

FEDERAL RESERVE BULLETIN

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FEDERAL RESERVE BOARD.

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

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FEDERAL RESERVE BULLETIN

VOL. 2

OCTOBER 1, 1916

No. 10

WORK OF THE BOARD.

Much of the time of the Federal Reserve Board during September has been devoted to the consideration of, and action upon, applications for permission under the Kern amendment to the Clayton Act for the same person to serve at the same time as an officer, director, or employee of a member bank and not more than two other banks which are not in substantial competition with the member bank. These applications were received with the recommendation of the Federal Reserve Agent for the district from which they came and were first given examination and recommendation of a subcommittee appointed by the Board. They were then taken up by a committee of members of the Board on the Clayton Act, through which course they were presented for Board action.

The Kern amendment, it is to be noted, is drawn in broad terms. It prescribes no fixed procedure to be observed by the Board in reaching its conclusions, and it lays down no rules of investigation. It leaves the Board to determine for itself, on its own judgment and in its own way, whether or not in any given case banks are, on a consideration of all the relevant facts and circumstances, to be regarded as in substantial competition. It is to be noted, however, that while the Board has full discretion to determine what shall constitute evidence of the existence or of the extent of competition between banks, there its discretion ends—wherever “substantial” competition is found to exist between banks, the prohibition of the law becomes automatically operative. Clearly, therefore, the Board’s responsibility begins and ends with the determination of the fact and the degree of competition.

Broadly speaking, each case has had to be investigated and considered by the Board essentially on its own merits. It should, however, be stated that the Board has taken the position that what is commonly regarded as potential competition, as well as actually existing competition, must properly be considered as a factor in cases where the resources of the banks concerned are of such magnitude or of such character that the ability of the banks jointly to grant or to withhold credit or otherwise to influence the conditions under which credit could be obtained should fairly be held to constitute such banks a dominant factor in the general loan market.

Applications of 707 officers, directors, and employees have been approved and 113 applications disapproved by the Board to September 26. Where received in time to permit of early action by the Board, these approvals and disapprovals were sent out on September 15, thus giving the banks, the applications of whose officers, directors, or employees were not granted, a month in which to hold new elections. During the consideration of the applications the Board requested the presence in Washington of several of the Federal Reserve Agents, in order that the situation of the banks involved in the applications might be better understood. Where the Board finds that there is substantial competition, it is not within its power to grant consent. It desires, however, to offer every opportunity to applicants to present additional facts or arguments bearing upon the subject and will therefore grant hearings upon the petition of applicants. The first of these hearings will occur on October 3.

Amendments to the Federal Reserve Act, which were printed in the September Bulletin, with the announcement that they had been agreed to by both Houses of Congress, were

approved by the President and became effective on September 7, 1916. In revising the conference report upon the amendments there was inadvertently omitted from the amendments, as printed in the Bulletin, the reenactment of the authority given to the Board on March 3, 1915, to permit member banks to accept bills and drafts based upon the importation and exportation of goods to the amount of 100 per cent of their capital and surplus. The amendments as printed in the Bulletin should therefore be changed by striking out the last six lines of the second paragraph on page 440. In explanation of the situation created by this omission the Governor of the Federal Reserve Board sent out, under date of September 8, 1916, the following letter:

"Amendments to the Federal Reserve Act, as printed in the September number of the Federal Reserve Bulletin, were signed by the President on September 7, and are therefore law.

"In this connection your attention is called to the fact that the following words, comprising the last six lines of the second paragraph on page 440 of the Bulletin, were, through error, omitted by the conference committee: 'except by authority of the Federal Reserve Board, under such general regulations as said Board may prescribe, but not to exceed the capital stock and surplus of such bank, and such regulations shall apply to all banks alike, regardless of the amount of capital stock and surplus.'

"The Board discovered the omission when the bill was referred to it for approval, and, although effort was made, it was found impossible to correct the mistake during the closing hours of Congress. The matter will therefore be left in abeyance until Congress reconvenes in December, when there is every reason to hope and believe that the correction will be made.

"Pending such correction, the Federal Reserve Board will be unable to grant any new requests from member banks for permission to accept to 100 per cent, under the powers above quoted."

One of the amendments to the Act provides that the Board may, by general ruling affecting all districts alike, permit member banks to

carry in Federal Reserve Bank any portion of their reserves now required to be held in their own vaults. Acting upon this authority, the Board, on September 11, took action, notice of which was sent to Federal Reserve Banks in the following letter:

"The recent amendments to the Federal Reserve Act provide in part that the Federal Reserve Board shall have power, 'by general ruling covering all districts alike, 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 of this Act to be held in their own vaults.'

"In pursuance of the authority vested in it by this section the Board hereby rules that, effective September 18, 1916, and until further notice, any member bank so desiring shall be permitted to carry in the Federal Reserve Bank of its district any portion of its reserves now required by law to be held in its own vaults.

"Please inform the officers of your bank that they may advise the member banks of your district."

The 1916 series of circulars and regulations of the Board was sent out to Federal Reserve Banks September 20 and are reprinted in this Bulletin. The issuance of these circulars and regulations was delayed in order that the changes made necessary by reason of the amendments to the Federal Reserve Act might be incorporated. With the issue of 1916 the Board has adopted the plan of consolidating the circulars and regulations. Only one new circular had been issued prior to the sending out of the compilation, that covering clearing and collection of checks, Circular No. 1, of May 1, 1916 (reissued as Regulation J).

A dividend was declared by the Federal Reserve Bank of Dallas on September 15, with the approval of the Federal Reserve Board, the payment completing the full 6 per cent to December 31, 1915. The Federal Reserve Bank of San Francisco, after charging off all expenses of organization, furniture, and equipment, paid on September 20 a dividend of 6 per cent to January 1, 1915. The rule has now been adopted by the Board that books of Fed-

eral Reserve Banks shall hereafter be closed and dividends credited on June 30 or December 31, or both.

Final conversions by Federal Reserve Banks of the thirty million of United States 2 per cent consols into United States 3 per cent 30-year bonds and 3 per cent 1-year Treasury notes, in equal amounts, for the year will be completed on October 1, 1916. Two banks did not take the entire amount of their allotments, and the bonds to which they were entitled were distributed among other banks which desired more than their allotments.

Elections to fill expiring terms of class A and B directors of Federal Reserve Banks will be held in November, the polls opening on November 21 and closing 15 days thereafter. The letter sent out to Federal Reserve Agents outlining the procedure in connection with these elections is reprinted elsewhere in the Bulletin, with a list of directors whose terms expire. The appointment of class C directors will, under the law, be made by the Federal Reserve Board. Terms of directors expire on December 31.

Announcement was made by the Board on September 15 of elections to fill two vacancies in class C directors at the Federal Reserve Bank of Philadelphia. Henry B. Thompson, of Wilmington, Del., was elected in the place of George W. Norris, Philadelphia, resigned upon appointment as a member of the Farm Loan Board, and J. Davis Brodhead, of South Bethlehem, Pa., was elected in place of Vance C. McCormick, of Harrisburg, Pa., also resigned. Mr. Thompson was designated by the Board as Deputy Federal Reserve Agent. His term will expire on December 31, 1916. The term of Mr. Brodhead expires on December 31, 1918.

Threatened interference with the operation of railroads by the impending strike of employees resulted in sudden and heavy demands for Federal Reserve notes by member banks upon Federal Reserve Banks in several districts, which were in turn reflected in demands upon the reserve stock of notes in Washington

and at the subtreasuries. All of these demands were promptly met, thus giving an indication of the effectiveness of the machinery of the Federal Reserve Act in this particular.

It may be noted in this connection that arrangements were in readiness for the rediscount by other Federal Reserve Banks of the paper of any Federal Reserve Banks which might be subjected to discount demands from their member banks in excess of their ability to care for them out of their own resources alone. At no time was there any doubt of the ability of the Federal Reserve system easily to take care of any demands for credit and currency which might arise because of interruption of transportation at a season when the movement of staple crops was under way.

Federal Reserve Banks have adopted, during the month of September, rates for promissory notes of member banks running 15 days, and for 15-day commercial paper. These rates vary from 3 per cent to 3½ per cent and 4 per cent. The Federal Reserve Bank of Chicago, on August 31, decreased its rate for 60-day paper from 4½ to 4 per cent. Boston, on September 29, established a rate for domestic acceptances from 3 to 4 per cent.

A quarterly meeting of the Federal Advisory Council was held in Washington on September 18 and 19. All of the members of the council attended and reported, among other things, that while business is very active, there is no immediate prospect that a change of discount rates will be desirable.

There has been substantial progress in the collection of checks and the system is working more smoothly with its continued operation. Federal Reserve Banks are collecting at par from 417 more banks than on the date of the report printed in the September Bulletin. On another page of the Bulletin are given details of the operation of the 12 banks under the clearing plan. The supplement to the par list showing additions and withdrawals was sent out on September 15.

Governor Harding, Vice Governor Warburg, and Comptroller Williams attended sessions of

the American Bankers' Association in Kansas City the latter part of the month and addressed meetings of the association. Mr. Warburg also made an address before the American Institute of Banking at Cincinnati, Ohio, on September 22.

Mr. Hamlin addressed the Ohio Bankers' Association at Columbus, Ohio, on September 14 and the American Association of Public Accountants in New York City on September 21.

Election of Directors.

Elections to fill expiring terms and vacancies in classes A and B directors of Federal Reserve Banks will be held in November and December, the polls opening on November 21 and closing 15 days thereafter. Below is given the letter of instructions as to the procedure to be followed, sent out by the Federal Reserve Board on September 11 to the 12 Federal Reserve Banks, and a list of the directors whose terms expire on December 31, 1916. The class C directors whose names are also given are, under the law, appointed by the Federal Reserve Board.

Inasmuch as the term of office of one class A director and one class B director of your bank will expire on December 31, 1916, arrangements should be made to hold an election of directors to succeed those whose terms expire, such new directors to serve for terms of three years each.

The Board has fixed November 21 as the date for opening the polls. You should accordingly arrange to have printed: (a) Certificate of election of district reserve elector; (b) certificate of nomination for class A director; (c) certificate of nomination for class B director.

These certificates, as printed last year, contain form of resolution to be adopted by the member banks. A sufficient number should be prepared and mailed to each member bank in the group which elected the director whose term expires on December 31, 1916. It will be necessary, therefore, for you, as chairman of the board, to group the banks in your district in accordance with the act, following the general lines of the plan set forth in the circular

of the Organization Committee. When these certificates have been returned by the banks the electors should be listed and the preferential ballot prepared.

Under the provisions of section 4 this ballot need not show the name of the bank placing in nomination any candidate, but if not on the ballot a separate list should be prepared showing by whom each candidate is nominated. If this is done, the ballot form used will be somewhat simplified, since the voting columns, showing the first, second, and third choice of the elector, can appear on the same page as the name of the candidate.

Section 4 of the Federal Reserve Act provides that—

“Every elector shall, within 15 days after the receipt of the said list, certify to the chairman his first, second, and other choices.”

The polls for the election of directors would therefore close 15 days after November 21, and in consequence, arrangements should be made to have the ballots in the hands of the electors not later than November 21.

LIST OF OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS WHOSE TERMS EXPIRE IN 1916.

District No. 1—Boston:

Class C—Walter S. Hackney, Providence, R. I.
Class A—C. G. Sanford, Bridgeport, Conn.
Class B—E. R. Morse, Proctor, Vt.

District No. 2—New York:

Class C—Pierre Jay, New York, N. Y.
Class A—William Woodward, New York, N. Y.
Class B—H. R. Towne, New York, N. Y.

District No. 3—Philadelphia:

Class C—Henry B. Thompson, Wilmington, Del.
Class A—M. J. Murphy, Scranton, Pa.
Class B—A. B. Johnson, Philadelphia, Pa.

District No. 4—Cleveland:

Class C—Lyman H. Treadway, Cleveland, Ohio.
Class A—W. S. Rowe, Cincinnati, Ohio.
Class B—C. H. Bagley, Corry, Pa.

District No. 5—Richmond:

Class C—James A. Moncure, Richmond, Va.
Class A—J. F. Bruton, Wilson, N. C.
Class B—J. F. Oyster, Washington, D. C.

District No. 6—Atlanta:

Class C—W. H. Kettig, Birmingham, Ala.
Class A—F. W. Foote, Hattiesburg, Miss.
Class B—W. H. Hartford, Nashville, Tenn.

District No. 7—Chicago:

Class C—Charles H. Bosworth, Chicago, Ill.
Class A—J. B. Forgan, Chicago, Ill.
Class B—Henry B. Joy, Detroit, Mich.

- District No. 8—St. Louis :
 - Class C—T. C. Tupper, St. Louis, Mo.
 - Class A—Oscar Fenley, Louisville, Ky.
 - Class B—W. B. Plunkett, Little Rock, Ark.
- District No. 9—Minneapolis :
 - Class C—John W. Black, Houghton, Mich.
 - Class A—E. W. Decker, Minneapolis, Minn.
 - Class B—F. R. Bigelow, St. Paul, Minn.
- District No. 10—Kansas City :
 - Class C—F. W. Fleming, Kansas City, Mo.
 - Class A—W. J. Bailey, Atchison, Kans.
 - Class B—M. L. McClure, Kansas City, Mo.
- District No. 11—Dallas :
 - Class C—H. O. Wooten, Abilene, Tex.
 - Class A—B. A. McKinney, Durant, Okla.
 - Class B—Marion Sansom, Fort Worth, Tex.
- District No. 12—San Francisco :
 - Class C—Claud Gatch, San Francisco, Cal.
 - Class A—C. K. McIntosh, San Francisco, Cal.
 - Class B—E. H. Cox, Madera, Cal.

Payment of Dividends.

Books of Federal Reserve Banks will be closed and dividend payments hereafter made as of June 30 or December 31, or both. This matter has been under consideration by the Federal Reserve Board, and in this connection it has had the benefit of an investigation by a committee of the governors of Federal Reserve Banks which reported to a meeting of the governors held in Boston in August. The letter carrying this direction into effect was sent out on September 18, 1916, and is given below :

You are advised that in the opinion of the Federal Reserve Board it is desirable that any dividends declared by Federal Reserve Banks should be with a view to their payment at regular intervals, and that the books of the banks should be closed on June 30 or December 31, as the case may be, so that each member bank may be credited with its proportion of the dividend not later than the following day. While the Board has not so far adhered to this policy strictly, having yielded to the wishes of the management of the Federal Reserve Banks in some instances, it concurs fully in the matter of dividend payments with the committee of governors of the Federal Reserve Banks appointed at the conference of governors held in

Boston recently, and will not in the future be disposed to give its assent to dividend payments except at the appropriate time in June and December.

Please bring this to the attention of your directors at the next meeting.

Operation of the Clearing Plan.

Reports for the period from August 16 to September 15, 1916, show a large increase in the number of items and average amount of daily clearings under the interdistrict clearing system.

The average amount of daily clearing was materially larger in all Federal Reserve districts. The total of banks from which Federal Reserve Banks are collecting at par increased from 14,656 to 15,067. The total number of State banks from which collections are being made at par increased 417.

The average amount of daily clearings for the 12 banks from July 16 to August 15 was \$59,301,695. This increased from August 16 to September 15 to \$78,559,703. The Federal Reserve Bank of New York is making collections at a cost of 1 cent per item. The table showing the detail of operations at the 12 banks is given below.

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

Bank.	Average number of items handled daily.	Average amount of daily clearing.	Member banks in the district.	State banks remitting at par.
Boston.....	31,937	\$7,602,340.09	402	1,241
New York.....	30,436	17,463,481.93	626	29
Philadelphia.....	21,414	10,357,717.00	630	135
Cleveland.....	11,915	5,371,006.85	756	473
Richmond.....	12,685	4,871,323.00	520	257
Atlanta.....	10,127	2,734,585.02	391	462
Chicago.....	21,195	9,822,884.00	993	1,314
St. Louis.....	7,780	4,330,971.40	469	763
Minneapolis.....	7,591	7,849,627.38	750	1,100
Kansas City.....	10,311	4,782,630.15	939	1,392
Dallas.....	8,443	2,683,162.00	622	241
San Francisco.....	3,563	1,049,975.00	520	1,042
Total.....	177,397	78,559,703.82	7,618	7,449

¹ All State banks in district.

Repeal of War Taxes.

It has been held by the Commissioner of Internal Revenue that the repeal of taxes under schedules A and B of the emergency-revenue act of October 2, 1914, was effective after midnight, Friday, September 8, 1916. The ruling in this connection is reprinted below:

In reply to your inquiry, you are advised that the act of September 8, 1916, repealed the taxes under schedules A and B of the emergency-revenue act of October 22, 1914, including taxes on bonds, stock transfers, sale agreements on produce exchanges, promissory notes, bills of lading, telegraph and telephone messages, indemnity bonds, certificates, brokers' contracts, conveyances, customhouse entries, insurance policies, passage tickets, powers of attorney, protests, and parlor-car seats, and sleeping berths; and also taxes on perfumery, chewing gum, and cosmetics, and other similar articles, the repeal being effective after midnight Friday night, September 8.

Federal Reserve Note Policy.

It having come to the attention of the Federal Reserve Board that one of the Federal Reserve Banks was meeting currency demands in its district by paying out gold certificates and legal tender instead of using its own Federal Reserve notes, for the reason that the former could be obtained more cheaply than the latter, the Governor of the Federal Reserve Board, on September 11, addressed the following letter to the bank for the district in which this expedient was adopted, sending copies of the letter to all other Federal Reserve Agents:

The Board has received the letter of your bank, dated September 7, which confirms your code telegram instructing the withdrawal from the gold settlement fund of \$1,000,000 and the deposit of same amount with the Treasurer of the United States for your bank's credit. This states that the object in having this deposit made was to provide for the shipment to your bank by the Treasurer of the United States of the same amount in gold certificates and

United States notes of small denominations, enabling you to supply the demand which you anticipate will be made upon you by member banks. It further states that you may have occasion to make similar requests in the future. It is noted that you prefer, "for the time being at least, to put in circulation in our district United States currency, which we can obtain at a cost to ourselves of approximately 20 cents per thousand, rather than issue our notes at a considerably greater expense to us."

While the board recognizes the importance of small economies in the operation and administration of the Federal Reserve Banks, it feels, nevertheless, that it is unwise to lose sight of the larger objects to be attained. It is of the opinion that it is highly desirable that there be held in the vaults of the Federal Reserve Banks of the United States Treasury and subtreasuries as large an amount of gold as possible, and it deprecates the use of gold certificates and legal-tender notes for circulating purposes. Silver certificates in small denominations and national-bank notes will naturally form a substantial part of the circulating medium, but the Board would prefer to have Federal Reserve notes used wherever possible and is anxious to see this policy adopted by the Federal Reserve Banks. It hopes, therefore, that your bank will not let a desire to save a small expense influence it in this respect and that whenever it can issue Federal Reserve notes it will do so, thereby helping to concentrate gold certificates in the vaults of the Federal Reserve Banks and to put in circulation currency of an elastic character, which will be withdrawn automatically as soon as the demand for it ceases.

Conversions of United States Bonds.

All of the \$30,000,000 of United States 2 per cent bonds which may be converted by the 12 Federal Reserve Banks into 30-year 3 per cent bonds and 1-year 3 per cent notes, under section 18 of the Federal Reserve Act during the year ending September 30, 1916, have been exchanged. The conversions have been on three dates, the first covering two quarterly periods. Approximately \$2,000,000 in conversion bonds and notes were declined and taken

by other banks than those to which they were originally allotted.

Owing to the fact that Federal Reserve Banks were known to have purchased more than the required amount of \$25,000,000 in 2 per cent bonds during the year, there was but a small offering of bonds by member banks for sale to Federal Reserve Banks through the Treasurer of the United States on September 21.

The following resolution was passed by the Board on September 22, 1916:

Whereas it appears that the 12 Federal Reserve Banks have purchased in the open market bonds in excess of the amount which might have been allotted to such banks at the end of this quarterly period on the basis heretofore determined upon and announced by the Board: Now, therefore, be it

Resolved, That it is the sense of the Board that no necessity exists for enforcing the requirement provided for under section 18 of the Federal Reserve Act at the end of this quarterly period ending October 1, 1916, and that it will not, therefore, at this time require the Federal Reserve Banks to purchase any of the bonds which are offered for sale by member banks through the Treasurer of the United States under the provisions of section 18: Be it further

Resolved, That the Secretary be instructed to send a copy of this resolution to the various Federal Reserve Banks and to the member banks which have offered bonds for sale in order that they may be notified of the action of the Board in the premises.

Supplements to Par List.

In order to relieve the Federal Reserve Banks of the necessity of sending out supplements to the par list to member banks of the system, the Federal Reserve Board will try, on November 1, the plan of sending out the supplement to the par list to member banks with the Federal Reserve Bulletin. Changes in the list should reach Washington on October 20.

State Bank Admitted.

The Bankers' Loan & Trust Co. of Sioux City, Iowa, was admitted to the Federal Reserve system during the month of September, the number of State institutions which have now joined the system being 37.

Promissory Notes of Member Banks.

Upon the approval by the President of the recent amendments to the Federal Reserve Act this letter was sent out by the Governor of the Board to the chairmen of the boards of the 12 Federal Reserve Banks:

The amendments to the Federal Reserve Act approved on September 7, 1916, provide in part that—

“Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding fifteen days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, 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.”

The Federal Reserve Board does not deem it necessary to promulgate any special ruling relating to the exercise of the powers conferred by this amendment, but it is expected that each Federal Reserve Bank will establish rates, to be approved by the Federal Reserve Board, at which it will make advances on promissory notes of member banks properly secured. It is suggested, however, that those banks which have established a 10-day discount rate on commercial paper abolish the 10-day rate and make a uniform 15-day rate for both commercial and member bank paper rather than a 10-day rate for commercial paper and a 15-day rate for advances on collateral notes of member banks.

As soon as such rates are established and approved you will no doubt inform your mem-

ber banks of the facilities afforded under the provisions of this amendment, stating the rate at which you are prepared to make advances on their promissory notes, and calling their attention to the fact that such notes must be secured either by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or purchase by Federal Reserve Banks or by the deposit or pledge of bonds or notes of the United States.

Fees of Directors of National Banks.

Nearly one-half of the national banks in the United States pay no fees to their directors. These are, however, principally country banks.

Reports obtained by the Comptroller of the Currency of the fees paid to the directors of about 7,500 out of 7,600 national banks show that the fees paid to 3,708, per meeting, are as follows:

Banks paying directors' fees of less than \$1 (all being country banks)	34
\$1, but less than \$2	681
\$2 to \$3	1, 179
\$3, but less than \$5	402
\$5	997
More than \$5, but less than \$10	51
\$10	268
Over \$10	96
Total	3, 708

There were only 43 banks in the reserve and central reserve cities which reported paying their directors less than \$5 per meeting, and of the 96 banks paying more than \$10 per meeting, 18 were located in central reserve cities, 8 in other reserve cities, and 70 were country banks.

Press Statement.

The following statement to the press, in connection with the action of the Board on the Clayton Act as amended, was issued on September 19:

The Clayton Act as originally enacted prohibited directors of member banks of the Federal Reserve System from serving as directors in other banking institutions, except in certain

specific cases, the purpose of the Act being, in the language of the Judiciary Committee of the House, "to prevent, as far as possible, control of great aggregations of money and capital through the medium of common directors between banks and banking associations, the object being to prevent the concentration of money or its distribution through a system of interlocking directorates."

The Kern amendment to the Clayton Act provides that with the consent of the Federal Reserve Board an officer, director, or employee of a member bank may serve as officer, director, or employee of not more than two other banks, if such other bank or banks are not in "substantial competition" with such member bank. In passing upon the applications the Board has given careful consideration to the facts submitted by the applicants and to the reports and recommendations of the Federal Reserve Agents of the respective districts.

The Board has considered each case on its own merits, but has taken the general position that the mere purchase by two banks of commercial paper in the open market, or the making of time or demand loans on collateral securities having a wide market, or the purchasing of such securities need not necessarily or invariably be considered as indicating "substantial competition" within the meaning of the Kern amendment. It is, however, the view of the Board that "substantial competition" must be held to exist in cases where the resources of the banks are of such magnitude or of such character that the ability of the banks jointly to grant or to withhold credit, or otherwise to influence the conditions under which credit may be obtained, might constitute them a dominant factor in the general loan market, even though the character of the deposits carried by the institutions in question might be quite different.

In drawing the distinction in various cities no fixed rule as to amount of assets could be applied, as different lines of demarcation had to be observed, suggested by the relative importance of the financial institutions involved and the character and scope of the markets in which they operate.

The Board has up to this time passed on 669 applications; 556 favorably and 113 adversely.

All applications granted are, in accordance with the terms of the Kern amendment, subject to revocation by the Federal Reserve Board.

Full Acceptance Powers Granted.

The American Exchange National Bank, of Dallas, Tex., was authorized to accept drafts or bills of exchange to 100 per cent of its capital and surplus, under the act and regulations, in September. This application was received and acted upon by the Board on September 6.

Commercial Failures.

Commercial failures in the United States during August, according to statistics compiled by R. G. Dun & Co., were 1,394, as against 1,395 in the same month of 1915. Liabilities were \$20,128,709 and substantially larger than those in 1915. The comparison with the same month in 1914, when there were 1,272 failures, is more favorable as to numbers, but the liabilities for August, 1914, were \$43,468,116.

The figures are separated, so as to show the number of failures in each of the Federal Reserve districts and the amount of liabilities.

Districts.	Number.	Liabilities.
No. 1.....	153	\$1,190,798
No. 2.....	190	2,260,360
No. 3.....	71	674,016
No. 4.....	97	3,212,846
No. 5.....	69	574,958
No. 6.....	173	1,788,516
No. 7.....	182	1,238,809
No. 8.....	74	622,435
No. 9.....	45	417,706
No. 10.....	80	3,888,607
No. 11.....	70	1,029,149
No. 12.....	190	3,230,509
Total, 1916.....	1,394	20,128,709
1915.....	1,395	17,733,552
1914.....	1,272	43,468,116
1913.....	1,145	20,848,916

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 August 26 to September 22, 1916, inclusive:

	Banks.	
New charters issued to.....	9	
With capital of.....		\$395,000
Increase of capital approved for.....	7	
With new capital of.....		327,500
Aggregate number of new charters and banks increasing capital.....	16	
With aggregate of new capital authorized.....		722,500
Number of banks liquidating (other than those consolidating with other national banks).....	1	
Capital of same banks.....		50,000
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).....	1	
Aggregate capital reduction.....		50,000
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was.....		722,500
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of.....		50,000
Net increase.....		672,500

Uniform Bills of Lading.

A uniform bill of lading act passed by Congress was approved by the President on August 29. Because of the interest of banks in this law, which gives them additional protection as to loans secured upon the evidence of shipping documents, the act is here reprinted.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That bills of lading issued by any common carrier for the transportation of goods in any Territory of the United States, or the District of Columbia, or from a place in a State to a place in a foreign country, or from a place in one State to a place in another State, or from a place in one State to a place in the same State through another State or foreign country, shall be governed by this Act.

SEC. 2. That a bill in which it is stated that the goods are consigned or destined to a specified person is a straight bill.

SEC. 3. That a bill in which it is stated that the goods are consigned or destined to the order of any person named in such bill is an order bill. Any provision in such a bill or in any notice, contract, rule, regulation, or tariff that it is nonnegotiable shall be null and void and shall not affect its negotiability within the meaning of this Act unless upon its face and in writing agreed to by the shipper.

SEC. 4. That order bills issued in a State for the transportation of goods to any place in the United States on the Continent of North America, except Alaska and Panama, shall not be issued in parts or sets. If so issued, the carrier issuing them shall be liable for failure to deliver the goods described therein to anyone who purchases a part for value in good faith, even though the purchase be after the delivery of the goods by the carrier to a holder of one of the other parts: *Provided, however,* That nothing contained in this section shall be interpreted or construed to forbid the issuing of order bills in parts or sets for such transportation of goods to Alaska, Panama, Porto Rico, the Philippines, Hawaii, or foreign countries, or to impose the liabilities set forth in this section for so doing.

SEC. 5. That when more than one order bill is issued in a State for the same goods to be transported to any place in the United States on the Continent of North America, except Alaska and Panama, the word "duplicate," or some other word or words indicating that the document is not an original bill, shall be placed plainly upon the face of every such bill except the one first issued. A carrier shall be liable for the damage caused by his failure so to do to anyone who has purchased the bill for value in good faith as an original, even though the purchase be after the delivery of the goods by the carrier to the holder of the original bill: *Provided, however,* That nothing contained in this section shall in such case for such transportation of goods to Alaska, Panama, Porto Rico, the Philippines, Hawaii, or foreign countries be interpreted or construed so as to require the placing of the word "duplicate" thereon, or to impose the liabilities set forth in this section for failure so to do.

SEC. 6. That a straight bill shall have placed plainly upon its face by the carrier issuing it "nonnegotiable" or "not negotiable."

This section shall not apply, however, to memoranda or acknowledgments of an informal character.

SEC. 7. That the insertion in an order bill of the name of a person to be notified of the arrival of the goods shall not limit the negotiability of the bill or constitute notice to a purchaser thereof of any rights or equities of such person in the goods.

SEC. 8. That a carrier, in the absence of some lawful excuse, is bound to deliver goods upon a demand made either by the consignee named in the bill for

the goods or, if the bill is an order bill by the holder thereof, if such a demand is accompanied by—

(a) An offer in good faith to satisfy the carrier's lawful lien upon the goods;

(b) Possession of the bill of lading and an offer in good faith to surrender, properly indorsed, the bill which was issued for the goods, if the bill is an order bill; and

(c) A readiness and willingness to sign, when the goods are delivered, an acknowledgment that they have been delivered, if such signature is requested by the carrier.

In case the carrier refuses or fails to deliver the goods, in compliance with a demand by the consignee or holder so accompanied, the burden shall be upon the carrier to establish the existence of a lawful excuse for such refusal or failure.

SEC. 9. That a carrier is justified, subject to the provisions of the three following sections, in delivering goods to one who is—

(a) A person lawfully entitled to the possession of the goods, or

(b) The consignee named in a straight bill for the goods, or

(c) A person in possession of an order bill for the goods, by the terms of which the goods are deliverable to his order; or which has been indorsed to him, or in blank by the consignee, or by the mediate or immediate indorsee of the consignee.

SEC. 10. That where a carrier delivers goods to one who is not lawfully entitled to the possession of them, the carrier shall be liable to anyone having a right of property or possession in the goods if he delivered the goods otherwise than as authorized by subdivisions (b) and (c) of the preceding section; and, though he delivered the goods as authorized by either of said subdivisions, he shall be so liable if prior to such delivery he—

(a) Had been requested, by or on behalf of a person having a right of property or possession in the goods, not to make such delivery, or

(b) Had information at the time of the delivery that it was to a person not lawfully entitled to the possession of the goods.

Such request or information, to be effective within the meaning of this section, must be given to an officer or agent of the carrier, the actual or apparent scope of whose duties includes action upon such a request or information, and must be given in time to enable the officer or agent to whom it is given, acting with reasonable diligence, to stop delivery of the goods.

SEC. 11. That except as provided in section twenty-six, and except when compelled by legal process, if a carrier delivers goods for which an order bill had been issued, the negotiation of which would transfer the right to the possession of the goods, and fails to

take up and cancel the bill, such carrier shall be liable for failure to deliver the goods to anyone who for value and in good faith purchases such bill, whether such purchaser acquired title to the bill before or after the delivery of the goods by the carrier and notwithstanding delivery was made to the person entitled thereto.

SEC. 12. That except as provided in section twenty-six, and except when compelled by legal process, if a carrier delivers part of the goods for which an order bill had been issued and fails either—

(a) To take up and cancel the bill, or

(b) To place plainly upon it a statement that a portion of the goods has been delivered with a description which may be in general terms either of the goods or packages that have been so delivered or of the goods or packages which still remain in the carrier's possession, he shall be liable for failure to deliver all the goods specified in the bill to anyone who for value and in good faith purchases it, whether such purchaser acquired title to it before or after the delivery of any portion of the goods by the carrier, and notwithstanding such delivery was made to the person entitled thereto.

SEC. 13. That any alteration, addition, or erasure in a bill after its issue without authority from the carrier issuing the same, either in writing or noted on the bill, shall be void, whatever be the nature and purpose of the change, and the bill shall be enforceable according to its original tenor.

SEC. 14. That where an order bill has been lost, stolen, or destroyed a court of competent jurisdiction may order the delivery of the goods upon satisfactory proof of such loss, theft, or destruction and upon the giving of a bond, with sufficient surety, to be approved by the court, to protect the carrier or any person injured by such delivery from any liability or loss incurred by reason of the original bill remaining outstanding. The court may also in its discretion order the payment of the carrier's reasonable costs and counsel fees: *Provided*, a voluntary indemnifying bond without order of court shall be binding on the parties thereto.

The delivery of the goods under an order of the court, as provided in this section, shall not relieve the carrier from liability to a person to whom the order bill has been or shall be negotiated for value without notice of the proceedings or of the delivery of the goods.

SEC. 15. That a bill, upon the face of which the word "duplicate" or some other word or words indicating that the document is not an original bill is placed, plainly shall impose upon the carrier issuing the same the liability of one who represents and warrants that such bill is an accurate copy of an original bill properly issued, but no other liability.

SEC. 16. That no title to goods or right to their possession asserted by a carrier for his own benefit shall excuse him from liability for refusing to deliver the goods according to the terms of a bill issued for them, unless such title or right is derived directly or indirectly from a transfer made by the consignor or consignee after the shipment, or from the carrier's lien.

SEC. 17. That if more than one person claim the title or possession of goods, the carrier may require all known claimants to interplead, either as a defense to an action brought against him for nondelivery of the goods or as an original suit, whichever is appropriate.

SEC. 18. That if some one other than the consignee or the person in possession of the bill has a claim to the title or possession of the goods, and the carrier has information of such claim, the carrier shall be excused from liability for refusing to deliver the goods, either to the consignee or person in possession of the bill or to the adverse claimant, until the carrier has had a reasonable time to ascertain the validity of the adverse claim or to bring legal proceedings to compel all claimants to interplead.

SEC. 19. That except as provided in the two preceding sections and in section nine, no right or title of a third person, unless enforced by legal process, shall be a defense to an action brought by the consignee of a straight bill or by the holder of an order bill against the carrier for failure to deliver the goods on demand.

SEC. 20. That when goods are loaded by a carrier such carrier shall count the packages of goods, if package freight, and ascertain the kind and quantity if bulk freight, and such carrier shall not, in such cases, insert in the bill of lading or in any notice, receipt, contract, rule, regulation, or tariff, "Shipper's weight, load, and count," or other words of like purport, indicating that the goods were loaded by the shipper and the description of them made by him or in case of bulk freight and freight not concealed by packages the description made by him. If so inserted, contrary to the provisions of this section, said words shall be treated as null and void and as if not inserted therein.

SEC. 21. That when package freight or bulk freight is loaded by a shipper and the goods are described in a bill of lading merely by a statement of marks or labels upon them or upon packages containing them, or by a statement that the goods are said to be goods of a certain kind or quantity, or in a certain condition, or it is stated in the bill of lading that packages are said to contain goods of a certain kind or quantity or in a certain condition, or that the contents or condition of the contents of packages are unknown, or words of like purport are contained in the bill of lading, such statements, if true, shall not make liable the carrier issuing the bill of lading, although the goods

are not of the kind or quantity or in the condition which the marks or labels upon them indicate, or of the kind or quantity or in the condition they were said to be by the consignor. The carrier may also by inserting in the bill of lading the words "Shipper's weight, load, and count," or other words of like purport indicate that the goods were loaded by the shipper and the description of them made by him; and if such statement be true, the carrier shall not be liable for damages caused by the improper loading or by the nonreceipt or by the misdescription of the goods described in the bill of lading: *Provided, however*, Where the shipper of bulk freight installs and maintains adequate facilities for weighing such freight, and the same are available to the carrier, then the carrier, upon written request of such shipper and when given a reasonable opportunity so to do, shall ascertain the kind and quantity of bulk freight within a reasonable time after such written request, and the carriers shall not in such cases insert in the bill of lading the words "Shipper's weight," or other words of like purport, and if so inserted contrary to the provisions of this section, said words shall be treated as null and void and as if not inserted therein.

SEC. 22. That if a bill of lading has been issued by a carrier or on his behalf by an agent or employee the scope of whose actual or apparent authority includes the receiving of goods and issuing bills of lading therefor for transportation in commerce among the several States and with foreign nations, the carrier shall be liable to (a) the owner of goods covered by a straight bill subject to existing right of stoppage in transitu or (b) the holder of an order bill, who has given value in good faith, relying upon the description therein of the goods, for damages caused by the nonreceipt by the carrier of all or part of the goods or their failure to correspond with the description thereof in the bill at the time of its issue.

SEC. 23. That if goods are delivered to a carrier by the owner or by a person whose act in conveying the title to them to a purchaser for value in good faith would bind the owner, and an order bill is issued for them, they can not thereafter, while in the possession of the carrier, be attached by garnishment or otherwise or be levied upon under an execution unless the bill be first surrendered to the carrier or its negotiation enjoined. The carrier shall in no such case be compelled to deliver the actual possession of the goods until the bill is surrendered to him or impounded by the court.

SEC. 24. That a creditor whose debtor is the owner of an order bill shall be entitled to such aid from courts of appropriate jurisdiction by injunction and otherwise in attaching such bill or in satisfying the claim by means thereof as is allowed at law or in equity in regard to property which can not readily be attached or levied upon by ordinary legal process.

SEC. 25. That if an order bill is issued the carrier shall have a lien on the goods therein mentioned for all charges on those goods for freight, storage, demurrage and terminal charges, and expenses necessary for the preservation of the goods or incident to their transportation subsequent to the date of the bill and all other charges incurred in transportation and delivery, unless the bill expressly enumerates other charges for which a lien is claimed. In such case there shall also be a lien for the charges enumerated so far as they are allowed by law and the contract between the consignor and the carrier.

SEC. 26. That after goods have been lawfully sold to satisfy a carrier's lien, or because they have not been claimed, or because they are perishable or hazardous, the carrier shall not thereafter be liable for failure to deliver the goods themselves to the consignee or owner of the goods, or to a holder of the bill given for the goods when they were shipped, even if such bill be an order bill.

SEC. 27. That an order bill may be negotiated by delivery where, by the terms of the bill, the carrier undertakes to deliver the goods to the order of a specified person, and such person or a subsequent indorsee of the bill has indorsed it in blank.

SEC. 28. That an order bill may be negotiated by the indorsement of the person to whose order the goods are deliverable by the tenor of the bill. Such indorsement may be in blank or to a specified person. If indorsed to a specified person, it may be negotiated again by the indorsement of such person in blank or to another specified person. Subsequent negotiation may be made in like manner.

SEC. 29. That a bill may be transferred by the holder by delivery, accompanied with an agreement, express or implied, to transfer the title to the bill or to the goods represented thereby. A straight bill can not be negotiated free from existing equities, and the indorsement of such a bill gives the transferee no additional right.

SEC. 30. That an order bill may be negotiated by any person in possession of the same, however such possession may have been acquired, if by the terms of the bill the carrier undertakes to deliver the goods to the order of such person, or if at the time of negotiation the bill is in such form that it may be negotiated by delivery.

SEC. 31. That a person to whom an order bill has been duly negotiated acquires thereby—

(a) Such title to the goods as the person negotiating the bill to him had or had ability to convey to a purchaser in good faith for value, and also such title to the goods as the consignee and consignor had or had power to convey to a purchaser in good faith for value; and

(b) The direct obligation of the carrier to hold possession of the goods for him according to the terms

of the bill as fully as if the carrier had contracted directly with him.

SEC. 32. That a person to whom a bill has been transferred, but not negotiated, acquires thereby as against the transferor the title to the goods, subject to the terms of any agreement with the transferor. If the bill is a straight bill such person also acquires the right to notify the carrier of the transfer to him of such bill and thereby to become the direct obligee of whatever obligations the carrier owed to the transferor of the bill immediately before the notification.

Prior to the notification of the carrier by the transferor or transferee of a straight bill the title of the transferee to the goods and the right to acquire the obligation of the carrier may be defeated by garnishment or by attachment or execution upon the goods by a creditor of the transferor, or by a notification to the carrier by the transferor or a subsequent purchaser from the transferor of a subsequent sale of the goods by the transferor.

A carrier has not received notification within the meaning of this section unless an officer or agent of the carrier, the actual or apparent scope of whose duties includes action upon such a notification, has been notified; and no notification shall be effective until the officer or agent to whom it is given has had time, with the exercise of reasonable diligence, to communicate with the agent or agents having actual possession or control of the goods.

SEC. 33. That where an order bill is transferred for value by delivery, and the indorsement of the transferor is essential for negotiation, the transferee acquires a right against the transferor to compel him to indorse the bill, unless a contrary intention appears. The negotiation shall take effect as of the time when the indorsement is actually made. This obligation may be specifically enforced.

SEC. 34. That a person who negotiates or transfers for value a bill by indorsement or delivery, unless a contrary intention appears, warrants—

- (a) That the bill is genuine;
- (b) That he has a legal right to transfer it;
- (c) That he has knowledge of no fact which would impair the validity or worth of the bill;

(d) That he has a right to transfer the title to the goods, and that the goods are merchantable or fit for a particular purpose whenever such warranties would have been implied if the contract of the parties had been to transfer without a bill the goods represented thereby.

SEC. 35. That the indorsement of a bill shall not make the indorser liable for any failure on the part of the carrier or previous indorsers of the bill to fulfill their respective obligations.

SEC. 36. That a mortgagee or pledgee or other holder of a bill for security who in good faith de-

mands or receives payment of the debt for which such bill is security, whether from a party to a draft drawn for such debt or from any other person, shall not be deemed by so doing to represent or warrant the genuineness of such bill or the quantity or quality of the goods therein described.

SEC. 37. That the validity of the negotiation of a bill is not impaired by the fact that such negotiation was a breach of duty on the part of the person making the negotiation, or by the fact that the owner of the bill was deprived of the possession of the same by fraud, accident, mistake, duress, loss, theft, or conversion, if the person to whom the bill was negotiated, or a person to whom the bill was subsequently negotiated, gave value therefor in good faith, without notice of the breach of duty, or fraud, accident, mistake, duress, loss, theft, or conversion.

SEC. 38. That where a person, having sold, mortgaged, or pledged goods which are in a carrier's possession and for which an order bill has been issued, or having sold, mortgaged, or pledged the order bill representing such goods, continues in possession of the order bill, the subsequent negotiation thereof by that person under any sale, pledge, or other disposition thereof to any person receiving the same in good faith, for value and without notice of the previous sale, shall have the same effect as if the first purchaser of the goods or bill had expressly authorized the subsequent negotiation.

SEC. 39. That where an order bill has been issued for goods no seller's lien or right of stoppage in transitu shall defeat the rights of any purchaser for value in good faith to whom such bill has been negotiated, whether such negotiation be prior or subsequent to the notification to the carrier who issued such bill of the seller's claim to a lien or right of stoppage in transitu. Nor shall the carrier be obliged to deliver or justified in delivering the goods to an unpaid seller unless such bill is first surrendered for cancellation.

SEC. 40. That, except as provided in section thirty-nine, nothing in this Act shall limit the rights and remedies of a mortgagee or lien holder whose mortgage or lien on goods would be valid, apart from this Act, as against one who for value and in good faith purchased from the owner, immediately prior to the time of their delivery to the carrier, the goods which are subject to the mortgage or lien and obtained possession of them.

SEC. 41. That any person who, knowingly or with intent to defraud, falsely makes, alters, forges, counterfeits, prints or photographs any bill of lading purporting to represent goods received for shipment among the several States or with foreign nations, or with like intent utters or publishes as true and genuine any such falsely altered, forged, counterfeited,

falsely printed or photographed bill of lading, knowing it to be falsely altered, forged, counterfeited, falsely printed or photographed, or aids in making, altering, forging, counterfeiting, printing or photographing, or uttering or publishing the same, or issues or aids in issuing or procuring the issue of, or negotiates or transfers for value a bill which contains a false statement as to the receipt of the goods, or as to any other matter, or who, with intent to defraud, violates, or fails to comply with, or aids in any violation of, or failure to comply with any provision of this Act, shall be guilty of a misdemeanor, and, upon conviction, shall be punished for each offense by imprisonment not exceeding five years, or by a fine not exceeding \$5,000, or both.

SEC. 42. First. That in this Act, unless the context of subject matter otherwise requires—

“Action” includes counterclaim, set-off, and suit in equity.

“Bill” means bill of lading governed by this Act.

“Consignee” means the person named in the bill as the person to whom delivery of the goods is to be made.

“Consignor” means the person named in the bill as the person from whom the goods have been received for shipment.

“Goods” means merchandise or chattels in course of transportation or which have been or are about to be transported.

“Holder” of a bill means a person who has both actual possession of such bill and a right of property therein.

“Order” means an order by indorsement on the bill.

“Person” includes a corporation or partnership, or two or more persons having a joint or common interest.

To “purchase” includes to take as mortgagee and to take as pledgee.

“State” includes any Territory, District, insular possession, or isthmian possession.

SEC. 43. That the provisions of this Act do not apply to bills made and delivered prior to the taking effect thereof.

SEC. 44. That the provisions and each part thereof and the sections and each part thereof of this Act are independent and severable, and the declaring of any provision or part thereof, or provisions or part thereof, or section or part thereof, or sections or part thereof, unconstitutional shall not impair or render unconstitutional any other provision or part thereof or section or part thereof.

SEC. 45. That this Act shall take effect and be in force on and after the first day of January next after its passage.

Approved, August 29, 1916.

GOLD SETTLEMENT FUND.

With the growth of the Federal Reserve Banks' check collection operations there has come, as a necessary consequence, a very heavy increase in the volume of transactions settled through the Gold Settlement Fund. In the last issue of the Bulletin a record clearing of \$103,761,000 on August 24 was reported, but since that date each weekly settlement has been larger than the one preceding, that of September 21 amounting to \$158,558,000, with net balances to be settled by transfers of ownership of gold of only \$9,539,000, or approximately 6 per cent.

During the four weeks from August 25 to September 21 \$30,720,000 was transferred from the credit of the Federal Reserve Bank of New York to other Federal Reserve Banks, this movement being due in large part to demands for Federal Reserve notes for crop moving. Between August 25 and September 23 the amount of gold held by the Federal Reserve Agents against Federal Reserve notes in circulation increased \$29,276,000, of which \$9,524,000 represented the increase in the holdings of the Federal Reserve Agent at New York.

The Gold Settlement Fund now stands at \$121,230,000 and the Federal Reserve Agents' Fund at \$48,830,000, a total of \$170,060,000.

Amount of clearings and transfers, Federal Reserve Banks, from Aug. 25, 1916, to Sept. 21, 1916, inclusive.

[In thousands of dollars.]

	Total clearings.	Balances.	Transfers.
Settlement of—			
Aug. 31, 1916.....	110,592	6,277	5,530
Sept. 7, 1916.....	125,694	22,416	3,400
Sept. 14, 1916.....	125,928	10,889	1,554
Sept. 21, 1916.....	158,558	9,539	2,700
Total.....	520,772	49,121	13,184
Previously reported.....	2,146,296	217,959	79,386
Totals since Jan. 1, 1916.....	2,667,068	267,080	92,570
Total transfers, 1916.....	92,570		
Total for 1915, (including transfers)...	1,052,649		
Total clearings and transfers May 20, 1915, to July 20, 1916..	3,812,287		

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank of—	To Aug. 24, 1916.		From Aug. 25, 1916, to Sept. 21, 1916. ¹				Total change from May 20, 1915, to Sept. 21, 1916. ²	
	Decrease.	Increase.	Balance to credit Aug. 24, 1916, plus net deposits of gold since that date.	Balance Sept. 21, 1916.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		17,736	16,466	15,815	651		17,085	
New York.....	160,423		40,577	9,857	30,720		12,011	
Philadelphia.....		45,591	16,571	17,179		608	46,199	
Cleveland.....		9,158	8,578	11,431		2,853	12,011	
Richmond.....		13,557	10,127	13,065		2,938	16,495	
Atlanta.....		11,788	2,592	2,870		5,462	17,250	
Chicago.....	15,661		16,579	21,631		5,052	10,609	
St. Louis.....		8,683	4,483	2,253	2,225		6,458	
Minneapolis.....		4,031	3,431	3,525		94	4,125	
Kansas City.....		21,278	7,345.5	11,738.5		4,393	25,071	
Dallas.....		14,881	2,716.5	5,148.5		7,865	22,746	
San Francisco.....		29,381	2,381	6,712		4,331	33,712	
Total.....	176,084	176,084	121,230	121,230	33,596	33,596	201,752	

¹ Changes in ownership of gold during period Aug. 25, 1916, to Sept. 21, 1916, equal 6.29 per cent of obligations settled.

² Total changes in ownership of gold equal 5.3 per cent of total obligations settled.

³ Withdrawals have exceeded balance plus deposits.

Gold Settlement Fund—Summary of transactions, Aug. 25, 1916, to Sept. 21, 1916.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Aug. 24, 1916.	Gold.		Transfers.		Settlement of Aug. 31, 1916.				Aug. 31, 1916, balance in fund after clearing.	Change in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston.....	16,466			3,000	2,000		6,686	6,964	278	15,744	722	
New York.....	10,577				3,530	2,972	21,069	18,097		11,135		558
Philadelphia.....	17,251					1,478	15,336	13,857		15,773	1,478	
Cleveland.....	9,318	120	80				8,354	10,059	1,705	10,983		1,705
Richmond.....	11,507	200	130	2,000			7,634	9,205	1,571	11,008	429	
Atlanta.....	1,058						4,938	5,139		201		201
Chicago.....	16,579						15,856	16,940	1,084	17,663		1,084
St. Louis.....	4,343					1,170	13,019	11,849		3,173	1,170	
Minneapolis.....	3,431					657	3,670	3,013		2,774	657	
Kansas City.....	11,345.5	1,000		500			8,175	9,158	983	10,828.5		483
Dallas.....	4,403.5	1,500		30			3,370	3,522	152	3,025.5		122
San Francisco.....	4,921		100				2,485	2,788	303	5,324		303
Total.....	111,200	2,820	310	5,530	5,530	6,277	110,592	110,592	6,277	108,690	4,456	4,456

Federal Reserve Bank of—	Balance last statement, Aug. 31, 1916.	Gold.		Transfers.		Settlement of Sept. 7, 1916.				Sept. 7, 1916, balance in fund after clearing.	Change in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston.....	15,744						9,095	9,615	520	16,264		520
New York.....	11,135		20,000	2,900		22,416	40,289	17,873		5,819.	25,316	
Philadelphia.....	15,773						16,614	17,186	572	16,345		572
Cleveland.....	10,983						7,292	9,083	1,791	12,774		1,791
Richmond.....	11,008	1,200					7,283	8,793	1,510	11,318		1,510
Atlanta.....	1,259	400			900		3,315	6,409	3,094	4,853		3,094
Chicago.....	17,663				500		15,745	17,775	2,030	20,193		2,030
St. Louis.....	3,173	100	240				9,870	12,047	2,177	5,400		2,177
Minneapolis.....	2,774			500			2,807	4,987	2,180	4,454		2,180
Kansas City.....	10,828.5	2,400					7,407	12,205	4,798	13,226.5		4,798
Dallas.....	3,025.5	1,180		2,000			3,322	4,719	1,397	5,242.5		1,397
San Francisco.....	5,324	1,500					2,655	5,002	2,347	5,871		2,347
Total.....	108,690	7,080	20,240	3,400	3,400	22,416	125,694	125,694	22,416	121,850	25,316	25,316

Gold Settlement Fund—Summary of transactions, Aug. 25, 1916, to Sept. 21, 1916—Continued.

Federal Reserve Bank of—	Balance last statement, Sept. 7, 1916.	Gold.		Transfers.		Settlement of Sept. 14, 1916.				Sept. 14, 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.....	16,264			1,500			8,995	10,018	1,023	15,787		477
New York.....	5,819		10,000		1,554	6,126	29,531	23,405		11,247		4,572
Philadelphia.....	16,345	680					19,090	20,315	1,225	16,890		1,225
Cleveland.....	12,774	500					9,325	9,338	13	12,287		13
Richmond.....	11,318		70				9,446	10,521	1,075	12,463		1,075
Atlanta.....	4,853	2,000					4,964	5,454	490	3,343		490
Chicago.....	20,193						13,518	17,505	3,987	24,180		3,987
St. Louis.....	5,490			54			12,074	12,668	594	6,030		540
Minneapolis.....	4,454					1,707	4,403	2,696		2,747		1,707
Kansas City.....	13,226.5	300				1,615	9,333	7,718		11,311.5		1,615
Dallas.....	5,242.5	1,430					3,040	5,522	2,482	6,294.5		2,482
San Francisco.....	5,871	1,000	160			1,441	2,209	768		3,590		1,441
Total.....	121,850	5,910	10,230	1,554	1,554	10,889	125,928	125,928	10,889	126,170		9,812

Federal Reserve Bank of—	Balance last statement, Sept. 14, 1916.	Gold.		Transfers.		Settlement of Sept. 21, 1916.				Sept. 21, 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.....	15,787				200	1,172	10,695	9,523		15,815		28
New York.....	11,247				500	1,890	32,560	30,670		9,857	1,390	
Philadelphia.....	16,890						20,498	20,787	289	17,179		289
Cleveland.....	12,287	200				656	11,419	10,763		11,431	656	
Richmond.....	12,463	400	220				10,180	10,962	782	13,065		782
Atlanta.....	3,343	1,250					5,755	6,532	777	2,870		777
Chicago.....	24,180				1,000	3,549	26,278	22,729		21,631	2,549	
St. Louis.....	6,030			1,500		2,272	17,496	15,224		2,258	3,772	
Minneapolis.....	2,747						5,422	6,200	778	3,525		778
Kansas City.....	11,311.5	300		1,000			10,300	12,027	1,727	11,738.5		727
Dallas.....	6,294.5	3,010					5,005	6,869	1,864	5,148.5		1,864
San Francisco.....	3,590			200			2,950	6,272	3,322	6,712		3,122
Total.....	126,170	5,160	220	2,700	2,700	9,539	158,558	158,558	9,539	121,230	8,367	8,367

Federal Reserve Agents' Fund—Summary of transactions Aug. 25, 1916, to Sept. 21, 1916, inclusive.

[In thousands of dollars.]

Federal Reserve Agent at—	Aug. 24, 1916, bal-ance.	Week ending Aug. 31, 1916.			Week ending Sept. 7, 1916.			Week ending Sept. 14, 1916.			Week ending Sept. 21, 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.....	2,890			2,890			2,890	150	680	3,420			3,420
Richmond.....	4,000	300	200	3,900		1,200	5,100		5,100		400		5,500
Atlanta.....	8,400	2,500		5,900		400	6,300		7,300		1,250		8,550
Chicago.....	3,080			3,080			3,080		3,080				3,080
St. Louis.....	3,050			3,050	240		2,810				100		2,710
Minneapolis.....	1,350			1,350			1,350		1,350				1,350
Kansas City.....	5,700		1,000	6,700		2,400	9,100	200	300	9,200		300	9,500
Dallas.....	330	200	1,300	1,430	300	100	1,230		1,300	2,530		2,450	4,980
San Francisco.....	9,100			9,100		800	9,900	160		9,740			9,740
Total.....	37,900	3,000	2,500	37,400	540	4,900	41,760	510	3,280	44,530	100	4,400	48,830

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:

State Laws and Fiduciary Powers.

In reference to your letter of August 22, relating to the right of national banks to exercise fiduciary powers in the various States, our counsel has advised me that the following States have enacted laws expressly authorizing national banks to exercise trust powers: Colorado, Indiana, Iowa, Ohio (trustee and registrar only, and then only for over \$100,000 capital), South Dakota, Vermont, Virginia, Washington (\$50,000 paid-up capital necessary).

The Federal Reserve Board, however, adopted the policy a year ago last July of authorizing national banks, otherwise qualified, to exercise the powers conferred by section 11 (k), unless there is an express provision of the State law either directly or by necessary implication prohibiting a national bank from exercising these powers. In pursuance of that policy the Board, upon advice of its counsel, has determined that it would not be in contravention of the laws of the following States, in addition to those already mentioned, for a national bank to exercise the fiduciary powers authorized by section 11 (k).

Alabama, Arizona, Arkansas, California (registrar only), Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Kansas, Kentucky Louisiana, Maine (trustee, executor, and registrar), Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire (trustee and registrar), New Jersey (if organized prior to Mar. 24, 1899), New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, West Virginia, Wisconsin, Wyoming, Utah.

AUGUST 26, 1916.

"Staples" Defined.

I wish to acknowledge receipt of your letter of September 2 asking whether manufactured goods such as cotton yarns and flour are

"staples" within the meaning of Regulation Q, series of 1915.

The term "staples" as used in that regulation is sufficiently comprehensive to include manufactured goods as well as raw materials provided the goods in question are nonperishable goods which have a wide ready market. They must be goods generally produced and well established in commerce, not an extraordinary or unusual commodity for which there is no ready market.

The Board is of the opinion that cotton yarns and flour are "staples" of the kind intended by Regulation Q.

SEPTEMBER 7, 1916.

Fiscal Year and Clayton Act.

I wish to acknowledge receipt of your letter of September 8 relating to the construction of section 8 of the Clayton Antitrust Act.

The counsel for the Board is of the opinion that the term "fiscal year" as used in paragraph 1 of section 8 of the Clayton Act refers to the fiscal year of the institution of which the person in question is a director.

If, as I presume, the fiscal year of the member bank under consideration is the calendar year, the amount of resources of that bank for the purposes of the Clayton Act is determined by the average amount of its deposits, capital, surplus, and undivided profits for the preceding calendar year. If, therefore, the average resources during the year 1915 were less than \$5,000,000, a director elected in January, 1916, would be eligible to serve until January, 1917, provided, of course, there is no other reason why he should be disqualified.

The provision that if eligible when elected a director may lawfully continue to serve for one year after election, even though the resources of the bank increased beyond the \$5,000,000 limit in the meantime, was intended to cover just such a case as this.

In reference to the second question contained in your letter, there is nothing in section 8 of the Clayton Act which prohibits a person who is a director or officer of a national bank with total resources exceeding \$5,000,000 from serving at the same time as a director of a State institution with resources less than that amount, provided (1) that the State institu-

tion is not a member of the Federal Reserve system, and (2) that the State institution is not located in the same city as the national bank, or if in the same city, that the city has less than 200,000 inhabitants.

You are, of course, aware of the fact that a director of a national bank with resources aggregating more than \$5,000,000 can not, under the terms of the original Clayton Act, serve at the same time as a director of another member bank. The Kern amendment, however, authorizes the Federal Reserve Board to permit such a director to serve on the boards of not more than two other banks which come within the prohibitions of the original Act, provided they are not in substantial competition with the member bank.

SEPTEMBER 13, 1916.

Bonds Maturing in Six Months.

Receipt is acknowledged of your letter of September 5, inquiring whether bonds of your city, maturing April 1, 1917, could be purchased by the Federal Reserve Bank on or after October 1, notwithstanding the fact that these bonds, when originally issued, had a maturity of more than six months. You are advised that the Board ruled in August, 1915, that the mere fact that a bond had a maturity of more than six months when issued would not bar the investment in such bond by a Federal Reserve Bank if at the time of purchase its maturity is less than six months, provided that such bond complies with the terms of the said ruling, which you will find on page 221 of the 1915 issue of the Federal Reserve Bulletin.

SEPTEMBER 14, 1916.

Trade Acceptances.

Knowing the interest you and the governor of your bank have felt in the development of trade acceptance paper, I thought you would be interested in hearing that large commercial concerns in other parts of the country are initiating a practice similar to that of a warehouse and lumber company in your district, of allowing a discount where settlement is made by trade acceptance. I quote for your information from the circular of a New York company, which has recently come to hand, as follows:

"Our terms are 1 per cent for cash in 10 days or 1 per cent for 30 days' trade acceptance, in your option, otherwise strictly net.

"Believing that trade acceptances are of assistance to the buyer and seller alike, we invite our customers to cooperate with us in their use. We offer our regular cash discount to customers who, immediately on receipt of goods, send us their 30-day acceptances on the form attached, which has been approved by the Federal Reserve Banks."

This is the kind of a campaign of education which, as it spreads, will ultimately produce a considerable effect in revising borrowing practices away from one-name paper to the highly desirable trade acceptance.

SEPTEMBER 20, 1916.

Simple Written Indorsement by Member Banks.

Question has been raised as to whether the recent amendment to the Federal Reserve Act reading in part as follows:

"Upon the indorsement of any of its member banks, which shall be deemed a waiver of demand, notice, and protest by such bank as to its own indorsement exclusively, any Federal Reserve Bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; * * *"

means that hereafter nothing will be required of member banks in the way of indorsement upon paper offered for discount except their simple written indorsement.

You are advised, for your information and the information of any member banks which may be in doubt as to the procedure, that such simple written indorsement will be regarded as satisfactory and as coming within the terms of the law.

SEPTEMBER 27, 1916.

Minimum Loan Price on Cotton.

I have your letter of the 18th instant, inclosing copy of a communication in which the suggestion is made that legislation should be had fixing or empowering the Federal Reserve Board to fix a minimum price for cotton as a basis for loans secured by that commodity. You ask for an expression of opinion as to the practicability of this suggestion.

I take it, of course, that it is not contemplated to attempt to compel financial institutions to make loans on cotton at a stated price, as it would be impossible to force private corporations to lend money on paper which they might regard as being inadequately secured, so I presume that the proposition really is that the Federal Reserve Act be amended so as to compel Federal Reserve Banks to make loans on cotton direct to producers on an arbitrary valuation, to be fixed without reference to actual market quotations.

Without reference to the economic aspects of the case, I think that such legislation would lead to endless complications, as growers of tobacco and other staple crops, coal operators, lumbermen, and manufacturers would press their claims for similar favors; and without doubt many member banks, which would feel that the possibility of a wholesale investment of the reserve funds of the country in a valorization scheme would be perilous in the extreme, as well as an utter perversion of the underlying principles of the Federal Reserve Act, would withdraw and the Federal Reserve System would be disintegrated at the outset.

While, as you know, I have every sympathy with the cotton grower and am anxious at all times to see farmers receive fair prices for their products, I do not believe that any attempt at valorization of cotton or any other staple commodity can possibly succeed unless production should be regulated most rigidly by legislation. I do not believe that such action would command popular support, nor would I regard it as at all consistent with our principles of government, and I will say frankly that the suggestion seems to me to be economically unsound and thoroughly impracticable. The price of cotton or of any other commodity must inevitably be controlled by the laws of supply and demand. What your correspondent seems desirous of accomplishing is to effect some way by which an arbitrary minimum market value or price may be created by governmental interference. Even though it were possible to establish a minimum price at which cotton might be taken as security for loans, the result would be directly opposite from that desired, for, should the minimum valuation for loans be fixed at a point low enough to make them reasonably safe, the effect would probably be to depreciate the

market value of cotton; and if, on the other hand, the price should be fixed at a point high enough to give the grower what he would consider a fair margin of profit above the cost of production, there would undoubtedly be times when the Federal Reserve Banks would be the virtual owners of large amounts of cotton, which they could not dispose of except at a heavy loss, which might, and probably would, result in the insolvency of the Federal Reserve Banks.

The fallacy of the idea that prices can be fixed by legislation has been demonstrated in the recent history of this country. We remember the persistent efforts that were made for a score of years to sustain the price of silver through governmental aid. From the year 1875, when the market price of silver began to fall below its coinage value, up to 1896 a large part of the American people were obsessed with the idea that the price of silver could be maintained by legislation. First we had the Bland Act, in 1878, under which silver bullion was purchased in amounts sufficient for the coinage of \$2,000,000 per month, and, that device having proved futile, we had next the act of July 14, 1890, commonly known as the Sherman silver-purchase law, under which 4,500,000 ounces of silver bullion were purchased each month, being paid for by issues of legal-tender coin certificates. Yet it is a matter of common knowledge that, in spite of these heroic efforts to overcome the inflexible law of supply and demand, the price of silver steadily declined from \$1.29 per ounce to about 47 cents per ounce and that it did not advance again until long after all attempts to support the market artificially had been abandoned and the economic law which governs the price of silver, as well as that of all other commodities, was given a free hand to exert itself.

I think that lack of adequate transportation facilities and high ocean freights react against the farmers and affect the prices that they receive for cotton, and it seems to me that we should endeavor to increase our carrying capacity; but I can see no merit whatever in any plan which contemplates establishing by law a minimum value as a basis for loans, and earnestly hope, therefore, that no serious attempt will be made to legislate along the lines suggested.

SEPTEMBER 20, 1916.

LAW DEPARTMENT.

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

Agricultural Products or Implements.

The purchase or sale of an agricultural product, or of implements or other commodities used in agriculture, constitutes a commercial transaction. Where the proceeds of a note made by a merchant are used to purchase millet seed to be later retailed or sold, such a note can not be treated as one given for an agricultural purpose and can not be discounted by a Federal Reserve Bank if it has a maturity at time of discount of more than 90 days.

SEPTEMBER 15, 1916.

SIR: The opinion of this office has been requested on the question of whether or not a note given by a merchant for \$2,500, the proceeds of which were used to purchase millet seed, may be treated as having been drawn for agricultural purposes and may, therefore, be discounted with a maturity at time of discount of more than 90 days.

Section 13 of the Federal Reserve Act provides in part that—

* * * Any Federal Reserve Bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes * * *. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: *Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal Reserve Bank, to be ascertained and fixed by the Federal Reserve Board.

The only question to be determined, therefore, appears to be whether the proceeds of this note were used or are to be used for an agricultural purpose or whether they were used or are to be used for a commercial purpose.

If the maker of this note used the proceeds to purchase millet seed which he intends to sell to others, his purpose was purely commercial and not agricultural, although the seed may ultimately be intended for use in agriculture. The purchase and sale of an agricultural product or of implements or other commodities used in agriculture constitute a commercial transaction.

In the present case, therefore, the fact that the proceeds were used to purchase millet seed would not make the note in question eligible for discount with a maturity of more than 90 days if, as the correspondence indicates, the millet seed was purchased with the view of selling it later to others.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,

Governor Federal Reserve Board.

Clayton Act.

A State bank or trust company which is incorporated under the laws of a State, but which is doing business in the District of Columbia, subject to limitations and restrictions imposed by the acts of Congress, is subject to the provisions of section 8 of the Clayton Act which relate to banks organized or operating under the laws of the United States.

SEPTEMBER 12, 1916.

SIR: There has been referred to this office for an opinion the question of whether a person may, under the Clayton Antitrust Act and the Kern amendment thereto, serve at the same time as an officer, director, or employee of two nonmember banks or trust companies doing business in the city of Washington, D. C., and organized either under the Code of Law for the District of Columbia or under the laws of some State of the Union.

Section 8 of the original Clayton Act prohibits a person from serving at the same time as an officer, director, or employee of a bank, banking association, or trust company "*organ-*

ized or operating under the laws of the United States" in a city of over 200,000 inhabitants and as an officer, director, or employee of any other bank, banking association, or trust company located in the same place.

As Washington is a city of over 200,000 inhabitants, this prohibition would apply, provided nonmember banks or trust companies doing business therein and organized either under the laws of the District of Columbia or of some State are banks or trust companies "organized or operating under the laws of the United States" within the meaning of the Clayton Act.

As the Code of Law for the District of Columbia is an act of Congress approved March 3, 1901, and amended by subsequent acts of Congress, banks and trust companies organized and operating thereunder would clearly be organized and operating under the laws of the United States.

Subchapter XI, section 747, of the Code of the District of Columbia, provides that—

No corporation or company organized by virtue of the laws of any of the States of this Union and having its principal place of business within the District of Columbia shall carry on in the District of Columbia any of the kinds of business named in this subchapter without strict compliance in all particulars with the provisions of this subchapter for the government of such corporations formed under it, and each one of the officers of the corporation or company so offending shall be punished by fine not exceeding one year, or by both fine and imprisonment, in the discretion of the court.

Subchapter XI deals specifically with the business of trust companies, and it is clear that such companies, whether organized under State or Federal law, are subject in their operations to the laws of the District, and are, therefore, "operating under the laws of the United States" within the meaning of the Clayton Act.

Subchapter X, sections 713 and 714, of the Code of the District of Columbia, provides in part as follows:

SEC. 713. All savings banks, or savings companies, or trust companies, or other banking institutions, organized under authority of any act of Congress to do business in the District of Columbia, or organized by virtue of the laws of any of the States of this Union, and having an office or banking house located within the District of Columbia where deposits or savings are received, shall be, and are hereby, required to make to the Comptroller of the Currency and to publish all the reports which national banking associations are required to make and publish * * *. And the comptroller shall have power, when in his opinion it is necessary, to take possession of any such bank or company, for the reasons and in the manner and to the same extent as are provided in the laws of the United States with respect to national banks.

SEC. 714. The Comptroller of the Currency, in addition to the powers now conferred upon him by law for the examination of national banks, is hereby further authorized, whenever he may deem it useful, to cause examination to be made into the condition of any bank mentioned in the preceding section.

It is apparent, therefore, that savings companies and other banking institutions organized under the laws of any of the States of the Union and doing business in the District of Columbia are subject to certain laws of the United States. It is true that such banks derive their corporate powers from the States in which they are created, but in conducting their operations in the District of Columbia they are subject to the laws of the United States which apply to such institutions. Their status is therefore similar to that of State banks and trust companies which become members of the Federal Reserve System and which exercise powers granted them by the States in which they are domiciled, subject, however, to the limitations and restrictions imposed by the Federal Reserve Act on member banks, and

which to this extent may be said to be operating under the laws of the United States.

It will be recalled that the Clayton Act applies to banks which are either organized or which are operating under the laws of the United States and, in the opinion of this office, savings banks, trust companies, or other banking institutions doing business in the District of Columbia are subject to the provisions of the Clayton Act.

The Kern amendment provides that—

Nothing in this Act shall prohibit any officer, director, or employee of any member bank or class A director of a Federal Reserve Bank, who shall first procure the consent of the Federal Reserve Board * * * from being an officer, director, or employee of not more than two other banks * * * whether organized under the laws of the United States or any State, if such other bank * * * is not in

substantial competition with such member bank.

It will be observed that this amendment relates specifically to member banks, and while a director of a member bank in the city of Washington might, with the consent of the Federal Reserve Board, serve on not more than two other banks in this city, provided such banks are not in substantial competition with a member bank, the Board could not give its consent to an officer or director of a nonmember bank to serve at the same time with another nonmember bank if both are located in the city of Washington.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

CIRCULARS AND REGULATIONS.

SPECIAL INSTRUCTIONS NO. 2 OF 1916.

WASHINGTON, *September 15, 1916.*

SPECIAL INSTRUCTIONS TO FEDERAL RESERVE BANKS AND TO FEDERAL RESERVE AGENTS.

For the convenience of the Federal Reserve Banks and member banks, all regulations issued for the guidance of member banks have been consolidated and issued by the Board with Circular No. 2, series of 1916. While this circular and the regulations which accompany it will govern the operations of Federal Reserve Banks with their members, they contain only such regulations as are of interest to member banks or to the general public and carry none of the special instructions intended solely for the guidance of Federal Reserve Banks. They are, therefore, supplemented by the special instructions and regulations herein contained.

A. *Discount and purchase of bankers' acceptances.*

(a) Bankers' acceptances, other than those of a member bank, whether foreign or domestic, shall be eligible for discount or purchase, under sections 13 or 14, respectively, only after the acceptors shall have agreed in writing to furnish the Federal Reserve Bank of their respective districts, upon request, information concerning the nature of the transactions against which acceptances have been made.

(b) The aggregate of bills, domestic and foreign, of any one drawer, drawn on and accepted by any bank or trust company and purchased or discounted by a Federal Reserve Bank, shall at no time exceed 10 per cent of the unimpaired capital and surplus of such bank or trust company, but this restriction shall not apply to the purchase or discount of bills drawn in good faith against actually existing values; that is, bills the acceptor of which is secured by a lien on or by a transfer of title to the goods to be transported, or by other adequate security, such as a warehouse receipt, or the pledge of goods actually sold.

(c) The aggregate of bills, domestic and foreign, of any one drawer, drawn on and accepted by any firm, person, company, or corporation (other than a bank or trust company), engaged in the business of discounting or accepting, and purchased or discounted by a Federal Reserve Bank, shall at no time exceed a sum equal to a definite percentage of the paid-in capital of such Federal Reserve Bank, such percentage to be fixed from time to time by the Federal Reserve Board; but this restriction shall not apply to

the purchase or discount of bills drawn in good faith against actually existing values; that is, bills the acceptor of which is secured by a lien on or by a transfer of title to the goods to be transported or by other adequate security, such as a warehouse receipt, or the pledge of goods actually sold.

(d) The aggregate of bankers' acceptances, domestic and foreign, made by any one firm, person, company, or corporation (other than a bank or trust company) engaged in the business of discounting or accepting, discounted or purchased by a Federal Reserve Bank without the indorsement of a member bank, shall at no time exceed a sum equal to a definite percentage of the paid-in capital of such Federal Reserve Bank; such percentage to be fixed from time to time by the Federal Reserve Board.

(e) No Federal Reserve Bank shall purchase a domestic or foreign acceptance of a "banker" other than a member bank which does not bear the indorsement of a member bank, unless there is furnished a satisfactory statement of the financial condition of the acceptor in form to be approved by the Federal Reserve Board.

(f) In purchasing or discounting bankers' acceptances or other bills which are secured by warehouse receipts, etc., the Federal Reserve Bank should make sure that the receipt is issued by a warehouse which is independent of the borrower.

(g) Federal Reserve Banks should bear in mind that preference should be given wherever possible to acceptances indorsed by a member bank, discounted under section 13, because of the additional protection that such indorsement affords.

B. *Purchase of cable transfers and foreign bills of exchange.*

In order to carry on open-market transactions in cable transfers and foreign bills of exchange (including foreign bankers' acceptances)—that is, payments to be made in, or bills payable in, foreign countries—it will be necessary for Federal Reserve Banks to open accounts with correspondents or establish agencies in foreign countries. Such bills of exchange and foreign acceptances must comply with the applicable requirements of sections 13 and 14. Inasmuch as the law prescribes that these foreign accounts and accounts opened by Federal Reserve Banks for such foreign correspondents or agents are to be established only with the consent of the Federal Reserve Board, Federal Reserve Banks will be required to communicate with the Federal Reserve Board whenever they are ready to enter these foreign fields.

The Federal Reserve Board realizes that in dealing in foreign exchange the Federal Reserve Banks must necessarily have wide discretion in determining the rates at which they will buy or sell. It is not necessary that foreign bills shall have been actually accepted at the time of purchase. The Federal Reserve Board, however, will require that unaccepted "long bills," payable in foreign countries, when purchased, unless secured by documents, shall bear one satisfactory indorsement other than those of the drawer or acceptor, preferably that of a banker. Federal Reserve Banks should exercise due caution in dealing in foreign bills, and boards of directors should fix a limit within which the acceptances or bills of a single firm may be taken.

C. Purchase of domestic bills of exchange.

(a) Before purchasing domestic bills of exchange under the provisions of section 14, the Federal Reserve Bank must secure statements concerning the condition and standing of the drawer of the paper, and, if possible, also of the acceptor of the bill, sufficient to satisfy the bank as to the nature and quality of the paper to be purchased.

(b) No Federal Reserve Bank will be permitted to purchase bills of any one drawer, or issued upon any one maker to an amount to exceed in the aggregate a percentage of its capital, to be fixed from time to time by the Federal Reserve Board, except when secured by approved warehouse receipts, bills of lading, or other such documents covering readily marketable goods. The aggregate amount drawn on any one acceptor, purchased by Federal Reserve Banks, shall not exceed a reasonable percentage of the stated net worth of the parties whose names appear upon the paper.

D. Rediscounts of agricultural paper.

Any Federal Reserve Bank may discount notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months, exclusive of days of grace, up to an amount not exceeding 5 per cent of its assets. Should any such bank desire to discount such paper in excess of that amount it should file with the Federal Reserve Board an application stating the limit desired and the necessity for an increase in the percentage fixed above.

Regulation L, series of 1915, governing clearings between Federal Reserve Banks (i. e., gold-settlement fund), remains in force as previously issued.

Regulation O, series of 1915, containing instructions to Federal Reserve Agents in the matter of issuance and redemption of Federal Reserve notes, will be reissued in a somewhat modified form.

CIRCULAR NO. 2,¹ SERIES OF 1916.

WASHINGTON, *September 15, 1916.*

The accompanying revision of the Federal Reserve Board's regulations, which has been delayed by the desire to incorporate all changes occasioned by amendment of the Federal Reserve Act, is, for the greater convenience of member banks, now issued in pamphlet form, and is a compendium of all regulations applicable to the transactions of member banks. All previous issues of regulations are superseded by the present issue, to which alone reference will hereafter be made.

Instructions which concern only Federal Reserve Agents or Federal Reserve Banks will be covered in separate letters or regulations.

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

SHEEMAN ALLEN, *Assistant Secretary.*

REGULATION A, SERIES OF 1916.

(Superseding Regulations B, C, P, Q, and R of 1915.)

REDISCOUNTS UNDER SECTION 13.

A. NOTES, DRAFTS, AND BILLS OF EXCHANGE.

I. General statutory provisions.

Any Federal Reserve Bank may discount for any of its member banks any note, draft, or bill of exchange provided—

(a) It has a maturity at the time of discount of not more than 90 days, exclusive of days of grace; but if drawn or issued for agricultural purposes or based on live stock, it may have a maturity at the time of discount of not more than six months, exclusive of days of grace.

(b) It arose out of actual commercial transactions; that is, it must be a note, draft, or bill of exchange which has been issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.

(c) It was not issued for carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

(d) The aggregate of notes, drafts, and bills bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation rediscounted for any one member bank shall at no time exceed 10 per cent of the unimpaired capital

¹ Circular No. 1 of May 1, 1916, Check Clearing and Collection, in slightly modified form, is reissued herein as Regulation J.

and surplus of such bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

(e) It is indorsed by a member bank.

(f) It conforms to all applicable provisions of this regulation.

II. *General character of notes, drafts, and bills of exchange eligible.*

The Federal Reserve Board, exercising its statutory right to define the character of a note, draft, or bill of exchange eligible for rediscount at a Federal Reserve Bank, has determined that—

(a) It must be a note, draft, or bill of exchange the proceeds of which have been used or are to be used in producing, purchasing, carrying, or marketing goods¹ in one or more of the steps of the process of production, manufacture, or distribution.

(b) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for permanent or fixed investments of any kind, such as land, buildings, or machinery.

(c) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for investments of a purely speculative character.

(d) It may be secured by the pledge of goods or collateral, provided it is otherwise eligible.

III. *Applications for rediscount.*

All applications for the rediscount of notes, drafts, or bills of exchange must contain a certificate of the member bank, in form to be prescribed by the Federal Reserve Bank, that, to the best of its knowledge and belief, such notes, drafts, or bills of exchange have been issued for one or more of the purposes mentioned in II (a).

IV. *Promissory notes.*

(a) *Definition.*—A promissory note, within the meaning of this regulation, is defined as an unconditional promise, in writing, signed by the maker, to pay, in the United States, at a fixed or determinable future time, a sum certain in dollars to order or to bearer.

(b) *Evidence of eligibility and requirement of statements.*—A Federal Reserve Bank must be satisfied by reference to the note or otherwise that it is eligible for rediscount. Compliance of a note with II (b) may be evidenced by a statement of the borrower showing a reasonable excess of quick assets over current

¹ When used in this regulation the word "goods" shall be construed to include goods, wares, merchandise, or agricultural products, including live stock.

liabilities. The member bank shall certify in its application whether the note offered for rediscount has been discounted for a depositor or another member bank or whether it has been purchased from a non-depositor. It must also certify whether a financial statement of the borrower is on file.

Such financial statements must be on file with respect to all notes offered for rediscount which have been purchased from sources other than a depositor or a member bank. With respect to any other note offered for rediscount, if no statement is on file, a Federal Reserve Bank shall use its discretion in taking the steps necessary to satisfy itself as to eligibility. It is authorized to waive the requirement of a statement with respect to any note discounted by a member bank for a depositor or another member bank—

(1) If it is secured by a warehouse, terminal, or other similar receipt covering goods in storage.

(2) If the aggregate of obligations of the borrower rediscounted and offered for rediscount at the Federal Reserve Bank is less than a sum equal to 10 per cent of the paid-in capital of the member bank and does not exceed \$5,000.

V. *Drafts, bills of exchange, and trade acceptances.*

(a) *Definition.*—A draft or bill of exchange, within the meaning of this regulation, is defined as an unconditional order in writing, addressed by one person to another other than a banker as defined under B (b), signed by the person giving it, requiring the person to whom it is addressed, to pay, in the United States, at a fixed or determinable future time, a sum certain in dollars to the order of a specified person; and a trade acceptance is defined as a draft or bill of exchange drawn by the seller on the purchaser of goods sold and accepted by such purchaser.

(b) *Evidence of eligibility.*—A Federal Reserve Bank shall take such steps as it deems necessary to satisfy itself as to the eligibility of the draft or bill offered for rediscount, unless it presents prima facie evidence thereof or bears a stamp or certificate affixed by the acceptor or drawer showing that it is a trade acceptance.

VI. *Six months' agricultural paper.*

(a) *Definition.*—Six months' agricultural paper, within the meaning of this regulation, is defined as a note, draft, bill of exchange, or trade acceptance drawn or issued for agricultural purposes, or based on live stock; that is, a note, draft, bill of exchange, or trade acceptance the proceeds of which have been used, or are to be used, for agricultural purposes, including the breeding, raising, fattening, or marketing of live stock, and which has a maturity at the time of discount of not more than six months, exclusive of days of grace.

(b) *Eligibility.*—To be eligible for rediscount six months' agricultural paper, whether a note, draft, bill of exchange, or trade acceptance, must comply with the respective sections of this regulation which would apply to it if its maturity were 90 days or less.

VII. *Commodity paper.*

(a) *Definition.*—Commodity paper within the meaning of this regulation is defined as a note, draft, bill of exchange, or trade acceptance accompanied and secured by shipping documents or by a warehouse, terminal, or other similar receipt covering approved and readily marketable, nonperishable staples properly insured.

(b) *Eligibility.*—To be eligible for rediscount at the special rates authorized to be established for commodity paper, such a note, draft, bill of exchange, or trade acceptance must also comply with the respective sections of this regulation applicable to it, must conform to the requirements of the Federal Reserve Bank relating to shipping documents, receipts, insurance, etc., and must be a note, draft, bill of exchange, or trade acceptance on which the rate of interest or discount—including commission—charged the maker, does not exceed 6 per cent per annum.

B. BANKERS' ACCEPTANCES.

(a) *General statutory provisions.*—Any Federal Reserve Bank may discount for any of its member banks bankers' acceptances which have a maturity at the time of discount of not more than three months' sight, exclusive of days of grace, which are indorsed by at least one member bank, and which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, providing shipping documents are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. Any Federal Reserve Bank may also acquire drafts or bills of exchange drawn on member banks by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange.

(b) *Definition.*—A banker's acceptance within the meaning of this regulation is defined as a draft or bill of exchange of which the acceptor is a bank or trust company, or a firm, person, company, or corporation engaged in the business of granting bankers' acceptance credits.

(c) *Eligibility.*—To be eligible for rediscount the bill must have been drawn under a credit opened for the purpose of conducting, or settling accounts resulting from, a transaction or transactions involving (1)

the shipment of goods between the United States and any foreign country, or between the United States and any of its dependencies or insular possessions, or between foreign countries, or (2) the domestic shipment of goods, provided shipping documents are attached at the time of acceptance; or it must be a bill which is secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. Any Federal Reserve Bank may also acquire drafts or bills drawn by a bank or banker in a foreign country or dependency or insular possession of the United States for the purpose of furnishing dollar exchange and accepted by a member bank in accordance with the provisions of Regulation C, page 7. Such drafts or bills may be acquired prior to acceptance provided they have the indorsement of a member bank.

(d) *Evidence of eligibility.*—A Federal Reserve Bank must be satisfied, either by reference to the acceptance itself or otherwise, that it is eligible for rediscount. Satisfactory evidence of eligibility may consist of a stamp or certificate affixed by the acceptor in form satisfactory to the Federal Reserve Bank.

REGULATION B, SERIES OF 1916.

(Superseding Regulations S and T of 1915.)

OPEN-MARKET PURCHASES OF BILLS OF EXCHANGE, TRADE ACCEPTANCES, AND BANKERS' ACCEPTANCES UNDER SECTION 14.

I. *General statutory provisions.*

Section 14 of the Federal Reserve Act permits Federal Reserve Banks, under rules and regulations to be prescribed by the Federal Reserve Board, to purchase and sell in the open market from banks, firms, corporations, or individuals bankers' acceptances and bills of exchange of the kinds and maturities made eligible by the act for rediscount, with or without the indorsement of a member bank.

II. *General character of bills and acceptances eligible.*

The Federal Reserve Board, exercising its statutory right to regulate the purchase of bills of exchange and acceptances, has determined that a bill of exchange or acceptance, to be eligible for purchase by Federal Reserve Banks under section 14—

(a) Must not have been issued for carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

(b) Must not be a bill the proceeds of which have been used or are to be used for permanent or fixed

investments of any kind, such as land, buildings, or machinery, or for investments of a merely speculative character.

(c) Must have been accepted by the drawee prior to purchase by a Federal Reserve Bank unless it is accompanied and secured by shipping documents or by a warehouse, terminal, or other similar receipt conveying security title.

(d) May be secured by the pledge of goods¹ or collateral, provided it is otherwise eligible.

In addition to the above general requirements, each bill of exchange and trade acceptance purchased under the terms of this regulation must also conform to the more specific requirements set forth under III, and each banker's acceptance must also conform to the more specific requirements set forth under IV.

III. Bills of exchange and trade acceptances.

(a) *Definition.*—A bill of exchange, within the meaning of this regulation, is defined as an unconditional order in writing, addressed by one person to another, other than a banker as defined under IV (a), signed by the person giving it, requiring the person to whom it is addressed to pay in the United States, at a fixed or determinable future time, a sum certain in dollars to the order of a specified person; and a trade acceptance is defined as a bill of exchange drawn by the seller on the purchaser of goods sold and accepted by such purchaser.

(b) *Eligibility.*—To be eligible for purchase the bill must have arisen out of an actual commercial transaction, domestic or foreign; that is, it must be a bill which has been issued or drawn for agricultural, industrial, or commercial purposes or the proceeds of which have been used or are to be used for the purpose of producing, purchasing, carrying or marketing goods in one or more of the steps of the process of production, manufacture, or distribution. It must have a maturity at time of purchase of not more than ninety days, exclusive of days of grace.

(c) *Evidence of eligibility.*—A Federal Reserve Bank shall take such steps as it deems necessary to satisfy itself as to the eligibility of the bill offered for purchase, unless it presents prima facie evidence thereof or bears a stamp or certificate affixed by the acceptor or drawer showing that it is a trade acceptance.

(d) *Statements.*—Unless indorsed by a member bank, a bill is not eligible for purchase until a satis-

¹ When used in this regulation the word "goods" shall be construed to include goods, wares, merchandise, or agricultural products, including live stock.

factory statement has been furnished of the financial condition of one or more of the parties thereto.

IV. Bankers' acceptances.

(a) *Definition.*—A bankers' acceptance, within the meaning of this regulation, is a bill of exchange of which the acceptor is a bank or trust company, or a firm, person, company, or corporation engaged in the business of granting bankers' acceptance credits.

(b) *Eligibility.*—To be eligible for purchase the bill, which must have a maturity at time of purchase of not more than three months, exclusive of days of grace, must have been drawn under a credit opened for the purpose of conducting, or settling accounts resulting from, a transaction or transactions involving—

- (1) The shipments of goods between the United States and any foreign country or between the United States and any of its dependencies or insular possessions, or between foreign countries, or
- (2) The shipment of goods within the United States, provided the bill at the time of its acceptance is accompanied by shipping documents, or
- (3) The storage within the United States of readily marketable goods, provided the acceptor of the bill is secured by warehouse, terminal, or other similar receipt, or
- (4) The storage within the United States of goods which have been actually sold, provided the acceptor of the bill is secured by the pledge of such goods;

or it must be a bill drawn by a bank or banker in a foreign country or dependency or insular possession of the United States for the purpose of furnishing dollar exchange. In this latter case the bank or banker drawing the bill must be in a country, dependency, or possession whose usages of trade have been determined by the Federal Reserve Board to require the drawing of bills of this character.

(c) *Evidence of eligibility.*—A Federal Reserve Bank must be satisfied either by reference to the acceptance itself, or otherwise, that it is eligible for purchase. Satisfactory evidence of eligibility may consist of a stamp or certificate affixed by the acceptor, in form satisfactory to the Federal Reserve Bank. No evidence of eligibility is required with respect to a bill accepted by a national bank.

(d) *Statements.*—Bankers' acceptances, other than those accepted or indorsed by member banks, shall be eligible for purchase only after the acceptor has furnished a satisfactory statement of financial condition in form to be approved by the Federal Reserve Board and has agreed in writing with a Federal Reserve Bank to inform it upon request concerning the transactions underlying such acceptances.

REGULATION C, SERIES OF 1916.

ACCEPTANCE BY MEMBER BANKS OF DRAFTS DRAWN TO FURNISH DOLLAR EXCHANGE.

I. *Statutory provisions.*

Section 13 of the Federal Reserve Act provides that any member bank may accept drafts or bills of exchange drawn upon it having not more than three months' sight to run, exclusive of days of grace, drawn, under regulations to be prescribed by the Federal Reserve Board, by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

No member bank shall accept such drafts or bills of exchange for any one bank to an amount exceeding in the aggregate 10 per centum of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security. No member bank shall accept such drafts or bills in an amount exceeding at any time in the aggregate one-half of its paid-up and unimpaired capital and surplus.

II. *Regulations.*

Any member bank desiring to accept drafts drawn by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange shall first make an application to the Federal Reserve Board setting forth the usages of trade in the respective countries, dependencies, or insular possessions in which such banks or bankers are located.

If the Federal Reserve Board should determine that the usages of trade in such countries, dependencies, or possessions require the granting of the acceptance facilities applied for, it will notify the applying bank of its approval and will also publish in the Federal Reserve Bulletin the name or names of those countries, dependencies, or possessions in which banks or bankers are authorized to draw on member banks whose applications have been approved for the purpose of furnishing dollar exchange.

The Federal Reserve Board reserves the right to modify or on 90 days' notice to revoke its approval either as to any particular member bank or as to any foreign country or dependency or insular possession of the United States in which it has authorized banks or bankers to draw on member banks for the purpose of furnishing dollar exchange.

REGULATION D, SERIES OF 1916.

(Superseding Regulation E of 1915.)

TIME DEPOSITS AND SAVINGS ACCOUNTS.

Section 19 of the Federal Reserve Act provides, in part, as follows:

Demand deposits, within the meaning of this act, shall comprise all deposits payable within 30 days, and time deposits shall comprise all deposits payable after 30 days, and all savings accounts and certificates of deposit which are subject to not less than 30 days' notice before payment.

Time deposits, open accounts.

The term "time deposits, open accounts" shall be held to include all accounts, not evidenced by certificates of deposit or savings pass books, in respect to which a written contract is entered into with the depositor at the time the deposit is made that neither the whole nor any part of such deposit may be withdrawn by check or otherwise, except on a given date or on written notice given by the depositor a certain specific number of days in advance, in no case less than 30 days.

Savings accounts.

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.

Time certificates of deposit.

A "time certificate of deposit" is defined as an instrument evidencing the deposit with a bank, either with or without interest, of a certain sum specified on the face of the certificate payable in whole or in part to the depositor or on his order—

(a) On a certain date, specified on the certificate, not less than 30 days after the date of the deposit, or

(b) After the lapse of a certain specified time subsequent to the date of the certificate, in no case less than 30 days, or

(c) Upon written notice given a certain specified number of days, not less than 30 days before the date of repayment, and

(d) In all cases only upon presentation of the certificate at each withdrawal for proper indorsement or surrender.

REGULATION E, SERIES OF 1916.

(Superseding Regulation F of 1915.)

PURCHASE OF WARRANTS.*Statutory requirements.*

Section 14 of the Federal Reserve Act reads in part as follows:

Every Federal Reserve Bank shall have power—

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

For brevity's sake, the term "warrant" when used in this regulation shall be construed to mean "bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months," and the term "municipality" shall be construed to mean "State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts."

Regulation.

I. Any Federal Reserve Bank may purchase warrants issued by a municipality in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues, provided—

(a) They are the general obligations of the entire municipality; it being intended to exclude as ineligible for purchase all such obligations as are payable from "local benefit" and "special assessment" taxes when the municipality at large is not directly or ultimately liable;

(b) They are issued in anticipation of taxes or revenues which are due and payable on or before the date of maturity of such warrants; but the Federal Reserve Board may waive this condition in specific cases. For the purposes of this regulation, taxes shall be considered as due and payable on the last day on which they may be paid without penalty;

(c) They are issued by a municipality—

(1) Which has been in existence¹ for a period of 10 years;

(2) Which for a period of 10 years previous to the purchase has not defaulted¹ for longer than 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it;

(3) Whose net funded indebtedness¹ does not exceed 10 per centum of the valuation of its taxable property, to be ascertained by the last preceding valuation of property for the assessment of taxes.

II. Except with the approval of the Federal Reserve Board, no Federal Reserve Bank shall purchase and hold an amount in excess of 25 per centum of the total amount of warrants outstanding at any time and issued in conformity with provisions of section 14 (b) above quoted, and actually sold by a municipality.

III. Except with the approval of the Federal Reserve Board, the aggregate amount invested by any Federal Reserve Bank in warrants of all kinds shall not exceed at the time of purchase a sum equal to 10 per centum of the deposits kept by its member banks, with such Federal Reserve Bank.

IV. Except with the approval of the Federal Reserve Board, the maximum amount which may be invested at the time of purchase by any Federal Reserve Bank in warrants of any single municipality shall be limited to the following percentages of the deposits kept in such Federal Reserve Bank by its member banks:

Five per centum of such deposits in warrants of a municipality of 50,000 population or over;

Three per centum of such deposits in warrants of a municipality of over 30,000 population, but less than 50,000;

One per centum of such deposits in warrants of a municipality of over 10,000 population, but less than 30,000.

V. Warrants of a municipality of 10,000 population or less shall be purchased only with the special approval of the Board.

The population of a municipality shall be determined by the last Federal or State census. Where it can not be exactly determined the Board will make special rulings.

VI. Opinion of recognized counsel on municipal issues or of the regularly appointed counsel of the municipality as to the legality of the issue shall be secured and approved in each case by counsel for the Federal Reserve Bank.

VII. Any Federal Reserve Bank may purchase from any of its member banks warrants of any municipality, indorsed by such member bank, with waiver of demand, notice, and protest, up to an amount not to exceed 10 per centum of the aggregate capital and surplus of such member bank: *Provided, however,* That such warrants comply with provisions I and III of these regulations, except that where a period of 10 years is mentioned in I (c) hereof a period of 5 years shall be substituted for the purposes of this clause.

¹ See appendix to this regulation.

APPENDIX TO REGULATION E.

"NET FUNDED INDEBTEDNESS."

The term "net funded indebtedness" is hereby defined to mean the legal gross indebtedness of the municipality (including the amount of any school district or other bonds which depend for their redemption upon taxes levied upon property within the municipality) less the aggregate of the following items:

(1) The amount of outstanding bonds or other debt obligations made payable from current revenues;

(2) The amount of outstanding bonds issued for the purpose of providing the inhabitants of a municipality with public utilities, such as waterworks, docks, electric plants, transportation facilities, etc.: *Provided*, That evidence is submitted showing that the income from such utilities is sufficient for maintenance, for payment of interest on such bonds, and for the accumulation of a sinking fund for their redemption;

(3) The amount of outstanding improvement bonds, issued under laws which provide for the levying of special assessments against abutting property in amounts sufficient to insure the payment of interest on the bonds and the redemption thereof: *Provided*, That such bonds are direct obligations of the municipality and included in the gross indebtedness of the municipality;

(4) The total of all sinking funds accumulated for the redemption of the gross indebtedness of the municipality, except sinking funds applicable to bonds just described in (1), (2), and (3) above.

"EXISTENCE" AND "NONDEFAULT."

Warrants will be construed to comply with that part of I (c) of Regulation E relative to term of existence and nondefault under the following conditions:

(1) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such warrants, consolidated with or merged into an existing political division which meets the requirements of these regulations, will be deemed to be the warrants of such political division: *Provided*, That such warrants were assumed by such political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(2) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such

warrants, wholly succeeded by a newly organized political division whose term of existence, added to that of such original political division or of any other political division so succeeded, is equal to a period of 10 years will be deemed to be warrants of such succeeding political division: *Provided*, That during such period none of such political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it: *And provided further*, That such warrants were assumed by such new political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(3) Warrants issued by or in behalf of any municipality which, prior to such issuance, became the successor of one or more, or was formed by the consolidation or merger of two or more, preexisting political divisions, the term of existence of one or more of which, added to that of such succeeding or consolidated political division, is equal to a period of 10 years, will be deemed to be warrants of a political division which has been in existence for a period of 10 years: *Provided*, That during such period none of such original, succeeding, or consolidated political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it.

REGULATION F, SERIES OF 1916.

(Superseding Regulation H of 1915.)

TRUST POWERS OF NATIONAL BANKS.

I. *Statutory provisions.*

The Federal Reserve Act provides:

SEC. 11. The Federal Reserve Board shall be authorized and empowered:

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds, under such rules and regulations as the said Board may prescribe.

II. *Applications.*

A national bank desiring to exercise any or all of the privileges authorized by section 11, subsection (k), of the Federal Reserve Act, shall make application to the Federal Reserve Board on a form approved by said Board (Form No. 61). Such application shall be forwarded by the applying bank to the chairman

of the board of directors of the Federal Reserve Bank of its district, and shall thereupon be transmitted to the Federal Reserve Board with his recommendations.

III. *Separate departments.*

Every national bank permitted to act under this section shall establish a separate trust department, and shall place such department under the management of an officer or officers, whose duties shall be prescribed by the board of directors of the bank.

IV. *Provision for keeping trust funds.*

The funds, securities, and investments held in each trust shall be held separate and distinct from the general funds and securities of the bank, and separate and distinct one from another. The ledgers and other books kept for the trust department shall be entirely separate and apart from the other books and records of the bank.

V. *Examinations.*

Examiners appointed by the Comptroller of the Currency or designated by the Federal Reserve Board will hereafter be instructed to make thorough and complete audits of the cash, securities, accounts, and investments of the trust department of every bank at the same time that examination is made of the banking department.

VI. *Conformity with State laws.*

Nothing in these regulations shall be construed to give to a national bank doing business as trustee, executor, administrator, or registrar of stocks and bonds under section 11 (*lc*) of the Federal Reserve Act any rights or privileges in contravention of the laws of the State in which the bank is located.

VII. *Revocation of permits.*

The Federal Reserve Board reserves the right to revoke permits granted under these regulations in any case where in the opinion of the Board a bank has willfully violated the provisions of these regulations or the laws of any State relating to the operations of such bank when acting as trustee, executor, administrator, or registrar of stocks and bonds.

VIII. *Changes in rules.*

These regulations are subject to change by the Federal Reserve Board: *Provided, however,* That no such change shall prejudice obligations undertaken in

good faith under regulations in effect at the time the obligation was assumed.

REGULATION G, SERIES OF 1916.

(Superseding Regulation I of 1915.)

LOANS ON FARM LAND AND OTHER REAL ESTATE.

Section 24 of the Federal Reserve Act 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 or within a radius of one hundred miles of the place in which such bank is located, irrespective of district lines, and may also 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; but no loan made upon the security of such farm land shall be made for a longer time than five years, and 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, nor shall the amount of any such loan, whether upon such farm land or upon such real estate, exceed fifty per centum of the actual value of the property offered as security. Any such bank may make such loans, whether secured by such farm land or such real estate in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits, and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

National banks not located in central reserve cities may, therefore, legally make loans secured by improved and unencumbered farm land or other real estate as provided by this section.

Certain conditions and restrictions must, however, be observed—

(*a*) There must be no prior lien on the land; that is, the lending bank must hold an absolute first mortgage or deed of trust.

(*b*) The amount of the loan must not exceed 50 per cent of the actual value of the land by which it is secured.

(*c*) The maximum amount of loans which a national bank may make on real estate, whether on farm land or on other real estate as distinguished from farm land, is limited under the terms of the act to an amount not in excess of one-third of its time deposits at the time of the making of the loan, and not in excess of one-third of its average time deposits during the preceding calendar year: *Provided, however,* That if one-third of such time deposits as of the date of making the loan or one-third of the average time deposits for the preceding calendar year, is less than one-fourth of the capital and surplus of the bank as of the date of making the loan, the bank in such event

shall have authority to make loans upon real estate under the terms of the Act to the extent of one-fourth of the bank's capital and surplus as of that date.

(d) Farm land to be eligible as security for a loan by a national bank must be situated within the Federal Reserve district in which such bank is located or within a radius of 100 miles of such bank, irrespective of district lines.

(e) Real estate, as distinguished from farm land, to be eligible as security for a loan by a national bank must be located within a radius of 100 miles of such bank, irrespective of district lines.

(f) The right of a national bank to "make loans" under section 24 includes the right to purchase or discount loans already made, as well as the right to make such loans in the first instance: *Provided, however,* That no loan secured by farm land shall have a maturity of more than five years from the date on which it was purchased or made by the national bank, and that no loan secured by other real estate shall have a maturity of more than one year from such date.

In order that real estate loans held by a bank may be readily classified, a statement signed by the officers making a loan and having knowledge of the facts upon which it is based must be attached to each note secured by a first mortgage on the land by which the loan is secured, certifying in detail as of the date of the loan that all of the requirements of law have been duly observed.

REGULATION H, SERIES OF 1916.

(Superseding Regulation M of 1915.)

MEMBERSHIP OF STATE BANKS AND TRUST COMPANIES.

I. *Statutory requirements.*

Specific provisions of the Federal Reserve Act applicable to State banks and trust companies which become member banks are quoted in the appendix to this regulation.

II. *Banks eligible for membership.*

A State bank or a trust company to be eligible for membership in a Federal Reserve Bank must comply with the following conditions:

(1) It must have been incorporated under a special or general law of the State or district in which it is located.

(2) It must have a minimum paid-up unimpaired capital stock as follows:

In cities or towns not exceeding 3,000 inhabitants, \$25,000.

In cities or towns exceeding 3,000 but not exceeding 6,000 inhabitants, \$50,000.

In cities or towns exceeding 6,000 but not exceeding 50,000 inhabitants, \$100,000.

In cities exceeding 50,000 inhabitants, \$200,000.

III. *Application for membership.*

Any eligible State bank or trust company may make application on Form 83, made a part of this regulation, to the Federal Reserve Agent of its district for an amount of capital stock in the Federal Reserve Bank of such district equal to 6 per cent of the paid-up capital stock and surplus of such State bank or trust company.¹

Upon receipt of such application the Federal Reserve Agent shall submit the same to a committee composed of the Federal Reserve Agent, the governor of the Federal Reserve Bank, and at least one other member of the board of directors of such bank, to be appointed by such board, but no class A director whose bank is in the same city or town as the applying bank or trust company shall be a member of such committee. This committee shall, after receiving the report of such examination as may be required by the Federal Reserve Bank in pursuance of directions from the Federal Reserve Board, consider the application and transmit it to the Federal Reserve Board, with its report and recommendations.

IV. *Approval of application.*

In passing upon an application the Federal Reserve Board will consider especially—

(1) The financial condition of the applying bank or trust company and the general character of its management.

(2) Whether the nature of the powers exercised by the said bank or trust company and its charter provisions are consistent with the proper conduct of the business of banking and with membership in the Federal Reserve Bank.

(3) Whether the laws of the State or district in which the applying bank or trust company is located contain provisions likely to prevent proper compliance with the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board made in conformity therewith.

If, in the judgment of the Federal Reserve Board, an applying bank or trust company conforms to all the requirements of the Federal Reserve Act and these regulations, and is otherwise qualified for mem-

¹ Three per cent has already been called from national and other member banks, but the remainder of the subscription or any part of it shall be subject to call if deemed necessary by the Federal Reserve Board.

bership, the Board will issue a certificate of approval. Whenever the Board may deem it necessary, it will impose such conditions as will insure compliance with the act and these regulations. When the certificate of approval and any conditions contained therein have been accepted by the applying bank or trust company, stock in the Federal Reserve Bank of the district in which the applying bank or trust company is located shall be issued and paid for under the regulations of the Federal Reserve Act provided for national banks which become stockholders in the Federal Reserve Banks.

V. Powers and restrictions.

Every State bank or trust company while a member of the Federal Reserve System—

(1) Shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise the same functions as before admission, except as provided in the Federal Reserve Act and the Regulations of the Federal Reserve Board, including any conditions embodied in the certificate of approval.

(2) Shall invest only in loans on real estate or mortgages of a character and to an extent which, considering the nature of its liabilities, will not impair its ability to meet current or maturing obligations.

(3) Shall adjust, to conform with the requirements of the Federal Reserve Act and these regulations, within such reasonable time as may be determined by the Board in each case, any loans it may have at the time of its admission to membership which are secured by its own stock, or any loans to one person, firm, or corporation aggregating more than 10 per cent of its capital and surplus or more than 30 per cent of its capital, or any real estate loans which, in the judgment of the Federal Reserve Board, impair its ability to meet current or maturing obligations.

(4) Shall maintain such improvements and changes in its banking practice as may have been specifically required of it by the Federal Reserve Board as a condition of its admission, and shall not lower the standard of banking then required of it; and

(5) Shall enjoy all the privileges and observe all those requirements of the Federal Reserve Act and of the regulations of the Federal Reserve Board made in conformity therewith which are applicable to State banks and trust companies which have become member banks.

VI. Withdrawals.

Any State bank or trust company desiring to withdraw from membership in a Federal Reserve Bank may do so 12 months after written notice of its in-

tention to withdraw shall have been filed with the Federal Reserve Board. The Board will immediately notify the Federal Reserve Bank of the receipt of such notice. At the expiration of said 12 months such bank or trust company shall surrender all of its holdings of capital stock in the Federal Reserve Bank, which stock shall then be canceled and the withdrawing bank or trust company shall thereupon be released from its stock subscription not previously called. Such bank or trust company shall, immediately upon the cancellation of its stock, cease to be a member of the Federal Reserve Bank, and the Federal Reserve Bank shall then refund to such bank or trust company a sum equal to the cash-paid subscription on the shares surrendered, with interest at the rate of one-half of 1 per cent per month computed from the last dividend, if earned, not to exceed the book value thereof, and the reserve deposits, less any liability of such member to the Federal Reserve Bank: *Provided*, That no Federal Reserve Bank shall, except by the specific authority of the Federal Reserve Board, cancel within the same calendar year more than 10 per cent of its capital stock for the purpose of effecting voluntary withdrawals during that year. All applications, including therein any on which action may have been deferred because in excess of the aforesaid 10 per cent limitation, will be dealt with in the order in which they were originally filed with the Board.

Any State bank or trust company desiring to withdraw from membership at the expiration of the 12 months' notice, notwithstanding the fact that the Federal Reserve Bank has previously canceled 10 per cent of its stock during the same calendar year, may do so. In such case, however, the Federal Reserve Bank shall not be required to repay to the withdrawing bank or trust company the sums due as above until such time as its stock would have been canceled had it not exercised this option. The Federal Reserve Bank shall, however, give a receipt for the stock surrendered.

VII. Examinations.

Every State bank or trust company, while a member of the Federal Reserve System, shall be subject to such examinations as may be prescribed by the Federal Reserve Board in pursuance of the provisions of the Federal Reserve Act.

In order to avoid duplication, the Board will exercise the broad discretion vested in it by the act in accepting examinations of State banks and trust companies made by State authorities wherever these are satisfactory to the Board and are found to be of the same standard of thoroughness as national bank examinations and where, in addition, satisfactory arrangements for cooperation in the matter of examination between the designated examiners of the Board

and those of the States already exist or can be effected with State authorities. Examiners from the staff of the Board or of the Federal Reserve Banks will, whenever desirable, be designated by the Board to act with the examination staff of the State in order that uniformity in the standard of examination may be assured.

VIII. *Future regulations.*

The Federal Reserve Board reserves the right to make such amendments and adopt and issue, from time to time, such further regulations authorized by the act as it may deem necessary, but no amendment of Section VI of these regulations, relating to voluntary withdrawals, shall take effect until six months after its adoption and issue by the Board.

APPENDIX TO REGULATION H.

The Federal Reserve Act provides:

SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal Reserve Board for the right to subscribe to the stock of the Federal Reserve Bank organized or to be organized within the Federal Reserve district where the applicant is located. The organization committee or the Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal Reserve Bank of the district in which the applying bank is located. Whenever the organization committee or the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal Reserve Bank of the district, stock shall be issued and paid for under the rules and regulations in this act provided for national banks which become stockholders in Federal Reserve Banks.

The organization committee or the Federal Reserve Board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal Reserve Banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal Reserve Board. No applying bank shall be admitted to membership in a Federal Reserve Bank unless it possesses a paid-up, unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking act.

Any bank becoming a member of a Federal Reserve Bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on

stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal Reserve Board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections fifty-one hundred and ninety-eight, fifty-two hundred, fifty-two hundred and one, and fifty-two hundred and eight, and fifty-two hundred and nine of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections fifty-two hundred and eleven and fifty-two hundred and twelve of the Revised Statutes, and shall be subject to the penalties prescribed by section fifty-two hundred and thirteen for the failure to make such report.

If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal Reserve Bank; upon such surrender the Federal Reserve Bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal Reserve Bank, except the subscription liability not previously called, which shall be canceled, and said Federal Reserve Bank shall, upon notice from the Federal Reserve Board, be required to suspend said bank from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

SEC. 19. If a State bank or trust company is required or permitted by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company or with a national bank, such reserve deposits so kept in such State bank or trust company or national bank shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal Reserve Bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal Reserve Bank under the provisions of this Act except by permission of the Federal Reserve Board.

SEC. 21. The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners, who shall examine every member bank at least twice in each calendar year and oftener if considered necessary: *Provided, however,* That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies, and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal Reserve Bank. The examiner making

the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank, and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath, and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

The Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal Reserve Bank may, with the approval of the Federal Reserve Agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal Reserve Bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal Reserve Bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal Reserve Bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law or vested in the courts of justice, or such as shall be or shall have been exercised or directed by Congress, or by either House thereof, or by any committee of Congress or of either House duly authorized.

The Federal Reserve Board shall, at least once each year, order an examination of each Federal Reserve Bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal Reserve Bank.

REGULATION I, SERIES OF 1916.

(Superseding Regulation N of 1915.)

INCREASE OR DECREASE OF CAPITAL STOCK OF FEDERAL RESERVE BANKS.

Increase of capital stock.

Whenever the capital stock of any Federal Reserve Bank shall be increased by new banks becoming members, or by the increase of capital or surplus of any member bank and the allotment of additional capital stock to such bank, the board of directors of such Federal Reserve Bank shall certify such increase to the Comptroller of the Currency on Form 58, which is made a part of this regulation.

Decrease of capital stock.

I. Whenever a member bank reduces its capital stock or surplus, and, in the case of reduction of its capital, such reduction has been approved by the Comptroller of the Currency and by the Federal Re-

serve Board in accordance with the provisions of section 28 of the Federal Reserve Act, it shall file with the Federal Reserve Bank of which it is a member an application on Form 60, which is made a part of this regulation. When this application has been approved, the Federal Reserve Bank shall take up and cancel the receipt issued to such bank for cash payments made on its subscription and shall issue in lieu thereof a new receipt after refunding to the member bank the proportionate amount due such bank on account of the subscription canceled. The receipt so issued shall show the date of original issue, so that dividends may be calculated thereon.

II. Whenever a member bank shall be declared insolvent and a receiver appointed by the proper authorities, such receiver shall file with the Federal Reserve Bank of which the insolvent bank is a member an application on Form 87, which is made a part of this regulation, for the surrender and cancellation of the stock held by, and for the refund of all balances due to such insolvent member bank. Upon approval of this application by the Federal Reserve Agent the Federal Reserve Bank shall accept and cancel the stock surrendered, and shall adjust accounts between the member bank and the Federal Reserve Bank by applying to the indebtedness of the insolvent member bank to such Federal Reserve Bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per centum per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized receiver of such insolvent member bank.

III. Whenever a member bank goes into voluntary liquidation and a liquidating agent is appointed, such agent shall file with the Federal Reserve Bank of which it is a member an application on Form 86, which is made a part of this regulation, for the surrender and cancellation of the stock held by and for the refund of all balances due to such liquidating member bank. Upon approval of this application by the Federal Reserve Agent the Federal Reserve Bank shall accept and cancel the stock surrendered, and shall adjust accounts between the liquidating member bank and the Federal Reserve Bank by applying to the indebtedness of the liquidating member bank to such Federal Reserve Bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per centum per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized liquidating agent of such liquidating member bank.

IV. Whenever the stock of a Federal Reserve Bank shall be reduced in the manner provided in Paragraphs I, II, or III of this regulation the board of directors

of such Federal Reserve Bank shall, in accordance with the provisions of section 6, file with the Comptroller of the Currency a certificate of such reduction on Form 59, which is made a part of this regulation.

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REGULATION J, SERIES OF 1916.

(Superseding Circular No. 1 of 1916.)

CHECK CLEARING AND COLLECTION.

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

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

In pursuance of the authority vested in it under the provisions of this section, the Federal Reserve Board, desiring to afford to both the public and the various member banks a direct, expeditious, and economical system of check collection and settlement of balances, hereby requires all Federal Reserve Banks to exercise the functions of a clearing house for their respective member banks under the following general terms and conditions:

Each Federal Reserve Bank will receive at par from its member banks checks¹ drawn on all member banks, whether in its own district or other districts, and checks drawn upon nonmember banks when such checks can be collected by the Federal Reserve Banks at par.

Each Federal Reserve Bank will receive at par from other Federal Reserve Banks checks drawn upon all member banks of its district and upon all nonmember banks whose checks can be collected at par by the Federal Reserve Bank. The Federal Reserve Banks will prepare a par list of all nonmember banks, to be revised from time to time, which will be furnished to member banks.

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

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

¹A check is generally defined as a draft or order upon a bank or banking house, purporting to be drawn upon a deposit of funds, for the payment at all events of a certain sum of money to a certain person therein named, or to him or his order, or to bearer, and payable instantly on demand.

until sufficient time has elapsed within which to receive advice of payment.

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

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

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

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

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

Inasmuch as it is essential that the law in respect to the maintenance by member banks of the required minimum reserve shall be strictly complied with, the Federal Reserve Board, under authority vested in it by section 19 of the act, hereby prescribes as the penalty for any deficiency in reserves a sum equivalent to an interest charge on the amount of the deficiency of 2 per cent per annum above the ninety-day discount rate of the Federal Reserve Bank of the district in which the member bank is located. The Board reserves the right to increase this penalty whenever conditions require it.

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

(6) Each Federal Reserve Bank will determine by analysis the amounts of uncollected funds appearing

on its books to the credit of each member bank. Such analysis will show the true status of the reserve held by the Federal Reserve Bank for each member bank and will enable it to apply the penalty for impairment of reserve.

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

(7) In handling items for member banks, a Federal Reserve Bank will act as agent only. The Board will require that each member bank authorize its Federal Reserve Bank to send checks for collection

to banks on which checks are drawn, and, except for negligence, such Federal Reserve Bank will assume no liability. Any further requirements that the Board may deem necessary will be set forth by the Federal Reserve Banks in their letters of instruction to their member banks.

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

SUMMARY OF BUSINESS CONDITIONS SEPT. 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.....	Expanding.....	Very good.....	Very satisfactory....	Most satisfactory....	Good.
Crops:						
Conditions.....	Average.....	Less than average yield.	Slightly below 10- year average.	Good for tobacco....	Maturing well.....	Short crop good; account high prices.
Outlook.....	Fair.....		Only fair.....	Fair for grain.....	Promising.....	
Industries of the district.	Busy.....	Sustained activity.	Full activity in most lines.	Working to capacity.	Excellent, except lumber; improv- ing.	Working to full capacity. Labor satisfactory.
Construction, building.	Value greater than for many years.	Busy.....	Fairly active.....	Slower, especially in residences. About 7 per cent increase over August, 1915.	Building improved, otherwise normal.	Fair.
Foreign trade.....	Exports increased; imports de- creased.	Increased.....	Large increase in exports.		Most satisfactory....	Do.
Bank clearings.....	Increased.....	do.....	Increasing.....	Sept. 1-15 shows in- crease of 40 per cent over same period last year and 3 per cent over last month.	Increased at every point over same month last year.	Increase.
Money rates.....	Dull and spotty; easier if any change.	Unchanged.....	Easy.....	Money easy, with rates practically unchanged.	4 to 6 per cent. Fair demand; high prices making money easy.	Rates unchanged.
Railroad, post-of- fice, and other receipts.	Increased.....	Increased.....	Increasing.....	Post-office receipts show increase of 11.2 per cent over August, 1915, for 6 cities in district.	Railroad and postal both normal.	Increasing.
Labor conditions..	Well employed at high wages. Scarce.	Labor scarce; two large strikes.	Acute scarcity of labor.	Shortage still pre- vails.	Well employed and in demand; high wages.	Satisfactory.
Outlook.....	Bright.....	Good.....	All things consid- ered, good.	Promising, except crops in some sec- tions.	Most satisfactory and bright.	Bright for fall and winter business.
Remarks.....		Sharp rise in com- modities and sec- urities, growing confidence in business out- look.		Shortage of railroad cars is affecting manufacturers and coal and coke con- cerns.		
	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..	Sustained activity in industrial lines.	Very active.....		Remains active....	Good.....	Continues good.
Crops:						
Condition.....	Fair.....	Fair.....	Grain poor.....	Good, except corn..	do.....	Harvest volume subnormal; re- turns large.
Outlook.....	do.....	High prices pre- vailing.	Corn and flax good.	Fair to good.....	Promising.....	Favorable for cit- rus fruit.
Industries of the district.	Active.....	Very active.....	Active.....	Prospering; oil and zinc affected by lower prices.	Condition satisfac- tory.	Active except lum- ber.
Construction, building.	Fairly active; some large build- ings planned.	Building permits increase.	do.....	Fine increase; active.	Increase in value and number.	32 per cent increase over 1915.
Foreign trade.....				Above normal.....	Good in practically all lines.	Increasing.
Bank clearings.....	Chicago, increase; country, in- crease.	Increase.....	Moderate in- creases.	Decided increases..	33 per cent increase..	30 per cent increase over 1915.
Money rates.....	Steady.....	No change; money easy.	Steady.....	Stationary.....	Easy.....	Easy; unchanged.
Railroad, post- office, and other receipts.		Increase.....	Increasing.....	Increased.....	Increase of from 10 to 25 per cent.	Increasing.
Labor conditions..	Good.....	Unsettled.....	Quiet; help in de- mand.	Less disturbance, but shortage.	Labor well em- ployed; satisfac- tory; scarcity in farming sections.	Little unemploy- ment.
Outlook.....	Satisfactory.....	Bright.....	Good.....	Promising.....	Very promising....	Promising.
Remarks.....	Business condi- tions generally satisfactory.	Trade brisk.....		General conditions highly satisfac- tory.	High prices for cot- ton and cotton seed have stimu- lated business. More general liqui- dations, especially by farmers and merchants, than for several years past.	Continued devel- opment and situ- ation generally favorable.

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 September 23:

DISTRICT NO. 1—BOSTON.

Business in general is in much the same state that it was at the beginning of the summer season. During the hot weather and vacation period many lines did not retain the activity experienced earlier in the year. This to a large extent applied to the placing of new orders, buyers during the summer appearing reluctant to make purchases for delivery too far in advance. Manufacturers and producers, on the other hand, were well sold ahead, and were unable to take contracts for deliveries except for distant dates. All through the summer concerns having future contracts have run at as full capacity as labor conditions and the congestion of the railroads would permit, and by the end of the summer many were getting their production to a point where deliveries could be promised within a reasonable time. There is little doubt but what this temporary reaction has been beneficial to business, so that with the coming of the fall, even with rising prices, the activity experienced last spring is again becoming evident.

Continued ease in the money market, due to the large imports of gold into this country, is no small factor in present conditions, and as long as this influx continues money rates will probably remain on the present basis. The high and increasing cost of foodstuffs and commodities in general and the continued unrest in labor are disturbing elements. That the general public has confidence that our present prosperity will continue for some time is best evidenced by the interest taken and the ascending prices of stocks, both on and off the ex-

changes. It would be necessary to go back some years to find a corresponding period when so many new issues, both with and without merit, have been floated.

The money market in this district is dull and spotty, there being considerable difference in the situation of banks in the various centers in New England. There also is a difference in the conditions of banks in the same city, some banks being amply supplied with funds while others are not in a position to increase their loans materially. The commercial paper market is influenced to a large extent by rates in other large centers. If there is any change in rates over last month it is toward a slightly easier tendency. Call money is 3 per cent; time money $3\frac{3}{4}$ per cent upward, with possible exceptions at $3\frac{1}{2}$ per cent; year money $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent; town notes 3 per cent upward; 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 September 16, 1916, show an increase of \$11,245,000 over last month, and demand deposits have increased \$10,396,000 in the same period. The amount "due to banks" on September 16 was \$130,044,000, as compared with \$126,133,000 on August 19. The excess reserve of these banks decreased from \$30,464,000 on August 19 to \$26,940,000 on September 16.

Exchanges of the Boston Clearing House for the week ending September 16 were \$186,433,957 as compared with \$144,404,908 for the corresponding week last year and \$161,661,144 for the week ending August 19, 1916.

Building and engineering operations in New England are still substantially in excess of any previous year. From January 1 to September 21, 1916, these contracts amounted to \$149,954,000, compared with \$128,543,000 for the corresponding period of 1915 and \$142,071,000 for the same period in 1912, the best year heretofore recorded.

Exports from the port of Boston for August, 1916, were larger than for any month for many years, and amounted to \$17,678,230, as compared with \$15,549,466 for July, 1916, and \$8,696,114 for August, 1915.

Imports for August, 1916, amounted to \$12,072,884, a decrease of \$405,843 from July, 1916, and a decrease of \$1,231,631 from August, 1915.

Receipts of the Boston post office for August, 1916, show an increase of \$95,000, or about 16½ per cent over August, 1915, and the receipts for the first 15 days of September were \$35,000, or about 11½ per cent over the same period last year.

New York, New Haven & Hartford Railroad reports net operating income, after taxes, for July, 1916, as \$2,377,193, compared with \$2,174,760 for July, 1915.

Reports from different sections of this district would indicate that on the whole crops will show an average yield. Farmers are having difficulty in securing harvest help, and wages are high. The weather has been too hot and dry in some sections to give a large potato yield, but the crop will be fair, and, with prices high, the farmer will get a good return for his production. The hay crop is well above the average and in some sections it is claimed that it will be the largest for many years. The quality, however, is not up to normal. Tobacco and onions will show an average yield, with the prices good. The corn crop is probably as much as 25 per cent below normal, with other grains about the average. Pasturage is about normal, but is declining, due to the lighter rains. The apple crop will be better than last year, but below many previous years, with the quality below normal.

The prosperity which the boot and shoe trade has enjoyed for some time still continues, despite the rising costs of manufacturing, and it is expected that this industry will continue busy.

Woolen and worsted mills are running as near capacity as the supply of experienced labor will permit. Mills manufacturing lower

priced materials are very well supplied with business, but new orders for high-priced goods have, for the most part, been disappointing. Many buyers purchased heavily of standard materials at lower prices in anticipation of a rise, and much of these goods are now being used, thus reducing considerably the amount of new business being placed.

The only market in which wool for import can be purchased is that of South America, the English embargo cutting off all exports from her dependencies and colonies to this country. There is a great deal of uncertainty as to how much this embargo will be lifted this season, and the feeling is that we will receive very little wool from these sources. Coupled with this embargo there has been sufficient demand from manufacturers to keep prices firm, with the tendency higher.

The statement of the National Association of Wool Manufacturers as of September 1 shows an increase in the percentage of idle looms and spindles as compared with June 1, but a decrease as compared with September 1 last year.

The cotton-goods industry continues good, but the difficulty in securing skilled labor is to some extent retarding production. Contracts for fine and fancy goods and for print cloths are being made for deliveries in the first quarter of next year, and in some cases even as far ahead as May. Prices are rising steadily, but in spite of this the demand continues, and retailers are adding the advanced cost to prices asked of their customers. The increase in prices has tempted converters to resell gray goods bought at considerably lower prices, and some evidences on this profit taking have been seen recently.

The activity and rising prices of stocks, both on and off of the exchanges, are being reflected to a marked degree in the local bond market, which of late has broadened perceptibly. Savings accounts in banks in manufacturing centers have been increasing with the general prosperity of the laboring class. The low rates for commercial paper and short loans have forced

banks to invest more and more of their money in bonds. This, coupled with the investment inquiries of individuals, has created a better demand for securities than for several months.

DISTRICT NO. 2—NEW YORK.

It is apparent that confidence in the general business outlook has grown considerably of late. This is evidenced by the increasing activity of practically all mercantile lines in the face of a strong upturn in prices, which has raised the average price of commodities to the highest level ever recorded.

Producers of goods are working under pressure to fill winter and spring orders. The industrial situation is unchanged save for a slightly better supply of raw materials. Most reports still emphasize the shortage of help in factories and mills.

All the metal trades are active. Production of pig iron fell off from the high records of recent months, but equals the large tonnage of early months of the year and greatly exceeds that of a year ago. Manufacturers of automobiles and parts report business better than ever.

Agricultural staples, stoves, and heating appliances are in good demand. Furniture manufacturing is increasing, with prices reported to be 15 per cent higher than a year ago. A great volume of business continues in textile lines.

Shoe manufacturers report an exceptionally heavy demand for winter goods. Importations of raw hides during the last fiscal year were the largest on record, but the domestic and foreign demand for finished leather and leather goods increased in even greater ratio, so that stocks have not accumulated.

Wholesale and jobbing houses report an expanding trade on fall and winter goods. Department stores, mail-order houses, and chain stores are doing an active and improving business. One of the latter published figures of August sales showing an increase of 14 per cent over last year.

Freight carriers on the Great Lakes are promised ample cargoes for the remainder of the season.

Collections are good in most lines, but some of the provisions dealers and suppliers of building materials find payments overdue, and in several of the country districts, as is usual at this time of year, there are complaints of slow payments.

The labor situation has been more unsettled during the past month, particularly among leather goods workers and employees on the traction lines in New York City.

New York State savings banks reported on July 1, 1916, an increase in deposits of \$91,717,602 over July 1, 1915, and a gain of 6.2 per cent over 1914, 9.1 over 1913, and 35 per cent over 1907.

On September 16, 1916, members of the New York Clearing House reported loans, etc., \$3,301,358,000; deposits, \$3,415,067,000; and excess reserve, \$88,947,950. Since August 5 last loans and deposits have increased \$78,536,000 and \$64,890,000, respectively, and excess reserves decreased \$23,363,830.

The New York Stock Exchange business has been exceedingly active recently, with sharp advances in the general list.

Compared with the corresponding period last year, the August figures show large increases in New York City bank clearings, exports and imports, new incorporations, and postal receipts. Building permits decreased in New York and there were fewer failures in this district.

Authorities state that the real estate conditions in New York City have improved considerably. Offices and apartments are easily rented. While there are few sales of property, prices are firm.

Call money rates ruled from 2 to 2½ per cent in August, but have been firmer at about 3 per cent since early in September. Time loans on collateral are also firmer than last month. Rates for bankers' acceptances are practically unchanged. Commercial paper declined about

one-half per cent in August to a ruling rate of $3\frac{1}{4}$, which continues at present, with a small volume of short paper selling at lower rates.

In the foreign exchanges there was a sharp advance in rubles, more strength in francs, a slight decline in guilders, a new low price for marks, and practically no change in sterling. Imports of gold are continuing in large amounts, which have reached the total of \$307,000,000 since May 11 last.

DISTRICT NO. 3—PHILADELPHIA.

There does not appear to be any falling off of orders or of business immediately in prospect in this district. The community, however, is ever confronted with the fact that business is being done under abnormal conditions, with the possibility of events taking place that will in due time restore business to normal conditions. This, together with the unsatisfactory crop reports, is inducing business men to act conservatively.

Trade reports are becoming monotonous reading, because they tell the familiar story of mills and factories extended to the limit, prices rising to new heights, and profits that surpass all former records.

Merchants and manufacturers are encouraged by the brisk demand for fall merchandise. The preliminary retail demand has shown an improvement that augurs well for the future, and wholesale distribution continues in large volume. Notable activity is still the most prominent feature in manufacturing departments, and though every effort is being made by the plants and mills to keep pace with orders, there is much complaint that an inadequate supply of labor renders it difficult to make deliveries as promptly as desired.

There is a growing shortage of all kinds of labor, which is embarrassing many manufacturers in their efforts to complete their contracts. It is also a chief element of uncertainty in arranging new commitments. The return to schools and colleges of many students who have worked during the summer months will aggravate the situation.

Iron and steel plants are working at full capacity, with orders which will carry them well into the coming year. Plate mills are generally sold up, the already heavy demand took a fresh spurt, and inquiries for large quantities are being received. It is assumed that consumers are seeking to cover their future requirements as a protection against the heavy demands of the Government naval program. Steel bars and structural material are scarce, and prices are firm. The steel supply seems inadequate to meet the demand, and there is a continuing firmness of prices in all lines. Pig iron prices, in which an increasing tendency has been noted for some weeks, were advanced in all grades by Philadelphia houses.

The coal and coke markets are strong, and steel concerns are among the heaviest inquirers for bituminous coal. There is an active and increasing demand, in part owing to the prosperous conditions in industrial lines, but also to the desire on the part of numerous consumers to stock up in advance of requirements because of reports that the shortage of labor in the mining regions is keeping down production, and that later on there may be a deficiency in supplies. Prices are very firm, and most business is on a spot basis. Foreign inquiry is active, but an acute lack of bottoms, which has ruled for some time, is keeping shipments at a minimum. Coke production generally is far below the demand.

The Lancaster County tobacco crop was hurt by hail in some sections, but prevailing high prices and large yields practically guarantee the best returns, as a whole, to growers in years.

Generally speaking, the textile industries have an abundance of orders to fill, and steady employment for the winter is assured. In nearly all instances a restricted supply of labor is cutting down the volume of possible output.

Following is a table showing the results of replies made to inquiries of large concerns in this district as to industrial and business conditions.

	Re- plies re- ceived.	Is there any let- up in trade?		Will end- ing of war cur- tail your business?		Outlook.					Approximate percentage of increase in costs of produc- tion dur- ing past year?		Have profits increased proportion- ately with costs of production during past year?		With pres- ent high wages and better working conditions is labor as efficient as a year ago?		Are new products being developed to meet after-war competition by foreign manufac- turers in this or foreign markets?		Within last two years have im- provements to property or replace- ments of equipment been de- ferred which under nor- mal condi- tions would have been made?	
		Yes.	No.	Yes.	No.	Ex- cel- lent.	Good.	Fair.	Unc- cer- tain.	Poor	In wages.	In mate- rials.	Yes.	No.	Yes.	No.	Yes.	No.	Yes.	No.
Agricultural imple- ments.....	6	2	4	0	5	0	3	0	2	0	18	69	0	6	1	5	0	5	1	4
Automobiles and parts. Carpets, rugs, oilcloth, and linoleum.....	5	0	5	0	4	1	1	1	2	0	15	28	1	4	3	2	0	5	1	4
Cement, lime, etc.....	7	5	2	3	2	0	1	3	3	0	16	50	1	6	1	6	0	7	3	3
Chemicals (fertilizers, drugs, soaps, etc.)....	4	0	4	0	4	0	2	2	0	0	26	42	2	2	0	4	1	3	2	2
Coal and coal mining..	16	5	11	7	9	2	6	4	4	0	18	57	7	8	8	8	3	11	5	10
Confectionery.....	8	0	8	0	7	0	4	3	1	0	12	29	0	8	1	7	0	0	2	6
Cotton and cotton goods.....	4	0	4	1	3	1	1	2	0	0	9	18	0	4	3	1	1	3	0	4
Dental specialties.....	2	0	2	0	1	1	0	0	1	0	9	25	1	1	1	1	1	1	1	1
Department stores.....	2	0	2	0	2	1	1	0	0	0	5	18	1	1	2	0	2	0	0	2
Dry goods, notions, etc.	5	0	5	0	5	1	3	1	0	0	5	5	2	2	4	0	1	2	0	5
Dyeing and finishing..	2	0	2	1	0	0	2	0	0	0	15	22	1	1	1	1	0	0	0	1
Electrical supplies and apparatus.....	3	1	2	1	2	0	2	0	1	0	16	68	1	2	1	2	0	2	1	2
Flour and grist mill products.....	5	3	2	4	1	1	1	2	1	0	18	41	1	4	1	4	0	5	2	3
Furniture.....	3	0	3	2	1	1	0	2	0	0	8	45	1	0	2	2	1	2	1	2
Groceries and food products.....	3	0	3	0	2	0	3	0	0	0	17	25	0	3	1	2	0	3	0	3
Hardware.....	10	0	9	2	7	2	2	4	0	0	15	17	4	5	4	5	0	8	2	6
Hosiery and knit goods	9	3	6	6	3	3	5	2	0	0	21	51	3	5	5	4	2	4	4	5
Iron and steel.....	18	4	14	12	4	2	7	1	8	0	12	106	7	11	10	7	3	12	10	8
Leather, glazed kid, and shoes.....	23	10	13	16	6	3	10	4	5	0	31	47	9	13	3	20	3	19	6	17
Lumber and millwork.	15	1	14	8	7	3	3	4	4	0	48	73	8	6	4	11	0	11	7	8
Machinery, foundry products, and loco- motives.....	10	2	8	3	7	1	5	1	3	0	13	23	4	6	6	4	0	10	3	7
Meters and gas appara- tus.....	39	13	24	8	26	7	14	3	14	0	24	58	5	32	12	26	5	28	19	18
Paints and coloring matter.....	2	1	1	1	1	1	0	0	1	0	22	26	1	1	1	1	0	2	0	2
Paper and paper prod- ucts.....	3	1	2	1	2	0	2	1	0	0	23	31	1	2	2	1	1	2	2	1
Petroleum and refining	10	1	9	6	4	4	3	1	2	0	28	124	3	7	5	5	2	7	1	9
Pianos.....	2	0	2	0	1	0	1	0	1	0	15	40	1	1	1	1	0	2	1	1
Plumbers' supplies....	2	0	2	0	1	0	2	0	0	0	4	6	0	2	1	1	0	2	0	2
Pottery, pressed brick, etc.....	4	2	2	2	1	0	1	2	1	0	16	44	0	4	2	2	0	2	2	2
Rubber goods.....	7	4	3	2	3	1	1	3	2	0	22	61	0	7	0	7	1	6	2	5
Silks, laces, etc.....	6	4	2	3	3	0	2	2	2	0	26	51	1	5	2	3	0	5	2	4
Slaughtering and pack- ing.....	17	2	14	7	6	2	8	3	4	0	16	44	9	7	7	9	2	11	3	12
Tobacco and cigars....	4	0	4	0	4	0	2	0	1	0	9	29	1	3	1	2	0	4	0	4
Wearing apparel.....	6	1	5	1	5	0	2	0	2	0	13	23	1	5	2	4	0	6	3	3
Wire.....	11	0	11	1	8	4	4	1	2	0	13	24	2	9	7	4	1	7	2	9
Woolens and worsteds.	4	0	4	1	3	0	3	1	0	0	33	65	1	3	1	3	1	3	3	1
Miscellaneous (hats, watches, toys, pens, cordage, explosives).	17	9	8	13	3	1	3	0	12	1	19	79	2	15	6	10	0	13	7	7
Total.....	300	75	221	117	154	44	113	54	80	1	117	143	84	205	115	176	32	217	99	188

¹ Approximate averages.

A comparison of these replies, with replies to similar questions made six months and a year ago, is as follows:

	Septem-ber, 1916.	March, 1916	Septem-ber, 1915.
Percentage of concerns reporting business—			
Good or excellent.....	54	75	42
Fair.....	19	17	22
Uncertain.....	27	8	15
Poor.....	.3	None.	21
Number of concerns reporting outlook to be either fair, uncertain, or poor.....	137	83	217

These replies also indicate that production costs continued to increase during the past year, showing an average gain of about 18 per cent for labor and 44 per cent for materials, against 11 per cent and 46 per cent, respectively, the previous year. It is also noted that some manufacturers have deferred making improvements to property or replacements of equipment which, under normal conditions, probably would have been made.

In spite of the large amount of business being done throughout this district, the number of commercial failures during August is in excess of the number reported for any month since April. It should be noted, however, that most of these failures affect the concerns with relatively small capital, and this condition of business has been referred to recently by the Federal Trade Commission, which reported that the leading industrial establishments usually make money and are continually improving manufacturing and working conditions, which the small trader is apparently unable to do.

Bradstreet's report of commercial failures in this district, classified as to capital employed.

1916	\$5,000 and less.	\$5,000 to \$20,000.	\$20,000 to \$50,000.	\$50,000 to \$100,000.	\$100,000 to \$500,000.	Total.
January.....	90	4	1	.....	1	96
February....	95	7	.....	.....	1	103
March.....	96	4	1	.....	.....	101
April.....	64	2	1	.....	.....	67
May.....	44	2	.....	2	.....	48
June.....	46	3	1	.....	.....	50
July.....	55	2	.....	.....	.....	57
August.....	60	5	.....	.....	.....	65

The activity in business is reflected in the operations of the Philadelphia post office for August, which are as follows:

	August, 1916.	August, 1915.
Total postal receipts(stamps, box rents, etc.)..	\$693,635	\$594,804
Domestic money orders:		
Number issued.....	65,914	55,486
Amount.....	\$534,861	\$494,900
Number paid and repaid.....	163,112	146,604
Amount.....	1,205,160	985,090
International money orders:		
Number issued.....	3,816	4,284
Amount.....	\$55,235	\$58,204
Number paid and repaid.....	991	861
Amount.....	19,380	11,917

The commissioners of navigation report that during the month of August exports from the port of Philadelphia amounted to \$36,000,000, the largest in its history, and a gain over August, 1915, of \$27,000,000; \$20,505,911 of these exports were war materials.

Imports for the month amounted to \$8,221,037, compared with \$4,955,059 a year ago. The article showing the largest increase was raw sugar.

A gratifying feature of the port's business was the large number of American vessels reported, 31 vessels flying the American flag arriving from foreign ports and 22 sailing.

The increase in business activity of this district is reflected in the following table of bank clearings:

Bank clearings.

City.	August—		Percent increase or decrease.
	1916	1915	
Altoona.....	\$2,523,086	\$2,140,570	+17.9
Chester.....	5,204,832	3,281,629	+58.6
Harrisburg.....	8,188,894	7,131,231	+14.8
Lancaster.....	6,976,693	5,791,176	+20.5
Norristown.....	2,021,880	1,879,313	+7.6
Philadelphia.....	998,420,106	655,855,938	+50.7
Reading.....	8,776,158	7,323,093	+19.9
Scranton.....	12,954,878	12,884,658	+ .5
Trenton.....	8,242,785	8,063,208	+ 2.2
Wilkes-Barre.....	7,481,135	7,230,609	+ 3.5
Wilmington.....	11,740,322	9,538,384	+23.1
York.....	4,340,052	3,662,424	+18.5
Total.....	1,076,870,821	724,782,233	Average +19.8

City.	First eight months—		Per cent increase or decrease.
	1916	1915	
Altoona.....	\$20,291,715	\$18,189,016	+11.6
Chester.....	39,609,808	22,885,482	+73.1
Harrisburg.....	64,729,780	55,556,646	+16.5
Lancaster.....	66,693,765	56,280,471	+18.5
Norristown.....	19,509,011	16,420,713	+18.8
Philadelphia.....	8,128,805,617	5,314,034,556	+53.0
Reading.....	77,354,294	61,199,538	+26.4
Scranton.....	105,983,004	109,441,060	- 3.2
Trenton.....	75,371,929	62,466,009	+20.7
Wilkes-Barre.....	59,803,926	55,938,311	+ 6.9
Wilmington.....	96,237,174	65,112,505	+47.8
York.....	34,734,718	31,052,624	+11.9
Total.....	8,789,124,741	5,868,576,931	Average +25.2

The money market presents no special features. Money is abundant, and rates show a tendency toward lower figures.

DISTRICT NO. 4—CLEVELAND.

In determining the trend of business in district No. 4, conditions in the steel trade furnish the principal barometer. In July and August there was some hesitancy among steel product makers in placing orders with producers because of uncertainty that the present level of prices would continue. Now that hesitancy has given way to confidence, and buying by manufacturers is insistent. The situation that existed between producers and manufacturers is now noticed between manufacturers and jobbers. The latter are not as confident in their buying as manufacturers assert they will be in a month.

One favorable feature of the present situation is that for the last eight months the steel trade has been without fluctuations that are ordinarily so disturbing. One large company reports that in spite of large shipments during that period their obligations have not varied 100,000 tons up and down. This indicates the consuming power of the country and the consistent demand during all this period. The iron and steel situation, therefore, remains fully as strong as a month ago. Practically every plant in this district is sold up into next year. Owing to increased foreign demand and

widespread domestic buying, steel manufacturers are expecting a general advance in wire, plates, bars, and other products of the mills.

Business conditions in general throughout the entire district are exceedingly favorable, with anticipated continued improvement throughout the balance of the year. Some changes are reported in industrial conditions, largely due to the strain on railroads, inability to move freight, and shortage of labor.

The retail mercantile trade is slightly less in volume. Interest in fall wear has increased, and better business is expected. Wholesalers report satisfactory business generally, and are looking forward to a good fall trade.

The glass trade in the Pittsburgh district is operating to capacity of available labor, and glassmen throughout the district are looking forward to a good business.

The pig-iron market is strong and running at a maximum pace. Sales are on a large scale, with prices stiffening. The following table shows a comparison of prices, using Pittsburgh quotations:

	Billets.	Basic pig.
Two years ago.....	\$21.00	\$14.00
One year ago.....	26.00	16.00
Week ending Sept. 16, 1916.....	45.00	19.00

Manufacturers of tin plate have reserved considerable tonnage for shipment next season, but no prices for 1917 delivery have been named. A general advance of 50 cents per ton has been realized in the Cincinnati iron and steel scrap market.

The electrical business is keeping up in good volume, orders and contracts being above normal. Delays in making prompt shipment, due to difficulty in receiving raw material, are still being experienced, but collections continue good.

Building operations are slower, especially in the way of residences, owing to the high cost of materials. In the six largest cities in this district there were 391 more building permits

issued during August than during July, 1916, with an increase of \$1,060,136 in valuations for the same period. The following tables show a comparison of building operations for the month of August and for the year ending August 31, 1916:

	Permits issued.		Valuations.		Increase or decrease.	Per cent increase or decrease.
	August, 1916.	August, 1915.	August, 1916.	August, 1915.		
Cincinnati ..	1,546	1,384	\$1,328,490	\$3,048,475	\$1,719,985	156.4
Cleveland...	1,370	1,287	2,752,445	1,987,520	764,925	38.4
Columbus...	284	270	548,720	544,895	3,825	.7
Pittsburgh..	376	278	1,442,467	740,265	702,202	94.8
Toledo.....	398	229	1,348,197	747,083	601,114	80.1
Youngstown	150	88	293,500	154,815	138,685	89.5
Total..	4,124	3,536	7,713,819	7,223,053	490,766	6.7

	Permits issued, year ending—		Valuations for year ending—		Increase or decrease.	Per cent increase or decrease.
	August 31, 1916.	August 31, 1915.	August 31, 1916.	August 31, 1915.		
Cincinnati ..	16,347	15,237	\$11,421,539	\$11,604,337	182,798	1.5
Cleveland...	13,555	13,848	30,072,561	29,554,719	517,842	1.7
Columbus...	3,107	2,590	6,666,325	6,058,870	607,455	10.0
Pittsburgh..	3,978	3,730	16,350,011	13,341,668	3,008,343	22.5
Toledo.....	3,968	2,595	9,659,808	6,342,218	3,317,590	52.3
Youngstown	1,248	1,029	3,184,284	2,305,990	878,294	38.0
Total..	42,203	39,029	77,354,528	69,207,802	8,146,726	11.7

¹ Decrease.

The lumber business, which has been unsatisfactory during the summer, is better. Both hardwood and yellow-pine dealers are reporting increased sales and better prices.

Paper manufacturers report a strong demand for finished goods, orders running away ahead of production. Raw material is scarce, hard to get, and high in price.

Soap manufacturers are doing a tremendous business, especially those making glycerine and like products. One concern is reported to be doing a business of \$100,000,000 gross this year, this being an increase of \$25,000,000 over last year.

Post-office receipts of the six largest cities in this district show an increase of 2.4 per cent for the month of August over July, 1916, and an increase of 11.2 per cent over August, 1915. Table of post-office receipts follows:

	August, 1916.	August, 1915.	Increase.	Per cent of increase.
Cincinnati.....	\$232,480	\$218,776	\$13,704	6.2
Cleveland.....	313,565	275,733	37,832	13.7
Columbus.....	99,796	94,385	5,411	5.7
Pittsburgh.....	313,391	272,340	41,051	15.0
Toledo.....	90,947	81,616	9,331	11.4
Youngstown.....	24,399	22,849	1,550	6.7
Total.....	1,074,578	965,699	108,879	11.2

Traction traffic is improving. Reports from traction companies show earnings far in excess of a year ago. Suburban railroad traffic remains normal, but without marked improvement. Loads billed in this district on all the principal trunk lines during August show an increase of 27.1 per cent over August, 1915, and an increase of 10.9 per cent as compared with July, 1916. The car situation is unsatisfactory in the larger shipping centers, forcing slower movement of raw materials and manufactured articles. Railroads report that all available cars are being used, and it is possible that additional contracts for new cars will be made. It is stated that the shortage will probably be aggravated during the next two or three months, partly on account of inability of receivers to obtain sufficient labor promptly to unload freights.

Manufacturers report labor scarce, and competition between some industrial concerns is adding to the acuteness of the situation. It is reported that as high as \$4 a day, in some cases, is being paid for the best common labor. Farming communities also complain of lack of help in harvesting crops.

High-class horses in the Blue Grass region of Kentucky are now selling at the old-time high prices. Present prices for hogs, ranging almost 11 cents per pound, has resulted in unprecedented prosperity for the farmers.

Although the rains improved the crop situation somewhat, they were a little late. Some sections report the crops will not be more than three-fourths of what they were last year. The Burley tobacco section reports a magnificent crop, both as to volume and quality, and it is probably the best crop that section has ever

raised. Sales of Burley this winter are estimated to reach maximum figures, both as to quantity and prices.

Banks throughout the district report deposits holding up well, and in several of the larger cities record deposits are indicated. Record pay rolls are also reported in several centers. A number of localities have an active demand for money, but taking the district as a whole money is easy, with rates practically unchanged. Clearings in the six largest cities in the district for the first half of September show an increase of 3.3 per cent over the same period in August, 1916, and an increase of 40.1 per cent over the same period last year. Table of clearing house statistics follows:

	September 1-15.		Increase.	Per cent of increase.
	1916.	1915.		
Cincinnati.....	\$70,436,900	\$52,326,300	\$18,160,600	32.7
Cleveland.....	108,004,326	63,336,189	44,668,137	70.5
Columbus.....	19,799,500	14,388,200	5,411,300	37.6
Pittsburgh.....	121,810,782	99,634,897	22,175,885	22.2
Toledo.....	19,677,457	14,130,217	5,547,240	39.2
Youngstown.....	6,220,522	3,171,279	3,049,243	96.1
Total.....	345,999,487	246,987,082	99,012,405	40.1

The supply of railroad cars for coal shipments in western Pennsylvania is much scarcer than last month. A slight car shortage is also being experienced in other coal and coke regions throughout the district. The scarcity of coal miners and mine labor has driven many companies in the fields to send special agents out for help. Coal mining is heavier, and the ovens are producing all the coke possible with forces available. The coke market is active. Coal is in good demand, and prices hold firm. The shortage of labor and cars has a tendency to stiffen prices and cause the consumer to be anxious for his supply, taking all the coal in sight. River tonnage of coal is at high levels, while the rail tonnage is also large.

DISTRICT NO. 5—RICHMOND.

While the final results from crops in this district depend to some extent on weather con-

ditions for an assured future, reports indicate general optimism.

Collections are reported as generally improved, and increased postal receipts and bank clearings indicate a steady, healthful condition. Bank balances are large and the demand for money light. A general feeling of optimism is very evident, and there appears no serious disposition to consider the immediate future in any but a hopeful light. A modification of this opinion with due consideration of the probability of retrenchment in the future would, however, not come amiss.

Corn.—Virginia reports a shorter yield of corn than that of last year. The early plantings produced very good crops. In North Carolina weather conditions caused marked deterioration of late corn, while the early crop was much better than the average. The shortage for the State, however, is large. Conservative authorities expect not more than two-thirds of the normal crop. In South Carolina a very short crop is expected on account of storms and floods in July. Higher prices will perhaps equalize the damage.

Cotton.—Widely varying conditions as to cotton are reported from South Carolina. On account of an unusually heavy rainfall, gravel cotton lands are naturally favored. In many counties the high prices now prevalent will not offset the loss. The crop varies greatly. Cotton seed has sold as high as \$50 a ton, and the demand is good. Central North Carolina reports that the yield in that section will prove better than recent reports would indicate.

Fruit.—Virginia reports about one-half of normal crop of fruit, with good prices, probably high enough to offset shortage in quantity. Farmers and buyers alike hesitate in trading at this time in orchard lots. West Virginia and North Carolina report good crops of apples. The peach crop is short.

Hay and grain.—The consensus of opinion indicates a full hay crop, with slightly lower prices. West Virginia reports a shortage in oats, while the rest of the district in which

such grain is grown will probably have a normal crop.

Potatoes.—West Virginia reports a reduced production of nearly a million bushels of potatoes, with prices nearly double those of last year. Western North Carolina reports good crops at satisfactory prices.

Tobacco.—Splendid results may be expected in the tobacco sections of this district. In Virginia, with smaller crops, leaf tobacco is practically 50 per cent higher in value. West Virginia reports an increased production of about 2,500,000 pounds, with grades unusually high and with splendid curing weather. Central North Carolina should realize much above normal, not only in prices but in average pounds per acre. The grading in South Carolina may not be as high as usual, but the prices will be considerably higher than for several years.

Live stock.—An increase in live stock for nearly all the sections of this district is reported. Not only have the farmers acquired more cattle and hogs, evidently in a desire to profit by the plan of diversification, but the importation of beef stock has been reported, and an increased demand for improved stock. This has led to some activity in lands suitable for grazing. Cattle bring higher prices than ever known, with large sales already closed.

Considerable attention has been drawn to the packing industry in this section. Establishments, or incorporations, of packing houses are reported for Wilmington, N. C., and Greenville and Orangeburg, S. C., with the combined capitalization of approximately \$400,000.

Coal.—West Virginia reports a good improvement in prices for coal, and the tendency of buyers, both foreign and domestic, is to bid for longer contracts. Three-year contracts have been closed at advanced prices. There appear to be many inquiries from Mediterranean and South American ports. Some difficulty has been experienced in obtaining sufficient labor, and the demand for miners is on the increase.

Steel and iron.—Continued activity is reported by manufacturers of steel and iron, and

while the costs of raw materials are, if anything, higher than ever, prices obtained for finished products leave a very satisfactory margin of profits. Heavy increases in exports of manufactured metals are reported from our Atlantic ports.

Textiles.—Mills making textiles are almost uniformly busy, a great many running to capacity. Orders at good prices are plenty, and while costs are high, sales should leave a very comfortable margin. Several new mills are reported either under construction or in the process of organization in North Carolina. Colored cottons are in good demand, and notwithstanding the unsatisfactory situation in regard to dyestuffs, realizations in sales are very satisfactory. There are gradually being established in the South an increasing number of silk mills, and the outlook for the industry is most encouraging.

General manufacturing.—With the exception of the western part of North Carolina and the eastern part of South Carolina, where the floods and storms of the earlier season caused considerable damage, there appears to be a healthful increase in general manufactures. While the flood conditions imposed heavy losses and damaged plants, the majority have been reestablished with at least a normal volume of orders. In our principal furniture manufacturing city unusual activity is reported. The glass industry in West Virginia is reported at high tide, with sales deliverable into 1918.

Labor.—The calls for help from the Northern States have without a doubt attracted there considerable labor, with the natural result that employers are encountering more or less difficulty in keeping up their maximum output. A few unimportant strikes in textile plants are reported. There has been some agitation against employment agents in their endeavors to encourage the withdrawal of labor to other sections.

Railroads.—As is usual at this season of the year, the generally inconvenient shortage of freight cars is being experienced. Passenger,

especially excursion, business shows a rather large increase, and this may very properly be construed to indicate a general individual prosperity.

Exports.—Baltimore shows a net increase in exports over August of 1915 of practically \$15,000,000, principally in copper, iron, and steel, and other metals, tobacco, oats, corn, and rye. Shipments of wheat fell off approximately \$2,000,000. Wilmington reports a very heavy increase in shipments of cotton. The total increase at Norfolk is in the vicinity of \$2,000,000, largely oats, cotton and linters, manufactured iron and steel, and empty cartridge shells. Shipments in wheat, tobacco, and lumber show decreases, and the export of horses from \$3,000,000 in 1915 has dropped to \$250,000 this year.

DISTRICT NO. 6—ATLANTA.

There has been little material change in the business conditions in this district which awaits a more decisive crop condition as a basis for fall and winter business. Reports from the southern part of the district state that while the work is probably 10 days late, picking of cotton is progressing nicely, and the crop is beginning to come to market. In view of the high price prevailing very little cotton is being held, and the indications are that as picked it will be ginned and marketed. While an early frost may do some damage to cotton, it is not likely to involve any great amount, and it is safe to assume that this year's crop will be sold at a price nearer on a normal parity with the price of the manufactured product than any previous crop grown in recent years.

As indicated in previous reports, the season's cotton crop in this district will fall about 20 per cent short of the 1915 crop. However, it is not expected that this shortage will affect the general business of the district, in view of the higher prices received as an offset to the loss in crop production.

At present prices for cotton and seed, as compared with those existing at this time last year,

the value of the cotton crop in Alabama will be \$12,000,000 more than that of 1915. In this estimate this year's yield is taken on a basis of 775,000 bales. The value of the 1915 crop, including seed, was approximately \$64,000,000. The value of this year's production in Alabama will be approximately \$76,000,000. The crop of 1916 was made at a less cost and with more attention given to diversification. The products of diversified farming are in good demand at high prices. This is creating a greater interest in future live-stock raising.

Industrial: Activity continues in all industrial lines, with the possible exception of coal and lumber. While there is an increased demand for coal, both steam and domestic, and prices have advanced rapidly, the mines in the district are not operating over half time because of a shortage of freight cars. There has been some improvement in the lumber market within the past 30 days. The volume of business is larger and values appear somewhat firmer. This is to some extent offset by the serious car shortage. Sales of lumber show a healthy excess over production and are in excess of shipments. Production at this time is about 10 per cent below normal and is likely to be further curtailed.

The output of pig iron in the Birmingham district for the month of August was the largest recorded for any one month. Prices remained practically unchanged. The demand for steel products is still heavy.

In wholesale and retail lines sales are in excess of this time last year and collections are reported good. Prevailing prices are much higher than the same season last year and dealers report certain lines of merchandise scarce and shipments from factories very slow. With the high prices prevailing for agricultural products, the general outlook is very bright for a heavy fall and winter trade.

New Orleans branch.—Notwithstanding the feverish condition of labor and the high cost of raw material, no particularly marked change is noticed in the more important industries of this section.

Agricultural conditions on the whole are quite satisfactory. Cane, corn, cotton, and rice are all coming well, while potatoes, onions, beans, and kindred crops are well up to standard and are bringing good prices.

Wholesale and retail trade continues in satisfactory volume, the desirable turnover has been realized, and as cooler weather approaches the outlook for an increased buying is bright. This is so general that merchants are making extraordinary alterations and repairs to facilitate the display and handling of goods.

The demand for loans in New Orleans continues good, with rates unchanged.

The port facilities at New Orleans are being put to test in order to handle the enormously increased volume of imports and exports. Shipments in and out are from three to four times greater than this time last year.

DISTRICT NO. 7—CHICAGO.

Business is active in almost all lines, at high prices, with some manufacturers finding difficulty in securing the necessary raw materials. Labor is still in short supply and a deficiency in available cars is causing inconvenience to shippers. Bankers report a general improvement throughout the district, and there appears less criticism of the low rates and excess money than for some months. There still are centers with a plethora of funds and low rates, but even in these cases the undertone is firm and any active demand would probably show very promptly in the money quotations.

Fall business with jobbers and retailers, which has been dependent on the crop situation, is increasing, due to the market value of the produce rather than the amount harvested. On the whole, this should prove a reasonably prosperous year for the agricultural communities, and the manufacturing centers are reflecting this condition and also the foreign demand in special lines.

Bond houses anticipate a revival of business this fall. Municipal issues which have been

stationary are now advancing, and this territory is absorbing a satisfactory volume of securities. There have been few new offerings, except foreign loans, and in these there has been considerable interest, particularly the collateral issues.

Crops have not improved since last month; in fact, the expected yield of corn has probably been decreased owing to a frost the middle of September. However, the greater part of the crop had so far matured that the damage in all likelihood will be small, centering in the northern half of Illinois where the crop was somewhat behind the adjacent States in point of maturity. Current prices for all grain should be given due consideration in determining the financial outlook for the farmer, and these are high. In Illinois spring wheat seeding is progressing, and we understand that the acreage will probably be greater than a year ago. A fair corn crop is expected, with apples and peaches in rather short supply. Indiana promises a satisfactory yield of corn. Preparation of wheat ground continues, and sowing should soon be under way. The small-grain crop in this State was poor, but hay was abundant and is bringing a good price. Potatoes have only a fair prospect. In Iowa the corn crop is generally safe from frosts and should produce a good average return. Plowing and seeding are in progress where the land is not too dry. The hay crop is expected to furnish the farmers with plentiful feed for their live stock. Michigan corn appears 20 per cent to 30 per cent short of the normal crop. Beans, beets, and potatoes are only in fair quantities from present indications, but prices are good for almost all farm produce, and the farmer's income may be protected in this way. Wisconsin seems to have a satisfactory tobacco crop, a fair amount of corn in prospect, and a poor potato supply, which is dependent upon a long spell of hot weather to make a normal crop.

Agricultural implements.—The situation in this industry is gradually becoming more difficult, due to the increased cost of steel and the

necessarily increased selling prices. A decreased volume is anticipated, and manufacturers seem to be watching conditions with great care and to be outlining their next year's policies along conservative lines. Collections are generally good.

Automobiles.—The demand for cars continues, although this is the usual season for a slackening in the trade. Distribution in farming communities is good and the prosperity in this industry is expected to continue as long as farm products and general business activity remain at their present high levels. Collections are good.

Building materials.—Common brick sales for August are reported greatly in excess of August, 1915, and September should prove about equal to the corresponding month a year ago. Cement manufacturers enjoyed an increased demand during August, as compared with previous months, but as building permits are almost stationary in a number of cities, little change is anticipated in this industry during the next few months. A car shortage and a poor labor supply are causing some trouble. Collections are good.

Coal.—The high lake rates and car shortage have brought considerable activity to the Illinois and Indiana coal fields, and have stiffened the price well above last year, with prospects for a broad market at good figures.

Distilling and brewing.—Some new alcohol orders have been placed with the larger distilleries, and general business seems in good shape. The present high price of grain may, to some extent, curtail the 1917 crop of Kentucky whisky, and, based on the last two years' withdrawals, there is reported a four years' supply in the Kentucky bonded warehouses at this time. Breweries have been active during the past few months, due to the hot weather, and with favorable conditions during the balance of the year a 2,000,000-barrel increase over 1915 is anticipated. Barley and malt continue firm, with an upward tendency.

Dry goods.—Salesmen are on the road with samples of goods for spring delivery, but it is

somewhat early to estimate the results. Present volume is good, both jobbers and retailers moving their merchandise and complaining of shortage in certain lines. Fear of a merchandise famine has resulted in some speculative purchases, but this is by no means general, and the situation appears sound at present, owing to the employment of labor and the high prices of grain and live stock.

Furniture.—This business continues quite active in spite of the increased prices. Labor is difficult to obtain and collections vary with local conditions.

Grain markets.—Demand for all kinds of grain continues and a good foreign demand for corn is anticipated. The car shortage delays shipments both to and from terminals. Farmers are receiving good value for their produce.

Groceries.—Reports from this district show a healthy condition with a considerable volume of merchandise moving at good prices. Higher values are looked for, particularly in connection with vegetables and fruits, but the consumer appears to be in a position to pay the difference, and collections are good.

Hardware.—Trade is maintained at a high level in spite of increased prices, nor is any falling off anticipated for some months to come. Farmers are showing a disposition to buy, and separators are in better than average demand. Collections are generally good.

Leather.—This line has become somewhat more active, and reports from shoe manufacturers are favorable as to prospects. Collections are fair. Leather belting sells in good volume despite textile advances, and collections are satisfactory.

Live stock.—Marketing has been uneven, due to changing range conditions and the effect of supply and demand on the prices. Heavy shipments of grass cattle are looked for during the next few weeks. Foreign and domestic requirement of packing-house products continues and by-products are well taken by the trade.

Lumber.—Prices are firm, but sales decreased in some centers during August. Railroads and car manufacturers are taking only their imme-

diate needs. The high cost of building construction is probably exercising a detrimental effect, but country sections which have held off are beginning to come into the market. Business has been below normal, but wholesalers report an indication of a stronger demand for the balance of the year. Mahogany is at a high price, due to the exorbitant ocean freight rates, and the quotations are a handicap to volume sales.

Mail order.—This industry is still engaged in distributing merchandise on an increased scale, and a satisfactory condition is reported.

Pianos.—Manufacturers are finding some difficulty in securing the necessary raw materials and labor is scarce. Sales, however, continue to hold up well, with the demand in certain instances ahead of the supply. Collections are generally satisfactory.

Shipbuilding.—Unusual activity is evidenced in this industry and construction work is planned as far ahead as 1918. A good business is anticipated for several years, due to the tonnage destroyed in the war and the United States naval construction program.

Steel.—Capacity is now sold by some mills as far ahead as July 1, 1917, with premiums offered for special deliveries. Prices are strong with an upward tendency, indicating that manufacturers are finding it necessary to fill their requirements at the present high quotations. Tonnage offered is reported in excess of the mill capacity.

Watches and jewelry.—Watch and jewelry manufacturers are finding a good demand for their products and retailers report increased sales over a year ago. A big fall business is expected and collections are good.

Wool and woolens.—Wool is still held at good prices and manufacturers are using foreign wools, which they claim are cheaper. There is some indication that a demand for the domestic article will develop, as mills are fully occupied, and England has placed an embargo on wool. In some instances retailers of woolen clothing appear to have overbought, but with a good demand these stocks may liqui-

date themselves. Business for spring delivery will be at advanced prices and conservative buying is expected. The knit-goods trade is beginning to notice the effect of Japanese competition, which produces merchandise at labor prices that can not be approached in this country. Collections are good.

Clearings in Chicago for the first 21 days of September were \$1,181,000,000, being \$272,000,000 more than the corresponding 21 days in September, 1915. Clearings reported by 20 cities in the district outside of Chicago amounted to \$238,000,000 for the first 15 days of September, 1916, as compared with \$168,000,000 for the first 15 days of September, 1915. Deposits in the eight central reserve city member banks in Chicago were \$672,000,000 at the close of business September 21, 1916, and loans were \$455,000,000. Deposits show an increase of approximately \$11,000,000 and loans an increase of approximately \$6,000,000 over last month.

DISTRICT NO. 8—ST. LOUIS.

There has been little change in general business conditions in this district during the past 30 days, but what changes are noted indicate an increased activity. Shipments and collections are at an unusually high level in practically all branches of industry. Business men are optimistic as regards the fall and winter seasons. The fall buying season has been at its height during the last three weeks. Wholesale merchants in the large centers report an unusually large number of buyers in the market, and sales in practically all lines have been satisfactory, many houses reporting new records for this period. Wholesale dry goods, shoes, millinery, men's and women's ready-to-wear clothing, and kindred lines are all very active. Woodenware and hardware companies report similar activity. Wholesalers and manufacturers generally report an increase in cost of merchandise for spring, and the market in all the industrial line is at this writing firm.

An increase in the total of building permits in the large centers this August as compared

with the same month a year ago indicates activity in all building trades. The steel industry in this district reports substantial gains in shipments, and it is noticeable that the percentage of gains in unfilled orders on hand is much larger than the percentage of gain in shipments for the corresponding period. Packers report a steady market for their products, and there has been a free movement, particularly in the provision division.

The demand for goods for export to belligerent nations seems to have widened in the past six months, and the gain in the acid, chemical, mining, and other industries, as well as those supplying more directly munitions of war, may be attributed at least in part to this export demand.

Retail trade has been greatly stimulated by the recent cold snap, and retailers generally report a highly satisfactory business.

From investigation it appears that the stocks in the hands of retail merchants in the smaller towns throughout the district are larger than they were a few months ago, and are probably heavier than is customary at this season of the year. This may be attributed to the fact that business has been good with the country merchant. There has been a steady, brisk, and growing demand for merchandise, and, with the high prices now prevailing for cotton, wheat, and other farm products, there is a general feeling of confidence.

Building permits for August, 1916, as compared with August, 1915, show increases as follows in the three largest cities of the district: Louisville, 14 per cent; Memphis, 10 per cent; St. Louis, 12 per cent. Figures for Little Rock are not available.

Post-office receipts for August, 1916, as compared with August, 1915, show the following gain in the principal cities of the district: Little Rock, 15 per cent; Louisville, 11 per cent; Memphis, 12 per cent; St. Louis, 10 per cent.

Figures on the gross railroad earnings for August are now available and continue to show the increases which have been so noticeable this

year. Movement of freight is exceptionally heavy. This may be attributed in part to the general prosperity of the district, but is also due to the early and heavy shipments of cotton and wheat from primary points. On August 1 the railroads of the country reported a surplus of approximately 10,000 cars, while on September 1 the same report shows a shortage of over 14,000 cars. The shortage of approximately 14,000 cars reported on September 1, 1916, compares with a surplus of 183,000 cars reported on September 1, 1915.

Labor conditions in this district have not improved during the last month. Some factories report that their output is curtailed by a scarcity of labor; other factories and industries have been hampered by strikes. Increases in wages which have been granted have not improved the situation, and in general the labor situation is, to say the least, unsettled.

Generally speaking, the temperature has been somewhat below the normal in September, to the date of this writing. The precipitation map does not show the extremely spotted condition which was so noticeable in July and August. The rains the latter part of August were a great benefit to pastures and corn.

The final figures on the 1916 wheat crop are, of course, not at present available. The high price of wheat has, of course, stimulated the movement from primary points, and shipments seem to have been unusually heavy for this time of the year. Fall plowing in the wheat belt has progressed in a satisfactory manner in those counties where the ground has had sufficient moisture to allow it to be worked. The northwestern counties and a few of the eastern counties of Missouri report the fall plowing practically completed. Reports from other counties in the State indicate that the ground has been too hard and dry and little sowing has been done.

Below is a table showing the composite conditions of all crops for the States wholly or in part within this district, taken from the Government Crop Report of September 1. The

table shows a loss in condition for all States in the district as compared with August 1, the decrease being especially noticeable in Mississippi, due to the damage to cotton, which is discussed more fully in a later paragraph.

Combined condition of all crops Sept. 1 (average, 100 per cent) and change during August.

	Sept. 1.	Change during August.
Arkansas.....	90.3	- 7.9
Illinois.....	96.3	- 2.1
Indiana.....	96.0	- 3.4
Kentucky.....	108.7	- 1.7
Mississippi.....	73.9	-11.6
Missouri.....	83.2	- 3.3
Tennessee.....	101.8	- 0.8

Below are figures on the corn crop as of September 1, taken from the Government Crop Report of September 8. The report shows a further loss in condition, and the crop forecast from the September 1 condition confirms reports of damage to the crop by drought and heat in August. Frost has been reported from a number of counties in the northern section of the district, and this has probably caused some further injury, although opinions as to the effect of cool weather and light frosts at this season differ widely. At this writing corn is reported as maturing rapidly and should be safe from damaging frosts in another week or ten days. It should be noted that the forecast from the September 1 condition is materially less than the final estimate for 1915 and for the five-year average, 1910-1914.

CORN.

[000 omitted.]

	Condition Sept. 1.		Change from Aug. 1 condition.	Forecast from Sept. 1 condition, 1916.	Final estimate.	
	1916	10-year average.			1915	Average, 1910-1914.
Arkansas.....	62	77	- 6	43,474	62,100	49,317
Illinois.....	71	78	- 4	336,740	376,164	348,846
Indiana.....	79	82	- 3	185,784	190,950	180,464
Kentucky.....	89	82	- 1	114,345	114,000	94,123
Mississippi.....	65	82	- 3	52,385	69,350	57,072
Missouri.....	54	72	- 6	149,085	209,450	194,253
Tennessee.....	87	83	0	89,158	94,500	83,311
Total.....				970,971	1,116,514	1,007,386

The same conditions have affected the oats crop in a similar manner, and we present the figures on this crop taken from the Government report as of September 1.

OATS.

[000 omitted.]

	Condition Sept. 1.		Change in condition from Aug. 1.	Forecast from Sept. 1 condition.	Final estimate.	
	1916	10-year average.			1915	5-year average 1910-1914.
Illinois.....	88	76	+1	169,258	195,435	139,745
Indiana.....	75	73	-9	55,412	65,520	53,521
Missouri.....	79	70	-4	35,891	31,850	29,501
Total.....				260,561	292,805	222,767

Figures on the cotton crop given below are taken from the Government Crop Report of September 1, as of August 25. The August 25 condition in every cotton-producing State in the district is below the condition at the same time of year both in 1915 and for the 10-year average. There is a similar loss, as shown in the change in condition column below, in condition from July 25 to August 25. The loss in condition is particularly noticeable in Arkansas and Mississippi, especially in the latter State, where it assumes formidable proportions. Reports from correspondents in Mississippi are pessimistic, and serious injury is reported, due both to excessive rains and to the presence of the boll weevil. Reports from private sources in Arkansas are only a little less discouraging; one report from a trustworthy source reads as follows:

We are now receiving reports of heavy deterioration from all sections. The hill lands are shedding young bolls and the green bolls are opening prematurely. Bottom lands are shedding and suffering from boll rot. Boll weevil are active in central and southern Arkansas. We will do well to make a normal crop.

The high price of cotton is, however, an encouraging factor, and under this stimulant picking is general and the crop is moving to market earlier and in a greater volume than in the normal season. The effect of this early movement is noticeable in the demand for funds from Memphis.

COTTON.					
	Condition Aug. 25.			Change in condition July 25 to Aug. 25.	
	1916	1915	10-year average.	1916	10-year average.
Arkansas.....	71	72	74	-14	-6
Mississippi.....	49	69	72	-16	-5
Missouri.....	80	81	81	0	-1
Tennessee.....	80	82	81	-2	-1

Reports from correspondents in Lonoke and Arkansas Counties, Ark., report that the rice crop is in good condition. The earlier planting is now being cut and the whole crop is ripening nicely.

Reports from correspondents in both the black and Burley tobacco producing counties in Kentucky are optimistic. The season has been favorable to tobacco planters and at this writing the crop is to a large extent housed. A large harvest is reported from all sections, with prices firm and farmers holding for further advances.

Pasture has suffered in sections where there has been insufficient rainfall, but the situation is much better than it was a month ago, and there is now little or no indication of cattle being forced to market on account of lack of pasture. Silos seem to be gradually coming into more general use.

The peach crop in this district has not been up to the normal, and a large part of it seems to have not been of the best quality. The river movement of apples continues free and active and satisfactory prices are being realized. The quality is running good on the average.

The market for eggs, poultry, and dairy products is firm, the supplies, particularly of the first quality, running lighter than usual.

Banking conditions show no change. Money continues easy. There is the usual seasonable demand for small notes from country banks. There is no stringency due to the demands for funds for crop-moving purposes, and no increase in rates in the immediate future is anticipated. Commercial paper has been in de-

mand by both city and country banks, the volume of business being limited by a somewhat scanty supply. Country banks are reported as being in the market for commercial paper at 4 per cent, while sales to city banks have been made at $3\frac{1}{2}$ per cent to $3\frac{3}{4}$ per cent for best names. Clearings for the principal cities of the district show important gains, figures being as follows, for the week ending September 9: Evansville, 16.9; St. Louis, 25.9; Louisville, 14.5; Memphis, 80.1; Little Rock, 58.1. It should be noted that totals for the week ending September 9 in every case are larger than the total for the same week not only of 1915 but also for the same week of 1914 and 1913.

DISTRICT NO. 9—MINNEAPOLIS.

Favorable progress of the flax crop in the Northwestern States and the maturity of a considerable portion of the corn crop are important features of the agricultural developments during the month. The yield of flax will be about the average for the Northwestern States. The quality will be high, and the flax harvest is in progress under favorable conditions.

In Wisconsin and the southern half of Minnesota and South Dakota, the greater portion of the corn crop has already matured and is of good quality. In parts of North Dakota a great deal of good corn will be harvested. In the northern half of Minnesota and the northern sections of Wisconsin there will be some soft corn, and the yield will be uneven because of the fact that the fields on low ground are subject to excess moisture and have not made the progress that was expected.

The results of threshing and the shipments so far made to the terminal markets both indicate that the damage to wheat was not overestimated. Much of the new crop which is now coming in is light in weight and of such poor quality that it can not be used for milling purposes. The available milling wheat is therefore reduced. The same holds true to a considerable extent as to receipts of barley,

much of which is of light weight and so thin that it is not available for malting purposes and will be used for feed.

In some sections of the grain territory wheat has been cut that will not be harvested, and in many instances the crop showed such poor quality that no attempt was made to cut it. An unfortunate feature of the situation is that many fields are overgrown with weeds, and the farmers have not been able to do enough plowing to prevent them from maturing to a point where the seeds will germinate. This presents an unfavorable outlook, and the farmers will have difficulty next year in cleaning up the fields.

The hay crop throughout the district is unusually heavy and of good quality. Clover and alfalfa have yielded well. There is an immense amount of feed, which will be of assistance to farmers who have gone into stock raising, and in districts where stock is an important factor the farmers will be prosperous and will enter upon the winter in more favorable financial conditions. In the areas given over to grain raising, conditions will not be so good, although those who have held over wheat from last year's crop have been able to market it at very high prices, and to a considerable extent offset the loss of revenue due to the poor yields this year.

Over the greater portion of the district a large amount of fall plowing has been done. There has been considerable rain during the month, which has interfered with fall work on low-lying ground, and has to some extent hampered threshing.

The poor quality of this year's wheat crop has already provoked considerable discussion as to an adequate supply of seed wheat for use next spring. Farmers' organizations are already taking steps to provide against a prospective shortage.

The very high wheat prices have caused a general advance in flour, which has in turn had a tendency to hold down buying. Large buyers and users of flour are carrying short stocks and purchasing very cautiously. The consen-

sus of opinion is that wheat prices will remain high, although they may recede somewhat from the present level.

The Government report gives an average yield for Minnesota of 7.6 bushels of wheat per acre; North Dakota, 5.6 bushels; South Dakota, 6.6 bushels; and Montana, 21.4 bushels. The grain trade is inclined to accept the Government estimate of 94,405,000 bushels for Minnesota, North and South Dakota, although some authorities believe that the yield will go as high as 100,000,000 bushels. Even at this figure the crop is 189,000,000 bushels short of the crop a year ago.

The short crop will have some effect upon milling conditions at local points in the country, and some of the smaller mills are already preparing to shut down on account of a shortage of wheat of milling quality.

The rather unfavorable crop situation has not appreciably changed the general business outlook. Concerns engaged in the distribution of staple articles are doing a good business, and trade at local points is holding up well. Sales of automobiles are reported to have fallen off, and the farm-machinery business has suffered to some extent in the sections given over to grain production. Local merchandising at the larger centers is brisk and shows good gains over last year.

Banking conditions over the district are favorable. At the larger centers deposits show the effect of the seasonal movement of the crop and have fallen off, while loans and discounts are increasing. Clearings are increasing as compared with a month ago. Rates show little change and remain at about the same level as during the past six weeks. The banks have so far been able to meet the crop movement demand without difficulty. The demand for currency for shipment to country points is not as heavy as a year ago.

Construction is very active at all the urban centers. Industrial concerns are still doing a good volume of business and have had no difficulty in taking on new business to compensate for contracts in process of completion. The

general outlook is considered to be good, and it is believed that during the remainder of the year the district as a whole will show a prosperous condition and that trade will continue in good volume.

The call of September 12 showed St. Paul and Minneapolis banks with combined deposits of \$236,069,000, an increase of \$11,838,000 over the call of June 30. Loans and discounts were \$176,846,000, an increase of \$6,647,000. Cash resources were \$71,216,000, an increase of \$6,088,000. Deposits at outside points in the district were shown to be large, and the call found the banks in excellent condition. The call indicates that the banking position of the ninth district is very strong, and that the member banks are in an excellent position to meet any call that may be made upon them on account of the movement of this year's crop. Crop moving demands have so far been considerably less than a year ago, and the amount of grain received at terminals has been small, due both to the disposition of the farmers to hold grain, and the reduced yields.

DISTRICT NO. 10—KANSAS CITY.

Although too late to benefit corn generally, recent rains will help to offset the shortage of that cereal. The improvement in the condition of grass over wide areas will mean a reduction in the requirements of outside feed. Oklahoma, Kansas, Nebraska, and Colorado will probably secure another cutting of alfalfa. The wheat crops of Kansas and Nebraska, where hard wheat is raised, were excellent, these being almost the only States where the crop will exceed the domestic demand.

Very little plowing was done prior to September 1 in Kansas and Missouri and Oklahoma, owing to extreme dryness and hardness of the soil, whereas the best results are obtainable when the ground is broken soon after harvest. The farmers of Nebraska have fared better. The new crop will not have as favorable a start as if the ground had been broken one or two months ago.

Late in August Oklahoma reported a cotton crop that would bring into the State \$75,000,000, claiming this to be a conservative estimate, given at a time when the picking of the State's crop had just begun. This estimate was based upon a 1,000,000 bale crop, while the highest estimates at this time are approximately 800,000 bales. An Oklahoma corn crop of 61,000,000 bushels is forecasted, whereas the average crop for the past five years has been approximately 72,000,000 bushels.

Undoubtedly the corn loss in Missouri has been very heavy. Present indications would point to a total yield of slightly over 135,000,000 bushels, whereas the yield for 1915 was in excess of 220,000,000 bushels. Estimates indicate that in this State the wheat acreage seeded for the 1917 crop will be 20 per cent short of that harvested this year.

Haying and thrashing have continued under favorable conditions in Nebraska, and the bulk of the corn crop is now beyond danger of injury by frost. Nebraska farmers are putting in a larger area of winter wheat than ever before, owing in a measure to the high prices paid for grain; and the State is now claiming a corn crop of 199,000,000 bushels, whereas the final estimate for 1915 was 213,000,000 bushels.

Colorado boasts of one of the best sugar-beet crops it has ever had, and it is stated that the growers will receive approximately \$14,000,000 for this year's sugar-beet production, which is far ahead of the total realized in Colorado since the sugar beet became a crop in that State. The third crop of alfalfa is being harvested and ranges are in good condition.

Light to heavy frosts have occurred in Wyoming, although generally growing crops continue green and thrifty. Beneficial rains have caused appreciable improvement in pasturage, hay, potatoes, corn, and growing cereals.

A doubtful season was rapidly turned to a highly favorable one by the timely rains in New Mexico. Most dry-farming crops are assured and much land prepared for wheat seeding, which promises to be larger than ever.

A record of 30 years' standing was broken September 15, when light frosts occurred in all parts of Kansas. Heavy rains have fallen in the central and eastern parts, but are still badly needed in the north central and western third of the State. There will be ample rough feed, but a great deal of corn will be fed with the fodder. Picking and marketing of fall apples has begun, with a predicted yield of 2,000,000 bushels. It is claimed that Kansas farmers held in excess of 37,000,000 bushels of last year's corn stored in their bins in the spring, which will to a considerable extent relieve conditions which might have been caused by the shortage of this year's crop. The farmers of this State are also said to be holding in their own granaries 50,000,000 bushels of this year's wheat of a quality that has never been excelled, anticipating record prices therefor.

Receipts of hay at the markets show a decided decrease this year to date as compared with last year, and the prices for the greater part of this season's crop have been exceedingly low. The hay yield, owing to the long drought in many sections, is much less than last year.

There is a good demand for the heavy receipt of both cattle and hogs. The export demand for beef and pork continues, hence the market on all classes of stock fit for slaughter has been strong and active. There is also a heavy demand for cattle to be taken back to the country for feeding, growing, and breeding. This demand largely originates in States lying east of this district. The demand for breeding cows can not be supplied, indicating that farmers throughout the Middle West are stocking up with breeding herds, a condition very much desired, as the number of beef cattle in the country has not increased in the same ratio as the increase in population, and this district could easily support several times the present number. Very few corn-fed cattle are coming to the market, the large percentage of the receipts being made up of grass cattle. Conditions in the grazing districts have improved with the rains, and cattle are reported

as doing well. Ranchmen west of the Rocky Mountains in Colorado are beginning to market their cattle and are receiving good prices for the fat class as well as for stockers and feeders. Hog prices are higher, with prospects of a continuance on account of the high-priced corn.

Examination of the statistics shows that there has been a small reduction in the number of stock hogs in the district amounting to an average of 2 per cent as of September 1, 1916, compared with a year ago.

Slaughtering of hogs at the packing centers in this district named below, for the 27 weeks since February 26, 1916, shows an increase of 797,900.

The following table shows the net increase in receipts of cattle and hogs at the markets obtainable for the first eight months of 1916 over the corresponding period of 1915:

	Cattle.	Hogs.
Kansas City.....	247,282	253,043
Omaha.....	124,470	221,839
St. Joseph.....	7,554	289,047
Oklahoma City.....	29,750	221,383
Total.....	409,056	1,000,312

There has been a perceptible slackening in development operations throughout the mid-continent oil field since the recent curtailment in runs by the pipe-line organizations and the decrease in the price of crude oil, yet it is the general belief in oil circles that conditions can not help but steadily improve. Uncontradicted rumors are that a large foreign corporation of immense resources will soon begin the erection of a pipe line crossing Oklahoma and Kansas and running to St. Louis. The general belief in this action is one of the factors contributing to the present confidence. Reserve stocks of petroleum are said to be the lowest in history, while there is undoubtedly a rapidly multiplying demand for all classes of petroleum products. Mid-continent production for the first week in September showed a decrease of 120,000 barrels daily from the recent high rec-

ord. The Cushing (Okla.) production is now at the rate of 63,150 barrels a day, whereas this pool produced over 325,000 barrels daily at its best point in 1915. Since July 24 there have been seven distinct reductions in the price of crude oil, the total reduction being 65 cents, and the present price, which has prevailed since the latter part of August, is 90 cents.

Activity continues in the Wyoming oil fields, where large amounts are being invested. The valuation in the oil fields of that State has increased from \$1,446,478 to \$2,572,422 between this time last year and the present, and the increase is growing rapidly.

Continued activities are reported from the mining fields, except those producing zinc, the low price of which continues. A dependable authority claims that it is now established that the drop in prices is caused by importations, Australia sending 30,000 tons monthly and Mexico 15,000 tons monthly to the smelters. The greatest activity in this district is in the Miami field in Oklahoma. Joplin, the center of this mining district, has been undergoing a great building boom, indicating that the temporary mining slump has had little effect on commercial activity. The production in the Joplin district for the 36 weeks of 1916, ending September 10, had a total value of \$23,881,158, whereas the value of the total production for the entire year 1915 was but \$26,038,650.

The Cripple Creek (Colo.) district shows a production for the month of August totaling 95,268 tons, with a bullion value of \$1,294,342. The increase over July approximates 10,000 tons and \$100,000 in valuation. Colorado mines during the first six months of this year gave employment to 15,000 men, an increase of 50 per cent over the number of men employed in the same period in 1915. Sixty-four mining companies in this State are said to have paid out in excess of \$80,000,000, and this does not include all the mines in operation.

The recent increase of 6 cents in the price of silver means an average increase of about 15 per cent in net earnings of the average silver producer. Colorado marketed 1,505 tons of

ore and concentrates of tungsten, valued at \$3,648,000, the first six months of this year, according to figures very recently made public. The mining outlook in the Goldfield (Colo.) district is affording the utmost satisfaction to those interested in the development work in that district. Two flotation plants, with a combined capacity of 1,200 tons daily, are now in operation. This is a system of recovering ores by oil flotation, by which system deep-level ore can be treated at low cost and with a high extraction of the metallic contents.

Labor conditions are generally upon a satisfactory basis. Unsettled conditions have prevailed in the ranks of mine laborers, but most of the differences have been amicably settled through conferences. One such conference involved the action of 35,000 miners. Railroad shopmen are demanding an eight-hour day, with an increase of 5 cents an hour in wages. Twenty-two western lines and more than 25,000 employees are affected. Included in this craft are car repairers, boiler makers, machinists, sheet-metal workers, blacksmiths, and electrical workers. Colorado reports its biggest problem as the present shortage of labor, claiming that it is the most serious experienced in 20 years. The demand for laborers of all kinds has been unprecedented.

The foreign trade in horses and mules had a notable increase for the month of August over July.

In lumber, while some degree of quietness prevailed in July, August saw the placing of as many orders as wholesalers could readily handle and prices have stiffened. Reports indicate that business is holding up strong and collections are unusually good. Realty sales in all parts of the district indicate a substantial increase over a year ago. The building activities are strong, as indicated by permits issued. The increase in new buildings started in Kansas City in August over those started in August of a year ago amounted to a gain of 67 per cent, while Oklahoma City reports that the issuance of permits for August was greater than for the same month during the past six

years. Denver reports the total in building operations for the first eight months of 1916 as \$2,765,360 as against \$1,821,340 for the corresponding period of 1915.

Food prices are steadily advancing. Sugar is the one staple that has dropped in price. A peculiar situation is noted in meat prices. Fresh pork is selling higher than the cured product. This is explained by the record price for hogs. The packers are evidently not filling their storage houses with pork for curing at present prices.

Reports continue to indicate record-breaking clearings in practically all of the reserve cities of the district. Seven important clearing houses in this district show an average increase of 53½ per cent for the week ending September 14 as compared with the same week in 1915. The gains in deposits over a year ago are epoch making. Figures are already available from Kansas City and Omaha, the former city showing a net increase in deposits in all national and State banks on September 12 of \$69,000,000 as compared with a year ago, while the latter city shows a \$30,000,000 increase in the same period.

Loan rates are being firmly maintained, not because of any scarcity of money or the likelihood of scarcity, but because rates are as low as would permit a fair return upon loanable funds. Banks report a light demand for cattle money. Merchants are generally enjoying an excellent fall trade and are making preparations for the greatest winter trade they have ever experienced. The midsummer business has been surprisingly large. The market values of representative securities are steady at moderately lower levels. Farm loans are a highly popular form of investment, the demand for them appearing greater than ever before, being materially in excess of the available supplies of such paper. Postal receipts in important cities continue on the increase. Less outside capital was required for the crop-moving season than anticipated, and probably less than ever before.

DISTRICT NO. 11—DALLAS.

Early fall business in all lines is active and the outlook for the immediate future is encouraging. An active canvass of the eleventh Federal Reserve district indicates a genuine tone of optimism in all sections. These conditions may be attributed to several causes. The most potent, however, is the high price obtaining for cotton and cotton seed. The satisfactory prices obtaining for these commodities, together with ideal weather conditions, have caused a rapid movement of the crop to market, and farmers are selling as rapidly as the staple is gathered and ginned. Receipts at the important cotton centers of the district are practically double the same period last year.

In some sections trouble is being experienced on account of shortage of labor to gather the cotton crop. In the black lands of north Texas and in central Texas the crop is more nearly normal and a conservative estimate as to the yield would be approximately one-third of a bale to the acre. The yield on some of the upland and hilly lands, which have suffered from lack of rain, will be from one-fifth to one-sixth of a bale to the acre. The very satisfactory prices obtaining, however, will more than offset the decreased yield and will make good returns.

In most sections of the district feed crops, such as hay, alfalfa, cane, sorghum, feterita, milo maize, etc., are better than usual and reports indicate that there will be less occasion for farmers to buy feed to go through the winter than in previous years. In southwest Texas, however, and in the Panhandle section and west Texas, where, on account of extreme drouth the feed crops were cut short, farmers will find it necessary to buy feed.

Banks over the district report increased deposits as the result of the liquidation from the early crop movement and anticipate further heavy increases as the season advances. Many of the reserve city banks are having requests from borrowers to pay their obligations before

maturity, and inquiries are received as to rebate of unearned interest on such paper. Similar requests are being received by this bank. Rates remain easy. The crop movement has taxed the facilities of the member banks, and demands on this bank for shipments of currency and silver have been unusually heavy.

While the loans of this bank show an increase of some \$900,000 over a month ago, it is noted that as a result of the liquidation from the crop movement, and the large amount of paper with early fall maturity, the loans have decreased some \$700,000 within the last two weeks, the high-water mark being reached on September 6. While the abstracts of condition of member banks on the comptroller's call of September 12 have not been completed, advance reports show reserve city banks carrying largely increased deposits over the call of June 30, the increase amounting to over 20 per cent.

Clearings of the eight principal cities of the district for August, 1916, show an increase of 33 per cent over the same period last year. The figures are: 1916, \$158,364,089; 1915, \$118,687,145; increase, \$39,676,944, or 33 per cent.

There were cleared through this bank for the period August 16 to September 15, 219,518 items, aggregating \$69,762,212.

Good rains over the western part of the district, in which the cattle industry is such an important one, have made the outlook for that business more promising. Range conditions are exceptionally good and reports indicate that cattle will go into the winter in excellent shape. The next 90 days should bring a demand for grass-fed cattle, and good prices are anticipated. Yearling steers are selling around \$35 per head, which is said to be the highest price in the history of the business. Lambs are bringing as high as \$8.30 per hundred pounds delivered at shipping points.

The receipts of live stock at the Fort Worth stockyards for the month of August, 1916, show a substantial increase in all classes over similar period last year. The high price prevailing for hogs has caused heavy shipments.

Building operations over the district are in a healthy condition. This is especially true in the larger cities, where new buildings and improvements of a very substantial nature are under way. Permits issued during the month of August, 1916, show a substantial gain in valuation, although decreased in number over August, 1915. The figures are:

	1915		1916	
	Number.	Amount.	Number.	Amount.
Austin.....	36	\$27,501	41	\$96,490
Dallas.....	98	153,117	154	310,499
El Paso.....	114	265,910	139	291,930
Fort Worth.....	53	127,125	72	333,707
Galveston.....	189	109,972	145	50,254
Houston.....	392	134,207	324	634,270
San Antonio.....	191	181,260	149	250,000
Waco.....	22	20,546	29	45,964
Total.....	1,295	1,019,633	1,053	2,013,114

Manufacturers of building materials find the volume of business is quite satisfactory and much better than last year. Lumber manufacturers report a good demand, and prices, while unsatisfactory, considerably better than at this time a year ago, with sales averaging 15 per cent more than up to the same date last year. Demands for export lumber have been materially curtailed on account of conditions in Europe, with lack of shipping facilities for supplying such demand as exists. As a result of this condition there has been a curtailment in production of approximately 10 per cent. Collections in the trade are said to be good.

Manufacturers of lumber advise that normal demand and stable prices are not anticipated until European matters are adjusted and the work of reconstruction is commenced, when it is expected an unprecedented demand will be made for building materials. Conditions prevailing in Mexico have also materially affected lumber shipments.

The brick and clay products business shows an increase of 25 per cent over last year, with satisfactory prices and indications for largely increased orders during the fall months. One of the largest companies manufacturing tile

has at the present time on its books some of the largest orders for this product ever handled.

Wholesale drug houses report a very much improved business over last year and an increase in volume of from 25 to 30 per cent, with collections good.

Wholesale grocers advise that business is good and that collections are satisfactory. One wholesale grocer interviewed stated that their fall orders were the largest they had ever received.

The farm-implement business is hardly normal, though an increase is shown over last year. Collections are good. Mail-order houses report an 18 per cent increase in all lines of merchandise and are receiving heavy fall orders. Wholesale leather firms state the volume of business is satisfactory and about normal for this season, with collections good.

Passenger traffic with both railroad and interurban lines continues heavy, and a 15 per cent increase is reported for the month of August over same period last year. Railroad officials advise that freight traffic shows an increase of 30 per cent for August, 1916, over August, 1915. All lines are having difficulty in supplying equipment on account of the heavy cotton movement, and the shortage of cars is being seriously felt.

Labor is in good demand and well employed at satisfactory wages. The heavy movement of cotton has caused a scarcity of farm hands, and in all the large cities of the district there is an active demand for help for picking cotton.

The towns on the border where Government troops are concentrated advise that the trade in all lines is unusually good. The large amount being expended by the Government for supplies such as groceries, feed, etc., is having a healthy effect on business conditions. Trade with Mexico is showing considerable improvement on account of more settled condition across the border than has for some time heretofore prevailed.

A large increase in exports from the port of Galveston is shown for the month of August

over August, 1915. The figures are: 1915, \$4,918,953; 1916, \$13,550,132; increase, \$8,631,179. This increase is made up largely of shipments of cotton to Spain, Italy, England, and France, as well as wheat to Switzerland, Belgium, France, and the Netherlands. It is likewise noted that shipments of spelter of 11,000,000 pounds, aggregating some \$800,000, were made to France, Italy, and England this year, whereas there were no similar shipments in 1915.

The rice crop is now being harvested and promises to be the largest ever produced in this section. An increased acreage of 10 per cent is reported. Based on the estimate of the Rice Millers' Association, the increased acreage of Texas alone will amount to some 25,000 acres. Prices for immediate and future delivery are below the average for the past five years, and rice dealers and handlers predict that should there be no losses during the harvest the range of prices will be lower than those received during past years. The present prices are from \$3 to \$3.50 per barrel.

Reports from the oil fields of Texas are not encouraging. On account of the reduced prices a good many outfits have discontinued operations.

The lignite mines of south Texas are being worked extensively, and a very superior grade of lignite is being produced. There is a good demand for the output at the prices of \$1 to \$1.25 per ton at the mines.

Mining companies are operating on full time, and a number of new mines are being opened in Arizona and New Mexico. Good prices for copper have kept that industry active, and the mines of New Mexico are unable to get sufficient labor to keep up with their orders.

There is a distinct and decided improvement in conditions throughout the district. The high prices for cotton and cotton seed have brought about a condition at once extremely favorable and yet full of danger if not met wisely. Weather conditions are ideal. Cotton has opened to an extent unknown at this time

of the year in the history of the staple. It is being gathered more rapidly than has ever been known. A bale of cotton, with the seed, is bringing practically \$100. One of the presidents of a national bank in central Texas controls a small bank which three weeks ago had on deposit around \$38,000 which now has more than \$240,000. The deposits of many small country banks are swelled beyond all precedent.

It is estimated that the cotton crop of Ellis County will yield in money more than \$12,500,000, and that with good weather and prevailing prices it will be gathered and sold by early in November. These figures should carry with them their lesson of caution and conservatism, as well as of prosperity. It is of the utmost importance that the bankers of the cotton-growing section not only practice the utmost conservatism themselves, but that they seek on every occasion to impress on their customers the wisdom and importance of wisely using and husbanding their money.

DISTRICT NO. 12—SAN FRANCISCO.

Generally prosperous conditions prevail throughout the twelfth Federal Reserve district, with an outstanding exception here and there such as in lumbering.

Grain crops, though of less than the usual volume, are commanding such prices that the money returns are above normal. Although there have been large shipments of wheat by rail from the Pacific Northwest to the East, many farmers have not yet sold in the expectation of higher prices. The barley crop fell considerably short of the earlier estimates, but with the carry-over there were approximately 350,000 tons (nearly 15,000,000 bushels) beyond domestic requirement and available for export. Prices are \$8 to \$10 per ton higher than last year.

Cotton in the Imperial Valley in southeastern California is now being harvested, the yield being estimated at 400 pounds per acre, with unusually long staple and correspondingly high value. Acreage is reported as 98,-

000, compared with 41,000 last year. The value of this year's crop is estimated at \$5,500,000.

Hops will yield about 280,000 bales, some 25,000 bales more than last year. This is far in excess of domestic requirements. The British embargo on exports has affected prices most unfavorably, bids of 10 to 12 cents comparing, for example, with 43½ cents in 1911.

The apple crop of California, Oregon, and Washington is estimated at 5,800,000 barrels, which is a little above normal. The quality is exceptional and high prices are ruling.

From California 11,202 cars of peaches, plums, pears, and grapes have been shipped up to September 13, 1916, as against 8,951 cars at a corresponding date in 1915. Unusually high prices are being received.

The emergency-revenue act of 1914 imposed taxes on wines which in some cases were practically prohibitory. The new revenue law just enacted by Congress modifies these provisions, so that wine production may again be profitably carried on. Both wine makers and growers of wine grapes are benefiting, the latter now receiving \$18 to \$25 per ton. This benefit, however, may be only temporary, as drastic provisions are proposed in two prohibition amendments to the California constitution which will be voted upon in November. The State viticultural commission recently addressed a communication to the California development board, stating that the adoption of either of the two amendments will ruin the wine-grape industry. The wine-grape vineyards, the commission states, aggregate 170,000 acres, with a value of \$100,000,000. It is estimated also that there are 1,500 owners of vineyards, employing 75,000 persons.

It is reported that for the year ending August 1, 1916, the growers of citrus fruits in California received about \$40,000,000 for their fruit which had a delivered value of \$57,000,000.

The salmon pack of the Pacific coast, including Alaska, is about 20 per cent below normal. A leading packer states that from the

sellers' standpoint the salmon markets of the world are in better condition than at any time since 1900.

Mining continues its great activity with expanding output.

August petroleum production in California increased about 1,000 barrels per day over July, averaging 259,457 barrels daily. Shipments, however, were approximately 40,000 barrels per day more than in July, averaging 305,124 barrels daily, the greatest shipments in one month. Stored stocks declined 1,415,669 barrels to a total of 49,718,180 barrels. The State oil and gas supervisor estimates that about \$6,000,000 a year is expended in drilling new wells, and that a total of \$250,000,000 is invested in the California petroleum industry, apportioned as follows: Oil lands, \$80,000,000; pipe lines, \$40,000,000; refineries, \$15,000,000; tank steamers, \$15,000,000; wells, \$100,000,000; total, \$250,000,000.

There has been no material change in the unsatisfactory condition of the lumber industry, lack of transportation facilities being the greatest handicap. Ships for the lumber trade, with an aggregate carrying capacity of 30,000,000 feet, are now building on this coast.

Imports and exports through Pacific coast ports during July aggregated \$45,800,000. Much grain destined for Europe is being shipped overland. It is reported that 75 per cent of the trans-Pacific transportation is now under the Japanese flag and 4 per cent under the flag of the United States. The Osaka Shosen Kaisha is said to be the second largest steamship company of Japan, owning 209,000 tons of shipping, with an additional 109,000

tons in Japanese shipyards. This company is reported as planning a new fast freight service between San Francisco and Australia. Chartering has of late been dull, with important decline in trans-Pacific rates. Consul General Anderson at Hongkong is quoted as attributing this in part to the high value of silver exchange, restricting movement of Chinese products by preventing their advantageous sale abroad.

Seattle commerce with Alaska, in the first seven months of 1916, compared with a like period in 1915, showed an increase of 43 per cent and aggregated \$23,600,000. It is estimated that this year's copper output in Alaska will have a value of \$25,000,000, as against \$5,000,000 in 1915.

Shipbuilding is exceedingly active, 28 per cent of the steel ships now building in the entire country being under construction at Pacific coast ports and 50 per cent of the ocean-going wooden vessels. It is said that the Union Iron Works of San Francisco now has contracts booked aggregating \$30,000,000.

Building permits in 17 leading cities of this district were 32 per cent greater in August, 1916, than in the same month last year. Bank clearings showed a 30 per cent increase. For the first eight months of 1916 clearings of 17 cities, aggregating \$4,700,000,000, were 22 per cent greater than for that period in 1915. It is noteworthy that real estate transfers in San Francisco in the first eight months of 1916 were 45 per cent greater than during a similar period of the exposition year 1915.

Credit conditions continue easy throughout the district.

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

Commercial paper aggregating \$17,351,800 was discounted by the Federal Reserve Banks during August, compared with \$20,183,100 in July, 1916, and \$12,233,700 in August, 1915. The largest monthly total of discounts is shown for the Boston bank, which handled mostly short-termed and large-sized paper offered by local banks. The three southern banks are credited with slightly over 40 per cent of the total discounts as against 70 per cent for the corresponding month in 1915. Discounts for the eight months of the present year totaled \$100,078,600 compared with \$98,215,500 for the corresponding period in 1915.

Discounts of commodity paper, included in the August total, figure to an amount of \$507,500, as against \$1,525,200 for July and an average of \$1,412,100 for the seven months of the present year. Nearly all of the paper was handled by the Richmond and Atlanta banks. During the present year the discounts of commodity paper totaled \$10,392,100, of which about 95 per cent was secured by cotton, while the total since September 8, the date of the first discount of this class of paper, was \$20,707,200.

Trade acceptances (two-name paper) discounted during August by seven banks totaled \$230,400, compared with \$199,000 for July, and an average of \$286,000 for the first seven months of the present year and of \$489,700 for the September-December period in 1915. Discounts of two-name paper for the eight months of the present year amounted to \$2,232,600, about two-thirds of which is credited to the Richmond and Atlanta Reserve Banks.

The total number of bills discounted during August was 8,542, compared with 8,790 for the preceding month and 9,240 for August, 1915. The average size of the discounted paper, because of the preponderance of large-sized paper among the Boston discounts, shows the relatively high average of \$2,030 compared with

\$1,324 in August of the past year. Over 30 per cent of the number and nearly 40 per cent of the amount of paper discounted during the month was in denominations of over \$1,000 up to \$5,000. Bills of the largest sizes (over \$10,000)—132 in number—constituted nearly one-third of the total discounts for the month. Small bills (in sizes up to \$250) constituted about one-quarter of the total number, though less than 2 per cent of the total amount of bills discounted during the month. About 85 per cent of the small bills were handled by the three southern banks.

Of the total bills discounted during the month 22.4 per cent was paper maturing within 10 days from date of discount; 25.7 per cent, paper maturing after 10 but within 30 days; 19.8 per cent, paper maturing after 30 but within 60 days; and 26.1 per cent, paper maturing after 60 but within 90 days. Slightly over one million of agricultural and live-stock paper maturing after 90 days (6-month paper) was discounted during the month, Dallas, Chicago, Minneapolis, and Kansas City reporting the largest amounts under this head.

On the last Friday of the month the banks held a total of \$27,032,000 of discounted paper, compared with \$27,572,700 about a month before and \$29,275,100 on the corresponding date of the past year. Of the total discounts held on the last Friday in August the share of the three southern banks was 62.5 per cent, compared with 55.5 on the last Friday of the preceding month and about 70 per cent on the last Friday in August, 1915.

The number of member banks accommodated during August through the discount of paper, 483, is but 6.3 per cent of the total of 7,618 member banks of the system, and shows a considerable decrease from the totals for the previous months. The three southern banks report a monthly total of 371 discounting member banks compared with 358 the month before and 394 for August, 1915.

A total of eight member banks in Massachusetts secured \$4,410,000 of discounts; 135 banks

in Texas about \$2,228,900; 29 banks in North Carolina—\$1,275,600; 15 banks in Illinois—\$1,165,800; and 44 banks in South Carolina—a total of \$1,099,600. The aggregate amount of

discounts secured by 231 banks in these five States was \$10,179,900, or nearly 60 per cent of the total reported to the Board for the month.

Commercial paper, exclusive of bankers' acceptances, discounted by each of the Federal Reserve Banks during the month of August, 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.....	1	0.1	12	1.7	16	7.0	11	9.5	16	29.2	82	408.0	31	290.5	54	3,720.0	223	4,466.0	2.6	25.7	\$20,000
New York.....	11	2.0	21	7.3	40	28.7	64	119.7	63	283.8	10	88.0	3	57.3	212	586.8	2.5	3.4	2.770		
Philadelphia.....	3	.2	26	4.4	20	7.6	31	24.5	71	137.6	65	285.4	23	214.8	3	65.0	242	739.5	2.8	4.3	3,060
Cleveland.....	2	.2	14	2.3	17	6.1	13	10.3	42	85.4	6	29.9	5	38.5	99	172.7	1.2	1.0	1,740		
Richmond.....	197	16.6	537	96.4	557	219.5	489	398.4	383	665.6	207	822.6	62	456.1	11	204.3	2,443	2,879.5	28.6	16.6	1,180
Atlanta (including New Orleans branch).....	161	12.3	290	49.4	321	124.5	260	199.2	233	383.2	128	485.8	36	274.4	7	223.7	1,436	1,752.5	16.8	10.1	1,220
Chicago.....	33	2.9	83	15.2	132	52.8	171	141.4	177	292.7	129	563.8	49	427.8	24	728.1	798	2,224.7	9.3	12.8	2,790
St. Louis.....	2	.2	16	3.0	66	24.8	72	53.0	59	110.2	71	304.4	29	246.3	2	40.0	317	781.9	3.7	4.5	2,470
Minneapolis.....	1	.1	36	6.7	70	25.7	78	54.2	128	210.8	58	230.4	22	151.7	7	191.3	400	870.9	4.7	5.0	2,180
Kansas City.....	13	1.3	56	9.3	101	38.6	105	75.1	64	99.5	21	73.9	10	58.8	370	356.5	4.3	2.0	960		
Dallas.....	198	13.6	484	79.1	358	133.0	311	223.9	297	480.1	157	602.1	58	410.9	21	428.7	1,884	2,371.4	22.1	13.7	1,210
San Francisco.....	.....	.....	16	2.8	19	6.7	35	22.8	31	45.5	12	37.5	5	34.1	.....	118	149.4	1.4	.9	1,270	
Total.....	611	47.5	1,581	272.3	1,698	653.6	1,616	1,241.0	1,565	2,659.5	999	4,127.6	340	2,691.9	132	5,658.4	3,542	17,351.8	100.0	100.0	2,030

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.....	.....	.....	0.2	0.2	0.7	9.1	6.5	83.3	100
New York.....	.....	0.3	1.2	4.9	20.4	48.4	15.0	9.8	100
Philadelphia.....	.....	.6	1.0	3.3	18.6	38.6	29.1	8.8	100
Cleveland.....	0.1	1.3	3.5	6.0	49.5	17.3	22.3	.....	100
Richmond.....	.6	3.4	7.6	13.8	23.1	28.6	15.8	7.1	100
Atlanta.....	.7	2.8	7.1	11.4	21.9	27.7	15.6	12.8	100
Chicago.....	.1	.7	2.4	6.4	13.2	25.3	19.2	32.7	100
St. Louis.....	.....	.4	3.2	6.8	14.1	38.9	31.5	5.1	100
Minneapolis.....	.....	.8	3.0	6.2	24.2	26.4	17.4	22.0	100
Kansas City.....	.4	2.6	10.8	21.1	27.9	20.7	16.5	.....	100
Dallas.....	.6	3.3	5.6	9.5	20.2	25.4	17.3	18.1	100
San Francisco.....	.....	1.9	4.5	15.3	30.4	25.1	22.8	.....	100
Total.....	.8	1.6	3.8	7.1	15.3	23.8	15.5	32.6	100

Commercial paper, exclusive of open-market purchases, discounted during August 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							
Massachusetts.....	158	8	2,576.3	1,690.2	115.0	28.5		4,410.0
New Hampshire.....	56							
Rhode Island.....	17	1	50.0					50.0
Vermont.....	48	1			3.0	2.3	0.7	6.0
Total.....	402	10	2,626.3	1,690.2	118.0	30.8	.7	4,466.0
District No. 2—New York:								
New Jersey.....	129	1			9.6			9.6
New York.....	480	8		91.2	119.7	344.5		555.4
Connecticut.....	15	1			8.2	13.6		21.8
Total.....	624	10		91.2	137.5	358.1		586.8
District No. 3—Philadelphia:								
Delaware.....	24							
New Jersey.....	71	1	40.7	20.5	1.6			62.8
Pennsylvania.....	533	5	525.8	121.9	10.6	14.6	3.8	676.7
Total.....	628	6	566.5	142.4	12.2	14.6	3.8	739.5
District No. 4—Cleveland:								
Kentucky.....	71	3		1.2	2.9	2.3		6.4
Ohio.....	374	9	7.5	37.3	50.1	65.2	6.2	166.3
Pennsylvania.....	299							
West Virginia.....	13							
Total.....	757	12	7.5	38.5	53.0	67.5	6.2	172.7
District No. 5—Richmond:								
District of Columbia.....	15	1			20.1	56.7		76.8
Maryland.....	97	2		.5	8.0	38.1		46.6
North Carolina.....	80	29	25.0	332.6	352.1	541.6	24.3	1,275.6
South Carolina.....	79	44	1.2	166.6	396.1	504.9	30.8	1,099.6
Virginia.....	144	22		43.3	172.3	134.6	9.6	364.8
West Virginia.....	104	3		2.1	5.9	8.1		16.1
Total.....	519	101	26.2	550.1	954.5	1,284.0	64.7	2,879.5
District No. 6—Atlanta:								
Alabama.....	94	20	1.0	16.2	113.0	160.1	13.0	303.3
Florida.....	55	20		14.2	200.7	136.1	6.4	357.4
Georgia.....	109	51	7.1	41.2	258.3	382.4	5.4	694.4
Louisiana.....	21	8			24.9	63.2	13.3	101.4
Mississippi.....	18	1			37.2			37.2
Tennessee.....	93	26	1.4	47.0	72.4	125.7	12.3	258.8
Total.....	390	126	9.5	118.6	706.5	867.5	50.4	1,752.5
District No. 7—Chicago:								
Illinois.....	318	8	318.7	727.9	6.4	15.8	27.1	1,095.9
Indiana.....	196	6		5.5	30.1	37.0	9.4	82.0
Iowa.....	352	48	8.2	95.2	148.5	187.6	214.7	654.2
Michigan.....	76	5	265.1	101.7	1.0	6.3	5.0	379.1
Wisconsin.....	51	2				3.3	10.2	13.5
Total.....	993	69	592.0	930.3	186.0	250.0	266.4	2,224.7
District No. 8—St. Louis:								
Arkansas.....	67	7	.4	26.4	15.2	20.8	5.2	68.0
Illinois.....	158	7			19.4	42.1	8.4	69.9
Indiana.....	61	3			2.6	2.4		5.0
Kentucky.....	66	3		19.0	.4	4.0		23.4
Mississippi.....	13	3		.2	1.2	19.9	5.3	26.6
Missouri.....	79	6	34.7	245.2	5.7	23.2	1.9	310.7
Tennessee.....	20	8	6.3	140.4	51.9	79.7		278.3
Total.....	469	37	41.4	431.2	96.4	192.1	20.8	781.9

Commercial paper, exclusive of open-market purchases, discounted during August 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. 9—Minneapolis:								
Michigan.....	32							
Minnesota.....	233	31	.4	310.8	160.7	116.9	130.0	718.8
Montana.....	74	2			2.3	6.3	4.0	12.6
North Dakota.....	154	5			4.8	11.0	13.5	29.3
South Dakota.....	124	7		.7	13.8	29.4	12.3	56.2
Wisconsin.....	88	2		15.4	33.0	5.6		54.0
Total.....	755	47	.4	326.9	214.6	169.2	159.8	870.9
District No. 10—Kansas City:								
Colorado.....	121	2				2.2	7.7	9.9
Kansas.....	221	2			13.8	2.6	4.8	21.2
Missouri.....	53	3		.5	1.7	16.4	12.4	31.0
Nebraska.....	196	8		5.6	24.5	25.1	10.2	65.4
New Mexico.....	9	2			6.8	1.1	17.3	25.2
Oklahoma.....	304	16		18.0	59.6	64.6	56.6	198.8
Wyoming.....	36	1				1.0	4.0	5.0
Total.....	940	34		24.1	106.4	113.0	113.0	356.5
District No. 11—Dallas:								
Arizona.....	6							
Louisiana.....	11	2			2.9	7.0	13.6	23.5
New Mexico.....	28	3			8.5	24.8	33.1	66.4
Oklahoma.....	33	4			33.3	15.0	4.3	52.6
Texas.....	544	135	.5	99.5	756.4	1,071.1	301.4	2,228.9
Total.....	622	144	.5	99.5	801.1	1,117.9	352.4	2,371.4
District No. 12—San Francisco:								
Alaska.....	1							
Arizona.....	7							
California.....	261	7	7.1	3.6	33.2	49.4		93.3
Idaho.....	58	2		5.5	15.2	13.8		34.5
Nevada.....	10							
Oregon.....	82	2		10.0		.9		10.9
Utah.....	23	1					5.0	5.0
Washington.....	77	1			5.7			5.7
Total.....	519	13	7.1	19.1	54.1	64.1	5.0	149.4

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 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.		
No. 1—Boston.....	402	10	2,626.3	1,690.2	118.0	30.8	0.7	4,466.0	25.7
No. 2—New York.....	624	10		91.2	137.5	358.1		586.8	3.4
No. 3—Philadelphia.....	628	6	566.5	142.4	12.2	14.6	3.8	739.5	4.3
No. 4—Cleveland.....	757	12	7.5	38.5	53.0	67.5	6.2	172.7	1.0
No. 5—Richmond.....	519	101	26.2	550.1	954.5	1,284.0	64.7	2,879.5	16.6
No. 6—Atlanta.....	390	126	9.5	118.6	706.5	867.5	50.4	1,752.5	10.1
No. 7—Chicago.....	993	69	592.0	930.3	186.0	250.0	266.4	2,224.7	12.8
No. 8—St. Louis.....	469	37	41.4	431.2	96.4	192.1	20.8	781.9	4.5
No. 9—Minneapolis.....	755	47	.4	326.9	214.6	169.2	159.8	870.9	5.0
No. 10—Kansas City.....	940	34		24.1	106.4	113.0	113.0	356.5	2.1
No. 11—Dallas.....	622	144	.5	99.5	801.1	1,117.9	352.4	2,371.4	13.7
No. 12—San Francisco.....	519	13	7.1	19.1	54.1	64.1	5.0	149.4	.8
Total for August.....	7,618	483	3,877.4	4,462.1	3,440.3	4,528.8	1,043.2	17,351.8	
Per cent.....			22.4	25.7	19.8	26.1	6.0		100.0
Total for January–August, 1916.....			13,040.6	21,226.7	22,655.9	29,480.4	13,676.9	100,078.5	
Total for January–August, 1915.....			16,962.4		35,016.4	34,293.0	11,943.7	98,215.5	

Trade acceptances discounted by each Federal Reserve Bank from Sept. 2, 1915, date of first discount, to Aug. 31, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	August, 1916.	Total for first 8 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	August, 1916.	Total for first 8 months in 1916.
Boston.....		\$28,500	\$28,500	St. Louis.....	\$167,800	\$55,800	\$252,000
New York.....	\$5,700		5,600	Minneapolis.....			600
Philadelphia.....		2,300	64,800	Kansas City.....	87,800		120,400
Cleveland.....	4,900	2,000	133,900	Dallas.....	160,800	25,000	93,500
Richmond.....	450,500	29,100	851,000	San Francisco.....	74,200		32,100
Atlanta (including New Orleans branch).....	1,007,100	87,700	642,000	Total.....	1,958,800	230,400	2,232,600
Chicago.....			8,200				

Commodity paper discounted by each Federal Reserve Bank from Sept. 8, 1915, date of first discount, to Aug. 31, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	August, 1916.	Total for first 8 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	August, 1916.	Total for first 8 months in 1916.
Richmond.....	\$2,881,400	\$427,000	\$5,562,500	Kansas City.....			\$360,000
Atlanta (including New Orleans branch).....	7,032,300	73,100	4,132,300	Dallas.....	\$239,100		225,200
St. Louis.....	99,800			San Francisco.....	37,200	\$7,400	92,300
Minneapolis.....	25,300		19,800	Total.....	10,315,100	507,500	10,392,100

Commodity paper discounted by each Federal Reserve Bank during the eight months ending Aug. 31, 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans branch).	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Cotton.....	\$5,520,100	\$4,128,500			\$218,200	\$300	\$9,867,100
Peanuts.....	39,800	900					40,700
Wheat.....			\$16,800			10,500	27,300
Maize.....		1,000			7,000		8,000
Flax.....			3,000				3,000
Hops.....						46,400	46,400
Hay.....		400					400
Beans.....		500					500
Raisins.....						7,600	7,600
Oats.....						1,000	1,000
Oil.....				\$360,000			360,000
Prunes.....						2,500	2,500
Miscellaneous.....	2,600	1,000				24,000	27,600
Total.....	5,562,500	4,132,300	19,800	360,000	225,200	92,300	10,392,100

Amounts of commercial paper, exclusive of bankers' acceptances, held by each Federal Reserve Bank on Aug. 25, 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.....	\$469,400	\$260,300	\$114,100	\$24,200		\$868,000	3.1
New York.....	53,700	165,300	245,900	198,900		663,800	2.5
Philadelphia.....	200,000	40,400	31,200	13,600	\$4,800	290,000	1.1
Cleveland.....	48,000	110,200	53,100	36,900	25,600	273,800	1.0
Richmond.....	760,300	1,713,700	2,458,600	992,600	111,800	6,037,000	22.4
Atlanta.....	291,900	770,100	1,735,400	784,100	78,700	3,660,200	13.5
Chicago.....	816,000	571,300	529,400	401,500	556,500	2,874,700	10.6
St. Louis.....	119,100	213,700	278,700	216,600	54,500	882,600	3.3
Minneapolis.....	108,200	198,300	497,100	526,800	524,400	1,854,800	6.9
Kansas City.....	204,800	310,100	930,900	279,800	192,100	1,917,700	7.1
Dallas.....	500,300	848,200	3,123,200	1,959,200	757,500	7,188,400	26.6
San Francisco.....	69,000	112,200	178,400	77,900	81,100	518,600	1.9
Total.....	3,640,700	5,313,800	10,176,000	5,512,100	2,387,000	27,029,600	100.0
Per cent.....	13.5	19.7	37.7	20.3	8.8	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. 10.	22,239	14,864	476	3,405	40,984	874	41,858
Apr. 5.	3,653	7,820	10	110	11,593		11,593	Apr. 17.	22,135	15,028	564	3,442	41,169	1,321	42,490
May 3.	5,038	8,189	10	110	13,347		13,347	Apr. 24.	23,566	15,196	584	3,504	42,850	1,438	44,288
June 7.	5,242	4,516	10	192	9,960		9,960	May 1.	24,875	15,400	585	3,430	44,290	1,477	45,767
July 3.	4,342	5,267		161	9,770		9,770	May 8.	25,058	15,750	671	3,493	44,972	1,518	46,490
Aug. 2.	5,350	5,407	20	352	11,129		11,129	May 15.	26,633	15,372	773	4,960	47,738	1,635	49,373
Sept. 6.	6,087	6,305	20	472	12,884		12,884	May 22.	26,639	16,490	690	6,038	49,857	2,006	51,863
Oct. 4.	9,000	4,898	132	343	14,373		14,373	May 29.	26,104	16,541	690	5,895	49,230	2,037	51,267
Nov. 1.	8,477	4,331	253	204	13,265		13,265	June 5.	24,680	17,029	644	7,007	49,360	2,208	51,568
Dec. 6.	12,311	5,172	275	396	18,154		18,154	June 12.	27,354	19,209	622	7,865	55,050	2,310	57,360
1916.								1916.							
Jan. 3.	15,494	7,160	362	822	23,838		23,838	June 19.	32,011	19,490	560	9,067	61,128	2,054	63,182
Jan. 10.	16,492	8,057	370	938	25,857		25,857	June 26.	33,155	18,722	552	11,009	63,438	1,958	65,396
Jan. 17.	16,908	7,655	425	1,010	25,998	180	26,178	July 3.	32,989	18,921	471	11,830	64,211	3,422	67,633
Jan. 24.	16,348	8,070	363	1,441	26,222	180	26,402	July 10.	34,144	20,201	620	11,827	66,792	3,052	69,844
Jan. 31.	15,834	8,174	356	1,510	25,874	180	27,054	July 17.	40,497	22,309	593	13,193	76,592	3,685	80,277
Feb. 7.	15,681	7,876	326	1,456	25,349	489	25,838	July 24.	41,514	22,327	610	12,977	77,428	3,651	81,079
Feb. 14.	17,581	7,985	347	1,851	27,764	528	28,292	July 31.	41,395	21,437	724	13,619	77,175	3,722	80,897
Feb. 21.	17,661	8,194	392	1,841	28,088	460	28,548	Aug. 7.	39,695	19,060	738	13,940	73,433	4,225	77,658
Feb. 28.	17,436	8,755	408	1,841	28,440	460	28,900	Aug. 14.	41,536	18,144	754	13,443	73,877	4,387	78,264
Mar. 6.	17,182	8,670	408	1,781	28,041	462	28,503	Aug. 21.	43,058	19,849	736	12,623	76,266	3,748	80,014
Mar. 13.	20,323	10,032	470	1,631	32,456	546	33,002	Aug. 28.	43,061	20,716	734	12,673	77,184	3,815	80,999
Mar. 20.	20,563	11,280	408	2,467	34,718	678	35,396	Sept. 4.	41,413	20,356	726	12,491	74,986	3,673	78,659
Mar. 27.	21,128	12,864	411	3,078	37,481	629	38,110	Sept. 11.	39,766	20,747	760	11,531	72,847	2,676	75,523
Apr. 3.	21,000	13,573	473	3,262	38,308	722	39,030	Sept. 18.	42,533	22,105	743	11,443	76,824	2,673	79,497
								Sept. 25.	40,309	22,636	711	10,795	74,451	2,796	77,247

Amounts of acceptances held by the several Federal Reserve Banks at close of business on Fridays, Aug. 25 to Sept. 22, 1916, distributed by maturities.

[In thousands of dollars.]

Acceptances 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:													
Aug. 25.	1,629	3,580	1,038	526		358	519	755	253			654	9,312
Sept. 1.	1,987	3,243	1,723	1,069	658	282	1,062	676	365			1,276	12,378
Sept. 8.	1,316	3,616	1,480	967	278	138	738	755	419	97		1,317	11,121
Sept. 15.	1,291	4,680	1,704	1,206	67	143	651	666	394	83		1,072	11,957
Sept. 22.	750	6,367	2,940	1,861	481	455	1,767	1,188	649	127	32	1,858	18,475
From 11 to 30 days:													
Aug. 25.	3,426	6,670	2,893	2,003	725	372	1,562	1,368	652	100	149	2,274	22,194
Sept. 1.	2,044	7,076	2,763	1,905	67	40	1,313	1,138	491	83	149	1,896	18,965
Sept. 8.	1,734	8,682	3,350	2,264	646	453	1,711	1,625	742	182	83	2,643	24,115
Sept. 15.	864	8,862	3,875	2,040	1,000	477	1,637	1,668	739	211	83	2,467	23,923
Sept. 22.	543	7,239	2,584	1,321	1,000	417	700	998	666	200	73	1,591	17,332
From 31 to 60 days:													
Aug. 25.	1,567	14,229	3,712	3,225		484	2,307	2,364	1,483	220		3,106	32,697
Sept. 1.	1,491	13,092	4,293	3,258		605	1,813	2,245	1,457	433		3,375	32,062
Sept. 8.	1,781	10,908	4,958	2,863	400	649	1,509	2,049	1,315	735		2,342	29,509
Sept. 15.	4,147	9,287	4,021	2,669	268	769	1,668	2,283	1,588	919		2,452	30,071
Sept. 22.	4,921	7,663	3,427	2,466	268	784	2,302	2,222	1,264	829	400	1,961	28,507
From 61 days to 3 months:													
Aug. 25.	3,769	4,943	2,326	1,249		536	1,295	1,099	721	685	400	920	17,943
Sept. 1.	4,094	3,926	1,887	866		715	1,115	973	621	603	500	574	15,874
Sept. 8.	5,400	3,728	1,883	470		582	943	531	448	216	500	357	15,062
Sept. 15.	4,645	4,387	2,328	908		642	1,012	506	303	121	500	795	16,647
Sept. 22.	4,550	5,619	2,754	1,572	47	821	806	1,215	597	255	100	1,234	19,570
Total acceptances held:													
Aug. 25.	10,391	29,422	9,969	7,003	725	1,750	5,683	5,586	3,109	1,005	549	6,954	82,146
Sept. 1.	9,616	27,337	10,666	7,098	725	1,642	5,303	5,032	2,934	1,156	649	7,121	79,279
Sept. 8.	10,235	26,934	11,671	6,564	1,324	1,822	4,901	4,960	2,924	1,230	583	6,659	79,807
Sept. 15.	10,947	27,716	11,928	6,823	1,335	2,031	4,968	5,123	3,024	1,333	583	6,786	82,598
Sept. 22.	10,764	26,888	11,705	7,220	1,796	2,477	5,575	5,623	3,176	1,411	605	6,644	83,884

Amounts of acceptances (in the foreign and domestic trades) bought in the open market by each Federal Reserve Bank during the calendar year 1915, and the first 8 months of 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	Atlanta (includ- ing New Orleans branch).	Chica- go.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for sys- tem.
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
Total for 8 months, 1916.....	541	8,243	6,289	765	1,884	270	613	71	34	9	199	1,159	20,077
After 30 days, 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	19,380
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	382	216	311	.....	759	4,978
Total for 8 months, 1916.....	1,524	7,333	5,364	2,528	1,069	519	3,051	1,827	915	770	.....	3,677	28,577
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	2,855	238	404	1,948	2,036	1,262	.....	.....	2,628	27,479
August, 1916.....	4,062	5,508	2,069	1,256	.....	666	1,390	1,335	827	787	500	1,349	19,749
Total for 8 months, 1916.....	29,502	51,104	16,584	9,583	238	3,196	8,727	7,692	4,589	2,422	500	1,949	143,961
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	1,334	.....	.....	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
Total for 8 months, 1916.....	31,567	66,680	28,237	12,877	3,191	3,985	12,391	9,590	5,538	3,201	699	14,660	192,616

¹ Corrected figures.

Distribution by sizes of acceptances bought in the open market by all the Federal Reserve Banks during August, and the first 8 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.	
August, 1916:															
Bankers' acceptances.....	298	\$841,343	192	\$1,545,967	395	\$7,423,691	126	\$5,181,830	67	\$5,597,926	34	\$6,484,610	1,112	\$27,075,367	95.2
Trade acceptances.....	29	75,339	40	342,490	27	411,856	5	158,173	2	146,180	1	237,000	104	1,371,038	4.8
Total.....	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	.....
Per cent.....	3.2	.....	6.6	.....	27.6	.....	18.8	.....	20.2	.....	23.6	.....	100.0	.....	.....
Total acceptances bought during:															
July, 1916.....	526	\$1,633,337	495	\$4,026,432	809	\$12,830,111	185	\$7,662,059	68	\$5,065,021	29	\$5,286,683	2,212	\$36,503,643	.....
June, 1916.....	562	1,533,168	737	6,238,168	853	13,789,638	191	8,209,613	83	6,763,226	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	1,059	21,911,467	.....
April, 1916.....	269	847,351	281	2,305,281	313	5,420,116	94	3,896,184	32	2,697,334	11	3,332,859	1,000	18,499,116	.....
March, 1916.....	288	941,908	234	1,983,554	356	6,578,432	109	4,539,671	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	1,618,614	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 8 months ending August, 1916.....	2,768	8,221,971	2,577	21,225,863	3,478	60,026,321	914	36,598,738	414	33,961,574	172	32,581,707	10,323	192,616,174	.....

¹ Of the above total, bankers' acceptances totaling \$26,800,296 were based on imports and exports, and \$275,071 on domestic trade transactions.
² All trade acceptances were drawn abroad on importers in the United States and indorsed by foreign banks.

Amount of short-term investments (municipal warrants) held by each of the Federal Reserve Banks at close of business on Fridays, Aug. 25, to Sept. 22, 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 Fran-cisco.	Total.
Within 10 days:													
Aug. 25.....	20		505	2,148			559	319	52			348	3,951
Sept. 1.....	40		50	511	10		51	35	10	10		20	737
Sept. 8.....	218		25	230			101	71	35	36		46	762
Sept. 15.....	32		20	222			126	15	37	11		344	857
Sept. 22.....	33		87	742	76		405	40	62	11		394	1,850
From 11 to 30 days:													
Aug. 25.....	190	3,428		230	260		101	86	35	36		46	4,412
Sept. 1.....	182	387	62	948			344	66	62	37		370	2,453
Sept. 8.....	2,173	412	87	742	76		501	40	62	11		394	4,498
Sept. 15.....	30	369	67	722	76		625	25	25			50	1,989
Sept. 22.....	95	210					645						950
From 31 to 60 days:													
Aug. 25.....	107	250	105	762	76		1,064	55	121	19		412	2,971
Sept. 1.....	799	721	391	368	76		1,016	257	220	109		315	4,272
Sept. 8.....	656	1,958	1,114	871			1,579	576	467	281		658	3,160
Sept. 15.....	3,215	2,651	1,209	1,083			1,875	735	567	281		728	12,344
Sept. 22.....	3,436	3,241	1,668	1,266			1,802	913	638	332		1,057	14,353
From 61 to 90 days:													
Aug. 25.....	2,419	2,548	1,399	1,025			1,508	823	555	324		838	11,439
Sept. 1.....	1,835	1,993	1,051	752			1,422	671	504	223		641	9,092
Sept. 8.....	192	927	518	321			853	358	292	51		289	3,801
Sept. 15.....	789	677	463	349			763	303	237	59		259	3,899
Sept. 22.....	537	361	332	167			546	156	166	8		166	2,489
From 91 days to 6 months:													
Aug. 25.....	154	1,050	541	590		167	1,060	539	281	20		691	5,093
Sept. 1.....	314	950	493	548		167	900	474	196	20		682	4,744
Sept. 8.....	106	854	328	496	10	172	729	443	146	20		641	3,945
Sept. 15.....	380	842	672	507	10	173	830	447	144	19		601	4,625
Sept. 22.....	404	977	294	521	10	287	820	416	144	19		603	4,495
Total municipal warrants held:													
Aug. 25.....	2,890	7,276	2,550	4,755	336	167	4,292	1,822	1,044	399		2,335	27,866
Sept. 1.....	3,170	4,051	2,047	3,127	86	167	3,733	1,503	992	399		2,028	21,303
Sept. 8.....	3,345	4,151	2,072	2,660	86	172	3,763	1,488	1,002	399		2,028	21,166
Sept. 15.....	4,496	4,539	2,431	2,883	86	173	4,219	1,525	1,010	370		1,982	23,714
Sept. 22.....	4,505	4,789	2,431	2,696	86	287	4,218	1,525	1,010	370		2,220	24,317

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

[In thousands of dollars.]

Bank.	Bills dis-counted for mem-ber banks.	Bills bought in open market.			Municipal warrants bought.				United States bonds and Treasury notes.					Total investment operations.		
		Bankers' accept-ances.	Trade accept-ances.	Total.	City.	State.	All other.	Total.	2 per cent.	3 per cent.	4 per cent.	1-year notes.	Total.	1916	1915	
Boston.....	4,466.0	4,340.0		4,340.0	461.5		50.0	511.5							9,317.5	2,588.9
New York.....	586.8	7,937.0	149.1	8,086.1	115.1	76.5		191.6	348.0				348.0		9,212.5	6,402.2
Philadelphia...	739.5	3,582.0	79.0	3,661.0	75.6			75.6							4,476.1	2,117.0
Cleveland.....	172.7	2,016.0	136.4	2,152.4	239.0		46.8	285.8	25.0	1.0	25.0		51.0		2,661.9	1,649.4
Richmond.....	2,879.5	446.0		446.0											3,325.5	3,973.6
Atlanta.....	1,752.5	916.0		916.0		161.7	5.0	166.7							2,335.2	2,329.7
Chicago.....	2,224.7	1,752.0		1,752.0	101.1		3.1	104.2							4,080.9	2,869.3
St. Louis.....	781.9	1,717.0		1,717.0	105.5			105.5							2,604.4	1,375.5
Minneapolis...	870.9	1,012.0	41.4	1,053.4	23.3			23.3		2.0			2.0		1,949.6	1,020.0
Kansas City...	356.5	1,098.0		1,098.0	12.2			12.2	.1				.1		1,466.8	1,524.1
Dallas.....	2,371.4	649.0		649.0					100.0				100.0		3,120.4	2,044.6
San Francisco.	149.4	1,611.0	965.1	4,576.1	126.5			126.5							2,852.0	1,480.7
Total:																
August, 1916.	17,351.8	27,076.0	1,371.0	28,447.0	1,259.8	238.2	104.9	1,602.9	473.1	3.0	25.0		501.1		47,902.8	
August, 1915.	12,233.7	4,656.0		4,656.0				11,750.0	300.0	435.3			735.3			29,375
8 months end-ing Aug. 31, 1916.....	100,078.5	183,737.5	8,879.2	192,616.7	59,309.9	3,540.0	482.5	63,332.4	35,292.95	3,635.82	4,153.0	50.0	43,131.77	399,159.37		
8 months end-ing Aug. 31, 1915.....	98,215.5	33,248.0		33,248.0				48,162.1	6,421.75	2,267.3			8,689.05		188,314.65	

Sales of United States bonds and 1-year Treasury notes during the month of August, 1916.

[In thousands of dollars.]

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kan- sas City.	Dallas.	San Fran- cisco.	Total.
2 per cent bonds.....		50.0								30.0			80.0
3 per cent bonds.....	60.0	538.0	195.0	82.2	166.0		240.0	30.0	115.4			180.0	1,606.6
4 per cent bonds.....				40.0									40.0
1-year Treasury notes.....													40.0
Total sales.....	60.0	588.0	195.0	122.2	166.0		240.0	30.0	115.4	30.0		180.0	1,726.6

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. 1 to Sept. 22, 1916.

RESOURCES.

[In thousands of dollars.]

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kan- sas City.	Dallas.	San Fran- cisco.	Total for system.
Gold coin and certificates in vaults:													
Sept. 1.....	9,163	146,369	9,980	14,562	5,044	2,200	31,294	5,182	6,513	4,152	3,043	7,847	245,358
Sept. 8.....	7,592	155,519	8,013	14,557	5,138	3,558	27,716	5,015	6,076	4,143	3,483	8,036	248,846
Sept. 15.....	7,132	155,158	8,525	14,805	4,984	4,253	26,066	5,475	6,144	4,153	3,242	10,191	250,308
Sept. 22.....	7,567	159,844	10,362	14,868	4,880	3,727	28,267	5,941	5,858	4,108	3,481	9,808	258,711
Gold settlement fund:													
Sept. 1.....	15,744	10,635	15,773	10,983	10,008	2,859	18,163	3,173	2,274	8,429	3,036	3,524	104,601
Sept. 8.....	16,264	5,819	15,665	12,774	11,318	3,853	20,193	5,490	4,454	12,927	5,322	4,871	118,950
Sept. 15.....	16,787	11,747	16,890	12,187	12,603	3,343	25,180	4,530	2,747	10,312	5,355	3,590	125,271
Sept. 22.....	15,815	9,857	17,179	11,431	11,615	2,870	21,631	2,258	3,525	10,539	4,359	6,712	117,791
Gold redemption fund:													
Sept. 1.....	5	250	50	18	443	224	200	18	30	133	431	10	1,812
Sept. 8.....	5	250	50	22	437	219	200	107	30	129	425	10	1,834
Sept. 15.....	5	250	50	18	443	238	200	102	30	126	422	10	1,894
Sept. 22.....	5	250	50	89	437	244	200	87	30	123	419	7	1,941
Legal tender notes, silver, etc.:													
Sept. 1.....	121	7,878	802	1,120	67	1,052	287	1,097	577	48	487	69	13,605
Sept. 8.....	106	22,578	531	1,024	69	983	325	1,082	230	51	436	72	27,487
Sept. 15.....	98	2,117	237	1,034	62	1,003	1,305	1,067	220	70	617	68	7,898
Sept. 22.....	135	2,317	399	992	70	720	1,513	1,093	212	35	134	22	7,642
Total reserve:													
Sept. 1.....	25,033	165,132	26,614	26,683	15,562	6,335	49,944	9,470	9,394	12,762	6,997	11,450	365,376
Sept. 8.....	23,967	184,166	24,258	28,377	16,962	8,613	48,434	11,694	10,790	17,250	9,666	12,989	397,167
Sept. 15.....	24,202	169,272	25,702	28,044	18,092	8,837	52,751	11,174	9,141	14,661	9,636	13,859	385,371
Sept. 22.....	23,522	172,268	27,990	27,380	17,002	7,561	51,611	9,379	9,625	14,805	8,393	16,549	356,085
Five per cent redemption fund against Federal Reserve Bank notes:													
Sept. 1.....										400	100		500
Sept. 8.....										384	100		591
Sept. 15.....										400	100		500
Sept. 22.....										400	100		500
Bills discounted—members:													
Sept. 1.....	425	703	89	268	5,931	3,498	2,812	998	1,829	1,833	7,524	482	26,392
Sept. 8.....	548	1,046	180	605	5,096	3,672	3,090	1,097	1,874	1,751	7,547	421	27,527
Sept. 15.....	659	993	339	523	6,177	3,487	3,161	1,147	1,891	1,766	7,196	380	27,724
Sept. 22.....	801	914	159	756	5,806	3,994	2,968	1,560	1,875	1,751	6,736	385	27,705
Bills bought in open market:													
Sept. 1.....	9,615	27,337	10,666	7,098	725	1,642	5,303	5,092	2,934	1,156	649	7,121	79,278
Sept. 8.....	10,235	26,934	11,671	6,564	1,825	1,822	4,901	4,960	2,924	1,230	583	6,659	79,808
Sept. 15.....	10,948	27,716	11,928	6,823	1,335	2,031	4,968	5,123	3,024	1,333	583	6,786	82,598
Sept. 22.....	10,764	26,888	11,705	7,220	1,796	2,478	5,575	5,623	3,176	1,411	604	6,645	83,885
United States bonds:													
Sept. 1.....	2,992	2,245	2,890	5,579	1,129	1,508	9,393	2,724	3,399	9,617	2,711	2,634	46,821
Sept. 8.....	2,984	2,215	2,864	5,569	1,107	1,508	8,511	2,720	3,389	9,617	2,836	2,634	45,954
Sept. 15.....	2,972	2,659	2,825	6,179	1,074	1,508	8,463	2,714	2,374	9,617	2,896	2,634	46,916
Sept. 22.....	2,972	3,174	2,825	6,304	1,074	1,508	8,463	2,714	3,372	9,617	2,896	2,634	47,553
One-year Treasury notes:													
Sept. 1.....	250	2,282	818	760	684	526		570	350	616	529	820	8,205
Sept. 8.....	250	2,282	818	760	684	526	850	570	350	616	529	820	9,055
Sept. 15.....	250	2,282	818	760	684	526	850	570	350	616	529	804	9,039
Sept. 22.....	250	1,282	818	760	684	526	850	570	350	616	529	804	8,039

Resources and liabilities of the Federal Reserve Banks and of the Federal Reserve system at close of business—Continued.

RESOURCES—Continued.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Municipal warrants:													
Sept. 1	3,170	4,051	2,047	3,127	86	167	3,733	1,503	992	399	-----	2,027	21,302
Sept. 8	3,345	4,152	2,072	2,660	86	172	3,763	1,488	1,002	399	-----	2,027	21,166
Sept. 15	4,496	4,539	2,431	2,883	86	173	4,219	1,525	1,010	370	-----	1,982	23,714
Sept. 22	4,505	4,789	2,431	2,696	86	286	4,219	1,525	1,010	370	-----	2,220	24,137
Federal Reserve notes, net:													
Sept. 1	1,033	14,524	443	314	-----	-----	1,342	160	1,065	-----	-----	2,009	20,890
Sept. 8	1,019	12,588	747	330	-----	-----	1,371	156	1,268	-----	-----	1,845	19,324
Sept. 15	951	13,842	544	351	-----	-----	1,391	1,224	1,024	-----	-----	1,672	19,975
Sept. 22	859	9,718	507	345	-----	-----	1,390	-----	1,561	-----	-----	1,700	16,980
Due from other Federal Reserve banks, net:													
Sept. 1	1,949	-----	-----	3,583	78	2,741	15,507	6,054	2,884	4,881	3,380	5,009	135,607
Sept. 8	2,188	-----	-----	2,800	684	1,070	15,107	5,390	1,920	-----	1,898	4,512	128,706
Sept. 15	1,182	-----	-----	2,760	-----	722	10,298	5,297	2,962	2,826	1,465	4,742	128,937
Sept. 22	3,144	4,403	-----	2,381	752	1,519	8,847	7,064	2,026	1,534	721	2,403	129,266
All other resources:													
Sept. 1	66	345	73	291	78	242	648	426	79	176	269	338	3,031
Sept. 8	24	268	102	282	65	1,107	366	167	85	185	496	276	3,296
Sept. 15	44	293	52	308	79	376	527	186	68	199	693	144	2,969
Sept. 22	200	5,200	62	288	195	204	749	330	82	181	858	122	8,451
Total resources:													
Sept. 1	44,533	216,619	43,640	47,703	24,273	16,659	88,682	26,937	22,926	31,840	22,159	31,890	607,402
Sept. 8	44,560	233,651	42,713	47,927	26,609	18,490	86,393	28,242	23,602	31,432	23,655	32,183	632,594
Sept. 15	45,704	221,596	44,639	48,636	27,527	17,660	86,628	27,736	23,044	31,788	23,098	33,003	627,742
Sept. 22	47,017	228,636	46,497	48,110	27,395	18,076	84,672	28,765	23,077	30,685	20,837	33,462	631,701

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

LIABILITIES.

[In thousands of dollars.]

Capital paid in:													
Sept. 1	5,024	11,596	5,221	5,998	3,363	2,491	6,675	2,792	2,590	3,025	2,691	3,924	55,390
Sept. 8	5,024	11,596	5,222	5,997	3,364	2,490	6,675	2,792	2,591	3,045	2,691	3,919	55,406
Sept. 15	5,024	11,601	5,222	5,998	3,365	2,490	6,675	2,792	2,591	3,046	2,691	3,921	55,416
Sept. 22	5,024	11,601	5,222	5,997	3,365	2,490	6,676	2,794	2,598	3,044	2,691	3,921	55,423
Government deposits:													
Sept. 1	5,070	12,269	6,005	2,453	2,017	3,326	5,562	4,758	1,054	2,172	2,205	4,027	50,918
Sept. 8	3,668	8,056	6,264	2,152	2,507	3,354	3,810	5,051	1,080	1,942	2,122	4,221	44,236
Sept. 15	2,803	5,887	6,372	1,970	2,905	3,542	2,957	4,294	1,117	1,785	2,169	4,418	40,199
Sept. 22	3,368	4,871	5,975	2,047	3,470	3,748	3,528	3,523	1,072	1,502	2,130	4,713	39,947
Member-bank deposits, net:													
Sept. 1	34,325	182,684	31,963	39,252	14,408	9,256	76,445	19,387	19,282	24,005	9,751	23,939	484,697
Sept. 8	35,747	207,703	30,744	39,778	15,769	10,123	75,908	20,399	19,922	23,526	10,563	24,043	514,225
Sept. 15	37,736	208,838	30,685	40,668	15,207	9,441	76,996	20,584	19,336	24,041	11,147	24,664	514,343
Sept. 22	43,831	212,164	29,689	40,066	16,091	9,489	74,468	20,878	19,407	23,994	8,904	24,828	518,456
Federal Reserve notes, net liability:													
Sept. 1	-----	-----	-----	-----	4,383	1,573	-----	-----	-----	948	7,512	-----	14,416
Sept. 8	-----	-----	-----	-----	4,858	2,506	-----	-----	-----	1,093	7,619	-----	16,076
Sept. 15	-----	-----	-----	-----	5,169	2,175	-----	66	-----	1,302	5,511	-----	14,223
Sept. 22	-----	-----	-----	-----	4,357	2,335	-----	1,570	-----	1,111	5,232	-----	14,605
Federal Reserve Bank notes in circulation:													
Sept. 1	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,690	-----	-----	1,690
Sept. 8	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,674	660	-----	2,334
Sept. 15	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,634	1,580	-----	3,214
Sept. 22	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,034	1,880	-----	2,914
Due to other Federal Reserve Banks, net:													
Sept. 1	-----	10,070	389	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sept. 8	-----	6,296	415	-----	-----	-----	-----	-----	-----	152	-----	-----	-----
Sept. 15	-----	270	2,276	-----	771	-----	-----	-----	-----	-----	-----	-----	-----
Sept. 22	-----	-----	5,528	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
All other liabilities:													
Sept. 1	114	-----	62	-----	102	13	-----	-----	-----	-----	-----	-----	291
Sept. 8	121	-----	68	-----	111	17	-----	-----	-----	-----	-----	-----	317
Sept. 15	141	-----	84	-----	110	12	-----	-----	-----	-----	-----	-----	347
Sept. 22	147	-----	83	-----	112	14	-----	-----	-----	-----	-----	-----	356
Total liabilities:													
Sept. 1	44,533	216,619	43,640	47,703	24,273	16,659	88,682	26,937	22,926	31,840	22,159	31,890	607,402
Sept. 8	44,560	233,651	42,713	47,927	26,609	18,490	86,393	28,242	23,602	31,432	23,655	32,183	632,594
Sept. 15	45,704	221,596	44,639	48,636	27,527	17,660	86,628	27,736	23,044	31,788	23,098	33,003	627,742
Sept. 22	47,017	228,636	46,497	48,110	27,395	18,076	84,672	28,765	23,077	30,685	20,837	33,462	631,701

Circulation of Federal Reserve notes at close of business on Fridays, Sept. 1 to Sept. 22, 1916.

[In thousands of dollars.]

	Boston.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	Atlan- ta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Federal Reserve notes issued to the bank:													
Sept. 1.....	10,068	72,995	7,363	9,377	10,142	16,087	3,353	6,241	12,863	15,795	20,038	10,323	194,465
Sept. 8.....	10,502	74,651	8,005	9,332	10,871	16,447	3,347	5,977	13,344	16,003	20,425	10,314	199,218
Sept. 15.....	10,447	76,773	7,696	9,271	11,310	16,656	3,340	6,955	13,324	15,954	20,664	10,139	202,530
Sept. 22.....	10,392	78,869	7,652	9,185	12,251	16,858	3,331	7,928	13,802	16,801	22,585	10,124	209,778
Federal Reserve notes in hands of bank:													
Sept. 1.....	1,033	14,524	443	314	487	1,727	1,342	160	1,065	797	183	2,009	24,084
Sept. 8.....	1,019	12,588	747	330	612	797	1,371	156	1,268	607	97	1,845	21,437
Sept. 15.....	951	13,842	544	351	801	828	1,391	934	1,224	398	185	1,467	23,121
Sept. 22.....	859	9,718	507	345	713	158	1,390	430	1,561	589	173	1,700	18,143
Federal Reserve notes in circulation:													
Sept. 1.....	9,035	58,471	6,920	9,063	9,655	14,360	2,011	6,081	11,798	14,998	19,855	8,314	170,561
Sept. 8.....	9,483	62,063	7,258	9,002	10,259	15,650	1,976	5,821	12,076	15,396	20,328	8,469	177,781
Sept. 15.....	9,496	62,031	7,152	8,920	10,509	15,828	1,949	6,022	12,100	15,556	20,479	8,467	179,409
Sept. 22.....	9,533	69,151	7,145	8,840	11,538	16,700	1,941	7,498	12,241	16,212	22,412	8,424	191,635
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
Sept. 1.....	10,068	72,995	7,363	9,377	5,272	12,787	3,353	6,241	12,863	14,050	12,343	10,323	177,035
Sept. 8.....	10,502	74,651	8,005	9,332	10,871	16,447	3,347	5,977	13,344	16,003	20,425	10,314	199,218
Sept. 15.....	10,447	76,773	7,696	9,271	5,340	13,653	3,340	5,956	13,324	14,254	14,968	10,139	185,161
Sept. 22.....	10,392	78,869	7,652	9,185	7,181	14,365	3,331	5,928	13,802	15,101	17,180	10,124	193,110
Carried to net assets:													
Sept. 1.....	1,033	14,524	443	314	.....	.....	1,342	160	1,065	.....	.....	2,009	20,890
Sept. 8.....	1,019	12,588	747	330	612	797	1,371	156	1,268	607	97	1,845	21,437
Sept. 15.....	951	13,842	544	351	.....	.....	1,391	.....	1,224	.....	.....	1,467	19,975
Sept. 22.....	859	9,718	507	345	.....	.....	1,390	.....	1,561	.....	.....	1,700	16,080
Carried to net liabilities:													
Sept. 1.....	.....	.....	.....	.....	4,383	1,573	.....	.....	.....	948	7,512	.....	14,416
Sept. 8.....	.....	.....	.....	.....	4,858	2,506	.....	.....	.....	1,093	7,619	.....	16,076
Sept. 15.....	.....	.....	.....	.....	5,169	2,175	.....	66	.....	1,302	5,511	.....	14,223
Sept. 22.....	.....	.....	.....	.....	4,357	2,335	.....	1,570	.....	1,111	5,232	.....	14,605

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Sept. 1 to Sept. 22, 1916.

[In thousands of dollars.]

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kan- sas City.	Dallas.	San Fran- cisco.	Total for system.
Federal Reserve notes:													
Received from comptroller—													
Sept. 1.....	20,380	126,240	15,480	15,160	17,000	20,400	9,380	9,600	19,000	19,620	25,960	13,880	312,100
Sept. 8.....	20,380	143,400	15,480	15,160	17,000	26,400	9,380	12,600	21,000	22,620	32,600	13,880	349,900
Sept. 15.....	20,380	143,400	15,480	15,160	18,500	26,400	9,380	12,600	21,000	22,620	32,600	13,880	351,400
Sept. 22.....	20,380	143,400	15,480	15,160	20,000	26,400	9,380	12,600	21,000	22,620	32,600	13,880	352,900
Returned to comptroller—													
Sept. 1.....	4,492	38,945	4,397	2,483	4,908	2,887	1,146	1,597	507	1,417	3,321	997	67,097
Sept. 8.....	5,058	39,289	4,435	2,528	4,979	2,930	1,152	1,861	526	1,464	3,354	1,006	68,582
Sept. 15.....	5,113	39,667	4,744	2,589	5,040	3,000	1,159	1,882	546	1,513	3,395	1,181	69,829
Sept. 22.....	5,468	39,971	4,788	2,675	5,099	3,048	1,168	1,910	568	1,566	3,434	1,196	70,891
Chargeable to Federal Reserve Agent—													
Sept. 1.....	15,888	87,295	11,083	12,677	12,092	17,513	8,234	8,003	18,493	18,203	22,639	12,883	245,008
Sept. 8.....	15,322	104,111	11,045	12,632	12,021	23,470	8,228	10,739	20,474	21,156	29,246	12,874	281,318
Sept. 15.....	15,267	103,733	10,736	12,571	13,460	23,400	8,221	10,718	20,454	21,107	29,205	12,699	281,571
Sept. 22.....	14,912	103,429	10,692	12,485	14,901	23,352	8,212	10,690	20,432	21,054	29,166	12,684	282,009
In hands of Federal Reserve Agent—													
Sept. 1.....	5,820	14,300	3,720	3,300	1,950	1,426	4,881	1,762	5,630	2,408	2,601	2,560	50,358
Sept. 8.....	4,820	29,460	3,040	3,300	1,150	7,023	4,881	4,762	7,130	5,153	8,821	2,560	82,100
Sept. 15.....	4,820	26,960	3,040	3,300	2,150	6,744	4,881	3,762	7,130	5,153	8,541	2,560	79,041
Sept. 22.....	4,520	24,560	3,040	3,300	2,650	6,494	4,881	2,762	6,630	4,253	6,581	2,560	72,231
Issued to Federal Reserve Bank, net—													
Sept. 1.....	10,068	72,995	7,363	9,377	10,142	16,087	3,353	6,241	12,863	15,795	20,038	10,323	194,645
Sept. 8.....	10,502	74,651	8,005	9,332	10,871	16,447	3,347	5,977	13,344	16,003	20,425	10,314	199,218
Sept. 15.....	10,447	76,773	7,696	9,271	11,310	16,656	3,340	6,956	13,324	15,954	20,664	10,139	202,530
Sept. 22.....	10,392	78,869	7,652	9,185	12,251	16,858	3,331	7,928	13,802	16,801	22,585	10,124	209,778

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Sept. 1 to Sept. 22, 1916—Continued.

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kan- sas City.	Dallas.	San Fran- cisco.	Total for system.
Amounts held by Federal Reserve Agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates on hand—													
Sept. 1.....	9,700	68,815	4,090	8,820	.....	5,070	.....	2,850	10,820	4,270	10,040	.....	124,475
Sept. 8.....	9,700	70,815	4,090	8,820	.....	5,470	.....	2,850	11,320	4,270	10,340	.....	127,675
Sept. 15.....	9,700	73,315	3,820	8,700	.....	5,050	.....	2,850	11,320	4,270	10,340	.....	129,365
Sept. 22.....	9,700	75,715	3,820	8,660	.....	4,560	.....	2,850	11,620	4,270	10,340	.....	131,535
Credit balances in gold redemption fund—													
Sept. 1.....	368	4,180	383	557	372	1,417	273	341	693	680	1,173	423	10,860
Sept. 8.....	302	3,836	495	512	301	1,374	267	317	674	833	1,139	414	10,964
Sept. 15.....	747	3,453	456	571	240	1,303	260	396	654	784	1,098	399	10,366
Sept. 22.....	692	3,154	412	525	481	1,255	251	368	832	731	1,260	384	10,345
Credit balances with Federal Reserve Board—													
Sept. 1.....	.....	.....	2,890	.....	4,900	6,300	3,080	3,050	1,350	9,100	1,130	9,900	41,700
Sept. 8.....	.....	.....	3,420	.....	5,100	6,300	3,080	2,810	1,350	9,200	1,230	9,900	43,390
Sept. 15.....	.....	.....	3,420	.....	5,100	7,300	3,080	2,710	1,350	9,200	3,530	9,740	45,430
Sept. 22.....	.....	.....	3,420	.....	6,700	8,550	3,080	2,710	1,350	10,100	5,580	9,740	51,230
As security for outstanding notes—													
Commercial paper—													
Sept. 1.....	.....	.....	.....	.....	4,870	3,300	.....	.....	.....	1,745	7,695	.....	17,610
Sept. 8.....	.....	.....	.....	.....	5,470	3,303	.....	.....	.....	1,700	7,700	.....	18,173
Sept. 15.....	.....	.....	.....	.....	5,970	3,003	.....	1,000	.....	1,700	5,696	.....	17,369
Sept. 22.....	.....	.....	.....	.....	5,070	2,493	.....	2,000	.....	1,700	5,405	.....	16,668
Total—													
Sept. 1.....	10,068	72,995	7,363	9,377	10,142	16,087	3,353	6,241	12,863	15,795	20,038	10,323	194,645
Sept. 8.....	10,502	74,651	8,005	9,332	10,871	16,447	3,347	5,977	13,344	16,003	20,409	10,314	199,202
Sept. 15.....	10,447	76,773	7,696	9,271	11,310	16,656	3,340	6,956	13,324	15,954	20,664	10,139	202,530
Sept. 22.....	10,392	78,869	7,652	9,185	12,251	16,858	3,331	7,928	13,802	16,801	22,585	10,124	209,778
Memorandum:													
Total amount of commercial paper delivered to Federal Reserve Agent—													
Sept. 1.....	.....	.....	.....	.....	5,057	3,314	.....	.....	.....	1,771	7,697	.....	17,839
Sept. 8.....	.....	.....	.....	.....	5,965	3,310	.....	.....	.....	1,727	7,700	.....	18,702
Sept. 15.....	.....	.....	.....	.....	6,532	3,012	.....	1,000	.....	1,718	6,190	.....	18,452
Sept. 22.....	.....	.....	.....	.....	5,546	2,763	.....	2,000	.....	1,907	5,765	.....	17,931

Exports of gold, by customs districts, Jan. 1 to Sept. 22, 1916.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Porto Rico.	New Orleans.	Alaska.	Hawaii.	San Francisco.	Southern California.	Washington.	Buffalo.	Dakota.	Duluth and Superior.	Michigan.	Montana and Idaho.	St. Lawrence.	Vermont.	Total.
<i>Week ending Aug. 25.</i>																	
Bullion, refined, domestic.....		2								15					1	1	19
United States coin.....		1,601					1,592					4					3,197
Total.....		1,603					1,592			15		4			1	1	3,216
<i>Week ending Sept. 1.</i>																	
Ore and base bullion.....									8	2							10
United States mint or assay office bars.....							2,524										2,524
Bullion, refined, domestic.....							746		1	5					5	1	12
United States coin.....		654							2			1					1,403
Total.....		654					3,270		11	7		1			5	1	3,949
<i>Week ending Sept. 8.</i>																	
Bullion, refined, domestic.....										12	3						15
United States coin.....		52		100		15					28						195
Total.....		52		100		15				12	31						210
<i>Week ending Sept. 15.</i>																	
United States mint or assay office bars.....							1,035			131							1,166
Bullion, refined, domestic.....										12		5			1		18
United States coin.....		1,715					1,032				2	1					2,750
Foreign coin.....		49															49
Total.....		1,764					2,067			143	2	6			1		3,983
<i>Week ending Sept. 22.</i>																	
United States mint or assay office bars.....		196															196
Bullion, refined, domestic.....										5							5
United States coin.....		7				3	18					1					29
Foreign coin.....							21										21
Total.....		203				3	39			5		1					251
<i>Jan. 1 to Sep. 22.</i>																	
Ore and base bullion.....	2				12				135	70							219
United States mint or assay office bars.....		954					10,306			213		1			518		11,992
Bullion, refined:																	
Domestic.....		4,807					701		3	321	4	8	12		29	12	5,897
Foreign.....		1,438													5		1,443
United States coin.....		30,749	15	100	1	143	20,765	50	50	19	51	10		1	1,020	750	53,724
Foreign coin.....		15,143					134			26		2	3		1,422		19,730
Total.....	2	56,091	15	100	13	143	31,906	50	188	649	55	21	15	1	2,994	762	93,005

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amounts of earning assets held by each Federal Reserve Bank during August, 1916, earnings from each class of earning assets, and annual rates of earnings on the basis of July, 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.....	\$2,158,390	\$10,404,069	\$3,006,000	\$250,000	\$2,805,197	\$18,623,656
New York.....	565,297	29,741,715	2,210,028	2,282,000	7,396,920	42,195,960
Philadelphia.....	388,923	10,661,519	2,935,677	818,000	2,553,423	17,357,542
Cleveland.....	282,084	7,051,902	5,591,387	780,645	4,597,142	18,303,160
Richmond.....	6,069,417	669,264	1,167,871	684,000	335,775	8,926,327
Atlanta.....	3,313,384	1,562,598	1,508,000	526,000	128,483	7,038,465
Chicago.....	3,189,015	5,409,316	9,464,842	.....	4,293,225	22,356,398
St. Louis.....	908,365	5,403,294	2,729,387	570,000	1,811,469	11,422,515
Minneapolis.....	1,896,900	3,024,500	3,420,200	350,000	1,054,400	9,746,000
Kansas City.....	1,987,157	821,014	9,643,380	616,000	411,370	13,478,921
Dallas.....	6,789,768	188,847	2,681,750	529,000	.....	10,189,365
San Francisco.....	509,466	7,453,292	3,033,298	500,000	2,323,706	13,819,762
Total.....	28,058,166	82,391,330	47,391,820	7,905,645	27,711,110	193,458,071

	Earnings from—						Calculated annual rates of earnings from—					
	Bills dis- counted, mem- bers.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrant- s.	Total.	Bills dis- counted, mem- bers.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrant- s.	Total.
							Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Boston.....	\$6,471	\$19,460	\$5,208	\$625	\$6,648	\$38,412	3.55	2.21	2.04	2.95	2.80	2.43
New York.....	1,929	59,125	4,624	5,705	17,461	88,844	4.01	2.35	2.47	3.00	2.79	2.49
Philadelphia.....	1,307	20,679	5,414	2,067	6,129	35,596	3.96	2.28	2.17	2.98	2.83	2.42
Cleveland.....	1,090	13,432	12,067	1,958	11,704	40,251	4.56	2.25	2.55	2.95	3.06	2.60
Richmond.....	21,403	1,748	2,358	1,729	867	28,105	4.16	3.08	2.38	3.00	3.05	3.72
Atlanta.....	11,957	3,086	3,000	1,330	413	19,786	4.26	2.33	2.35	2.98	3.79	3.32
Chicago.....	12,366	10,158	19,467	.....	10,213	52,204	4.58	2.22	2.43	.....	2.81	2.76
St. Louis.....	3,352	10,217	5,019	1,441	4,498	24,527	4.36	2.23	2.17	2.98	2.93	2.54
Minneapolis.....	7,603	5,755	6,144	875	2,569	22,946	4.74	2.25	2.12	2.95	2.88	2.78
Kansas City.....	7,750	1,563	17,281	1,557	929	29,080	4.60	2.25	2.12	3.00	2.68	2.55
Dallas.....	25,117	506	4,877	1,337	.....	31,837	4.34	3.16	2.00	3.00	.....	3.68
San Francisco.....	2,178	15,336	5,162	1,250	5,506	20,432	5.05	2.43	2.01	3.00	2.80	2.51
Total.....	102,523	161,065	90,621	19,874	66,937	441,020	4.31	2.31	2.26	2.97	2.85	2.69

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Sept. 28, 1916.

	Maturities of 10 days and less.	Maturities of 15 days and less.	Maturities of over 10 to 30 days, in- clusive.	Maturities of over 15 to 30 days, in- clusive.	Maturities of over 30 to 60 days, in- clusive.	Maturities of over 60 to 90 days, in- clusive.	Agricultural and live- stock paper over 90 days.	Trade acceptances.			Com- modity paper.	Paper bought in open market.	Member banks, collat- eral loans.
								To 30 days, in- clusive.	To 60 days, in- clusive.	Over 60 to 90 days, in- clusive.			
Boston.....	3	.....	3½	.....	4	4	5	3½	3½	3½	1 3½	.....	3½
New York.....	3	.....	4	.....	4	4	5	3½	3½	3½	.....	.....	3
Philadelphia.....	.....	3½	.....	4	4	4	4½	3½	3½	3½	1 3½	.....	3½
Cleveland.....	.....	3½	.....	4	4½	4½	5	3	3½	4	.....	.....	3½
Richmond.....	.....	.....	4	.....	4	4	4½	3½	3½	3½	1 3½	.....	4
Atlanta.....	.....	.....	4	.....	4	4	5	3½	3½	3½	3	2 3½-5½	.....
Atlanta (New Orleans branch).....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	3 3½-4	.....
Chicago.....	.....	3½	.....	4	4	4½	5	.....	.....	.....	.....	.....	3½
St. Louis.....	.....	3	.....	4	4	4	5	3	3	3½	3	.....	3
Minneapolis.....	.....	.....	4	.....	4	4½	5	3½	3½	3½	3½	.....	4
Kansas City.....	.....	4	.....	4½	4½	4½	5	4	4	4	4	.....	4
Dallas.....	.....	4	.....	4	4	4	4½	3½	3½	3½	3	.....	3½
San Francisco.....	3	.....	3½	.....	4	4½	5½	3	3	3½	(1)	.....	4

1 Rate for commodity paper maturing within 90 days.
 2 Rate for bills of exchange in open-market operations.
 3 Rate for trade acceptances bought in open market without member bank indorsement.
 4 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.

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