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FEDERAL RESERVE BOARD.

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SUBSCRIPTION PRICE OF BULLETIN.

The Federal Reserve Bulletin is distributed without charge to member banks of the system and to the officers and directors of Federal Reserve Banks. In sending the Bulletin to others the Board feels that a subscription should be required. It has accordingly fixed a subscription price of \$2 per annum. Single copies will be sold at 20 cents. Foreign postage should be added when it will be required. Remittances should be made to the Federal Reserve Board. Member banks desiring to have the Bulletin supplied to their directors may have it sent to not less than ten names at a subscription price of \$1 per year.

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FEDERAL RESERVE BULLETIN

VOL. 2

MAY 1, 1916

No. 5

WORK OF THE BOARD.

During the month of April the Federal Reserve Board has been occupied largely with matters of current administration. Two topics, however, of general public interest have been given much time and thought:

(1) Statements to committees of Congress in connection with proposed amendments to the Federal Reserve Act pending in Congress, both those suggested by the Board and those coming from other sources.

(2) Work in connection with a proposed country-wide clearing and collection plan.

The Board has come to a substantial agreement as to the principles of a clearing and collection plan, which shall include not only the handling of checks drawn against member banks, but also those drawn on nonmember banks when presented by member banks. As there is an immense amount of detail work to be done in connection with this matter, it is expected that the following month will be devoted to the working out of these details. To better accomplish this, a committee of the Board will work in conjunction with a committee of governors and transit managers of the Federal Reserve Banks.

The Kern bill amending the Clayton Act was passed by the Senate in the following language:

“And provided further, That nothing in this Act shall prohibit any officer, director, or employee of any member bank, or class A director of a Federal Reserve Bank who shall first procure the consent of the Federal Reserve Board, which Board is hereby authorized, at its discretion, to grant, withhold, or revoke such consent, from being an officer, director, or employee of not more than two other banks, banking associations, or trust companies, whether organized under the laws of the United States or any State, if such other bank, banking association, or trust company is not in substantial competition with such member bank.”

This bill has been reported favorably to the House of Representatives from the Committee on Banking and Currency with this amendment suggested by the Board:

“Consent of the Federal Reserve Board may be procured before the person applying therefor has been elected as a class A director of a Federal Reserve Bank or as a director of any member bank.”

Slight increases in rates have, with the approval of the Federal Reserve Board, been made by two Federal Reserve Banks during April. On April 12 the Federal Reserve Bank of Kansas City increased its rates for commercial paper by one-half of 1 per cent, fixing the rate for 10 days at 4 per cent and that from 10 to 90 days at 4½ per cent. The rate for commodity paper at the Federal Reserve Bank of Richmond was on April 22 increased from 3 per cent to 3½ per cent, and the rate of 3½ per cent for acceptances, which had before covered a period of 60 days, made to cover this class of paper maturing in 90 days.

F. O. Watts, president of the Third National Bank of St. Louis, has been elected a member of the Federal Advisory Council for the Federal Reserve Bank of St. Louis. Filling the vacancy caused by the death of Felix Martinex, of El Paso, Tex., the Federal Reserve Board on April 17 elected H. O. Wooten, of Abilene, Tex., a class C director of the Federal Reserve Bank of Dallas. Mr. Wooten's term will expire on December 31, 1916. He is president of the H. O. Wooten Grocery Co. at Abilene.

The Federal Reserve Bank of Richmond on April 1 made payment of 1 per cent dividend for the period ending December 31, 1915, amounting to \$30,387.65. This is in addition to the 5 per cent dividend declared and paid at the end of the calendar year.

Taking up a request from one of the banks in the panhandle district of Texas to be transferred from the Federal Reserve Bank of Dallas

to the Federal Reserve Bank of Kansas City, the Board, after making a canvass of the banks located in that section, voted on April 10 that no change be made in the district lines at this point and that this decision be communicated to the banks interested.

The transfers of stock, made necessary by the separation of banks located in Fairfield County, Conn., from the Federal Reserve Bank of Boston and their being attached to the Federal Reserve Bank of New York, and certain banks in Louisiana being separated from the Federal Reserve Bank of Dallas and attached to the New Orleans Branch of the Federal Reserve Bank of Atlanta, have been in due course completed.

Believing that the directors of Federal Reserve Banks should be given every inducement and facility for making themselves familiar with the details of the conduct and condition of their banks, the Board has suggested that each director be requested to read and initial the semiannual report of examination of his Federal Reserve Bank and that the chairman of each board of directors advise the Federal Reserve Board when the report has been read by the directors and had their full consideration. The Board several months ago adopted the practice of furnishing each Federal Reserve Bank examined with a copy of the report of the examination.

Meeting of Governors.

The governors of the Federal Reserve Banks, called in conference by the Federal Reserve Board, held a meeting in Washington during the week of April 17. There were present at the meeting Messrs. Aiken, Strong, Rhoads, Fancher, Seay, McCord, McDougal, Miller Wold, Van Zandt, Calkins, and McKay; also Mr. Tupper, Deputy Federal Reserve Agent, of St. Louis, and Mr. Hendricks, Mr. Talley, and Mr. Attebery, in charge of the transit departments of the banks of New York, Dallas, and St. Louis, respectively.

The topics considered by the meeting included the question of the handling of the gold-

settlement fund held by the Federal Reserve Board for the Federal Reserve Banks and Federal Reserve Agents, the receipt from collectors of customs and internal revenue of checks carrying exchange charges, the method of calculating dividends for Federal Reserve Banks, the conversion and disposition of United States bonds and notes, "no protest" items, amendments to the Federal Reserve Act, the replenishing of 5 per cent redemption funds for member banks and collection and clearance.

The chief attention of the Governors was devoted to the discussion of a plan for country-wide collection and clearance of checks. Frequent conferences have been held with a subcommittee of the Federal Reserve Board on this subject.

At the time the meeting adjourned the fundamental principles and general features of a collection and clearance plan had been determined. The further development of the machinery to make effective the plan was left to a subcommittee which was authorized to remain in Washington and assist in working out the details of the proposed plan. This committee consists of Messrs. Rhoads, Seay, McKay, Hendricks, Talley, and Attebery.

State Bank Admissions.

The First State Bank of De Kalb, Tex., was admitted to the Federal Reserve System during the month of April, the number of State institutions which have now joined the system being 34.

Meeting of Federal Reserve Agents.

The Federal Reserve Agents of the twelve Federal Reserve Banks, who are also chairmen of the boards of directors, have been requested by the Federal Reserve Board to meet in Washington on Monday, May 29, 1916.

This meeting is called in accordance with an understanding reached when the Federal Reserve Agents held their last conference. It will take up many matters having to do with the work of the Board and the operation of the banks.

Location of Federal Reserve Banks.

It is held, in an opinion of the Attorney General of April 14, that the Federal Reserve Board does not possess the power to change the present location of any Federal Reserve Bank, and that the minimum capitalization of \$4,000,000 required by the Federal Reserve Act for Federal Reserve Banks as a condition precedent to commencing business is not a continuing requirement. The conclusions reached by the Attorney General in response to an inquiry submitted by the Federal Reserve Board to the President of the United States are contained in the following paragraphs:

"To sum up my conclusion on the question of whether the Federal Reserve Board can legally change the present location of any Federal Reserve Bank, I am of opinion that the Board has no such power, and that such power is lacking whether there has been alteration or readjustment in the district lines or not."

"My conclusion as to the second question submitted is that the Federal Reserve Act, in prescribing a minimum capitalization of \$4,000,000 for Federal Reserve Banks as a condition precedent to commencing business, does not require that such minimum capitalization shall be preserved under the circumstances."

The text of the opinion follows:

DEPARTMENT OF JUSTICE,
Washington, April 14, 1916.

SIR: At the request of the Federal Reserve Board, you have submitted the following questions for my opinion:

I. Can the Federal Reserve Board legally change the present location of any Federal Reserve Bank:

(a) In the case where there has been no alteration in the district lines; and

(b) In the case where there has been such readjustment of district lines as in the opinion of the Board necessitates the designation of a new Federal Reserve city in order that due regard may be given to the convenience and customary course of business as required by section 2 of the Federal Reserve Act?

II. Must the Federal Reserve Board, in exercising its admitted power to readjust preserve the \$4,000,000 minimum capitaliza-

tion required of each Federal Reserve Bank as a condition precedent to the commencement of business?

I.

In my opinion of November 22, 1915, I expressed the view that the Federal Reserve Act does not confer on the Federal Reserve Board the power to abolish any of the existing Federal Reserve Banks or Federal Reserve districts. I believe that the reasoning of that opinion is equally applicable to both branches of the first question now submitted.

Section 2 of the Federal Reserve Act provides:

"As soon as practicable, the Federal Reserve Bank Organization Committee shall designate not less than eight nor more than twelve cities to be known as Federal Reserve cities, and shall divide the continental United States * * * into districts, each district to contain only one of such Federal Reserve cities. The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all. Such districts shall be known as Federal Reserve districts and may be designated by number. * * *

"Said organization committee shall be authorized * * * to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal Reserve Banks shall be severally located."

The same section further provides:

"The said committee shall supervise the organization, in each of the cities designated, of a Federal Reserve Bank, which shall include in its title the name of the city in which it is situated, as 'Federal Reserve Bank of Chicago.'"

Since the Act thus provides that each city designated as a Federal Reserve city is to be the location of a Federal Reserve Bank, it follows that a change in the location of a Federal Reserve Bank would in effect be the designation of a new Federal Reserve city and the abandonment of one previously designated. I find no more warrant in the Act for the

abandonment of one Federal Reserve city and the designation of a new one than I do for the abolition of a Federal Reserve district when once established.

The power to designate a new Federal Reserve city (12 cities having been named by the Organization Committee) or to change the location of a Federal Reserve Bank is not expressly conferred by the Act on the Federal Reserve Board. If the Board possesses such power, it is only by implication from the provision that—

“The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: *Provided*, That the districts shall be appointed with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all.”

In my opinion there is no clear indication, either in the provision just quoted or elsewhere in the Act, of an intent to confer on the Federal Reserve Board the power to change the location of Federal Reserve Banks by the designation of new Federal Reserve cities. On the contrary, there are indications of an opposite intent. As stated in my opinion of November 22, 1915, above referred to, “the merely negative statement that the determination of the Organization Committee shall not be subject to review except by the Federal Reserve Board when organized clearly can not be enlarged into an affirmative grant of power to the Board to review and set aside everything done by the Organization Committee. The reasonable view is that by that language Congress meant that the determination of the Organization Committee should not be subject to review at all, except in so far as the subsequent provisions specifically authorize a review by the Federal Reserve Board. The only subsequent provision authorizing a review of the determination of the Organization Committee by the Federal Reserve Board is contained in the sentence, ‘The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed 12 in all.’”

Again, as stated in that opinion, “a reading of the Act shows at once that the Organization Committee was created not merely for the purpose of attending to the formalities of organization or to serve as a stop-gap until

the Federal Reserve Board should come into existence, but that it had an independent function to perform and to that end was invested with wide powers. That is to say, its function was to organize the system as contradistinguished from the function of the Federal Reserve Board, which was primarily to administer the system.”

The duty of designating Federal Reserve cities belonged to the Reserve Bank Organization Committee as a part of the organization of the system, and the committee was required by the Act to designate not less than 8 nor more than 12 cities. This duty is named first among those imposed upon the Organization Committee, and it is imposed by the same provision of section 2 which required the committee to divide the United States into Federal Reserve districts. The same considerations that indicate an intention that the several districts should be permanent would also indicate that the designation of the cities was not to be made for temporary purposes, but was intended to be permanent, subject, of course, to change by Congress. The designation was to be made only after thorough investigation, and the same machinery was provided to facilitate both the determination of the districts and the designation of the cities. Thus, section 2 provides:

“Said Organization Committee shall be authorized to employ counsel and expert aid, to take testimony, * * * and to make such investigation as may be deemed necessary * * * in determining the reserve districts and in designating the cities within such districts where such Federal Reserve Banks shall be severally located.”

In my opinion, this coupling of the duty of determining the districts with the duty of designating the Federal Reserve cities within the several districts shows an intention on the part of Congress that the cities so designated are to constitute the fixed centers in the scheme or system of division, the duty of designating the cities being coordinate with the duty of forming districts around them. It was left to the discretion of the Organization Committee whether it should designate the full number of Federal Reserve cities and establish the full number of Federal Reserve districts permitted by the Act. The committee elected to designate and establish the full number authorized, thereby practically suspending the operation of the provision of the Act that “new districts may from time to time be created by the Fed-

eral Reserve Board not to exceed 12 in all." The primary if not the only purpose of that provision must have been to take care of the situation in the event that the Organization Committee had designated less than 12 Federal Reserve cities.

The fact that the Federal Reserve Board, aside from the provision relating to the creation of new districts from time to time, was merely given the power to readjust districts suggests that there was to be some permanent characteristic or element in the districts created by the Organization Committee. If, however, in addition to the power which the Federal Reserve Board has of readjusting districts by changing their boundary lines, it also possessed the power to change the location of the respective Federal Reserve cities within such districts, then the Board could, by successive changes of cities and boundaries, entirely obliterate existing districts and substitute in their place new districts totally different from those created by the Organization Committee. I do not think that Congress intended to confer such a power.

The Act provides that each Federal Reserve Bank is to include the name of the city in which the bank is located. By section 4 it is provided that the organization certificate of each bank shall state specifically—

"The name of such Federal Reserve Bank, the territorial extent of the district over which the operations of such Federal Reserve Bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock, and the number of shares into which the same is divided * * *."

Upon the filing of such certificate with the Comptroller of the Currency in the manner prescribed such Federal Reserve Bank—

"Shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power * * * to have succession for a period of 20 years from its organization unless it is sooner dissolved by an act of Congress, or unless its franchise becomes forfeited by some violation of law." (Sec. 4.)

It is to be noted that there is no provision in the Act by which the Federal Reserve Board may change the name of a Federal Reserve Bank or amend its certificate in this respect. The whole tenor suggests permanency.

The omission of Congress to grant, by express language the power to change Federal Reserve cities is significant, especially in

view of the language of section 11 (e) of the Act, which confers the power—

"To add to the number of cities classified as reserve and central reserve cities * * * ; or to reclassify existing reserve and central reserve cities, or to terminate their designation as such."

It would have been equally easy had Congress desired to grant the authority to designate new Federal Reserve cities to have said so in express terms. (*Tillson v. United States*, 100 U. S., 43, 46, quoted in my opinion of Nov. 22, 1915, *supra*.)

It may be suggested that changes in the "customary course of business" or other changes not foreseen by the Organization Committee may result in inconveniences which the Federal Reserve Board can not remedy if its power to change the location of Federal Reserve cities is denied. The answer is that the remedy is with Congress, in so far as it may not already be supplied by section 3, which authorizes the establishment of as many branch banks in any district as may be found expedient.

To sum up my conclusion on the question of whether the Federal Reserve Board can legally change the present location of any Federal Reserve Bank, I am of opinion that the Board has no such power, and that such power is lacking whether there has been an alteration or readjustment in the district lines or not.

II.

Coming now to the consideration of the second question submitted, namely, whether the Federal Reserve Board, in exercising its admitted power to readjust, must preserve the \$4,000,000 minimum capitalization required of each Federal Reserve Bank as a condition precedent to the commencement of business, I am of opinion that this question is to be answered in the negative.

The Federal Reserve Act provides in section 2:

"No Federal Reserve Bank shall commence business with a subscribed capital less than \$4,000,000."

The same section also contains a provision requiring subscriptions to the capital stock to be paid—

"One-sixth * * * on call of the Organization Committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter

and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board * * *."

Section 4 contains the following provision:

"When the minimum amount of capital stock prescribed by this Act for the organization of any Federal Reserve Bank shall have been subscribed and allotted, the Organization Committee shall designate any five banks * * * to execute a certificate of organization. * * *

"Upon the filing of such certificate with the Comptroller of the Currency, the said Federal Reserve Bank shall become a body corporate."

The decrease of capital stock is authorized by the following provision of section 5:

"The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus, or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members."

Additional provisions relating to the decrease of capital stock are found in sections 5 and 6, as follows:

"SEC. 5. * * * When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal Reserve Bank, and when a member bank voluntarily liquidates, it shall surrender all of its holdings of the capital stock of said Federal Reserve Bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor * * * a sum equal to its cash-paid subscriptions on the shares surrendered * * * less any liability of such member bank to the Federal Reserve Bank.

"SEC. 6. If any member bank shall be declared insolvent * * * the stock held by it in said Federal Reserve Bank shall be canceled * * * and all cash-paid subscriptions on said stock, with one-half of one per cent per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal Reserve Bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal Reserve Bank is reduced, either on account of a reduction in capital stock of any member bank or of the

liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank."

In section 9 it is provided:

"If at any time * * * a member bank has failed to comply with * * * the regulations of the Federal Reserve Board, it shall be within the power of the said Board, after hearing, to require such bank to surrender its stock in the Federal Reserve Bank; * * * and said Federal Reserve Bank shall, upon notice from the Federal Reserve Board, be required to suspend said bank from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided."

It will be observed from the foregoing quotations that the Federal Reserve Act expressly provides that no Federal Reserve Bank shall commence business with a subscribed capital of less than \$4,000,000. (Sec. 2.) They were each to be organized when the minimum amount of capital stock had been subscribed. (Sec. 4.) Only three-sixths of the capital subscribed is required to be paid in, the remainder being left "subject to call when deemed necessary by the Federal Reserve Board." (Sec. 2.)

The Act specifically provides for the decrease of capital stock (1) as member banks reduce their capital stock; and (2) as they cease to be members. (Sec. 5.)

Member banks may cease to be members for any of four causes—

- (a) Voluntary liquidation (sec. 5);
- (b) Insolvency (sec. 6);
- (c) Violation of regulations of Federal Reserve Board (sec. 9);
- (d) Transfer from one Federal district to another through readjustment of districts (sec. 2).

The Act specifically requires the cancellation of capital stock where membership ceases under (a), (b), or (c). (Secs. 5, 6, and 9.)

No specific provision is made for cancellation of capital stock where membership ceases under (d).

While the minimum capital had to be subscribed in order to commence business, the maintenance of that minimum is nowhere prescribed by the Act. The fact, that the Board is to determine whether more than half the subscription is to be paid in seems to indicate that the minimum to be subscribed was fixed

as a precaution to make sure that ample credit should be pledged to insure the success of the system.

Not only is the maintenance of the minimum not prescribed, but express provision is made for reducing the capital stock as, or whenever, member banks cease to be members. This language is general and includes in its terms all cases in which member banks cease to be members. It is coupled with no expressed condition that the minimum capitalization be preserved; and since the Federal Reserve Act required the organization of the Federal Reserve Banks upon the subscription of the minimum, it is obvious that any reduction whatever made after commencing business might reduce the capital below the minimum.

It is plain that a member bank can be a member only of the Federal Reserve Bank of the district in which both are located. This is obvious from the nature of the Federal Reserve districts and is assumed in sections 2, 4, and 9. Of necessity, therefore, when the Federal Reserve Board, in the exercise of its power to readjust, transfers a member bank from one district to another, such transferred bank must cease to be a member of the Federal Reserve Bank of the district from which it is transferred. When it thus ceases to be a member, the capital of the Federal Reserve Bank may be reduced; and there is nothing in the Act requiring the reduction to be made subject to the maintenance of a minimum capital.

It is to be noted that section 5 provides that the capital stock *shall* be increased and *may* be decreased under the conditions therein mentioned. Succeeding provisions of sections 5, 6, and 9, however, make it clear that *may* is here used in the sense of *shall*, as applied to cases arising under (a), (b), and (c). It seems reasonable to infer that it is used in the same sense as applied to (d). But whether so used or used in its more literal sense is here immaterial, for so far as the answer to the question submitted is concerned, the result is the same whether the Board is *required* or merely *authorized* to reduce the capital when member banks cease to be members.

Nor can any significance be attached to the fact that specific provision is made for reducing the capital stock of a Federal Reserve Bank in cases arising under (a), (b), and (c), while the Act is silent as to cases arising under (d). The cases specifically provided for include cases where the member banks cease to be members as the direct result of their own acts or conduct. Cases under (d) arise where banks cease to be

members as an incident of the exercise of the power of the Federal Reserve Board to readjust districts. The grant of the specific power to readjust carries with it, as fully as if expressed in the Act, the power to do what is necessarily incidental. (Broom's Maxims, 7th ed., 505; 199 U. S., 12.)

My conclusion as to the second question submitted is that the Federal Reserve Act, in prescribing a minimum capitalization of \$4,000,000 for Federal Reserve Banks as a condition precedent to commencing business, does not require that such minimum capitalization shall be preserved under the circumstances.

Very respectfully,

T. W. GREGORY,
Attorney General.

The PRESIDENT,
The White House.

Acceptances Not Subject to Stamp Tax.

The following ruling as to revenue stamps on acceptances has been made by the Acting Commissioner of Internal Revenue, Treasury Department, and no stamps need be used:

APRIL 3, 1916.

HON. CHARLES S. HAMLIN,
Governor Federal Reserve Board,
Washington, D. C.

SIR: In response to your communication of the 27th ultimo, inclosing copy of a letter received, you are advised that drafts, acceptances, overdrafts, and post-dated checks are not taxable under the act of October 22, 1914, as promissory notes:

Your attention is invited to paragraph I of T. D. 2170, as follows:

(1) In view of the decision made by the Supreme Court of the United States in the case of the United States *v.* Isham (17 Wall., 496), that "the liability of an instrument to a stamp duty, as well as the amount of such duty, is determined by the form and face of the instrument, and can not be affected by proof of facts outside of the instrument itself," this office is of the opinion that drafts, acceptances, overdrafts, and post-dated checks are not taxable under the above act as promissory notes, even though they are used in such a way as to perform some of the functions of a promissory note.

Respectfully,

DAVID A. GATES,
Acting Commissioner.

Federal Reserve Issues.

Careless reading of the monthly statement issued by the Treasury Department, showing the total amount of money and currency in circulation, is responsible for certain mistaken inferences with respect to the status of Federal Reserve note issues in the country's circulation. That there has been a marked increase in the amount of money in circulation is made clear by the figures compiled by the Treasury Department, but careful analysis shows that the increase is represented almost exclusively by the increase in the amount of gold certificates in circulation, representing gold held in the Treasury, the net addition to the total volume of currency made by the Federal Reserve notes being an insignificant fraction. The statement issued on April 1 indicates that the general stock of money in the United States increased between April 1, 1915, and April 1, 1916, by \$455,205,000, of which \$440,622,000 represents the increase in the amount of gold coin and bullion held in the Treasury. The increase of money in circulation during the same period was about \$433,003,000, of which \$365,900,000 represents the increase in the circulation of gold certificates.

Included in the total stock of money is the amount of Federal Reserve notes issued by the Government to the Federal Reserve Banks. The statement indicates an increase by \$148,647,000 in the amount of such notes issued during the year, and an increase of \$147,091,000 in the amount of such notes in circulation. The latter amount is arrived at by deducting from the amount of notes issued to the banks the amount held in the Treasury among the assets of the Government.

The circulation statement also shows in a separate column the amount of gold held by the Federal Reserve Banks and the Government against Federal Reserve notes issued. This amount increased during the last 12 months from \$35,151,000 to \$173,558,000, i. e., by \$138,407,000. It may be seen, therefore, that while the circulation statement indicates an increase of \$147,091,000 in the circulation

of Federal Reserve notes, it also indicates that of this total no less than \$138,407,000 merely took the place of gold or gold certificates, which were withdrawn from circulation and impounded in the vaults of the Federal Reserve Banks and of the Government. If it is desired to determine the share of Federal Reserve notes in the total increase of circulation, the only proper method is to offset the increase in the circulation of these notes by the increase in the amounts of gold in the hands of the Federal Reserve Banks and the Government and held as security against the Federal Reserve notes issued. This is shown in the following exhibit:

	Apr. 1, 1916.	Apr. 1, 1915.	Increase.
Federal Reserve notes in circulation.....	\$187,728,000	\$40,637,000	\$147,091,000
Gold impounded against Federal Reserve notes issued...	173,558,000	35,151,000	138,407,000
Net addition to total money in circulation.	14,170,000	5,486,000	8,684,000

It is seen that the net expansion in circulation which may be properly imputed to Federal Reserve notes is \$8,684,000 for the 12 months between April 1, 1915, and April 1, 1916. Additional light upon this question of "inflation" is thrown by an analysis of the Federal Reserve Board's bank statement for April 14, 1916, from which the following pertinent data are gleaned:

Federal Reserve notes issued to Federal Reserve Banks.....	\$186,761,000
Of this amount there are secured by 100 per cent deposit of gold.....	176,883,000
The remainder.....	9,878,000
is secured by 100 per cent of commercial paper and \$3,951,000 of gold, which is 40 per cent of the paper-secured notes.	
The Federal Reserve Banks have on hand \$22,526,000 of Federal Reserve notes.	
The amount of Federal Reserve notes in actual circulation is thus less by.....	12,648,000
than the \$176,883,000 of gold withdrawn from circulation, and held by the Government against Federal Reserve notes outstanding.	
The Federal Reserve Banks have bought up to and including Apr. 14, 1916, United States bonds, most of which have the circulation privilege, amounting to	48,158,000

Practically all of these bonds were sold by national banks which formerly had circulation out against them, which circulation has now been retired. The Federal Reserve Banks have taken down Federal Reserve bank-note circulation against a portion of these bonds, but in some cases this has been done simply for emergency purposes, and the Federal Reserve bank notes not actually issued.

The actual amount of Federal Reserve bank notes in circulation as of the 14th day of April was \$1,423,000. The reason why the circulation statement shows more than this is because Federal Reserve bank notes, when issued by the Treasury to the banks, are treated "as issued" even though held in the vaults of the bank.

Cost of Bank Examinations.

In the March issue of the Federal Reserve Bulletin (p. 122) there was published a brief statement on the cost of national-bank examinations, accompanied by a table showing in parallel columns the relative cost of examination under both the old and the new systems. The Federal Reserve Board's committee on audit and examination has recently submitted a report to the Board containing the following further information on this subject.

As explained in the above-mentioned statement, under the present system the examiners are no longer compensated by fees, but receive fixed salaries out of a fund provided by assessments levied upon the banks. Under the old system payments made by banks amounted in many cases to much less than cost of the examination. Assessments upon banks were made, as far as "country banks" were concerned, upon a basis of capital stock alone, without reference to total assets. In reserve and central reserve cities higher assessments were levied, which more nearly approximated the cost of making the examinations. As a result there were gross inequalities, which have been rectified under the operation of the new law. It is true that some banks now pay considerably more for examinations than they formerly did,

but the Comptroller of the Currency has pointed out to your committee that under the old system certain national banks in reserve and central reserve cities, having assets of \$1,000,000 or less and capital from \$300,000 to \$400,000, paid a fee for examination ranging from \$56 to \$70, according to the amount of their capital stock and resources, while under the operation of the Federal Reserve Act the same banks are paying a fee ranging from \$36.50 to \$44.50.

Banks having resources of from \$1,500,000 to \$10,000,000 in reserve and central reserve cities, paid for their examinations under the old system a fee ranging from \$75 to \$230, according to capital and resources, but these banks are now paying from \$54.50 to \$224.50.

The comptroller informs your committee that only 38 per cent of the national banks in reserve and central reserve cities have resources in excess of \$10,000,000, and that, therefore, 62 per cent of the banks in reserve and central reserve cities are now, according to this scale, paying for their examinations less than they paid under the old plan, although examinations are now more thorough and efficient than they were before.

A bank with assets of \$25,000,000, having capital of, say, \$5,000,000, in reserve and central reserve cities formerly paid a fee of \$410; now the assessment against such a bank is \$524.50, the increase being warranted by the additional time devoted to the work by the examiners and the greater thoroughness of their examinations.

A bank in reserve and central reserve cities with resources of \$50,000,000 and a capital of \$10,000,000 paid under the old system a fee of \$710; under the new arrangement such a bank pays \$1,024.50, but it can not reasonably be contended that approximately \$1,000 is an excessive charge for a thorough examination of a bank having assets of \$50,000,000.

Assessments against banks having assets of more than \$50,000,000 are also greater under the present plan than formerly. The Comptroller states to your committee, however, that of about 7,600 national banks in the

United States, only 32 banks, or less than one-half of 1 per cent of the total number, at the time of the December 31, 1915, call, had assets in excess of \$50,000,000, and of these 32 banks 31 were located in reserve and central reserve cities.

Under the old system fees for the examination of "country banks" (that is, banks not in reserve and central reserve cities) having assets of less than \$3,000,000 and capital in proportion, or, say, \$25,000 to \$750,000, ranged from \$20 to \$75; under the present system these banks pay from \$25.50 to \$84.50, being an increase of from \$5.50 to \$9.50 per bank, according to the capital and assets.

These figures apply to 6,939 banks, or 96 per cent of the total of 7,238 country banks. There can be no question, however, that under the old system the statutory fee was in many cases wholly inadequate to provide fair compensation for efficient service. The Comptroller states that those country banks which have resources in excess of \$3,000,000 and capital of \$600,000 or more constitute about 4 per cent of all country banks, and that under the old system with the standard regulations they were charged a fixed fee of \$75, irrespective of resources.

The charge now imposed upon them is in proportion to their resources, so that a country bank with \$5,000,000 of resources and capital of, say, \$750,000, which formerly paid \$75, now pays \$124.50, or an increase of \$49.50. Experience under the old system showed that it was impossible to make a thorough examination of the larger country banks for \$75.

A fee of \$224.50 for a thorough examination of a bank having \$10,000,000 of assets is therefore not to be regarded excessive. There is a basis for the statement that in a few isolated cases banks have been charged under the new system five to ten times as much as they were under the old system, but this only occurs in those cases where a very large bank is located in a nonreserve city. A specific instance has been cited where a bank of this kind with resources of approximately \$50,000,000 paid, under the old plan, only \$75, due to its

rating as a country bank, whereas this bank now pays \$1,024.50. Surely it can not be contended that this is an unreasonable charge for examining so large a bank.

On December 31, 1915, there were only 23 country banks (one-third of 1 per cent), in the United States which had resources in excess of \$10,000,000.

All country banks are now charged for examinations a fixed fee of \$25, plus 2 cents per \$1,000 of assets in excess of \$25,000. Under the old system, examiners were required to pay traveling expenses and hotel bills out of the statutory fees received. As the earnings of the examiner depended upon the number of examinations made, there was a constant temptation to speed up the work of examination at the expense of thoroughness, with superficiality as the inevitable result.

These conditions no longer exist, and an examiner is now free to devote as much time to each bank as may be necessary for a thorough and efficient examination. Partly because of the superficial character of national-bank examinations as formerly made, and for the additional reason that examiners' reports were sent to the Comptroller, without copies being given to the directors of the banks examined for their information, many banks felt the necessity of providing for additional and more thorough examinations by special auditors, involving a considerable expense.

The Comptroller of the Currency has notified the Board that it is his intention to inaugurate the custom of furnishing the board of directors of each national bank examined with a report by the examiner, after each examination, from which the directors will have an opportunity of informing themselves of actual conditions in their banks and of passing judgment upon the character of the examination. It is, therefore, believed that in most cases banks will find that independent examinations will hereafter be a useless duplication and will discontinue them, so that the result will be a substantial saving in the expense incurred for examinations.

Acceptances up to 100 Per Cent.

The following member banks of the Federal Reserve System have requested and have to this date been granted authority by the Federal Reserve Board to accept, up to 100 per cent of their capital and surplus, drafts or bills of exchange growing out of transactions involving the importation or exportation of goods:

First National Bank, Boston, Mass.
 Merchants' National Bank, Boston, Mass.
 National Shawmut Bank, Boston, Mass.
 Second National Bank, Boston, Mass.
 American Exchange National Bank, New York City.
 Bank of New York N. B. A., New York City.
 Atlantic National Bank, New York City.
 Irving National Bank, New York City.
 Mechanics and Metals National Bank, New York City.
 Fourth Street National Bank, Philadelphia, Pa.
 Tradesmen's National Bank, Philadelphia, Pa.
 Philadelphia National Bank, Philadelphia, Pa.
 First National Bank, Baltimore, Md.
 Merchants-Mechanics' National Bank, Baltimore, Md.
 Bank of Charleston N. B. A., Charleston, S. C.
 Merchants National Bank, Hampton, Va.
 Merchants National Bank, Richmond, Va.
 National Bank of Danville, Danville, Va.
 Whitney-Central National Bank, New Orleans, La.
 Commercial National Bank, New Orleans, La.
 First National Bank, Chicago, Ill.
 National Bank of the Republic, Chicago, Ill.
 First National Bank, Hutchinson, Kans.
 First National Bank, St. Joseph, Mo.
 Crocker National Bank, San Francisco, Cal.
 Anglo and London-Paris National Bank, San Francisco, Cal.
 First National Bank, San Francisco, Cal.
 Wells-Fargo Nevada National Bank, San Francisco, Cal.
 Bank of California N. A., San Francisco, Cal.
 First National Bank, Portland, Oreg.

All member banks are authorized under section 13 of the Federal Reserve Act to accept in transactions based upon foreign trade up to an amount not exceeding 50 per cent of their paid-in capital and surplus.

A number of national banks and State banks and trust companies which have joined the Federal Reserve System have such large capital and surplus that they can accept to a much greater amount, based on 50 per cent of their capital and surplus, than can other member banks which have received special permission from the Federal Reserve Board to accept up

to 100 per cent. Such banks therefore do not need to avail themselves of the 100 per cent privilege. The list, above printed, of banks given special permission to accept up to 100 per cent does not include these latter banks.

Withdrawal of Bonds Securing Circulation.

Under the construction placed upon the National Bank Act by the office of the Comptroller of the Currency, an amount not to exceed \$9,000,000 of lawful money may be deposited in any one month for the purpose of retiring national-bank circulation and withdrawing United States bonds on deposit to secure circulation. The limit for April was reached on the first day of the month. Applications for withdrawals are listed in the office of the Comptroller in the order of their receipt and acted upon in the order of the deposits of lawful money.

The \$9,000,000 limit applies only to deposits of lawful money. Any national bank, therefore, having on hand its own notes, signed or unsigned, may return them to the department for cancellation, and thus obtain the release of a corresponding amount of United States bonds, provided the amount remaining with the Treasurer is equal to the minimum bond requirement provided by the National Bank Act.

Sale of 3 Per Cent Bonds.

Advice has been received by the Federal Reserve Board from one of the Federal Reserve Banks of the sale of the new Government 3 per cent 30-year bonds, provided for in section 18 of the Federal Reserve Act, at 103½, when issued, and the sale of \$100,000 of one-year notes at 100½. The market for these conversion bonds and notes seems to be established at about these figures.

January Bulletin Exhausted.

No copies of the January issue of the Federal Reserve Bulletin remain for distribution. It is suggested that those who have copies of this number preserve them for binding, as the Federal Reserve Board can not supply additional copies.

Commercial Failures in 1916.

There are given below statistics of commercial failures in the United States for the first quarter of 1916, compiled from the records of R. G. Dun & Co. These show for each Federal Reserve district the total number of commercial failures, the amount of assets, and the

amount of liabilities, and in a subdivision of the table this same information as to the failures in manufacturing, trading, and other commercial lines. In addition, the bank failures are given, and, with the totals for the entire United States for the three months, the figures for the corresponding period in the three preceding years.

District.	Total.			Manufacturing.		Trading.		Other commercial.		Banks.	
	Num-ber.	Assets.	Liabilities.	Num-ber.	Liabilities.	Num-ber.	Liabilities.	Num-ber.	Liabilities.	Num-ber.	Liabilities.
No. 1—Boston.....	490	\$1,768,330	\$4,120,019	160	\$1,630,732	289	\$1,998,478	41	\$490,809	.....	.....
No. 2—New York.....	945	5,276,521	16,768,121	332	8,997,340	548	5,740,264	65	2,030,517	.....	.....
No. 3—Philadelphia.....	361	2,425,346	3,280,424	75	1,322,727	273	1,571,217	13	386,480	.....	.....
No. 4—Cleveland.....	416	2,503,716	3,194,279	101	815,532	286	2,164,026	29	214,721	.....	.....
No. 5—Richmond.....	423	2,265,118	3,456,399	70	791,212	343	2,619,574	10	45,613	2	\$480,000
No. 6—Atlanta.....	510	3,659,430	6,907,150	57	2,137,721	442	3,954,708	11	814,721	7	2,525,000
No. 7—Chicago.....	587	4,732,317	7,077,544	130	2,626,646	427	3,353,520	30	1,097,378	1	25,000
No. 8—St. Louis.....	392	2,202,761	3,189,366	65	653,112	310	2,448,712	17	87,542	2	880,000
No. 9—Minneapolis.....	180	1,768,633	1,992,283	43	918,027	130	1,018,942	7	55,314	.....	.....
No. 10—Kansas City.....	209	861,370	1,814,695	33	340,421	164	903,641	12	570,633	.....	.....
No. 11—Dallas.....	289	1,613,216	3,309,130	27	1,200,761	252	1,938,264	10	170,105	3	160,000
No. 12—San Francisco.....	585	3,155,712	6,383,336	150	2,372,979	306	3,336,315	39	673,542	1	150,000
United States.....	5,387	32,232,370	61,492,746	1,243	23,807,210	3,860	31,048,161	284	6,637,375	16	4,220,000
1915.....	7,216	64,600,535	105,703,335	1,580	46,211,855	5,348	48,712,139	288	10,779,341	55	17,128,839
1914.....	4,826	54,543,553	83,221,826	1,147	34,644,880	3,489	36,500,570	190	12,076,376	50	10,020,579
1913.....	4,458	51,764,096	76,832,277	1,052	30,634,667	3,233	36,590,109	173	9,607,501	25	2,180,871

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Apr. 27, 1916.

	Maturities of 10 days and less.	Maturities of over 10 to 30 days, inclusive.	Maturities of over 30 to 60 days, inclusive.	Maturities of over 60 to 90 days, inclusive.	Agricultural and live-stock paper over 90 days.	Trade acceptances.		Commodity paper.	Paper bought in open market.
						To 60 days, inclusive.	Over 60 to 90 days, inclusive.		
Boston.....	3	3½	4	4	5	3	3	1 3½	.....
New York.....	3	4	4	4	5	3½	3½	.....	.....
Philadelphia.....	3	4	4	4	4½	3	3	1 3	.....
Cleveland.....	3½	4	4	4	5	3	3½	.....	.....
Richmond.....	.....	4	4	4	5	3½	3½	1 3½	.....
Atlanta.....	.....	4	4	4	5	3½	3½	3	3½-5½
Atlanta (New Orleans branch).....	.....	.....	.....	.....	.....	* 3½-4	* 3½-4	.....	.....
Chicago.....	3½	4	4	4	5	.....	.....	.....	.....
St. Louis.....	3	4	4	4	5	4 3	4 3½	3	.....
Minneapolis.....	.....	4	4	4	5	3½	3½	3	.....
Kansas City.....	.....	4½	4½	4	5	3½	3½	3	.....
Dallas.....	4	4	4	4	4½	3½	3½	3	3-5
San Francisco.....	3	3½	4	4½	5½	3	3½	(5)	.....

1 Rate for commodity paper maturing within 90 days.
 2 Rate for bills of exchange in open market operations.
 3 Rate for trade acceptances bought in open market without member bank indorsement.
 4 A rate of 2 to 4 per cent for bills with or without member bank indorsement has been authorized.
 5 Rate for commodity paper maturing within 30 days, 3½ per cent; over 30 to 60 days, 4 per cent; over 60 to 90 days, 4½ per cent; over 90 days, per cent.

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING QUARTER ENDING MARCH 31, 1916.

There are presented below detailed figures of earnings and expenses of each of the Federal Reserve Banks for the first three months of the current year, in continuation of similar figures published in the Bulletin for previous quarters.

The combined earnings of all the Federal Reserve Banks for the first quarter of the present year are given as \$755,707.11, and the total current expenses as \$498,039.48. Expenses of operation were \$415,861.39 for the quarter, while the cost of Federal Reserve notes issued by the banks, expenses caused by the exchange of Federal Reserve notes between banks, and by the shipment of notes to Washington for destruction, also amounts written off to provide for the gradual amortization of the cost of notes issued by certain banks prior to July 1, 1915, other amortization charges, and depreciation on furniture and equipment account for the additional quarterly expense of \$82,178.09.

The excess of total earnings over total current expenses for the quarter was \$257,667.63, or at the yearly rate of about 1.9 per cent on an average paid-in capital of \$54,904,000. The most favorable financial results are reported by the southern banks. Thus, Richmond shows an excess for the quarter of earnings over current expenses of \$43,948.51, or at an annual rate of 5.25 per cent on a calculated average capital of \$3,350,000; Atlanta, including its branch at New Orleans, a like excess of \$24,273.63, or at an annual rate of 4.01 per cent on an average capital of \$2,419,000, and Dallas an excess of \$29,805.54, or at an annual rate of 4.34 per cent on an average capital of \$2,749,000.

The Boston bank's excess of quarterly earnings over current expenses was \$41,792.18, or at the annual rate of 3.24 per cent on an average capital of \$5,158,000. This excess is more than sufficient to wipe out the deficit of \$34,603 for the period ending December 31, 1915. Kansas City reports an excess of \$25,628.70, or at the rate of 3.4 per cent on an average capital of \$3,011,000. Chicago

earned net \$51,246.16, or at the rate of 3.08 per cent per annum on an average capital of \$6,650,000.

The St. Louis and San Francisco banks show excesses of current expenses over earnings for the quarter, though the latter bank had a surplus of earnings over operating expenses.

Of the total earnings for the quarter, 34.2 per cent was from bills discounted, 20.5 per cent from municipal warrants, 20.2 per cent from bills purchased in the open market, 19.6 per cent from United States bonds, and the remainder from sundry operations, largely exchange and commissions received. These percentages vary according to banks and groups of banks. Thus, 58.5 per cent of the Boston Federal Reserve Bank's earnings came from bills bought, almost exclusively bankers' acceptances, and nearly 28 per cent from municipal warrants. The New York bank reports about 48 per cent of its earnings under the head of "Bills bought in open market" and 42.4 per cent under the head of "Warrants," while the per cent share of earnings from discounted paper was less than 3 per cent for the Boston bank and less than 2 per cent for the New York bank. In the case of the three southern banks the earnings from discounts account for 88 per cent of their total earnings for the quarter. Chicago derived almost one-third of its quarterly earnings from United States bonds and about 30 per cent from discounts, while Cleveland's largest share of earnings came from "municipal warrants."

Of the total expenses of operation, about 28 per cent went as compensation to bank officers and about 25 per cent as salaries to the clerical staff of the banks. The amount contributed by the banks for the support of the Federal Reserve Board was the next largest item and constituted over 13 per cent of the total expenses of operation, while the item of "rent" represents 9.4 per cent of these expenses.

The total current expenses shown are exclusive of \$16,839.68 expended in the purchase of additional furniture and equipment and of \$12,211.03, the cost of printing and shipping Federal Reserve notes.

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the quarter ending Mar. 31, 1916.

EARNINGS.

	Boston.	New York.	Phila- delphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Bills discounted—members..	\$1,720.44	\$2,324.47	\$2,179.81	\$3,558.43	\$63,900.19	\$46,985.64	\$30,929.69	\$9,785.00	\$12,154.54	\$29,218.35	\$49,996.31	\$5,594.87	\$258,347.74
Bills bought in open market.	44,520.52	61,584.43	13,440.61	4,939.35	1,093.60	2,269.74	10,425.83	4,139.92	2,874.64	2,716.88	62.50	4,802.05	152,870.07
Investments:													
United States bonds.....	4,999.45	2,292.16	16,727.16	21,290.45	3,576.02	1,465.77	33,217.47	12,843.55	9,811.45	22,194.79	6,732.02	13,137.78	148,288.07
Warrants.....	21,328.03	54,615.65	16,741.16	23,108.99	830.42	869.37	14,598.99	4,332.43	8,143.18	3,422.84	189.01	6,401.32	154,581.39
Commissions received.....	906.94	7,791.71				17.58							8,716.23
Amortization of discount on United States bonds.....										8,367.48			8,367.48
Sundry profits.....	2,649.58	239.93	609.27	107.41		2,708.73	11,501.06	3,047.86	1,121.08	316.65	1,037.69	1,196.27	24,536.13
Total.....	76,124.96	128,848.35	49,698.01	53,004.63	69,400.23	54,316.83	100,673.04	34,148.76	34,105.49	66,236.99	58,017.53	31,132.29	755,707.11

CURRENT EXPENSES.

Expenses of operation:													
Assessment account of expenses of Federal Reserve Board.....	\$5,158.15	\$11,055.20	\$5,269.40	\$5,938.14	\$3,353.80	\$2,422.40	\$6,655.70	\$2,782.50	\$2,546.55	\$3,037.80	\$2,772.60	\$3,942.75	\$54,934.99
Federal Advisory Council.....	113.50		82.25	147.13	150.00	88.92	302.20	150.00	276.75	221.45	150.00	150.00	1,832.20
Governors' conferences..	255.61	399.25	316.03	497.79	381.69	400.83	426.34	377.78	486.41	452.73	168.30	727.43	4,889.89
Federal Reserve Agents' conferences.....		54.63		76.00									256.73
Salaries:—													
Bank officers.....	8,374.95	19,699.92	9,499.98	9,687.48	6,728.12	7,666.64	12,750.00	11,675.00	6,499.98	6,124.91	8,229.15	9,900.00	116,836.13
Clerical staff.....	4,574.12	22,369.40	8,680.78	6,642.03	6,825.27	8,537.22	12,385.99	8,309.08	4,962.42	9,211.33	6,600.97	5,350.85	104,539.46
Special officers and watchmen.....		1,547.50	1,497.07	96.00	150.00	799.20	1,320.00	405.00	233.75		428.68	30.00	6,507.20
All other.....		693.34		14.40	410.65		853.12	300.00			466.00		2,737.51
Directors'—													
Fees.....	810.00	1,200.00	770.00	420.00	780.00	720.00	520.00	1,190.00	610.00	1,140.00		600.00	9,120.00
Per diem allowance..	230.00	360.00	220.00	230.00	480.00	484.00	230.00	210.00	180.00	745.00	250.00	130.00	3,749.00
Traveling expenses..	164.70	445.00	198.37	238.25	660.99	646.16	357.50	226.50	269.60	1,194.83	494.20		4,896.10
Officers' and clerks' trav- eling expenses (less amounts included in Governors' and Fed- eral Reserve Agents' conferences).....	263.35	301.50		172.16	1—17.71	280.56	100.50		40.39	140.53	307.40	1—18.40	1,570.28
Legal fees.....	400.00		1,000.00	500.06	725.00	150.00	645.16		375.00	150.00	622.40	1,508.67	6,076.29
Rent.....	3,125.01	10,300.00	2,124.99	1,513.08	1,000.00	3,004.00	6,643.75	4,180.57	1,250.01	2,124.99		3,690.00	38,556.40
Telephone.....	221.23	356.66	279.89	233.99	100.60	82.02	313.10	184.81	142.29	156.89	245.78	123.70	2,440.96
Telegraph.....	7.40	69.60	8.20	53.04	55.34	108.84	70.60	53.99	37.93	104.13	159.69	84.87	813.63
Postage.....	490.84	2,214.52	793.14	620.72	1,090.70	854.11	1,479.27	1,304.38	1,175.62	2,516.83	629.53	429.95	13,599.61
Expressage.....	1.52	30.28	487.20	3.40	418.51		166.42	356.85	38.31	483.93	1,339.57	38.00	3,363.99
Insurance and premiums on fidelity bonds.....	383.48	454.83	861.82	583.35	1—5.25	417.74	1,256.95	556.54	1,016.10	411.35	105.00	919.01	6,960.92
Light, heat, and power..	264.45		403.50		372.00	65.18	420.28			322.50	497.78	92.40	2,438.09
Printing and stationery..	429.97	3,032.61	754.31	715.16	1,007.43	669.63	1,030.64	1,112.75	286.10	1,226.64	777.78	1,135.37	12,178.39
Repairs and alterations..	39.94		8.70	19.77	11.75	161.50	58.67	122.91	22.10	104.29	6.50	331.24	887.37
All other expenses, n. s.	1,616.73	3,946.53	778.32	170.84	772.83	1,190.12	1,440.69	962.03	486.80	1,614.37	2,574.99	722.00	16,276.25
Total expenses of oper- ation.....	26,924.95	78,530.77	34,033.95	28,572.79	25,451.72	28,748.77	49,426.88	34,550.69	20,936.11	31,484.50	27,312.42	29,887.84	415,861.39

Cost of Federal Reserve notes issued by bank (including expressage, insurance, etc.)	2 1,582.40	9,040.00		765.07		39.05			394.44	78.50	899.57	654.12	13,453.15
Miscellaneous charges account Federal Reserve notes				182.48								100.67	283.15
Amortization charges:													
Federal Reserve notes		4,999.98		901.56				1,212.00	2,400.00	1,380.54		727.38	11,621.46
All other organization expenses	4,325.43	9,041.85	3,939.63	5,845.09				10,631.16	1,800.00	6,621.36		5,635.62	47,840.14
Premiums on United States bonds										143.39			143.39
Depreciation on furniture and equipment	1,500.00	1,349.01	924.57	914.16		1,255.38		793.68	1,200.00	900.00			8,836.80
Total current expenses	34,332.78	102,961.61	38,898.15	37,181.15	25,451.72	30,043.20	49,426.88	47,187.53	26,730.55	40,608.29	28,211.99	37,005.63	498,039.48
Excess of earnings over current expenses	41,792.18	25,886.74	10,799.86	15,823.48	43,948.51	24,273.63	51,246.16	3-13,038.77	7,374.94	25,628.70	29,805.54	8-5,873.34	257,667.63

COST OF FURNITURE AND EQUIPMENT, INCLUDING VAULTS.

Balance as reported on Jan. 1, 1916	\$9,595.24	\$26,980.36	\$18,491.31	\$20,187.08	\$9,500.00	\$6,228.92	\$23,000.00	\$20,346.13	\$54,159.64	\$41,828.85	\$33,255.41	\$6,422.59	\$269,995.50
Additional purchases during quarter	2,882.44	3,017.59		157.69	193.30	382.50	950.00	7,744.77	126.25	626.25	758.89		16,839.68
Total	12,477.68	29,997.95	18,491.31	20,344.77	9,693.30	6,611.42	23,950.00	28,090.90	54,285.89	42,455.10	34,014.30	6,422.59	286,835.21
Depreciation charged during quarter	1,500.00	1,349.01	924.57	914.16		1,255.38		793.68	1,200.00	900.00			8,836.80
Balance Apr. 1, 1916	10,977.68	28,648.94	17,566.74	19,430.61	9,693.30	5,356.04	23,950.00	27,297.22	53,085.89	41,555.10	34,014.30	6,422.59	277,998.41

COST OF UNISSUED FEDERAL RESERVE NOTES.

Balance as reported Jan. 1, 1916	\$38,633.35	\$232,086.79	\$43,172.04	\$42,757.61	\$17,368.34	\$9,502.36	\$60,380.06	\$22,363.46	\$19,932.85	\$11,252.52	\$9,924.60	\$34,914.91	\$542,288.89
Additional cost of Federal Reserve notes during quarter	414.32	299.65	187.60	151.20	3,883.58		2,027.71		240.00	930.47	11.50	4,065.00	12,211.03
Total	39,047.67	232,386.44	43,359.64	42,908.81	21,251.92	9,502.36	62,407.77	22,363.46	20,172.85	12,182.99	9,936.10	38,979.91	554,499.92
Cost of Federal Reserve notes issued and charged to current expenses during quarter	4 2,082.40	9,040.00		765.07		39.05			394.44	78.50	899.57	654.12	13,953.15
Balance Apr. 1, 1916	36,965.27	223,346.44	43,359.64	42,143.74	21,251.92	9,463.31	62,407.77	22,363.46	19,778.41	12,104.49	9,036.53	38,325.79	540,546.77

¹ Credit.

² Exclusive of \$500, cost of Federal Reserve bank-note plates charged to "Expenses of operation" (all other expenses n. s.).

³ Deficit.

⁴ Includes \$500 cost of Federal Reserve bank-note plates charged to expenses of operation.

GOLD SETTLEMENT FUND.

Obligations settled through the gold settlement fund for the four weeks ending April 20 amounted to \$213,222,000 with a change in ownership of the gold held in the fund, during the period, of \$21,911,000, or 10.27 per cent of the obligations settled, a proportion much higher than usual. Some of the changes, however, operated to offset those previously made, so that the percentage of net changes of ownership to total obligations settled since the establishment of the fund declined to 6.01 per cent.

Amount of clearings and transfers, Federal Reserve Banks, from Mar. 24, 1916, to Apr. 20, 1916, inclusive.

	Total clearings.	Balances.	Transfers.
Settlement of—			
Mar. 30, 1916.....	\$46,875,000	\$4,355,000	\$529,000
Apr. 6, 1916.....	51,726,000	8,235,000	2,491,000
Apr. 13, 1916.....	51,684,000	4,419,000	3,168,000
Apr. 20, 1916.....	55,930,000	5,075,000	1,819,000
	206,215,000	22,084,000	7,007,000
Previously reported.....	588,895,000	68,032,000	22,850,000
Total since Jan. 1, 1916..	795,110,000	90,116,000	29,857,000
Total for 1915.....	1,052,649,000	.....	.....
Grand total.....	1,847,759,000	.....	.....

Changes in ownership of gold.

Federal Reserve Bank of—	To Mar. 23, 1916.		From Mar. 24, 1916, to Apr. 20, 1916. ¹				Total change from May 20, 1915, to Apr. 20, 1916. ²	
	Decrease.	Increase.	Balance to credit Mar. 23, 1916, plus net deposits of gold since that date.	Balance Apr. 20, 1916.	Decrease.	Increase.	Decrease.	Increase.
Boston.....	\$4,287,000	.....	\$1,443,000	\$9,617,000	.....	\$8,174,000	.....	\$3,887,000
New York.....	87,413,000	.....	20,587,000	3,427,000	\$17,160,000	.....	\$104,573,000	.....
Philadelphia.....	.....	\$12,970,000	1,180,000	6,240,000	.....	5,060,000	.....	18,030,000
Cleveland.....	.....	7,935,000	9,935,000	8,159,000	1,776,000	.....	.....	6,159,000
Richmond.....	.....	13,052,000	12,522,000	10,679,000	1,843,000	.....	.....	11,209,000
Atlanta.....	.....	12,617,000	3,007,000	2,489,000	518,000	.....	.....	12,099,000
Chicago.....	9,601,000	.....	6,519,000	9,659,000	.....	3,140,000	6,451,000	.....
St. Louis.....	.....	7,427,000	2,807,000	5,039,000	.....	2,232,000	.....	9,659,000
Minneapolis.....	.....	6,198,000	4,598,000	4,643,000	.....	45,000	.....	6,243,000
Kansas City.....	.....	9,418,000	4,315,500	3,701,500	614,000	.....	.....	8,804,000
Dallas.....	.....	12,696,000	7,228,500	9,715,500	.....	2,487,000	.....	15,183,000
San Francisco.....	.....	18,988,000	2,368,000	3,141,000	.....	773,000	.....	19,751,000
Total.....	101,301,000	101,301,000	76,510,000	76,510,000	21,911,000	21,911,000	111,024,000	111,024,000

¹ Changes in ownership of gold during period Mar. 24, 1916, to Apr. 20, 1916, equal 10.27 per cent of obligations settled.

² Total changes in ownership of gold equal 6.01 per cent of obligations settled.

Summary of transactions, Mar. 24, 1916, to Apr. 20, 1916.

Federal Reserve Bank of—	Balance last statement, Mar. 23, 1916.	Gold.		Transfers.		Settlement of Mar. 30, 1916.				Mar. 30, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$3,443,000	\$1,000,000	.....	.....	\$500,000	.....	\$4,360,000	\$4,542,000	\$182,000	\$3,125,000
New York.....	10,587,000	.....	.....	.....	.....	\$3,258,000	13,339,000	10,131,000	.....	7,329,000
Philadelphia.....	6,440,000	.....	.....	.....	.....	.....	6,863,000	8,069,000	1,206,000	7,646,000
Cleveland.....	10,025,000	50,000	.....	.....	.....	186,000	1,151,000	965,000	.....	9,789,000
Richmond.....	11,952,000	.....	\$60,000	\$500,000	.....	779,000	6,744,000	5,965,000	.....	10,733,000
Atlanta.....	5,177,000	1,000,000	30,000	.....	29,000	125,000	1,516,000	1,391,000	.....	4,111,000
Chicago.....	6,519,000	.....	.....	.....	.....	.....	6,599,000	7,547,000	948,000	7,467,000
St. Louis.....	2,647,000	.....	.....	.....	.....	.....	4,940,000	5,790,000	850,000	3,497,000
Minneapolis.....	4,598,000	.....	.....	.....	.....	7,000	118,000	111,000	.....	4,591,000
Kansas City.....	3,878,000	.....	.....	.....	.....	.....	723,000	806,000	83,000	3,961,000
Dallas.....	10,036,000	220,000	.....	29,000	.....	.....	278,000	994,000	716,000	10,503,000
San Francisco.....	4,368,000	2,000,000	.....	.....	.....	.....	194,000	564,000	370,000	2,738,000
Total.....	79,670,000	4,270,000	90,000	529,000	529,000	4,355,000	46,875,000	46,875,000	4,355,000	75,490,000

Summary of transactions, Mar. 24, 1916, to Apr. 20, 1916—Continued.

Federal Reserve Bank of—	Balance last statement, Mar. 30, 1916.	Gold.		Transfers.		Settlement of Apr. 6, 1916.				Apr. 6, 1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	\$3,125,000				\$500,000		\$4,940,000	\$6,393,000	\$1,453,000	\$5,078,000
New York	7,329,000		\$10,000,000	\$1,000,000		\$8,223,000	17,751,000	9,528,000		8,106,000
Philadelphia	7,646,000	\$2,500,000	120,000				6,977,000	9,091,000	2,114,000	7,380,000
Cleveland	9,789,000	40,000			20,000		840,000	1,043,000	203,000	9,972,000
Richmond	10,733,000			500,000			5,635,000	6,736,000	1,101,000	11,334,000
Atlanta	4,111,000	1,200,000		300,000			1,431,000	1,571,000	140,000	2,751,000
Chicago	7,467,000				1,350,000		7,250,000	7,959,000	709,000	9,526,000
St. Louis	3,497,000	100,000		20,000	621,000	12,000	5,135,000	5,123,000		3,986,000
Minneapolis	4,591,000						79,000	176,000	97,000	4,688,000
Kansas City	3,961,000	162,500	750,000	50,000			1,115,000	1,485,000	370,000	4,868,500
Dallas	10,503,000	2,157,500	50,000	621,000			468,000	2,080,000	1,612,000	9,386,500
San Francisco	2,738,000						105,000	541,000	436,000	3,174,000
Total	75,490,000	6,160,000	10,920,000	2,491,000	2,491,000	8,235,000	51,726,000	51,726,000	8,235,000	80,250,000

Federal Reserve Bank of—	Balance last statement, Apr. 6, 1916.	Gold.		Transfers.		Settlement of Apr. 13, 1916.				Apr. 13, 1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	\$5,078,000	\$1,000,000			\$1,400,000		\$5,678,000	\$6,254,000	\$576,000	\$6,054,000
New York	8,106,000				500,000	\$2,264,000	15,127,000	12,863,000		6,342,000
Philadelphia	7,380,000	3,000,000					6,325,000	7,749,000	1,424,000	5,804,000
Cleveland	9,972,000			\$140,000		1,113,000	1,761,000	648,000		8,719,000
Richmond	11,334,000	80,000	\$160,000	1,000,000		34,000	6,837,000	6,803,000		10,380,000
Atlanta	2,751,000			1,000,000			1,523,000	2,403,000	880,000	2,631,000
Chicago	9,526,000				1,040,000	576,000	7,393,000	6,817,000		9,990,000
St. Louis	3,986,000				228,000		5,370,000	6,211,000	841,000	5,055,000
Minneapolis	4,688,000					58,000	147,000	89,000		4,600,000
Kansas City	4,868,500	150,000		50,000		310,000	1,252,000	942,000		4,358,500
Dallas	9,386,500	360,000		228,000			197,000	895,000	698,000	8,498,500
San Francisco	3,174,000			750,000		64,000	74,000	10,000		2,360,000
Total	80,250,000	4,598,000	160,000	3,168,000	3,168,000	4,419,000	51,684,000	51,684,000	4,419,000	75,820,000

Federal Reserve Bank of—	Balance last statement, Apr. 13, 1916.	Gold.		Transfers.		Settlement of Apr. 20, 1916.				Apr. 20, 1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	\$6,054,000						\$5,414,000	\$8,977,000	\$3,563,000	\$9,617,000
New York	6,342,000					\$2,915,000	15,678,000	12,763,000		3,427,000
Philadelphia	5,804,000		\$120,000		\$521,000	205,000	9,002,000	8,797,000		6,240,000
Cleveland	8,719,000			\$200,000		360,000	1,412,000	1,052,000		8,159,000
Richmond	10,380,000		430,000			131,000	7,392,000	7,261,000		10,679,000
Atlanta	2,631,000			500,000	88,000		1,865,000	2,138,000	270,000	2,489,000
Chicago	9,990,000				200,000	531,000	7,885,000	7,354,000		9,659,000
St. Louis	5,055,000		260,000			276,000	5,507,000	5,231,000		5,039,000
Minneapolis	4,630,000						114,000	127,000	13,000	4,643,000
Kansas City	4,358,500					657,000	1,339,000	682,000		3,701,500
Dallas	9,496,500	\$120,000		109,000	10,000		206,000	644,000	438,000	9,715,500
San Francisco	2,360,000			10,000			113,000	904,000	791,000	3,141,000
Total	75,820,000	120,000	810,000	819,000	819,000	5,075,000	55,930,000	55,930,000	5,075,000	76,510,000

Federal Reserve Agents' Fund—Summary of transactions Mar. 24, 1916, to Apr. 20, 1916.

Federal Reserve Agent at—	Mar. 23, 1916, balance.	Week ending Mar. 30, 1916.			Week ending Apr. 6, 1916.		
		With- drawn.	Deposited.	Balance.	With- drawn.	Deposited.	Balance.
Philadelphia.....	\$3,480,000			\$3,480,000	\$120,000		\$3,360,000
Richmond.....	6,530,000			6,530,000			6,530,000
Atlanta.....	11,950,000		\$1,000,000	12,950,000		\$1,000,000	13,950,000
Chicago.....	3,410,000			3,410,000			3,410,000
St. Louis.....	4,440,000			4,440,000	50,000		4,390,000
Minneapolis.....	2,350,000			2,350,000			2,350,000
Kansas City.....	4,100,000			4,100,000			4,100,000
Dallas.....	540,000	\$70,000	200,000	670,000	110,000	600,000	1,180,000
San Francisco.....	10,570,000			10,570,000			10,570,000
Total.....	47,370,000	70,000	1,200,000	48,500,000	280,000	1,600,000	49,820,000

Federal Reserve Agent at—	Week ending Apr. 13, 1916.			Week ending Apr. 20, 1916.		
	With- drawn.	Deposited.	Balance.	With- drawn.	Deposited.	Balance.
Philadelphia.....			\$3,360,000	\$120,000		\$3,240,000
Richmond.....	\$100,000		6,430,000	430,000		6,000,000
Atlanta.....			13,950,000			13,950,000
Chicago.....			3,410,000			3,410,000
St. Louis.....			4,390,000	260,000		4,130,000
Minneapolis.....			2,350,000			2,350,000
Kansas City.....	200,000		3,900,000			3,900,000
Dallas.....	70,000	\$310,000	1,400,000	50,000	\$100,000	1,450,000
San Francisco.....			10,570,000			10,570,000
Total.....	370,000	310,000	49,760,000	860,000	100,000	49,000,000

Gross Individual and Bank Deposits.

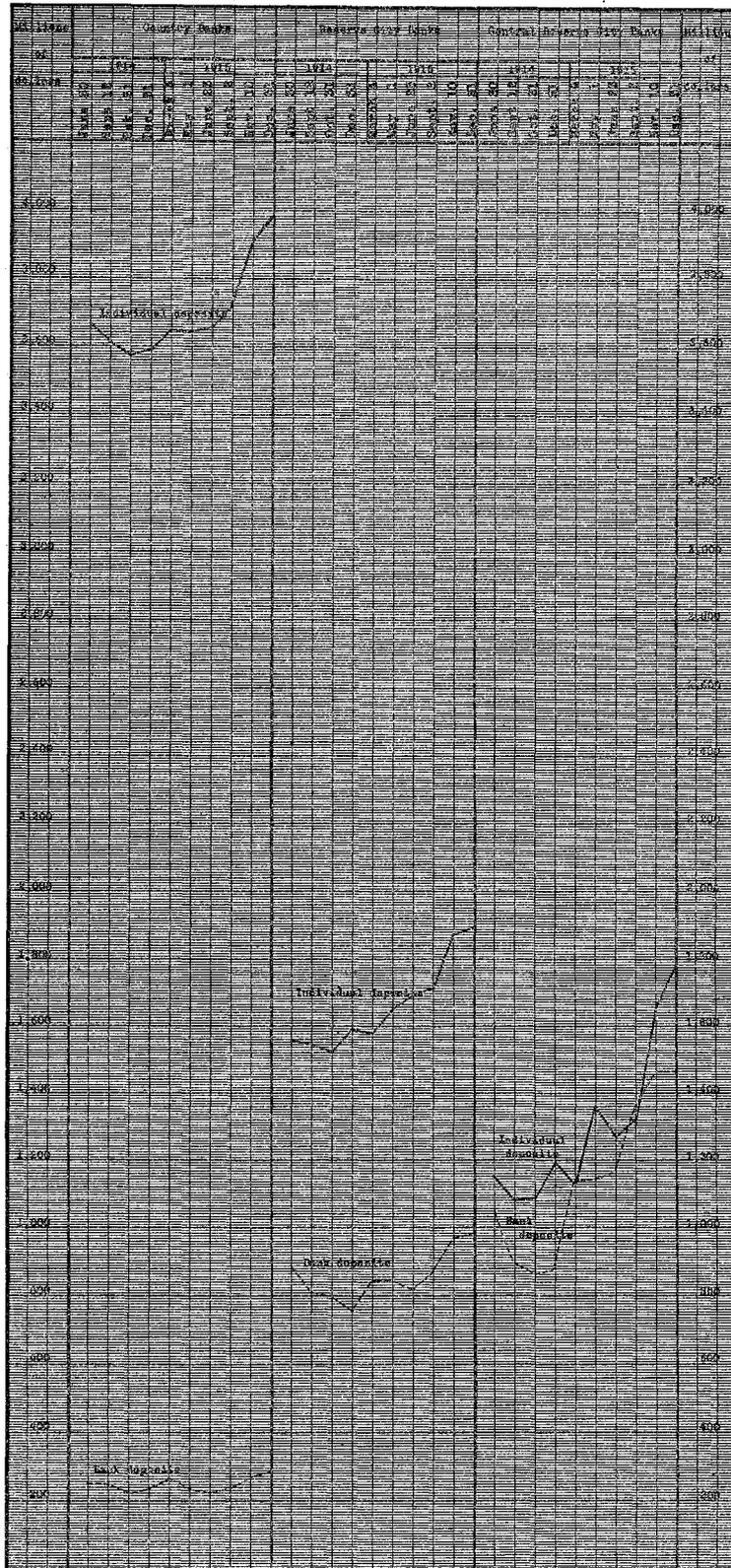
The subjoined chart illustrates graphically the fluctuation in individual and bank deposits in the three groups of national banks, to wit, country, reserve city, and central reserve city banks, as disclosed by the various calls of the Comptroller of the Currency, beginning with June 30, 1914, and ending with December 31, 1915. The chart also illus-

trates the small ratio which bank deposits bear to individual deposits in country banks, and the increasing ratio of bank deposits to individual deposits in reserve city banks, and, finally, the very high ratio in the case of central reserve city banks where the amount of bank deposits almost equals the individual deposits. The figures are also given herewith.

Gross individual and bank deposits of national banks.

Date of Comptroller's call.	Held by country banks.		Held by reserve city banks.		Held by central reserve city banks.	
	Individual deposits.	Bank deposits.	Individual deposits.	Bank deposits.	Individual deposits.	Bank deposits.
1914.						
June 30.....	\$3,666,828,850	\$250,731,058	\$1,557,876,365	\$888,079,318	\$1,153,143,079	\$1,047,092,253
Sept. 12.....	3,609,368,840	241,713,201	1,547,161,962	811,087,853	1,081,139,571	897,097,572
Oct. 31.....	3,577,813,620	228,286,090	1,520,882,734	797,149,933	1,085,517,142	866,293,005
Dec. 31.....	3,586,723,612	236,026,436	1,586,527,270	755,368,045	1,193,445,839	878,377,169
1915.						
Mar. 4.....	3,644,546,338	259,377,030	1,578,966,280	847,503,986	1,126,710,428	1,136,863,718
May 1.....	3,644,397,137	238,278,237	1,656,857,872	843,440,977	1,364,258,529	1,144,814,983
June 23.....	3,653,961,172	225,357,283	1,693,932,700	815,263,079	1,265,341,766	1,167,385,754
Sept. 2.....	3,725,438,771	235,824,787	1,710,632,538	869,980,357	1,327,389,310	1,360,250,526
Nov. 10.....	3,913,481,802	269,500,836	1,876,114,617	972,338,868	1,658,202,888	1,467,833,679
Dec. 31.....	3,988,796,353	284,476,679	1,896,708,187	987,557,975	1,778,449,538	1,466,397,020

Gross individual and bank deposits of national banks.



INFORMAL RULINGS OF THE BOARD.

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

Clayton Act and State Banks.

You are advised that section 8 of the Clayton Act prohibits a person who is a director of a State bank with resources aggregating more than \$5,000,000 from serving at the same time as a director of any national bank, regardless of the size or location of that national bank. That section, however, does not prohibit a person who is a director of a State bank with resources aggregating more than \$5,000,000 from serving at the same time as an officer or employee of any national bank, unless both institutions are located in the same city of more than 200,000 inhabitants or unless the State bank in question is a member of the Federal Reserve System.

You are advised, therefore, that under the facts as presented in your letter there is no prohibition against a director in the trust company you name from serving at the same time as an officer or employee of the consolidated bank referred to.

MARCH 4, 1916.

Foreign Bank Branches in United States.

In reply to your letter of March 30, 1916, you are advised that there is no provision in the laws of the United States relating to the right of a foreign bank to establish branches in this country. A proper determination of that question, therefore, depends upon the laws of the various States in which it is intended to operate such branches.

A foreign bank, like a corporation of any other State of the Union, which intends to establish a branch in any particular State of the United States, would have to conform to the laws of that State, not only as to the conditions of its admission, but also as to the manner and extent of its operations after receiving permission to commence business.

APRIL 4, 1916.

Bonds Securing Circulating Notes.

Under the provisions of the National Bank Act any national bank desiring to withdraw its circulating notes in whole or in part may, upon the deposit of lawful money with the Treasurer, take up the bonds deposited with the Treasurer for the security of such notes, provided, however, that the amount of bonds on deposit shall not be reduced below \$50,000 in the case of a bank having a capital of more than \$150,000, nor below one-fourth the amount of the capital in the case of a bank whose capital is \$150,000 or less.

Section 18 of the Federal Reserve Act provides in part that—

“Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.”

One of the purposes of this section, as its title indicates, was to provide for the refunding of bonds deposited by national banks to secure circulation. It will be observed that, while a limit is placed on the amount which the Federal Reserve Banks may purchase in any one year, no limitation or restriction was incorporated in this section on the amount that any national bank may sell.

You are accordingly advised that under the interpretation of this section, which has been adopted by the Treasury Department, national banks are not required to maintain a minimum amount of bonds on deposit with the Treasurer, provided such bonds are sold through the Treasurer under the provisions of section 18.

APRIL 8, 1916.

Rediscounts of Member Banks.

In answer to your letter of April 8, I would state that our counsel advises us as follows:

(1) Section 5202 of the Revised Statutes of the United States, providing that no national banking association shall be indebted or liable to an amount exceeding the amount of its capital stock actually paid in and remaining undiminished by losses or otherwise, was amended by the Federal Reserve Act, by inserting another exception, namely, liabilities incurred under the Federal Reserve Act. You

would not, therefore, under section 5202, as amended, have to take into account, in determining the total amount of your liability, paper rediscounted with the Federal Reserve Bank.

(2) There is no limitation in the law as to the total amount of rediscounts which a member bank may take from the Federal Reserve Bank. There is, however, a provision in section 13 of the Federal Reserve Act providing that the aggregate of notes bearing the signature or indorsement of any one person, corporation, etc., rediscounted by the Federal Reserve Bank for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank. This clause of the Act contains an exception as to the discount of bills of exchange, but no exception is made as to the discount of promissory notes.

If, therefore, any particular paper which you present for rediscount to the Federal Reserve Bank, either singly or added to the paper of the same makers or indorsers which the Federal Reserve Bank has already rediscounted for you, amounts to a total of more than 10 per cent of the unimpaired capital and surplus of your bank, the Federal Reserve Bank, under the clause above quoted, has no authority to rediscount.

APRIL 17, 1916.

Fiduciary Powers.

Applications from the following banks for permission to act under section 11 (k) of the Federal Reserve Act have been approved by the Board since the issue of the April Bulletin, as follows:

DISTRICT No. 1.

Registrar of stocks and bonds:

Ansonia National Bank, Ansonia, Conn.

DISTRICT No. 3.

Trustee, executor, administrator, and registrar of stocks and bonds:

Union National Bank, Atlantic City, N. J.

DISTRICT No. 4.

Trustee:

Citizens National Bank, Sidney, Ohio.

DISTRICT No. 7.

Trustee, executor, administrator, and registrar of stocks and bonds:

First National Bank, Clarence, Iowa.

Farmers National Bank, Sheridan, Ind.

DISTRICT No. 8.

Trustee, executor, administrator, and registrar of stocks and bonds:

First National Bank, Mount Vernon, Ind.

Central State National Bank, Memphis, Tenn.

DISTRICT No. 11.

Trustee, executor, administrator, and registrar of stocks and bonds:

First National Bank, Beaumont, Tex.

Trustee:

First National Bank, Troup, Tex.

Intradistrict Clearing System.

Additions to and withdrawals from the intradistrict clearing system since the publication of lists in previous issues of the Bulletin are as follows:

DISTRICT No. 1.

Withdrawals:

First Bridgeport National Bank, Bridgeport, Conn.

Danbury National Bank, Danbury, Conn.

Greenwich National Bank, Greenwich, Conn.

DISTRICT No. 2.

Additions:

Connecticut National Bank, Bridgeport, Conn.

Danbury National Bank, Danbury, Conn.

Greenwich National Bank, Greenwich, Conn.

National City Bank, Troy, N. Y.

DISTRICT No. 3.

Withdrawal:

First National Bank, Altoona, Pa.

DISTRICT No. 4.

Withdrawal:

Farmers National Bank, Arcanum, Ohio.

DISTRICT No. 5.

Withdrawals:

First National Bank, Oxford, N. C.

First National Bank, Wilson, N. C.

Peoples National Bank, Charleston, S. C.

Edisto National Bank, Orangeburg, S. C.

National Union Bank, Rock Hill, S. C.

DISTRICT No. 6.

Addition:

Farmers National Bank, Shelbyville, Tenn.

DISTRICT No. 8.

Withdrawals:

First National Bank, Siloam Springs, Ark.

Lynnville National Bank, Lynnville, Ind.

Farmers National Bank, Mayfield, Ky.

DISTRICT No. 11.

Withdrawals:

Calcasieu National Bank, Lake Charles, La.

First National Bank, Alpine, Tex.

First National Bank, Clyde, Tex.

LAW DEPARTMENT.

The following opinions of counsel have been authorized for publication by the Board since the last edition of the Bulletin:

Negotiability of Bills of Exchange.

Negotiability of a bill of exchange is not affected by provisions which waive demand, notice, and protest; which waive homestead exemption rights; and which provide for the costs of collection and attorney's fees.

APRIL 13, 1916.

SIR: The attached form of acceptance has been referred to this office for an opinion as to whether it is in form a negotiable draft or bill of exchange.

The instrument in question is undoubtedly in the form of a bill of exchange and not a note. It is an unconditional order addressed by one person to another requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to order. (See sec. 126, Negotiable Instruments Law.)

The only question to be determined, therefore, is whether certain stipulations contained in the bill relating to the payment of fees, waiver of protest, etc., render it nonnegotiable.

Section 5, subsection 3, of the Negotiable Instruments Law provides that:

"Negotiability is not affected by a provision which waives the benefit of any law intended for the advantage or protection of the obligor."

It is certain, therefore, that the waiver of homestead and exemption rights does not destroy the negotiability of the bill.

So, also, a provision to pay the costs of collection and attorney's fees does not invalidate the instrument. (See Negotiable Instruments Law, sec. 2, subsec. 5; *First National Bank of Shawana v. Miller*, 139 Wisc., 126.) The fact that the drawer and indorsers waive demand, notice, and protest does not in any way affect negotiability. (See Norton on Bills and Notes, 4th ed., chap. 9, sec. 148 (b).)

It seems, therefore, not only that the attached instrument is in form a bill of exchange but

also that the various stipulations contained therein do not affect its negotiability. If drawn on the purchaser of goods by the seller of such goods, as certified in the margin of the bill, it would when accepted become a trade acceptance within the definition fixed by the Federal Reserve Board in Regulation P, series of 1915, and would be eligible for rediscount by the Federal Reserve Bank of Atlanta at the rate established for trade acceptances.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Maturity of Farm Land Loans.

A national bank may discount or purchase a note secured by improved and unencumbered farm land, even though such note is payable more than five years after its date, provided it will mature within five years from the date on which it is acquired by such national bank.

APRIL 8, 1916.

SIR: The following question has been referred to this office for an opinion:

Can a national bank, under section 24 of the Act, discount or purchase a note secured by improved and unencumbered farm land, which is payable more than five years after the date such note was made but which will mature within five years from the date of acquisition by a national bank?

Section 24 of the Federal Reserve Act provides in part:

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal Reserve district, but no such loan shall be made for a longer time than five years.

In an opinion of this office published on page 120 of the March, 1916, issue of the Federal Reserve Bulletin, the conclusion was reached that the power to "make loans" included the power to purchase or discount loans already made as well as to make such loans in the first instance.

Prior to the passage of the Federal Reserve Act national banks were not permitted to accept real estate as security for loans except where this became necessary to prevent losses on debts previously contracted. It is generally understood that this class of loan was not authorized because of its nonliquid character.

The purpose of section 24 seems clearly to have been to authorize a national bank to invest a limited amount of its resources in farm loans, provided it invests no part of its funds in any one loan for a longer period than five years.

In this view the date of the note is immaterial, in the opinion of this office, if the obligation matures within five years from the date that the national bank makes the loan.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To HON. JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

Bills of Exchange Under Section 5200, Revised Statutes.

An obligation in the form of a bill of exchange which exempts the drawer from liability is not a bill of exchange coming within the exception to the limitations of section 5200 of the Revised Statutes.

MARCH 22, 1916.

SIR: The attached letter in substance raises the question whether a draft or bill on which the drawer is exempted from liability by a statement to the effect that it "is taken without liability on part of drawer" is a bill of exchange, coming within the exception to the limitations of section 5200 of the Revised Statutes.

An obligation which is in the form of a bill of exchange, but which, in fact, does not hold anyone but the acceptor liable, is, in substance, a promissory note, and not a bill of exchange. It is, therefore, not entitled to the exemption afforded under the provisions of section 5200, because it is not a "bill of exchange drawn in good faith against actually existing values."

Respectfully,

M. C. ELLIOTT, *Counsel.*

To HON. C. S. HAMLIN,
Governor Federal Reserve Board.

Rediscount of the Assignment of Open Accounts.

The assignment of an open account is not negotiable paper and is not eligible for rediscount by a Federal Re-

serve Bank under the terms of section 13 of the Federal Reserve Act.

APRIL 17, 1916.

SIR: The attached letter raises the question whether a valid assignment of an open book account is rediscountable by a Federal Reserve Bank.

It appears that certain national banks located in Pennsylvania desiring to accommodate some of their customers, who are coal operators, have purchased written assignments of the open accounts due to such customers from various railroads. The question submitted is whether such assignments can be discounted by the Federal Reserve Bank of Cleveland.

Section 13 of the Federal Reserve Act authorizes any Federal Reserve Bank to discount for its member banks "notes, drafts, and bills of exchange arising out of actual commercial transactions." The obligation in question is not a note, draft, or bill of exchange, and therefore does not come within the express terms of that section.

This omission was evidently not an oversight on the part of Congress. An assignment in the form under consideration is not negotiable paper and has none of the elements of negotiable paper. It does nothing more than grant to the assignee the rights which the coal operator has against the purchaser; that is, rights which are subject to all the equities and offsets which the purchaser or obligor may have against such coal operators. Furthermore, the assignee bank may be disbarred as against the original debtor by a bona fide payment by such debtor to the coal operator without any notice whatever to the bank.

These facts in themselves would seem to be sufficient to indicate that the paper in question not only is not expressly authorized by the Act, but also does not come within the intent or spirit of the Act. It is not bankable paper, and should not, therefore, be considered as a proper discount for a Federal Reserve Bank.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To HON. C. S. HAMLIN,
Governor Federal Reserve Board.

GENERAL BUSINESS CONDITIONS.

General business and banking conditions are described in reports made by Federal Reserve Agents for the 12 Federal Reserve Districts, as of approximately April 24, substantially as follows:

DISTRICT NO. 1—BOSTON.

Business continues to improve, and a comparison of conditions to-day with those prevailing a year ago shows that the improvement in many cases has been extreme, although from month to month it is not so noticeable. Reports from various lines of trade do not indicate that any slowing up of the demand is in sight and in practically every business the present prosperity is expected to last for a good while to come, barring some unforeseen deterrent happening. In some lines the increasing cost of raw materials and the unsettled labor conditions are causing considerable uneasiness, but conditions, for the most part, are favorable, and manufacturers and merchants generally are making money.

The freight situation on the New England railroads has greatly improved and unless the lines again become overtaxed this should not cause much further inconvenience.

There is no change in the money market. Although the excess reserves of the Boston Clearing House banks show a very substantial decrease from the high point of last fall, rates remain low and money comparatively easy. Call money is 3 per cent; commercial paper, 3 to 3½ per cent for short dates; 3 per cent upward for six months; 4 to 4½ per cent for a year; town notes, fall maturities, 2½ to 3 per cent; bankers' acceptances, 90 days, 2 per cent upward.

Loans and discounts of the Boston Clearing House banks show an increase of \$1,684,000 over a month ago, while demand deposits show a decrease of \$2,343,000 in the same time. The amount "Due to other banks" on April 15, 1916, was \$144,477,000, an increase of \$6,639,000 over last month. The excess reserve of these banks has decreased from

\$57,825,000 on March 18, 1916, to \$56,950,000 on April 15, 1916.

Exchanges of the Boston Clearing House for the week ending April 15, 1916, were \$219,284,696 as compared with \$177,808,372 for the corresponding week last year and \$219,789,796 for the week ending March 18, 1916.

Building and engineering operations in New England from January 1 to April 12, 1916, amounted to \$47,982,000, being a high record for many years. The nearest approach to these figures was in 1912 when operations for the similar period amounted to \$45,860,000.

Exports from the port of Boston for March, 1916, amounted to \$11,506,025, a decrease of \$290,669 as compared with February, 1916, and a decrease of \$1,193,553 from March, 1915.

Imports for March, 1916, showed a very decided decrease from February, 1916, only totaling \$21,451,229 in March, as compared with \$28,581,611 in February. Imports for March, 1915, were \$18,794,312.

Receipts of the Boston Post Office for March, 1916, show an increase of \$31,662, or about 4½ per cent, over March, 1915. Receipts for the first 15 days of April, 1916, show an increase of \$48,869, or about 14 per cent over the same period last year.

The Boston & Maine Railroad reports net operating income, after taxes, for February, 1916, as \$884,693, as compared with \$491,868 the corresponding month of 1915. The New York, New Haven & Hartford Railroad reports net operating income, after taxes, for February, 1916, as \$1,198,373, as compared with \$1,289,683 the same month last year.

Manufacturers of boots and shoes report exceptionally good business at advancing prices, with fall orders coming in well. The high and increasing cost of leather is forcing manufacturers to advance their prices, and many retailers anticipating still higher prices are placing their fall orders early.

Cotton mills are sold far enough ahead to insure running at capacity for many months to come. In many fabrics this is a between-seasons period, and buyers, therefore, are not in

the market to so large an extent as last month. Mills, however, are so amply provided with orders that the fluctuations in the volume of buying from week to week receive little attention. Lack of certain classes of skilled labor and unrest among employees is receiving more consideration than additional orders.

Conditions in the woolen and worsted industry remain about the same. There is a good volume of buying and prices are firm. Mills have all the business they can take care of and are running as full as possible, in most cases being sold ahead well into the fall.

The market for securities remains quiet, without any particular features, due to a large extent to the unsettled international situation.

DISTRICT NO. 2—NEW YORK.

A late spring is delaying the opening of navigation on the Great Lakes and heavy snowfalls have held up plowing and farm work.

Shipping interests on the Lakes foresee an unusually heavy movement of ore, coal, grain, and general freight, and are prepared for a busy season.

It is proposed to establish at New York regular auctions of vessels similar to those held at English and continental ports. The first ship auction sales were made here on April 10.

The volume of goods produced and sold last month was probably greater than in any March on record. The business activity and the prevailing high prices are being reflected in earnings and cash balances shown in published statements of corporations.

Country merchants are reported to be buying more goods than at any time since 1907. In view of the extraordinary conditions and prices not a few are inclined to question the wisdom of heavy commitments in these times.

Certain concerns in various lines of business have been questioned on conditions and have reported directly as follows:

Steel.—Practically sold up with orders for six months ahead. Deliveries are difficult owing to transportation conditions. Unfilled orders of the United States Steel Corporation

on March 31 were 9,331,001 tons, against 4,225,749 tons a year ago.

Leather.—Not many military orders now, but a heavy domestic demand. Prices are high and will probably continue so for some time. Collections are good.

Boots and shoes.—Prices advancing and business brisk.

Prints and colored goods.—In strong demand and prices advancing.

Lumber.—Trade improving; prices increasing.

Building and materials.—Business less active; larger jobs about completed and new work does not offer sufficient margin of profit.

Department stores.—Larger sales of better grade wearing apparel. More money seen in circulation.

Jewelry.—Sales of diamonds five times larger than for several months past; pearls in good demand. Large silver pieces called for notwithstanding advance in price of the metal. Platinum lines paralyzed by the high price of the metal. The clock industry worked to capacity.

Strikes have occurred among jewelry workers and railroad construction employees. Silk weavers in Paterson, N. J., demanded and were granted a 9-hour instead of a 10-hour working day.

New York Clearing House members on April 15, 1916, reported loans, etc., \$3,378,106,000; deposits, \$3,551,993,000; and excess reserves, \$102,744,000. Since March 4, 1916, loans, etc., increased \$15,927,000, deposits decreased \$23,235,000, and excess reserves decreased \$34,776,000. Excess reserves were \$224,122,990 on September 11 last.

New York City offered on April 19, \$40,000,000 4½ per cent corporate stock payable April 1, 1966, and \$15,000,000 bearing the same rate of interest but maturing serially from April 1, 1917, to April 1, 1931. The average price realized on the 50-year stock was 102.618 and for the 15-year issues 101.432.

The Canadian Government loan of \$75,000,000, maturing in 5, 10, and 15 years,

yielding 5.37½ to 5½ per cent, was oversubscribed in New York and allotted on March 24.

Silver bullion quoted at 64½ cents represents an advance of 18½ cents from the low price of 1915. The average price last year was 49.69 cents, and in 1914, 54.81 cents.

Sterling exchange has been steady at 4.76 to 4.76½. Paris checks gradually reacted from 5.87½, and on April 14 dropped to 6.08½, but recovered 12 points within the next few days. German sight bills declined to 71¼ on March 21, but have since strengthened to 74½. Holland exchange continued at a premium of 5 to 6 per cent. Italian bills since March 1 have advanced from 6.71¼ to 6.48.

The high rate for call money in March was 2½ per cent, the low rate 1½ per cent, and renewals 2 per cent. Time loans on collateral were slightly firmer, with a range from 2½ to 4 per cent. No changes occurred in rates for bankers' acceptances, viz, 2 to 2½ per cent. Commercial paper rates were stronger at 3 to 3½ per cent. During the latter part of the month sales at rates below 3 per cent practically ceased.

DISTRICT NO. 3—PHILADELPHIA.

The outstanding feature of the business situation in this district is the rise in prices which continues in most lines. Trade is brisk, and energy is concentrated more on methods of production and questions of delivery than on discussions of prices. Manufacturing plants are working to capacity, and many have sufficient orders on hand to keep busy for considerable periods. The emergency orders are bringing profit to the small shops, as the overflow work has been parceled out to a large number of them. Farmers particularly are feeling the scarcity of labor.

Some of the railroad shops have been operating on short time because of inability to obtain raw materials. There is a good demand for equipment. The loaded freight car movement of the largest railroad in the district shows an increase of 33 per cent during the first 14 days of April over the same month of 1915.

According to the report of the Commissioners of Navigation, exports at this port during the month of March showed an approximate value of \$21,000,000, an increase of about \$14,000,000 over March, 1915. The value of the imports was about \$9,600,000, compared with \$7,600,000 for the corresponding month of last year. The importation of wool and cane sugar has increased greatly. Sugar worth \$3,907,584 was imported in March, which represents a gain of \$912,052 over the same period of 1915. Wool increased during the same period \$838,440 to \$1,168,138.

During the first three months of 1916, merchandise valued at about \$46,000,000 was shipped abroad from Philadelphia, being an increase of \$22,000,000 over the first quarter of 1915. A falling off is noted in the coastwise trade. Heavy shipments of war supplies, flour, and refined sugar were made.

Building operations.—In the smaller cities and towns, new building has not been very extensive, but in the larger cities, the reverse is generally the case, and a good deal of work is contemplated, especially in the erection of homes and houses.

Carpets, rugs, etc.—Carpet wool has gone up 100 per cent since last year, and local concerns have sharply advanced their prices of stock goods. The plush business is thriving.

Cement.—During the summer and latter months of 1915 the condition of the cement industry was very satisfactory. Indications are more favorable this spring than last year. Consumers buy very little during the winter months, but the past winter has been better than for many years. Car shortage has interfered with shipments, but has lately improved. Contracts for 1916 delivery are very good and at better prices than last year. The mills are running at about 80 per cent capacity, due not to lack of orders, but to scarcity of labor. The price of labor is going up steadily, and if it does not advance above the point anticipated the outlook will be very good for profitable business. Unfavorable weather conditions have greatly hampered work during the past six weeks.

Chemicals.—Because of the dyestuff scarcity manufacturers have been compelled to withdraw some lines. Experiments to manufacture colors continue with some success. The demand for paints, oils, and varnishes in general far exceeds the production, and plants are working to capacity trying to keep up with orders. Ingredients of paints have advanced tremendously. Glass has been in good demand with high prices. Drugs continue high.

Coal.—The shortage of cars continues to be an obstacle in the way of transportation. The business, however, is normal.

Cotton and cotton goods.—Conditions in the cotton yarn market continue to show an active demand, with hardening of prices. Most mills making cotton goods are well sold up, and orders taken are naturally for future delivery.

Dry goods, notions, millinery.—Wholesalers and jobbers report a very satisfactory season, with an increase of business over the previous year. Sales of millinery are well up to expectations, and the outlook for the future is considered extremely encouraging.

Hardware and electrical supplies.—Manufacturers and jobbers report increased sales. The hardware trade generally has felt the effects of the prosperity wave for some months, and reports show no decrease in the world demand for hardware, and especially for mill supplies. The situation in electrical supplies is decidedly favorable, notably in those lines used in connection with building.

Iron and steel.—The domestic steel consumption is a very important factor in the present highly satisfactory condition of this industry. Not only railroads, but other consumers have come into the market and placed orders for large tonnages of steel. The placing of large orders for rails to be delivered in 1917 is a notable feature of the market. Orders for cars and locomotives during the first quarter aggregate 766 and 540 per cent more than for the first quarter of 1915. There is a more conservative spirit shown in prices for steel products, and it is believed that the end has come to headlong advances. Pig iron is very strong and a higher market is expected.

Leather and shoes.—There is a strong demand for shoes; jobbers and wholesalers find difficulty in keeping up stocks, and prices incline upward. There is a great scarcity of tanning materials and dyes. Glazed kid is very active, and the demand is close to the supply. Shipping conditions retard the importation of skins.

Lumber and building materials.—Lumber dealers report conditions better than for a number of years. Orders are large and prices are \$5 and \$6 per thousand feet higher than a year ago. Building materials are advancing in price.

Paper.—Sometime ago many manufacturers withdrew all quotations and have since been making their prices from day to day only, owing to difficulty and uncertainty in securing chemicals, dyes, and other items heretofore obtained abroad, and the tremendous price increases resulting therefrom. Paper mills have business enough on their books to keep them going for several months, and from special reports, we learn that the demand for paper is the biggest ever known. The selling price seems to be no longer based upon the cost of production, and is influenced almost entirely by the demand. In a way, paper is a barometer of general conditions, for the amount of paper used is governed to a large extent by the amount of advertising in newspapers and magazines, and by the number of packages sent out by the stores. The lack of sufficient raw materials is rapidly becoming a serious factor, and for this reason the outlook is only a guess. Collections are very good, as customers are anxious to take advantage of discounts.

Silk.—The silk industry is working to the limit of capacity. Fall business is being taken at high prices. Western interests are reported to be placing large orders on the assumption that prices may go higher rather than lower. Many mills have made additions to their plants.

Textiles.—Conditions in hosiery and underwear show little change. There has been some falling off in retail buying. Mills have caught up somewhat on deliveries, and are generally sold up to the limit. There are predictions of a slump, due to abnormal purchasing of goods. Labor is restless, but the situation is not acute.

Tobacco.—Heavy purchases by the warring nations have increased tobacco prices, and continued buying tends toward further increases. Growers report that on account of unfavorable weather conditions very few seed beds have been made, and there will be little planting done before early June, which is late.

Wearing apparel.—The demand for all classes of wearing apparel is well maintained, and except for the difficulty in obtaining some kinds of fabrics, the outlook is very bright, especially as the probability of serious labor troubles is becoming more remote. Competent help is hard to secure.

Wool and woolen goods.—There has been a lull in the buying of wool and woolen goods. Manufacturers are expected to become more liberal buyers as soon as present supplies are absorbed.

The money market continues easy and featureless. Rates are quoted at 3 to 3½ per cent for call money, 3 to 4 per cent for time loans, and 3 to 3½ per cent for choice commercial paper. Clearings continue to run high throughout the entire district.

Our member banks report that the latter part of 1915 was profitable to most of their customers, and they are now doing very well. The smaller concerns, however, apparently did not meet with the phenomenal gains generally reported.

DISTRICT NO. 4—CLEVELAND.

There has been no substantial slowing down in the business prosperity of district No. 4. The earnings of steel companies and concerns in kindred lines are continuing at an unprecedented rate. Official figures and unofficial estimates from leading corporations in this district, if continued during the balance of the year, will assure profits which certainly will stand as the apex of industrial earnings for some years to come. A straw showing the enormous volume of domestic business now being booked is the order of the Pennsylvania Railroad Co. for the largest quantity of rails ever placed at one time. The announced advance rate of \$5 a ton in the price of steel rails

is effective the beginning of May, and is the first change in 15 years.

If there is a new feature in the iron and steel situation, it is the growing feeling among some of the largest concerns that output and shipments of finished products have probably reached the maximum on this movement. This feeling grows out of the fact that there is a shortage of raw and semifinished materials. For instance, some nut and bolt factories are now operating only about 70 per cent because of inability to obtain bars from which bolts and nuts are made. An inadequate supply of sheets and plates reduces the output of shops and factories using semifinished products.

Two other factors enter into the feeling that output has reached its peak. The first is a continued shortage of shipping facilities, and the second is the shortage of labor. Newspapers are carrying columns of advertising which offer positions at good wages for skilled and unskilled mechanics. Railroads claim that they have experienced no shortage of men for train service, but are short of shopmen and particularly of common labor.

Strenuous efforts are being made to open the navigation season on the lakes. It has already definitely begun on the lower half of the lakes. Vesselmen believe the Soo will not be navigable before April 25, so navigation will not have been in full swing until that date. The estimated volume of ore shipments for this season is between 53,000,000 and 55,000,000 tons, which is several million tons in excess of the largest year.

The production of coal continues large, although prices have not been quite so firm owing to consumers now using stocks accumulated in anticipation of a miners' strike which, up to April 22, was thought to have been averted.

Plate and window glass has now reached a new maximum output. The increased output finds a ready market at the highest price ever quoted.

The oil industry is active. Demands for drilling are beyond the supply of oil well materials. Many producers who have been holding their oil are taking advantage of the present

price and are selling, which has resulted in the accumulation of a large surplus of loanable funds in banks located in petroleum-producing districts. Reports from the garment industry show an unexcelled season. Conditions in the mercantile trade are satisfactory.

Post-office receipts in the six largest cities of the district for the month of March, 1916, show an increase of 11.1 per cent, the totals for the month being \$1,273,237, as against \$1,146,178.87 for the same month last year.

Collections in all lines are reported good, complaints being fewer this month. Payments, however, are not being made in many cases at to-day's prices, as many concerns are still working on material sold at prices lower than those now prevailing. As these contracts expire and the new rates obtain the less will be the purchasing power of the dollar, which will be immediately reflected in credit. Therefore the effect of the higher level of values upon collection and credit can not be determined yet.

There were in March, 1916, 126 failures in this district, with liabilities of \$856,829, against 97 failures for the same month last year, with liabilities of \$1,272,900.

There is a pressing demand in industrial districts for more and better housing facilities. The movement to supply this demand is in evidence but is being retarded by the high cost of building material as well as of labor. In the six largest cities of the district there were fewer building permits issued in March, 1916, than during the same month in 1915. Since May, 1915, this is the first report that did not show an increase in the number of permits issued over the same month of the previous year. The figures are given below:

	Number of permits issued.		Valuation.		Increase or decrease.	Per cent of increase or decrease.
	March, 1916.	March, 1915.	March, 1916.	March, 1915.		
Cincinnati.....	1,466	1,652	\$984,500	\$1,356,124	1 371,624	1 27.4
Cleveland.....	1,123	1,483	1,838,465	4,022,035	1 2,183,570	1 54.3
Columbus.....	340	335	868,935	519,200	349,735	67.3
Pittsburgh.....	332	438	1,767,612	1,006,997	760,615	75.5
Toledo.....	340	288	1,022,495	763,258	259,237	33.9
Youngstown..	100	90	176,313	173,590	2,723	1.5
Total....	3,701	4,286	6,658,320	7,841,204	1 1,182,884	1 15.1

¹ Decrease.

Record figures are being made in clearings. Money rates remain unchanged, and banks are plentifully supplied with loanable funds. Clearing figures in the same cities for the first 15 days in April are as follows:

	Apr. 1-15, 1916.	Apr. 1-15, 1915.	Increase.	Percentage of increase.
Cincinnati.....	\$73,099,600.00	\$58,785,400.00	\$14,314,200.00	24.3
Cleveland.....	94,889,457.40	68,209,928.04	26,679,529.36	39.1
Columbus.....	23,183,800.00	14,912,200.00	8,271,600.00	55.5
Pittsburgh.....	142,665,960.11	113,489,693.82	29,176,266.29	25.7
Toledo.....	19,840,915.83	13,713,337.00	6,127,578.83	44.7
Youngstown.....	9,712,252.69	3,359,294.49	6,352,958.20	189.1
Total.....	363,391,986.03	272,469,853.35	90,922,132.68	33.4

The wheat crop in the district looks good. A great deal of tobacco probably will be put in. The price of this commodity is advancing rapidly.

DISTRICT NO. 5—RICHMOND.

Business continues to show improvement, jobbers reporting a fair volume of sales and good collections. Agricultural conditions on the whole are favorable. In some trucking sections along the coast, they are below normal, due to low prices of potatoes, but prospects are considered brighter for the coming crops. Farmers have done well during the past season and are in better financial condition than for some time past.

Bad weather delayed crop preparations for a time, but on the whole lands are in good condition for the next crops. There has been more diversification than before. Food supplies have been more varied and abundant than heretofore, more attention being given to the care of live stock. The present cotton crop was economically raised. Prices have been good and this has contributed materially to improved conditions and the prosperity of the agricultural sections. The tobacco crop was also raised without unusual costs, but there has been some complaint as to price.

Owing to the scarcity and high prices of fertilizing materials, a reduction in volume is expected in the fertilizer trade. Manufacturers are doing well, and on the whole anticipate a satisfactory season.

Conditions in the cotton-spinning industry, which have been seriously depressed for several years, show a marked improvement. Many of the mills which have failed to earn enough to take care of even the wear and tear on their plants are now finding a ready market for their goods at satisfactory prices. This increased demand has developed both in Europe and South American trade, but is hampered by the scarcity of freight room.

Men in the timber and coal business in the interior report satisfactory conditions and earnings. West Virginia reports the location of a new and extensive steel plant and a new glass plant.

The lumber trade has continued to improve from its recent depression. Jobbers' stocks are limited, and the mills are now moving a fair portion of their accumulated stocks at improved prices. This has been interfered with to some extent by congestion in the railroad traffic, particularly in New England and at the seaports.

One point in the district reports 15,000 bales of cotton held in the county, which if sold would furnish more money than could be profitably used.

Investors, even in the smaller cities, are reported to be looking for safe short-time investments, but not venturing far as to the future. Banks in large cities are offering money at low rates, resulting in decreased demands on the local banks. This has created an abundant supply of funds, resulting in decreased earnings for the local banks.

DISTRICT NO. 6—ATLANTA.

General conditions in the Sixth District since our April report are unchanged to any great extent and the outlook for the future continues to be favorable.

Sugar, rice, and lumber are in active demand. There is a gradual selling of the cotton crop, which influences all lines of business endeavor. Manufacturers are working full time and many are behind on orders. The transportation problem continues a handicap, though deliveries are now effected somewhat more promptly.

The late frost did some damage to the early fruit crops of the South, but with the favorable weather of the past few weeks, all farm work is well advanced. A good deal of planting has been done in the lower Mississippi Valley, but in lower Alabama a good deal of land will go into corn, oats, and potatoes. Georgia fertilizer-tag sales show an increase over last year and the area in cotton and corn will be large.

The supply of loanable funds in the banks remains at high level and is being steadily augmented.

Interest rates are low, first-class commercial paper being in demand. Money being easy in this district the cotton holding situation is still strong, there being no disposition among the banks to force the farmers and merchants to dispose of their cotton now stored in the warehouses.

DISTRICT NO. 7—CHICAGO.

The business activity previously reported continues to manifest itself without evidence of strain upon the financial structure. Banking funds seeking legitimate investment are in excess of requirements, but there is more discrimination on the part of the paper-buying banks, with the smaller names paying a premium over the general minimum of 3 per cent, which has existed for some time. While there does not seem to be any lack of money in this district, some authorities are looking for better rates within the next few months. Banks in agricultural communities find this a dull season, as the farmer is engaged in spring work and can not give his attention to marketing operations.

Bond houses report a strong demand for high-class municipal securities, and public-service issues are popular, with railroad and industrial bonds receiving some attention from investors. The present outlook for this line is satisfactory, with the demand frequently in excess of the supply.

Bankers, manufacturers, and merchants are generally united in their favorable views on the business existing and in prospect, but some call attention to the danger from heavy purchases

at high prices, as such commitments are somewhat speculative, their successful termination depending upon uncertain and uncontrollable external conditions.

Cold weather delayed spring work in this section about two weeks, but present reports indicate favorable progress. The condition of fall wheat is unsatisfactory in many localities, and this has resulted in some additional acreage of oats. Illinois reports considerable damage to winter wheat, although some improvement in the situation has been noted since warm weather. Corn and oats are going into the plowed-up wheat land. Indiana is in a similar position, and the decreased wheat prospects mean increased acreage for oats and corn. In Iowa fall grain suffered in some sections, but the general condition of the soil is excellent, and the spring planting of corn and oats is making good progress. A larger acreage than usual of oats seems in prospect. Michigan looks forward to a good fruit crop, and other crops are reported as satisfactory for this season of the year. Wisconsin has an excellent outlook for winter wheat in certain localities, but all of the ground assigned to this crop was not so fortunate and some plowing under is probable, particularly in the southwestern part of the State.

Agricultural implements.—This line of industry is handicapped by the advances in material and the difficulty in securing deliveries. Sales of acceptable volume are reported, and the manufacturers anticipate general improving conditions. Collateral sources corroborate the activity in the implement business.

Automobiles.—No decrease in the demand has put in an appearance and the manufacturers claim that their product is sold up for several months ahead with difficulty in securing materials with which to produce the machines.

Building and building material.—Construction throughout this district is quite active, particularly in the manufacturing centers, and this will probably continue as long as the underlying causes operate. Business is reported as considerably greater in brick than last year at the same season, with good pros-

pects for the future. While there is no abnormal demand for cement, a reasonably satisfactory prospect is evidenced and collections are said to be good.

Coal.—Unsettled conditions prevail in coal owing to the poor demand caused by the supply accumulated in anticipation of the April 1 strike, which did not materialize. Consumers, however, are to some extent contracting for their requirements for the ensuing year at what are said to be fair prices.

Dry goods.—Wholesalers still enjoy a heavy demand and are booking considerable future business. Certain lines of merchandise are difficult to obtain, and a feeling exists that some of the purchases for fall delivery are of more or less speculative character. The largest business is said to come from the manufacturing centers where labor is well employed at increasing wages. The consumer, according to one authority, is purchasing a better grade of merchandise than heretofore, and up to date no unfavorable comment with regard to collections has been noted.

Furniture.—Grand Rapids and Kenosha factories apparently are enjoying a satisfactory volume of business with some difficulty reported in connection with raw materials and railroad shipping facilities.

The crop prospects have had considerable effect upon the grain markets during the past 30 days and scarcity of railroad equipment is said to have interfered considerably with the handling of grain. Another factor in the situation is the prospect of an immense amount of Canadian wheat moving east on the opening of navigation in the Great Lakes.

In the city of Chicago the grocery business is said to be of satisfactory volume, but throughout the smaller centers the retailers are not purchasing to any extent although the orders for future delivery are better than a year ago. A satisfactory trade is reported in the territory tributary to Des Moines, with collections unusually good.

Hardware.—The higher prices necessitated by the difficulty in procuring steel products has not to date decreased sales. The retailers and

the public appear to be taking an increased quantity of merchandise, but the collections are only fair.

Leather.—The advances in hides and tanning materials caused by their scarcity indicate a considerable demand, which is confirmed by the reports from manufacturers in this line, who also advise they are finding it increasingly difficult to get sufficient labor. There is good prospect for a continuance of this activity. Sales of leather belting are said to show considerable increase over last year.

Liquor.—Tax payments for the fiscal year are said to be at the rate of 34,000,000 to 35,000,000 gallons, with a prospective production of 1916 Kentucky whisky at between 20,000,000 and 22,000,000 gallons. Prices are reported firmer and a number of distilleries are working capacity, due to alcohol contracts. The situation with the breweries appears unchanged, although there is some slight prospect of improvement.

Live stock.—The packing industry reports an exceptionally strong foreign demand, with an increased scarcity of bottoms for export. By-products, such as wool, hides, glue, and fertilizer, are in excellent demand, which would show that the manufacturers using these products are fully employed. Live-stock prices are holding firm, and the indications are that the supply of live stock throughout this district is not as large as usual. An interesting comment is to the effect that hogs fed on Iowa soft corn have been figured to yield as high as \$1 per bushel for the corn fed, based on present selling price of hogs and the increased weight per bushel of corn fed.

The improvement formerly reported in lumber seems to continue, and there has been a strong demand for all kinds of lumber, which has firmed up the prices, with advances in values recorded in some of the products. Collections are not yet satisfactory, but some improvement is noted.

The local mail-order houses show increases in their sales through this district, with marked

activity in automobile supplies, groceries, sporting goods, and textiles.

The paper industry is having difficulty in procuring raw material, prices have gone up, and at the present time there is a tendency toward inactivity, owing to the disposition of the buyers to take on only limited supplies.

Steel and wire goods, which enter into the construction of pianos, have considerably increased the expense of the finished article. Sales are showing some hesitancy at this time and collections are fair.

The steel companies in this territory are accepting some orders for 1917 delivery. The present demand continues in excess of capacity, and prices have been fully maintained.

Watches.—Watch factories continue to enjoy the increased activity reported last month, and there is good prospect for a continuation of this condition for some time to come. April is expected to show a very satisfactory increase in business over the same month a year ago.

Wool and woolsens.—The situation in the wool market is quite similar to last month, with mills well covered on raw material. Supplies, however, are not excessive and the activity in this line is expected to bring about an increased demand within the next few months. Manufacturers are feeling the shortage of raw materials and dyestuffs without prospect for immediate relief. Collections are said to be good.

Clearings in Chicago for the first 20 days of April were \$1,049,000,000, being \$178,000,000 more than for the corresponding 20 days in April, 1915. Clearings reported by 18 cities in the district outside of Chicago amounted to \$220,000,000 for the first 15 days of April, 1916, as compared with \$164,000,000 for the first 15 days of April, 1915, and \$225,000,000 for the first 15 days of March, 1916. Deposits in the eight Central Reserve City member banks in Chicago were \$645,000,000 on April 18, 1916, and loans were \$434,000,000. The deposits show a decrease during the past month of \$3,000,000, and the loans a decrease of \$4,000,000.

DISTRICT NO. 8—ST. LOUIS.

This district is in excellent business condition. Producers and manufacturers are operating to their capacity, shipments of merchandise show large increases, and the buying power of the general public has increased.

This bank has obtained reports from a large number of wholesale firms located in nine of the principal cities in this district. The list comprises wholesale and jobbing firms of the highest rating, who deal in the necessities of life. Reports from these companies covering the first quarter of 1916 have been carefully analyzed. Business for the first three months of 1916 was compared to the average of these three months for 1915, 1914, and 1913. It was deemed essential to make a comparison with the approximate normal of three years, instead of any one year, thus eliminating at least to a degree temporary or other depression or expansion.

From an examination of the reports it appears that these firms show an average increase in shipments of 16 per cent for the period noted. The volume of unfilled orders on hand April 1 was 26 per cent larger than the three-year average. Their collections received during this same period were 10 per cent above the average collections of these three months for 1915, 1914, and 1913, and the amount of past-due accounts on hand April 1 approximately 15 per cent smaller than the average for April 1 of the three previous years. The present prosperity of the district is indicated by the increase in shipments and by an almost corresponding increase in collections, the complement of which is a smaller volume of past-due accounts. The faith in the future is indicated by the marked increase in orders for future delivery.

Only four of all the companies reporting showed a decrease in shipments for the first quarter of 1916 as compared to the average of the same months for the three previous years, and this loss was so slight as to be of no importance. It appears that the grocery and grocery commission business show smaller gains

than other branches of industry. In all inquiries merchants were requested to give us their opinions of business and agricultural conditions. The answers were almost without exception optimistic. Comments such as these appear in the reports:

St. Louis. Business and agricultural conditions both very good. Business and agricultural conditions are very favorable. Retail business appears to be active. Reports received from our traveling men are most encouraging. We think business conditions are considerably better than they were in the years mentioned.

Memphis, Tenn. Planting delayed on account of bad weather. Conditions very good. Good, and splendid prospects for its continuance.

Louisville, Ky. Business and agricultural conditions good. Conditions fair. Western Kentucky affected by tobacco situation.

Paducah, Ky. Only fair.

Evansville, Ind. Generally good.

Little Rock. On the whole business and agricultural conditions are as good as we have ever had in this State. Business conditions are much better than last year. Agricultural conditions good up to the present, but cotton planting retarded account of late season.

Fort Smith, Ark. Business very good. Healthiest business conditions for years. Agriculture not sufficiently advanced to warrant prediction.

Springfield, Mo. Business hampered only by failure of mills to deliver. Agricultural conditions very favorable.

The total of failures for the first three months of 1916 as compared to the same period of 1915 show a marked decrease both in number of failures and total of liabilities, while comparing 1916 to 1914 the number of failures is approximately the same, but the total liabilities of 1916 is only a little more than half that of 1914.

State officers who have charge of issuing licenses for automobiles in this district have furnished figures from which a comparison of the number of licensed automobiles in opera-

tion April 1 for 1914, 1915, and 1916 has been compiled. From these figures it appears that the number of automobiles in operation on April 1 has more than doubled in the two years from April 1, 1914, to April 1, 1916, and this would seem to indicate prosperity in this and allied industries.

From reports it would seem that agricultural conditions are in the main favorable. Cotton planting in the southern parts of the district has been somewhat retarded by the late spring and the wheat crop in the central portions of the district has been damaged to a considerable extent. Winter wheat acreage in this district has been reported to be smaller than in 1915 or 1914 and estimates of condition as of April 1 confirm previous reports of damage to this crop.

	Condition of wheat Apr. 1.			Dec. 1, 1915.
	1916	1915	10-year average.	
Arkansas.....	84	89	89	92
Illinois.....	57	90	86	84
Indiana.....	58	90	84	88
Kentucky.....	85	79	87	92
Mississippi.....	92	84	88	93
Missouri.....	66	86	87	83
Tennessee.....	90	81	90	91

This report shows what appears to be serious damage to the wheat in the large wheat-producing States of this district. Estimates of final production based on reports of condition at this time must not, however, be considered as necessarily conclusive.

The cotton acreage in the southern parts of this district is larger than last year and the favorable conditions should produce correspondingly large crops. Merchants, however, are making an earnest effort to persuade southern planters to continue the diversification of crops or to plant at least enough foodstuffs and grain to supply the needs of their respective communities. Reports from the Arkansas strawberry district are favorable. It is expected that the crop will move to market the latter part of April or early in May. A report from strawberry producers in Kentucky reads as

follows: "This year bids fair to be the largest of any we have yet had."

The egg market in St. Louis is active. Current prices are approximately 19½ cents as compared to 18½ cents a year ago. Stocks in storage were of course exhausted in March, and while the supply of eggs is normal for this season of the year, the demand for storage purposes seems to have resulted in the increase in price.

The somewhat late spring has retarded the production of truck-farm products. Home-grown fresh vegetables are just beginning to appear on the market.

There has been little change in banking conditions since the last report. Indications are, however, that excess reserves are not as large as they were 30 days ago, and this should in course of time have its effect on rates for discount. There was a tendency noted a month ago for higher rates, but it can not be said that they have gone up in any marked degree. Commercial paper is still quoted at 3 to 3½ per cent and the rate for commercial loans in the large cities is still approximately 4½ per cent. The bond market does not seem to be as active as it was a month or six weeks ago. It seems probable that anxiety due to possible complications with foreign Governments may have its effect on the market in general.

Below is a statement of the clearings of the principal centers in this district for March, 1916, compared to March, 1915, and for the first quarter of 1916 as compared to the first quarter of 1915, with the percentage of increase or decrease for each city. The increases are substantial in every case except one and this is so slight as to be of no significance.

March clearings.

	1916	1915	Per cent increase or decrease.
Evansville.....	\$3,350,877	\$5,255,606	58.9
Paducah.....	3,524,562	2,238,997	8.8
St. Louis.....	407,980,696	336,424,843	21.3
Louisville.....	80,314,341	54,112,850	48.4
Memphis.....	33,610,798	34,410,605	- 2.3
Little Rock.....	11,104,781	9,155,897	21.3
Total.....	544,886,055	442,598,798.	23.1

Clearings for first quarter—January, February, and March.

	1916	1915	Per cent increase or decrease.
Evansville.....	\$23,801,346	\$14,731,482	61.6
Paducah.....	11,247,137	10,176,855	10.5
St. Louis.....	1,194,236,437	988,433,173	20.8
Louisville.....	245,131,432	165,522,152	48.1
Memphis.....	107,673,968	99,917,427	7.8
Little Rock.....	31,993,786	27,527,823	16.2
Total.....	1,614,084,106	1,306,308,912	23.5

In March, 1916, this bank cleared 204,922 items, or a total of \$90,667,565.72, the largest clearings both in number of items and amount cleared of any month since the bank has been in operation, and shows a really important gain as compared to the figures of March, 1915, which were: Number of items, 154,630; total amount, \$51,190,674.05.

DISTRICT NO 9—MINNEAPOLIS.

Interest is centered upon early spring conditions to the exclusion of practically all other developments in business. It is conceded that the grain territory, which embraces two-thirds of this district, will show a reduction in wheat acreage for 1916, at present estimated at 10 per cent, due to the shortage of fall plowing last year and the lateness of the season this year. Planting will be two weeks late, but this is not regarded as serious a disadvantage as the fact that the lateness of the season is cutting down the amount of spring plowing that would otherwise have been done.

Seeding is general in central South Dakota and southern Minnesota, and is in progress at other points. With favorable weather a good crop is looked for, even if planting is not completed over the territory as a whole before the first week in May.

It is pointed out that while the seed was in the ground by mid-April last year, the planting was followed by many weeks of cold, raw weather, and that the seed was slow in germinating, and the crop made no substantial progress until toward June 1.

Damage has been done to winter wheat in Montana, and a proportion of the acreage is

being reseeded with marquis wheat. Over the district as a whole a considerable amount of wheat will be disked in on the stubble, and such planting will require favorable weather to produce the best yield. Farmers are rushing their spring operations as fast as the fields dry up sufficiently to permit spring work, and have been buying the light type of tractors freely in an effort to increase the amount of spring plowing, and overcome the handicap of shortage of fall work last year and the late season.

Moisture conditions over the district are excellent. Floods have done some damage in isolated localities and will hurt spring operations on a considerable amount of low land. Moisture in the ground, however, is sufficient to give the crop a good start.

The wholesale and retail trade are both prosperous. Wholesale trade is showing an increased volume of business over a year ago, in the face of advancing prices and some difficulty in obtaining deliveries from eastern manufacturers. Collections have been active. Trade at local points is brisk, and is improving as the roads dry up.

Industrial conditions are excellent over the entire district. Labor is fully employed at good wages, and the production of all manufacturing concerns, if maintained, will create new records for 1916.

The iron mines of northern Minnesota will produce heavily, and advance estimates are that 40,000,000 tons of ore will be shipped down the Lakes during the season. This will be considerably in excess of previous years. Similar conditions prevail in the copper districts of northern Michigan, the iron districts, and the copper districts of Montana.

Construction is responding to the favorable conditions in business, and a very large amount of building is in progress.

DISTRICT NO. 10—KANSAS CITY.

During the past month this district has experienced an unusual variety of weather conditions. Central Kansas reports not only a maximum temperature as high as the pre-

vious record, but one degree lower than recorded during the past 28 years. The spring opened early, but there was a serious retarding of activity by reason of a general snowfall and freezing temperature which, however, was of short duration and little resultant damage. While precipitation has been below normal over the entire district, crop conditions have seldom been better at this season of the year. The fall wheat has passed through the winter in good condition and is beginning to make rapid growth. Prospects are favorable for an unusually large corn acreage. In the western portion of the district the season is about 10 days later than last year.

The car shortage has been somewhat relieved by the daily receipt of cars formerly tied up on eastern lines. Railroad earnings show material improvement.

There are no labor disturbances of importance in the district. Increased business in all lines and the generally prosperous condition of the district gives every indication of increased real-estate activity and an unusual amount of immigration.

The prices of cattle, hogs, and sheep continue satisfactory. The excellent prices being maintained on hogs is especially interesting, since the hog has been called the "mortgage lifter." Price records continue to be broken at all the stock markets of the district. Stock hogs can now be shipped from Kansas City stockyards to the Kansas farms, an order to that effect having just been issued by the State sanitary live-stock commissioners. For years the only shipments allowed out of this hog market were to other stockyards for immediate slaughter, because of the danger of the spreading of cholera which has now been practically eliminated by the system of inoculation.

Oil production and drilling continues on an extensive scale, with prices commonly quoted at \$1.55, base. There are more than 1,700 well-drilling rigs up in the Kansas-Oklahoma district. New fields are being opened up in nearly every State in the district and develop-

ment operations are believed to have reached their greatest height. There were 1,200 wells completed last month. The deliveries of the Mid-Continent field by all pipe-line companies in January have been given out as 8,376,000 barrels. The general decline in the oil production in the eastern fields has greatly increased the demand for production from this field.

There appears to be no cessation in the volume of business being handled by wholesalers and retailers. Practically without exception shops and factories are working to full capacity and much overtime work is in effect. Business is somewhat hampered by the scarcity of raw materials and of skilled laborers. Collections are reported unusually good.

Spring trade in agricultural implements is unusually large. Dry goods sales have exceeded all former records by a large margin. In footwear business is averaging 50 per cent better than last year, and millinery shops report a flourishing business.

The lumber and timber business has shown a healthy vitality during the first quarter, which has made both business and collections much better than in the corresponding period in 1915.

The highest price paid for silver since 1912 is aiding the industry and is a notable development of an abnormal financial situation. The increasing price of this metal is reopening old mines. With tungsten selling at \$90 a unit, Colorado has a mining fever like the days of Creede and Cripple Creek strikes.

Smelter bins are practically clear of surplus blende and lead ore in the Missouri-Kansas-Oklahoma district. Lead ore has gone to a record level, \$102.50 being paid by some companies for choice ores. Pig lead has reached \$8, the highest point on record, while fine zinc blende sells for \$120 a ton. The production continues large in this district and has seldom been surpassed in its history. Heavy rains in Oklahoma have made it impossible for many of the newer plants to load their ore, but all mills are running to capacity.

Indications are for a broadening demand for money. However, the usual spring demand

for funds has not made itself felt. Neither do commercial-paper offerings show any material increase.

Omaha bank clearings have registered a gain every week so far this year, while banks in Oklahoma City made in March a new high record. The total clearings exceeded the aggregate for March, 1915, by about 40 per cent, and similar increases are commonly reported from all parts of the district.

DISTRICT NO. 11—DALLAS.

Rains over most of the district have revived business, which up to one month ago was inclined to be sluggish on account of the drouth which had prevailed since early February over practically this entire section. The rains were especially heavy in central and north Texas and southern Oklahoma, and as a result the crop outlook has been materially changed. If weather conditions now continue favorable up to midsummer the 1916 crop, especially in Texas, will not be lessened in yield or value. Most of the acreage on which the grain was killed by the cold weather of the late winter has now been replanted in oats or corn. The early potato crop is now being marketed at good prices. It is estimated the crop comprises about 20,000 acres, which is a material increase over last year.

The freeze of April 8 does not seem to have materially damaged the fruit and berry crop. Young garden vegetables were injured. The tomato plants were still in cold frames and no serious injury is reported. Reports from the largest fruit and truck growing fields in the district are very encouraging. A large crop of strawberries is now being marketed, and prices are very satisfactory.

Unfavorable reports come from the southwestern part of the district, which did not have the benefit of the fine rains over the northern portion. No rain has fallen in the extreme southwest for over three months, and stock water is becoming very scarce. Some cattle are dying, and unless rains soon come conditions will be quite serious.

The onion crop from the Laredo section was below the normal yield, owing to the ravages of the thrip in the growing sections. The total yield this season is estimated at 1,800 cars, as against 2,600 cars last year. Prices obtaining have been only fair, and the average has been around \$400 per car.

Cotton is about all marketed. There are a few scattering lots over the district, but it is as a rule of such quality that buying has practically ceased. Conditions at this time, on account of the rains, are more favorable for a reduction in acreage than a month ago, but that there will be a considerable increase there is no doubt. The agitation of better warehouses and the gradual marketing of the crop it is thought will have a good effect; in fact, much good has already resulted from this movement, and the campaign now being carried on will be reflected in the handling of the 1916 crop.

Demand with banks is getting rather active as the season advances, and another 30 days should develop the seasonal requirements. There is no indication of any contraction, and rates remain unchanged. Offerings with this bank are coming in strong, and our loans and discounts show an increase of some \$250,000 over a month ago. Of the paper being offered probably 75 per cent consists of that of cattlemen and farmers. Member banks are in good condition to meet their customers' needs. Unless conditions materially change there should be no occasion for outside assistance other than in normal years. With the assistance of this bank the requirements of the district should be taken care of without inconvenience.

Building operations show a healthy improvement, which is reflected in the demand for material. Lumber is very active, at good prices; mills continue to run on full time. The cement industry is likewise enjoying a good business, and shipments over the district indicate a continuance of this condition. Local factories report their mills running continuously and a ready demand for their output.

Reports from the oil fields indicate that 80 per cent more work is being done than a year

ago, with prices of \$1.55 to \$1.75 per barrel, as against 45 cents a barrel last year. Old fields are being extended, and 80 per cent more laborers are employed in this industry than in 1915.

A heavy snow in the western part of the district the early part of this month put the ground in excellent condition. This will bring up early grass, and the condition of the cattle industry is quite satisfactory. Cattle wintered well.

Wholesale grocers report a substantial improvement in business over 1915, with collections good. A 40 per cent increase in orders is reported by the large mail-order houses, with uniform demand for all classes of goods.

An increase in freight traffic is reported by the railroads, amounting to approximately 10 per cent. A serious car shortage is reported, on account of congestion in equipment in the North. This has resulted in the railroads doubling their charge for demurrage. Passenger traffic shows a slight increase over 1915.

Business with retailers is reported as good for this season, and spring trade is active. Collections are fair.

A comparative statement of the exports from the port of Galveston for the month of March, 1915 and 1916, proves interesting. The value of the exports for March, 1916, was \$13,363,000, which is a decrease over 1915. This is explained largely by the decrease in shipments of cotton and cottonseed products, the value of which commodities alone amounted to some \$17,000,000 in March, 1915. These commodities are consigned principally to France, Germany, Italy, Spain, Sweden, and England. Quite a substantial increase in exports of rice, hay, and spelter is shown over 1915, shipments of the latter commodity alone amounting to 6,670,000 pounds and valued at \$1,268,000.

Labor seems to be well employed throughout this district. There is an especially active demand for workers in the agricultural sections.

DISTRICT NO. 12—SAN FRANCISCO.

The West Coast Lumbermen's Association, composed of a majority of mills operating in Washington and Oregon, reports March orders 34 per cent and shipments 30 per cent over production, mostly for domestic use, exports being restricted by lack of ships. There is general activity, and prices are up \$3 to \$5 per thousand.

Acute shortage has caused unparalleled activity in shipbuilding. Seattle reports contracts aggregating \$11,000,000, nearly four times the total at this time last year. The principal builder at San Francisco is said to have contracts in excess of \$20,000,000, with no diminution of demand even with important advances in price because of increased prices for material and labor.

Despite dearth of bottoms, Seattle reports for January and February of this year, as compared with same months last year, imports \$35,693,042, increase \$21,172,927; exports \$15,885,204, increase \$4,732,108. San Francisco reports for same period imports \$21,198,558, increase \$8,857,186; exports \$15,735,910, decrease \$57,906.

Although the Panama Canal opened April 15, few ships are scheduled for immediate service between the Atlantic and Pacific coasts, both because now otherwise engaged and because extraordinary charter rates for exports influence strongly to that service as against coastwise service. The Pacific Mail Steamship Co. has announced three steamers of moderate size for San Francisco and China service.

California petroleum production averaged in March 242,656 barrels per day as against 223,495 in February. Daily shipments from fields were 276,378 and 258,264 for the respective months, reducing the amount in storage 1,045,388 barrels, approximately 6,000,000 barrels reduction since May, 1915. Eastern dealers are reported as insistent buyers of all available

gasoline and distillate on this coast. Activity in drilling, greater than at any time for half a dozen years, is reported chiefly in the proven oil land of the State, which aggregates 80,702 acres. In March 34 new wells were brought in with an initial daily production of 6,790 barrels.

Extraordinary output and unusual prices give copper precedence in metal mining, but there is also great activity in mining gold, silver, lead, zinc, and other less well known metals such as tungsten, antimony, magnesite, and molybdenite, valuable deposits of which are reported as being discovered.

Agricultural prospects are generally favorable, with especial benefit assured for many crops from unusual precipitation during the rainy months. Grain acreage will be less than last year both because of necessity for summer fallowing and because of unfavorable weather during seeding time. Considerable stocks of both wheat and barley are still on hand, more than at the corresponding time in either of the two preceding years. The 1915 rice crop in California is reported as 80,000,000 pounds, with 250,000,000 pounds estimated for 1916. From Calexico, Cal., in the Imperial Valley, comes the report that cotton acreage on the American side will be increased from 12,000 acres last year to 40,000 this year; on the Mexican side from 30,000 acres last year to 65,000 acres this year. Yuma, Ariz., reports 4,000 acres in cotton this year, and a normal production of $2\frac{1}{2}$ bales per acre. Cotton seed is said to be used extensively for fattening cattle. Alfalfa cutting began early in April. This crop and good pasture, because of much

precipitation, contribute especial advantage because of high prices for all live stock.

Prunes and apricots in certain sections have been reported damaged by frost. It is too early, however, to predict with certainty regarding these crops. Efforts are making for better organization in marketing fresh and dried fruits, which should result in increased returns to growers. Dried-fruit shipments from California in 1915 aggregated \$36,924,000, an increase of \$8,056,000 over 1914. Navel oranges bring much better prices than last year, and prospects for Valencias, which ripen about mid-summer, are reported excellent. Lemons are yielding fair prices. Raisin crop, 35 per cent over 1914, aggregated 124,000 tons, valued at \$10,000,000. Acreage of Thompson seedless raisins is increasing. Nine thousand five hundred and sixty-four cars of table grapes were shipped out of California in 1915, and 1,000 carloads consumed in the State, yielding growers \$9,514,000.

Sweet-wine production for 1915 in California was 4,000,000 gallons, against 16,600,000 in 1914, dry-wine production declining from 25,000,000 gallons to 21,000,000.

Heavy shipments of vegetables are now going forward. Cannerymen are busy with asparagus, of which about 1,000 carloads will be packed.

Merchants generally report good distribution and good collections. Bank clearings for March in 18 cities of this district increased 19 per cent over March, 1915; building permits 11 per cent. Credit conditions are easy. The situation as a whole in this district is favorable. There seems prospect of large production and important increase in wealth during the current year.

DISTRIBUTION OF DISCOUNTS BY SIZES AND MATURITIES.

The total discounts of commercial paper made by the Federal Reserve Banks during the month of March, 1916, were \$9,387,300, or 22.5 per cent in excess of the total for the preceding month, though over 30 per cent below the discounts in March, 1915. About 68 per cent of the month's discounts, as compared with 79 per cent in February, is credited to the three southern banks, Kansas City and Chicago together reporting an additional 15 per cent of the total discounts for the month. The aggregate discounts the first quarter of the year were \$28,166,800, compared with \$36,642,800 for the corresponding quarter in 1915. It is notable that whereas the discounts for the quarter of 30- and 60-day paper show large decreases as compared with corresponding 1915 figures, the amounts of 90-day, and especially 6-month paper discounted during the present year are larger than for the first quarter of the past year.

Commodity paper, mostly secured by cotton, was discounted by 5 banks and totaled \$1,718,987, constituting 18.3 per cent of the total discounts for the month, compared with 23.4 per cent for February and 16.8 per cent for January of the present year. Over 96 per cent of this class of paper was handled by the Richmond and Atlanta banks, of whose total discounts for the month commodity paper constituted about 25 and 50 per cent, respectively.

Trade acceptances discounted during the month by 7 banks aggregated \$298,733, of which nearly one-half is reported by the Richmond bank. This total is exclusive of \$514,677 of trade acceptances, based upon foreign-commerce transactions, and purchased during the month by the 3 banks on the Eastern Seaboard and the San Francisco bank; also of \$9,695 of domestic-trade acceptances bought in the open market during the month by the Atlanta Federal Reserve Bank.

The total number of bills discounted during the month was 6,209, compared with 5,086 in

February and 6,342 in January of the present year. The average size of the paper discounted during the month was about \$1,512, compared with \$1,507 for the preceding month, \$1,753 for January, 1916, and about \$1,800 for the last quarter in 1915. This average varies between about \$2,570 for the Boston district (where, however, the total number of bills discounted during the month was only 83), \$1,952 for the Atlanta-New Orleans district, and \$815 for the Philadelphia district.

Over one-third of the number and 53 per cent of the entire amount of the paper discounted during the month was medium-sized paper in denominations of \$1,000 to \$5,000. Small bills (in amounts up to \$250) represent over 20 per cent of the total number, though less than 2 per cent of the aggregate amount of paper discounted during the month. Of the total number of such bills, 1,259, about 30 per cent was handled by Richmond, about 22 per cent by Atlanta, over 15 per cent by Kansas City, and less than 14 per cent by Dallas.

About one-half of 1 per cent of the paper discounted during March was 10-day paper; 12.3 per cent 30-day; 33.9 per cent 60-day; and 40.5 per cent 90-day paper. About 1.2 millions, or 12.8 per cent of the total discounts for the month, was agricultural and live-stock paper, maturing after 90 days at the time of rediscount. Over 75 per cent of this class of paper was handled by the Dallas, Kansas City, and Chicago banks.

Of the 7,639 member banks reported at the close of the month 535, or about 7 per cent, were accommodated during the month through the discount of paper, as against 451 in February, 1916, and 570 in March of the past year. Richmond reports the largest number of banks accommodated during the month, 116, or about 23 per cent of the entire number of member banks in the reserve district. Member banks in Texas to the number of 83 secured about 1.3 millions of rediscounts, 43 banks in South Carolina over 1.2 millions, 29 banks in

North Carolina over 1 million, 34 banks in Georgia over 0.9 million, and 30 banks in Virginia over 0.6 million. The combined share of rediscounts secured by 219 banks in these five States is about 55 per cent of the total discounts reported to the Board for the month.

Commercial paper, exclusive of bankers' acceptances, discounted by each of the Federal Reserve Banks during the month of March, 1916, distributed by sizes.

NUMBER OF PIECES AND AMOUNTS.

[In thousands of dollars.]

Banks.	To \$100.		Over \$100 to \$250.		Over \$250 to \$500.		Over \$500 to \$1,000.		Over \$1,000 to \$2,500.		Over \$2,500 to \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000.		Total.		Per cent.	
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.
Boston.....	5	0.5	20	3.8	5	1.9	8	6.3	15	28.8	22	100.5	8	71.0	.....	.....	83	213.3	1.3	2.3
New York.....	28	1.7	41	7.8	52	19.2	43	32.1	50	83.4	23	81.9	2	53.3	2	25.2	247	304.6	4.0	3.2
Philadelphia.....	13	1.2	65	11.2	74	28.2	47	37.9	47	79.0	12	41.1	.....	13.4	.....	260	212.0	4.2	2.3	
Cleveland.....	2	.2	11	1.8	16	5.8	18	12.7	52	98.8	30	104.9	3	19.6	1	25.0	138	268.8	2.1	2.9
Richmond.....	86	7.2	288	51.4	453	181.6	476	386.3	460	797.7	268	1,084.8	70	499.7	15	232.2	2,116	3,240.9	34.1	34.5
Atlanta (including New Orleans branch).....	124	9.1	149	24.7	142	55.7	130	103.4	157	262.3	92	373.3	54	390.9	25	484.7	873	1,704.1	14.1	18.1
Chicago.....	1	.1	25	5.2	87	34.9	120	93.6	163	276.8	44	166.1	7	41.3	.....	.....	447	618.0	7.2	6.6
St. Louis.....	1	.1	16	3.0	28	11.6	38	27.5	48	81.6	19	67.6	7	42.7	.....	.....	157	234.1	2.5	2.5
Minneapolis.....	.....	.....	16	2.3	21	8.0	36	25.2	39	56.9	4	13.0	1	6.0	.....	.....	117	111.4	1.9	1.2
Kansas City.....	62	5.1	131	22.7	188	69.5	190	134.8	154	240.8	48	167.0	18	117.9	3	38.1	794	795.9	12.8	8.5
Dallas.....	32	2.5	137	23.0	144	56.4	202	149.4	196	314.7	93	333.5	36	239.7	18	326.3	858	1,445.5	13.8	15.4
San Francisco.....	3	.3	3	.6	14	5.4	33	22.8	47	81.8	18	70.7	4	26.9	2	30.2	124	238.7	2.0	2.5
Total.....	357	28.0	902	157.5	1,224	478.2	1,341	1,032.5	1,428	2,402.6	673	2,604.4	218	1,522.4	66	1,161.7	6,209	9,387.3	100.0	100.0

PERCENTAGES OF AMOUNTS OF EACH CLASS TO TOTAL.

Bank.	To \$100.	Over \$100 to \$250.	Over \$250 to \$500.	Over \$500 to \$1,000.	Over \$1,000 to \$2,500.	Over \$2,500 to \$5,000.	Over \$5,000 to \$10,000.	Over \$10,000.	Total.
Boston.....	0.2	1.8	0.9	3.2	13.5	47.1	33.3	.....	100.0
New York.....	.5	2.6	6.3	10.5	27.4	26.9	17.5	8.3	100.0
Philadelphia.....	.6	5.3	13.3	17.9	37.2	19.4	6.3	.....	100.0
Cleveland.....	.1	.7	2.2	4.7	36.7	39.0	7.3	9.3	100.0
Richmond.....	.2	1.6	5.6	11.9	24.6	33.5	15.4	7.2	100.0
Atlanta (including New Orleans branch).....	.5	1.5	3.3	6.1	15.4	21.9	22.9	28.4	100.0
Chicago.....	.....	.8	5.7	15.1	44.8	26.9	6.7	.....	100.0
St. Louis.....	.....	1.3	5.0	11.7	34.9	28.9	18.2	.....	100.0
Minneapolis.....	.....	2.0	7.2	22.6	51.1	11.7	5.4	.....	100.0
Kansas City.....	.6	2.9	8.7	16.9	30.3	21.0	14.8	4.8	100.0
Dallas.....	.2	1.6	3.9	10.3	21.7	23.1	16.6	22.6	100.0
San Francisco.....	.1	.2	2.3	9.5	34.3	29.6	11.3	12.7	100.0
Total.....	.3	1.7	5.1	11.0	25.6	27.7	16.2	12.4	100.0

Commercial paper, exclusive of bankers' acceptances, discounted during January by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 1—Boston:								
Connecticut.....	72							
Maine.....	70	2		6.0	2.0	4.8		12.8
Massachusetts.....	168	2		120.0				120.0
New Hampshire.....	56	2		1.0	7.0	10.1		18.1
Rhode Island.....	17							
Vermont.....	48	3		36.0	8.4	18.0		62.4
Total.....	431	9		163.0	17.4	32.9		213.3
District No. 2—New York:								
New Jersey.....	132	2		5.0	5.2	11.0		21.2
New York.....	482	12	6.1	5.5	107.2	164.1	0.5	283.4
Connecticut.....	15							
Total.....	629	14	6.1	10.5	112.4	175.1	.5	304.6
District No. 3—Philadelphia:								
Delaware.....	24	1			6.5			6.5
New Jersey.....	70	4	23.2	85.7	27.4	25.5		161.8
Pennsylvania.....	533	8		2.0	10.3	26.9	4.5	43.7
Total.....	627	13	23.2	87.7	44.2	52.4	4.5	212.0
District No. 4—Cleveland:								
Kentucky.....	72	2			3.9	1.3		5.2
Ohio.....	375	7	2.1	65.7	132.9	26.3	6.7	233.7
Pennsylvania.....	299	3		1.9	4.9	12.5		19.3
West Virginia.....	14	1			10.6			10.6
Total.....	760	13	2.1	67.6	152.3	40.1	6.7	268.8
District No. 5—Richmond:								
District of Columbia.....	14	1				79.2		79.2
Maryland.....	97	9		5.2	72.8	106.1	2.4	186.5
North Carolina.....	79	29	6.9	146.3	357.0	514.2	12.7	1,037.1
South Carolina.....	76	43		136.5	460.1	620.6	38.1	1,255.3
Virginia.....	138	30		70.7	232.2	327.8	21.4	632.1
West Virginia.....	104	4	3	3.3	9.5	17.6		30.7
Total.....	508	116	7.2	362.0	1,131.6	1,665.5	74.6	3,240.9
District No. 6—Atlanta:								
Alabama.....	94	20		13.5	88.0	242.1		343.6
Florida.....	55	12	.9	38.2	77.0	27.5	2.7	146.3
Georgia.....	112	34	1.0	67.2	417.9	336.7	32.3	905.1
Louisiana.....	5	2		38.4	170.0			208.4
Mississippi.....	18	0						
Tennessee.....	95	12		14.6	24.6	55.7	5.8	100.7
Total.....	379	80	1.9	171.9	777.5	712.0	40.8	1,704.1
District No. 7—Chicago:								
Illinois.....	317	16		24.5	79.0	61.8	46.2	211.5
Indiana.....	196	9	1.0	11.0	39.7	25.1	36.0	112.8
Iowa.....	349	28		11.9	89.5	49.0	126.4	276.8
Michigan.....	77	1			2.5			2.5
Wisconsin.....	51	2		2.0	2.5	6.2	3.7	14.4
Total.....	990	56	1.0	49.4	213.2	142.1	212.3	618.0
District No. 8—St. Louis:								
Arkansas.....	65	5		4.2	.2	9.8	9.6	23.8
Illinois.....	157	9		.8	22.0	22.3	12.7	57.8
Indiana.....	61	2			5.5		.5	6.0
Kentucky.....	68	1		7.3	2.0	15.0		17.0
Mississippi.....	18	3		7.3	26.2	23.0		56.5
Missouri.....	81	7		2.0	10.8	27.4	18.8	59.0
Tennessee.....	20	3		10.3	.9	2.3	.5	14.0
Total.....	470	30		24.6	67.6	99.8	42.1	234.1
District No. 9—Minneapolis:								
Michigan.....	31	0						
Minnesota.....	280	7		.7	8.2	4.9	21.9	40.7
Montana.....	68	0						
North Dakota.....	154	2				.9	5.2	6.1
South Dakota.....	120	8			12.1	12.5	33.3	62.9
Wisconsin.....	88	1			.9		.8	1.7
Total.....	741	18		.7	21.2	18.3	71.2	111.4

Commercial paper, exclusive of bankers' acceptances, discounted during January by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount—Continued.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 10—Kansas City:								
Colorado.....	120	2		30.8	14.8	11.2		56.8
Kansas.....	220	21	4.1	17.7	48.0	54.9	114.4	239.1
Missouri.....	53	5		.1	6.6	30.5	20.9	58.1
Nebraska.....	202	9		2.0	25.5	20.9	16.1	64.5
New Mexico.....	9	1			3.6	5.9	9.0	18.5
Oklahoma.....	306	31		51.0	105.4	94.7	107.8	358.9
Wyoming.....	33							
Total.....	943	69	4.1	101.6	203.9	218.1	268.2	795.9
District No. 11—Dallas:								
Arizona.....	6	1		.5	11.1	3.7	20.0	35.3
Louisiana.....	25	1		6.3	2.9	1.5		10.7
New Mexico.....	28	4			8.3	5.9	33.4	47.6
Oklahoma.....	36	5		4.6	14.3	7.4	14.0	40.3
Texas.....	539	83		66.3	350.3	519.4	375.6	1,311.6
Total.....	634	94		77.7	386.9	537.9	443.0	1,445.5
District No. 12—San Francisco:								
Alaska.....	1							
Arizona.....	7							
California.....	266	18		39.8	45.4	79.6	35.1	199.9
Idaho.....	58	1				1.3	1.7	3.0
Nevada.....	10							
Oregon.....	84	4			3.1	30.4	2.3	35.8
Utah.....	23							
Washington.....	78							
Total.....	527	23		39.8	48.5	111.3	39.1	238.7

RECAPITULATION.

[In thousands of dollars.]

Districts and cities.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days, but within 30 days.	Paper maturing after 30 days, but within 60 days.	Paper maturing after 60 days, but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.	Per cent.
No. 1—Boston.....	431	9		163.0	17.4	32.9		213.3	2.3
No. 2—New York.....	629	14	6.1	10.5	112.4	175.1	0.5	304.6	3.2
No. 3—Philadelphia.....	627	13	23.2	87.7	44.2	52.4	4.5	212.0	2.3
No. 4—Cleveland.....	760	13	2.1	67.6	152.3	40.1	6.7	268.8	2.9
No. 5—Richmond.....	508	116	7.2	362.0	1,131.6	1,665.5	74.6	3,240.9	34.5
No. 6—Atlanta.....	379	80	1.9	171.9	777.5	712.0	40.8	1,704.1	18.1
No. 7—Chicago.....	990	56	1.0	49.4	213.2	142.1	212.3	618.0	6.6
No. 8—St. Louis.....	470	30		24.6	67.6	99.8	42.1	234.1	2.5
No. 9—Minneapolis.....	741	18		.7	21.2	18.3	71.2	111.4	1.2
No. 10—Kansas City.....	943	69	4.1	101.6	203.9	218.1	268.2	795.9	8.5
No. 11—Dallas.....	634	94		77.7	386.9	537.9	443.0	1,445.5	15.4
No. 12—San Francisco.....	527	23		39.8	48.5	111.3	39.1	238.7	2.5
Total for March.....	7,639	535	45.6	1,156.5	3,176.7	3,805.5	1,203.0	9,387.3	
Per cent.....		7.0	.5	12.3	33.9	40.5	12.8	100.0	100.0
Total for February, 1916.....	17,643	451	64.0	1,040.3	2,558.4	2,995.8	1,006.1	7,664.6	
Total for January, 1916.....	7,649	614	263.3	1,855.4	3,356.2	4,121.6	1,515.4	11,114.9	
Total for Jan.-Mar., 1916.....			372.9	4,052.2	9,094.3	10,922.9	3,724.5	28,166.8	
Total for Jan.-Mar., 1915.....				8,865.4	14,306.1	10,793.9	2,677.4	36,642.8	

¹ Corrected figures.

Trade acceptances discounted by each Federal Reserve Bank from Sept. 2, date of first discount, to Dec. 31, 1915, and for the months of January, February, and March, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	January, 1916.	February, 1916.	March, 1916.	Total January, February, March, 1916.
New York.....	\$5,700			\$5,594	\$5,594
Cleveland.....	4,900		\$700	49,572	50,272
Richmond.....	450,500	\$137,300	135,800	144,934	418,034
Atlanta (including New Orleans branch).....	1,007,100	202,000	95,500	53,972	351,472
Chicago.....		8,200			8,200
St. Louis.....	167,800	32,600	3,500	33,154	69,254
Kansas City.....	87,800	47,300		2,311	49,611
Dallas.....	160,800	11,700	10,600	9,196	31,496
San Francisco.....	74,200	5,300			5,300
Total.....	1,958,800	444,400	246,100	1 298,733	989,233

¹ Included in total of commercial paper shown above.

Commodity paper discounted by each Federal Reserve Bank from Sept. 8, date of first discount, to Dec. 31, 1915, and for the months of January, February, and March, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	January, 1916.	February, 1916.	March, 1916.	Total January, February, March, 1916.
Richmond.....	\$2,881,400	\$1,010,600	\$1,092,200	\$802,500	\$2,905,300
Atlanta (including New Orleans branch).....	7,032,200	745,800	622,700	853,800	2,222,300
St. Louis.....	99,800				
Minneapolis.....	25,300	1,300	9,100	800	11,300
Dallas.....	239,100	81,900	57,600	55,000	194,500
San Francisco.....	37,200	24,000	13,100	6,800	43,900
Total.....	10,315,100	1,863,600	1,794,700	1 1,719,000	5,377,300

¹ Included in total of commercial paper shown above.

Commodity paper discounted by each Federal Reserve Bank during January, February, and March, 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans).	Minneapolis.	Dallas.	San Francisco.	Total.
Cotton.....	\$2,865,333	\$2,218,445		\$187,576	\$256	\$5,271,610
Peanuts.....	37,414	900				38,314
Wheat.....			\$9,735			9,735
Maize.....		1,021		6,944		7,965
Flax.....			1,605			1,605
Hops.....					19,611	19,611
Hay.....		400				400
Beans.....		480				480
Miscellaneous.....	2,500	1,040			24,003	27,543
Total.....	2,905,247	2,222,286	11,340	194,520	43,370	5,377,263

Amounts of commercial paper, exclusive of bankers' acceptances, held by each Federal Reserve Bank on Mar. 31, 1916, distributed by maturities.

Federal Reserve Bank.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total.	Per cent.
Boston.....	\$43,100	\$113,000	\$12,600	\$28,600		\$197,300	0.9
New York.....	42,000	79,300	176,800	98,100	\$500	396,700	1.9
Philadelphia.....	75,400	84,300	76,400	25,300	4,500	265,900	1.3
Cleveland.....	62,600	101,300	145,100	15,800	11,400	336,200	1.6
Richmond.....	1,131,900	1,515,700	2,281,600	1,133,700	102,100	6,165,000	29.0
Atlanta (including New Orleans branch).....	673,900	1,012,900	1,660,900	541,200	74,200	3,963,100	18.6
Chicago.....	188,800	337,100	531,100	322,500	266,100	1,645,600	7.7
St. Louis.....	87,400	181,400	156,200	111,200	65,000	601,200	2.8
Minneapolis.....	102,300	116,400	270,400	156,000	120,400	765,500	3.6
Kansas City.....	234,800	545,200	477,400	350,900	352,700	1,961,000	9.2
Dallas.....	542,000	713,300	1,559,600	769,700	893,900	4,478,500	21.1
San Francisco.....	59,600	120,700	104,500	133,400	74,200	492,400	2.3
Total.....	3,243,800	4,920,600	7,452,600	3,686,400	1,965,000	21,268,400	100.0
Per cent.....	15.3	23.1	35.1	17.3	9.2	100.0	

ACCEPTANCES.

Acceptances held by Federal Reserve Banks as per schedules on file on dates specified.—Total bankers' acceptances by classes.

[In thousands of dollars.]

Date.	Member banks.	Nonmember banks.			Total.	Date.	Member banks.	Nonmember banks.			Total.
		Trust compa-nies.	State banks.	Private banks.				Trust compa-nies.	State banks.	Private banks.	
1915.					1916.						
Feb. 22.....	93				93	Jan. 24.....	16,348	8,070	363	1,441	26,222
Apr. 5.....	3,653	7,820	10	110	11,593	Jan. 31.....	15,834	8,174	356	1,510	25,874
May 3.....	5,038	8,189	10	110	13,347	Feb. 7.....	15,681	7,876	336	1,456	25,349
June 7.....	5,242	4,516	10	192	9,960	Feb. 14.....	17,581	7,985	347	1,851	27,764
July 3.....	4,342	5,267		161	9,770	Feb. 21.....	17,661	8,194	392	1,841	28,088
Aug. 2.....	5,350	5,407	20	352	11,129	Feb. 28.....	17,436	8,755	408	1,841	28,440
Sept. 6.....	6,087	6,305	20	472	12,884	Mar. 6.....	17,182	8,670	408	1,781	28,041
Oct. 4.....	9,000	4,898	132	343	14,373	Mar. 13.....	20,323	10,032	470	1,631	32,456
Nov. 1.....	8,477	4,331	253	204	13,265	Mar. 20.....	20,563	11,280	408	2,467	34,718
Dec. 6.....	12,311	5,172	275	396	18,154	Mar. 27.....	21,128	12,864	411	3,078	37,481
1916.					1916.						
Jan. 3.....	15,494	7,160	362	822	23,838	Apr. 3.....	21,000	13,573	473	3,262	38,308
Jan. 10.....	16,492	8,057	370	938	25,857	Apr. 10.....	22,239	14,864	476	3,405	40,984
Jan. 17.....	16,908	7,655	425	1,010	25,998	Apr. 17.....	22,135	15,028	564	3,442	41,169
						Apr. 24.....	23,566	15,196	584	3,504	42,850

¹ Acceptances indorsed by member banks: State banks, \$9,000; private banks, \$1,993,000; total, \$2,002,000.

Amounts of acceptances held by the several Federal Reserve Banks at close of business on Fridays, Mar. 24 to Apr. 21, 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadel-phia.	Cleaveland.	Richmond.	At-lanta.	Chicago.	St. Louis.	Minne-apolis.	Kan-sas City.	Dallas.	San Fran-cisco.	Total for system.
Within 10 days:													
Mar. 24.....	\$598	\$2,942	\$334	\$15	\$66	\$8	\$252	\$118	\$26	\$40		\$135	\$4,534
Mar. 31.....	779	1,494	596	141			271	279	106	79		138	3,883
Apr. 7.....	1,318	1,216	444	98		200	171	130	44	33		18	3,672
Apr. 14.....	1,132	1,041	970	86		250	135	5	30	45		35	3,729
Apr. 21.....	1,649	1,589	1,059	90			200	122	20	96		77	4,902
From 11 to 30 days:													
Mar. 24.....	1,786	2,102	933	252		250	332	245	123	93		144	6,260
Mar. 31.....	2,175	2,235	1,522	112	15		175	87	64	91		75	6,551
Apr. 7.....	2,034	2,388	1,207	107	15	50	232	149	172	124		160	6,638
Apr. 14.....	3,274	3,695	741	224			364	158	137	162		446	9,201
Apr. 21.....	2,271	2,847	763	355		24	596	178	239	281		533	8,087
From 31 to 60 days:													
Mar. 24.....	3,959	4,974	1,913	448		78	795	196	259	296		603	13,521
Mar. 31.....	4,352	5,080	1,410	503		95	957	298	238	371		638	13,942
Apr. 7.....	4,197	5,414	2,063	550		214	1,145	367	276	496		626	15,348
Apr. 14.....	5,176	5,100	2,337	776		368	1,278	479	470	519		595	17,098
Apr. 21.....	5,853	6,992	2,259	787		551	1,120	510	460	375		577	19,484
From 61 days to 3 months:													
Mar. 24.....	5,893	4,707	1,961	310		238	786	284	267	258		226	14,930
Mar. 31.....	4,933	6,384	1,725	522		175	624	290	365	239		291	15,548
Apr. 7.....	4,615	7,054	1,890	591		302	610	449	362	180		405	16,458
Apr. 14.....	1,968	6,996	1,562	553		170	818	518	405	257		832	14,079
Apr. 21.....	965	5,436	1,966	459		175	844	443	350	261		865	11,764
Total acceptances held:													
Mar. 24.....	12,236	14,725	5,141	1,025	66	574	2,165	843	675	687		1,108	39,245
Mar. 31.....	12,239	15,193	5,253	1,278	15	270	2,027	954	773	780		1,142	39,924
Apr. 7.....	12,164	16,072	5,604	1,346	15	766	2,158	1,095	854	833		1,209	42,116
Apr. 14.....	11,550	16,832	5,610	1,639		788	2,595	1,160	1,042	983		1,908	44,107
Apr. 21.....	10,738	16,864	6,047	1,691		750	2,760	1,253	1,069	1,013		2,052	44,237

Amounts of acceptances (in the foreign and domestic trades) purchased by each Federal Reserve Bank during the calendar year 1915, and for the months of January, February, and March, 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kan- sas City.	Dallas.	San Fran- cisco.	Total for system.
Within 30 days:													
Calendar year 1915.....	497	1,246	695	101	.....	7	156	103	45	69	.....	61	2,980
January, 1916.....	48	587	.....	64	.....	.....	.....	.....	20	9	.....	6	734
February, 1916.....	.....	909	277	50	41	.....	.....	.....	1	.....	50	125	1,453
March, 1916.....	.....	680	741	.....	15	.....	18	.....	.....	.....	.....	.....	1,454
Total.....	545	3,422	1,713	215	56	7	174	103	66	78	50	192	6,621
After 30 but within 60 days:													
Calendar year 1915.....	2,137	2,377	1,464	746	.....	19	816	374	191	183	.....	750	9,057
January, 1916.....	102	621	43	42	.....	.....	279	43	6	55	.....	13	1,204
February, 1916.....	41	313	36	20	.....	.....	116	50	33	22	.....	13	654
March, 1916.....	98	520	1,835	70	.....	18	150	146	44	151	.....	107	3,139
Total.....	2,378	3,831	3,378	888	.....	37	1,361	613	274	411	.....	883	14,054
After 60 days but within 3 months:													
Calendar year 1915.....	11,471	22,211	5,406	2,116	250	46	4,810	1,324	1,219	1,536	.....	2,419	52,808
January, 1916.....	2,681	2,686	151	267	.....	300	489	357	200	151	.....	304	7,586
February, 1916.....	3,686	4,157	396	395	.....	65	656	143	194	197	.....	420	10,309
March, 1916.....	5,913	6,978	2,183	579	.....	421	787	355	365	285	.....	459	18,325
Total.....	23,751	36,032	8,136	3,357	250	832	6,742	2,179	1,978	2,169	.....	3,602	89,028
Total acceptances bought:													
Calendar year 1915.....	14,105	25,834	7,565	2,963	250	72	5,782	1,801	1,455	1,788	.....	3,230	64,845
January, 1916.....	2,831	3,894	194	373	.....	300	768	400	226	215	.....	323	9,524
February, 1916.....	3,727	5,379	709	475	41	65	772	193	228	219	.....	558	12,416
March, 1916.....	6,011	8,178	4,759	649	15	439	955	501	409	436	.....	566	22,918
Total.....	26,674	43,285	13,227	4,460	306	876	8,277	2,895	2,318	2,658	50	4,677	109,703

Distribution of bills bought in open market by all Federal Reserve Banks during the month of March, 1916, by classes of acceptors and sizes.

	To \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000 to \$25,000.		Over \$25,000 to \$50,000.		Over \$50,000 to \$100,000.		Over \$100,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Member banks.....	134	\$490,007	112	\$955,965	186	\$3,276,115	61	\$2,480,573	39	\$3,209,925	12	\$2,144,046	544	\$12,556,681	54.9
Trust companies.....	96	283,406	88	739,614	107	2,265,183	29	1,810,734	15	1,237,377	10	1,635,127	345	7,471,441	32.7
State banks.....	22	90,625	4	32,443	20	301,595	1	30,000	.....	.....	.....	.....	47	454,663	2.0
Private banks.....	13	40,402	8	69,299	30	494,146	17	668,364	7	588,683	.....	.....	75	1,880,894	8.1
Total bankers' accept- ances.....	265	904,440	212	1,797,321	343	6,337,039	108	4,489,671	61	5,035,985	22	3,779,223	1,011	22,343,679	97.7
Trade acceptances.....	23	37,468	22	186,233	13	241,393	.....	.....	1	59,278	.....	.....	59	524,372	2.3
Total bills bought in open market.....	288	941,908	234	1,983,554	356	6,578,432	108	4,489,671	62	5,095,263	22	3,779,223	1,070	22,868,051	100.0
Per cent.....	4.1	.....	.....	8.7	.....	28.8	.....	19.6	.....	22.3	.....	16.5	.....	100.0	.....
Total for Jan.-Mar....	749	2,278,542	613	5,012,301	769	14,240,484	204	8,177,999	100	7,993,470	37	7,105,598	2,472	44,808,394	.....

¹ Of the above total of bankers' acceptances, \$22,014,084 was based on imports or exports and \$329,595 on domestic trade transactions.

² Of the above total, \$514,677 was drawn abroad on importers in the United States and indorsed by foreign banks, while \$9,695 represents the amount of domestic trade acceptances bought during the month in the open market.

Total investment operations of each Federal Reserve Bank during the month of March, 1916 and 1915.

[In thousands of dollars.]

Bank.	Bills dis- counted for mem- ber banks.	Bills bought in open market.			Municipal warrants.				United States bonds.				Total investment operations.	
		Bank- ers' ac- cept- ances.	Trade ac- cept- ances.	Total.	City.	State.	All other.	Total.	2 per cent.	3 per cent.	4 per cent.	Total.	1916	1915
Boston.....	213.3	5,996	15	6,011	1,071.1			1,071.1					7,295.4	1,515.9
New York.....	304.6	7,794	384	8,178	3,582.6			3,582.6	3,202.0			3,202.0	15,287.2	4,314.7
Philadelphia.....	212.0	4,744	15	4,759	852.6	3.1		855.7	716.0			716.0	6,542.7	2,356.4
Cleveland.....	268.8	649		649	1,407.7		5.6	1,413.3		440.0	83.0	523.0	2,854.1	1,886.7
Richmond.....	3,240.9	15		15	10.0			10.0	356.0			356.0	3,621.0	4,266.1
Atlanta.....	1,704.1	429	10	439					1,236.6	5.0		1,241.6	3,384.7	2,890.1
Chicago.....	618.0	955		955	1,221.0	6.1	3.1	1,230.2	29.0	321.0		350.0	3,153.2	3,372.5
St. Louis.....	234.1	501		501	578.7			578.7				337.0	1,313.8	1,128.0
Minneapolis.....	111.4	409		409	632.3			632.3	337.0			337.0	1,489.7	809.0
Kansas City.....	759.4	436		436	593.7			593.7	1,492.25			1,492.25	3,281.35	842.2
Dallas.....	1,445.5								32.0			32.0	1,477.5	2,230.0
San Francisco.....	238.7	466	100	566	458.3			458.3					1,263.0	1,223.3
Totals:														
March.....	9,350.8	22,394	524	22,918	10,408.0	9.2	8.7	10,425.9	7,400.85	766.0	83.0	8,249.85	50,944.55	26,834.9
February.....	7,664.6	11,894	522	12,416	10,393.3	20.4	11.2	10,424.9	16,782.25	1,739.5	975.0	19,496.75	40,002.25	20,345.8
January.....	11,114.9	9,375	149	9,524	9,507.8	236.0	62.5	9,806.3	4,393.80	1,403.38	1,830.0	16,627.18	37,072.38	23,450.3
3 months ending Mar. 31, 1916.....	28,130.3	43,668	1,195	44,858	30,309.1	265.6	82.4	30,657.1	18,576.90	2,908.88	2,888.0	24,373.78	128,055.68	.....
3 months ending Mar. 31, 1915.....	33,642.8			11,022				16,409.4	5,486.8	1,070.0		6,556.8	.....	70,631.0

¹ Corrected figures.

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Mar. 31 to Apr. 21, 1916.

RESOURCES.

[In thousands of dollars.]

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Gold coin and certificates in vault:													
Mar. 31.....	10,058	161,707	5,883	11,630	4,768	5,764	33,986	4,957	3,654	4,675	4,020	7,040	258,052
Apr. 7.....	6,362	156,763	5,667	11,666	4,798	5,563	31,780	4,997	3,569	4,066	3,905	6,641	245,778
Apr. 14.....	6,015	156,890	8,013	11,708	4,815	5,696	29,342	4,885	3,579	4,216	3,807	6,748	245,714
Apr. 20-21.....	5,856	152,544	4,946	11,806	4,850	5,862	31,853	4,671	3,582	4,390	3,809	5,713	239,882
Gold settlement fund:													
Mar. 31.....	3,125	6,329	7,766	9,749	10,733	4,111	8,467	3,497	4,591	4,161	10,373	2,738	75,640
Apr. 7.....	5,278	8,106	7,380	9,972	11,424	2,751	9,526	3,986	4,688	4,769	9,157	2,974	80,011
Apr. 14.....	6,054	6,342	5,923	8,519	10,430	2,631	9,990	5,055	4,630	4,359	9,397	2,360	75,690
Apr. 20-21.....	9,617	4,927	5,740	8,109	10,289	2,489	8,159	5,039	4,643	3,702	9,730	2,341	74,785
Gold redemption fund:													
Mar. 31.....	5	250	50	53	313	320	200	10	30	65	242	10	1,548
Apr. 7.....	5	250	50	33	274	291	200	82	30	76	248	10	1,549
Apr. 14.....	5	250	50	17	262	318	200	60	30	66	227	10	1,495
Apr. 20-21.....	5	250	50	45	295	291	200	43	30	82	232	10	1,473
Legal-tender notes, silver, etc.:													
Mar. 31.....	35	1,855	3,057	1,085	127	240	1,149	891	482	185	820	12	9,938
Apr. 7.....	7	4,499	2,488	957	79	275	1,080	824	483	193	702	13	11,600
Apr. 14.....	87	4,553	2,186	946	83	244	1,135	822	501	194	746	7	11,504
Apr. 20-21.....	19	1,637	1,790	956	109	299	2,380	818	502	169	813	13	9,505
Total reserve:													
Mar. 31.....	13,223	170,141	16,756	22,517	15,941	10,345	43,802	9,355	8,757	9,086	15,455	9,800	345,178
Apr. 7.....	11,653	169,618	15,585	22,628	16,575	8,880	42,586	9,889	8,770	9,104	14,012	9,638	338,938
Apr. 14.....	12,161	168,035	16,172	21,190	15,590	8,889	40,667	10,822	8,740	8,835	14,177	9,125	334,403
Apr. 20-21.....	15,497	159,358	12,526	20,916	15,433	8,941	42,592	10,571	8,757	8,343	14,584	8,077	325,645
Bills discounted—Members:													
Mar. 31.....	198	396	266	336	6,165	3,963	1,645	601	766	1,961	4,478	492	21,267
Apr. 7.....	283	389	317	507	6,228	3,712	2,407	600	706	1,935	4,665	519	22,268
Apr. 14.....	319	439	537	577	6,087	3,755	2,061	578	702	1,902	4,735	470	22,162
Apr. 20-21.....	312	415	545	461	6,464	3,761	1,723	560	694	1,851	4,845	436	22,067
Bills bought in open market:													
Mar. 31.....	12,239	15,193	5,253	1,278	15	754	2,027	954	773	780	.....	1,142	40,408
Apr. 7.....	12,164	16,072	5,604	1,346	15	766	2,158	1,096	854	832	.....	1,209	42,116
Apr. 14.....	11,549	16,832	5,610	1,639	.....	788	2,595	1,160	1,043	983	.....	1,909	44,108
Apr. 20-21.....	10,738	16,864	6,047	1,691	.....	750	2,760	1,253	1,069	1,013	.....	2,052	44,237
One-year Treasury notes:													
Apr. 7.....	.....	1,532	.....	50	.....	.....	.....	.....	350	.....	.....	.....	1,932
Apr. 14.....	.....	1,532	462	100	.....	.....	.....	380	350	410	.....	.....	3,234
Apr. 20-21.....	250	1,532	462	.....	456	.....	.....	380	350	410	.....	.....	3,840
United States bonds:													
Mar. 31.....	986	3,202	4,206	4,224	1,676	1,400	6,682	3,339	2,214	7,978	1,333	3,035	40,275
Apr. 7.....	3,288	2,449	4,490	3,849	1,676	1,990	8,338	3,339	1,864	8,090	2,818	3,035	45,226
Apr. 14.....	3,288	2,549	3,528	4,094	1,761	2,069	8,338	2,959	2,114	7,974	2,840	3,420	44,924
Apr. 20-21.....	3,048	2,550	3,528	4,134	1,295	2,069	8,423	2,959	2,114	8,711	2,841	3,532	45,204
Municipal warrants:													
Mar. 31.....	2,603	14,993	3,330	2,950	91	.....	3,620	1,241	1,356	999	.....	1,832	33,015
Apr. 7.....	2,578	14,824	3,308	4,950	60	.....	3,711	1,257	1,381	999	.....	2,188	35,256
Apr. 14.....	2,483	15,165	3,350	4,991	60	6	3,776	1,257	1,406	999	.....	2,213	35,706
Apr. 20-21.....	2,481	15,156	3,291	4,969	60	6	4,061	1,237	1,418	1,010	.....	2,203	35,892
Federal reserve notes, net assets:													
Mar. 31.....	1,111	14,325	116	352	.....	231	1,537	980	1,170	.....	.....	5,296	25,118
Apr. 7.....	719	10,384	172	375	.....	1,083	1,557	1,025	1,128	.....	.....	5,318	21,761
Apr. 14.....	1,137	10,480	138	398	.....	1,062	1,587	869	1,178	.....	.....	5,310	22,159
Apr. 20-21.....	1,000	9,888	203	354	.....	1,161	1,611	919	1,127	.....	.....	5,468	21,731
Due from other Federal Reserve Banks, net:													
Mar. 31.....	2,043	.....	2,628	625	1,719	.....	7,994	1,324	2,981	1,816	339	1,709	13,128
Apr. 7.....	3,456	.....	3,173	279	1,080	1,352	5,786	688	3,192	1,238	622	1,498	11,161
Apr. 14.....	2,416	.....	3,008	431	1,699	791	7,318	1,850	2,774	2,026	247	1,690	16,825
Apr. 20-21.....	.....	.....	5,429	1,137	1,276	786	4,597	2,276	2,645	2,306	.....	2,833	17,515
All other resources:													
Mar. 31.....	43	318	137	362	105	1,487	443	885	141	522	324	208	4,975
Apr. 7.....	15	3,810	96	310	35	1,019	572	714	110	403	309	194	7,587
Apr. 14.....	59	306	76	321	136	978	448	595	126	375	392	211	4,023
Apr. 20-21.....	24	277	70	319	108	937	374	292	116	466	397	196	3,576
Total resources:													
Mar. 31.....	32,446	218,568	32,692	32,644	25,712	18,180	67,750	18,679	18,158	23,142	21,929	23,514	523,364
Apr. 7.....	34,156	219,078	32,745	34,294	25,669	18,802	67,115	18,608	18,355	22,601	22,426	23,599	526,245
Apr. 14.....	33,412	215,338	32,881	33,741	25,323	18,338	66,790	20,470	18,433	23,504	22,391	24,348	527,544
Apr. 20-21.....	33,350	206,040	32,101	33,981	25,142	18,411	66,141	20,447	18,290	24,110	22,667	24,797	519,707

¹ Items in transit, i. e., total amounts due from, less total amounts due to, other Federal Reserve Banks.

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Mar. 31 to Apr. 21, 1916—Continued.

LIABILITIES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Capital paid in:													
Mar. 31.....	5,146	11,122	5,215	5,948	3,345	2,414	6,666	2,788	2,561	3,006	2,733	3,944	54,888
Apr. 7.....	5,140	11,123	5,215	5,948	3,345	2,383	6,667	2,788	2,563	3,006	2,734	3,931	54,843
Apr. 14.....	4,974	11,291	5,215	5,948	3,345	2,382	6,669	2,788	2,563	3,006	2,733	3,931	54,845
Apr. 20-21.....	4,950	11,297	5,215	5,948	3,345	2,405	6,670	2,788	2,563	3,002	2,734	3,926	54,843
Government deposits:													
Mar. 31.....	363	10,560	340	892	7,027	7,049	2,173	1,504	497	1,022	5,613	1,429	38,469
Apr. 7.....	549	8,327	1,111	936	6,836	7,468	1,209	1,737	521	1,042	5,695	1,585	37,016
Apr. 14.....	1,398	6,024	700	1,017	6,244	7,066	987	1,986	457	1,126	5,853	1,784	34,732
Apr. 20-21.....	1,224	6,248	876	1,094	6,117	6,897	327	2,395	363	1,574	6,108	2,068	35,291
Reserve deposits, net:													
Mar. 31.....	26,937	186,895	27,137	25,804	11,352	8,554	58,911	14,387	15,100	16,978	9,791	18,141	419,987
Apr. 7.....	28,467	188,425	26,419	27,410	11,372	8,843	59,239	14,083	15,271	16,229	9,656	18,083	423,497
Apr. 14.....	27,040	190,598	26,876	26,776	11,594	8,782	59,134	15,696	15,413	16,810	9,540	18,248	426,507
Apr. 20-21.....	26,177	183,773	26,010	26,939	11,465	9,001	59,144	15,264	15,364	16,365	9,538	18,306	417,349
Federal Reserve notes, net liability:													
Mar. 31.....					3,939					1,172	3,792		8,903
Apr. 7.....					4,086					1,073	4,341		9,500
Apr. 14.....					4,107					1,139	4,265		9,511
Apr. 20-21.....					4,174					1,205	4,238		9,617
Federal Reserve bank notes in circulation:													
Mar. 31.....										964			964
Apr. 7.....										1,251			1,251
Apr. 14.....										1,423			1,423
Apr. 20-21.....										1,964			1,964
Due to other Federal Reserve Banks, net:													
Mar. 31.....		9,991				59							
Apr. 7.....		11,203											
Apr. 14.....		7,425											
Apr. 20-21.....	999	4,722									49		
All other liabilities:													
Mar. 31.....					49	104							153
Apr. 7.....					30	108							138
Apr. 14.....					33	108							526
Apr. 20-21.....					38	108							497
Total liabilities:													
Mar. 31.....	32,446	218,568	32,692	32,644	25,712	18,180	67,750	18,679	18,158	23,142	21,029	23,514	523,364
Apr. 7.....	34,156	219,078	32,745	34,294	25,669	18,802	67,115	18,608	18,355	22,601	22,426	23,599	526,245
Apr. 14.....	33,412	215,338	32,881	33,741	25,323	18,338	66,790	20,470	18,433	23,504	22,391	24,348	527,544
Apr. 20-21.....	33,350	206,040	32,101	33,981	25,142	18,411	66,141	20,447	18,290	24,110	22,667	24,797	519,707

Circulation of Federal Reserve notes at close of business on Fridays, Mar. 31 to Apr. 21, 1916.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes issued to the bank:													
Mar. 31.....	10,446	75,125	7,178	10,668	11,726	14,944	3,819	7,641	13,065	9,909	14,869	10,842	190,232
Apr. 7.....	10,418	74,959	7,154	10,629	11,153	14,944	3,814	7,628	13,144	9,849	16,009	10,835	190,536
Apr. 14.....	10,873	71,249	6,999	10,594	11,024	14,810	3,807	7,608	13,130	9,899	16,139	10,829	186,761
Apr. 20-21.....	10,846	71,056	6,973	10,573	10,913	14,755	3,803	7,335	13,130	9,462	16,179	11,618	186,643
Federal Reserve notes in hands of bank:													
Mar. 31.....	1,111	14,325	116	352	931	1,231	1,537	980	1,170	58	59	5,296	27,166
Apr. 7.....	719	10,384	172	375	284	1,083	1,557	1,025	1,128	157	17	5,318	22,219
Apr. 14.....	1,137	10,480	138	398	263	1,062	1,587	869	1,178	91	13	5,310	22,536
Apr. 20-21.....	1,000	9,888	203	354	446	1,161	1,611	919	1,127	25	122	5,468	22,324
Federal Reserve notes in circulation:													
Mar. 31.....	9,335	60,800	7,062	10,316	10,795	13,713	2,282	6,661	11,895	9,851	14,810	5,546	163,066
Apr. 7.....	9,699	64,575	6,982	10,254	10,869	13,861	2,257	6,603	12,016	9,692	15,992	5,517	168,317
Apr. 14.....	9,736	60,769	6,861	10,196	10,761	13,748	2,220	6,739	11,952	9,608	16,126	5,519	164,235
Apr. 20-21.....	9,846	61,168	6,770	10,219	10,467	13,594	2,192	6,416	12,003	9,437	16,057	6,150	164,319
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
Mar. 31.....	10,446	75,125	7,178	10,668	6,856	13,944	3,819	7,641	13,065	8,679	11,018	10,842	179,281
Apr. 7.....	10,418	74,959	7,154	10,629	6,783	14,944	3,814	7,628	13,144	8,619	11,651	10,835	180,578
Apr. 14.....	10,873	71,249	6,999	10,594	6,654	14,810	3,807	7,608	13,130	8,469	11,861	10,829	176,883
Apr. 20-21.....	10,846	71,056	6,973	10,573	6,293	14,755	3,803	7,335	13,130	8,232	11,819	11,618	176,433
Carried to net assets:													
Mar. 31.....	1,111	14,325	116	352	.....	231	1,537	980	1,170	.....	.....	5,296	25,118
Apr. 7.....	719	10,384	172	375	.....	1,083	1,557	1,025	1,128	.....	.....	5,318	21,761
Apr. 14.....	1,137	10,480	138	398	.....	1,062	1,587	869	1,178	.....	.....	5,310	22,159
Apr. 20-21.....	1,000	9,888	203	354	.....	1,161	1,611	919	1,127	.....	.....	5,468	21,731
Carried to net liabilities:													
Mar. 31.....	.....	.....	.....	.....	3,939	.....	.....	.....	.....	1,172	3,792	.....	8,903
Apr. 7.....	.....	.....	.....	.....	4,086	.....	.....	.....	.....	1,073	4,841	.....	9,500
Apr. 14.....	.....	.....	.....	.....	4,107	.....	.....	.....	.....	1,139	4,265	.....	9,511
Apr. 20-21.....	.....	.....	.....	.....	4,174	.....	.....	.....	.....	1,205	4,238	.....	9,617

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Mar. 31 to Apr. 21, 1916.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes:													
Received from Comptroller—													
Mar. 31.....	19,380	109,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	20,780	11,360	277,980
Apr. 7.....	20,380	109,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	20,780	11,360	278,980
Apr. 14.....	20,380	109,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	20,780	11,360	278,980
Apr. 20-21.....	20,380	109,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	22,140	12,160	281,140
Returned to Comptroller—													
Mar. 31.....	1,514	21,115	2,209	992	2,374	1,360	680	197	135	418	1,121	518	32,633
Apr. 7.....	1,692	21,281	2,233	1,031	2,447	1,360	685	210	146	478	1,188	525	33,276
Apr. 14.....	1,737	24,991	2,388	1,066	2,576	1,494	692	230	160	478	1,278	531	37,621
Apr. 20-21.....	1,764	25,184	2,414	1,087	2,687	1,549	696	503	160	545	1,320	542	38,451
Chargeable to Federal Reserve Agent—													
Mar. 31.....	17,866	88,125	13,271	12,368	14,625	19,040	8,700	9,403	18,865	12,582	19,659	10,842	245,347
Apr. 7.....	18,688	87,959	13,247	12,329	14,553	19,040	8,695	9,390	18,854	12,522	19,592	10,835	245,704
Apr. 14.....	18,643	84,249	13,092	12,294	14,424	18,906	8,688	9,370	18,840	12,522	19,592	10,829	241,359
Apr. 20-21.....	18,616	84,056	13,066	12,273	14,313	18,851	8,684	9,097	18,840	12,455	20,820	11,618	242,889
In hands of Federal Reserve Agent—													
Mar. 31.....	7,420	13,000	6,093	1,700	2,900	4,096	4,881	1,762	5,800	2,673	4,790	.....	55,115
Apr. 7.....	8,270	13,000	6,093	1,700	3,400	4,096	4,881	1,762	5,710	2,673	3,583	.....	55,168
Apr. 14.....	7,770	13,000	6,093	1,700	3,400	4,096	4,881	1,762	5,710	2,823	3,363	.....	54,598
Apr. 21.....	7,770	13,000	6,093	1,700	3,400	4,096	4,881	1,762	5,710	2,993	4,641	.....	56,046
Issued to Federal Reserve Bank, net—													
Mar. 31.....	10,446	75,125	7,178	10,668	11,726	14,944	3,819	7,641	13,065	9,909	14,869	10,842	190,232
Apr. 7.....	10,418	74,959	7,154	10,629	11,153	14,944	3,814	7,628	13,144	9,849	16,009	10,835	190,536
Apr. 14.....	10,873	71,249	6,999	10,594	11,024	14,810	3,807	7,608	13,130	9,899	16,139	10,829	186,761
Apr. 20-21.....	10,846	71,056	6,973	10,573	10,913	14,755	3,803	7,335	13,130	9,462	16,179	11,618	186,643

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Mar. 31 to Apr. 21, 1916—Continued.

[In thousands of dollars.]

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Amounts held by Federal Reserve Agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates on hand—													
Mar. 31.....	9,865	71,398	3,360	9,720	.....	.....	.....	2,850	10,050	4,100	9,540	.....	120,883
Apr. 7.....	9,865	71,398	3,360	9,700	.....	.....	.....	2,850	10,140	4,100	9,540	.....	120,953
Apr. 14.....	10,365	67,918	3,360	9,700	.....	.....	.....	2,850	10,140	3,950	9,540	.....	117,823
Apr. 20-21....	10,365	67,917	3,360	9,700	.....	.....	.....	2,850	10,140	3,780	9,540	.....	117,652
Credit balances in gold redemption fund—													
Mar. 31.....	581	3,727	458	948	326	994	409	351	665	470	708	272	9,918
Apr. 7.....	553	3,561	434	929	353	994	404	388	654	619	751	265	9,905
Apr. 14.....	508	3,331	399	894	354	860	397	368	640	619	751	259	9,380
Apr. 20-21....	481	3,139	373	873	493	1,305	393	355	640	552	779	248	9,631
Credit balances with Federal Reserve Board—													
Mar. 31.....	.....	.....	3,360	.....	6,530	12,950	3,410	4,440	2,350	4,100	770	10,570	43,480
Apr. 7.....	.....	.....	3,360	.....	6,436	13,950	3,410	4,390	2,350	3,900	1,360	10,570	49,720
Apr. 14.....	.....	.....	3,240	.....	6,300	13,950	3,410	4,390	2,350	3,900	1,570	10,570	49,680
Apr. 20-21....	.....	.....	3,240	.....	5,800	13,450	3,410	4,130	2,350	3,900	1,500	11,370	49,150
As security for outstanding notes—													
Commercial paper—													
Mar. 31.....	.....	.....	.....	.....	4,870	1,000	.....	.....	.....	1,230	3,851	.....	10,951
Apr. 7.....	.....	.....	.....	.....	4,370	.....	.....	.....	.....	1,230	4,353	.....	9,953
Apr. 14.....	.....	.....	.....	.....	4,370	.....	.....	.....	.....	1,230	4,278	.....	9,878
Apr. 20-21....	.....	.....	.....	.....	4,620	.....	.....	.....	.....	1,230	4,360	.....	10,210
Total—													
Mar. 31.....	10,446	75,125	7,178	10,668	11,726	14,944	3,819	7,641	13,065	9,909	14,869	10,842	190,232
Apr. 7.....	10,418	74,959	7,154	10,629	11,153	14,944	3,814	7,628	13,144	9,849	16,009	10,835	190,536
Apr. 14.....	10,873	71,249	6,999	10,594	11,024	14,810	3,807	7,608	13,130	9,699	16,139	10,829	186,761
Apr. 20-21....	10,846	71,056	6,973	10,573	10,913	14,755	3,803	7,335	13,130	9,462	16,179	11,618	186,643
Memorandum:													
Total amount of commercial paper delivered to Federal Reserve Agent—													
Mar. 31.....	.....	.....	.....	.....	5,008	1,000	.....	.....	.....	1,245	3,927	.....	11,180
Apr. 7.....	.....	.....	.....	.....	5,151	.....	.....	.....	.....	1,237	4,352	.....	10,770
Apr. 14.....	.....	.....	.....	.....	5,161	.....	.....	.....	.....	1,242	4,352	.....	10,755
Apr. 20-21....	.....	.....	.....	.....	4,999	.....	.....	.....	.....	1,239	4,487	.....	10,725

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Jan. 1 to Apr. 21, 1916.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Florida.	New Orleans.	Arizona.	El Paso.	Laredo.	Alaska.	San Francisco.	Southern California.	Washington.	Buffalo.	Dakota.	Michigan.	St. Lawrence.	Total.
<i>Week ending Mar. 24.</i>																
Ore and base bullion.....		67		11	27	4	8		28		65	61	3	34		308
United States mint or assay office bars.....												89				89
Bullion, refined.....		270			11				15	1		40				337
United States coin.....											3				20	23
Foreign coin.....		605														605
Total.....		942		11	38	4	8		43	1	68	190	3	34	20	1,362
<i>Week ending Mar. 31.</i>																
Ore and base bullion.....		23			20		14		20		24	49	3	12		165
Bullion, refined.....		183			5				919			162				1,269
United States coin.....								1								1
Foreign coin.....									2,433							2,433
Total.....		206			25		14	1	3,372		24	211	3	12		3,868
<i>Week ending Apr. 7.</i>																
Ore and base bullion.....		33		15	8	7	3		58		47		7	49		227
United States mint or assay office bars.....												12				12
Bullion, refined.....		350			2					2	57	55				466
United States coin.....		1,328														1,328
Foreign coin.....																
Total.....		1,711		15	10	7	3		58	2	104	67	7	49		2,033
<i>Week ending Apr. 14.</i>																
Ore and base bullion.....		114			6				99		87	41	3	58		408
United States mint or assay office bars.....												144				144
Bullion, refined.....		390								1		25				416
United States coin.....		3									6					9
Foreign coin.....		530														530
Total.....		1,037			6				99	1	93	210	3	58		1,507
<i>Week ending April 21.</i>																
Ore and base bullion.....		296		12	21				40		14		8	30		421
United States mint or assay office bars.....												94				94
Bullion, refined.....		315			9											324
United States coin.....		87														87
Foreign coin.....		170														170
Total.....		868		12	30				40		14	94	8	30		1,096
<i>Jan. 1 to Apr. 21.</i>																
Ore and base bullion.....	1	725		111	195	63	73		422		942	290	86	571		3,479
United States mint or assay office bars.....												1,115				1,115
Bullion, refined.....		5,350			72	27			2,425	4	343	563				8,784
United States coin.....		99	33	5				1			50				27	215
Foreign coin.....		20,206		9					4,867						11	25,093
Total.....	1	26,380	33	125	267	90	73	1	7,714	4	1,335	1,908	86	571	38	38,686

Exports of gold, by customs districts, Jan. 1 to Apr. 21, 1916.

[In thousand of dollars.]

	Maine and New Hampshire.	New York.	Porto Rico.	Alaska.	Hawaii.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	Montana and Idaho.	St. Lawrence.	Vermont.	Total.
<i>Week ending Mar. 24.</i>														
United States mint or assay office bars.....								5				1		6
Bullion, refined, domestic.....								16		5		5	1	27
United States coin.....		93			12	2,929	1							3,035
Foreign coin.....		300												300
Total.....		393			12	2,929	1	21		5		6	1	3,368
<i>Week ending Mar. 31.</i>														
Ore and base bullion.....				6			7							13
United States mint or assay office bars.....						500		1						501
Bullion, refined, domestic.....								10						10
United States coin.....		206				393	3							602
Foreign coin.....		300												300
Total.....		506		6		893	10	11						1,426
<i>Week ending Apr. 7.</i>														
Bullion, refined, domestic.....		537						8				1		546
United States coin.....		131			29							2		162
Foreign coin.....		375												375
Total.....		1,043			29			8				3		1,083
<i>Week ending Apr. 14.</i>														
Ore and base bullion.....								2						2
United States mint or assay office bars.....						50								50
Bullion, refined, domestic.....								31					1	32
United States coin.....		88				81								169
Foreign coin.....		500												500
Total.....		588				131		33					1	753
<i>Week ending Apr. 21.</i>														
Ore and base bullion.....	2													2
United States mint or assay office bars.....						50		2						52
Bullion, refined, domestic.....		1						10				1		12
United States coin.....		175			5	33					1			214
Foreign coin.....		1,010												1,010
Total.....	2	1,186			5	83		12			1	1		1,290
<i>Jan. 1 to Apr. 21.</i>														
Ore and base bullion.....	2			11			63	61						137
United States mint or assay office bars.....		758				2,051		68				506		3,383
Bullion, refined:														
Domestic.....		2,702				701	1	98	1	12		13	7	3,535
Foreign.....		1,438												1,438
United States coin.....		7,925	15		75	7,044	7	9	2		1	1,012	750	16,840
Foreign coin.....		11,961								3		1,381		13,345
Total.....	2	24,784	15	11	75	9,796	71	236	3	15	1	2,912	757	38,678

INTERDISTRICT MOVEMENT OF FEDERAL RESERVE NOTES, JANUARY 1 TO MARCH 31, 1916.

	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....			\$712,000	\$360,100	\$43,000	\$33,380	\$36,000	\$2,785	\$49,000	\$3,340	\$22,000	\$6,965
New York.....	\$365,950	\$682,000			549,980	908,500	305,960	79,015	1,556,420	64,670	1,196,930	151,010
Philadelphia.....	33,380	43,000	924,500	545,000			58,280	7,670	175,715	16,455	59,620	10,870
Cleveland.....	2,785	36,000	79,015	299,700	7,670	58,280			11,945	3,945	3,825	21,280
Richmond.....	3,340	49,000	64,670	1,537,450	16,455	188,190	3,945	11,945			48,610	164,930
Atlanta.....	6,905	22,000	151,010	1,187,510	10,870	59,620	21,280	3,825	164,930	48,610		
Chicago.....	12,500	5,000	287,500	49,450	22,000	4,970	101,000	3,730	69,000	410	105,000	3,385
St. Louis.....	2,900	5,000	65,325	118,400	4,285	6,175	18,205	2,510	18,495	535	141,980	22,430
Minneapolis.....	1,440	15,000	31,655	185,200	1,140	11,690	7,935	6,060	4,200	675	4,940	8,365
Kansas City.....	1,035	10,000	12,660	194,700	1,035	10,910	3,600	4,225	3,265	980	7,065	17,740
Dallas.....	715	19,000	19,965	417,450	970	20,280	3,805	5,515	5,960	5,095	74,525	461,870
San Francisco.....	2,975	7,000	37,730	257,800	2,155	6,480	5,690	760	4,870	195	6,740	2,960
Total.....	433,925	893,000	2,386,030	5,152,760	659,560	1,308,475	565,700	128,070	2,063,800	144,910	1,671,235	872,245

	Chicago.		St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$5,000	\$12,500	\$5,000	\$2,900	\$15,000	\$1,440	\$10,000	\$1,055	\$19,000	\$500	\$7,000	\$2,975	\$923,000	\$427,880
New York.....	50,210	287,500	121,290	65,325	185,200	31,655	203,900	11,660	411,000	17,965	246,140	37,730	5,192,930	2,337,030
Philadelphia.....	4,970	22,000	6,175	4,285	11,690	1,140	10,910	1,035	20,280	800	6,480	2,155	1,312,000	654,410
Cleveland.....	3,730	101,000	2,510	18,205	6,060	7,935	4,225	3,570	5,515	3,415	790	5,690	128,070	559,020
Richmond.....	410	69,000	535	18,495	675	4,200	980	3,705	5,095	4,650	195	4,870	144,910	2,056,435
Atlanta.....	3,385	105,000	22,430	141,980	8,365	4,940	17,740	7,065	419,480	59,525	2,960	6,740	829,855	1,646,815
Chicago.....			71,500	17,840	430,500	14,380	295,500	2,145	214,500	1,190	64,500	2,760	1,676,500	105,260
St. Louis.....	17,840	71,500			36,195	4,290	320,145	24,185	385,020	30,280	8,530	2,670	1,018,920	287,975
Minneapolis.....	14,380	430,500	4,290	36,195			22,530	15,595	11,065	4,705	21,000	16,060	124,575	730,545
Kansas City.....	2,145	298,500	24,185	320,145	15,595	22,530			50,675	60,700	3,395	11,775	124,655	952,205
Dallas.....	1,190	214,500	32,270	385,020	4,705	11,065	65,700	50,595			2,930	14,670	212,735	1,605,060
San Francisco.....	2,760	64,500	2,670	8,530	16,060	21,000	11,775	4,150	15,670	2,610			109,095	376,015
Total.....	106,020	1,676,500	292,855	1,018,920	730,545	124,575	966,405	124,760	1,557,300	186,340	363,920	108,095	11,797,295	11,738,650

CIRCULARS AND REGULATIONS.

The Federal Reserve Board has issued the following circular on check clearing and collection:

CIRCULAR NO 1, SERIES OF 1916.

WASHINGTON, May 1, 1916.

CHECK CLEARING AND COLLECTION.

To Member Banks:

The Federal Reserve Board is empowered, under section 16 of the Federal Reserve Act, to require each Federal Reserve Bank to—

“Exercise the function of a clearing house for its member banks.”

After very thorough investigation and many conferences with the Governors of the Federal Reserve Banks on this subject, the Federal Reserve Board has determined to exercise its authority and to offer to the member banks, and through them to the public, the machinery of the Federal Reserve Banks for the operation of a check collection and clearing system which it is believed, with the cooperation of member banks, will afford a direct, expeditious, and economical system of check collecting and settlement of balances.

The date for the inauguration of this system is expected to be June 15, 1916, or as soon thereafter as the Federal Reserve Banks can complete preparations for undertaking this work.

Member banks in each district will in due course receive from their Federal Reserve Bank full information as to the terms and all necessary details of the arrangement, but for the information of all concerned the general terms may be stated to be as follows:

(1) In order that no inconvenience may be experienced, the plan will follow as closely as practicable the practice which long experience has developed between country banks and their reserve city correspondents.

Each Federal Reserve Bank will receive at par from its member banks checks drawn on all member banks, whether in its own district or other districts. It is also proposed to accept at par all checks drawn upon nonmember banks when such checks can be collected by the Federal Reserve Banks at par.

Each Federal Reserve Bank will receive at par from other Federal Reserve Banks checks drawn upon all member banks of its district and upon all nonmember banks whose checks can be collected at par by the Federal Reserve Bank.

It is the purpose of the Federal Reserve Board to have the collection system developed so as to embrace the collection of all checks on nonmember banks and private banks, and while this can not be done immediately, steps

will be taken to afford these facilities as rapidly as possible. The Federal Reserve Banks will prepare a par list of all nonmember banks, to be revised from time to time, which will be furnished to member banks.

Immediate credit entry upon receipt subject to final payment will be made for all such items upon the books of the Federal Reserve Bank at full face value, but the proceeds will not be counted as reserve nor become available to meet checks drawn until actually collected, in accordance with the best practice now prevailing.

(2) Checks received by a Federal Reserve Bank on its member banks will be forwarded direct to such member banks and will not be charged to their accounts until advice of payment has been received or until sufficient time has elapsed within which to receive advice of payment.

(3) In the selection of collecting agents for handling checks on nonmember banks member banks will be given the preference.

(4) Under this plan Federal Reserve Banks will receive at par from their member banks checks on all member banks, and on nonmember banks whose checks can be collected at par by any Federal Reserve Bank. Member banks will be required by the Federal Reserve Board to provide funds to cover at par all checks received from, or for the account of, their Federal Reserve Banks: *Provided, however, That a member bank may ship lawful money or Federal Reserve notes from its own vaults at the expense of its Federal Reserve Bank to cover any deficiency which may arise because of and only in the case of inability to provide items to offset checks received from or for the account of its Federal Reserve Bank.*

(5) Section 19 of the Federal Reserve Act provides that—

“The reserve carried by a member bank with a Federal Reserve Bank may, under the regulations, and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however, That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.*”

It is manifest that items in process of collection can not lawfully be counted as reserve either by a member bank or by a Federal Reserve Bank. Therefore, should a member bank draw against such items the draft would be charged against its reserve if such reserve were sufficient in amount to pay it; but any resulting impairment of reserves would be subject to all the penalties provided by the Act.

Inasmuch as it is essential that the law in respect to the maintenance of required reserves by member banks shall be strictly complied with, the Federal Reserve Board will fix a penalty to be imposed upon member banks for encroaching upon their reserves.

Member banks can at all times arrange to keep their reserves intact by rediscounting with their Federal Reserve Bank.

(6) Each Federal Reserve Bank will determine by analysis the amounts of uncollected funds appearing on its books to the credit of each member bank. Such analysis will show the true status of the reserve held by the Federal Reserve Bank for each member bank and will enable it to apply the penalty for impairment of reserve.

A schedule of the time required within which to collect checks will be furnished to each member bank to enable it to determine the time at which any item sent to its Federal Reserve Bank will be counted as reserve and become available to meet any checks drawn.

(7) In handling items for member banks, a Federal Reserve Bank will act as agent only. It will require that each member bank authorize it to send checks for collection to banks on which checks are drawn, and, except for negligence, will assume no liability. Any further requirements that the Board may deem necessary will be set forth by the Federal Reserve Banks in their letters of instruction to their member banks.

(8) The cost of collecting and clearing checks must necessarily be borne by the banks receiving the benefit and in proportion to the service rendered. An accurate account will be kept by each reserve bank of the cost of performing this service and the Federal Reserve Board will, by rule, fix the charge, at so much per item, which may be imposed for the service of clearing or collection rendered by the reserve banks, as provided in section 16 of the Federal Reserve Act.

CHARLES S. HAMLIN,
Governor.

SHERMAN ALLEN,
Assistant Secretary.

Statement for the Press.

In connection with the distribution of the circular on clearing, the Board gave out, April 29, 1916, the following statement to the press:

The Federal Reserve Board mailed this morning to the Federal Reserve Banks for distribution to all their member banks its circular announcing a plan for country wide check clearing and collection. The salient points of the circular are:

The Federal Reserve Board, acting under the authority of the Federal Reserve Act, has designated the Federal Reserve Banks to act

as clearing houses for the clearing and collection of checks for their members. In doing this the Federal Reserve Board has laid down certain general principles, but has left it for the executive officers of the Federal Reserve Banks to work out the details. The Board evidently recognizes the immense amount of detail work that must be done in order to put such a vast machinery into smooth operation, and has set the time for beginning the operation of the system as June 15. The important features of the plan are:

(1) The Federal Reserve Banks will accept at par all checks from member banks, whether drawn against other member banks, non-member banks, or private banks. An exception is made at the outset in the case of checks drawn against nonmember banks which can not be collected at par.

(2) All checks thus received from member banks will be given immediate credit entry, although amounts thus credited will not be counted as reserves nor become available until collected.

(3) In order to enable member banks to know how soon checks sent in for collection will be available either as reserves or for payment of checks drawn against them, time schedules, giving the minimum time for collection, will be furnished by each Federal Reserve Bank to its member banks.

(4) The actual cost, without profit, of the clearing and collection of checks will be paid by the Federal Reserve Banks and assessed against the member banks in proportion to their sendings.

(5) The whole plan is based on generally accepted principles under which clearing and collection plans have long been operated. A Federal Reserve Bank will not debit a member bank's reserve account with items forwarded to it for collection until the remittance of the member bank, in payment of such items, shall have had time to reach the Federal Reserve Bank.

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