

# **FEDERAL RESERVE BULLETIN**

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No complete sets of the Bulletin for 1915 or 1916 are available. Bound copies of the Bulletin for 1917 may be had at \$5 per copy.

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# FEDERAL RESERVE BULLETIN

VOL. 4

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No. 9

## REVIEW OF THE MONTH.

The Secretary of the Treasury on August 1 fixed the time of the next or

**The fourth Liberty loan.** fourth Liberty loan campaign.

The campaign will begin September 28 and end October 19, subscriptions to the loan closing on the latter date. The Secretary of the Treasury has stated that the rate of interest, as in the case of the last loan, will be 4½ per cent.

With the experience of the first three Liberty loans behind them, the banks and the managers of the various local organizations know much better than ever before what they must do and by what methods they can hope to attain greatest success. Wide as was the distribution of the third Liberty loan, it is now even more essential than before that a large and active body of subscribers to these bonds shall be developed.

The fourth issue of Treasury certificates being made in anticipation of the new Liberty loan, was offered under date of August 6.

The results, as in the case of its predecessors, showed a substantial oversubscription, amounting in this case to \$75,706,500. Nine of the twelve Federal Reserve districts oversubscribed their quotas. The quotas (in round numbers) and subscriptions by districts were as follows:

Federal Reserve Bank.	Quota.	Subscription.
United States Treasury.....		\$4,581,000
Boston.....	\$43,300,000	49,509,000
New York.....	109,600,000	207,287,000
Philadelphia.....	35,300,000	38,400,000
Cleveland.....	45,300,000	52,500,000
Richmond.....	17,300,000	14,397,000
Atlanta.....	14,600,000	14,968,500
Chicago.....	70,000,000	87,292,500
St. Louis.....	20,000,000	24,056,000
Minneapolis.....	17,300,000	12,260,000
Kansas City.....	20,000,000	25,126,000
Dallas.....	12,000,000	7,579,500
San Francisco.....	35,300,000	37,750,000
Total.....	500,000,000	575,706,500

A fifth offering of certificates was made on August 23. Data showing the distribution of subscriptions are not yet available.

The experience with the four issues of Treasury certificates of indebtedness shows that the certificates are being widely and liberally taken up by the banks in response to the policy announced by the Secretary of the Treasury some weeks ago. It is in further pursuit of that policy, as described in the FEDERAL RESERVE BULLETIN for June, that the Secretary has also announced on August 16 the offering of an indefinite amount of certificates of indebtedness designed for purchase by taxpayers who wish to provide themselves with the means of settling their obligations to the Government when the new revenue bill shall have been enacted and put into actual operation. The new certificates, like the former issue, bear interest at the rate of 4 per cent per annum, dating from August 20, 1918, and are payable July 15, 1919. In other respects they are similar to those which were issued during the first half of the year 1918. Preliminary estimates are that from two to three billion dollars of these tax-paying certificates can be disposed of, but the amount is obviously dependent in some measure upon the provisions of the new war-revenue legislation, which has not yet been enacted.

The pressing need of a wise utilization of resources in very much larger degree than at present was never so strongly marked as now,

at a time when the Government is embarking upon a fiscal program far greater in scope than anything that has before been attempted in the United States. Discussion in Congress during the past month has clearly indicated the necessity of obtaining the cooperation of all elements in the community in order to carry out the Government's program. Some of those

who have undertaken to estimate the surplus income of the country which could be made available for the use of the Government, have tentatively reached the conclusion that there was last year \$18,000,000,000 of margin between production and consumption. The Government now seeks to obtain the great total of \$24,000,000,000, thus requiring, if these early estimates were approximately correct, that \$6,000,000,000 at least must be secured either by (1) more intense production or by (2) increased economy in consumption. While every effort is being made to "speed up" production, the latter is the method to which we must mainly look for increase of total available financial resources, inasmuch as the country's productive powers are already being applied in so high a degree, while further additions thereto are rendered more difficult at a time when less capital is available for new investment and when labor is being continuously drawn upon for the strengthening of our armies. There is still a very large field for the reduction of consumption in practically every part of the country, and the degree of success to be attained in the application of our fiscal and financial measures during the coming year will very largely depend upon the extent to which the consumers and taxpayers of the country are willing to make their resources actually available for Government use through a process of genuine saving.

Some progress in the curtailment of non-essential credit is already being  
 "Curtailment of nonessentials," noted in various Federal Reserve districts. Still more important is the apparent tendency on the part of consumers themselves to reduce their purchases of articles which can not be considered requisite to their welfare or which can at least be reduced in amount without doing serious harm to the condition of the consumer. Not long ago the Council of National Defense undertook a general investigation for the purpose of ascertaining whether purchases by civilians in the United States had been increasing or decreasing during the war period. One result of the investigation was

afforded by a statement made by a large and representative concern which compiled actual data to show the amount of goods purchased during the first five months of 1917 and the same period of 1918. The outcome showed a decrease in purchases of clothing, men's furnishing goods, various articles of women's wearing apparel, shoes, household furnishings, toilet articles, books, stationery, and other articles. There was a marked increase in men's working clothing and in one or two obviously luxurious lines of goods.

"The company expresses the belief (and this opinion is presented simply as the estimate and impression of this firm) that economy is being practiced by well-to-do persons and those of moderate means, while the increased compensation that is being received by large numbers of people who have previously been somewhat more restricted in purchasing capacity has made it possible for them to buy more freely now of the articles that might be considered luxuries.

"Discussing the question from the standpoint of geographical location, the company says that in the South, especially through the cotton-growing States, business is better than ever before, and purchases of all classes of goods are being very freely made.

"In the far West the civilian population, while not so liberal in expenditures as in the South, is buying freely and in greater quantities than in previous years.

"In the northern States of the Middle West buying is more conservative and more restricted to staples and necessities, but the volume is at least equal to the average during the previous one or two years.

"In the East there is a rather marked decrease in quantity of purchases, especially in so-called nonessentials; in fact, it is even quite noticeable in what are usually classed as necessities."

While there has been some decline in reserve percentages during the month of August—from 58.7 per cent to 56.4 per cent—cash holdings of Federal Reserve Banks have shown an in-

The reserve situation.

crease of \$32,044,000, bringing them to \$2,066,962,000. The reduction of reserve percentages is a natural incident of financial conditions such as now confront the Nation, in which the burden gradually assumed by the banks as a result of public financing increases from month to month up to the time when certificates are refunded into long-term bonds. Much has been done toward the strengthening of the reserves through the gradual accumulation of gold in the reserve institutions, and this process is steadily continuing, being aided in part by the voluntary deposits of State member banks and in part by the gradual transfer of gold received by the Treasury Department. There is undoubtedly a large quantity of gold still in the vaults of banks and possibly to a slight extent in circulation in certain parts of the country. This may be counted upon in some measure to furnish a means of enlarging the gold holdings of the Federal Reserve Banks as time goes on. Meanwhile the best protection to their reserves will be furnished by the adoption of as conservative a policy as possible in connection with long-period advances. The question of renewals of loans at member banks for the purpose of carrying bonds is therefore one that should have constant attention. By whatever means the result may be accomplished, it is incumbent upon both individuals and banks to reduce their requests for credit to the minimum possible amounts, for the strength of our banking situation is not dependent merely upon the quantity of gold the Federal Reserve Banks control, but is determined likewise in no small degree by the character of their other assets.

Further increases in discount operations by the Federal Reserve Banks following the July 23 and August 6 Treasury certificate issues and considerable withdrawals of funds from New York by correspondent banks in the interior of the country are indicated by comparative weekly figures of principal earning assets for the period between July 19 and August 23.

Between these two dates the banks increased their total holdings of discounted paper by 190.4 millions, the New York bank alone reporting an increase of 143.2 millions of discounted bills held. Holdings of war paper, i. e., member banks' notes secured by Government war obligations and customers' paper similarly secured, increased 252.1 millions, the corresponding increase for the New York bank alone being 143.3 millions. It is evident, therefore, that the period under review witnessed net liquidation in some volume of commercial paper proper, largely by the New York bank. The banks at Boston, Cleveland, Richmond, St. Louis, and Kansas City report reduction of total discounts on hand, though Richmond and Kansas City show increases in their holdings of war paper. Since July 19, when the share of such paper in the total discounts on hand was about 50 per cent, this proportion has gone up to 61.2 per cent. For the New York bank an increase in this proportion from about 64 to 73.3 per cent is noted.

Acceptances on hand show an increase from 205.9 to 236.5 millions, the New York and Cleveland banks reporting substantial additions to their holdings of acceptance paper. Holdings of United States short-term obligations outside of New York remain practically unchanged. For the New York bank the increase of about 7 millions in short-term obligations includes an investment by the bank in 4 millions of 1-year 2 per cent Treasury certificates to secure Federal Reserve bank note circulation. The considerable reduction in United States long-term bond holdings is due largely to the redemption by the Treasury on August 1 of over 8 millions of 1908-18 3 per cent bonds held by the Federal Reserve Banks.

During the period under review the banks' gold reserves gradually increased from 1,975.4 to 2,003.1 millions, while their net deposits went up from 1,566.6 to 1,594 millions. Federal Reserve notes in actual circulation show an increase of 203.8 millions and aggregated 2,032.8 millions on August 23. The ratio of cash reserves to aggregate net deposit and Federal Reserve note liabilities declined from 59.8 to 56.7 per cent.

In the following table are shown the changes between July 19 and August 23, 1918, in the total discounted and purchased bills held by each of the Federal Reserve Banks, also changes between the two dates in the holdings of other classes of investments.

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

Federal Reserve Bank.	July 19.	Aug. 23.	Net increase.	Net decrease.
Boston.....	110,856	93,854	.....	17,002
New York.....	513,731	677,685	163,954	.....
Philadelphia.....	84,066	96,218	12,152	.....
Cleveland.....	106,070	108,623	2,553	.....
Richmond.....	60,982	62,155	1,173	.....
Atlanta.....	37,391	50,087	12,696	.....
Chicago.....	209,829	224,343	14,514	.....
St. Louis.....	59,643	49,622	.....	10,021
Minneapolis.....	51,809	64,723	12,914	.....
Kansas City.....	68,989	62,618	.....	6,371
Dallas.....	33,402	43,551	10,149	.....
San Francisco.....	72,510	96,842	24,332	.....
Total.....	1,409,278	1,630,321	221,043	.....
United States long-term securities.....	40,259	30,624	.....	9,635
United States short-term securities.....	16,358	23,479	7,121	.....
Other earning assets.....	98	62	.....	36
Total investments held.....	1,465,993	1,684,486	218,493	.....

Member bank reports from about 100 leading cities showing principal assets and liabilities for each week between July 12 and August 16 indicate a relatively moderate increase of 243.5 millions in the banks' holdings of Treasury certificates, notwithstanding the issue during the period of over 1,900 millions of Treasury certificates. Largest holdings of these certificates are reported under date of August 9, viz, 1,017.3 millions, while the smallest holdings of 527.5 millions are shown for July 19. Holdings of United States bonds other than circulation bonds, i. e., largely Liberty bonds, show some gain for the week ending July 19 and a slow but steady fall for the following weeks, the August 19 total, 554.5 millions, being about 3.2 millions below the corresponding July 12 total. Loans secured by United States war bonds and certificates from 485 millions on July 12 increased to 501.7 millions on August 2 and declined to 469.4 millions about the middle of August.

Holdings by the central reserve city banks of Treasury certificates show a sharp decline from 443.4 millions on July 12 to 293.3 millions the following week and a gradual increase to 573.8

millions on August 9, followed by a slight decrease to 551.9 millions on August 16. United States bonds other than circulation bonds show a gradual reduction from 296.1 millions to 259.7 millions, while loans secured by United States war obligations show a decline for the period from 274 millions to 251.2 millions. A similar development is shown for the Greater New York member banks, which report an increase of about 96 millions in certificates as against moderate reductions in United States bonds and loans secured by United States war obligations.

Aggregate holdings of United States securities, exclusive of circulation bonds, and of loans secured by United States war obligations show an increase during the five-week period from 1,778.3 millions to 2,003 millions, or of 12.7 per cent. For the same period the central reserve city banks show an increase in this composite item from 1,013.5 millions to 1,062.8 millions, or of 4.8 per cent, and the Greater New York banks an increase from 834.6 millions to 885.2 millions, or of over 6 per cent.

Aggregate loans and investments, exclusive of fixed investments, of all reporting banks, rose from 12,556.9 millions to 13,002.7 millions, while the combined share of United States war obligations and of loans secured by such obligations in the totals just given rose from 14.2 to 15.4 per cent. For the central reserve city banks a rise from 16.3 to 16.7 per cent is shown, and for the Greater New York banks a rise from 17 to 17.7 per cent.

Government deposits of all reporting banks declined from 815.9 millions on July 12 to 602.8 millions the following week. During the subsequent weeks considerable gains are noted, the maximum for the period, 964.1 millions, being shown for August 9. Since then these deposits declined to 943.1 millions on August 16. For the banks in the central reserve cities a similar decline from 508.1 millions on July 12 to 348.8 millions on July 19 is seen, with a maximum amount for the period of 651.5 millions on August 9 and a decrease to 546.1 millions on August 16. Net demand deposits show a decline from 9,030 millions on July 12 to

8,876.5 millions on July 26 and a subsequent rise to 9,100.5 millions on August 16. Time deposits increased from 1,410 millions to 1,482.9 millions on August 9, the following week witnessing a reduction to 1,451 millions. At the central reserve city banks a like downward course of net demand deposits during the second part of July is noted, followed by a net increase of about 100 millions during August, the August 16 total of 4,889.2 millions being, however, slightly below the July 12 total.

But little change is shown in the figures of reserves (all with the Federal Reserve Banks), the August 16 total being 15.2 millions in excess of the July 12 figure. Cash in vault of all reporting banks decreased from 371.4 millions to 349.9 millions. For the central reserve city banks both reserve and cash figures of August 16 are shown below those of July 12.

During the period under review the ratio of combined reserve and cash to total net, including Government deposits, declined from 14.7 to 14.4 per cent for all reporting banks and from 15.7 to 14.9 per cent for the banks in the central reserve cities. Excess reserves, in the calculation of which no account is taken of Government deposits, reached a maximum of 102.8 millions on July 19, the total for August 16 of 77.2 millions being 7.4 millions in excess of the July 12 figure. For the central reserve city banks a different development is shown, August 16 figures of excess reserves, 30.2 millions, being 29.4 millions below the July 12 total.

During the past year difficulty has been found in the development of a wide market for acceptances, due to the fact that those houses which purchased them were obliged steadily to dispose of them, inasmuch as it was not practicable to borrow at current rates with the acceptances as collateral. Such houses were thus obliged to keep their holdings of acceptances down to a comparatively small figure, and the situation has militated against the attainment of that degree of marketability for acceptance paper which had been desired by those who believed that it would gradually super-

sede the call loan as a form of investment for fluid banking resources. On August 23 public announcement was made by a leading New York banking house to the effect that it would lend money on call to those who were able to present eligible acceptances as collateral. The rate on such loans was announced at 4½ per cent at the outset, it being the policy of the firm to fix the rate in relation to the discount rate of the Federal Reserve Bank of New York. In so far as this action tends in the direction of the establishment of an acceptance market after the European model, it promises interesting developments. Since the appearance of a very strong demand on the part of the Government for available current funds the ability to distribute acceptances rapidly has declined, and this again has tended to operate unfavorably to their fulfillment of the purposes which the acceptance market had been intended to serve. As acceptances become more and more readily marketable, they will be increasingly attractive to the smaller banks of the country when possessed of reserve funds which they desire to invest in a way that will make them immediately available without question whenever needed. The practice of lending upon eligible acceptances at call undoubtedly may assist in popularizing the acceptance as a form of investment for such banks.

Two significant developments relating to the use of acceptances have occurred during the past month.

**Acceptance technique.** The New York Clearing House has adopted a resolution, elsewhere published in this issue, as a result of which acceptances will be passed through the clearing house and charged to the accounts of their acceptors at the banks at which they are payable upon the date of their maturity precisely as if they were checks. A conference of bankers on August 14, in a session at the National Bank of Commerce at New York, further took action designed to establish regular methods for the reimbursement of acceptances by those in whose favor they were made. The conference decided that such reimbursement should be effected either by (a) the deposit of clearing-house funds one

day prior to maturity, or (b) the deposit of cash or checks on the Federal Reserve Bank of New York on the day of maturity, or (c) debit to the account of the bank's client on the day of maturity against funds cleared on or prior to such date.

As things now stand there is, therefore, a regular and recognized basis for the collection of acceptances through the clearing house and for the reimbursement of accepting banks by their clients. In connection with the latter point it is worthy of note that the situation as to the use of Federal Reserve drafts has been such as to require that commercial houses not situated in New York should either keep accounts with banks in New York on which they can draw, buy New York exchange, or else purchase Federal Reserve drafts.

In order to facilitate the use of these drafts the Board on August 12 notified all Federal Reserve Banks that the limit of drawings through Federal Reserve exchange drafts will henceforward be increased from \$250 to \$5,000, while Federal Reserve Banks paying the exchange drafts of other Federal Reserve Banks would be permitted to deduct the amount paid from the total credits reported in the gold settlement for the day. In this same connection, the Federal Reserve Banks were notified that the Board deems it desirable that all reserve banks give immediate credit for clearing-house items on the day such items are received from other Federal Reserve Banks, the balances so credited to be included in the credit balances reported for settlement through the gold fund clearing. These changes constitute a valuable and desirable step toward the attainment of a general system of clearance through Federal Reserve Banks.

Further effort has been made during the past few weeks to extend the standardization of interest rates paid by banks to their depositors, a beginning in which had already been accomplished. The Board's action in the past has been directed to the establishing of some definite relationship between discount rates at Federal Reserve Banks and the rates

paid by members to their depositors. In communications to Federal Reserve Banks the Board has accordingly urged that an effort be made to bring about an understanding concerning rates on deposits without, however, involving any simultaneous change in discount rates. It has been suggested that perhaps the entire question might be reopened by recommending to clearing houses that they consider the schedule of deposit rates now agreed upon by them as the maximum. The logical result of such a step would be the further agreement that no increase in deposit rates shall occur until in each case favorable action by the clearing house has been secured, after previous consultation with the Board. It has been recognized as of great importance to find some uniform basis for controlling deposit rates without destroying liberty of action existing in each district and without preventing the adjustment of local discount rates to conform to the conditions and requirements existing in the several districts. Wherever possible it has been the desire of the Board to bring about a standardization of rates in each district related to the rates of the local Federal Reserve Bank. It has also sought to secure through cooperation on the part of State banks harmonious working arrangements which would tend to prevent any disposition to attempt to control or divert business through the offering of higher rates of interest to those who might happen to have funds available for deposit which could be turned in one direction or another in consequence of more advantageous terms.

A further development of the Government's system of emergency relief to individuals in agricultural regions who are unable to obtain banking accommodation on account of losses was taken on August 15, when the Secretary of the Treasury announced that the War Finance Corporation would make direct advances to individuals, firms, and corporations whose principal business is the raising of live stock, including cattle, sheep, and hogs. Further to facilitate the plan of furnishing relief to needy farmers, the War Finance Cor-

Interest rates  
on deposits.

Loans for relief  
of individuals.

poration moreover altered the rate of interest from 6 per cent to 5 per cent upon the short-term loans which it is now making under section 9 of the war finance act to banks located in the agricultural districts which require funds for the purpose of assisting borrowers who have suffered crop losses.

In order to provide for the making of the proposed direct loans to cattlemen, the War Finance Corporation has established agencies at Kansas City and Dallas, for the purpose of passing upon such applications as may be submitted by borrowers who wish to take advantage of the opportunity to obtain Government assistance in their financing. During the month also the Department of Agriculture has announced that arrangements have been made by it for the purpose of advancing limited sums to individuals who had suffered from successive crop losses. These advances are to be made through the Federal land banks. Two new agencies have thus been added to those already engaged in rediscounting and advancing liquid funds for the purpose of facilitating the operations of persons engaged in business, commerce, or agriculture.

Under the authority of the act of Congress approved April 13, 1918, silver has been heretofore sold by the Secretary of the Treasury at a price which will permit the Department to recoin new silver purchased at the price of \$1 per fine ounce into silver dollars without loss. On August 10, however, it was announced that in order to provide for the various items of expense involved in the operation of withdrawing silver dollars and recoinage new bullion it had been necessary to fix the price on the silver hereafter sold at \$1.01½ per fine ounce. The Department further made it a condition of sale that the purchaser should not pay a higher price for silver in markets other than those of the United States. Up to the present time the Federal Reserve Board has freely granted licenses for the export of silver. In order, however, to conserve the use of silver, export licenses for silver will hereafter be granted only for civil or military

purposes of importance in connection with the prosecution of the war and only in cases where the exporter certifies that the silver to be exported has been purchased at a price which does not directly or indirectly exceed \$1.01½ per ounce one thousand fine. This quotation applies at the point where silver is refined in the case of silver refined in the United States or at the point of importation in the case of imported silver.

The action thus taken represents a change in the policy of the Board in respect to the exportation of silver. Until very recently the Board has deemed it wise to avoid interference with the exportation of silver. As stated in the issue of the FEDERAL RESERVE BULLETIN for June 1918 (p. 501), the gross amount of licenses granted for the exportation of silver from the beginning of the embargo policy up to May 24 was approximately \$155,237,725, while in addition silver included in licenses for the alternative shipment of silver or currency amounted to \$5,328,110, a gross total of \$160,565,835. From the date when these figures were issued to August 23, there have been granted licenses covering the exportation of approximately \$105,390,285 of silver in the form of coin or bullion, making a grand total in round numbers of \$265,956,120 for the whole period of the embargo to date. It has been apparent for some time past that applications for the exportation of silver were increasing and that the amounts licensed for exportation would grow greater as the difficulty of obtaining gold or securing exchange at satisfactory rates increased. The new policy will confine the exportation of silver to those necessary purposes which result from the importation of goods requisite for civil or military requirements.

Within the month ending August 10 the net outward movement of gold was \$4,376,000, as compared with a net inward movement of \$12,281,000 for the period from June 15 to July 10. Gold imports for the month, amounting to \$2,522,000 came largely from Canada and Mexico, while gold exports, totaling \$6,898,000, were consigned chiefly to Mexico and Chile.

The gain in the country's stock of gold since August 1, 1914, was \$1,074,007,000, as may be seen from the following exhibit:

[000 omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914.....	\$23,253	\$104,972	1 881,719
Jan. 1 to Dec. 31, 1915.....	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916.....	685,745	155,793	529,952
Jan. 1 to Dec. 31, 1917.....	553,713	372,171	181,542
Jan. 1 to Aug. 10, 1918.....	52,971	29,268	23,703
	1,767,637	693,630	1,074,007

<sup>1</sup> Excess of exports over imports.

Growth of interest in the use of trade acceptances and the increasing development which they are attaining in various parts of the country has brought to the Board many questions of definition and analysis in connection with this class of paper. Probably the most frequent inquiry which comes to the attention of the Board from time to time is the question whether paper representing a given kind of transaction is or is not a "trade acceptance." In answering such inquiries the Board necessarily feels obliged to make rulings based upon the legal and administrative status of the trade acceptance as inferable from the law and as laid down in the Board's own regulations. The result is unavoidably to characterize as "trade acceptances" many items of paper which may or may not be desirable as investments for Federal Reserve Banks. It must be recognized that even among those which are technically or legally "eligible" there may be many which would not be desirable as investments or as a basis for rediscount. In promoting the use of the trade acceptance it should be borne in mind that the paper whose development and growth is desired by the Federal Reserve system is fundamentally that which represents liquid commercial transactions which provide their own means of settlement at maturity. There may in individual cases be reasons for putting commercial obligations into the form of trade acceptances regardless of the liquid character of the paper thus produced. The mere fact

that such obligations have assumed a trade acceptance form does not necessarily render them desirable paper. The Board, it is true, has established and still maintains a preferential rate of rediscount in favor of trade acceptances, but this rate presupposes that paper which receives the advantage of it represents a superior type of trade paper. If it does not do so, the reason for the grant of the preferential rate disappears. It must not be forgotten that at the bottom of this whole question of commercial discounts is the character of the credit upon which the paper is based, and that the external form of the paper can not bestow the quality of liquidity unless it is inherent in the transaction itself.

The question of interpreting the meaning of section 5200, Revised Statutes, has for some time past been under consideration by the Board in connection with the use of the trade acceptance. Specifically the question most frequently raised has been whether or not advances on trade acceptances were subject to the so-called "10 per cent limitation" of the Revised Statutes whereby an advance made to any one person, firm, or corporation must not exceed 10 per cent of the bank's capital and surplus. It has been ruled that the limitation imposed by section 5200 does not apply to the discount of trade acceptances. A bank, for example, might purchase \$100,000 of trade acceptances bearing a given name, discount them with the Federal Reserve Bank, and immediately purchase a like amount of paper bearing the same name in addition. It would, however, be a serious error to conclude from this that it would be good policy to make advances on such paper because it was technically eligible, still less would it imply that a Federal Reserve Bank should, as a matter of course, be expected to make such advances. Each transaction is a matter for the exercise of banking judgment, and at this time, particularly, every effort should be made to apply rigid tests to applications for credit lest a type of paper that has great possibilities when wisely used should become a subtle instrument of credit over-expansion.



Elsewhere in this issue of the BULLETIN there is given further information with reference to the Board's work in the more systematic survey and study of business conditions, including three distinct topics—(1) wholesale prices, (2) interest and discount rates, (3) total business transactions at clearing house banks. It is hoped that by October 1 index numbers representing the progressive development of these three factors can be begun. The Board has undertaken a general program of investigation of business conditions and will extend these plans to cover methodical analysis of factors affecting the internal situation of Federal Reserve and member banks. Included in this work will be a careful statistical study of acceptances, interest and discount rates, foreign exchange, reserve percentages, developments of banking legislation, both national and State, and other related subjects. The several Federal Reserve Banks will cooperate with the Board by obtaining local data bearing upon the subjects under investigation, so that in time there will be developed in the office of each Federal Reserve agent a department of inquiry under the general supervision and direction of the Board.

In furtherance of this undertaking a new feature of the Board's statistical service has been inaugurated during the month of August in the attempt to obtain trustworthy and reliable figures showing the total volume of banking business at the various clearing house points. On August 1 the Board transmitted to all Federal Reserve Agents a letter in which it requested them to obtain from the managers of each local clearing house situated within their districts the total amount of checks paid by each member of the clearing house which was also a member of the Federal Reserve system and so far as possible to obtain parallel data from institutions not members of the Federal Reserve system but participating in local clearing house operations. The clearing house managers were furthermore asked

to obtain from their member banks reports showing the total number of checks paid by such banks for other banks. Subsequently arrangements were entered into with the clearing house section of the American Bankers' Association whereby the somewhat similar figures which have been compiled by this section in the past will be consolidated with those obtained by the Board. There is published elsewhere in this issue an account of the work heretofore done by the clearing house section, together with a brief digest of the statistics published by that section since the system of statistics referred to was first inaugurated. The Board also publishes its own returns for the weeks ending August 15, 21, and 28. This new series of figures should afford to the community a far better and more accurate knowledge of the actual volume of banking business at important clearing house centers than has been afforded by the statistics showing clearings alone. Clearing house returns have been too freely used as giving an accurate indication of the real trend and volume of business at given points from year to year. Undoubtedly they have their value, but the utility of the figures for total operations, to be compiled under the method above outlined, will be unquestionably greater both as a test of the volume of business actually transacted at one place as compared with another and as a comparison of the activity of business at one date with that existing at an earlier or later period. The Board hopes to enlarge, strengthen, and broaden its figures of this kind and to employ them in the further development of its system of business indexes.

Hon. Paul M. Warburg's membership in the Federal Reserve Board ceased on August 9, upon the expiration of the term for which he was appointed four years ago. At the time of his retirement a statement of correspondence passing between the President and Mr. Warburg on the subject was given out and is printed elsewhere in this issue. The Board, in resolu-

tions adopted on August 9, has placed on record the following expression of its appreciation of Mr. Warburg's service:

"The members of the Board, now that the term of their colleague, Hon. Paul M. Warburg, is about to expire, desire to place upon record this evidence of their high appreciation of the important and valuable services which have been rendered by him in the development and administration of the Federal Reserve system. They wish to express also their sense of personal loss in being deprived of their daily association with him and their feeling that his retirement from the Board is a serious loss to the public service.

"Mr. Warburg's thorough knowledge of national and international finance, his indefatigable and untiring industry, his masterly conception and firm grasp of the many important banking problems which have come before the Board, have placed its members under a lasting obligation to him.

"The important amendments to the Federal Reserve Act relating to reserves which have enabled the system to meet so fully all the requirements which have been made upon it during the most critical period of the Nation's financial history, and the extension of the use of bankers' and trade acceptances, are among the many important developments which have been due in a great degree to his foresight and untiring efforts.

"The Board has received from him also, especially since the entrance of our country into the war, very valuable suggestions regarding the fiscal relations of the banks to the Government, foreign exchange, regulation of gold exports, control of capital issues, and restriction of nonessential credits.

"His services can be appreciated best by those who have had the near view of colleagues. The sense of public duty, loyally and ably performed, is after all the chief reward of official life, and whatever the future may have in store for Mr. Warburg he can feel that he leaves office with the admiration, confidence, and sincere esteem of his colleagues, and with the satisfaction of knowing that he has given

valuable assistance to the Board in grasping and solving many of the momentous financial problems, both domestic and international, which have come before it."

The President on August 13 redesignated Hon. W. P. G. Harding as <sup>Change in or-</sup> governor of the Federal Reserve Board. The vacancy in the secretaryship of the Board due to the retirement of Mr. H. Parker Willis was filled by the election on August 13 of Mr. J. A. Broderick, who has been chief examiner and head of the Board's division of audit and examination since the organization of the Federal Reserve Board. A sketch of Mr. Broderick's service in the banking field is published elsewhere in this issue of the FEDERAL RESERVE BULLETIN.

### Wholesale Prices.

Arrangements have recently been completed with the United States Bureau of Labor Statistics whereby its regular index number of wholesale prices will be placed at the disposal of the Board for use each month in the FEDERAL RESERVE BULLETIN. This is one of the most comprehensive of American series, embracing at the present time some 300 commodities. The plan insures that the number will reflect accurately such changes as may occur in the existing price structure. Both raw materials and manufactured products are included. The quotations are taken as far as possible for primary markets. Standard trade journals and data supplied by other governmental bodies are supplemented by private sources of information for certain of the commodities.

The number is constructed from what is technically known as an aggregate of actual prices. The current price quotations are multiplied by the quantities of the respective commodities entering into exchange in the census year 1909, the last year for which the data required for such a system of formal weighting could be estimated. The resulting products are then added, and the total is

divided by the sum of the products obtained by multiplying the average commodity prices prevailing in the base period (which is taken as the year 1913) by the same 1909 weights for the several commodities. Thus a relative figure is secured, expressing the present price level as a percentage of that prevailing in 1913. A direct comparison of present conditions with those existing immediately prior to the outbreak of the war is obtained. Moreover, due to the technique of construction employed, the base may readily be shifted if it be desired to institute a comparison with prices existing during periods other than the base period. Complete recomputation of the number is unnecessary. A full description of the methods employed in the construction of the index number is contained in Bulletin No. 181 of the United States Bureau of Labor Statistics, pages 239 to 256.

Price fluctuations, however, present extreme diversity. The prices of some commodities rise, the prices of others remain constant, while the prices of still others fall. Hence it is desirable to analyze more fully changes in prices which have occurred. This has led to the practice of grouping the commodities which are represented in the final index number, and of calculating separate index numbers for the several groups. Besides its final number the Bureau of Labor Statistics publishes separate numbers for nine particular classes of commodities, viz, farm products, foodstuffs, cloths and clothing, fuel and lighting, metals and metal products, lumber and building materials, drugs and chemicals, house-furnishing goods, and a miscellaneous class. This grouping, while illuminating for certain purposes, is however not the most satisfactory for the study of business conditions. Accordingly a regrouping into raw materials, composed of farm, animal, forest and mineral products, producers' goods, such as steel rails, copper wire and cotton yarn, and consumers' goods, such as flour and beef, was made. Each of the classes enumerated shows distinctive characteristics in its price fluctuations, raw materials, e. g., being more sensitive in normal times than manufactured

products. On this ground index numbers of wholesale prices have often been confined to the first-named class of goods. The present method of presentation, however, will have the advantage of showing movements in the prices of the particular classes of commodities enumerated as well as in the general level of prices, and hence make possible a more intelligent appraisal of the entire price situation. The Bureau has kindly consented to place at the disposal of the Board such of the data it employs as will be required in the construction of the index numbers for the several groups of commodities enumerated above. The technical method of construction is the same as that employed by the Bureau in the case of the final number, as described above.

In addition to these index numbers, it is planned to publish also actual and relative figures for a selected list of the more important basic commodities. Current quotations will again be expressed as percentages of average prices prevailing in 1913. The commodities included will be chosen from the raw materials and producers' groups mentioned above. Affording as they do direct evidence of the price movements of individual basic commodities, these data should prove a valuable adjunct to the index numbers showing the price movements of the several groups of commodities just mentioned.

The following correspondence between Governor Harding and Commissioner Meeker will explain the basis for the Board's price index material:

AUGUST 16, 1918.

DEAR SIR: The Federal Reserve Board has in contemplation the preparation of a series of indexes of general business conditions, including an index number of wholesale prices. It has been noted that the Bureau of Labor Statistics has recently begun the preparation monthly of its regular wholesale prices index number. In order to avoid duplication of work along the same lines by the Federal Reserve Board, it would be desirable to have for use in our BULLETIN the monthly index figures computed by your office, and respectful inquiry is made whether figures for the month immediately preceding can be had on or about the 20th of each month for publication in the FEDERAL RESERVE BULLETIN on or about the first of the month following.

What the Board desires to get are (1) the general index number for the total number of commodities, also (2) the

figures for prices multiplied by weights for a selected list of individual commodities, and (3) absolute and relative prices for a limited number of individual commodities. In case there is no objection to the use and publication in the *FEDERAL RESERVE BULLETIN* of these data, we shall send our man to your office each month to secure the figures, unless you prefer to mail us regularly each month the respective data in time for publication in our monthly *BULLETIN*.

Respectfully,

(Signed) W. P. G. HARDING,  
Governor.

Dr. ROYAL MEEKER,  
U. S. Commissioner of Labor Statistics,  
Washington, D. C.

U. S. DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
August 17, 1918.

Mr. W. P. G. HARDING, Governor,  
Federal Reserve Board, Washington, D. C.

DEAR SIR: The receipt is acknowledged of your letter of the 16th inst. inquiring if the monthly index number of wholesale prices computed by this Bureau, together with certain other data relating thereto, can be furnished to you by the 20th of each month for publication in the *FEDERAL RESERVE BULLETIN* on or about the first of the month following.

I shall be very glad to furnish this information to you in the manner and for the use suggested. Recently, owing to the congestion of work in the Government Printing Office, the *Monthly Labor Review* in which the index number is published has not been available for distribution until some days after the 7th. There is no objection, however, to your publishing the index number in advance of its publication by this Bureau provided its source is clearly stated in your *BULLETIN*.

It will be agreeable to me for your man to call at the Bureau for the information on or about the 20th of each month. I am,

Very truly yours,  
(Signed) ROYAL MEEKER,  
Commissioner of Labor Statistics.

### Discount and Interest Rates.

In the accompanying tables are presented actual discount and interest rates prevailing in the various cities in which the several Federal Reserve Banks and their branches are located during the 30-day periods ending July 15 and August 15, 1918. Quotations are given for prime commercial paper, both customers' and open market purchases, interbank loans, bankers' acceptances, and paper secured by

prime stock exchange or other current collateral. Separate rates are quoted for paper of longer and shorter maturities in the first-named and last-named classes. In addition rates are quoted for paper of local importance such as cattle paper in several of the western districts. High, low, and customary rates are given, the latter representing the rates at which the bulk of the several classes of paper was discounted or purchased. Quotations were secured through the Federal Reserve Banks and their branches, and care has been exercised to insure that the data will be upon a fairly comparable basis. Quotations will be found incomplete in certain cases, but it is hoped to lessen the number of such omissions in future reports. The tabular presentation employed will permit a ready comparison between rates prevailing in different sections for the same type of paper, as well as between rates prevailing in the same section for different types of paper.

Data concerning the rates for the several classes of paper prevailing in these same cities during 30-day periods ending on the 15th of the month for the years 1911, 1912, and 1913 are now being gathered. It is proposed to express current quotations as percentages of the averages of quotations for the same periods in each of the three earlier years. An average will be struck, for example, of the rates for a particular class of paper prevailing during the 30-day periods ending July 15, 1911, July 15, 1912, and July 15, 1913, and the quotation for the 30-day period ending July 15, 1918, expressed as a percentage of the average rate prevailing during the earlier periods. By the use of this method allowance will be made for seasonal variations in rates, and accurate comparisons will be rendered possible between present rates and those prevailing prior to the inauguration of the Federal Reserve system and the opening of the present war. The comparisons will of course necessarily be somewhat crude in certain cases, as interest rates at times are sluggish in their movements, and when changes occur these are often not so slight in amount in comparison with the rates

themselves as is the case with other data for which relative figures are computed. A 1 per cent change in a 6 per cent interest rate is relatively much greater than a change of 1 cent in the price of a pound of cotton costing 30 cents. The same objection would, however, apply in many cases to the computation of relative figures for commodity prices as against security prices, or retail as against wholesale prices, and it is not believed that the objection which in certain cases may be raised is serious enough to impair the usefulness of relative figures of interest rates.

Instructions supplementary to those of July 17 were issued in a general letter dated August 30, as follows:

Analysis of the reports of discount and interest rates prevailing in the several Federal Reserve and Federal Reserve branch cities during the 30-day periods ending July 15, 1918, and August 15, 1918, shows that it is desirable to supplement in certain particulars our circular letter X-1068, dated July 17, and our letter of August 2.

It is very important that the data be upon strictly a comparable basis. May we, therefore, ask that before transmitting the report to this office you kindly compare the current report with the previous week's report and verify any striking changes which may appear. Please also bear in mind that the data from each Federal Reserve Bank and branch are to be confined to rates prevailing in the respective city only, and not in the entire district, nor should they include rates on loans in outside cities by banks in the city for which the report is made. The local rate for each class of paper is desired, not the rate secured elsewhere, as, for instance, in New York on loans temporarily

made there. Kindly eliminate rates charged infrequently on loans for small amounts, which rates do not actually represent charges for prime paper, but include a considerable risk element as well.

Rates on prime member bank acceptances eligible for rediscount at the Federal Reserve Bank are desired in class 4-B. In certain of the centers in which this class of paper is actively dealt in it should be possible to secure separate quotations for indorsed and unindorsed bankers' acceptances, and we would request again that you endeavor to secure such quotations. Under the head of special types of paper reported in class 7, it appears that there are two classes for which quotations should be given if such paper is current locally, namely, commodity paper secured by warehouse receipts, etc., and cattle paper. In addition to the rates for which current information is sent, it would be desirable to have also information regarding rates charged during the 30-day period for paper secured by Liberty bonds and certificates of indebtedness.

Between July and August of the present year there has been in general a slight movement upward in interest rates. This may be remarked not only for certain of the great eastern centers, such as New York and Boston, but also for Kansas City and San Francisco. In certain cases the customary rates show a higher level, in others the low or the high rate for the month has risen. On the other hand, there are a smaller number of cases of decline in rates for particular classes of paper, while a considerable number of centers show rates unchanged from the level prevailing during the 30-day period ending July 15.

## Discount and interest rates prevailing in various centers.

DURING 30-DAY PERIOD ENDING JULY 15, 1918.

District.	City.	Prime commercial paper.								Interbank loans.	Bankers' acceptances, 60 to 90 days.			Collateral—Stock Exchange or other current.					Cattle loans.	Secured by warehouse receipts, etc.							
		Customers.				Open market.					Indorsed.			Unindorsed.			Demand.				3 months.			3 to 6 months.			
		30 to 90 days.			4 to 6 months.	30 to 90 days.			4 to 6 months.																		
No. 1.	Boston.	H. L. C.	6 5½ 6	H. L. C.	6 5½ 6	H. L. C.	6 5½ 6	H. L. C.	6 6 6	H. L. C.	6 5 5½	H. L. C.	4½ 4½ 4½	H. L. C.	4½ 4½ 4½	H. L. C.	6 5½ 5½	H. L. C.	6 5½ 6	H. L. C.	6 5½ 6						
No. 2.	New York.	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 6 6	5½ 5 5	5½ 5 5	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	6 3½ 6	6 5½ 6	6 5½ 6	6 5½ 6							
No. 3.	Philadelphia.	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5½ 5½	6½ 5½ 6	6½ 5½ 6	6½ 5½ 6	6 6 6	6 5 5½	6 5 5½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	6 6 6	6 6 6	6 6 6	6 6 6							
No. 4.	Cleveland.	6 5 6	6 5 6	6 5 6	6 5 6	6 6 6	6 6 6	6 6 6	6 6 6	5 5 5	5 5 5	4½ 4 4	4 4 4	4 4 4	4 4 4	4 4 4	6 5 6	6 5 6	6 5 6	6 5 6							
	Pittsburgh.	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6				6 6 6			
	Cincinnati.	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6½ 6 6	6½ 6 6	6 5 6	6 5 6	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	7 6 6	7½ 6 6	7½ 6 6	8 6 6							
No. 5.	Richmond.	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 5½ 6	6 5½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6							
	Baltimore.	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	5½ 5½ 5½	5½ 5½ 5½	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6							
No. 6.	Atlanta.	6½ 5½ 6	6½ 5½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 5½ 5½	6 5½ 5½	5½ 5½ 5½	5½ 5½ 5½	5½ 5½ 5½	5½ 5½ 5½	5½ 5½ 5½	6 5½ 6	6½ 5½ 6	6½ 5½ 6	6½ 5½ 6				6 6 6			
	Birmingham.	7 6 6	7 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	7 6 6	8 6 7	8 6 7	7 6 6				7 6 6			
	Jacksonville.	7 6 7	7 6 7	7 6 7	7 6 7	6½ 6 6½	6½ 6 6½	6½ 6 6½	6½ 6 6½	6 4½ 6	6 4½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	7 6 7	7 7 7	7 7 7	7 7 7				7 6 6			
	New Orleans.	7 5 6	7 5 6	7 5½ 6	7 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 5 5½	6 5 6	8 5 6	8 5 6	8 5 6				7 5 6			
No. 7.	Chicago.	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 5½ 6	6 5½ 6	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	6 5½ 6	6 6 6	6 6 6	6 6 6							
	Detroit.	6 4½ 5	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	4 3½ 4	4 3½ 4	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5 6	6 4½ 6	6 4½ 6	6 4½ 6							
No. 8.	St. Louis.	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5½ 5½	6 5½ 5½	6½ 5½ 6	6½ 5½ 6	6½ 5½ 6	6½ 5½ 6							
	Louisville.	6 5 6	6 5 6	6 5 6	6 5 6	6 6 6	6 6 6	6 6 6	6 6 6	6 5 6	6 5 6	6 5 6	6 5 6	6 5 6	6 5 6	6 5 6	6 5 6	6 5 6	6 5 6	6 5 6							
No. 9.	Minneapolis.	6 5½ 6	6 5½ 6	7 6 6½	7 6 6½	6 6 6	6 6 6	6½ 6 6	6½ 6 6	6½ 5½ 6	6½ 5½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6							
No. 10.	Kansas City.	7 5 6	7 5 6	7 5 6	7 5 6	6 6 6	6 6 6	6 6 6	6 6 6	6 5 6	6 5 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	8 5 6	8 6 6	8 6 6	8 6 6				8 6 7			
	Omaha.	7 5 6	7 5 6	7 5 6	7 5 6	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	8 6 6	8 6 6	8 6 6				8 6 6			
	Denver.	8 5 6	8 5 6	8 5 6	8 5 6	6 6 6	6 6 6	6 6 6	6 6 6	7 5½ 6	7 5½ 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	8 5½ 6	8 5½ 6	8 5½ 6	8 5½ 6				8 6 6			
No. 11.	Dallas.	8 6 6	8 6 6	8 7 7	8 7 7	6 6 6	6 6 6	6 6 6	6 6 6	6 5 6	6 5 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	7 6 6	7 6 6	7 6 6	7 6 6				10 6 8			
	El Paso.	8 6 8	8 6 8	8 6 8	8 6 8	6 6 6	6 6 6	6 6 6	6 6 6	7 6 7	7 6 7	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	8 8 8	8 8 8	8 8 8	8 8 8				10 8 8			
No. 12.	San Francisco.	6 5 5½	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 5½ 6	6 6 6	6 6 6	6 5 5	6 5 5	5 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	6 5 6	6 5 6	6 5 6	6 5 6							
	Portland.	7 6 6	7 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	7 6 6	7 6 6	7 6 6	7 6 6							
	Seattle.	8 5 6	8 5 6	6½ 6 6	6½ 6 6	6½ 6 6	6½ 6 6	6 6 6	6 6 6	6 6 6	6 6 6	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	4½ 4½ 4½	8 5 8	8 5 8	8 5 8	8 5 8							
	Spokane.	8 6 7	8 6 7	8 6 7	8 6 7	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6	6 6 6						8 5 8	8 6 8	8 6 8	8 6 8							

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**Retirement of Hon. Paul M. Warburg.**

Below is reprinted a statement, given out on August 9 at the time of the retirement of Hon. Paul M. Warburg, member of the Federal Reserve Board, whose term then expired, of correspondence passing between the President and Mr. Warburg:

WASHINGTON, *May 27, 1918.*

On August 9 my four-year term of office as a member of the Federal Reserve Board will expire. I do not know whether or not, under the constant burden of grave and pressing decisions, you have reached the point where you wish to deal with the question of naming my successor or whether or not you contemplate to have me continue in this work. Nor would I presume to broach this question were it not that I felt that in consequence of recent occurrences it has become one of policy rather than of personalities.

Certain persons have started an agitation to the effect that a naturalized citizen of German birth, having near relatives prominent in German public life, should not be permitted to hold a position of great trust in the service of the United States. (I have two brothers in Germany who are bankers. They naturally now serve their country to the utmost of their ability, as I serve mine.)

I believe that the number of men who urge this point of view is small at this time. They probably have not a proper appreciation of the sanctity of the oath of allegiance or of the oath of office. As for myself, I did not take them lightly. I waited 10 years before determining upon my action, and I did not swear that "I absolutely and entirely renounce and abjure all allegiance and fidelity to any foreign potentate, and particularly to Wilhelm II, Emperor of Germany," etc., until I was quite certain that I was willing and anxious to cast my lot unqualifiedly and without reserve with the country of my adoption and to defend its aims and its ideals.

These are sad times. For all of us they bring sad duties, doubly hard, indeed, for men of my extraction. But, though, as in the Civil War, brother must fight brother, each must follow the straight path of duty, and in this spirit I have endeavored to serve during the four years that it has been my privilege to be a member of the Federal Reserve Board.

I have no doubt that all fair-minded and reasonable men would consider it nothing

short of a national disgrace if this country, of all countries, should condone or indorse the attitude of those who would permit the American of German birth to give his all but would not trust him as unreservedly and as wholeheartedly as he, for his part, serves the country of his adoption. Unfortunately, however, in times of war we may not always count upon fair reasoning. It is only too natural that, as our casualty lists grow, bitterness and indiscriminating suspicion will assert themselves in the hearts of increasing numbers, even though these lists will continue to show their full proportion of German names.

Much to my regret, Mr. President, it has become increasingly evident that should you choose to renominate me this might precipitate a harmful fight which, in the interest of the country, I wish to do anything in my power to avoid and which, even though resulting in my confirmation, would be likely to leave an element of irritation in the minds of many whose anxieties and sufferings may justify their intense feelings. On the other hand, if for reasons of your own, you should decide not to renominate me it is likely to be construed by many as an acceptance by you of a point of view which I am certain you would not wish to sanction. In these circumstances, I deem it my duty to state to you myself that it is my firm belief that the interest of the country will best be served if my name be not considered by you in this connection.

I am frank to admit that I have reached this conclusion with the deepest regret both on account of its cause and its effect. I have considered it the greatest privilege to serve my country at this time, and I do not abandon lightly a work, half done, in which I am deeply and genuinely interested. But my continuation in office under present conditions might make the Board a target of constant attack by unscrupulous or unreasoning people, and my concern to save any embarrassment to you and to the Board in the accomplishment of its work would make it difficult for me to conserve that independence of mind and freedom of action without which nobody can do justice to himself or his office.

In writing you this letter I have been prompted solely by my sincere conviction that the national welfare must be our only concern. Whatever you may decide to be best for the country will determine my future course. We are at war, and I remain at your orders.



May your patience and courage be rewarded and may it be given to you to lead our country to victory and peace.

Respectfully and faithfully yours,  
(Signed) PAUL M. WARBURG.

The PRESIDENT,  
*The White House,*  
*Washington.*

9 AUGUST, 1918.

MY DEAR MR. WARBURG: I hope that my delay in replying to your letter concerning your retirement from the Federal Reserve Board has not given you an impression of indifference on my part or any lack of appreciation of the fine personal and patriotic feeling which made that letter one of the most admirable and gratifying I have received during these troubled times. I have delayed only because I was hoping that the Secretary of the Treasury would be here to join me in expressing the confidence we both feel, alike in your great ability and in your unselfish devotion to the public interest.

Your retirement from the Board is a serious loss to the public service. I consent to it only because I read between the lines of your generous letter that you will yourself feel more at ease if you are left free to serve in other ways.

I know that your colleagues on the Board have not only enjoyed their association with you, but have also felt that your counsel has been indispensable in these first formative years of the new system which has served at the most critical period of the Nation's financial history to steady and assure every financial process, and that their regret is as great as my own that it is in your judgment best now for you to turn to other methods of service. You carry with you in your retirement from this work to which you have added distinction, my dear Mr. Warburg, my sincere friendship, admiration, and confidence, and I need not add, my cordial good wishes.

Cordially and sincerely yours,

(Signed) WOODROW WILSON.

Hon. PAUL M. WARBURG,  
*Federal Reserve Board.*

#### Change in Secretaryship of the Board.

The following statement for the press, issued to the morning newspapers on August 14, 1918, announces the appointment of Mr. J. A. Broderick as secretary of the Board:

Effective September 1, 1918, Mr. J. A. Broderick has been appointed secretary of the Federal Reserve Board to succeed Dr. H. Parker Willis, resigned to accept the chair of banking at Columbia University, New York. Mr. Broderick has been acting as secretary of the Board since August 6.

Upon the organization of the Board in 1914, Mr. Broderick became chief examiner and has been in charge of all examinations of Federal Reserve Banks since that time. Prior to joining the Federal Reserve organization Mr. Broderick was connected with the Banking Department of the State of New York, where he rendered conspicuous service in introducing a system of foreign exchange department examinations. In this connection, in 1912, he went to Europe and was the first American official to examine banking branches abroad. During the same year he organized the credit bureau of the State Banking Department. He is a member of the New York Credit Men's Association and has been active in the affairs of the National Association of Supervisors of State Banks, of which organization he is an honorary member. He has also been prominent in the educational activities of the American Institute of Banking.

#### Election of Directors.

The Federal Reserve Board on August 6 appointed Mr. Jesse E. Metcalf, of Providence, R. I., as a class C director of the Federal Reserve Bank of Boston.

At an election held by the Boston bank Mr. Philip R. Allen, of Walpole, Mass., was chosen as a class B director to fill the vacancy caused by the resignation of Mr. Chas. B. Morss, who some time ago was elected governor of the bank.

On August 8 the Federal Reserve Board designated Mr. P. H. Saunders, of New Orleans, as a director of the New Orleans branch of the Federal Reserve Bank of Atlanta.

The completion of the organization of the Memphis branch of the Federal Reserve Bank of St. Louis was announced on August 8. The directors appointed are as follows: Appointed by the Federal Reserve Board: T. K. Riddick and S. E. Ragland. Appointed by the Federal Reserve Bank: R. Brinkley Snowden, John D.

McDowell, and John J. Heffin. Mr. Heffin was designated as manager of the bank.

#### Silver at \$1.01 1-2 Per Ounce.

The following announcement was issued by the Treasury Department on August 10:

Under the authority of the act of Congress approved April 13, 1918, silver has been sold by the Secretary of the Treasury at a price which will permit the Treasury from new purchases of a corresponding amount of silver at the price of \$1 per fine ounce to recoin the silver purchased into silver dollars without loss. In order to provide for the various items of expense involved it was found necessary to fix the price for which silver was sold at \$1.01½ per fine ounce, and it was made a condition of sale that the purchaser should not pay a higher price for silver in other markets than in those of the United States.

Up to the present time the Federal Reserve Board has freely granted licenses for the export of silver. In order, however, to conserve the use of silver, export licenses for silver will hereafter be granted only for civil or military purposes of importance in connection with the prosecution of the war and only in cases where the exporter certifies that the silver to be exported has been purchased at a price which does not directly or indirectly exceed \$1.01½ per ounce one thousand fine, at the point where silver is refined in the case of silver refined in the United States or at the point of importation in the case of imported silver. Applications for licenses to export silver should also state from whom the silver was purchased, the point at which silver was delivered to purchaser, for whose account and by whose order and for what purpose the silver is to be exported.

#### Foreign Banking Development.

The following statement, supplied by the Asia Banking Corporation, is published pursuant to the Board's plan announced in the August number of the *FEDERAL RESERVE BULLETIN* of furnishing as complete data as possible relative to developments in the extension of American banking facilities in foreign countries:

On Friday, August 9, 1918, there was issued the announcement of the Asia Banking Corporation that its

organization has been completed by the election of officers, and that a head office would be opened presently at No. 66 Liberty Street. The company proposes to engage in international and foreign banking in China, in the dependencies and insular possessions of the United States, and, ultimately, in Siberia.

Charles H. Sabin, president of the Guaranty Trust Co. of New York, is president of the new company. The vice presidents are Albert Breton, vice president of the Guaranty Trust Co., and Ralph Dawson, assistant secretary of the Guaranty Trust Co. Robert A. Shaw, of the Overseas Division of the Foreign Department of the Guaranty, is the treasurer. The directors are Charles H. Sabin, Seward Prosser, president of the Bankers' Trust Co.; Thatcher M. Brown, of Brown Bros. & Co., who will represent the interest of the Mercantile Bank of the Americas; Eugene W. Stetson and Albert Breton, vice presidents of the Guaranty Trust Co. of New York; F. I. Kent, vice president of the Bankers' Trust Co.; Ralph Dawson, Herbert Fleishhacker, president of the Anglo and London-Paris National Bank, San Francisco, Cal.; M. F. Backus, president of the National Bank of Commerce, Seattle, Wash.; C. F. Adams, vice president of the First National Bank, Portland, Oreg.; and George E. Smith, president of the Royal Typewriter Co. and of the American Manufacturers Export Association, New York.

Preparations are being made to open branches in China, and as a preliminary step a central branch will be established at Shanghai. With that object in view a special commission will be sent into the Far East by the Asia Banking Corporation. This commission will be headed by William C. Lane, vice president of the Guaranty Trust Co. of New York; Mr. Dawson, Crawford M. Bishop, former director of the Far Eastern Division of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce; and other representatives of the company who are to be stationed permanently in China. The commission will visit Japan and will make a survey of local conditions in that country as well as in China. The commission expects to leave this country early in September.

The Asia Banking Corporation was formed under the laws of New York State with a capital of \$2,000,000 and a surplus of \$500,000, all of which has been paid in. Among the stockholders are the Guaranty Trust Co. of New York, the Bankers' Trust Co., the Mercantile Bank of the Americas, the Anglo & London-Paris National Bank of San Francisco, the First National Bank of Portland, Oreg., and the National Bank of Commerce of Seattle, Wash. In New York the bank will occupy the second floor at No. 66 Liberty Street. Present plans contemplate the establishment of branches in Hankow, Peking, Tientsin, Harbin, and Vladivostok. When the Russian situation clears the new bank will be ready to establish itself in Russia and Siberia or to affiliate itself with old or new Russian banks. The company is prepared to increase its capital according to requirements.

### Remittances and Clearings.

During the month of August three interesting developments have occurred in connection with the further working out of the system of clearances and remittances under the Federal Reserve system and among the affiliated institutions. These are (1) the extension of the Federal Reserve exchange draft system; (2) the adoption of regulations by the New York Clearing House governing the clearing and collection of acceptances; and (3) the establishment of an informal agreement among member banks relative to the reimbursement of banks by their clients for the face of acceptances liquidated by such banks.

#### FEDERAL RESERVE EXCHANGE DRAFTS.

The following is the report of a meeting of representatives of Federal Reserve Banks held at the Treasury Department on August 7, at which certain recommendations relative to Federal Reserve exchange drafts were formulated:

At a meeting held in the Treasury Department Building in the Board room of the Federal Reserve Board, August 7, 1918, at which the following were present: Mr. M. J. Fleming, assistant cashier, Federal Reserve Bank, Cleveland; Mr. S. H. Hendricks, cashier, Federal Reserve Bank, New York; Mr. Pierre Jay, Federal Reserve agent, New York; Mr. F. J. Carr, assistant cashier, Federal Reserve Bank, Chicago; Mr. Charles A. Peple, deputy governor, Federal Reserve Bank, Richmond; Mr. Thomas Gamon, jr., assistant cashier, Federal Reserve Bank, Philadelphia; Mr. C. C. Bullen, cashier, Federal Reserve Bank, Boston.

It is recommended to the Federal Reserve Board that the limit for the drawings of Federal Reserve exchange drafts be increased from \$250 to \$5,000 and that Federal Reserve Banks holding Federal Reserve exchange drafts of other Federal Reserve Banks be permitted to deduct such Federal Reserve exchange drafts from the total credits reported to the Federal Reserve Board in the gold settlement fund each day.

In order to bring about a daily settlement for clearing house items, it is recommended that all Federal Reserve Banks give immediate credit for clearing house items the day received from other Federal Reserve Banks, without regard to the time of day received, inasmuch as the balance so created is reported to the gold settlement fund at the close of business but is really settled the following day when the checks have been collected.

It is voted that the Federal Reserve Board be asked to cause a more detailed analysis of the "float" situation in

each Federal Reserve Bank to be made, for such period as the Board may deem advisable, in order that there may be a more exact knowledge as to what constitutes a large amount of "float" now appearing in the statement of the Federal Reserve system and in order that each Federal Reserve Bank may study in a more detailed way methods of eliminating its own "float."

Subsequent to the meeting referred to above Governor Harding on August 12 sent to Federal Reserve Banks the following letter:

At the suggestion and upon invitation of the Federal Reserve Bank of Cleveland, an informal meeting was held on August 7 at the office of the Federal Reserve Board to discuss Federal Reserve exchange drafts. The meeting was attended by representatives of six Federal Reserve Banks. The recommendations made, a copy of which is inclosed with this letter, have been considered and approved by the Board.

(1) *Federal Reserve exchange drafts.*—Effective September 3, the limit of drawings of such drafts shall be increased from \$250 to \$5,000. Federal Reserve Banks paying exchange drafts of other Federal Reserve Banks will be permitted to deduct the amount paid from the total credits reported in the gold settlement clearing for the day. The daily transcript, forwarded to each Federal Reserve Bank, should show the items credited for the day and a deduction therefrom of the exchange drafts paid for its account. The net credit should agree with the figures reported in the gold settlement clearings.

(2) The Board deems it desirable for the Federal Reserve Banks to adopt the recommendation of the committee that all Federal Reserve Banks give immediate credit for clearing-house items on the day such items are received from other Federal Reserve Banks, the balances so credited to be included in the credit balances reported for settlement through the gold fund clearings. The actual payment for such balances would then be made on the same day as settlement is received by the paying Federal Reserve Bank for the checks and other items it collects.

(3) With respect to the recommendation that a more detailed analysis be made of the "float" situation (i. e., the extent to which immediate credit has been given upon uncollected items), there is inclosed herewith a memorandum prepared by the statistical division based upon the information which it has at hand. The Board is willing to have a more detailed study of this question made, but to do so will require a call for the necessary data from each Federal Reserve Bank, and it is believed that such study could best be made at the different Federal Reserve Banks.

#### ACTION OF NEW YORK CLEARING HOUSE.

Important action taken by the New York Clearing House Committee will permit bankers' acceptances and notes made payable at clearing

banks to be cleared through the exchanges on the day of maturity, so that final payment is made on the due date. This supplants the long-established custom of presenting such items at maturity and receiving either certification thereof or checks, final payment thus being delayed for one day after maturity.

The new practice will result in the elimination of a substantial amount of one-day "float," which is in line with the Federal Reserve Board's endeavors to reduce as far as possible the extent to which banking resources are absorbed in carrying items matured but not yet paid.

Following is a copy of the Clearing House Committee's announcement of July 29:

DEAR SIR: As you are aware, it has not been the custom to include notes and acceptances in the daily exchanges, although such items are recognized as proper material for the exchanges by the terms of sections 2 and 6 of Article X of the constitution.

In view of the rapidly increasing employment of acceptances in commercial transactions, and with intent to increase as much as possible the usefulness of the clearing function, the Clearing House Committee has this day removed the restriction heretofore placed upon notes and acceptances, and you are therefore advised that on and after August 1, 1918, notes and acceptances may be sent through the morning clearings on the day of due date.

Your attention is particularly directed to the requirements of Article X that all mis sent items must be returned by hand.

By order.

WALTER E. FREW,  
*Chairman Clearing House Committee.*

WILLIAM J. GILPIN, *Manager.*

#### JOINT ACTION BY BANKS.<sup>1</sup>

As just seen, by resolution dated July 29, 1918, effective August 1, 1918, the New York Clearing House Committee ruled that notes and acceptances may be sent through the morning clearings on the day of maturity.

Prior to that time it had been the custom among New York banks to pay acceptances upon presentation by cashier's check or by certifying the acceptance, making it payable through the clearing house. By either method the acceptance was paid through the clearing

house on the morning following its maturity. The aforementioned ruling of the New York Clearing House thus advances the date of payment by one day.

While it was universally felt that the ruling of the clearing house was desirable, it created the necessity of the member banks amending their arrangements with their clients with respect to the time and method of reimbursement.

Under the old method New York banks had become accustomed to a large extent to receive reimbursement from their clients, for whose account the acceptances were made, on the day of maturity. The clients generally paid their obligation to the bank by means of their check on another bank or by debit on the books of the accepting bank. If payment was made by check, the check went through the clearing house on the day following maturity; that is, on the same day that the acceptance or the cashier's check given in payment of the acceptance, passed through the clearing house. If the acceptance was paid to the accepting bank by its client by debit entry on its books, such debit entry was generally offset by deposits the client had made on the same day of items that passed through the clearing house the following day. In either event, therefore, the accepting bank received actual cash funds from its clients, on the day the acceptance which had been certified for payment or the cashier's check (if payment was made by cashier's check) passed through the clearing house.

The ruling of the clearing house, however, made the acceptance payable in cash on the day of its maturity and this necessitated a readjustment of the manner in which banks will receive reimbursement from their clients.

At a meeting of the leading banks of New York City, Boston, Philadelphia, Chicago, and other cities, held at the National Bank of Commerce in New York on August 14, 1918,<sup>1</sup> the following resolutions were adopted:

Whereas, the Clearing House Committee of the New York Clearing House Association by resolution adopted July 29, 1918, effective August 1, 1918, has ruled that

<sup>1</sup> Statement furnished by J. E. Rovensky, vice president National Bank of Commerce.

<sup>1</sup> Mr. J. E. Rovensky, chairman.

acceptances may be passed through the clearings on the day of their maturity, and

Whereas, it has therefore become necessary that banks executing acceptances which are payable through the New York Clearing House adopt some uniform rule covering the time and manner of reimbursement from their clients for such acceptances;

*Resolved*, that the accepting bank shall require from its clients that it be placed in funds to meet acceptances on day of maturity either by—

(a) The deposit of clearing house funds one day prior to maturity, or

(b) The deposit of cash or check on the Federal Reserve Bank of New York on day of maturity, or

(c) Debit to the account of the bank's client on day of maturity against funds cleared on or prior to such date."

The above rules are similar to those followed by English banks which require that all maturities be covered at least one clearing day prior to the maturity of the respective acceptance.

### Reports of Total Bank Transactions.

The Federal Reserve Board has for some time past felt that the figures for clearing-house transactions currently issued afforded only an inadequate view of actual business and banking transactions at the several points throughout the country to which they related, and has desired to obtain a better indicator of the volume and relative importance of business transactions. To this end it has devised a plan for obtaining figures showing total bank transactions, announcing the essentials of the new scheme in a statement issued to the press on August 1, as follows:

The Federal Reserve Board to-day decided to undertake the collection of statistics designed to furnish an accurate and trustworthy index of the volume of banking business at the various clearing-house points throughout the country. It transmitted to each Federal Reserve Bank a letter requesting that the manager of each clearing house in the district be asked to obtain from each of the members of such clearing house figures showing, for each week, the total of checks drawn on and paid by each reporting bank, separating those drawn by individuals, firms, corporations, and the United States Government under one head and those drawn by other banks and bankers under a second head.

It is intended to have these figures telegraphed each week to the chairmen of the board of directors of each Federal Reserve Bank of each district, who will then

transmit the combined returns to the Federal Reserve Board. In this way reports showing the actual volume of business at clearing-house points will be obtained. Present clearing-house returns show only the total of checks which actually pass through the clearing house and thus fail to take account of the large volume of checks which are settled through the individual member banks. They also lack uniformity in that outside items are included in some cases.

Simultaneously with the publication of this statement there was transmitted to each Federal Reserve agent a letter outlining the method to be pursued in obtaining the statistics for total bank transactions as follows:

The Federal Reserve Board is desirous of obtaining accurate and trustworthy statistics showing the relative volume of banking business at various points, and to this end it incloses you herewith draft of a letter which it wishes you to send to the manager of each of the clearing houses in your district. The letter will be self-explanatory as to the procedure to be followed up to the time reports are received by you from the several clearing-house points. When these reports have been received they should be tabulated and a message giving the replies from each clearing-house point should be telegraphed to the Federal Reserve Board, Division of Analysis and Research, on Saturday morning of each week. In view of the importance of the information desired, it is recommended that each Federal Reserve Bank bear the cost of all telegrams transmitted to it by clearing-house managers.

[Inclosure.]

DEAR SIR: The Federal Reserve Board desires to obtain figures showing as nearly as possible the actual volume of banking business transacted at the various clearing-house points throughout the country. At present, the "exchanges for clearing house" as currently reported, do not always furnish an accurate index to the volume of business at any given point, as they include only those checks which pass through the clearing house.

You are therefore requested to obtain from each of the members of your clearing house figures showing for a period beginning Friday, August 9, and ending at close of business Thursday, August 15, and for each weekly period Friday to Thursday thereafter, the total of checks drawn on and paid by each reporting bank:

(a) By individuals, firms and corporations, and the United States Government.

(b) By other banks and bankers.

(Drafts and checks on other banks are not to be included.)

The figures thus obtained should be telegraphed as combined totals on Friday of each week to the chairman of the board of directors of the Federal Reserve Bank of this district. If, however, there are members of your clearing house who are not members of the Federal Reserve System and who object to furnishing the data called for, you will please forward totals of the returns actually received by you from assenting banks, adding the names of banks which do not report.

The Federal Reserve Board will appreciate your attention to this inquiry.

On August 30 the following letter was sent to Federal Reserve agents and to such of the branches as carry deposit accounts:

Analysis of the data received for the past two weeks makes it desirable to supplement our circular letter X-1100, dated August 1, and subsequent telegrams, relating to returns by clearing-house managers of checks paid by their member banks, also our instructions regarding weekly telegrams from the several Federal Reserve Banks of total debits to member banks' and Government accounts.

There is inclosed herewith copy of letter which is being sent to the several clearing-house managers from whom it is desired to secure reports, with the view of securing greater uniformity in the returns, and placing the data upon a strictly comparable basis. This letter is thought to be self-explanatory.

It is also thought desirable to eliminate certain of the smaller clearing-house centers from which reports have been received. Accordingly a list of the centers in your district from which it is desired to secure weekly returns is given below. Kindly use your best efforts to secure the information for such cities on the list as do not at present report, in addition to those cities for which you have been able to secure the weekly data.

(List of clearing-house points appropriate to each district.)

Any suggestions with regard to the above list will be welcome.

Confirmation of the telegrams received after the last statement was issued have shown that several errors occurred in transmission. It is believed desirable, therefore, to have separate totals for both classes of items given, so as to enable this office to discover such errors immediately, and take the necessary steps to ascertain the correct figures. In order to avoid any misunderstanding, the following standard form of telegram has been devised. Kindly state figures in even thousands and use numerals, also if no report is received for a city on the list, please so specify. Please give by name nonreporting banks in cities for which incomplete returns are being forwarded. It is suggested that you use this form in obtaining the information from the several clearing-house managers:

MEMBERS' CLEARING-HOUSE REPORT.

Debits to individual account.  
Debits to banks' and bankers' account.  
Total.

FEDERAL RESERVE BANKS.

Debits to bank account.  
Debits to Government account.  
Total.

There has been some misunderstanding as to the items to be included in the reports of debits by the Federal Reserve Bank and branches. These have been stated as follows:

(a) All debits to accounts carried by the Federal Reserve Bank or branch, exclusive of Government account, and created either by checks or written or telegraphic order, and

(b) All debits, including checks paid, on United States Treasurer's account.

These figures are to be given separately, in even thousands, for each Federal Reserve Bank and branch carrying separate accounts, the branches in the latter case reporting direct to the Board. These data should also cover the weekly period ending Wednesday evening.

Copies of these instructions are transmitted direct to Federal Reserve branches having deposit accounts.

The following letter, referred to above, was sent to clearing-house managers on August 30:

Reports of the total check transactions received for the two previous weekly periods make it desirable to supplement our letter of August 1, transmitted to you through the chairman of the board of directors of the Federal Reserve Bank of your district. There are indications that the instructions regarding the information desired have not been interpreted in exactly the same manner in all the centers from which data have been requested. Hence it is believed desirable, in order that the information secured may be placed upon a strictly comparable basis, to state in greater detail what sort of information is wanted.

It is desirable to have each clearing house member bank in your city report to you each week for the previous weekly period ending Wednesday evening—

(a) The total debits charged by it to account of individuals, firms, and corporations, and the United States Government. Checks against all accounts, including savings and trust accounts, with such banks, cashiers' checks, expense checks, and certificates of deposit paid should be included. Corrections or like charges should be excluded.

(b) Total charges to accounts of banks and bankers, excluding debits in settlement of clearing-house balances and corrections or like charges. Drafts and checks drawn by reporting bank on other banks are not to be included.

While this office does not wish to impose any undue burden, it is very important that in all cases separate figures be shown for the two items, debits to individual accounts and debits to banks' and bankers' accounts instead of one total figure covering all debits.

The combined totals, in even thousands, for your local clearing-house banks, for each item, for the week ending Wednesday evening should be telegraphed on Thursday of each week to the chairman of the board of directors of the Federal Reserve Bank of your district. In case some member or members of your clearing house who are not members of the Federal Reserve System object to furnishing this data called for, we would again request that you please forward totals of the returns actually received by you from assenting banks, adding the names of banks which do not report.

The figures transmitted to the Board as a result of this call were first issued on August 24 in a statement as follows, accompanied by figures for the weekly periods ending August 15 and August 21:

The Federal Reserve Board has undertaken the preparation of periodical statistics of the volume of the Nation's banking business. This service has been furnished heretofore by the clearing house section of the American Bankers Association, that organization publishing figures compiled from reports by some 31 clearing house associations. There are, however, about 250 such associations in the United States and efforts are being made by the Board to enlist cooperation by all of them.

The figures heretofore published by the clearing houses themselves and by some of the financial weeklies were simply those of checks cleared, and these naturally can not give as complete a picture of the situation as figures showing all debits to deposit accounts. It is, of course, impossible to estimate the number of business concerns in the country that use the facilities of the same bank and whose checks are cleared on the books of the same bank. The custom prevails in many large industrial centers of drawing one "cash" check for the entire pay roll of a plant. Such checks do not, of course, reach the clearing house and, as a rule, the

employees receiving the proceeds of those checks do not maintain checking accounts.

In inaugurating its service the Board has, therefore, requested all clearing house managers to telegraph each week figures showing total amounts of debits to deposit accounts, including all checks paid during the week by member banks of their respective clearing houses, and it is expected that the uniform method adopted will reflect more accurately not only the volume of banking business done, but the relative importance of each clearing house city. To-day's statement, being the first, is necessarily incomplete, comprising returns made by about 100 clearing houses only, but as the plan and its purpose become better understood, it is believed that within a few weeks the Board's tabulation will furnish a more reliable index of the volume of banking business. Comparisons will be made each week with the preceding week, and at the end of twelve months, with the corresponding week of the previous year. To-day's figures include transactions from Thursday, August 15, to Wednesday, August 21, inclusive, compared with figures for the week from Friday, August 9, to Thursday, August 15, inclusive. In the future, reports will cover the week ending Wednesday, so as to avoid conflict with the reports obtained by the American Bankers Association.

Figures by Federal Reserve districts for the weeks ending August 15, 21, and 28 are as follows:

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

	Debits to individual account.			Debits to banks' and bankers' account.		
	Aug. 15.	Aug. 21.	Aug. 28.	Aug. 15.	Aug. 21.	Aug. 28.
<b>District No. 1—Boston:</b>						
Bangor.....		2,703	2,330		373	300
Boston.....	227,842	201,271	205,512	181,985	202,200	172,728
Fall River.....	7,683	7,681	7,080	363	39	299
Holyoke.....	2,686	2,910	2,633	45	79	38
Lowell.....	15,621	5,447	4,296		446	402
New Bedford.....	5,429	5,600	4,624	147	122	190
New Haven.....	16,975	16,330	13,525	893	375	267
Providence.....	29,551	26,756	22,436	1,917	1,703	1,703
Springfield.....	11,965	11,916	6,912		261	268
Waterbury.....	18,663	7,426	6,419	614	392	388
Worcester.....	14,883	14,894	12,402	1,600	1,699	1,671
<b>District No. 2—New York:</b>						
Albany.....	16,091	17,312	17,012	6,698	10,002	13,253
Binghamton.....	2,719	2,702	2,481			
Buffalo.....	53,907	54,697	49,877	11,133	11,944	12,232
Montclair.....	1,257	1,163	1,062	84	90	43
New York.....	2,702,736	2,788,004	3,084,885	1,276,512	1,422,560	1,377,342
Orange.....	942	1,072				
Passaic.....	4,787	3,214	2,895	298	159	306
Rochester.....	23,747	21,621	28,803	454	394	393
<b>District No. 3—Philadelphia:</b>						
Altoona.....	2,468	1,993	3,012			
Chester.....		4,661	4,875			
Harrisburg.....			4,988			103
Lancaster.....	4,013	4,183	3,656	34	30	57
Lebanon.....	1,479	2,050	2,206			
Norristown.....		1,131	1,400			
Philadelphia.....	246,881	227,922	244,669	261,792	277,272	297,677
Reading.....	7,062	6,335	5,799			
Scranton.....	12,881	10,963	12,075			
Wilkes-Barre.....	6,019	5,937	5,202			
Williamsport.....	2,730	2,957	2,772	22	2	21
York.....	2,617	2,817	3,418	38	72	35
Wilmington.....		3,071	3,225			

<sup>1</sup> Figures comprise debits to both individual account as well as to banks' and bankers' account.

	Debits to individual account.			Debits to banks' and bankers' account.		
	Aug. 15.	Aug. 21.	Aug. 28.	Aug. 15.	Aug. 21.	Aug. 28.
<b>District No. 4—Cleveland:</b>						
Cincinnati.....	52,796	54,619	45,417	35,923	38,971	39,920
Columbus.....		22,423	18,703		3,031	3,017
Dayton.....	6,113	10,133	10,519	527	510	
Erie.....	5,827	5,250	5,238	45	104	16
Toledo.....	19,690	19,677	30,000	8,305	6,767	6,528
Youngstown.....	13,991	11,406	12,187	113	41	173
<b>District No. 5—Richmond:</b>						
Baltimore.....	75,720	79,850	71,398	39,299	39,085	41,190
Richmond.....	24,652	23,399	19,538	46,305	58,661	50,467
<b>District No. 6—Atlanta:</b>						
Atlanta.....		20,748	17,156		17,758	16,450
Augusta.....	5,481	5,970	6,257	582	527	593
Birmingham.....	10,895	12,878	11,649	2,402	2,706	2,566
Chattanooga.....	7,561	7,732	7,175	3,529	3,198	2,725
Jacksonville.....	9,302	8,205	9,634	4,643	5,017	5,300
Knoxville.....		3,291	4,544		1,276	513
Macon.....		6,029	4,906		1,851	2,265
Mobile.....		4,943	5,624		646	705
Montgomery.....		3,173	2,859		100	183
Nashville.....	13,341	17,558	16,903	16,761	8,606	14,576
New Orleans.....	40,187	47,786	53,180	25,602	28,637	30,888
Pensacola.....		1,574	1,525		801	904
Savannah.....		10,597	10,669		2,396	6,115
Tampa.....	3,450	3,196	3,375	1,545	1,940	927
Vicksburg.....		1,039	1,057		64	37
<b>District No. 7—Chicago:</b>						
Ann Arbor.....	1,010					
Aurora, Ill.....	2,246			20		
Bay City, Mich.....			12,838			
Bloomington, Ill.....	2,239	2,147	1,326	951	852	901
Cedar Rapids.....	12,175	11,643	11,411			
Chicago.....	1,001,495	525,567	482,999		547,114	522,631
Danville, Ill.....	1,194			71		
Davenport.....	12,241	4,070	4,426		3,838	1,548
Decatur, Ill.....	3,363	3,362	3,175	684	472	594
Des Moines.....	143,142	144,809	139,466			
Detroit.....	107,532	112,125	93,950	33,323	44,753	42,698
Dubuque.....		12,641	12,250			
Flint.....	13,237	15,343	18,309			
Fort Wayne.....	16,189	16,545	4,196			1,473
Gary.....	1,304					
Grand Rapids.....	15,249	18,579	16,530			
Hammond, Ind.....		1,670			93	
Indianapolis.....	31,609	29,780	27,191	19,000	25,197	24,440
Jackson, Mich.....	12,585	12,681				
Kalamazoo.....	13,321	3,227				
Lansing.....		3,250			168	
Mason City, Iowa.....	1,543			153		
Milwaukee.....	46,975	45,511	39,104	27,807	27,093	24,907
Muncie, Ind.....	12,041					
Muscatine, Iowa.....	1,865					
Oshkosh.....	1,557					
Peoria.....	9,232	9,188	6,224	1,794	1,772	1,755
Rockford, Ill.....	13,938	4,365	4,102		124	126
Sioux City, Iowa.....	2,123	1,429	6,027	3,210	348	3,102
South Bend.....	14,205	14,456	13,802			
Springfield, Ill.....		3,848	3,703		932	836
Waterloo, Iowa.....	13,930	2,867	2,665		978	820
<b>District No. 8—St. Louis:</b>						
Bowling Green, Ky.....	597	423	532	7	10	3
Brookfield, Mo.....		195	165		2	1
Chillicothe, Mo.....			367			368
Evansville, Ind.....	4,300	3,662	2,990	2,652	741	1,313
Helena, Ark.....			671			12
Jacksonville, Ill.....	1,173	993	717	165	187	66
Little Rock.....	3,125	4,576	4,822	4,137	16,365	4,316
Louisville.....	26,431	22,785	23,342	12,726	11,945	12,487
Memphis.....			23,600			11,437
Owensboro, Ky.....	1,280	1,274	1,118	176	161	80
Pine Bluff, Ark.....		1,457	1,474		1,130	758
St. Louis.....	123,873	128,637	127,232	143,664	136,000	139,182
Texarkana, Ark.....	840		735	624		430
<b>District No. 9—Minneapolis:</b>						
Aberdeen.....	903	1,614	1,519	1,012	1,490	958
Bismarck.....	70	420	406		364	294
Duluth.....	2,256	14,207	11,153	2,840	4,048	2,624
Helena.....	1,688		1,526	2,709		2,141
Minneapolis.....	76,602	88,388	96,000	80,070	95,298	80,000
St. Paul.....	27,525	28,352	23,280	30,720	33,127	32,705
Superior.....			1,681			104

<sup>1</sup> Figures comprise debits to both individual accounts as well as to banks' and bankers' accounts



	Debits to individual account.			Debits to banks' and bankers' account.		
	Aug. 15.	Aug. 21.	Aug. 28.	Aug. 15.	Aug. 21.	Aug. 28.
District No. 10—Kansas City:						
Atchison.....	1 2,562	1,688	1,322	999	653	
Bartlesville, Okla.....	2,430	2,524	1,860	214	81	95
Colorado Springs.....	1 2,404	2,514	2,036	1,296	570	
Denver.....	21,194	22,378	25,458	15,322	16,032	18,653
Emporia, Kans.....	1,304	1,181		11	10	
Fremont, Nebr.....	1,021	745	1,133	645	809	551
Grand Island, Nebr.....	919	901	954	115	132	129
Guthrie, Okla.....		554	4,289		303	2,375
Joplin.....	3,821	3,857	3,679	412	481	618
Kansas City, Kans.....	3,685	3,516	2,782	6,264	5,006	5,524
Kansas City, Mo.....	102,978	98,458	79,716	208,293	191,024	172,619
Lawrence.....	1,901	982	762	522	329	368
Lawton, Okla.....		245	941			68
MacAlester, Okla.....	993	1,008	441	750	672	544
Muskogee, Okla.....	2,800	2,255	2,051	1,162	1,668	1,711
Nebraska City.....	455	409	467	193	103	103
Oklahoma City.....	12,085	12,046	10,235	11,145	10,231	11,370
Omaha.....	56,636	56,320	58,419	52,522	47,539	81,945
Pittsburg, Kans.....		1,033	1,189		15	19
Pueblo.....	3,120	2,320	2,569	979	972	713
St. Joseph.....		13,288	8,660		16,868	18,863
Topeka.....	1 4,225	3,674	3,518		1,103	1,176
Tulsa.....	1 41,555	1 23,606	15,543			8,161
Wichita.....	1 10,668		8,581			13,476
District No. 11.—Dallas:						
Austin.....	1 12,132	1 11,484	18,026			
Beaumont.....	3,295	3,737	2,929	279	273	190
Dallas.....	17,239	32,104	22,131	31,878	37,620	49,624
El Paso.....		4,030	4,545		5,857	6,690
Fort Worth.....		12,795			26,315	
Galveston.....	4,506	8,833	8,893	3,076	5,129	8,667
Houston.....	19,955	22,741	28,257	46,442	58,690	55,952
Shreveport.....	1,211	3,822	4,062	571	2,480	2,510
Texarkana, Tex.....	1,417	1,741	1,212	168	803	269
Waco.....	3,242	2,842	2,314	1,601	2,346	892
District No. 12.—San Francisco:						
Bakersfield.....	1,273	1,395	1,100	26	11	17
Fresno.....	4,994	4,372	4,442	1,127	573	429
Long Beach.....	2,000	1,908	1,707	50	65	70
Los Angeles.....		44,548	27,196		17,825	24,494
Oakland.....	1 11,932	10,559	9,967		2,640	2,109
Ogden.....			2,365			1,541
Pasadena.....	2,024	1,856	1,504	141	122	196
Portland.....	35,816	35,146	39,041	20,146	20,222	22,828
Salt Lake City.....	13,613	11,638	10,933	13,229	12,498	12,857
San Diego.....	5,473	4,400	4,310	172	354	290
Seattle.....	40,934	48,774	41,908	17,151	17,729	17,359
Spokane.....	9,191	8,631	8,690	7,946	8,326	7,346
Tacoma.....		10,801	11,076		3,707	4,013
Yakima.....	1,379	1,555	1,479	112	149	151

<sup>1</sup>Figures comprise debits to both individual accounts as well as to banks' and bankers' accounts.

*Recapitulation showing figures for clearing-house centers reporting for each of the three weeks.*

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

District.	Number of centers included.	Debits to individual account.			Debits to banks' and bankers' account.		
		Aug. 15.	Aug. 21.	Aug. 28.	Aug. 15.	Aug. 21.	Aug. 28.
No. 1—Boston.....	10	341,298	300,241	288,819	187,564	207,406	177,954
No. 2—New York.....	7	2,805,244	2,888,713	3,187,015	1,295,179	1,445,149	1,403,569
No. 3—Philadelphia.....	9	286,150	265,157	282,809	261,886	277,376	297,790
No. 4—Cleveland.....	5	98,417	101,085	103,361	44,913	46,393	46,637
No. 5—Richmond.....	2	100,372	103,249	90,936	85,604	97,746	91,667
No. 6—Atlanta.....	7	90,247	103,325	108,173	55,064	50,630	57,575
No. 7—Chicago.....	17	1,288,984	831,786	754,563	66,769	632,541	625,025
No. 8—St. Louis.....	7	160,779	162,250	160,753	163,527	165,409	157,447
No. 9—Minneapolis.....	5	107,356	132,981	132,358	115,022	134,347	116,581
No. 10—Kansas City.....	18	264,784	239,661	212,945	298,538	278,527	305,503
No. 11—Dallas.....	8	62,997	87,304	72,824	84,015	107,341	118,104
No. 12—San Francisco.....	11	128,629	131,234	125,081	60,106	62,689	63,562
Grand total.....	106	5,734,987	5,347,186	5,519,637	2,738,181	3,525,554	3,459,404

NOTE.—Large difference between Chicago figures for the two earlier dates is due to the fact that figures for the first week are not divided between debits to individual account and debits to banks' and bankers' account, the total debit to both individual and bank accounts being shown in the column headed "Debits to individual account."

Shortly after the Board undertook the development of the statistical returns relating to total bank transactions, arrangements were concluded with the clearing-house section of the American Bankers' Association, which for some time past has been gathering similar figures, for consolidation of the two series of data on this subject in the hands of the Board for weekly publication. The following statement, prepared by Mr. Jerome Thralls, secretary of the clearing-house section, affords a review of what has already been accomplished in the compilation of figures for total transactions.

For many years the statistics referred to as "bank clearings" have been universally regarded by business people as a true barometer of business conditions, growth, and development. They have served as a basis of determining the location of business houses, factories, banks, and other enterprises.

Since the bank clearings fluctuate in practically the same proportion as does business in the various communities, they may rightfully be regarded as having much value, but they do not in any sense show the actual business that is transacted in a community.

The plan of settling balances and handling the exchanges in the various clearing houses has not been uniform. In some cases the clearings include duplications in the form of cashier's checks issued in lieu of items cleared and returned direct to members, because of payment thereon being refused, also include checks drawn against members by the clearing-house managers in settlement of balances and which are not collected, but are carried over and recleared on the following day. There is no way of determining what is the total of such items, but

were the total of these items known and the amount excluded from the clearings, the figures would not then represent the actual business transacted, because a great proportion of checks and drafts are deposited in or cashed at the banks upon which they are drawn. These do not pass through the clearing house.

It is estimated that about 4 or 5 per cent of the business transacted in the United States is transacted through the means of actual cash or money. Checks and drafts are used in handling the other 95 or 96 per cent.

Realizing the value that accurate statistics as to the total volume of checks and drafts representing actual business transacted would be to the business interests, the general public, and to the banks, the clearing-house section of the American Bankers' Association started a movement over 10 years ago designed to educate the banks and clearing houses to this need.

At its annual meeting, May 4, 1908, at Lakewood, N. J., the clearing-house section adopted the following resolution:

Whereas the present method of reporting the volume of clearing-house transactions does not accurately represent the volume of business transacted; now therefore be it

*Resolved*, That we recommend that each bank report weekly to the manager of the clearing house in its own city the total of all checks on itself charged on its books, excepting cashiers' checks given in payment of clearing-house balances.

Since that time the section has continuously encouraged this idea, but was not able until 1913 to get any clearing house to accumulate and report these statistics regularly, and not until the year 1916 did the section get a sufficient number of clearing houses to make the reports to warrant the figures being published.

About 100 clearing houses have at different times attempted the compilation of these figures, yet only 29 clearing houses have made the reports regularly and in such shape as would permit of their being published quarterly. Statistics covering these 29 cities for six-month periods are given herewith:

	Total bank transactions.			Clearings.		
	First half 1917.	Second half 1917.	First half 1918.	First half 1917.	Second half 1917.	First half 1918.
Atlanta, Ga.	\$847,901,000	\$1,291,824,000	\$1,389,036,000	\$607,039,000	\$991,425,000	\$1,130,230,000
Cedar Rapids, Iowa	280,214,000	332,017,000	321,679,000	62,439,000	64,548,000	54,073,000
Cincinnati, Ohio	3,340,411,000	3,622,515,000	4,079,992,000	999,727,000	1,024,396,000	618,103,000
Des Moines, Iowa	819,365,000	901,075,000	1,061,408,000	213,011,000	205,756,000	256,375,000
Detroit, Mich.	3,129,306,000	3,225,650,000	3,259,585,000	1,365,272,000	1,365,600,000	1,419,884,000
Fort Wayne, Ind.	229,092,000	255,323,000	277,481,000	41,443,000	35,044,000	34,165,000
Grand Rapids, Mich.	300,839,000	307,396,000	297,499,000	124,648,000	112,463,000	126,445,000
Hartford, Conn.	434,121,000	433,373,000	476,023,000	219,210,000	196,340,000	262,465,000
Indianapolis, Ind.	1,070,147,000	1,120,815,000	1,164,804,000	339,652,000	345,250,000	362,304,000
Kansas City, Mo.	5,463,533,000	6,273,934,000	7,457,514,000	3,278,717,000	4,268,898,000	4,832,598,000
Los Angeles, Cal.	1,381,123,000	740,615,000	756,692,000	775,670,000	722,054,000	740,591,000
Louisville, Ky.	1,422,796,000	1,566,720,000	2,090,336,000	508,832,000	497,989,000	622,347,000
Memphis, Tenn.	1,197,141,000	1,506,336,000	1,466,218,000	270,354,000	335,577,000	310,546,000
Minneapolis, Minn. <sup>1</sup>	3,137,027,000	4,037,348,000	3,837,782,000	760,746,000	993,116,000	761,842,000
New Orleans, La.	1,712,767,000	2,014,344,000	2,324,876,000	880,723,000	1,174,074,000	1,356,120,000
Oakland, Cal.	259,180,000	284,339,000	303,788,000	131,641,000	136,607,000	151,435,000
Omaha, Nebr.	2,257,882,000	2,433,536,000	.....	864,517,000	1,000,646,000	.....
Providence, R. I.	631,695,000	662,374,000	731,359,000	266,351,000	279,334,000	297,594,000
Richmond, Va. <sup>1</sup>	3,336,147,000	3,457,467,000	2,135,909,000	601,508,000	901,025,000	1,062,573,000
Sacramento, Cal.	361,102,000	480,867,000	433,958,000	64,194,000	98,322,000	87,197,000
San Francisco, Cal. <sup>1</sup>	5,214,190,000	7,742,276,000	5,358,324,000	2,209,824,000	2,602,786,000	2,543,305,000
St. Joseph, Mo.	1,968,958,000	1,978,688,000	3,371,171,000	383,072,000	374,788,000	463,988,000
Scranton, Pa.	253,950,000	276,939,000	298,958,000	91,756,000	90,089,000	97,164,000
Seattle, Wash.	1,124,421,000	1,437,702,000	1,566,109,000	508,160,000	644,024,000	806,847,000
South Bend, Ind.	66,553,000	74,324,000	77,765,000	27,395,000	27,750,000	28,977,000
Spokane, Wash.	384,685,000	451,163,000	415,229,000	152,523,000	190,292,000	195,541,000
Stockton, Cal.	80,873,000	113,403,000	94,923,000	40,224,000	52,861,000	50,197,000
Tacoma, Wash.	195,359,000	245,882,000	399,864,000	70,563,000	89,355,000	109,129,000
Trenton, N. J.	202,537,000	231,203,000	239,061,000	64,748,000	68,770,000	69,276,000
Total	41,043,323,000	47,499,448,000	45,687,293,000	15,923,959,000	18,889,669,000	18,791,311,000

<sup>1</sup> There will be noted a material shrinkage in both clearings and total bank transactions in Minneapolis, Richmond, and San Francisco. This is due to the fact that the clearing houses in these cities were, until about Jan. 1, 1918, including the figures of the Federal Reserve Bank. These figures are not included in the first half of 1918.

Total bank transactions are a true and dependable barometer of business conditions, growth, and development. They are of value to the individual bank because they reveal the activity of its deposits. They are of value to the business man because they enable him to determine as to whether he is keeping pace with his community and with the country at large. They are of value to the general public because they represent the history of the business that is actually transacted. The clearing houses that have regularly reported these figures have found that through the use of the plan evolved by the clearing house section, the figures are accumulated almost automatically. They represent debits against all accounts covering individual, bank, general and savings deposits.

Exhibit A is the form that is furnished by the clearing houses to their respective members and on which report is made to the clearing house manager Thursday morning of each week, including the figures for the week ending Wednesday.

EXHIBIT A.—Statement of total bank transactions—Clearing House Association.

C. H. No.—	Total debits on individual books.	Total debits on country books.	Certificates of deposit paid.	Cashier's checks paid.
Thursday	.....	.....	.....	.....
Friday	.....	.....	.....	.....
Saturday	.....	.....	.....	.....
Monday	.....	.....	.....	.....
Tuesday	.....	.....	.....	.....
Wednesday	.....	.....	.....	.....
Total	.....	.....	.....	.....

Total debits on individual books for week.....\$.....  
Total debits on country books for week.....\$.....  
Total of certificates of deposit paid for week.....\$.....  
Total of cashier's checks paid for week.....\$.....  
Grand total.....  
The above statement is correct,  
for week ending Thursday.....  
Date..... Cashier.

Exhibit B is the form used by the clearing house manager in reporting at the close of each week to the clearing house section of the American Bankers Association.

#### EXHIBIT B.

TOTAL BANK TRANSACTIONS debits against deposits in banks as reported to the.....Clearing House Association for the week ending Wednesday....., inclusive. \$.....

(Date.)

Manager.

To be mailed each Thursday. To include total charges against all deposits by check, draft or charge ticket. Do not include "Certified Checks," "Cashier's Checks," or any other general ledger items.

CLEARINGS for week ending.....

(Day of Week.)

(Date.)

\$.....

In July of this year the clearing house section started a campaign through which it hoped to get within the year at least one hundred leading clearing houses to accumulate and report the total bank transactions direct to the section regularly. The Chicago, Cleveland, St. Louis, Milwaukee, Pittsburgh, Houston, Joplin, Mo., Rochester, N. Y., and a number of other important clearing houses have decided to make the reports, but on learning of the Federal Reserve Board's purpose to undertake the compilation of total bank transactions for the entire United States, the secretary of the clearing house section obtained authority from the executive committee of the section to cooperate with the Federal Reserve Board in every possible way to the end that the statistics shall be made available. Too much value can not be attached to this movement.

The clearing house section includes in its membership every organization in the United States that can rightfully be termed a clearing house association. There are 229 such organizations. The section has sent a letter to the clearing house managers, urging them to comply with the Federal Reserve Board's request to obtain these figures from the clearing house banks, and transmit the totals at the close of each week to the Federal Reserve Agent of their respective districts.

The letter referred to is as follows:

AUGUST 28, 1918.

To clearing-house managers.

GENTLEMEN: The Federal Reserve Board recently determined to undertake to accumulate the total bank transactions for the entire United States.

The clearing-house section evolved a plan for the reporting of these figures and has made determined effort for several years to put it into general operation. About 100 clearing houses have at different times attempted to compile total bank transactions, but only 30 of these have made their reports with regularity. In these 30 cities the figures have proved of tremendous value to the officers of the individual member banks, to the clearing houses, and to the business public.

There is a growing need for information which will truly reflect the actual business that is transacted throughout the country. Bank clearings, although representing possibly not over one-third of the total volume of business, have been regarded as a barometer of much value. They

have served as a basis of determining the location of business houses, factories, banks, and other enterprises. They include many duplications, and owing to the varied plans of settlement are not entitled to the consideration they have heretofore been given.

The clearing-house section will cooperate with the Federal Reserve Board in its commendable undertaking and earnestly requests that every clearing house comply with the Federal Reserve Board's call for these figures. The figures are of tremendous value and should be made available for the entire country.

Fully 95 per cent of all business of the country is transacted through the means of checks and drafts. Under the Federal Reserve Board's plan of accumulating the total bank transactions the volume of such instruments can be very closely determined, thereby giving to the country a barometer of business that has real merit.

Sincerely, yours,

JEROME THRALLS,  
Secretary.

#### Loans for Relief of Banks and Individuals.

During the latter part of July and in the course of the month of August the War Finance Corporation, and subsequently the Treasury Department and the Department of Agriculture, took steps for the making of advances to banks and individuals in the crop-raising sections of the West and Southwest.

The first step in the process of making advances to western banks, already noted in the FEDERAL RESERVE BULLETIN for August, was announced in a statement issued to the press by the War Finance Corporation on July 23, as follows:

The board of directors of the War Finance Corporation announced to-day that at the suggestion of Secretary McAdoo it had wired the Federal Reserve Banks of Dallas, Kansas City, and Minneapolis, requesting them to notify the banks and trust companies in their respective districts, nonmembers as well as members of the Federal Reserve system, of the willingness of the War Finance Corporation to make advances, under section 7 of the War Finance Corporation Act, to banks and trust companies which had made loans to farmers and cattlemen.

It is hoped that this measure will enable these institutions to extend credit freely both to farmers and cattlemen whenever necessary to insure the preservation of these essential industries, in localities where droughts have seriously impaired their productivity.

Under the terms of the War Finance Corporation Act, these advances are limited to

75 per cent of the amount of the loans made by the borrowing institution, or to 100 per cent in case the borrowing institution itself furnishes additional collateral to the extent of 33 per cent of the advance. Such advances will be made by the War Finance Corporation upon written application through the several Federal Reserve Banks, acting as its fiscal agents, but only after consideration of their recommendations, upon the promissory note of the borrowing institution, secured by the obligations of the farmers and cattlemen to which loans have been made by the borrowing institutions, together with any security taken for such obligations.

The following is quoted from Secretary McAdoo's telegram to Gov. Harding:

"Droughts in Montana, parts of North Dakota, Kansas, and Texas are creating a serious situation for the farmers there, involving possible abandonment of farms and sacrifice of live stock. I think that effective assistance can be rendered by the War Finance Corporation. This corporation was created to help finance industries essential to the war, and I know of no industry more vital to the war than that of raising wheat, corn, live stock, and other food products. Aid should be extended by the War Finance Corporation to the farm industry and to every other industry which is vital to the prosecution of the war. I think the War Finance Corporation should make loans to national and State banks on farmers' paper. This would enable all national and State banks to extend loans to deserving farmers, with full knowledge of the fact that such paper can and will under the terms of the act be taken by the War Finance Corporation. I am sure that the Department of Agriculture will be glad to cooperate in the same direction through the agents and agencies of that department."

#### JOINT ACTION ON FARM LOANS.

Joint action on the part of the Treasury Department and the Department of Agriculture was undertaken just at the close of the month of July, in the exercise of powers placed in the hands of these departments by the President, who put at their disposal the sum of \$5,000,000 as a basis for direct loans to farmers.

The following statement was given out by the Treasury Department and the Department of Agriculture on July 30:

Acting upon the urgent representations that many wheat growers in certain sections of the West who have lost two successive crops by winterkilling and drought have exhausted their resources and may be compelled to forego fall planting and, in some cases, to abandon their homes unless immediate assistance is extended, the President, on Saturday, July 27, placed at the disposal of the Treasury Department and the Department of Agriculture the sum of \$5,000,000 to enable them to furnish aid to that extent. The two departments are already actively at work formulating plans for making loans under this authorization, and complete details will be announced within the next few days and operations begun.

It may be stated generally that the Federal land banks in the districts affected will be designated by the Secretary of the Treasury as the financial agents of the Government to make the loans and to collect them. The Department of Agriculture, through its special officers, including the county agents, will ascertain the needs of the individual farmers and determine the feasibility of the planting.

The primary object of this fund is not to stimulate the planting of an increased fall acreage of wheat or rye in the severely affected drought areas, or even necessarily to secure the planting of a normal acreage, but rather to assist in tiding the farmers over the period of the stress, to enable them to remain on their farms to plant such an acreage as may be determined to be wise under all the conditions with a view to increase the food supply of the Nation and to add to the national security and defense. It is distinctly not intended to be used to stimulate the planting of wheat or any other grain where such planting is not wise from any agricultural point of view and where other activities are safer.

It is not intended that this fund shall be used to make loans to farmers who have banking collateral and can otherwise secure loans. The recent action of the War Finance Corporation, indicating its willingness to make advances to banks and trust companies which have made loans to farmers and cattlemen, should ease the general financial situation and in large measure enable bankers to extend accommodations to farmers having such collateral. Banks are urged to avail themselves of the offer of the War Finance Corporation.

This fund, because of its limited amount, will be used necessarily principally in connection with the fall planting of wheat or of preferred substitute grain in the areas involved.

This will not exclude consideration of cases of individuals who do not intend to, or who can not, engage in fall seeding who might otherwise be compelled to abandon their homes and make great sacrifices, provided sufficient funds are left after considering the pressing fall planting needs.

The loans will probably not be made for more than \$3 an acre, and it is likely that a maximum of 100 acres in some localities and of 150 in others will be established. In addition to paying a reasonable rate of interest, each farmer will be required to contribute to an insurance fund out of the proceeds from the sale of his crops if his operations are successful.

#### POLICY OF LOANS.

Further explanation of the plan of rendering aid direct to farmers was afforded in a more complete statement of policy which was issued by the Treasury Department and the Department of Agriculture jointly on August 1, 1918. The statement in question reads as follows:

This statement should be read in connection with that issued on July 29. The areas now under consideration are those in the Northwest and Southwest where two successive crop failures have resulted from severe drought and winter-killing.

The money will be advanced as a loan in cases of necessity upon the crop of wheat or substitute grains planted. No loan will be made in excess of \$3 per acre, and no applicant will be financed beyond one hundred acres. Therefore, no loan will be made in excess of \$300. Notes given will bear 6 per cent interest payable in the southern districts October 1, and in the northern districts November 1, 1919.

The Federal land banks of the districts embracing the affected areas will be designated by the Secretary of the Treasury as the financial agents of the Government to make and collect the loans. They will expect the cooperation of local banks in the taking of applications, forms of which will be supplied on request, as soon as they can be printed. Banks and other local agencies assisting will be asked to contribute their services for the good of their several communities.

The determination of the question of making each loan will, in the first instance, rest with the Department of Agriculture, which, through its various agencies, assisted by farm

loan associations and other local farmers organizations, will investigate each application.

Applicants must agree to use seed and methods approved by the Department of Agriculture, and the money will not be advanced until the crop is planted and a representative of that department certifies to the Federal land bank that the applicant has completed his planting in proper manner and with proper seed. Upon the receipt by the Federal land bank of such certificate, applicant will be required to give note and chattel mortgage on the crop planted.

In order to give applicants a basis for temporary credit, to assist in obtaining the seed, the Department of Agriculture will promptly investigate all applications, and as soon as approved the Federal land bank will issue a statement of approval to the effect that the money will be advanced when the crop is planted and the necessary certificate and note and mortgage are executed and delivered. The machinery of the Treasury Department and the Department of Agriculture for this work is already in existence and will be put in motion at once, and no substantial delays will result if the interested communities do their own part promptly.

Banks wishing to assist their communities in this matter should at once communicate with the Federal land bank of their district.

The plan is to assist only those who have exhausted their resources. No loan will be made to any farmer who has unincumbered real or personal property sufficient to secure a loan of \$300. In such cases country banks are urged, as a matter of public service, to render assistance and avail themselves of the facilities of the Federal Reserve Banks and the War Finance Corporation, which are prepared to render support to such efforts.

Each borrower will be required, as a part of his contract, to agree that, if his yield is 7 bushels per acre, or more, he will pay into a guaranty fund a sum equal to 25 per cent of the amount loaned him to cover any losses that may occur. If the amounts so contributed exceed the actual loss by the Government, the excess will be returned pro rata to the contributors.

#### LOANS ON LIVE STOCK.

Direct loans to individuals, firms, or corporations engaged in the raising of live stock were determined upon and the fact announced on August 13, when the Secretary of the Treasury stated—

"that the War Finance Corporation would make direct loans to individuals, firms, and corporations whose principal business is the raising of live stock, including cattle, sheep, goats, and hogs. The live-stock industry, and particularly breeding stock, in some parts of the country is suffering great hardship by reason of excessive drought conditions, and cattlemen are experiencing great difficulty in feeding and protecting their cattle. The action of the corporation is intended to relieve this situation. The loans will be made directly to the borrowers under section 9 of the War Finance Corporation Act. That section authorizes advances to be made in exceptional cases directly, without the intervention of banks, to borrowers whose operations are necessary or contributory to the prosecution of the war.

"\* \* \* Temporary organizations will be immediately created for passing upon the applications for loans as submitted. It is not proposed at the present time to establish agencies except at Dallas and Kansas City. Applications from stock raisers operating in the Atlanta and Richmond Federal Reserve districts will for the present be handled by the Federal Reserve Bank at Dallas, and applications from stock raisers operating in the San Francisco, Minneapolis, and St. Louis districts will be handled at Kansas City. Applications from other districts will be made to the corporation direct in Washington."

#### LOANS TO CANNERS.

Loans to the canning industry through the machinery of the War Finance Corporation were arranged and the outline of the plan given to the public on August 17, as follows:

The War Finance Corporation announces that it has effected an arrangement for extending financial assistance to the canners of New York State. This action insures the harvesting and preservation of this season's crop of spinach, peas, tomatoes, corn, and other vegetables, as well as a great variety of small fruits.

A warehouse company has been organized by the canners with paid-in capital of \$100,000. This warehousing company issues receipts for goods stored, which receipts, to the extent of

125 per cent of cost value of goods, form the basis of collateral to secure the respective loans to canners. The warehousing company is managed by 11 of the most representative and well-known canners of New York State. The arrangement provides that every canner in the State can avail himself of the facilities afforded, and no canner will be refused relief if he is worthy of it and has the required security.

The canning industry of New York State is a large one, particularly active in the northern section of the State. In their application for aid the canners stated that in the last two seasons, when the crops were light, only a comparatively small amount of funds was required, while the present season's crop is a large one. Furthermore in responding to the needs of the times the canners have extended their acreage and enlarged their production. They stated also that the amount of money they have been able to procure from the banks with which they deal is entirely inadequate to enable them to continue their business and save these perishable food products; that the cost of containers and other expenses have increased; that the situation was precarious and a serious food loss was threatened, and that aid, to be of real value, had to come quickly as otherwise a large amount of perishable food products would be lost, to the great detriment of growers, canners, and the consuming public, as well as our soldiers overseas.

The attitude of the War Finance Corporation has already relieved the situation and has averted the serious food loss with which the canning industry of New York was confronted.

The comprehensive plan under which this relief is given was suggested to the canning industry by the War Finance Corporation. Its main feature is a carefully controlled system of warehousing goods at the respective canning plants, so that the necessary adequate security may be obtained for the money advanced, as required by the War Finance Corporation Act.

#### FINAL DETAILS.

Final details of the plan for lending to individuals, firms, and corporations engaged in the raising of live stock were completed and announced on August 19, by the Secretary of the Treasury in a statement "that the War Finance Corporation had perfected its plans for making direct loans under the provisions of section 9 of the War Finance Corporation

Act to individuals, firms, and corporations whose principal business is the raising of live stock, including cattle, sheep, goats and hogs.

"The Corporation has decided to create, under authority of the act, two agencies, one at Kansas City and one at Dallas. These agencies will be known as the cattle loan agencies of the War Finance Corporation and their business will be confined entirely to the consideration of applications for direct loans to cattlemen. All applications from banks for advances for crop-moving purposes and other purposes will be received as heretofore by the Federal Reserve Banks acting as fiscal agents for the corporation.

"Each of the two cattle loan agencies will be conducted by a cattle loan committee, one with headquarters at Kansas City and the other at Dallas, of which committees the Federal Reserve agent and the governor of the respective Federal Reserve Banks will be members. Five additional members of each committee will be appointed by the War Finance Corporation. The cattle loan committees will in turn create such local organizations as may be necessary to carry the plan into execution. All applications for direct cattle loans must be made through the cattle loan agencies which will refer such applications as they approve to the War Finance Corporation for final approval.

"Only two cattle loan agencies will be established, and applicants residing in the Federal Reserve districts of San Francisco, Minneapolis, St. Louis, and Kansas City, will send their applications to the cattle loan committee of Kansas City and those residing in the Federal Reserve districts of Dallas, Atlanta, and Richmond will send their applications to the cattle loan committee of Dallas. Cattle men residing in other districts, who may have occasion to make application, will communicate direct with the War Finance Corporation at Washington.

"In order to expedite the formation of the cattle loan committees and other details of organization, Directors Clifford M. Leonard and Angus W. McLean, and counsel S. W.

Fordyce, of the War Finance Corporation, will leave Washington Wednesday evening for Kansas City, where they will consult and confer with representative bankers and cattlemen in the two districts concerned."

### Foreign Exchange.

Below are printed (1) questionnaire sent out by Senator R. L. Owen, chairman of the Senate Committee on Banking and Currency, in connection with S. 3928, providing for the establishment of a Federal foreign exchange bank, and (2) data obtained in connection with an investigation made in compliance with a Senate resolution calling for the volume of transactions and profits earned in certain neutral exchanges:

#### (1) EXCHANGE QUESTIONNAIRE.

UNITED STATES SENATE,  
COMMITTEE ON BANKING AND CURRENCY,  
*August 1, 1918.*

DEAR SIR: Attached hereto is a brief statement of the proposed Federal reserve foreign bank, its organization, and purpose.

Will you be good enough to answer the following questions, and oblige,

Yours, very respectfully,

ROBT. L. OWEN,  
*Chairman.*

#### QUESTIONNAIRE TO IMPORTERS AND EXPORTERS.

1. Would it serve your interest as an importer or exporter to have established a Federal reserve foreign bank through which you could obtain credit information with regard to foreign buyers and sellers, and conditions of shipment of exports and imports such as insurance, storage, etc.?

2. Would it serve your interests to have, through such an institution, international exchange stabilized on a basis of reasonable compensation for service rendered and the American dollar maintained at commercial par?

3. Would it serve your interests to have such a bank serve as an intermediary to place international commercial acceptances, through the Federal Reserve system, in the principal banks of the United States?

4. Do you get accommodations as low as the British merchants— $3\frac{1}{2}$  per cent per annum—on international acceptances?



5. Do you favor establishing the Federal reserve foreign bank? If you do or if you do not, will you please give your reasons?

.....  
Firm name.....  
By.....  
City..... State.....

STATEMENT.

The Federal reserve foreign bank proposed is intended to begin with a capital only sufficient for a new establishment of this character, leaving open the expansion of the capital as the needs of the American commerce require.

It will be controlled by the Federal Reserve Board and a board of directors representing the Government of the United States. Thus, the bank would have no selfish interest to serve, but would have exclusively the interests of the American commerce at heart and would, because of its constitution, cooperate with other banks and bring into the service of commerce on fair terms the full banking powers of the United States. At present Lombard Street, having a gigantic available capital representing the banks of the whole world, will extend credits at 3½ per cent, and a number of American banks are using Lombard Street for the accommodation of their own customers, thus paying an interest abroad and keeping in London a business which should be kept in the United States.

Attached hereto is a copy of the bill, subject to amendments, found advisable.

It is believed that this bill, if enacted into law, will serve to stabilize the American dollar and make the dollar a standard measure of value in international contracts, and therefore very greatly promote American commerce, the value of which is always measured primarily in terms of dollars.

The policy of Great Britain of keeping her currency at par is well known to everybody, and it is believed that the American dollar can be kept at par only by having a publicly managed institution with this duty imposed upon it. The shipping of gold back and forth across the ocean is an economic waste and could be avoided by this bank.

(2) EARNINGS ON EXCHANGE WITH NEUTRAL EUROPEAN COUNTRIES.

The July issue of the BULLETIN printed a letter addressed by the Secretary of the Treasury to the President dealing with the foreign exchange situation. Section 2 of that letter advised the President that the banks in New York City which dealt in neutral European exchange had been requested to furnish information covering their transactions from January 1 to April 1, 1918, as prescribed on forms

furnished them, a copy of which is shown also in the BULLETIN.

On June 26 the following instructions were sent to 73 banking houses:

DEAR SIR: A resolution was recently adopted by the Senate as follows:

*"Resolved, That the Secretary of the Treasury is hereby directed to advise the Senate of the amount severally of commercial and financial bills payable in terms of the currency of the neutral nations of Europe which have been bought and sold severally by the member banks of the Federal Reserve system and other banks and banking houses dealing in foreign exchange in the city of New York from January 1 to April 1, 1918, and the amount of profit in such transactions, and to advise the Senate what steps have been taken to protect the par value of the American dollar in the neutral countries of Europe, and what is the amount of foreign balances held in the United States at this time by such neutral nations."*

The Secretary of the Treasury has requested the Federal Reserve Board to obtain this information through the division of foreign exchange. We will have to ask you, therefore, to fill out the inclosed form and return to us. While a reasonable time will unquestionably be allowed for the preparation of the figures, yet they should be turned in to the division of foreign exchange as quickly as possible.

Very truly, yours,

(Signed) FRED. I. KENT,  
Director, Division of Foreign Exchange.

EXPLANATION OF FORM FOR USE IN CONNECTION WITH EXCHANGE PROFITS ON NEUTRAL COUNTRIES.

As the Senate resolution specifically requires profits on transactions covering the purchases and sales of commercial and financial exchange in the currencies of the neutral countries of Europe, it will be necessary to consider such portion of all balances in the neutral countries of Europe as were carried over from 1917 where sales were made against them between January 1 and April 1. For the sake of uniformity it is desired that the same rates of exchange be applied as the purchasing value of such balances, and rates for this purpose have been decided upon as follows: Denmark, 31½; Holland, 44½; Norway, 33; Spain, 24.50; Sweden, 34½; Switzerland, 4.34.

In case more exchange has been purchased during the period than has been sold, it is desirable that the value of the balance remaining be figured by all those concerned at the same rate. Rates for this purpose have been decided upon as follows: Denmark, 31½; Holland, 46½; Norway, 32; Spain, 25½; Sweden, 34; Switzerland, 4.30.

In purchases of exchange, commercial and financial bills are to be divided as follows: All bills of exchange drawn against exports of commodities from the United States are to be considered as commercial bills, and all other exchange purchased as financial bills.

In sales of exchange, commercial and financial bills are to be divided as follows: All sales of exchange in payment of imports to the United States are to be figured as commercial bills, and all other exchange sold as financial bills.

Deductions for interest must be made on time bills purchased at exact rates at which they were discounted, or rates at which discount is expected in cases where advices have not been received. When such bills were allowed to run before discount, or until maturity, the rate of 5 per cent per annum must be used in figuring deductions. The rate of 5 per cent must also be used in covering loss of the use of the funds.

Deductions for overhead charges should be figured as follows: The total overhead charges of the foreign exchange department should be divided in such manner as to show the proportionate amount represented by the transactions of each neutral European country. Such amount should be deducted from the gross profits of the respective countries.

*Taxes.*—As the tax rate for 1918 can not be determined, taxes should be deducted on the basis of the 1917 rate. Every institution has undoubtedly figured the percentage of taxes paid in 1917 to the profits, and this percentage should be used in making the deduction.

#### RESULTS OF INQUIRY.

As a result of this request, reports were received showing accounts with Norway, 26; Sweden, 24; Denmark, 25; Holland, 39; Spain, 37; and Switzerland, 48.

The returns indicate that exchange dealings with Norway, Sweden, Denmark, Holland, and Switzerland rendered gross profits, while the Spanish transactions resulted in a gross loss. After making deductions for discounts on long bills, interest, commissions, etc., overhead charges, and taxes it was found that Norway, Sweden, Denmark, and Holland showed net profits and that Switzerland and Spain showed net losses.

The demand for Norwegian, Swedish, and Spanish exchanges was greater than the supply, which resulted in changes from balances at the beginning of the year to overdrafts on April 1.

The balances with Denmark and Switzerland, at the beginning of the year were increased as the purchases of exchange exceeded the sales. On January 1 there was a net overdraft with Holland which changed to a net balance on April 1, which was the largest held in any neutral European country.

The net balance in Norway on January 1 was about 25 per cent of the sales made during the three months following. This balance was cleared and a small overdraft shown at the close of the period. Norwegian exchange dropped steadily, with the result that the balance had been taken over at a higher rate than it was sold. The average rates for the items shown indicate that all the profit was earned through finance bills.

Swedish exchange rendered a profit both on finance and commercial bills. The commercial bills furnished a very good profit. The balance on January 1 and the overdraft on April 1 were both figured at a higher average rate than the bills were sold. The calculated annual rate on total purchases was 0.055 per cent for gross profits and 0.046 per cent for net profits. There was a one-fourth point drop in Swedish kronor for the period.

Earnings on Danish exchange were very small, amounting to 0.02 per cent for gross profits and 0.007 per cent for net profits. The fact that the balance was figured at a higher rate than the bills were purchased accounts for about one-fourth of the profit shown. The close of March saw this exchange down one-fourth point from January 1.

Guilders advanced  $2\frac{1}{2}$  points from the beginning to close of the period. The rate at which the balance was figured accounts for about one-fifth of the gross earnings. Both finance and commercial bills show profits. Calculated annual rates of earnings on total purchases show gross profits 0.063 per cent and net profits 0.041 per cent.

From a net balance of \$775,000 at the beginning of the year, peseta accounts fell to an overdraft of \$603,000 on April 1. Pesetas advanced  $1\frac{1}{2}$  points during the period. The returns indicate that there was a loss on finance bills while commercial bills furnished a good profit.

Swiss francs strengthened slightly during the three months. The gross profits shown were due chiefly to the earnings on commercial bills. These earnings were slightly increased

by the profit derived from the rate at which the balance was figured and they were reduced through the loss on finance bills. Earnings calculated on an annual basis show a gross profit of 0.008 per cent and net losses of 0.002 per cent.

*Profits or losses, first quarter, 1918—Exchange purchased and sold—European neutral countries.*

## NORWAY.

Classification.	Purchases.		Sales.		Gross profit or loss.	Deductions.		Profit after deductions.	Taxes.	Net profit or loss.
	Foreign currency.	Dollars.	Foreign currency.	Dollars.		Dis-count, long bills, interest, commis-sion, etc.	Overhead charges.			
Portion of 1917 balance used.....	5,413,795.96	1,786,552.66	1 64,012.14	1 21,123.98	.....	.....	.....	.....	.....	.....
Financial bills.....	15,208,720.87	4,813,682.12	20,727,009.61	6,796,894.38	.....	.....	.....	.....	.....	.....
Commercial bills.....	478,450.15	155,791.05	416,640.72	132,895.74	.....	.....	.....	.....	.....	.....
Unsold balance purchased during period..	1 975,456.52	1 312,146.08	868,761.03	278,002.68	.....	.....	.....	.....	.....	.....
Total.....	22,076,423.50	7,068,171.91	22,076,423.50	7,228,916.78	\$160,744.87	\$1,294.55	\$10,966.59	\$148,483.73	\$374.96	\$148,108.77

## SWEDEN.

Portion of 1917 balance used.....	1,904,788.16	652,389.94	1 976,097.45	1 334,313.37	.....	.....	.....	.....	.....	.....
Financial bills.....	18,519,625.88	6,128,199.08	20,706,163.67	6,943,765.18	.....	.....	.....	.....	.....	.....
Commercial bills.....	226,106.39	75,537.50	766,625.41	292,026.44	.....	.....	.....	.....	.....	.....
Unsold balance purchased during period..	1 1,989,423.82	1 676,404.09	191,057.72	64,959.60	.....	.....	.....	.....	.....	.....
Total.....	22,639,944.25	7,532,530.61	22,639,944.25	7,635,064.59	\$102,533.98	\$4,206.70	\$8,949.86	\$39,377.42	\$2,847.52	\$86,529.90

## DENMARK.

Portion of 1917 balance used.....	254,953.81	80,924.46	1 201,814.97	1 64,076.25	.....	.....	.....	.....	.....	.....
Financial bills.....	6,849,614.84	2,111,665.88	6,016,656.42	1,859,108.21	.....	.....	.....	.....	.....	.....
Commercial bills.....	174,914.98	52,491.40	280,668.88	87,953.71	.....	.....	.....	.....	.....	.....
Unsold balance purchased during period..	1 398,860.44	1 125,641.04	1,179,203.80	371,452.55	.....	.....	.....	.....	.....	.....
Total.....	7,678,344.07	2,370,722.76	7,678,344.07	2,382,590.72	\$11,867.96	\$871.20	\$5,637.56	\$5,359.20	\$1,155.08	\$4,204.12

## HOLLAND.

Portion of 1917 balance used.....	240,925.66	106,168.05	1 245,185.83	1 108,188.25	.....	.....	.....	.....	.....	.....
Financial bills.....	20,888,974.14	9,267,826.02	15,911,411.92	7,128,374.94	.....	.....	.....	.....	.....	.....
Commercial bills.....	2,149,410.60	939,444.07	3,462,123.28	1,531,144.43	.....	.....	.....	.....	.....	.....
Unsold balance purchased during period..	1 762,430.42	1 355,835.20	4,423,019.79	2,067,761.71	.....	.....	.....	.....	.....	.....
Total.....	24,041,740.82	10,669,273.34	24,041,740.82	10,835,469.33	\$166,195.99	\$6,821.78	\$31,414.49	\$127,959.72	\$17,649.59	\$110,310.13

## SPAIN.

Portion of 1917 balance used.....	4,767,166.25	1,167,892.49	1 608,452.63	1 392,845.86	.....	.....	.....	.....	.....	.....
Financial bills.....	65,625,903.14	16,082,751.59	69,417,962.86	16,892,210.96	.....	.....	.....	.....	.....	.....
Commercial bills.....	3,245,647.39	796,346.79	4,960,857.34	1,349,800.32	.....	.....	.....	.....	.....	.....
Unsold balance purchased during period..	1 2,845,294.70	1 732,663.36	501,738.65	129,183.46	.....	.....	.....	.....	.....	.....
Total.....	76,484,011.48	18,779,654.23	76,484,011.48	18,764,040.60	\$15,613.63	\$7,040.01	\$24,880.65	\$47,534.29	\$4,044.51	\$51,578.80

## SWITZERLAND.

Portion of 1917 balance used.....	2,039,995.82	469,851.65	1 50,755.26	1 11,639.36	.....	.....	.....	.....	.....	.....
Financial bills.....	71,102,421.05	15,997,471.10	70,216,187.60	15,794,390.79	.....	.....	.....	.....	.....	.....
Commercial bills.....	8,824,015.52	1,941,879.85	9,298,511.85	2,081,461.20	.....	.....	.....	.....	.....	.....
Unsold balance purchased during period..	1 1,959,478.96	1 455,677.25	4,360,456.64	1,015,059.42	.....	.....	.....	.....	.....	.....
Total.....	83,925,911.35	18,864,879.85	83,925,911.35	18,903,550.77	\$38,670.92	\$6,615.93	\$32,243.50	\$188.51	\$10,073.08	\$10,261.59

1 Overdraft.

1 Loss.

*Average rates derived from figures given in profit or loss tables.*

	Norway.		Sweden.		Denmark.		Holland.		Spain.		Switzerland.	
	Pur-chases.	Sales.	Pur-chases.	Sales.	Pur-chases.	Sales.	Pur-chases.	Sales.	Pur-chases.	Sales.	Pur-chases.	Sales.
Portion of 1917 balance used....	33.00	33.00	34.25	34.25	31.74	31.75	44.06	44.125	24.50	24.50	4.34	4.36
Financial bills.....	31.65	32.79	33.09	33.53	30.82	30.90	44.37	44.80	24.5067	24.334	4.44	4.45
Commercial bills.....	32.56	31.71	33.41	33.09	30.01	31.34	43.71	44.23	24.536	27.209	4.54	4.47
Unsold balance purchased during period.....	22.00	32.00	34.00	34.00	31.50	31.50	46.67	46.75	25.75	25.75	4.30	4.30
Total.....	32.02	32.74	33.27	33.72	30.87	31.03	44.38	45.07	24.55	24.53	4.45	4.44

*Monthly ranges of exchange rates on leading foreign money centers, quoted in New York during the three months ending March, 1918.*

	Exchange at par.	January.		February.		March.	
		Low.	High.	Low.	High.	Low.	High.
Norway.....dolls. for 100 kroner....	26.80	31.50	33	30.75	32.50	30.125	32.25
Sweden.....do.....	26.80	32.50	34.25	32.25	33.50	31.75	34
Denmark.....do.....	26.80	30.25	31.75	30.50	31	30	31.75
Holland.....dolls. for 100 florins....	40.20	43	44.25	44	45.50	44.75	46.75
Spain.....dolls. for 100 pesos....	518.1347	24	24.40	24	25.25	24.30	25.625
Switzerland.....francs for 100 dolls....	518.1347	450	435	451.50	446	443	431.50

### FOREIGN EXCHANGE RATES.

In the tables below and accompanying diagrams an attempt has been made to present in a uniform manner the changes in exchange rates since the outbreak of the war. The material used for the tabulation and the diagrams is made up chiefly of quotations published in previous issues of the FEDERAL RESERVE BULLETIN. These data have been arranged under three main heads:

(1) Exchange rates on markets in belligerent countries, both of the allied group and of the central powers. Quotations for the first group include rates on London, Paris, Milan, Yokohama, Rio de Janeiro, and Petrograd. For the latter group rates are given on Berlin and Vienna. The latter rates are two fold:

(a) New York quotations for the period July, 1914, to April, 1917, the date of the entrance of the United States into the war.

(b) Swiss quotations on Berlin and Vienna for the entire period June, 1914, to June, 1918.

It will be noticed that both American and Swiss quotations show that the rates on Vienna move in close sympathy with the rates on Berlin.

(2) Rates on markets in neutral countries in Europe and South America. Quotations are given on Amsterdam, Copenhagen, Stockholm, Zurich, Madrid, Buenos Aires, and in Chilean markets on New York. It will be noted that rates on the two Scandinavian centers in general move in sympathy, the higher level of the Swedish rate having become more pronounced since August, 1916. In the case of the rates on Buenos Aires, the par value of the paper peso was taken at the officially fixed rate of 44 per cent of the gold peso (96.5 cents gold), or 42.46 cents. In the case of the rates on New York in Chilean markets, the average value of the paper peso during the first six months of 1914 was taken as a base from which to measure subsequent variation.

(3) Rates on markets in silver standard countries. The markets chosen were Bombay, in India, Shanghai, the principal neutral financial and commercial market in the Far East, and Hongkong, the most important transshipping point in that part of the world and under the political and financial control of the British Government. It will be noted that, while the quotations of the latter two markets move more or less in sympathy with the price

of silver, in the case of India adherence to the gold exchange standard has resulted in comparative stability of the rate throughout the entire period, a rise having occurred only since August, 1917. In consequence of the recent arrangement for credits with which to supply rupee exchange, rates for telegraphic transfers have been fixed to move in consonance with London rates. The minimum rate, which had previously been 33.50, was fixed on April 11 at 35.75, while on June 18 the rate was stabilized at 35.73.

The rates used for the compilation and diagrams represent the high rates quoted during each month, all expressed in percentages of the American equivalents of the par or mint values of the respective monetary units, with the exception of the Swiss rates on Berlin and Vienna, which represent quotations at the close of the month expressed in percentages of the par values of the Swiss equivalent of these monetary units, and of the Chilean rates on New York, which represent average monthly rates for the Chilean paper peso in terms of sterling, converted into dollars at the prevailing dollar rate for sterling. This method of presen-

tation necessitated the reconversion of quotations of rates on Paris, Zurich, and Milan, and of the Chilean rates on New York, and their restatement in terms of United States money.

It is easily seen that this is the only mode of presentation which permits of any fair comparisons of the upward or downward course of exchanges on the various markets. Some difficulty was experienced in choosing a basic quotation for the silver-standard countries. The basic figure chosen was the average price of silver in London for the calendar year 1913 (60.458 cents per ounce, British standard, 0.925 fine). The par for sterling, namely \$4.8665, has been employed in these calculations. On this basis the average 1913 values of the Hong-kong dollar and the Shanghai tael were figured and these values, 47.16 and 65.49 cents, respectively, were used as the basis for calculating the percentages shown in the tabulation and plotted in the diagram. To complete the analysis of the course of Far Eastern exchange since the outbreak of the war, there have been added figures and curve indicating the course of the silver price in London for the period under review.

*Movement of exchange rates (highest rates for sight drafts during month) in New York on principal financial centers during period from June, 1914, to July, 1918.*

#### 1. RATES ON MARKETS IN BELLIGERENT COUNTRIES.

	London (4.8665=100).		Paris (19.3=100).		Milan (19.3=100).		Yokohama (49.85=100).		Rio de Janeiro (32.444=100).		Petrograd (51.5=100).		Berlin (95.2=100).		Vienna (20.3=100).	
		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>
<b>1914.</b>																
June.....	\$4.891	100.50	\$19.42	100.62	\$19.37	100.36	\$49.90	100.10	.....	.....	\$51.56	100.12	\$95.44	100.25	\$20.32	100.10
July.....	5.50	113.02	21.74	112.64	20.41	105.75	49.90	100.10	.....	.....	51.56	100.12	96.25	101.10	20.37	100.34
August.....	5.56	114.25	19.61	101.61	20.41	105.75	.....	.....	.....	.....	51.12	99.26	97.00	101.89	20.37	100.34
September.....	5.0825	104.03	19.80	102.59	19.05	98.70	.....	.....	.....	.....	.....	97.00	101.89	.....	.....	.....
October.....	4.98	102.33	19.80	102.59	19.34	100.21	.....	.....	.....	.....	48.00	93.20	94.25	99.00	19.87	97.88
November.....	4.90875	100.87	19.63	101.71	18.30	97.41	.....	.....	.....	.....	48.00	93.20	88.62	93.09	17.87	88.03
December.....	4.8925	100.53	19.57	101.40	19.12	99.07	.....	.....	.....	.....	43.00	83.50	92.50	97.16	18.00	88.67
<b>1915.</b>																
January.....	4.85375	99.74	19.35	100.26	18.78	97.31	.....	.....	.....	.....	43.50	84.47	88.37	92.83	17.50	86.21
February.....	4.8493	99.65	19.30	100.00	18.52	95.96	.....	.....	.....	.....	44.87	87.13	87.31	91.71	17.35	85.47
March.....	4.8125	98.89	19.01	98.50	17.70	91.71	.....	.....	.....	.....	44.50	86.41	84.25	88.50	15.87	78.18
April.....	4.80	98.63	18.81	97.46	17.33	89.79	49.38	99.06	.....	.....	44.50	86.41	82.87	87.05	15.55	76.60
May.....	4.80	98.63	18.81	97.46	17.33	90.05	49.38	99.06	.....	.....	41.75	81.07	83.25	87.45	15.70	77.34
June.....	4.7856	98.34	18.40	95.34	16.93	87.72	49.40	99.10	.....	.....	39.75	77.18	82.87	87.05	15.18	74.78
July.....	4.77125	98.04	18.07	93.63	16.50	85.49	49.38	99.06	.....	.....	38.00	73.79	82.25	86.40	15.18	74.78
August.....	4.7625	97.86	17.71	91.76	16.05	83.16	49.38	99.06	.....	.....	37.00	71.84	82.50	86.66	15.20	74.88
September.....	4.73	97.20	17.35	89.96	16.18	83.83	49.25	98.80	23.70	73.06	35.75	69.42	84.25	88.50	15.55	76.60
October.....	4.725	97.09	17.35	89.90	16.08	83.32	49.50	99.30	23.81	73.40	35.50	68.93	84.25	88.50	15.55	76.60
November.....	4.71375	96.86	17.18	89.42	15.55	80.57	50.00	100.30	23.75	73.21	33.75	65.53	81.87	86.00	14.70	72.41
December.....	4.7125	97.43	17.21	89.17	15.35	79.53	50.50	101.30	23.62	72.81	32.75	63.59	79.75	83.77	14.10	69.46
<b>1916.</b>																
January.....	4.78	98.22	17.15	88.86	15.27	79.12	50.50	101.30	23.50	72.44	30.00	58.25	76.75	80.62	12.92	63.65
February.....	4.76525	97.94	17.08	88.50	14.95	77.46	50.38	101.06	23.25	71.67	32.37	62.85	77.50	81.41	15.00	73.89
March.....	4.765	97.91	17.02	88.19	15.38	79.69	50.25	100.80	23.62	72.81	32.50	63.11	73.37	77.07	13.00	64.04
April.....	4.765	97.91	16.86	87.36	15.85	82.12	50.25	100.80	23.00	70.90	32.00	62.14	76.50	80.36	13.62	67.09
May.....	4.7625	97.86	16.90	87.56	16.13	83.58	50.38	101.06	24.50	75.52	31.62	61.40	78.12	82.06	13.50	66.50
June.....	4.75875	97.79	16.95	87.82	15.75	81.61	50.50	101.30	24.50	75.52	30.80	59.81	77.12	81.01	13.25	65.27

*Movement of exchange rates (highest rates for sight drafts during month) in New York on principal financial centers during period from June, 1914, to July, 1918—Continued.*

1. RATES ON MARKETS IN BELLIGERENT COUNTRIES—Continued.

	London (4.8665=100).		Paris (19.3=100).		Milan (19.3=100).		Yokohama (49.85=100).		Rio de Janeiro (\$2.444=100).		Petrograd (51.5=100).		Berlin (95.2=100).		Vienna (20.3=100).	
		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>
1916.																
July.....	\$4.75875	97.79	\$16.93	87.72	\$15.68	81.24	\$50.50	101.30	\$24.76	76.33	\$30.80	59.81	\$74.50	78.26	\$12.80	63.05
August.....	4.75875	97.79	16.98	87.98	15.47	80.16	50.63	101.56	24.65	75.99	34.00	66.02	72.37	76.02	12.50	61.58
September.....	4.7675	97.97	17.13	88.76	15.56	80.62	50.63	101.56	24.29	74.88	33.75	65.53	70.94	74.52	12.15	59.85
October.....	4.7569	97.75	17.13	88.76	15.47	80.16	51.00	102.31	24.10	74.29	31.75	61.65	70.66	74.12	12.00	59.11
November.....	4.7175	96.94	17.12	88.70	15.04	77.93	51.00	102.31	23.96	73.86	30.75	59.71	70.19	73.73	11.88	58.52
December.....	4.7569	97.75	17.14	88.81	15.02	77.82	50.88	102.07	23.63	72.84	30.75	59.71	75.25	79.04	13.40	66.01
1917.																
January.....	4.7585	97.78	17.12	88.70	14.52	75.23	50.88	102.07	23.57	72.66	29.90	58.06	71.44	75.04	11.79	58.08
February.....	4.7580	97.77	17.11	88.65	14.12	73.16	51.00	102.31	23.46	72.32	29.10	56.50	70.87	74.44	11.10	54.68
March.....	4.7555	97.72	17.12	88.70	13.11	67.93	51.00	102.31	23.18	71.45	28.60	55.53	71.50	75.11	11.50	56.65
April.....	4.7585	97.78	17.61	91.24	14.51	75.13	51.13	102.58	24.35	75.05	28.85	56.06				
May.....	4.7556	97.72	17.52	90.78	14.28	73.99	51.13	102.58	26.75	82.45	28.10	54.60				
June.....	4.7555	97.72	17.47	90.52	14.21	73.63	51.25	102.81	26.90	82.91	26.10	50.72				
July.....	4.7565	97.74	17.45	90.41	13.93	72.18	51.25	102.81	26.82	82.67	23.90	46.44				
August.....	4.7555	97.72	17.35	89.90	13.82	71.61	51.00	102.31	25.64	79.03	21.65	42.07				
September.....	4.7555	97.72	17.33	89.79	13.29	68.86	51.38	103.06	25.22	77.73	18.00	34.98				
October.....	4.7530	97.67	17.51	90.73	12.95	67.10	52.00	104.31	25.64	79.03	15.75	30.61				
November.....	4.7520	97.65	17.44	90.36	12.59	65.23	52.13	104.57	26.25	80.91	13.50	26.23				
December.....	4.7525	97.66	17.45	90.41	12.52	64.87	51.80	103.91	26.90	82.91	13.50	26.23				
1918.																
January.....	4.7535	97.68	17.53	90.83	12.03	62.33	51.88	103.91	27.14	83.65	13.13	25.51				
February.....	4.7535	97.68	17.51	90.73	11.76	60.93	51.65	103.61	26.67	82.20	13.75	26.72				
March.....	4.7535	97.68	17.47	90.52	11.98	62.07	51.75	103.81	26.42	81.43	13.50	26.23				
April.....	4.7550	97.71	17.49	90.62	11.38	58.96	51.90	104.11	25.84	79.64	14.50	28.18				
May.....	4.7550	97.71	17.53	90.83	11.15	57.77	52.75	105.82	25.64	79.03	15.25	29.63				
June.....	4.7550	97.71	17.50	90.67	11.29	58.50	52.90	106.12	25.64	79.03	15.25	29.63				
July.....	4.7535	97.68	17.50	90.67	12.48	64.66	53.75	107.82	24.94	76.87	15.00	29.15				

<sup>1</sup> Cable rates.

*Movement of exchange rates (sight drafts) in Switzerland on Berlin and Vienna during period from June, 1914, to June, 1918.*

[At Basle, average of offer and demand rates at close of month.]

	Berlin (123.457=100).		Vienna (105.01=100).			Berlin (123.457=100).		Vienna (105.01=100).	
		<i>Per cent.</i>		<i>Per cent.</i>			<i>Per cent.</i>		<i>Per cent.</i>
1914.					1917.				
June.....	\$122.87	99.52	\$104.28	99.30	January.....	\$84.60	68.53	\$54.40	51.80
July.....	122.67	99.36	103.92	98.96	February.....	82.25	66.62	51.25	48.80
August.....	121.00	98.01	92.00	87.61	March.....	79.25	64.19	50.10	47.71
September.....	116.00	93.96	91.00	86.66	April.....	79.25	64.19	49.60	47.23
October.....	115.12	93.25	92.50	88.09	May.....	75.10	60.83	48.40	46.09
November.....	111.25	90.11	89.00	84.75	June.....	68.50	55.48	43.50	41.42
December.....	114.50	92.74	91.00	86.66	July.....	63.50	51.43	40.75	38.81
1915.					August.....	63.75	51.64	40.80	38.85
January.....	115.22	93.33	90.00	85.71	September.....	64.80	52.49	41.50	39.52
February.....	111.62	90.41	84.00	79.99	October.....	63.00	51.03	39.75	37.85
March.....	110.22	89.28	82.00	78.09	November.....	65.00	52.65	40.25	38.33
April.....	108.80	88.13	81.50	77.61	December.....	85.75	69.46	52.50	50.00
May.....	108.25	87.68	80.25	76.42	1918.				
June.....	109.40	88.61	81.00	77.14	January.....	82.75	67.03	52.50	50.00
July.....	109.00	88.29	80.50	76.66	February.....	86.75	70.27	57.50	54.76
August.....	108.75	88.09	80.35	76.52	March.....	85.10	68.93	55.25	52.61
September.....	109.55	88.74	78.75	74.99	April.....	82.10	66.50	52.60	50.09
October.....	109.00	88.29	77.40	73.71	May.....	79.10	64.07	48.75	46.42
November.....	105.85	85.74	74.37	70.82	June.....	69.00	55.89	40.00	38.09
December.....	98.75	79.99	67.00	63.80					
1916.									
January.....	95.37	77.25	63.85	60.80					
February.....	94.65	76.67	65.00	61.90					
March.....	92.80	75.17	64.10	61.04					
April.....	95.95	77.72	66.35	63.18					
May.....	97.00	78.57	67.60	64.37					
June.....	95.65	77.48	66.50	63.33					
July.....	94.57	76.60	65.65	62.52					
August.....	92.50	74.92	63.75	60.71					
September.....	92.40	74.84	62.90	59.90					
October.....	90.90	73.63	59.35	56.52					
November.....	84.60	68.53	52.75	50.23					
December.....	84.62	68.54	53.37	50.82					

*Movement of exchange rates (highest rates for sight drafts during month) in New York on principal financial centers during period from June, 1914, to July, 1918.*

## 2. RATES ON MARKETS IN NEUTRAL COUNTRIES.

	Amsterdam (40.2=100).		Copenhagen (26.8=100).		Stockholm (26.8=100).		Zurich (19.3=100).		Madrid (19.3=100).		Buenos Aires (42.45=100).		Valparaiso (18.80=100).	
		Per ct.		Per ct.		Per ct.		Per ct.		Per ct.		Per ct.		Per ct.
<b>1914.</b>														
June.....	\$40.31	100.27	\$26.90	100.37	.....	.....	\$19.42	100.62	.....	.....	.....	.....	\$19.19	102.07
July.....	41.25	102.61	27.50	102.61	.....	.....	21.51	111.45	.....	.....	.....	.....	19.12	101.70
August.....	42.00	104.48	27.50	102.61	.....	.....	.....	.....	.....	.....	.....	.....	16.67	88.67
September.....	41.75	103.86	.....	.....	.....	.....	20.00	103.63	.....	.....	.....	.....	15.20	80.85
October.....	42.50	105.72	.....	.....	.....	.....	19.88	103.01	.....	.....	.....	.....	14.71	78.24
November.....	40.87	101.67	25.87	96.53	.....	.....	19.42	100.62	.....	.....	.....	.....	14.27	75.90
December.....	40.62	101.04	25.25	94.22	.....	.....	19.29	99.95	.....	.....	.....	.....	13.87	73.78
<b>1915.</b>														
January.....	40.50	100.75	25.00	93.28	\$25.15	93.84	19.14	99.17	\$19.24	99.69	.....	.....	14.27	75.90
February.....	40.81	100.27	24.81	92.57	24.95	93.10	18.89	97.88	19.49	100.98	.....	.....	14.71	78.24
March.....	40.00	99.50	25.50	95.15	25.65	95.71	18.69	96.84	19.78	102.49	.....	.....	15.20	80.85
April.....	39.50	98.26	25.75	96.08	25.80	96.27	18.79	97.36	20.05	103.89	.....	.....	16.67	88.67
May.....	39.56	98.41	25.95	96.83	26.00	97.01	18.89	97.88	19.80	102.59	.....	.....	15.63	83.14
June.....	39.94	99.35	26.42	98.58	26.47	98.77	19.01	98.50	19.08	98.86	.....	.....	15.65	83.24
July.....	40.06	99.65	26.35	98.32	26.40	98.51	18.69	96.84	19.23	99.64	.....	.....	15.58	82.87
August.....	40.81	100.27	25.90	96.64	25.95	98.63	18.83	97.56	19.36	100.31	.....	.....	15.87	84.41
September.....	40.37	100.42	25.95	96.83	26.00	97.01	19.05	98.70	19.00	98.45	\$41.55	97.88	17.64	93.83
October.....	41.50	103.23	26.20	97.76	26.25	97.95	19.01	98.50	19.05	98.70	42.00	98.94	18.80	100.00
November.....	42.00	104.48	28.05	104.66	28.10	104.85	18.83	97.56	19.03	98.60	41.75	98.35	17.54	93.30
December.....	43.50	108.21	28.00	104.48	28.05	104.66	19.08	98.86	18.90	97.93	42.00	98.94	17.57	93.46
<b>1916.</b>														
January.....	45.87	114.10	27.90	104.10	28.13	104.96	19.49	100.98	19.12	99.07	42.12	99.22	16.84	89.57
February.....	42.62	106.02	28.25	105.41	28.75	107.28	19.31	100.05	19.25	99.74	44.45	104.71	16.84	89.57
March.....	42.75	106.34	29.00	108.21	29.00	108.21	19.19	99.43	19.37	100.36	42.62	100.40	16.31	86.76
April.....	43.25	107.59	30.20	112.69	30.50	113.81	19.34	100.21	19.65	101.81	42.62	100.40	17.06	90.74
May.....	41.87	104.15	30.80	114.93	31.25	116.60	19.31	100.05	19.95	103.37	42.32	99.69	17.06	90.74
June.....	41.75	103.86	30.10	112.31	30.40	113.43	19.12	99.07	20.70	107.25	42.25	99.53	17.83	94.84
July.....	41.44	103.08	29.10	108.58	29.15	108.77	18.94	98.13	20.30	105.18	42.25	99.53	18.45	98.14
August.....	41.44	103.08	28.70	107.09	28.80	107.46	18.89	97.88	20.20	104.66	41.69	98.21	18.45	98.14
September.....	41.12	102.29	27.75	108.54	28.70	107.09	18.89	97.88	20.16	104.46	42.39	99.86	20.79	110.59
October.....	41.19	102.46	27.40	102.24	28.50	106.34	19.04	98.65	20.30	105.18	43.15	101.65	20.79	110.59
November.....	41.00	101.99	27.15	101.51	28.45	106.16	19.34	100.21	20.55	106.48	43.40	102.24	21.65	115.16
December.....	40.87	101.67	27.80	103.73	29.45	109.89	20.28	105.08	21.25	110.10	44.89	105.75	22.78	121.17
<b>1917.</b>														
January.....	40.81	101.52	27.70	103.36	29.65	110.63	20.00	103.63	21.25	110.10	44.34	104.45	22.68	120.64
February.....	40.75	101.37	27.55	102.80	29.60	110.45	20.00	103.63	21.35	110.62	44.46	104.73	21.60	114.89
March.....	40.50	100.75	29.60	110.45	30.00	111.94	19.94	103.32	21.75	112.69	44.03	103.72	20.85	110.90
April.....	41.75	103.86	28.90	107.84	30.30	113.06	19.84	102.80	21.90	113.47	42.89	101.04	21.45	114.10
May.....	41.25	102.61	28.70	107.09	30.00	111.94	19.82	102.69	22.75	117.88	44.26	104.26	23.17	123.24
June.....	41.19	102.46	29.25	109.14	30.30	113.06	20.70	107.25	23.65	122.54	44.26	104.26	23.85	126.86
July.....	41.47	103.16	29.50	110.07	33.10	123.51	22.12	114.61	23.30	120.73	43.97	103.58	24.69	131.33
August.....	42.38	105.42	30.40	113.43	33.85	126.31	22.83	116.29	22.85	118.39	43.25	101.88	25.66	136.49
September.....	42.13	104.80	31.15	116.23	34.40	128.36	22.22	115.13	24.10	124.87	43.23	101.84	28.75	152.93
October.....	45.75	113.80	35.75	133.40	42.00	156.72	22.73	117.77	23.65	122.54	44.21	104.15	28.12	149.57
November.....	45.25	112.56	38.75	144.59	45.50	169.78	23.04	119.33	23.70	122.80	47.01	110.74	27.99	148.88
December.....	44.50	110.70	33.75	125.93	37.25	138.99	23.42	121.35	24.40	126.42	47.65	112.25	28.23	150.16
<b>1918.</b>														
January.....	44.25	110.07	31.75	118.47	34.25	127.80	22.99	119.12	24.40	126.42	45.98	108.32	25.95	138.03
February.....	45.50	113.43	31.00	115.07	33.50	125.00	22.42	116.17	25.25	130.83	44.04	103.75	26.95	143.35
March.....	46.75	116.29	31.75	118.47	34.00	126.87	23.17	120.05	25.63	132.80	44.44	104.69	29.35	156.12
April.....	48.25	120.02	31.75	118.47	34.50	128.73	23.63	121.92	29.75	154.15	43.85	103.30	30.68	163.19
May.....	50.50	125.62	31.50	117.54	34.75	129.66	26.11	135.28	28.40	147.15	43.91	103.44	32.69	173.88
June.....	51.00	126.87	31.25	116.60	35.00	132.84	25.88	131.50	28.55	147.93	43.38	102.19	33.51	178.24
July.....	52.00	129.35	31.30	116.79	35.80	133.58	25.38	131.50	27.55	142.75	44.83	105.61	32.99	175.48

*Movement of exchange rates (highest rates for sight drafts during month) in New York on principal financial centers during period from June, 1914, to July, 1918—Continued.*

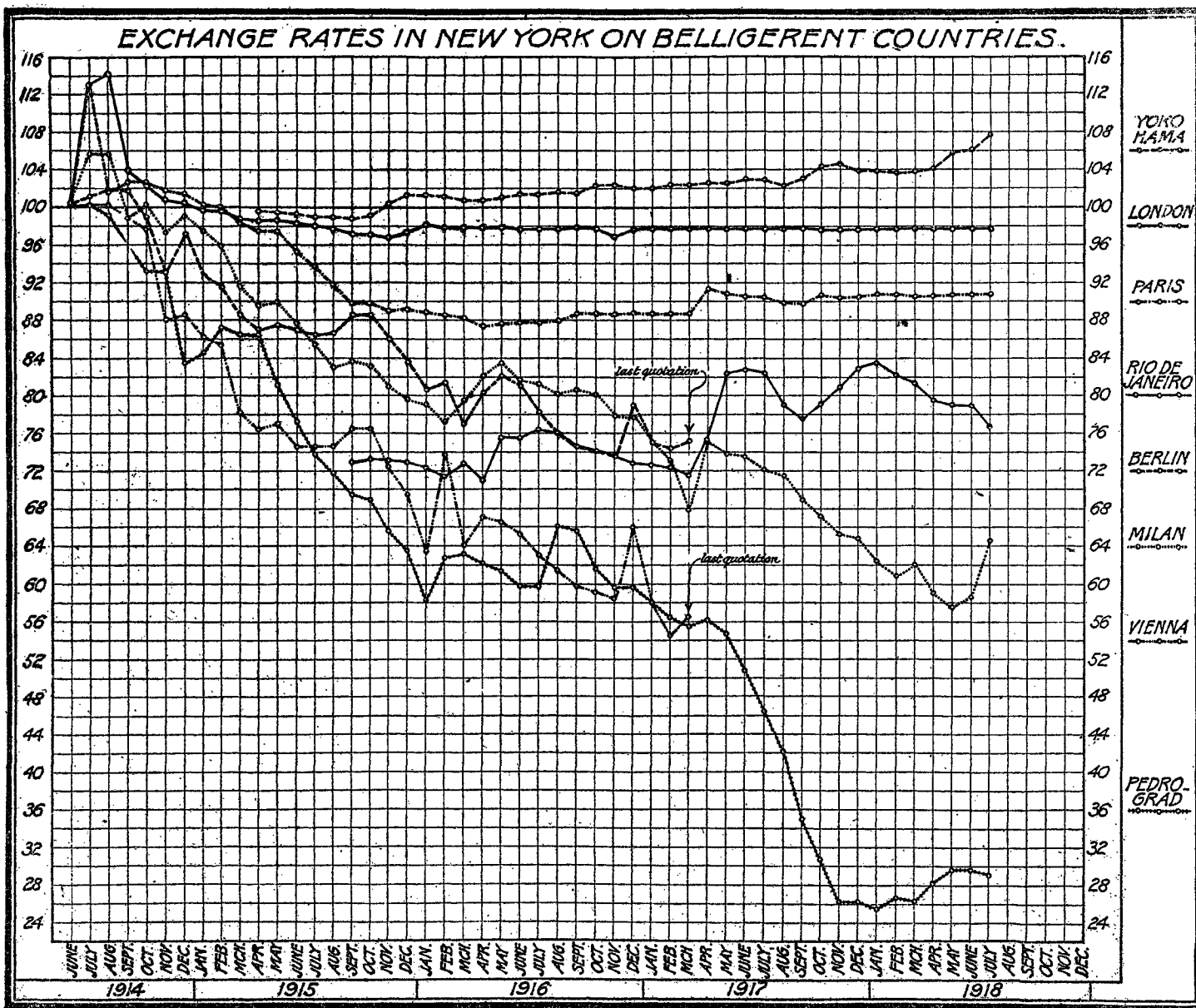
3. RATES ON MARKETS IN SILVER COUNTRIES.

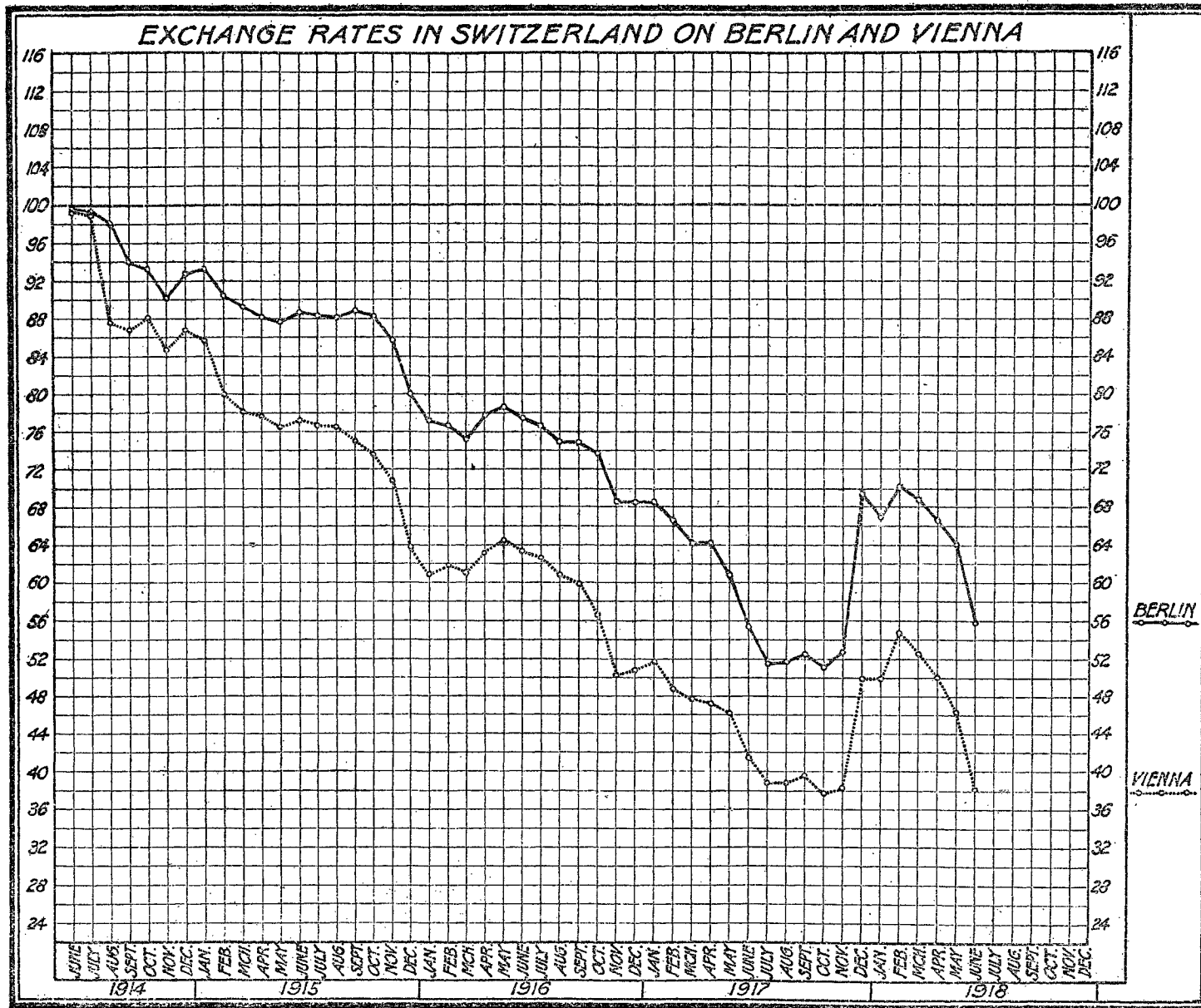
	Bombay (32.44=100).		Hongkong (47.16=100).		Shanghai (65.49=100).		Average London price of silver. (£=4.8665).	Average price for 1913— .60458 cent=100.
		Per cent.		Per cent.		Per cent.		Per cent.
<b>1914.</b>								
June.....	\$33.00	101.73	\$46.90	99.45	\$64.00	97.72	\$0.56879	94.08
July.....	33.00	101.73	46.45	98.49	64.00	97.72	.55201	91.30
August.....			47.85	101.46	64.75	98.87		
September.....							.53159	87.93
October.....							.50555	83.62
November.....							.49630	82.09
December.....							.50145	82.94
<b>1915.</b>								
January.....							.49678	82.17
February.....							.50007	82.71
March.....							.51822	85.72
April.....	33.50	103.27	44.70	94.78	57.00	87.04	.51925	85.89
May.....	32.50	103.27	44.60	94.57	57.00	87.04	.51708	85.52
June.....	33.50	103.27	44.30	93.94	56.50	86.27	.50135	84.41
July.....	33.00	101.73	43.00	91.18	56.00	85.51	.49556	81.97
August.....	33.00	101.73	42.70	90.54	56.00	85.51	.49973	82.66
September.....	33.00	101.73	43.75	92.77	56.00	85.51	.51761	85.61
October.....	33.00	101.73	43.75	92.77	55.75	85.13	.52441	86.74
November.....	33.00	101.73	48.25	102.31	63.00	96.20	.54986	90.95
December.....	33.00	101.73	47.35	100.40	63.00	96.20	.57812	95.62
<b>1916.</b>								
January.....	33.00	101.73	47.60	100.93	63.87	97.53	.59099	97.75
February.....	33.00	101.73	46.80	99.24	63.75	97.34	.59133	97.81
March.....	33.00	101.73	49.50	104.96	67.50	103.07	.60496	100.06
April.....	33.00	101.73	56.50	119.80	76.00	116.05	.67215	111.18
May.....	33.00	101.73	56.25	119.27	80.12	122.34	.77989	129.00
June.....	33.00	101.73	51.00	108.14	72.00	109.94	.68088	112.62
July.....	33.00	101.73	50.00	106.02	72.12	110.12	.65632	108.56
August.....	33.00	101.73	51.75	109.73	73.50	112.23	.69040	114.19
September.....	32.63	100.59	52.75	111.85	75.50	115.28	.71469	118.21
October.....	32.75	100.96	53.45	113.34	76.50	116.81	.70942	117.34
November.....	32.38	99.82	56.00	118.74	87.50	133.61	.74852	123.81
December.....	32.50	100.18	58.00	122.99	89.00	135.90	.79815	132.02
<b>1917.</b>								
January.....	34.00	104.81	58.00	122.99	89.00	135.90	.80412	133.00
February.....	32.50	100.18	58.00	122.99	89.50	136.66	.82721	136.82
March.....	32.50	100.18	56.50	119.80	86.50	132.08	.79844	132.07
April.....	32.50	100.18	57.60	122.14	86.50	132.08	.81102	134.15
May.....	32.50	100.18	58.00	122.99	86.50	132.08	.83163	137.56
June.....	32.50	100.18	60.50	128.29	92.38	141.06	.85712	141.77
July.....	32.50	100.18	64.75	137.30	95.88	146.40	.87913	145.41
August.....	33.75	104.04	76.25	161.68	117.00	178.65	.94409	156.16
September.....	40.00	123.30	82.00	173.88	120.00	183.23	1.11965	185.19
October.....	40.00	123.30	80.00	169.64	106.00	161.86	.97170	160.72
November.....	35.00	107.89	80.00	169.64	105.00	160.33	.95557	158.06
December.....	35.00	107.89	74.50	157.97	110.00	167.96	.94329	156.02
<b>1918.</b>								
January.....	35.00	107.89	75.00	159.03	114.00	174.07	.97222	160.81
February.....	35.75	110.20	73.00	154.79	108.00	164.91	.93825	155.19
March.....	36.00	110.97	77.00	163.27	111.00	169.49	.95795	158.45
April.....	<sup>1</sup> 37.25	114.83	77.00	163.27	109.00	166.44	1.03501	171.19
May.....	39.50	121.76	76.50	162.21	109.50	167.20	1.07403	177.65
June.....	38.50	118.68	79.00	167.51	113.50	173.31	1.07140	177.21
July.....	<sup>2</sup> 35.73	110.14	80.50	170.70	116.50	177.89	1.07003	176.99

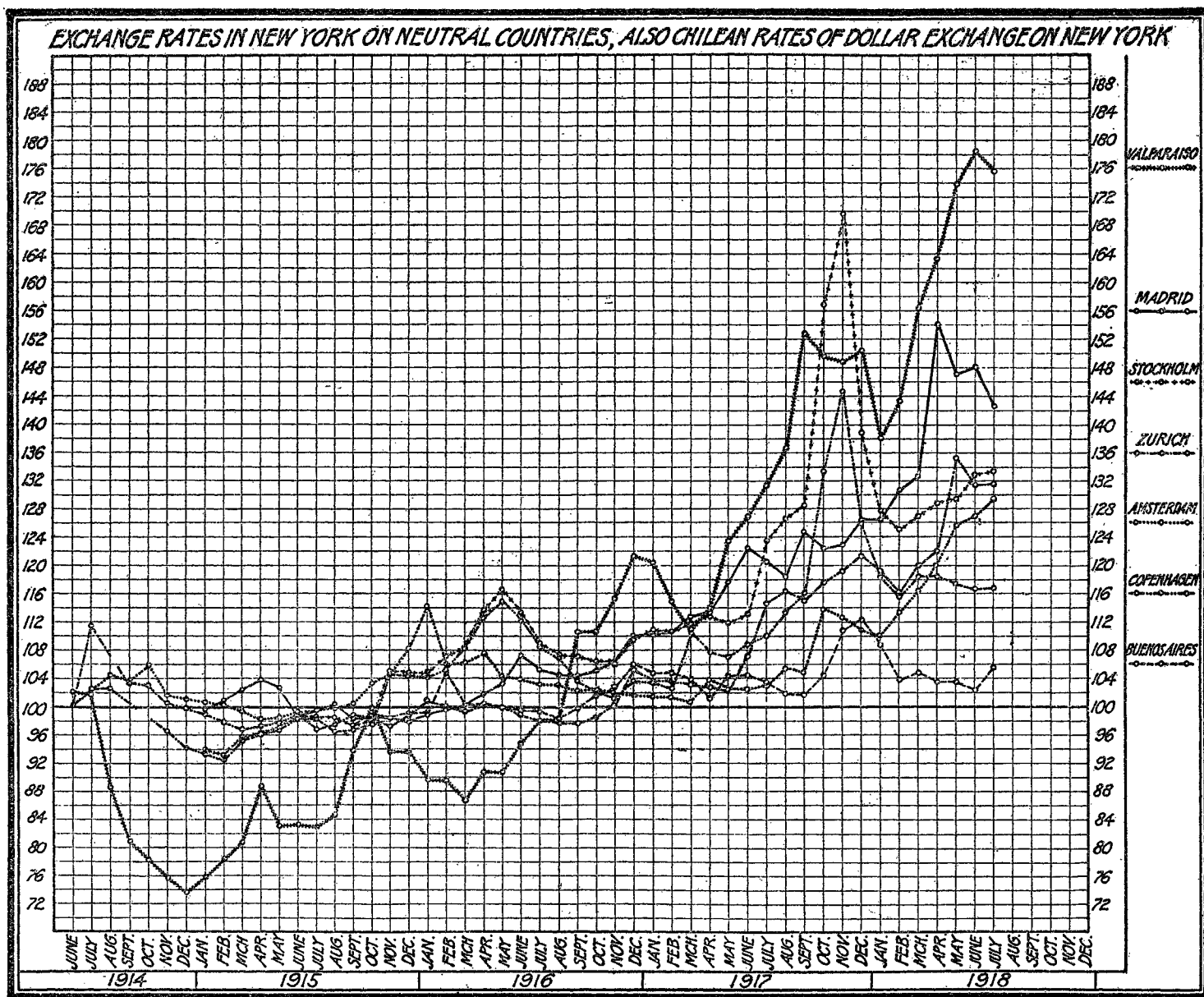
<sup>1</sup> Minimum rate for telegraphic transfers fixed Apr. 11 at 35.75; previously 33.5.

<sup>2</sup> Rate for telegraphic transfers fixed June 18 at 35.73.



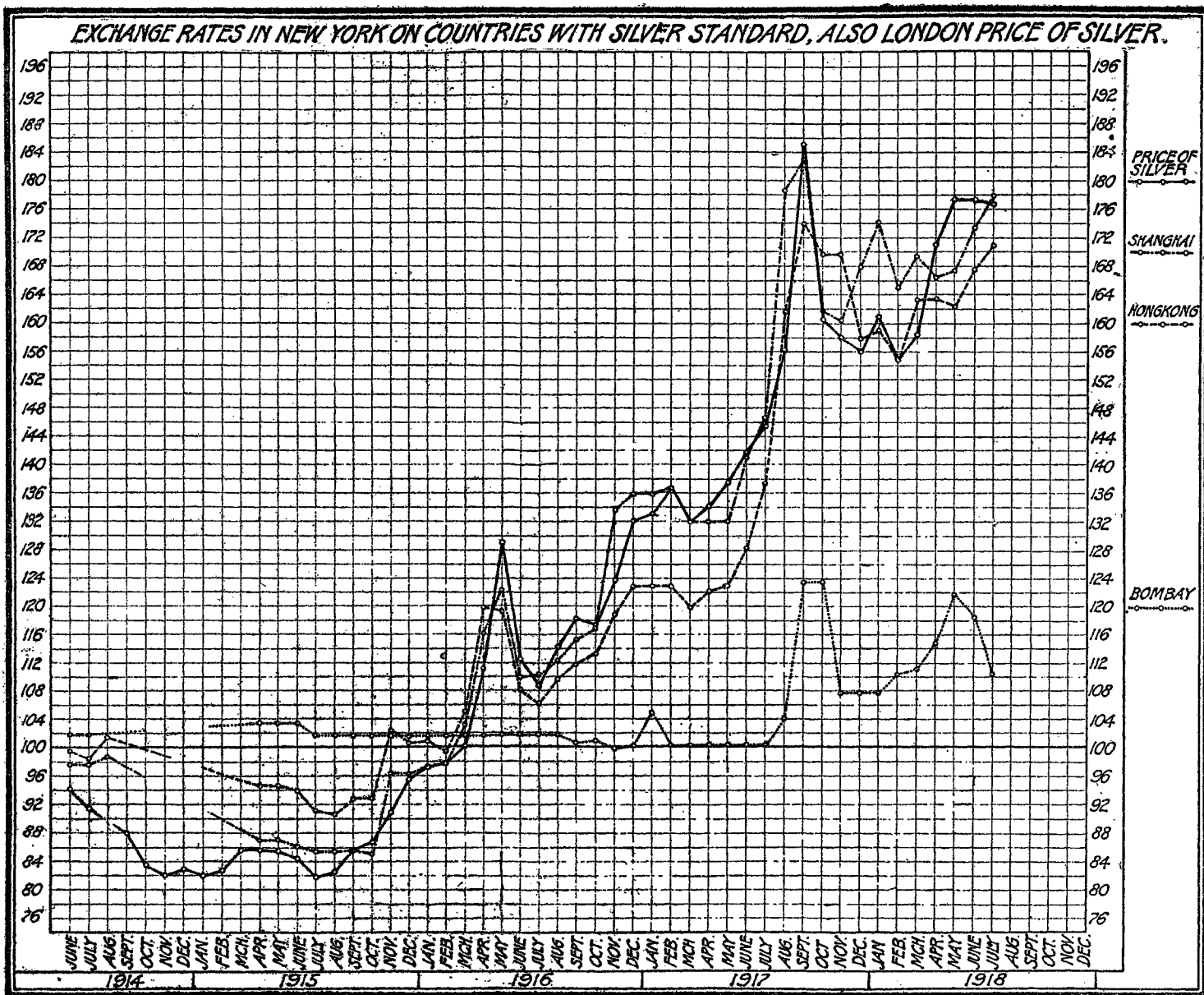






SEPTEMBER 1, 1918.

FEDERAL RESERVE BULLETIN.



**Holdings by the Banks of Treasury Certificates.<sup>1</sup>**

The twenty-three issues of Treasury certificates of indebtedness, emitted in anticipation of the proceeds of Liberty loans and income and excess taxes, from March 31, 1917, to May 15, 1918, have been taken and held in the main by the financial institutions of the country—national banks, State banks, and trust companies. The Federal Reserve Banks, with whom was placed the entire ante-bellum issue of March 31, 1917, subsequently withdrew from the rôle of direct investors and confined themselves to the functions of distribution and remittance, with only such temporary investment service as was made necessary by administrative convenience, by the insufficiency of the banks' subscriptions, and by the desirability of aiding wider distribution of certificates among the banks.

Of the certificates acquired by the banks, much the largest quota has been for their own account, only a minor part being apparently taken in behalf of customers. This applies to the loan anticipation certificates; with respect to the tax anticipation issues the conditions have probably been somewhat different. No precise tabulations are available as to the several amounts of the certificates taken and held by the banks as compared with those taken and held by investors. It is possible, however, to form some opinion as to this from the condition of the national banks on the several "call" dates; from the condition of "member banks in leading cities" reported weekly after December 7, 1917, to the Federal Reserve Board; and from the condition of member banks other than national banks on December 31, 1917, reported to the Federal Reserve Board.

I. (1) As to the certificates held by the national banks:

The computation is affected not only by infrequency of available data, but by the fact that three (June 20, 1917, Nov. 20, 1917, and May 10, 1918) of the "call" dates fall in the midst of Liberty loan flotations. Taking the remaining three "calls" (Sept. 11, 1917, Dec.

31, 1917, and Mar. 4, 1918) not complicated in this manner, and assuming that the amount of ante-bellum bonds held by the national banks has not changed since March 5, 1917—\$714, 523,000—the certificates held by the national banks at the several dates, and the ratios of such holdings to the total nominal volume of certificates then outstanding would be approximately, as follows:

Call of—	Certificates held by national banks.	Nominal amount of certificates outstanding.	Per cent.
Sept. 11, 1917.....	\$226,559,000	\$550,000,000	41.2
Dec. 31, 1917.....	300,380,000	691,872,000	43.4
Mar. 4, 1918.....	330,595,000	2,637,792,000	35

(2) As to the certificates held by banks other than national banks:

On June 20, 1917 the total resources of 17,576 "reporting"<sup>2</sup> State banks, loan and trust companies were \$14,699,487,556. If such resources increased from June 20 to December 31, 1917, in the same proportion as did the total resources of the national banks (from \$16,151,040,000 to \$18,073,308,000, or 11.9 per cent), the total resources of the reporting State banks etc., on December 31, 1917, would have been \$16,448,726,575.

The total resources of the 250 Federal Reserve member State banks and trust companies on December 31, 1917, were \$5,013,885,000. The total resources of the 17,326 nonmember State banks, etc., would therefore be \$11,434,641,575, or 228 per cent of the total resources of the member State banks, etc.

On December 31, 1917, the 250 member State banks, etc., owned \$234,592,000 United States securities. Assuming, somewhat perilously, that the nonmember State banks, etc., held United States securities as compared with the holdings of member State banks, etc., in the ratio which the "total resources" of the two groups bear to one another, viz, 228 per cent, we should expect nonmember State

<sup>1</sup> Contributed by Prof. Jacob H. Hollander, of the Johns Hopkins University, Baltimore, Md.

<sup>2</sup> It is probable that there are included in the comptroller's reporting State banks, trust and loan companies certain financial institutions not of a kind likely to purchase certificates. As against this, there are certainly nonreporting banks that purchase certificates.

banks, etc., to hold \$534,869,760 United States securities. Accordingly, both member and nonmember State banks, etc., would hold \$769,461,760.

This \$769,461,760 would be composed of: (a) Ante bellum United States bonds; (b) Liberty bonds and paid subscriptions thereto; (c) certificates of indebtedness.

As to (a), on June 20, 1917, 20,319 reporting banks, other than national, held \$77,161,898 United States securities. Assuming, arbitrarily, that one-half of this amount consisted of ante bellum issues held by reporting State banks, loan and trust companies, and that such holdings did not thereafter increase, there would remain \$730,880,811 of (b) Liberty bonds and (c) certificates of indebtedness held by reporting State banks, etc.

Assuming that the Liberty bonds and certificates of indebtedness held by the State banks, etc., were distributed in the same proportions as were the corresponding holdings of the national banks on the same date (Dec. 31, 1917) we have the following:

	National.	State, etc.
Liberty bonds.....	\$609,626,000	\$489,690,143
Certificates of indebtedness.....	300,380,000	241,190,668
Total.....	910,006,000	730,880,811

The total (nominal) amount of certificates outstanding on December 31, 1917, was \$691,872,000. Of this the holdings of the State banks, etc. (\$248,939,000 as above), formed thus 34.9 per cent.

Finally the Federal Reserve Banks held on December 28, 1917, \$58,883,000 United States Government short-term securities, which we may assume to have been entirely certificates of indebtedness.

*Summary.*

	Amount.	Per cent.
Certificates outstanding Dec. 31, 1917.....	\$691,872,000	100
Held by national banks.....	300,380,000	43.4
Held by State banks, etc.....	248,939,000	34.9
Held by Federal Reserve Banks.....	58,883,000	8.5
Held by all banks.....	608,202,000	86.8

II. (1) Available data, after December 7, 1917, as to "member banks in selected cities," afford an alternate and less satisfactory mode of computing the banks' holdings of certificates at a typical later date when large amounts of tax anticipation certificates had been sold "over the counter" and when progress had been made in securing a wider distribution and absorption of the loan anticipation issues.

On April 18, 1918, there were outstanding, in nominal amounts—

Tax anticipation certificates.....	\$1,440,636,500
Loan anticipation certificates.....	2,494,259,000
Total.....	3,934,895,500

On the same date the "selected" member banks held \$1,497,677,000 certificates, or 38 per cent of the nominal amount outstanding. To this must be added the holdings of (a) member banks, other than "selected;" (b) nonmember banks; (c) Federal Reserve Banks.

As to (a), there were 630 "selected" banks on December 28, 1917, and 685 on April 19, 1918. Assuming "time deposits" to be constant and comparing such deposits of the 630 banks (\$1,321,944,000) with the 685 banks (\$1,397,596,000), the difference \$75,652,000, or 5.7 per cent, would represent the relative banking strength of the 55 additional banks.

The "selected" banks held \$591,578,000 Government deposits on December 28, 1917, and \$550,439,000 on January 4, 1918, of which the mean \$571,008,500 might be taken for December 31, 1917. Augmenting this by 5.7 per cent, the Government deposits of the 685 banks on December 31, 1917, would have been \$603,555,000.

The Government deposits in all member banks on December 31, 1917, were \$649,413,000, indicating \$45,858,000, or 7 per cent, as the banking strength of the "nonselected" member banks.

Correcting \$1,497,677,000 and 38 per cent, by 7 per cent, to allow for "nonselected" member banks, we have:

Certificates held by all member banks.....	\$1,602,514,390
Per cent of outstanding certificates.....	40.6

(2) As to certificates held by nonmember banks:

On December 31, 1917, the total resources of all member banks were \$23,078,045,000. But the total resources of all national banks (\$18,073,308,000) and of all reporting State banks, loan and trust companies reporting (\$16,448,726,575, being 11.9 per cent increase over the June 20, 1917, figures) aggregated \$34,522,034,575. The total resources of nonmember banks was therefore \$11,443,989,575, or 49.6 per cent of that of the member banks.

Assuming that nonmember banks took certificates in the same ratio to total resources as did member banks, we should conclude that nonmember banks held \$794,847,137 certificates, or 20.2 per cent of the nominal amount outstanding.

Finally, on April 19, 1918, the Federal Reserve Banks held \$46,295,000 United States Government short-term securities.

*Summary.*

	Amount.	Per cent.
Certificates outstanding Apr. 19, 1918.....	\$3,934,895,500	100.00
Held by member banks.....	1,602,514,380	40.6
Held by nonmember banks.....	794,847,137	20.2
Held by Federal Reserve Banks.....	46,295,000	1.2
Held by all banks.....	2,443,656,527	62.0

**TENTATIVE CONCLUSIONS.**

The highly tentative conclusions which might be drawn from the foregoing are that of the certificate issues prior to January 1, 1918, the banks took for their own account slightly less than seven-eighths, and that of the issues since emitted the banks have taken something more than three-fifths.

**War Revenue Legislation.**

The following statement made by the Secretary of the Treasury before the Ways and Means Committee, on August 14, presents the views of the Department relative to war-revenue taxation:

At the risk of wearying you by a repetition of matters which may already be fresh in your recollection, I want,

briefly, to summarize the position of the Treasury Department toward revenue legislation this year.

In May I called the attention of the President and Congressional leaders to the urgent need of additional taxes and prompt action to impose them and indicated the sources from which these taxes should, I thought, be raised. The President addressed the Congress on the 27th day of May and asked the Congress to remain in session for this purpose and indicated his expectation that the Congress would turn to war profits and incomes and luxuries for the additional taxes.

When I was obliged to leave Washington, early in June, I wrote your chairman a letter, dated June 5, which I believe you have printed before you, in which I outlined in some detail the urgency for immediate tax legislation and the character of the legislation which the Treasury would suggest.

I then estimated on the basis rather of the growth of the expenditures in the past than on the basis of the appropriations and indicated appropriation, that the expenditures for the fiscal year ending June 30, 1919, would amount in the aggregate to \$24,000,000,000. I anticipated that there having been a very large increase in expenditures for the month of May, expenditures for the month of June would be about the same, and that if the expenditures should continue to mount at the rate of \$100,000,000 per month for the next six months, or until December, 1918, and thereafter remain stationary, this total would be reached. Or, putting it another way, if the average monthly expenditure should exceed that for the month of May, 1918, by 33½ per cent we should spend a total of \$24,000,000,000 for the fiscal year 1919.

Following the same method of calculation, from the statement for the last day in the month we find that my expectation has been realized during the past two months, the expenditures for the month of June being \$1,512,573,702.42, and for the month of July \$1,608,282,654.44. It thus appears that in the month of July our expenditures reached a sum which, if there should be no further increase in the monthly expenditures, would make the total expenditures for the fiscal year 1919 approximate \$20,000,000,000.

Since I wrote to Mr. Kitchin on June 5, Mr. Sherley, chairman of the Committee on Appropriations, has submitted a statement to the House, reported in the Congressional Record of July 22, page 9973, showing appropriations and authorizations for expenditures in the sum of \$29,791,241,773.67. Mr. Sherley, however, in his remarks says that the probability is that the expenditures for 1919 will be at least five or six billions of dollars less than that amount, from which it appears that his estimate is about the same as mine—\$24,000,000,000. I am apprehensive, not that I have overestimated the expenditures for the current fiscal year, but, on the contrary, that I have underestimated them in assuming that the progressive average monthly increase of \$100,000,000, which has continued since we entered the war, will cease as soon as January, 1919.

I shall not trouble you to review the reasons which led me to urge the enactment of a revenue measure which would produce not less than one-third of these estimated expenditures, or \$8,000,000,000, because I understand that view has met with acceptance by your committee. It is sufficient for me to say that in the light of such information as I have obtained in the interval, \$8,000,000,000, seems to me to be a minimum amount.

Turning now to the consideration of the general recommendations as to the character of the revenue act, the most important, and I am sorry to say the most controversial, is that in relation to the war profits tax and excess profits tax.

In my letter of June 5 I said:

"The existing excess profits tax does not always reach war profits. The rates of excess profits taxation are graduated and the maximum is 60 per cent. In Great Britain there is a flat rate of 80 per cent on all war profits. The Government Departments, under great pressure as they are to get necessary war materials and supplies with the utmost expedition, cannot in the nature of things fix their prices nor guard their contracts in such a way as to avoid the possibility of profiteering. The one sure way is to tax away the excessive profits when they have been realized. I do not say this in a spirit of criticism of the corporations or business men of the country who have for the most part loyally supported the Government. In entering into war contracts they take grave risks. They are called upon to make vast expenditures of capital for purposes which may prove unproductive after the war. They are not to be blamed in these circumstances for asking for prices and terms which cover those risks. On the other hand, when the risk has been liquidated by proper allowances, and the contract has proved profitable, the Government should take back in taxes all profits above a reasonable reward. Under existing law, that does not happen because the tax rates are not high enough and can not safely be made high enough, since the test now is not how much of the profits are due to the war, but what relation the profits bear to the capital invested. A company with a swollen capital and huge war profits escapes."

and again:

"(2) That a real war-profits tax at a high rate be levied upon all war profits. This tax should be superimposed upon the existing excess-profits tax in such a way that the taxpayer should be required to pay whichever tax is the greater. The existing excess-profits tax should be amended in certain important particulars so as to remove inequalities."

This I supplemented with my telegram of August 4 to your chairman, urging the war-profits tax and that the rate should be a flat rate of 80 per cent, and the continuance of the existing excess-profits tax modified so as to remove any inequalities.

The distinction between a war-profits tax and the excess-profits tax is not a matter of form, but of substance. By a war-profits tax we mean a tax upon profits in excess of those realized before the war. By an excess-profits tax we mean a tax upon profits in excess of a given return upon capital. The theory of a war-profits tax is to tax profits due to the war. The theory of an excess-profits tax is to tax profits over and above a given return on capital. A war-profits tax finds its sanction in the conviction of all

patriotic men, of whatever economic or political school, that no one should profit largely by the war. The excess-profits tax must rest upon the wholly indefensible notion that it is a function of taxation to bring all profits down to one level with relation to the amount of capital invested, and to deprive industry, foresight, and sagacity of their fruits. The excess-profits tax exempts capital and burdens brains, ability, and energy. The excess-profits tax falls less heavily on big business than on small business, because big business is generally overcapitalized and small businesses are often undercapitalized.

The war-profits tax would tax all war profits at one high rate; the excess-profits tax does, and for safety must, tax all excess profits at lower and graduated rates. Any graduated tax upon corporations is indefensible in theory, for corporations are only aggregations of individuals, and by such a tax the numerous small stockholders of a great corporation may be taxed at a higher rate than the very wealthy large stockholders of a relatively smaller corporation. The object of a graduated tax should be to make taxes fall upon the rich, who are best able to pay them. The graduated excess-profits tax disregards this, and often produces the reverse result.

But, though these great defects in the excess-profits tax lead me very strongly to recommend that you should seek additional sources of taxation in the war-profits tax and not in an increase of the excess-profits tax, I have from the beginning favored the continuance of the existing excess-profits tax with the inequalities and injustices remedied, because this is not a time when the Treasury can afford to dispense with any existing source of revenue. Rather, it is my duty to point out to you additional sources of taxation.

As I have already indicated, I am opposed to increasing the excess-profits tax. This does not mean that I think the existing excess-profits tax can not be improved. On the contrary, I have indicated from the beginning, and repeatedly, that I think it can and should be improved.

If, as I now understand, you contemplate an increase in the exemption, then there must also be an increase in some of the excess-profits tax rates to make the tax produce an equal amount of revenue. Similarly, if, as seems probable, additions to invested capital made during the past year will result in a reduction of the revenue produced by the excess-profits tax under the existing rates, modifications must be made on that account.

My thought has been not that the existing rates or law should be regarded as sacrosanct, but that the existing law should receive modification, not from the point of view of producing additional revenue from the excess profits tax, but from the point of view of producing the same revenue and with a reduced and not increased injustice and inequality.

I have read in the newspapers, with a good deal of surprise, the intimation that the plan of the Treasury Department was calculated to produce less rather than more revenue, and to relieve certain large corporations from taxation.



I should like to make a part of the record, a memorandum which Dr. Adams of the Treasury Department has prepared for me, showing a comparison of the war profits and excess profits taxes as applied to twenty-two selected corporations including the corporations which have been named in the newspapers as most likely to benefit by the omission to increase the excess profits tax.

I shall state now only his general conclusions:

"1. Twenty-two horrible examples, selected deliberately to ascertain the worst the war profits tax and the best the excess profits tax can do, yield just four cases in which the excess profits tax would be as productive as the war profits tax.

"2. Eleven corporations, including A Company and some of the worst of the other horrible examples, got no benefit from the war profits deduction, while they would pay the 80 per cent rate which is an integral part of the war profits tax.

"3. Contrasting the 60 per cent with the 80 per cent bracket in the two proposed new excess profits taxes, it appears that in only one case \* \* \* would the change from the 80 per cent to the 60 per cent bracket affect the tax. Of course the totals show a higher amount for the excess profits tax with an extreme bracket of 80 per cent, but in only one case where the corporation pays excess profits rather than war profits tax, would the substitution of a 60 per cent for an 80 per cent bracket affect the tax."

When I speak of the increased excess profits tax under consideration by your committee, I mean the so-called 30-50-80 per cent plan without the 10 per cent minimum.

All of the steel companies will, of course, pay far greater taxes under the war profits method than under the excess profits method.

From A Company the war profits method will, it is estimated, produce nearly \$100,000,000 more than the excess profits tax, even at the increased rates proposed by your committee.

From B Company \$9,000,000 more, and from C Company \$4,500,000 more. D Company would, it is estimated, pay \$100,000 more under the war profits tax methods than under the excess profits tax method at the increased rate proposed by your committee.

E Company would pay \$3,400,000 more. F Company \$9,200,000 more. G Company \$2,300,000 more. H Company \$150,000 more. I Company \$1,300,000 more. J Company \$1,900,000 more under the war profits tax than the excess profits tax. K Company would have no excess profits tax to pay under the increased rates proposed by your committee, although it did have to pay \$275,000 excess profits tax under the existing excess profits tax law.

L Company would have to pay more than \$4,000,000 more, under the war profits tax than under the increased excess profits tax which has been proposed by your committee. M Company would have to pay \$750,000 more. N Company \$900,000 more. O Company \$400,000 more. P Company \$1,100,000 more. Q Company \$1,200,000 more under the war profits tax than under the increased excess profits tax.

Among the conspicuous companies, certain of the R group, the S Company and the T Company are the only

ones which our researches indicate as benefiting by the omission to increase the excess profits tax.

The S Company under the existing law would pay about \$3,452,000 and under the increased rates proposed by the committee, would have to pay \$4,369,000, an increase of about \$900,000.

The T Company under the existing law would have to pay \$1,852,000 and under the increased excess profits tax would have to pay \$2,296,000, an increase of about \$400,000.

The following statement shows what would happen if the 80 per cent war profits tax, and the various excess profits taxes, were levied upon a composite group composed of R companies.

#### A COMPOSITE (R) GROUP.

Invested capital for taxable year.....	\$623,705,538
Invested capital for prewar period.....	362,713,982
Net income for taxable year.....	204,755,823

#### War profits deduction:

Specific.....	\$3,000
Net income for prewar period.....	53,516,727
10 per cent of changes in capital.....	26,104,734

10 per cent of invested capital for taxable year.....	79,624,461
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A. War excess profits tax.....	100,105,089
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B. Excess profits tax under the act of October 3, 1917.....	42,586,014
---	------------

C. Excess profits tax as proposed in section 301.....	73,358,666
---	------------

D. Same as C except change in rate.....	63,595,568
---	------------

The R-1 Company would pay \$29,000,000 war profits tax and only \$23,000,000 under the increased excess profits tax rates.

Dr. Adams has already presented to you a table showing beyond a shadow of a doubt in great detail, from examination of reports of upward of 8,000 corporations, how the burden of the graduated excess profits tax falls more heavily on small business than on big business.

I should like to refer to and adopt that table and call it to your attention as a conclusive and controlling argument against the increased excess-profits tax rates proposed by your committee. The highest rates are paid by the smallest companies. The 80 per cent rate which the committee proposes to apply as a maximum excess-profits tax rate, will not be paid by more than one, if by one, great corporation in the United States.

To impose a tax some hundreds of thousands of dollars greater upon the S Company your rates would burden unduly, even to the point of ruin, innumerable small business concerns.

Remember that the excess-profits tax you impose depends not upon the income of the corporation, but upon the relation between the income of the corporation and its

invested capital arbitrarily ascertained and that by so much as you increase the graduation of the tax, you multiply the burden of the errors incident to such ascertainment. It is from the lower brackets that the revenue is produced. It is from the upper brackets that the hardship and inequality results.

I have here a table showing that of the larger coal companies with alleged capital ranging from \$2,000,000 to \$120,000,000, the W-1 Company pays no excess profits tax; the W-2 Company pays 37 per cent of its income in excess profits taxes; the W-3 Company pays 7 per cent; the W-4 Company, 36 per cent; the W-5 Company, 27 per cent, and the W-6 Company, 5 per cent.

On the other hand, of a group of six small coal companies whose capital ranges from \$4,000 to \$97,000, all pay excess profits taxes in amounts ranging from 52 per cent to 56 per cent of their entire income.

This comparison of the large coal companies with the small coal companies is a conspicuous example of the discrimination of the excess profits tax law against the small concern and in favor of the big concern.

I hope we shall get, by the war profits tax, greater and more equal taxes from all those who have profited in coal.

	Invested capital, taxable year.	Net income for taxable year.	Excess profits tax.	Ratio of tax to income (per cent).
<b>LARGER COMPANIES.</b>				
W-1 .....	\$30,864,696	\$2,154,233	No tax.	0.0
W-2 .....	10,200,747	5,564,657	\$2,114,104	37.93
W-3 .....	120,785,010	13,685,997	1,005,739	7
W-4 .....	6,608,168	3,154,491	1,125,547	36
W-5 .....	2,250,959	813,838	226,591	27.84
W-6 .....	9,625,189	1,280,478	66,742	5.57
<b>SMALLER COMPANIES.</b>				
W-7 .....	29,824	54,148	28,324	52.31
W-8 .....	6,553	29,039	15,309	52.69
W-9 .....	4,692	35,978	19,562	54.37
W-10 .....	14,287	63,301	35,345	55.87
W-11 .....	97,137	186,720	99,970	53.54
W-12 .....	65,514	211,833	18,833	56.03

To summarize, again, my views concerning the war profits tax and excess profits tax, let me say that there should be a war profits tax at a flat rate of 80 per cent and that the excess profits tax should not be depended upon to produce increased revenue, but that modifications are desirable to reduce the inequalities of the present law. Should you determine, in making such modifications, to make alterations in the rates, they should be made with a view to producing the same amount of revenue as during the past year from the excess profits tax and in a way more equal, less fraught with hardship to small business concerns. If you adopt this view, you will not increase the rates in the upper brackets though you may increase some of the lower rates, while increasing the exemption and eliminating the inequalities.

The imposition of these great taxes, calculated to produce \$8,000,000,000 in one year, casts a heavy burden upon

you, gentlemen, and upon me. For years, even under the tax law of 1917, taxes have been in such relatively moderate amounts as in only exceptional cases to produce hardship. Should the Congress enact a law this year calculated to produce revenue of \$8,000,000,000, it will do so as a necessary war measure, carrying with it a heavy burden upon the business and prosperity of the country which can only be borne if the burden falls equally and justly according to the ability of the taxpayer to meet it. No arbitrary rule, no foresight of yours can deal with every case in a manner to produce justice, equity, and avoid ruin. In order to equalize taxation, authority must be conferred upon the Commissioner of Internal Revenue acting with the advice of a board of advisors and subject to the approval of the Secretary of the Treasury. These are war measures and require to be dealt with as such.

Another not less important element in this situation is the importance of having the measure you do present to the Congress one in which advantage is taken of the experience and knowledge of the subject which experts of the Bureau of Internal Revenue have accumulated in the past nine months of intimate association and experience with the operation of the existing law. I venture to urge upon you, therefore, a careful consideration of the recommendations which they will present to you. Such subjects as amortization, depreciation, etc., entering profoundly into the elements of calculation of every tax, are subjects upon which the experts of the Internal Revenue Bureau, such as Dr. Adams, here, are able to speak with greater knowledge than the Secretary of the Treasury or members of the Ways and Means Committee. I beg you, therefore, to seek and act upon their advice in these matters.

Turning now from the subject of profits taxes to the subject of income taxes, I ask you to bear with me while I read to you certain paragraphs in my letter of June 5 relating to the normal income tax:

"I hope that it will not be necessary to increase the interest rate on Government bonds. The number of subscribers to the three Liberty loans aggregated 30,000,000. The people who subscribed are impatient of those who have not. Various plans have been urged upon me for forcing the people to buy Liberty bonds. The man of small means who buys a \$100 bond wants his neighbor to do so, too. There is a popular demand also for high taxes upon war profits. There is also a popular demand that all the people should contribute to financing the war. There should, therefore, be a substantial increase in the normal income tax rate and a high tax should be levied upon so-called unearned than on earned incomes. Income derived from Liberty bonds would be exempt from this taxation and the relation between income from Liberty bonds and income from other securities would be readjusted without increasing the rate of interest on Liberty bonds. It would not tax the patriotic purchasers of Liberty bonds on their holdings, but it would weigh heavily upon the shirkers who have not bought them. It would make the return from Liberty bonds compare favorably with the return from other securities. It would give the Government's bonds an essential and necessary advantage over those of corporate borrowers and would very greatly decrease the relative advantage which State and municipal bonds now enjoy through the total exemption which they carry. It

would produce a gradual readjustment of the situation in the investment markets instead of an abrupt one, as would be the case if the interest rate on Liberty bonds should be increased.

A normal tax falls upon all alike. Therefore, as I pointed out in my statement before the Ways and Means Committee last summer, there is not the same objection to the exemption from normal income taxes as there is to the exemption from surtaxes. A substantial increase in the normal income tax is the soundest and surest way of stabilizing the price of Government bonds. If we have to increase the interest rate on Government bonds, the increased rate may continue for 10 to 30 years and some of the bonds which we have issued will go to great premiums not long after the war is over. If we make the bonds at the present rate more attractive by increasing the normal tax, then the decrease in taxation which will follow the close of the war will automatically adjust the situation. I believe that to stabilize the price of Government bonds by first increasing and subsequently reducing the normal income taxes, from which the holders of the bonds are exempt, is sound finance and sound economics.

(3) That there should be a substantial increase in the amount of normal income tax upon so-called unearned incomes. Under existing law earned incomes above certain exemptions are taxed 4 per cent as an income tax and 8 per cent as an excess profits tax, making a total of 12 per cent, while unearned incomes, derived from securities, etc., are taxed only 4 per cent. The 8 per cent tax should be recognized as an income tax and the rate of 12 per cent (4 per cent normal and 8 per cent excess profits) should be retained in respect to earned incomes, while a higher rate than 12 per cent should be imposed on unearned incomes.

I can not profitably enlarge upon what I thus wrote more than two months ago, except to say that the failure to continue what is, in effect, a 12 per cent tax upon normal earned incomes and the failure to enact a differential of say 3 per cent against unearned incomes, making the tax on the latter 15 per cent, will, it is estimated by the Treasury Department, deprive us of additional revenue to the amount of \$145,000,000, while at the same time seriously jeopardizing the program for the issue of Liberty bonds of the fourth Liberty loan at 4½ per cent, by reducing the value of the exemption to the holders of those bonds from normal income taxes, by an amount equal to one-third; from 15 per cent to 10 per cent.

With regard to luxury taxes: I have not had an opportunity to examine the tentative conclusions of the committee. I know that suggestions were invited by your chairman and furnished by the Treasury Department, and I wish to say that a war revenue act such as this must be should be made with a broader point of view than that merely of producing revenue—from the point of view also of curtailing wasteful expenditure. From this point of view, such taxes as that proposed upon the employment of numerous domestic servants are of great importance.

Turning to another matter which is of great interest and importance in connection with the sale of Liberty bonds, I call your attention to the question of exemption carried by bonds of the United States issued before September 24, 1917, and bonds of States and local authorities, from United States graduated income surtaxes. I understand that the committee proposes to make, subject to such sur-

taxes, bonds of States and local authorities issued hereafter. This involves a very difficult and troublesome constitutional question. On the other hand, I understand that the committee has not adopted a suggestion made by the Treasury Department to the effect that the exemption, whether in respect to bonds heretofore or hereafter issued, should be spread over all the brackets in the surtax and not, as now, in effect deducted from the highest bracket. I hope, very much, that it will be determined to adopt this suggestion of the Treasury Department, which would, I believe, be constitutional, would in a large measure reduce the disadvantage under which Liberty bonds now are by comparison with wholly exempt bonds, would produce revenue, it is estimated, in amount from \$12,000,000 to \$20,000,000 directly, and indirectly close the door to a great reduction in revenue which I anticipate as a result of the increased income taxes now in contemplation, forcing large taxpayers into exempt securities.

In that connection, in the consideration which you give to the question of increasing the rates of supertaxes, I call your attention to the importance of not increasing these rates to a point where they will be destructive rather than productive of revenue. Obviously, a point may be reached where, by making the supertax rates too high in the higher brackets, persons subject to these topmost rates will find it to their advantage to dispose of their taxable securities in the market and invest the proceeds in exempt securities.

In conclusion, let me remind you of the urgency of prompt enactment of this revenue bill. The considerations which made such an act obviously necessary were laid before the President, and by him before the Congress on May 27, as I have earlier stated. To quote the President's message:

"We can not in fairness wait until the end of the fiscal year is at hand to apprise our people of the taxes they must pay on their earnings of the present calendar year, whose accountings and expenditures will then be closed. We can not get increased taxes unless the country knows what they are to be and practices the necessary economy to make them available. Definiteness, early definiteness, as to what its tasks are to be is absolutely necessary for the successful administration of the Treasury; it can not frame fair and workable regulations in haste; and it must frame its regulations in haste if it is not to know its exact task until the very eve of its performance."

and again:

"Moreover, taxes of that sort will not be paid until the June of next year, and the Treasury must anticipate them. It must use the money they are to produce before it is due. It must sell short-time certificates of indebtedness. In the autumn a much larger sale of long-time bonds must be effected than has yet been attempted. What are the bankers to think of the certificates if they do not certainly know where the money is to come from which is to take them up? And how are investors to approach the purchase of bonds with any sort of confidence of knowledge of their own affairs if they do not know what taxes they are to pay and what economies and adjustments of their business they must effect."

When I read in the newspapers that a legislative program in relation to the passage of the revenue bills was in contemplation which did not insure its passage before the end of October, I was greatly concerned and I telegraphed to the President under date of July 25 as follows:

"Newspapers indicate that effort will be made to give waterpower bill precedence over revenue bill when House reconvenes August 19, and that revenue bill may not be acted upon by House until early in September. The imperative demands on the Treasury compelled me to plan some time ago for beginning, at the latest, a fourth Liberty loan campaign September 28 and ending October 19. This would leave free for political campaign little more than two weeks before election. I should fear to offer the 4½ per cent Liberty bonds authorized by the fourth Liberty bond bill for subscription before enactment of the revenue bill. Perhaps you may recall that an important ground for our insistence upon prompt revenue legislation was the conviction that new taxes should be determined upon before next Liberty loan campaign, both in order to give the bonds the benefit of exemption from definitely increased normal income and other taxes and to give the people definite knowledge of their tax liabilities before they are asked to subscribe for bonds. Another and most important reason for earliest possible tax legislation was to enable me to sell short time Treasury certificates of indebtedness in anticipation of and receivable for income and excess profit taxes. Protracted delay even in writing the new law is interfering with my plans and prolonged delay in its enactment would, in my judgment, seriously jeopardize the ability of the Treasury to sell sufficient Treasury certificates to finance the Treasury in the intervals between Liberty loans. The financial operations of the Treasury are so colossal now that it will impose an undue strain upon the resources of the banks if we throw upon them alone the burden of taking short time certificates of indebtedness. We must supplement the resources of the banks by selling Treasury certificates of indebtedness available for the payment of income and excess profits taxes in order to reach the great number of taxpayers and to transfer to them through anticipation by them of their tax payments a large part of the load of temporary Treasury financing instead of imposing it wholly upon the banks. To postpone the Liberty loan campaign beyond September 28 would, on account of the impending elections, necessitate delaying it until the middle of November, which would make it conclude about the 7th or 10th of December. This would mean that proceeds of fourth Liberty loan would not be available before middle of December and would necessitate a large increase in the amount of the offering, forcing it probably to eight billion dollars. It would also compel the Treasury to refund about three billion dollars of short time Treasury certificates which have already been or shortly will be issued pursuant to program announced by me on June 12 to banks and trust companies throughout country, all of which mature prior to the middle of December, as they were issued in conformity with the plan to offer the fourth Liberty loan about September 28. I doubt if this refunding could be done, coming as it will in the middle of the crop-moving season and at a time when the resources of the banks will be taxed to the utmost. Therefore a material change in the date for the fourth Liberty loan seems to be impossible.

"In these circumstances I hope that you may deem it wise to ask Mr. Kitchin to present the revenue bill to the House immediately upon its reconvening and to expedite its passage over all other measures, and that you may ask Senator Simmons to arrange for its expeditious passage in the Senate. Knowing as I do the imperative necessities of the Treasury, which are becoming more pronounced each day with the constantly increasing appropriations and other demands upon it, I consider it vital that the new revenue bill shall become a law before the end of September. Of course I know that you can use only your great influence to secure this result, and the purpose of this telegram is to beg you to exert your influence in this direction immediately."

I was gratified shortly thereafter to receive a telegram from your chairman, dated July 31, as follows:

"The President has handed me a copy of your telegram of July 25. I entirely agree with you. The committee hopes to have the bill ready for report and immediate consideration in the House by August 19; every effort is being made to this end."

I can only add, gentlemen, that it is imperative that we have the revenue bill enacted into law before the opening of the fourth Liberty loan campaign on September 28.

The Ways and Means Committee of the House of Representatives on September 3 reported a new war revenue measure after conferences with the Secretary of the Treasury and his representatives.

#### **Progress in Curtailment of Nonessentials.<sup>1</sup>**

The Council of National Defense recently undertook an investigation for the purpose of determining whether purchases by civilians in the United States have been increasing or decreasing during the war period. Information was obtained from large and representative concerns as well as from smaller merchants and from leaders of labor organizations. This afforded a means of ascertaining the broad general tendencies in buying and the degree of economy that is being exercised in the purchase of the principal classes of goods. One of the most illuminating statements was furnished by a very large business house dealing directly with consumers throughout the entire country. Because of the diversity of merchandise handled and customers served, the business of this firm may be considered a reasonably accurate barometer of comparative purchasing activities. The following table, compiled from its records, shows a comparison

<sup>1</sup> From Commerce Reports Tuesday, August 6.

between the first five months of 1917 and 1918 on a quantity as well as a dollar-and-cent basis; where there was no marked change in quantity the spaces are left blank:

Classes of goods.	Quantity.		Dollars.	
	Increase.	Decrease.	Increase.	Decrease.
	Per cent.	Per cent.	Per cent.	Per cent.
Clothing:				
Boys'.....	3		13	
Men's.....		17	23	
Work.....	48		96	
Men's furnishing goods.....		20	11	
Women's—				
Suits, skirts, dresses.....			32	
Coats and waists.....	5		38	
Millinery, corsets, etc.....		7	8	
Infants' and children's.....			19	
Underwear:				
Men's and women's knit, and hosiery.....		9	20	
Muslin.....	12		34	
Shoes.....		33		17
Household furnishings:				
Furniture.....		11		4
Drapes, curtains, blankets, and quilts.....			20	
Carpets and rugs.....			17	
Crockery and glassware.....		42	17	
Hardware.....		30	2	
Luxuries and semiluxuries:				
Jewelry, watches, and diamonds.....	3		17	
Books and stationery.....		23		10
Toilet articles, cigars, tobacco, drug sundries.....		10	1	
Pianos and organs.....	22		33½	
Automobile and bicycle supplies.....	30		52	

#### CONCLUSIONS ARRIVED AT BY COMPANY.

In addition to the above statement the concern formulated its conclusions, arrived at not only from its own business, but from such information as has come to it from various reliable sources in all parts of the United States. A summary of these conclusions follows:

Boys' clothing shows a marked decrease in the quantity purchased in the higher-priced lines, while knee pants, rompers, blouses, and all items of small money value show a sufficient increase to offset this and bring about a slight increase in the whole line.

As regards men's clothing, the greatest decrease is in the clothing intended for young men; this is possibly sufficient to account for the entire falling off in volume.

Work clothes show a great increase, with the percentage of value very much larger than the percentage of quantity. This latter fact is due to the radical increase in the prices of raw material entering into the manufacture of these goods, such as duck and denims.

Men's furnishing goods show the largest decrease in quantity of all the men's apparel lines. There has been a marked falling off in

the demand for men's hats, dress shirts, and the miscellaneous lines generally carried under this head. In caps, trunks, suitcases, etc., there has been a smaller decrease, while the number of men's work shirts sold is at least equal to that for 1917.

Counting women's dresses exclusively, these would show a quantity increase of about 32 per cent. The decrease, however, in suits, skirts, and misses' dresses is sufficient to offset this increase and bring the entire line down to a volume only equal to that of last year. (Women's dresses represent more than 25 per cent of the entire line).

Coats and waists show a small increase (5 per cent) in volume, with a 36 per cent increase in value. The latter is not due entirely to increased cost, as there is a marked demand for the higher-priced better garments.

Millinery, corsets, etc., show a slight decrease in quantity, which may be due as much to a growing simplicity in style as to a dropping off in demand or desire to buy.

Knit underwear shows a quantity decrease of 13 per cent. Taking women's alone, the decrease would be only 5 per cent. In hosiery the quantity decrease in all lines is about 8 per cent. Separating the women's and children's from the men's, shows a decrease of 7 per cent for the former and 11 per cent for the latter—bringing out a fact that appears to be true of all wearing apparel, namely, that women are buying more freely than men. Muslin underwear, aprons, etc., show a decided increase in quantity; this is entirely a women's line.

In shoes the total quantity decrease is about 33 per cent. The greatest decrease, 47 per cent, is in the men's lines, while the smallest decrease, 26 per cent, is in rubbers. Women's shoes show a decrease of 35 per cent and children's 27 per cent. It would seem that this condition is general throughout the country, the shoe business everywhere showing a decided decrease. The rapid and amazing increase in price, the "temporary craze for freak styles last year," the comparative facility of compromising on this item of apparel, and the withdrawal from the buying population of upward of a million and a half young men—all these factors contribute to bring about the condition indicated.

As regards furniture, the slight decrease in the heavier lines shown in this company's business may be due as much to the congested traffic conditions, discouraging purchasing from a distance, as to a decrease in demand.

Curtains, drapes, and floor coverings show about an equal quantity, so far as this company's business is concerned. Yet from very reliable sources, such as the largest manufacturers themselves comes the report of business being curtailed at least one third. The scarcity of raw materials and the difficulty in obtaining them may have much to do with this condition. In rugs there is an unusually good demand for the smaller sizes, with a considerable falling off in the larger.

Crockery and glassware show a large decrease in quantity and a very marked discrepancy between quantity and dollar-and-cent sales, because of the shortage of imported wares and the scarcity of the domestic makes, together with the very great advance in price.

#### STATEMENTS INDICATE INCREASED SALES OF LUXURIES.

There is a decided increase in sales of small-sized diamonds and a falling off in sizes from  $\frac{1}{2}$  carat upward. This is due, no doubt, to the great increase in price and the tendency of people to buy diamonds by price alone; that is, they have, perhaps, \$75 or \$100 to put in a stone, and it brings them a much smaller jewel than the same amount would procure a year or two ago.

Watches are in great demand, especially wrist watches, which have been enormously popularized by the war.

Fountain pens and stationery show a decidedly increased demand, for the obvious reason that so many men are leaving their homes. There is a very great decrease in the sale of books of fiction, while there is a very fair demand for technical books on machinery, motors, etc.

The quantity of cigars and tobacco sold shows a very noticeable increase, which can be accounted for by the slogan "Smokes for the soldiers."

Face powders and creams show an increase, while toilet articles, such as manicure and shaving sets, brushes, and combs, show a decrease.

As the company furnishing this information has only recently become an aggressive contender for phonograph business, it is unable, from its own experience, to make comparisons. However, since it entered the field in earnest in the fall of 1917 its business has far exceeded the most sanguine expectations. Information

from reliable sources as to the business being done by the various makers of popular types is conflicting. It is reported that one of the best-advertised makes is showing 100 per cent increase, while an equally well-advertised and well-known company is running far behind its last year's output. However, the concern showing the large increase has a small business compared with the one showing the decrease, in addition to which the latter, it is said, has turned over part of its equipment for Government work. All the minor phonograph companies appear to be showing a considerable increase in their sales.

There is a very great demand for pianos and organs—at least as shown by the business of the concern supplying the information, which is running 22 per cent ahead on a quantity basis.

Analyzing its business in automobile and bicycle supplies, the company expresses the opinion that the quantity increase of 30 per cent is largely, if not entirely, due to a big demand on the part of industrial concerns and business firms that employ salesmen, solicitors, collectors, and repair men—men who are using automobiles to make their rounds, requiring accessories, new parts, and tires. The large demand for bicycles and sundries seems to come from industrial centers, indicating that workmen are using them in going to and from the plants. An abnormal increase in bicycle tires and parts shows that old bicycles are being used and put in shape.

#### FIRM BELIEVES WOMEN ARE PURCHASING MORE.

Drawing general conclusions from its own business and the information obtained from other sources, this firm states, in the first place, that in merchandise for women's exclusive use it is certain that sales are increasing. "This is plausible," it says, "because thousands of women never before employed are now earning very fair wages, while other thousands previously employed are enjoying greatly increased wages, making for an increased demand in women's wearing apparel in made-up garments as well as materials for making them, which even high prices have been unable to keep down."

Luxuries and semiluxuries, such as musical instruments, watches, jewelry, and diamonds, show an increase in quantity as well as in dollars, giving an impression of general prosperity.

# DEGREE OF ECONOMY PRACTICED—CONDITIONS CONSIDERED FROM GEOGRAPHICAL STAND- POINT.

The company expresses the belief (and this opinion is presented simply as the estimate and impression of this firm) that economy is being practiced by well-to-do persons and those of moderate means, while the increased compensation that is being received by large numbers of people who have previously been somewhat more restricted in purchasing capacity has made it possible for them to buy more freely now of the articles that might be considered luxuries.

Discussing the question from the standpoint of geographical location, the company says that in the South, especially through the cotton-growing States, its business is better than ever before, and purchases of all classes of goods are being very freely made.

In the far West the civilian population, while not so liberal in expenditures as in the South, is buying freely and in greater quantities than in previous years.

In the northern States of the Middle West buying is more conservative and more restricted to staples and necessities, but the volume is at least equal to the average during the previous one or two years.

In the East there is a rather marked decrease in quantity of purchases, especially in so-called nonessentials; in fact, it is even quite noticeable in what are usually classed as necessities.

## Development of the Acceptance Business.

During the present year aggregate acceptance liabilities of national banks, as shown in the Comptroller's Abstracts, show an increase from 217.2 millions to 250.3 millions on May 10 and a subsequent decline to 231.8 millions on June 29. A similar development is indicated for the acceptance business of the

trust companies and State banks in some of the leading cities, the latest date figures being considerably in excess of the corresponding figures as at close of the year 1917, though somewhat below the figures for May of the present year, as may be seen from the subjoined tables:

## Acceptance liabilities of national banks in principal cities of the United States on specified dates.

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

	Dec. 31, 1917.	Mar. 4, 1918.	May 10, 1918.	June 29, 1918.
New York.....	\$100,382	\$96,224	\$103,754	\$96,517
Boston.....	42,740	45,134	44,290	45,549
Philadelphia.....	14,125	14,684	17,789	18,315
Pittsburgh.....	1,917	2,502	3,336	3,485
Cleveland.....	5,198	7,636	7,002	5,283
Cincinnati.....	1,278	980	946	612
Richmond.....	2,772	4,402	3,182	3,085
Baltimore.....	2,641	2,492	4,198	2,369
Atlanta.....	450	588	11,000	715
New Orleans.....	2,674	2,663	1,345	821
Charleston, S. C.....	1,274	1,474	1,223	1,427
Chicago.....	10,122	15,764	22,493	18,857
Minneapolis.....	308	595	1,262	1,024
St. Louis.....	2,953	3,813	3,724	1,786
Dallas.....	1,775	2,850	4,295	1,900
San Francisco.....	5,708	7,185	8,608	8,474
All other.....	20,373	20,758	21,876	19,986
Total.....	217,190	230,164	250,323	231,805

Available data regarding acceptance liabilities of other American banking institutions in leading cities on or about the dates of the last three calls made by the Comptroller of the Currency are as follows:

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

	Dec. 31, 1917.	Mar. 4, 1918.	May 10, 1918.	June 29, 1918.
All national banks.....	\$217,190	\$230,164	\$250,323	\$231,805
Trust companies in Greater New York.....	100,196	<sup>1</sup> 104,920	121,274	<sup>2</sup> 114,177
State banks in Greater New York.....	5,586	7,345	.....	<sup>2</sup> 8,345
Trust companies in Boston.....	.....	18,673	18,497	19,908
Trust companies in Baltimore.....	137	470	.....	1,113
State banks and trust companies in St. Louis.....	1,094	5,122	9,280	7,072

<sup>1</sup> Mar. 14.

<sup>2</sup> June 20.

### The Savings Banks and Liberty Bonds.

The following table supplied by the savings bank section of the American Bankers' Association furnishes information which has been

compiled by the section from returns supplied by a majority of the mutual savings banks of the country for approximately August 1, 1918:

	Present holdings of Liberty bonds.	Total subscriptions, loans 1, 2, and 3, unpaid.	Total partial payments, loans 1, 2, and 3.	Proportion paid on partial payment plan.	Total expense of the three Liberty loans.	Certificates of indebtedness.
				<i>Per cent.</i>		
Maine.....	\$2,909,624	\$72,777	\$635,395	72.8	\$1,102	\$3,478,000
New Hampshire.....	1,738,850	452,020	875,165	65.2	3,312	2,410,500
Vermont.....	615,050	126,800	234,950	75.0	750	600,000
Massachusetts.....	18,463,235	4,050,771	9,875,886	71.2	35,756	16,510,500
Rhode Island.....	284,500	81,783	102,500	33.0	150	385,000
Connecticut.....	7,981,271	935,947	5,367,500	65.8	18,914	6,889,000
New England.....	31,992,530	5,720,098	17,091,396	63.8	59,984	30,273,000
New York.....	38,632,003	6,244,891	27,373,580	71.5	76,212	30,175,000
New Jersey.....	3,208,700	630,512	1,790,700	65.0	4,481	8,315,000
Delaware.....	376,000	4,200	199,050	90.0	1,400	690,000
Pennsylvania.....	4,654,345	122,312	1,548,400	40.7	43,159	17,470,000
Maryland.....	3,961,600	1,563,900	3,929,350	75.0	61,457	13,248,000
Eastern States.....	50,833,648	8,565,815	34,841,080	68.45	186,709	69,898,000
Southern States.....	186,750	80,000	475,000	65.0	1,000	303,500
Middle West States.....	4,430,663	832,294	5,428,000	69.2	30,316	12,944,000
Western States.....	116,600	89,071	291,250	90.0	800	187,500
Pacific States.....	4,160,713	1,724,555	14,776,060	67.1	38,275	17,196,000
Total United States.....	91,720,904	17,011,835	72,902,786	72.8	317,084	130,802,000

### Commercial Failures Reported.

Commercial insolvencies in the United States during three weeks of August, as reported to R. G. Dun & Co., number only 456, against 777 in the corresponding period last year. The statement for July, the latest month for which complete statistics are available, discloses only 786 business reverses, exclusive of banking and other fiduciary suspensions, for the moderate sum of \$9,789,572, as compared with 1,137 defaults, involving \$17,240,424, in July, 1917. Not only are the July failures the smallest both in number and amount of the present year but so few insolvencies have not occurred in any previous month back to July, 1907, and the indebtedness is lighter than in all months since May, 1910. Analyzed according to Federal Reserve districts, the July figures show more or less reduction in number, in comparison with July, 1917, in all of the twelve districts, and the liabilities are smaller than last year in seven of the twelve districts, the exceptions being the first, third, ninth, tenth, and eleventh

districts. Moreover, the increases are small in most instances, whereas important decreases appear in all other cases.

#### Failures during July.

Districts.	Number.		Liabilities.	
	1918	1917	1918	1917
First.....	98	108	\$1,457,330	\$1,061,620
Second.....	141	224	2,188,145	3,752,280
Third.....	34	54	728,336	658,693
Fourth.....	71	95	464,255	1,255,521
Fifth.....	27	71	126,420	542,271
Sixth.....	47	83	855,044	1,602,345
Seventh.....	112	154	1,355,346	2,878,775
Eighth.....	31	67	173,202	475,182
Ninth.....	28	29	187,904	165,877
Tenth.....	39	50	858,034	509,239
Eleventh.....	33	61	311,032	292,589
Twelfth.....	125	141	1,084,524	4,046,032
Total.....	786	1,137	9,789,572	17,240,424

### Fiduciary Powers.

The applications of the following banks for permission to act under section 11(k) of the Federal Reserve Act have been approved since the issue of the August BULLETIN:



DISTRICT No. 1.

Trustee, executor, administrator, and registrar of stocks and bonds:  
National Union Bank, Boston, Mass.

DISTRICT No. 3.

Trustee, executor, and administrator:  
Conestoga National Bank, Lancaster, Pa.

DISTRICT No. 5.

Trustee, executor, administrator, and registrar of stocks and bonds:  
First National Bank, New Windsor, Md.

DISTRICT No. 7.

Trustee, executor, administrator, and registrar of stocks and bonds:  
City National Bank, Kankakee, Ill.

Trustee, executor, and administrator:  
Citizens National Bank, Royal, Iowa.

### State Banks and Trust Companies Admitted.

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

Seven hundred and thirteen State institutions are now members of the system, having a total capital of \$318,411,556, total surplus of \$382,536,501, and total resources of \$6,609,410,297.

	Capital.	Surplus.	Total resources.
<i>District No. 1.</i>			
New Britain Trust Co., New Britain, Conn.....	\$400,000	\$200,000	\$6,186,729
<i>District No. 2.</i>			
Oyster Bay Bank, Oyster Bay, N. Y.....	50,000	50,000	1,170,712
Jefferson Trust Co., Hoboken, N. J.....	200,000	50,000	3,119,673
Erie County Trust Co., East Aurora, N. Y.....	100,000	37,500	1,009,247
Westfield Trust Co., Westfield, N. J.....	100,000	20,000	2,100,064
Bank of Amityville, Amityville, N. Y.....	25,000	50,000	562,547
Bank of Westbury, Westbury, N. Y.....	25,000	5,000	465,079
The Herkimer County Trust Co., Little Falls, N. Y.....	350,000	350,000	4,113,350
South Norwalk Trust Co., South Norwalk, Conn.....	100,000	78,000	2,717,303
<i>District No. 3.</i>			
The Provident Life & Trust Co., Philadelphia, Pa.....	2,000,000	5,000,000	113,749,496
The West Philadelphia Title & Trust Co., Philadelphia, Pa.....	500,000	500,000	5,337,006
<i>District No. 4.</i>			
Home Banking Co., Gibsonburg, Ohio.....	25,000	9,000	552,009
The Chagrin Falls Banking Co., Chagrin Falls, Ohio.....	50,000	45,000	755,950
<i>District No. 4—Continued.</i>			
Gibsonburg Banking Co., Gibsonburg, Ohio.....	\$50,000	\$17,500	\$701,268
Rossford Savings Bank, Rossford, Ohio.....	50,000	.....	50,000
Provident Savings Bank & Trust Co., Cincinnati, Ohio.....	1,400,000	1,000,000	13,356,480
Commercial & Savings Bank Co., Buckeye City, Ohio.....	25,000	2,750	189,417
Peoples Savings & Banking Co., Barberton, Ohio.....	100,000	20,000	1,176,348
Farmers & Citizens Banking Co., Milan, Ohio.....	25,000	8,000	353,050
<i>District No. 5.</i>			
Commercial Bank, Chester, S. C.....	100,000	65,000	866,556
Nicholson Bank & Trust Co., Union, S. C.....	75,000	25,000	649,342
Union Bank, Richmond, Va.....	219,750	300,000	2,486,408
<i>District No. 6.</i>			
Merchants Bank, Mobile, Ala.....	200,000	200,000	4,255,522
<i>District No. 7.</i>			
State Savings Bank, Missouri Valley, Iowa.....	50,000	10,000	474,370
The Northern Trust Co., Chicago, Ill.....	2,000,000	2,000,000	37,995,999
Lovell State Bank, Monticello, Iowa.....	200,000	100,000	1,152,761
Illinois Trust & Savings Bank, Chicago, Ill.....	5,000,000	11,000,000	112,487,623
Farmers Savings Bank, Sac City, Iowa.....	50,000	20,000	587,437
Winnebago County State Bank, Decorah, Iowa.....	150,000	50,000	1,860,924
Farmers State Bank, Charter Oak, Iowa.....	40,000	5,000	416,313
Iowa State Savings Bank, Cedar Rapids, Iowa.....	100,000	25,000	1,959,304
American Trust Co., South Bend, Ind.....	200,000	128,000	2,901,942
Bank of Baraboo, Baraboo, Wis.....	100,000	50,000	1,815,114
City Trust & Savings Bank, Grand Rapids, Mich.....	200,000	40,000	2,456,666
State Bank of Platteville, Platteville, Wis.....	50,000	10,000	1,003,053
Alta Vista Savings Bank, Alta Vista, Iowa.....	30,000	10,000	382,248
Bankers Trust Co., Des Moines, Iowa.....	1,000,000	100,000	3,007,770
Dickinson Trust Co., Richmond, Ind.....	200,000	125,000	2,173,890
Peoples State Bank, Elushing, Mich.....	25,000	15,000	207,910
Cherokee State Bank, Cherokee, Iowa.....	75,000	75,000	1,259,906
Iowa County Bank, Mineral Point, Wis.....	100,000	50,000	1,496,432
Wakefield State Bank, Morenci, Mich.....	50,000	30,000	831,308
Gilbert Savings Bank, Gilbert, Iowa.....	25,000	5,000	233,349
State Bank of Ellsworth, Ellsworth, Iowa.....	35,000	10,000	283,554
Citizens Savings Bank, Decorah, Iowa.....	50,000	50,000	662,892
First Trust & Savings Bank, Winamac, Ind.....	40,000	.....	110,669
First State Bank of Barrington, Barrington, Ill.....	50,000	10,000	372,807
Monticello State Bank, Monticello, Iowa.....	200,000	200,000	2,081,600
Peoples Savings Bank, Coopersville, Mich.....	25,000	1,000	227,409
Elkader State Bank, Elkader, Iowa.....	50,000	15,000	791,744
Pontiac Savings Bank, Pontiac, Mich.....	200,000	65,000	4,695,893
Bank of Sheboygan, Sheboygan, Wis.....	100,000	200,000	3,608,274
Clinton County Bank & Trust Co., Frankfort, Ind.....	100,000	9,000	957,633
Citizens State Bank, Big Rapids, Mich.....	50,000	25,000	891,380

	Capital.	Surplus.	Total resources.		Capital.	Surplus.	Total resources.
<i>District No. 7—Continued.</i>				<i>District No. 9—Continued.</i>			
Kent State Bank, Kentland, Ind.	\$50,000	\$32,000	\$402,106	Central Bank, St. Paul, Minn.	\$200,000	\$40,000	\$1,948,490
State Savings Bank, Ute, Iowa	50,000	15,000	385,476	Lincoln County Bank, Merrill, Wis.	100,000	25,000	1,268,807
Green Lake State Bank, Green Lake, Wis.	25,000	10,000	358,863	Ravalli County Bank, Hamilton, Mont.	50,000	12,500	393,199
Iowa State Savings Bank, Fairfield, Iowa	100,000	100,000	1,623,632	<i>District No. 10.</i>			
The State Bank of Shannon, Shannon, Ill.	25,000	15,000	298,849	Bank of Chelsea, Chelsea, Okla.	50,000	-----	612,265
Milan State Savings Bank, Milan, Mich.	25,000	7,000	247,698	Butler County State Bank, David City, Nebr.	50,000	15,000	529,723
Peoples Savings Bank, Grand Haven, Mich.	50,000	22,000	717,750	<i>District No. 11.</i>			
Farquhar Savings Bank, College Springs, Iowa	25,000	40,000	310,294	Pecos Valley State Bank, Pecos, Tex.	110,000	29,000	573,260
Security Bank of Chicago, Chicago, Ill.	400,000	200,000	5,290,259	First Guaranty State Bank, Quana, Tex.	100,000	50,000	627,137
Evanston Trust & Savings Bank, Evanston, Ill.	100,000	10,000	688,184	First Guaranty State Bank, Palmer, Tex.	25,000	12,500	160,708
Oswego State Bank, Oswego, Ill.	50,000	5,000	327,079	First State Bank, Santa Anna, Tex.	35,000	8,000	188,221
Story County Trust & Savings Bank, Ames, Iowa	50,000	12,500	535,979	Junction State Bank, Junction, Tex.	50,000	50,000	343,636
Battle Creek Savings Bank, Battle Creek, Iowa	40,000	45,000	815,112	First State Bank, Kirkland, Tex.	25,000	10,000	128,150
State Savings Bank, Chariton, Iowa	50,000	40,000	720,079	Lockney State Bank, Lockney, Tex.	25,000	5,000	240,138
American Commercial & Savings Bank, Davenport, Iowa	600,000	600,000	13,931,275	First State Bank, Colorado, Tex.	30,000	-----	83,240
Citizens Savings Bank, Fostoria, Iowa	25,000	2,500	145,375	Gilmer State Bank, Gilmer, Tex.	50,000	12,500	219,769
Peoples State Bank, Humboldt, Iowa	100,000	35,000	805,232	Merchants & Planters State Bank, Winnsboro, Tex.	30,000	30,000	309,384
Kellerton State Bank, Kellerton, Iowa	25,000	8,750	342,598	Commercial Guaranty State Bank, Nacogdoches, Tex.	100,000	5,000	895,016
Mapleton Trust & Savings Bank, Mapleton, Iowa	75,000	7,000	675,149	Texas Bank & Trust Co., Sweetwater, Tex.	100,000	75,000	400,315
Marshalltown State Bank, Marshalltown, Iowa	100,000	30,000	2,087,532	Guaranty State Bank, Tyler, Tex.	200,000	55,000	1,052,820
State Bank, New Hampton, Iowa	50,000	40,000	688,718	Peoples Guaranty State Bank, Tyler, Tex.	100,000	25,000	575,037
Citizens State Bank, Newton, Iowa	60,000	12,000	501,649	First State Bank, Kerens, Tex.	50,000	25,000	402,498
Garwin State Bank, Garwin, Iowa	50,000	25,000	430,522	<i>District No. 12.</i>			
Farmers & Merchants Savings Bank, Tipton, Iowa	50,000	15,000	493,794	Security State Bank, Ashton, Idaho	25,000	18,000	412,499
Peoples Commercial & Savings Bank, Bay City, Mich.	400,000	400,000	7,023,531	Farmers & Merchants Bank, Idaho Falls, Idaho	150,000	-----	1,014,641
Davison State Bank, Davison, Mich.	25,000	6,000	439,507	Victor State Bank, Victor, Idaho	25,000	-----	130,292
Fenton State Savings Bank, Fenton, Mich.	25,000	10,000	453,368	Almira State Bank, Almira, Wash.	50,000	10,000	513,459
Hillsdale Savings Bank, Hillsdale, Mich.	60,000	25,000	1,049,287	Bank of Emmett, Emmett, Idaho	60,000	5,000	510,387
Ludington State Bank, Ludington, Mich.	100,000	20,000	1,140,858	Anderson Bros. Bank, Idaho Falls, Idaho	100,000	100,000	1,588,213
The Union Bank of Winneconne, Winneconne, Wis.	25,000	8,000	378,183	Traders Bank, Toppemish, Wash.	25,000	10,000	370,901
Hasper County Savings Bank, Newton, Iowa	100,000	50,000	1,220,749	NOTE.—The Bank of Green, Green, Kans., has decided not to complete its membership by making payment on account of capital stock, and it is therefore not a member of the Federal Reserve system.			
<i>District No. 8.</i>				<b>New National Bank Charters.</b>			
Bank of Commerce, Little Rock, Ark.	300,000	150,000	4,082,535	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 July 27, 1918, to August 23, 1918, inclusive:			
Union Trust Co., Little Rock, Ark.	250,000	150,000	3,091,887				
Litchfield Bank & Trust Co., Litchfield, Ill.	100,000	10,000	615,801				
Lafayette County Trust Co., Lexington, Mo.	75,000	15,000	198,142				
Farmers Bank & Trust Co., Blytheville, Ark.	50,000	25,000	425,584				
Mercantile-Commercial Bank, Evansville, Ind.	200,000	100,000	2,483,706				
Central Trust Co., Owensboro, Ky.	200,000	34,000	1,403,590				
<i>District No. 9.</i>							
Bank of Pierce, Simmons & Co., Red Wing, Minn.	125,000	60,000	1,153,145				
Swift County Bank (Inc.), Benson, Minn.	50,000	50,000	1,456,045				
Kandiyohi County Bank, Willmar, Minn.	100,000	20,000	1,460,153				
Exchange Bank of South St. Paul (Inc.), South St. Paul, Minn.	125,000	25,000	221,399				
State Bank of Jeffers, Jeffers, Minn.	25,000	10,000	351,159				
Inverness State Bank, Inverness, Mont.	25,000	-----	195,173				

Banks.	
With aggregate of new capital authorized.....	2,860,000
Number of banks liquidating (other than those consolidating with other national banks).....	1
Capital of same banks.....	50,000
Number of banks reducing capital.....	0
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.....	2,860,000
Against this there was a reduction of capital owing to liquidation (other than for consolidation with other national banks) and reductions of capital of.....	50,000
Net increase.....	2,810,000

### Acceptances to 100 Per Cent.

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

Baltimore Trust Co., Baltimore, Md.  
 First National Bank, Navasota, Tex.  
 Second National Bank, Baltimore, Md.  
 New Netherland Bank of New York, N. Y.  
 The National Union Bank of Maryland, Baltimore, Md.  
 Commercial Trust & Savings Bank, New Orleans, La.  
 American National Bank, Austin, Tex.  
 Pittsburgh Trust Co., Pittsburgh, Pa.  
 Houston National Exchange Bank, Houston, Tex.

### Lost and Recovered Liberty Bonds.

Following is a list of lost and stolen Liberty bonds furnished this month to the American Bankers' Association.

If any of these bonds or coupons are presented, banks should write, telephone, or telegraph, collect, to L. W. Gammon, Manager Protective Department American Bankers' Association, No. 5 Nassau Street, New York City.

### FIRST 3½ PER CENT BONDS DUE 1947.

Number.	Amount.	Number.	Amount.	Number.	Amount.
3463	\$50	1542110	\$50	795139	\$100
47685	50	1542111	50	823213	100
135361	50	1542114	50	834024	100
151697	50	1542118	50	847017	100
196154	50	1559923	50	847018	100
196155	50	1608676	50	847794	100
196793	50	1622150	50	908330	100
242775	50	1644758	50	958292	100
297349	50	1644759	50	958900	100
362865	50	1678358	50	960333	100
412064	50	1698710	50	1020256	100
536055	50	1698711	50	1020257	100
536892	50	1857639	50	1049593	100
658494	50	1894000	50	1050951	100
658495	50	1895592	50	1088282	100
658496	50	1929145	50	1092762	100
675794	50	1943954	50	1107377	100
706986	50	1979464	50	1107378	100
738138	50	1979465	50	1159040	100
839931	50	2041226	50	1159041	100
967175	50	2844811	50	1293607	100
996265	50	3125901	50	1305737	100
1007746	50	3125902	50	1381626	100
1007760	50	3125903	50	1382095	100
1037960	50	3147527	50	1382096	100
1098800	50	6283779	50	1382097	100
1112468	50	7579130	50	1 696	500
1112469	50	98618	100	82562	500
1240063	50	253051	100	190740	500
1305737	50	362107	100	190744	500
1325485	50	484241	100	195760	500
1327201	50	484242	100	281303	500
1461401	50	601019	100	281304	500
1478866	50	601020	100	197389	1,000

### FIRST 4 PER CENT CONVERTED BONDS DUE 1947.

28150	\$50	1620216	\$50	1276973	\$100
29402	50	1620216	50	1276974	100
34553	50	1626211	50	1276975	100
46532	50	1631319	50	1276976	100
394995	50	1720171	50	2611354	100
405126	50	1631302	50	3450	500
545355	50	1824842	50	3451	500
680029	50	1824843	50	3452	500
717285	50	1824844	50	3453	500
724865	50	1841114	50	50960	500
730125	50	1876643	50	95553	500
758083	50	1979916	50	151232	500
758135	50	1979917	50	145177	1000
967169	50	2879334	50	145178	1000
977418	50	2960053	50	145179	1000
972133	50	3138837	50	145180	1000
982947	50	7566310	50	145181	1000
985917	50	1 31279	100	145182	1000
990603	50	145177	100	145183	1000
990604	50	145200	100	145184	1000
991591	50	246366	100	145185	1000
1040675	50	283444	100	145186	1000
1128932	50	305465	100	145187	1000
1142219	50	333776	100	145188	1000
1247830	50	356920	100	145189	1000
1254968	50	360141	100	145190	1000
1278507	50	420082	100	145191	1000
1357013	50	515501	100	145192	1000
1398540	50	545414	100	145193	1000
1405343	50	743393	100	145194	1000
1408561	50	743394	100	145195	1000
1408562	50	743395	100	145196	1000
1408563	50	801942	100	145197	1000
1408564	50	801943	100	145198	1000
1453803	50	801944	100	145199	1000
1472635	50	848594	100	145200	1000
1508624	50	1260928	100	677600	1000
1611511	50	1261309	100		

<sup>1</sup> Registered.

SECOND 4 PER CENT BONDS DUE 1942.						SECOND 4 PER CENT BONDS DUE 1942—Continued.					
Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
9819	\$50	1143804	\$50	2790694	\$50	40674	\$100	2358082	\$100	4301957	\$100
11532	50	1145165	50	2790695	50	57720	100	2376712	100	4301958	100
12415	50	1156666	50	2790978	50	76441	100	2478842	100	4301959	100
20001	50	1159787	50	2779979	50	88126	100	2537258	100	4301960	100
20002	50	1165638	50	2807843	50	88127	100	2569936	100	4301961	100
20003	50	1209460	50	2807844	50	88128	100	2576716	100	4301962	100
20004	50	1210303	50	2807845	50	88129	100	2576717	100	4301963	100
20005	50	1214316	50	2807846	50	88130	100	2591165	100	4301964	100
20006	50	1215138	50	2822342	50	151614	100	2596875	100	4301965	100
20007	50	1215139	50	2822343	50	193384	100	2596876	100	4301966	100
24858	50	1222603	50	2822343	50	219793	100	2596877	100	4301967	100
40673	50	1236159	50	2822344	50	224643	100	2596878	100	4301968	100
40674	50	1240600	50	2854050	50	230067	100	2596879	100	4301969	100
89873	50	1286091	50	2879747	50	230928	100	2596880	100	4301970	100
91163	50	1286099	50	2905399	50	250987	100	2600287	100	4301971	100
99123	50	1291138	50	3083098	50	261380	100	2611354	100	4301972	100
99127	50	1291139	50	3083099	50	265636	100	2645571	100	4301973	100
100896	50	1291278	50	3084870	50	265637	100	2645572	100	4303693	100
100897	50	1295641	50	3103931	50	265638	100	2689358	100	4303694	100
100898	50	1297915	50	3103932	50	265639	100	2689359	100	4303695	100
133981	50	1301021	50	3138837	50	265641	100	2689360	100	4303696	100
169942	50	1305957	50	3145796	50	265642	100	2689361	100	4303697	100
173054	50	1307788	50	3215494	50	271162	100	2689362	100	4303698	100
186649	50	1313270	50	3492045	50	282308	100	2704446	100	4303699	100
188650	50	1313271	50	4036404	50	282309	100	2711389	100	4320050	100
283444	50	1320565	50	4080968	50	287700	100	2711390	100	4330510	100
313310	50	1321764	50	4082708	50	311881	100	2711391	100	4343817	100
313337	50	1322324	50	4162229	50	311882	100	2711392	100	4473604	100
329225	50	1325133	50	4281562	50	390795	100	2711393	100	4488609	100
361416	50	1325134	50	4665202	50	515501	100	2711394	100	4490116	100
436226	50	1325135	50	4753238	50	550345	100	2711395	100	4490117	100
469480	50	1329148	50	4766096	50	641905	100	2711396	100	4517479	100
471149	50	1408958	50	4811406	50	653332	100	2711397	100	4522461	100
471860	50	1411285	50	4825455	50	672692	100	2711398	100	4522462	100
474350	50	1417084	50	4921581	50	672693	100	2711399	100	4522463	100
474893	50	1419678	50	4921582	50	760746	100	2711400	100	4522464	100
477236	50	1419679	50	4921583	50	845576	100	2711401	100	4522465	100
493233	50	1466420	50	4921584	50	845577	100	2711402	100	4522466	100
498208	50	1477061	50	4996556	50	845578	100	2711403	100	4522467	100
499209	50	1482630	50	4996557	50	845582	100	2711404	100	4522468	100
515780	50	1482631	50	5132672	50	845583	100	2711405	100	4522469	100
528218	50	1485641	50	5233156	50	845584	100	2711406	100	4522470	100
548904	50	1492706	50	5330166	50	895528	100	2711407	100	4522471	100
549489	50	1500890	50	5472170	50	895529	100	2711408	100	4522472	100
549756	50	1575351	50	5537493	50	895530	100	2711409	100	4522473	100
551811	50	1614422	50	5545032	50	990883	100	2711410	100	4522474	100
551812	50	1614423	50	5545033	50	990884	100	2711411	100	4522475	100
551813	50	1614424	50	5661553	50	991121	100	2711412	100	4522476	100
551814	50	1614425	50	5681099	50	1042562	100	2711413	100	4522477	100
551815	50	1638243	50	6101823	50	1088282	100	2711414	100	4522478	100
551816	50	1715002	50	6376344	50	1185989	100	2711415	100	4522479	100
551817	50	1841212	50	6390751	50	1185990	100	2711416	100	4522480	100
551818	50	1845882	50	6530782	50	1185991	100	2711417	100	4522481	100
551819	50	1853965	50	6551353	50	1185992	100	2711418	100	4522482	100
551820	50	1864197	50	6738022	50	1222941	100	2711419	100	4522483	100
551821	50	1864198	50	6857847	50	1278507	100	2711420	100	4522484	100
552382	50	1917347	50	6927949	50	1282342	100	2711421	100	4522485	100
620221	50	2038391	50	6932021	50	1282343	100	2711422	100	4522486	100
620222	50	2085516	50	6969305	50	1293024	100	2711423	100	4522487	100
679526	50	2089150	50	6992388	50	1295668	100	2711424	100	4522488	100
679596	50	2089151	50	7008426	50	1295669	100	2711425	100	4522489	100
706593	50	2183951	50	7008429	50	1295670	100	2711426	100	4522490	100
706594	50	2183952	50	7060150	50	1391486	100	2711427	100	4522491	100
721069	50	2183953	50	7092557	50	1440493	100	2711428	100	4522492	100
725702	50	2183954	50	7207370	50	1588288	100	2711429	100	4522493	100
780841	50	2183955	50	7238142	50	1588289	100	2711430	100	4522494	100
862655	50	2183956	50	7241672	50	1588290	100	2711431	100	4522495	100
883296	50	2254355	50	7309093	50	1588291	100	2711432	100	4522496	100
949006	50	2316236	50	7315807	50	1588292	100	2711433	100	4522497	100
952370	50	2497607	50	7331061	50	1750000	100	2711434	100	4522498	100
963595	50	2497608	50	7332911	50	1777304	100	2711435	100	4522499	100
967179	50	2505465	50	7340450	50	1777312	100	2711436	100	4522500	100
975190	50	2505466	50	7344643	50	1777313	100	2711437	100	4522501	100
1025190	50	2505467	50	7351218	50	1803445	100	2711438	100	4522502	100
1027757	50	2505468	50	7399759	50	1903167	100	2711439	100	4522503	100
1027758	50	2505469	50	7399760	50	1903168	100	2711440	100	4522504	100
1027759	50	2505470	50	7475149	50	1917347	100	2711441	100	4522505	100
1027760	50	2505471	50	7643726	50	2327084	100	2711442	100	4522506	100
1027761	50	2505472	50	7681319	50	2327085	100	2711443	100	4522507	100
1039082	50	2505473	50	7699692	50	2327086	100	2711444	100	4522508	100
1111610	50	2505474	50	7704062	50	2327087	100	2711445	100	4522509	100
1143802	50	2772318	50	19703	100	2327088	100	2711446	100	4522510	100
1143903	50	2790888	50	40673	100	2352974	100	2711447	100	4522511	100

\* Registered.

THIRD 4½ PER CENT BONDS DUE 1928.						FIRST 4 PER CENT CONVERTED BONDS DUE 1947.					
Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
107160	\$50	3386183	\$50	1107597	\$100	99192	\$500	99194	\$500	99195	\$500
121150	50	3502435	50	1107598	100	99193	500				
283832	50	3649088	50	1185989	100						
286833	50	4735123	50	1185990	100						
367291	50	4735236	50	1185991	100						
401872	50	4796135	50	1185992	100						
415130	50	4798023	50	1335237	100						
505326	50	4799799	50	1511210	100						
542088	50	4914305	50	1511211	100						
542089	50	4937424	50	1526168	100						
548646	50	4937556	50	1526169	100						
552005	50	5019453	50	1526170	100						
632897	50	5154419	50	1526171	100						
1017403	50	5154736	50	1526172	100						
1222161	50	5169109	50	1549061	100						
1246076	50	5200271	50	2084900	100						
1370451	50	5457054	50	2101654	100						
1572721	50	5876337	50	2101655	100						
1655258	50	5876367	50	2420655	100						
1667855	50	6142170	50	2426656	100						
1667856	50	6161331	50	2433296	100						
1670124	50	6177902	50	2641790	100						
1715002	50	6449235	50	2963099	100						
1749312	50	7040180	50	2979556	100						
1858945	50	7175471	50	2979558	100						
2005000	50	7881511	50	2996353	100						
2016110	50	22550	100	3160610	100						
2026924	50	34510	100	3160611	100						
2083229	50	107158	100	3533602	100						
2108197	50	107159	100	3533603	100						
2108198	50	163580	100	3732311	100						
2121454	50	163581	100	3738983	100						
2121462	50	241916	100	3738984	100						
2124027	50	294762	100	4158056	100						
2125180	50	294767	100	4548158	100						
2512374	50	349507	100	5157059	100						
2551040	50	431820	100	5157060	100						
2551041	50	431821	100	107950	500						
3073144	50	691308	100	134807	500						
3083459	50	691309	100	142837	500						
3352066	50	704993	100	435841	500						
3352068	50	805371	100	519911	500						
3352073	50	904779	100	706462	500						
3352074	50	904780	100	334874	1,000						
3352076	50	904781	100	544815	1,000						
3352082	50	904782	100	625512	1,000						

SECOND 4 PER CENT BONDS DUE 1942.					
Number.	Amount.	Number.	Amount.	Number.	Amount.
1612967	\$100	1612969	\$100	1612970	\$100
1612968	100				

THIRD 4½ PER CENT BONDS DUE 1928.					
Number.	Amount.	Number.	Amount.	Number.	Amount.
1701265	\$50	1701356	\$50	1616214	\$100
1701272	50	1701358	50	1616215	100
1701273	50	1616148	100	1616216	100
1701274	50	1616149	100	1616218	100
1701275	50	1616150	100	1616219	100
1701276	50	1616151	100	1616222	100
1701277	50	1616154	100	1616223	100
1701292	50	1616155	100	1616234	100
1701296	50	1616156	100	1616235	100
1701297	50	1616160	100	128676	500
1701298	50	1616161	100	128677	500
1701303	50	1616162	100	373728	500
1701304	50	1616163	100	37465	1,000
1701305	50	1616164	100	37467	1,000
1701306	50	1616165	100	943953	1,000
1701307	50	1616166	100	943954	1,000
1701309	50	1616168	100	943956	1,000
1701310	50	1616169	100	943957	1,000
1701318	50	1616171	100	943976	1,000
1701319	50	1616180	100	943977	1,000
1701322	50	1616181	100	943978	1,000
1701323	50	1616183	100	943979	1,000
1701324	50	1616184	100	943986	1,000
1701325	50	1616185	100	943987	1,000
1701327	50	1616186	100	943988	1,000
1701328	50	1616190	100	943990	1,000
1701329	50	1616193	100	943991	1,000
1701330	50	1616196	100	943999	1,000
1701331	50	1616197	100	944004	1,000
1701332	50	1616198	100	944005	1,000
1701333	50	1616200	100		
1701334	50	1616201	100		
1701336	50	1616202	100		
1701337	50	1616203	100		
1701338	50	1616204	100		
1701339	50	1616205	100		
1701343	50	1616206	100		
1701344	50	1616207	100		
1701346	50	1616208	100		
1701347	50	1616209	100		
1701353	50	1616211	100		
1701354	50	1616212	100		
1701355	50	1616213	100		

Following is a list of the Liberty bonds which were previously reported lost and which have since been recovered and returned to the interested bank. These numbers appeared in previous issues of the FEDERAL RESERVE BULLETIN.

## 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:

### Warehouse Receipts as Security.

(To a Federal Reserve Agent.)

Referring to your letter of July 23, relative to warehouse receipts given by a warehousing company, you are advised that Board's counsel, in a memorandum which has been approved by the Board, makes the following statement:

"There is no provision of the Federal Reserve Act requiring notes to be secured by warehouse receipts in order to be eligible for rediscount. The writer evidently has in mind the question whether such warehouse receipts would form a sufficient security for drafts drawn against a member bank in a domestic transaction and accepted by the bank.

"The requirements of the Board appear to have been met in that a separate corporation has been created and the receipts are to be issued by that corporation and not by the borrower. I would suggest, however, that as both corporations have practically the same officers the manager of the warehousing company who executes the receipts should not be an employee of the borrowing company, as the Board requires that the receipts should be issued by a company independent of the borrower and this requirement should be met in substance as well as in form."

JULY 29, 1918.

(To an individual.)

Your letter of August 9, addressed to the counsel of the Board, has been duly considered by the Board as well as by counsel.

You refer to the informal ruling of June 10, 1918, which requires that the lessee of warehouse premises be independent of the borrower, and that he have entire control and custody of the goods; that the borrower must

not have access to the premises except with permission of the lessee, and that he shall exercise no control of any sort over the goods against which warehouse receipts are issued.

You state that one of your borrowers, a corporation, proposes to set aside part of its readily marketable goods and materials not necessary for immediate purposes in a warehouse controlled by a separate corporation engaged solely in the warehouse business, the entire stock of which is owned by the prospective borrower, and that it is your desire to use warehouse receipts issued to the borrower as security for drafts drawn against you and accepted by you in accordance with section 13 of the Federal Reserve Act. You ask if the conditions of the Board's ruling will be regarded as having been complied with if you should place a custodian or representative of the ——— Company on the premises of the warehouse "who shall have access to the goods, thereby eliminating the borrower from exercising any control whatever, through stock ownership, over the goods against which warehouse receipts are issued."

In the opinion of the Board, the mere fact that a representative of the accepting bank shall have "access" to the goods would not necessarily make the warehouse receipts eligible. If, however, a representative of the ——— Company, the acceptor, is given control of the warehouse in which the goods are stored under a proper resolution of the directors of the warehouse corporation, the fact that the stock of the corporation is owned by the borrower should not prevent the ——— Company from accepting the draft under the circumstances recited.

The agreement between the directors of the warehouse corporation and the representative of the ——— Company, however, should provide that if, by any future action of the stockholders or directors of the warehouse corporation, an attempt is made to exercise control over the warehouse, the representative of the acceptor should have the right to remove the goods and to place them in storage elsewhere at the expense of the warehouse corporation.

AUGUST 13, 1918.

**Limitations on loans by member banks.**

(To an individual.)

Receipt is acknowledged of your letter of July 26, in which you submit the following questions for the consideration of the Board:

(1) Is it allowable for a member bank to purchase from one or more customers their trade acceptances, whether or not secured by negotiable warehouse receipts or shipping documents, if drawee's name on aggregate amount of drafts of several drawers represents more than 10 per cent of combined capital and surplus of member bank?

(2) May a member bank loan to a party on single-name paper secured by negotiable documents covering staple or readily marketable merchandise to an aggregate amount of more than 10 per cent of the combined capital and surplus of the member bank?

In reply you are advised that—

(1) The law does not require a trade acceptance to be secured by negotiable warehouse receipts or shipping documents when purchased or discounted by a national bank. The Federal Reserve act, however, requires drafts or bills drawn against a national bank to be so secured if such drafts or bills are accepted by the national bank in a domestic transaction. The acceptance of a draft should not, of course, be confused with the discount of an acceptance. If trade acceptances offered your bank are actually owned by the person offering them for discount, they would not be subject to the 10 per cent limitation imposed by section 5200. Of course, if they are discounted for the drawee and not for the bona fide holder they would be subject to the 10 per cent limit referred to.

(2) In answer to your second inquiry, a national bank is not permitted by law to lend on single-name paper, secured or unsecured, to anyone in an amount greater than 10 per cent of its capital and surplus. A State bank or

trust company which is a member of the Federal Reserve system may lend in excess of this amount, provided its State law permits, but a Federal Reserve bank is not permitted to rediscount the paper of a customer of such member bank if the customer is indebted to the member bank in an amount in excess of 10 per cent of the capital and surplus of the member bank.

JULY 30, 1918.

**Discount of paper secured by Government bonds.**

(To a Federal Reserve bank.)

I have your letter of the 24th instant, inclosing correspondence, which I have read and return herewith as requested.

The question raised in your letter was discussed at the meeting of the Board this morning, and I am authorized to say that it is the opinion of the Board that a member bank acting through another member bank may obtain the discount of its paper secured by Government bonds for a period as long as 90 days, although a member bank acting alone may not tender its collateral note to the Federal Reserve bank which runs for more than 15 days. Of course, it may be proper, in this connection, to consider questions of fact—whether the transaction is in good faith or whether the two banks exchange courtesies merely for the purpose of having their notes discounted for 90 days instead of 15 days, but in case a country bank which has regular dealings with a large bank in a city sends its note secured by Government bonds to that bank, which in turn wishes to rediscount the paper with a Federal Reserve bank, the Board would regard the note as eligible, provided the time of maturity was not longer than 90 days.

JULY 25, 1918.

## RULINGS OF THE DIVISION OF FOREIGN EXCHANGE.

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

### Securities.

(Reprinted from "Instructions to Dealers.")

Any person desiring to make delivery of securities in any manner which necessitates the transportation of such securities into or out of the United States must file a declaration of nonenemy interests, as required by Executive Order of the President, and must obtain a certificate from the Federal Reserve Board, through a Federal Reserve Bank, that such declaration has been filed.

Securities unaccompanied by such certificate will not be permitted by customs officials to be brought into the United States, or carried out of the United States.

Upon receipt of advice of shipment of securities to this country from abroad, dealers holding declarations may apply for certificates for deposit with the customs officials on arrival.

### Canadian bank declarations.

The Division of Foreign Exchange of the Federal Reserve Board is in receipt of declarations from the head offices of all Canadian branch banks in Canada so drawn as to cover all of their branches.

MARCH 20, 1918.

### Form F. E. No. 113.

In connection with your inquiry concerning form F. E. No. 113, in general, it is desired more particularly to obtain positive information that securities have not been enemy owned since February 3, 1917. When received once in connection with a block of securities it is not necessary to take it again while the same party owns them.

MARCH 28, 1918.

### Registration certificates from exporters and importers.

Where no accounts are maintained abroad, and no accounts are carried in this country for foreign account, and when drafts against exports are handled through Class A

dealers, or where drafts drawn upon importers are presented to them through Class A dealers, or remittances are made by the importers through exchange which goes through Class A dealers, we have not required registration certificates.

Again, many exporters draw say 75 or 80 per cent against shipments, which drafts go through Class A dealers, and later either draw for the balance in the same manner or receive remittance from their customer, which again must come through a dealer. In such cases where the balance of the value of the goods over the first drawing is not allowed to accumulate with the balances against other shipments, and what might be called running book accounts are not opened, registration is not required.

Where exporters and importers carry balances small or large in foreign banks, or with foreign customers against which they draw their checks, or where remittances are made periodically over intervals of three or six months, Class B certificates should be required.

Exporters and importers who carry accounts in this country for their foreign customers that represent what might be called delayed payments against imports, but at the same time that are available for transfer, or against which drafts may be drawn, should take out Class C certificates.

The business of some exporters and importers is so handled as to make it necessary for them to take out both Class B and Class C registration certificates, but there are few, if any, whose business has been of a kind to necessitate their registering under Class A.

APRIL 9, 1918.

### New accounts.

New merchandise accounts for current shipment with or for foreign connections satisfactory to the War Trade Board may be opened without permission until otherwise instructed. No merchandise for foreign account which is to be stored or warehoused, either in the United States or in foreign countries, other than that of the purchaser, for shipment after the war, or at some definite or indefinite future period, can be sold without first obtaining permission from the Division of Foreign Exchange, Federal Reserve Board.

Class A dealers should obtain permission from the division before opening new accounts with or for foreign correspondents, except that when bankers have new business offered them it is in order for them to accept it, providing form F. E. 114 is forwarded at once for signature and returned under notice to the Division of Foreign



Exchange, unless they have reason to believe that the institution is an enemy or ally of enemy, or unable for any other reason to sign the declaration.

MAY 2, 1918.

#### **Credit to foreign correspondents.**

*Credits to foreign correspondents from persons within the United States.*—Dealers having the accounts of foreign correspondents on their books are prohibited from accepting credits to such accounts which are not accompanied by the name of the party making the original request that the deposit be made, and by the name of the party to whom the foreign institution receiving the credit is to pay the funds and for whose account such payment is made, and the purpose of the deposit must also be stated. It is important that this order be noted by all bankers, institutions, individuals, or others in the United States, without regard to whether they are dealers or not. This information will be required in addition to the regular customers' statement.

If, for instance, a firm in Peoria, Ill., is requested by an individual to pay a bank in New York \$1,000 for account of a bank in Sweden, the firm must obtain from such individual the required information, which it must deliver to its banker in Peoria through whom it wishes to make the transfer, and such banker, if he carries out the operation through his Chicago or New York correspondent, must forward the information with the instructions, which must follow the deposit to the New York bank which is to credit the account of the Swedish bank. All such information must be on a separate sheet of paper, which must be initialed by every institution through which it goes, and that must be delivered to the Division of Foreign Exchange of the Federal Reserve Board, 15 Wall Street, New York, by the banker crediting the item to the foreign institution.

*Credits to foreign correspondents from persons without the United States.*—Deposits received for the credit of dollar accounts of foreign correspondents on the books of American "dealers" from "persons" as defined in the Executive order, outside of the United States, must bear the same information, and dealers should notify their foreign correspondents that when arranging to have deposits made in this country for their account that such information must follow the deposit.

JUNE 11, 1918.

If such deposits are known to represent exchange transactions between recognized foreign bankers in the regular course of business, and are accompanied in each case by the name of the bank or banks by whose order as well as for whose account the payment is to be made, the purpose of the deposit need not be stated.

AUGUST 22, 1918.

#### **Confirmation of cablegrams.**

*Outgoing confirmations.*—Confirmations of all cables covering transfer of funds or concerning other financial operations sent by dealers to correspondents and to all other persons outside of the United States must be first

filed with the Division of Foreign Exchange, Federal Reserve Board, 15 Wall Street, New York City. Dealers may file confirmations either by messenger or post as best suits their convenience.

Each confirmation must be an exact copy of the cable in question, must be written on one sheet of paper only, and contain no other matter except such as refers to the given cable. Such confirmations must be inclosed in an unsealed envelope, properly addressed and stamped ready for mailing, and in this envelope no other mail is to be inclosed without special permission from the Division of Foreign Exchange.

If dealers desire to forward more than one copy of a cable confirmation by different routes or by separate steamers or otherwise, such extra copy or copies must be delivered with the original, and each copy must be inclosed in an unsealed envelope, properly addressed and stamped ready for mailing, and each copy must be stamped "Duplicate, triplicate," or otherwise, as the case may be, together with the routing or specific steamer desired, and in every such envelope no other mail should be inclosed. In the event that it becomes necessary to forward an additional confirmation at a later date than the delivery of the original with its duplicate or other copies, permission must be first obtained from the Division of Foreign Exchange.

*Incoming confirmations.*—All dealers are prohibited from acting upon confirmations of cablegrams covering the transfer of funds or concerning other financial operations which may be received by them from without the United States wherein the cable referred to has never been delivered to them, without first obtaining permission from the Division of Foreign Exchange of the Federal Reserve Board.

JUNE 11, 1918.

#### **Customers' statements.**

There has been some doubt on the part of "dealers" as to just when they should require Customers' statements. This has been particularly true as between dealers trading with each other. Customers' statements, which are merely declarations of nonenemy interest, which have to be made by "persons" in this country having foreign exchange operations with dealers, must be taken by every dealer from every person who is not a dealer when any foreign exchange service is being extended. In other words, the dealer having contact with the person who is not a dealer is the party who must take the Customers' statement. Such statements do not follow the items, but must be filed by the dealer receiving them, subject to the call of the Federal Reserve Board at its discretion.

As dealers receiving items from other dealers have no means of determining whether such persons are dealers, authority has been granted by the Board to accept the censorship stamp of dealers upon letters of advice or inclosure from one dealer to another as being sufficient evidence that a Customers' statement has been obtained.

Every dealer is responsible to the Federal Reserve Board for the taking of Customers' statements and not to other dealers through whom he may be passing transactions, except that any dealer who has reason to believe that any transaction may be for account or benefit of an enemy or ally of enemy may make inquiry of the dealer who places the transaction through him. If satisfactory answer is not received the Division of Foreign Exchange of the Federal Reserve Board should then be notified immediately."

JUNE 11, 1918.

Until otherwise instructed Customers' statements are not being required in connection with drafts drawn by foreign correspondents on American dealers, such items being covered by Form F. E. 114, which has to be signed by the foreign correspondent.

JULY 29, 1918.

#### **Declarations on coupons and dividends.**

The censorship stamp may be used by one dealer to another as a means of identification in connection with items received from abroad. The responsibility for obtaining declarations from foreign correspondents, and from holders of securities, and in connection with coupon and dividend payments, has been placed entirely upon the dealers receiving the items from the foreign countries. It is not the duty of payers of dividends, or coupons, nor of others in the United States who receive such items from dealers, to require declarations. If, however, they have information which leads them to believe that a transaction is for enemy account, it is their duty to withhold payment and notify the Division of Foreign Exchange.

JUNE 11, 1918.

#### **Remittances to American Expeditionary Forces abroad.**

Answering your letter of the 4th instant, until otherwise instructed, declarations need not be taken from members of the American Expeditionary Forces abroad.

JUNE 11, 1918.

#### **Trading in foreign and domestic gold coin.**

It has been called to our attention that persons intending to go abroad have been paying a premium for foreign gold coins, which they have expected to take with them for use in foreign countries.

Under present regulations gold coins can not be taken out of the country by travelers without first obtaining a license from a Federal Reserve Bank, and such licenses are being granted at present in exceptional cases only where the need for gold is clearly established.

Under these conditions the sale of gold to travelers at a premium is not justified, unless the conditions are fully understood by them. Until otherwise instructed, therefore, when selling foreign gold coins, you are requested to have a printed or typewritten memorandum shown to the purchaser and given to him with the gold, worded as follows:

Foreign or domestic gold coin or gold bars or bullion can not be shipped out of the United States nor carried out on the person or in the baggage of travelers, unless a license is obtained from a Federal Reserve Bank. At present

such licenses are not being issued except in special cases, where the need for gold is clearly established.

For your own protection, it is suggested that customers purchasing foreign gold coin of you be required to acknowledge, over signature, on some form that you may retain in your office, that they are familiar with the regulations. This is merely mentioned with the thought that it might be helpful to you should a customer destroy his slip when brought before a customs officer and deny having received it.

JULY 29, 1918.

#### **Prisoners of war.**

The definition of "enemy" under the trading-with-the-enemy act has been extended to include prisoners of war held in Allied countries, and remittances can not be made unless a license is first obtained from the War Trade Board.

For the present the War Trade Board is not issuing any licenses for such remittances.

JULY 29, 1918.

#### **Blanket customers' statements.**

Until otherwise instructed, dealers in foreign exchange may accept blanket customers' statements covering foreign exchange transactions from month to month, provided any dealer accepting such blanket statement realizes that it is his responsibility to see that it does not become a dead letter and that such statements are only taken from thoroughly American concerns, and, further, that blanket statements can not cover any operations for employees or others than the particular "person" as defined under the Executive order of January 25, signing such blanket statement. Blanket statements must be renewed each month, which may be done through the filing of a new blanket customers' statement or through additional dated signatures, extending expiring declarations.

In connection with the above authorization, the following form should be used:

"Whereas under Executive order of the President dated January 26, 1918, all transactions in foreign exchange must conform to the requirements of that order, and customers buying or selling such exchange must in each case make the declaration of nonenemy interest therein prescribed; and

"Whereas the Federal Reserve Board has authorized dealers in foreign exchange to accept on their own responsibility declarations covering foreign exchange transactions from month to month under certain conditions:

"Now, therefore, I/we do hereby expressly declare that no enemy or ally of enemy of the United States is, or shall be, directly or indirectly, interested in any transaction that may be handled for me by you, and that any check or draft or other item which you may handle for me or for my account, or which shall bear my signature or indorsement during the 30 days following the execution of this declaration, may be treated as if accompanied by the declaration prescribed and required by Executive order of the President dated January 26, and I hereby undertake and agree to assume the same responsibility and to be bound to the same extent that I would be if I executed and delivered the declaration or declarations required under the said Executive order in each and every case."

AUGUST 10, 1918.

## LAW DEPARTMENT.

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

### Notes and bills rediscounted.

A note or bill rediscounted in good faith by a member bank which is no longer owned or held by the bank need not be included as a liability of the maker to the bank, within the meaning of section 5200, Revised Statutes. Notes or bills rediscounted under an agreement to repurchase, or which are merely credited to the account of the bank offering them for rediscount, are subject to the limitations of section 5200.

AUGUST 7, 1918.

SIR: In an opinion approved by the Board and published on page 638 of the July, 1918, BULLETIN, the question was considered whether a note rediscounted by a member bank should thereafter be treated as a liability of the maker to the bank for borrowed money. In that opinion the following statement appears:

"This question was considered by the Board and by the office of the Comptroller in connection with the limitations prescribed by section 5200, Revised Statutes, on liabilities to a national bank of any one person, firm, or corporation.

"The conclusion was reached in that case that notes which have been rediscounted by a national bank and which are no longer owned or held by the bank, should not be included as a liability of the maker to the bank for borrowed money within the meaning of section 5200."

Exception has been taken to this conclusion by some of the officers of the Federal Reserve Banks, and by certain national bank examiners, and there seems to be some apprehension on their part that this ruling of the Board may be used by member banks for the purpose of evading the limitations prescribed by section 5200.

You have asked this office to give further consideration to the question involved and to suggest what, if any, action the Board or the Comptroller should take to prevent excessive loans from being made under authority of this ruling.

This question is one which involves the application of the law of negotiable instruments.

Under section 5136, Revised Statutes, which prescribes the corporate powers of national banks, such banks are authorized, among other things, to discount and "negotiate" promissory notes.

Under the Negotiable Instruments Law (Sec. 30) "an instrument is negotiated when it is transferred from one person to another in such manner as to constitute the transferee the holder thereof."

Under section 5200, Revised Statutes, the liabilities to a national bank of any one person for borrowed money are limited to an amount which must not exceed 10 per cent of the capital and surplus of the lending bank.

Under authority of these two sections it is clear that a national bank may discount the note of a customer which does not exceed in amount 10 per cent of its capital and surplus and may subsequently negotiate or sell this note to a bona fide purchaser for value without notice.

The question involved is whether the maker of the note continues liable to the bank after the note has been negotiated and is owned by a bona fide holder in due course.

Section 51 of the Negotiable Instruments Law provides that "the holder of a negotiable instrument may sue thereon in his own name and payment to him in due course discharges the debt."

It is clear, therefore, that when such a note is rediscounted by a bank its rights are transferred to the holder in due course and the maker becomes liable to the holder. It necessarily follows that the maker's liability to the bank ceases. If this were not true the maker might obtain a discharge of his liability on the note by paying the bank even after it had transferred its rights by indorsement of the note to a bona fide holder.

To hold that the maker of a note continues liable to a national bank for money borrowed, after the bank has rediscounted the note, would be equivalent to holding that a negotiable promissory note loses its negotiability when discounted for the maker by a national bank. There is clearly no legal justification for such a conclusion.

It has been suggested that the position taken in the opinion under consideration constitutes a radical departure from previous rulings of the Comptroller's office.

It is true that for many years it was customary for national banks to continue to carry as assets notes which had been rediscounted. This practice, which necessarily resulted in a duplication of the assets of national banks, has, however, been discontinued and while the reports of condition now show the amount of bills or notes rediscounted these amounts are not included in the total assets of the bank.

It necessarily follows that unless a note remains an asset of a bank after it has been rediscounted it does not constitute a liability of the maker to the bank but becomes a liability of the maker to the bona fide holder.

This principle has been consistently recognized by the Comptroller's office in the administration of the estates of failed banks. The maker of a note held by a failed bank is ordinarily entitled to offset his deposit balance with the bank against the note but in the administration of receiverships the Comptroller has consistently declined to allow the maker of a note to offset his deposit balance if the note is not in the hands of the receiver but is held by some other bank under rediscount on the ground that he may thereby obtain preference over other creditors to the extent of the offset if the estate of the bank is insufficient to pay the depositors in full. This question was involved in the case of *United States Bank v. McNair*, 116 N. C. 550; 21 S. E. 389. In that case the maker of the note was endeavoring to have his liability treated as a liability to the bank in order to obtain the benefit of an offset, but the court disallowed his claim.

With all due deference to the opinion of those who have taken exception to this ruling

of the Board, the fear that it may be successfully used by banks to evade the limitations of section 5200 seems to be very much exaggerated.

So long as the customer's paper is well secured or is of such intrinsic value as to find a ready market with other banks the contingent liability incurred by the indorsing bank is not of serious consequence. On the other hand, if the paper offered for rediscount is not intrinsically valuable and the offering bank is merely seeking to evade the limitations of section 5200, it is not likely that other banks would feel disposed to rediscount such paper. They would in such case be much more likely to require the borrowing bank to execute its note secured by its customer's note with a proper margin, in which case the customer's paper would remain the property of the borrowing bank and would have to be included in the liabilities of the makers to the borrowing bank. If the borrowing bank, in order to evade the limitations of section 5200, should enter into an agreement with its correspondent to repurchase rediscounted paper before maturity, or to leave the proceeds of the rediscount on deposit with it, the transaction would not have been entered into in good faith and an examiner or officers of a Federal Reserve Bank would be justified in treating such paper as subject to the limitations of section 5200.

As stated by Daniel on Negotiable Instruments (Section 779-b,<sup>3</sup> Volume 1, Sixth Edition)—

"Under several provisions of the statute (Negotiable Instruments Law), it is held that merely giving the transferrer credit does not constitute the transferee a holder in due course. Thus when a bank simply discounts a note and credits the amount thereof on the indorser's account, without paying to him any value for it, such bank is not a purchaser for value or a holder in due course as defined by the statute." (*Albany County Bank v. People's Co-operative Ice Co.*, 86 N. Y. S. 772, 92.)

If, however, a bank negotiates a note of its customer in good faith in order to obtain additional funds to take care of the needs of other customers, there would seem to be no justification for treating the liability of its customer

to the bona fide holder of the note as a liability to the bank itself. The fact that the bank is contingently liable as indorser and may be called upon to pay the note if the maker defaults should very properly be taken into consideration in determining liabilities that may be incurred by the bank under section 5202, but should not be taken into consideration in determining the liabilities that may be incurred to the bank under section 5200.

The Board has heretofore ruled that a national bank may lend to one customer an amount equal to 10 per cent of its capital and surplus and may thereafter accept drafts of the same customer under authority of the Federal Reserve Act. In this case the bank assumes a direct and not a contingent liability on the drafts accepted and is the primary obligor. This fact, however, does not justify the Board in requiring banks to treat this liability assumed by the bank as a liability of its customer to the bank for borrowed money within the meaning of section 5200.

If the Board feels that it is necessary to take any affirmative action to prevent its ruling from being used by member banks as a means of evading the limitations of section 5200, it is suggested that it might amend section III of Regulation A, series of 1917, to read substantially as follows:

“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 the knowledge and belief of the officers of the applicant bank, such notes, drafts, or bills of exchange have been issued for one or more of the purposes mentioned in 2 (a); such certificate shall also show whether the notes, drafts, or bills discounted for any one borrower whose paper is offered for rediscount, exceeds 10 per cent of the capital and surplus of the applicant bank, including notes, drafts, or bills held in its own portfolio or under rediscount with other banks.

“If the aggregate of such notes, drafts, or bills does exceed 10 per cent of the capital

and surplus of the applicant bank, such certificate shall show (a) the amount held in its own portfolio, (b) the amount rediscounted with other banks, (c) the amount and character of security held, (d) whether or not the member bank is under agreement to repurchase at or before maturity notes, drafts, and bills rediscounted, (e) whether or not it has received the actual proceeds of notes, drafts, and bills rediscounted or merely a book credit therefor.”

With this regulation in force the Federal Reserve Bank would be able to determine the amount of secured and unsecured paper discounted by the applicant bank for any one borrower and rediscounted with other banks. If properly secured, the contingent liability of the member bank on the paper rediscounted in good faith would constitute merely a nominal liability. On the other hand, if the intrinsic value of the paper rediscounted appeared to be such as to make it more than probable that the indorsing member bank would be called upon to pay it, the Federal Reserve Bank could in its discretion determine whether such paper though technically eligible should be accepted for rediscount by the Federal Reserve Bank.

The Comptroller of the Currency might in like manner require national banks to show in their reports of condition information called for in the regulation of the Board as amended in accordance with the foregoing suggestion.

The national bank examiner might likewise require the officers of the national bank to certify on oath whether the bank is under agreement to repurchase rediscounted paper and whether it has received the proceeds of such paper or merely a book credit and, for reasons heretofore stated, might treat all paper rediscounted under an agreement to repurchase or for which merely book credits have been received, as subject to the limitations of section 5200.

Respectfully,

M. C. ELLIOTT, *Counsel*.

To Hon. W. P. G. HARDING,

*Governor, Federal Reserve Board.*

**Trade acceptance providing for extension of time.**

A note or draft containing a provision for an extension of time should not be approved for general use by the Federal Reserve Board.

JULY 25, 1918.

SIR: The accompanying form of trade acceptance was submitted to this office for an opinion as to its negotiability. This form contains the following language:

"Demand, notice of default, and protest is waived by all parties, guarantors, and indorsers, who also agree to extension of time by holder without notice."

The question arises whether the provision for an extension of time renders the time of payment uncertain and the note nonnegotiable. On this question Crawford on Negotiable Instruments (p. 21) says:

"As to whether the negotiable character of the paper is destroyed by a stipulation to the effect that the indorser's consent that the time of payment may be extended, the courts are not agreed. On the one hand, it is held that such a stipulation makes the time of payment uncertain. (*Roseville State Bank v. Heslet*, 84 Kans., 314; *Union Stock Yards Nat. Bank v. Bolan*, 14 Idaho, 87.) On the other hand, it is held that as such a stipulation neither confers upon the maker the right to demand an extension, nor imposes upon the payee or indorsee any duty to grant one, it can not have such effect. (*Longmont Nat. Bank v. Lonkonen*, 53 Colo., 489; *Farmer v. Bank of Greattinger*, 130 Iowa, 469; *De Groat v. Focht*, 37 Okla., 267; *First Nat. Bank of Pomeroy v. Buttery*, 17 N. D. 326; *Stitzel v. Miller*, 157 Ill. App. 390.)"

Corpus Juris, vol. 8, page 140, says:

"A note may provide for a 'definite' extension or renewal after maturity without making it nonnegotiable. However, where the agreement for extension is not for a fixed time, the decisions are more conflicting. Thus it is held in Iowa that an agreement in a note that the holder 'may extend the time of payment thereof from time to time indefinitely as he or they may see fit' renders it nonnegotiable; and this rule prevails in Indiana, in Michigan, and in the Federal courts. In Wisconsin it is held that an agreement that the note is 'to be extended if desired by makers' is too indefinite to have any legal significance. These decisions do not necessarily conflict with rulings

that provisions in a note waiving all defenses on the ground of extensions of time do not affect negotiability, although even in such a case the contrary is held in Idaho, in Indiana, and in Kansas. Other decisions hold that the note is negotiable where the extension of time provided for is 'after' maturity; and some of the decisions draw a distinction between provisions which authorize an extension of the time of payment 'after' maturity and those which authorize an extension of time 'before' maturity, it being held that authority to extend the time, where it can be exercised only after maturity, does not affect negotiability, but, if the authority is to extend 'before' or 'before or after' maturity, the instrument is not negotiable."

The doctrine of the Federal courts referred to in the above quotation from *Corpus Juris* was stated in the decision by the circuit court for the district of Indiana in the case of *Coffin v. Spencer* (39 Fed., 262). In that case it was held that a promissory note is not negotiable if it contains the stipulation that "the payee or holder of this note may renew or extend the time of payment of the same from time to time as often as required without notice and without prejudice to the rights of such payee or holder to enforce payment against the makers, sureties, and indorsers, and each of them, parties hereto, at any time when the same may be due and payable. In discussing this question, the court says:

"Every successive taker of the paper is, of course, bound to take notice of this stipulation, and, instead of looking only to the face of the instrument for the time of its maturity, as in the case of commercial paper he must, is put upon inquiry whether or not any agreement for a renewal or extension of time has been made by his proposed assignor or by any previous holder. 'A bill of exchange always implies a personal general credit, not limited or applicable to particular circumstances and events, which can not be known to the holder of the bill in the general course of negotiation.' *Story, Bills*, sec. 46. And in *Hartley v. Wilkinson* (4 Maule, sec. 25), Lord Ellenborough says: 'How can it be said that this note is a negotiable instrument for the payment of money absolutely, when it is apparent that the party taking it must inquire into an extrinsic fact in order to ascertain if it be payable.' See also *Insurance Co. v. Bill*, 31 Conn., 534."

The contrary conclusion was reached by the Supreme Court of Texas in the case of *National Bank of Commerce v. Kenney* (83 S. W., 368), in which the court said that a note containing a provision that the makers and indorsers "severally waive protest, demand and notice of protest, and nonpayment in case this note is not paid at maturity, and agree to all extensions and partial payments before or after maturity without prejudice to holder" does not thereby render it nonnegotiable on the ground that the time of payment is uncertain.

Chief Justice Gaines stated as his reasons for this conclusion that there was nothing in the stipulation which gave anyone the right to demand the extension of the time of payment, and the holder could demand payment at maturity, and that if the holder has the absolute right to demand payment at a certain day the note is negotiable.

It thus appears that the decisions of the courts are not uniform on this question, and, under the circumstances, the Board should not approve for general use a form containing the provision above quoted.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

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**Trade acceptance providing for discount if paid at certain time before maturity.**

A trade acceptance providing for a fixed discount, if paid at a certain time before maturity, should not be approved for general use by the Federal Reserve Board.

AUGUST 1, 1918.

SIR: In the accompanying letter the Board is asked for a ruling on the negotiability of a trade acceptance containing the following provision: "If this acceptance is paid on or before ..... a discount of 5 per cent will be allowed."

In an opinion of this office, approved by the Board and published on page 200 of the March, 1918, *FEDERAL RESERVE BULLETIN*, the conclusion was reached that—

"A trade acceptance which consists of an order to pay a certain amount, which is the amount of the debt minus a discount for prompt payment at maturity, or, if not paid at maturity, to pay a greater amount, which is the amount of the debt without any discount, is an order to pay a sum certain and is negotiable."

The principle involved in the two cases is somewhat analogous, the only difference being that in one case the discount is allowed if payment is made at maturity, while in the other the discount is allowed if maturity is anticipated. In both cases the test of negotiability, according to the text writers on the Negotiable Instruments Law, is whether or not the sum payable can be ascertained from the face of the instrument, and both forms, in the opinion of this office, meet this condition.

It has been held in Minnesota, Nebraska, Texas, and Canada that a promise to pay a certain sum with a provision that a fixed discount is allowed if paid before maturity, or before a certain date, is negotiable, although the contrary has been held in Michigan, Oklahoma, South Dakota, and Tennessee.

The reasoning of the courts in the cases sustaining the negotiability of such instruments seems to be more consistent with the general principles incorporated in the Negotiable Instruments Law, and I fully agree that such an instrument should be held by the courts to be negotiable. In view, however, of the lack of uniformity of the decisions of the courts on this point the Board should not approve for general use an acceptance containing this condition, since its ruling would, of course, have no binding effect on the State courts.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

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**Drafts secured by cattle notes.**

Member banks are not authorized to accept drafts of a cattle-loan company secured by notes of the owner of the cattle, although such notes may be secured by a chattel

mortgage executed by the owner of the cattle to the cattle-loan company and the notes and chattel mortgage accompany the draft at the time of acceptance.

JULY 23, 1918.

SIR: In the accompanying letter the following question is submitted to the Board for a ruling:

"Is it lawful for a member bank to accept the draft of a cattle-loan company secured by notes of the owner of cattle who has pledged the cattle under a chattel mortgage to the cattle-loan company as security for the notes, providing the notes and chattel mortgage accompany the draft at the time of its acceptance?"

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

"Any member bank may accept drafts or bills of exchange which grow out of transactions involving the domestic shipment of goods provided shipping documents conveying or securing title 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."

The Board has heretofore ruled that a chattel mortgage is not a document similar to a warehouse receipt and that member banks may not accept drafts secured by a chattel mortgage. A warehouse receipt acceptable as security for such drafts must, under the regu-

lations of the Board, be issued by a person independent of the borrower. A chattel mortgage does not meet this requirement. Applying the same principles to the present case it is obvious that a note of the borrower secured by a chattel mortgage could not be considered as a document similar to a warehouse receipt. The readily marketable staple securing indirectly the acceptance in question remains in the possession of the borrower and, in the opinion of this office, a member bank is not authorized to accept drafts under the circumstances recited.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,

*Governor Federal Reserve Board.*

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**Liability of Railroad Administration for damages on bills of lading signed by its agents.**

In answer to an inquiry submitted by Gov. Harding, the general counsel for the United States Railroad Administration, through the Director of Finance and Purchases, has advised the Federal Reserve Board that "the Railroad Administration is liable for damages on bills of lading signed by its duly authorized agents precisely to the same extent as the railroads were liable prior to Federal control."



# SUMMARY OF BUSINESS CONDITIONS, AUGUST 23, 1918.

District.	General business.	Crop condition.	Industries of the district.	Construction, building, and engineering.	Foreign trade.	Money rates.	Railroad, post office, and other receipts.	Labor conditions.
No. 1—Boston....	Good.....	Satisfactory....	Busy.....	Restricted.....	Active.....	Steady, at 6 per cent.	Post office large increase; others mixed.	Fully employed.
No. 2—New York..	Moderately active; prices firmly maintained and collections good.	Favorable.....	High rate of production of war essentials being maintained.	Scarcity of materials even for Government program, which comprises virtually total construction.	Exports from the port of New York increased 12 per cent over July, 1917.	6 per cent rate firmly maintained; limited volume borrowing.	Post office, July returns increased 29.61 per cent over 1917; railroad, gross earnings show increase over last year.	Slightly improved by regulation.
No. 3—Philadelphia.	Good.....	Good.....	Very busy.....	Scarcely any, except for war industries.	Confined to war supplies.	Firm.....	Increasing.....	Acute scarcity.
No. 4—Cleveland..	.....do.....	Favorable.....	Very active.....	Quiet.....	Increase.....	Increase.....	Shortage.....	
No. 5—Richmond..	Continues very active.	Generally satisfactory.	Only limited by supplies and labor.	90 to 95 per cent on Government work.	Restricted by shipping.	Active demand; 6 per cent.	Railroad, irregular; post office, volume large, reflects increased rates.	Inadequate but less complaint.
No. 6—Atlanta....	Good.....	Excellent.....	Active.....	Fair.....	Light.....	Stationary.....	Stationary.....	Fair.
No. 7—Chicago....	Satisfactory...	Good.....	Essential industries at capacity limited by supply of labor and materials.	No change from sluggish condition.		Firm.....	Post office receipts increase.	Fair distribution; some unrest.
No. 8—St. Louis...	Good.....	Fair.....	Active.....	Inactive.....		.....do.....	Increase in postal receipts.	Good demand.
No. 9—Minneapolis	.....do.....	Harvest returns good.	.....do.....	Slow.....		Steady.....	No change.....	Labor very scarce.
No. 10—Kansas City	.....do.....	Fair.....	.....do.....	Limited.....		Firm.....		Improved.
No. 11—Dallas.....	Fairly good...	Unsatisfactory..	Mainly agricultural and this interest not favorable.	Little building of any kind in district.	Not heavy, except cotton just beginning to move.	Firm, with some tendency to higher rates.	Post office receipts increased 84 per cent.	Heavy demand for all classes of labor.
No. 12—San Francisco.	Active.....	Good.....	Very active.....	Decreasing except extension of shipyards and providing houses for workers.	Increasing.....	Firm, prevailing rate, 6 per cent in coast cities; 7 per cent in inland centers.		Settled.

SEPTEMBER 1, 1918.

FEDERAL RESERVE BULLETIN.

## GENERAL BUSINESS CONDITIONS.

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

### DISTRICT NO. 1—BOSTON.

Conditions in New England are satisfactory, business men are moving carefully, trade is increasing, and manufacturers of essential products are extremely busy. The advanced cost of labor and materials of every kind has restricted all unnecessary expansion and building operations, except for Government work, have been materially reduced. In Boston only 311 permits for new buildings have been issued during the first seven months of 1918, a decrease of 576 from the corresponding period in 1917, which in turn showed a large decrease from 1916.

While there is an extraordinary demand for lumber by the United States Government, retail lumber trade is very quiet, with little prospect of improvement.

Labor of all kinds is hard to obtain, and mills have been obliged to reduce their output, although wherever possible they are running steadily through the hot weather. Civilian business is being converted to Government needs in many unusual ways. For example, carpet and rug mills are now manufacturing blankets and cotton duck, devoting less than 20 per cent of their capacity to their regular lines.

The money market remains firm and steady, with the demand larger than the supply. A fixed rate of 6 per cent has become practically universal for demand money, time loans, and commercial paper, regardless of name or maturities. Banks, with few exceptions, are caring for none but their own customers, and it is no longer a question of rates, but rather of who shall be

given accommodation. The almost invariable order of preference is, first, Government needs; second, essential industries; third, less essential. Not only are the requirements of the Government heavier, but manufacturers are requiring larger loans than usual to conduct their business because of the increased cost of labor, raw material, and fuel. In spite of this, however, banks have been able to reduce their borrowing from the Federal Reserve Bank of Boston during the month, its total loans on August 17 being \$85,873,000, as compared with \$110,672,000 on July 17, a decrease of \$24,799,000.

The outlook for crops as a whole is quite good, the recent wet weather having a very favorable influence. Wheat is being grown in larger quantities in New England this year, owing to the prevailing prices, and it is estimated that the yield will be about 900,000 bushels. Fruit crops are generally light, many trees having been wholly or partially killed by the severe weather of last winter. While the season for tobacco has been unfavorable, a good crop may yet result. Hay remains considerably below normal, with exceptionally high prices prevailing. Grain crops are in excellent condition.

With woolen and worsted mills on the average devoting over 50 per cent of their machinery to Government orders, some are running 75 and 80 per cent for the Government, as others are not equipped for that kind of business. Consequently, some mills are producing practically nothing for civilian needs. Mills are endeavoring to complete old contracts as rapidly as possible, but in view of the large Government requirements are making slow progress. Practically all the wool held by the mills is covered by long-standing contracts, and the Government will not at present allot wool for civilian purposes. It is estimated that there is enough manufactured woolen goods

and clothing in the country to furnish the public for a good while to come if it will conserve what it already owns and use care in future purchases.

The raw wools held in stock by dealers in April have now nearly all been valued and paid for by the Government.

The recent action in appointing a syndicate to purchase wools in South America for the allies, and to deal direct with South Africa and Australasia in the purchase of wool, practically eliminates the dealer.

Cotton manufacturers, as a rule, are sold ahead for the next four or five months, and are more favorably disposed toward additional Government orders than civilian contracts, as the former insure them priority in fuel, raw materials, and possibly labor. Mills are now being handicapped by the lack of experienced help, this being particularly marked in the card and weaving rooms. Recent financial statements of condition of the mills make excellent showings. In New Bedford, for example, due to the accumulation of earnings for several years past, not one has a dollar of net debt on its plant. In order to facilitate the financing of the new cotton crop, the cotton buying committee of the National Association of Cotton Manufacturers is strongly advocating the construction of Federal warehouses in large industrial centers in New England, as well as at the principal shipping points in the South.

The boot and shoe industry is quiet. Firm prices are maintained and production is large. Retail business is good, especially in women's lines, sales of men's shoes having been reduced somewhat by reduction in buying due to the transfer of men to the army. Manufacturers report that collections are good.

Retail dry goods business, while spotty, is on the whole ahead of last year, both in the amount and value of merchandise sold. Conservation in the matter of deliveries and return of merchandise has resulted in much economy. Some time ago it was apparent that sales for cash were increasing much faster than on charge accounts, and this tendency is still evident. Increased cost of merchandise results in larger

inventories and, consequently, more capital is required to carry on business.

Building and engineering operations in New England from January 1 to August 14, 1918, amounted to \$97,893,000, as compared with \$127,542,000 for the corresponding period of 1917.

The receipts of the Boston post office for July, 1918, show an increase of \$171,841.22, or about 27 per cent more than July, 1917. For the first 15 days of August, 1918, receipts were about 33½ per cent, or \$93,384.51, more than for the corresponding period of last year.

Boston Clearing House figures compare as follows:

	Aug. 17, 1918.	Aug. 10, 1918.	Aug. 18, 1917.
Loans and discounts.....	\$495,295,000	\$498,687,000	\$463,935,000
Demand deposits.....	441,073,000	428,053,000	387,497,000
Time deposits.....	16,556,000	15,604,000	35,709,000
Due to banks.....	117,911,000	114,136,000	127,456,000
Exchanges.....	300,150,186	289,795,461	242,135,074

#### DISTRICT NO. 2—NEW YORK.

The very large proportion of the industries of the district engaged in war work continues to be augmented by the conversion of plants specifically to meet war needs. Production continues at a high level, though the steadily crystallizing demands of the Government exceed the flow of products. To an increasing extent the distribution of basic raw materials, despite large output, is restricted to those industries contributing directly and in major degree to war ends, and for even such collateral activity as the Government's housing program, calling for structural steel, brick, linseed oil for paint, etc., supplies are so inadequate than an index of building material prices, prepared by the American Contractor, shows recent sharp advances as compared with the earlier gradual rise.

With the increase of Government demand for steel, estimated for shell steel at probably 15 per cent above present shipment rate, and for plate steel at about 12 per cent more than recent record outputs, less essential industries are of necessity adjusting themselves to the scarcity of these and similar fundamental

materials. Only approximately 5 per cent of the total supply of copper is said to be available for other than war purposes, at the fixed price of 26 cents. Tin, pending arrangements with the British Government in respect to imports, is at almost prohibitive prices, and canning industries and oil refiners complain of shortage of tin plate. Important chemicals, such as glycerin and nitrates, are diverted from normal use in the manufacture of such articles as soap and fertilizers, to use in the manufacture of munitions.

Because of limited imports, the allocation of rubber for August and September is on a basis of three-eighths of the consumption during the corresponding period last year. The small quantities of incoming hides and skins disposed of at prices fixed by the Government, 7 to 8 per cent lower than those prevailing, similarly permit the filling of only a portion of the needs of manufacturers of leather goods to satisfy their active trade demand. Federal regulation, looking to a 15 to 20 per cent reduction in the size of newspapers, follows decreased production of newsprint paper.

The textile industry is in an unsettled state, with somewhat opposite conditions obtaining as to supply of raw materials in the wool and cotton trades. A tendency appears to exist among manufacturers and distributors to await full issue of Government price regulations before determining trade policy. With importation of wool exclusively on Government account, it seems not improbable that the supply will be inadequate to permit the manufacture of pure wool fabrics for civilian trade, but as sufficient stocks of cloth for the near future are in the hands of merchants they hesitate to contract for mixed goods. Trading in cotton goods is also light, owing to uncertainty as to how Government-established prices for certain classes of goods affect the prices of others, and to expectations on the part of buyers that prices will be lower and to preference by the mills for large scale Government orders for goods of homogeneous character.

Collections in this district are reported uniformly good.

The shortage of unskilled labor is reported to be slightly less acute and the turnover diminished, largely as a result of Federal supervision of employment, but the demand for labor above the completely unskilled grade, and especially for men with some training along mechanical lines, is very keen.

The movement of farm produce to New York City has been fairly heavy, vegetables and fruit arriving in moderate quantities and butter and egg receipts exceeding those in the corresponding period last year. The Bureau of Crop Estimates reports the peach crop in New York State as approximately 24 per cent of that of 1917, but the commercial apple crop forecast for the western part of the State is 5,320,000 barrels, as compared with 1,118,000 last year. The composite condition of all crops is given as 97.8 per cent of the ten-year average. The only item in the provisions list, about which there is at present serious concern as to supply, is sugar. New York refiners' receipts for the four-week period ending August 10 declined 36 per cent and meltings declined 34 per cent from the preceding four-week period. Stocks on hand August 10 were only 24,101 tons, compared with 127,000 on the corresponding date in 1917, and exports from New York for the year to date amount only to 20,044 tons compared with 288,388 tons from January 1 to corresponding date in 1917.

In the four-week period ending August 17, the number of shares traded in on the stock exchange was 6,094,357, as compared with 8,867,859 in the preceding four-week period and 9,003,324 in the corresponding period of 1917, or approximately the same ratio (two-thirds) as the total shares sold to date in 1918, compared with the total to like date in 1917. The par value of bond transactions for the four-week period and the year to date, amounting to \$125,453,000 and \$951,022,000, respectively, are almost double the value of transactions in the corresponding periods of 1917, but dealings in United States and foreign Government bonds represent 88 per cent of the total in the last four weeks, as compared with 63 per cent in 1917.

Corporate security issues in July, as compiled by Dow, Jones & Co., were approximately the same as in July, 1917, and about the same proportion, 19 per cent of the total, were for the purpose of retiring maturing obligations. Charters issued in the Eastern States for new corporations individually for \$100,000 or over are given by the Journal of Commerce as \$185,726,500, compared with \$492,965,800 in 1917.

The market for commercial paper has been fairly active, with borrowing on a conservative scale and rates ruling at 6 per cent for all maturities. The prevailing rate for bankers' acceptances has been  $4\frac{1}{4}$  per cent. Call loans on stock exchange collateral have been in good demand, and rates have held at 6 per cent with practically no offerings below that rate.

#### DISTRICT NO. 3—PHILADELPHIA.

War influences control business in this district, and all activities are entirely subject to them.

With the control of transportation, shipments and deliveries of materials, and the regulation of prices of many lines of goods, directly or indirectly in the hands of Government authorities, the ordinary operations of business in most lines have been much disturbed.

From the operating and producing standpoint most lines of business are very active. As has been the case for some time, the demand for goods necessary to the conduct of the war is sufficient to employ more than all the available machinery and labor, and due to the filling of the Government requirements in some lines it will be months before any goods of any amount can be produced for civilian use. The Government being the principal purchaser of goods, there is no question as to payment of bills; large wages make for large purchasing power on the part of the people, so that the distribution of goods through the jobbers and retailers has been satisfactory, and collections are very good.

Fall trade is about to open. Prices are considerably higher and there is some uncertainty as to just how the advanced prices will be received. Jobbers are beginning to offer goods for next spring, their prices are in advance of a

year ago, and there is reported hesitation on the part of buyers about making purchases.

It is stated that the regulation of the prices of cotton yarns and cotton fabrics, with the notice that a new schedule of prices may be made on October 1, has retarded dealings in most varieties of cotton goods, though it is reported that orders are being taken subject to the prices that may be fixed October 1.

The wool business practically has been taken over by the Government. No wool is being sold for civilian purposes, and all importation of foreign wools has been suspended, except for Government use. It is reported that nearly all wool and woolen manufacturers of the country are working on Government orders, and probably it will be six months before such orders are completed and there is any possibility of releasing any machinery or wool for civilian use. Dealers in woolen goods are practically out of business, an insignificant quantity of cloth is being made, but of so poor a quality that in ordinary times it would be hardly salable. We are advised that manufacturers of clothing and other users of cloth have laid in large stocks, and the chances are that all the civilian clothing needed can be supplied for the next 12 months. The only suffering will be due to the prices consumers will have to pay.

The effect of Government activity extends similarly to the manufacture of iron and steel products, another large industry of this district. The largest possible tonnage is being turned out, and it is reported that producers have now virtually given up all thought of supplying any steel for other than war or Government purposes for an indefinite time.

Government financing and the requirements of business are maintaining an active demand for money, and rates throughout the district continue firm at 6 per cent for nearly all classes of loans. The large subscriptions of banks to United States certificates of indebtedness are causing them to restrict credits wherever possible, and the tendency is to curtail accommodations to lines of business not necessary to public welfare, or essential to the conduct of the war.

**DISTRICT NO. 4—CLEVELAND.**

Business in the Fourth Federal Reserve District continues on the same basis as heretofore, except as held in check by labor and transportation. These two factors appear to have nearly reached the limit of expansion and, until recruits have been added to the one and abnormal demands taken from the other, but little increase in production can be expected.

*Manufacturing.*—War needs continue to dominate the iron and steel industries and all plants are operating as near to capacity as conditions permit. Due to the heat and a shortage of pig iron there has been some decrease in production in the large centers, while in others the output is at the maximum. Regulations by the War Industries Board are said to have facilitated the work of distributing steel and iron products. The production of the plate mills is short of needs, even though more is being produced than ever before. As war needs permit, an effort is being made to supply railroad equipment before winter begins.

*Clay products.*—Pottery manufacturers have recently granted a substantial wage increase to all departments, and this industry now has less trouble in securing and holding labor. There has been some slackening in the demand for wares in the past few weeks, but a fair supply of orders is still unfilled.

Manufacturers of tile, face and common brick report little change from previous months, as do glass and window glass manufacturers.

*Fuel.*—In the Pittsburgh district production is not believed to be in keeping with last year due to car and labor shortages, and considerable trouble is experienced in satisfying customers, the demand exceeding that of any time during the year.

There has been a revival of coal operations on the rivers, and a consequent improvement in business in river towns.

In the Kentucky fields and some others conditions appear to be more favorable, and the output is in better volume. In general, it is believed that production is being fairly well maintained. Excessive heat has pre-

vented the maximum of efficiency in coke making.

*Agriculture.*—The wheat crop has been harvested and practically all threshed, and while the yield has been disappointing in some instances, yet, with the increased acreage, the crop is believed to be considerably in excess of last year's. The yield from spring wheat, however, has exceeded expectations. The harvesting of the oats is practically completed and threshing is well under way. The yield is very large and reports of 60 to 70 bushels per acre are not uncommon.

Throughout central Ohio the corn crop is reported in fine condition, and while in some other districts it has suffered from lack of moisture, yet it has greatly benefited by recent rains, and, generally, the crop is in a fairly healthy condition.

In the Kentucky district heavy rains have practically assured a good corn and tobacco crop. The tobacco is being cut and every indication points to a large crop, although in the burley district the crop is said to be somewhat spotty. It is reported that the plant is heavier this year than for a number of years past, which will add to the tonnage.

In the northern Ohio district the outlook for a good yield of pears and apples is encouraging, although the peach crop is very light. In many localities the yield of early potatoes has been disappointing, but recent rains are said to have very much improved the late potatoes, sugar beets, and late planted war gardens. In all lines of agriculture, prices are high and farmers are prosperous.

While for a time some uneasiness was felt on account of the extreme heat and extended drought, yet rains have been general over the district, and in most cases pastures have been saved and growing crops have been greatly benefited. The supply of hogs, cattle, and sheep is normal. The price received for the wool clip has been very gratifying to sheep raisers, and whatever uneasiness was felt as to an inability to take care of the crops in the district has been allayed.

*Labor.*—Although there is a great scarcity of labor, the employment of women is still

increasing, the demand being in excess of the supply. When the schools convene in September they will undoubtedly take from the labor field a great many children of school age and teachers who have been employed during the summer.

In the Pittsburgh district an increase of 10 per cent in the wages of common labor became effective August 1, affecting an estimated 250,000 workers.

There is reported a very considerable shortage of labor in the Pittsburgh coal fields, but this has been offset in part by the patriotic response of workers to the Government appeal, and present employees are working faithfully and losing as little time as possible. The labor situation is not altogether satisfactory, and some uneasiness is felt as the draft and war service continue to make inroads on the supply.

*Collections.*—Failures continue to decrease, and collections, except in very few instances, are good. This is especially true in the outlying districts and in sales by the smaller manufacturers. In some cases larger industries report that public utility companies are offering paper while awaiting aid from other sources. The marketing of agricultural staples, which has already begun, should materially strengthen a satisfactory situation.

*Transportation.*—Increased activity in river transportation in coal and manufacturing districts has relieved to some extent the shortage of cars on contiguous lines of railway. It is believed that merchants and manufacturers are using every effort to obtain supplies before the movement of the harvest and troops and increased war material absorbs the carrying power of the railroads. This possibly accounts for some reported delays and congestion. In the Cincinnati district inadequate terminal facilities are said to cause unfortunate delays in transporting essentials. Conditions are not as satisfactory as could be desired, but it is hoped that the situation is occasioned by anticipation shipments, and will tend to relieve the situation later.

*Mercantile lines.*—Wholesalers and jobbers in dry goods report business in large volume, equalling and exceeding other records. Sales for immediate delivery show some falling off, due to price uncertainty and large stocks held by retailers. Jobbers complain that the shortening of trade terms necessitates additional working capital. However, business is good and prospects bright. Retailers are busy disposing of summer merchandise.

Sales compare favorably with previous years, but some dissatisfaction is evidenced in that purchases are largely made by an element which is the best paid at the present time but which does not furnish a permanent clientele. A disposition is shown to anticipate fall wants in excess of other years.

*Money and investments.*—The additional capital required to carry on business, due to higher prices, tends to increase the requirements of commercial borrowers. The uniform rate on this class of paper is 6 per cent, and paper in less liquid form commands a higher rate. The increasing demands of Government financing also help to tighten the money market.

Bankers, that they may be able to take their full quota of certificates of indebtedness, discriminate very closely between classes of paper offered, and preference is shown to a marked extent for liquid paper.

Preparation is being made for the fourth Liberty loan, which it is believed will be a task of some magnitude, but there is full confidence that it will be subscribed. It is the general opinion that the people of the country are ready for any sacrifice to carry the war to a successful ending and need only to be informed of the specific sacrifices to be made and the amounts required of the individual.

*Building.*—In a few quarters there is unusual building activity in comparison with previous months. This condition obtains in localities where the need for dwellings for workmen is imperative. Considerable difficulty is experienced in obtaining plumbing and heating supplies. Generally the line is con-

fined to the erection of dwellings for workmen and plants for the making of war supplies.

**DISTRICT NO. 5—RICHMOND.**

There is little of change or special interest during the past month, notwithstanding the great activities in the district and the unprecedented volume of business which is in evidence in every direction. Adjustments are being promptly and cheerfully made to meet war conditions and to cooperate with the Government in all essentials to meet the responsibilities which face us.

Although this is generally regarded as the dull season of the year, general business is above normal and collections are good. Credits are being systematically shortened, cash sales are increasing, and many dealers are selling only to those who discount their bills. This policy is quickening the turnover and meeting to some extent the enlarged capital demand due to high prices. The high prices of all commodities do not seem to deter purchasers to any extent. Consumers, especially the middle and lower classes, are purchasing merchandise they would never have thought of buying in normal times. This is evidently due to the fact that they have more ready money than ever before and seem bent on spending or squandering it. Government activities in the neighborhood of camps and at the seaports of the district have stimulated trade to almost feverish activity and living conditions are strenuous.

Lumbermen and dealers in all construction materials report no difficulty in selling all procurable supplies, their only trouble being with labor and railroad delivery service. Wagons and other farm equipment are in demand, the output as a rule being from 25 per cent to 50 per cent of normal, due particularly to scarcity of iron and steel; 90 to 95 per cent of the output of iron and other metal plants is on account of Government work.

Building operations are chiefly for Government housing. Nearly all Government construction work is on cost-plus basis, and several contractors report that they are taking such work from patriotic motives only, as the un-

certainty of getting supplies and labor and the high cost of both make it impossible to accomplish work with satisfaction either to themselves or to the Government.

The fuel situation continues unsatisfactory and there is much complaint about the distribution of coal, due to the scarcity of labor and cars, and to the fact that the output is only 60 per cent to 80 per cent of normal. Relief from this situation before the winter sets in seems problematical.

Manufacturers, particularly cotton mills, have been somewhat disturbed by the discussion of price fixing, but although the Government is said in many instances to be paying 25 per cent to 50 per cent less than the civilian population, the mills are operating on a very profitable basis.

Our last report indicated that crop conditions were so exceptionally favorable as to almost certainly preclude the maintenance of conditions at the same high ratio. This has proven well founded, particularly with regard to cotton, which has been unfavorably affected by dry weather in the southwest, while the estimates of the crop have been reduced about 2,000,000 bales. Many reports say the crop, however, was never better, and that while the dry weather has made it a little late, it is clean with fair growth and well fruited. Some neighborhoods report rather too much rain in the last 10 days. The expected reduction of about 2,000,000 bales in the size of the crop promises to be a blessing in disguise to planters. It will tend to stabilize prices on a satisfactory basis, and reduce the expected excess stocks which will have to be carried over, until shipping can be provided for their export to our allies. When this shipping can be provided, a ready market is anticipated abroad for all the cotton we can spare.

Corn has been reduced by a dry June and July. The yield of wheat promises to be somewhat disappointing as it lacked moisture before maturity.

The tobacco markets in South Carolina, North Carolina, and Virginia have now opened in turn, crop reports are excellent, and the



demand for the products of the weed is unprecedented. Prices are apparently 25 per cent to 33½ per cent above those of last season, and average grades are selling in the neighborhood of 40 cents per pound. The monetary yield promises to be beyond precedent.

Government financing has made serious demands on the resources of the banks. But for these, crop financing would apparently have been a comparatively simple matter. The response to Government calls, however, has been cheerful and liberal, notwithstanding the fact that it has necessitated heavy rediscount demands upon the Federal Reserve Bank. Some shrinkage of deposits is reported, but on the whole the volume has been well maintained. Curtailment of unnecessary credits has been urged and enforced, but always with discretion and without curtailment of necessary activities. Clearings indicate an increase of nearly 50 per cent over the corresponding period of last year.

On the whole, conditions may be regarded as prosperous, notwithstanding we are at war, and the news from abroad during the past three weeks has brought a feeling of cheerfulness which has not been apparent for some time past.

#### DISTRICT NO. 6—ATLANTA.

Of the outstanding features, perhaps none affords greater satisfaction than the almost practical certainty of splendid crops through the Sixth Federal Reserve District. General business conditions show no change of any consequence. In the centers wholesalers and jobbers are busy with fall orders and report excellent advance orders from retailers who fear further advances in prices, scarcity of merchandise and difficulty in getting deliveries.

The coal mines of Alabama and Tennessee have been making marked gains in output; and there is practically no let-up in the general mining and industrial situation in these sections. Shipbuilding continues extremely active in all ports and millions of dollars are being expended in these great enterprises. At Brunswick, Ga., the Government's picric acid plant is being rapidly pushed to completion and when

finished will employ about 4,000 men. This means a total expenditure in construction of approximately \$7,000,000. It is expected that all the units of the Government powder plant at Hadley's Bend, Nashville, Tenn., will be completed by the end of August, after which approximately 1,000,000 pounds of powder will be produced daily.

On account of scarcity of water, the power supplied by electric power companies to north Georgia manufacturing establishments has been considerably curtailed and it has been found necessary for the War Industries Board to issue priority orders to govern.

The financial condition is generally satisfactory, with little demand for loans compared with previous months. Member banks of the Federal Reserve system are availing themselves more of the facilities of the Federal Reserve Bank and thereby assisting the Government through the purchase of certificates of indebtedness. Midsummer collections are good and bank clearings are increasing.

Reports from Alabama show that the farmers paid for 73 per cent of the fertilizer used in making the 1918 crop before taking it to their farms; whereas they had previously paid about 10 per cent and 90 per cent when the crop was harvested and sold. This increase in cash payments is true largely throughout the district.

While there are continued reports regarding shortage of labor on account of draft, a considerable part of this shortage is due to the many thousand workers employed in the shipyards and other Government work in the south. Some fear is expressed as to the supply of labor for cotton picking, but this is not seriously viewed by the planters, as men have in the past picked but little cotton, the picking being done by women and children; and though there may be some handicap it is not viewed with any great alarm so far as cotton picking is concerned. A free farm-help bureau has been established with headquarters at the University of Tennessee, Knoxville, Tenn.

*Alabama.*—In Alabama, cotton is in a fine state of cultivation. The weather for the first 15 days of August was good for the crop, with

the exception of in the north, where hot, dry weather was experienced. The plant is heavily fruited and continues to bloom freely, with some picking, more or less, in the south. Generally speaking the crop has been laid by, and is well worked, though labor has been somewhat scarce. Since the rains set in, the fields are in bloom and picking up new growth, indicating a good top crop. The weevils have begun to appear in some sections but no great damage from this source is expected.

In spite of the insufficient rainfall, the corn production this year in Alabama is excellent. The drought was broken in time to prevent serious damage to the crop, the condition being about 3 per cent below the ten-year average, with an indicated production of 74,000,000 bushels.

The State should produce a yield of approximately 1,400,000 bushels of wheat, as compared with 930,000 bushels harvested last year; and while this is short of normal consumption, the increase is very gratifying in the face of unfavorable conditions.

*Mississippi.*—In Mississippi the condition of the cotton crop varies from below average to excellent. Shedding rust and red spider have caused some damage, but there is very little weevil activity reported, due to dry weather. In the northeast part of the State and in the southern half of the delta the crop is good, but elsewhere, except in localities favored by rains, there has been serious damage due to drought and hot northeast winds.

The strong feature of the Mississippi wheat crop was the average yield per acre of 16.5 bushels for the State as compared with 15.3 bushels for United States. Most excellent yields were obtained in the delta, showing in many places 25 to 30 bushels per acre.

The corn crop suffered severely during July, especially in the middle and southwest sections of the delta, but middle August rains have greatly improved the condition not only of corn but potatoes and peas, and relieved the pasture problem by refreshing the forage and supplying much-needed stock water.

*Georgia.*—Cotton is opening fast in the southern and central sections, and picking has become general in the south, with ginning reported in many places. The hot weather and bright sunshine, followed by rainy weather, caused some scalding and shedding of leaves, but prospects are still very encouraging. The crop received good cultivation on account of dry weather, and was laid by with less grass in it than in former years. The boll weevil has appeared for the first time in a number of counties in the State and since the rains has been very active, but the crop is sufficiently advanced to insure a fair crop even in these sections. The plant is good, well fruited with plenty of bloom, and sufficiently advanced to make a good crop before frost. The probable total production is estimated at 2,250,000 bales, which will vary from now to harvest time according to weather conditions.

Sea Island cotton acreage is much lower than last year, now promising only somewhere about 30,000 bales, and is seriously threatened by the boll weevil.

The State's wheat crop has been harvested and the land largely replanted in peas or some other late crop. It having been demonstrated that wheat growing is a profitable crop in Georgia, wheat acreage will become more extensive each year.

Estimates of the yield of winter grains were below expectations. The straw gave promise of a good crop, but the heads did not fill out properly and the grain was light. In view of sugar shortages, much interest is being taken this year in the sirup crop, sorghum, and sugar canes. Sirups are about as usual, but the sugar is small and late. In the old boll weevil section farmers have been trying a light tobacco crop which has turned out above average and is about half gathered.

Both early and late varieties of corn are well matured. The crop suffered severely in a wide belt across the middle of the State. On either side of this section crops are reported exceptionally fine and will show an increase over last year's production for the entire State.

*Florida.*—The corn crop was considerably damaged by the July drought, but will exceed last year's production by some 800,000 bushels. Most of the crop has been harvested, and the yield is good except in the west, where dry weather caused some deterioration.

Cotton in the central section is opened and picking is active, with picking beginning in northern section. Some scarcity of labor and of gin facilities is reported. About 75 per cent of the acreage was planted in Sea Island cotton, which shows about 10 per cent reduction over Sea Island cotton last year.

The increase in winter wheat over last year is assured, and while spring wheat is somewhat off, the production will be considerably more than last year.

*Tennessee.*—The cotton acreage is larger than last year, and the plant is earlier and in a good state of cultivation, clear of weeds and grass. With favorable weather cotton will probably make a record yield per acre in this State this year.

Tobacco is about ready to cut and promises a fair yield. There are some indications that the crop will not be an average on account of dry weather.

Corn is in good to excellent condition in the eastern and central sections. Some reports indicate a yield equal to that of the year 1917, but these large yields are based on the probability of late frosts, as considerable corn was planted late.

*Louisiana.*—Cotton and late corn are doing well except in the southwest section, where excessive rains damaged cotton to some extent. The plant is rapidly opening and picking is going on. Sugar cane is in fair to excellent condition, with rice showing much improvement. The southwest was recently visited by storms disastrous to early rice, but this loss was somewhat offset by improvement in younger rice from much needed heavy rains.

#### DISTRICT NO. 7—CHICAGO.

Despite drought and heat waves of exceptional severity, with resulting impairment of crop prospects, a decidedly hopeful feeling prevails throughout the Seventh Federal Re-

serve District. Grain estimates, while necessarily falling below previous calculations, still give promise of large harvests, and the patriotic spirit of employees who, in spite of high temperatures, have continued at work, has tended to discount any check to manufacturing of an essential character. With more than enough essential business to absorb the available supply of raw materials and to keep labor well employed, prosperity seems to prevail in an unusual degree. Especially is this condition reflected in communities where considerable war work is available, while in localities not so favored, owing to the crops harvested or approaching harvest, there is assurance of continuation of good business.

Throughout the district, and especially in the industrial sections, a very strong demand for loans prevails at firm rates, money ruling strong at 6 per cent, with the feeling expressed that there will be but slight deviation from this rate for the period of the war. The patriotic and cooperative spirit manifested by the banks enabled this district very materially to oversubscribe its allotment of United States certificates of indebtedness in the latest issue. Allotments were absorbed with comparative ease, at the same time keeping essential business operative and permitting the financing of large volumes of Government business without any crippling of resources.

Early marketing of grain has appreciably eased the financial situation, especially in the smaller money centers, and an increased tendency in this direction is indicated as the marketing of other farm products proceeds. The Federal Reserve Bank is cooperating in the financing of a very heavy crop movement. Some acceptances are being used in connection with these operations.

Wheat, oats, and other small grain have practically all been harvested with splendid yields. The large, if not bumper crop of corn, indicated by early reports of correspondents, has been materially reduced by the intense heat during the month of August. The damage is confined to the southern part of the district, principally in the State of Iowa, where recent reports from the

affected area predict a 25,000,000-bushel loss. Outside the stricken district corn appears to be in better than the average condition and with recent showers accompanied by cooler weather the yield of this crop promises to be large. The potato crop in Michigan, Wisconsin, and Iowa, other than in localities affected by the drought, holds good promise. A general decrease in the flow of milk is reported owing to the short and dry pastures.

With increased restriction of civilian wants, there is a growing disinclination among dealers and manufacturers alike to incur obligations extending into the future. While Government price fixing has effected a healthy and stable condition in various lines of industries and business, some anxiety is expressed by retailers as to the effect of future development along this line, especially in staples that have not yet come under Government supervision.

War needs still continue to dominate the dry-goods markets, and, with steadily tightening restrictions on regular trading, purchases for future delivery have been lessened considerably. Jobbers are adjusting prices to the new levels fixed at the mill centers by the Government, and it is hoped there will soon be an abatement of the hesitation that has appeared for some time among retailers.

Though Government restrictions have greatly reduced the volume of business derived from the sale of sugar, wholesale grocers report an exceptionally good trade, with an increased demand for canned goods. Canning factories are beginning to operate with good prospects for an excellent pack.

High prices continue to prevail in the livestock markets. Drought has brought about heavy shipments.

Deferred classification and enlistment refusal to mine employees who can not readily be replaced has helped to remove a condition that until recently threatened materially to decrease the production of coal. Additions of available cars have created decided improvement in the coal transportation problem. Though showing an increase, the output of the Illinois mines is still far short of the demand.

Labor is well employed at high wages, showing somewhat of an independent spirit in view of the large demand for men. The United States Employment Service Committee is expected, through its operations, to curtail the migratory tendency of labor, brought about by increased wages and competition among employers for men, especially in the trained field.

Orders for steel continue to call for a tonnage considerably in excess of the output. Automobile manufacturers working to full capacity on war orders are not suffering from the curtailment of their pleasure-car output.

Clothing manufacturing is well engaged. Owing to the shortage of woolens, spring offering in the clothing line will be largely restricted both in quantity and quality. However, large stocks on hand will enable retail merchants to take care of the demand for some time to come.

Manufacturers of agricultural implements are experiencing a normal amount of business for this season of the year. Tanneries are busy supplying insistent demands for leather. Boots and shoes continue in active demand. Large Government orders are given preference over civilian business. Dealers in hardware are now operating under a pledge to the War Industries Board to sell finished steel and iron products for essential purposes only and are further handicapped by increasing difficulties in securing materials. Piano manufacturers with reduced outputs report a demand for their product in excess of the supply with a corresponding increase in selling price. Jewelers report business in excess of corresponding periods in 1917, the bulk of the business being in fine jewels and watches.

Brewers report a further decrease in production, with wholesale prices showing an increase of 100 per cent over last year. Confectioners, still operating under the 50 per cent sugar restriction, are utilizing their sugar supply to the utmost and are necessarily experiencing a period of readjustment.

A slight increase in activity is reported in the investment securities market, limited, however, to the trading of individuals, trustees, and financial institutions other than banks.

The clause in the new tax bill providing an income tax on municipal bonds, heretofore exempt, has discouraged trading in this class of securities.

Trading in building materials, other than those needed in operations directly connected with the prosecution of the war, has practically come to a standstill. Building permits and values involved in 15 cities for the month of July show a reduction over the corresponding month in 1917. July, 1918, permits totaled 2,553, valued at \$10,226,595, as against 2,700 permits, valued at \$11,660,288, a year ago.

Collections, as reported by all correspondents, have never been better, and outstandings have touched the lowest records in history. Merchants generally report that while sales in amount of merchandise handled are not as large as in previous years, the amount in dollars and cents and profits compares favorably and in most instances shows an increase over corresponding previous periods. All lines of business and industry are experiencing a shortage of labor and are confronted by the problem of securing sufficient goods and material to supply the demand.

Clearings in Chicago for the first 15 business days of August were \$1,261,000,000, being \$137,000,000 more than for the corresponding 15 business days in August, 1917. Clearings reported by 21 cities in the district outside of Chicago amounted to \$202,000,000 for the first 15 days of August, 1918, as compared with \$142,000,000 for the first 15 days of August, 1917. Deposits in 12 central reserve city member banks in Chicago were \$877,000,000 at the close of business August 17, 1918, and loans were \$653,000,000. Deposits show an increase of approximately \$58,000,000 over last month and loans an increase of approximately \$19,000,000.

#### DISTRICT NO. 8—ST. LOUIS.

Business activity in this district has been well sustained during the past month. In manufacturing lines a disposition to center upon war work is noted. Some "nonessential" enterprises have suspended operations, and many

manufacturers are adjusting their plants for the production of "essentials." A number of concerns in this district are now working almost exclusively on Government contracts.

Iron and steel manufacturers continue especially busy. Manufacturers of boots and shoes are also working to capacity, with sufficient orders on hand to carry them well into the future. In many instances they have withdrawn their sales force from the field. Manufacturers of farm implements report substantial increases in the volume of sales over August of last year, and also state that their orders on hand for future delivery are much larger than at this time last year. It would seem that the farmer is endeavoring to overcome the help situation, as well as increase his output, by the adoption of labor-saving machinery. Wholesalers of dry goods report a gratifying volume of orders on hand, and say that indications point to a good fall business.

Department stores and retail merchants generally report a good business, though the high prices and the agitation against unnecessary buying is having some effect on the volume. It is stated that merchants are buying conservatively, and that many are anticipating their payments. Collections, as a rule, are reported to be good.

Reports from the banks in this district indicate a good demand for money, though not quite so strong as a month ago. During the past month many of the member banks have been able to liquidate their indebtedness to the Federal Reserve Bank. On July 22 the paper discounted by the Federal Reserve Bank of St. Louis for member banks amounted to \$61,061,000, while on August 22 it amounted to \$54,629,000. In the large cities the bank rate to customers continues at 6 per cent for practically all classes of loans, and in the country districts it is somewhat higher. Some improvement has recently been shown in the commercial paper market, though it is still considerably below normal. The rate prevails at 6 per cent for all names and maturities.

The growing crops in this district have been greatly damaged by the recent drought and

excessive temperatures accompanied by hot winds. The corn and cotton crops have especially suffered. The condition of the corn in the seven States in this district was estimated by the Government on July 1 to be 86.3 per cent, and on August 1 its condition was estimated to be only 74.4 per cent. This is 5.7 per cent below the 10-year average. The condition on August 1 is estimated to yield 152,638,000 bushels, which is 11,070,000 bushels less than the estimate of July 1. The condition of the cotton in this district was estimated by the Government on June 25 to be 92 per cent, while on July 25 its condition was estimated to be only 84.2 per cent. However, this is 11 per cent better than the condition on July 25 of last year and 5 per cent better than the 10-year average. There are very few reports of insects. Fruits and vegetables have also suffered from the drought and excessive heat, one correspondent stating that apples were drying on the trees. Toward the latter part of August temperatures became lower and rains fell throughout the district, but in many sections it came too late materially to benefit the corn. However, it did benefit the late truck and forage crops.

Threshing of the winter wheat is nearing completion. A preliminary estimate by the Government shows that the acreage in this district is expected to yield 35,715,000 bushels, which is 14,683,000 bushels more than the estimate of December, 1917, and 12,751,000 bushels more than the five-year average. The quality of the wheat is estimated to be 92.6 per cent, which is 3.2 per cent better than the average. Plowing for fall wheat is well under way where the condition of the soil has been suitable. In many sections, this work has been retarded on account of dry, hard ground.

On account of the drought and heat, pastures have been burned up and water has become scarce in some sections, and many farmers have been sending cattle, hogs, and sheep to market. The report of the St. Louis National Stock Yards for July shows increases in the receipts of live stock over June as follows: Cattle, 32,266 head; hogs, 49,924 head; and

sheep, 19,499 head. The receipts during July also show substantial increases over the corresponding month last year.

There is an increasing demand for both skilled and unskilled labor in this district. This has brought about competition among employers for men, which has resulted in a migratory tendency on the part of workmen. However, this situation is expected to be greatly helped by the work of the United States Employment Service Committee.

Postal receipts during July in St. Louis, Louisville, Memphis, and Little Rock all show substantial increases over both the previous month and the corresponding month last year.

Reports from St. Louis, Memphis, and Little Rock for July show perceptible decreases in the number of building permits issued and the estimated cost of construction, in comparison with the corresponding month of last year. The report from Louisville shows a slight increase.

#### DISTRICT NO. 9—MINNEAPOLIS.

Throughout the eastern part of the district a generous harvest has insured sound business and financial conditions for many months to come. Light crops are the rule in the western half of the district, while in the northern half of Montana the crops are a failure. Good yields at high prices mean a heavy money return to farmers upon the crop which is now being threshed, and further heavy returns throughout the eastern half of the district are promised. This insures a satisfactory volume of merchandising business at country points which will reflect itself in satisfactory business at distributing centers.

From an industrial standpoint the district is working to full capacity, turning out ships at Lake Superior ports and a large amount of Government material at the shops and factories at interior centers.

The demand upon the banks of the larger cities has continued very heavy during the month. Rates show little or no change.

It has gradually become more and more apparent during the past several weeks that a very restricted supply of labor is in prospect.

Men are hard to obtain, and wages are very high. There has never been a period in the history of the district when there was such full employment for all who are willing to work. Women are more and more replacing men, especially at the lighter tasks, and in clerical capacities, and the district is beginning to feel the effect of its substantial contributions of volunteers and drafted men.

It is clear that the inability to obtain labor and skilled help will shortly make itself felt in such a way as to compel curtailment and some restriction in many different lines of business.

A very favorable element in the agricultural outlook is the fact that harvesting is being completed at least two weeks earlier than in an average year. Grain crops have all come to an early maturity and over the greater part of the district the harvesting of small grains is practically finished. Frequent rains have somewhat delayed threshing and have done some damage to grain in the shock, chiefly through discoloration. Threshing returns are satisfactory, and the farmers are enabled to start fall plowing earlier than has ever been known before. While rains have been somewhat of a hindrance to the threshing of grain, they have put the soil into good condition for plowing, and the general situation is such that there is strong encouragement to believe that the acreage for 1919 will be largely increased. Even in the more northerly parts of the district all plowing will be general within a week.

#### DISTRICT NO. 10—KANSAS CITY.

The progress of events during the past month offers a less satisfactory outlook than in July. Corn prospects are much decreased, with a yield likely to be considerably less than last year. No improvement has been shown in the coal situation, and the seemingly uncalled-for slump in Oklahoma oil activities made it impossible to maintain the standard of the previous month. There is a spirit of optimism throughout the southwest and a desire to do all that is possible to further the Government in its endeavors.

*Financial.*—It has been reported that the usual summer decline in business has been less

general than in former years. That this is probably true is borne out by the fact that bank clearings in the principal cities of this district for July increased 30 per cent over those of July, 1917. This is a much larger increase over the preceding year than was reported in June.

Financial relief has been promised the drouth-stricken portions of the district by the War Finance Corporation, with the Kansas City Federal Reserve Bank acting as agent. Movement of crops has caused the demand for money to remain steady with rates firm. The work of the Capital Issues Committee is having a very wholesome effect in curtailing the issues of wild-cat securities.

*Agriculture.*—The outlook for the corn grower is not as bright as a month ago. Unfavorable weather during July reached its climax in an extended period of excessive heat and caused marked deterioration in corn except in the Rocky Mountain States, where satisfactory progress was made. A considerably diminished yield is now to be expected from this district, as many fields throughout Oklahoma, Kansas, and Nebraska are damaged without hope of recovery, while other areas over a more extended territory are injured. Winter wheat threshing is being completed with reports of grain of exceptional quality.

Wheat receipts increased in volume as the harvest progressed, mounting to record proportions at some milling centers. Receipts on the local market set a new record for July, equaling almost four times the amount for July, 1917. Demand for flour was well maintained throughout the month, but the large arrivals of grain more than sufficed and the premiums over guaranteed prices that were established during the heavy competition for first wheat steadily declined. Milling activity increased as the wheat became available until the maximum capacity of flour output was approached. The average activity during the month was 69 per cent, compared with 51 per cent a year ago, which is reflected in an increase of 41 per cent in flour production. The sugar-beet crop in Colorado is reported to be in excellent condition, with prospects of a

large yield per acre, but the acreage is only about 75 per cent of normal.

*Live stock.*—The movement of live stock continues in satisfactory volume, with receipts and prices climbing to record figures. The number of cattle, hogs, and sheep received at the six principal markets of this district each increased almost 100,000 head over the same month last year, establishing a new July record for total receipts. Not only was there an increase of 22 per cent in hog receipts, but the average weight of 217 pounds made a substantial gain over the average of 207 pounds for July a year ago. Hogs commanded record prices for 1918 and prices for some cattle were greater than before.

The enormous movement of cattle to the markets in July was due partly to the dry weather, which burned the pastures and generally forced premature shipments. Conditions in the hog market changed from good to the worst of the present year, as the weather caused a movement of light and mixed hogs to the market. Demand from the packers was good, hog slaughtering increasing about 10 per cent over July last year, which along with a strong shipping demand caused the high prices for pork featured at the markets. The fall movement of live stock has started, influenced perhaps by the high prices at the markets, and indications point to a heavy run from now on. Ranges are reported to be in the best condition in years in the Rocky Mountain States, but need rain badly in Oklahoma, Kansas, Nebraska, and New Mexico.

*Mining.*—There is little change to be reported in the mining industry of Colorado. The tonnage of ore decreased slightly, owing to the labor shortage and the continued draft of men to the army. This decrease may be expected to continue, as the available labor supply is diminished. Those gold mining interests which succeeded in surviving the tense period earlier in the year managed to operate through July, but it is reported that many of the larger producers are contemplating a shut-down because of the narrow margin of profit now afforded. Those most affected are not

the miners who produce gold exclusively but are the producers of associated minerals of which gold is the main value. The coal shortage is becoming more certain as the year progresses, with prospects of ration cards unless material changes are effected.

The zinc market was quiet and underwent a small decline the last two weeks of July. Shipments in the Missouri-Kansas-Oklahoma district were comparatively large, resulting from the efforts of producers to reduce surplus stocks. Stocks of spelter decreased about 3,000 tons during the month, which is said to be due as much to decreased production as to larger shipments. The demand for lead was very heavy, but was far from being satisfied, and the scarcity of the metal prevented much business.

*Oil.*—Operations in the Kansas fields compare favorably on the whole with those of June. Although there were fewer completions in July, the new production from the completed wells was greater than in the preceding month. Fewer large gushers were reported, but the average yield was an improvement. The total estimated production from Kansas, including both new and old wells, shows an increase of 18 per cent over the corresponding period in 1917.

Activities in Oklahoma failed to equal the high standard of June, and the only cause set forth is that the usual lull accompanying the extremely hot weather was more generally felt. Completions were only 40 per cent as numerous as in June and the new production decreased almost 30 per cent.

Wyoming operations remained practically stationary. One more productive well was drilled in July than in June, but the new production suffered a slight decrease. The number of wells drilling equaled those of the month preceding.

*Lumber and construction.*—Building permits issued for June in the larger cities in this district totaled 44 per cent under those for the same month last year. Construction activities are very limited and business is reported to be unusually quiet. Retail lumber dealers car-



ried larger stocks than normal in most lines through July, with a continued small demand from builders. Country orders are now being received in increased volume as the summer advances. Brick production is being maintained at the maximum amount possible, but general construction work is gradually slowing down owing to difficulty in securing adequate labor. Road building is much less than at this time last year and the disposition throughout most of the territory is to postpone such work until after the war. More normal conditions are reported in the oil districts of the Southwest than elsewhere.

*Labor.*—There were fewer labor troubles during the past month than has been the case heretofore, and with Government control of the employment situation, which has lately been announced, the outlook is brightened for the essential producer. In the States wholly within this district Government agencies received in July applications from employers for some 30,000 persons and about 15,000 applications from those desiring employment. Since the harvest the greatest demand for workers has come from the mining districts of Colorado and the Missouri-Kansas-Oklahoma district and from the oil fields. Changes in immigration restrictions, which permit a larger movement of Mexican laborers to the Southwest, offers a means of relieving the shortage in that section.

*Mercantile.*—Merchants are finding it increasingly difficult to secure stocks of many lines, for as the needs of the Government increase the surplus merchandise for the consumer is being diminished. Those who are so fortunate as to have large stocks of goods on hand find little difficulty in disposing of them, but on the contrary are rapidly adopting the policy of conservation. This district is not affected as much by the high wages paid in some industries as the number of manufacturing establishments is relatively small when compared with some other sections of the country. In the cities, however, the larger employment of women is being reflected in the sales of retailers. Many of the women now employed have not worked before or are

earning much more than formerly and their extended buying is in noticeable amounts. Wholesale trade is good and manufacturing continues active. Collections are reported as being fair to good. General conditions in the mercantile line may be considered satisfactory as increased purchase activity is being accompanied by a decrease in indebtedness.

#### DISTRICT NO. 11—DALLAS.

The outstanding feature of the whole financial and economic situation in this district is the serious and substantial decline in crop prospects since our last report. Six weeks ago it seemed likely that this district would produce some four million bales of cotton. Since that time over practically every section of the district there has been little rain, and there has undoubtedly been a very great deterioration in the cotton crop. Opinion differs somewhat widely as to what the total yield will be in the district. Allowing for some exaggeration, it is not likely that the total yield will run over 3,000,000 bales, and may fall substantially below this figure. Similar conditions have to some extent affected other crops, and have also affected the range in the cattle districts. Unfortunately the serious conditions which obtain this year apply with special force to the areas affected by the drought last year. On the whole it seems certain that throughout the district returns from agriculture will be greatly lessened and in probably one-third of the district there will be a very serious and in many sections a practically complete crop failure. The extreme drought has very seriously affected the range conditions in the stock-raising portions of the district and has caused and will cause very great losses to stockmen during the winter. This situation does not obtain in every portion of the stock-raising sections of this district, but this is so largely true that its effect is sure to be quite serious. Notwithstanding these conditions, trade has held up as a rule very well, and on account of the increased prices of merchandise of all sorts the volume is practically as great as it was at this time last year. There is a very general disposition toward greater economy in practically all por-

tions of the district, and the banks and financial institutions are practicing greater caution in granting credit extensions than heretofore.

The grain crop of the district, which was comparatively small and confined to a few favored sections, has been harvested, and generally the wheat has been sold. The feed crops, such as oats, have as a rule not been sold, but are being kept by the farmers for their own use. Cotton has for the last ten days moved in substantial quantities in the southern portion of Texas, and picking will soon be active throughout the district. The serious crop condition and the prospects for a comparatively small crop have had the effect of bringing better prices, and cotton is being sold pretty rapidly as picked and ginned. We are, and have been for the last ten days, shipping currency to the banks for cotton moving purposes in fairly large amounts, and such shipments will undoubtedly continue on an increasingly heavy scale for the next 30 days.

The demands on this bank for rediscounts to member banks have been steadily heavy, and the aggregate amount held by us is greater than at any time in the history of the bank. Such rediscounts will continue in large amounts and without substantial diminution until about the first of October. After that time we should see quite heavy liquidations and by early winter our rediscounts should be reduced to approximately one-half of the amount now held. Interest rates have grown somewhat firmer, but we have noticed no disposition on the part of banks to exact higher rates than are reasonably warranted by conditions.

Among the outstanding matters of importance is the fourth Liberty loan campaign soon to begin. Our organization to handle this loan is being perfected and our publicity department, is, and for some weeks has been, actively engaged in preparing public opinion for it.

Bank clearings at the principal cities of the district for the month of July show an increase of 26.3 per cent over the same period last year.

The building trade has been greatly restricted, though there is some substantial improvement going on. Permits issued at the principal

cities of the district during the month of July show a decrease in valuation of 21.1 per cent over the same period last year.

Post-office receipts at the principal cities of the district for July this year show an increase of 84 per cent over the same period last year.

On the whole, the situation is not good, and there is some feeling of discouragement in the district generally as to the outlook. It is believed, however, that the final returns will be rather more favorable than is now anticipated, and that we may reasonably hope for conditions to readjust themselves somewhat as time goes on.

#### DISTRICT NO. 12—SAN FRANCISCO.

Intense agricultural and industrial activity has characterized the past month in this district. The grain crops now being harvested are disappointing on account of the small average yield per acre. The total production of wheat and corn, however, is in excess of last year, but oats, barley, and hay are far below last season's output. Fruit crops are, on the whole, good. Transportation facilities, although hard pressed, are handling the fruit shipments satisfactorily. The labor resources of the district are being strained to the utmost to provide the workers required to harvest the crops without loss and to supply men for the essential industries, such as shipbuilding and lumber. Women in large numbers are participating in the harvesting of crops, and under favorable conditions. The weather has been satisfactory for harvesting. There is a shortage of water for irrigated lands and hydroelectric plants. The prices of all farm products are high.

The bankers of the district are beginning to realize that the Government's financial requirements must have first consideration. The quotas of the three issues of the present series of certificates of indebtedness were not fully subscribed, except in two States. The fourth issue has been oversubscribed. This was accomplished in part as a result of a meeting called in San Francisco by the Federal Reserve

Bank, attended by about 150 bankers from throughout this district for the purpose of considering the matter of financing the Government. It was there agreed that banking resources should be conserved, and loans curtailed except for necessary expenditures connected with essential industries, and that member banks should aid their nonmember correspondents by accepting their notes secured by Treasury certificates, which they in turn might, if necessary, rediscount with this bank.

Interest rates in the principal coast cities are steady, the prevailing rate for the month for all classes of paper being almost uniformly 6 per cent. In the inland centers, where agriculture is the principal activity, rates are higher, the prevailing rate for paper eligible for rediscount with this bank being approximately 7 per cent.

Business failures in this district for June, as reported by R. G. Dun & Co., were 102, compared with 151 in June, 1917. The amount of liabilities was \$675,000, compared with \$696,053 in the corresponding month of 1917.

July bank clearings for 20 principal cities of the district increased 11.3 per cent over the previous month and 30.6 per cent over July, 1917.

Building for the same cities during July totalled \$5,022,000, being 6.6 per cent less than the previous month and 10 per cent less than July, 1917.

In spite of the low average yield per acre, the wheat crop now being harvested in the district is expected to be 83,870,000 bushels, nearly 20 per cent larger than last year. The crop of oats and barley will be about 10 per cent smaller than in 1917. The condition of corn on August 1 indicated a yield of 7,888,000 bushels, nearly 10 per cent in excess of last year.

The hay crop of this district will not exceed 12,000,000 tons, about 15 per cent less than last year. Owing to the decreased acreage planted the production of potatoes is estimated at 33,468,000 bushels, nearly 30 per cent below the 1917 yield.

The bean crop in California is estimated at 9,378,000 bushels, compared with 8,091,000 bushels in 1917.

Cotton growing has spread to the great inland valleys of California. Besides several thousand acres in the San Joaquin Valley near Tulare Lake, about 1,400 acres have been planted in the Sacramento Valley near Chico. It is reported that a cotton gin is to be erected near Fresno to handle this season's crop.

The 1918 walnut crop of California is estimated at 15,000 tons, the same as in 1917. About 95 per cent of the United States supply comes from this State alone. The almond production this season is expected to be larger than last year's crop of 3,000 tons.

It is predicted that 175,000 tons of raisins will be produced in California this year, this being 8 per cent more than last year and nearly double the output of 1912.

The apple crop of Washington, Oregon, and California is estimated at about 10 per cent less in each State than last year's production of 25,689,000 boxes, but the fruit, generally, is of better quality.

Prunes in California are expected to produce the normal crop of 150,000,000 pounds. In Oregon the prune crop will be the largest ever harvested, and is expected to be in excess of 50,000,000 pounds.

The peach crop is about 50 per cent below normal. Pears in Oregon are also normal, while in California they are yielding better than an average crop. The Idaho fruit crop is almost a complete failure this year owing to unfavorable weather conditions.

Carload shipments of cherries, apricots, peaches, pears and plums in California, for the portion of the season up to August 9, number 6,565 cars, compared with 5,848 cars on the same date last year. Prices for fruit in eastern markets have been higher than usual.

Citrus fruits on August 1 showed an average condition of 65, the June drop having continued well into July.

Reports from the canneries of southeastern Alaska state that the salmon pack promises to be as large as last year's bumper production. The Washington and Oregon pack will probably be normal. The Government will take about 70 per cent of the output.

Lumber production in Washington and Oregon continues at a high level. For the week ending August 7, 126 mills reported an output of 79,012,793 feet, 1.16 per cent below normal. These results accomplished under an 8-hour instead of a 10-hour working day schedule may be explained in part by the fact that the current product consists principally of rough, large lumber instead of finished yard stock.

The shipbuilding plants of this district continue to lead the country in speed of production. The winners of all the record pennants, awarded by the Emergency Fleet Corporation for the month of June are on this coast.

### GOLD SETTLEMENT FUND.

As a result of the action of interior banks in drawing upon their New York correspondents in payment for subscriptions to Treasury certificates of indebtedness, without a corresponding return movement of funds, the New York Federal Reserve Bank's net debit balances in the daily settlements through the gold settlement fund for the five-week period ending August 22 aggregated \$345,489,000, while net credit transfers of funds to New York from other Federal Reserve Banks amounted to only \$206,000,000, thus resulting in a net movement of funds away from New York of \$139,489,000. For the system combined clearings and transfers through the gold settlement fund for the five-week period amounted to \$4,523,258,000 averaging \$904,651,600 per week against a like average of \$1,058,497,750 for the preceding period. Average weekly balances adjusted between the reserve banks amounted to \$77,548,500, as compared with \$65,634,250 during the preceding period. Combined clearings and transfers during the current calendar year to August 22 amount to 46.4 per cent of the total obligations settled since the commencement of the operation of the fund May 20, 1915, and exceed the total obligations settled during the year 1917.

Changes in the ownership of gold in the banks' fund through transfers and settlements during the five-week period amounted to 3.42 per cent of the total obligations settled, as against 3.59 per cent during the preceding four-week period. The continued high ratio is due principally to heavy losses of gold by the New York bank through the daily settlements. Net changes in the ownership of gold since the commencement of the operation of the fund of May 20, 1915, to August 22, 1918, amount to 0.94 per cent of the total obligations settled during that period. Boston, Chicago, St. Louis, and Cleveland show the largest gains through the shifting of credits in the fund for the five-week period.

Net deposits of gold in the fund by reserve banks during the five-week period amounted to \$69,945,000, while net withdrawals by reserve agents totaled \$10,500,000, resulting in a net gain of \$59,445,000 in the combined funds.

Aggregate balances to the credit of the banks and agents was \$1,288,131,000 on August 22, compared with \$808,247,000 on January 1, 1918, an increase of \$479,884,000, or 59.4 per cent.

Below are given figures showing changes in the fund between July 19 and August 22, both inclusive:

*Amounts of clearings and transfers through the gold settlement fund by Federal Reserve Banks from July 19, 1918, to Aug. 22, 1918, both inclusive.*

[In thousands of dollars.]

	Total clear- ings.	Balances adjusted.	Transfers.
Settlements of—			
July 19-25.....	944,335	46,487	80,000
July 26-Aug. 1.....	838,707	61,298	97,000
Aug. 2-8.....	812,164	108,972	15,000
Aug. 9-15.....	806,193	84,506	55,056
Aug. 16-22.....	833,803	86,481	21,000
Total.....	4,255,202	387,744	268,056
Previously reported for 1918.....	22,131,425	1,602,708	2,661,774
Total since Jan. 1, 1918.....	26,386,627	1,990,452	2,929,830
Total for 1917.....	24,319,200	2,154,721	2,835,504.5

### CLEARINGS AND TRANSFERS.

Total for 1918 to date.....	29,311,957
Total for 1917.....	27,154,704.5
Total for 1916.....	5,533,966
Total for 1915.....	1,052,649

Total clearings and transfers from May 20, 1915, to Aug. 22, 1918..... 63,053,276.5

*Changes in ownership of gold.*

[In thousands of dollars.]

Federal Reserve Bank.	Total to July 18, 1918.		From July 19, 1918, to Aug. 22, 1918, both inclusive.				Total changes from May 20, 1915, to Aug. 22, 1918.	
	Decrease.	Increase.	Balance to credit July 18, 1918, plus net deposits of gold since that date.	Balance Aug. 22, 1918.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		27,404	42,659	76,493		33,834		61,238
New York.....	453,661		260,745	121,256	139,489		593,150	
Philadelphia.....		81,535.8	56,982	62,390		5,408		86,943.8
Cleveland.....		113,204.4	37,111	59,662		22,551		135,755.4
Richmond.....		2,335.4	10,952	26,767		15,815		18,150.4
Atlanta.....		41,680	25,275	21,886	3,389			38,291
Chicago.....		14,469.9	43,012	76,529		33,517		47,986.9
St. Louis.....		24,884.7	775	29,180		28,405		53,289.7
Minneapolis.....		264.2	14,625	10,215	4,410		4,145.8	
Kansas City.....		37,383.5	19,064	34,129		15,065		52,448.5
Dallas.....		23,471.1	13,445	8,591	4,854			18,617.1
San Francisco.....		87,028	45,171	42,718	2,453			84,575
Total.....	453,661	453,661	569,816	569,816	154,595	154,595	597,295.8	597,295.8

*Gold settlement fund—Summary of transactions from July 19, 1918, to Aug. 22, 1918, both inclusive.*

[In thousands of dollars.]

Federal Reserve Bank.	Balance last statement July 18, 1918.	Gold with-drawals.	Gold deposits.	Aggregate with-drawals and transfers to agent's fund.	Aggregate deposits and transfers from agent's fund.	Transfers.		Daily settlements, July 19, 1918, to Aug. 22, 1918, both inclusive.				Balance in fund at close of business Aug. 22, 1918.
						Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	37,314		5,345		5,345			7,025	306,050	339,884	40,859	76,493
New York.....	238,745		22,000		22,000	19,000	225,000	345,489	1,460,758	1,115,269	13,017	121,256
Philadelphia.....	49,900	1,500	11,497	8,900	15,982	5,055	4,000	6,553	451,803	458,267	13,017	62,390
Cleveland.....	30,620	5,043	6,534	5,043	11,534	5,000		1,431	402,235	429,786	28,982	59,662
Richmond.....	14,832	1,047	3,167	7,047	3,167		10,056	5,362	229,028	234,787	11,121	26,767
Atlanta.....	17,444	6	3,637	9,056	16,887			8,627	124,862	121,473	5,238	21,886
Chicago.....	47,439	340	12,900	50,860	46,433	105,000	19,000	548,702	668,219	119,517	76,529	76,529
St. Louis.....	21,279	1,219	1,215	21,719	1,215		5,000	264,049	287,454	23,405	29,180	29,180
Minneapolis.....	13,124		1,391		1,501			12,385	122,620	118,210	7,975	10,215
Kansas City.....	33,435	4	1,133	15,504	1,133	59,000			173,418	247,483	74,065	34,129
Dallas.....	14,186	1,352	611	1,352	611	22,000		872	71,510	88,656	18,018	8,591
San Francisco.....	26,125	148	11,264	12,148	31,194	53,000	5,000		100,167	145,714	45,547	42,718
Total.....	544,443	10,659	80,604	131,629	157,002	268,056	268,056	387,744	4,255,202	4,255,202	387,744	569,816

*Federal Reserve agents fund—Summary of transactions from July 19, 1918, to Aug. 22, 1918, both inclusive.*

[In thousands of dollars.]

Federal Reserve agent at—	Balance last statement, July 18, 1918.	Gold with-drawals.	Gold deposits.	With-drawals for transfers to bank.	Deposits through transfers from bank.	Total with-drawals.	Total deposits.	Balance at close of business Aug. 22, 1918.
Boston.....	49,500	1,000				1,000		48,500
New York.....	100,000							100,000
Philadelphia.....	91,999	2,000		4,485	7,400	6,485	7,400	92,914
Cleveland.....	95,000			5,000		5,000		90,000
Richmond.....	32,500	2,000			6,000	2,000	6,000	36,500
Atlanta.....	26,820	2,000		13,250	9,050	15,250	9,050	20,620
Chicago.....	139,218	2,000		33,533	50,520	35,533	50,520	154,205
St. Louis.....	29,631				20,500		20,500	50,131
Minneapolis.....	9,500	1,000		200		1,200		8,300
Kansas City.....	31,360	500			15,500		15,500	46,360
Dallas.....	584							584
San Francisco.....	78,131			19,930	12,000	19,930	12,000	70,201
Total.....	684,243	10,500		76,398	120,970	86,898	120,970	718,315

## OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, JULY 16 TO AUG. 15, 1918.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Items drawn on banks in other districts (daily average). <sup>1</sup>	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
Boston.....	6,555	\$17,220,823	52,941	\$7,806,766	5,733	\$7,042,176
New York.....	8,270	71,916,175	73,267	45,722,639	32,834	16,667,865
Philadelphia.....	9,464	21,423,692	31,301	4,034,929	14,688	10,406,550
Cleveland.....	2,406	6,127,735	41,914	20,222,452	2,405	3,757,293
Richmond.....	1,656	5,041,926	32,322	9,308,673	5,227	5,980,125
Atlanta.....	1,600	1,170,282	18,496	4,755,174	2,149	2,580,203
Chicago.....	9,660	21,933,000	41,780	10,406,000	4,271	1,218,000
St. Louis.....	3,050	7,893,861	23,487	5,107,217	424	1,216,533
Minneapolis.....	2,625	6,816,580	14,596	1,537,233	866	1,449,222
Kansas City.....	2,513	8,703,020	37,112	10,264,461	5,047	6,159,050
Dallas.....	1,204	1,541,033	17,069	4,619,208	2,308	824,970
San Francisco.....	1,226	2,812,005	22,055	7,262,511	452	1,200,304
Totals:						
July 16 to Aug. 15, 1918.....	50,229	172,600,132	406,330	131,047,263	76,404	58,502,291
June 16 to July 15, 1918.....	63,549	192,220,658	391,264	143,751,620	74,128	72,555,997
May 16 to June 15, 1918.....	51,055	164,539,000	295,056	113,407,619	54,132	55,703,310
Apr. 16 to May 15, 1918.....	49,569	178,372,385	287,061	114,099,520	54,888	58,513,363
Mar. 16 to Apr. 15, 1918.....	55,034	159,441,188	271,506	98,201,962	53,725	53,391,691
Feb. 16 to Mar. 15, 1918.....	51,408	153,701,375	259,531	113,134,162	51,259	48,556,709
Jan. 16 to Feb. 15, 1918.....	46,207	153,847,568	227,312	80,248,466	44,654	42,552,372
Dec. 16, 1917, to Jan. 15, 1918.....	43,549	148,033,108	253,458	89,065,135	49,342	52,175,578
Nov. 16 to Dec. 15, 1917.....	47,678	171,723,439	240,756	84,440,761	46,353	58,458,952
Oct. 16 to Nov. 15, 1917.....	47,574	166,552,773	232,723	64,296,210	45,393	53,089,827
Sept. 16 to Oct. 15, 1917.....	40,591	128,271,466	212,935	47,476,204	40,216	44,984,581
Aug. 16 to Sept. 15, 1917.....	38,306	100,331,694	182,191	41,323,621	32,564	40,648,168
July 16 to Aug. 15, 1917.....	38,727	98,075,919	175,625	40,353,278	31,273	37,981,022
June 16 to July 15, 1917.....	35,476	109,722,256	182,622	41,004,720	33,941	46,762,698
May 16 to June 15, 1917.....	37,898	97,322,883	179,193	38,599,461	33,150	38,314,393
Apr. 16 to May 15, 1917.....	33,767	87,370,859	171,093	36,473,163	32,428	36,836,934
Mar. 16 to Apr. 15, 1917.....	31,162	60,288,002	168,607	32,666,959	32,008	34,693,542

	Items handled by both parent bank and branches (daily average). <sup>1</sup>		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of nonmember banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston.....			65,229	\$32,069,765	7,315	\$4,065,396	417	248
New York.....			114,371	134,306,679	38,265	17,911,067	703	346
Philadelphia.....			55,453	35,865,171	6,772	4,478,135	630	325
Cleveland.....	1,321	85,792,685	48,046	35,900,165	3,565	2,190,714	785	706
Richmond.....	186	542,940	39,391	20,873,664	1,458	500,538	549	359
Atlanta.....	4,212	783,509	26,447	9,289,168	2,980	760,875	398	318
Chicago.....	266	273,000	58,977	33,830,000	8,210	4,350,000	1,192	2,344
St. Louis.....	241	235,557	27,202	14,453,168	5,065	1,199,268	498	1,024
Minneapolis.....			18,087	9,803,035	555	189,135	831	1,201
Kansas City.....	2,166	1,353,290	46,838	26,479,821	3,380	365,000	978	1,985
Dallas.....	807	761,811	21,388	7,747,022	1,831	346,018	701	243
San Francisco.....	4,196	1,512,025	27,929	12,786,845	1,927	4,707,500	612	1,107
Totals:								
July 16 to Aug. 15, 1918.....	13,395	11,254,817	546,358	373,404,503	81,323	41,063,646	8,294	10,206
June 16 to July 15, 1918.....	9,757	19,212,816	538,984	427,741,091	82,536	47,181,467	8,212	9,761
May 16 to June 15, 1918.....	7,623	12,355,115	407,866	346,005,044	77,750	39,054,003	8,165	9,710
Apr. 16 to May 15, 1918.....	8,294	15,141,604	399,812	366,126,872	60,771	30,928,185	8,113	9,475
Mar. 16 to Apr. 15, 1918.....	7,793	8,942,976	338,053	319,977,817	59,228	31,563,675	8,059	9,450
Feb. 16 to Mar. 15, 1918.....	7,700	6,413,071	369,898	321,803,317	58,991	25,827,757	8,013	9,425
Jan. 16 to Feb. 15, 1918.....	7,128	5,836,958	325,301	282,785,364	48,224	21,316,033	7,972	9,219
Dec. 16, 1917, to Jan. 15, 1918.....	7,718	3,402,035	359,067	292,585,856	38,130	21,116,293	7,909	9,368
Nov. 16 to Dec. 15, 1917.....			343,787	314,623,152	33,806	27,179,053	7,823	9,321
Oct. 16 to Nov. 15, 1917.....			325,690	283,938,810	30,426	17,496,974	7,826	9,210
Sept. 16 to Oct. 15, 1917.....			293,742	220,732,251	26,797	13,518,566	7,747	9,052
Aug. 16 to Sept. 15, 1917.....			251,061	182,303,483	23,492	11,006,515	7,718	8,934
July 16 to Aug. 15, 1917.....			243,625	176,410,219	19,533	9,701,569	7,683	8,837
June 16 to July 15, 1917.....			255,089	107,489,674	19,100	11,637,899	7,666	8,805
May 16 to June 15, 1917.....			250,241	174,236,737	16,344	4,414,508	7,651	8,789
Apr. 16 to May 15, 1917.....			238,288	160,680,956	15,925	3,597,865	7,634	8,926
Mar. 16 to Apr. 15, 1917.....			231,777	127,648,503	12,552	2,643,408	7,625	8,607

<sup>1</sup> Items drawn on banks in other districts (columns 5 and 6) also items handled by both parent bank and branches (columns 7 and 8) represent duplications of items shown in columns 1 to 4. Such items are counted both by the Federal Reserve Bank or branch at which they are deposited and also by the Federal Reserve Bank or branch to which they are forwarded for ultimate collection.

## DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations of the Federal Reserve Banks during the month of July aggregated \$3,343,456,443, compared with \$3,161,920,534 for June and \$460,733,354 for July, 1917, the month following the consummation of the first Liberty loan. Of the total bills discounted during the month, the share of war paper, i. e., member banks' notes, also customers' paper secured by United States war obligations, was 73.9 per cent, compared with 82.9 per cent the month before and 84.8 per cent for May of the present year. About 58 per cent of the total paper and over 64 per cent of the war paper discounted by all the Federal Reserve Banks during the month, as against 70 and 80 per cent during June, fall to the share of the New York bank. The largest increases in discount operations for the month, as compared with June, mainly under the head of war paper, are shown for the Boston, Cleveland, Chicago, and San Francisco banks.

Discounts of member banks' notes secured by eligible paper totaled \$162,910,586, compared with \$85,607,976 the month before, the Federal Reserve Banks at Chicago and Kansas City accounting for over 90 per cent of the total. Trade acceptances discounted by all the banks during the month totaled \$14,275,040, of which \$13,712,264 represented transactions in the domestic trade and \$562,776 transactions in the foreign trade. Over 29 per cent of the discounted domestic trade acceptances are reported by the New York bank and about 17.1 per cent by the Cleveland bank, while Minneapolis, Atlanta, and Richmond each show over \$1,000,000 each of this class of paper. The totals above given are exclusive of \$4,999,753 of foreign trade acceptances and of \$582,241 of domestic trade acceptances purchased during the month in open market by the New York, Cleveland, and San Francisco banks.

Other discounts, chiefly unsecured paper, also paper supported by other than Govern-

ment securities, totaled \$696,871,352, as against \$439,252,253 the month before and \$399,091,341 for May of the current year.

By far the larger share of the paper discounted during the month, viz, 91 per cent, was 15-day paper, i. e., paper maturing within 15 days from date of discount with the Federal Reserve Banks. For the New York bank this percentage, because of the preponderating amount of members' collateral notes handled, is as high as 97 per cent. Of the \$25,263,873 of 6-month agricultural and live-stock paper discounted during the month, Kansas City is credited with over 33 per cent and the Minneapolis and Dallas banks combined with about 30 per cent, Philadelphia, San Francisco, and Chicago also reporting substantial amounts of this class of paper.

Average maturities of paper discounted at all the banks, except New York, Minneapolis, and Dallas, were shorter than for June, though for the system as a whole the average maturity works out at 12.85 days as against 10.09 days in June, largely because of the longer average maturity of the paper discounted by the New York bank. Average rates for all the banks, except Kansas City and Dallas, work out at a lower level than the month before, the average July rate for all the banks being 4.37 per cent, compared with 4.42 per cent the month before. Minneapolis, Dallas, and Kansas City, in the order named, show the longest average maturities of paper discounted during the month, also the highest average rates, Kansas City with 5.24 per cent showing the highest average rate, and Minneapolis with 42.51 days showing the longest average maturity of the paper discounted during the month.

On the last Friday of the month the bank held a total of \$1,302,151,000 of discounted paper, as against \$869,175,000 held on the last Friday in June and \$138,459,000 on the corresponding date in 1917. Of the total discounts on hand the share of war paper was 52.2 per

cent, compared with 48.8 about the end of June and 62.8 per cent about the end of May. At the New York bank this share was 68.7 per cent, at the Boston bank as high as 70 per cent, and at the Philadelphia bank over 62 per cent. Discounted trade acceptances on hand totaled \$17,379,000, of which over 1.6 millions represents the holdings of discounted foreign trade acceptances. Cleveland leads in the amount of domestic trade acceptances held, followed by New York and Boston. Agricultural paper holdings totaled \$36,456,000, or 2.8 per cent of the total discounted paper on hand, while livestock paper totaled \$61,618,000 (or 4.7 per cent of the total, of which about 56 per cent is reported by the Kansas City bank.

As the result of further accession to membership of State banks and trust companies the number of member banks shows an increase from 8,218 at the end of June to 8,323 at the

end of July. The number of member banks accommodated during the month was 3,462, or about 42 per cent of the total membership at the close of the month. In the following exhibit are given the number of member banks in each Federal Reserve district at the end of July and the number of discounting members for the month under review.

Federal reserve district.	Number of member banks on July 31.	Number of banks discounting during July.
Boston.....	416	182
New York.....	695	323
Philadelphia.....	651	245
Cleveland.....	787	166
Richmond.....	550	268
Atlanta.....	414	214
Chicago.....	1,190	543
St. Louis.....	494	139
Minneapolis.....	828	399
Kansas City.....	984	327
Dallas.....	704	424
San Francisco.....	610	232
Total.....	8,323	3,462

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

	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
		Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston.....	\$16,676,168	\$98,378,346	\$8,144,000	<sup>1</sup> \$551,835	\$19,966,536	\$143,716,885
New York.....	32,148,364	1,559,668,587	.....	<sup>2</sup> 4,540,077	338,684,760	1,935,041,788
Philadelphia.....	9,801,345	67,222,418	.....	513,811	56,928,502	134,466,076
Cleveland.....	7,147,374	82,587,846	52,000	2,352,044	42,689,663	134,828,927
Richmond.....	2,945,200	140,085,437	1,215,750	1,108,428	17,829,429	163,184,244
Atlanta.....	125,698	36,950,919	435,000	1,110,360	24,201,370	62,823,347
Chicago.....	4,895,398	198,153,410	126,593,975	868,740	48,814,937	379,326,460
St. Louis.....	846,510	68,299,067	110,000	1,354,693	34,425,617	105,035,857
Minneapolis.....	1,416,412	26,689,337	3,520,568	246,619	27,675,396	59,548,332
Kansas City.....	228,241	37,389,208	21,441,473	866,641	23,206,275	83,131,838
Dallas.....	612,202	33,053,750	1,222,820	36,585	16,948,920	51,874,286
San Francisco.....	781,328	43,296,900	175,000	725,207	45,499,938	90,478,373
Total.....	77,624,240	2,391,775,225	162,910,586	14,275,040	696,871,352	3,343,456,443

<sup>1</sup> Includes \$25,994 in the foreign trade.

<sup>2</sup> Includes \$536,782 in the foreign trade.



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

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

Banks.	Agricultural paper.	Live-stock paper.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes—		Trade acceptances.	All other discounts.	Total.
				Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston.....	\$30	-----	\$29,753	\$34,765	-----	<sup>1</sup> \$1,584	\$25,042	\$91,174
New York.....	-----	-----	61,282	210,933	-----	<sup>2</sup> 4,364	119,846	396,395
Philadelphia.....	116	-----	24,205	26,384	-----	647	30,039	81,391
Cleveland.....	170	\$2,379	9,881	36,023	-----	4,098	46,474	99,025
Richmond.....	4,346	5	7,420	22,916	\$367	1,267	23,480	59,810
Atlanta.....	2,317	928	106	15,996	420	933	17,542	38,262
Chicago.....	6,519	91	7,892	92,022	75,258	1,176	55,483	238,441
St. Louis.....	291	1,950	1,011	29,134	56	1,059	26,165	59,666
Minneapolis.....	5,077	8,812	1,601	8,992	1,167	360	29,681	55,690
Kansas City.....	3,353	34,266	328	17,163	10,511	844	11,790	78,255
Dallas.....	7,162	6,990	670	15,119	636	-----	7,639	38,216
San Francisco.....	7,075	6,197	1,205	18,332	175	1,027	31,815	65,826
Total.....	36,456	61,618	145,324	527,779	88,590	17,379	425,005	1,302,151
Per cent.....	2.8	4.7	11.2	41.0	6.8	1.3	32.2	100.00

<sup>1</sup> Includes \$25,994 in the foreign trade.

<sup>2</sup> Includes \$1,577,740 in the foreign trade.

*Bills discounted by each Federal Reserve Bank during July, 1918, distributed by rates of discount; also average maturity and rates of bills discounted by each bank during the month.*

	4 per cent.		4½ per cent.		4¾ per cent.		4¾ per cent.	
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.
Boston.....	\$114,211,102	\$100,899	\$14,518,183	\$85,401	\$523,241	\$2,596	\$14,421,992	\$104,031
New York.....	1,879,818,368	1,091,966	31,662,977	192,819	1,830,899	12,601	21,721,134	179,761
Philadelphia.....	119,771,175	157,225	9,469,705	79,470	459,057	2,917	4,750,491	26,130
Cleveland.....	81,118,536	111,339	39,177,059	58,718	1,729,721	7,338	12,757,867	81,051
Richmond.....	-----	-----	143,171,080	124,808	213,798	287	4,105,172	11,534
Atlanta.....	54,322,900	85,621	120,418	926	822,026	4,279	6,956,529	52,334
Chicago.....	337,939,633	535,347	4,441,243	35,136	920,626	4,912	26,304,487	172,638
St. Louis.....	83,935,154	129,065	640,448	4,627	1,228,785	6,722	19,049,210	156,105
Minneapolis.....	31,008,020	48,768	1,322,331	9,800	228,246	1,687	8,460,198	46,797
Kansas City.....	-----	-----	37,558,292	58,301	22,551,719	41,113	769,294	4,389
Dallas.....	34,678,850	53,396	555,497	4,504	175,115	1,152	6,645,994	37,268
San Francisco.....	60,156,325	91,729	779,323	7,147	690,075	4,806	26,087,228	194,303
Total.....	2,796,960,063	2,405,355	283,416,556	662,157	31,373,308	90,410	152,029,596	1,066,341

	5 per cent.		5½ per cent.		5½ per cent.		Total.		Average maturity in days.	Average rate (per cent). <sup>1</sup>
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.		
Boston.....	\$42,367	\$615	-----	-----	-----	-----	\$143,716,885	\$293,542	19.72	4.32
New York.....	8,410	692	-----	-----	-----	-----	1,935,041,788	1,477,839	6.77	4.11
Philadelphia.....	15,648	272	-----	-----	-----	-----	134,466,076	266,014	17.19	4.14
Cleveland.....	-----	-----	\$45,744	\$889	-----	-----	134,828,927	259,335	16.16	4.23
Richmond.....	15,143,223	129,911	550,971	9,252	-----	-----	163,184,244	275,792	13.15	4.63
Atlanta.....	587,988	9,974	-----	-----	813,486	264	62,823,347	153,398	20.42	4.30
Chicago.....	7,450,782	62,188	-----	-----	2,269,689	46,639	379,326,460	856,860	19.02	4.27
St. Louis.....	-----	-----	-----	-----	182,290	3,847	105,035,887	299,866	23.42	4.39
Minneapolis.....	14,512,559	157,245	-----	-----	4,016,978	77,822	59,548,332	342,119	42.51	4.86
Kansas City.....	-----	-----	13,802,712	124,750	8,449,821	164,692	83,131,838	393,745	33.61	5.24
Dallas.....	6,299,490	70,059	3,519,340	65,850	-----	-----	51,874,286	232,229	34.05	4.73
San Francisco.....	-----	-----	-----	-----	2,765,422	46,694	90,478,373	344,679	29.87	4.59
Total.....	44,060,467	430,956	17,918,767	200,741	17,697,686	339,458	3,343,456,443	5,195,418	12.85	<sup>2</sup> 4.37

<sup>1</sup> Boston and New York calculated on a 365-day basis; all other Federal Reserve Banks on 360-day basis.

<sup>2</sup> Average discount rate on all paper discounted works out at 4.35 per cent if calculated on a 360-day basis, and at 4.41 if calculated on a uniform 365-day basis.

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

Date.	Bankers' acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22.....	\$93,000	.....	.....	.....	.....	\$93,000	.....	\$93,000
Apr. 5.....	3,653,000	\$7,820,000	\$10,000	\$110,000	.....	11,593,000	.....	11,593,000
July 3.....	4,342,000	5,267,000	.....	161,000	.....	9,770,000	.....	9,770,000
Oct. 4.....	9,000,000	4,898,000	132,000	343,000	.....	14,373,000	.....	14,373,000
1916.								
Jan. 3.....	15,494,000	7,160,000	362,000	822,000	.....	23,838,000	.....	23,838,000
Apr. 3.....	21,000,000	13,572,000	473,000	3,262,000	.....	38,308,000	\$722,000	39,030,000
July 3.....	32,989,000	18,921,000	471,000	11,830,000	.....	64,211,000	3,422,000	67,633,000
Oct. 2.....	37,798,000	21,782,000	712,000	9,944,000	.....	70,236,000	2,306,000	72,542,000
1917.								
Jan. 1.....	66,803,000	34,625,000	1,502,000	18,224,000	.....	121,154,000	4,585,000	125,739,000
Apr. 2.....	43,979,000	20,328,000	689,000	16,830,000	\$200,000	82,026,000	1,144,000	83,170,000
July 14-16.....	108,597,000	30,390,000	3,333,000	38,082,000	3,805,000	184,785,000	4,660,000	189,445,000
Sept. 29.....	131,997,000	14,987,000	2,193,000	21,708,000	2,286,000	173,171,000	6,942,000	180,113,000
Dec. 31.....	227,717,000	8,163,000	3,179,000	20,137,000	7,657,000	266,853,000	6,383,000	273,236,000
1918.								
Jan. 31.....	240,259,000	5,547,000	3,522,000	22,099,000	6,947,000	278,374,000	6,363,000	284,737,000
Feb. 28.....	252,747,000	1,048,000	3,856,000	28,419,000	7,097,000	293,767,000	5,456,000	299,223,000
Mar. 31.....	275,144,000	1,360,000	1,884,000	31,779,000	8,562,000	318,729,000	8,015,000	326,744,000
Apr. 30.....	248,390,000	654,000	2,907,000	25,921,000	10,304,000	288,176,000	9,279,000	297,455,000
May 31.....	207,917,000	1,330,000	5,168,000	26,217,000	8,398,000	249,030,000	8,276,000	257,306,000
June 29.....	173,698,000	1,992,000	459,000	21,478,000	12,315,000	209,942,000	7,418,000	217,360,000
July 31.....	154,614,000	1,129,000	7,302,000	18,082,000	8,975,000	190,102,000	7,781,000	197,883,000

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

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

	Member banks.	Non-member trust companies.	Non-member State banks.	Private banks.	Foreign bank branches and agencies.	Total.	Trade acceptances bought in open market.			Total acceptances.
							Domestic.	Foreign.	Total.	
Boston.....	19,695	.....	.....	\$2,406	\$371	\$22,472	.....	.....	.....	\$22,472
New York.....	75,013	\$777	\$6,399	12,988	7,226	102,403	\$1,872	\$582	\$2,454	104,857
Philadelphia.....	12,509	.....	423	542	657	14,131	.....	.....	.....	14,131
Cleveland.....	15,003	250	50	1,102	379	16,784	122	68	190	16,974
Richmond.....	5,114	.....	.....	.....	.....	5,114	.....	.....	.....	5,114
Atlanta.....	3,398	.....	.....	.....	.....	3,398	.....	.....	.....	3,398
Chicago.....	8,179	.....	18	.....	.....	8,197	.....	.....	.....	8,197
St. Louis.....	2,325	.....	.....	23	.....	2,348	.....	.....	.....	2,348
Minneapolis.....	345	.....	.....	.....	.....	345	.....	.....	.....	345
Kansas City.....	129	.....	.....	.....	.....	129	.....	.....	.....	129
Dallas.....	1,120	.....	.....	.....	.....	1,120	.....	.....	.....	1,120
San Francisco.....	11,784	102	412	1,021	342	13,661	.....	5,137	5,137	18,798
Total.....	154,614	1,129	7,302	18,082	8,975	190,102	1,994	5,787	7,781	197,883

*Amounts of bills discounted and acceptances and warrants bought by each Federal Reserve Bank during July, 1918, distributed by maturities.*

	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$114,197,595	\$872,734	.....	\$115,070,329	\$6,222,691	\$3,143,522	.....	\$9,366,213
New York.....	1,878,772,433	2,679,196	.....	1,881,451,629	9,485,535	12,960,777	.....	22,446,312
Philadelphia.....	120,460,682	109,123	.....	120,569,805	3,741,774	451,527	.....	4,193,301
Cleveland.....	120,671,820	282,900	.....	120,954,720	3,016,918	848,347	.....	3,865,265
Richmond.....	144,178,737	247,700	.....	144,426,437	2,209,974	1,691,111	.....	3,901,085
Atlanta.....	54,273,150	50,000	.....	54,323,150	1,460,313	214,148	.....	1,674,461
Chicago.....	342,122,404	.....	.....	342,122,404	5,195,146	1,088,717	.....	6,283,863
St. Louis.....	83,789,029	25,000	.....	83,814,029	2,726,155	70,000	.....	2,796,155
Minneapolis.....	30,947,711	.....	.....	30,947,711	2,328,383	.....	.....	2,328,383
Kansas City.....	59,948,477	.....	.....	59,948,477	1,666,414	.....	.....	1,666,414
Dallas.....	34,656,687	100,000	.....	34,756,687	1,787,446	250,000	.....	2,037,446
San Francisco.....	60,329,248	2,129,995	.....	62,459,243	4,827,698	1,541,023	.....	6,368,721
Total.....	3,044,347,973	6,496,558	.....	3,050,844,531	44,648,447	22,259,172	.....	67,907,619
Per cent.....	.....	.....	.....	88.0	.....	.....	.....	1.9

	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$12,869,905	\$2,891,434	.....	\$15,761,339	\$10,309,327	\$5,028,918	.....	\$15,338,245
New York.....	20,750,256	20,755,221	.....	41,505,477	25,605,154	26,467,535	\$50,521	52,423,210
Philadelphia.....	2,614,424	2,061,240	.....	4,675,664	5,024,298	3,047,198	.....	8,071,496
Cleveland.....	5,570,713	4,186,013	.....	9,756,726	5,523,732	5,635,669	.....	11,159,401
Richmond.....	6,417,812	2,196,817	.....	8,614,629	9,824,494	1,281,000	.....	11,105,494
Atlanta.....	3,079,607	956,953	.....	4,036,560	3,411,533	557,612	.....	3,969,165
Chicago.....	14,057,551	1,093,100	.....	15,150,651	15,588,319	6,258,175	.....	21,846,494
St. Louis.....	6,783,940	227,105	.....	7,011,045	11,552,473	699,285	.....	12,251,758
Minneapolis.....	6,732,978	.....	.....	6,732,978	15,518,349	130,000	.....	15,648,349
Kansas City.....	5,733,702	52,537	.....	5,786,239	7,334,559	76,311	.....	7,410,870
Dallas.....	4,835,067	20,000	.....	4,855,067	7,014,261	.....	.....	7,014,261
San Francisco.....	10,338,230	4,209,883	.....	14,548,113	12,408,446	5,248,875	.....	17,657,321
Total.....	99,786,185	39,650,303	.....	139,436,488	120,409,965	54,440,578	50,521	183,901,064
Per cent.....	.....	.....	.....	4.0	.....	.....	.....	5.3

	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$117,367	31,250	.....	\$148,617	\$143,716,885	\$11,967,858	.....	\$155,684,743	92.3	7.7	.....	100
New York.....	128,410	.....	.....	128,410	1,935,041,788	62,862,729	\$50,521	1,997,955,038	96.9	3.1	.....	100
Philadelphia.....	2,624,898	.....	.....	2,624,898	134,466,076	5,748,048	.....	140,214,124	95.9	4.1	.....	100
Cleveland.....	45,744	200,000	.....	245,744	134,828,627	11,152,929	.....	145,981,556	92.4	7.6	.....	100
Richmond.....	553,227	3,000	.....	556,227	163,184,244	5,469,628	.....	168,653,872	96.8	3.2	.....	100
Atlanta.....	598,724	146,371	\$16,600	761,695	62,823,347	1,625,064	16,600	64,765,011	97.0	3.0	.....	100
Chicago.....	2,363,040	1,090,273	.....	3,453,313	379,326,460	9,530,265	.....	388,856,725	97.5	2.5	.....	100
St. Louis.....	182,290	.....	.....	182,290	105,035,887	1,021,360	.....	106,057,277	99.0	1.0	.....	100
Minneapolis.....	4,020,911	.....	.....	4,020,911	59,548,332	130,000	.....	59,678,332	99.8	.2	.....	100
Kansas City.....	8,448,686	.....	.....	8,448,686	83,131,838	125,848	.....	83,257,686	99.8	.2	.....	100
Dallas.....	3,600,825	.....	.....	3,600,825	51,874,286	370,000	.....	52,244,286	99.3	.7	.....	100
San Francisco.....	2,579,751	137,199	.....	2,716,950	90,478,373	13,266,885	.....	103,745,258	87.2	12.8	.....	100
Total.....	25,263,873	1,608,093	16,600	26,888,566	3,343,456,443	123,573,614	67,121	3,467,097,208	96.4	3.6	.....	100
Per cent.....	.....	.....	.....	.8	.....	.....	.....	100.0	.....	.....	.....	.....

*Maturities of discounts, acceptances, and municipal warrants held by each Federal Reserve Bank on Friday, July 26, 1918.*

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

	1 to 15 days.				16 to 30 days.			
	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.
Boston.....	\$46,499	\$9,092	.....	\$55,591	\$20,185	\$3,046	.....	\$23,231
New York.....	314,462	7,027	.....	321,489	39,241	37,976	.....	77,217
Philadelphia.....	62,498	3,008	.....	65,506	8,548	3,956	.....	12,504
Cleveland.....	62,107	2,103	.....	64,210	13,574	2,569	.....	16,143
Richmond.....	34,201	831	.....	35,032	6,238	670	.....	6,908
Atlanta.....	27,570	556	\$4	28,130	2,758	725	.....	3,483
Chicago.....	173,362	3,465	.....	176,827	26,733	3,735	.....	30,468
St. Louis.....	41,128	602	.....	41,730	3,647	1,231	.....	4,878
Minneapolis.....	15,464	120	.....	15,584	5,199	60	.....	5,259
Kansas City.....	30,230	50	.....	30,280	6,033	.....	.....	6,033
Dallas.....	17,853	800	.....	18,653	1,753	500	.....	2,253
San Francisco.....	27,260	3,717	.....	30,977	8,627	3,225	.....	11,852
Total.....	852,634	31,375	4	884,009	142,536	57,693	.....	200,229
Per cent.....	.....	.....	.....	.....	.....	.....	.....	.....

	31 to 60 days.				61 to 90 days.			
	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.
Boston.....	\$16,344	\$8,405	.....	\$24,749	\$8,116	\$3,754	.....	\$11,870
New York.....	26,784	46,618	\$51	73,453	15,907	12,412	.....	28,319
Philadelphia.....	6,269	4,681	.....	10,950	4,053	1,785	.....	5,838
Cleveland.....	18,654	7,518	.....	26,172	4,640	3,586	.....	8,226
Richmond.....	11,655	1,568	.....	13,223	6,541	1,049	.....	7,590
Atlanta.....	4,050	1,795	.....	5,845	2,964	487	\$1	3,452
Chicago.....	17,640	4,523	.....	22,163	16,291	5,561	.....	21,852
St. Louis.....	7,717	171	.....	7,888	5,975	369	.....	6,344
Minneapolis.....	15,244	120	.....	15,364	11,696	110	.....	11,806
Kansas City.....	12,365	3	.....	12,368	14,706	76	.....	14,782
Dallas.....	4,592	20	.....	4,612	8,085	.....	.....	8,085
San Francisco.....	16,800	7,886	.....	24,686	9,568	3,713	.....	13,281
Total.....	158,114	83,308	51	241,473	108,542	32,902	1	141,445
Per cent.....	.....	.....	.....	.....	.....	.....	.....	.....

	Over 90 days.				Total.				Percentages.			
	Bills dis- counted.	Accept- ances bought.	Municipal war- rants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal war- rants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal war- rants.	Total.
Boston.....	30	.....	.....	30	91,174	24,297	.....	115,471	79.0	21.0	.....	100
New York.....	1	.....	.....	1	396,395	104,033	51	500,479	79.2	20.8	.....	100
Philadelphia.....	23	.....	.....	23	81,391	13,430	.....	94,821	85.8	14.2	.....	100
Cleveland.....	50	.....	.....	50	99,025	15,776	.....	114,801	86.3	13.7	.....	100
Richmond.....	1,175	.....	.....	1,175	59,810	4,118	.....	63,928	93.6	6.4	.....	100
Atlanta.....	920	.....	10	930	38,262	3,563	15	41,840	91.5	8.5	.....	100
Chicago.....	4,415	.....	.....	4,415	238,441	17,284	.....	255,725	93.2	6.8	.....	100
St. Louis.....	1,199	.....	.....	1,199	59,666	2,373	.....	62,039	96.2	3.8	.....	100
Minneapolis.....	8,087	.....	.....	8,087	55,690	410	.....	56,100	99.3	.7	.....	100
Kansas City.....	14,921	.....	.....	14,921	78,255	129	.....	78,384	99.8	.2	.....	100
Dallas.....	5,933	.....	.....	5,933	38,216	1,320	.....	39,536	96.7	3.3	.....	100
San Francisco.....	3,571	.....	.....	3,571	65,826	18,541	.....	84,367	78.0	22.0	.....	100
Total.....	40,325	.....	10	40,335	1,302,151	205,274	66	1,507,491	1,078.6	121.4	.....	.....
Per cent.....	.....	.....	.....	.....	.....	.....	.....	.....	86.4	13.6	.....	100

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

	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.			Municipal warrants.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston.....	\$143,716,885	\$11,967,858		\$11,967,858				
New York.....	1,935,041,788	60,480,362	<sup>1</sup> \$2,382,367	62,862,729	\$50,521			\$50,521
Philadelphia.....	134,466,076	5,748,048		5,748,048				
Cleveland.....	134,828,927	11,112,929	<sup>2</sup> 40,000	11,152,929				
Richmond.....	163,184,244	5,469,628		5,469,628				
Atlanta.....	62,823,347	1,925,064		1,925,064	600		\$16,000	16,600
Chicago.....	379,326,460	9,530,265		9,530,265				
St. Louis.....	105,035,887	1,021,390		1,021,390				
Minneapolis.....	59,548,332	130,000		130,000				
Kansas City.....	83,131,838	128,848		128,848				
Dallas.....	51,874,286	370,000		370,000				
San Francisco.....	90,478,373	10,107,258	<sup>2</sup> 3,159,627	13,266,885				
Total, July, 1918.....	3,343,456,443	117,991,650	5,581,994	123,573,644	51,121		16,000	67,121
Total, July, 1917.....	460,733,354	63,629,153	3,234,912	66,864,065	100,000			100,000

	United States securities.								Total investment operations.	
	2 per cent.	3 per cent.	3½ per cent.	4 per cent.	4½ per cent.	1-year Treasury notes.	United States certificates of indebtedness.	Total.	July, 1918.	July, 1917. <sup>3</sup>
Boston.....									\$155,684,743	\$45,833,930
New York.....		\$50,000					\$19,366,000	\$19,416,000	2,017,371,038	288,878,639
Philadelphia.....							55,000	55,000	140,269,124	33,648,283
Cleveland.....					\$200		490,000	490,200	146,172,056	17,613,760
Richmond.....					500		225,000	225,500	168,879,372	38,483,310
Atlanta.....				\$50,000	41,000		17,500	108,500	64,873,511	4,764,512
Chicago.....									388,856,725	56,621,084
St. Louis.....									106,057,277	16,724,850
Minneapolis.....							1,364,000	1,364,000	61,042,332	8,821,257
Kansas City.....							122,500	122,500	83,383,186	19,411,691
Dallas.....									52,244,286	6,800,881
San Francisco.....				1,000,000			157,000	1,157,000	104,902,258	9,828,872
Total, July, 1918.....		50,000		1,050,000	41,700		21,797,000	22,938,700	3,490,035,908	
Total, July, 1917.....		67,000	\$18,299,650			\$1,370,000		<sup>2</sup> 19,736,650		547,434,069

<sup>1</sup> Includes \$582,241 in the domestic trade.<sup>2</sup> In the foreign trade.<sup>3</sup> Exclusive of purchases of United States certificates of indebtedness.*United States securities held by each Federal Reserve Bank on July 31, distributed by maturities.*

	United States bonds with circulation privilege.				Other United States securities, including 1-year Treasury notes and Treasury certificates of indebtedness, available as security for Federal Reserve Bank notes under silver act of Apr. 23, 1918.							Total.
	2 per cent consols of 1930.	2 per cent Panamas of 1936-1938.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 per cent conversion bonds of 1916-17.	3 per cent 1-year Treasury notes.	3 per cent loan of 1961.	3½ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942-1947.	4½ per cent Liberty loan of 1928.	United States certificates of indebtedness.	
Boston.....	\$750				\$529,000	\$1,416,000		\$383,850	\$26,550	\$181,260		\$2,537,410
New York.....	50		\$100,000		1,255,400	1,476,000		201,550	5,300		\$2,437,000	5,475,300
Philadelphia.....		\$100	400,000		549,200	1,181,000		11,850	786,250		50,500	2,078,900
Cleveland.....			2,658,660	\$678,200	414,800	1,660,000		1,966,650		385,350	50,000	7,813,660
Richmond.....	915,100	237,000			1,285,000			42,850	37,750	500	225,000	2,743,200
Atlanta.....	240,600	21,000			10,300	965,000		13,000	490,400	4,650	16,500	1,761,450
Chicago.....	1,862,500	367,300	2,581,000	1,768,000	427,400	2,112,000	\$400		83,050			9,201,650
St. Louis.....	100		1,080,000		1,153,300	321,000						2,554,400
Minneapolis.....		260	1,199,180		114,800	880,000	500			1,480	59,000	2,255,220
Kansas City.....	7,155,850	22,240		824,400	838,500	1,168,000		22,100	8,100		107,500	10,146,690
Dallas.....	2,460,900	281,500			1,233,600	901,000		700		11,950		4,879,650
San Francisco.....	2,428,750			1,000,000		1,000,000		21,450	10,900		117,000	4,578,100
Total.....	15,054,600	929,400	8,018,840	4,270,600	6,526,300	14,365,000	900	2,664,000	1,448,300	585,180	3,062,500	56,925,730

## RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, July 26 to August 23, 1918.

## RESOURCES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Gold, in vault and in transit:</b>													
July 26.....	8,088	299,844	1,104	35,230	6,330	6,898	27,419	1,691	8,710	337	6,229	16,130	418,012
August 2.....	8,394	290,854	1,360	36,428	6,387	6,788	27,123	1,800	8,241	368	6,289	14,438	408,470
August 9.....	3,721	291,206	380	30,445	6,136	6,787	26,809	2,004	8,375	194	6,336	13,017	395,410
August 16.....	2,955	287,062	441	25,424	6,208	6,849	27,023	1,837	8,222	302	6,348	12,346	385,017
August 23.....	3,296	287,040	279	22,339	6,280	6,798	29,275	1,980	8,425	219	6,416	12,725	385,072
<b>Gold settlement fund, Federal Reserve Board:</b>													
July 26.....	38,787	253,326	49,728	46,791	19,248	19,616	50,477	22,261	16,341	37,438	13,153	31,611	598,777
August 2.....	45,776	294,005	48,377	42,313	13,716	16,632	61,754	29,669	6,584	28,948	7,149	29,196	623,119
August 9.....	69,066	243,463	52,357	52,518	14,446	16,835	51,899	34,134	9,704	30,633	7,741	23,558	606,354
August 16.....	69,964	172,134	63,670	59,079	25,178	20,093	64,632	29,421	13,885	39,068	12,108	36,531	600,083
August 23.....	79,697	108,553	48,481	67,788	27,830	19,251	81,046	34,032	11,383	30,201	7,299	42,499	553,060
<b>Gold with foreign agencies:</b>													
July 26.....	814	4,012	814	1,046	407	349	1,628	465	465	581	407	640	11,628
August 2.....	679	3,345	679	873	339	291	1,357	388	388	485	339	533	9,696
August 9.....	679	3,345	679	873	339	291	1,357	388	388	485	339	533	9,696
August 16.....	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
August 23.....	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
<b>Gold with Federal Reserve agents:</b>													
July 26.....	56,445	279,859	99,389	110,629	32,950	26,339	118,392	31,496	23,596	33,497	13,980	83,848	910,420
August 2.....	56,224	279,023	99,081	110,497	32,613	23,312	119,574	31,496	23,352	33,497	13,980	80,194	902,793
August 9.....	60,847	279,023	97,059	110,550	36,514	25,353	140,343	31,589	23,195	33,368	13,928	77,123	940,692
August 16.....	60,612	278,539	96,541	121,772	36,356	24,135	151,157	46,880	23,027	36,790	13,915	71,824	961,498
August 23.....	60,185	277,893	113,780	126,174	38,278	27,424	150,622	51,775	22,862	48,711	13,873	81,190	1,018,767
<b>Gold redemption fund:</b>													
July 26.....	3,165	14,825	3,500	965	305	2,271	3,556	2,402	2,039	1,085	1,250	-----	35,363
August 2.....	3,394	14,875	4,000	1,002	193	2,692	3,812	2,372	2,140	1,088	1,250	-----	36,813
August 9.....	3,611	15,000	4,500	1,324	109	2,708	3,959	2,341	2,219	1,070	1,248	-----	38,149
August 16.....	3,749	15,000	5,000	754	1,025	3,061	4,170	2,626	2,305	1,106	1,248	72	40,116
August 23.....	4,070	15,000	5,000	1,007	924	2,355	4,511	2,611	2,415	1,101	1,248	81	40,323
<b>Total gold reserves:</b>													
July 26.....	107,299	851,866	154,535	194,661	59,240	55,473	201,472	58,317	51,151	72,938	35,019	132,229	1,974,200
August 2.....	114,467	882,102	153,447	191,113	53,248	48,715	213,620	65,725	40,705	64,386	29,007	124,361	1,980,896
August 9.....	137,924	852,037	154,975	201,710	57,544	52,034	230,367	70,256	43,581	65,750	29,592	114,231	1,990,301
August 16.....	137,688	754,746	193,369	201,554	68,971	54,303	247,798	80,947	47,672	77,587	33,823	121,094	1,992,543
August 23.....	147,656	685,497	167,948	217,833	73,516	59,003	273,270	90,631	45,318	80,523	29,040	136,816	2,002,051
<b>Legal-tender notes, silver, etc.:</b>													
July 26.....	2,564	44,197	687	357	697	629	2,913	918	139	295	1,524	209	55,129
August 2.....	2,508	44,308	550	419	706	348	2,396	650	162	338	1,448	189	54,022
August 9.....	2,402	44,948	550	349	504	371	2,090	480	151	341	1,608	248	54,222
August 16.....	2,629	43,941	805	373	641	340	1,725	461	112	296	1,292	365	52,980
August 23.....	2,344	43,231	730	320	802	434	1,872	607	106	402	1,182	185	52,215
<b>Total cash reserves:</b>													
July 26.....	109,863	896,063	155,222	195,018	59,937	56,102	204,385	59,235	51,290	73,233	36,543	132,438	2,029,529
August 2.....	116,975	926,410	153,997	191,532	53,954	49,063	216,016	66,375	40,867	64,724	30,455	124,550	2,034,918
August 9.....	140,326	876,985	155,525	202,059	58,138	52,405	232,457	70,736	44,032	66,091	31,290	114,479	2,044,523
August 16.....	140,317	798,687	167,165	201,927	69,612	54,643	249,523	81,408	47,784	77,833	35,115	121,459	2,045,523
August 23.....	150,000	728,728	168,678	218,153	74,318	56,437	274,142	91,238	45,424	80,925	30,222	137,001	2,055,266
<b>Bills discounted for members and Federal Reserve Banks:</b>													
July 26.....	91,174	396,395	81,391	99,025	59,810	38,282	238,441	59,666	55,690	78,255	38,216	65,826	1,302,151
August 2.....	84,470	369,158	82,981	94,038	63,275	42,153	237,785	58,886	59,781	77,592	29,941	69,959	1,270,919
August 9.....	84,957	412,455	92,346	98,718	64,398	45,456	233,984	57,378	55,715	71,810	37,795	77,466	1,332,473
August 16.....	64,981	442,065	93,985	92,328	55,434	43,555	202,564	48,655	57,760	66,394	39,556	78,091	1,285,368
August 23.....	67,414	552,409	85,183	82,512	56,567	46,965	209,629	47,697	64,288	62,489	42,917	75,725	1,393,795
<b>Bills bought in open market:</b>													
July 26.....	24,297	104,033	13,430	15,776	4,118	3,563	17,284	2,373	410	129	1,320	18,541	205,274
August 2.....	20,636	116,722	14,026	17,112	6,021	3,263	8,583	2,347	345	159	1,120	18,851	209,185
August 9.....	18,938	113,106	11,684	19,112	7,072	3,489	9,549	2,721	583	129	971	21,203	208,557
August 16.....	21,616	112,692	11,326	21,960	4,988	3,361	13,180	2,055	580	129	470	19,847	212,204
August 23.....	26,440	125,276	11,035	21,116	5,888	3,122	14,714	1,925	435	129	634	21,117	236,526

*Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, July 26 to August 23, 1918—Continued.*

## RESOURCES—Continued.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
<b>United States Gov- ernment long-term securities:</b>													
July 26.....	1,122	1,557	1,747	6,704	1,233	771	7,090	2,233	1,317	8,876	3,979	3,461	40,090
Aug. 2.....	1,122	1,456	1,347	5,999	1,233	730	4,509	2,233	1,297	8,871	3,979	3,461	36,237
Aug. 9.....	1,121	1,455	1,347	5,749	1,233	711	4,508	1,153	1,343	8,871	3,979	3,461	34,931
Aug. 16.....	946	1,455	1,347	3,120	1,233	711	4,508	1,153	343	8,871	4,349	3,461	31,497
Aug. 23.....	942	1,453	1,348	2,560	1,233	625	4,509	1,153	122	8,871	4,347	3,461	30,624
<b>United States Gov- ernment short-term securities:</b>													
July 26.....	1,416	3,548	1,232	1,690	1,510	933	2,112	321	946	1,259	901	1,004	16,922
Aug. 2.....	1,416	4,058	1,232	1,730	1,511	932	2,112	321	906	1,277	901	1,127	17,573
Aug. 9.....	1,416	3,583	1,212	1,730	1,511	992	2,112	321	924	1,304	901	1,398	17,404
Aug. 16.....	1,416	18,733	1,221	1,715	1,510	991	2,112	321	924	1,304	901	1,398	32,546
Aug. 23.....	1,416	10,158	1,210	1,695	1,510	991	2,112	321	926	1,239	901	1,000	23,479
<b>All other earning as- sets:</b>													
July 26.....		51				15					37		103
Aug. 2.....		51				21					29		101
Aug. 9.....		51				26					25		102
Aug. 16.....		51				31							82
Aug. 23.....						62							62
<b>Total earning assets:</b>													
July 26.....	118,009	505,584	97,800	123,195	66,671	43,594	264,927	64,593	58,363	88,519	44,453	88,832	1,564,540
Aug. 2.....	107,644	491,445	99,586	119,779	72,040	47,149	252,989	63,787	62,329	87,899	35,970	93,393	1,534,015
Aug. 9.....	106,432	530,650	106,589	125,809	74,209	50,674	250,153	61,573	58,565	82,114	43,671	103,528	1,593,467
Aug. 16.....	88,959	574,996	107,879	119,123	63,165	43,649	222,364	52,184	59,607	76,698	45,276	102,797	1,561,697
Aug. 23.....	96,212	639,296	98,776	112,878	64,898	51,765	230,964	51,096	65,771	72,728	48,799	101,303	1,684,486
<b>Uncollected items (deduct from gross deposits):</b>													
July 26.....	33,930	114,144	64,902	50,957	33,457	23,645	83,002	34,032	11,661	52,420	13,269	32,973	558,392
Aug. 2.....	49,170	109,085	55,469	44,593	38,363	25,951	76,462	35,212	13,008	42,236	17,875	24,124	531,558
Aug. 9.....	37,741	142,190	55,674	45,832	42,304	25,707	80,976	40,340	22,049	53,621	12,802	26,522	584,758
Aug. 16.....	53,066	147,501	60,224	52,561	54,150	27,059	82,106	39,707	11,666	49,194	15,511	30,750	623,495
Aug. 23.....	40,933	145,515	71,341	47,742	38,232	27,562	82,364	35,839	10,738	50,523	16,536	31,613	601,983
<b>5 per cent redem- ption fund against Federal Reserve Bank notes:</b>													
July 26.....						14	94			372	137	84	701
Aug. 2.....						14	94			167	137	84	496
Aug. 9.....						14	100			400	137	84	735
Aug. 16.....		34				19	192			400	137	84	866
Aug. 23.....		74	50			19	200			394	137	84	958
<b>All other resources:</b>													
July 26.....	730	3,060	1,264	572	1,393	663	1,514	514	236	357	524	1,574	12,441
Aug. 2.....	752	1,756	1,240	573	939	692	1,606	526	234	369	699	1,165	10,551
Aug. 9.....	752	1,846	1,244	632	1,960	704	1,258	536	227	379	648	1,224	11,410
Aug. 16.....	767	1,888	1,217	613	649	723	1,361	553	216	871	647	1,298	10,809
Aug. 23.....	771	1,856	1,023	677	779	749	1,160	552	209	908	654	1,356	11,294
<b>Total resources:</b>													
July 26.....	262,582	1,518,851	319,188	369,742	166,448	129,018	553,922	158,374	121,550	214,901	94,926	255,901	4,165,408
Aug. 2.....	274,541	1,528,706	310,292	356,477	165,296	122,869	547,167	165,900	116,438	195,395	85,136	243,321	4,111,538
Aug. 9.....	285,251	1,551,671	319,032	373,332	177,111	129,504	564,944	173,185	124,873	202,605	88,543	244,837	4,234,893
Aug. 16.....	253,109	1,523,109	336,485	374,224	137,576	131,093	555,546	173,852	119,273	205,046	96,686	256,888	4,242,384
Aug. 23.....	237,916	1,565,469	340,468	379,450	178,227	136,532	538,830	181,725	122,187	205,478	96,348	271,357	4,353,957

*Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, July 26 to August 23, 1918—Continued.*

## LIABILITIES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Capital paid in:</b>													
July 26.....	6,474	19,967	6,939	8,610	3,917	3,117	9,929	3,604	2,846	3,542	3,001	4,495	76,441
Aug. 2.....	6,474	19,974	6,940	8,618	3,917	3,117	9,940	3,622	2,849	3,542	3,027	4,498	76,518
Aug. 9.....	6,474	19,989	7,150	8,693	3,920	3,119	9,966	3,640	2,849	3,545	3,032	4,499	76,876
Aug. 16.....	6,474	19,999	7,151	8,697	3,921	3,114	10,008	3,640	2,854	3,545	3,045	4,512	76,960
Aug. 23.....	6,492	20,017	7,151	8,703	3,921	3,114	10,693	3,687	2,864	3,545	3,050	4,513	77,750
<b>Surplus:</b>													
July 26.....	75	649	-----	-----	116	40	216	-----	38	-----	-----	-----	1,134
Aug. 2.....	75	649	-----	-----	116	40	216	-----	38	-----	-----	-----	1,134
Aug. 9.....	75	649	-----	-----	116	40	216	-----	38	-----	-----	-----	1,134
Aug. 16.....	75	649	-----	-----	116	40	216	-----	38	-----	-----	-----	1,134
Aug. 23.....	75	649	-----	-----	116	40	216	-----	38	-----	-----	-----	1,134
<b>Government deposits:</b>													
July 26.....	15,178	7,539	17,783	20,956	11,156	14,246	38,782	16,756	15,347	30,035	16,963	28,299	233,040
Aug. 2.....	15,428	26,904	6,235	23,791	3,808	6,904	18,674	12,195	10,183	14,886	8,096	14,132	161,236
Aug. 9.....	19,151	25,595	11,506	22,238	7,851	6,761	35,082	6,966	8,404	13,655	9,954	12,151	179,978
Aug. 16.....	9,166	7,524	3,974	12,183	3,576	8,143	1,814	9,909	5,900	7,722	13,502	12,142	95,555
Aug. 23.....	21,059	19,279	13,628	20,854	6,676	9,655	26,941	9,975	1,733	11,181	9,576	22,470	173,027
<b>Due to members—reserve account:</b>													
July 26.....	86,021	660,176	81,124	103,970	42,920	34,923	177,731	42,330	35,869	70,847	30,669	68,616	1,435,196
Aug. 2.....	91,574	629,314	83,680	108,184	44,434	36,212	183,042	49,116	34,272	63,872	28,630	70,702	1,423,532
Aug. 9.....	87,695	621,036	84,598	109,226	45,570	38,327	178,394	54,227	36,052	65,820	30,058	69,702	1,420,705
Aug. 16.....	93,769	618,438	97,140	120,010	44,958	37,561	191,471	51,664	36,935	69,173	30,771	72,121	1,464,011
Aug. 23.....	89,839	643,645	82,559	108,363	46,225	37,581	191,793	54,758	36,369	68,319	30,321	69,708	1,459,480
<b>Collection items:</b>													
July 26.....	27,248	98,039	49,356	50,494	28,285	18,675	45,483	21,623	8,293	21,828	10,571	15,291	401,186
Aug. 2.....	30,267	104,787	45,096	36,501	29,982	17,233	48,324	24,821	9,670	22,536	10,884	10,810	390,911
Aug. 9.....	37,480	116,713	39,732	43,326	33,092	20,550	45,085	30,032	17,807	27,024	8,936	12,970	433,347
Aug. 16.....	38,664	117,946	49,649	42,688	46,630	19,782	46,937	27,176	13,127	30,497	10,943	17,163	461,202
Aug. 23.....	34,088	113,354	55,041	39,078	32,111	22,501	47,553	30,176	19,393	26,690	11,621	19,341	450,947
<b>Other deposits, including foreign government credits:</b>													
July 26.....	-----	103,625	-----	393	-----	5	4,785	234	54	-----	28	2,716	111,840
Aug. 2.....	-----	109,591	-----	261	-----	5	1,842	88	25	-----	26	2,880	114,718
Aug. 9.....	-----	119,721	-----	799	-----	7	2,795	127	29	-----	32	3,540	127,050
Aug. 16.....	-----	108,016	-----	129	-----	7	3,979	149	30	-----	22	2,902	115,234
Aug. 23.....	-----	108,002	-----	160	-----	11	1,272	120	36	-----	3	2,993	112,597
<b>Total gross deposits:</b>													
July 26.....	128,447	869,379	148,263	181,813	82,361	67,849	266,781	80,943	59,563	122,710	58,231	114,922	2,181,262
Aug. 2.....	137,269	871,096	135,011	163,737	78,224	60,354	251,882	86,220	54,150	101,294	47,636	98,524	2,090,397
Aug. 9.....	144,990	883,065	135,836	175,589	87,113	65,645	261,356	91,352	62,292	106,499	48,980	98,363	2,161,080
Aug. 16.....	141,669	851,924	150,763	175,010	95,164	65,493	244,201	88,898	55,992	107,392	55,238	104,328	2,136,002
Aug. 23.....	144,986	884,280	151,228	168,455	85,012	69,748	267,559	95,029	57,531	106,190	51,521	114,512	2,196,051
<b>Federal Reserve notes in actual circulation:</b>													
July 26.....	125,759	620,439	162,918	177,616	78,819	57,237	271,777	72,726	58,088	78,761	32,750	133,945	1,870,835
Aug. 2.....	128,844	628,402	167,206	177,291	81,563	58,558	279,752	74,926	58,346	80,858	33,020	137,699	1,906,465
Aug. 9.....	131,725	638,917	174,714	187,075	84,433	59,866	287,829	77,037	58,657	82,666	33,154	139,203	1,955,276
Aug. 16.....	132,857	640,879	177,232	188,467	86,950	61,589	294,071	80,158	59,328	84,358	34,852	144,678	1,985,419
Aug. 23.....	134,157	649,650	180,426	200,159	87,767	62,722	302,269	81,825	60,607	85,958	38,079	149,218	2,032,837
<b>Federal Reserve bank notes in circulation—net liability:</b>													
July 26.....	-----	-----	-----	-----	-----	110	1,998	-----	7,990	-----	-----	986	11,084
Aug. 2.....	-----	-----	-----	-----	-----	110	1,998	-----	7,795	-----	541	1,035	11,479
Aug. 9.....	-----	-----	-----	-----	-----	110	2,000	-----	8,000	-----	2,451	1,155	13,716
Aug. 16.....	-----	-----	-----	-----	-----	110	3,395	-----	7,820	-----	2,597	1,245	15,167
Aug. 23.....	-----	344	258	-----	-----	110	4,216	-----	7,820	-----	2,691	1,425	16,864
<b>All other liabilities:</b>													
July 26.....	1,827	8,417	1,068	1,703	1,235	665	3,221	1,101	1,015	1,898	944	1,553	24,647
Aug. 2.....	1,879	8,585	1,135	1,831	1,476	690	3,379	1,132	1,055	1,906	912	1,555	25,545
Aug. 9.....	1,987	9,051	1,332	1,975	1,529	724	3,577	1,156	1,037	1,895	931	1,617	26,811
Aug. 16.....	2,104	9,655	1,339	2,050	1,425	747	3,655	1,156	1,061	1,931	954	1,625	27,702
Aug. 23.....	2,206	10,529	1,405	2,133	1,411	798	3,877	1,184	1,061	1,965	1,007	1,689	29,351
<b>Total liabilities:</b>													
July 26.....	262,582	1,518,851	319,188	369,742	166,448	129,018	553,922	158,374	121,550	214,901	94,926	255,901	4,165,408
Aug. 2.....	274,541	1,528,706	310,292	356,477	165,296	122,869	547,167	165,900	116,438	195,395	85,136	243,321	4,111,538
Aug. 9.....	285,251	1,551,671	319,032	373,332	177,111	129,504	564,944	173,185	124,873	202,605	88,548	244,837	4,234,893
Aug. 16.....	283,109	1,523,106	336,485	374,224	187,576	131,093	555,546	173,852	119,273	205,046	96,686	256,388	4,242,384
Aug. 23.....	287,916	1,565,469	349,468	379,450	178,227	136,532	588,380	181,725	122,187	205,478	96,348	271,357	4,353,987



## FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, July 26 to Aug. 23, 1918.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Federal Reserve notes received from agent—net:</b>													
July 26.....	128,885	664,355	175,456	189,709	84,954	58,960	298,567	76,970	59,142	84,243	33,207	145,032	1,999,480
Aug. 2.....	131,164	673,198	175,099	189,977	86,307	59,733	304,749	79,149	59,598	85,545	33,383	150,278	2,028,180
Aug. 9.....	135,136	696,797	182,227	196,230	89,318	62,444	311,518	82,327	59,841	88,636	33,392	150,697	2,088,473
Aug. 16.....	136,402	691,972	190,309	198,992	91,207	64,821	316,332	85,935	60,353	90,752	35,165	156,708	2,118,948
Aug. 23.....	137,975	699,623	195,308	210,974	93,603	66,020	321,796	87,055	61,388	91,324	38,827	159,934	2,163,837
<b>Federal Reserve notes held by banks:</b>													
July 26.....	3,126	43,916	12,538	12,093	6,135	1,723	26,790	4,244	1,054	5,482	457	11,087	128,645
Aug. 2.....	2,320	44,796	7,893	12,686	4,744	1,175	24,997	4,223	1,252	4,687	363	12,579	121,715
Aug. 9.....	3,411	57,880	7,513	9,155	4,885	2,578	23,689	5,290	1,184	5,970	238	11,404	133,197
Aug. 16.....	3,545	51,093	13,077	10,525	4,257	3,232	22,261	5,777	1,025	6,394	313	12,030	133,529
Aug. 23.....	3,818	49,973	14,882	10,815	5,836	3,298	19,527	5,240	781	5,366	748	10,716	131,000
<b>Federal Reserve notes in actual circulation:</b>													
July 26.....	125,759	620,439	162,918	177,616	78,819	57,237	271,777	72,726	58,088	78,761	32,750	133,945	1,870,835
Aug. 2.....	128,844	628,402	167,206	177,291	81,563	58,558	279,752	74,926	58,346	80,858	33,020	137,699	1,906,465
Aug. 9.....	131,725	638,917	174,714	187,075	84,433	59,866	287,829	77,037	58,657	82,666	33,154	139,203	1,955,276
Aug. 16.....	132,857	640,879	177,232	188,467	86,950	61,589	294,071	80,158	59,328	84,358	34,852	144,678	1,985,419
Aug. 23.....	134,157	649,650	180,426	200,159	87,767	62,722	302,269	81,825	60,607	85,958	38,079	149,218	2,032,837
<b>Gold deposited with or to the credit of Federal Reserve agent:</b>													
July 26.....	56,445	279,859	99,389	110,629	32,950	26,339	118,392	31,496	23,596	33,497	13,980	83,848	910,420
Aug. 2.....	56,224	279,023	99,031	110,497	32,613	23,312	119,574	31,496	23,352	33,497	13,980	80,194	902,793
Aug. 9.....	60,847	279,023	97,059	116,550	36,514	25,353	146,343	31,889	23,195	33,368	13,928	77,123	940,692
Aug. 16.....	60,612	278,539	96,541	121,772	36,356	24,135	151,157	46,830	23,027	36,790	13,915	71,824	961,498
Aug. 23.....	60,185	277,893	113,780	126,174	38,273	27,424	156,622	51,775	22,862	48,711	13,873	81,199	1,018,767
<b>Paper delivered to Federal Reserve agent:</b>													
July 26.....	115,471	500,428	87,415	114,264	61,784	32,744	243,859	54,296	51,812	78,384	39,536	73,253	1,453,246
Aug. 2.....	105,106	485,880	85,854	111,450	67,510	36,749	241,881	48,808	54,174	77,751	31,061	79,213	1,425,437
Aug. 9.....	103,895	525,561	95,145	117,282	70,744	38,033	240,237	44,972	47,022	71,939	38,766	86,583	1,480,179
Aug. 16.....	86,597	554,757	100,475	113,206	59,925	41,265	214,353	47,996	52,335	66,523	39,987	86,425	1,463,844
Aug. 23.....	93,854	677,685	83,047	106,680	61,222	39,610	223,707	46,545	52,036	62,618	43,551	82,554	1,573,109

*Federal Reserve note account of each Federal Reserve agent at close of business on Fridays, July 26 to Aug. 23, 1918.*

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>FEDERAL RESERVE NOTES.</b>													
Received from Comptroller:													
July 26.....	186,640	1,012,080	230,240	230,000	116,820	96,740	372,860	102,800	78,580	111,700	68,500	156,980	2,763,940
Aug. 2.....	186,640	1,012,080	236,680	231,600	118,020	99,540	378,300	105,680	78,580	111,700	68,500	162,380	2,789,700
Aug. 9.....	186,640	1,025,280	236,680	235,700	123,120	102,340	386,740	107,680	81,580	115,700	68,500	162,780	2,832,740
Aug. 16.....	186,640	1,045,080	243,360	242,160	125,420	112,360	393,360	109,680	81,580	117,700	68,500	169,180	2,895,020
Aug. 23.....	195,940	1,051,680	247,120	246,040	127,920	115,860	394,980	117,880	81,580	119,700	68,500	173,040	2,940,240
Returned to Comptroller:													
July 26.....	34,955	226,325	40,244	19,491	25,501	20,045	23,393	18,780	14,883	19,237	17,068	11,948	471,870
Aug. 2.....	35,176	230,682	40,601	19,623	25,938	20,072	23,931	18,791	15,127	19,295	17,132	12,102	478,470
Aug. 9.....	36,204	233,883	42,573	20,570	26,452	20,481	25,062	19,393	15,384	19,544	17,373	12,173	489,092
Aug. 16.....	36,938	238,708	43,091	21,348	27,203	20,999	25,988	19,915	15,652	20,028	17,520	12,472	499,862
Aug. 23.....	37,365	242,857	44,252	21,946	27,807	21,210	26,964	20,565	15,817	20,656	17,713	.....	497,152
Chargeable to Federal Reserve agent:													
July 26.....	151,685	785,755	189,996	210,509	91,319	76,695	349,467	84,020	63,697	92,463	51,432	145,032	2,292,070
Aug. 2.....	151,464	781,393	196,079	211,977	92,082	79,468	354,369	86,889	63,453	92,405	51,368	150,278	2,311,230
Aug. 9.....	150,436	791,397	194,107	215,130	96,668	81,859	361,678	88,287	66,196	96,156	51,127	150,607	2,343,648
Aug. 16.....	149,702	806,372	200,269	220,812	98,217	91,361	367,372	89,765	65,928	97,672	50,980	156,708	2,395,158
Aug. 23.....	158,575	808,823	202,868	224,094	100,113	94,650	368,016	97,315	65,763	99,044	50,787	173,040	2,443,088
In hands of Federal Reserve agent:													
July 26.....	22,800	121,400	14,540	20,800	6,365	17,735	50,900	7,050	4,555	8,220	18,225	.....	202,590
Aug. 2.....	20,300	108,200	20,980	22,000	5,775	19,735	49,620	7,740	3,855	6,860	17,985	.....	203,050
Aug. 9.....	15,300	94,600	11,880	18,900	7,350	19,415	50,160	5,960	6,355	7,520	17,735	.....	255,175
Aug. 16.....	13,300	114,400	9,960	21,820	7,010	26,540	51,040	8,830	5,575	6,920	15,815	.....	276,210
Aug. 23.....	20,600	109,200	7,560	13,120	6,510	28,630	46,220	10,250	4,375	7,720	11,960	13,106	279,251
Issued to Federal Reserve Bank, less amount returned to Federal Reserve agent for redemption:													
July 26.....	128,885	664,355	175,456	189,709	84,954	58,960	298,567	76,970	59,142	84,243	33,207	145,032	1,999,480
Aug. 2.....	131,164	673,198	175,099	189,977	86,307	59,733	304,749	79,149	59,698	85,545	33,333	150,278	2,028,180
Aug. 9.....	135,136	696,797	182,227	196,230	99,318	62,444	311,518	82,327	59,841	88,636	33,392	150,607	2,088,473
Aug. 16.....	136,402	691,972	190,309	198,992	91,207	64,821	316,332	85,935	60,353	90,752	35,165	156,708	2,118,948
Aug. 23.....	137,975	699,623	195,308	210,974	93,603	66,020	321,796	87,065	61,388	91,324	38,827	159,934	2,163,837
Collateral held as security for outstanding notes:													
Gold coin and certificates on hand—													
July 26.....	.....	163,740	.....	11,312	.....	2,504	.....	.....	13,102	.....	11,581	.....	202,239
Aug. 2.....	.....	163,740	.....	10,312	.....	2,504	.....	.....	13,102	.....	11,581	.....	201,239
Aug. 9.....	5,000	163,740	.....	16,312	.....	2,503	.....	.....	13,102	.....	11,582	.....	212,240
Aug. 16.....	5,000	163,740	.....	21,312	.....	2,503	.....	.....	13,102	.....	11,581	.....	217,238
Aug. 23.....	5,000	163,740	.....	24,313	.....	2,503	.....	.....	13,102	.....	11,581	.....	220,239
In gold-redemption fund—													
July 26.....	6,945	16,119	8,655	9,317	450	2,265	549	1,866	994	2,137	1,815	8,747	59,859
Aug. 2.....	6,724	15,283	9,654	10,185	113	2,238	293	1,866	950	2,137	1,815	8,593	59,851
Aug. 9.....	7,347	15,283	9,394	10,237	1,014	1,830	347	1,759	793	2,008	1,762	8,522	60,296
Aug. 16.....	7,112	14,799	9,254	10,460	856	2,312	439	1,699	1,625	2,430	1,750	8,223	60,959
Aug. 23.....	6,685	14,153	10,073	11,861	1,778	2,101	416	2,644	1,460	2,351	1,908	7,989	63,419
Gold-settlement fund, Federal Reserve Board:													
July 26.....	49,500	100,000	90,734	90,000	32,500	21,570	117,843	29,630	9,500	31,360	584	75,101	348,322
Aug. 2.....	49,500	100,000	89,377	90,000	32,500	18,570	119,281	29,630	9,300	31,360	584	71,601	341,703
Aug. 9.....	48,500	100,000	87,665	90,000	35,500	21,020	145,996	29,630	9,300	31,360	584	68,601	338,156
Aug. 16.....	48,500	100,000	87,287	90,000	35,500	19,320	150,718	45,131	8,300	34,360	584	63,601	333,301
Aug. 23.....	48,500	100,000	103,707	90,000	36,500	22,820	156,206	49,131	8,300	46,360	384	73,201	335,109
Eligible paper (required minimum): <sup>1</sup>													
July 26.....	72,440	384,496	76,067	79,080	52,004	32,621	180,175	45,474	35,546	50,746	19,227	61,184	1,089,060
Aug. 2.....	74,940	394,175	76,068	79,480	53,694	36,421	185,175	47,653	36,246	52,048	19,403	70,084	1,125,387
Aug. 9.....	74,289	417,774	85,168	79,680	52,804	37,091	165,175	50,938	36,646	55,268	19,464	73,484	1,147,781
Aug. 16.....	75,790	413,433	93,768	77,220	54,851	40,686	165,175	39,105	37,326	53,962	21,250	84,884	1,157,450
Aug. 23.....	77,790	421,730	81,528	84,800	55,325	38,596	165,174	35,290	38,526	42,613	24,954	78,744	1,145,076

<sup>1</sup> For actual amounts see item "Paper delivered to Federal Reserve agents" on page 905.

## MEMBER BANK CONDITION STATEMENT.

*Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities as at close of business on Fridays from July 19 to Aug. 16, 1918.*

## 1. TOTAL FOR ALL REPORTING BANKS.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Number of reporting banks:</b>													
July 19.....	42	101	49	85	73	43	95	32	34	73	42	49	718
July 26.....	42	102	49	85	73	44	96	32	35	73	42	52	725
Aug. 2.....	42	102	49	85	73	44	96	32	35	73	42	52	725
Aug. 9.....	42	102	50	85	78	45	96	32	35	73	44	52	734
Aug. 16.....	42	102	50	85	78	45	96	32	35	73	45	52	735
<b>United States bonds to secure circulation:</b>													
July 19.....	14,621	51,986	12,970	43,539	24,565	15,590	18,776	17,417	6,469	14,051	17,627	35,255	272,866
July 26.....	14,621	52,512	12,969	43,689	24,626	15,590	18,776	17,417	6,469	14,052	17,644	35,355	273,720
Aug. 2.....	14,351	51,685	12,770	41,855	24,679	15,460	18,608	16,995	6,469	13,951	17,644	35,115	269,082
Aug. 9.....	14,351	51,247	12,770	40,350	24,660	15,465	18,607	16,995	6,469	13,901	17,944	34,505	267,264
Aug. 16.....	14,353	50,584	12,770	42,046	24,621	15,465	18,642	16,995	6,469	13,873	17,929	34,505	268,252
<b>Other United States bonds, including Liberty bonds:</b>													
July 19.....	14,991	258,304	25,905	57,422	31,030	27,434	82,382	23,496	12,649	18,817	16,401	24,050	592,890
July 26.....	14,055	254,987	27,525	55,551	30,573	25,247	79,874	21,158	12,484	18,763	15,637	24,420	580,284
Aug. 2.....	14,016	247,132	27,021	55,602	30,017	24,737	77,588	20,969	13,271	17,777	15,020	24,155	567,335
Aug. 9.....	13,720	239,807	26,644	54,719	28,349	24,008	79,599	20,134	11,597	16,963	16,010	23,764	555,774
Aug. 16.....	15,410	238,846	30,601	53,512	31,042	25,105	60,479	18,638	15,738	17,205	15,995	25,928	554,499
<b>United States certificates of indebtedness:</b>													
July 19.....	29,799	255,389	26,070	37,245	14,375	12,717	69,712	17,217	12,298	18,624	7,860	26,155	527,461
July 26.....	46,770	394,446	37,139	58,543	17,988	19,050	96,755	24,442	17,170	24,857	10,605	38,564	780,334
Aug. 2.....	47,508	399,122	37,386	55,487	19,353	20,457	101,145	23,019	15,423	24,696	11,253	40,117	794,866
Aug. 9.....	67,294	516,120	50,560	74,036	25,118	28,208	110,504	29,255	18,512	31,686	13,950	52,010	1,017,253
Aug. 16.....	54,589	495,318	49,703	72,812	26,683	26,689	108,525	29,009	18,781	31,203	14,350	51,890	979,052
<b>Total United States securities owned:</b>													
July 19.....	59,411	565,679	64,945	138,206	69,970	55,741	170,870	58,130	31,416	51,492	41,888	85,469	1,398,217
July 26.....	75,446	701,955	77,633	157,788	73,187	59,837	195,405	63,017	36,123	57,672	43,866	98,339	1,640,338
Aug. 2.....	75,875	697,939	77,177	152,444	74,049	60,654	197,341	61,013	35,163	56,324	43,917	99,387	1,631,283
Aug. 9.....	95,365	807,234	89,974	169,105	78,127	68,281	208,710	66,384	36,378	62,550	47,904	110,279	1,840,291
Aug. 16.....	84,352	784,748	93,074	167,870	82,346	67,259	193,646	64,642	40,988	62,281	48,274	112,323	1,801,803
<b>Loans secured by United States bonds and certificates:</b>													
July 19.....	45,905	230,153	42,584	37,530	18,685	5,385	53,394	14,733	5,975	4,381	5,655	9,236	473,616
July 26.....	46,158	233,557	42,571	37,644	19,077	5,450	53,520	15,349	6,120	4,510	5,116	8,478	480,550
Aug. 2.....	47,228	241,841	43,611	37,573	18,143	5,519	60,141	14,901	6,404	4,535	4,857	7,916	501,069
Aug. 9.....	42,654	225,342	43,830	37,311	18,804	4,930	58,737	13,616	7,349	4,581	5,352	8,267	470,773
Aug. 16.....	39,785	217,029	44,225	38,068	20,028	7,522	61,283	13,273	9,156	4,375	5,302	9,391	469,437
<b>Other loans and investments:</b>													
July 19.....	774,374	4,354,418	616,934	973,611	351,998	274,814	1,411,743	367,654	253,198	471,772	164,487	520,194	10,535,197
July 26.....	782,219	4,355,896	601,371	973,364	340,671	278,278	1,413,518	373,355	257,079	470,965	167,651	526,300	10,540,667
Aug. 2.....	776,760	4,405,907	609,318	979,472	356,336	273,365	1,419,400	381,671	260,960	478,036	168,670	521,963	10,526,558
Aug. 9.....	791,068	4,441,781	619,174	977,703	361,266	286,263	1,442,309	382,095	261,447	475,459	171,622	526,483	10,736,670
Aug. 16.....	778,190	4,436,176	620,256	975,214	367,588	287,587	1,440,540	382,988	267,786	468,947	175,623	532,537	10,731,432
<b>Total loans and investments:</b>													
July 19.....	879,690	5,150,250	724,463	1,149,347	440,653	335,940	1,636,007	440,517	290,589	527,645	212,030	614,899	12,402,030
July 26.....	903,823	5,291,408	721,575	1,168,796	432,935	350,429	1,662,443	454,721	299,322	533,147	216,653	633,117	12,668,369
Aug. 2.....	899,863	5,345,687	730,106	1,169,459	448,528	339,533	1,685,882	457,585	302,527	533,895	217,444	629,266	12,759,810
Aug. 9.....	929,037	5,474,367	752,978	1,184,119	458,197	359,474	1,709,766	462,095	305,174	542,590	224,878	645,029	13,047,734
Aug. 16.....	902,327	5,437,953	757,555	1,179,152	469,962	362,368	1,695,469	460,903	317,930	535,603	229,199	654,251	13,002,672
<b>Reserve with Federal Reserve Banks:</b>													
July 19.....	66,654	612,200	65,717	79,904	27,186	25,204	135,735	30,212	17,873	42,287	13,851	45,054	1,161,877
July 26.....	60,538	624,017	50,060	79,763	26,757	23,397	135,606	30,378	17,724	45,330	13,882	43,470	1,150,922
Aug. 2.....	65,967	609,651	52,958	75,584	28,058	23,708	139,967	34,411	17,015	40,748	14,388	44,030	1,146,483
Aug. 9.....	63,289	593,061	55,244	79,759	29,270	25,779	137,446	36,314	17,338	44,008	14,484	44,862	1,141,954
Aug. 16.....	67,436	576,598	66,063	88,607	29,865	25,618	145,146	33,974	17,785	48,048	14,498	44,121	1,157,759
<b>Cash in vault:</b>													
July 19.....	26,695	122,630	20,880	36,207	17,179	14,346	58,582	12,386	8,207	15,706	10,421	20,476	363,715
July 26.....	25,036	123,969	18,974	29,224	15,206	13,518	55,418	12,241	8,538	19,327	10,534	20,905	352,910
Aug. 2.....	24,429	119,037	19,224	32,453	15,666	13,896	56,289	11,656	8,781	15,722	9,730	20,630	347,563
Aug. 9.....	26,005	123,107	19,278	27,990	16,022	14,895	54,614	11,564	8,503	14,769	10,357	19,501	346,651
Aug. 16.....	25,220	118,603	21,004	30,271	16,199	14,025	59,837	11,157	7,968	14,988	11,156	19,467	349,895

*Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities at the close of business on Fridays from July 19 to Aug. 16, 1918—Continued.*

**1. TOTAL FOR ALL REPORTING BANKS—Continued.**

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Net demand deposits on which reserve is computed:</b>													
July 19.....	649,466	4,252,937	561,652	699,511	266,352	195,947	1,016,855	250,028	160,135	359,104	130,176	377,072	8,919,235
July 26.....	644,030	4,234,369	553,158	704,714	271,590	191,067	1,003,444	249,828	161,671	353,220	130,710	378,708	8,876,509
Aug. 2.....	658,741	4,276,593	558,513	707,575	273,523	189,989	1,024,460	250,768	158,304	363,784	130,447	367,323	8,960,025
Aug. 9.....	657,434	4,257,384	568,275	707,972	285,661	199,094	1,019,094	263,612	166,135	369,957	135,227	377,920	8,970,765
Aug. 16.....	652,524	4,237,035	578,632	694,661	305,395	204,499	1,048,703	266,037	165,376	371,468	139,565	386,556	9,100,451
<b>Time deposits:</b>													
July 19.....	93,832	265,619	15,340	226,035	47,017	82,983	358,766	74,407	44,280	62,092	25,602	113,249	1,409,222
July 26.....	93,896	265,976	15,246	236,414	46,310	83,766	359,916	73,916	44,905	62,820	26,026	117,506	1,426,697
Aug. 2.....	94,447	268,099	14,400	232,240	46,449	84,022	360,099	83,644	45,350	62,879	25,006	129,121	1,445,755
Aug. 9.....	96,330	273,035	14,132	268,031	52,505	89,545	359,247	75,520	45,345	64,935	26,671	117,640	1,482,936
Aug. 16.....	96,921	276,779	14,421	232,304	57,540	90,378	358,898	74,785	45,407	63,176	25,482	114,946	1,451,037
<b>Total net deposits on which reserve is computed:</b>													
July 19.....	686,462	4,321,620	587,061	769,850	282,656	222,749	1,115,408	269,392	176,054	377,732	138,635	411,047	9,338,666
July 26.....	681,050	4,303,118	558,564	779,209	287,580	218,090	1,102,720	268,980	177,895	372,066	139,292	413,960	9,302,524
Aug. 2.....	696,004	4,345,840	563,650	780,337	289,559	215,653	1,123,832	272,258	174,700	382,648	138,721	406,059	9,389,261
Aug. 9.....	695,294	4,327,778	573,325	754,480	303,880	226,415	1,118,227	283,289	182,536	389,438	144,097	413,212	9,411,971
Aug. 16.....	690,582	4,358,460	583,815	767,492	325,000	232,076	1,147,760	285,484	181,780	390,421	147,924	421,040	9,531,834
<b>Government deposits:</b>													
July 19.....	62,248	321,240	30,532	36,351	16,670	15,247	48,803	21,330	18,976	12,999	4,937	13,470	602,803
July 26.....	61,740	501,187	17,359	59,944	19,868	9,375	65,383	22,259	29,008	15,476	10,980	16,770	829,349
Aug. 2.....	53,372	475,579	51,043	50,073	18,072	13,440	67,429	18,506	27,876	18,828	10,666	31,368	836,257
Aug. 9.....	66,129	618,441	43,579	57,841	15,477	16,926	64,612	25,995	17,244	24,155	9,178	4,554	964,131
Aug. 16.....	86,943	503,999	42,451	67,348	24,954	21,674	81,307	30,866	25,507	33,740	10,500	13,816	943,105
<b>Ratio of combined reserve and cash to total net deposits (per cent):</b>													
July 19.....													15.3
July 26.....													14.8
Aug. 2.....													14.6
Aug. 9.....													14.4
Aug. 16.....													14.4

**2. MEMBER BANKS IN CENTRAL RESERVE CITIES.**

<b>Number of reporting banks:</b>													
July 19.....	68					40	14						122
July 26.....	69					40	14						123
Aug. 2.....	69					40	14						123
Aug. 9.....	69					40	14						123
Aug. 16.....	69					40	14						123
<b>United States bonds to secure circulation:</b>													
July 19.....	37,643					1,469	10,392						49,504
July 26.....	38,168					1,469	10,392						50,029
Aug. 2.....	37,341					1,269	9,970						48,580
Aug. 9.....	36,903					1,268	9,970						48,141
Aug. 16.....	36,340					1,282	9,970						47,592
<b>Other United States bonds, including Liberty bonds:</b>													
July 19.....	230,717					47,554	16,497						294,768
July 26.....	227,411					45,675	15,579						288,665
Aug. 2.....	220,159					43,870	14,640						278,669
Aug. 9.....	214,101					46,801	13,898						274,800
Aug. 16.....	215,140					32,004	12,539						259,683
<b>United States certificates of indebtedness:</b>													
July 19.....	242,396					39,191	11,687						293,274
July 26.....	375,184					54,416	17,903						447,503
Aug. 2.....	380,626					59,167	16,204						455,997
Aug. 9.....	493,243					58,574	21,685						573,802
Aug. 16.....	473,252					57,490	21,164						551,906
<b>Total United States securities owned:</b>													
July 19.....	510,756					88,214	38,576						637,546
July 26.....	640,763					101,560	43,874						786,197
Aug. 2.....	638,126					104,306	40,814						783,246
Aug. 9.....	744,247					106,943	45,553						896,743
Aug. 16.....	724,732					90,776	43,673						869,181

*Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities as at close of business on Fridays from July 19 to Aug. 16, 1918—Continued.*

## 2. MEMBER BANKS IN CENTRAL RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Loans secured by United States bonds and certificates:													
July 19.....		206,522					38,303	11,966					256,791
July 26.....		210,096					37,494	15,663					263,253
Aug. 2.....		218,265					52,576	11,799					282,640
Aug. 9.....		202,078					42,377	10,693					255,148
Aug. 16.....		196,828					44,545	9,809					251,182
Other loans and investments:													
July 19.....		4,008,026					859,986	277,293					5,145,305
July 26.....		4,010,611					858,016	269,299					5,137,926
Aug. 2.....		4,062,717					864,099	278,138					5,204,954
Aug. 9.....		4,087,181					885,208	279,174					5,251,563
Aug. 16.....		4,087,862					882,546	279,711					5,250,119
Total loans and investments:													
July 19.....		4,725,304					986,503	327,835					6,039,642
July 26.....		4,861,470					997,070	328,836					6,187,376
Aug. 2.....		4,919,108					1,020,981	330,751					6,270,840
Aug. 9.....		5,033,506					1,034,528	335,420					6,403,454
Aug. 16.....		5,009,422					1,017,867	333,193					6,360,482
Reserve with Federal Reserve Banks:													
July 19.....		588,713					96,552	22,564					707,829
July 26.....		594,617					95,007	23,619					713,243
Aug. 2.....		583,585					98,003	26,593					708,181
Aug. 9.....		567,640					95,756	30,181					693,577
Aug. 16.....		551,527					100,778	25,877					678,182
Cash in vault:													
July 19.....		108,961					34,662	6,487					150,110
July 26.....		110,488					32,241	6,345					149,074
Aug. 2.....		106,075					32,515	6,074					144,664
Aug. 9.....		110,332					32,830	5,759					148,921
Aug. 16.....		106,005					36,572	5,609					148,186
Net demand deposits on which reserve is computed:													
July 19.....		3,944,373					692,770	178,182					4,815,325
July 26.....		3,938,110					673,081	177,826					4,789,017
Aug. 2.....		3,982,499					691,835	178,233					4,852,567
Aug. 9.....		3,962,252					683,745	190,160					4,836,157
Aug. 16.....		3,990,899					705,572	192,705					4,889,176
Time deposits:													
July 19.....		215,771					139,070	53,359					408,200
July 26.....		216,133					133,618	53,478					403,229
Aug. 2.....		218,270					133,071	62,715					414,056
Aug. 9.....		224,180					132,864	53,673					410,717
Aug. 16.....		225,840					132,415	53,822					412,077
Total net deposits on which reserve is computed:													
July 19.....		3,994,166					724,863	190,496					4,909,525
July 26.....		3,987,287					703,916	190,167					4,882,070
Aug. 2.....		4,032,809					722,544	192,708					4,948,119
Aug. 9.....		4,013,986					714,406	202,546					4,930,938
Aug. 16.....		4,043,016					736,129	203,125					4,984,270
Government deposits:													
July 19.....		299,812					32,077	16,918					348,807
July 26.....		474,587					41,025	17,332					532,944
Aug. 2.....		450,375					38,498	14,237					509,110
Aug. 9.....		586,379					44,595	20,556					651,530
Aug. 16.....		467,446					54,225	24,382					546,053
Ratio of combined reserve and cash to total net deposits (per cent):													
July 19.....		16.2					17.3	14.0					16.3
July 26.....		15.8					17.1	14.4					15.9
Aug. 2.....		15.4					17.1	15.8					15.6
Aug. 9.....		14.7					16.9	16.1					15.1
Aug. 16.....		14.6					17.4	13.7					14.9

*Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities as at close of business on Fridays from July 19 to Aug. 16, 1918—Continued.*

## 3. MEMBER BANKS IN OTHER RESERVE CITIES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Number of reporting banks:</b>													
July 19.....	19	7	36	61	42	33	50	12	15	73	34	49	431
July 26.....	19	7	36	61	42	34	51	12	15	73	34	52	436
Aug. 2.....	19	7	36	61	42	38	51	12	15	73	34	52	440
Aug. 9.....	19	7	37	61	46	39	51	12	15	73	35	52	447
Aug. 16.....	19	7	37	61	46	39	51	12	15	73	35	52	447
<b>United States bonds to secure circulation:</b>													
July 19.....	4,498	7,796	8,965	35,816	14,189	12,360	16,557	5,330	3,490	14,051	15,176	35,255	173,483
July 26.....	4,498	7,796	8,964	35,966	14,251	12,360	16,557	5,330	3,490	14,052	15,191	35,355	173,810
Aug. 2.....	4,278	7,796	8,765	33,727	14,306	13,460	16,589	5,330	3,490	13,951	15,191	35,115	171,998
Aug. 9.....	4,278	7,796	8,765	32,722	14,288	13,465	16,589	5,330	3,490	13,901	15,491	34,505	170,618
Aug. 16.....	4,279	7,796	8,765	34,299	14,247	13,465	16,610	5,330	3,490	13,873	15,476	34,505	172,135
<b>Other United States bonds, including Liberty bonds:</b>													
July 19.....	9,218	12,329	20,836	51,693	19,062	23,992	33,169	4,536	10,272	18,817	14,255	24,059	242,238
July 26.....	8,640	12,275	22,564	48,968	18,245	21,857	32,455	3,397	10,014	18,763	13,507	24,420	233,105
Aug. 2.....	8,619	12,378	22,090	49,173	18,256	23,805	32,032	4,349	10,898	17,777	12,855	24,155	236,387
Aug. 9.....	8,538	11,047	22,241	48,509	17,460	23,663	31,136	4,186	9,113	16,963	13,713	23,764	230,338
Aug. 16.....	9,673	9,047	25,350	46,789	19,276	24,268	32,696	4,003	13,404	17,205	13,610	25,928	241,249
<b>United States certificates of indebtedness:</b>													
July 19.....	22,645	5,297	22,058	33,455	11,203	10,929	29,780	3,913	7,951	18,624	6,906	26,155	198,916
July 26.....	35,029	8,521	30,890	53,094	14,305	16,534	41,318	4,473	11,590	24,357	9,510	38,564	238,685
Aug. 2.....	36,611	8,352	31,081	49,743	15,837	19,990	40,959	4,669	9,851	24,596	10,028	40,117	291,834
Aug. 9.....	51,428	10,163	42,608	67,355	19,263	27,541	50,362	5,319	11,594	31,686	12,500	52,010	381,829
Aug. 16.....	38,706	9,065	41,668	65,698	20,357	26,022	49,771	5,451	11,768	31,203	12,752	51,890	364,351
<b>Total United States securities owned:</b>													
July 19.....	36,361	25,422	51,859	120,964	44,454	47,281	79,506	13,779	21,713	51,492	36,337	85,469	614,637
July 26.....	48,167	28,592	62,418	138,028	46,801	50,751	90,330	13,200	25,094	57,672	33,208	98,339	697,600
Aug. 2.....	49,508	28,526	61,936	132,643	48,399	57,255	89,580	14,348	24,239	56,324	38,074	99,387	700,219
Aug. 9.....	64,244	29,006	73,614	148,586	51,009	64,674	98,087	14,835	24,197	62,550	41,704	110,279	782,785
Aug. 16.....	52,658	25,908	75,783	146,786	53,880	63,755	99,077	14,784	28,662	62,281	41,838	112,323	777,735
<b>Loans secured by United States bonds and certificates:</b>													
July 19.....	37,321	11,315	40,465	36,807	15,748	4,671	14,465	2,283	5,315	4,381	5,313	9,236	187,320
July 26.....	37,367	11,254	40,506	36,921	15,634	4,732	15,417	2,246	5,775	4,510	4,787	8,478	187,627
Aug. 2.....	38,466	11,604	41,640	36,681	15,186	5,429	15,946	2,254	6,094	4,535	4,519	7,916	190,270
Aug. 9.....	34,370	9,828	42,102	36,417	15,778	4,836	15,764	2,251	7,039	4,581	4,968	8,267	186,201
Aug. 16.....	31,617	9,353	42,476	36,974	16,875	7,449	16,176	2,291	8,816	4,375	4,839	9,391	190,632
<b>Other loans and investments:</b>													
July 19.....	549,717	143,599	547,901	890,766	244,725	238,809	540,749	68,781	191,711	471,772	138,898	520,194	4,547,622
July 26.....	557,902	140,714	540,387	891,141	235,718	242,593	544,461	81,179	194,156	470,965	143,994	526,300	4,569,500
Aug. 2.....	552,384	142,388	539,513	894,754	252,029	260,849	544,577	81,615	197,777	473,036	143,408	521,963	4,604,293
Aug. 9.....	565,980	139,591	549,993	893,843	254,363	273,748	546,112	80,979	198,264	475,459	144,300	526,483	4,649,115
Aug. 16.....	552,670	144,267	550,297	894,626	259,751	275,146	547,244	81,146	204,295	468,947	146,100	532,537	4,657,026
<b>Total loans and investments:</b>													
July 19.....	623,399	180,336	640,225	1,048,537	304,927	290,761	634,720	84,843	218,739	527,645	180,548	614,899	5,349,579
July 26.....	643,436	180,560	643,311	1,066,090	298,153	304,890	650,198	96,625	225,025	533,147	186,989	633,117	5,461,541
Aug. 2.....	640,358	182,519	643,089	1,064,078	315,614	323,533	650,103	98,217	228,110	533,895	186,001	629,266	5,494,782
Aug. 9.....	664,594	178,425	665,709	1,078,846	321,150	343,258	659,963	98,065	229,500	542,590	190,972	645,023	5,618,101
Aug. 16.....	636,945	179,528	668,556	1,078,386	330,506	346,350	662,497	98,221	241,773	535,603	192,777	654,251	5,625,393
<b>Reserve with Federal Reserve Banks:</b>													
July 19.....	53,163	11,902	60,113	73,966	20,769	22,817	38,244	6,312	14,070	42,287	12,252	45,054	400,949
July 26.....	48,076	14,547	44,535	73,751	21,004	21,235	39,850	5,531	13,693	45,330	12,042	43,470	383,064
Aug. 2.....	52,446	11,697	48,296	69,935	21,638	22,791	41,221	6,334	13,101	40,748	12,943	44,080	395,180
Aug. 9.....	50,562	12,885	49,767	73,761	22,729	24,828	40,879	5,282	13,124	44,008	12,662	44,862	395,349
Aug. 16.....	54,521	11,958	60,584	82,809	22,877	24,691	43,585	6,457	13,662	48,048	12,749	44,121	426,062
<b>Cash in vault:</b>													
July 19.....	17,976	5,011	16,619	31,073	11,778	12,564	23,412	4,455	5,082	15,706	9,212	20,476	173,364
July 26.....	16,608	5,372	15,628	24,805	10,842	11,596	22,771	4,580	5,553	19,327	9,456	20,905	167,438
Aug. 2.....	16,473	5,126	15,148	27,382	11,049	13,245	23,362	4,322	5,800	15,722	8,652	20,630	166,911
Aug. 9.....	17,613	4,647	16,132	23,504	11,156	14,095	21,458	4,763	5,467	14,709	9,171	19,501	162,816
Aug. 16.....	16,462	4,812	17,066	25,271	11,805	13,422	22,909	4,161	5,047	14,988	9,710	19,467	165,120
<b>Net demand deposits on which reserve is computed:</b>													
July 19.....	495,042	120,793	494,339	640,095	194,832	172,310	315,643	56,388	115,529	359,104	111,275	377,072	3,452,422
July 26.....	489,728	121,292	485,522	633,513	197,831	166,035	321,953	55,687	114,996	353,220	111,411	378,708	3,429,896
Aug. 2.....	502,591	119,534	488,705	640,462	199,345	179,868	324,305	56,972	113,605	363,784	111,909	367,323	3,468,403
Aug. 9.....	502,763	120,941	498,637	602,995	207,552	189,142	327,020	55,714	118,899	369,957	115,445	377,920	3,486,985
Aug. 16.....	495,037	119,988	507,858	625,665	225,568	194,644	334,916	55,382	118,944	371,468	118,447	386,556	3,554,423

*Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities as at close of business on Fridays from July 19 to Aug. 16, 1918—Continued.*

## 2. MEMBER BANKS IN OTHER RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Time deposits:</b>													
July 19.....	25,021	19,239	9,061	206,372	29,914	68,153	215,410	15,330	23,782	62,092	19,547	113,249	807,170
July 26.....	25,051	19,365	8,770	208,641	30,006	69,039	222,009	15,152	23,502	62,820	20,004	117,506	821,865
Aug. 2.....	25,001	19,277	8,085	208,208	30,107	80,460	222,716	15,181	23,644	62,879	19,001	129,121	843,680
Aug. 16.....	26,630	17,720	7,833	243,928	33,313	85,984	222,053	16,114	23,590	64,935	19,911	117,640	879,651
Aug. 16.....	27,058	19,625	7,765	207,883	39,317	86,771	222,165	15,220	23,766	63,176	19,927	114,946	847,619
<b>Total net deposits on which reserve is computed:</b>													
July 19.....	502,548	126,565	497,057	702,007	208,806	192,756	380,266	60,987	122,663	377,732	117,139	411,047	3,694,573
July 26.....	497,243	127,102	488,153	696,105	206,833	186,746	388,556	60,233	122,047	372,066	117,412	413,960	3,676,456
Aug. 2.....	510,091	125,317	491,131	702,925	208,377	204,066	391,120	61,526	120,698	382,648	117,609	406,059	3,721,507
Aug. 9.....	510,752	126,257	500,987	676,173	217,636	214,937	393,636	60,548	125,976	389,438	121,418	413,212	3,750,880
Aug. 16.....	503,154	125,826	510,188	688,030	237,363	220,675	401,565	59,948	126,074	390,421	124,425	421,040	3,808,709
<b>Government deposits:</b>													
July 19.....	49,821	8,937	28,175	35,258	12,247	13,855	16,491	3,340	16,381	12,999	4,320	13,470	215,294
July 26.....	48,081	11,194	15,002	57,265	15,076	7,881	24,120	3,903	25,623	15,476	10,205	16,770	250,596
Aug. 2.....	41,932	10,057	45,569	47,800	13,379	13,360	28,560	3,514	25,061	18,828	9,643	31,368	289,071
Aug. 9.....	51,693	13,063	38,747	55,392	11,630	16,771	19,793	4,683	14,231	24,155	8,398	4,554	263,110
Aug. 16.....	68,662	15,907	37,376	64,595	19,061	21,519	26,658	5,488	21,707	33,740	9,675	13,816	338,144
<b>Ratio of combined reserve and cash to total net deposits (per cent):</b>													
July 19.....													14.6
July 26.....													14.0
Aug. 2.....													14.0
Aug. 9.....													13.9
Aug. 16.....													14.3

## 4. MEMBER BANKS OUTSIDE RESERVE CITIES.

Number of reporting banks:												
July 19.....	23	26	13	24	31	10	5	6	19	8	165	
July 26.....	23	26	13	24	31	10	5	6	20	8	166	
Aug. 2.....	23	26	13	24	31	6	5	6	20	8	162	
Aug. 9.....	23	26	13	24	32	6	5	6	20	9	164	
Aug. 16.....	23	26	13	24	32	6	5	6	20	10	165	
United States bonds to secure circulation:												
July 19.....	10,123	6,547	4,005	7,723	10,376	3,230	750	1,695	2,979	2,451	49,879	
July 26.....	10,123	6,548	4,005	7,723	10,375	3,230	750	1,695	2,979	2,453	49,881	
Aug. 2.....	10,073	6,548	4,005	7,628	10,373	2,000	750	1,695	2,979	2,453	48,504	
Aug. 9.....	10,073	6,548	4,005	7,628	10,374	2,000	750	1,695	2,979	2,453	48,505	
Aug. 16.....	10,074	6,448	4,005	7,747	10,374	2,000	750	1,695	2,979	2,453	48,525	
Other United States bonds, including Liberty bonds:												
July 19.....	5,773	15,258	5,069	5,729	11,968	3,442	1,659	2,463	2,377	2,146	55,894	
July 26.....	5,415	15,311	4,961	6,583	12,328	3,390	1,744	2,182	2,470	2,130	56,514	
Aug. 2.....	5,397	14,595	4,931	6,429	11,761	932	1,686	2,010	2,373	2,165	52,279	
Aug. 9.....	5,182	14,719	4,403	6,210	10,889	940	1,662	2,050	2,284	2,297	50,636	
Aug. 16.....	5,737	14,659	5,251	6,723	11,766	837	1,779	2,096	2,334	2,385	53,567	
United States certificates of indebtedness:												
July 19.....	7,154	7,696	4,012	3,790	3,172	1,788	741	1,617	4,347	954	35,271	
July 26.....	11,741	10,741	6,249	5,454	3,683	2,516	1,021	2,066	5,580	1,095	50,146	
Aug. 2.....	10,897	10,144	6,305	5,744	3,516	467	1,019	2,146	5,572	1,225	47,035	
Aug. 9.....	15,866	12,714	7,952	6,681	5,855	667	1,268	2,251	6,918	1,450	61,622	
Aug. 16.....	15,833	13,001	8,035	6,614	6,326	667	1,264	2,394	7,013	1,598	62,795	
Total United States securities owned:												
July 19.....	23,050	29,501	13,086	17,242	25,516	8,460	3,150	5,775	9,703	5,551	141,034	
July 26.....	27,279	32,600	15,215	19,760	26,396	9,136	3,515	5,943	11,029	5,678	156,541	
Aug. 2.....	26,367	31,287	15,241	19,801	25,650	3,399	3,455	5,851	10,924	5,843	147,818	
Aug. 9.....	31,121	33,981	16,300	20,519	27,118	3,607	3,680	5,996	12,181	6,200	160,703	
Aug. 16.....	31,694	34,108	17,291	21,084	28,466	3,504	3,793	6,185	12,326	6,436	164,887	
Loans secured by United States bonds and certificates:												
July 19.....	8,584	12,316	2,119	723	2,937	714	626	484	660	342	29,505	
July 26.....	8,791	12,207	2,065	723	3,443	718	609	440	345	329	29,070	
Aug. 2.....	8,762	11,972	1,971	892	2,957	90	619	848	310	338	28,759	
Aug. 9.....	8,284	13,436	1,728	894	3,026	94	596	672	310	384	29,424	
Aug. 16.....	8,168	10,848	1,749	1,094	3,153	73	562	1,173	340	463	27,623	

*Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities as at close of business on Fridays from July 19 to Aug. 16, 1918—Continued.*

4. MEMBER BANKS OUTSIDE RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Other loans and investments:													
July 19.....	224,657	202,793	69,033	82,845	107,273	36,005	11,008	21,580	61,487	.....	25,589	.....	842,270
July 26.....	224,317	204,571	60,984	82,223	104,953	35,685	11,051	22,877	62,923	.....	23,657	.....	833,241
Aug. 2.....	224,376	200,802	69,805	84,718	104,307	12,516	10,724	21,918	63,183	.....	25,262	.....	817,611
Aug. 9.....	225,088	215,009	69,181	83,860	106,903	12,515	10,989	21,942	63,183	.....	27,322	.....	835,992
Aug. 16.....	225,520	204,047	69,959	78,588	107,837	12,441	10,750	22,131	63,491	.....	29,523	.....	824,287
Total loans and investments:													
July 19.....	256,291	244,610	84,238	100,810	135,726	45,179	14,784	27,839	71,850	.....	31,482	.....	1,012,809
July 26.....	260,387	249,378	78,264	102,706	134,782	45,539	15,175	29,260	74,297	.....	29,664	.....	1,019,452
Aug. 2.....	259,505	244,061	87,017	105,411	132,914	16,005	14,798	28,617	74,417	.....	31,443	.....	994,188
Aug. 9.....	264,493	262,426	87,269	105,273	137,047	16,216	15,265	28,610	75,674	.....	33,906	.....	1,026,179
Aug. 16.....	265,382	249,003	88,999	100,766	139,456	16,018	15,105	29,489	76,157	.....	36,422	.....	1,016,797
Reserve with Federal Reserve Banks:													
July 19.....	13,491	11,585	5,604	5,938	6,417	2,387	939	1,336	3,803	.....	1,599	.....	53,099
July 26.....	12,462	14,853	5,525	6,012	5,753	2,162	749	1,228	4,031	.....	1,840	.....	54,615
Aug. 2.....	13,521	14,369	4,662	5,649	6,420	917	743	1,484	3,914	.....	1,443	.....	53,122
Aug. 9.....	12,727	13,136	5,477	5,998	6,541	951	811	1,351	4,214	.....	1,822	.....	53,028
Aug. 16.....	12,915	13,113	5,479	5,798	6,988	927	783	1,640	4,123	.....	1,749	.....	53,515
Cash in vault:													
July 19.....	8,719	8,658	4,261	5,134	5,401	1,782	508	1,444	3,125	.....	1,209	.....	40,241
July 26.....	8,433	8,129	3,346	4,419	4,364	1,922	406	1,316	2,985	.....	1,078	.....	36,398
Aug. 2.....	7,956	7,836	4,076	5,071	4,617	651	412	1,260	2,981	.....	1,128	.....	35,988
Aug. 9.....	8,392	8,128	3,146	4,492	4,866	800	326	1,042	3,036	.....	1,186	.....	35,414
Aug. 16.....	8,758	7,786	3,938	5,000	4,394	603	356	1,387	2,921	.....	1,446	.....	36,589
Net demand deposits on which reserve is computed:													
July 19.....	154,424	187,771	67,313	59,416	71,520	23,637	8,442	15,458	44,606	.....	18,901	.....	651,488
July 26.....	154,302	174,967	67,636	71,201	73,759	25,032	8,410	16,315	46,675	.....	19,299	.....	657,596
Aug. 2.....	156,150	174,560	69,813	67,113	74,178	10,121	8,320	15,563	44,699	.....	18,538	.....	639,055
Aug. 9.....	154,671	174,191	69,638	67,977	78,109	9,952	8,329	17,738	47,236	.....	19,782	.....	647,623
Aug. 16.....	157,487	176,198	70,774	68,996	79,827	9,855	8,215	17,950	46,432	.....	21,118	.....	656,852
Time deposits:													
July 19.....	68,811	30,609	6,279	19,663	17,103	14,830	4,286	5,718	20,498	.....	6,055	.....	193,852
July 26.....	68,845	30,478	6,476	27,773	16,304	14,727	4,289	5,286	21,403	.....	6,022	.....	201,603
Aug. 2.....	69,446	30,552	6,315	24,032	16,342	3,562	4,312	5,748	21,706	.....	6,005	.....	188,020
Aug. 9.....	69,700	31,135	6,299	24,103	19,192	3,561	4,330	5,733	21,755	.....	6,760	.....	192,568
Aug. 16.....	69,863	31,314	6,656	24,421	18,223	3,607	4,318	5,748	21,641	.....	5,555	.....	191,341
Total net deposits on which reserve is computed:													
July 19.....	183,914	200,889	70,004	67,843	78,850	29,993	10,279	17,909	53,391	.....	21,496	.....	734,568
July 26.....	183,807	188,029	70,411	83,104	80,746	31,344	10,248	18,580	55,848	.....	21,880	.....	743,997
Aug. 2.....	185,913	187,654	72,519	77,412	81,182	11,647	10,168	18,026	54,002	.....	21,112	.....	719,635
Aug. 9.....	184,542	187,535	72,338	78,307	86,334	11,478	10,185	20,195	56,560	.....	22,679	.....	730,153
Aug. 16.....	187,428	189,618	73,627	79,462	87,637	11,401	10,066	20,411	55,706	.....	23,499	.....	738,855
Government deposits:													
July 19.....	12,427	12,491	2,357	1,093	4,423	1,392	235	1,072	2,595	.....	617	.....	38,702
July 26.....	13,659	15,406	2,357	2,679	4,792	1,494	238	1,024	3,385	.....	775	.....	45,809
Aug. 2.....	11,440	15,147	5,479	2,273	4,693	80	371	755	2,815	.....	1,023	.....	44,076
Aug. 9.....	14,436	18,999	4,832	2,449	3,847	155	224	756	3,013	.....	780	.....	49,491
Aug. 16.....	18,281	20,646	5,075	2,753	5,953	155	424	996	3,800	.....	825	.....	58,908



## EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

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

Federal Reserve Bank.	Average balances for the month of the several classes of earning assets.				
	Bills dis- counted for members and Federal Re- serve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston.....	\$78,351,444	\$23,889,458	\$2,949,698		\$105,190,600
New York.....	384,581,752	107,700,920	11,203,289	\$50,520	503,541,481
Philadelphia.....	70,513,203	15,106,579	3,006,352		88,626,134
Cleveland.....	85,863,091	14,519,452	8,824,220		109,206,763
Richmond.....	57,214,599	3,566,860	2,663,410		63,444,869
Atlanta.....	33,731,192	3,753,588	1,734,339	10,663	39,229,782
Chicago.....	180,535,488	17,186,023	9,201,650		206,923,161
St. Louis.....	61,765,222	2,677,857	2,555,400		66,998,479
Minneapolis.....	52,329,900	594,500	2,487,600		55,412,000
Kansas City.....	69,307,188	94,859	10,218,869		79,620,916
Dallas.....	31,742,644	1,408,065	5,047,823		38,198,532
San Francisco.....	59,613,699	18,676,070	4,503,966		82,793,735
Total.....	1,165,649,422	209,174,231	64,401,616	61,183	1,439,286,452

Federal Reserve Bank.	Earnings from—					Calculated annual rates of earnings from—				
	Bills dis- counted for members and Federal Reserve Banks.	Bills bought in open market.	United States securi- ties.	Munici- pal war- rants.	Total.	Bills dis- counted for mem- bers and Federal Reserve Banks.	Bills bought in open market.	United States securi- ties.	Munici- pal war- rants.	Total.
Boston.....	\$293,412	\$86,365	\$7,998		\$387,775	Per cent. 4.41	Per cent. 4.26	Per cent. 3.19		Per cent. 4.34
New York.....	1,359,001	383,596	23,689	\$150	1,766,436	4.16	4.19	2.48	4.71	4.13
Philadelphia.....	253,925	54,375	8,442		321,742	4.32	4.23	3.30		4.27
Cleveland.....	324,637	52,301	25,232		402,170	4.45	4.24	3.36		4.31
Richmond.....	225,250	14,203	5,619		245,072	4.63	4.69	2.48		4.55
Atlanta.....	128,338	13,763	4,731	48	146,880	4.34	4.18	3.11	5.17	4.27
Chicago.....	670,183	63,975	21,859		755,022	4.37	4.38	2.79		4.30
St. Louis.....	230,246	10,419	5,525		246,190	4.39	4.58	2.55		4.33
Minneapolis.....	212,406	2,203	5,796		220,410	4.78	4.38	2.73		4.68
Kansas City.....	298,573	363	21,522		320,463	5.07	4.56	2.48		4.74
Dallas.....	128,127	5,837	10,688		144,652	4.75	4.88	2.35		4.44
San Francisco.....	230,918	67,319	10,421		308,658	4.56	4.24	2.78		4.40
Total.....	4,360,021	754,729	150,922	193	5,265,870	4.40	4.24	2.76	3.81	4.31

## GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States.

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

	Ten days ending—	Eleven days end- ing—	Ten days ending—	Total since Jan. 1, 1918.	Total, Jan. 1 to Aug. 10, 1917.
	July 20, 1918.	July 31, 1918.	Aug. 10, 1918.		
<b>IMPORTS.</b>					
Gold and base bullion.....	727	761	581	8,478	9,029
United States Mint or assay office bars.....	6			6	33
Bullion refined.....	83	192	96	37,496	379,175
United States coin.....				6,773	53,166
Foreign coin.....		27		169	94,309
Total.....	816	980	677	52,922	535,712
<b>EXPORTS.</b>					
Domestic:					
Gold and base bullion.....	18	4	22	100	120
United States Mint or assay office bars.....	110	55	58	673	35,667
Bullion refined.....		3,419	1	6,812	23,797
Coin.....	1,328	1,175	707	21,350	214,108
Total.....	1,456	4,653	788	28,935	273,692
Foreign:					
Bullion refined.....					31
Coin.....	1			333	5,293
Total.....	1			333	5,324
Total exports.....	1,457	4,653	788	29,268	279,016

Excess of gold imports over exports since Jan. 1, 1918, \$23,654; excess of gold imports over exports since Aug. 1, 1914, \$1,073,958.

## DISCOUNT RATES.

Discount rates of each Federal Reserve Bank approved by the Federal Reserve Board up to Aug. 31, 1918.

Federal Reserve Bank.	Maturities.							
	Discounts.						Trade acceptances.	
	Within 15 days, including member banks' collateral notes.	16 to 60 days.	61 to 90 days.	Agricultural and live-stock paper over 90 days.	Secured by U. S. certificates of indebtedness or Liberty loan bonds.		1 to 60 days, inclusive.	61 to 90 days, inclusive.
					Within 15 days, including member banks' collateral notes.	16 to 90 days.		
Boston.....	4	4½	4½	5	4	4½	4½	4½
New York <sup>1</sup> .....	4	4½	4½	5	4	4½	4½	4½
Philadelphia.....	4	4½	4½	5	4	4½	4½	4½
Cleveland.....	4½	4½	4½	5½	4	4½	4½	4½
Richmond.....	4½	5	5	5½	4½	4½	2½	4½
Atlanta.....	4	4½	4½	5	4	4½	4½	4½
Chicago.....	4	4½	4½	5½	4	4½	4½	4½
St. Louis.....	4	4½	4½	5½	4	4½	4½	4½
Minneapolis.....	4	4½	5	5½	4	4½	4½	4½
Kansas City.....	4½	5½	5½	5½	4½	4½	4½	4½
Dallas.....	4	4½	5	5½	4	4½	4½	4½
San Francisco.....	4½	5	5	5½	4½	4½	4½	4½

<sup>1</sup> Rate of 3 to 4½ per cent for 1-day discounts in connection with the loan operations of the Government.<sup>2</sup> Rate for trade acceptances maturing within 15 days, 4½ per cent.

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

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

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

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

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

	General stock of money in the United States.	Held in the United States Treasury as assets of the Government. <sup>1</sup>	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and Federal Reserve system.	Amount per capita outside the United States Treasury and the Federal Reserve system.
Gold coin <sup>2</sup> .....	\$3,080,767,801	\$267,152,371	\$1,375,731,870	\$448,938,791	.....
Gold certificates.....	.....	.....	490,924,160	498,020,609	.....
Standard silver dollars.....	473,197,959	32,118,420	.....	78,106,835	.....
Silver certificates.....	.....	.....	8,038,719	353,088,844	.....
Subsidiary silver.....	232,222,651	13,294,197	<sup>3</sup> 856,124	218,072,330	.....
Treasury notes of 1890.....	.....	.....	.....	1,845,141	.....
United States notes.....	346,681,016	6,194,520	<sup>4</sup> 45,484,317	295,002,179	.....
Federal Reserve notes.....	* 2,023,145,030	48,402,865	119,391,396	1,855,350,769	.....
Federal Reserve Bank notes.....	15,347,280	161,505	3,494,900	11,690,875	.....
National bank notes.....	723,723,062	23,474,180	10,534,507	689,719,375	.....
Total:					
Aug. 1, 1918.....	6,895,089,799	390,798,058	2,054,455,993	4,449,835,748	\$41.97
July 1, 1918.....	6,742,225,784	356,124,750	2,018,361,825	4,367,739,209	41.31
June 1, 1918.....	6,615,007,782	348,322,704	1,983,796,097	4,282,888,981	40.51
May 1, 1918.....	6,540,954,630	321,192,308	1,909,594,674	4,310,167,648	40.82
Apr. 1, 1918.....	6,480,181,525	339,856,674	1,873,524,132	4,266,800,719	40.47
Mar. 1, 1918.....	6,351,548,056	330,927,176	1,827,126,208	4,193,494,672	39.83
Feb. 1, 1918.....	6,271,603,039	332,576,125	1,834,102,608	4,104,924,306	39.04
Jan. 1, 1918.....	6,256,198,271	277,043,358	1,723,570,291	4,255,584,622	40.53
Dec. 1, 1917.....	6,026,127,909	248,167,148	1,646,773,746	4,131,187,015	39.40
Nov. 1, 1917.....	5,823,854,335	242,265,377	1,546,124,691	4,035,464,267	38.54
Oct. 1, 1917.....	5,642,264,856	242,469,027	1,429,422,432	3,970,373,397	37.97
Sept. 1, 1917.....	5,553,661,154	239,654,267	1,373,987,061	3,940,019,826	37.73
Aug. 1, 1917.....	5,513,292,894	248,268,325	1,395,982,728	3,860,041,841	37.10
July 1, 1917.....	5,480,009,884	253,671,614	1,280,880,714	3,945,457,556	37.88

<sup>1</sup> Includes reserve funds against issues of United States notes and Treasury notes of 1890 and redemption funds held against issues of national bank notes, Federal Reserve notes and Federal Reserve Bank notes.

<sup>2</sup> Includes balances in gold settlement fund standing to the credit of the Federal Reserve Banks and agents.

<sup>3</sup> Includes standard silver dollars.

<sup>4</sup> Includes Treasury notes of 1890.

<sup>5</sup> Amended figures.

## ABSTRACT OF CONDITION OF MEMBER BANKS.

Abstract of reports of condition of member State banks and trust companies in each Federal Reserve district on June 29, 1918.

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

	District No. 1 (24 banks).	District No. 2 (66 banks).	District No. 3 (16 banks).	District No. 4 (30 banks).	District No. 5 (20 banks).	District No. 6 (38 banks).	District No. 7 (128 banks).	District No. 8 (24 banks).	District No. 9 (40 banks).	District No. 10 (16 banks).	District No. 11 (58 banks).	District No. 12 (53 banks).	Total United States (513 banks).
<b>RESOURCES.</b>													
Loans and discounts.....	306,934	1,491,255	91,488	212,218	33,516	92,058	496,989	151,704	32,043	42,691	20,744	72,795	3,944,435
Overdrafts.....	127	602	111	199	375	158	293	169	51	64	84	441	2,674
Customers' liability account of acceptances and under letters of credit.....	16,884	106,967	1,096	2,167	260	1,851	10,600	7,883	1	100	114	1,874	149,797
United States securities (exclusive of United States securities borrowed).....	19,239	238,839	12,418	27,049	3,914	17,049	73,279	27,179	2,310	4,440	2,245	9,463	437,424
War savings and thrift stamps actually owned.....	151	289	43	191	48	133	300	432	32	44	67	92	1,822
Stock of Federal Reserve Bank.....	1,508	8,490	1,574	2,310	318	666	2,789	1,163	158	213	147	381	19,717
Other bonds, stocks, etc. (exclusive of securities borrowed).....	75,811	447,201	86,917	135,404	9,739	15,731	149,056	32,395	3,189	11,001	714	11,775	978,913
Banking house.....	7,376	39,514	5,268	10,403	1,207	5,576	10,355	4,357	579	832	515	2,206	88,188
Other real estate owned.....	79	6,754	1,582	3,913	580	2,527	1,114	627	133	107	159	1,727	19,302
Furniture and fixtures.....	223	443	264	569	89	358	1,438	572	202	78	271	444	4,951
Due from banks and bankers.....	49,370	194,174	19,175	24,417	5,185	20,654	80,672	19,509	4,970	11,327	2,872	12,568	444,893
Exchange for clearing house, also checks on banks in same place.....	6,608	71,910	1,514	3,104	351	3,245	13,656	3,528	489	1,134	189	1,407	107,135
Outside checks and other cash items.....	1,132	6,711	215	627	160	1,916	8,990	935	227	255	145	740	22,054
Cash in vault.....	11,226	40,781	3,781	6,056	1,181	4,161	22,845	3,801	856	1,462	918	3,323	100,391
Lawful reserve with Federal Reserve Bank.....	29,449	281,211	15,868	19,044	2,425	8,725	49,921	14,975	1,790	4,758	1,709	5,715	435,590
Items with Federal Reserve Bank in process of collection.....	3,652	8,691	1,092	1,779	336	878	3,706	3,517	47	55	98	501	24,352
Due from United States Treasurer.....	443	142	6	54	-----	24	149	36	3	-----	-----	-----	857
Interest earned but not collected.....	605	10,582	605	503	3	143	467	80	12	2	4	155	13,221
Other assets.....	2,387	71,984	1,017	2,900	626	1,178	17,977	323	55	69	276	316	99,198
<b>Total.....</b>	<b>533,264</b>	<b>3,026,540</b>	<b>244,034</b>	<b>452,907</b>	<b>60,313</b>	<b>177,031</b>	<b>944,596</b>	<b>273,186</b>	<b>47,127</b>	<b>78,632</b>	<b>31,271</b>	<b>125,923</b>	<b>5,994,824</b>
<b>LIABILITIES.</b>													
Capital stock paid in....	24,000	109,514	14,900	22,710	6,296	13,360	50,956	20,385	4,050	4,175	3,798	9,270	283,414
Surplus fund.....	26,279	147,638	37,551	54,343	4,443	8,859	42,510	18,391	1,393	2,969	1,178	3,526	349,080
Undivided profits, less expenses and taxes paid.....	7,032	29,178	4,984	8,630	1,469	1,964	12,959	4,477	612	610	514	1,456	73,885
Interest and discount collected but not earned.....	717	5,266	4	151	43	210	88	122	55	150	5	79	6,990
Amount reserved for taxes accrued.....	1,016	5,178	196	558	56	299	1,279	366	61	140	9	370	9,528
Amount reserved for interest accrued.....	1,336	5,262	335	507	85	287	740	239	40	17	26	117	9,041
Due to Federal Reserve Bank.....	-----	33	-----	-----	-----	-----	-----	-----	-----	-----	-----	60	93
Due to banks and bankers.....	18,597	312,918	6,659	11,410	1,927	19,516	57,432	23,261	7,381	10,610	1,905	10,381	481,997
Demand deposits.....	310,245	1,670,606	138,643	141,255	26,358	74,581	334,678	105,104	14,126	37,345	18,018	47,658	2,915,617
Time deposits.....	77,124	221,845	16,828	175,623	14,755	39,236	362,028	59,901	17,363	18,664	3,754	45,171	1,052,290
United States deposits.....	47,521	310,785	15,272	27,667	1,320	10,520	53,798	11,879	1,101	3,152	222	2,412	485,639
Bills payable with Federal Reserve Bank.....	315	42,368	6,900	3,939	1,621	4,393	7,893	18,549	270	543	586	1,673	89,050
Bills payable other than with Federal Reserve Bank.....	200	10,813	15	1,897	1,225	748	3,647	1,825	666	95	1,238	1,808	24,177
Acceptances, letters of credit, and travelers' checks outstanding.....	17,101	110,714	1,096	2,165	563	1,851	10,580	7,883	-----	100	-----	1,875	153,928
Other liabilities.....	1,781	44,422	601	2,052	152	1,207	6,020	804	9	62	18	67	57,195
<b>Total.....</b>	<b>533,264</b>	<b>3,026,540</b>	<b>244,034</b>	<b>452,907</b>	<b>60,313</b>	<b>177,031</b>	<b>944,596</b>	<b>273,186</b>	<b>47,127</b>	<b>78,632</b>	<b>31,271</b>	<b>125,923</b>	<b>5,994,824</b>
Liability for rediscounts, including those with Federal Reserve Bank.....	15,773	43,566	4,333	3,567	1,864	2,982	16,472	12,248	2,422	2,159	780	3,125	109,291

*Abstract of reports of condition of member State banks and trust companies of the Federal Reserve system on June 29, 1918, arranged by classes.*

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

	Central Reserve city banks (56 banks).	Other Reserve city banks (97 banks).	Country banks (360 banks).	Total United States (513 banks), June 29 1918.	Total United States (449 banks), May 10, 1918.
<b>RESOURCES.</b>					
Loans and discounts.....	1,720,253	872,439	442,743	3,044,435	2,884,923
Overdrafts.....	656	1,086	932	2,674	2,811
Customers' liability account of acceptances and under letters of credit.....	122,938	25,937	922	149,797	155,390
United States securities (exclusive of United States securities borrowed).....	267,813	106,574	64,037	437,424	618,632
War savings and thrift stamps actually owned.....	520	631	671	1,822	985
Stock of Federal Reserve Bank.....	10,180	6,723	2,814	19,717	18,264
Other bonds, stocks, etc. (exclusive of securities borrowed).....	470,544	315,987	192,382	978,913	960,823
Banking house.....	38,190	34,549	15,449	88,188	84,705
Other real estate owned.....	6,635	10,164	2,503	19,302	17,015
Furniture and fixtures.....	752	2,114	2,085	4,951	4,372
Due from banks and bankers.....	234,265	145,370	65,258	444,893	372,282
Exchanges for clearing house, also checks on banks in same place.....	81,211	21,646	4,278	107,135	156,761
Outside checks and other cash items.....	12,288	6,695	3,071	22,054	17,888
Gold coin and certificates.....	18,293	3,777	3,080	25,150	.....
All other cash in vault.....	31,337	26,634	17,270	75,241	<sup>1</sup> 112,224
Lawful reserve with Federal Reserve Bank.....	311,956	88,502	35,132	435,590	432,401
Items with Federal Reserve Bank in process of collection.....	13,128	7,734	3,490	24,352	25,267
Due from United States Treasurer.....	219	463	175	857	803
Interest earned but not collected.....	9,689	1,634	1,598	13,221	12,126
Other assets.....	68,877	24,383	5,848	99,108	61,067
Total.....	3,429,044	1,702,042	863,738	5,994,824	5,938,746
<b>LIABILITIES.</b>					
Capital stock paid in.....	135,350	91,325	56,739	283,414	270,878
Surplus fund.....	178,093	132,604	38,383	349,080	340,604
Undivided profits, less expenses and taxes paid.....	33,929	25,450	14,506	73,885	75,641
Interest and discount collected but not earned.....	5,056	1,254	580	6,890	5,923
Amount reserved for taxes accrued.....	6,098	2,602	828	9,528	9,924
Amount reserved for interest accrued.....	5,619	1,902	1,520	9,041	17,558
Due to Federal Reserve Bank.....	.....	.....	93	93	55
Due to banks and bankers.....	356,397	96,884	28,716	481,997	465,679
Demand deposits.....	1,839,659	723,892	355,066	2,918,617	2,959,096
Time deposits.....	296,038	451,243	305,009	1,052,290	1,004,658
United States deposits.....	339,418	110,872	35,349	485,639	402,043
Bills payable with Federal Reserve Bank.....	50,961	25,336	12,753	89,050	172,079
Bills payable other than with Federal Reserve Bank.....	7,961	7,331	8,885	24,177	11,232
Acceptances, letters of credit, and traveler's checks outstanding.....	126,674	26,153	1,101	153,928	158,999
Other liabilities.....	47,791	5,194	4,210	57,195	44,377
Total.....	3,429,044	1,702,042	863,738	5,994,824	5,938,746
Liability for rediscounts, including those with Federal Reserve Bank.....	49,306	34,845	25,140	109,291	107,477
Ratio of reserve with Federal Reserve Bank to net deposit liability (per cent.).....	16.1	10.3	7.2	13.3	13.2

<sup>1</sup> Total cash in vault.

*Abstract of reports of condition of all member banks in each Federal Reserve district on June 29, 1918 (including 7,700 national banks and 513 State banks and trust companies).*

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

	District No. 1 (416 banks).	District No. 2 (687 banks).	District No. 3 (647 banks).	District No. 4 (776 banks).	District No. 5 (543 banks).	District No. 6 (407 banks).	District No. 7 (1,172 banks).	District No. 8 (487 banks).	District No. 9 (821 banks).	District No. 10 (974 banks).	District No. 11 (684 banks).	District No. 12 (599 banks).	Total, United States (8,213 banks).
<b>RESOURCES.</b>													
Loans and discounts..	1,020,960	4,140,419	747,240	1,095,108	544,915	420,272	1,793,231	514,818	538,867	722,362	392,631	730,936	12,661,759
Overdrafts.....	656	1,451	351	1,087	1,247	897	2,379	768	1,213	2,241	943	1,938	15,166
Customers' liability account of accept- ances and under letters of credit....	62,232	204,451	17,765	13,691	11,974	5,938	31,807	10,852	4,163	991	2,381	21,233	387,478
United States securi- ties (exclusive of United States se- curities borrowed)..	137,782	784,825	171,795	229,824	119,222	111,419	316,534	121,965	79,107	120,773	99,078	157,885	2,450,209
War-savings and thrift stamps actu- ally owned.....	719	1,150	751	2,175	872	735	2,127	1,378	879	1,324	1,192	1,013	14,315
Stock of Federal Re- serve Bank.....	6,474	20,667	6,937	8,562	3,825	3,048	9,829	3,601	2,803	3,529	2,982	4,442	76,699
Other bonds, stocks, etc. (exclusive of securities borrowed)	217,789	964,887	366,950	395,283	84,004	46,395	315,727	81,410	52,518	73,439	13,218	120,666	2,732,286
Banking house.....	28,031	82,614	29,429	50,706	23,155	18,434	44,912	17,706	14,949	17,189	15,408	23,504	366,037
Other real estate owned.....	1,060	12,286	5,203	9,539	2,833	5,730	6,363	2,633	3,790	4,244	3,986	7,920	65,587
Furniture and fix- tures.....	1,553	3,146	3,034	3,448	2,496	2,603	5,784	2,197	2,751	3,010	3,087	5,319	38,428
Due from banks and bankers.....	157,201	364,792	119,031	198,230	80,598	86,364	305,072	84,747	93,279	172,692	69,254	174,305	1,905,565
Exchanges for clear- ing house; also checks on banks in same place.....	27,993	243,597	32,359	21,952	13,320	9,802	51,876	11,027	8,355	16,925	5,379	21,227	463,812
Outside checks and other cash items....	6,296	22,907	3,244	3,874	3,289	4,616	15,115	2,186	4,032	4,629	4,274	5,248	79,710
Cash in vault.....	37,321	131,619	36,976	48,471	21,385	19,048	80,226	15,725	16,670	26,211	16,152	29,296	482,100
Lawful reserve with Federal Reserve Bank.....	84,349	757,199	84,107	115,634	44,792	38,514	181,287	51,641	36,510	66,454	35,700	68,960	1,565,147
Items with Federal Reserve Bank in process of collection.	13,170	47,802	28,247	29,959	16,362	7,285	24,854	16,740	1,812	10,350	5,637	6,026	208,244
Due from United States Treasurer....	3,443	5,564	3,172	5,746	2,739	2,157	5,103	2,256	1,658	2,680	2,274	3,113	39,905
Interest earned but not collected.....	1,241	17,641	1,307	2,351	307	193	1,529	246	770	507	301	1,081	27,474
Other assets.....	5,506	80,861	1,255	3,871	672	1,555	18,550	505	279	134	438	471	114,157
<b>Total.....</b>	<b>1,813,836</b>	<b>7,887,878</b>	<b>1,659,153</b>	<b>2,239,511</b>	<b>978,007</b>	<b>785,005</b>	<b>3,212,305</b>	<b>945,401</b>	<b>864,405</b>	<b>1,249,684</b>	<b>674,315</b>	<b>1,384,578</b>	<b>23,694,078</b>
<b>LIABILITIES.</b>													
Capital stock paid in..	117,233	305,381	91,567	145,124	77,471	62,978	199,638	76,197	62,181	77,738	65,041	100,671	1,381,220
Surplus fund.....	99,249	355,725	140,198	140,925	51,315	39,075	129,210	44,327	32,383	41,232	35,914	48,239	1,157,792
Undivided profits, less expenses and taxes paid.....	43,008	129,527	33,487	46,225	16,880	12,909	50,550	15,966	12,297	17,078	15,648	22,308	415,883
Interest and discount collected but not earned.....	1,779	16,435	1,475	2,475	1,534	918	5,118	1,141	1,278	2,096	1,105	928	36,282
Amount reserved for taxes accrued.....	3,324	12,122	693	1,839	516	819	3,745	1,030	1,071	1,043	489	1,200	27,891
Amount reserved for interest accrued....	2,103	7,743	1,257	1,622	1,474	604	1,727	500	1,193	486	282	747	19,738
Due to Federal Re- serve Bank.....	373	2,878	83	240	1,480	190	149	25	0	2	80	115	5,615
Due to banks and bankers.....	133,939	1,420,037	171,521	222,273	96,907	78,119	455,930	150,418	93,513	225,014	63,554	167,857	3,278,182
Demand deposits.....	917,514	3,882,417	756,766	941,251	399,816	342,964	1,259,750	375,047	321,934	578,844	340,255	637,109	10,753,727
Time deposits.....	201,575	538,818	256,728	473,401	185,948	142,873	738,392	144,145	248,509	179,990	54,244	230,752	3,395,381
United States depos- its.....	159,125	701,245	90,718	131,481	37,551	34,881	170,208	44,432	29,345	45,519	21,363	55,535	1,521,403
Bills payable with Federal Reserve Bank.....	9,967	123,959	25,304	15,154	26,513	14,457	61,010	31,877	15,977	20,247	15,006	12,946	372,417
Bills payable other than with Federal Reserve Bank.....	4,735	19,247	6,246	5,810	13,211	5,601	8,196	3,774	9,087	10,156	12,584	9,997	108,044
Acceptances, letters of credit, and trav- elers' checks out- standing.....	65,831	220,457	20,325	13,942	12,423	5,947	32,431	10,860	4,178	1,056	2,301	22,221	411,972

*Abstract of reports of condition of all member banks in each Federal Reserve district on June 29, 1918 (including 7,700 national banks and 513 State banks and trust companies—Continued.)*

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

	District No. 1 (416 banks).	District No. 2 (687 banks).	District No. 3 (647 banks).	District No. 4 (776 banks).	District No. 5 (543 banks).	District No. 6 (407 banks).	District No. 7 (1,172 banks).	District No. 8 (487 banks).	District No. 9 (821 banks).	District No. 10 (974 banks).	District No. 11 (684 banks).	District No. 12 (599 banks).	Total, United States (8,213 banks).
<b>LIABILITIES—contd.</b>													
National bank notes outstanding.....	50,449	89,015	55,635	91,406	51,808	40,416	78,731	41,474	29,278	46,993	44,091	61,908	681,114
Other liabilities.....	3,632	62,872	7,150	6,343	3,160	2,254	18,420	4,188	2,181	2,184	2,448	11,985	126,817
<b>Total.....</b>	<b>1,813,836</b>	<b>7,887,878</b>	<b>1,659,153</b>	<b>2,239,511</b>	<b>978,007</b>	<b>785,095</b>	<b>3,212,305</b>	<b>945,401</b>	<b>864,405</b>	<b>1,249,684</b>	<b>674,315</b>	<b>1,384,578</b>	<b>23,694,078</b>
Liability for redis- counts, including those with Federal Reserve Bank.....	64,508	186,308	42,837	30,988	46,271	18,805	62,917	36,063	30,196	49,711	21,707	35,069	625,380

*Abstract of reports of condition of all member banks of the Federal Reserve system on June 29, 1918, arranged by classes (including 7,700 national banks and 513 State banks and trust companies).*

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

	Central Reserve city banks (134 banks).	Other re- serve city banks (451 banks).	Country banks (7,628 banks).	Total United States (8,213 banks), June 29, 1918.	Total United States (8,132 banks), May 10, 1918.
<b>RESOURCES.</b>					
Loans and discounts.....	4,482,630	3,783,865	4,395,264	12,661,759	12,142,099
Overdrafts.....	1,384	3,793	9,939	15,166	14,465
Customers' liability account of acceptances and under letters of credit.....	238,189	135,279	14,010	387,478	419,815
United States securities (exclusive of United States securities borrowed).....	744,673	621,135	1,084,401	2,450,209	3,196,932
War savings and thrift stamps actually owned.....	796	3,160	10,359	14,315	6,423
Stock of Federal Reserve Bank.....	21,698	23,223	31,778	76,699	75,020
Other bonds, stocks, etc. (exclusive of securities borrowed).....	789,759	753,463	1,189,064	2,732,286	2,723,382
Banking house.....	78,975	124,593	162,469	366,037	361,928
Other real estate owned.....	10,368	22,608	32,611	65,587	62,693
Furniture and fixtures.....	1,516	7,140	29,772	38,428	37,693
Due from banks and bankers.....	441,494	757,311	706,760	1,905,565	1,869,708
Exchanges for clearing house, also checks on banks in same place.....	274,313	148,784	40,715	463,812	635,634
Outside checks and other cash items.....	24,999	29,410	26,201	79,710	62,058
Gold coin and certificates.....	50,287	20,432	42,376	113,095	.....
All other cash in vault.....	92,903	116,047	160,055	369,005	1 574,599
Lawful reserve with Federal Reserve Bank.....	819,337	385,779	360,031	1,565,147	1,536,296
Items with Federal Reserve Bank in process of collection.....	66,901	122,719	18,624	208,244	197,718
Due from United States Treasurer.....	4,286	12,113	23,506	39,905	40,803
Interest earned but not collected.....	16,596	5,307	5,661	27,474	25,668
Other assets.....	77,293	28,649	8,215	114,157	32,591
<b>Total.....</b>	<b>8,237,407</b>	<b>7,104,810</b>	<b>8,351,861</b>	<b>23,694,078</b>	<b>24,070,465</b>
<b>LIABILITIES.</b>					
Capital stock paid in.....	325,209	494,681	651,339	1,381,220	1,367,060
Surplus fund.....	371,290	371,037	415,445	1,157,792	1,143,321
Undivided profits, less expenses and taxes paid.....	124,310	109,065	181,908	415,383	431,455
Interest and discount collected but not earned.....	19,942	11,098	5,242	36,282	33,197
Amount reserved for taxes accrued.....	14,330	8,747	4,814	27,891	31,042
Amount reserved for interest accrued.....	7,275	5,159	7,294	19,738	31,724
Due to Federal Reserve Bank.....	1,328	1,180	2,907	5,615	4,746
Due to banks and bankers.....	1,734,231	1,226,196	317,755	3,278,182	3,348,501
Demand deposits.....	3,926,339	3,077,257	3,750,131	10,753,727	11,050,619
Time deposits.....	421,989	843,545	2,129,847	3,395,381	3,346,828
United States deposits.....	778,243	536,338	206,322	1,521,403	1,459,274
Bills payable with Federal Reserve Bank.....	131,518	131,351	99,518	372,417	487,202
Bills payable other than with Federal Reserve Bank.....	8,206	28,033	72,405	108,644	71,071
Acceptances, letters of credit, and travelers' checks outstanding.....	254,694	142,650	14,628	411,972	441,756
National bank notes outstanding.....	51,145	177,336	452,633	681,114	679,931
Other liabilities.....	57,137	30,507	39,173	126,817	142,746
<b>Total.....</b>	<b>8,237,407</b>	<b>7,104,810</b>	<b>8,351,861</b>	<b>23,694,078</b>	<b>24,070,465</b>
Liability for rediscounts, including those with Federal Reserve Bank.....	172,866	251,713	200,801	625,380	576,685
Ratio of reserve with Federal Reserve Bank to net deposit liability (per cent.).....	19.5	10.9	7.7	11.9	11.9

<sup>1</sup> Total cash in vault.

*Classification of loans and discounts of 513 State banks and trust companies, members of Federal Reserve system, as shown by their condition reports for June 29, 1918.*

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

	District No. 1 (24 banks).	District No. 2 (66 banks).	District No. 3 (16 banks).	District No. 4 (30 banks).	District No. 5 (20 banks).	District No. 6 (38 banks).	District No. 7 (128 banks).	District No. 8 (24 banks).	District No. 9 (40 banks).	District No. 10 (16 banks).	District No. 11 (58 banks).	District No. 12 (53 banks).	Total United States (513 banks).
On demand not secured by collateral..	23,432	47,135	1,621	6,007	1,261	4,280	13,281	12,183	1,870	2,198	719	7,347	121,334
On demand secured by Liberty bonds and United States Treasury certificates of indebtedness.....	2,183	14,171	986	1,201	230	328	3,094	1,503	103	5	63	1,005	24,872
On demand secured by other collateral.....	52,599	417,069	54,772	53,312	8,028	20,218	59,718	36,222	1,112	3,097	974	8,260	715,381
On time not secured by collateral.....	140,354	496,983	11,109	59,393	14,229	35,876	197,901	47,678	11,296	15,783	5,318	29,268	1,065,688
On time secured by Liberty bonds and United States Treasury certificates of indebtedness.....	9,467	76,378	2,954	6,853	1,211	1,211	7,895	3,247	653	574	507	786	111,736
On time secured by other collateral.....	46,930	293,636	12,603	37,350	6,079	20,334	102,467	36,957	8,555	15,665	8,342	15,614	604,532
Secured by real estate mortgages or other real estate liens or deeds.....	25,609	44,346	3,567	46,673	3,511	7,957	102,349	17,201	6,280	6,305	2,124	9,547	275,46
Acceptances of other banks discounted.....	6,403	45,723	4,754	852	0	351	226	105	92	59	151	236	58,952
Acceptances of this bank purchased or discounted.....	1,381	21,591	238	365	53	1,325	365	158	0	0	0	50	25,436
Loans and discounts not classified.....	0	42,391	310	0	0	2,074	9,729	0	2,553	0	2,981	811	60,849
Total shown by reports....	308,358	1,499,333	92,914	212,506	54,602	93,954	497,025	155,254	32,514	43,686	21,179	72,924	3,064,249
Less adjustment due to inclusion of re-discounts in loan classification by some banks.....	1,424	8,078	1,426	288	1,086	1,896	36	3,550	471	995	435	129	19,814
Total loans and discounts....	306,934	1,491,255	91,488	212,218	53,516	92,058	496,989	151,704	32,043	42,691	20,744	72,795	3,044,435



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