

SECOND ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF NEW YORK

FOR THE YEAR ENDED DECEMBER 31, 1916



WASHINGTON
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1917

LETTER OF TRANSMITTAL.

FEDERAL RESERVE BANK,
New York, January 1, 1917.

SIR: I have the honor to submit herewith the second annual report of the Federal Reserve Bank of New York, covering the year 1916.

Respectfully,

PIERRE JAY,
Chairman and Federal Reserve Agent.

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

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FEDERAL RESERVE BANK OF NEW YORK.

OFFICERS.

BENJAMIN STRONG, Governor.

ROBERT H. TREMAN, Deputy Governor.	WILLIAM WOODWARD, Deputy Governor (inactive).
JAMES F. CURTIS, Secretary and Counsel.	LOUIS F. SAILER, Cashier.
LAURENCE H. HENDRICKS, Assistant Cashier.	EDWIN R. KENZEL, Assistant Cashier.
JOSEPH D. HIGGINS, Assistant Cashier.	HOWARD M. JEFFERSON, Auditor.

DIRECTORS.

Pierre Jay, New York City, Chairman and Federal Reserve Agent.	George Foster Peabody, Saratoga Springs, N. Y., Deputy Chairman and Deputy Federal Reserve Agent.
Franklin D. Locke, Buffalo, N. Y.	Henry R. Towne, New York City.
Leslie R. Palmer, Croton on Hudson, N. Y.	Robert H. Treman, Ithaca, N. Y.
Charles Starek, New York City.	William B. Thompson, Yonkers, N. Y.
William Woodward, New York City.	

SECOND ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF NEW YORK.

PIERRE JAY, Chairman and Federal Reserve Agent.

RESULTS OF OPERATION.

(1) BALANCE SHEET.

The following is a statement comparing the condition of the Federal Reserve Bank of New York on December 31, 1915, and December 30, 1916, and showing the increase and decrease in the various items of resources and liabilities.

	Dec. 30, 1916.	Dec. 31, 1915.	Increase.	Decrease.
RESOURCES.				
Earning assets:				
Bills discounted for member banks.....	\$7,071,158.55	\$236,472.08	\$6,834,686.47	.....
Acceptances purchased.....	41,457,184.04	9,546,011.06	31,911,172.98	.....
Municipal warrants.....	972,311.62	1,198,585.98 ¹	.....	\$226,274.36
United States bonds.....	1,042,550.00	.....	1,042,550.00	.....
United States one-year Treasury notes.....	1,205,000.00	.....	1,205,000.00	.....
Total.....	51,748,204.21	10,981,069.12	40,993,409.45	226,274.36
Reserve cash:				
Gold coin and certificates.....	159,321,257.50	169,073,827.50	.....	9,752,570.00
Gold settlement fund.....	20,570,000.00	5,717,000.00	14,853,000.00	.....
Gold redemption fund for Federal Reserve notes.....	250,000.00	55,000.00	195,000.00	.....
Legal tender notes.....	11,188,200.00	5,691,765.00	5,496,435.00	.....
Silver certificates and coin.....	4,077,274.80	284,322.40 ²	3,792,952.40	.....
Total.....	195,406,732.30	180,821,914.90	24,337,387.40	9,752,570.00
Other resources:				
Federal reserve notes and other cash on hand.....	13,865,897.46	16,180,530.94	.....	2,314,633.48
Items in process of collection.....	23,077,418.64	.....	23,077,418.64	.....
Exchanges for clearing house and cash items.....	2,503,168.21	987,566.35	1,515,601.86	.....
Interest accrued on United States bonds.....	12,501.88	8,147.82	4,353.96	.....
Cost of unissued Federal Reserve notes.....	235,598.86	232,086.79	3,512.07	.....
Expense of organization.....	.....	122,335.01	.....	122,335.01
Furniture and equipment.....	.....	26,980.36	.....	26,980.36
Expenses paid in advance, etc.....	8,753.52	6,312.18	2,441.34	.....
Total.....	39,703,338.57	17,563,959.55	24,603,327.87	2,463,948.85
Total resources.....	236,858,275.08	209,366,943.57	77,491,331.51	.....
LIABILITIES.				
Capital fund:				
Capital paid in.....	11,865,750.00	11,063,150.00	802,600.00	.....
Profit and loss.....	163,063.98	² 111.22	163,175.20	.....
Total.....	12,028,813.98	11,063,038.78	965,775.20	.....
Deposits:				
Due to United States Government.....	3,571,391.94	.....	3,571,391.94	.....
Due to member banks, reserve balances.....	237,907,354.87	179,404,501.65	58,502,853.22	.....
Due to member banks, uncollected funds.....	18,552,984.84	.....	18,552,984.84	.....
Due to other Federal Reserve Banks—	.....	.....	.....	.....
Collected funds, net.....	12,373,721.91	17,886,055.54	.....	5,512,333.63
Uncollected funds.....	2,085,975.49	.....	2,085,975.49	.....
Cashier's checks outstanding.....	188,275.81	841,219.44	.....	652,943.63
Total.....	274,679,704.86	198,131,776.63	82,713,205.49	6,165,277.26

¹ Net.

² Deficit.

	Dec. 30, 1916.	Dec. 31, 1915.	Increase.	Decrease.
LIABILITIES—continued.				
Other liabilities:				
Liability on Federal Reserve notes.....		\$140,000.00		\$140,000.00
Unearned discount.....	\$140,246.60	31,520.01		
Sundry reserves.....	9,509.64	608.15	\$117,628.08	
Total.....	149,756.24	172,128.16	117,628.08	140,000.00
Total liabilities.....	286,858,275.08	209,366,943.57	77,491,331.51	
FEDERAL RESERVE AGENT.				
Resources: Gold to reduce note liability.....	107,003,765.00	89,440,000.00	18,563,765.00	
Liabilities: Notes outstanding.....	107,003,765.00	89,440,000.00	18,563,765.00	

¹ Net.

The most noticeable features of the statement are the increase in the investments, principally acceptances purchased, and the increase in the member bank deposits, due partly to expansion of their own deposits and partly to the excess balances which some of them maintain.

(2) INCOME AND EXPENSES.

The following statement shows the income and expenses of the bank for the years 1915 and 1916:

	1916	1915
INCOME.		
Bills discounted for members.....	\$37,368.26	\$36,840.98
Acceptances bought.....	530,483.75	97,054.10
United States securities.....	31,644.49	
Municipal warrants.....	214,122.13	191,868.68
Profit realized on United States bonds.....	48,515.01	
Commissions received.....	42,337.09	9,437.72
Service charges.....	32,959.90	
Sundry profits.....	1,128.59	9,833.85
Excess of expense over income, carried to profit and loss.....		111.22
Total.....	983,609.22	345,146.55
EXPENSE.		
Directors' fees, outside conferences and Federal Advisory Council.....	10,764.51	18,240.72
Salaries.....	215,307.83	154,043.05
Rent.....	45,810.04	42,749.95
General expenses.....	151,200.36	44,472.23
Cost of Federal Reserve notes used.....	95,240.00	63,800.00
Assessment for expenses of Federal Reserve Board.....	39,029.38	21,840.60
Total.....	557,352.12	345,146.55
Net earnings.....	426,257.10	
Charged off, Dec. 30, 1916:		
Organization expense.....	\$72,289.96	
Furniture and equipment.....	63,442.17	
Sundry.....	347.98	
Dividend paid.....	127,113.01	
	263,193.12	
Amount carried over to profit and loss.....	163,063.98	

The principal increase is due to the income from acceptances purchased. The item "Commissions received" represents, principally the allowance made by other Federal Reserve Banks to this bank for,

purchasing and caring for investments made for their account in the New York market. The item "Service charges" represents the aggregate of charges, at 1 cent per item, made to member banks depositing checks with this bank for collection. Both of these items are, in their nature, deductions from the expenses of the bank rather than credits to income, but it has seemed clearer to show them among the items of income.

The increase in the salary item arises from the increase of the staff, due partly to the general development of the business of the bank and partly to the growth of the collection system. The general expense item for 1916 includes \$58,751.15, charged to general expenses in monthly installments during the year, representing the amortization of the organization expenses and furniture and equipment; \$12,937.70 representing the cost of redeeming Federal Reserve notes, and \$12,582.92, representing service charges paid other Federal Reserve Banks for items sent them for collection, no similar items having been included in general expenses for 1915.

At the close of the year, in connection with the payment of the first installment of the accrued dividends, the entire balance in the organization expense and the furniture and equipment accounts, aggregating \$135,732.13, was charged off and a balance of \$163,063.98 was carried forward to profit and loss. The only item of a nonliquidating character now carried in the balance sheet is the amount of \$235,598.86 representing the cost of unissued Federal Reserve notes. The cost of printing Federal Reserve notes and maintaining a large supply of them in New York and Washington is charged to this account, and whenever any are issued to this bank for use the account is credited with the proportionate cost.

On December 15 the directors declared a dividend at the rate of 6 per cent per annum from November 2, 1914, to March 31, 1915, aggregating \$127,113.01, which was credited to the member banks on December 30, 1916.

(3) RESERVE POSITION.

The following table shows the reserve position of the bank at the close of business each month during the year:

1916.	Net deposits.	Total reserve.	Legal tender notes.	Silver and silver certificates.	Gold and gold certificates.	Gold with Federal Reserve Agent.
Jan. 31	\$208,798,935.54	\$176,166,295.25	\$3,050,435	\$2,546,060.25	\$170,569,800.00	\$94,240,000
Feb. 29	209,818,946.99	178,143,417.00	5,034,685	284,947.00	172,823,785.00	77,634,700
Mar. 31	207,446,502.45	170,140,997.90	1,741,047	113,658.40	168,286,292.50	75,125,400
Apr. 29	192,610,702.28	156,189,343.35	1,840,765	3,995,545.85	150,353,032.50	70,791,200
May 31	215,138,290.18	167,565,327.30	13,079,355	5,981,131.80	148,501,837.50	74,390,200
June 30	218,614,623.88	181,180,118.30	9,639,020	10,972,688.30	160,568,410.00	69,473,500
July 31	217,325,003.36	175,842,078.15	5,574,565	8,913,683.15	161,353,830.00	66,041,200
Aug. 31	207,995,176.68	165,664,667.10	1,767,645	3,778,552.10	160,118,470.00	68,995,800
Sept. 30	210,134,122.36	174,708,731.55	2,258,605	725,669.05	171,724,457.50	78,413,600
Oct. 31	228,771,932.10	191,848,674.70	1,837,510	566,729.15	189,444,435.55	84,230,815
Nov. 30	203,290,119.62	165,764,526.80	2,973,380	1,084,437.40	161,706,709.40	90,733,015
Dec. 31	249,099,118.01	195,406,732.30	11,188,200	4,077,274.80	180,141,267.50	107,003,765

(4) DISCOUNT RATES.

The discount rates established by the Federal Reserve Bank of New York during the year and the rates at which acceptances were purchased in the open market have been as follows:

Month.	Discount rates for various maturities.						Rates at which acceptances were purchased in the open market.		
	10 days or less.	15 days or less (including collateral loans).	11 to 30 days, inclusive.	16 to 30 days, inclusive.	31 to 60 days, inclusive.	61 to 90 days, inclusive.	Agricultural paper, 91 days to 6 months.	Bankers' acceptances.	In-trade bills of foreign origin.
January	3		4		4	4	5	2-2 $\frac{1}{8}$	
February	3		4		4	4	5	2-2 $\frac{1}{8}$	2 $\frac{1}{2}$
March	3		4		4	4	5	2-2 $\frac{1}{8}$	2 $\frac{1}{2}$
April	3		4		4	4	5	2-2 $\frac{1}{8}$	2 $\frac{1}{2}$
May	3		4		4	4	5	2-2 $\frac{1}{8}$	2 $\frac{1}{2}$
June	3		4		4	4	5	2-2 $\frac{1}{8}$	2 $\frac{1}{2}$
July	3		4		4	4	5	2-2 $\frac{1}{8}$	2 $\frac{1}{2}$
August	3		4		4	4	5	2 $\frac{1}{2}$	2 $\frac{1}{2}$
September	3		4		4	4	5	2 $\frac{1}{2}$	2 $\frac{1}{2}$
October		3		4	4	4	5	2 $\frac{1}{2}$	2 $\frac{1}{2}$
November		3		4	4	4	5	2 $\frac{1}{2}$	2 $\frac{1}{2}$
December		3		4	4	4	5	2 $\frac{1}{2}$ -3 $\frac{1}{2}$	3-3 $\frac{1}{2}$

January to September, trade acceptances, 11 to 90 days, 3 $\frac{1}{2}$ per cent. October to December, trade acceptances, 16 to 90 days, 3 $\frac{1}{2}$ per cent.

The established discount rates, until the last few weeks of the year, were above the market rates for commercial paper. In accordance with the policy referred to in the last annual report and during the present period of abundant bank reserves this bank has continued to maintain its discount rates somewhat higher than the level of current rates for commercial paper in order not to stimulate the use of its resources. In periods of ease of money it is not to be expected that member banks will rediscount with this bank, but during the rise in money which occurred in December, 1916; when rates for commercial paper rose somewhat above the level of the established discount rates of this bank member banks did not hesitate to rediscount freely.

During the first half of the year the purchases of bankers' acceptances in the open market in increasing volume by Federal Reserve Banks undoubtedly had the effect of keeping the market rate for such acceptances slightly below the level it would otherwise have maintained. One of the purposes of the Federal Reserve Banks in purchasing acceptances at rather low rates was to stimulate the drawing of "dollar bills" in foreign countries. While this gave the holder of such bills a very profitable market in which to sell them, it tended, on the other hand, to keep that market rather limited and to discourage many possible purchasers from entering it. During the late autumn the rates at which Federal Reserve Banks purchased bills

gradually rose and a freer market developed, attracting the funds of many institutions throughout the country which had hitherto refrained from purchasing acceptances.

(5) MATURITIES.

The following statement shows the maturities of investments, other than United States securities, held by the Federal Reserve Bank of New York December 30, 1916:

	Bills dis- counted.	Warrants.	Acceptances.	Totals.
Within 10 days.....	\$566,258.63		\$7,142,789.23	\$7,709,047.86
11 to 30 days.....	5,397,785.01	\$76,516.74	11,211,476.10	16,685,777.85
31 to 60 days.....	1,012,548.41	365,512.50	12,770,380.96	14,148,441.87
61 to 90 days.....	94,566.50	334,943.46	10,332,537.75	10,762,047.71
91 days (6 months).....		195,338.92		195,338.92
Total.....	7,071,158.55	972,311.63	41,457,184.04	49,500,654.21

INVESTMENTS OF THE FEDERAL RESERVE BANK OF NEW YORK
DURING 1916.

(1) MEMBER BANK REDISCOUNTS AND ADVANCES.

Since January 1, 1916, 302 applications for rediscounts or advances aggregating \$22,501,332.41 have been received from 62 member banks, of which 16 were located in New York City and 46 elsewhere in the district.

A recent amendment to the Federal Reserve Act permits a member bank to borrow for not exceeding 15 days from a Federal Reserve Bank on its own note secured by eligible paper or United States bonds. Member banks are thus enabled to borrow for short periods on the security of paper having not more than 90 days to run and without the accounting labor either to them or to the Reserve Bank of recording and computing interest on large numbers of small notes. The total amount advanced by the bank in this manner during the year was \$7,939,400 out of a total of \$22,329,581.81 borrowed by member banks. The total amount of trade acceptances discounted was \$166,564.16.

During the period of unsettlement which prevailed in the stock and money markets during the latter part of December several of the large New York City banks made use of the rediscount facilities of this bank for the first time. The amount thus rediscounted for or advanced to New York City banks during the month of December was \$15,621,973.

The district is distinctly a creditor district, and its banks are lenders rather than borrowers of money. On June 30, 1916, the total amount borrowed by our member banks from all sources was

\$4,909,000 against total member bank borrowings for the entire country on the same date of \$69,067,000.

The following is a statement of discounts for and advances to member banks, by months, during 1916 as compared with similar transactions during 1915:

Month.	1916		1915	
	Number of items.	Amount.	Number of items.	Amount.
January.....	117	\$125,655.65	139	\$1,642,303.85
February.....	73	98,304.35	184	1,046,307.55
March.....	249	304,638.35	167	190,652.27
April.....	149	149,950.15	241	216,449.17
May.....	307	191,290.38	207	235,957.67
June.....	325	348,405.34	426	289,518.48
July.....	116	235,494.37	259	333,949.18
August.....	241	586,851.00	124	157,026.34
September.....	105	560,583.29	211	286,208.77
October.....	177	1,035,118.65	107	137,183.62
November.....	79	715,293.90	64	152,330.23
December.....	567	17,977,996.38	132	131,661.74
Total.....	2,505	22,329,581.81	2,261	4,819,548.87

The following figures show certain data concerning the rediscount operations during 1915 and 1916:

	1916	1915
Number of applications received.....	302	277
Amount of applications received.....	\$22,501,332.41	\$11,384,037.63
Amount of applications accepted and discounted or advanced upon.....	\$22,329,581.81	\$9,668,632.41
Largest application.....	\$3,877,000.00	\$2,182,500.00
Smallest application.....	\$450.00	\$1,015.00
Number of pieces of paper discounted.....	2,502	2,676
Largest piece of paper discounted.....	\$1,000,000.00	\$300,000.00
Smallest piece of paper discounted.....	\$18.00	\$20.20
Average size of notes discounted.....	\$8,914.01	\$3,613.09
Number of banks rediscounting.....	62	49

(2) BANKERS' ACCEPTANCES AND THE DISCOUNT MARKET.

This year has witnessed a remarkable increase in the volume of business financed in this country under bankers' acceptance credits, or "dollar credits" as they are called both at home and abroad.

The following is a statement gathered from reports made to public officials in the months of March, September, and November, 1916, showing the amount of acceptance liabilities of national banks in district No. 2 and trust companies and State banks in the State of New York:

	March.	September.	November.
National banks.....	\$21,361,952	\$44,300,877	\$54,445,056
Trust companies.....	55,374,903	68,588,558	88,733,874
State banks.....	2,501,970	2,787,995	4,254,738
Total.....	79,238,825	115,677,430	147,433,668

As originally passed, the Act permitted national banks to accept only bills arising out of transactions involving the importation or exportation of goods, but under the amendment of September 7, 1916, national banks may now accept bills covering domestic shipments or secured by the pledge of readily marketable goods in storage. The immediate effect of this amendment was to cause a substantial volume of staple commodities, such as cotton, grain, and metals, to be carried or shipped within the United States under bank acceptances instead of under direct bank loans, with beneficial results to the producers, merchants, and manufacturers affected owing to their ability to draw their supply of funds from wider markets and sometimes at lower rates than before.

The permission granted by the same amendment to member banks to accept bills for the purpose of furnishing "dollar exchange" in certain countries where trade usages require it is already beginning to be availed of.

Some progress has been made during the year in the development of a discount market. Responsible banking and brokerage houses have become dealers and specialists in bankers' acceptances, purchasing them at wholesale as they are accepted and offered in this country, quoting rates by cable to foreign countries where they originate as bills of exchange, and contracting for their purchase upon arrival here. This is giving an increasing currency and stability to the "dollar" bill in foreign markets.

The demand for such bills during the year from banks and other investors requiring liquid assets of short maturity has generally exceeded the supply and has tended to keep the rates for them well below those commanded by any other form of commercial credit instrument. The ease with which they were negotiated at stable rates during periods when other money rates rose abruptly demonstrated in a convincing way their desirability as prime and liquid banking assets, which has long been recognized in other countries.

The liberal purchase of bankers' acceptances by the reserve banks has undoubtedly added stability to the open market and aided its development.

The number of makers as well as of buyers of bankers' acceptances increased substantially during the year. During the latter half of the year the somewhat higher discount rates which prevailed for bankers' acceptances induced many banks outside of the larger cities, including a number of banks in western and southern points, to make investments in them and added in an encouraging manner to the breadth of the discount market. Among those undertaking the granting of acceptance credits were a number of private bankers, most of whom have cooperated and established relations with the Federal Reserve Bank of New York by giving its officers such state-

ments of condition as the regulations of the Federal Reserve Board require to make their acceptances eligible for purchase by Federal Reserve Banks. During the year also several of the foreign-trade banks of other countries having branches in New York City have likewise filed statements of condition with this bank in order that this bank might be in a position to purchase trade bills on American firms indorsed by them.

The volume of American acceptances current at the close of 1916, including those of nonmember banks and private bankers, and trade bills of foreign origin drawn on American firms and indorsed by banks, is estimated to be about \$250,000,000.

During the year the Federal Reserve Bank of New York has followed the same policy in purchasing acceptances as during the previous year. The acceptances of nonmember banks and of private bankers have been purchased as freely as those of member banks, although the rate on the latter has been slightly more favorable. In order to encourage the indorsement of bills a slight differential has also been made in favor of bills indorsed by prime banks or bankers.

The monthly purchases of acceptances and indorsed trade bills by this bank for itself and other Federal Reserve Banks have been as follows:

Acceptances purchased.

Month.	For account of Federal Reserve Bank of New York.		For account of other Federal Reserve Banks.	
	Number of items.	Amount.	Number of items.	Amount.
January	321	\$3,952,829.10	168	\$1,748,101.40
February	318	5,332,262.69	308	4,132,336.01
March	422	8,360,862.35	441	5,902,385.17
April	375	6,315,912.77	186	4,506,359.68
May	248	5,310,107.67	565	9,448,715.52
June	821	15,676,835.43	1,287	18,302,523.60
July	617	13,645,319.31	976	10,413,591.87
August	241	8,352,138.82	776	11,727,725.41
September	391	8,218,059.57	967	13,586,894.24
October	673	13,600,297.20	1,042	15,145,972.77
November	844	17,982,141.64	919	14,192,741.94
December	1,025	16,659,784.04	1,032	17,380,591.85
Total	6,296	123,406,549.59	8,667	126,487,939.46
CLASSIFICATION.				
Import and export		112,664,618.27		121,536,683.33
Domestic		6,485,112.43		1,362,255.07
Indorsed trade bills of foreign origin		4,026,818.89		3,589,001.06
Bills drawn to furnish "Dollar exchange"		230,000.00		
Total		123,406,549.59		126,487,939.46

(3) UNITED STATES BOND OPERATIONS.

During the year this bank has purchased from member banks and in the open market \$7,818,750 of United States 2 per cent bonds bearing the circulation privilege, of which it has converted \$6,476,200, its full

quota under the provisions of law and the rulings of the Secretary of the Treasury and the Federal Reserve Board, into \$3,239,200 30-year 3 per cent "conversion bonds" and \$3,237,000 1-year 3 per cent gold notes of the United States.

The 30-year 3 per cent conversion bonds have no circulation privilege, but are accepted as security for deposits of public moneys.

Believing that it was one of the purposes of the Act to refund the United States 2 per cent bonds by issues, devoid of special features attractive only to banks, which would find a market among investors desiring a bond of the highest security and at the same time exempt from both personal and income taxes, this bank has sold in the open market a portion of its holdings of both classes of bonds. The bonds have been taken largely by private investors and have not come again in the market, indicating a steady demand for the issues.

The outstanding national-bank notes decreased from \$746,679,970 on December 31, 1915, to \$708,817,446 on December 30, 1916, largely through the purchase of United States 2 per cent bonds by Federal Reserve Banks.

Details of transactions in United States bonds will be found in the appendix.

(4) MUNICIPAL WARRANTS.

During the year the monthly purchases of warrants by this bank for itself and other Federal Reserve Banks have been as follows:

Month.	For account of Federal Reserve Bank of New York.	For account of other Federal Reserve Banks.	Month.	For account of Federal Reserve Bank of New York.	For account of other Federal Reserve Banks.
January.....	\$6,110,000	\$1,115,000	August.....	112,500	
February.....	5,530,000	6,990,000	September.....	1,202,000	333,000
March.....	1,536,000	4,030,000	October.....	3,500,000	4,650,000
April.....	5,797,500	293,000	November.....	4,971,500	365,000
May.....	1,532,000	2,800,000	December.....	1,925,000	1,300,000
June.....	2,068,000	2,947,000			
July.....	1,983,500	1,396,000	Total.....	36,328,000	26,199,000

Average rate for year, 2.46+.

The rates have ranged from $2\frac{1}{4}$ per cent to $3\frac{1}{2}$ per cent, according to the state of the market, the maturities, and the credit of the issuing municipality.

The requirements of eligibility for purchase by reserve banks have become better understood both by municipalities issuing warrants and by dealers, with the result that of those offered fewer have to be declined on account of technical defects, and more standard forms of instruments are now being issued.

While the larger municipalities have quite generally availed of the wider market thus created for eligible warrants, the smaller ones have

not done so, and member banks located in the smaller municipalities have seldom offered their local warrants, which would be eligible for purchase if indorsed by them.

FEDERAL RESERVE NOTE ISSUES.

During the year the policy of issuing Federal Reserve notes in exchange for gold, through the medium of commercial paper as provided in the Act, has been followed consistently. The net amount of Federal Reserve notes of this bank in circulation increased from \$73,300,720 at the beginning of the year to \$93,426,100 at the end, a gain of \$20,125,380 during the year. On July 31 the net amount in circulation had declined to \$54,210,745 owing to seasonal redemptions.

The Federal Reserve note has been used not to increase the circulating medium, which seems already to be adjusted in volume to our periods of maximum demand under normal conditions, but as a means of steadily accumulating gold. In this respect the bank has followed the practice of the note-issuing banks of other countries which are authorized to issue currency against less than 100 per cent of metallic cover. Through the medium of notes the gross gold accumulated at the close of 1916 by this bank and held by the Federal Reserve Agent, was \$107,003,765, and by the system as a whole \$282,523,000, none of which appears in the balance sheets of Federal Reserve Banks. The ability of this bank and of the system to supply demands for gold are greater by 60 per cent of these respective amounts than they would be had no notes been put in circulation. While the policy of accumulating gold through the issuing of notes has been misunderstood and even criticized in some quarters, it has had the hearty approval of the member banks, and, with some exceptions, of the financial and general press.

In order to facilitate the accumulation of gold and to place member banks not in New York City on a basis of equality with the New York City banks with respect to the use of Federal Reserve notes, this bank has offered to pay to the country member banks the cost of shipping gold to it and the cost of shipping Federal Reserve notes to them in return. Through their cooperation a substantial volume of gold has been thus accumulated.

During the year there has been no change in the policy adopted by this bank of keeping on reserve in New York and Washington a very large supply of unissued Federal Reserve notes sufficient in its opinion to meet any possible demands upon it for currency, based upon past experience.

The redemption of Federal Reserve notes unfit for circulation has begun and \$54,509,235 of notes have been thus retired. Whenever practicable soiled notes are laundered and placed again in circulation. The cost of printing the notes has been slightly increased during the

year, and is now on the basis of \$10.58 per thousand bills, irrespective of the denominations.

In the latter part of the year the demand for notes has largely been for those of the denomination of \$5. It would greatly facilitate the use of Federal Reserve notes with the larger institutions if the Federal Reserve Banks were authorized to issue the notes in the form of certificates drawn to order in denominations of \$5,000 and \$10,000.

Further details of the transactions in and movements of Federal Reserve notes will be found in the appendix.

COLLECTIONS AND CLEARINGS.

(1) THE COLLECTION SYSTEM.

The voluntary intradistrict collection system which this bank inaugurated on June 1, 1915, was continued on the same basis until July 15, 1916. The first six months of the operation of this system, established on a basis of immediate debit and credit, demonstrated clearly that it was impossible on a voluntary basis to extend the system materially either within this district or across district lines, and, furthermore, that the immediate debit and credit basis was unsatisfactory to both the member banks and the Federal Reserve Bank of New York for the following reasons:

The member banks, having items charged to their accounts a day before the items could reach them, were always uncertain how their reserve account with this bank stood until the following day. This uncertainty required them either to keep large excess balances with this bank or expose their reserve accounts to impairment, even to being overdrawn. Nearly every day a large percentage of the accounts of the country members of the collection system was impaired, many of them to such an extent that they were actually overdrawn.

The Federal Reserve Bank of New York found its resources reduced by the impairment of these reserve balances and found itself compelled, against its express determination to the contrary, to purchase from its member banks their out-of-town checks, commonly called "float."

On May 1 the Federal Reserve Board issued a circular requiring each of the Federal Reserve Banks, under section 16 of the Federal Reserve Act, "to exercise the function of clearing houses for its member banks." Each Federal Reserve Bank was authorized to receive at par from its member banks checks drawn on all member banks, whether in its district or other districts, and checks drawn on all nonmember banks which could be collected at par. Immediate credit entry was to be given upon receipt for all items received, but the proceeds were not to be counted as reserve or to become available to meet checks drawn until actually collected. Checks so received

were to be forwarded direct to the member banks and charged to their accounts after sufficient time had elapsed within which to receive advice of payment. Member banks were required by the Federal Reserve Board to provide funds to cover at par all checks received from or for the account of their Federal Reserve Bank, but were permitted to ship lawful money or Federal Reserve notes to provide such funds, when necessary, at the expense of their Federal Reserve Bank. The expense of conducting the collection department was to be assessed, on a per item basis, on the member banks using its facilities. Notice was given that penalties would be assessed for the impairment of the reserves of member banks with their Federal Reserve Banks.

In order to insure the presentation of checks by the most direct route to the banks on which they are drawn, the following restriction was adopted by the Federal Reserve Bank of New York:

To insure direct routing, this bank will not accept any item drawn on a bank located outside this district when such item bears the indorsement of a bank located outside of this district.

This restriction has prevented banks outside of district No. 2 from sending items drawn upon banks in other districts to New York City for the purpose of making New York exchange.

Each Federal Reserve Bank adopted a schedule showing the number of days which must elapse before the proceeds of items deposited with it would become available as reserve or to be drawn against. Each of these schedules covers the entire country and is based upon the average time required for the Federal Reserve Bank to send items to its member banks and receive remittances from them plus the one-way mail time between Federal Reserve Banks. The schedule of the Federal Reserve Bank of New York will be found in the appendix.

The member banks in this district were advised by circular letter on June 6 concerning the operating details of the collection system which was put into operation on July 15. The immediate result was an increase in the number and amount of items handled. At the outset items were received from the New York City banks up to 1 o'clock. Early in November this hour was changed to 2 o'clock, and items of \$5,000 or over were received up to 3.30 p. m. This has resulted in increasing very largely the number as well as the amount of items, especially those drawn on banks in other Federal Reserve districts. In this district items drawn on 625 member banks and 313 nonmember banks are being accepted on December 31, 1916. No items are accepted which can not be collected at par. The service charge imposed by this bank since July 15 has been at the rate of 1 cent per item, covering the expense of conducting its collection department.

The transactions of the collection department during the year have been as follows:

[000's omitted under "Amount" column.]

	Items on New clearing-house banks.		Items on banks in district No. 2.		Items on banks in other Federal Reserve districts.		Items on other Federal Reserve Banks.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
INTRADISTRICT SYSTEM.								
1916.								
January	45,187	\$158,768	212,543	\$56,038	7,831	\$26,550	802	\$20,647
February	40,803	165,229	201,775	63,949	7,731	26,260	719	21,265
March	46,862	207,167	224,897	64,453	9,117	27,931	702	20,751
April	44,671	179,643	234,900	69,749	8,918	28,717	647	21,678
May	65,182	241,215	237,658	77,298	9,354	31,834	601	23,414
June	91,455	271,818	252,336	86,641	8,841	30,085	691	25,705
July 1-15	40,364	129,764	133,080	38,264	4,471	15,945	352	15,436
Total	374,624	1,353,604	1,497,189	446,392	56,263	187,322	4,514	146,866
COUNTRY-WIDE SYSTEM.								
July 16-31	46,615	119,920	190,149	43,743	33,310	28,675	260	4,617
August	112,068	223,088	473,412	77,330	193,902	68,740	470	6,339
September	97,244	304,239	483,930	90,866	234,865	90,688	337	4,805
October	93,967	348,286	556,350	109,369	311,652	123,302	402	4,020
November	95,649	378,902	549,810	109,826	340,788	152,138	484	3,047
December	109,341	427,549	602,264	114,152	380,927	176,221	548	7,316
Total	554,884	1,801,984	2,855,945	545,286	1,495,444	648,764	2,501	29,944

Through the cooperation of many nonmember banks and the courtesy of most of the member banks in this district, it has been possible thus far to collect checks on 313 out of the 463 nonmember banks in this district without deduction for exchange. The total "par list" of the 12 Federal Reserve Banks on December 30, 1916, aggregated about 16,000 banks, or about 60 per cent of the number of banks in the country. It is probable, however, that the par list includes over 85 per cent of the total banking resources of the country and, therefore, over 85 per cent of the volume of checks could, if desired, be collected through the Federal Reserve system.

In order to devise a time schedule which would be practicable, it was, of course, impossible to calculate the exact time with respect to each point; therefore, average time has been used. As a result of the average time basis, this bank finds itself carrying uncollected checks deposited by its member banks to an amount between \$1,000,000 to \$2,000,000. With four times the volume of checks handled, the "float" carried is no larger than under the old intradistrict system. Under the new system, by a change in the time schedule, even this inconsiderable amount of "float" could probably be avoided if desired, but under the former system the acquisition of "float" was practically unavoidable.

The facilities of the collection system of this bank are not generally availed of by the member banks. Out of 625 member banks, only

150 send items regularly, of which one-half are country banks and the other half are situated in large cities. The number of items collected through this bank is estimated to be only about one-seventh of the total number which passes through the banks of this district (not including items on New York Clearing House banks), although in amount the items so collected are estimated at over one-third of such aggregate. Most country banks still send their collections to one or more of the large banks in reserve cities which make a specialty of collections. Many of the city banks send items direct to country banks with which they have reserve or other relations, allowing them exchange or its equivalent, time, in remitting therefor.

It is desirable for the smooth working of the collection system that it should develop gradually. This bank would be embarrassed if the total volume of items on the district were suddenly deposited with it for collection. Until the collection system is able to collect items on practically every bank in the country, its use is sure to be somewhat limited. It will be the endeavor of this bank as rapidly as possible to increase its par list within its own district and to develop its collecting organization to include the collection of notes, drafts, coupons, and other noncash items.

Since the country-wide collection system has been in operation, the New York Clearing House Association has amended its rules and regulations in such a manner as to reduce very materially its required charges for the collection of out-of-town items. On such items the members of the clearing house were formerly obliged to charge either one-tenth or one-fourth of 1 per cent, in accordance with the distance of the point from New York. The present schedule of charges is one-fortieth of 1 per cent on two-day points, one-twentieth of 1 per cent on four-day points, and one-tenth of 1 per cent on eight-day points. These charges represent a reasonable rate of interest on the funds for the number of days during which the Federal Reserve Bank defers credit.

(2) GOLD SETTLEMENT FUND.

During 1916 this bank has paid out through the gold settlement fund at Washington \$230,147,000 in gold. A statement of the operations of the fund as affecting this bank will be found in the appendix. The distribution through this fund of a large volume of gold paid into it by the Federal Reserve Bank of New York is a natural consequence of the importation through New York of large amounts of gold during the year, elsewhere referred to in this report, which had to be shipped to other parts of the country in payment for goods there purchased.

(3) THE TRANSFER SYSTEM.

The gold settlement fund has made possible the maintenance of the transfer system, inaugurated on May 26, 1915. Under this system a

Federal Reserve Bank undertakes to transfer funds for any member bank (a) to any other member bank in this district and (b) to any other Federal Reserve Bank for account of any of its member banks. If the transfers are advised by mail no charge is made. If the transfers are advised by telegram a charge at the rate of 2 per cent per annum on the funds to be transferred is made for the number of days which would have been required to effect a mail transfer. On December 30, 1916, this bank amended its rule for the telegraphic transfer of funds and notified its member banks that it would make such transfers without charge except for the cost of the telegram. This is a service which it is expected will be more and more availed of as the ease and economy of using it are understood.

THE FISCAL AGENCY OF THE UNITED STATES.

After carefully studying the details and preparing for it, the work of this bank as fiscal agent and depository of the United States commenced January 1, 1916.

Government funds in national banks in Greater New York, except post office and court deposits, have been transferred to this bank and collectors of customs and internal revenue have deposited their receipts with it daily throughout the year. Out of such funds are paid all checks and warrants drawn upon the Treasurer of the United States which are presented to this bank, as well as coupons of United States bonds.

During the year this bank handled 1,356,265 checks aggregating \$220,476,738.83 drawn on the Government's account.

RELATIONS WITH MEMBER BANKS.

Federal Reserve district No. 2 embraces New York State, Fairfield County, Conn., and the following counties in New Jersey: Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union, and Warren.

The number of member banks on December 30, 1916, was 625, as compared with 616 on December 31, 1915, located as follows:

Connecticut.....	15
New Jersey.....	130
New York, country.....	445
New York, city.....	35
	480
Total.....	625

During the year one State institution was admitted to membership (the Corn Exchange Bank of New York City) and 15 member banks in Connecticut were transferred to this district from the Federal Reserve Bank of Boston.

Seventeen member banks were liquidated during the year, 6 to go out of business for one reason or another, and 11 to convert into trust companies. Ten new national banks have begun business in the district during the year.

The frank and cooperative attitude of this bank toward its member banks, referred to at some length in the last annual report, has been maintained throughout the year. Officers of the bank have attended all bankers' conventions and group meetings to which invitations have been received, as well as several local conferences of bankers, and have made addresses when requested. The executive committee of the recently organized national bank section of the New York State Bankers Association spent a day at the office of this bank conferring with its directors and officers upon its activities and familiarizing themselves with its organization and aims. Wherever opportunity has offered, officers of this bank have called upon member banks, and an increasing number of officers of member banks have called at the office of the bank in New York. Personal relations between this bank and its members, which are so essential to the success of the system, are thus being gradually established. It is believed that, as compared with a year ago, the officers of member banks understand much better the workings and purposes of the reserve system and generally are more in sympathy with them.

In order to offset any losses arising through the collection system the officers of this bank at every opportunity have pointed out to member banks the desirability of revising relations with their depositors, of analyzing depositors' accounts to ascertain the cost of handling them, and, wherever practicable, of putting each account on a paying basis by imposing such charges or requiring such balances to be maintained as will compensate the bank for services rendered; also the possibility of increasing earnings by withdrawing and loaning at home funds they have hitherto found it necessary to keep with collecting banks to compensate for collecting their items. Although many bankers, especially those in the smaller places, feel that such a course is not practicable, nevertheless the experience of a number of banks in this district which have undertaken such a revision of relations proves that in most cases depositors are reasonable and willing to compensate banks for services rendered. Letters describing their experiences are on file in this bank and will be shown to anyone interested. A convenient form for use in analyzing depositors' accounts has been prepared by this bank and distributed to its members, a number of whom have put it in practice with beneficial results. In a number of cases, upon request, one of the junior officers of the bank has visited country banks, explained methods of analyzing accounts, and generally discussed the possibility of readjustments of the kinds

referred to. The same policy will be continued during the coming year whenever such visits will not interfere too seriously with the conduct of the business of the bank.

RELATIONS WITH NONMEMBER BANKS.

During the year whatever relations have been had with nonmember banks in the district have been friendly and cooperative. Federal Reserve notes have been issued freely to nonmember banks in exchange for gold. No discrimination has been made against checks indorsed by nonmember banks deposited in the collection system by member banks, and the acceptances of nonmember banks have been freely purchased throughout the year. A number of nonmember banks in the country districts have agreed to remit to this bank at par for items drawn upon them, in order to assist in the development of its collection system, and their cooperation has been particularly appreciated.

With regard to becoming members of the Federal Reserve system there has been but little change in the attitude of the State institutions referred to in the last annual report. On the whole there is a growing feeling among them that our banking system should be more thoroughly unified and that the responsibilities of maintaining the Federal Reserve system should be shared by all, rather than by only a part, of the banks of the country.

RELATIONS WITH THE PUBLIC.

Much public interest in the Federal Reserve system has been evinced during the year. Editorials and special articles on various phases of its operations are constantly appearing in the daily press and periodicals. Addresses have been made by the officers of the bank before various associations and trade conventions. Public confidence in the system continues.

Many of those engaged in foreign trade are beginning to realize the advantages of the use of bankers' acceptances and of the development of a discount market. Considerable support has been given by important commercial organizations and houses to the movement inaugurated by the Federal Reserve system to develop the use of trade acceptances.

ORGANIZATION OF THE BANK.

(1) INTERNAL MANAGEMENT.

During the year the directors of the bank held 25 meetings, at which the average attendance has been 83 per cent; the executive committee, consisting of the governor or deputy governor, the chairman, and four directors, all of the directors serving upon it in turn, held 34 meetings; and two special committees held three meetings.

At the first meeting of the directors held in 1916 the officers of the bank were reelected for the ensuing year and the auditor was made an officer, with authority to sign correspondence and reconcilements of accounts.

On June 22 the directors, having learned with great regret that Governor Benjamin Strong, owing to ill health, had been ordered by his physician to take a complete rest, granted him a leave of absence, with the expectation that he would resume his duties as soon as practicable. They then appointed Mr. Robert H. Treman, one of the directors of the bank and president of the Tompkins County National Bank, Ithaca, N. Y., a deputy governor ad interim, and he assumed the active duties of this office on Tuesday, June 27.

On September 20, Mr. J. D. Higgins, who has been with the bank since its organization, was appointed an assistant cashier.

On January 1, 1916, the staff of the bank consisted of 6 officers and 69 clerks. On December 31 there were 9 officers and 164 clerks. The large increase in the clerical staff was occasioned partly by the general development of the business of the bank, and partly by the work of caring for the deposits of the United States, but principally by the inauguration of the country-wide collection system on July 15.

The department handling Government deposits consists of 9 men. The transit department, prior to July 15, consisted of 4 men and 3 women. Since then it has grown steadily and on December 30 consisted of 13 men and 41 women. A night force of 5 men prepares incoming mail for the department. The establishment of the collection system has affected the volume of work in all departments of the bank, necessitating the employment of a number of additional clerks.

The organization of the staff has been considerably developed during the year with a view to taking care of future growth and of any sudden demands which might be made upon it. Appreciation should be expressed of the loyalty and zeal with which the staff have dealt with the various operating and accounting problems which have arisen during the year and have carried on the constantly growing volume of transactions passing through the bank.

(2) BANK PREMISES.

On May 1, 1916, the bank assumed tenancy of its new offices at the Pine and Nassau Streets corner of the Equitable Building. These premises are well suited to present needs, and provision is made in the lease for large additional space when required. The total floor space now occupied is 21,625 square feet.

The executive and banking departments and a room for the use of member banks are situated on the main floor. The basement contains money counting rooms and the main and emergency vaults.

The credit, audit, stenographic, mailing and filing divisions and library occupy the mezzanine. The collection and bookkeeping departments are on the fifth floor, connected with the other departments by private elevator.

The main vault is of the strongest and most modern type, large enough to hold adequate supplies of currency for all requirements. Pending the completion of this vault the funds of the bank have been kept chiefly in the vaults of the Subtreasury and the New York Clearing House.

(3) ELECTION OF DIRECTORS.

To fill the vacancies caused by the expiration on December 30, 1916, of the terms of Messrs. William Woodward and Henry R. Towne an election was held from November 21 to December 6. Of the 209 banks in the group voting this year 130 chose electors and became entitled to vote. The following candidates for the vacancies were nominated:

For Class A director:

J. M. Carpenter, Wellsville, N. Y.; nominated by 1 bank.

William Woodward, New York City; nominated by 85 banks.

For Class B director:

Newcomb Carlton, New York City; nominated by 9 banks.

J. M. Carpenter, Wellsville, N. Y.; nominated by 1 bank.

Eugenius H. Outerbridge, New York City; nominated by 10 banks.

Henry R. Towne, New York City; nominated by 65 banks.

At the closing of the polls it appeared that the following votes had been cast in the column of first choice:

For Class A director:

J. M. Carpenter..... 3

William Woodward..... 120

For Class B. director:

Newcomb Carlton..... 36

J. M. Carpenter..... 2

Eugenius H. Outerbridge..... 11

Henry R. Towne..... 74

Mr. Woodward was declared elected Class A director and Mr. Towne, Class B director, each for a term of three years, beginning January 1, 1917.

Although second notices were mailed to the district reserve electors, nevertheless only 123 of the 209 banks in the group which voted performed their important duty to participate in the election of directors of this bank.

At a meeting of the Federal Reserve Board on December 19, 1916, Mr. Pierce Jay was reelected a Class C director of the bank for a term of three years from January 1, 1917, and redesignated chairman of the board and Federal Reserve Agent for 1917.

(4) MEMBER OF ADVISORY COUNCIL.

On January 12 the directors reelected Mr. J. P. Morgan, of New York City, a member of the Federal Advisory Council from Federal Reserve district No. 2 for the year 1916.

GENERAL BUSINESS CONDITIONS.

(1) BANKING POSITION OF THE DISTRICT DURING 1916.

The resources of the member banks in this district increased from 3,326 million dollars on September 2, 1915, to 4,063 million dollars on September 12, 1916, a gain of 736 millions. During substantially the same period the trust companies of New York State added to resources 470 millions and the State banks of deposit and discount gained 169 millions. Estimates based upon the figures of the national banks on September 12 and State banks on September 20 show an approximate growth of 1,376 million dollars in the resources of all the national and State banks in this district during the year ended in the latter part of September, 1916.

Liabilities to stockholders increased 80 millions, to depositors nearly 1,250 millions. An increase of 793 millions is shown in loans and discounts, and of 318 millions in bonds and other securities. Cash on hand, bank balances and cash items increased 186 millions, and acceptances and letters of credit were 53 millions higher. Of the total, the gain in resources by New York City banks was 985 millions, leaving about 390 millions increase for the rest of the State.

(2) MONEY RATES.

Except for the brief period in December when a severe stringency occurred in money on call, a good supply of loanable funds at low and stable rates has been available in this market throughout the last year, despite the unprecedented activity of trade and industry, the great volume of stock exchange business, and the negotiations from time to time of large loans to other countries. The proceeds of these foreign loans, together with enormous importations of gold and an increasing use of bankers' acceptances, operated to finance the abnormal industrial and commercial expansion to such an extent that ordinary channels of credit were not subjected to special strain.

At the beginning of the year prime six months' commercial paper sold at 3 per cent to 3½ per cent with a restricted volume of trading at 2¾ per cent. Bankers' acceptances yielded 2 per cent to 2¾ per cent, as was the case during the preceding five months. Call loans were made at 3 per cent early in January, but rates soon declined to 1¾ per cent and 2 per cent. Time loans on collateral ranged from 2½ per cent to 3½ per cent. These rates remained practically unchanged

during the first quarter of the year, with the exception of fractional advances on collateral time loans toward the end of February. Disturbance in foreign relations caused a somewhat firmer money market in April, when, in the third week, call loans rose to 4 per cent for a brief period. Rates quickly declined to about $2\frac{1}{2}$ per cent and although excess reserves were steadily decreasing, remained easy until June, when the rate for bankers' acceptances advanced to $2\frac{1}{4}$ - $2\frac{3}{4}$ per cent and there was some calling of street loans.

On July 8 excess reserves of the New York Clearing House members were reduced to \$53,546,000. Two days later call loans advanced to 6 per cent. Renewals were granted at $4\frac{1}{2}$ per cent and 5 per cent for a few days. This quickly attracted local and out-of-town funds which reduced rates to $2\frac{1}{2}$ per cent. Excess reserves increased \$41,000,000 during the following week and an easy money market continued during the next three months. Money rates became distinctly firmer in November. During the last week of that month call money advanced sharply. New York bank reserves had been gradually shrinking and on Saturday, December 2, the excess had declined to \$41,000,000, the lowest amount since the establishment of the Federal Reserve Banks. On the Monday following call money rose to 15 per cent, the highest rate since December 2, 1913. Loans were renewed on that date at 6 per cent and at 8 per cent the next day. Rediscounting at the Federal Reserve Bank by leading New York City banks and liberal purchases of bankers' acceptances by the Federal Reserve system brought prompt relief. Substantial improvement in the reserve position was shown in the next two weeks, and rates reacted to normal levels.

(3) THE GOLD MOVEMENT.

The United States Treasury statement of money in circulation dated January 1, 1917, shows gold in the country \$2,864,841,650, as compared with \$2,312,444,489 on January 1, 1916, an increase of \$552,397,161.

Imports of gold from all sources during the year 1916 were \$685,990,234. Gold exports were \$155,792,927, mainly to Argentina, other South American countries, Cuba, Japan, and Spain.

The gold production of the United States and its dependencies in 1916 was \$92,316,400.

(4) FOREIGN LOANS.

According to estimates of the Journal of Commerce, loans and credits aggregating \$2,235,900,000 have been negotiated in the United States by other countries since the outbreak of the war. It is calculated that approximately \$175,000,000 of these obligations

have been liquidated, leaving about \$2,150,000,000 outstanding at the end of the year 1916.

Following is a published compilation of foreign loans and credits negotiated in the United States during the war:

EUROPE.	
Great Britain:	
Anglo-French Governments, 5 per cent 5-year bonds.....	\$250,000,000
British Government, 5 per cent.....	250,000,000
British Banking credit, 4½ per cent.....	50,000,000
British Government, 5½ per cent.....	300,000,000
Government grain credit.....	50,000,000
City of Dublin, 5 per cent.....	2,000,000
London water board.....	6,400,000
Total Great Britain.....	908,400,000
French Government:	
Anglo-French bonds.....	250,000,000
Collateral loan, 5 per cent American Foreign Securities Co.....	100,000,000
C., M. & St. P. collateral ½ per cent.....	47,000,000
Treasury notes, 5 per cent, one year paid.....	10,000,000
Treasury bonds, 5 per cent, one year paid.....	30,000,000
Commercial credits, estimated.....	100,000,000
Collateral loan, secured by Pennsylvania and C. M. & St. P. R. R. bonds, paid.....	48,000,000
Three City loan, 6 per cent.....	60,000,000
City of Paris, 6 per cent.....	50,000,000
Total France.....	695,000,000
Russian Government:	
Credit, 6½ per cent, 3 years.....	50,000,000
Acceptances, paid.....	25,000,000
Credit to Russian-Asiatic Bank.....	25,000,000
Treasury notes, 5 per cent, 1 year, paid.....	10,000,000
Unsecured loan, 6 per cent.....	50,000,000
Total Russia.....	160,000,000
Italian Government: Bonds, 6 per cent, 1 year.....	25,000,000
German Government:	
Notes, 5 per cent, 9 months, paid.....	10,000,000
Notes, 6 per cent basis, due April, 1917.....	10,000,000
German war bonds, estimated.....	25,000,000
Total Germany.....	45,000,000
Swiss Government: Notes, 5 per cent. 1, 2, and 3 years.....	15,000,000
Greek Government: Banking loan.....	7,000,000
Swedish Government: Notes, 6 per cent.....	5,000,000
Norwegian Government:	
Bonds, 6 per cent, 7 years.....	5,000,000
Notes, 6 per cent, 2 and 3 years.....	3,000,000
Miscellaneous loans and banking credits, estimated.....	25,000,000
Total Europe.....	1,893,400,000

CANADA.

Canadian Government:	
Notes, 5 per cent, 1 and 2 years.....	\$45,000,000
Notes, 5 per cent, 5, 10, and 15 years.....	75,000,000
Government of Newfoundland, 5 per cent, 3 years.....	5,000,000
Province of Ontario:	
Notes, 5 per cent, 10 years.....	10,000,000
Bonds, 5 per cent, 5 years.....	3,000,000
Loan, 3½ per cent, 9 months.....	2,000,000
Province of Quebec:	
Bonds, 5 per cent, 10 years.....	4,000,000
Bonds, 5 per cent, 3 to 5 years.....	6,000,000
Province of British Columbia:	
Bonds, 4½ per cent, 10 years.....	2,000,000
Bonds, 4½ per cent, 25 years.....	1,000,000
Treasury bills, 4½ per cent, 1 year.....	2,700,000
Province of New Brunswick: Bonds, 5 per cent, 5 years.....	700,000
Province of Alberta:	
Bonds, 5 per cent, 10 years.....	2,000,000
Bonds, 5 per cent.....	4,000,000
Province of Manitoba:	
Bonds, 5 per cent, 3 years.....	963,000
Bonds, 5 per cent, 3 years.....	1,000,000
Bonds, 5 per cent, 5 years.....	5,475,000
Province of Saskatchewan:	
Bonds, 5 per cent, 5 and 10 years.....	1,000,000
Bonds, 5 per cent, 3 years.....	2,500,000
Bonds, 5 per cent.....	3,500,000
Province of Nova Scotia:	
Bonds, 5 per cent, 10 years.....	1,000,000
Bank loan, 4½ per cent, 1 year.....	1,000,000
City of Toronto:	
Serial bonds, 5 per cent.....	3,669,000
Notes, 5½ per cent.....	3,000,000
Bonds, 4½ per cent, due 1949 and 1955.....	2,500,000
City of Quebec: Bonds, 5 per cent, 5 years (1920).....	2,125,000
City of Vancouver:	
Treasury notes, 6 per cent.....	1,644,000
Bonds, 4½ per cent, 10 years.....	827,000
City of South Vancouver: Bonds, 6 per cent, 3 years.....	790,000
City of Montreal:	
Bonds, 5 per cent, 20 years.....	2,000,000
Bonds, 5 per cent, 3 years.....	6,900,000
City of Ottawa:	
Bonds, 5 per cent, 20 and 30 years.....	1,032,500
Notes, 5 per cent, 1 year.....	1,000,000
City of Prince Rupert.....	1,600,000
City of Sault Ste. Marie: Bonds, 5 per cent, 30 years.....	500,000
City of Calgary: Treasury notes, 3 years.....	2,000,000
City of Maisonneuve: Notes, 6 per cent, 2½ years.....	800,000
City of Hochelaga: Bonds, 5 per cent, 28 years.....	375,000
City of Victoria, B. C.: Bonds, 5 per cent, 3 years.....	1,000,000
Canadian internal 5 per cent, estimated.....	30,000,000
Toronto Harbor.....	1,500,000

Quebec School.....	\$200,000
Miscellaneous loans of Canadian provinces and municipalities (estimated).....	24,399,500
City of Montreal.....	3,800,000
Total Canada.....	270,500,000

LATIN AMERICA.

Argentine Government:	
Notes, 6 per cent, 1, 2, and 3 years.....	15,000,000
Bonds, 6 per cent, 5 years.....	50,000,000
Loan, 6 per cent, 6 months.....	6,000,000
Notes, 5 per cent, 1 year.....	18,500,000
Notes, 5 per cent, 1 year.....	15,000,000
Government of Chile.....	6,000,000
Government of Bolivia.....	1,000,000
Republic of Panama: Bonds, 5 per cent, 30 years.....	3,000,000
Uruguayan Government: Notes, 6 per cent, 6 months.....	646,375
Uruguay.....	2,500,000
Comision Reguladora (agency of Yucatan Government) credit on sisal hemp.....	10,000,000
Miscellaneous bank loans and securities.....	5,353,625
Sao Paulo, 6 per cent.....	5,500,000
Argentina banking credit.....	18,500,000
Total Latin America.....	157,000,000

ASIA.

China: Loan, 6 per cent.....	5,000,000
Total foreign loans in United States.....	2,325,900,000
Less amount paid (estimated).....	175,000,000
Total.....	2,150,900,000

5. FOREIGN BANKING CONDITIONS.

It has been estimated that the indebtedness of the seven principal nations engaged in the European war now exceeds \$75,000,000,000, which is an increase from \$27,000,000,000 since the middle of the year 1914. The annual interest thereon, it is calculated, will amount to \$3,800,000,000 in 1917 as against the yearly interest of \$1,070,000,000 in 1914.

The total British war credits voted between August 1, 1914, and October 11, 1916, were £3,132,000,000. England's average daily expenditure for war purposes since April 1, 1916, is reported to have been £5,000,000. The total daily cost to all the powers engaged in the war is reported to be \$105,000,000.

Among the important financial events abroad during the year was the Economic Conference held in Paris from June 14 to 17 by representatives of the allied Governments, and the recommendation by Lord Faringdon's committee for a new British foreign trade bank to be capitalized at £10,000,000.

In August, the British treasury issued a new plan for dealing with mobilized securities, under which the securities are to be borrowed for a period of five years from March 31, 1917, for an additional $\frac{1}{2}$ per cent per annum on their face value.

Important accessions to the money holdings of the European countries have been received from purchases of gold ornaments and from deposits of coin. The gold purchasing bureau opened in Berlin on October 17 is reported to have received an immense amount of gold in the form of jewelry, plate, and heirlooms. Great quantities of gold have been shipped into the Scandinavian countries, Spain, and Holland.

The stock held in the Bank of the Netherlands on December 2, 1916, was 585,144,000 florins against an average of about 120,000,000 florins before the outbreak of the war. Rates of interest on customers' deposits were reduced in that country from $1\frac{1}{2}$ to $\frac{1}{2}$ per cent.

London discount rates, which were 5 to $5\frac{1}{8}$ per cent at the first of the year, declined about $\frac{3}{8}$ per cent toward the end of February, and ruled generally at $4\frac{1}{2}$ to $4\frac{5}{8}$ per cent for three months thereafter. A firmer market in June was followed by an advance from $5\frac{1}{2}$ to $5\frac{3}{4}$ per cent in July. During the remainder of the year rates ruled about $5\frac{7}{16}$ to $5\frac{5}{8}$ per cent.

Continental discount rates have been more or less nominal since the war began.

The statements of the leading European banks showing their figures at the end of last year compared with the latest statements for 1916 are as follows:

BANK OF ENGLAND.

	Dec. 30, 1915.	Dec. 27, 1916.
Circulation.....	£35,086,000	£39,675,000
Public deposits.....	49,677,000	52,116,000
Other deposits.....	111,971,000	126,726,000
Government securities.....	32,839,000	37,187,000
Other securities.....	112,075,000	106,461,000
Reserve.....	34,616,000	35,079,000
Proportion of resources to liability..... per cent.	21 $\frac{1}{2}$	18.49
Bullion.....	52,576,407	54,304,915

BANK OF FRANCE.

	Dec. 30, 1915.	Dec. 28, 1916.
	<i>Francs.</i>	<i>Francs.</i>
Gold.....	5,015,188,000	5,075,914,550
Silver.....	352,068,000	294,869,000
Discounts and advances.....	2,150,606,000	1,937,278,000
Circulation.....	13,309,848,000	16,678,817,000
Deposits.....	1,844,201,000	2,260,224,000
Treasury deposits.....	406,588,000	15,000,000

IMPERIAL BANK OF GERMANY.

	Dec. 31, 1915.	Dec. 30, 1916.
	<i>Marks.</i>	<i>Marks.</i>
Gold.....	2,445,185,000	2,520,473,000
Loans and discounts.....	5,803,314,000	9,609,767,000
Circulation.....	6,917,922,000	8,054,652,000

BANK OF NETHERLANDS.

	Dec. 31, 1915.	Dec. 30, 1916.
	<i>Florins.</i>	<i>Florins.</i>
Gold.....	429,180,000	587,602,000
Silver.....	6,192,000	6,985,000
Bills discounted and advances.....	172,428,000	160,214,000
Circulation.....	577,152,000	758,379,000
Deposits.....	29,772,000	54,577,000

BANK OF RUSSIA.

	Dec. 16/29, 1915.	Dec. 16/29, 1916.
	<i>Roubles.</i>	<i>Roubles.</i>
Gold.....	1,611,740,000	1,472,610,000
Balance abroad.....	270,010,000	2,149,850,000
Silver and subsidiary coin.....	36,750,000	114,740,000
Securities and short loans.....	392,870,000	245,570,000
Treasury bonds.....	3,244,580,000	6,534,050,000
Other loans and advances.....	905,130,000	664,400,000
Securities.....	259,440,000	136,110,000
Circulation.....	5,304,620,000	8,591,280,000
Government deposits.....	204,140,000	216,010,000
Deposits, other.....	1,272,080,000	2,146,800,000

(6) NEW YORK STOCK EXCHANGE.

A great volume of trading has taken place on the New York Stock Exchange during the last year. Transactions in January exceeded those of the corresponding period of any year since 1910. Then followed three months of comparatively dull markets, with a downward tendency of prices. Activity increased in May, but declined again in June on account of the Mexican situation. Less trading was recorded in July than in any of the 16 months preceding. There was a considerable increase during August and a strong upward turn in prices until the last days of the month when recessions were caused by threatened strikes on the railways. In September there began a remarkable period of speculative activity, which reached a total of 29,992,582 shares for the month against 18,399,286 shares in September, 1915. The movement continued to increase in volume during October and November. Transactions during the latter month aggregated 34,552,860 shares or nearly 100 per cent more than in November, 1915. The peace proposals caused a tremendous liquidation of stocks in December, which was accompanied

by a great fall in prices, particularly in shares of industrial corporations engaged in the manufacture of war supplies.

A large volume of bond trading has continued throughout the year with considerable transactions in Anglo-French, South American, United Kingdom, and Canadian issues.

The New York Times record of the average prices of 50 representative stocks at the high point in 1916 was 101.51 on November 20 against 94.13 in the year 1915 and 88.47 at the end of 1916. The average price of 40 representative bonds at the end of 1916 was 88.64, which may be compared with the high point, in 1915, of 87.62 on November 24.

Comparative transactions in bonds and stocks traded in on the New York Stock Exchange during the past six years are the following:

Year.	Shares.	Bonds.	Year.	Shares.	Bonds.
1916.....	230,060,900	\$1,133,935,300	1913.....	76,134,996	497,158,600
1915.....	173,155,644	955,525,200	1912.....	118,452,676	645,300,000
1914.....	46,989,158	460,472,500	1911.....	127,376,149	878,933,700

(7) CROPS.

Unfavorable weather reduced the yield and caused disappointment in the harvest of all the leading crops except hay and tobacco. All products of the soil, however, have greatly advanced in price, thus more than compensating producers for the shrinkage in volume.

The Department of Agriculture gives the following statistics:

Crops of wheat, corn, oats, barley, and rye.

Total production.	1916	1915	1914
	<i>Bushels.</i>	<i>Bushels.</i>	<i>Bushels.</i>
Corn.....	2,583,241,000	2,994,773,000	2,672,804,000
Wheat.....	639,886,000	1,025,801,000	891,017,000
Oats.....	1,251,992,000	1,549,030,000	1,141,060,000
Barley.....	180,927,000	228,851,000	194,953,000
Rye.....	47,383,000	54,050,000	42,779,000
Total.....	4,703,429,000	5,852,505,000	4,942,613,000

Farm values on Dec. 1.

Crops.	1916	1915	1914
Corn.....	\$2,295,783,000	\$1,722,680,000	\$1,722,070,000
Wheat.....	1,025,765,000	942,303,000	878,680,000
Oats.....	656,179,000	559,506,000	499,431,000
Barley.....	159,534,000	118,172,000	105,903,000
Rye.....	57,857,000	45,083,000	37,018,000
Total.....	4,195,118,000	3,387,744,000	3,243,102,000

Average prices per bushel received by farmers and planters.

	1916	1915	1914
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Wheat.....	180.3	91.9	98.6
Rye.....	122.1	83.4	86.5
Oats.....	52.4	36.1	43.8
Barley.....	88.2	51.6	54.3
Corn.....	88.9	57.5	64.4
Buckwheat.....	112.9	78.7	78.4
Potatoes.....	146.1	61.7	48.7
Flaxseed.....	248.0	174.0	126.0
Rice.....	88.6	90.6	92.4

A cotton area larger than usual had been planted but the crop was greatly reduced by unfavorable weather conditions and the boll weevil. The yield is estimated by the Department of Agriculture at 11,511,000 bales, against 11,192,000 bales in 1915. The estimated value, however, is \$1,079,598,000, compared with \$604,210,000 for the preceding year.

(8) EXPORTS AND IMPORTS.

Merchandise exports reached unprecedented totals throughout the year 1916, the aggregate for the twelve months ended December 30 being \$5,481,423,589, an increase over the corresponding total in 1915 of \$1,926,752,742, and more than double the movement of 1914. The value of exports for December, which shows the heaviest total of any of the 12 months of the year, was \$521,650,904. The net balance of exports for December, 1916, was \$316,816,716, as compared with \$187,473,857 for December, 1915.

The greater part of the increase in exports this year arises from shipments to Great Britain and France, but there has also been a substantial gain in exports to Cuba, China, Japan, and the South American countries. Evidence of the expansion in trade with Great Britain is measured by the calendar year figures of foreign trade, which show exports to that country aggregating \$1,888,314,301 for the year 1916, as compared with \$590,732,398 and \$599,812,295 for 1913 and 1914, respectively.

Imports of merchandise have also been very heavy this year, the falling off in trade from Europe having been more than offset by increases from Canada, Cuba, China, Japan, South America, and the East Indies. The total for the 12 months of the year was \$2,391,654,335, against \$1,778,596,695 and \$1,789,276,001 in the corresponding periods of 1915 and 1914, respectively.

(9) GENERAL BUSINESS CONDITIONS.

The year 1916 opened upon a period of great activity in our domestic and foreign trade, with industries working at full capacity, orders

increasing, a growing scarcity of materials and labor, wages advancing, prices rising, and buying almost unrestrained. The heavy movement of exports was confronted by a shortage of vessels and inadequate loading facilities, which caused a serious congestion of freight on railroads leading to eastern ports. Upwards of 50,000 cars awaiting ocean shipment were held up in terminals and on tracks in and near New York. To relieve the situation embargoes were placed upon various lines of goods and maintained in some cases until late in the spring.

During the second quarter of the year general business was steadier and commitments were made with greater deliberation. A more conservative buying policy was accompanied by a slight decline in commodity prices. Every month, however, the volume of goods produced and sold in many lines greatly exceeded records of corresponding periods in previous years.

The usual mid-year dullness, which ordinarily causes a lull in commerce at that season, was hardly noticeable this year, for manufacturers were busy on orders booked far ahead and brisk business continued in wholesale jobbing, retail, and export trade.

In August and September growing confidence in the business outlook was evidenced by increased activity in practically all mercantile lines, notwithstanding a strong upturn in prices which raised the average price of commodities to the highest level ever recorded and developed during October into a widespread speculative movement in commodities and securities.

Bradstreet's index number for commodity prices of the year 1916 was 20 per cent above 1915 and 33 per cent above 1914. Annual index numbers for the last five years are as follows:

1916.....	\$11. 8251	1913.....	\$9. 2076
1915.....	9. 8530	1912.....	9. 1867
1914.....	8. 9034	10-year average.....	8. 3377

Industry and commerce continued practically unchanged for the rest of the year, notwithstanding developments during December in the European war situation, the short but severe strain in call-money rates, and the very unsettled stock markets. An unprecedented volume of holiday trade was handled by retail stores.

The year has been one of great general prosperity which has been shared by the wage earners. Manufacturers and distributors seem to be proceeding with caution, keeping in mind the readjustments that will be necessary when peace comes.

APPENDIX.

Capital account reconciliation, Jan. 1, 1916, to Jan. 1, 1917.

Capital paid in Jan. 1, 1916.....		\$11,063,150.00
Sundry increases:		
Due to increases in capital and surplus of member banks.....	\$605,050.00	
Due to organization of new banks and admission of State banks.....	318,600.00	
		923,650.00
		11,986,800.00
Sundry decreases:		
Due to decreases in capital and surplus of member banks.....	6,000.00	
Due to banks liquidated.....	115,050.00	
		121,050.00
		11,865,750.00

Summary of Federal Reserve notes.

Total notes issued to bank:		
1914-15.....	\$89,240,000.00	
1916.....	71,273,000.00	
		161,513,000.00
Less notes unfit for circulation, retired	54,509,235.00	
Net amount outstanding		107,003,765.00
As follows:		
In circulation.....	93,426,100.00	
On hand Dec. 30, 1916	13,577,665.00	
On Dec. 30, 1916, the Federal Reserve Agent held, against Federal Reserve notes, gold certificates aggregating		107,003,765.00

Total of Federal Reserve notes paid out by the Federal Reserve Bank of New York, by months, 1916.

	To member banks.	To non-member banks.		To member banks.	To non-member banks.
January.....	\$4,774,000	\$479,000	November.....	\$15,579,100	\$607,000
February.....	5,571,500	686,000	December.....	21,718,700	676,000
March.....	7,158,500	454,000			
April.....	6,354,500	283,000	Total to nonmember banks.....	113,406,800	4,579,000
May.....	5,712,500	401,000		4,579,000	
June.....	5,512,000	155,000	Total received from Federal Reserve Agent.....	117,985,800	
July.....	4,967,000	110,000		71,273,000	
August.....	8,752,500	119,500			
September.....	13,758,000	275,500			
October.....	13,548,500	333,000			

Movement of Federal Reserve notes between Federal Reserve Bank of New York and other Federal Reserve Banks, Jan. 3 to Dec. 31, 1916.

	Notes of Federal Reserve Bank of New York received from.	Their notes shipped to.		Notes of Federal Reserve Bank of New York received from.	Their notes shipped to.
Atlanta.....	\$376,965	\$2,653,310	Philadelphia.....	\$3,111,000	\$1,617,500
Boston.....	3,068,000	1,262,400	Richmond.....	286,290	3,155,250
Chicago.....	1,615,500	137,150	St. Louis.....	214,520	426,000
Cleveland.....	299,760	903,100	San Francisco.....	165,485	1,353,600
Dallas.....	116,805	1,251,550			
Kansas City.....	26,000	752,200	Total.....	9,426,980	14,214,860
Minneapolis.....	146,655	702,800			

Operations in Government bonds.

	Open market purchases.	Converted and sold during 1916.	Balance Dec. 31, 1916.
United States 2 per cent consols of 1930.....	\$6,130,750	\$5,988,200	\$142,550
Panama 2s of 1906/36.....	410,000	410,000	.....
Panama 2s of 1908/38.....	1,028,000	128,000	900,000
United States 1-year Treasury notes due Apr. 1, 1917.....	250,000	250,000	.....
Total.....	7,818,750	6,776,200	1,042,550

	Received during 1916.	Sold during 1916.	Balance Dec. 31, 1916.
United States conversion 3s of 1916/46.....	\$3,239,200	\$3,239,200	.....
United States 1-year Treasury notes due Apr. 1, 1917.....	1,782,000	1,532,000	\$250,000
United States 1-year Treasury notes due July 1, 1917.....	750,000	750,000	.....
United States 1-year Treasury notes due Oct. 1, 1917.....	965,000	.....	965,000
United States 2 per cent consols of 1930.....	50,000	50,000	.....
Total.....	6,776,200	5,571,200	1,205,000

Transit and exchange transactions between Federal Reserve Bank of New York and other Federal Reserve Banks, Jan. 1, 1916, to Dec. 31, 1916.

	Items deposited with Federal Reserve Bank of New York by.	Items sent by Federal Reserve Bank of New York to.
Atlanta.....	126,277	40,745
Boston.....	341,911	214,383
Chicago.....	331,406	102,505
Cleveland.....	99,785	81,544
Dallas.....	127,299	11,229
Kansas City.....	75,353	28,530
Minneapolis.....	65,244	12,453
Philadelphia.....	508,135	264,002
Richmond.....	289,150	324,006
St. Louis.....	160,290	22,333
San Francisco.....	114,944	9,300
Total.....	2,219,794	1,111,030

Summary of gold settlement fund operations, Jan. 1, 1916, to Dec. 31, 1916.

	Amount received by the New York Federal Reserve Bank in settlement of accounts due from—	Amount paid by the New York Federal Reserve Bank in settlement of accounts due to—	Net gain.	Net loss.
Boston.....	\$197,825,000	\$227,904,000	.....	\$30,079,000
Philadelphia.....	217,579,000	221,346,000	.....	3,767,000
Cleveland.....	78,235,000	67,718,000	\$10,517,000	.....
Richmond.....	324,586,000	257,244,000	67,342,000	.....
Atlanta.....	41,653,000	87,021,000	.....	45,368,000
Chicago.....	100,825,000	69,104,000	31,721,000	.....
St. Louis.....	22,069,000	94,360,000	.....	72,291,000
Minneapolis.....	12,632,000	61,442,000	.....	48,810,000
Kansas City.....	29,088,000	62,076,000	.....	32,988,000
Dallas.....	11,949,000	71,354,000	.....	59,405,000
San Francisco.....	10,135,000	69,080,000	.....	58,945,000
Total.....	1,046,576,000	1,288,649,000	109,580,000	351,653,000
Loss.....	242,073,000	.....	242,073,000	.....

Analysis of gold movement through gold settlement fund.

Gold settlement balance, Jan. 1, 1916..	\$5,717,000	Settlement loss.....	\$242,073,000
Deposited out of vault of Federal Reserve Bank of New York.....	245,000,000	Gold withdrawn.....	2,000,000
Special deposits account Federal Reserve Bank of New York by Federal Reserve Bank of—		Special deposits by Federal Reserve Bank of New York, account Federal Reserve Bank of—	
Atlanta.....	1,302,000	Atlanta.....	1,500,000
Boston.....	1,500,000	Chicago.....	1,000,000
Chicago.....	23,500,000	Dallas.....	4,000,000
Cleveland.....	4,350,000	Kansas City.....	1,800,000
Dallas.....	6,281,000	Philadelphia.....	5,000,000
Kansas City.....	500,000	San Francisco.....	34,792,000
Philadelphia.....	1,000,000	Balance in fund Dec. 31, 1916....	20,570,000
Richmond.....	7,440,000		
St. Louis.....	6,245,000		
San Francisco.....	9,900,000		
Total.....	312,735,000	Total.....	312,735,000

SCHEDULE SHOWING WHEN THE PROCEEDS OF ITEMS WILL BECOME AVAILABLE.

Immediate credit: New York (Manhattan).

One day after receipt: Boston, Philadelphia, and Richmond.

Two days after receipt (business days):

Cleveland and Cincinnati, Chicago, Atlanta, Minneapolis and St. Paul, St. Louis, Kansas City, Mo.; Kansas City, Kans.

Banks in Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts,¹ New Hampshire, New Jersey, New York,¹ Pennsylvania,¹ Rhode Island, Vermont, Virginia.¹

Four days after receipt (business days):

Dallas, New Orleans.

Banks in Alabama, Arkansas, Florida, Georgia,¹ Illinois,¹ Indiana, Iowa, Kansas,¹ Kentucky, Michigan, Minnesota,¹ Mississippi, Missouri,¹ North Carolina, Ohio,¹ South Carolina, Tennessee, West Virginia, Wisconsin.

Eight days after receipt:

Banks in Arizona, California, Colorado, Idaho, Louisiana,¹ Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas,¹ Utah, Washington, Wyoming.

AUGUST 1, 1916.

NOTE.—Two-day items we forward on Saturday will be available Tuesday; four-day items we forward Thursday will be available Tuesday, and those forwarded Friday and Saturday, on Wednesday.

AUTHORITY GIVEN TO ACCEPT UP TO 100 PER CENT OF CAPITAL AND SURPLUS.

American Exchange National Bank, New York City.
 Bank of New York, N. B. A., New York City.
 Chase National Bank, New York City.
 Chemical National Bank, New York City.
 Harriman National Bank, New York City.
 Irving National Bank, New York City.
 Mechanics & Metals National Bank, New York City.
 Merchants Exchange National Bank, New York City.
 National Bank of Commerce, New York City.
 National City Bank, New York City.

¹ Except banks in cities referred to.

