

INTEREST RATES, 1929, 1938, AND SEPTEMBER 1940

(Per cent per annum)

	1929	1938	Sept. 1940
	(annual averages)		(monthly average)
Open-market short-term rates:			
Prime commercial paper (4-6 mo.)	5.85	0.75	0.56
U. S. Treasury bills (new issues)	<u>1/4.42</u>	0.14	0.02
U. S. Treasury notes (3-5 yr.)	--	1.11	0.48
High-grade bond yields:			
U. S. Treasury	5.60	2.65	2.18
Municipal	4.27	3.07	2.44
Corporate (Moody's Aaa)	4.73	3.24	2.82
Bank loan rates:			
Commercial loans of city banks:			
New York City	5.76	1.72	<u>2/2.14</u>
7 Other Northern and Eastern cities	5.82	3.04	<u>2/2.56</u>
11 Southern and Western cities	5.93	3.40	<u>2/3.43</u>
Loans of country national banks:			
Northern and Eastern States	6.1	5.4	<u>2/5.2</u>
Southern and Western States	7.1	6.5	<u>2/6.2</u>
Lower-grade corporate bond yields (Moody's Baa):			
Industrial	6.02	4.07	4.06
Railroad	5.93	5.55	5.99
Public utility	5.76	4.67	3.94
Farm loan rates: <u>3/</u>			
Short- and intermediate-term:			
Production credit associations	--	5.00	4.50
Banks for cooperatives	--	2.00-4.00	1.50-4.00
Commodity Credit Corporation	--	4.00	3.00
Mortgages:			
Federal land banks	5.50-6.00	3.50	3.50
Federal Farm Mortgage Corporation	--	5.00	3.50
Large life insurance companies <u>4/</u>	<u>5/5.63</u>	4.84	<u>6/4.66</u>
Urban real estate mortgage rates: <u>3/</u>			
HOLC (home mortgages)	--	5.00	4.50
Insured by FHA (home mortgages)	--	<u>7/5.00</u>	<u>7/4.50</u>
Large life insurance companies <u>4/</u>	<u>5/5.63</u>	4.67	<u>6/4.50</u>

- 1/ Average yield on 3-6 month Treasury certificates.
- 2/ For commercial loans of city banks, figure for September 1940 quarter. For loans of country national banks, figure for 1938; available data indicate
- 3/ Interest rates in effect at end of year or month. |little change in 1939 & 1940.
- 4/ Hearings before the Temporary National Economic Committee, 76th Cong., Third Sess., Part 10-A, Feb. 12, 1940. Average contract rate on new mortgages after deduction of any payments out of interest for commissions for acquisitions of mortgages; for farm mortgages as reported by 12 companies, and for urban real estate mortgages, by 24 companies.
- 5/ Figure for 1932, earlier figures not available.
- 6/ Figure for 1938.
- 7/ Maximum rate, excluding insurance premium of 1/2 of one per cent.

	<u>Canada</u>	<u>United States</u>	<u>U.S. on comparable basis 15X</u>
Population	11.3 millions	130 millions	
Estimated National Income	6 billions	92 billions	
War Outlays	1.4* "	20 "	21 billions
Total Outlays	1.9* "	26.5 "	28.5* "
Receipts	1.5 "	12 "	22.5 "
Deficit	418* millions	14.5 "	6.2 "
Deposits (all)	3 billions	67 "	45 "
Adjusted Demand Deposits and Currency	1.4 "	47(1) "	21 "

*If, as estimated, Canada must also finance about 900 millions of aid to Britain, her total outlays will be about 2.6 billions. On a comparable basis the United States would be spending 39 billions instead of 28.5.

The budget figures given above are taken from budget estimates (some revised) and are all for the fiscal year 1941-1942.

In June Canada floated a Victory Loan of 600 millions (10-yr. 3% bonds and 5-1/2 year 2.19% bonds) and offered conversion privileges on 134 millions of maturing issues. They got 730 in cash and 106 was converted, making a total of 836 millions. On a comparable basis, we would raise 10.95 billions of new money and convert 1.59 billions, or a total of 12.5 billions.

(1) Exclusive of 950 millions of Government deposits.

11/17/41