commercial centers to the country institutions. A better movement of wheat will rapidly wipe out the remaining obligations of the country banks to their correspondents, and the reserve institution, leaving them with substantially increased deposits and in a very excellent position to meet spring demands.

Two factors of very considerable importance may already be relied upon to further the planting and harvesting of large crops next year. Government price fixing as to wheat will undoubtedly prevent any shrinkage in the 1918 acreage, and the influence of very profitable returns from the current crop will undoubtedly bring about some further increase in spring planting. The seed outlook is very favorable and it is unlikely that there will be any shortage of either fine or coarse grains. The only unsatisfactory item is clover which, when hulled, showed a light and unsatisfactory yield in the localities where clover seed is produced.

General rains during the month following the period of dry weather have been of considerable assistance in facilitating fall plowing, but moisture is still an important factor in crop prospects for next year and heavy winter snows will be needed throughout practically all of the grain-growing sections of the district if the ground is to be in proper shape for spring planting.

The last six or seven months show considerable deficiency as compared with the average rainfall, and the fall rains that have so far occurred have not been sufficient to create normal subsoil conditions.

The approach of the reconstruction period has created a general discussion of after-the-war conditions. New labor problems will undoubtedly be created, and there is much conjecture as to the course that will be pursued by the Government in reference to encouraging a return to pre-war activities, particularly the field of public improvements and building trades.

Throughout the district there are large numbers of public enterprises, involving a great amount of city and county work, which has been deferred until a more favorable time. Building has been practically at a standstill both in the larger centers and in the country. These two elements may be depended upon to afford considerable opportunity for employment both for returned soldiers and for employees who are likely to be released from active service on account of changes in the industrial field.

Banking and business conditions remain much the same as during the previous month, with a favorable outlook for the early fall and winter.

DISTRICT NO. 10—KANSAS CITY.

The high tide of business in the tenth Federal Reserve district shows a continued upward sweep, in spite of slight and temporary checks which may be attributed to special factors, such as the influenza epidemic, elections, the financing of the fourth Liberty loan, and the cessation of hostilities. As a whole, the situation is viewed with optimism and upon the broad assumption that America's task of equipping and provisioning a large part of the world has only begun.

Financial.—Demand for loans remains strong and rates firm. Government financing is, and will continue to be throughout the coming year or longer, a strong factor. It is of the utmost importance that bankers do not overlook this fact. The demobilization of the Army will take both time and money. This country will be called upon to share to some extent with the allies in enforcing final peace terms. The shipbuilding program is to be continued. The Government has enormous outstanding war obligations with various industries which must be carried through or adjusted with due consideration.

The transition from a war to a peace basis will be gradual and the conservation of credit, as well as continued thrift on the part of the people, are vitally essential, not only to this Nation but to the reconstruction of the devastated countries in Europe.

Bank clearings reported by the 15 clearing house cities in the district show October transactions amounting to $1,631,517,258, as compared with a total of $1,397,108,541 for October of last year, and for the 10 months' period of 1918 the total clearings were $14,165,498,000, as compared with $10,166,133,000 for the corresponding 10 months in 1917.

Agriculture.—Abundant moisture and favorable temperatures have made ideal conditions for fall farming operations. Wheat was never in better condition for winter, and it is believed a summary would show 100 per cent, or normal, as an average for the district. The fine start is a big factor on the side of a successful harvest next summer, though rigors of winter and other harmful influences are yet to be reckoned with. Many farmers are grazing down early planted wheat and putting weight on cattle. There is apparently no fear that the end of the war will lessen the demand for breadstuffs, and there is an increased acreage of winter wheat estimated at 17 per cent for the district.

Restrictions imposed by the Grain Control Committee are limiting the movement to market requirements. Receipts of wheat are 40 per cent less than before the embargo was established, but 25 per cent larger than a year ago. Receipts of corn are 45 per cent heavier and oats about 60 per cent lighter than at this time last year.

Domestic flour trade shows little life and sales to the Government by millers of this district unimportant, causing a slowing down of milling operations to below 70 per cent of capacity, with an output slightly below that of last year at this time.

Live stock.—Meat animals to the number of 2,991,574 came to the six markets of this district in October. Of these 991,435 were cattle, 730,674 were hogs, and 1,269,465 were sheep. Compared with October, 1917, there was an increase of 3,778 cattle and 230,669 hogs and a decrease of 102,334 sheep.

Prime fed and weighty steers are scarce and prices range from $3.25 to $4.50 higher than a year ago. Other classes fluctuate in price but are generally higher than at this time last year. A feature of the markets has been the heavy purchases of cattle for feeders.

A move to stabilize the hog market was the fixing of a minimum November price of $17.50 per 100 pounds, Chicago basis, for packers' droves, based on agreed prices for pork products under Government contracts for meat. The plan imposes an obligation of participating packers to buy no hogs at less than the minimum price, the Food Administration furnishing an outlet for the products and farmers cooperating to maintain a steady run of hogs at the markets.

Packers increased slaughtering in October by purchasing 7 per cent more cattle, 42 per cent more hogs, and 45 per cent more sheep than they purchased in October, 1917.

Petroleum.—With withdrawals from storage of 2,250,000 barrels a month, production in Kansas and Oklahoma falling off, and no prospect of making good the increasing deficit, there is little hope of increasing petroleum production during the coming year to 100 per cent efficiency. The end of the war is welcomed, but with reconstruction work and an enlarged shipping program, there is no assurance of any less demand for petroleum products.

Daily average production of oil this month for Kansas and Oklahoma is about 16 per cent below the record for corresponding weeks last year. Wyoming fields are producing much more than in 1917, but the increase there is not sufficient to offset the slump in other fields.

Field operations indicate a total of 1,106 completed wells and 42,813 barrels initial daily production in October. With the exception of a big well here and there the completions have been what formerly were regarded as inconsequential. However, there is no let-up in the search for oil, as the number of drilling wells indicates. The oil men are completing all the wells the labor and material situation will permit. A stage of development has been reached where neglected "in-between" spots are being prospected and deeper sands are sought in old and well-settled districts.

Mining.—The immediate future of gold and silver mining is not encouraging. With a 2,000-man shortage, and loss due to influenza, it does not seem possible to operate the mines this winter at much above 60 per cent normal production.

Shipments of zinc blend ores in October were 30,370 tons, at an average of $54.70 per ton. Calamite ore shipments were 1,921 tons, averaging $38.62 per ton. Lead ores shipped during the month were 5,467 tons, averaging $100 per ton. Stocks on hand November 1 were 19,650 tons of zinc ores as against 32,925 tons on the same date last year; while stocks of lead ores November 1 were 450 tons as against 7,485 tons November 1, last. Practically the entire lead ore output is purchased weekly, rains which prevented loading being the only reason for any surplus stocks.

A feature of the month was the fixing of a ratio between prices of prime western spelter and the price to be paid for Joplin second-grade ores. The new buying schedule was considered an equitable division of profit and loss between smelter and miner. Following the taking effect of the new schedule, however, the zinc ore industry was thrown into confusion by the smelters reducing purchases approximately 4,000 tons for the week ending November 16, causing an accumulation of 18,000 tons of zinc concentrates. Producers decided at once to curtail production by shutting down operations until the surplus is absorbed.

With many handicaps, little progress toward increasing production of coal is reported.

Construction.—Building operations continue inactive, but the prospect of an early release of labor and materials by the slowing down of Government work and the return of the soldiers from Europe offers encouragement for a resumption of activities in all lines of construction. While lumber manufacturers are hopeful of enlarging production, retail dealers are anticipating a rapid improvement in their trade on account of the demands for materials for long neglected farm improvements and housing improvements in cities. Release of steel and cement is also expected to cause a resumption of municipal construction and highway building although the impression prevails that this class of work will be slow returning to normal because of the necessity of carrying out the ship and harbor program which is limiting the supply of these materials for other than Government work. Building permits in the cities of this district in October were confined to repairs and bare necessities involving little money and offering no comparison with former records.

Labor.—Added to the labor shortage October and the first half of November saw serious complications resulting from a general epidemic of Spanish influenza among all classes of workers throughout the district. No branch of industry escaped. The mines were especially disorganized, many men being incapacitated from one to two weeks. In many cases it was difficult to maintain operations. Factories and large industrial plants were affected in the same way and in the same proportion. Men, on returning to their work proved unequal to their former tasks.

There has been no appreciable improvement in the labor shortage, although the situation is no more acute during November, due to the rescinding of orders calling draftees during the epidemic, followed by a virtual abandonment of the draft with the cessation of hostilities. Labor bureaus report applications for men far in excess of the number of men registering and but a small per cent of places filled.

Mercantile.—Business continues very active except in building materials and tools. In other lines a promising increase continued through October and November to date, with an upward trend. Especially marked is the increase in textiles and furnishing goods. Dealers say that men subject to draft, not knowing with certainty the day they would be called, had postponed the purchase of clothing, but cooler weather resulted in last-minute purchases of wearing apparel regardless of when, if at all, they might be called. A stimulating influence to trade in women's wear, household supplies, and holiday goods has resulted from increased earnings of women, large numbers having taken the places of men now in the service and becoming wage earners for the first time. Increased earnings of heads of families also have contributed to the volume of this trade. Precautionary health measures, due to the epidemic, cut down sales to some extent, but only temporarily postponed the buying. Drugs were very active. The grocery trade continues heavy, especially in those things which can be put away for winter use.

DISTRICT NO. 11—DALLAS.

The successful termination of the war has created optimism everywhere, but at the same time the close of hostilities brings us face to face with a period of readjustment and presents for solution problems which, at the present, will be almost as difficult as when the district changed from peace to a war basis early in 1917.

More seasonable fall weather and fine rains over practically every section of the district has greatly improved the business outlook since our October letter. In the larger cities, especially, conditions are much improved. Retail trade after a rather dull period in October, is again normal. Manufacturing is active; collections are slow.

Wholesalers of dry goods report very little buying among the country trade at the present time on account of warm weather in October and the dull business occasioned by the influenza epidemic. Wholesalers and jobbers also advise that the sudden termination of the war, and the many adjustments in their line which will be necessary as the result, has caused a condition of uncertainty and unsettlement, and they are "marking time" pending developments. They have large stocks of high-priced goods on hand, and until market conditions become more settled and some definite basis can be formed as to future prices, buying will necessarily be curtailed and restricted to actual requirements. Some have already canceled orders for future delivery. The buying season for spring and fall of 1919 will soon be here, but on account of the conditions mentioned above there is little activity. Large mail-order houses report a temporary lull in business and attribute it to the expectation of greatly reduced prices of merchandise.

The wholesale grocery trade has been very active in the past few weeks. This activity, however, is attributable mainly to delivery of stocks purchased in the spring and summer. There is a very strong tendency on the part of the retailer to withhold purchases and to buy in limited quantities, in anticipation of a drop in prices with the end of the war. Wholesalers are encouraging this practice in an effort to prevent hoarding, but report that there is probably little basis for expecting any material decline in grocery prices in the near future, as with the extraordinary demand for food which it now develops will be greatly increased for the devastated European countries, it is not thought there will be any substantial decline, but rather an increase. Collections in the trade are reported as unusually good.

Very heavy and general rains averaging from 2 to 6 inches in many localities have fallen within the past 30 days, with lighter rains earlier in the fall, have as a rule insured excellent range conditions in the West and give promise of a good wheat crop in the Northwest where a very heavy acreage has been planted, and agricultural and live stock conditions are much improved as the result.

The fall crop of sweet potatoes, peanuts, and similar commodities is also being marketed at this time. Our correspondents report that there will be an unusually heavy increase in the acreage planted in wheat, and that the crop looks especially fine at this time. The new crop of ribbon cane sirup is now being marketed at the highest prices known. The crop is large and the grade excellent. Outside of the active preparation for next season's crops and marketing of commodities produced this year, farming conditions remain the same as previously reported. At the present time the crop prospects are excellent, but it should be borne in mind that future weather conditions will determine the yields.

Since the war is over there is a cheerful feeling in the building trade, with both manufacturers of materials and construction firms. It is expected that operations will rapidly be restored to normal with the lifting of Government restrictions on ordinary construction work. Building projects which have been held up during the war will, to a large extent, be released under the recent orders of the Council of Defense which eliminate priority permits for structures costing up to $10,000, and require State authority only on contracts from $10,000 to $25,000. Space is in great demand for both dwellings and commercial purposes and the building trade reports that indications point to an immediate renewal of operations, the extent of which will be dependent on the ready supply of material and labor. Pending the restoration of various plants to peace-time industry the reserve stock of building materials will prove no more than adequate to the increasing demand. Manufacturers of lumber are slow to predict what the immediate future holds for them. The immediate effect is that a large part of Government orders are being canceled and held up, and, as one manufacturer reports, "the mills are entirely up in the air as to what the results will be." The stock of lumber on hand at mills is low and badly broken, and with the present labor shortage and other factors there is no immediate prospect for early replenishing. The cancellation of building restrictions will have the effect of creating a sufficient demand to use such lumber as may be available for several months to come, or until such time as our allies and the European countries come into the market for the enormous amount of lumber they will unquestionably need in the reconstruction period to come.

The banking situation is fully as active as 30 days ago. There continues an unprecedented demand for funds. Interest rates are firm, and range between 6 and 8 per cent for customer's paper. The rediscount operations of this bank show a decrease of some $13,000,000 between October 15 and November 15. This decrease is in member banks' collateral notes. During the same period member banks, rediscounts increased $1,700,000. There is practically no change in the amount of member banks' reserves. Some liquidation has taken place within the past 30 days, but the seasonable period of payments has not yet developed and will not, unless there is a more rapid movement of cotton. Banks in the interior are greatly extended by reason of heavy advances on cotton purchased on a high market, and with practically no movement these institutions are finding it very difficult to maintain the required reserves and balances with correspondents. On account of the uncertainty of the market and the inevitable loss which would be sustained by cotton buyers, there seems to be no relief in sight. Now that the war is over it is hoped that shipping facilities will be provided and the cotton situation eased up considerably. At present the outlook is not very encouraging.

With the fine rains in the west and southwestern sections of the district, and the excellent crop prospects, member banks in those communities are having an unusual demand for funds from their farmer customers for feed, seed for crop preparations, and funds for cattle purchases. These banks will unquestionably find it necessary to seek outside assistance until their communities are again self-sustaining.

Clearings at Austin, Dallas, Fort Worth, Galveston, and Houston, the only cities reporting, show an increase of 1.3 per cent over the same month of 1917.

The final subscriptions to the fourth Liberty loan were over $145,000,000, of which $66,500,000 was paid in full.

Exports from the Galveston district in September aggregate $26,410,000, an increase of 40.7 per cent over the same month of 1917, when the value of such exports was $18,765,000.

Post-office receipts at the principal cities of the district show an increase of 21.8 per cent over the same month of 1917.

DISTRICT NO. 12—SAN FRANCISCO.

There has been full employment for labor, and industrial production to meet Government demands has continued its activity. Agricultural pursuits have followed a regular and satisfactory course. The late crops—rice, potatoes, and beans—were harvested without serious loss. The seeding of winter wheat, with enlarged acreage, is unusually well advanced, on account of early rains in September, particularly in the Pacific Northwest. Delay in moving commandeered stocks has prolonged warehouse congestion and retarded liquidation. Mercantile collections in general have been good. The epidemic of influenza, subsiding in San Francisco under compulsory wearing of gauze masks from a maximum of 2,304 new cases on October 25 to 75 on November 13, has interfered with distribution in the retail trade and wholesale stocks are reported as increasing. While the termination of the war greatly changes the aspect of trade and industry, and injects uncertainty as to the conditions in the near future of business in general, yet it seems reasonable to expect that the shift from war activities to those of peace will occasion less disturbance in this district than in others, because its products are such that an uninterrupted demand for them will continue.

Interest rates in the industrial and agricultural centers remain firm at 6 and 7 per cent, respectively.

Bank clearings for 18 principal cities of the district in October amounted to $1,316,659,000, an increase of $260,673,000, or 24.7 per cent, over the same month in 1917, and $242,874,000, or 22.6 per cent, over September, 1918. From October 3 to October 30 total checks paid by clearing house banks in 17 principal cities of the district amounted to $2,494,858,000, of which $1,472,483,000 were debits to accounts of individuals, firms, or corporations, and $1,022,375,000 were debits to accounts of banks and bankers.

Building permits for the 18 principal cities totaled $3,114,000. Compared with October, 1917, this was a decrease of $1,217,000, or 28.1 per cent. As compared with September, 1918, however, the decrease was $1,982,000, or 38.8 per cent, Tacoma alone among the reserve cities showing an increase of 10 per cent.

During the first 9 months of 1918 there were 828 commercial failures, with liabilities of $9,906,607, in California, Oregon, and Washington, a decrease of 37 per cent in liabilities when compared with the same period in 1917, which showed 1,223 failures, with $15,714,808 liabilities. The decrease from the 1916 period, with 1,378 failures and $12,213,917 liabilities, was 19 per cent. For the United States there was a decrease of 12.5 per cent in liabilities from the figures of 1917 and 20 per cent from those of 1916.

The 1918 sugar crop of Hawaii totaled 561,000 tons, as compared with 636,000 tons in 1917. The last 5,000 tons of the season were manufactured in November. Practically all of the output has already been shipped to continental United States, more than 100,000 tons being shipped in August. The grinding season for the 1919 crop, estimated at 600,000 tons, has commenced.

Government estimates of the sugar-beet crop in the various States of the district are as follows:

State.	Oct. 1.	December, 1917.	Condition (Oct. 1).	Condition (Nov. 1).
	Tons.	*Tons.*		
California	1,102,000	1,331,000	90	86
Utah	1,094,000	762,000	94	101
Idaho	347,000	312,000	91	96

Washington will probably produce 60,000 tons this year, the present condition of the crop being estimated at only 62. Prices for beets having a 15 per cent sugar content have ranged from $10 per ton in Utah and Idaho to $8.50 and $9.25 in California.

According to forecasts the California orange crop for the year 1918–19 will total 14,322,000 boxes, distributed by districts as follows: Northern California, 138,600; central California, 1,339,800; and southern California, 12,843,600. The 1917–18 crop was only 7,093,270 boxes, while that of 1916–17 reached 19,374,873 boxes. The condition of the crop on November 1 was 71, compared with 50 for 1917 and 85 on a 10-year average. The fruit is running to large sizes. Valencias of the season just ended sold as high as $12 and $14 per box. Navels of the new crop ready for shipment before January 1 are expected to sell from $7 to $9 per box, f. o. b.

The lemon crop improved from a condition estimated at 86 on October 1 to 88 on November 1, the 10-year average being 86. The new crop, according to a résumé of estimates, may reach 4,000,000 boxes, almost a million in excess of the bumper crop of two years ago.

The potato crop of the district this year is 20 per cent less than last year. For the United States there is also a decrease of 11.8 per cent, the total production of the Nation being 389,912,000 bushels as against 442,536,000 in 1917. The following are the district totals by States:

	1918	1917
	Bushels.	*Bushels.*
California	12,555,000	15,225,000
Washington	8,580,000	9,875,000
Oregon	5,500,000	8,100,000
Idaho	5,180,000	6,084,000
Utah	3,600,000	4,347,000
Nevada	1,753,000	3,105,000
Arizona	425,000	425,000
Total	37,593,000	47,161,000

In California, Idaho, and Washington only 80, 70, and 66 per cent, respectively, of the crops are grown for the market, the remainder being consumed on the producers' farms. Between 30,000 and 40,000 bushels of certified seed potatoes have been raised in the Willamette Valley, Oreg., this year for shipment to California. The sweet-potato crop in California is estimated at 1,020,000 bushels, an increase of 18,000 bushels over last year.

California raisin and bean crops have suffered from unfavorable weather conditions during September and October. November reports place the season's total of raisins at 135,000 tons, with an average yield of 1,800 pounds per acre. The crop in 1917 was 163,000 tons.

The bean crop has suffered more in quality than in quantity. The November estimate forecasts a total of 6,258,000 bushels of beans toher than limas. The October estimate of limas was 2,610,000 bushels, which brings the total production up to 8,868,000 bushels, as compared with 8,091,000 bushels in 1917.

In the Salt River Valley, Ariz., the long staple cotton crop grown this year on 75,000 acres is estimated at approximately 35,000 bales. The condition in September was 96, but later reports place it at 93. Last year the production on 30,000 acres was 15,000 bales. In the Imperial Valley the crop will total 70,000 bales, produced as follows: Short staple and Durango from 80,000 acres in Mexico and 60,000 in California, and Egyptian (Pima) from 3,000 acres in California. The Mexican crop is marketed in Calexico, Cal.

The salmon pack on the Pacific coast of the United States for the season has been estimated at 8,300,000 cases, classified as follows: Pink, 3,000,000; Alaska red and sockeye, 2,600,000; chum, 1,500,000; king, 700,000; medium red or Coho, 500,000. British Columbia will probably produce 1,000,000 cases, bringing the total up to 9,300,000 cases, as compared with 10,124,894 in 1917. The Government has commandeered 60 per cent of the chum, 65 per cent of the pink, 80 per cent of the Alaska red, and 100 per cent of the sockeye varieties.

The total production of crude petroluem in California during September was 8,274,710 barrels, a decrease of 438,150 barrels as compared with August. From September 1 to October 1 stored stocks increased 70,929 barrels.

During the four-week period ending November 2, an average of 122 lumber mills in the Pacific Northwest reported a total production of 284,389,447 feet, which was 24,157,553 feet, or 7.83 per cent below normal. The first week's production was 3.85 per cent below normal, the second 4.01, the third 10.01, and the fourth 13.08. The general situation reported last month has not improved, and the congestion due to accumulating side-cut lumber has not been relieved.

GOLD SETTLEMENT FUND.

The following review and accompanying tables cover the two months' period from September 20 to November 21, 1918. Hereafter data concerning the operations of the gold settlement fund will be published quarterly.

Due to large payments at interior centers on account of the heavy crop movements at this season of the year and the large fiscal operations of the Government involving large movements of funds from New York to the interior and concentration largely at New York City of funds received in payment for subscriptions to the fourth Liberty loan, the average weekly volume of transactions through the gold settlement fund for the period under review have been the largest of any similar period since the inception of the fund. Combined clearings and transfers for the nine-week period aggregated $10,256,341,000, averaging $1,139,593,000 per week against a like average of $928,448,250 for the preceding four-week period.

The movement of funds to interior centers in connection with crop payments is reflected clearly by the large net credit balances in the daily settlements shown by the reserve banks located in the leading agricultural sections. The Chicago, Minneapolis, and Kansas City Reserve Banks show particularly favorable balances

Heavy demands on the banks in the New York reserve district are reflected by the net debit of $360,766,000 in the daily settlements of the New York Federal Reserve Bank. On the other hand, the net movement of funds to the New York bank through transfers from other Federal Reserve Banks, principally transfers of Government funds for the credit of the United States Treasurer, amounts to $348,348,000, resulting in a net movement of funds away from New York through transfers and settlements of only $12,418,000.

Changes in the ownership of gold in the banks' fund through transfers and settlements during the nine-week period amounted to 1.38 per cent of the total obligations settled, as against 2.45 per cent for the preceding four-week period. Net changes in the ownership of gold since the commencement of the operation of the fund on May 20, 1915, to November 21, 1918, amount to 0.88 per cent of the total obligations settled during that period. The largest gain in gold through transfers and settlements, $90,514,000, was reported by the Federal Reserve Bank of Chicago, while Philadelphia reported the largest decrease, $72,780,000.

Net deposits of gold in the banks' fund amounted to $19,757,000, while net withdrawals of gold by Federal Reserve agents aggregated $21,000,000, representing principally payments to the Treasurer for credit in the gold redemption fund against Federal Reserve notes. The resulting net loss of gold in the combined funds was $1,243,000. On November 21 the total standing to the credit of both the Federal Reserve Banks and agents was $1,311,917,000, of which the banks' settlement fund constituted $442,362,000 and the agents' fund $869,555,000, as against $465,787,000 and $847,373,000 before settlement on September 20.

Below are given figures showing the operations of the fund between September 20 and November 21, 1918, both inclusive:

Amounts of clearings and transfers through the gold settlement fund by Federal Reserve Banks from Sept. 20, 1918, to Nov. 21, 1918, both inclusive.

[In thousands of dollars.]

	Total clearings.	Balances adjusted.	Transfers.
Settlements of—			
Sept. 20–26	953,752	53,310	28,000
Sept. 27–Oct. 3	1,028,560	27,891	46,404
Oct. 4–10	1,049,820	49,230	50,960
Oct. 11–17	994,260	55,665	23,000
Oct. 18–24	1,208,208	41,041	56,588
Oct. 25–31	1,263,293	110,241	73,667
Nov. 1–7	1,011,226	64,037	92,303
Nov. 8–14	955,719	54,940	93,743
Nov. 15–21	1,100,780	119,880	226,058
Total	9,565,618	576,235	690,723
Previously reported for 1918	29,880,258	2,319,468	3,149,992
Total since Jan. 1, 1918	39,445,876	2,895,703	3,840,715
Total for 1917	24,319,200	2,154,721	2,835,504

CLEARINGS AND TRANSFERS.

Total for 1918 to date	43,286,591
Total for 1917	27,154,704
Total for 1916	5,533,960
Total for 1915	1,052,649
Total clearings and transfers from May 20, 1915, to Nov. 21, 1918	77,027,910

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank.	Total to Sept. 20, 1918.		From Sept. 20, 1918, to Nov. 21, 1918, both inclusive.				Total changes from May 20, 1915, to Nov. 21, 1918.	
	Decrease.	Increase.	Balance to credit Sept. 19, 1918, plus net deposits of gold since that date.	Balance Nov. 21, 1918.	Decrease.	Increase.	Decrease.	Increase.
Boston		50,507	62,350	34,694	27,656			22,851
New York	667,053		39,000	26,582	12,418		679,471	
Philadelphia		100,645	105,508	32,728	72,780			27,865
Cleveland		146,489	58,299	45,579	12,720			133,769
Richmond		23,155	10,811	13,953		3,142		26,297
Atlanta		40,067	7,916	6,425	1,491			38,576
Chicago		76,950	75,680	166,194		90,514		167,464
St. Louis		49,043	28,717	33,356		4,639		53,682
Minneapolis		8,712	[1] 11,027	16,644		27,671		36,383
Kansas City		50,182	35,050	24,429	10,621			39,561
Dallas		30,338	6,444	2,246	4,198			26,140
San Francisco		90,965	23,614	39,532		15,918		106,883
Total	667,053	667,053	442,362	442,362	141,884	141,884	679,471	679,471

[1] Debit balance.

Gold settlement fund—Summary of transactions from Sept. 20, 1918, to Nov. 21, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Sept. 19, 1918.	Gold withdrawals.	Gold deposits.	Aggregate withdrawals and transfers to agents' fund.	Aggregate deposits and transfers from agents' fund.	Transfers.		Daily settlements, Sept. 20, 1918, to Nov. 21, 1918, both inclusive.				Balance in fund at close of business Nov. 21, 1918.
						Debits.	Credits.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	67,683	150	4,817	10,150	4,817	48,000	65,333	83,781	863,225	818,236	38,792	34,694
New York	42,716	10,000	6,284	10,000	6,284	40,000	388,348	360,766	3,249,341	2,888,575		26,582
Philadelphia	71,539	17,275	7,398	17,875	51,844	98,933	46,235	38,500	1,065,131	1,045,049	18,418	32,728
Cleveland	53,355	9,020	3,964	27,020	31,964	97,904	14,459	12,085	806,302	877,027	82,810	45,579
Richmond	25,117	6,085	7,779	22,085	7,779	16,000	10,078	18,950	518,293	527,357	28,014	13,953
Atlanta	11,640	370	2,046	13,770	10,046	45,401	39,670	16,881	316,539	320,779	21,121	6,425
Chicago	80,089	3,601	11,560	75,981	71,572	92,570	85,283	56	1,082,626	1,180,427	97,857	166,194
St. Louis	21,116	3,999	1,600	7,999	15,600	8,960		19,630	586,326	599,925	33,229	33,356
Minneapolis	20,823		1,150	33,000	1,150	39,022	7,532	16,511	277,333	336,494	75,672	16,644
Kansas City	23,748	2,500	4,802	3,500	14,802	101,500	285	3,760	375,446	466,040	94,354	24,429
Dallas	7,622	1,710	1,532	2,710	1,532	63,433	24,500		189,847	224,582	34,735	2,246
San Francisco	40,339		7,135	25,000	8,275	39,000	9,000	5,315	235,209	281,127	51,233	39,532
Total	465,787	40,310	60,067	249,090	225,665	690,723	690,723	576,235	9,565,618	9,565,618	576,235	442,362

Federal Reserve agents' fund—Summary of transactions from Sept. 20, 1918, to Nov. 21, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve agent at—	Balance last statement Sept. 19, 1918.	Gold withdrawals.	Gold deposits.	Withdrawals for transfers to bank.	Deposits through transfers from bank.	Total withdrawals.	Total deposits.	Balance at close of business, Nov. 21, 1918.
Boston	46,000	4,000			10,000	4,000	10,000	52,000
New York	110,000							110,000
Philadelphia	99,409	3,000		44,446	15,000	47,446	15,000	66,963
Cleveland	110,000			28,000	18,000	28,000	18,000	100,000
Richmond	44,000	2,000			16,000	2,000	16,000	58,000
Atlanta	32,770	2,000		8,000	13,400	10,000	13,400	36,170
Chicago	190,018	4,000		60,012	72,380	64,012	72,380	198,386
St. Louis	53,631			14,000	4,000	14,000	4,000	43,631
Minneapolis	11,300	2,500			33,000	2,500	33,000	41,800
Kansas City	55,360	1,000		10,000	1,000	11,000	1,000	45,360
Dallas	10,184	500			1,000	500	1,000	10,684
San Francisco	84,701	2,000		1,140	25,000	3,140	25,000	106,561
Total	847,373	21,000		165,598	208,780	186,598	208,780	869,555

OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, OCT. 16 TO NOV. 15, 1918.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Total items drawn on banks in own Federal Reserve district daily average).		Items drawn on banks in other districts (daily average).		Items handled by both parent bank and branches (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of non member banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston	12,681	$23,361,974	69,093	$10,478,198	81,774	$33,840,172	8,421	$11,743,655	......	....	7,690	$4,288,887	421	244
New York	14,585	96,579,291	127,005	73,498,512	141,590	170,077,803	32,247	16,099,956	......	....	42,586	21,158,903	717	331
Philadelphia	17,432	28,645,066	32,131	5,156,676	49,563	33,801,742	16,999	11,988,556	......	....	9,530	6,315,070	629	328
Cleveland	5,077	6,753,068	51,278	24,232,512	56,355	30,985,580	2,914	4,443,925	2,184	$3,305,458	3,689	3,041,958	806	688
Richmond	2,113	7,096,422	40,945	15,662,178	43,058	22,758,600	6,118	7,722,052	215	887,121	1,888	567,353	560	349
Atlanta	2,541	2,752,637	20,700	7,404,595	23,241	10,157,232	2,296	4,240,046	3,174	1,925,745	3,661	1,619,528	418	317
Chicago	13,421	27,711,000	52,924	12,834,000	66,345	40,545,000	5,475	1,266,000	369	315,000	10,409	5,669,000	1,321	2,274
St. Louis	4,735	9,572,548	28,264	6,685,658	32,999	16,258,206	1,014	1,245,904	764	597,666	6,429	1,559,690	513	1,041
Minneapolis	3,014	11,342,119	19,507	2,369,194	22,521	13,711,313	974	1,980,794	......	....	838	259,172	856	1,101
Kansas City	3,890	11,151,106	53,914	15,531,712	57,804	26,682,818	5,211	6,505,071	2,443	2,279,848	5,422	780,569	993	2,217
Dallas	1,189	2,396,385	23,937	7,522,513	25,126	9,918,898	2,493	1,982,590	874	189,456	2,714	521,103	720	251
San Francisco	1,756	3,652,851	30,786	7,727,350	32,542	11,380,201	634	806,717	2,175	1,855,781	3,312	7,008,999	630	1,078
Totals:														
Oct. 16 to Nov. 15, 1918	82,434	231,014,467	550,484	189,103,098	632,918	420,117,565	84,796	70,025,266	12,198	11,356,075	98,168	52,790,232	8,584	10,219
Sept. 16 to Oct. 15, 1918	64,931	208,639,006	495,441	169,025,374	560,372	377,664,380	89,455	70,992,919	13,033	11,127,973	106,539	51,048,149	8,510	10,318
Aug. 16 to Sept. 15, 1918	55,123	182,321,867	441,979	145,374,804	497,102	327,696,671	80,555	62,764,960	11,053	6,866,305	87,213	45,695,643	8,428	10,549
Oct. 16 to Nov. 15, 1917	47,574	166,552,773	232,723	64,296,210	280,297	230,848,983	45,393	53,089,827	......	....	30,426	17,496,974	7,826	9,210

DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

During the month of October discount operations of the Federal Reserve Banks reached a grand total of $5,903,962,877, compared with $4,685,139,187 the month before, $3,002,889,591 for the month of May, marking the close of the third Liberty loan, and $3,206,486,871 for November, 1917, when the second Liberty loan was brought to a close. Of the total bills discounted during the month under review the share of war paper, i. e., member banks' notes and customers' paper secured by United States war obligations, was nearly 90 per cent, compared with over 87 per cent the month before and about 85 per cent in May of the present year. About 63 per cent of the total discounts for the month and 66 per cent of the war paper discounted during the month are shown for the New York bank, Chicago following with over 9 per cent of the month's total discounts and over 8 per cent of the war paper discounted during the month.

Discounts of member banks' notes secured by eligible paper totaled $53,202,467, compared with $35,178,979 the month before, Boston, Minneapolis, and Kansas City reporting considerable increases in the discounts of this class of paper. Trade acceptances discounted during the month aggregated $24,135,683, compared with $21,202,288 during September. Of the larger total, $19,516,886, as against $13,337,303 in September, represented transactions in the domestic trade, and $4,618,797, as against $7,865,585 in September, transactions in the foreign trade. New York reports about one-third of all the discounted trade acceptances and 87 per cent of the discounted foreign trade acceptances. Discounts of domestic trade acceptances are more evenly distributed, eight banks reporting over one million each of these transactions. The above totals are exclusive of $4,762,619 of foreign trade acceptances and $2,616,489 of domestic trade acceptances bought during the month in the open market largely, by the New York, Cleveland, and San Francisco banks.

Over 94 per cent of the paper discounted during the month was 15-day paper, i. e., maturing within 15 days from date of discount with the Federal Reserve Bank. For the New York bank this percentage, because of the relatively larger volume of collateral notes handled, runs as high as 97.4 per cent. Discounts of six-month paper, which the month before had declined to $5,704,756, show a total of $11,931,131 for October.

Average maturities of the paper discounted, except at the Minneapolis and San Francisco banks, were higher than in September. The average maturity of all paper discounted was 11.17 days, as against 10.38 the month before. For all discounts the calculated average rate was 4.21 per cent, compared with 4.24 per cent in September, though at a number of banks, because of the relatively larger amount of war paper handled, longer average maturities go together with lower average rates.

On the last Friday of the month the banks held a total of $1,546,164,000 of discounted paper, as against $1,713,430,000 on the last Friday in September. Of the total discounts on hand the share of war paper was 70.9 per cent, compared with 71.2 per cent about the end of September and 62.8 per cent on the corresponding date in May of the present year. At the New York bank this share was nearly 82 per cent, even larger percentages obtaining at the Boston and Philadelphia banks. Discounted trade acceptances totaled $20,273,000, compared with $19,254,000 about a month before. Of the larger total, $2,602,909, as against $3,737,523, were foreign trade acceptances, all held by the New York bank. Agricultural paper on hand totaled $27,966,000, compared with $35,440,000 on the last Friday in September, while live-stock paper holdings aggregated $36,891,000, of which over one-half was reported by the Kansas City bank.

During the month there were 74 accessions to membership, the number of member banks being 8,617 at the close of October. Nearly 42 per cent of this number, or 3,610 members, as against 3,464 in September, discounted with their Federal Reserve Banks during the month under review.

In the following exhibit are given the number of member banks at the end of September and October; also the number of banks discounting during the two months:

Federal Reserve district.	Number of member banks in district.		Number of member banks accommodated.	
	Oct. 31.	Sept. 30.	October.	September.
Boston	421	421	229	211
New York	718	712	366	346
Philadelphia	656	655	318	305
Cleveland	809	806	165	185
Richmond	561	559	235	229
Atlanta	419	415	216	194
Chicago	1,314	1,281	596	589
St. Louis	512	505	204	190
Minneapolis	855	852	211	291
Kansas City	994	992	356	300
Dallas	726	720	457	355
San Francisco	632	625	257	269
Total	8,617	8,543	3,610	3,464

Total investment operations of each Federal Reserve Bank during the months of October, 1918 and 1917.

	Bills discounted for members.	Bills bought in open market.			Municipal warrants.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston	$304,042,107	$29,379,576		$29,379,576				
New York	3,713,305,674	102,403,144	[2] $3,164,645	105,567,789				
Philadelphia	215,323,196	20,593,547	25,000	20,618,547				
Cleveland	157,748,857	21,668,568	[3] 1,574,037	23,242,605				
Richmond	221,860,281	7,087,997		7,087,997				
Atlanta	168,736,349	8,715,137		8,715,137			$300	$300
Chicago	545,492,495	30,683,643		30,683,643				
St. Louis	154,899,519	2,377,280		2,377,280				
Minneapolis	58,365,113	3,915,000		3,915,000				
Kansas City	117,418,462	6,969,268	34,041	7,003,309				
Dallas	85,423,080	2,240,000		2,240,000				
San Francisco	161,347,744	22,108,050	[4] 2,581,385	24,689,435				
Total, October, 1918	5,903,962,877	258,141,210	7,379,108	265,520,318			300	300
Total, October, 1917	2,681,165,854	85,443,102	1,451,080	86,894,182	$1,043,604	$133,052	10,000	1,186,656

	United States securities.				Total investment operations.	
	3½ per cent.	4¼ per cent.	United States certificates of indebtedness.	Total.	1918	1917[1]
Boston		$1,222,350	$3,750,000	$4,972,350	$338,394,033	$17,426,697
New York			561,199,500	561,199,500	4,380,072,963	2,435,196,730
Philadelphia		1,500	18,451,000	18,452,500	254,394,243	21,394,910
Cleveland			8,497,500	8,497,500	189,488,962	34,065,986
Richmond		1,000	1,886,000	1,887,000	230,835,278	30,856,826
Atlanta	$15,500	16,250	2,338,000	2,369,750	179,821,536	20,591,323
Chicago			6,167,000	6,167,000	582,343,138	99,420,562
St. Louis			2,071,000	2,071,000	159,347,799	26,045,543
Minneapolis		11,450	2,844,500	2,855,950	65,136,063	8,210,489
Kansas City			2,199,500	2,199,500	126,621,271	44,466,463
Dallas		29,500	1,741,000	1,770,500	89,433,580	16,625,539
San Francisco		8,200	19,899,500	19,907,700	205,944,879	16,505,024
Total, October, 1918	15,500	1,290,250	631,044,500	632,350,250	6,801,833,745	
Total, October, 1917	157,650			[5] 1,559,400		2,770,806,092

[1] Exclusive of purchases of Treasury certificates of indebtedness.
[2] Includes $1,206,423 in the domestic trade.
[3] Includes $1,260,282 in the domestic trade.
[4] Includes $149,784 in the domestic trade.
[5] Includes $3,100 at 3 per cent, $29,650 at 4 per cent, and $1,369,000 of 1-year Treasury notes.

Average amount of earning assets held by each Federal Reserve Bank during October, 1918, earnings from each class of earning assets, and annual rates of earnings on basis of October, 1918, returns.

	Average balances for the month of the several classes of earning assets.				
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston	$84,354,256	$52,857,427	$2,985,156		$140,196,839
New York	668,350,147	129,870,208	55,833,927		854,054,282
Philadelphia	105,708,472	26,254,322	6,172,614		138,135,408
Cleveland	85,777,878	55,364,233	11,599,411		152,741,522
Richmond	66,102,054	6,181,593	2,790,135		75,073,783
Atlanta	79,915,016	9,216,021	2,614,297	$46,542	91,791,876
Chicago	247,887,792	36,911,567	15,182,618		299,981,977
St. Louis	79,353,393	3,927,464	4,417,948		87,698,805
Minneapolis	52,694,300	2,156,000	1,333,000		56,183,300
Kansas City	79,811,086	3,440,003	10,095,292		93,346,381
Dallas	53,929,297	2,027,581	5,698,911		61,655,788
San Francisco	105,882,684	32,244,293	5,719,700		143,846,677
Total	1,709,766,375	360,450,712	124,443,009	46,542	2,194,706,638

	Earnings from—					Calculated annual rates of earnings from—				
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
						Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Boston	$299,857	$190,961	$6,426		$497,244	4.19	4.25	2.53		4.18
New York	2,252,277	454,727	108,035		2,815,039	4.09	4.26	2.35		4.01
Philadelphia	394,057	99,344	13,143		506,545	4.38	4.45	2.50		4.31
Cleveland	306,692	198,476	33,838		539,006	4.21	4.22	3.44		4.15
Richmond	253,167	25,284	6,004		284,456	4.51	4.82	2.53		4.46
Atlanta	289,968	34,228	5,497	$193	329,885	4.27	4.37	2.47	4.87	4.23
Chicago	898,565	130,293	28,723		1,057,581	4.27	4.16	2.23		4.15
St. Louis	290,158	16,200	8,388		314,746	4.30	4.86	2.24		4.22
Minneapolis	211,046	7,895	3,911		222,852	4.72	4.31	3.45		4.66
Kansas City	324,215	11,215	20,397		355,827	4.77	3.84	2.38		4.49
Dallas	212,208	7,712	10,145		230,065	4.63	4.47	2.08		4.25
San Francisco	399,307	124,972	12,579		536,857	4.59	4.57	2.99		4.51
Total	6,131,517	1,301,307	257,086	193	7,690,103	4.22	4.25	2.44	4.87	4.13

Bills discounted during the month of October, 1918, distributed by classes.

Federal Reserve Bank.	Customers' paper secured by United States war obligations.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.	Average maturity in days.	Average rate (per cent).[1]
		Secured by United States war obligations.	Otherwise secured.					
Boston	$39,492,285	$246,158,850	$10,594,500	[2] $1,169,130	[4] $6,627,342	$304,042,107	15.40	4.07
New York	80,049,179	3,413,439,359	385,000	[3] 7,897,476	[5] 211,534,660	3,713,305,674	7.06	4.09
Philadelphia	26,131,220	163,310,194		182,300	25,699,482	215,323,196	18.95	4.11
Cleveland	9,701,676	117,207,932	350,000	2,135,203	28,354,046	157,748,857	17.62	4.21
Richmond	5,162,993	204,682,578	270,081	1,526,210	10,218,419	221,860,281	10.45	4.41
Atlanta	3,880,671	123,190,750	814,000	2,235,224	38,615,704	168,736,349	18.81	4.21
Chicago	9,188,248	417,479,346	12,293,087	2,332,938	104,198,876	545,492,495	19.01	4.24
St. Louis	1,424,781	121,609,800	5,000	1,824,741	30,035,197	154,899,519	19.42	4.29
Minneapolis	194,637	36,595,950	10,222,000	64,629	11,287,897	58,365,113	21.33	4.44
Kansas City	886,462	78,272,256	16,548,559	958,403	[6] 20,752,782	117,418,462	25.28	4.78
Dallas	1,187,797	69,063,022	1,595,240	591,970	12,985,051	85,423,080	22.69	4.44
San Francisco	1,933,761	138,511,760	125,000	3,217,459	[7] 17,559,764	161,347,744	19.74	4.51
Total	179,233,710	5,129,521,797	53,202,467	24,135,683	517,869,220	5,903,962,877	11.17	[8] 4.21

[1] Boston and New York calculated on a 365-day basis; all other Federal Reserve Banks on a 360-day basis.
[2] Includes $590,153 in the foreign trade.
[3] Includes $4,028,644 in the foreign trade.
[4] Includes $7,143 of bankers' acceptances.
[5] Includes $996,478 of bankers' acceptances.
[6] Includes $4,415 of bankers' acceptances.
[7] Includes $62,425 of bankers' acceptances.
[8] Average discount rate on all paper discounted works out at 4.19 per cent if calculated on a uniform 360-day basis, and at 4.25 per cent if calculated on a 365-day basis.

Amounts of discounted paper, including member banks' collateral notes held by each Federal Reserve bank on the last Friday in October, 1918, distributed by classes.

[In thousands of dollars, i. e., 000 omitted.]

Banks.	Agricultural paper.	Live-stock paper.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
				Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston	1	54	55,169	22,422	130	447	11,021	89,244
New York	277	....	74,770	401,141	385	[1] 5,978	98,266	580,817
Philadelphia	12	51	24,705	53,650	....	377	12,551	91,346
Cleveland	115	132	8,876	52,251	....	2,608	16,221	80,203
Richmond	2,446	78	7,383	37,182	145	1,764	12,622	61,620
Atlanta	2,064	550	1,163	44,368	284	1,759	26,521	76,709
Chicago	5,346	....	9,685	142,720	23,539	2,531	53,551	237,372
St. Louis	318	544	1,476	43,046	542	1,446	25,442	72,814
Minneapolis	1,428	5,908	1,210	12,168	75	59	17,646	38,494
Kansas City	4,312	18,902	270	33,492	8,358	1,023	14,489	80,846
Dallas	5,695	7,628	1,851	13,821	1,247	....	15,435	45,677
San Francisco	5,898	3,098	4,103	49,498	125	2,281	26,019	91,022
Total	27,912	36,945	190,661	905,759	34,830	20,273	329,784	1,546,164
Per cent	1.8	2.0	12.3	58.0	2.0	1.3	21.3	100.0

[1] Includes $2,602,909 in the foreign trade.

Acceptances bought in open market and held by each Federal Reserve Bank on Oct. 31, 1918, distributed by classes of accepting institutions.

[In thousands of dollars: i. e., 000 omitted.]

	Member banks.	Non-member trust companies.	Non-member State banks.	Private banks.	Foreign banks, branches, and agencies.	Total.	Trade acceptances bought in open market.			Total acceptances.
							Domestic.	Foreign.	Total.	
Boston	45,462	528	552	7,904	340	54,786	....	....	....	54,786
New York	97,963	473	6,562	13,558	7,183	125,739	2,451	2,605	5,056	130,795
Philadelphia	28,188	....	1,206	1,968	175	31,537	....	....	....	31,537
Cleveland	44,392	1,931	2,029	4,684	1,268	54,304	1,377	371	1,748	56,052
Richmond	9,783	....	....	....	....	9,783	....	....	....	9,783
Atlanta	12,323	....	30	25	....	12,378	....	....	....	12,378
Chicago	34,942	....	....	56	....	34,998	....	....	....	34,998
St. Louis	3,646	....	70	100	....	3,816	....	....	....	3,816
Minneapolis	3,907	....	....	....	....	3,907	....	....	....	3,907
Kansas City	6,642	....	198	124	....	6,964	....	34	34	6,998
Dallas	2,195	....	....	....	....	2,195	....	....	....	2,195
San Francisco	25,276	17	1,022	1,823	5,040	33,178	119	2,047	2,166	35,344
Totals:										
Oct. 31, 1918	314,719	2,949	11,669	30,242	14,006	373,585	3,947	5,057	9,004	382,589
Sept. 30, 1918	233,926	2,859	2,479	27,551	13,999	280,814	2,745	5,761	8,506	289,320
Aug. 31, 1918	188,366	1,717	8,264	19,167	8,450	225,964	2,201	6,605	8,806	234,770
Oct. 31, 1917	150,301	3,147	1,307	21,083	2,153	177,991	....	....	6,224	184,216
Oct. 30, 1916	37,993	27,951	733	11,829	....	78,506	....	....	2,468	80,974

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Nov. 1 to Nov. 22, 1918.

RESOURCES.

[In thousands of dollars: i. e. 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold in vault and in transit:													
Nov. 1	3,199	276,733	216	36,206	6,336	7,022	25,310	1,337	8,313	158	8,111	10,892	383,833
Nov. 8	3,491	277,226	346	38,073	6,226	7,708	24,979	1,252	8,310	123	8,122	10,581	386,437
Nov. 15	3,779	277,615	118	26,242	6,278	7,515	24,683	2,111	8,325	165	8,115	10,581	375,527
Nov. 22	3,377	277,341	194	28,264	2,311	7,574	24,531	2,206	8,366	300	6,670	10,364	371,498
Gold settlement fund, Federal Reserve Board:													
Nov. 1	28,785	97,456	57,306	32,233	21,901	15,233	70,050	27,204	35,190	28,679	11,922	23,289	449,248
Nov. 8	51,928	71,893	40,171	32,876	9,074	12,655	78,177	30,571	26,585	29,977	12,370	39,175	435,452
Nov. 15	41,187	36,818	46,078	47,321	9,941	15,615	111,489	29,236	27,691	18,938	12,823	36,748	433,885
Nov. 22	33,763	32,209	32,657	32,983	12,384	5,720	174,365	28,118	12,588	25,496	2,103	43,506	435,892
Gold with foreign agencies:													
Nov. 1	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Nov. 8	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Nov. 15	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Nov. 22	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Gold with Federal Reserve agents:													
Nov. 1	67,769	285,627	95,935	142,152	60,967	45,844	188,236	48,992	48,158	48,322	24,215	93,642	1,149,859
Nov. 8	67,261	283,856	82,212	140,880	60,384	45,315	190,989	48,790	53,007	48,044	24,129	100,773	1,145,640
Nov. 15	66,878	282,983	80,314	151,484	60,089	44,924	197,842	46,173	57,772	47,981	24,102	106,037	1,166,579
Nov. 22	65,436	282,650	79,221	133,130	59,973	44,956	204,702	53,131	57,531	47,850	22,523	117,814	1,168,917
Gold redemption fund:													
Nov. 1	5,950	24,903	7,000	440	96	4,285	10,515	3,158	3,371	1,271	2,156	315	63,460
Nov. 8	6,094	24,992	7,500	554	6,244	4,385	10,729	3,246	3,439	3,759	2,156	135	73,233
Nov. 15	6,271	24,992	7,700	1,212	5,958	4,541	11,108	3,338	3,560	3,794	2,155	328	74,957
Nov. 22	6,641	24,992	7,700	3,250	5,897	4,917	11,790	3,332	3,732	3,715	2,155	8	78,129
Total gold reserves:													
Nov. 1	106,111	686,730	160,865	211,556	89,504	72,559	294,927	80,924	95,265	78,721	46,608	128,459	2,052,229
Nov. 8	129,182	659,978	130,637	212,908	82,132	70,238	305,690	84,092	91,574	82,194	46,981	150,985	2,046,591
Nov. 15	118,523	624,419	134,618	226,784	82,470	72,770	345,938	81,091	97,581	71,169	47,399	154,015	2,056,777
Nov. 22	109,625	619,203	120,180	198,152	80,769	63,342	416,204	87,020	82,450	77,652	33,655	172,013	2,060,265
Legal tender notes, silver, etc.:													
Nov. 1	3,055	43,394	547	427	663	166	1,442	2,107	71	162	1,104	318	53,456
Nov. 8	3,943	43,483	637	434	661	185	1,335	2,054	64	128	1,102	222	54,248
Nov. 15	2,663	43,211	974	437	677	207	1,346	2,105	46	109	1,039	225	53,039
Nov. 22	3,725	45,029	808	485	623	206	1,525	1,988	59	132	1,178	234	55,992
Total cash reserves:													
Nov. 1	109,166	730,124	161,412	211,983	90,167	72,725	296,369	83,031	95,336	78,883	47,712	128,777	2,105,685
Nov. 8	133,125	703,461	131,274	213,342	82,793	70,423	307,025	86,146	91,638	82,322	48,083	151,207	2,100,839
Nov. 15	121,186	667,630	135,592	227,221	83,147	72,977	347,284	83,196	97,627	71,278	48,438	154,240	2,109,816
Nov. 22	113,350	664,232	120,988	198,637	81,392	63,548	417,729	89,008	82,509	77,784	34,833	172,247	2,116,257
Bills discounted:													
Secured by Government war obligations—													
Nov. 1	93,849	514,153	98,049	69,571	59,780	53,964	184,276	54,162	14,167	35,070	20,336	55,527	1,252,904
Nov. 8	116,843	574,655	123,571	73,214	65,348	48,894	158,336	54,264	9,943	29,999	14,394	47,506	1,316,967
Nov. 15	134,813	580,548	147,006	77,002	69,728	45,508	143,363	52,234	11,908	31,057	13,887	51,362	1,358,416
Nov. 22	120,908	555,534	146,472	95,473	69,306	32,742	116,878	42,984	21,655	22,804	15,971	40,518	1,281,245
All other—													
Nov. 1	10,635	110,459	17,958	20,737	18,885	32,832	95,032	32,084	32,636	54,183	29,750	37,858	493,049
Nov. 8	11,616	103,678	15,239	19,374	20,197	36,556	93,887	31,255	28,405	53,542	28,995	37,537	480,271
Nov. 15	11,472	94,444	10,992	17,903	20,412	36,538	81,640	29,289	25,019	49,740	28,768	33,175	439,392
Nov. 22	12,578	95,312	15,890	16,380	18,049	38,357	66,548	34,064	22,222	48,831	29,749	30,210	428,190
Bills bought in open market:													
Nov. 1	43,863	129,944	36,613	60,571	9,761	12,331	32,515	3,717	3,907	6,993	2,195	34,656	377,066
Nov. 8	30,710	134,045	42,343	60,597	9,660	12,560	32,684	3,399	3,843	7,442	2,940	34,299	374,522
Nov. 15	11,941	166,938	33,262	57,934	9,661	13,039	32,145	3,102	4,558	8,212	2,910	34,175	377,877
Nov. 22	15,448	172,204	20,586	52,754	2,657	13,112	36,015	3,429	5,336	8,613	3,585	35,045	368,784
United States Government long-term securities:													
Nov. 1	1,760	1,400	1,348	1,089	1,234	520	4,509	1,153	126	8,867	4,005	3,461	29,472
Nov. 8	1,760	1,400	1,358	1,088	1,234	520	4,509	1,153	126	8,867	4,003	3,461	29,479
Nov. 15	1,759	1,399	1,359	1,088	1,234	520	4,509	1,153	126	8,867	4,003	3,461	29,478
Nov. 22	1,413	1,399	1,362	1,088	1,234	519	4,510	1,153	125	8,867	4,003	3,461	29,134
United States Government short-term securities:													
Nov. 1	4,416	35,938	6,182	10,881	2,785	4,031	10,612	4,071	1,929	3,080	1,902	2,923	88,750
Nov. 8	4,416	37,089	6,318	10,825	2,785	3,967	10,612	5,070	3,066	2,986	1,902	2,920	91,956
Nov. 15	4,416	37,027	6,318	12,425	2,785	3,972	10,612	5,070	2,905	2,996	1,902	3,021	93,449
Nov. 22	4,416	94,558	6,299	7,706	2,785	4,022	12,612	5,070	2,914	2,909	1,901	2,988	148,180
All other earning assets:													
Nov. 1	....	....	....	....	....	24	....	....	....	....	....	11	35
Nov. 8	....	....	....	....	....	28	....	....	....	....	....	....	28
Nov. 15	....	....	....	....	....	28	....	....	....	....	....	....	28
Nov. 22	....	....	....	....	....	27	....	....	....	....	....	....	27
Total earning assets:													
Nov. 1	154,523	791,894	160,150	162,849	92,445	103,702	326,944	95,187	52,765	108,193	58,188	134,436	2,241,276
Nov. 8	165,345	850,867	188,829	165,098	99,224	102,525	300,018	95,141	45,383	102,836	52,234	125,723	2,293,223
Nov. 15	164,401	880,356	198,937	166,352	103,820	99,605	272,269	90,848	44,516	100,872	51,470	125,194	2,298,640
Nov. 22	154,763	919,007	190,609	173,401	94,031	88,779	236,563	86,700	52,252	92,024	55,209	112,222	2,255,560

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Nov. 1 to Nov. 22, 1918—Continued.

RESOURCES—Continued.

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Uncollected items (deduct from gross deposits):													
Nov. 1	47,592	146,799	62,651	51,216	43,493	36,139	74,621	65,326	23,269	55,458	16,490	61,261	684.315
Nov. 8	47,108	143,350	61,818	57,494	54,801	45,203	80,621	61,526	15,783	67,868	20,548	31,348	687,468
Nov. 15	62,061	146,296	68,303	51,357	56,743	39,710	86,681	64,939	15,541	69,580	22,703	33,871	717,785
Nov. 22	64,470	161,004	85,226	76,515	63,145	43,506	74,751	70,745	25,719	77,692	33,408	42,829	819,010
5 per cent redemption fund against Federal Reserve bank notes:													
Nov. 1	121	1,337	200	275	116	91	517	166	88	472	182	198	3,763
Nov. 8	121	1,309	225	275	135	149	537	191	88	471	216	207	3,924
Nov. 15	175	1,179	275	298	186	156	540	241	88	442	221	207	4,008
Nov. 22	220	1,161	275	323	185	198	709	253	188	560	221	232	4,525
All other resources:													
Nov. 1	1,023	3,113	3,181	812	1,275	857	1,420	580	264	1,074	992	2,484	17,075
Nov. 8	996	3,130	4,617	730	1,355	871	1,985	777	216	1,124	1,197	1,792	18,790
Nov. 15	1,523	4,522	2,611	821	1,741	866	1,785	652	202	1,119	807	1,520	18,169
Nov. 22	1,105	4,700	9,230	946	1,556	839	1,591	658	220	1,086	766	1,478	24,175
Total resources:													
Nov. 1	312,425	1,673,267	387,594	427,135	227,496	213.514	699,871	244,290	171,722	244,080	123,564	327,156	5,052,114
Nov. 8	346,695	1,702,117	386,763	436,939	238,308	219,171	690,186	243,781	153,108	254,621	122,278	310,277	5,104,244
Nov. 15	349,346	1,699,983	405,718	446,049	245,637	213,314	708,559	239,876	157,974	243,291	123,639	315,032	5,148,418
Nov. 22	333,908	1,750,104	406,328	449,822	240,309	196,870	731,343	247,364	160,888	249,146	124,437	329,008	5,219,527

LIABILITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Capital paid in:													
Nov. 1	6,579	20,314	7,391	8,868	4,020	3,170	11,077	3.776	2,904	3,609	3,121	4,531	79.360
Nov. 8	6,599	20,711	7,391	8,868	4,041	3,171	11,084	3,785	2,909	3,610	3,118	4,537	79,824
Nov. 15	6,599	20,725	7,398	8,881	4,044	3,174	11,091	3,785	2,911	3,632	3,123	4,540	79,903
Nov. 22	6,600	20,726	7,459	8,884	4,044	3,175	11,103	3,785	2,916	3,654	3,139	4,540	80,025
Surplus:													
Nov. 1	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Nov. 8	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Nov. 15	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Nov. 22	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Government deposits:													
Nov. 1	10,709	32,649	23,572	17,501	14,396	26,946	34,711	27,650	9,546	19,508	10,937	21,272	249,397
Nov. 8	33,090	28,274	3,268	8,565	8,824	23,070	1,605	22,261	[1] 136	21,707	6,186	3,542	160,256
Nov. 15	45,372	48,756	26,726	24,892	13,922	24,033	7,198	17,458	7,430	17,849	8,347	4,418	246,401
Nov. 22	7,086	10,655	32,808	12,346	3,241	7,240	8,385	13,877	3,753	6,631	3,959	3,193	113,174
Due to members—reserve account:													
Nov. 1	94,939	610,324	74,576	111,383	47,841	39,652	197,044	53,776	45,031	60,511	31,658	75,758	1,442,493
Nov. 8	102,764	641,278	90,341	121,736	50,155	43,033	205,724	55,513	50,377	69,985	31,847	83,243	1,545,996
No. 15	87,509	599,319	74,816	113,152	50,789	38,259	209,632	51,615	46,057	65,407	32,337	81,057	1,449,949
Nov. 22	108,538	685,823	70,275	115,246	51,947	40,784	229,169	56,899	50,408	74,433	32,340	88,171	1,604,033
Collection items:													
Nov. 1	42,019	143,284	57,972	39,358	36,179	24,603	53,333	45,277	25,220	37,726	12,388	26,616	543,975
Nov. 8	44,161	132,954	56,163	39,627	41,350	30,005	60,051	47,226	9,718	36,251	14,278	15,912	527,796
Nov. 15	49,724	159,385	64,436	42,060	41,329	26,432	63,442	49,003	11,334	33,408	14,065	19,109	573,727
Nov. 22	53,039	162,202	64,990	54,865	45,074	24,683	61,955	54,902	12,438	40,127	19,942	26,391	620,608
Other deposits, including foreign government credits:													
Nov. 1	....	106,957	....	56	....	14	1,971	260	23	2	....	2,544	111,827
Nov. 8	....	108,983	....	45	....	19	2,362	278	20	2	2	3,230	114,941
Nov. 15	....	108,053	....	36	....	17	1,546	217	15	2	20	3,479	113,385
Nov. 22	....	108,187	....	40	....	11	1,912	454	14	2	352	2,995	113,967
Total gross deposits:													
Nov. 1	147,667	893,214	156,120	168,298	98,416	91,215	287,059	126,963	79,820	117,747	54,983	126,190	2,347,692
Nov. 8	180,015	911,489	149,772	169,973	100,329	96,127	269,742	125,378	59,979	127,945	52,313	105,927	2,348,989
Nov. 15	182,605	915,513	165,978	180,140	106,040	88,741	281,818	118,293	64,836	116,666	54,769	108,063	2,383,462
Nov. 22	168,663	966,867	168,073	182,497	100,262	72,718	301,421	126,132	66,613	121,193	56,593	120,750	2,451,782
Federal Reserve notes in actual circulation:													
Nov. 1	152,460	722,067	217,924	242,113	122,088	116,070	384,530	108,542	85,997	111,899	60,860	190,954	2,515,504
Nov. 8	153,267	730,483	222,840	249,764	130,770	115,450	391,225	109,188	87,171	111,998	62,192	193,748	2,558,196
Nov. 15	152,980	723,355	225,022	248,204	132,122	116,910	396,231	111,636	87,131	111,653	61,063	196,210	2,562,517
Nov. 22	150,983	718,784	222,906	248,597	131,960	115,609	398,554	110,935	87,483	112,160	59,847	197,397	2,555,215
Federal Reserve bank notes in circulation—Net liability:													
Nov. 1	2,396	20,329	3,662	4,701	865	1,589	10,981	3,244	1,510	8,159	3,143	2,759	63,338
Nov. 8	3,269	21,404	4,079	5,031	984	2,871	11,389	3,592	1,550	8,277	3,160	3,258	68,864
Nov. 15	3,514	21,615	4,557	5,475	1,162	2,878	12,866	4,292	1,580	8,479	3,149	3,363	72,930
Nov. 22	3,950	23,761	5,033	6,111	1,696	3,719	13,533	4,568	2,326	9,165	3,255	3,387	80,504
All other liabilities:													
Nov. 1	3,248	16,694	2,497	3,155	1,991	1,430	6,008	1,765	1,453	2,666	1,457	2,722	45,086
Nov. 8	3,470	17,381	2,681	3,303	2,068	1,512	6,430	1,838	1,461	2,791	1,495	2,807	47,237
Nov. 15	3,573	18,126	2,763	3,349	2,153	1,571	6,337	1,870	1,478	2,861	1,535	2,856	48,472
Nov. 22	3,637	19,317	2,857	3,733	2,231	1,609	6,516	1,944	1,512	2,974	1,603	2,934	50,867
Total liabilities:													
Nov. 1	312,425	1,673,267	387,594	427,135	227,496	213,514	699,871	244,290	171,722	244,080	123,564	327,156	5,052,114
Nov. 8	346,695	1,702,117	386,763	436,939	238,308	219,171	690,186	243,781	153,108	254,621	122,278	310,277	5,104,244
Oct. 15	349,346	1,699,983	405,718	446,049	245,637	213,314	708,559	239,876	157,974	243,291	123,639	315,032	5,148,418
Nov. 22	333,908	1,750,104	406,328	449,822	240,309	196,870	731,343	247,364	160,888	249,146	124,437	329,008	5,219,527

[1] Overdraft.

Maturities of bills discounted and bought, United States Government short-term securities, and municipal warrants.

[In thousands of dollars; i. e., 000 omitted.]

	Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Over 90 days.	Total.
Bills discounted:						
Nov. 1	$1,277,468	$115,773	$140,584	$195,853	$16,275	$1,745,953
Nov. 8	1,287,099	112,875	123,119	257,315	16,830	1,797,238
Nov. 15	1,278,295	96,726	116,666	288,345	17,776	1,797,808
Nov. 22	1,137,153	93,433	162,837	295,910	20,102	1,709,435
Bills bought:						
Nov. 1	58,422	73,291	153,857	91,496	....	377,066
Nov. 8	67,228	63,087	181,242	62,965	....	374,522
Nov. 15	74,990	72,040	185,095	45,752	....	377,877
Nov. 22	69,061	82,248	176,041	41,434	....	368,784
United States short-term securities:						
Nov. 1	15,688	137	617	8,109	64,199	88,750
Nov. 8	15,701	101	10,684	3,557	61,913	91,956
Nov. 15	18,481	73	9,132	2,194	63,569	93,449
Nov. 22	69,029	....	10,335	2,023	66,793	148,180
Municipal warrants:						
Nov. 1	2	7	5	10	....	24
Nov. 8	7	....	15	....	6	28
Nov. 15	7	....	15	....	6	28
Nov. 22	5	10	6	3	3	27

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve bank at close of business on Fridays, Nov. 1 to Nov. 22, 1918.

[In thousands of dollars: i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes received from agent—net:													
Nov. 1	166,682	813,244	231,743	254,175	130,239	119,055	408,371	113,559	87,414	120,141	61,771	204,286	2,710,680
Nov. 8	167,814	818,073	232,179	260,103	140,695	118,727	411,124	115,217	88,563	119,544	62,850	208,797	2,743,686
Nov. 15	167,931	824,797	233,162	259,506	141,938	120,230	417,976	117,790	88,328	119,198	62,395	208,561	2,761,812
Nov. 22	166,989	824,434	232,449	261,153	141,836	118,447	424,837	117,532	88,487	120,173	61,102	211,338	2,768,777
Federal Reserve notes held by bank:													
Nov. 1	14,222	91,177	13,819	12,062	8,151	2,985	23,841	5,017	1,417	8,242	911	13,332	195,176
Nov. 8	14,547	87,590	9,339	10,339	9,925	3,277	19,799	6,029	1,392	7,546	658	15,049	185,490
Nov. 15	14,951	101,442	8,140	11,302	9,816	3,320	21,745	6,154	1,197	7,545	1,332	12,351	199,295
Nov. 22	16,006	105,650	9,543	12,556	9,876	2,838	26,283	6,597	1,004	8,013	1,255	13,941	213,562
Federal Reserve notes in actual circulation:													
Nov. 1	152,460	722,067	217,924	242,113	122,088	116,070	384,530	108,542	85,997	111,899	60,860	190,954	2,515,504
Nov. 8	153,267	730,483	222,840	249,764	130,770	115,450	391,325	109,188	87,171	111,998	62,192	193,748	2,558,196
Nov. 15	152,980	723,355	225,022	248,204	132,122	116,910	396,231	111,636	87,131	111,653	61,063	196,210	2,562,517
Nov. 22	150,983	718,784	222,906	248,597	131,960	115,609	398,554	110,935	87,483	112,160	59,847	197,397	2,555,215
Gold deposited with or to credit of Federal Reserve agent:													
Nov. 1	67,769	285,627	95,935	142,152	60,967	45,844	188,236	48,992	48,158	48,322	24,215	93,642	1,149,859
Nov. 8	67,261	283,856	82,212	140,880	60,384	45,315	190,989	48,790	53,007	48,044	24,129	100,773	1,145,640
Nov. 15	66,878	282,983	80,314	151,484	60,089	44,924	197,842	46,173	57,772	47,981	24,102	106,037	1,166,579
Nov. 22	65,436	282,650	79,221	133,130	59,973	44,956	204,702	53,131	57,531	47,850	22,523	117,814	1,168,917
Paper delivered to Federal Reserve agent:													
Nov. 1	148,347	754,556	136,050	145,568	86,025	84,849	311,823	83,396	46,448	96,246	52,281	115,063	2,060,652
Nov. 8	159,169	812,378	168,347	152,253	91,510	85,761	282,692	81,938	36,604	90,983	46,329	108,274	2,116,238
Nov. 15	158,203	841,930	177,074	151,185	98,491	82,421	257,148	74,874	38,178	89,009	45,565	106,218	2,120,296
Nov. 22	148,934	823,050	156,367	163,398	88,629	73,581	219,441	63,828	44,630	80,248	49,305	95,395	2,006,806

Federal Reserve note account of each Federal Reserve agent at close of business on Fridays, Nov. 1 to Nov. 22, 1918.

[In thousands of dollars: i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
FEDERAL RESERVE NOTES.													
Received from Comptroller:													
Nov. 1	227,580	1,175,240	299,200	294,200	172,180	177,300	487,240	147,800	111,480	150,700	98,920	219,440	3,561,280
Nov. 8	229,020	1,181,840	309,780	299,400	178,380	183,640	492,480	147,800	112,480	150,700	99,920	224,320	3,609,760
Nov. 15	229,020	1,189,440	309,780	300,400	182,580	183,640	497,060	149,800	112,480	150,700	99,920	224,320	3,629,140
Nov. 22	232,540	1,195,840	313,780	301,200	184,580	183,640	505,260	151,280	112,480	152,700	99,920	227,320	3,660,540
Returned to Comptroller:													
Nov. 1	42,698	257,196	52,097	25,406	30,581	23,140	35,669	22,606	16,956	22,139	19,289	15,154	562,931
Nov. 8	43,206	258,967	52,821	26,677	31,385	23,667	37,496	22,808	17,167	22,736	19,625	15,523	572,078
Nov. 15	43,589	259,843	54,718	28,074	32,142	24,060	38,844	22,925	17,402	23,082	19,745	15,759	580,183
Nov. 22	45,031	260,206	55,811	30,427	32,844	24,628	39,923	24,893	17,643	24,107	20,198	15,982	591,693
Chargeable to Federal Reserve agent:													
Nov. 1	184,882	918,044	247,103	268,794	141,599	154,160	451,571	125,194	94,524	128,561	79,631	204,286	2,998,349
Nov. 8	185,814	922,873	256,959	272,723	146,995	159,973	454,984	124,992	95,313	127,964	80,295	208,797	3,037,682
Nov. 15	185,431	929,597	255,062	272,326	150,438	159,580	458,216	126,875	95,078	127,618	80,175	208,561	3,048,957
Nov. 22	187,509	935,634	257,969	270,773	151,736	159,012	465,337	126,387	94,837	128,593	79,722	211,338	3,068,847
In hands of Federal Reserve agent:													
Nov. 1	18,200	104,800	15,360	14,619	11,360	35,105	43,200	11,635	7,110	8,420	17,860	....	287,669
Nov. 8	18,000	104,800	24,780	12,620	6,300	41,246	43,860	9,775	6,750	8,420	17,445	....	293,996
Nov. 15	17,500	104,800	21,900	12,820	8,500	39,350	40,240	9,085	6,750	8,420	17,780	....	287,145
Nov. 22	20,520	111,200	25,520	9,620	9,900	40,565	40,500	8,855	6,350	8,420	18,620	....	300,070
Issued to Federal Reserve Bank, less amount returned to Federal Reserve agent for redemption:													
Nov. 1	166,682	813,244	231,743	254,175	130,239	119,055	408,371	113,559	87,414	120,141	61,771	204,286	2,710,680
Nov. 8	167,814	818,073	232,179	260,103	140,695	118,727	411,124	115,217	88,563	119,544	62,850	208,797	2,743,686
Nov. 15	167,931	824,797	233,162	259,506	141,938	120,230	417,976	117,790	88,328	119,198	62,395	208,561	2,761,812
Nov. 22	166,989	824,434	232,449	261,153	141,836	118,447	424,837	117,532	88,487	120,173	61,102	211,338	2,768,777
Collateral held as security for outstanding notes:													
Gold coin and certificates on hand—													
Nov. 1	5,000	158,740	....	10,750	....	2,503	....	....	13,102	....	10,081	....	200,176
Nov. 8	5,000	158,740	....	8,750	....	2,503	....	....	13,102	....	10,081	....	198,176
Nov. 15	5,000	158,740	....	20,750	....	2,503	....	....	13,102	....	10,081	....	210,176
Nov. 22	5,000	158,740	....	18,750	....	2,503	....	2,000	13,052	....	11,581	....	211,626
In gold redemption fund—													
Nov. 1	10,769	16,887	13,457	13,402	967	3,171	2,213	2,861	1,756	2,962	3,250	10,081	81,776
Nov. 8	10,261	15,116	12,939	14,130	2,384	2,642	1,289	2,660	1,605	2,684	3,164	9,712	78,586
Nov. 15	9,878	14,243	12,793	12,734	2,089	2,251	1,518	2,542	2,870	2,621	3,337	11,476	78,352
Nov. 22	9,436	13,910	12,555	14,380	1,973	2,683	1,676	2,500	2,679	2,490	3,258	11,253	78,793
Gold settlement fund, Federal Reserve Board—													
Nov. 1	52,000	110,000	82,478	118,000	60,000	40,170	186,023	46,131	33,300	45,360	10,884	83,561	867,907
Nov. 8	52,000	110,000	69,273	118,000	58,000	40,170	189,700	46,130	38,300	45,360	10,884	91,061	868,878
Nov. 15	52,000	110,000	67,521	118,000	58,000	40,170	196,324	43,631	41,800	45,360	10,684	94,561	878,051
Nov. 22	51,000	110,000	66,666	100,000	58,000	39,770	203,026	48,631	41,800	45,360	7,684	106,561	878,498
Eligible paper, minimum required—													
Nov. 1	98,913	527,617	135,808	112,023	69,272	73,211	220,135	64,567	39,256	71,819	37,556	110,644	1,560,821
Nov. 8	100,553	534,217	149,967	119,223	80,311	73,412	220,135	66,427	35,556	71,500	38,721	108,024	1,598,046
Nov. 15	101,053	541,814	152,848	108,022	81,849	75,306	220,134	71,617	30,556	71,217	38,293	102,524	1,595,233
Nov. 22	101,553	541,784	153,228	128,023	81,863	73,491	220,135	64,401	30,956	72,323	38,579	93,524	1,599,860

[1] For actual amounts, see item "Paper delivered to Federal Reserve agent," on p. 1247.

MEMBER BANK CONDITION STATEMENT.

Principal resources and liabilities of member banks in leading cities, including member banks located in Federal reserve bank cities and in Federal reserve branch cities, as at close of business on Fridays from Oct. 25 to Nov. 15, 1918.

1. ALL REPORTING MEMBER BANKS.

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Number of reporting banks:													
Oct. 25	44	104	53	85	81	44	101	32	35	73	45	53	750
Nov. 1	44	104	53	85	81	45	101	32	35	73	45	53	751
Nov. 8	44	105	53	85	81	45	101	32	35	73	45	53	752
Nov. 15	44	106	53	85	81	45	101	32	35	73	45	53	753
United States bonds to secure circulation:													
Oct. 25	14,402	50,610	11,492	42,713	24,253	15,065	18,866	17,671	6,369	13,635	17,929	34,505	267,510
Nov. 1	14,402	49,950	11,492	42.773	24,253	15,465	18,876	17,671	6,369	13,710	18,180	34,505	267,646
Nov. 8	14,402	50,311	11,492	42,832	24,253	15,465	18,906	17,655	6,369	13,710	18,177	34,505	268,077
Nov. 15	14,402	50,311	11,492	42,832	24,109	15,465	18,906	17,655	6,369	13,715	17,929	34,505	267,690
Other United States bonds, including Liberty bonds:													
Oct. 25	29,566	407,405	85,415	119,174	52,502	48,871	141,342	42,093	11,825	26,068	24,615	29,563	1,018,439
Nov. 1	28,817	386,815	79,992	117,271	50,649	45,333	144,545	37,097	11,757	26,384	21,738	31,562	981,960
Nov. 8	23,824	372,942	69,823	106,434	49,169	39,042	132,096	34,716	10,021	27,070	22,699	31,756	919,592
Nov. 15	21,784	363,238	66,965	101,912	51,230	35,829	121,669	33,095	10,977	24,839	25,069	30,706	887,313
United States certificates of indebtedness:													
Oct. 25	80,056	385,876	56,107	67,292	34,937	43,243	102,728	31,420	17,983	40,202	15,434	74,153	949,431
Nov. 1	77,311	366,155	54,700	64,426	34,514	43,038	91,758	30,132	17,150	37,748	14,546	68,126	899,604
Nov. 8	82,877	398,447	47,015	62,104	31,105	36,176	86,482	26,537	11,781	31,952	11,948	61,197	887,621
Nov. 15	80,119	459,696	46,573	65,862	29,868	41,625	86,809	24,682	11,400	31,790	12,475	63,057	953,956
Total United States securities owned:													
Oct. 25	124,024	843,891	153,014	229,179	111,692	107,179	262,936	91,184	36,177	79,905	57,978	138,221	2,235,380
Nov. 1	120,530	802,920	146,184	224,470	109,416	103,836	255,179	84,900	35,276	77,842	54,464	131,193	2,149,210
Nov. 8	121,103	821,700	128,330	211,370	104,527	90,683	237,484	78,908	28,171	72,732	52,824	127,458	2,075,290
Nov. 15	116,305	873,245	125,030	210,606	105,207	92,919	227,384	75,432	28,746	70,344	55,473	128,268	2,108,959
Loans secured by United States bonds and certificates:													
Oct. 25	123,063	617,982	160,091	68,540	34,963	17,427	84,495	19,273	10,335	8,676	7,544	13,349	1,165,738
Nov. 1	116,826	670,417	152,563	82,129	38,569	20,999	101,559	20,445	10,372	9,130	7,419	12,629	1,243,057
Nov. 8	114,494	622,829	164,169	81,039	37,479	21,041	97,910	22,068	8,873	8,927	7,329	13,659	1,199,817
Nov. 15	111,119	632,018	162,759	82,476	38,028	22,471	92,821	23,839	8,630	8,783	7,243	13,061	1,103,248
Other loans and investments:													
Oct. 25	797,663	4,225,718	621,928	977,437	383,887	308,882	1,445,468	386,261	283,467	469,564	185,667	549,249	10,635,191
Nov. 1	784,349	4,202,156	640,873	1.018,290	387,257	318,946	1,438.332	387,604	275,501	466,567	187,325	550,490	10,657,690
Nov. 8	785,405	4,254,971	627,317	977,578	391,814	317,486	1,433,273	381,881	268,589	462,976	189,639	550,906	10,651,835
Nov. 15	799,021	4,242,478	623,124	966,833	391,045	316,780	1,419,894	375,806	261,470	459,243	190,789	558,554	10,605,037
Total loans and investments:													
Oct. 25	1,044,750	5,687,591	935,033	1,275.156	530,542	433.488	1,792,899	496,718	329,979	558,145	251,189	700,819	14,036,309
Nov. 1	1,021,705	5,675,493	939,620	1,324,889	535,242	443.781	1,795,070	492,949	321,149	553,539	249,208	697,312	14,049,957
Nov. 8	1,021,002	5,699,500	919,816	1,269,987	533,820	429,210	1,768,667	482,857	305,633	541,635	249,792	692,023	13,916,942
Nov. 15	1,026,445	5,747,741	910,913	1,259,915	534,280	432,170	1,740,099	475,077	298,846	538,370	253,505	699,883	13,917,244
Reserve with Federal Reserve Banks:													
Oct. 25	81,809	715,865	68,969	91,476	32,542	28,524	148,380	37,617	23,565	55,028	16,373	61,556	1,361,704
Nov. 1	66,732	606,842	57,075	80,362	30,725	30,577	141,673	33,684	22,884	40,212	15,608	48,682	1,175,056
Nov. 8	72,353	645,073	74,608	88,886	34,404	29,362	148,903	34,617	23,798	48,038	16,317	52,569	1,268,928
Nov. 15	59,121	606,716	56,530	83,390	33,974	26,846	150,816	31,042	22,666	42,866	16,824	53,065	1,183,856
Cash in vault:													
Oct. 25	29,951	131,000	20,867	31,631	19,046	15,918	60,347	12,022	10,148	16,861	12,906	21,905	382,602
Nov. 1	27,455	123,875	20,004	35,481	17,364	17,434	58,565	12,202	9,994	16,801	12,088	21,263	372,526
Nov. 8	25,887	132,698	21,637	33,049	20,137	16,499	60,152	12,317	9,534	16,724	12,761	22,277	383,672
Nov. 15	25,243	131,421	21,892	35,346	20,187	16,287	61,268	12,839	8,776	16,037	12,773	24,104	386,173
Net demand deposits on which reserve is computed:													
Oct. 25	676,394	4,490,831	606,679	724,076	314,068	220,246	1,075,569	255,646	212,617	382,979	145,192	429,617	9,533,914
Nov. 1	682,006	4,397,744	598,326	725,890	308,946	219,922	1,045,085	250,888	210,667	356,563	144,011	414,470	9,354,518
Nov. 8	689,529	4,476,172	625,570	745,716	311,677	213,739	1,067,776	257,204	213,685	368,904	151,496	418,819	9,540,287
Nov. 15	695,323	4,521,258	609,060	744,896	331,093	223,573	1,106,281	257,930	215,173	384,465	142,609	428,177	9,659,838
Time deposits:													
Oct. 25	96,746	257,894	15,987	222,180	56,556	91,315	371,980	74,113	45,875	59,783	24,625	121,895	1,438,992
Nov. 1	94,580	260,307	15,814	257,677	57,762	93,820	364,638	73,493	45,305	59,491	24,881	121,898	1,469,576
Nov. 8	98,598	259,834	16,359	223,006	58,537	92,531	376,548	73,585	46,287	58,490	25,209	122,265	1,451,249
Nov. 15	95,658	263,316	15,537	223,257	56,294	91,214	376,355	73,429	43,200	57,879	25,084	122,287	1,443,510
Total net deposits on which reserve is computed:													
Oct. 25	714,500	4,558,126	612,351	794,077	333,511	248,085	1,178,054	274,893	229,209	400,914	153,282	466,186	9,963,188
Nov. 1	719,812	4,465,513	603,911	806,526	328,904	248,610	1,146,003	269,954	227,027	374,410	152,189	451,012	9,793,871
Nov. 8	728,509	4,543,847	631,423	816,000	331,932	241,950	1,171,557	276,284	230,430	386,451	159,945	455,499	9,974,027
Nov. 15	733,444	4,589,777	614,574	815,292	350,517	251,385	1,210,002	276.968	231,017	401,829	150,858	464,863	10,090,526
Government deposits:													
Oct. 25	178,776	258,382	30,179	57,841	52,231	28,683	42,492	38,723	29,212	34,571	5,845	10,903	767,838
Nov. 1	153,240	520,223	160,377	112,798	38,864	39,022	106,574	47,887	13,753	45,117	21,339	27,271	1,286,465
Nov. 8	140,258	480,154	101,495	87,453	34,458	26,001	69,705	31,758	9,331	29,878	15,330	21,253	1,047,074
Nov. 15	112,771	416,269	73,310	82,628	18,434	19,473	67,658	25,903	6,670	21,043	11,436	13,828	869,423

Principal resources and liabilities of member banks in leading cities, including member banks located in Federal Reserve bank cities and in Federal Reserve branch cities, as at close of business on Fridays from Oct. 25 to Nov. 15, 1918—Continued.

2. MEMBER BANKS IN FEDERAL RESERVE BANK CITIES.

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Number of reporting banks:													
Oct. 25	20	70	39	10	9	7	44	14	8	17	7	9	254
Nov. 1	20	70	39	10	9	7	44	14	8	17	7	9	254
Nov. 8	20	71	39	10	9	7	44	14	8	17	7	9	255
Nov. 15	20	71	39	10	9	7	44	14	8	17	7	9	255
United States bonds to secure circulation:													
Oct. 25	4,278	36,728	7,487	4,471	2,098	3,600	1,119	10,556	2,340	4,596	4,060	18,400	99,733
Nov. 1	4,278	36,518	7,487	4,471	2,098	3,600	1,119	10,556	2,340	4,596	4,311	18,400	99,774
Nov. 8	4,278	36,879	7,487	4,471	2,098	3,600	1,119	10,555	2,340	4,596	4,308	18,400	100,131
Nov. 15	4,278	36,879	7,487	4,471	2,097	3,600	1,119	10,555	2,340	4,597	4,060	18,400	99,883
Other United States bonds, including Liberty bonds:													
Oct. 25	19,776	336,351	78,880	21,477	7,414	6,206	91,552	31,014	4,776	8,979	7,532	6,378	620,335
Nov. 1	19,237	326,121	72,785	18,718	6,940	5,295	91,169	27,425	4,655	10,170	6,515	7,720	596,750
Nov. 8	14,442	314,840	63,485	18,520	6,930	3,436	81,152	25,927	4,465	11,090	6,501	8,134	558,922
Nov. 15	12,928	309,379	61,311	16,336	6,881	3,416	73,573	24,901	4,615	9,798	8,768	7,408	539,314
United States certificates of indebtedness:													
Oct. 25	55,339	366,066	44,263	26,470	8,464	8,123	38,860	24,327	4,114	16,428	5,672	30,929	629,055
Nov. 1	52,712	347,423	42,533	22,584	8,459	8,309	33,641	23,391	4,061	14,256	5,292	27,387	590,048
Nov. 8	61,947	381,250	35,808	23,212	7,623	6,947	34,312	21,043	3,073	12,598	4,455	24,186	616,454
Nov. 15	58,524	440,211	35,735	23,661	6,694	8,148	32,750	18,833	3,025	12,388	4,967	24,487	669,423
Total United States securities owned:													
Oct. 25	79,393	739,145	130,630	52,418	17,976	17,929	131,531	65,897	11,230	30,003	17,264	55,707	1,349,123
Nov. 1	76,227	710,062	122,805	45,773	17,497	17,204	125,929	61,372	11,056	29,022	16,118	53,507	1,286,572
Nov. 8	80,667	732,969	106,780	46,203	16,651	13,983	116,583	57,525	9,878	28,284	15,264	50,720	1,275,507
Nov. 15	75,730	786,469	104,533	44,468	15,672	15,164	107,442	54,289	9,980	26,783	17,795	50,295	1,308,620
Loans secured by United States bonds and certificates:													
Oct. 25	98,130	579,628	154,529	17,609	15,486	3,033	62,853	14,183	6,139	1,259	2,536	6,117	961,502
Nov. 1	90,155	622,535	146,310	19,313	16,114	4,896	79,779	15,182	6,318	1,336	2,410	5,718	1,010,500
Nov. 8	90,449	573,430	157,909	18,846	16,676	4,904	77,252	16,723	5,593	1,432	2,564	5,678	971,456
Nov. 15	88,855	586,519	156,104	19,161	17,041	5,528	72,752	18,535	5,487	1,463	2,612	5,439	979,487
Other loans and investments:													
Oct. 25	555,726	3,871,086	551,246	284,554	75,194	63,055	891,594	278,661	140,860	178,881	42,342	208,467	7,141,666
Nov. 1	587,526	3,858,505	570,271	283,312	81,239	60,785	893,493	280,369	132,805	176,738	42,984	206,914	7,174,941
Nov. 8	544,619	3,917,033	558,374	286,252	81,767	61,429	882,501	275,426	127,567	177,400	44,243	211,334	7,167,945
Nov. 15	559,666	3,896,670	554,493	284,182	80,215	60,741	872,807	271,217	122,551	171,936	43,544	210,801	7,128,823
Total loans and investments:													
Oct. 25	733,249	5,189,859	836,405	354,581	108,656	84,017	1,085,978	358,741	158,229	210,143	62,142	270,291	9,452,291
Nov. 1	753,908	5,191,102	839,386	348,398	114,850	82,975	1,099,201	356,923	150,179	207,096	61,512	266,139	9,471,669
Nov. 8	715,735	5,223,432	823,063	351,301	115,094	80,316	1,076,336	349,674	143,038	207,116	62,071	267,732	9,414,908
Nov. 15	724,251	5,269,649	815,130	347,811	112,928	81,433	1,053,001	344,041	138,018	200,182	63,951	266,535	9,416,930
Reserve with Federal Reserve banks:													
Oct. 25	67,957	687,502	63,299	25,928	6,630	8,074	107,530	28,890	11,185	23,222	4,320	22,636	1,057,173
Nov. 1	53,869	582,450	51,536	18,598	5,620	6,618	99,468	25,457	11,644	15,080	2,847	17,915	891,102
Nov. 8	57,890	618,295	68,984	23,409	6,360	6,571	104,694	26,337	11,676	18,695	3,255	20,754	966,920
Nov. 15	45,146	577,662	50,973	20,352	6,367	5,589	106,265	22,566	10,488	15,791	3,630	19,240	884,069
Cash in vault:													
Oct. 25	19,178	116,719	17,322	7,109	1,460	3,803	35,290	6,449	2,815	5,089	3,169	5,660	224,063
Nov. 1	17,671	110,551	16,322	8,076	1,482	4,147	33,670	6,377	2,459	4,887	3,122	4,608	213,372
Nov. 8	16,016	118,676	17,817	7,183	1,532	3,792	35,753	6,757	2,844	5,161	3,303	4,990	223,824
Nov. 15	15,327	116,580	17,955	8,290	1,582	4,171	34,857	6,615	2,666	5,209	3,138	5,145	221,535
Net demand deposits on which reserve is computed:													
Oct. 25	521,247	4,181,100	535,310	169,165	60,187	45,161	738,621	184,070	99,247	137,707	35,263	176,033	6,883,111
Nov. 1	521,581	4,087,003	525,527	164,637	59,228	42,611	709,063	178,107	94,100	126,817	34,164	164,385	6,707,223
Nov. 8	528,647	4,166,137	554,408	193,179	59,183	43,047	726,477	182,281	97,255	135,437	37,694	169,874	6,893,619
Nov. 15	529,980	4,199,132	537,704	175,267	63,409	43,014	750,717	180,771	96,918	151,826	38,871	172,763	6,940,372
Time deposits:													
Oct. 25	26,107	205,034	9,175	107,575	5,612	14,104	139,880	53,605	16,625	7,972	2,875	8,224	596,788
Nov. 1	21,225	209,144	9,277	106,509	5,498	14,216	130,717	53,415	16,500	7,881	2,844	8,055	585,281
Nov. 8	25,481	208,707	9,010	107,518	5,513	14,347	141,027	53,519	16,680	7,880	2,848	8,264	600,794
Nov. 15	22,366	211,362	8,909	108,002	4,142	14,737	140,959	53,478	16,752	7,845	2,863	7,626	599,041
Total net deposits on which reserve is computed:													
Oct. 25	529,079	4,228,416	538,063	201,438	61,871	49,392	770,901	196,440	104,235	140,099	36,126	178,500	7,034,560
Nov. 1	527,949	4,135,267	528,310	196,590	60,887	46,876	739,228	190,434	99,050	129,181	35,017	166,802	6,855,591
Nov. 8	536,291	4,214,300	557,111	225,434	60,837	47,351	759,022	194,632	102,259	137,801	38,548	172,353	7,045,939
Nov. 15	536,690	4,247,908	540,377	207,668	64,652	47,435	783,246	193,112	101,944	154,180	39,730	175,051	7,091,993
Government deposits:													
Oct. 25	140,215	225,400	26,461	17,641	18,175	19,168	28,426	28,154	15,791	20,043	4,413	6,047	549,934
Nov. 1	128,721	462,902	149,932	31,227	15,824	13,159	83,814	38,934	4,586	25,433	13,096	17,271	984,899
Nov. 8	117,587	434,298	95,444	29,418	10,104	7,884	54,193	26,293	4,103	16,769	9,024	13,397	818,514
Nov. 15	95,776	383,622	69,037	28,017	6,616	7,564	48,300	21,752	3,314	12,449	7,162	8,579	692,188

Principal resources and liabilities of member banks in leading cities, including member banks located in Federal Reserve bank cities and in Federal Reserve branch cities, as at close of business on Fridays from Oct. 25 to Nov. 15, 1918—Continued.

3. MEMBER BANKS IN FEDERAL RESERVE BRANCH CITIES.

[In thousands of dollars; i. e., 000 omitted.]

	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Kansas City.	Dallas.	San Francisco.	Total.
Number of reporting banks.									
Oct. 25	36	18	20	12	12	17	6	28	149
Nov. 1	36	18	20	12	12	17	6	28	149
Nov. 8	36	18	20	12	12	17	6	28	149
Nov. 15	36	18	20	12	12	17	6	28	**149**
United States bonds to secure circulation:									
Oct. 25	24,722	4,991	4,685	1,805	5,330	4,487	1,255	8,485	55,760
Nov. 1	24,782	4,991	5,085	1,805	5,330	4,487	1,255	8,485	56,220
Nov. 8	24,841	4,991	5,085	1,805	5,330	4,487	1,255	8,485	56,279
Nov. 15	24,841	4,848	5,085	1,805	5,330	4,487	1,255	8,485	**56,136**
Other United States bonds, including Liberty bonds:									
Oct. 25	81,839	7,253	25,009	19,826	8,273	7,216	2,484	14,585	166,485
Nov. 1	76,196	6,237	23,096	19,453	6,705	7,093	2,289	15,314	156,383
Nov. 8	71,560	5,673	19,986	18,464	6,124	6,281	2,215	14,994	145,306
Nov. 15	71,758	6,751	18,362	16,950	5,981	6,434	2,375	**14,841**	**143,452**
United States certificates of indebtedness:									
Oct. 25	26,220	12,728	23,310	29,432	5,006	12.367	948	29,162	139,173
Nov. 1	25,952	12,412	22,935	27,743	5,031	12,354	1,068	26,555	134,050
Nov. 8	26,288	11,282	18,844	27,436	4,319	10,269	890	24,698	124,026
Nov. 15	29,199	11,282	23,023	29,225	4,751	10,381	790	26,327	**134,981**
Total United States securities owned:									
Oct. 25	132,781	24,972	53,004	51,063	18,609	24,070	4,687	52,232	361,418
Nov. 1	126,930	23,640	51,116	49,001	17,066	23,934	4,612	50,354	346,653
Nov. 8	122,698	21,946	43,915	47,705	15,773	21,037	4,360	48,177	325,611
Nov. 15	125,798	22,881	46,470	47,980	16,065	21,302	4,420	49,653	**334,569**
Loans secured by United States bonds and certificates:									
Oct. 25	45,330	9,053	10,721	7,707	3,236	4,812	105	5,297	86,261
Nov. 1	56,231	9,559	11,934	7,440	3,364	4,899	225	4,623	98.275
Nov. 8	56,337	9,559	11,750	6,991	3,422	4,891	225	5,910	99,085
Nov. 15	57,227	9,728	12,002	6,996	3,396	4,775	241	5,445	**99,810**
Other loans and investments:									
Oct. 25	520,945	115,985	155,900	261,210	82,757	151,065	11,928	223,603	1,523,393
Nov. 1	521,785	114,150	167,252	261,500	81,906	153,112	14,534	222,432	1,536,671
Nov. 8	529,835	113,788	165,906	261,137	81,340	150,653	14,522	224,239	1,541,420
Oct. 15	511,720	115,472	165,489	260,827	79,914	149,846	13,826	220,704	**1,517,798**
Total loans and investments.									
Oct. 25	699,056	150,010	219,625	319,980	104,602	179,947	16,720	281,132	1,971,072
Nov. 1	700,820	147,349	230,302	317,941	102,336	181,945	19,371	277,409	1,977,473
Nov. 8	712,996	145,293	221,571	315,833	100,535	176,581	19,107	278,326	1,970,242
Nov. 15	694,745	148,081	223,961	315.803	99,375	175,923	18,487	275,802	**1,952,177**
Reserve with Federal Reserve banks:									
Oct. 25	52,269	11,273	13,435	20,257	7,501	18,132	656	28,437	151,960
Nov. 1	51,764	10,940	17,341	20,837	6,948	13,117	1,236	21,931	144,114
Nov. 8	46,412	11,513	15,615	21,347	7,283	15,802	1,360	22,025	141,357
Nov. 15	49,488	11,957	14,092	21,401	7,230	15,166	1,769	23,239	**144,342**
Cash in vault:									
Oct. 25	15,671	6,245	6,599	10,084	4,446	5,689	442	8,666	57,842
Nov. 1	16,270	6,057	7,792	10,796	4,535	5,810	553	11,346	63,159
Nov. 8	17,433	6,886	7,225	11,184	4,122	5,650	638	8,896	62,034
Nov. 15	17,320	6,952	7,106	12,447	4,772	5,312	570	9,737	**64,246**
Net demand deposit on which reserve is computed:									
Oct. 25	427,662	101,575	116,314	147,097	54,968	118,768	8,590	167,222	1,142,196
Nov. 1	422,405	101,055	120,507	148,470	56,379	116,857	10,257	161,016	1,139,946
Nov. 8	424,598	103,700	113,073	149,124	59,139	113,788	10,545	163,340	1,137,307
Nov. 15	436,227	110,214	123,779	158,209	60,310	113,000	10,823	165,274	**1,177,876**
Time deposits:									
Oct. 25	65,467	11,286	47,906	147,898	14,872	30,474	3,413	83,062	404,378
Nov. 1	65,549	11,481	48,621	148,993	14,515	30,709	4,278	82,998	407,144
Nov. 8	65,604	11,547	47,873	150,034	14,548	30,833	4,253	83,084	407,776
Nov. 15	64,878	11,646	46,535	150,135	14,408	30,940	4,319	83,397	**406,258**
Total net deposits on which reserve is computed:									
Oct. 25	447.302	104,961	130,685	191,466	59,430	127,910	10,050	192,141	1,263,945
Nov. 1	442,069	104,499	135,093	193,168	60,734	126,070	12,090	188,915	1,262,638
Nov. 8	444,279	107,164	127,435	194,134	63,503	123.038	12,368	188,265	1,260,186
Nov. 15	455,690	113,738	137,740	203,250	64,632	122,282	12,681	190,294	**1,300,310**
Government deposits:									
Oct. 25	36,511	14,069	23,046	4,215	7,889	7,910	46	1,874	95,560
Nov. 1	53,494	8,052	24,975	11,763	5,980	8,427	377	5,118	118,186
Nov. 8	74,978	5,432	17,406	7,288	3,530	5,046	250	5,087	119,017
Nov. 15	51,147	3,845	12,927	12,702	2,917	3.337	164	3,460	**90,499**

IMPORTS AND EXPORTS OF GOLD AND SILVER.

Gold imports and exports into and from the United States.

[In thousands of dollars: i. e., 000 omitted.]

	Ten days ending Oct. 20, 1918.	Eleven days ending Oct. 31, 1918.	Ten days ending Nov. 10, 1918.	Total since Jan. 1, 1918.	Total Jan. 1 to Nov. 9, 1917.
IMPORTS.					
Ore and base bullion	328	593	223	12,969	13,952
United States mint or assay office bars				6	114
Bullion, refined	77	86	167	38,717	386,369
United States coin		5		6,784	53,692
Foreign coin				178	95,055
Total	405	684	390	58,654	549,182
EXPORTS.					
Domestic:					
Ore and base bullion		7	7	129	210
United States mint or assay office bars	61	60		1,035	46,594
Bullion refined				6,817	38,897
Coin	366	1,153	2,342	30,163	268,878
Total	427	1,220	2,349	38,144	354,579
Foreign:					
Bullion refined					31
Coin				425	7,032
Total				425	7,063
Total exports	427	1,220	2,349	38,569	361,642

Excess of gold imports over exports since Jan. 1, 1918, $20,085,000. Excess of gold imports over exports since Aug. 1, 1914, $1,070,389,000.

Silver imports and exports into and from the United States.

[In thousands of dollars: i. e., 000 omitted.]

	Ten days ending Oct. 20, 1918.	Ten days ending Oct. 31, 1918.	Total Jan. 1 to Oct. 31, 1918.	Total Jan. 1 to Oct. 31, 1917.	Ten days ending Nov. 10, 1918.	Total Jan. 1 to Nov. 10, 1918.
IMPORTS.						
Ore and base bullion	1,494	2,509	36,677	27,867	1,451	38,128
United States mint or assay office bars		1	51	131		51
Bullion, refined	310	153	19,848	6,334	192	20,040
United States coin	22	50	1,037	991	27	1,064
Foreign coin	158	195	3,942	2,777	166	4,108
Total	1,984	2,908	61,555	38,100	1,836	63,391
EXPORTS.						
Domestic:						
Ore and base bullion		4	18	156		18
United States mint or assay office bars	5,405	6,780	33,887	3,053	3,486	37,373
Bullion, refined	993	9,999	149,628	60,234	1,452	151,080
Coin	49	153	3,033	909	9	3,042
Total	6,447	16,936	186,566	64,352	4,947	191,513
Foreign:						
Bullion, refined	284	643	5,058	2,669	463	5,521
Coin	345	195	5,766	2,196	7	5,773
Total	629	838	10,824	4,865	470	11,294
Total exports	7,076	17,774	197,390	69,217	5,417	202,807

Excess of silver exports over imports since Jan. 1, 1918, $139,416,000. Excess of silver exports over imports since Aug. 1, 1914, $237,706,000.

Estimated general stock of money, money held by Treasury and by the Federal Reserve system, and all other money in the United States Nov. 1, 1918.

	General stock of money in the United States.	Held in the United States Treasury as assets of the Government.[1]	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and Federal Reserve system.	Amount per capita outside the United States Treasury and the Federal Reserve system.
Gold coin [2]	$3,079,784,766	$303,339,350	$1,429,267,058	$428,611,439	....
Gold certificates	....	....	472,871,210	445,695,709	....
Standard silver dollars	429,846,930	30,972,885	....	81,329,800	....
Silver certificates	....	....	7,243,265	308,489,561	....
Subsidiary silver	235,004,206	3,874,531	[3] 1,260,390	229,869,285	....
Treasury notes of 1890	....	....	....	1,811,419	....
United States notes	346,681,016	7,493,225	[4] 45,383,025	293,804,766	....
Federal Reserve notes	2,705,737,855	32,590,498	141,334,255	2,531,813,102	....
Federal Reserve Bank notes	71,647,260	1,010,839	7,015,841	63,620,580	....
National-bank notes	721,471,138	20,040,397	20,823,757	680,606,984	....
Total:					
Nov. 1, 1918	7,590,173,171	399,321,725	2,125,198,801	5,065,652,645	$47.59
Oct. 1, 1918	7,322,423,723	380,246,203	2,084,774,897	4,857,402,623	45.69
Sept. 1, 1918	7,092,955,371	369,937,060	2,070,371,803	4,652,646,508	43.83
Aug. 1, 1918	6,895,089,799	390,798,058	2,054,455,993	4,449,835,748	41.97
July 1, 1918	6,742,225,784	356,124,750	2,018,361,825	4,367,739,209	41.31
June 1, 1918	6,615,007,782	348,322,704	1,983,796,097	4,282,888,981	40.51
May 1, 1918	6,540,954,630	321,192,308	1,909,594,674	4,310,167,648	40.82
Apr. 1, 1918	6,480,181,525	339,856,674	1,873,524,132	4,266,800,719	40.47
Mar. 1, 1918	6,351,548,056	330,927,176	1,827,126,208	4,193,494,672	39.83
Feb. 1, 1918	6,271,603,039	332,576,125	1,834,102,608	4,104,924,306	39.04
Jan. 1, 1918	6,256,198,271	277,043,358	1,723,570,291	4,255,584,622	40.53
Dec. 1, 1917	6,026,127,909	248,167,148	1,646,773,746	4,131,187,015	39.40
Nov. 1, 1917	5,823,854,335	242,265,377	1,546,124,691	4,035,464,267	38.54
Oct. 1, 1917	5,642,264,856	242,469,027	1,429,422,432	3,970,373,397	37.97
Sept. 1, 1917	5,553,661,154	239,654,267	1,373,987,061	3,940,019,826	37.73
Aug. 1, 1917	5,513,292,894	248,268,325	1,395,982,728	3,869,041,841	37.10
July 1, 1917	5,480,009,884	253,671,614	1,280,880,714	3,945,457,556	37.88

[1] Includes reserve funds against issues of United States notes and Treasury notes of 1890 and redemption funds held against issues of national-bank notes, Federal Reserve notes, and Federal Reserve bank notes.

[2] Includes balances in gold settlement fund standing to the credit of the Federal Reserve Banks and agents.

[3] Includes standard silver dollars.

[4] Includes Treasury notes of 1890.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank approved by the Federal Reserve Board up to Nov. 30, 1918.

Federal Reserve Bank.	Maturities.							
	Discounts.						Trade acceptances.	
	Within 15 days, including member banks' collateral notes.	16 to 60 days.	61 to 90 days.	Agricultural and live-stock paper over 90 days.	Secured by U. S. certificates of indebtedness or Liberty loan bonds. Within 15 days, including member banks' collateral notes.	Secured by U. S. certificates of indebtedness or Liberty loan bonds. 16 to 90 days.	1 to 60 days, inclusive.	61 to 90 days, inclusive.
Boston	4	4¾	4¾	5	4	[2] 4¼	4½	4½
New York [1]	4	4¾	4¾	5	4	4¼	4½	4½
Philadelphia	4	4¾	4¾	5	4	4¼	4½	4½
Cleveland	4¼	4¾	4¾	5¼	4	4¼	4½	4½
Richmond	4¾	5	5	5¼	[2] 4¼	[2] 4¼	[3] 4¾	4¾
Atlanta	4¼	4¾	4¾	5	4	[2] 4¼	4½	4½
Chicago	4	4¾	4¾	5½	4	[2] 4¼	4½	4½
St. Louis	4	4¾	4¾	5½	4	[2] 4¼	4½	4½
Minneapolis	4½	4¾	5	5½	4	4¼	4½	4½
Kansas City	4½	5	5	5½	[2] 4¼	[2] 4¼	4¾	4¾
Dallas	4½	4¾	5	5¼	4	4¼	4½	4½
San Francisco	4¼	5	5	5½	4¼	4¼	4¾	4¾

[1] Rate of 3 to 4½ per cent for 1-day discounts in connection with the loan operations of the Government. Rates for discounted bankers' acceptances maturing within 15 days, 4 per cent; within 16 to 60 days, 4¼ per cent; and within 61 to 90 days, 4½ per cent.
[2] Rate of 4 per cent on paper secured by fourth Liberty loan bonds where paper rediscounted has been taken by discounting member banks at rate not exceeding interest rate on bonds.
[3] Rate for trade acceptances maturing within 15 days, 4½ per cent.

NOTE 1.—Acceptances purchased in open market, minimum rate 4 per cent.

NOTE 2.—Rates for commodity paper have been merged with those for commercial paper of corresponding maturities.

NOTE 3.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate, trade acceptances maturing within 15 days will be taken at the lower rate.

NOTE 4.—Whenever application is made by member banks for renewal of 15-day paper, the Federal Reserve Banks may charge a rate not exceeding that for 90-day paper of the same class.

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