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FEDERAL RESERVE BULLETIN

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REVIEW OF THE MONTH.

Continuation of the high export movement and of the net inward shipment of gold during the month of October, with extended activity in domestic trade, rising prices, easy money rates and full employment of labor practically the country over, have been the outstanding features of the business and financial situation during the month. The heavy balances due from Europe have given rise to demands for new financing. One feature of this new financing is noted as of especial interest and concern to the operation of the Federal Reserve system and its member banks. It is the extensive resort to the use of acceptance credits arranged or to be arranged on behalf of industrial and commercial borrowers in Europe. In this connection the substance of remarks made by Gov. Harding¹ are here given.

Mr. Harding noted that although a large volume of acceptances have been already purchased under the regulations issued by the Board,

it must be remembered that the regulations of the Board are necessarily broad in their scope, and not intended to deal with specific cases. They are intended to be permissive within the limitations defined, but the extent to which any Federal Reserve Bank should invest in any class of "eligible" paper is a question to be determined as a matter of policy, in accordance with the changing position and requirements of the Federal Reserve system as a whole. While, therefore, the banks have been and doubtless expect to continue to be liberal purchasers of acceptances, the directors of these banks are charged under the law to "administer the affairs of said banks fairly and impartially and without discrimination in favor of or against any member bank or banks, and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made, with due regard for the claims and demands of other member banks."

¹Before New York Chapter, American Institute of Banking, Nov. 1.

They must, therefore, in view of possible calls upon them, keep in mind some limitation of their investments in paper which is not in the highest sense self-liquidating, or is not of an intrinsically liquid character however secure and however certain its ultimate payment; and while the member banks have entire freedom of discretion as to transactions in which they may lawfully engage and as to investments which they may legally make, they should not forget that there are certain kinds of paper which will always be preferred by Federal Reserve Banks over other forms of credit, and which can be negotiated at lower rates.

The Federal Reserve Act distinguishes clearly between commercial banking and investment banking, and specifically excludes from purchase or discount "notes, drafts, or bills covering purely investments, or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds or notes of the Government of the United States." The Act does not permit member banks to accept drafts based upon either foreign or domestic transactions for a period exceeding 6 months. It is clear that the intent of the Act is to safeguard the self-liquidating character of acceptances, as securities of an investment nature are barred, and provision is made that the transactions should be based upon either an actual sale of goods or upon the conveyance of legal title to goods which can be readily marketed so as to protect the acceptor.

The Board was obliged to face, soon after the establishment of the Federal Reserve Banks, the question of renewals of acceptance credits, and ruled that certain renewals of such credits, which clearly grew out of the shipment of goods in the first instance, need not, as a matter of principle, be excluded. American acceptances now are quite well established in the world's market, and while we may expect to see this acceptance business grow into very large figures, we must not permit either our ambition or our desire to assist others, or considerations of profit, to cause us to disregard long-established and sound banking principles. A foreign draft based originally upon importation of goods from this country and drawn upon an American banker, with a definite agreement on the part of the domestic banker for several renewals, at an

interest rate fixed for the entire period covered by the renewals, does not give the chief advantage which should accrue to the banks of a country granting foreign acceptance credits, because, no matter to what point the Federal Reserve Bank might raise the discount rate, it would have no effect upon the foreign debtor, for no increase in rates would move him to cover his acceptance and seek accommodation in his own country. It is entirely natural and proper that countries or sections where wealth has accumulated, and which have large holdings of gold, should afford credit facilities to their neighbors; but the discount market, which is intended to deal with short-term and commercial borrowings, should not be used or abused so as to serve as an adjunct of the investment market.

To the present date the slackening or reversal of the gold movement as to which so many predictions are currently made has shown no indication of developing. Statistics compiled from official sources show that to the middle of October the net inward movement of gold since January 1 was approximately \$294,000,000, whereas the total net inward movement for the corresponding period of the year 1915 was only about \$260,000,000. The only symptom of a change in the international position of the United States as respects gold is found in an increase of the gross exportation of the metal from the beginning of the year to the middle of October, bringing the total outflow to about \$95,000,000, as compared with only about \$13,000,000 during the corresponding period a year ago. While there is thus no net slackening in the inward movement of gold, but rather a decided increase, the general conditions have been such as to encourage some of the strongest banking institutions in the United States in the policy of protecting themselves by accumulating short-term commercial bills and obligations put out in foreign countries, thereby providing themselves with means of meeting sudden demands. This is one phase of the general policy of maintaining banking assets in strictly liquid condition, which has been a cardinal idea with the Board ever since its inauguration, and which must be rigidly adhered to in view of the inability to foresee the direction to be taken by European

demands and American foreign trade during the coming year or more.

Consideration and final disposal of appeals under the Clayton Act, which became effective on October 15, has occupied a considerable part of the attention of the Federal Reserve Board during the month of October. All pending appeals have been disposed of and notice conveyed to the individuals and banks affected by the Board's previous orders. In all, 1,195 appeals have been granted and 140 declined. In a few cases where doubt existed the Board has granted temporary permission to continue directorates as at present up to January 1, 1917, with the understanding that further hearings and investigations shall be had in the meantime with a view to determining definitely what action shall be taken with respect to the cases thus held open. Inasmuch as the operation of the Clayton Act was in large part automatic, individuals withdrawing from directorates retention of which would be in violation of the Act, a mere analysis of the Board's action does not afford an adequate idea of the actual operation of the law. Probably in a majority of cases the changes resulting from the law have been brought about without any appeal to the Board.

Section 8 of the Clayton Act prohibits private bankers under certain conditions from serving as officers or directors of member banks.

A number of inquiries have been received during the summer as to the Board's interpretation of the term "private banker" as there used. As the Board is required, under the provisions of the Act, to prosecute those violating its terms, it has been necessary that the Board make clear its interpretation of the language used in order that the banks may comply with the letter and spirit of the Act, and it has accordingly done so, announcing its decision in the matter on October 6.

The purpose of the Act, as its title implies, was to prevent unlawful restraints and monopolies. It is obvious, therefore, that Congress intended to prohibit common control of member banks and of private bankers engaged in the same activities as member banks, and that

it intended to preserve competition in cities of more than 200,000 inhabitants between member banks, private bankers, and other incorporated banks, and likewise intended to preserve competition between member banks, regardless of their location, and State banks, trust companies, or private bankers having aggregate resources of more than \$5,000,000.

In this view the Board has interpreted the term "private banker" to include partnerships or individuals who are engaged in the banking business, as that term is generally understood, including those partnerships and individuals who solicit or receive deposits subject to check, who do a foreign exchange, acceptance, loan, or discount business, or who purchase and sell and distribute issues of securities by which capital is furnished for business or public enterprises.

The term "private banker" is thus interpreted not to include the ordinary stock, note, or commodity broker, unless a substantial proportion of his profits are derived from, or a substantial part of his business consists in, one or more of the banking activities described, while it is not interpreted to include partnerships or individuals using only their own funds in making loans or investments.

No private banker whose partnership or firm assets aggregate more than \$5,000,000 is eligible, under the terms of the Clayton Act, to serve as a director of any member bank, and no private banker, regardless of the amount of partnership or firm assets, is eligible to serve as a director, other officer, or employee of any member bank located in a city of more than 200,000 inhabitants, if such firm or partnership is located in the same city.

The Kern amendment to the Clayton Act does not authorize the Federal Reserve Board to grant permission to such private bankers to serve as officers or directors of a member bank even though it appears that they are not in substantial competition with such member bank.

Net earnings of the Federal Reserve Banks during September were almost exactly 6 per cent on their aggregate paid-in capital of \$55,381,000, the amount reported for September

30, as against 7.2 per cent for August of the present year. Aggregate earnings were \$478,748 and total current expenses \$203,144, leaving \$275,604 as the net earnings of the system for the month. The banks' expenses are exclusive of \$57,344, the expenses of the transit departments, which are covered through service charges made to depositing member banks and other Federal Reserve Banks. Six banks earned net in excess of 6 per cent on their paid-in capital, while six banks earned less than 6 but in excess of 4 per cent.

A total of \$30,000,000 of 2 per cent bonds of the United States has been converted during the present year into \$15,761,000 of 30-year 3 per cent bonds and \$14,239,000 of 1-year 3 per cent Treasury notes. The total given represents the full amount available for conversion under section 18 of the Federal Reserve Act.

Conversion operations were conducted by the Treasury on April 1, when a total of \$10,290,600 was converted; on July 1, when a total of \$9,574,200 was converted; and on October 1, when the available balance of \$10,135,200 was converted. Not all the Federal Reserve Banks applied for the conversion of their allotted quota of bonds. The difference between the full allotments and the amounts applied for were distributed among those Federal Reserve Banks which desired to convert bonds in excess of their allotment.

The application of Wisconsin bankers for permission to transfer from the Minneapolis to the Chicago district has been granted in so far as relates to Wisconsin, northern Michigan remaining as heretofore. This action disposes of the only appeals now pending before the Board for redistricting. The transfer order becomes effective on January 1, 1917, and results in shifting 52 banks with a total capital and surplus of about \$7,632,900 to the Chicago district, thus making the total subscribed capital of the Chicago district \$13,806,000, while that of Minneapolis is reduced to \$4,736,000.

Expansion and extension of the clearing system has gone on during the month with very satisfactory results. Continuous gains in the daily number of items and amounts cleared are

indicated by the reports of clearing operations received from the Federal Reserve Banks for the period September 16 to October 15, 1916, the third month during which the new clearing system has been in operation.

The average number of items handled was in excess of 200,000 and shows an increase of 54 per cent over the total handled during the first month and of 15 per cent over the number handled during the second month. The daily average amount cleared by the banks was not much below 100 millions, and shows an increase of about 65 per cent over the first month's total and of about 25 per cent over the second month's total.

As the result of the larger number of items handled and the greater experience gained in the operation of the system, the cost per item handled is constantly decreasing. Some of the banks, accordingly, have been able to reduce the service charge per item from $1\frac{1}{2}$ to $1\frac{1}{4}$ cents.

A number of important clearing houses have informed the Board of their intention to introduce changes in their rules in order to bring about closer cooperation and harmony in the work of the Federal Reserve Banks under the clearing regulation as at present applied. This, with the increase in the number of items handled at the several banks, affords satisfactory evidence of the gradual growth of the clearing and collection system in public favor.

Several Federal Reserve Banks have developed plans of group insurance for their employees, a blanket policy covering each such employee up to the amount of his annual salary, not to exceed a specified figure, having been obtained from reliable insurance companies. The Board has approved such plans in the case of three banks, and is developing a similar plan for insurance of its own employees. The policies are in force only during the period for which the employee in question holds office.

Discount rates during the month have remained practically stable, no changes of importance having been introduced at any of the banks.

The Bank of Iota, La., has been admitted to membership in the Federal Reserve system.

Growth of the Acceptance Business.

The growth of the acceptance business of the national banks appears from the following exhibit, which shows the aggregate liabilities on drafts accepted by national banks in New York, Boston, Philadelphia, Baltimore, and San Francisco, and by all national banks since September 2, 1915, when, for the first time, information regarding this new class of business was reported by national banks:

Drafts based on imports and exports accepted by national banks.

[In thousands of dollars.]

	New York.	Boston.	Philadelphia.	Baltimore.	San Francisco.	Other.	Total.
Sept. 2, 1915	6,903	3,449	965	.....	135	1,625	13,077
Nov. 10, 1915	16,182	5,189	1,973	527	343	2,504	26,808
Dec. 31, 1915	17,501	7,374	2,809	1,063	492	2,746	31,985
Mar. 7, 1916	21,429	10,878	5,751	895	1,095	2,629	42,677
May 1, 1916	33,055	13,056	6,217	2,096	2,221	3,191	59,836
June 30, 1916	40,852	14,858	5,234	788	2,673	4,898	69,303
Sept. 12, 1916	44,229	18,057	5,084	1,616	2,484	6,409	77,879

In addition to the acceptance business reported by the national banks, the large trust companies in the eastern seaboard cities, since accepting was authorized by State laws, have been engaging in the new business. On June 30, 1916, the following New York City trust companies report acceptance liabilities of the following amounts:

Bankers Trust Co.....	\$9,333,800
Guaranty Trust Co.....	31,083,700
Columbia Trust Co.....	1,007,100
Broadway Trust Co.....	1,054,300
Central Trust Co.....	1,000,000
Equitable Trust Co.....	6,930,800
Farmers Loan & Trust Co.....	4,728,800
Total New York trust companies.....	55,138,500
Corn Exchange Bank.....	1,538,100
Total.....	56,676,600

It is probable that the aggregate of drafts in the foreign trade accepted by American banks and bankers is at present not much below 175 millions, of which about 100 millions represent the share of the New York banks. A considerable portion of these acceptances has been bought by the Federal Reserve Banks at rates as low as 2 per cent, compared with

rates in excess of 5 per cent ruling in the London market. (See Table A.) The total of acceptances held on October 20 by Federal Reserve Banks—83 million dollars—constitutes 43.5 per cent of their aggregate earning assets, as against 11.3 per cent represented by paper rediscounted for member banks.

As may be seen from the attached Table B the Federal Reserve Banks began the purchase of acceptances based upon imports and exports at the end of February, 1915. During the year 1915 the largest amount invested in this class of paper was in the neighborhood of 18 millions. The present year witnesses the steady growth of this class of investments from 23.8 millions in the beginning of the year to 78.6 millions in the beginning of September. The largest holdings—over 85 millions—were recorded at about the end of July.

The amount of acceptances bought by Federal Reserve Banks up to October 1 is nearly 300 million dollars, the monthly purchases for the past quarter averaging about 35 million dollars. It is clear that the rapid growth of the American acceptance business is due largely to the fact that the Federal Reserve Banks have provided a market for the purchase and sale of acceptances. From the attached Table B it may further be seen that, for the present year at least, the increase in the amount of non-member bank acceptances held by the Federal Reserve Banks has been greater than in the amount of member bank acceptances so held.

There can be but little doubt that the law permitting national banks to accept drafts based upon foreign-trade transactions has been a most helpful factor in the recent movement of our foreign trade. Dollar acceptances are now becoming known in almost all parts of the world, and are bound to prove a most powerful instrument in promoting and facilitating the commercial relations between this country and our foreign markets, where commercial credit has to be extended by our exporters desirous to enter these markets

in competition with European houses. It may be further expected that the opening of foreign branches of strong American banks, in combination with dollar exchange, will before long free American commerce from dependence on foreign bankers and make unnecessary to a large extent foreign aid and intervention in the settlement of our foreign trade balances.

TABLE A.—Rates for 3 months' bank bills in London and New York on dates specified.

Date.	London.	New York.
1915.		
Jan. 27.....	1½ to 1½	.....
Feb. 24.....	1½ to 1½	.....
Mar. 31.....	2½ to 2½	2½ to 2½
Apr. 28.....	2½ to 2½	2½ to 2½
May 26.....	2½ to 2½	2½ to 2½
June 30.....	4½ to 4½	2½ to 2½
July 28.....	5 to 5	2½ to 2½
Aug. 25.....	4½ to 5	2½ to 2½
Sept. 20.....	4½ to 4½	2½ to 2½
Oct. 27.....	4½ to 4½	2½ to 2½
Nov. 24.....	5 to 5	2 to 2
Dec. 29.....	5 to 5	2 to 2½
1916.		
Jan. 28.....	5½ to 5½	2 to 2
Feb. 25.....	5½ to 5½	2 to 2
Mar. 31.....	4½ to 4½	2 to 2½
Apr. 28.....	4½ to 4½	2 to 2½
May 26.....	4½ to 4½	2 to 2½
June 30.....	5 to 5	2 to 2½
July 28.....	5 to 5	2 to 2½
Aug. 25.....	4½ to 5½	2½ to 2½
Sept. 29.....	5½ to 5½	2½ to 2½

TABLE B.—Acceptances held by the Federal Reserve Banks as shown by schedules on file on dates specified.

[In thousands of dollars.]

Dates.	Member banks.	Non-member banks.	Trade acceptances.	Total.
1915.				
February 22.....	93	.....	.....	93
March 31.....	3,075	7,831	.....	10,906
April 5.....	3,653	7,940	.....	11,593
May 3.....	5,038	8,309	.....	13,347
June 7.....	5,242	4,718	.....	9,960
July 3.....	4,342	5,428	.....	9,770
August 2.....	5,350	5,779	.....	11,129
September 6.....	6,087	6,797	.....	12,884
October 4.....	9,000	5,373	.....	14,373
November 1.....	8,477	4,788	.....	13,265
December 6.....	12,311	5,843	.....	18,154
1916.				
January 3.....	15,494	8,344	.....	23,838
February 7.....	15,681	9,668	489	25,838
March 6.....	17,182	10,859	462	28,503
April 3.....	21,000	17,308	722	39,030
May 1.....	24,875	19,415	1,477	45,767
June 5.....	24,680	24,680	2,208	51,568
July 3.....	32,989	31,222	3,422	67,633
August 7.....	39,695	33,738	4,225	77,658
September 4.....	41,413	35,573	3,673	78,659
October 2.....	37,798	32,438	2,306	72,542

TABLE C.—Imports and exports into and from the United States during fiscal years 1912 to 1916, inclusive, by large geographic divisions.

[In millions of dollars.]

IMPORTS.

Year ending June 30—	Europe.	North America.	South America.	Asia and Oceania.	Africa.	Total.
1912.....	819.6	334.1	215.1	261.9	22.6	1,653.3
1913.....	892.9	362.0	217.7	314.0	26.4	1,813.0
1914.....	895.6	427.4	222.7	329.1	19.1	1,893.9
1915.....	614.3	473.1	261.5	300.3	25.0	1,674.2
1916.....	616.2	591.9	391.6	533.4	64.8	2,197.9

EXPORTS.

Year ending June 30—	Europe.	North America.	South America.	Asia and Oceania.	Africa.	Total.
1912.....	1,341.7	516.8	132.3	189.4	24.1	2,204.3
1913.....	1,479.1	617.4	146.1	194.2	29.1	2,465.9
1914.....	1,486.5	528.6	124.5	197.0	27.9	2,364.5
1915.....	1,971.4	477.1	99.3	192.2	28.5	2,768.5
1916.....	2,999.2	732.9	180.3	377.7	43.5	4,333.6

European Payments to the United States.

During the two fiscal years ending June 30, 1916, which cover most of the period since the outbreak of the European war, the United States exported merchandise to the amount of over \$7,000,000,000, and imported less than \$3,900,000,000, an excess of exports of over \$3,100,000,000, to which should also be added further shipments made since June 30, the amounts of which are not yet available. To pay for this large quantity of goods European and other countries have been obliged to send us gold, American securities, and also to establish credits here by floating heavy issues of bonds. The Federal Reserve Board's statistical division has recently prepared some estimates of the magnitude of these various operations, and while many of the figures obtained are necessarily only approximate, it is believed that they are of sufficient interest to justify publication.

Gold exports and imports, Aug. 1, 1914, to Oct. 13, 1916.

[In thousands of dollars.]

	Exports.	Imports.	Net exports.	Net imports.
Aug. 1 to Dec. 31, 1914.....	104,972	23,252	81,720	.....
Jan. 1 to Dec. 31, 1915.....	30,889	450,211	.....	419,322
Jan. 1 to Oct. 13, 1916.....	95,961	390,010	.....	294,049
Total.....	231,822	863,473	.....	631,651

The amount of American securities returned by Europe can only be estimated very roughly, but indication of the extent of the movement may be had from the estimate prepared by Mr. L. F. Loree, president of the Delaware & Hudson Co., who places the amount of railroad securities returned between January 31, 1915, and July 31, 1916, at almost \$1,300,000,000. Figures have also been published showing the return of 748,547 shares of United States Steel Corporation common stock between March 31, 1914, and September 30, 1916, and of 141,736 shares of preferred stock of the same company between June 30, 1914, and September 30, 1916. At market price of June 30, 1914, this stock would have represented a value of over \$60,000,000, while at the market price of September 30, 1916, its value would be over \$100,000,000.

Even more striking, because of the indication they give of the altered position of the United States in international finance, are figures showing the amount of foreign loans and credits arranged in the United States. The obligations of foreign governments, bankers, and merchants now held here are estimated to amount to \$1,931,000,000, distributed as follows:

British America.....	\$212,000,000
Europe.....	1,627,000,000
Latin America.....	88,000,000
China.....	4,000,000

Much interest is now centered on the question of how the United States will meet foreign demands for gold should such demands arise after the close of the European war, and in this connection the maturities of the European obligations held here are of distinct importance.

Maturities of European obligations held in the United States:

1916.....	\$30,000,000
1917.....	103,000,000
1918.....	260,000,000
1919.....	300,000,000
1920.....	500,000,000
1921.....	200,000,000
1923.....	5,000,000
Information lacking.....	229,000,000
Total.....	1,627,000,000

EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS.

Total earnings of the Federal Reserve Banks for the 9 months ending September 30, 1916, were \$3,242,336.18, while total current expenses for the same period were \$1,845,077.62. Of this total \$130,754.54 represents the expenses incurred on account of the banks' transit departments between July 15 and the end of September. This amount is returned to the Federal Reserve Banks through service charges assessed against member banks.

Net earnings of the banks—i. e., total earnings minus the current expenses of the banks proper—were \$1,528,013.10, or at the rate of 3.7 per cent on an average paid-in capital of \$55,002,000. All the banks earned in excess of their current expenses for the 9 months of the present year, 4 banks in excess of 5 per cent, and 6 banks in excess of 4 per cent.

Current expenses shown include \$1,375,518.72, the operating expenses of the banks proper; \$151,308.27, the cost including amortization of Federal Reserve notes issued, returned, and retired; \$4,810.94, the cost of Federal Reserve bank notes; \$228,861.22, amortization of organization expenses; and \$84,578.47, aggregate depreciation charges for the 9-month period.

Combined gross earnings for the third quarter of the present year were about one-third in excess of the total earnings for the second quarter, the latter exceeding by about 40 per cent the total earnings for the first quarter of the present year.

Of the total earnings for the 9 months, 24 per cent was from bills discounted for member banks; 24 per cent from United States bonds and notes; 28 per cent from bills bought in the open market; and 17 per cent from municipal warrants. The remainder, about 7 per cent, represents commissions earned on acceptances and warrants bought for other Federal Reserve Banks, profits from exchange operations and from the sale of United States bonds, and other smaller earnings.

These percentages vary by banks and groups of banks. Thus, earnings from discounts constituted over 75 per cent of the total earnings

of the 3 southern banks, and less than 4 per cent of the aggregate earnings of the 4 eastern banks. In the case of the 4 banks in the north and middle west, this proportion is about 23 per cent, while San Francisco's earnings from discounts were about 10 per cent of the bank's total earnings for the 9-month period. Over one-half of the total earnings of the 3 banks on the eastern seaboard was derived from acceptances, while over 40 per cent of the aggregate earnings of the Chicago and Kansas City banks came from United States securities. Nearly 28 per cent of the total earnings of the New York Federal Reserve Bank came from warrants, Cleveland, Chicago, Boston, and Philadelphia likewise reporting considerable amounts earned from this source.

Of the total expenses of operation for the 9 months, about 27 per cent went as compensation to bank officers, and a slightly smaller proportion as salaries to the clerical staff of the banks. The latter item shows a large increase for the third quarter, due no doubt to the increase of force made necessary by the installation of the new clearing system. The aggregate amount paid during the 9 months by the banks for the support of the Federal Reserve Board was \$151,024.96, or over 10 per cent of the total expenses of operation of the banks. Rent for the 9 months' period totaled \$120,543.34, or about 9 per cent of the total operating expenses, while other large specified items in the order of their importance were postage, printing and stationery, and directors' fees. The total current expenses stated above are exclusive of \$131,939.89 expended for additional furniture and equipment, and of \$121,229.34 paid for the printing and shipping of Federal Reserve notes. About 44 per cent of the latter expenditure is reported by the New York Federal Reserve Bank.

The expenses of the transit departments, partly estimated, are composed largely of operating expenses proper, and to a smaller extent of depreciation charges on account of furniture and equipment assigned to the new departments, on or about July 15 or purchased for the use of these departments since that date.

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the nine months ending Sept. 30, 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..	\$16,632.06	\$12,202.43	\$12,092.76	\$11,738.54	\$181,809.47	\$112,298.69	\$88,542.16	\$26,885.90	\$41,771.47	\$73,700.99	\$177,359.57	\$17,231.75	\$772,265.79
Bills bought in open market..	162,030.53	322,041.87	118,028.14	58,800.45	13,791.87	20,047.51	56,623.04	44,981.96	25,768.65	14,111.74	3,052.94	66,795.22	906,073.92
Investments:													
U. S. bonds and notes...	40,154.56	66,219.50	61,980.31	99,004.45	27,788.49	25,697.99	146,458.81	50,543.78	49,462.29	128,577.69	39,950.50	50,188.95	786,117.32
Warrants.....	60,781.81	172,236.66	54,160.42	85,970.80	2,948.48	1,963.29	70,150.50	23,798.16	25,471.78	11,359.99	189.01	35,046.94	544,077.84
Commissions received.....	6,798.34	29,051.68				17.53							35,867.60
Profits on United States securities sold.....	3,500.00	15,973.84	16,725.00		3,575.00		10,200.00						49,973.84
Amortization of appreciation on United States bonds.....								17,873.14		25,661.79			43,534.93
Sundry profits.....	3,095.99	974.81	3,267.49	203.22	4,620.68	10,284.32	43,057.83	18,732.94	9,645.50	636.28	5,516.97	4,338.91	104,424.94
Total earnings.....	292,993.29	618,700.79	266,254.12	255,807.46	234,633.99	170,309.38	415,032.34	182,865.88	152,119.69	254,048.48	226,068.99	173,601.77	3,242,336.18

CURRENT EXPENSES.

Expenses of operation:													
Assessment account expenses Federal Reserve Board Federal Advisory Council (fees and traveling expenses).....	\$14,009.94	\$30,569.90	\$14,450.39	\$16,350.76	\$9,225.55	\$6,695.41	\$18,318.81	\$7,657.31	\$7,031.09	\$8,325.12	\$7,555.02	\$10,835.66	\$151,024.96
Governors' conferences (incl. traveling expenses).....	303.50	512.50	226.50	381.43	150.00	176.34	622.60	150.00	559.00	285.85	150.00	150.00	3,667.72
Federal Reserve Agents conferences, incl. traveling expenses.....	671.01	2,706.19	596.14	1,086.73	1,207.61	856.55	843.23	1,207.79	1,126.70	1,065.99	965.88	2,224.04	14,557.86
Salaries:													
Bank officers.....	170.44	425.49	158.63	333.85	162.04	92.60	121.70	195.71	222.29	240.98	425.00	489.41	3,038.14
Clerical staff.....	25,124.85	66,649.74	29,050.00	29,062.50	23,528.02	23,706.63	38,750.00	35,024.00	19,749.94	19,097.89	25,207.09	30,034.84	364,985.50
Special officers and watchmen.....	23,507.38	72,928.67	30,953.43	24,786.31	24,062.21	27,843.00	42,159.07	26,890.17	18,237.58	28,317.65	24,036.71	20,224.05	363,946.23
Directors' fees.....		5,822.50	4,497.07	340.00	453.33	2,438.50	4,106.16	1,215.00	962.45	535.00	1,365.62	98.00	21,828.63
Directors' per diem allowance.....		5,676.79	127.00	1,242.65	1,942.65		2,814.49	900.00	78.00	1,230.17	2,246.33		14,315.43
Officers' and clerks' traveling expenses.....	2,820.00	2,990.00	2,380.00	1,350.00	2,650.00	2,120.00	1,560.00	3,010.00	2,220.00	2,995.00	1,285.00	1,480.00	26,860.00
Directors' traveling expenses.....	850.00	800.00	670.00	730.00	1,350.00	1,448.00	550.00	720.00	690.00	1,845.00	830.00	310.00	10,793.00
Legal fees.....	584.55	945.00	662.14	899.82	1,883.90	1,710.50	815.00	787.50	1,057.36	2,794.42	1,138.15		13,278.34
Rent.....	1,265.42	409.06	396.63	489.14	268.77	1,220.45	497.70	259.05	1,001.91	378.71	545.79	852.27	7,584.90
Telephone.....	1,600.00		1,500.00	1,500.02	1,425.00	950.00	1,896.17		1,125.00	450.00	1,822.40	2,117.67	14,386.26
Telegraph.....	10,389.11	33,110.02	6,749.97	4,730.79	4,509.00	9,343.27	19,937.85	11,270.58	4,800.03	6,374.97	9,327.75	9,327.75	120,543.34
Postage.....	997.74	1,505.68	858.49	709.65	260.91	256.23	977.33	593.66	430.48	401.47	732.88	343.74	8,068.26
Expressage.....	125.65	417.65	17.66	186.21	142.75	388.48	252.27	170.58	202.77	280.63	514.49	328.56	3,027.70
Insurance and premium, fidelity bonds.....	5,383.04	9,110.17	4,772.28	4,217.46	4,597.87	4,924.16	6,576.87	4,658.80	4,952.40	7,555.36	3,181.77	2,472.08	62,402.26
Light, heat, and power.....	858.92	205.17	2,487.98	41.81	835.29	586.31	466.51	633.91	369.92	761.97	7,373.33	1,904.68	16,525.80
Printing and stationery.....	1,165.11	1,998.18	2,557.33	1,763.08	1,634.59	934.04	3,159.91	1,618.51	1,076.19	997.35	763.50	1,202.06	18,869.85
Repairs and alterations.....	869.59		824.88	13.98	1,013.26	129.22	1,645.59		813.50	1,041.40	280.37	6,681.79	6,681.79
All other expenses, not specified.....	5,533.28	11,097.01	3,510.80	5,477.51	4,692.38	3,566.76	6,283.67	3,329.22	2,662.02	3,474.33	3,220.35	4,083.66	56,930.99
Total expenses of operation.....	582.98	106.11	890.15	44.15	67.20	185.52	1,140.39	262.46	361.00	213.36	135.16	1,775.87	5,764.35
Total expenses of operation.....	7,251.09	22,027.58	3,117.36	1,656.20	2,597.47	6,713.48	8,519.16	1,901.51	2,378.54	4,082.17	4,024.31	2,218.54	66,487.41
Total expenses of operation.....	104,063.60	270,013.41	111,327.83	96,278.40	87,959.80	96,285.45	162,014.48	102,455.76	71,294.67	92,516.89	88,560.18	92,746.25	1,375,518.72

Cost of Federal Reserve notes issued by bank (including expressage, insurance, etc.)	6,916.56	36,560.00	3,040.00	973.36	7,587.82	3,172.27	.....	2,080.00	1,823.28	12,180.45	10,454.73	4,027.73	88,816.20
Miscellaneous charges, account Federal Reserve notes	.....	.....	1,002.79	1,354.44	.....	.....	.....	1,642.97	.....	.....	.....	724.44	4,724.64
Cost of Federal Reserve Bank notes issued, including taxes	.....	.....	.....	.....	.....	.....	.....	.....	.....	4,810.94	.....	.....	4,810.94
Amortization charges:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Federal Reserve notes	.....	14,999.94	.....	9,014.25	.....	.....	.....	3,636.00	18,701.27	4,142.62	.....	7,273.35	57,767.43
All other organization expenses	12,976.29	27,125.55	31,517.06	46,760.23	.....	.....	.....	31,893.48	13,640.44	19,863.08	.....	45,085.09	228,861.22
Depreciation of furniture and equipment	4,700.00	5,369.18	10,652.78	10,466.22	.....	3,187.14	15,000.00	2,494.28	3,763.00	3,250.00	16,395.78	9,300.09	84,578.47
Total current expenses	128,656.45	354,068.08	157,540.46	164,846.90	95,547.62	102,644.86	177,14.48	144,202.49	109,222.66	136,763.98	115,410.69	159,158.95	1,845,077.62
Less expenses of transit department	19,309.44	16,229.77	15,187.21	11,405.43	9,499.97	8,977.87	12,255.95	5,687.38	6,190.92	6,437.71	8,185.31	11,387.58	130,754.54
Total current expenses of bank, exclusive of amounts chargeable to transit department	109,347.01	337,838.31	142,353.25	153,441.47	86,047.65	93,666.99	164,758.53	138,515.11	103,031.74	130,326.27	107,225.38	147,771.37	1,714,323.08
Excess of earnings over current expenses	183,646.28	280,862.48	123,900.87	102,365.99	148,486.34	76,642.39	250,273.81	44,350.77	49,087.95	123,722.21	118,843.61	25,830.40	1,528,013.10
Per cent of average capital Jan. 1 to Sept. 30, 1916	4.87	3.31	3.16	2.29	5.90	4.17	5.01	2.12	2.55	5.48	5.85	.87	3.70

COST OF FURNITURE AND EQUIPMENT, INCLUDING VAULTS.

Balance as reported 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	\$269,995.53
Additional purchases during 9 months ending Sept. 30, 1916	11,634.46	36,513.64	2,452.59	9,871.22	5,862.80	8,199.80	21,332.18	10,575.85	7,712.55	2,826.03	12,081.27	2,877.50	131,939.89
Total	21,229.70	63,494.00	20,943.90	30,058.30	15,362.80	14,428.72	44,332.18	30,921.98	61,872.19	44,654.88	45,336.68	9,300.09	401,935.42
Depreciation charged during 9 months ending Sept. 30, 1916	4,700.00	5,369.18	10,652.78	10,466.22	.....	3,187.14	15,000.00	2,494.28	3,763.00	3,250.00	8,895.78	9,300.09	77,078.47
Balance Oct. 1, 1916	16,529.70	58,124.82	10,291.12	19,592.08	15,362.80	11,241.58	29,332.18	28,427.70	58,109.19	41,404.88	36,440.90	.....	324,856.95

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 for 9 months ending Sept. 30, 1916	580.32	53,310.05	187.60	397.76	6,219.48	6,733.38	12,691.01	217.74	606.30	21,848.53	4,801.45	13,635.72	121,229.34
Total	39,213.67	285,396.84	43,359.64	43,155.37	23,587.82	16,235.74	73,071.07	22,581.20	20,539.15	33,101.05	14,726.05	48,550.63	663,518.23
Cost of Federal Reserve notes issued and charged to current expense during 9 months ending Sept. 30, 1916	7,416.56	36,560.00	3,040.00	973.36	7,587.82	3,172.27	.....	2,080.00	1,823.28	12,180.45	10,454.73	4,027.73	89,316.20
Balance Oct. 1, 1916	31,797.11	248,836.84	40,319.64	42,182.01	16,000.00	13,063.47	73,071.07	20,501.20	18,715.87	20,920.60	4,271.32	44,522.90	574,202.03

Includes \$7,500 for depreciation on bank building.

Decision in the Wisconsin Bank Appeal.

On October 13 the Federal Reserve Board voted to grant the appeal of certain Wisconsin bankers for transfer to Federal Reserve District No. 7 from Federal Reserve District No. 9, no change, however, being made with respect to northern Michigan. The action taken becomes effective on January 1, 1917.

The order issued by the Board in disposing of the appeal is as follows:

ORDER AMENDING THE GEOGRAPHICAL LIMITS OF DISTRICTS NOS. 7 AND 9.

At a stated meeting of the Federal Reserve Board, duly held at its office in the city of Washington, D. C., October 12, 1916.

Present: Mr. Harding, Governor; Mr. Warburg, Vice Governor; Mr. Hamlin; Mr. Delano; Mr. Miller; Mr. Williams.

In the matter of readjusting the geographical limits of Districts Nos. 7 and 9 in accordance with the power vested in the Federal Reserve Board by section 2 of the Federal Reserve Act.

Whereas, the Federal Reserve Board is authorized and empowered by section 2 of the Federal Reserve Act to readjust the Federal Reserve districts; and

Whereas, upon further consideration of—

- (a) The petition of certain banks in Wisconsin for the transfer from District No. 9 to District No. 7 of all that part of Wisconsin situated in District No. 9 east of the western boundaries of the counties of Ashland, Price, Taylor, Clark, Jackson, and Monroe;
- (b) The answer of the Federal Reserve Bank of Minneapolis;
- (c) The briefs of counsel and arguments heard by the Federal Reserve Board;

it appears to such Board that the convenience and customary course of business and the best interests of the Federal Reserve system will be served by a readjustment of the geographical limits of districts Nos. 7 and 9; Now, therefore, the Federal Reserve Board doth order—

(1) That District No. 7 be readjusted and altered so as to include the State of Iowa, all that part of Wisconsin located south of the northern boundary of the counties of Marinette, Oconto, Langlade, Marathon, and Clark; and east of the western boundary of the counties

of Clark, Jackson, Monroe, Vernon, Crawford, and Grant; all of the southern peninsula of Michigan, viz, that part east of Lake Michigan; all that part of Illinois located north of a line forming the southern boundary of the following counties: Hancock, Schuyler, Cass, Sangamon, Christian, Shelby, Cumberland, and Clark; and all that part of Indiana north of a line forming the southern boundary of the following counties: Vigo, Clay, Owen, Monroe, Brown, Bartholomew, Jennings, Ripley, and Ohio.

(2) That District No. 9 be readjusted and altered so as to include the States of Montana, North Dakota, South Dakota, Minnesota, all that part of Wisconsin not included in District No. 7, and all that part of Michigan not included in District No. 7.

(3) That the alterations in Districts Nos. 7 and 9 directed in this order become effective January 1, 1917.

(4) That the Federal Reserve Banks of Chicago and Minneapolis be notified of the changes made in the districts referred to and directed to take such action as may be necessary for the transfer of membership of the banks included in the territory affected.

(5) That a copy of this order be filed with the Comptroller of the Currency in order that the certificate of the Reserve Bank Organization Committee may be properly amended.

W. P. G. HARDING, *Governor.*

Attest:

H. PARKER WILLIS, *Secretary.*

Transfers of counties resulting from the order are as follows:

Counties in Wisconsin transferred from District No. 9 to District No. 7.

Adams.	Kewaunee.	Portage.
Brown.	Langlade.	Shawano.
Calumet.	Manitowoc.	Sheboygan.
Clark.	Marathon.	Waupaca.
Door.	Marinette.	Wausara.
Fond du Lac.	Marquette.	Winnebago.
Green Lake.	Monroe.	Wood.
Jackson.	Oconto.	
Juneau.	Outagamie.	

Counties in Wisconsin remaining in District No. 9.

Ashland.	Florence.	Price.
Barron.	Forest.	Rusk.
Bayfield.	Iron.	St. Croix.
Buffalo.	La Crosse.	Sawyer.
Burnett.	Lincoln.	Taylor.
Chippewa.	Oneida.	Trempealeau.
Douglas.	Pepin.	Vilas.
Dunn.	Pierce.	Washburn.
Eau Claire.	Polk.	

Section 19 of the Federal Reserve Act requires each member bank not in a reserve or central reserve city to keep—

“in the Federal Reserve Bank of its district for a period of twelve months after said date two-twelfths, and for each succeeding six months an additional one-twelfth,”

of 12 per cent of the aggregate amount of its demand deposits, and of 5 per cent of its time deposits. Similar language is used with reference to the banks in reserve cities.

The “said date” referred to is the date officially announced by the Secretary of the Treasury for the establishment of a Federal Reserve Bank in any district. That date was November 16, 1914.

It therefore follows that on November 16, 1916, country banks and banks in reserve cities will be required to pay their Federal Reserve Bank an additional installment of reserves. The amount thus to be paid by them will be for country banks one-twelfth of 12 per cent of their demand deposits, as held on and after November 16, plus one-twelfth of 5 per cent of their time deposits; and for banks in reserve cities one-fifteenth of 15 per cent of their demand deposits, plus one-fifteenth of 5 per cent of their time deposits.

It is suggested that each Federal Reserve Bank call the attention of each member bank to the date upon which the transfer of reserves above referred to is due, and that it arrange such additional details with member banks as may seem desirable. The Board recommends that the member banks be called upon to pay their own express charges, unless there is some good reason why the Federal Reserve Bank of the district thinks it best to bear these express charges itself. The form in which payment is to be made may be suggested by the Federal Reserve Bank in such circular or notice as it may send out, and it will be well to make some reference to the provision of the Act that any Federal Reserve Bank may receive from its member banks as reserves not exceeding one-half of each installment eligible paper as described in section 13, properly indorsed and acceptable to the said Federal Reserve Bank.

It may also be desirable to call attention to the fact that under the amendment to section 11 of the Federal Reserve Act, approved September 7, 1916, the Federal Reserve Board is authorized to permit member banks to carry in the Federal Reserve Banks of their respective districts any portion of their reserves now required by section 19 to be held in their own vaults. The Board, under authority of this amendment, has already issued a ruling to the effect that such member banks may carry all or any part of such reserves in their respective Federal Reserve Banks.

Operation of the Clearing Plan.

The following table shows briefly the clearing operations of the Federal Reserve system for the monthly period ending October 15, 1916, with comparative figures for each of the two preceding months:

Operations of the Federal Reserve interdistrict clearing system, Sept. 16 to Oct. 15, 1916.

Bank.	Average number of items handled daily.	Average amount of of daily clearing.	Member banks in the district.	State banks remitting at par.
Boston.....	34,328	\$9,583,898.26	402	¹ 241
New York.....	35,574	21,771,197.98	626	31
Philadelphia.....	25,089	12,648,696.00	630	137
Cleveland.....	14,072	6,929,805.09	756	490
Richmond.....	14,521	6,649,364.00	520	254
Atlanta (including New Orleans branch).....	11,661	3,668,876.04	391	460
Chicago.....	² 21,322	10,705,835.14	994	1,287
St. Louis.....	8,814	5,677,716.85	468	305
Minneapolis.....	12,236	6,333,496.11	753	1,100
Kansas City.....	10,956	5,729,296.78	937	1,388
Dallas.....	11,539	6,747,754.00	621	206
San Francisco.....	4,779	1,220,171.00	520	1,060
Total, Sept. 16 to Oct. 15..	204,891	97,666,107.25	7,618	7,459
Aug. 16 to Sept. 15..	177,397	78,559,703.82	7,618	7,449
July 15 to Aug. 15..	133,113	59,301,695.94	7,624	7,032

¹ All State banks in district.

² Does not include Government checks averaging 3,166.

The Federal Reserve Bank of Richmond on October 11 issued a letter to its member banks as to clearing operations, the substance of which is reproduced, as follows:

To members of the Federal Reserve Bank of Richmond:

For the information of member banks we are sending a statement of operations of our collection department from the inauguration

of the new collecting and clearing system on July 15 up to September 30, a period of 66 working days.

During that period this bank handled 776,254 checks, amounting to \$305,157,900. The cost per \$1,000 in handling this business was 3.18 cents, which is astonishingly low. The service charge to members based upon actual cost of handling was $1\frac{1}{2}$ cents per item up to August 31. For the month of September the service charge was $1\frac{1}{4}$ cents per item, the reduction in cost being due to the larger number of checks handled without increase in force.

The daily average number of items handled in September was 13,823, as against an average of 10,502 for the period up to August 31. The total cost of handling during September amounted to \$4,112.88. The service charge at $1\frac{1}{4}$ cents amounted to \$4,031.30.

Our collection department is now well organized, and is capable of handling an increase of 50 per cent in number of items without additions to the force.

If member banks will be good enough to follow the suggestions and directions which we send out from time to time in order to facilitate the working of the system, they will aid us greatly in rendering satisfactory service.

Collections can now be made on more than 15,000 banks without an exchange charge.

There is another clearing function being performed by the Federal Reserve system, and that so quietly and easily that it escapes the attention which it deserves. In the operation of the collection system and in other transactions between the Federal Reserve Banks of the several districts balances naturally are created for settlement. These settlements are now being made once a week and are effected through the medium of a gold settlement fund in the custody of the Federal Reserve Board and stored in the vaults of the Treasury Department. This fund, deposited by the Federal Reserve Banks, and a part of their reserve, was on September 21, \$121,230,000. The clearing between the Federal Reserve Banks on that day amounted to \$158,558,000, and was settled by the transfer of ownership of only \$9,539,000 in gold, and this transfer was effected by bookkeeping entries.

The economical working of this system is apparent, and its potential usefulness to the country is manifest.

Our daily advices of remittances received, showing what part is placed to credit and the exact dates on which the balance of any remit-

tance will become available, should enable members to determine the standing of their accounts on our books at any time, but to further aid members in testing their reserve balances by our books we shall begin in the near future to send weekly statements of accounts.

If all members would keep "transit accounts," as suggested in our circular on that subject, then their entries and ours would be coincident, and their balances would agree with our books at all times.

Of course, delays in the mails, either way, would create exceptions; but if members will adopt the practice of advising us when our remittances reach them too late to be handled according to the schedule time, we will make the date of our entries correspond, and thus avoid the impairment of reserve which such delay might otherwise cause.

We think it fair to all concerned, and as equitable to one bank as another, and very greatly to the interest of the whole collection system, that remittances from us, containing only checks upon the bank to which they are sent, should when received before the close of banking hours be treated just as a deposit would be treated when made within the time specified.

The utmost promptness possible is in the interest of all.

The following letter relating to the present collection system has been received by a Federal Reserve Bank from one of the country banks in its district:

As the Federal Reserve system receives many hard blows from various sources, and particularly the par system of check collections comes in for considerable criticism from many bankers, it occurred to me that possibly you might appreciate a word of commendation from a small country bank in your district.

Before the ——— Clearing House opened the collection department for country check collections, and you put into execution your plan of par check collections, we had a number of reciprocal collection accounts with our neighbors and with banks in the larger and important banking cities in our State. All these accounts caused extra work, stationery and postage, besides tying up items from three days to a week. Now, we have discontinued these accounts, and do all our check

collecting through your bank and our correspondents in New York and Philadelphia. We find it saves money, labor, and time, and expect to use your system more and more as time goes on. It seems the correct and scientific method to pay our own checks by sending you checks on other banks which we receive from our customers for deposit.

It is only fair to say we never made any great sum of money annually from the item of exchange. Our idea was, and is, to make this an easy point to collect, rather than the reverse. The writer could never understand the reason for excessive rate of exchange on checks. A bank is not doing a favor to the holder or payee when it pays its own check; rather is the favor done to the maker of the check, and he, if anyone, should pay the charge.

Your idea of a service charge is an eminently proper one, in my opinion.

I trust you may soon have the collection system completed by arranging for notes, drafts, and coupons. When this is accomplished it should be a great success.

The National Association of Credit Men, in a letter to members, has the following review and summary of the check collection system:

The recent regulation of the Federal Reserve Board providing for a check clearance system at exact cost (not a free system, as many seem to think) is one of the most interesting subjects to-day in business finance. It is not possible to introduce great changes or to unseat established customs without some wrenching and rasping, and the bringing into play of a change so far-reaching as that provided for by the check clearing regulations of the Federal Reserve Board must of necessity arouse some antagonism.

It has been customary for many banks to charge exchange that produces a good income, even though the charges might be imposed upon the payment of the checks of the bank's customers. That this income is to be affected has occasioned some alarm.

The bigness of the question suggests careful consideration, and we venture to lay before our members the following advantages and disadvantages of the system as they have been summarized by a close student and experienced practitioner in banking matters.

The advantages, as summarized, are:

1. Direct and prompt presentation of checks.

2. The elimination of exchange charges, which in some cases have not been equitable, in other cases quite excessive.

3. Reduction of the expense of collection to as near absolute cost as possible.

4. The release and more equitable distribution of the large balances at present maintained by the smaller banks in the banks in larger centers for the purpose of receiving par collection of out-of-town miscellaneous items.

The disadvantages, as summarized, are:

1. The loss of exchange on the part of the smaller banks, which exchange they have deducted in remitting checks on themselves.

2. The revision and, in many cases, termination of the reciprocal relations which have under the old system been maintained for many years between the smaller banks and their correspondents in larger cities, as the Federal Reserve Banks will to a great extent render the same service.

Balancing advantages against disadvantages, the unprejudiced must recognize what is to be gained under the system as of greater value to business than what would be lost to the banks.

It is to be hoped that this important matter is to be fairly treated by all interested and that there will prevail a unanimity of sentiment in favor of a system that will remove from the channels of business another burden and tax on country-wide distribution.

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from September 23 to October 20, 1916, inclusive:

	Banks.	
New charters issued to.....	8	
With capital of.....		\$475,000
Increase of capital approved for.....	5	
With new capital of.....		5,725,000
Aggregate number of new charters and banks increasing capital.....	13	
With aggregate of new capital authorized.....		6,200,000
Number of banks liquidating (other than those consolidating with other national banks).....	4	
Capital of same banks.....		325,000
Number of banks reducing capital.....	None.	
Reduction of capital.....		None.

Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks).	4
Aggregate capital reduction.....	\$325,000
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was.....	
	6,200,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of.....	325,000
Net increase.....	5,875,000

Commercial Failures in September.

Commercial suspensions in September show improvement not only as compared with the same months for several preceding years, but as contrasted with every previous month this year. The total number, as reported by R. G. Dun & Co., is 1,154, with liabilities of \$11,569,078, as against 1,414, for \$16,208,070, in September last year, 1,615 two years ago for \$23,018,027, and 1,235 with indebtedness of \$22,662,694 in 1913.

The comparisons with earlier months show contraction from the August returns, when defaults numbered 1,207 and the amount involved was \$20,128,709, while as compared with the 1,207 suspensions for \$11,647,499 in July, which was the most favorable month up to September, the showing is even more favorable. Suspensions in January were 2,009 in number and \$25,863,286 in amount.

Detailed figures by Federal Reserve districts follow:

District.	Number of failures.	Liabilities.
No. 1.....	104	\$839,052
No. 2.....	162	1,685,919
No. 3.....	74	750,253
No. 4.....	110	1,415,550
No. 5.....	61	1,983,290
No. 6.....	124	1,722,912
No. 7.....	190	1,369,295
No. 8.....	64	335,458
No. 9.....	32	124,349
No. 10.....	78	276,403
No. 11.....	48	292,797
No. 12.....	107	773,800
Total, 1916.....	1,154	11,569,078
1915.....	1,414	16,208,070
1914.....	1,615	23,018,027
1913.....	1,235	22,662,694
1912.....	1,167	13,280,511

Fiduciary Powers.

The following applications for permission to act under section 11 (k) of the Federal Reserve Act have been approved by the Federal Reserve Board since the issue of the October Bulletin.

DISTRICT No. 1.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Gardner, Mass.

DISTRICT No. 2.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Cranbury, N. J.
National Bank of New Jersey, New Brunswick, N. J.
Registrar of stocks and bonds:
Cayuga County National Bank, Auburn, N. Y.

DISTRICT No. 4.

Trustee, executor, administrator, and registrar of stocks and bonds:
Peoples National Bank, Zelenople, Pa.

DISTRICT No. 5.

Trustee:
First National Bank, Elizabeth City, N. C.

DISTRICT No. 6.

Trustee, executor, administrator, and registrar of stocks and bonds:
Barnett National Bank, Jacksonville, Fla.
Merchants National Bank, Savannah, Ga.

DISTRICT No. 7.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Batesville, Ind.
First National Bank, Brazil, Ind.
First National Bank, Logansport, Ind.
Merchants National Bank, Michigan City, Ind.
First National Bank, Rochester, Ind.
First National Bank, Boone, Iowa.
First National Bank, Marengo, Iowa.
First National Bank, Montezuma, Iowa.
Trustee, executor, and administrator:
First National Bank, Greencastle, Ind.

DISTRICT No. 8.

Trustee, executor, administrator, and registrar of stocks and bonds:
Boone County National Bank, Columbia, Mo.

DISTRICT No. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Idaho Springs, Colo.

DISTRICT No. 11.

Trustee, executor, administrator, and registrar of stocks and bonds:
Victoria National Bank, Victoria, Tex.

DISTRICT No. 12.

Registrar of stocks and bonds:
American National Bank, San Francisco, Cal.

Renewal of Mortgage Loans.

The Federal Reserve Board has recently received various inquiries as to the question of renewing mortgage loans made for a year under authority of the Federal Reserve Act.

One such recent communication raises the following questions:

(1) Whether a national bank under authority of section 24 of the Federal Reserve Act may renew a loan made for one year, accepting as collateral security a mortgage or deed of trust on the same property as the original loan.

(2) Whether a new mortgage or deed of trust must be executed in case such renewal is accepted.

(3) Whether a note made for one year and discounted by a national bank under authority of section 24 of the Federal Reserve Act, as amended, may be carried after maturity as an asset of the bank upon payment of interest in advance without treating such note as overdue paper.

Inquirers have been advised in reply to such questions that the Act provides specifically that "no loan made upon the security of such real estate as distinguished from farm land shall be made for a longer time than one year." Any note taken by a national bank, therefore, as evidence of a loan against real estate other than farm land, must mature within one year from the date of its discount. At the expiration of one year the bank must have the right to require payment and to proceed to foreclose the mortgage, should such action be necessary. Any agreement entered into between the bank and the borrower at the time the loan is made, to renew the note at maturity, would not constitute a compliance with the terms of the statute, but it seems clear, nevertheless, that if the bank has the option to require payment of a note at its maturity at the end of one year, it may, should it so desire, make a new loan to the same parties and upon the same security for a further period of one year. In order to obviate the necessity of executing a new mortgage or deed of trust, there would seem to be no legal objection to having the original mortgage or deed of trust so drawn as to cover

renewal or renewals of the note described therein, provided, however, the bank does not in any way obligate itself to grant such renewals, for the statute places a limitation on the loan made by the bank. The manifest purpose of the statute is to place the bank in a position where it can, if it desires, liquidate the loan at the expiration of one year, thereby preventing its funds from being tied up for a longer period. If the mortgage or deed of trust executed as security for the loan places the bank in a position where it can proceed against the property taken as security in case of default in payment and the loan is not made for a longer period than one year, the statute will have been complied with, even though the mortgage or deed of trust is drawn so as to permit the bank to make a new loan on the same security for a period not to exceed one year, upon the maturity of the note first taken. In all cases payment and cancellation of the maturing note should be required, and if the original note is carried in the assets of the bank after maturity, it should be treated and reported as overdue paper.

Clayton Act Decisions.

The Federal Reserve Board has taken action on 1,335 applications for permission under the Kern amendment, granting 1,195 and refusing 140. No records exist to show the number of directors who have surrendered bank directorates in accord with the provisions of the act without filing any application. The subtotals of the districts are as follows:

District.	Granted.	Refused.
No. 1—Boston	66	23
No. 2—New York	265	54
No. 3—Philadelphia.....	133	13
No. 4—Cleveland.....	179	6
No. 5—Richmond.....	107	24
No. 6—Atlanta.....	129	0
No. 7—Chicago.....	122	13
No. 8—St. Louis.....	54	5
No. 9—Minneapolis.....	27	0
No. 10—Kansas City.....	56	0
No. 11—Dallas.....	3	0
No. 12—San Francisco.....	154	2

¹ One of which was refused in part.

² Four of which were disapproved in part.

GOLD SETTLEMENT FUND.

An audit of the Gold Settlement Fund and Federal Reserve Agents' Fund was made on September 19 by a representative of the Federal Reserve Banks and Federal Reserve Agents acting in conjunction with representatives of the Federal Reserve Board.

The following results represent transactions for the month ending October 19:

Amount of clearings and transfers, Federal Reserve Banks, from Sept. 22, 1916, to Oct. 19, 1916, inclusive.

[In thousands of dollars.]

	Total clearings.	Balances.	Transfers.
Settlement of—			
Sept. 23, 1916.....	164,696	11,983	250
Oct. 5, 1916.....	161,284	18,878	4,000
Oct. 12, 1916.....	166,539	16,888	4,780
Oct. 19, 1916.....	169,132	7,785	4,450
Total.....	661,701	55,534	13,480
Previously reported.....	2,667,068	267,080	92,570
Totals since Jan. 1, 1916.....	3,328,769	322,614	106,050
Total transfers, 1916.....	106,050		
Total for 1916, including transfers.....	1,052,649		
Total clearings and transfers, May 20, 1915, to Oct. 19, 1916..	4,487,468		

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank of—	To Sept. 20, 1916.		From Sept. 21, 1916, to Oct. 19, 1916, inclusive. ¹				Total change from May 20, 1915, to Oct. 19, 1916. ²	
	Decrease.	Increase.	Balance to credit Sept. 21, 1916, plus net deposits of gold since that date.	Balance Oct. 19, 1916.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		17,085	13,315	13,830		515		17,600
New York.....	191,143		39,857	7,184	32,673		223,816	
Philadelphia.....		46,199	11,699	13,687		1,988		48,187
Cleveland.....		12,011	11,311	11,035	278			11,733
Richmond.....		16,495	9,955	17,481		7,526		24,021
Atlanta.....		17,250	³ - 1,130	2,795		3,925		21,175
Chicago.....	10,609		21,761	25,164		3,403	7,206	
St. Louis.....		6,458	758	4,739		3,981		10,439
Minneapolis.....		4,125	2,525	4,552		2,027		6,152
Kansas City.....		25,671	8,738.5	8,327.5	411			25,260
Dallas.....		22,746	³ - 1,991.5	10,668.5		12,660		35,406
San Francisco.....		33,712	6,712	4,049	2,663			31,049
Total.....	201,752	201,752	123,510	123,510	36,025	36,025	231,022	231,022

¹ Changes in ownership of gold during period Sept. 21, 1916, to Oct. 19, 1916, equal 5.3 per cent of obligations settled.
² Total changes in ownership of gold equal 5.15 per cent of total obligations settled.
³ Withdrawals have exceeded balance plus deposits.

Gold settlement fund—Summary of transactions, Sept. 22, 1916, to Oct. 19, 1916, inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Sept. 21, 1916.	Gold.		Transfers.		Settlement of Sept. 23, 1916.				Sept. 23, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		With-drawn.	Depos-ited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston.....	15,815				250	397	11,181	10,784		15,668		147
New York.....	9,857		10,000			8,138	36,086	27,948		11,719	8,138	
Philadelphia.....	17,179					591	25,576	22,985		16,588	591	
Cleveland.....	11,431						12,285	14,035	1,750	13,181		1,750
Richmond.....	13,065	1,590	200				11,180	13,693	2,513	14,188		2,513
Atlanta.....	2,870	2,000					5,964	8,134	2,170	3,040		2,170
Chicago.....	21,631					2,008	23,268	21,260		19,623	2,008	
St. Louis.....	2,258						17,368	18,511	1,143	3,401		1,143
Minneapolis.....	3,525						4,875	6,639	1,764	5,289		1,764
Kansas City.....	11,738.5	600					10,675	11,172	497	11,635.5		497
Dallas.....	5,148.5	2,820	2,000				5,377	7,523	2,146	6,474.5		2,146
San Francisco.....	6,712			250		849	2,861	2,012		5,613	1,099	
Total.....	121,230	7,010	12,200	250	250	11,933	164,696	164,696	11,933	126,420	11,933	11,933

Gold settlement fund—Summary of transactions, Sept. 22, 1916, to Oct. 19, 1916, inclusive—Continued.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Sept. 22, 1916.	Gold.		Transfers.		Settlement of Oct. 5, 1916.				Oct. 5, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	15,668	2,500		1,000	1,000	2,863	12,900	10,037		10,305	2,863	
New York	11,719		5,000			13,952	40,198	26,246		2,767	13,952	
Philadelphia	16,588	400		2,000			20,264	25,197	4,933	19,121		2,933
Cleveland	13,181	100					10,883	11,865	982	14,063		982
Richmond	14,188	1,950	720				11,094	14,305	3,211	16,169		3,211
Atlanta	3,040	1,000					6,669	7,410	741	2,781		741
Chicago	19,623				2,000		19,248	21,961	2,713	24,336		4,713
St. Louis	3,401				1,000		15,200	16,229	1,029	5,430		2,029
Minneapolis	5,289	1,000				824	4,775	3,951		3,465	824	
Kansas City	11,635.5	1,500					10,416	10,587	151	10,286.5		151
Dallas	6,474.5	3,000					5,620	10,738	5,118	8,592.5		5,118
San Francisco	5,613			1,000		1,239	4,017	2,778		3,374	2,239	
Total	126,420	11,450	5,720	4,000	4,000	18,878	161,284	161,284	18,878	120,690	19,878	19,878

Federal Reserve Bank of—	Balance last statement, Oct. 5, 1916.	Gold.		Transfers.		Settlement of Oct. 12, 1916.				Balance in fund after clearing, Oct. 12, 1916.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	10,305			1,000			14,229	15,313	1,084	10,389		84
New York	2,767				3,000	16,206	42,810	26,604		10,439	13,206	
Philadelphia	19,121	5,240	160				21,133	23,330	2,197	16,238		2,197
Cleveland	14,063		80			682	11,120	10,438		13,411	682	
Richmond	16,169	600	950	2,000			12,132	15,026	2,894	17,413		894
Atlanta	2,781	500			280		7,454	7,715	261	2,822		541
Chicago	24,336				1,500		17,270	19,593	2,323	28,159		3,823
St. Louis	5,430			1,500			14,480	16,589	2,109	6,039		609
Minneapolis	3,465			80			5,031	6,366	1,335	4,720		1,255
Kansas City	10,286.5	600					12,141	12,364	223	9,909.5		223
Dallas	8,592.5	3,020					6,335	9,893	3,558	9,180.5		3,558
San Francisco	3,374			200			2,454	3,358	904	4,078		704
Total	120,690	9,960	1,190	4,780	4,780	16,888	166,589	166,589	16,888	111,920	13,888	13,888

Federal Reserve Bank of—	Balance last statement, Oct. 12, 1916.	Gold.		Transfers.		Settlement of Oct. 19, 1916.				Balance in fund after clearing, Oct. 19, 1916.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	10,389						13,775	17,216	3,441	13,830		3,441
New York	10,439		15,000		4,250	1,627	34,102	32,475		7,184		2,623
Philadelphia	16,238					2,551	24,370	21,819		13,687	2,551	
Cleveland	13,461	100				2,328	12,798	10,470		11,033	2,328	
Richmond	17,413	1,090	160				12,706	13,614	908	17,481		908
Atlanta	2,822	500			200		6,762	7,035	273	2,795		473
Chicago	28,159		130	4,000			19,312	20,187	875	25,164	3,125	
St. Louis	6,039	1,500					17,096	17,296	200	4,739		200
Minneapolis	4,720					168	6,407	6,239		4,552	168	
Kansas City	9,909.5	300		200		1,082	12,841	11,759		8,327.5	1,282	
Dallas	9,180.5	550	250	250			6,572	8,660	2,088	10,668.5		1,833
San Francisco	4,078					29	2,391	2,362		4,049	29	
Total	111,920	3,950	15,540	4,450	4,450	7,785	169,132	169,132	7,785	123,510	9,483	9,483

1 Overdraft.

Federal Reserve Agents' Fund—Summary of transactions Sept. 22, 1916, to Oct. 19, 1916, inclusive.

[In thousands of dollars.]

Federal Reserve Agent at—	Sept. 21, 1916, bal- ance.	Week ending Sept. 29, 1916.			Week ending Oct. 5, 1916.			Week ending Oct. 12, 1916.			Week ending Oct. 19, 1916.		
		With- drawn.	Depos- ited.	Bal- ance.	With- drawn.	Depos- ited.	Bal- ance.	With- drawn.	Depos- ited.	Bal- ance.	With- drawn.	Depos- ited.	Bal- ance.
Philadelphia.....	3,420	.....	.....	3,420	.....	400	3,820	360	240	3,700	.....	.....	3,700
Richmond.....	5,500	450	1,500	6,550	.....	1,950	8,500	100	600	9,000	.....	1,000	10,000
Atlanta.....	8,550	.....	2,000	10,550	.....	1,000	11,550	.....	500	12,050	.....	500	12,550
Chicago.....	3,080	.....	.....	3,080	.....	.....	3,080	.....	.....	3,080	.....	130	2,950
St. Louis.....	2,710	200	.....	2,510	.....	.....	2,510	200	.....	2,310	.....	1,500	3,810
Minneapolis.....	1,350	.....	.....	1,350	.....	1,000	2,350	.....	.....	2,350	.....	.....	2,350
Kansas City.....	9,500	.....	.....	9,500	.....	1,500	11,000	400	600	11,200	.....	300	11,500
Dallas.....	4,980	200	2,800	7,580	200	2,500	9,880	.....	1,000	10,880	.....	500	11,380
San Francisco.....	9,740	.....	.....	9,740	.....	.....	9,740	150	.....	9,590	.....	.....	9,590
Total.....	48,830	850	6,300	54,280	200	8,350	62,430	1,210	2,940	64,160	130	3,800	67,830

INFORMAL RULINGS OF THE BOARD.

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

Loans on Farm Land.

I wish to acknowledge receipt of your letter of September 27, 1916, relating to the construction of Regulation G of the Federal Reserve Board.

The Federal Reserve Act as originally passed by Congress authorized any national bank to make loans on improved and unencumbered farm land under certain specified conditions. In an act approved September 7, 1916, this section of the Federal Reserve Act was amended so as to authorize any national bank to loan on any other improved and unencumbered real estate, as distinguished from farm land, provided such real estate is located within 100 miles of the place in which the loaning bank is located.

Under the terms of the amended law and the regulation of the Board a loan on real estate other than farm lands, which will, of course, include city or town property, must not be for a period longer than one year, nor shall the amount of any such loan exceed 50 per cent of the actual value of the property by which the loan is secured.

OCTOBER 3, 1916.

Member Bank Reserves.

In reply to yours of the 3d instant, you are advised that under the regulations of the Board member banks are now permitted to carry with their Federal Reserve Bank any portion of their reserve heretofore required to be maintained in their own vaults. It is, of course, understood that the aggregate in vault with the Federal Reserve Bank, and with the approved reserve agent, must equal the total amount required by law to be maintained.

OCTOBER 4, 1916.

Clayton Act Interpretations.

Your letter of September 28, 1916, addressed to the Secretary of the Treasury, has been referred to this office for attention.

Section 8 of the Clayton Antitrust Act relating to interlocking bank directorates does not attach any penalty for noncompliance with its provisions. Section 11 of that act, however, authorizes the Federal Reserve Board to serve a complaint upon any person violating the provisions of section 8, stating its charges and containing a notice of a hearing. If the Board upon hearing believes the law is being violated, it shall, under the terms of section 11, serve an order requiring the person complained of to desist from such violations and to resign the directorships held contrary to law.

Upon failure to obey such order the Board may apply to the Circuit Court of Appeals of the United States for its enforcement. In the proceedings before the Circuit Court findings of fact before the Board shall be conclusive, though new evidence may be introduced by either party, and the judgment and decree of the Circuit Court is final, except that it is subject to review by the Supreme Court of the United States upon certiorari.

OCTOBER 4, 1916.

In reply to your letter of the 6th instant, I wish to state that in the opinion of Counsel for the Board the acts of a director of a member bank as director, after October 15, 1916, are valid even though he should later be adjudged disqualified to serve as such by a circuit court of appeals as provided under section 11 of the Clayton Act.

It is understood, however, that acts after the decree of the circuit court of appeals denying the right to serve as director would not merely be invalid but also in contempt of court.

OCTOBER 14, 1916.

Real Estate Loans.

In answer to your letter of October 11, I beg to call your attention to the following letter sent out by the Board on September 13, 1915,

and published on page 309 of the Federal Reserve Bulletin of that year:

"While it is the opinion of the Board that, as a matter of sound business policy, banks should not be interested in real estate to an extent greater than the limit prescribed by section 24, the Board feels that the law is such that neither the Board nor the Comptroller of the Currency can require banks that may choose to make loans under section 24 to include as a limitation under that section the aggregate of real estate loans which they may have acquired under section 5137, Revised Statutes."

You will notice that this opinion was expressed before the recent amendment to section 24, but although there has been no definite ruling since the adoption of that amendment, this would seem to be equally valid to-day.

OCTOBER 14, 1916.

Election of Directors.

Question has been raised whether or not a resident of that part of Connecticut, which is now located in the New York Federal Reserve district, may properly be elected as a class A director of the Federal Reserve Bank of Boston.

66559°—16—4

Section 4 of the Federal Reserve Act provides that—

"Class A shall consist of three members, who shall be chosen by and be representative of the stockholding banks."

There is no expressed provision specifying that a person to be eligible as a class A director must be a resident of the district, but the Board may very properly rule that a director, to be representative of the stockholding banks, must be located in the same district as those banks. If such were not the case it would be possible for all 12 Federal Reserve Banks, for instance, to elect one and the same person as a class A director.

The term "representative of the stockholding banks" must mean more than the fact that a person is elected by such banks, because the act provides that such director shall be "chosen by and be representative of" such banks.

It is the opinion of the Board, therefore, that though the Federal Reserve Act does not specifically require that a class A director shall be a resident of the district, nevertheless Congress clearly intended that all of the class A directors should not merely be elected by the member banks but that they should also be truly representative of them and that to insure compliance with this latter requirement such directors should be residents of the district.

OCTOBER 16, 1916.

LAW DEPARTMENT.

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

Presentment of Bills for Acceptance.

The drawer and indorsers of a bill of exchange made payable on a date specified in the bill are not discharged by a failure to present for acceptance, unless the bill expressly provides that it must be presented for that purpose, or unless it is payable elsewhere than at the residence or place of business of the drawee.

OCTOBER 17, 1916.

SIR: Certain questions have been raised as to the status of a draft discounted by a Federal Reserve Bank. The draft was drawn September 14, 1916, and made payable on November 15, 1916. Attached to the draft is the custodian's receipt for 1,075 bales of cotton. The amount of the draft is \$85,000, an amount in excess of 10 per cent of the capital and surplus of the national bank for which it was rediscounted.

The question to be determined is whether this draft, which has not been presented to the drawee for acceptance, is a bill of exchange drawn in good faith against actually existing values within the meaning of section 13 of the Federal Reserve Act.

The instrument is drawn in the form of a bill of exchange and is made payable on a date specified in the bill. The fact that it has not been presented for acceptance does not, under the provisions of the negotiable instruments law and under the decisions of the various courts, affect the status of the bill.

Section 143 of the negotiable instruments law provides that—

Presentment for acceptance must be made:

1. Where the bill is payable after sight, or in any other case where presentment for acceptance is necessary in order to fix the maturity of the instrument; or
2. Where the bill expressly stipulates that it shall be presented for acceptance; or
3. Where the bill is drawn payable elsewhere than at the residence or place of business of the drawee.

In no other case is presentment for acceptance necessary in order to render any party to the bill liable.

There does not seem to be any doubt, therefore, that the failure of the holder to present the bill in question for acceptance has not discharged the drawer or the indorsers and has not affected its status as a bill. It is a date bill and not a bill coming within the provisions of section 143.

The remaining question, therefore, is whether it is a bill "drawn in good faith against actually existing values." It is drawn against a custodian's receipt for 1,075 bales of cotton and is, consequently, drawn against actually existing values as that phrase is generally understood.

It is the opinion of this office, therefore, that there is no legal objection to the discount of this bill by the Federal Reserve Bank, provided, of course, that it was a bill drawn in good faith against actually existing values. Any instrument drawn in the form of a bill of exchange on a dummy drawee or drawn on a drawee to whom it was never intended to present the bill for acceptance or payment would not, in the opinion of this office, be a bill of exchange drawn in good faith against actually existing values.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To W. P. G. HARDING,
Governor Federal Reserve Board.

Loans on City Real Estate.

National banks in making loans secured by improved and unencumbered real estate may lend an amount equal to one-half of the market value of the real estate as improved. The value of the improvements constitutes a part of the value of the property offered as security.

OCTOBER 17, 1916.

SIR: The attached letter from the governor of the Federal Reserve Bank of Chicago has been referred to this office for an opinion. The

question involved is whether a member bank in making a loan on city real estate may loan up to one-half of the market value of the property, including insurable improvements.

Section 24 of the Federal Reserve Act, as amended, reads in part as follows:

"Any national banking association not situated in a central reserve city may * * * make loans secured by improved and unencumbered real estate located within one hundred miles of the place in which such bank is located, irrespective of district lines; * * * no loan made upon the security of such real estate * * * shall be made for a longer time than one year, nor shall the amount of any such loan * * * exceed fifty per centum of the actual value of the property offered as security."

It will be observed that these loans can be made only upon improved real estate. It is clearly contemplated, therefore, that the property offered as security shall consist of the real estate and improvements. If this were not true Congress would not have specified that such real estate should be improved, and since the statutes specifically authorize the loans to the amount of 50 per cent of the property offered as security, it seems entirely clear that the 50 per cent valuation will apply to the real estate, together with the insurable improvements, and not merely to the real estate which could not be accepted as security without the improvements.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To W. P. G. HARDING,

Governor Federal Reserve Board.

Real Estate Loans by Central Reserve City National Banks

Any national bank located in the outskirts of a central reserve city, but within the corporate limits of such city, is not authorized under the provisions of the Federal Reserve Act to make loans on real estate.

SEPTEMBER 27, 1916.

SIR: This office has been asked for an opinion on the question of whether or not a national bank located in the outskirts of

Chicago, but within the city limits, may make loans on real estate under authority of section 24 of the Federal Reserve Act.

Section 24 provides, in part, that—

"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."

This language is free from ambiguity and while it may work a hardship on the small banks in the outlying districts of central reserve cities, the board is without power to grant them immunity.

As Chicago is a central reserve city, a national bank located within its limits is not authorized by the terms of the act to make real estate loans.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To W. P. G. HARDING,

Governor Federal Reserve Board.

Promissory Notes of Member Banks.

Member banks in procuring advances from their Federal Reserve Banks on their promissory notes, must secure such notes by paper eligible for rediscount or for purchase by Federal Reserve Banks or by bonds or notes of the United States. County warrants are not eligible as security.

OCTOBER 5, 1916.

SIR: This office has been asked for an opinion on the question of whether or not a Federal Reserve Bank may make advances to its member banks on their promissory notes secured by county warrants.

Section 13 of the Federal Reserve Act, as amended by the Act approved September 7, 1916, provides, in part, as follows:

"Any Federal Reserve Bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days, * * * provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve Banks under the provisions of this Act, or by the deposit or pledge of bonds or notes of the United States."

This section specifies in detail the forms of security which may be accepted by Federal Reserve Banks as collateral security for bills payable discounted for member banks.

It will be observed that county warrants are not included in the list of securities mentioned. It is significant that while municipal and county warrants are dealt with elsewhere in the Act, in the same section in which United States bonds are made eligible for purchase by Federal Reserve Banks United States bonds are mentioned in the foregoing provision while county warrants and municipal securities are omitted.

In the opinion of this office, therefore, there is neither expressed nor implied authority for a Federal Reserve Bank to make advances to any of its member banks on promissory notes secured by county warrants.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To W. P. G. HARDING,

Governor Federal Reserve Board.

Allonges.

An indorsement of negotiable paper which is made upon a separate piece of paper attached to the original instrument is a valid indorsement of such instrument.

JULY 12, 1916.

SIR: The opinion of this office has been requested on the question of whether or not member banks, in offering paper to their respective Federal Reserve Banks for rediscount, may indorse such paper on a separate piece of paper attached to the instrument to be rediscounted.

The general rule is that an indorsement, to be valid, must be on the instrument itself. (Osgood's *Admrs. v. Artt*, 17 Fed., 575.) Usually it is written on the back of the security. It has been held, however, that an indorsement upon any other part of the instrument is just as valid as though written upon its back. (Young *v. Glover*, 3 Jur. (N. S.), 637.) An indorsement upon the face of the instrument was held good in *Haynes v. Dubois* (30 N. J. Law,

259). (Also see Norton on Bills and Notes, 4th ed., p. 151.)

The cases and text writers agree, therefore, that an indorsement to be valid must usually be somewhere upon the instrument. The only exception seems to be the case where the indorsement is made upon a separate piece of paper attached to and made a part of the original instrument. This exception apparently developed because of its necessity in those cases where there was not sufficient room left for the indorsement on the back of the note or bill. It seems, however, that, though the primary reason for the exception was lack of space, nevertheless, an indorsement in this manner is valid whether or not there is any room left on the back of the instrument.

In the case of *Osgood's Admrs. v. Artt*, supra, decided in 1883, Mr. Justice Harlan said:

"As a general rule the legal title to negotiable paper, payable to order, passes, according to the law merchant, only by the payee's indorsement on the security itself. The only established exception to this rule is where the indorsement is made on a piece of paper, so attached to the original instrument as, in effect, to become part thereof, or be incorporated into it. This addition is called, in the adjudged cases and elementary treatises, an allonge. That device had its origin in cases where the back of the instrument had been covered with indorsements, or writing, leaving no room for further indorsements thereon. But, perhaps, an indorsement upon a piece of paper, attached in the manner indicated, would now be deemed sufficient to pass the legal title, although there may have been, in fact, room for it on the original instrument."

Since the decision of that case the negotiable instruments law has been adopted in 45 States. Section 31 of that law provides that—

"The indorsement must be written on the instrument itself or upon a paper attached thereto. The signature of the indorser, without additional words, is a sufficient indorsement."

It is clear, therefore, that in any State which has adopted the negotiable instruments law an indorsement made upon a separate piece of

paper attached to the original instrument is valid, and it is also probable that such an indorsement would be valid under the common law even in those few States which have not adopted the negotiable instruments law.

Some courts in analogous cases have considered perforation of an attached piece of paper as an indication that it was intended for severance and that it was therefore not really a part of the original contract (see *New Bank of Eau Claire v. Kleiner*, 112 Wis., 287; *Cedar Rapids National Bank v. Barnes* (Tex.), 142 S. W., 632). In view of these cases it would seem to be advisable that the attached slips bearing the indorsement should not be perforated. Furthermore, as a matter of business prudence this slip should contain a notation identifying the note to which it is attached.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To CHARLES S. HAMLIN,
Governor Federal Reserve Board.

Savings Accounts as Time Deposits.

Savings accounts opened under regulations which do not require the presentation of the pass book on withdrawal of deposits, but which merely authorize the member bank to require the presentation of such book, are not savings accounts within the definition of that term in Regulation D, series of 1916.

OCTOBER 5, 1916.

SIR: The attached letter from a certain national bank raises the question whether its savings deposits may properly be considered time deposits for the purpose of computing its reserve.

Section 19 of the Federal Reserve Act provides, in part, that—

“Time deposits shall comprise all deposits payable after thirty days and all savings accounts and certificates of deposit which are subject to not less than thirty days notice before payment.”

The Federal Reserve Board, in defining the term “savings account” in Regulation D, series of 1916, has provided that—

The term “savings accounts” shall be held to include those accounts of the bank in respect to which, by its printed regulations, accepted by the depositor at the time the account is opened—

(a) The pass book, certificate, or other similar form of receipt must be presented to the bank whenever a deposit or withdrawal is made, and

(b) The depositor may at any time be required by the bank to give notice of an intended withdrawal not less than 30 days before a withdrawal is made.

The savings accounts of the national bank in question are opened under regulations printed in its pass book and agreed to in writing by the depositor. One of the provisions of those regulations is that—

“Ordinarily withdrawals of deposits will be permitted without notice, but the bank reserves the right to require thirty days notice in writing of withdrawals.”

This provision evidently complies with clause (b) of the Board's regulation defining savings accounts. Clause (a) of that regulation, however, specifies that the pass book, certificate, or other similar form of receipt must be presented whenever a deposit or withdrawal is made and the bank's regulations specify merely that “the bank reserves the privilege of requiring the presentation of the bank book with all withdrawals of funds,” and that deposits may be withdrawn on written order substantially in the form of the ordinary bank check. There is no binding obligation on the depositor to present the pass book in all events so that it is the opinion of this office that the deposits in question are not savings or time deposits within the meaning of Regulation D, series 1916.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To W. P. G. HARDING,
Governor Federal Reserve Board.

SUMMARY OF BUSINESS CONDITIONS OCT. 23, 1916.

	District No. 1— Boston.	District No. 2— New York.	District No. 3— Philadelphia.	District No. 4— Cleveland.	District No. 5— Richmond.	District No. 6— Atlanta.
General business...	Very good.....	Very active.....	Good.....	Very active.....	Highly satisfactory..	Good.
Crops:						
Condition.....	Fair.....	Generally light harvests.	Fair.....	Mixed; tobacco splendid.	Yield below normal.	Fruit crops good.
Outlook.....		Good prices	do.....	Fair.....	Record preparations anticipated.	Winter crops fair.
Industries of the district.	Very busy.....	Working to ca- pacity.	Very busy.....	Engaged to capac- ity.	Excellent, except lumber, which promises improve- ment.	Working to capac- ity; plenty of or- ders booked.
Construction, building.	Ahead of any pre- vious year.	Building permits decrease.	Fairly active.....	Satisfactory, except for delays due to lack of material and labor.	Building above the average for this season.	Slow, apparently owing to high cost of materials.
Foreign trade.....	Decreased.....	Increasing.....	Good.....		Exports beyond all precedent.	Improving.
Bank clearings...	Little change.....	do.....	Increase.....	7 large cities in dis- trict report 27.5 per cent increase for first half of October, 1916, over same period last year.	Large increase, indi- cating great activ- ity.	Large increases.
Money rates.....	Easy.....	Firmer.....	Easy.....	Steady; no increase.	4 to 6 per cent; fair demand.	Steady.
Railroad, post- office, and other receipts.	Increasing.....	Increased.....	Increasing.....	Both show increases.	Indicate increases...	Increasing.
Labor conditions..	Well employed; wages high and satisfactory.	Unsettled.....	Unsettled.....	Scarcity; few strikes.	Well employed and in demand; high wages.	Satisfactory.
Outlook.....	Promising.....	Good.....	Good.....	Good.....	Most promising.....	Bright.
Remarks.....	Activity in practi- cally every line.	A period of ex- traordinary activ- ity in secur- ities.		Trade brisk; condi- tions in general very satisfactory.		
	District No. 7— Chicago.	District No. 8— St. Louis.	District No. 9— Minneapolis.	District No. 10— Kansas City.	District No. 11— Dallas.	District No. 12— San Francisco.
General business...	Continuing activ- ity.	Very active.....		Still expanding.....	Very good.....	Good.
Crops:						
Conditions.....	Fair.....	Spotted; high prices prevailing.		Need moisture.....	Good.....	Chiefly harvested.
Outlook.....	Large acreage of winter wheat.			Fair.....	Promising.....	Short volume; high returns.
Industries of the district.	Actively engaged..	Very active.....	Active.....	Working to full ca- pacity.	In good condition; reports encourag- ing.	Active, except lum- bering.
Construction and building.	Slow in Chicago; brisk in some manufacturing towns.	Increase.....	Active.....	Building permits increased.	Much improvement shown in building and engineering.	31 per cent increase over 1915.
Foreign trade.....				Horses and mules less than last year, grain also less than 1915.	Good.....	Large increase.
Bank clearings...	Increasing.....	Increase.....	Increasing.....	Increase.....	50 per cent increase, Sept., 1916, over Sept., 1915.	35 per cent increase over 1915.
Money rates.....	Easy; no change..	No change; money easy.	Steady.....	No change; short de- mand.	Easy, with tendency to decrease.	Practically un- changed; slightly lower tendency.
Railroad, post- office, and other receipts.	Post-office receipts increasing.	Increase.....	Increasing.....	Increase.....	Good increase shown in these lines.	Increasing.
Labor conditions..	Good.....	Fair.....	Good.....	Quiet; labor short- age continues.	Labor well em- ployed, especially unskilled, no dis- turbances.	Somewhat unset- tled.
Outlook.....	Satisfactory.....	Bright.....	Good.....	Promising.....	Very promising.....	Very favorable.
Remarks.....	No change from previous reports. Manufacturers seem to have good volume of business and farmers pros- perous.			General conditions continue highly satisfactory.	High prices for farm products cause ex- cellent trade. Banks show in- crease in deposits largest in history. Collections good.	

GENERAL BUSINESS CONDITIONS.

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

DISTRICT NO. 1—BOSTON.

The expansion of business in general and the increase in retail trade continues unabated; while the current tendency seems to be toward even greater activity and higher prices, rather than toward any slackening of demand.

High and increasing cost of everything used in manufacturing is the most pronounced feature in the situation. Raw materials of practically every kind are scarce and any special demand raises prices at once. This has been well illustrated in leather, where the efforts of domestic manufacturers of leather goods and shoes to cover their requirements on contracts have shown the market to be practically bare of some kinds of leather and have forced prices upward 10 per cent or 15 per cent in two or three weeks. Manufacturers of all kinds of goods have therefore become cautious about making future contracts until they can see their way clear to secure the materials needed to cover. The effect of this condition on the jobber, retailer, and even the consumer is to lead him to stock up before prices advance further. As labor is being well employed at increased wages and as the farmers are securing good prices for their crops, the buying power of this district has been materially increased and retailers everywhere are reporting exceptionally good business.

The money market continues dull and easy, with no apparent change. Call money, 3 per cent; six months' money, $3\frac{1}{2}$ per cent to $3\frac{3}{4}$ per cent, with exceptions at $3\frac{1}{4}$ per cent and some business at 4 per cent; year money, 4 per cent

to $4\frac{1}{2}$ per cent. Town notes, fall maturities, 2.75 to 3 per cent; spring maturities, 3 per cent to $3\frac{1}{2}$ per cent; 90-day bankers' acceptances, $2\frac{3}{8}$ per cent upward indorsed, $2\frac{1}{2}$ per cent upward unindorsed.

Loans and discounts of the Boston Clearing House banks on October 14 show an increase of \$16,587,000 over last month and demand deposits have increased \$13,843,000 in the same period. The amount "due to banks" on October 14 was \$150,161,000 as compared with \$130,044,000 on September 16. The excess reserve of these banks increased from \$26,940,000 on September 16 to \$36,168,000 on October 14. Exchanges of the Boston Clearing House for the week ending October 14 were \$189,721,963 as compared with \$203,964,782 for the corresponding week last year and \$186,433,957 for the week ending September 16.

Building and engineering operations in New England continue to set a new high record. From January 1 to October 18 these contracts amounted to \$168,003,000 as compared with \$141,914,000 for the corresponding period of 1915, and \$155,203,000 for the same period in 1912, the best previous year on record.

Exports from the port of Boston for September, 1916, amounted to \$15,091,461 as compared with \$17,678,230 for August, 1916, and \$7,177,360 for September, 1915. Imports for September, 1916, amounted to \$9,148,998, a decrease of \$2,023,886 from August, 1916, and a decrease of \$3,097,535 from September, 1915.

The receipts of the Boston post office for September, 1916, show an increase of only \$12,000, or less than 2 per cent over September, 1915. For the first 15 days of October receipts were about 9 per cent, or \$30,000 over the corresponding period last year.

The Boston & Maine Railroad reports net operating income, after taxes, for August, 1916, as \$1,703,943 as compared with \$1,270,930 for the corresponding month of 1915. The New York, New Haven & Hartford Railroad

reports net operating income, after taxes, for August, 1916, as \$2,366,073, as compared with \$2,114,540 for the same month last year. One of the larger railroad systems states that there are about 15 per cent more freight cars on its lines than normal, but that the number now is about 20 per cent under what it was at the time of the embargo last spring.

Now that the harvest is in, reports indicate that the results are about as estimated a month or two ago. The hay crop was well above normal. The apple production is about 75 per cent of normal with a great deal of apple scab and the quality generally not up to the average. The grain and oat crop was comparatively light. The prevailing high price for potatoes more than offsets the deficiency in the yield, which was not as great as it has been in some years past. The cranberry crop is small, due to wet weather in the early spring.

The uncertainty in the leather situation and the rapid rise in prices has been very disconcerting to boot and shoe manufacturers. They are running their factories at full capacity and are taking care of their regular customers for some months in advance. Beyond this they have no idea what prices to ask in order to protect themselves. Retailers are buying all that the factories can produce and the larger manufacturers are distributing their output in proportion to the amount purchased by the retailer and jobber in former years. Collections are very good and this would seem to indicate that goods are being sold to the ultimate consumer and not retained on the shelves of the retailer.

The dry goods business continues active. The most serious problem confronting the dry goods merchant is the prices asked for advanced orders and he is in doubt whether to purchase now and risk a drop in prices before he receives and sells the goods or wait for lower prices and perhaps be unable to get the goods later.

Wool prices are strong, but dealers feel that the advance is legitimate and the purchasers, for the most part, are buying to cover contracts. The situation in regard to the importing of wool has not changed. Some wool is

coming in from Africa and South America, but little or none from Australia or the other British colonies. The woolen and worsted mills are running as full as practicable, the worsted mills being retarded to some extent by the high price of wool required for that industry. It is said that this is the best high-price wool market we have had for a great many years.

In the cotton-goods industry conditions are practically the reverse of what they were in 1914. At that time manufacturers were well supplied with finished goods and were glad to make even small sales. At present the mills have practically no finished goods for spot delivery and buyers must content themselves with making future contracts. It is now the buyer and not the seller who is urging business. Cloth brokers are visiting mills and in many instances are willing to make contracts for delivery starting late next spring and running well into the summer. Manufacturers who have been through similar periods are exercising caution against the day when they may find themselves with high cost materials on hand and contracts for their goods canceled. With this in view they are reluctant to make commitments as far ahead as the buyers desire. This is of course natural, in a rising market, when purchasers can see a profit in everything they have bought. It has been some years since new mills in any considerable number have been built, but now in New Bedford alone three or four mills are in the process of erection which will add hundreds of thousands of new spindles to that city's capacity and bring in many new operatives. Mill stocks have increased materially in value and price during the last year and on the average are selling higher than for some years past, while in many instances they are establishing new high records. While the price of cotton goods at retail has advanced, it has not kept pace with the increased production cost nor with the prices being obtained by manufacturers. Therefore, when jobbers and retailers reach the end of their stocks, purchased many months ago at lower prices, radical price increases will probably be necessary unless, in the meantime, there is some decided change in the situation.

DISTRICT NO. 2—NEW YORK.

In spite of the existing high prices remarkable activity continues in most lines of business with a general tendency toward further expansion. Manufacturers are unable to keep pace with their orders, being handicapped by labor shortage and other deterrents.

Business in both wholesale and retail markets has been stimulated by more seasonable weather. In the wholesale trade, buying for next spring shows some conservatism. Department stores report a slight falling off in collections, but expect, in the near future, an improvement in this condition together with a material increase in sales. Retail clothing stores are doing a large volume of business.

The cotton goods trade is prosperous although the price of raw materials is very high and the mills have been unable to run to capacity because of the scarcity of labor. In the white goods line, both sales and collections are good. Demand for woolen goods is strong. The retail concerns in this line are placing large orders with the wholesale dealers.

In the leather market there is a heavy demand for raw materials and a continued rise in prices, which is reflected in the higher cost of manufactured goods.

The metal trades are very active. Heavy buying continues in iron and steel, the decrease in September of 137,773 tons in the unfilled orders of the largest producer being accounted for by better working conditions and a consequent increase in shipments. Active buying by railroads of cars and other equipment is reported. Electrical supplies and equipment are in good demand. A large concern in this line reports that the mills are running to capacity with more orders on hand than they are able to fill. The position of the copper market is very strong, owing to large purchases by foreign governments. A large volume of business is reported in paints, drugs, and chemicals. Conditions in the furniture trade are excellent, orders being plentiful and collections good. There are no labor troubles, and very few failures have occurred in this line.

Jewelers report that sales and collections are satisfactory. Shipyards are very busy. They are reported to be buying supplies for delivery as far ahead as the spring of 1918. Meat packers report satisfactory conditions in the domestic market and a steady volume of export trade from this port. The building trade in New York City has been quiet, statistics for September showing a decrease from last year of \$2,859,349. Dealers in building materials report small sales and abnormally high prices.

The scarcity of freight cars in all classes of equipment became more acute during September, the net shortage on the railroads of the country having increased from 19,873 cars to 61,030 cars.

Recent developments of importance in the labor situation have been the settlement of the controversy between the milk distributors and producers and the outbreak of a serious strike among the workers in several large oil plants in Bayonne, N. J.

The New York Stock Exchange is passing through a period of extraordinary activity on a rising market. Transactions in stocks, in September, totaled 30,096,390 shares compared with 18,558,765 in September, 1915. Bonds sold during the month amounted to \$96,384,000 par value against \$81,171,000 in the same month last year.

Exchanges through the New York Clearing House for the year ended September 30 aggregated \$147,180,709,461. This represents the most active year in the existence of the association, the above figures showing an increase over last year's total of \$56,338,001,738 and surpassing the previous record year of 1906 by \$43,426,609,370. On October 14 members of the New York Clearing House reported loans, etc., \$3,337,732,000; deposits \$3,436,939,000, excess reserve \$68,914,410. Since September 2 loans have increased \$45,395,000, deposits increased \$12,170,000, and excess reserve decreased \$26,914,730.

Statistics for September, compared with the corresponding month of last year, show large increases in New York City bank clearings,

postal receipts, and exports and imports. Foreign trade and ocean passenger traffic was disturbed by submarine activities.

Failures in New York State during September show a reduction of 73 in number and \$2,026.351 in liabilities from September, 1915.

Call money rates were slightly firmer in September, ranging from 2 per cent to 3 per cent. Early in October call money touched 4 per cent for the first time since July and is now being quoted from 2½ per cent to 3 per cent. Time loans on collateral ruled higher in September and October. There was no change in the rate for prime bankers' acceptances eligible for discount at the Federal Reserve Bank, quotations being 2¾ per cent to 2¾ per cent for 90-day bills. Commercial paper sold at 3½ to 4 per cent in September and at 3¼ to 4 per cent in October.

Sterling exchange exhibited only fractional changes during September and October. Francs were stronger, being quoted at 5.83¼ for checks in the latter part of September. This month franc checks have been quoted between 5.84 and 5.85. Compared with August quotations marks and guilders have declined while rubles have advanced.

DISTRICT NO. 3—PHILADELPHIA.

Business conditions, as reported throughout the district, continue good beyond precedent, the only complaint being the scarcity of some kinds of raw materials and the shortage and high wages for both competent and ordinary labor.

The distribution of merchandise is proceeding along very satisfactory lines, the weather having been of material benefit to retail trade, and retailers are preparing for the heaviest Christmas trade in their experience. Wholesalers report that orders for immediate and future delivery of fall and winter commodities are being placed in very liberal volume. Manufacturers in all lines continue extremely busy.

The railroad freight-car shortage is a serious factor, as shown by the following decreases in eastbound empty cars on the Pennsylvania

Railroad at Lewistown Junction compared with the same months of the previous year: January, 844; February, 395; March, 331; April, 239; May, 877; June, 397; July, 457; August, 276; September, 204.

Clothing concerns in Philadelphia report that standard manufacturers have more business than they can care for, due to the extraordinary demand on the part of retailers and a lack of supplies from the fabric makers. Some orders for cloth placed 12 months ago are not yet completed. The situation in some markets is so bad that the tailor shops have been forced to run on half time.

In the coal market anthracite continues strong and steady, with demands greater than offerings. Bituminous is in active request, with supplies light because the scarcity of labor is limiting production. The railroads, steel plants, and large manufacturing concerns are buying freely at steadily advancing prices. The chief factors in the coal situation seem to be the great scarcity of labor and the shortage of cars, which conditions are tending to seriously curtail production. There was a decrease of 7,554 eastbound cars on the Pennsylvania Railroad at Lewistown Junction carrying bituminous coal during September compared with the same month of 1915. The production of coke is still far under the demand, and record prices are being offered for the limited output.

Fairly good crop yields and excellent prices have resulted in a general condition of prosperity among the farmers. The high prices received by the tobacco growers in Lancaster County for this year's crop have caused them to plan for an increased acreage in 1917. There is a scarcity of leaf at present.

Bradstreets report 73 failures in the district during September, compared with 65 in August, 48 in May, and 103 in February, the May and February figures being the low and high, respectively, for the year.

Business in groceries is good, but the high prices have curtailed profits. A shortage is reported in canned goods, especially tomatoes and corn, which has sent prices upward along

with other commodities. Rice is probably the single exception to the general rising prices. Scarcity of cheese and other dairy products is also evidenced in rising prices, and the price of milk to the consumer has already been raised in many localities.

The activity and rise in pig iron have been the feature of the iron and steel market during the past month, for which the renewed export demand is in part responsible. Activity in steel products continues with even increasing pressure. Heavy buying for the first half of 1917, and in some cases for the entire year, is reported. A scarcity of labor continues to make it difficult for plants to keep up their deliveries. Steel plate makers are sold ahead for the latter part of 1917, and even into 1918. Orders for business from foreign countries have been refused because of domestic pressure.

The markets for leather and glazed kid are extremely firm, tanners and dealers having reached the point where they must refuse orders because no leather is available to fill them. Many tanners of heavy leather are sold up until the end of this year, and some concerns beyond that period. America is supplying most of the world with leather, it being estimated that from 85 to 90 per cent of all the tanning is now done in this country. The demand from abroad is unabated, and cable inquiries are numerous and urgent. With the enormous quantities going out of the country, domestic buyers are facing famine conditions, and are dependent on tanners' policy in caring for customers. A real hide shortage, due largely to England's activity in buying up all South American hides available during the next few months, is aggravating the already acute situation. With the brisk inquiry for all grades of stock, together with only moderate supplies available, prices tend strongly upward.

The movement of lumber is about normal, but prices show an upward trend owing to lack of adequate transportation facilities, which renders it difficult to maintain stocks in some grades. The building industry is in fair condition, although the diffi-

culty in obtaining labor and the high prices of materials still occasion delay in the starting of many new projects. A feature of building construction has been the comparatively large number of new bank buildings during the past year. Five are now being erected in Philadelphia, in the heart of the city, within a radius of three blocks.

Exports during September were valued at \$44,377,000, exceeding by \$7,363,000 those of the preceding month, and are the largest in the history of the port. During the same month of last year, exports amounted to only \$9,720,000. Import values amounted to \$6,806,000, which is \$1,400,000 less than the imports during August of this year. In September, 1915, imports amounted to \$4,814,000.

Continued rise in the price of cotton and cotton goods during the past month has featured the market. Cautious buying, however, is the tendency. The weaving mills are in the market only to supply their present needs. The upholstery mills report dullness. The uncertainty of the situation has been reflected in cautious buying of wool. The mills have no stock of yarns on hand, and throughout the country there is but a small quantity of goods on the shelves. The policy of restricted buying is giving way to a freer method, for the chance of cheaper wool before the close of the European war seems slight. Local carpet and rug mills are running only about 75 per cent capacity. The knit-goods trade has continued very good. There is a scarcity of such goods and they find a ready market. Four new knitting mills have been started in this district during the past two months. Expansion in the silk trade is also evidenced by the establishment of six new mills. Artificial silk manufacturing concerns report an exceptionally good condition.

The supply of loanable funds in the banks continues large, and the rates for money easy.

DISTRICT NO. 4—CLEVELAND.

Conditions in this district have been accentuated in the past four weeks. To say that the activity in nearly all lines is on a scale now

recognized as the greatest ever experienced briefly summarizes the situation.

A long dry summer and fall has somewhat interfered with seeding operations, and farmers claim that much small grain planted has not taken root. Tobacco is now entirely housed, and a great deal of it is almost ready for market. It was a good crop. The sugar-beet crop will be short owing to the drought. A great many farmers who usually buy cattle to feed will not buy this fall on account of poor pasture and general shortage of fall feed.

Prices of iron ore and pig iron have advanced for spot delivery. The most serious problem in these lines is car shortage, causing delay at the docks. Lumber demand and inquiries continue fairly good.

So far as price and demand are concerned the bituminous coal trade is in better condition than it has been since the anthracite strike in 1903. The companies, however, are hampered in making deliveries owing to scarcity of railroad equipment, both cars and motive power, as well as inability to obtain sufficient labor. There is a tremendous shortage of coal in the Northwest. Prices at the mine have been from \$2.15 to \$3.50 per ton, and show the excitement which prevails in the market. It is reported that some industrial concerns have been forced to use their storage coal which is carried from year to year for emergencies. Furnace coke demand is in excess of the supply. Crude oil and gas operators are more active even than early in the spring when oil reached \$2.60 a barrel.

Additional strength is seen in the iron and steel market. There is no diminution in the volume of demand, and many of the railroads have come into the market for such cars as they could obtain with reasonable promptness. Structural steel has advanced \$2 a ton, and a spectacular advance to \$18 a ton in heavy melting steel has occurred. If severe weather conditions should be added to present labor and car difficulties the results might, at least temporarily, be very serious. Electrical and other equipment plants report a decided in-

crease in their domestic business. The window glass and plate glass industries are enjoying a large business and earning substantial profits. There is no slackening in the automobile and rubber industries. Many new automobile and accessory companies have arisen in the district, and a number of established companies are increasing their plants, output, and capital. There are slight indications, however, of some readjustment in this industry. Whether this shall take place in price or radical changes in construction where a decrease in popularity has been observed, is not yet evident.

The car shortage situation is the principal problem of the railroads, and is little improved as compared with 1915. The loads billed from stations in this district show 11 per cent increase. Traction traffic is above normal for this season. The annual report of a large lake ship-building concern illustrates the unusual prosperity in the lake trade. The company completed contracts for the year ending June 30 for boats aggregating 37,000 tons, while at the end of the fiscal year it had orders for an additional 195,000 tons.

Jobbers in shoes, dry goods, clothing, carpets, etc., report excellent business. Prices are steadily advancing, and indications for a continuance of present business are encouraging. Colder weather has given an impetus to retail trade, and merchants generally throughout the district are enthusiastic over the situation. In the larger centers the volume of sales shows an estimated increase of 12 per cent over the previous maximum at this season. Theaters as well as other places of amusement report large receipts. Post office receipts and comparisons are as follows:

	Sept., 1916.	Sept., 1915.	Increase.	Per cent of increase.
Akron.....	\$59,654	\$50,231	\$9,423	18.7
Cincinnati.....	255,761	247,083	8,678	3.5
Cleveland.....	319,015	296,594	22,421	7.5
Columbus.....	105,927	99,607	6,320	6.3
Pittsburgh.....	357,931	336,563	21,368	6.3
Toledo.....	93,432	85,978	7,454	8.6
Youngstown.....	26,122	21,891	4,231	19.3
Total.....	1,217,842	1,137,947	79,895	7.0

Labor is scarce in nearly all specialized lines. Labor is scarce in the coal fields and skilled workers still can find employment in the mills. Workers are being brought in from other parts of the country to relieve the stringency in the labor market. There are few disturbances or strikes, and a number of wage advances. Window glass factories announced a 10 per cent to 20 per cent advance for unskilled labor.

Scarcity of rentable buildings and a tendency toward higher rents are reported by real estate dealers. Much new construction work, especially among industrial plants, is from four to six months behind schedule time for completion. There is a brisk demand for small houses, and contractors are doing a good business in the medium grade of dwellings. Below are the building figures for seven large cities in the district.

	Permits issued.		Valuations.		Increase or decrease.	Per cent increase or decrease.
	Sept., 1916.	Sept., 1915.	Sept., 1916.	Sept., 1915.		
Akron.....	556	239	\$1,893,740	\$381,925	\$1,511,815	398.4
Cincinnati.....	1,260	1,303	847,515	1,264,444	1,416,929	132.9
Cleveland.....	1,339	1,147	2,713,730	2,356,620	357,160	15.1
Columbus.....	274	262	548,065	504,710	43,355	8.5
Pittsburgh.....	424	278	1,407,094	2,238,415	1,831,321	137.1
Toledo.....	382	257	676,836	701,648	124,812	13.5
Youngstown.....	124	102	395,245	164,430	230,815	140.3
Total.....	4,359	3,588	8,482,275	7,612,192	870,083	11.4

	Permits issued year ending—		Valuations for year ending—		Increase or decrease.	Per cent increase or decrease.
	Sept. 30, 1916.	Sept. 30, 1915.	Sept. 30, 1916.	Sept. 30, 1915.		
Akron.....	4,541	1,943	\$9,886,368	\$4,246,445	\$5,639,923	132.8
Cincinnati.....	16,304	15,340	11,004,610	12,203,173	1,198,563	9.8
Cleveland.....	13,747	13,917	30,429,721	29,778,369	651,352	2.1
Columbus.....	3,119	2,653	6,709,680	6,071,855	637,825	10.5
Pittsburgh.....	4,159	3,715	15,496,166	14,699,434	796,732	5.4
Toledo.....	4,093	2,649	9,634,996	6,683,508	2,951,488	44.1
Youngstown.....	1,271	1,039	3,415,099	2,913,395	501,704	17.2
Total.....	47,234	41,256	86,576,640	76,596,179	9,980,461	13.0

¹ Decrease.

Reports are universally satisfactory with respect to collections. One leading company reports as a feature the constantly increasing number of discounting customers, stating that a greater percentage of customers are paying cash than ever before in the history of the concern. Prosperity has now extended to the

smallest retail dealer, thus affecting collections favorably.

Banking transactions have been especially heavy throughout the month. The money market is somewhat steadier, but there are idle funds in many parts of the district. New financing continues in all the centers. Increased purchases of securities is in evidence. One unsatisfactory feature is the tendency of almost every group in our communities, business and professional, to pay large attention to fluctuations in securities markets. Deposits in banks are increasing. Member banks in the four reserve cities of this district showed an increase of fifty millions from May to September. Clearings are running large, as will be indicated by the appended table. Akron has been added to the list for this month, and in next month's report will be included figures from the city of Dayton.

	Oct. 1 to 15.		Increase.	Per cent of increase.
	1916	1915		
Akron.....	\$9,837,000	\$5,110,000	\$4,727,000	92.5
Cincinnati.....	69,359,400	62,226,250	7,133,150	11.4
Cleveland.....	120,752,272	78,538,845	42,213,427	53.7
Columbus.....	22,428,000	15,987,500	6,440,500	40.2
Pittsburgh.....	136,496,426	122,419,584	14,076,842	11.4
Toledo.....	23,546,704	16,671,149	6,875,555	41.2
Youngstown.....	7,141,657	4,435,800	2,705,857	61.0
Total.....	389,561,459	305,389,128	84,172,331	27.5

DISTRICT NO. 5—RICHMOND.

With the exception of an occasional adverse report in some special case, and unfavorable conditions in one or two localities where flood and weather conditions have brought disastrous crop results, the story of prosperity is reiterated from all parts of the fifth district. The reports indicate only a fair general average of crops, but such high prices that the net is far above the usual returns. In fact, the high prices bring many comments as to the high cost of living, and expressions of serious doubt as to how labor is to support itself, notwithstanding high wages.

The markets are fairly well supplied with food crops of the small varieties, such as beans, sweet potatoes, turnips, and other vegetables,

and all are bringing good prices. The fall crop of Irish potatoes is only fair, but is selling at \$3.50 to \$4 per barrel. Farmers are in a better position financially than ever before, as the result of good crops and high prices, and are reported buying automobiles "as never before." There seems to be a steady ingress of home-seekers, the clearing of a large acreage of virgin soil, and preparation for a large increase in the acreage under cultivation. Building shows more activity than last year, and there is a considerable volume of new work under way.

Upper Maryland reports a good crop of corn and full prices. West Virginia reports a good corn crop, and also refers to their "splendid potato crop," and "wheat above the ordinary." Eastern North Carolina reports crops above the average. Conditions in other territory are spotted, some sections reporting serious damage resulting from flood and weather conditions.

The cotton crop is generally reported short, the best sections estimating only a 50 per cent to 60 per cent yield. The staple, however, is bringing 16 cents to 18 cents per pound, the highest price since the Civil War, which more than makes a handsome return, notwithstanding the shortage in quantity. Each bale of cotton, including seed, which is also bringing high prices, is worth over \$100 per bale. The total value of the crop is estimated at over one billion dollars. Some few counties in South Carolina are reliably reported as gathering only a 25 per cent to 30 per cent crop, and these sections will hardly be able to pay this year's bills, with nothing left over with which to start next year's crops.

The peanut crop, which is a very considerable commercial factor in this section, indicates an average yield slightly below normal, but the quality is good and the demand good at fair prices.

The tobacco crop is reported short and in some sections, light in weight, but prices show an increase of 100 per cent or more over last year, the cheaper grades being in especially good demand and bringing exceptional prices.

West Virginia reports an increase of 20 per cent in its product.

Reports indicate generally only fair fruit crops, but prices, as in other lines, are high, and the net result promises to be very satisfactory. The total apple crop of the United States is reported about 15 per cent short of last year's yield, and the growers in this district report buyers in their market from Northern, Central, and Eastern States where the crop is short.

The demand for merchandise continues active, collections good, and trade is limited only by the difficulty of obtaining satisfactory delivery of goods. It is reported difficult to replace goods on the former basis of cost. Merchants generally, however, express satisfaction with present conditions.

Labor seems to be generally well employed at good wages and satisfied. Shortage is reported in some lines, particularly at the coal mines.

Great interest in livestock continues, indicating a steady increase in the product. One railway company reports the establishment of 11 cattle and hog ranches on its lines. Packing business is reported good.

A few reports indicate fair conditions in lumber with some improvement, but the trade does not seem to share in the general prosperity.

Demand for castings is heavy and foundries are taxed to capacity, but piping is reported quiet, prices very high and buyers disposed to hold off for lower prices. One manufacturer of small hardware reports business still below normal and prices unsatisfactory.

There is a universal report of very satisfactory cotton textile business, with mills running on full or extra time and the output readily disposed of at satisfactory prices. The high price of cotton affects the producing cost, but prices of goods have apparently advanced sufficiently for operations to continue on a satisfactory basis.

Exports from the district show an increase of 130 per cent over last year. This increase is represented by mules, iron and steel manu-

factures, cotton, grain, some food products, and other miscellaneous articles.

Port shipments of coal show a decrease from 1,650,000 tons in August to 1,400,000 tons in September. The falling off has been due to labor conditions at mines and to car shortage. These conditions have resulted in higher prices, ranging from \$4.50 to \$5 per ton. There are indications of some improvement in labor conditions, particularly in the Georges Creek and Fairmont region in West Virginia reached by the Baltimore & Ohio and Western Maryland Roads. West Virginia reports conditions in the neighborhood of the mines as exceedingly good, a vast quantity of coal being produced at high prices and mining conditions prosperous, notwithstanding some scarcity of labor.

Railroad earnings are showing a decided improvement, the greatest improvement being on the Norfolk & Western Railroad from its coal traffic. One of the large lines in the South serving a largely agricultural section reports a pressing demand for 1,500 cars, which it is having difficulty in furnishing. Out of 30,000 of its own cars, 16,000 are absent on other lines, and has in return only 8,000 foreign cars on its own line, reducing its own supply to 22,000.

Postal receipts indicate an increase of 8 per cent over last year and money orders 22 per cent.

Banks are generally reporting an increase in deposits, most of them ranging from 25 per cent to 50 per cent. Demand for money is active but there is plenty of it and rates are low. Mills are purchasing cotton freely and require considerable accommodation for the accumulation of stock, and there is apparently a considerable demand from farmers for the purpose of holding cotton, notwithstanding the extraordinary high prices.

Clearings indicate great activity and a large increase in business over the corresponding period for last year. Clearings have increased 33 per cent.

There is general activity in every line of business, the people being optimistic as to the future outlook. The shipbuilding plant at New-

port News, which is one of the greatest in the country, is reported full of orders and working to capacity.

An officer of one of our largest metropolitan banks who has just completed a trip through the South is reported to have said: "The South, in my opinion, is getting on a sounder credit footing than ever before, and my feeling is that these sections are about to enter the best and most prosperous epoch in their history. I look for a great advancement in population, wealth, and the average conditions of life within the next decade. One of the important factors in this will be a greater abundance of money and cheaper average interest rates. This territory produces real wealth—the consumable commodities which the world must have—and, with better methods in the future, is bound to become very rich and populous. Conditions, in my opinion, are now distinctly on the upgrade, and the outlook never more consistent for a return to real, genuine prosperity on a rock-bottom basis."

DISTRICT NO. 6—ATLANTA.

Reports both as to agriculture and almost all other lines of industry indicate extraordinarily bright prospects for the coming autumn and winter trade. While there are some slight disturbances, due to strikes of railway employees at Atlanta and certain other points, the labor conditions as a whole are very satisfactory. Though the crop season, now drawing to a close, was productive of short crops, the situation is optimistic in view of the prevailing high prices.

Based upon a short crop and estimated large consumption, cotton, the leading staple of the district, has passed the 18-cent level and there seems to be no sign of slackening in the demand. In view of the reported advance in the manufactured product, domestic spinners are free purchasers and with large orders on hand the mills are not inclined to sell further ahead without keeping up their supply of raw material, and 20-cent cotton is freely predicted before another crop can be marketed. The weather

has been very favorable and reports indicate that 70 per cent of the cotton has been picked and ginned. With cotton selling at \$90 per bale, and cotton seed averaging \$54 per ton, bringing the farmer \$117 per bale, they are inclined to sell their product and liquidate their indebtedness.

The boll weevil damaged the crop considerably this year, due to the July storm and wet season following, and reports indicate considerable spread of the weevil. Dry weather has prevented the plowing under of the cotton stalk to destroy the weevil, but preparations are being made throughout the district to combat it. The history of the boll weevil north of 33½° north latitude indicate that in normal years no great damage may be expected and, although the heavy rains in July are generally conducive to its spread, reports indicate that the pest does not seem to be thriving in that part of our district.

With the dry weather for the past 30 days it has been almost impossible to plow and seed winter grains and grasses, and very little progress has been made. August and September sown grains and grasses have been considerably damaged by the drought. The corn crop in the district is about normal, and the season proved favorable to pasture and hay crops.

There has been marked increase in cattle and hogs throughout the district during the past year, and it is freely predicted that the "smoke-house" of other days will again become a fixture on every southern farm. With the recent establishment of packing houses in Tampa, Fla., Andalusia, Ala., Statesboro, Ga., Jacksonville, Fla., and movement under way to establish such plants at Macon, Ga., Tifton, Ga., Augusta, Ga., and other points, an impetus has been given to the interest displayed by the farmers in this diversification. That there is an increased awakening along this line has been shown by the building of silos, and the interest displayed at the recent live-stock shows throughout the district.

Exceedingly favorable reports come from the dark-tobacco district of Tennessee. An

unusually large crop has been housed, and the quality is about average. The buyers are among the farmers, paying high prices ranging from \$6 for the lugs to \$13 for the leaf. The tobacco raised in this district is largely for export use, and with the export facilities more favorable, business is expected to show a great improvement over any time since the beginning of the European war. Florida reports a full crop of tobacco, with the quality good. About three and a half million pounds of cigar wrapper tobacco is the extent of the crop.

The present condition of the citrus crops of Florida appears to be the same number of boxes of oranges that were shipped last season, and grapefruit probably 75 to 80 per cent of last season's output. The fruit is a better quality than last year and the sizes will run very desirably in oranges, but on account of the very short crop grapefruit will probably run to larger sizes than last season, on the whole.

Last season the fruit shipments were 5,598 cars of grapefruit and 17,836 cars of oranges, aggregating approximately 8,250,000 boxes. The shipments for this season will be, as near as we can tell at the present time, 7,750,000 boxes of grapefruit, oranges, and tangerines. The securing of an authentic estimate of the size of the season's crop is quite difficult, for the reason that there are crops from seven different blossoms on the tree at the same time, while the fruit is of different sizes, which makes it exceedingly hard to estimate the exact number of boxes to be produced.

Business continues brisk in all industrial lines, being retarded only by the serious car shortage. The pig-iron market is strong, and orders exceed the output. Foundry iron is selling from \$15.50 to \$16 per ton, and it is reported that an advance is imminent. A few furnaces in the Birmingham district for the first time in their history are turning out basic iron, which is in demand with the strong market for steel.

Yellow pine has strengthened materially as to price within the past 30 days. Demand has been active, reaching at least normal proportions as to volume for the season, and this fact

coupled with the slow shipments due to car shortage is no doubt responsible for the advance in value. Production is evidently considerably below normal, and in view of the fact that the volume of shipments is so seriously restricted by car shortage we doubt if there will be any tendency to increase output in the next 90 days. The average price, however, is even now at least \$1 per thousand below normal. The percentage of increase in cost is more than the percentage of advance in price, notwithstanding the fact of large advances in price in almost every other kind of building material.

Business continues strong in the retail and wholesale lines, some difficulty being experienced in securing goods. Merchants report that the mills do not appear to be making much headway in catching up with their orders. Prices are advancing to the point where profits are being considerably affected. Shoe manufacturers report more foreign buyers for shoes and leather than ever known before, due to the fact that most of the European shoe factories have been commandeered by the military authorities and are making army shoes. Prices are exceedingly high, and a return of cheap leather is not expected for some years to come.

Port business continues to increase. The Tampa customhouse reports show considerable advance over last year. In internal revenue figures Tampa also shows a gain with a total of \$726,140 for nine months, whereas the same months a year ago yielded the Government \$659,575. At Savannah the imports from September 1 to October 15, 1916, show a total of \$400,783, as compared with \$237,508 for the same period of 1915. Exports for this period in the year 1916 show a total of \$9,717,554, as compared with \$5,840,555 for the same period of the previous year. The port of Mobile for the period September 1 to October 15, 1916, shows exports of \$4,674,636, as compared with \$2,063,867 for the same period in the year 1915; while their imports show \$290,147 for the period 1916, as compared with \$599,242 for the same period 1915. Large increases are also reported from Savannah. On a recent date the exports were \$4,000,000

in cotton and naval stores, making a new daily record for this port.

Building permits issued in 12 of the more important cities of the district from September 1 to October 15 show an aggregate decrease of \$200,000 over the corresponding period of the previous year.

Bank clearings throughout the district show a continued increase. Reports from clearing houses in 10 of the principal points in the district for the week ended October 14, 1916, show an aggregate increase in clearings of \$31,000,000 over the corresponding period.

Collections are naturally greatly increased by general conditions. All lines report better collections than for many years past.

A conference between the coal operators and railways was recently held with a view of relieving the car shortage. One of the main railways of the district reports "all the box cars to-day on our line are just a little more than 40 per cent of the number of cars this railway individually owns. All the cars of every class on our line at this time about 54 per cent of the number we individually own." While exact figures are not available it is known that the railroads supplying the operators of coal cars in this district have less than 60 per cent of their equipment on their own lines. All railway lines report a somewhat similar condition, but notwithstanding this car shortage, they report increased freight earnings from 10 to 15 per cent over the earnings of previous year.

The car shortage is of such a serious nature that many plants fear a shutdown for lack of coal. Buyers and jobbers of coal are going to the mines and bidding for coal as loaded. Steam coal is quoted at \$3 to \$3.50 at the mines near Birmingham, which in normal times sells for \$1.25 per ton. The mines continue to operate only part of the time, not having cars for loading, and coal operators see no relief in the very near future as the coal cars are not on southern lines.

The New Orleans branch of the Federal Reserve Bank reports as follows concerning conditions in Mississippi and Louisiana: "Ex-

ports from New Orleans during September, 1916, were worth \$6,000,000 more than during the same month of last year. Imports decreased from \$6,755,934 to \$5,526,861. Shipments to Porto Rico decreased from \$584,165 to \$523,551. The falling off of imports is largely due to lack of shipping between the port and Brazil.

Incoming coffee fell below the totals for many years; while nearly 37,000,000 pounds were imported in September, 1915, only 16,759,378 pounds came in last month. The principal articles of import during the month were nitrate of soda, 20,848 tons, valued at \$857,657; sisal grass, 7,339 tons, valued at \$917,189; bananas, 1,651,000 bunches, valued at \$484,411; pig iron, 938 tons, valued at \$40,781; mineral oil, 3,085,448 gallons, valued at \$25,930; mahogany, 625,000 feet, valued at \$43,601; molasses, 1,049,700 gallons, valued at \$104,979; sugar, 28,393,474 pounds, valued at \$1,160,438.

It is announced that the harvest season, as far as it had progressed in Louisiana, has been most satisfactory, and that the promise is that most of our splendid crop expectations will be realized. The rice harvest, for instance, has been satisfactory as compared with other years, and the very dry weather that has prevailed has helped the rice growers to cut and gather the product, so that the work is well in advance of the same period last year and of previous years in the yield per acre and the smaller cost of harvesting.

Not only is rice ahead of time and the harvesting condition most satisfactory, but cane also is promising. A number of sugar houses have already begun work, and the preparations are well under way for general activities. Those who recall conditions in the sugar industry at this time last year can appreciate the improvement resulting from good prices and increased acreage, and above all the better weather conditions that prevail. The sugar industry has been suffering from a dozen unfortunate accidents and the acreage, exceptionally small, had been further reduced by the disastrous West Indian hurricane which did

so much damage around New Orleans during September of a year ago. Although we have had a number of severe storms this year, five since July 5, some of which were very damaging in the Southern States, Louisiana has escaped the storm injury caused elsewhere. The indications are of good crops harvested early and marketed under the most favorable conditions; and with their marketing must come increased business activity in every line.

Storms and floods which poured an oversupply of fresh water into the Mississippi Sound, have damaged the oyster beds along the Mississippi coast and cut down the yield very heavily. Like conditions are reported from the Alabama beds, some of the reefs in Mobile Bay having been virtually destroyed.

Curtailment of the oyster production from these fields naturally gives the Louisiana oyster a chance to capture new markets. Already, local dealers report, demand has registered a marked gain, and orders are coming in from a wider territory than ever before. The predictions that shipments will be doubled this year seems to be justified and conservative, for the oyster's place upon the American bill of fare is secure and the demand grows normally year to year.

DISTRICT NO. 7—CHICAGO.

Continuing activity is strongly in evidence in this district and in practically all lines. The banks have funds in ample supply for all legitimate demands, interest rates are low, and the country communities have shown themselves able to care for their own requirements to a great extent. The demand for loans to finance the crops has been smaller than in some years, and some hesitation is shown by the farmers in the matter of purchasing live stock to feed owing to the high price of corn and fodder in general. Manufacturers and merchants have so far been able to derive satisfactory profits from their outputs and sales, but the rising cost of raw materials may cut into their earnings unless a proportionate increase can be added to the selling price, and even this would have a tendency

to decrease volume. Labor is well employed and this produces an ability to buy freely. An excellent fall trade is anticipated in almost every line, with a shortage of certain materials coming more and more into evidence. The lack of transportation facilities is commented on by a number of our correspondents, and in some industries the supply of labor is deficient.

Crops in this district have shown no real change during the past month, but the general outlook for those communities which are dependent on the soil is favorable, owing to the prices that can be realized on their grains. The principal interests in this line at present are the fall plowing and the preparations for the winter wheat crop. Illinois is reported to have assigned a large acreage to winter wheat, which is practically all in the ground, and the prospects for this crop so far as can be estimated at this time are good. The frost in September damaged the corn crop and there will be some soft corn as a result. Indiana should have a satisfactory return from corn due to the high value of this grain. Dry ground has interfered with fall plowing, but the acreage of winter wheat should prove equal to if not slightly greater than that of last year. Iowa has enjoyed generally favorable weather, and its crops should prove fair in quantity and better than normal in the way of returns. Fall plowing is nearing completion, and the wheat acreage, particularly in the southwestern part of the State, is said to be larger than last year. Michigan shows no change in the matter of this year's crops. Advantage has been taken of some favorable weather to plow and seed, and the acreage of spring wheat appears to be somewhat larger than normal. Wisconsin has had some cool weather and the acreage of winter wheat sown to date appears less than normal. Potatoes are in short supply.

Conditions in the manufacture of agricultural implements have not altered to any extent since our last report. The sales of farm machinery are not up to normal, which is to some extent accounted for by the fact that the farmer has not adjusted himself to the higher quotations. It has been difficult for the manu-

facturers to secure material, labor is scarce, and this applies with particular force to expert mechanics who are able to connect themselves with those lines which are directly affected by the war demand. Some of the large companies anticipate a smaller volume than last year, but collections seem to be in good shape.

Factories report an active automobile business, due to carried-over orders, as this is normally the slow time of year in this line. The usual slackening is evidenced by the decrease in new commitments, and one authority is of the opinion that production is overtaking consumption. Collections are good.

There is some decrease in building construction in Chicago, presumably caused by the increased cost of materials. The building of apartments is said to have been overdone in Chicago. Workingmen's homes are still being erected in considerable numbers in some of those centers which have received a great influx of artisans during the past two years. Cement has been in good demand, but users have been subjected to considerable delay on account of the shortage of the car supply and the difficulty in securing the labor necessary for packing and unloading. Collections are good. Brick manufacturers report increasing sales, with September ahead of the corresponding month last year, and the prospects that October will show a like gain.

There is great activity in the production of coal, with constantly advancing prices, and it is believed that the shortage of railway equipment and the difficulty in securing labor will continue to restrict the output in spite of the increasing demand for coal. There has been a strike in the western Indiana coal fields, but it is anticipated that matters will be satisfactorily adjusted.

Business in distilling and brewing is better than last year, with good prospects. Breweries have enjoyed a prosperous summer owing to the general and continuous employment of labor at better than average wages, and the malting companies report a demand both for export and domestic use which is maintaining their plants at fullest capacity.

Business gains seem to have been general among our correspondents in dry goods, and the fact that goods are going at materially advanced prices does not appear to have affected the demand. Collections vary in accordance with local conditions and prompt payment seems to be the rule. The wholesalers have been booking orders for spring delivery with gratifying results. This is attributed to the desire of the retail merchants to place their orders before any additional increase is made in the price of merchandise. The situation is more or less speculative, as goods are being bought on the basis of 15 to 17 cent cotton and wool at corresponding values, but it is necessary that the retailer keep his stocks full owing to the increased purchasing power of the public and its disposition to buy.

Manufacturers seem satisfied with the existing conditions, the volume of orders is fairly well maintained, and collections are good. The metals goods values have increased the cost of production to a considerable extent and there is evidence that purchasers are exercising conservatism in their commitments.

Prices of grain have been firm, with a large foreign demand and an American wheat crop considerably less than last year. The reported impairment of wheat in the Argentine is another element in the market situation and higher prices are looked for unless the Russian supply can be distributed through the opening of the Dardanelles. Oats and corn are in good demand and show moderate advances over last month.

Wholesalers report an unusually heavy demand for groceries, especially canned goods, and difficulty in securing certain classes. There have been material advances in sugar, flour, potatoes, tomatoes, etc. The increase in prices does not appear to have cut down the volume, and collections are fair. The collection situation is to a certain extent governed by the difficulty farmers are experiencing in moving their grain to market and also by the fact that fall plowing is under way. One of our correspondents writes that the necessaries of life will be higher this winter than at any time in our

history. On the whole, the grocers are enjoying a larger volume than last year.

Manufacturers are finding difficulty in supplying the requirements of the hardware trade and in some cases are unable to make prompt shipments. Wholesale houses report a good demand with high prices in many lines. A generally prosperous period is anticipated, and collections are usually prompt although local conditions control payments and these naturally vary.

The leather industry has been extremely active, with large bookings of business, and a strong demand both from domestic and foreign buyers. The raw material market has been very strong and it is difficult to tell how long the condition will continue. In leather belting there is a little slowing down, which is considered temporary, and conditions are considered sound with greater conservatism shown in the purchase of merchandise, machinery, etc.

The demand in all lines of provisions has been strong during the past thirty days, and we are advised that stocks have been somewhat depleted. Heavy purchasing of livestock is reported, principally hogs, but the supply has been liberal and the price declined slightly over thirty days ago. In general the livestock situation is the same as last month, with some evidence that more cattle have been placed on feed in this territory and that a large hog crop is to be expected.

The lumber business, which is dependent to a large extent on building operations, has shown a decrease during the last month and there is some tendency toward lower prices. The requirements of the railroad and car manufacturers are reported as less than normal. Collections in this territory are satisfactory. It is reported that a good supply of lumber is being required by country towns, particularly through Iowa.

The gain in mail-order lines continues, and the merchandise distribution through the five States in this district is reported as ahead of the corresponding period last year.

Favorable business conditions are reported in the piano industry, and the principal ques-

tion appears to be the ability of the factories to take care of their orders. Labor conditions have been trying, and materials are in short supply and at high quotations. Some labor trouble is said to be threatened. Collections are said to be good.

Full-capacity production is reported by the steel mills in this territory and the bookings in some cases extend through the third quarter of next year. There is said to be a heavy foreign demand and a number of manufacturers in this country, who are dependent upon this material, have been compelled to order what they require in spite of the prices which are now asked.

Watches and jewelry are active, and their best season should be within the next two months due to the holiday trade. An increase in business is generally looked forward to by authorities in these lines.

The raw wool market has attained to greater activity and to higher prices during the past month. It is reported that manufacturers are covering their wants more freely, evidently in the belief that the wool situation is on a firm basis with still higher levels likely to ensue. Woolen-goods manufacturers are troubled to some extent by a shortage of labor, but the demand for goods is substantial at an ascending scale of prices. It is expected that the volume of business and values will be maintained for some time to come. Collections are good.

Clearings in Chicago for the first nineteen days of October, 1916, were \$1,281,900,000, being \$297,400,000 more than the corresponding nineteen days of October, 1915. Clearings reported by nineteen cities in the district outside of Chicago amounted to \$207,900,000 for the first fifteen days of October, 1916, as compared with \$163,600,000 for the first fifteen days of October, 1915. Deposits in the eight Central Reserve City member banks in Chicago were \$698,000,000 at the close of business October 20, 1916, and loans were \$476,000,000. Deposits show an increase of approximately \$26,000,000 during the past month, and the loans an increase of approximately \$21,000,000.

DISTRICT NO. 8—ST. LOUIS.

"Business best in years, with soundest financial condition. Crops spotted, but prices easily offsetting effects of bad spots."

This quotation, from an answer to one of the letters of inquiry in regard to business conditions sent out by this bank, summarizes the reports received from practically all lines of industry. Dry goods, groceries, boots and shoes, hardware, and jewelry all report that their business is extremely brisk and that, at present, there is no indication of a reduction. Prices have advanced and are high, but have not yet reached a point where purchasers hesitate to buy what they desire. This applies to luxuries as well as to necessities.

The only industries in this district which do not seem to be at high tide are those connected with building. These report a good business, but they have enjoyed better. Most of the other industries report that they are enjoying as good business, if not better, than they have for a number of years. Shipments show great increase over the same periods in 1913, 1914, and 1915, and collections were never better. One of our wholesalers, who does a very large business throughout this district, says: "The business condition in the territory is well above normal. People are employed, factories are busy, and merchants are doing the largest business they were ever doing. We can see no change in conditions for some time to come." From Memphis comes the report, "Business in our line seems to be establishing a new record for volume in nearly all of our trade territory. Sales are far above normal, with every indication of the demand for merchandise continuing for the balance of the year. On account of the high price of our money crop, 'cotton,' the agricultural population is seemingly in a very prosperous and satisfactory condition." A wholesaler in Arkansas writes: "Business is good—best for a number of years." Another says: "Business is better than in 25 years." A third reports that "Crops are short, but business is good." Kentucky reports that "Business in general is much better. The tobacco

crop is very encouraging." From Missouri and from Illinois come reports that business is good.

From statements made by those who live in the cotton-growing portions of this district, it seems that the cotton crop in District No. 8 is in somewhat better shape than it is in other districts. An observer from Arkansas reports that, in his judgment, the crop in that State will turn out better than the general reports indicate. Wheat, corn, oats, and hay, in all of the States in this district, are below the 10-year average, but the tobacco crop in both Kentucky and Tennessee is fully 10 points above the 10-year average.

Last year the paper rediscounted by member banks with the Federal Reserve Bank of St. Louis reached its largest amount held at any one time, on November 16. On that day this bank held a total of rediscounted paper amounting to \$1,832,492.77. On October 20 of this year this bank held a total of paper rediscounted for member banks amounting to \$2,331,883.53, showing an increase over our largest amount heretofore of \$499,390.76, and we have most probably not yet reached our highest point this year for rediscounted paper held on any one day.

The clearings throughout the district show a substantial increase. For the week ending October 7, the figures are as follows: Memphis, 99.6 per cent; Little Rock, 94.7 per cent; St. Louis, 41.7 per cent; Evansville, 27.2 per cent, and Louisville, 17.1 per cent. The check clearing and collection system in this district continues to work satisfactorily. For the third month that this bank has been working under the new plan, from September 16 to October 15, inclusive, we handled a total of 220,363 items, amounting to \$141,942,921.23. This shows an increase over the previous period of 18,083 items, but a decrease of \$29,337,664.83 in the total amount of them. The number of items handled during this period by member banks direct to other Federal Reserve Banks for our account, not actually handled by us, amounted to 207,355 items, totaling \$43,283,570.34. This means that through the instrumentality of the clearing system, there has

been handled through this bank, direct and indirect, a total of 427,718 items, amounting to \$185,226,491.57, during the third month this bank has operated under the new clearing system. The total number of banks in this district, members and nonmembers, on which we could handle items at par, on October 15 was 1,273. On September 16 we could handle items at par on 1,232 banks, showing an increase of 41 banks on which we can handle items at par.

Money rates are unchanged, and as a general rule, the banks throughout the district show an increase in deposits.

DISTRICT NO. 9—MINNEAPOLIS.

With the potato harvest in full swing, the crop year in the northwestern States is practically completed. The yield of potatoes will show a considerable reduction as compared with a year ago, and the quality is not so good. Large shipments are beginning to move to southern and eastern points, and the crop is commanding an excellent price. The late forage crops have been gathered, and show a very heavy yield. The corn crop is being harvested, and over the district, as a whole, is very satisfactory, both as to quality and yield, although it is an uneven crop due to the weather conditions in the growing season.

Crop year receipts of wheat at Minneapolis and Duluth terminals since September 1 amount to 24,108,000 bushels, as against 49,008,000 bushels a year ago, and 50,325,000 bushels two years ago. Elevator stocks are, however, twice as large as a year ago. Receipts have been in moderate volume, accounted for partly by the poor quality and reduced yield of the crop, and partly by the disposition of the farmers to hold back the better grain in anticipation of higher prices. The price levels have been very unusual, and there have been predictions by expert authorities in the trade that wheat will go to \$2 on the Minneapolis market. Dry weather in the Argentine and other conditions have tended to bring about gradual advances, upon which the farmers have been taking large profits.

In Montana, where the wheat yield was very good both in quantity and quality, rain and snow have seriously interfered with thrashing, and have operated to hold back deliveries to country elevators. Over the remainder of the district, farmers have been very busy with fall plowing, and the weather has been favorable for the accomplishment of a very large amount of fall work. This is commented upon as a particularly favorable factor in view of the poor preparation of the ground a year ago. Agricultural associations and the grain trade have cooperated to urge careful preparation for next year's crop. Considerable attention is being paid to the seeding question, which has become important because of a shortage of plump, high-grade grain.

Flour prices have been advancing in response to the upward trend of wheat prices, and the production of the Minneapolis mills has not been as heavy as a year ago. Flour buyers have been reluctant to accept the view that high prices are permanent, and have been buying cautiously.

Based on the market of October 10, the average prices to farmers for wheat at country points in this district were: No. 1, Northern, \$1.64; No. 2, Northern, \$1.60; lightweight (47-48 pounds), \$1.24.

Market conditions have made the demand for funds from large concerns in the grain trade light, and money rates are very easy. Indorsed time grain paper is commanding a 4 per cent rate, and paper secured by terminal elevator receipts, 3½ per cent. There is a strong demand from the East for paper secured by terminal receipts, but with only a limited amount available.

There is no change of consequence in trade conditions throughout the district; retail trade continuing on a favorable basis, and wholesale and distributing lines enjoying a brisk business. Industrial concerns are producing on a large scale, with satisfactory orders ahead. Labor is fully employed at good wages. Banking conditions show no change. Country banks have been enjoying increasing deposits and the banks at the larger centers are report-

ing gradual increases in the volume of loans. Rates are stationary, with no sign of change.

Construction is active at urban points, and the lumber industry reports good business.

Leading business men anticipate a continuation of the present favorable business conditions until well after the first of the year, believing that the high prices for all varieties of farm products are satisfactorily offsetting the reduction in the grain yield and potato crop. The strong position of the outside territory is indicated by a light demand by the country banks upon their city correspondents, and a very moderate volume of rediscounts at the Federal Reserve Bank.

DISTRICT NO. 10.—KANSAS CITY.

The generally prosperous conditions heretofore existing in this district continue unabated. Reports from all lines are optimistic and satisfactory. High prices are offsetting the somewhat reduced production in agriculture. Unusually heavy receipts are reported at the livestock markets. Labor conditions are satisfactory. Wholesalers, retailers, jobbers, and manufacturers are working to capacity. The mining industry, as a whole, was never in as prosperous a condition as it is at this time. In spite of the reduced price of crude oil, confidence among producers is strong for a prosperous period ahead, advances in eastern petroleum contributing to the belief that the market will soon reassert itself. Discount rates remain stationary, with a light demand. All figures received indicate continued increases in railway earnings, post-office receipts, bank deposits, and clearings. Building permits continue to increase in all important cities of this territory, the percentage for September over the same month last year running from 45 per cent to 100 per cent. Shippers in all lines are generally complaining of the car shortage, many claiming it to be the severest in years. Higher demurrage rates, on grain not unloaded promptly at terminal markets, are already proposed.

Owing to the well-known importance of this district agriculturally, weather conditions are

always of first importance. The records for the crop-growing season since March 1 show that precipitation, practically over the entire district, has been considerably below normal. This deficiency is not favorable to the new winter wheat crop. More moisture is needed to promote germination. This section should be favored with heavy winter snows to open next spring's growing season under favorable conditions, and some wet months are needed to restore the soil to normal. On October 16 the weather map showed rain in the preceding 24 hours in Kansas, Nebraska, Colorado, and Wyoming, and light snows with freezing temperature were reported at several points. A killing frost occurred in nearly all parts of the district late in September, without material damage, since most of the crops had matured. Plowing and seeding of winter wheat has been practically completed in the eastern portion of the district.

The shortage in the production of wheat in the three principal wheat-raising States of this district will amount to approximately 40,000,000 bushels. It will be appreciated, however, that the increased price will more than offset the shortage indicated. As an instance in support of this statement, it is authoritatively stated that Nebraska's wheat crop this year will be worth \$20,000,000 more than last year, and this statement is all the more interesting since the Nebraska wheat acreage was 352,500 less than last year. The Missouri wheat acreage for the 1917 harvest is said to be the smallest in many years—12 per cent less than was seeded for the 1916 harvest.

The estimated corn crop in the principal corn States in this district for the past three years are here shown in millions of bushels:

State.	1916	1915	1914
Nebraska.....	209	213	173
Missouri.....	152	209	158
Kansas.....	59	172	108
Oklahoma.....	63	124	50

It will be noted that the estimate on Nebraska's excellent corn crop has increased ma-

terially since last month's report, and the quality is probably the best in years. Oklahoma claims the finest broom-corn crop for years, 25 per cent larger than last year, and there is also an increase of approximately 200,000 bales of cotton. A recently compiled statement as to Colorado estimates the total crop production for 1916 as having a total value in excess of \$80,000,000, at least \$12,000,000 more than in 1914 or 1915. The increased value of sugar beets and hay alone amounts to more than \$10,000,000. In Wyoming and New Mexico the forecast indicates that the principal agricultural products amount to about the same as last year, in bushels.

An interesting item from Kansas is the fact that the alfalfa and sorghum crops in that State now produce combined yields worth \$50,000,000 annually, whereas 25 years ago these crops were experimental. A reliable estimate from this State indicates that at least one-third of this year's wheat crop, approximately 30,000,000 bushels, 90 per cent of the alfalfa, 80 per cent of the prairie hay, and 75 per cent of the oats remain in the hands of the farmers. The corn crop, of course, has not yet been gathered. In Oklahoma it is estimated that 27 per cent of this year's wheat, 44 per cent of the oats, and 82 per cent of the corn remains in the producer's hands. Reports from the other States in the district in this respect have not come to hand, but it is safe to assert that the average is fairly general. The foregoing, taken in connection with the record-breaking deposits in the banks, is indicative of the soundness of business conditions in the district.

The main feature of the live-stock industry has been the heavy receipts of both cattle and hogs at all the markets. Denver also reported that more than twice as many sheep were handled on October 2 as ever before in one day. Very few full-fed beef cattle are being received, it being apparent that this class of stock has about been exhausted, and until the new corn crop has been fed, light runs of corn-fed beef cattle are expected. The larger part of the receipts are grass fed and stockers and feeders coming from the grazing districts. The prices

on the very best fat cattle have been steady, but on medium grades of beef cattle and cows the prices are lower, while stockers and feeders are lower than they have been for at least two years. The demand for them is less than usual at this season of the year. The feed crop being more abundant than was estimated a month ago, the demand should be greater for stock to go back to the country from the market. A good demand continues for cows for breeding purposes to go back to the country. Hogs are about \$1 per hundred lower than they were a month ago.

Stocks of cut pork products at the five western centers—Kansas City, Chicago, Milwaukee, South Omaha, and St. Joseph—decreased 46,027,000 pounds last month. Three of these centers, it will be noted, are within Federal Reserve District No. 10. There was a substantial increase in the number of hogs packed in every packing center in the district since February 26, 1916, to date, as compared with last year.

Foreign exports of grain from ports to which the products of this district are shipped, and which constitute the bulk of these shipments from such ports, indicate that during the month of September there was a slight decrease in shipments of this character as compared with the previous month, and that as compared with September, 1915, there has been a falling off of practically one-third in the volume. The foreign shipment of horses for September shows a decrease over the same month last year, while this trade in mules increased in September as compared with that month in 1915. For the periods from January 1 to October 1, 1915 and 1916, the former period shows a considerably larger foreign shipment in both horses and mules than the latter.

Aside from purely local difficulties, of small importance, labor conditions may be said to be rather unusually satisfactory, the only untoward circumstance being the strike voted in the referendum taken by 40,000 members of the six shopmen's unions on 22 western railroads, on proposals made by the railroads, assured by the partial count announced Oc-

tober 1. The carrying of the vote does not imply an immediate walkout. Counter proposals will now be expected. A general shortage of labor continues, and labor bureaus have had more calls than they could supply. Many voluntary concessions are reported as coming from employers, and some concern is expressed over the future, when the present abnormal conditions have passed.

Lumber prices are much firmer than they were 30 or 60 days ago, having advanced from \$1 to \$2 per thousand. It is the supposition that this is largely due to car shortage and not entirely to the large volume of business. Retailers report the continuance of a very satisfactory business, one important company, operating a number of retail yards throughout the district, advising that as compared with a year ago the volume of business is probably 25 per cent larger. They have shown an increase over 1915 for every month this year except two, and express surprise, owing to the fact that in some localities, where the yards are located, crop conditions have been very unfavorable. Collections are said to be coming in much more freely than they did last year.

A report recently issued shows that the Joplin (Missouri-Kansas-Oklahoma) district produced 8 per cent of the total lead ore in the United States last year, the value thereof being in excess of two and one-half million dollars. The production for the first 39 weeks of 1916 sold for more than the entire 1915 production. Zinc ore produced will also exceed that of 1915, the value of that sold the first 41 weeks of 1916 exceeding the total sold last year.

According to State estimates, Colorado's metal output for 1916 will be more than 25 per cent larger than last year, the greatest in the history of the State. New mines are still being located, old mines are being reopened, every miner in the State has work, and there is an unprecedented demand for labor at the mines.

The complete success of the flotation process, referred to last month, is said to have been established at Goldfield, a number of deep shafts are in progress, and preparations are under way by the principal producing companies to

increase their ore-handling facilities. An unusually rich body of ore has been encountered at Cripple Creek at a depth of more than 1,900 feet. It was formerly assumed that below 1,000 feet the district would be worthless in so far as the production of gold is concerned. Since the first of the year 350 new mining companies, the majority of which are liberally financed, have been incorporated to operate in this State.

In the Mid-Continent oil field a further contraction is reported from the Cushing and Shamrock districts, the total production in the Mid-Continent field now being placed at approximately 340,000 barrels daily. The Cushing field, when at its height, alone produced almost this daily total. Lack of water for drilling has held back considerable work. Last month witnessed a decline in the number of completed wells and also in new work. October is expected to witness a gain in both completed wells and in new work, as the purchasing companies are taking all oil. Many wildcat tests are under way in Kansas and Wyoming. The development of Wyoming's oil resources is progressing rapidly. Three years ago there were but few oil wells in this State and those of comparatively little value. The number of wells has increased many fold, and if there were means of refining, the output would be much more important. The cost of drilling wells has greatly advanced, is still steadily advancing, and to complete a new well now demands more cash than ever before in the history of the oil fields.

Implement dealers report that with seasonable needs fairly well provided for, dealers are turning their attention to the future and are contracting for spring goods more readily than ever before. Immediate trade is confined to strictly seasonable lines. A gain in the tractor trade is evidenced by the fact that one State alone reports an increase of 60 per cent in use this year over last. The first six months of 1916 showed an increase of about 20 per cent in the volume of the implement business over the same period in 1915, but since July 1 there

has been a decrease of a slightly greater percentage in volume as compared with the same period last year. This decrease is due to the short grain crop, which affected the sale of harvesting machinery, and to the drought, which made it almost impossible for farmers to plow. Collections are said to have been better than they have been for 10 years. Farmers are paying their bills and dealers are taking more discounts, with the result that jobbers are going to close their year with a smaller percentage of outstanding to sales than they have had for a great many years.

Dealers in millinery report the fall trade to have been considerably better than last year. The wholesale drug business showed an increase in September over the corresponding month of 1915, and every month this year has shown an increase over the corresponding month of any previous year. The increased business is partly accounted for by the increased price of goods sold. Conditions in the general retail mercantile business have shown a very satisfactory increase for September. The general trend since the first of the year has been very encouraging and indicates a good volume of trade for the approaching holiday season. From reports of important wholesale dry goods concerns, business conditions are ascertained to be much more intense. Prices are higher, merchandise is scarcer, the demand is greater, while the sales and collections are correspondingly larger. The degree of prosperity has been so unusual that merchants in this line, like those in many other lines, are somewhat at sea as to the future. The mills of the country, which have never supplied domestic needs, have been burdened with supplying our people with all of their needs, while the foreign demand is unprecedented, so that to-day, in dry goods lines, our wholesalers are confronted with advanced prices, as against 18 months ago, that will average fully 33½ per cent, some items much more. Retailers in this line are enjoying a good business and are paying their bills with more promptness than ever before.

DISTRICT NO. 11—DALLAS.

Commercial conditions in the Eleventh Federal Reserve district continue on an extremely satisfactory basis. The past 30 days have brought largely increased receipts of cotton and farm products at marketing centers. High prices have been obtained for these commodities. Wholesale and retail merchants report extra heavy buying, good collections, and an exceedingly satisfactory fall trade. Bankers throughout the district, particularly in the cotton-producing sections, report that their deposits are the highest in their history; that farmers are liquidating to a large extent, and in many cases are paying off their obligations before maturity and settling debts of long standing.

This era of prosperity has brought with it an advance in prices of the necessities of life, and, this is being seriously felt. With no appreciable increase in wages, in keeping with the upward prices of foodstuff and clothing, the laborer finds it difficult to meet the advanced prices for the necessities of life.

The cotton crop is being rapidly marketed, especially in central and north Texas, where a conservative estimate would be that from 80 to 85 per cent of the crop has been gathered. There has been no loss in the staple, since good weather has prevailed and enabled the rapid picking of the crop. But little top crop is anticipated and in most sections none at all.

The interests of the district are so largely agricultural that conditions in the farming sections rather determine the business of the cities. Farming conditions, for the most part, for the past three or four years have been exceedingly unfavorable, and crops and the returns from the same have not been satisfactory, due to various causes. This fall, with farmers coming into their own again, the cities of the district, where the trade is felt, are realizing the benefit.

Heavy rains have retarded to some extent the planting of winter wheat, though not sufficiently to be serious. All feed crops are especially good. The threshing of peanuts is now in progress and the crop is said to be exception-

ally large, due in part to an increase in acreage over last year of at least 25 per cent. This product is bringing around 90 cents a bushel, an advance of $33\frac{1}{2}$ per cent over last year. This has grown to be quite an important industry in Texas, and each season sees a heavier acreage. Another item of interest, agriculturally, is the shipment of black-eyed peas from east Texas. One concern located at Athens, Tex., has shipped during the past season some 25 cars of this product at prices of about \$1,000 per car. The alfalfa crop of New Mexico was good and much better than in several years. Prices were around \$15 per ton.

Money rates remain easy and there is a tendency to lower them. Bank deposits are reaching the high-water mark and show an increase of from 50 to 300 per cent over the same time last year. Demand is much lighter than a year ago except in the cotton centers, where there is an active demand for funds to handle the cotton and cottonseed products. The loans of this bank have decreased some three and a half million dollars within the past month, and are some two million dollars less than at the same time last year. This is to be expected at this season, as it is in the midst of fall liquidation. The problem which presents itself at this time is the outlet for the idle funds being accumulated by the banks. No doubt there will be some seeking investments in commercial paper and short-time maturities.

As evidencing the large increase in deposits, the following figures obtained from the Texas reserve cities showing their deposits on October 16, 1915, and October 16, 1916, prove of interest. An increase of 74 per cent is shown. The figures are: 1915, \$109,464,905; 1916, \$190,459,992; increase, \$80,995,087; per cent increase, 74.

A comparison also of the loans and discounts and deposits of the banks in the reserve cities of Texas for June 30, 1916, and September 12, 1916, dates of the latest calls of the Comptroller, show further heavy decreases. The figures are: June 30, 1915: Loans, \$89,806,000; deposits, \$122,123,000. September 12, 1916: Loans,

\$103,010,000; deposits, \$144,748,000. Increase in loans, \$13,204,000; increase in deposits, \$22,625,000.

As indicating the heavy increase in business generally, caused primarily by the free movement and rapid marketing of the cotton crop, bank clearings for the eight principal cities of the district show an increase of over 50 per cent for September, 1916, over September of last year. The figures are as follows: 1915, \$161,195,047; 1916, \$242,741,296. Increase, \$81,546,249. Per cent increase, 50.5.

Bond dealers report a very active market with a large demand at high prices.

With the bulk of the cotton crop marketed there is less demand on this bank for shipments of currency and silver, and there has been a very great decrease in the same within the past month. In fact, at the present time the opposite condition is beginning to prevail, and our member banks are making shipments of currency and coin to us instead of forwarding exchange to build up their reserves against items sent them through our district clearing house.

The operations of our district clearing house continue to grow heavier. There were handled for the period September 16 to October 14, 1916 (24 days), 276,946 items, aggregating \$161,944,813. Our member banks are becoming more and more accustomed to the facilities afforded by this district clearing house and the number of items handled is growing daily.

Wholesale trade in grocery, drug, leather, dry goods, and practically all other lines, shows a large increase in volume, with collections good. Retail trade, from reports received, is from 25 to 50 per cent larger than last year, and with colder weather, which is now being felt, retail merchants have an assured satisfactory trade. The fall has been rather backward and stocks have not moved as rapidly as ordinarily at this season.

Receipts at the live-stock markets of the district continue to show a steady increase, with particularly heavy receipts of hogs. The figures from the Fort Worth market for September, 1916, as compared with September, 1915,

and also for the periods from January 1 to October 1, of 1916 and 1915, are as follows:

	September.		Jan. 1-Sept. 30.	
	1916	1915	1916	1915
Cattle.....	73,513	63,565	613,061	574,357
Calves.....	19,034	16,480	102,250	99,576
Hogs.....	73,806	52,470	737,291	330,118
Sheep.....	30,726	17,959	353,580	325,913

It will be noted that up to date the receipts of hogs are more than double the same period of last year, the prices for which, in spite of heavy runs, have continued at the high level of 9 and 10 cents. Good rains have made range conditions excellent and cattlemen report that stock will go into the winter in excellent shape. The stock market shows some improvement and a large number of grass-fed cattle are expected to be shipped from south Texas within the next 60 to 90 days. An excellent demand for horses and mules has prevailed, on account of large contracts placed by the United States Government and European countries. This has put a substantial amount of money into the country banks, as such live stock have brought excellent prices. Reports from the sheep sections of Arizona and New Mexico are that lambs are being contracted for at prices around 8½ cents per pound for November delivery.

The shortage of cars is causing a serious condition with the transportation lines. Officials advise that they are unable to supply sufficient equipment to handle the business, and that this condition exists not only locally, but on all their northern and eastern connections. One official interviewed stated that they were compelled to refuse certain classes of shipments on account of freight congestion at terminals and inability to unload the cars. An increase in freight traffic of some 25 per cent is shown over last year. Passenger traffic is above normal, especially excursion travel from rural districts and fairs and expositions over this section of Texas, which are taxing the railroad and interurban lines to their capacity.

Post-office receipts at the nine principal cities of the district for the month of September, 1916, as compared with 1915, show an increase of 18.3 per cent, and are as follows: 1915, \$289,466; 1916, \$342,574. Increase, \$53,108. Per cent increase, 18.3.

Failures over the district for the period between September 15, 1916, and October 14, 1916, inclusive, compared with the similar period last year, were:

	No.	Liabilities.
1915.....	71	\$976,401
1916.....	57	590,950
Decrease.....		385,451

Failures in Texas for the nine months of the present year compared with the similar period last year were as follows:

	No.	Liabilities.
1915.....	648	\$10,413,164
1916.....	414	5,619,038
Decrease.....		4,794,126

Building permits for the cities reporting—Austin, Dallas, El Paso, and Fort Worth—for the month of September, 1916, over similar period last year, are as follows:

	No.	Amount.
1915.....	406	\$623,882
1916.....	346	1,088,686
Increase.....		464,804
Per cent increase.....		74

Dallas alone shows a decrease in number but an increase in valuation of over 180 per cent of permits issued in September, 1916, over September of last year. Fort Worth shows an increase of over 60 per cent in its building permits for the month of September, 1916, over same period of last year.

The retail lumber business is satisfactory and demand is good, with the mills operating five days a week. Car shortage is having a serious effect on the trade and one large manufacturer advises that the shortage is the worst with

which he ever contended. He further states that they are unable to ship more than 60 per cent of their normal output, while the demand remains equal to a normal production. The firm in question reports that they have had to withdraw entirely from the market temporarily and, unless there is considerable improvement in the car supply they will cease to accept orders indefinitely. The shipments are being made on sales previously contracted and, in order to take care of the situation as best can be done, the production is being regulated to conform to such demand as can be reasonably met, with a fair supply on hand, yet with a view to prevent an accumulation of stock to be forced on the market when the car situation is improved.

Manufacturers of brick and cement advise that the trade is very satisfactory considering that this season is ordinarily dull with them, owing to less construction at this time than at other seasons. They likewise report that the disturbing element is the scarcity of cars for shipping such material as is ordered from them.

The output of the oil fields is normal and indications are that prices will be better within the next 30 or 60 days. In some of the Oklahoma fields prices have been increased and Texas operators anticipate that it will probably be necessary for them to advance prices within a short time.

The copper industry continues active and the mines of west Texas and Arizona are running on full time. The coal mines of Oklahoma and west Texas, however, have suspended operations temporarily on account of labor disturbances. Reports from the New Mexico coal mines indicate that scarcity of labor is causing difficulty in filling orders. Demands are extraordinarily heavy.

Labor employment in Texas is said to be normal with a heavy demand for unskilled workmen. There is nothing in the present situation to indicate any disturbances the coming winter. There will be the usual expiration of wage contracts, but there is nothing in the situation to indicate any disturbances attending the renewal of the same.

DISTRICT NO. 12—SAN FRANCISCO.

Since the establishment of the Federal Reserve System in November, 1914, there have been no failures of national banks in this Twelfth Federal Reserve District, which includes the seven States west of the Rocky Mountains: Arizona, California, Idaho, Oregon, Nevada, Utah, and Washington.

Comparing reports of September 12, 1916, with those of a year before, national banks of seven reserve cities—San Francisco, Los Angeles, Portland, Tacoma, Seattle, Spokane, Salt Lake City—show a gain of 23 per cent in deposits and 17 per cent in loans, in detail as follows:

DEPOSITS.

	Sept. 12, 1916.	Sept. 2, 1915.	Increase.	Per cent increase.
Los Angeles.....	\$35,184,000	\$65,869,000	\$19,315,000	29
San Francisco.....	230,157,000	185,268,000	44,889,000	24
Portland.....	46,778,000	42,050,000	4,728,000	11
Salt Lake City.....	23,082,000	17,806,000	5,276,000	30
Seattle.....	48,055,000	40,723,000	7,332,000	18
Spokane.....	24,396,000	18,481,000	5,915,000	32
Tacoma.....	9,045,000	7,675,000	1,370,000	18
Total.....	466,697,000	377,872,000	86,799,000	23

LOANS AND INVESTMENTS.

	Sept. 12, 1916.	Sept. 2, 1915.	Increase.	Per cent increase.
Los Angeles.....	\$68,119,000	\$59,785,000	\$8,334,000	14
San Francisco.....	190,194,000	162,725,000	27,469,000	17
Portland.....	41,232,000	36,548,000	4,684,000	12
Salt Lake City.....	19,695,000	15,823,000	3,872,000	24
Seattle.....	36,999,000	30,901,000	6,098,000	20
Spokane.....	20,392,000	15,993,000	4,399,000	29
Tacoma.....	7,691,000	6,397,000	1,294,000	20
Total.....	384,322,000	328,082,000	56,240,000	17

A similar comparison by States is as follows:

DEPOSITS.

	Sept. 12, 1916.	Sept. 2, 1915.	Increase.	Per cent increase.
Arizona.....	\$3,145,000	\$5,801,000	\$2,344,000	42
California.....	485,958,000	388,065,000	97,893,000	25
Idaho.....	32,354,000	23,395,000	8,959,000	38
Nevada.....	9,612,000	7,022,000	2,590,000	37
Oregon.....	81,680,000	71,077,000	10,603,000	15
Utah.....	35,126,000	27,118,000	8,008,000	29
Washington.....	121,303,000	99,187,000	22,116,000	22
Total.....	774,178,000	621,665,000	152,513,000	24

LOANS AND INVESTMENTS.

	Sept. 12, 1916.	Sept. 2, 1915.	Increase.	Per cent increase.
Arizona.....	\$6,782,000	\$6,150,000	\$632,000	10
California.....	422,144,000	374,252,000	47,892,000	12
Idaho.....	26,448,000	24,399,000	2,049,000	8
Nevada.....	8,168,000	7,441,000	727,000	10
Oregon.....	73,345,000	67,883,000	5,462,000	8
Utah.....	30,284,000	25,189,000	5,095,000	20
Washington.....	99,531,000	86,444,000	14,087,000	17
Total.....	666,702,000	590,738,000	75,944,000	13

State banks show similar gains. Although easy credit conditions have rendered unnecessary any extensive rediscounting, the Federal Reserve Bank has nevertheless rendered important aid during the harvest season in certain sections having inadequate banking facilities. Many banks manifest appreciation of the potential resource, and the resulting additional stability, but it is natural that there should be a certain percentage of malcontents. The par collection of checks, entered upon in July, by Federal Reserve Banks under the requirements of the Federal Reserve Act, disturbed previously existing methods. This would naturally arouse objection on the part of some whether it made for a better or a worse condition. Many member banks have cordially cooperated, however, believing that this plan makes for efficient service to commerce upon which the prosperity of banks should properly be founded. A gratifying spirit of cooperation has also been shown by nonmember banks, 1,060 of which out of a total of 1,279 in this district are now remitting without a deduction for exchange for checks drawn on themselves.

The investments of this bank have been largely in bankers' acceptances, at rates approximating 2½ per cent. Before the Federal Reserve Act, this class of business was monopolized by European banks, but eastern banks are now accepting extensively and a few enterprising banks on the Pacific coast are entering upon this business, which naturally is engaged in only by strong banks in financial centers. Considerable investments have also been in municipal warrants at rates approximating 2¾ per cent. The laws of Eastern States authorize the issuance of such warrants in anticipation of tax payments. Presumably the States of this district will in time amend their laws so that the municipalities may avail of such low rates for their temporary borrowings.

The earnings from investments, chiefly other than rediscounts, have been such that this bank, on October 1, paid a dividend at the rate of 6 per cent per annum from the date of organization, November 16, 1914, to January 1, 1915, after charging out all organization expenses and the cost of all furniture and equipment.

The enormous wealth from production of copper has some reflection in the large percentage of increase in deposits shown by the banks of Arizona, Utah, and Nevada. The profits of a single copper company in Utah are said to have reached \$4,000,000 in one month. The large gain in Idaho marks the great prosperity in the cattle and sheep industries. A reliable Boise (Idaho) banker gives the information that sheepmen are realizing the unheard of price of \$8 for lambs in Chicago, with a freight cost of 90 cents.

September bank clearings in 17 leading cities of this district were 35 per cent greater in 1916 than in 1915. The greatest increases were 56 per cent in Salt Lake City and 42 per cent in Seattle.

September building permits in the same 17 cities show 31 per cent increase, with the largest increase in Portland.

Stocks of grain in this district are lower than in years. Due to heavy European and eastern demand, buyers of barley, in the production of which California leads all the States, are offering \$1.70 to \$1.90 per cental as compared with \$1.30 to \$1.40 last year (or 82 to 91 cents per bushel this year as compared with 62 to 67 cents last year).

Growers of sugar beets have received high prices, and sugar factories have made exceptional profits. The Government estimates a crop of 4,097,000 bushels of beans, 40 per cent Lima, from 248,000 acres in California, another product in which California leads. Damage from discoloration by rain is reported in some sections. California's onion crop exceeds 2,000,000 bushels, second only to that of New York.

The apple crop of central Washington suffered damage from a windstorm on September 26, some 800 carloads of fruit being blown from the trees. Prices for apples are reported as good. Prices for prunes, which have now been harvested, range from 5 to 6½ cents, which is unusually high. In the northwest the sizes were larger than usual. Unusually early rains about the 1st of October caused damage to raisins, grapes, figs, and dried fruits.

Up to October 11, 1916, 14,351 cars of peaches, pears, and grapes had been shipped out of California this season, compared with 12,900 cars for a corresponding period in 1915. A carload of soft-shelled walnuts recently shipped is said to have sold for \$10,000.

The olive crop is much below normal. About 50 per cent of the crop is pickled, almost entirely in the form of ripe olives, the remainder being used for making oil.

There is a record crop of Valencia oranges this year, aggregating from 13,000 to 14,000 carloads, compared with 9,500 in 1915 and 12,000 in 1914. Returns to growers have been equaled only once in recent years. The maturing crop of navel oranges, the first shipments of which will be made about November 15, is estimated at 93 per cent of a full crop, or about 5 per cent above the average. The embargo has been raised against shipments of citrus fruits to Australasia, a market which absorbs about 3,300 carloads. With the Florida crop estimated at 71 per cent, the outlook seems to be for good prices. A condition of general prosperity always assures large returns to Pacific Coast fruit growers, who are now benefiting unusually because of the great business activity of the East.

Lack of transportation continues to hamper the lumber industry. Even for interior shipments there is an acute shortage of cars.

Shipyards, which are crowded to the limit, report some difficulty in securing material. A disagreement recently between the members of two labor unions, reported to have no complaint against the employing concern, resulted in 2,200 employees of a San Francisco ship-builder going on strike.

To the 5,000 tons of shipping under the American flag on the Pacific Ocean, 17,000 tons have been added by the purchase of three steamers by the Pacific Mail Steamship Co. This compares with 80,000 tons prior to the war. Japanese interests are largely in control of trans-Pacific transportation, the Japanese merchant marine, on January 31, 1916, comprising 1,856,877 registered gross tons of steam and 554,605 gross tons of sailing vessels, with

half a million gross tons since started on Japanese stocks. One Japanese company, which bought the principal ships of the Pacific Mail Steamship Co., is reported to be earning \$1,000,000 per month. Norwegian interests are also active, and are reported as about to establish a Norway-California line.

A merger of the Pacific Alaska Navigation Co. and the Pacific Coast Steamship Co. into the Pacific Steamship Co. involves 22 steamships of 55,000 gross tons and makes the new company supreme in the coastwise service along the entire Pacific coast, including Alaska. Greater efficiency in operation is anticipated from combining the two fleets under a single management.

Petroleum production in California during September increased 6,055 barrels per day to

a total daily average of 265,514 barrels. This compares with a daily average in September, 1914, of 282,152 barrels. Shipments during September increased 2,021 barrels per day to a daily average of 307,145 barrels, a new record, reducing stocks in storage 1,248,923 barrels, a total reduction during nine months of 8,566,630 barrels. The amount now remaining in storage is 48,469,257 barrels.

The president of a Phoenix (Ariz.) bank sums up the local situation with this statement: "The outlook in all lines of business is all that can be desired." Except for inactivity here and there, as in lumbering and real estate, this is typical of conditions quite generally throughout this district, so far as the near future is concerned.

DISTRIBUTION OF DISCOUNTED PAPER BY CLASSES, SIZES, AND MATURITIES.

Commercial paper discounted by the Federal Reserve Banks during September, 1916, amounted to \$14,308,700, compared with \$17,351,800 for August, 1916, and \$13,238,200 for September, 1915. Of the total September discounts the share of the three southern banks is about 46.2 per cent, as against slightly over 40 per cent in August, 1916, and 65.4 per cent in September, 1915. The only other bank with discount operations of some volume for the month is Chicago, which reports considerable discounts of farmers' paper among its total monthly discounts of 2.3 millions. Discounts of the Federal Reserve Banks for the nine months of the present year totaled \$114,387,200 as against \$112,620,500 for the corresponding period in 1915. Among the total discounts for the month advances to member banks against their own notes secured by discounted paper or United States bonds and Treasury notes figure to an amount of \$1,260,850. Such advances, not to exceed 15 days, were authorized by a recent amendment to section 13 of the Federal Reserve Act and special rates ranging between 3 and 4 per cent have been announced for this class of paper by all the Federal Reserve Banks.

Discounts of commodity paper likewise included in the monthly total aggregate \$1,636,300 as against \$507,500 in August and an average of \$1,299,000 for the eight months of the present year. Nearly all of this paper was handled by the Richmond, Atlanta, and St. Louis banks. During the present year the discounts of commodity paper totaled \$12,028,400 of which nearly 90 per cent was secured by cotton, while the total since September 8, 1915, the date when special lower commodity paper rates first went into effect, was \$22,343,500, handled by seven banks.

Discounts of trade acceptances (two-name paper) figure in the above monthly total to an amount of \$583,500, compared with \$230,400 in August and an average of \$279,000 for the

eight months of the present year. Discounts of this class of paper since September 2, 1915, the date of the first discount of this class of paper at special reduced rates, total \$4,774,900, of which about two-thirds is credited to the Richmond and Atlanta banks.

The total number of bills discounted during September was 5,214, compared with 8,542 for the immediately preceding month, and 9,173 for September of the past year. As the amount of the bills discounted during September shows a much smaller relative decrease, the average size of the paper discounted during the month, \$2,740, is largely in excess of the August, 1916, average of \$2,030, and of the September, 1915, average of \$1,570. Over one-half of the amount of the month's discounts is represented by large-sized notes in denominations of over \$5,000, as against a little over 30 per cent in September, 1915, while the share in the total amount of medium-sized notes, in denominations of over \$1,000 to \$5,000, is over 40 per cent, being slightly larger than in September of the past year. Small notes (in amounts up to \$250) constituted 13 per cent of the total number and less than 1 per cent of the month's total discounts.

Of the total bills discounted during the month 10.4 per cent was 10-day paper, i. e., maturing within 10 days from the day of discount by the Federal Reserve Banks; 26.9 per cent 30-day paper; 27.3 per cent 60-day paper, and 28.7 per cent 90-day paper. Less than \$1,000,000 is represented by the amount of 6-month paper, i. e., agricultural and live stock paper with maturities in excess of 90 days at the time of discount by the Federal Reserve Banks, the Chicago and Dallas banks reporting over 60 per cent of this class of paper.

On the last Friday of the month the banks held a total of \$25,953,000 of discounted paper, compared with \$27,032,000 about a month before, and \$30,033,000 on the corresponding date in 1915. Nearly 60 per cent of the discounted paper held about the end of the month was the share of the three southern banks, compared with 62.5 per cent about the end of

August, 1916, and 68.5 on the nearest date in the past year.

Of the 7,624 member banks only 448, or less than 6 per cent, figure in the list of banks accommodated through the discount of paper during the past month. The largest number, 85, is shown for the Chicago district, where a

growing number of banks in agricultural communities is being accommodated through the rediscount of farmers' paper. The number of southern banks rediscounting during September was 213, compared with 371 reported the month before, and 416 in September of the past year.

Commercial paper, exclusive of bankers' acceptances, rediscounted by each of the Federal Reserve Banks during the month of September, 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.		Average amount of bill discounted.
	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.....			7	1.0	7	3.0	2	1.8	7	9.9	19	92.8	28	277.1	12	450.0	82	835.6	1.6	5.8	\$10,190
New York.....			10	2.1	9	3.4	19	12.3	39	73.5	40	165.4	13	121.9	3	182.0	133	560.6	2.6	3.9	4,210
Philadelphia.....	5	0.5	27	4.7	26	10.7	14	11.6	23	57.9	44	182.0	21	195.2	4	83.7	169	546.3	3.2	3.8	3,230
Cleveland.....	6	.6	10	1.5	16	6.3	13	9.6	64	127.9	24	107.7	8	75.0	10	551.4	151	880.0	2.9	6.2	5,830
Richmond.....	37	3.2	154	27.8	242	98.1	235	189.4	246	442.6	132	527.2	31	217.7	34	987.6	1,111	2,493.6	21.3	17.4	2,240
Atlanta (including New Orleans branch).....	29	2.3	129	23.9	183	73.5	213	170.1	166	264.4	189	794.1	51	396.8	24	695.7	984	2,420.8	18.9	16.9	3,460
Chicago.....	19	1.8	76	14.5	162	66.5	210	166.6	243	414.2	157	683.4	32	289.3	22	682.1	921	2,318.9	17.7	16.2	2,520
St. Louis.....	6	.5	65	11.0	123	46.6	86	63.7	115	190.5	92	376.7	46	353.7	21	681.0	554	1,723.7	10.6	12.1	3,110
Minneapolis.....			9	1.7	17	6.1	85	58.1	82	125.1	33	113.2	7	38.7			233	342.9	4.5	2.4	1,470
Kansas City.....	14	1.2	16	2.9	45	16.5	53	39.1	89	145.5	34	124.3	10	63.9			261	393.9	5.0	2.8	1,510
Dallas.....	10	.8	42	7.8	55	22.3	37	65.0	159	270.9	124	475.3	44	314.2	29	550.8	550	1,707.6	10.5	11.9	3,100
San Francisco.....			16	2.5	14	4.7	11	6.6	11	18.8	11	38.2	2	14.0			65	84.8	1.2	.6	1,300
Total.....	126	10.9	561	101.4	899	357.7	1,028	793.9	1,249	2,141.2	899	3,681.3	293	2,358.0	159	4,864.3	5,214	14,308.7	100.0	100.0	2,740

PERCENTAGES OF AMOUNTS OF EACH CLASS TO TOTAL.

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.
Boston.....		0.1	0.4	0.2	1.2	11.1	33.2	53.8	100.0
New York.....		.4	.6	2.2	13.1	29.5	21.7	32.5	100.0
Philadelphia.....	0.1	.9	2.0	2.1	10.6	33.3	35.7	15.3	100.0
Cleveland.....	.1	.2	.7	1.1	14.5	12.2	8.5	62.7	100.0
Richmond.....	.1	1.1	3.9	7.6	17.8	21.2	8.7	39.6	100.0
Atlanta (including New Orleans branch).....	.1	1.0	3.0	7.0	10.9	32.8	16.4	28.8	100.0
Chicago.....	.1	.6	2.9	7.2	17.8	29.5	12.5	29.4	100.0
St. Louis.....		.6	2.7	3.7	11.1	21.9	20.5	39.5	100.0
Minneapolis.....		.5	1.8	16.9	36.5	33.0	11.3		100.0
Kansas City.....	.3	.7	4.2	9.9	37.0	31.7	16.2		100.0
Dallas.....		.5	1.3	3.8	15.9	27.9	18.4	32.2	100.0
San Francisco.....		3.0	5.5	7.8	22.2	45.0	16.5		100.0
Total.....	.1	.7	2.5	5.5	15.0	25.7	16.5	34.0	100.0

Commercial paper, exclusive of open-market purchases, discounted during September 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—					Total commercial paper discounted.
			Within 10 days.	After 10 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.	
District No. 1—Boston:								
Connecticut.....	56							
Maine.....	67	1				6.3	6.3	
Massachusetts.....	158	3	60.2	21.8	522.1	65.0	669.1	
New Hampshire.....	56							
Rhode Island.....	17	1		150.0			150.0	
Vermont.....	48	1	1.0				10.2	
Total.....	402	6	61.2	181.0	522.1	71.3	835.6	
District No. 2—New York:								
Connecticut.....	15							
New Jersey.....	129	1	20.0				20.0	
New York.....	482	8	48.0	300.3	60.7	128.9	540.6	
Total.....	626	9	68.0	300.3	60.7	128.9	560.6	
District No. 3—Philadelphia:								
Delaware.....	24							
New Jersey.....	72	1		2.5	1.0		3.5	
Pennsylvania.....	534	7	472.9	35.4	8.6	25.8	542.8	
Total.....	630	8	472.9	37.9	9.6	25.8	546.3	
District No. 4—Cleveland:								
Kentucky.....	70	3	2.7	6.9	16.1		25.7	
Ohio.....	374	9	291.1	407.6	126.7	27.8	854.3	
Pennsylvania.....	299							
West Virginia.....	13							
Total.....	756	12	293.8	414.5	142.8	27.8	880.0	
District No. 5—Richmond:								
District of Columbia.....	15	1				40.3	40.3	
Maryland.....	96	2			5.0	27.4	32.4	
North Carolina.....	81	24	212.5	568.5	211.4	362.6	1,356.4	
South Carolina.....	79	26	2.5	121.4	398.8	197.5	721.2	
Virginia.....	145	19		35.4	160.7	91.0	292.3	
West Virginia.....	104	3		10.6	24.1	16.3	51.0	
Total.....	520	75	215.0	735.9	800.0	735.1	2,493.6	
District No. 6—Atlanta:								
Alabama.....	93	17		70.3	84.0	163.4	320.7	
Florida.....	55	9		48.4	76.7	122.9	248.0	
Georgia.....	110	22	1.5	105.9	379.4	293.4	781.1	
Louisiana.....	21	5		3.6	9.1	219.9	232.6	
Mississippi.....	18							
Tennessee.....	93	18	10.0	129.4	189.9	489.9	831.4	
Total.....	390	71	11.5	357.6	739.1	1,289.5	2,420.8	
District No. 7—Chicago:								
Illinois.....	318	16	143.0	1,152.4	51.2	41.0	74.8	1,462.4
Indiana.....	196	6		7.5	32.1	21.2	11.0	71.8
Iowa.....	353	59	5.7	54.0	190.8	270.1	241.4	762.0
Michigan.....	76	2	6.0			1.0		8.8
Wisconsin.....	51	2			2.5	5.5	5.9	13.9
Total.....	994	85	154.7	1,214.1	277.4	338.8	333.9	2,318.9
District No. 8—St. Louis:								
Arkansas.....	67	7	10.0	44.3	81.3	32.8		168.4
Illinois.....	157	9		2.8	8.0	25.6	19.9	56.3
Indiana.....	61	1						
Kentucky.....	67	2	200.0	8.7	22.4			231.1
Mississippi.....	18	4			59.8	90.6	7.1	157.5
Missouri.....	80	6		1.0	121.4	57.8	12.7	192.9
Tennessee.....	20	8	2.0	252.5	254.9	399.8	7.5	916.7
Total.....	470	37	212.0	309.3	548.1	607.1	47.2	1,723.7
District No. 9—Minneapolis:								
Michigan.....	32							
Minnesota.....	284	29		11.9	53.8	78.0	111.1	254.8
Montana.....	74	2		3.3	7.1	9.7	6.4	26.5
North Dakota.....	155	3			15.7	10.2		26.2
South Dakota.....	125	5			3.1	12.6	11.3	27.0
Wisconsin.....	83	2		5.3	2.9			8.4
Total.....	758	41		20.5	82.6	110.7	129.1	342.9

Commercial paper, exclusive of open-market purchases, discounted during September 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—					Total commercial paper discounted.
			Within 10 days.	After 10 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.	
District No. 10—Kansas City:								
Colorado.....	121	2		4.0	19.1	33.1	1.9	58.1
Kansas.....	221	3		.9	5.9	5.1	35.8	47.7
Missouri.....	54	4		4.1	7.1	6.6	18.1	35.9
Nebraska.....	193	9				24.9	40.0	64.9
New Mexico.....	9	1			24.4	16.7	18.6	59.7
Oklahoma.....	303	9	0.2	4.1	20.8	83.4	14.2	122.7
Wyoming.....	36	1				1.2	3.7	4.9
Total.....	937	29	.2	13.1	77.3	171.0	132.3	393.9
District No. 11—Dallas:								
Arizona.....	6							
Louisiana.....	11	3		1.5	15.2	12.5		29.2
New Mexico.....	28	9		55.6	85.0	150.9	88.6	380.1
Oklahoma.....	33	3		41.7	26.4	46.5		114.6
Texas.....	543	52		160.1	481.5	362.4	179.7	1,183.7
Total.....	621	67		258.9	608.1	572.3	268.3	1,707.6
District No. 12—San Francisco:								
Alaska.....	1							
Arizona.....	7							
California.....	261	6	4.5	2.8	24.5	29.1	15.0	75.9
Idaho.....	58	1		.8	1.8			2.6
Nevada.....	10							
Oregon.....	82	1		2.1	4.2			6.3
Utah.....	23							
Washington.....	78							
Total.....	520	8	4.5	5.7	30.5	29.1	15.0	84.8

RECAPITULATION.

[In thousands of dollars.]

Districts and cities.	Number of member banks.	Number of banks accommodated.	Paper maturing—					Total commercial paper discounted.	Per cent.
			Within 10 days.	After 10 days but within 30 days.	After 30 days but within 60 days.	After 60 days but within 90 days.	After 90 days.		
No. 1—Boston.....	402	6	61.2	181.0	522.1	71.3	.....	835.6	5.8
No. 2—New York.....	626	9	68.0	300.3	60.7	123.9	2.7	560.6	3.9
No. 3—Philadelphia.....	630	8	472.9	37.9	9.6	25.3	.1	546.3	3.8
No. 4—Cleveland.....	756	12	293.8	414.5	142.8	27.8	1.1	880.0	6.2
No. 5—Richmond.....	520	75	215.0	735.9	800.0	735.1	7.6	2,493.6	17.4
No. 6—Atlanta.....	390	71	11.5	357.6	739.1	1,289.5	23.1	2,420.8	16.9
No. 7—Chicago.....	994	85	154.7	1,214.1	277.4	338.8	333.9	2,318.9	16.2
No. 8—St. Louis.....	470	37	212.0	309.3	543.1	607.1	47.2	1,723.7	12.1
No. 9—Minneapolis.....	758	41	.....	20.5	82.6	110.7	129.1	342.9	2.4
No. 10—Kansas City.....	937	29	.2	13.1	77.3	171.0	132.3	393.9	2.8
No. 11—Dallas.....	621	67	.....	258.9	608.1	572.3	268.3	1,707.6	11.9
No. 12—San Francisco.....	520	8	4.5	5.7	30.5	29.1	15.0	84.8	.6
Total for September.....	7,624	448	1,493.8	3,848.8	3,898.3	4,107.4	960.4	14,308.7	100.0
Per cent.....			10.4	26.9	27.3	28.7	6.7	.....	100.0
Total for January–September, 1916.....			14,532.4	25,075.5	26,554.2	33,587.8	14,637.3	114,387.2	.....
Total for January–September, 1915.....			18,792.3	.....	41,196.4	39,599.5	13,032.3	112,620.5	.....

Trade acceptances discounted by each Federal Reserve Bank from Sept. 2, 1915, date of first discount, to Sept. 30, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	September, 1916.	Total for first 9 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	September, 1916.	Total for first 9 months in 1916.
Boston.....		\$7,100	\$35,600	St. Louis.....	\$167,800	\$189,300	\$441,300
New York.....	\$5,700		5,600	Minneapolis.....			600
Philadelphia.....			64,800	Kansas City.....	87,800	70,500	190,900
Cleveland.....	4,900	6,300	140,200	Dallas.....	160,800	84,600	178,100
Richmond.....	450,500	136,400	987,400	San Francisco.....	74,200		32,100
Atlanta (including New Orleans branch).....	1,007,100	80,300	731,300	Total.....	1,958,800	583,500	2,816,100
Chicago.....			8,200				

Commodity paper discounted by each Federal Reserve Bank from Sept. 8, 1915, date of first discount, to Sept. 30, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	September, 1916.	Total for first 9 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	September, 1916.	Total for first 9 months in 1916.
Richmond.....	\$2,881,400	\$512,700	\$6,075,200	Kansas City.....			\$360,000
Atlanta (including New Orleans branch).....	7,032,300	874,600	5,008,900	Dallas.....	\$239,100		225,200
St. Louis.....	99,800	246,500	246,500	San Francisco.....	37,200	\$2,500	94,800
Minneapolis.....	25,300		19,800	Total.....	10,315,100	1,636,300	12,028,400

Commodity paper discounted by each Federal Reserve Bank during the nine months ending Sept. 30, 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans branch).	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Beans.....		\$500						\$500
Bran.....		6,800						6,800
Coffee.....		125,000						125,000
Cotton.....	\$6,029,500	4,358,000	\$101,500			\$218,200	\$300	10,707,500
Flax.....				\$3,000				3,000
Flour.....		140,000						140,000
Hay.....		400						400
Hops.....							46,400	46,400
Malze.....		2,900				7,000		9,900
Oats.....		29,200					1,000	30,200
Oil.....					\$360,000			360,000
Peanuts.....	41,100	900						42,000
Prunes.....							5,000	5,000
Raisins.....							7,600	7,600
Wheat.....		337,100		16,800			10,500	364,400
Miscellaneous.....	4,600	6,100	145,000				24,000	179,700
Total.....	6,075,200	5,006,900	246,500	19,800	360,000	225,200	94,800	12,028,400

Member banks' collateral notes discounted by each Federal Reserve Bank during the month of September, 1916.

Federal Reserve Bank.	September, 1916.	Federal Reserve Bank.	September, 1916.
Philadelphia.....	\$25,000	St. Louis.....	\$200,000
Cleveland.....	350,000	Dallas.....	85,000
Richmond.....	460,000	Total.....	1,260,850
Atlanta (including New Orleans branch).....	140,850		

Amounts of commercial paper, exclusive of bankers' acceptances, held by each Federal Reserve Bank on Sept. 29, 1916, distributed by maturities.

Federal Reserve Bank.	Paper maturing—					Total.	Per cent.
	Within 10 days.	After 10 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.		
Boston.....	\$240,700	\$132,600	\$385,700	\$46,000	.....	\$805,000	3.1
New York.....	156,100	205,400	368,200	52,500	.....	782,200	3.0
Philadelphia.....	22,700	48,600	27,500	22,600	\$2,900	124,300	.5
Cleveland.....	356,100	110,100	133,300	35,800	3,300	638,600	2.5
Richmond.....	1,443,000	1,449,600	1,746,500	605,000	24,100	5,268,200	20.3
Atlanta.....	749,000	1,065,800	1,398,800	660,700	32,200	3,906,500	15.1
Chicago.....	289,900	355,000	744,400	589,100	469,100	2,447,500	9.4
St. Louis.....	224,500	593,900	705,300	520,400	48,000	2,092,100	8.1
Minneapolis.....	325,800	184,600	678,700	456,800	235,700	1,881,600	7.2
Kansas City.....	180,800	677,100	318,400	253,900	184,500	1,614,700	6.2
Dallas.....	1,288,500	1,224,100	2,219,700	635,800	471,200	6,039,300	23.3
San Francisco.....	52,100	85,400	100,900	68,100	46,300	352,800	1.3
Total.....	5,329,200	6,132,200	8,827,400	4,146,700	1,517,300	25,952,800	100.0
Per cent.....	20.5	23.6	34.0	16.0	5.9	.....	100.0
Amounts held on Oct. 1, 1915.....	4,168.6	8,020.6	11,518.4	4,875.3	1,451.0	30,033.9	.....
Per cent.....	13.9	26.7	38.4	16.2	4.8	.....	100.0

ACCEPTANCES.

Acceptances bought in open market and held by Federal Reserve Banks as per schedules on file on dates specified, distributed by classes of accepting institutions.

[In thousands of dollars.]

Date.	Bankers' acceptances.					Trade acceptances bought in open market.	Total acceptances.	Date.	Bankers' acceptances.					Trade acceptances bought in open market.	Total acceptances.		
	Member banks.	Nonmember banks.			Total.				Member banks.	Nonmember banks.			Total.				
		Trust companies.	State banks.	Private banks.						Trust companies.	State banks.	Private banks.					
1915.								1916.									
Feb. 22.....	93	.....	.....	.....	93	.....	93	Apr. 24.....	23,566	15,196	584	3,504	42,850	1,438	44,288
Apr. 5.....	3,653	7,820	10	110	11,593	.....	11,593	May 1.....	24,875	15,400	585	3,430	44,290	1,477	45,767	
May 3.....	5,038	8,189	10	110	13,347	.....	13,347	May 8.....	25,058	15,750	671	3,493	44,972	1,518	46,490	
June 7.....	5,242	4,516	10	182	9,960	.....	9,960	May 15.....	26,633	15,372	778	4,960	47,738	1,635	49,373	
July 3.....	4,342	5,267	.....	161	9,770	.....	9,770	May 22.....	26,689	10,490	690	6,038	49,857	2,006	51,863
Aug. 2.....	5,350	5,407	20	352	11,129	.....	11,129	May 29.....	26,104	10,541	690	5,895	49,230	2,037	51,267	
Sept. 6.....	6,087	6,305	20	472	12,884	.....	12,884	June 5.....	24,680	17,029	644	7,007	49,360	2,208	51,568	
Oct. 4.....	9,000	4,898	132	343	14,373	.....	14,373	June 12.....	27,354	19,209	622	7,865	55,050	2,310	57,360	
Nov. 1.....	8,477	4,331	253	204	13,265	.....	13,265	June 19.....	32,011	19,490	560	9,067	61,128	2,054	63,182	
Dec. 6.....	12,311	5,172	275	396	18,154	.....	18,154	June 26.....	33,155	18,722	552	11,009	63,438	1,958	65,396	
1916.								July 3.....	32,989	18,921	471	11,830	64,211	3,422	67,633		
Jan. 3.....	15,494	7,160	362	822	23,838	.....	23,838	July 10.....	34,144	20,261	620	11,827	66,792	3,052	69,844	
Jan. 10.....	16,492	8,057	370	938	25,857	.....	25,857	July 17.....	40,497	22,309	593	13,193	76,592	3,685	80,277	
Jan. 17.....	16,908	7,655	425	1,010	25,998	180	26,178	July 24.....	41,514	22,327	610	12,977	77,428	3,651	81,079		
Jan. 24.....	16,348	8,070	363	1,441	26,222	180	26,402	July 31.....	41,395	21,437	724	13,619	77,175	3,722	80,897		
Jan. 31.....	15,834	8,174	356	1,510	25,874	180	27,054	Aug. 7.....	39,695	19,060	738	13,940	73,433	4,225	77,658		
Feb. 7.....	15,681	7,876	336	1,458	25,349	489	25,838	Aug. 14.....	41,536	18,144	754	13,443	73,877	4,387	78,264		
Feb. 14.....	17,581	7,985	347	1,351	27,764	528	28,292	Aug. 21.....	43,058	19,840	736	12,623	76,266	3,748	80,014		
Feb. 21.....	17,661	8,194	392	1,841	28,088	460	28,548	Aug. 28.....	43,061	20,716	734	12,673	77,184	3,815	80,999		
Feb. 28.....	17,436	8,755	408	1,841	28,440	460	28,900	Sept. 4.....	41,413	20,356	726	12,491	74,986	3,673	78,659		
Mar. 6.....	17,182	8,670	408	1,781	28,041	462	28,503	Sept. 11.....	39,766	20,747	760	11,531	72,847	2,676	75,523		
Mar. 13.....	20,323	10,032	470	1,631	32,456	546	33,002	Sept. 18.....	42,533	22,105	743	11,443	76,824	2,673	79,497		
Mar. 20.....	20,563	11,280	408	2,467	34,718	678	35,396	Sept. 25.....	40,309	22,636	711	10,795	74,451	2,796	77,247		
Mar. 27.....	21,128	12,864	411	3,078	37,481	629	38,110	Oct. 2.....	37,798	21,782	712	9,944	70,236	2,306	72,542		
Apr. 3.....	21,000	13,573	473	3,262	38,308	722	39,030	Oct. 9.....	36,957	23,105	705	10,251	71,108	2,048	73,156		
Apr. 10.....	22,239	14,864	476	3,405	40,984	874	41,858	Oct. 16.....	37,655	23,684	784	10,230	72,353	1,897	74,250		
Apr. 17.....	22,135	15,028	564	3,442	41,169	1,321	42,490	Oct. 23.....	39,694	26,281	867	10,718	77,560	1,723	79,283		

Amounts of acceptances held by each Federal Reserve Bank at close of business on Fridays, Sept. 29 to Oct. 20, 1916, distributed by maturities.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Within 10 days:													
Sept. 29.....	326	5,542	2,356	1,387	1,000	378	1,240	1,265	631	159	24	1,770	16,078
Oct. 6.....	413	4,358	1,931	819	400	152	436	515	328	92	144	1,100	10,688
Oct. 13.....	853	3,250	1,095	1,025	103	174	526	723	664	139	71	855	9,478
Oct. 20.....	1,296	3,478	1,426	1,134	429	652	642	649	412	188	.....	1,009	11,315
From 11 to 30 days:													
Sept. 29.....	1,587	6,345	2,504	1,518	330	807	832	922	631	235	120	1,283	17,114
Oct. 6.....	1,711	6,291	2,903	2,142	103	1,191	1,230	1,948	976	517	.....	1,707	20,719
Oct. 13.....	1,837	5,706	3,612	1,894	613	1,122	1,223	1,827	797	755	.....	1,498	20,884
Oct. 20.....	3,105	4,217	2,770	1,450	238	644	1,242	1,642	657	696	.....	957	17,618
From 31 to 60 days:													
Sept. 29.....	4,851	7,079	3,250	2,166	719	763	2,297	2,161	1,325	840	.....	2,246	27,697
Oct. 6.....	5,773	6,018	2,831	1,800	719	827	2,005	1,330	1,061	672	.....	1,818	24,854
Oct. 13.....	6,245	6,611	3,331	2,394	481	877	2,076	1,439	902	391	150	2,038	26,935
Oct. 20.....	5,189	7,569	4,478	2,392	528	991	2,170	1,915	978	377	150	2,420	29,187
From 61 days to 3 months:													
Sept. 29.....	3,482	5,563	3,275	1,492	297	1,179	1,278	1,195	464	182	.....	1,329	19,736
Oct. 6.....	2,169	6,481	3,665	1,451	447	1,588	1,544	1,332	462	198	.....	1,810	21,177
Oct. 13.....	1,266	6,968	3,068	920	582	1,563	1,617	1,185	576	395	.....	1,940	20,080
Oct. 20.....	1,623	9,044	3,791	1,306	685	1,385	1,703	1,056	720	645	100	2,303	24,361
Total acceptances held:													
Sept. 29.....	10,246	24,529	11,385	6,563	2,346	3,127	5,647	5,543	3,051	1,416	144	6,628	80,625
Oct. 6.....	10,066	23,148	11,330	6,242	1,669	3,758	5,215	5,125	2,827	1,479	144	6,435	77,438
Oct. 13.....	10,201	22,535	11,106	6,233	1,779	3,736	5,442	5,174	2,939	1,680	221	6,331	77,377
Oct. 20.....	11,213	24,308	12,465	6,282	1,880	3,672	5,757	5,262	2,767	1,906	250	6,689	82,451

Distribution by maturities of acceptances bought in the open market by each Federal Reserve Bank during the calendar year 1915, and the first 9 months of 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Within 30 days:													
Calendar year, 1915.....	497	1,246	695	101	.....	7	156	103	45	69	.....	61	2,980
6 months ending June, 1916.....	350	4,728	4,552	322	579	270	133	.....	21	9	50	539	11,553
July, 1916.....	.....	2,038	754	402	905	.....	480	71	3	.....	.....	152	4,805
August, 1916.....	191	1,477	983	41	400	.....	.....	.....	10	.....	149	468	3,719
September, 1916.....	163	317	634	20	1,781	617	300	.....	31	28	227	144	4,118
Total for 9 months, 1916.....	704	8,560	6,923	785	3,665	887	913	71	65	37	426	1,159	24,195
After 30 but within 60 days:													
Calendar year, 1915.....	2,137	2,377	1,464	746	.....	19	816	374	191	183	.....	750	9,057
6 months ending June, 1916.....	1,433	5,063	4,016	1,267	961	261	1,840	1,151	630	459	.....	2,299	19,330
July, 1916.....	4	1,169	739	406	62	8	849	294	69	.....	.....	619	4,219
August, 1916.....	87	1,101	609	855	46	250	362	362	216	311	.....	759	4,978
September, 1916.....	723	1,227	1,934	489	749	339	871	887	299	187	.....	474	8,179
Total for 9 months, 1916.....	2,247	8,560	7,298	3,017	1,818	858	3,922	2,714	1,214	957	.....	4,151	36,756
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
6 months ending June, 1916.....	24,049	34,435	10,959	5,472	.....	2,126	5,389	4,321	2,500	1,635	.....	5,847	96,733
July, 1916.....	1,391	11,161	3,556	2,555	238	404	1,943	2,036	1,262	.....	.....	2,628	37,479
August, 1916.....	4,062	5,508	2,069	1,257	.....	666	1,390	1,335	827	787	500	1,349	19,750
September, 1916.....	3,787	6,940	4,023	2,278	297	1,190	1,696	1,561	702	248	.....	2,068	24,790
Total for 9 months, 1916.....	33,289	58,044	20,607	11,862	535	4,386	10,423	9,253	5,291	2,670	500	11,892	168,752
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
6 months ending June, 1916.....	25,832	44,226	19,527	7,061	1,540	2,657	7,362	5,472	3,151	2,103	50	8,685	127,666
July, 1916.....	1,395	14,368	5,049	3,663	1,205	412	3,277	2,401	1,834	.....	.....	3,399	36,503
August, 1916.....	4,340	8,086	3,661	2,153	446	916	1,752	1,717	1,053	1,098	649	2,576	28,447
September, 1916.....	4,673	8,484	6,591	2,780	2,827	2,146	2,867	2,448	1,032	463	227	2,542	37,087
Total for 9 months, 1916.....	36,240	75,164	34,828	15,064	6,018	6,131	15,258	12,038	6,570	3,664	926	17,202	229,703

Distribution by sizes of acceptances bought in the open market by all the Federal Reserve Banks during September, and for the first 9 months of 1916.

Acceptances bought in open market.	To \$5,000.		To \$10,000.		To \$25,000.		To \$50,000.		To \$100,000.		Over \$100,000.		Total.		Per cent.
	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	
September, 1916:															
Bankers' acceptances.....	501	1,429,342	370	2,833,240	630	10,782,869	164	6,795,609	78	6,836,652	37	\$7,197,162	1,780	\$35,874,874	96.7
Trade acceptances.....	23	75,097	75	684,700	30	411,837	1	40,000	.....	.....	.....	.....	129	\$1,211,634	3.3
Total.....	524	1,504,439	445	3,517,940	660	11,194,706	165	6,835,609	78	6,836,652	37	7,197,162	1,909	37,086,508	.....
Per cent.....		4.1		9.5		30.2		18.4		18.4		19.4		100.0	
Total acceptances bought during:															
August, 1916.....	327	\$916,682	232	\$1,888,457	422	\$7,835,547	131	\$5,340,003	69	\$5,744,106	35	\$6,721,610	1,216	\$28,446,405	.....
July, 1916.....	520	1,633,327	495	4,026,432	809	12,830,111	185	7,662,059	68	5,065,021	29	5,286,683	2,112	36,503,643	.....
June, 1916.....	562	1,533,168	737	6,238,168	853	13,738,638	191	8,269,613	83	6,768,226	37	5,913,336	2,463	42,397,149	.....
May, 1916.....	335	1,012,891	219	1,755,224	312	5,960,425	108	3,262,880	62	5,698,417	23	4,221,630	1,089	21,911,467	.....
April, 1916.....	269	847,351	231	2,305,224	313	5,420,116	94	3,896,184	62	2,697,384	11	3,332,850	1,000	18,496,116	.....
March, 1916.....	289	941,908	234	1,983,554	356	6,578,432	109	4,538,671	62	5,095,263	22	3,779,223	1,071	22,918,051	.....
February, 1916.....	267	789,675	159	1,307,989	196	3,548,326	49	1,830,851	21	1,613,614	15	3,326,375	707	12,416,830	.....
January, 1916.....	194	546,959	220	1,720,758	217	4,113,726	47	1,857,477	17	1,284,593	.....	.....	695	9,523,513	.....
Total acceptances bought during 9 months ending September, 1916.....	3,292	9,726,410	3,022	24,743,803	4,138	71,221,027	1,079	43,434,347	492	40,798,226	209	39,778,869	12,232	229,702,682	.....

¹ Of the above total, bankers' acceptances totaling \$34,103,182 were based on imports and exports, and \$1,771,692 on domestic trade transactions.
² All trade acceptances were drawn abroad on importers in the United States and indorsed by foreign banks.

Amounts of short-term investments (municipal warrants) held by each Federal Reserve Bank at close of business on Fridays, Sept. 29 to Oct. 20, 1916, distributed by maturities.

[In thousands of dollars.]

Warrants maturing—	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
Within 10 days:													
Sept. 29.....	15	.....	42	697	76	.....	399	25	25	.....	.....	50	1,320
Oct. 6.....	15	.....	.....	659	.....	.....	200	.....	.....	.....	.....	.....	874
Oct. 13.....	75	.....	19	679	.....	.....	363	15	59	8	.....	18	1,236
Oct. 20.....	754	.....	366	1,027	.....	.....	260	232	195	109	.....	265	3,208
From 11 to 30 days:													
Sept. 29.....	784	721	366	368	.....	.....	810	232	195	110	.....	265	3,851
Oct. 6.....	2,391	2,300	1,525	1,051	.....	.....	1,455	600	557	282	.....	859	11,050
Oct. 13.....	3,020	2,850	1,852	1,063	.....	3	1,472	720	508	274	.....	911	12,673
Oct. 20.....	2,592	3,461	1,712	948	.....	3	1,517	781	443	274	.....	791	12,522
From 31 to 60 days:													
Sept. 29.....	2,787	2,545	1,327	923	.....	3	1,608	706	469	223	.....	816	11,407
Oct. 6.....	1,360	2,977	1,468	1,391	.....	3	1,575	508	217	51	.....	288	9,835
Oct. 13.....	748	3,669	1,173	1,460	.....	5	1,545	373	719	159	.....	1,218	11,069
Oct. 20.....	592	3,403	1,173	1,317	.....	5	1,393	156	668	118	.....	1,317	10,142
From 61 to 90 days:													
Sept. 29.....	512	1,038	581	141	.....	10	679	283	242	8	.....	345	3,839
Oct. 6.....	276	1,842	405	40	.....	10	963	213	102	8	.....	279	4,138
Oct. 13.....	209	983	405	224	.....	5	675	418	122	152	.....	473	3,666
Oct. 20.....	226	818	238	685	.....	5	595	357	102	152	.....	398	3,576
From 91 days to 6 months:													
Sept. 29.....	434	569	70	523	10	276	642	264	346	18	.....	450	3,602
Oct. 6.....	375	569	56	523	61	276	247	284	346	18	.....	450	3,185
Oct. 13.....	365	569	56	627	61	278	248	59	346	18	.....	271	2,893
Oct. 20.....	318	569	56	881	61	278	238	59	346	18	.....	271	3,095
Total municipal warrants held:													
Sept. 29.....	4,532	4,873	2,386	2,652	86	289	4,138	1,510	1,277	359	.....	1,926	24,028
Oct. 6.....	4,417	7,688	3,454	3,664	61	289	4,440	1,585	1,252	359	.....	1,878	29,085
Oct. 13.....	4,417	8,071	3,505	4,053	61	291	4,303	1,585	1,754	611	.....	2,891	31,542
Oct. 20.....	4,482	8,251	3,545	4,858	61	291	4,008	1,585	1,754	671	.....	3,042	32,543

Total investment operations of each Federal Reserve Bank during the month of September and 9 months ending September, 1916 and 1915.

[In thousands of dollars.]

Bank.	Bills dis-counted for member banks.	Bills bought in open market.			Municipal warrants bought.				United States bonds and Treasury notes.					Total investment operations.	
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.	2 per cent.	3 per cent.	4 per cent.	1-year notes.	Total.	1916	1915
Boston.....	835.6	4,644.0	29.0	4,673.0	1,584.8	.....	.....	1,584.8	.....	.....	.....	.....	.....	7,093.4	1,621.3
New York.....	560.6	7,931.0	553.0	8,484.0	1,209.2	.....	.....	1,209.2	1,138.0	.....	.....	.....	1,138.0	11,391.8	2,478.3
Philadelphia.....	546.3	6,360.0	231.0	6,591.0	434.2	.....	.....	434.2	.....	.....	.....	.....	.....	7,571.5	2,056.5
Cleveland.....	880.0	2,620.0	167.0	2,787.0	264.1	.....	57.2	321.3	750.0	7.0	.....	757.0	.....	4,745.3	2,304.9
Richmond.....	2,493.6	2,827.0	.....	2,827.0	10.0	.....	.....	10.0	81.8	.....	.....	81.8	.....	5,412.4	3,637.4
Atlanta.....	2,470.8	2,146.0	.....	2,146.0	7.7	114.9	.....	122.6	.....	.....	.....	.....	.....	4,739.4	3,198.0
Chicago.....	2,318.9	2,867.0	.....	2,867.0	606.6	.....	.....	606.6	.....	.....	.....	.....	.....	5,792.5	1,563.2
St. Louis.....	1,723.7	2,443.0	.....	2,443.0	108.6	.....	.....	108.6	.....	.....	.....	.....	.....	4,280.3	889.9
Minneapolis.....	342.9	1,004.0	28.0	1,032.0	347.5	.....	10.3	357.8	1.5	.....	.....	1.5	.....	1,734.2	589.1
Kansas City.....	393.9	463.0	.....	463.0	6.1	.....	.....	6.1	.....	.....	.....	.....	.....	1,863.0	1,919.4
Dallas.....	1,707.6	227.0	.....	227.0	.....	.....	.....	.....	215.0	.....	.....	.....	215.0	2,149.6	2,686.5
San Francisco.....	84.8	2,333.0	204.0	2,542.0	288.4	.....	41.3	329.7	.....	.....	.....	.....	.....	3,956.5	631.8
Total:															
Sept., 1916.....	14,358.7	35,875.0	1,212.0	37,087.0	4,867.2	114.9	108.8	5,090.9	2,186.3	7.0	.....	.....	2,193.3	58,729.9	.....
Sept., 1915.....	14,405.0	4,548.0	.....	4,548.0	.....	.....	.....	4,115.3	435.0	53.0	.....	.....	488.0	.....	23,556.3
9 months ending Sept. 30, 1916.....	114,437.2	219,612.5	10,091.2	229,703.7	64,177.1	3,654.9	591.3	68,423.3	37,479.25	3,642.82	4,153.0	50.0	45,325.07	457,889.27	.....
9 months ending Sept. 30, 1915.....	112,620.5	37,796.0	.....	37,796.0	.....	.....	.....	52,277.4	6,676.75	2,320.3	.....	.....	9,177.05	.....	211,870.95

Amounts of United States bonds and 1-year Treasury notes sold by all Federal Reserve Banks during the month of September, 1916.

[In thousands of dollars.]

	Bos-ton.	New York.	Phila-del-phia.	Cleve-land.	Rich-mond.	At-lanta.	Chi-cago.	St. Louis.	Min-ne-apolis.	Kansas City.	Dallas.	San Fran-cisco.	Total.
2 per cent bonds.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3 per cent bonds.....	70.0	630.0	228.0	95.1	192.0	.....	280.0	35.0	104.7	.....	.....	96.0	1,730.8
4 per cent bonds.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1-year Treasury notes.....	.....	2,032.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	2,032.0
Total sales.....	70.0	2,662.0	228.0	95.1	192.0	.....	280.0	35.0	104.7	.....	.....	96.0	3,762.8

CONVERSION OF 2 PER CENT UNITED STATES BONDS DURING 1916.

Under authority of section 18 of the Federal Reserve Act there was converted during the present year a total of \$30,000,000 of 2 per cent United States bonds into 3 per cent 30-year bonds and 1-year Treasury notes. The first conversion operation was effected on April 1, 1916, when \$10,290,600 of 2 per cent consols and Panamas were converted into \$5,900,600 of 30-year conversion bonds and \$4,390,000 of 1-year Treasury notes, the new bonds and notes bearing 3 per cent interest. On July 1 a total of \$9,574,200 of 2 per cent bonds was converted into \$4,789,200 3 per cent

30-year conversion bonds and \$4,785,000 1-year Treasury notes, while on October 1 the remaining \$10,135,200 of 2 per cent bonds were converted into \$5,071,200 of 3 per cent long-term bonds and \$5,064,000 of 1-year Treasury notes.

The result of the year's operations is the conversion of 30,000,000 of 2 per cent bonds into \$15,761,000 of 3 per cent 30-year conversion bonds and \$14,239,000 of 3 per cent 1-year Treasury notes.

The following exhibit gives the original amounts allotted by the Federal Reserve

Board (on the basis of capital) and the actual amounts converted for each Federal Reserve Bank:

Federal Reserve Bank.	Amounts allotted by Federal Reserve Board.	Amounts actually converted.
Boston.....	\$2,763,900	\$2,000,000
New York.....	6,130,500	6,476,200
Philadelphia.....	2,849,100	2,849,000
Cleveland.....	3,249,600	3,318,000
Richmond.....	1,827,600	2,142,800
Atlanta.....	1,410,600	1,653,900
Chicago.....	3,635,400	4,035,400
St. Louis.....	1,523,400	1,786,100
Minneapolis.....	1,398,600	1,398,600
Kansas City.....	1,644,000	1,927,600
Dallas.....	1,412,400	1,412,400
San Francisco.....	2,154,900	1,000,000
Total.....	30,000,000	30,000,000

It is seen that with the exception of Boston, Philadelphia, and San Francisco all the Federal Reserve Banks availed themselves of their

conversion privileges and deposited for conversion their full quota of bonds. The difference between the full quota of the above three banks and the amounts applied for by them, \$1,918,900, was distributed among seven banks which had expressed a desire to convert bonds in excess of their original allotment.

On September 30, 1916, the amount of 3 per cent conversion bonds held by the Federal Reserve Banks was \$5,724,700, while the amount of 1-year Treasury notes held by them was \$6,703,000. The net amount of conversion bonds sold by the Federal Reserve Banks to the end of September was \$4,965,100, while the net amount of 1-year Treasury notes sold by them to that date was \$2,472,000.

Particulars of the conversion operations are presented in the following table prepared by the office of the Secretary of the Treasury:

Public debt refunding operations conducted by the Secretary of the Treasury under authority of section 18 of the Federal Reserve Act during the calendar year 1916.

[Prepared by the Office of the Secretary of the Treasury, Division of Loans and Currency.]

2 PER CENT BONDS OF THE UNITED STATES SUBMITTED BY FEDERAL RESERVE BANKS AND CANCELED.

Federal Reserve Bank.	Apr. 1, 1916.				July 1, 1916.			
	2 per cent consols, 1930.	2 per cent Panamas, 1916-36.	2 per cent Panamas, 1918-38.	Total.	2 per cent consols, 1930.	2 per cent Panamas, 1916-36.	2 per cent Panamas, 1918-38.	Total.
Atlanta.....	\$705,300			\$705,300	\$242,100	\$107,500	\$3,000	\$352,600
Boston.....	500,000			500,000				2,000,000
Chicago.....	750,000	\$150,000	\$100,000	1,000,000	1,700,000			1,700,000
Cleveland.....	400,000			400,000	1,475,000	520,000	5,000	2,000,000
Dallas.....					1,059,300			1,059,300
Kansas City.....	820,600			820,600	412,400			412,400
Minneapolis.....	699,300			699,300				
New York.....	3,015,300	25,000	25,000	3,065,300	1,500,000			1,500,000
Philadelphia.....	1,424,600			1,424,600	712,200			712,200
Richmond.....	913,800			913,800	456,900			456,900
St. Louis.....	761,700			761,700	380,800			380,800
San Francisco.....					1,000,000			1,000,000
Total.....	9,990,600	175,000	125,000	10,290,600	8,938,700	627,500	8,000	9,574,200

Federal Reserve Bank.	Oct. 1, 1916.				Total for year 1916.			
	2 per cent consols, 1930.	2 per cent Panamas, 1916-36.	2 per cent Panamas, 1918-38.	Total.	2 per cent consols, 1930.	2 per cent Panamas, 1916-36.	2 per cent Panamas, 1918-38.	Total.
Atlanta.....	\$596,000			\$596,000	\$1,543,400	\$107,500	\$3,000	\$1,653,900
Boston.....	1,500,000			1,500,000	2,000,000			2,000,000
Chicago.....	250,000	\$730,000	\$355,400	1,335,400	2,700,000	880,000	455,400	4,035,400
Cleveland.....	818,000		100,000	918,000	2,693,000	520,000	105,000	3,318,000
Dallas.....	224,100	110,000	19,000	353,100	1,283,400	110,000	19,000	1,412,400
Kansas City.....	88,100	356,500	250,000	694,600	1,321,100	356,500	250,000	1,927,600
Minneapolis.....	699,300			699,300	1,398,600			1,398,600
New York.....	1,422,900	385,000	103,000	1,910,900	5,938,200	410,000	128,000	6,476,200
Philadelphia.....	342,200	231,000	139,000	712,200	2,479,000	231,000	139,000	2,849,000
Richmond.....	609,600	162,500		772,100	1,980,300	162,500		2,142,800
St. Louis.....	643,600			643,600	1,786,100			1,786,100
San Francisco.....					1,000,000			1,000,000
Total.....	7,193,800	1,975,000	966,400	10,135,200	26,123,100	2,777,500	1,099,400	30,000,000

Public debt refunding operations conducted by the Secretary of the Treasury under authority of section 18 of the Federal Reserve Act during the calendar year 1916—Continued.

THIRTY-YEAR 3 PER CENT CONVERSION BONDS AND ONE-YEAR 3 PER CENT TREASURY NOTES ISSUED TO FEDERAL RESERVE BANKS.

Federal Reserve Bank.	Apr. 1, 1916.			July 1, 1916.		
	Conversion bonds, series 1916-46.	One-year Treasury notes, series Apr. 1, 1916-17.	Total.	Conversion bonds, series 1916-46.	One-year Treasury notes, series July 1, 1916-17.	Total.
Atlanta.....	355,300	350,000	705,300	176,600	176,000	352,600
Boston.....	250,000	250,000	500,000			
Chicago.....	1,000,000		1,000,000	850,000	850,000	1,700,000
Cleveland.....	200,000	200,000	400,000	1,000,000	1,000,000	2,000,000
Dallas.....				530,300	529,000	1,059,300
Kansas City.....	410,600	410,000	820,600	206,400	206,000	412,400
Minneapolis.....	349,300	350,000	699,300			
New York.....	1,533,300	1,532,000	3,065,300	750,000	750,000	1,500,000
Philadelphia.....	902,600	462,000	1,424,600	356,200	356,000	712,200
Richmond.....	457,800	456,000	913,800	228,900	228,000	456,900
St. Louis.....	381,700	380,000	761,700	190,800	190,000	380,800
San Francisco.....				500,000	500,000	1,000,000
Total.....	5,900,600	4,390,000	10,290,600	4,789,200	4,785,000	9,574,200

Federal Reserve Bank.	Oct. 1, 1916.			Total for 1916.		
	Conversion bonds, series 1916-46.	One-year Treasury notes, series Oct. 1, 1916-17.	Total.	Conversion bonds.	One-year Treasury notes.	Total.
Atlanta.....	298,000	298,000	596,000	829,900	824,000	1,653,900
Boston.....	750,000	750,000	1,500,000	1,000,000	1,000,000	2,000,000
Chicago.....	668,400	667,000	1,335,400	2,518,400	1,517,000	4,035,400
Cleveland.....	460,000	458,000	918,000	1,660,000	1,658,000	3,318,000
Dallas.....	177,100	176,000	353,100	707,400	705,000	1,412,400
Kansas City.....	347,600	347,000	694,600	964,600	963,000	1,927,600
Minneapolis.....	349,300	350,000	699,300	698,600	700,000	1,398,600
New York.....	955,900	955,000	1,910,900	3,239,200	3,237,000	6,476,200
Philadelphia.....	356,200	356,000	712,200	1,675,000	1,174,000	2,849,000
Richmond.....	386,100	386,000	772,100	1,072,800	1,070,000	2,142,800
St. Louis.....	322,600	321,000	643,600	885,100	891,000	1,776,100
San Francisco.....				500,000	500,000	1,000,000
Total.....	5,071,200	5,064,000	10,135,200	15,761,000	14,239,000	30,000,000

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of the Federal Reserve Banks and of the Federal Reserve system at close of business on Fridays, Sept. 29 to Oct. 20, 1916.

RESOURCES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Gold coin and certificates in vaults:													
Sept. 29	8,219	157,324	11,721	14,587	5,098	3,878	29,838	6,037	5,903	4,140	3,311	10,789	260,845
Oct. 6	8,454	168,972	8,425	14,836	3,997	3,886	29,019	4,263	6,017	4,176	2,981	10,600	265,626
Oct. 13	7,660	165,793	13,900	14,951	4,042	4,076	26,956	4,685	6,408	4,099	3,419	11,411	267,400
Oct. 20	8,300	154,461	13,403	15,170	4,339	4,027	29,793	4,973	6,213	4,098	3,560	13,778	261,515
Gold settlement fund:													
Sept. 29	15,618	11,719	16,588	13,081	13,718	3,040	19,623	3,401	5,289	10,736	5,995	5,613	124,421
Oct. 6	9,305	3,767	19,121	14,063	16,419	2,781	24,336	5,430	3,465	10,287	7,093	3,374	119,441
Oct. 13	10,389	4,561	16,238	13,461	16,913	2,822	28,289	5,039	4,720	9,610	9,141	4,078	125,261
Oct. 20	13,830	9,684	13,827	11,033	16,981	2,595	23,164	3,739	4,552	8,323	10,669	2,949	121,351
Gold redemption fund:													
Sept. 29	5	250	50	86	439	241	200	80	30	121	417	10	1,929
Oct. 6	5	250	50	81	440	237	200	73	30	121	413	10	1,910
Oct. 13	5	250	50	78	233	230	200	71	30	119	411	10	1,687
Oct. 20	5	250	50	72	229	224	200	71	30	118	159	10	1,418
Legal tender notes, silver, etc.:													
Sept. 29	140	3,293	291	1,018	78	575	805	1,132	203	22	223	31	7,811
Oct. 6	102	8,925	597	1,123	68	529	1,076	1,125	195	6	190	55	13,991
Oct. 13	80	7,148	274	1,117	66	561	625	1,160	191	5	81	69	11,377
Oct. 20	507	5,155	369	1,079	96	396	1,520	1,079	220	6	78	56	10,561
Total reserve:													
Sept. 29	23,982	172,586	28,650	28,772	19,333	7,734	50,466	10,650	11,425	15,019	9,946	16,443	395,006
Oct. 6	17,866	181,914	28,193	30,103	20,924	7,433	54,631	10,891	9,707	14,590	10,677	14,039	400,968
Oct. 13	18,134	177,752	30,462	29,607	21,254	7,689	56,070	10,955	11,349	13,833	13,052	15,568	405,725
Oct. 20	22,642	169,550	27,649	27,354	21,645	7,242	54,677	9,862	11,015	12,550	14,466	16,193	394,845
Five per cent redemption fund against Federal Reserve Bank notes:													
Sept. 29										400	100		500
Oct. 6										400	100		500
Oct. 13										370			370
Oct. 20										370	50		420
Bills discounted—members:													
Sept. 29	803	782	124	639	5,268	3,906	2,447	2,092	1,882	1,615	6,039	353	25,953
Oct. 6	758	1,097	108	365	4,489	3,800	2,505	2,229	1,642	1,459	4,908	296	26,656
Oct. 13	556	998	77	338	4,316	3,365	2,601	2,258	1,671	1,360	4,165	254	21,959
Oct. 20	712	788	276	360	3,959	3,181	2,802	2,332	2,085	964	3,671	235	21,365
Bills bought in open market:													
Sept. 29	10,216	24,529	11,385	6,563	2,346	3,127	5,647	5,543	3,051	1,416	144	6,628	80,625
Oct. 6	10,036	23,148	11,330	6,242	1,669	3,758	5,215	5,125	2,827	1,479	144	6,435	77,438
Oct. 13	10,201	22,535	11,106	6,233	1,779	3,736	5,442	5,174	2,939	1,680	221	6,481	77,527
Oct. 20	11,213	24,308	12,465	6,282	1,880	3,672	5,757	5,262	2,767	1,906	250	6,930	82,692
United States bonds:													
Sept. 29	2,922	2,728	2,662	6,254	1,019	1,508	8,303	2,694	3,307	9,617	2,896	2,634	46,544
Oct. 6	2,922	2,728	2,306	6,243	633	1,508	7,596	2,689	2,945	9,270	2,896	2,634	44,370
Oct. 13	2,172	1,773	2,306	6,245	633	1,508	7,596	2,689	2,920	9,270	2,896	2,634	42,642
Oct. 20	2,172	1,719	2,306	5,787	633	1,210	7,596	2,368	2,920	9,270	2,720	2,634	41,335
One-year Treasury notes:													
Sept. 29	250	250	818	760	684	526	850	570	350	616	529	724	6,927
Oct. 6	250		1,174	760	1,070	526	1,517	570	700	963	529	704	8,763
Oct. 13	1,000	955	1,174	760	1,070	526	1,517	570	700	963	529	680	10,444
Oct. 20	1,000	955	1,174	1,218	1,070	824	1,517	891	700	963	705	680	11,697
Municipal warrants:													
Sept. 29	4,532	4,873	2,386	2,652	86	289	4,138	1,510	1,277	359		1,926	24,028
Oct. 6	4,417	7,688	3,454	3,664	61	289	4,440	1,585	1,252	359		1,876	29,085
Oct. 13	4,417	8,071	3,505	4,053	61	291	4,303	1,585	1,754	611		2,891	31,542
Oct. 20	4,482	8,251	3,545	4,858	61	291	4,003	1,585	1,754	671		3,042	32,543
Federal Reserve notes, net:													
Sept. 29	759	8,313	465	406			1,410		1,341			1,556	14,250
Oct. 6	1,646	7,968	638	367			1,280		1,507			1,488	14,894
Oct. 13	1,590	8,745	693	330			1,289		1,251			1,382	15,280
Oct. 20	1,520	8,881	463	379			1,289		1,140			1,509	15,181
Due from other Federal Reserve Banks, net:													
Sept. 29	2,670			4,269	1,374	57	12,524	7,430	841	1,149	2,322	1,073	31,365
Oct. 6	6,381			2,254	1,186	1,414	7,246	7,462	3,503	1,665	744	4,484	26,232
Oct. 13	8,148	8,038			1,347	2,020	6,212	6,479	1,382	1,671	465	1,308	30,089
Oct. 20	3,857	12,522		1,794	42	2,586	7,026	6,252	1,056	3,722		387	30,604
All other resources:													
Sept. 29	74	5,249	205	256	62	172	377	215	787	186	516	154	7,543
Oct. 6	69	227	223	416	167	287	656	129	81	135	464	191	3,045
Oct. 13	105	163	67	298	20	163	532	132	69	154	435	537	2,670
Oct. 20	7	180	159	341	43	261	245	388	81	151	277	497	2,635
Total resources:													
Sept. 29	46,241	219,310	46,695	50,571	30,172	17,319	86,162	30,704	23,551	30,377	22,492	31,491	632,741
Oct. 6	44,375	224,770	47,426	50,414	30,199	19,015	85,085	30,680	24,164	30,320	20,462	32,147	628,951
Oct. 13	46,323	229,030	49,390	47,864	30,480	19,298	85,562	29,842	24,035	29,912	21,763	31,735	638,253
Oct. 20	47,605	227,154	48,037	48,373	29,333	19,267	84,912	28,940	23,518	30,567	22,139	32,107	633,312

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

Resources and liabilities of the Federal Reserve Banks and of the Federal Reserve system at close of business on Fridays, Sept. 29 to Oct. 20, 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:													
Sept. 29	5,024	11,602	5,222	5,997	3,325	2,491	6,687	2,794	2,597	3,043	2,691	3,920	55,393
Oct. 6	5,024	11,902	5,224	5,997	3,325	2,493	6,676	2,794	2,597	3,043	2,689	3,920	55,684
Oct. 13	5,024	11,902	5,224	5,994	3,325	2,493	6,677	2,794	2,597	3,043	2,689	3,920	55,682
Oct. 20	5,024	11,907	5,224	5,994	3,325	2,479	6,679	2,794	2,603	3,044	2,689	3,920	55,682
Government deposits:													
Sept. 29	3,236	5,673	6,029	2,141	4,018	3,858	3,124	3,781	1,084	1,940	2,186	2,815	38,985
Oct. 6	2,580	2,945	3,678	2,301	4,417	3,924	3,262	3,999	1,124	881	1,956	2,904	33,971
Oct. 13	2,147	3,203	3,410	1,244	2,872	3,176	2,825	2,170	1,049	538	1,789	2,092	26,515
Oct. 20	1,725	2,609	3,575	1,240	3,419	3,213	2,386	2,428	964	499	1,715	2,343	26,116
Member bank deposits, net:													
Sept. 29	37,833	201,430	33,617	42,433	17,950	9,883	76,351	21,789	19,870	24,101	11,727	24,756	521,740
Oct. 6	36,603	205,944	32,271	42,116	18,441	11,408	75,148	21,648	20,443	24,177	12,504	25,316	526,019
Oct. 13	38,993	213,925	34,193	40,086	19,977	11,472	76,060	22,529	20,389	24,539	14,372	25,708	542,243
Oct. 20	40,690	212,633	32,166	41,139	18,626	11,158	75,847	21,629	19,951	24,986	13,448	25,829	538,102
Federal Reserve notes, net liability:													
Sept. 29					4,763	1,065		2,340		1,160	3,888		13,216
Oct. 6					3,891	1,153		2,239		1,186	3,313		11,782
Oct. 13					4,171	2,124		2,349		759	2,913		12,316
Oct. 20					3,826	2,386		2,089		1,006	2,589		11,896
Federal Reserve bank notes in circulation:													
Sept. 29										1,033	2,000		3,033
Oct. 6										1,033			1,033
Oct. 13										1,033			1,033
Oct. 20										1,032			1,032
Due to other Federal Reserve Banks, net:													
Sept. 29		605	1,739										
Oct. 6		3,972	6,135										
Oct. 13			6,441	540									
Oct. 20			6,942								1,698		
All other liabilities:													
Sept. 29	148		88		116	22							374
Oct. 6	168	7	118		125	37						7	462
Oct. 13	159		122		135	33						15	464
Oct. 20	166	5	130		137	31						15	484
Total liabilities:													
Sept. 29	46,241	219,310	46,695	50,571	30,172	17,319	86,162	30,704	23,551	30,377	22,492	31,491	632,741
Oct. 6	44,375	224,770	47,426	50,414	30,199	19,015	85,086	30,680	24,164	30,320	20,462	32,147	628,951
Oct. 13	46,323	229,030	49,390	47,864	30,480	19,298	85,562	29,842	24,035	29,912	21,763	31,735	638,253
Oct. 20	47,605	227,154	48,037	48,373	29,333	19,267	84,912	28,940	23,518	30,567	22,139	32,107	633,312

Circulation of Federal Reserve notes at close of business on Fridays, Sept. 29 to Oct. 20, 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:													
Sept. 29	10,337	78,414	7,606	9,121	12,536	19,040	3,325	8,909	13,781	17,062	23,730	10,106	213,967
Oct. 6	11,297	75,601	7,967	9,082	13,979	20,266	3,320	11,452	14,762	17,571	25,104	10,089	220,490
Oct. 13	11,249	77,603	8,006	8,947	14,814	20,705	3,314	12,436	14,743	18,331	25,658	10,076	225,882
Oct. 20	11,208	79,692	7,827	8,849	15,264	21,627	3,179	13,924	15,079	18,296	25,800	10,058	230,803
Federal Reserve notes in hands of bank:													
Sept. 29	759	8,313	465	406	307	1,687	1,410	447	1,341	540	198	1,556	17,429
Oct. 6	1,646	7,968	638	367	629	1,868	1,280	1,108	1,507	454	173	1,488	19,126
Oct. 13	1,590	8,745	693	330	649	897	1,289	998	1,251	781	153	1,382	18,758
Oct. 20	1,520	8,881	463	379	494	1,135	1,289	1,258	1,140	534	157	1,509	18,759
Federal Reserve notes in circulation:													
Sept. 29	9,578	70,101	7,141	8,715	12,229	17,353	1,915	8,462	12,440	16,522	23,532	8,550	196,538
Oct. 6	9,651	67,633	7,329	8,715	13,350	18,398	2,040	10,341	13,255	17,117	24,931	8,601	201,864
Oct. 13	9,659	68,858	7,313	8,617	14,165	19,808	2,025	11,438	13,492	17,550	25,505	8,694	207,124
Oct. 20	9,688	70,811	7,364	8,470	14,770	20,492	1,890	12,666	13,939	17,762	25,643	8,549	212,044
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
Sept. 29	10,337	78,414	7,606	9,121	7,466	16,288	3,325	6,122	13,781	15,362	19,644	10,106	197,572
Oct. 6	11,297	75,601	7,967	9,082	9,459	17,245	3,320	8,105	14,762	15,931	21,618	10,089	204,476
Oct. 13	11,249	77,603	8,006	8,947	9,994	17,684	3,314	9,089	14,743	16,791	22,592	10,076	210,088
Oct. 20	11,208	79,692	7,827	8,849	10,944	18,106	3,179	10,577	15,079	16,756	23,054	10,058	215,329
Carried to net assets:													
Sept. 29	759	8,313	465	406	.....	.....	1,410	.....	1,341	.....	.....	1,556	14,250
Oct. 6	1,646	7,968	638	367	.....	.....	1,280	.....	1,507	.....	.....	1,488	14,894
Oct. 13	1,590	8,745	693	330	.....	.....	1,289	.....	1,251	.....	.....	1,382	15,280
Oct. 20	1,520	8,881	463	379	.....	.....	1,289	.....	1,140	.....	.....	1,509	15,181
Carried to net liabilities:													
Sept. 29	.....	.....	.....	.....	4,763	1,065	.....	2,340	.....	1,160	3,888	.....	13,216
Oct. 6	.....	.....	.....	.....	3,891	1,153	.....	2,239	.....	1,186	3,313	.....	11,782
Oct. 13	.....	.....	.....	.....	4,171	2,124	.....	2,349	.....	759	2,913	.....	12,316
Oct. 20	.....	.....	.....	.....	3,826	2,386	.....	2,089	.....	1,006	2,589	.....	11,896

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Sept. 29 to Oct. 20, 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—													
Sept. 29	20,380	143,400	15,480	15,160	20,000	26,660	9,380	12,600	21,000	22,620	33,600	13,800	354,160
Oct. 6	24,880	143,400	15,180	15,160	21,500	26,920	9,380	14,600	21,000	22,620	35,320	13,880	364,140
Oct. 13	24,880	143,400	15,480	15,160	22,500	27,920	9,380	16,560	21,000	22,620	35,320	13,880	368,100
Oct. 20	24,880	143,400	15,480	15,160	23,500	28,420	9,380	16,560	21,000	22,620	35,320	13,880	374,600
Returned to Comptroller—													
Sept. 29	5,523	40,426	4,834	2,739	5,314	3,128	1,174	1,929	589	1,605	3,569	1,214	72,042
Oct. 6	5,563	45,639	4,873	2,778	5,371	3,169	1,179	1,946	608	1,636	3,595	1,231	77,588
Oct. 13	5,611	46,037	5,074	2,913	5,536	3,230	1,185	1,962	627	1,676	3,621	1,244	78,716
Oct. 20	5,652	46,348	5,253	3,011	5,586	3,308	1,320	1,976	651	1,711	3,760	1,262	79,838
Chargeable to Federal Reserve Agent—													
Sept. 29	14,857	102,974	10,646	12,421	14,686	23,534	8,206	10,671	20,411	21,015	30,031	12,666	282,118
Oct. 6	19,317	97,761	10,607	12,382	16,129	23,751	8,201	12,654	20,392	20,984	31,725	12,649	286,552
Oct. 13	19,269	97,363	10,406	12,247	16,964	24,690	8,195	14,598	20,373	20,944	31,699	12,636	289,384
Oct. 20	19,228	102,052	10,227	12,149	17,914	25,112	8,060	14,584	20,349	20,909	31,560	12,618	294,762
In hands of Federal Reserve Agent—													
Sept. 29	4,520	24,560	3,040	3,300	2,150	4,494	4,881	1,762	6,630	3,953	6,301	2,560	68,151
Oct. 6	8,020	22,160	2,640	3,300	2,150	3,485	4,881	1,202	5,630	3,413	6,621	2,560	66,062
Oct. 13	8,020	19,760	2,400	3,300	2,150	3,985	4,881	2,162	5,630	2,613	6,041	2,560	63,502
Oct. 20	8,020	22,360	2,400	3,300	2,650	3,485	4,881	660	5,270	2,613	5,760	2,560	63,959
Issued to Federal Reserve Bank, net—													
Sept. 29	10,337	78,414	7,606	9,121	12,536	19,040	3,325	8,909	13,781	17,062	23,730	10,106	213,967
Oct. 6	11,297	75,601	7,967	9,082	13,979	20,266	3,320	11,452	14,762	17,571	25,104	10,089	220,490
Oct. 13	11,249	77,603	8,006	8,947	14,814	20,705	3,314	12,436	14,743	18,331	25,658	10,076	225,882
Oct. 20	11,208	79,692	7,827	8,849	15,264	21,627	3,179	13,924	15,079	18,296	25,800	10,058	230,803

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Sept. 29 to Oct. 20, 1916—Continued.

[In thousands of dollars.]

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	Atlan- ta.	Chica- go.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Amounts held by Federal Reserve Agent:													
In reduction of liability on out- standing notes—													
Gold coin and certificates on hand—													
Sept. 29.....	9,700	75,715	3,820	8,540	.....	4,560	.....	3,063	11,620	4,270	10,340	.....	131,628
Oct. 6.....	10,700	71,215	3,820	8,540	.....	4,560	.....	5,063	11,620	4,270	10,340	.....	130,128
Oct. 13.....	10,500	73,615	3,820	8,460	.....	4,560	.....	5,063	11,620	4,270	10,340	.....	132,248
Oct. 20.....	10,500	76,015	3,820	8,300	.....	4,560	.....	5,065	11,980	4,270	10,340	.....	134,850
Credit balances in gold re- demption fund—													
Sept. 29.....	637	2,699	366	531	416	1,178	245	549	811	692	1,224	366	9,764
Oct. 6.....	597	4,386	527	542	359	1,135	240	532	792	1,061	1,398	349	11,918
Oct. 13.....	749	3,988	486	487	494	1,074	234	716	773	1,021	1,372	486	11,880
Oct. 20.....	708	3,677	447	549	444	996	229	702	749	986	1,334	468	11,289
Credit balances with Fed- eral Reserve Board—													
Sept. 29.....	.....	.....	3,420	.....	7,050	10,550	3,080	2,510	1,350	10,400	8,080	9,740	56,180
Oct. 6.....	.....	.....	3,620	.....	9,100	11,550	3,080	2,510	2,350	10,600	9,880	9,740	62,430
Oct. 13.....	.....	.....	3,700	.....	9,500	12,050	3,080	3,310	2,350	11,500	10,880	9,590	65,960
Oct. 20.....	.....	.....	3,560	.....	10,500	12,550	2,950	4,810	2,350	11,500	11,380	9,590	69,190
As security for outstanding notes—													
Commercial paper—													
Sept. 29.....	.....	.....	.....	.....	5,070	2,752	.....	2,787	.....	1,700	4,086	.....	16,395
Oct. 6.....	.....	.....	.....	.....	4,520	3,021	.....	3,347	.....	1,640	3,486	.....	16,014
Oct. 13.....	.....	.....	.....	.....	4,820	3,021	.....	3,347	.....	1,540	3,066	.....	15,794
Oct. 20.....	.....	.....	.....	.....	4,320	3,521	.....	3,347	.....	1,540	2,746	.....	15,474
Total—													
Sept. 29.....	10,337	78,414	7,606	9,121	12,536	19,040	3,325	8,909	13,781	17,062	23,730	10,106	213,967
Oct. 6.....	11,297	75,601	7,967	9,082	13,979	20,266	3,320	11,452	14,762	17,571	25,104	10,089	220,490
Oct. 13.....	11,249	77,603	8,006	8,947	14,314	20,705	3,314	12,436	14,743	18,331	25,658	10,076	225,882
Oct. 20.....	11,208	79,692	7,827	8,849	15,264	21,627	3,179	13,924	15,079	18,296	25,800	10,058	230,803
Memorandum:													
Total amount of commercial paper delivered to Federal Reserve Agent—													
Sept. 29.....	.....	.....	.....	.....	5,157	2,762	.....	2,788	.....	1,889	4,448	.....	17,054
Oct. 6.....	.....	.....	.....	.....	4,567	3,032	.....	3,348	.....	1,644	3,629	.....	16,220
Oct. 13.....	.....	.....	.....	.....	4,979	3,023	.....	3,348	.....	1,641	3,305	.....	16,296
Oct. 20.....	.....	.....	.....	.....	4,703	3,522	.....	3,348	.....	1,761	3,004	.....	16,338

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Jan. 1 to Oct. 20, 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.	Ohio.	St. Lawrence.	Total.
<i>Week ending Sept. 29.</i>																	
Ore and base bullion.....		107			3	1		4	113		28		8	92			356
United States mint or assay office bars.....												164					164
Bullion, refined.....		409			4			191			110	87					801
United States coin.....								9									9
Foreign coin.....		12															12
Total.....		528			7	1		204	113		138	251	8	92			1,342
<i>Week ending Oct. 6.</i>																	
Ore and base bullion.....		20		9	10	1		2	33		22		6	48			156
United States mint or assay office bars.....												7					7
Bullion, refined.....		255			1			142			86	113				1	598
United States coin.....								4									4
Foreign coin.....									2,433								2,433
Total.....		275		9	11	1		148	2,471		108	120	6	48		1	3,198
<i>Week ending Oct. 13.</i>																	
Ore and base bullion.....		78			6			19	91		36		6	20			256
United States mint or assay office bars.....												214					214
Bullion, refined.....		183			4	1		135	104		119	5					551
United States coin.....		1															1
Total.....		262			10	1		154	195		155	219	6	20			1,022
<i>Week ending Oct. 20.</i>																	
Ore and base bullion.....		51			10	6	8	3	102		37		3	78			298
United States mint or assay office bars.....												29					29
Bullion, refined.....		306				1		407		1	111	87				25,755	26,668
United States coin.....		1															1
Total.....		358			10	7	8	410	102	1	148	116	3	78		25,755	26,966
<i>Jan. 1 to Oct. 20.</i>																	
Ore and base bullion.....	1	2,002		291	441	81	182	103	2,294	3	2,432	624	269	1,739	3		10,465
United States mint or assay office bars.....												3,480					3,480
Bullion, refined.....	20,000	31,603			152	45		2,436	3,410	29	2,015	41,416				193,624	294,730
United States coin.....		1,216	45	5			16				56					1,778	3,116
Foreign coin.....	1	23,644		9					12,166			2,412				61,982	105,214
Total.....	20,002	63,465	45	305	593	126	182	2,555	17,870	32	4,503	47,932	269	1,739	3	257,334	417,005

Excess of gold imports over exports for 42 weeks, Jan. 1 to Oct. 20, 1916..... 319,728
 Excess of gold imports over exports for corresponding period, 1915..... 306,674

Exports of gold, by customs districts, Jan. 1 to Oct. 20, 1916.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Porto Rico.	New Orleans.	Alaska.	Hawaii.	San Francisco.	Southern California.	Washington.	Buffalo.	Dakota.	Dutch and Superior.	Michigan.	Montana and Idaho.	St. Lawrence.	Vermont.	Total.
<i>Week ending Sept. 29.</i>																	
Ore and base bullion.....														1			1
United States mint or assay office bars.....												1			1		2
Bullion, refined:																	
Domestic.....		293								17					1	1	312
Foreign.....															5		5
United States coin.....		342				8	1,750			3	9	2					2,114
Foreign coin.....										3							3
Total.....		635				8	1,750			23	9	3		1	7	1	2,437
<i>Week ending Oct. 6.</i>																	
Ore and base bullion.....									17								17
Bullion, refined:																	
Domestic.....		2								31							33
Foreign.....										3							3
Total.....		2							17	34							53
<i>Week ending Oct. 13.</i>																	
Bullion, refined, domestic.....		8								12							20
United States coin.....		110					268		1	7	1						387
Foreign coin.....							59										59
Total.....		118					327		1	12	7	1					466
<i>Week ending Oct. 20.</i>																	
Bullion, refined:																	
Domestic.....										10							10
Foreign.....															5		5
United States coin.....		171				21		1,000			3	1			101		1,297
Foreign coin.....												4					4
Total.....		171				21		1,000		13	3	5			106		1,316
<i>Jan. 1 to Oct 20.</i>																	
Ore and base bullion.....	2					12			152	70				1			237
United States mint or assay office bars.....		954					10,306			213		2			519		11,994
Bullion, refined:																	
Domestic.....		5,110					701		4	390	4	8	12		30	13	6,272
Foreign.....		1,438								3					16		1,457
United States coin.....		31,372	15	100	1	172	22,782	50	1,052	21	71	14		1	1,120	750	57,521
Foreign coin.....		18,143					193			29		6	3		1,422		19,796
Total.....	2	57,017	15	100	13	172	33,982	50	1,208	726	75	30	15	2	3,107	763	97,277

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amounts of earning assets held by each Federal Reserve Bank during September, 1916, earnings from each class of earning assets, and annual rate of earnings on the basis of September, 1916, returns.

	Average balances for the month of the several classes of earning assets.					
	Bills dis- counted, members.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrants.	Total.
Boston.....	\$631,070	\$10,418,821	\$2,969,467	\$250,000	\$4,056,028	\$18,325,386
New York.....	888,764	26,370,316	2,604,033	1,844,400	4,491,604	36,199,167
Philadelphia.....	181,647	11,623,870	2,819,333	818,000	2,285,895	17,728,745
Cleveland.....	597,913	7,284,566	6,038,550	760,000	2,780,180	17,461,209
Richmond.....	5,832,849	1,533,761	1,075,247	684,000	85,108	9,210,965
Atlanta.....	3,866,810	2,243,679	1,508,000	526,000	225,358	8,369,847
Chicago.....	2,965,892	5,503,837	8,472,167	850,000	4,025,193	21,817,089
St. Louis.....	1,313,431	5,496,375	2,851,333	570,000	1,508,758	11,739,897
Minneapolis.....	1,872,200	3,207,900	3,369,400	350,000	1,041,600	9,841,100
Kansas City.....	1,729,217	1,369,826	9,617,350	616,000	378,803	13,711,196
Dallas.....	7,039,542	545,990	2,853,750	529,000	.....	10,968,282
San Francisco.....	400,984	7,208,294	2,933,750	500,000	2,094,521	13,137,549
Total.....	27,320,319	82,807,235	47,112,430	8,297,400	22,973,048	188,510,432

	Earnings from—						Calculated annual rates of earnings from—					
	Bills dis- counted, members.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrants.	Total.	Bills dis- counted, members.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrants.	Total.
							Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Boston.....	\$1,956	\$20,437	\$4,942	\$625	\$9,458	\$37,418	3.78	2.39	2.03	3.05	2.84	2.49
New York.....	2,911	54,047	5,501	4,611	11,138	78,208	3.99	2.50	2.58	3.00	3.03	2.66
Philadelphia.....	592	23,092	4,933	2,000	5,490	36,107	3.98	2.42	2.13	2.98	2.93	2.48
Cleveland.....	2,051	13,914	12,703	1,900	7,052	37,620	4.19	2.33	2.57	3.05	3.10	2.63
Richmond.....	19,900	3,733	2,033	1,682	237	27,585	4.16	2.97	2.31	3.00	3.40	3.65
Atlanta.....	13,032	4,695	2,896	1,286	666	22,575	4.11	2.55	2.34	2.98	3.60	3.29
Chicago.....	11,181	10,424	16,965	2,125	9,439	50,134	4.60	2.31	2.44	3.05	2.86	2.80
St. Louis.....	4,476	10,730	4,806	1,394	3,823	25,229	4.16	2.38	2.05	2.98	3.09	2.62
Minneapolis.....	7,407	6,095	6,030	875	2,484	22,891	4.64	2.32	2.18	3.05	2.91	2.80
Kansas City.....	6,657	2,791	16,553	1,507	841	28,349	4.70	2.49	2.10	3.00	2.70	2.52
Dallas.....	27,311	2,485	5,107	1,294	.....	36,197	4.73	15.50	2.50	3.00	.....	4.02
San Francisco.....	1,706	14,486	5,115	1,250	4,975	27,532	5.19	2.45	2.10	3.00	2.81	2.56
Total.....	99,180	166,929	87,584	20,549	55,603	429,845	4.43	2.46	2.27	3.02	2.95	2.78

¹ Large line of acceptances retired before maturity at rebate rate of 1 per cent less than rate at which discounted.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Oct. 25, 1916.

	Maturities of 10 days and less.	Maturities of 15 days and less.	Maturities of over 10 to 30 days, inclusive.	Maturities of over 15 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 maturing within 90 days.	Paper bought in open market.	Member banks, collateral loans.
								To 30 days, inclusive.	To 60 days, inclusive.	Over 60 to 90 days, inclusive.			
Boston.....	3	.....	3½	.....	4	4	5	3½	3½	3½	3½	.....	3½
New York.....	3	.....	4	4	4	5	3½	3½	3½	.....	.....	3
Philadelphia.....	3½	.....	4	4	4	4½	3½	3½	3½	.....	.....	3½
Cleveland.....	3½	.....	4	4	4½	5	3	3½	4	.....	.....	3½
Richmond.....	4	.....	4	4	4	4½	3½	3½	3½	.....	.....	3½
Atlanta.....	4	.....	4	4	4	5	3½	3½	3½	.....	.....	3½
Atlanta (New Orleans branch)	2 3¼-4	3½
Chicago.....	3½	.....	4	4	4½	5	.....	.....	.....	.....	.....	3½
St. Louis.....	3	.....	4	4	4	5	3	3	3½	.....	.....	3
Minneapolis.....	4	.....	4	4	4½	5	3½	3½	3½	.....	.....	4
Kansas City.....	4	.....	4½	4½	4½	5	4	4	4	.....	.....	4
Dallas.....	4	.....	4	4	4	4½	3½	3½	3½	.....	.....	4
San Francisco.....	3	.....	3½	.....	4	4	5	5	5	5	(²)	3-5	5½

¹ Rate for bills of exchange in open-market operations.

² Rate for trade acceptances bought in open market without member bank indorsement.

³ 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, 5 per cent.

NOTE.—Rate for bankers' acceptances, 2 to 4 per cent.

INTERDISTRICT MOVEMENT OF FEDERAL RESERVE NOTES, JAN. 1 TO SEPT. 30, 1916.

NOVEMBER 1, 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.....			\$2,156,000	\$896,600	\$131,000	\$95,380	\$110,000	\$9,385	\$144,000	\$11,270	\$80,000	\$16,135
New York.....	\$895,950	\$2,127,000			1,187,980	2,245,000	720,860	223,210	2,757,420	247,290	2,196,830	272,300
Philadelphia.....	95,380	131,000	2,261,000	1,178,000			171,280	31,120	409,715	54,115	146,620	21,760
Cleveland.....	9,385	110,000	216,710	711,100	31,120	171,280			40,170	29,870	18,705	39,590
Richmond.....	11,270	144,000	247,290	2,731,450	54,115	422,190	29,870	41,840			130,060	306,620
Atlanta.....	16,135	80,000	272,390	2,171,410	21,760	146,620	39,530	18,705	306,620	130,060		
Chicago.....	69,500	14,000	1,225,500	110,350	94,000	12,970	437,000	12,290	263,000	2,600	476,000	7,685
St. Louis.....	8,150	19,000	162,420	296,800	12,305	20,175	57,635	10,710	41,940	5,900	317,840	47,100
Minneapolis.....	7,440	47,500	113,155	518,200	7,140	37,690	26,435	23,030	15,200	6,050	18,940	17,715
Kansas City.....	1,785	34,000	20,000	529,100	1,550	32,910	6,240	18,220	5,610	6,630	12,000	38,505
Dallas.....	3,235	52,000	52,395	940,850	3,535	54,280	9,535	18,560	14,025	14,580	214,460	611,340
San Francisco.....	13,300	35,000	102,665	870,100	4,710	26,480	15,125	8,400	16,030	3,100	19,430	11,295
Total.....	1,131,530	2,793,500	6,829,525	10,953,960	1,549,215	3,264,975	1,623,510	415,470	4,013,730	511,465	3,630,885	1,390,075

	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.....	\$14,000	\$69,500	\$19,000	\$8,150	\$47,500	\$7,440	\$33,000	\$1,685	\$50,000	\$3,020	\$33,000	\$13,300	\$2,817,500	\$1,131,865
New York.....	118,610	1,225,500	301,690	162,420	518,200	113,155	539,550	19,000	959,800	50,395	877,940	102,665	11,059,830	6,788,025
Philadelphia.....	12,970	94,000	20,175	12,305	37,690	7,140	31,910	1,550	54,280	3,365	26,480	5,160	3,237,500	1,539,515
Cleveland.....	12,290	437,000	9,510	57,635	23,030	26,435	18,220	6,240	18,560	9,145	8,400	15,125	406,100	1,613,300
Richmond.....	2,600	263,000	5,900	47,290	6,050	15,200	6,630	5,610	14,580	12,715	3,100	16,030	511,465	4,005,945
Atlanta.....	7,685	476,000	47,100	317,840	17,715	18,940	38,505	12,000	568,955	188,960	11,295	19,430	1,347,690	3,579,965
Chicago.....			414,500	41,250	1,667,500	42,880	1,143,500	2,895	741,500	3,970	287,500	6,410	6,819,500	257,300
St. Louis.....	41,250	414,500			100,170	18,290	918,005	34,500	854,315	64,565	23,725	8,770	2,537,755	940,310
Minneapolis.....	42,880	1,667,500	13,290	100,170					40,065	15,265	117,500	45,380	489,075	2,502,325
Kansas City.....	2,895	1,143,500	34,500	918,005	23,825	85,530			70,080	133,135	17,500	38,735	201,985	2,978,270
Dallas.....	3,970	741,500	66,555	854,315	15,265	40,065	138,135	76,000		7,575	42,010	523,085	3,445,500	
San Francisco.....	6,410	299,500	8,770	24,925	45,380	117,500	38,735	17,500	43,010	9,720			313,565	1,423,520
Total.....	230,560	6,831,500	945,990	2,544,305	2,502,325	492,575	2,988,220	200,805	3,421,145	494,255	1,414,015	313,015	30,310,650	30,205,900

FEDERAL RESERVE BULLETIN.

COMPARATIVE STATEMENT OF LEADING BANKS OF ISSUE, 1914 AND 1916.

There are presented below comparative statements showing the condition of the Federal Reserve Banks treated as a unit, and of the leading central banks of issue in 1914 and in September-October, 1916. The original figures were largely taken from the official bank statements, and conversions into dollars were made at the mint rates, with no allowance for existing gold premiums.

The figures for the Federal Reserve Banks have been modified by the inclusion among the assets of all the gold held by the Federal Reserve Agents and by the inclusion among the liabilities of all the Federal Reserve notes issued by the agents less notes held by the reserve banks. In other words, it was assumed that the Federal Reserve Banks were issuing notes without the intermediation of the Federal Reserve Agents, and that the banks, and not the agents, were in possession of the gold serving as cover for the notes issued.

In the case of the Bank of England statement, the distinction between the issue and banking departments was disregarded. Accordingly, "bank notes in circulation" on the liability side represents the difference between the amount of notes reported as "issued" by the issue department and the amount of notes reported among the assets of the banking department. Similarly, "gold coin and bullion" reported by the issue department was combined with "gold and silver coin" reported by the banking department; "other securities" shown among the assets of the issue department was combined with "Government securities" reported by the banking department; and "other securities" shown by the banking department was shown separately under the designation of "loans and discounts." The statements of the Continental banks are more uniform and require no special comment.

The principal assets and liabilities of the Federal Reserve Banks and of the leading European central banks of issue are grouped under heads commonly used in our own bank reports.

Comparative statement showing principal assets and liabilities of the leading central banks of issue, at dates specified.

[In thousands of dollars.]

	Federal Reserve system.		Bank of England.		Bank of France.		
	Dec. 31, 1914.	Oct. 20, 1916.	July 29, 1914.	Oct. 4, 1916.	July 30, 1914.	Oct. 7, 1916.	
<i>Assets.</i>							
Gold coin and bullion.....	241,321	599,613	185,567	265,859	799,279	804,016	
Silver and other metallic reserve.....	17,823	2,845					120,689	64,675
Total metallic reserve.....	259,144	602,458	185,567	265,859	919,968	868,691	
Gold held abroad.....						130,190	
Foreign credits.....						160,153	
Government securities:							
Bonds, consols, etc.....	205	41,335	143,343	295,095	41,019	40,862	
Short-term obligations.....		11,697					291,438
Other Government obligations.....	8,755	7,716					38,600	1,698,400
Total.....	8,960	60,748	143,343	295,095	80,582	2,030,700	
Notes of other banks of issue.....	4,624	1,363					
Loans and discounts.....	9,909	104,067	230,222	531,264	471,746	365,814	
Advances on bullion and specie, securities, merchandise, etc.....					146,443	228,868	
Securities.....	734	32,543					
Sundry assets.....	9,237	32,291			77,173	84,638	
Total.....	292,608	833,460	559,132	1,092,218	1,695,912	3,869,054	
<i>Liabilities.</i>							
Capital paid in.....	18,051	55,682	70,822	70,822	35,222	35,222	
Surplus.....			16,992	15,373	8,206	8,292	
Government deposits.....		26,116	61,869	254,204	73,834	11,408	
Other deposits.....	263,948	538,102	264,830	571,337	152,881	434,668	
Bank notes in circulation.....	10,609	213,076	144,566	180,373	1,289,855	3,283,151	
Sundry liabilities.....		484	53	109	105,914	90,313	
Total.....	292,608	833,460	559,132	1,092,218	1,695,912	3,869,054	

Comparative statement showing principal assets and liabilities of the leading central banks of issue, at dates specified—Con.

[In thousands of dollars.]

	Russian State Bank. ^a		Bank of Italy.		German Reichsbank.	
	July 16/29, 1914.	Sept. 8/21, 1916.	Dec. 31, 1914.	Aug. 20, 1916.	July 31, 1914.	Sept. 7, 1916.
<i>Assets.</i>						
Gold coin and bullion.....	825,884	800,100	} 236,633	{ 183,973	298,261	587,788
Silver and other metallic reserve.....	37,487	49,135			16,417	65,409	5,660
Total metallic reserve.....	863,371	849,235	236,633	200,390	363,670	593,448
Gold held abroad.....	} 72,471	1,058,298	{ 8,195	50,782		
Foreign credits.....						
Government securities:						
Bonds, consols, etc.....						
Short-term obligations.....		2,398,418	105,865	342,513	7,960	88,982
Other Government obligations.....						
Total.....		2,398,418	105,865	^a 342,513	7,960	88,982
Notes of other banks of issue.....			^b 5,416	^c 5,934	2,740	4,162
Loans and discounts.....	220,932	143,697	180,297	180,900	495,296	1,669,753
Advances on bullion and specie, securities, merchandise, etc.....	179,273	282,020	29,180	36,277	48,121	2,509
Securities.....	53,075	65,195	39,486	42,783	94,392	22,148
Sundry assets.....	109,931	398,691	28,618	27,025	51,902	117,977
Total.....	1,499,053	5,195,644	633,690	886,604	1,064,081	2,528,979
<i>Liabilities.</i>						
Capital.....	28,325	28,325	34,740	34,740	42,840	42,840
Surplus.....			13,515	14,576	17,726	20,342
Government deposits.....	264,937	137,997	40,320	5,849	} 299,515	684,939
Other deposits.....	327,585	948,504	118,035	148,690		
Bank notes in circulation.....	841,174	3,720,219	417,352	652,303	692,442	1,707,754
Sundry liabilities.....	37,032	360,599	9,728	30,446	11,558	73,104
Total.....	1,499,503	5,195,644	633,690	886,604	1,064,081	2,528,979

	Bank of the Netherlands.		Riksbank, Sweden.		Norges Bank, Norway.	
	July 25, 1914.	Sept. 30, 1916.	July 31, 1914.	Sept. 30, 1916.	July 31, 1914.	Sept. 30, 1916.
<i>Assets.</i>						
Gold coin and bullion.....	\$65,170	\$236,119	\$24,746			
Silver and other metallic reserve.....	3,307	2,652	1,408	} \$40,685	\$14,405	\$30,532
Total metallic reserve.....	68,477	238,771	26,154				40,685	14,405
Foreign credits.....			13,564	10,982	8,166	^d 27,355
Government securities:						
Bonds, consols, etc.....	} 5,003	634	7,332	16,083	2,399	3,733
Short-term obligations.....						
Other Government obligations.....						
Total.....	5,003	634	^e 7,332	^f 16,083	2,399	^g 3,733
Notes of other banks of issue.....			^h 1,893			
Loans and discounts.....	35,430	45,745	42,303	41,323	23,690	
Advances on bullion and specie, securities, merchandise, etc.....	24,798	24,386		3,815		
Securities.....	3,612	3,666		1,404		
Sundry assets.....	928	24,080	813			
Total.....	138,248	337,282	92,059			
<i>Liabilities.</i>						
Capital.....	8,040	8,040	11,900	11,900		
Surplus.....	2,011	2,072	2,975	2,975		
Government deposits.....					} 3,859	20,439
Other deposits.....	1,904	42,596	13,440	17,726		
Bank notes in circulation.....	124,796	281,715	54,367	386,885	32,859	61,615
Sundry liabilities.....	1,497	2,859	4,377			
Total.....	138,248	337,282	92,059			

^a Includes \$4,000,000 of foreign treasury bills.

^b Includes \$1,737,000 of foreign bank notes.

^c Includes \$1,641,000 of foreign bank notes.

^d Includes foreign bills of exchange.

^e Includes both Government and corporation securities.

^f Includes foreign Government securities.

^g Includes foreign Government securities.

^h Includes foreign bank notes, also drafts and bills payable on demand.

Comparative statement showing principal assets and liabilities of the leading central banks of issue, at dates specified—Con.

[In thousands of dollars]

	National Bank, Copenhagen, Denmark.		Bank of Spain.		Swiss National Bank.		Bank of Japan.	
	July 31, 1914.	Sept. 30, 1916.	July 24, 1914.	Sept. 30, 1916.	July 23, 1914.	Sept. 15, 1916.	Dec. 31, 1913.	Sept. 23, 1916.
<i>Assets.</i>								
Gold coin and bullion.....	£24,410	\$41,713	\$105,798	\$228,429	\$34,753	\$55,936	\$111,734	\$152,685
Silver and other metallic reserve.....		1,086	143,063	146,934	3,656	10,973	562	
Total metallic reserve.....	24,410	42,799	248,861	375,363	38,409	66,909	112,296	152,685
Foreign credits.....		13,805					75,093	
Government securities:								
Bonds, consols, etc.....		6,958	67,047	67,047			27,654	18,308
Short term obligations.....		a 2,383	29,199	29,199		1,586		
Other Government obligations.....							10,956	11,284
Total.....		9,341	96,246	96,246		1,586	38,610	29,592
Notes of other banks of issue.....	27,038	b 19						
Loans and discounts.....	2,307	33,121	152,579	140,116	18,099	34,704		
Advances on bullion and species, securities, merchandise, etc.....	3,106	5,370			2,699	3,370	28,126	39,122
Securities.....		1,666			2,446	1,445		1,362
Sundry assets.....	9,627	2,049			5,594	11,883	69,636	187,294
Total.....	66,548	108,170			67,247	119,897	324,361	410,055
<i>Liabilities.</i>								
Capital paid in.....	7,236	7,236			4,825	4,825	18,675	18,675
Surplus.....	2,199	2,675			289	471	13,585	18,490
Government deposits.....		918					58,897	134,647
Other deposits.....	5,496	c 24,312	96,931	149,903	9,777	28,819	2,470	19,162
Bank notes in circulation.....	39,525	71,928	373,557	439,781	51,708	83,176	212,342	202,307
Sundry liabilities.....	12,092	1,101			648	2,606	18,392	16,774
Total.....	66,548	108,170			67,247	67,247	324,361	410,055

a Foreign Government securities.

b Swedish and Norwegian bank notes.

c Includes \$1,569,000 due to foreign central banks.

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