

FEDERAL RESERVE BULLETIN

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FEDERAL RESERVE BOARD
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FEDERAL RESERVE BOARD.

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(On leave of absence.)
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SUBSCRIPTION PRICE OF BULLETIN.

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

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VOL. 2

APRIL 1, 1916

No. 4

WORK OF THE BOARD.

Definite adjustment of the bond conversion question was finally effected during the early part of the month of March, as a result of consultations between the Board and the authorities of the Treasury Department. On February 28 the Secretary of the Treasury addressed to the Board a letter in which he stated his decision to convert into 3 per cent securities bonds to the amount of \$30,000,000 that might be offered him for such conversion by Federal Reserve Banks. In a later communication the Board was informed that the Secretary of the Treasury would issue one-half of the new securities to be provided in exchange for bonds offered for conversion, in the form of 30-year 3 per cent bonds, and one-half in the form of one-year gold notes, in accordance with the provision of the Federal Reserve Act relating to this matter.

At the time of the transmission of this letter by the Secretary of the Treasury the total amount of Government bonds purchased by Federal Reserve Banks was approximately \$40,000,000. There remained, however, the \$25,000,000 allotment which, as will be recalled, is to be distributed on the basis of applications made by member banks holding bonds, such applications being filed with the Treasurer of the United States. The Board has already ruled that the allotment shall be made quarterly, and that under this ruling the first distribution of applications shall be made at the close of March, all applications to be in hand 10 days before the closing of the quarter. The date for final receipt of all applications intended to be considered in the first quarter's allotment was fixed at March 21, the total quarter's allotment

being one-fourth of \$25,000,000, or \$6,250,000. Each quarter's allotment is to be distributed among Federal Reserve Banks pro rata, but the Board has already announced a ruling that any Federal Reserve Bank which has purchased bonds in the open market may consider these an offset against the amount of bonds allotted to it under the pro rata division thus described. It remains to be seen how many such bonds will be offset as the result of applications on the part of Federal Reserve Banks which desire to be relieved of the necessity of taking over bonds from member banks through the process just referred to. The announcement of the Secretary of the Treasury is of special interest in that it establishes a construction of the Federal Reserve Act in harmony with the view of those who have held that the total amount of bonds which the Secretary of the Treasury could convert annually under the law was not limited to \$25,000,000. By making the amount \$30,000,000 it is recognized that the Secretary of the Treasury can convert any amount that he deems best, and that the establishment of such amount is a matter to be annually determined in accordance with the requirements of the situation. The process of definitely refunding bonds now securing bank circulation into securities without the circulation privilege has thus been actually begun. Details as to bond purchases will be found on page 156.

The final adjustment of the Louisiana re-districting petition has been effected during the month of March, the decision to grant the petition in so far as relates to the southwestern part of Louisiana having been reached at the close of February and announced in the March Federal Reserve Bulletin. The decrees in the case have been

prepared and entered, and the banks affected thereby notified to undertake the arrangements necessary to the transfer. On February 29 the Board also took action in the Connecticut redistricting petition, voting to transfer from District No. 1 to District No. 2 the county of Fairfield, in the southwestern part of Connecticut, adjoining the State of New York, announcing that action relating to the remainder of the territory covered by the original petition had been suspended for the present and would be deferred pending the attainment of more experience with the system of clearing shortly to be developed. Subsequently representatives of the Connecticut bankers were given another hearing, and it was announced that a definite decision relating to the remainder of the territory would be arrived at on a date not later than June 15, 1916.

Secretary of the Treasury McAdoo and Hon. Paul M. Warburg, member of the Board, sailed on board the cruiser *Tennessee* for Buenos Aires on March 8. The party included about 10 persons, the purpose of the journey being that of attendance upon the meeting of the Joint High Commission appointed at the Pan American Financial Conference held in Washington a little less than a year ago. It is expected that the party will return to Washington early in May.

Hon. F. A. Delano and Hon. W. P. G. Harding, members of the Board, left Washington on March 9, returning on March 17, for a visit to the Federal Reserve Banks of Cleveland, Kansas City, and St. Louis, Mr. Harding also delivering an address relating to the cotton situation, at Birmingham, Ala., on March 10. The visit to these banks was intended to provide an opportunity for consideration of various local problems relative to the administration of the system, and the adjustment of a number of executive details which have been pending for some time past, and which were thought to require direct attention.

During the month the Board has transmitted to Congress the final text of its recom-

mendations for amendments to the Federal Reserve Act, this text being intended to develop more fully the ideas generally indicated in the Board's annual report, where the proposals for amendments of the Federal Reserve Act were set forth in general terms. The Board has also reported to various committees of Congress stating its views on various pending bills, among them a measure to amend the Clayton Act in so far as relates to interlocking directorates of national banks.

Heads Philippine Bank.

Six months' leave of absence has been granted by the Federal Reserve Board to H. Parker Willis, Secretary of the Board, that he may go to Manila, P. I., to organize and open the new Bank of the Philippines.

Mr. Willis has been elected president of the bank, but is expected to return to Washington and his work with the Board at the expiration of the period for which leave has been granted. He left Washington on March 23 and sailed from San Francisco on the 28th.

C. C. Robinson, of New York, accompanied Mr. Willis and will assist him.

Meeting of Governors.

Governors of the 12 Federal Reserve Banks will meet in Washington for consideration with the Federal Reserve Board of matters involving the operation of the banks on Wednesday, April 12, 1916.

Death of Director Martinez.

Notice of the death of Felix Martinez, class C Director of the Federal Reserve Bank of Dallas, was conveyed to the Federal Reserve Board in a telegram dated March 23 from W. F. Ramsey, Federal Reserve Agent at Dallas. Mr. Martinez died at his home in El Paso, Tex., on March 22.

Exchange of Two Per Cent Bonds.

Acting upon requests of Federal Reserve Banks, the Federal Reserve Board on March 31 approved applications for the exchange of United States 2 per cent bonds for 3 per cent bonds and notes, amounting to \$12,511,050. Nine of the twelve Federal Reserve Banks tendered bonds for conversion. The Federal Reserve Banks of Atlanta, Dallas, and San Francisco made no tenders at this time. If any banks have not asked for the conversion of their full allotment on or before October 1, any residue of the \$30,000,000 not then applied for and allotted will be distributed to other banks applying for it.

Dividends Exempt from Tax.

In a letter addressed to Governor Charles S. Hamlin, of the Federal Reserve Board, on March 9, the Commissioner of Internal Revenue announces a decision on the part of his office that income or dividends on the stock of Federal Reserve Banks is exempt from income tax. The letter is as follows:

Replying to your letter of the 14th ultimo, I have the honor to advise you that upon further consideration of the question, this office has decided that the income derived from, or dividends received on, the stock of Federal Reserve Banks is exempt from the income tax imposed by section 2, act of October 3, 1913.

In other words, it is held that the exemption provided for in the Federal Reserve Act attaches to and follows the dividends into the hands of member banks holding Federal Reserve Bank stock.

Member banks will therefore be permitted to exclude from their gross income, for the purpose of the income tax, the dividends received on such stock.

Respectfully,

W. W. OSBORN, *Commissioner.*

Federal Reserve Agent at Richmond.

Mr. Caldwell Hardy, president of the Norfolk National Bank since 1899, was on March 7 elected by the Federal Reserve Board a class C director of the Federal Reserve Bank of Richmond and designated as Chairman of the Board and Federal Reserve Agent. Mr. Hardy has accepted and will assume his new duties on April 1.

Born in North Carolina in 1852, Mr. Hardy removed with his parents to New York in 1859 but returned to the South in 1875 to enter the banking business at Norfolk, Va. He was appointed cashier of the Norfolk National Bank at its organization and has been president and first vice president of the American Bankers' Association.

Changes in District Lines.

There are reprinted below the formal letters of notification and decrees transferring certain banks in southern Louisiana from the Federal Reserve District of Dallas to the Federal Reserve District of Atlanta, and transferring certain banks in Fairfield County, Conn., from the Federal Reserve District of Boston to the Federal Reserve District of New York.

FEBRUARY 28, 1916.

SIR: I have the honor to inform you that the Federal Reserve Board on February 25 adopted the following resolution:

"Resolved, That all of Louisiana north of the parishes of Vernon, Rapides, and Avoyelles remain in the Eleventh Federal Reserve District, and that the remaining part of the State of Louisiana now in the Eleventh District be transferred to the Sixth Federal Reserve District, and the banks therein allotted to the New Orleans Branch of the Federal Reserve Bank of Atlanta."

Accordingly, the following banks now members of the Eleventh Federal Reserve District, and owning stock in the Federal Reserve Bank of Dallas, will be transferred to the Sixth Federal Reserve District and will take out a corresponding amount of stock in the Federal Reserve Bank of Atlanta. These banks will be classed as belonging to the territory assigned to the New Orleans Branch of the Federal Reserve Bank of Atlanta.

Bank.	Capital.	Surplus.
First National, Abbeville.....	\$50,000	\$50,000
First National, Alexandria.....	100,000	200,000
First National, Jeanerette.....	50,000	50,000
First National, Lafayette.....	100,000	100,000
Calcasieu National, Lake Charles.....	150,000	50,000
First National, Lake Charles.....	100,000	40,000
Peoples National, New Iberia.....	100,000	20,000
State National, New Iberia.....	100,000	30,000
Opelousas National, Opelousas.....	50,000	50,000
Planters National, Opelousas.....	50,000	15,000
First National, Ville Platte.....	25,000	.....
First National Bank of Arcadia Parish, Crowley..	50,000	12,500
First National, De Ridder.....	25,000	7,000
First National, Eunice.....	30,000	6,000
First National, Morgan City.....	50,000	50,000
New Iberia National, New Iberia.....	50,000	500,000

The question of transfers of capital stock from the Federal Reserve Bank of Dallas to the Federal Reserve Bank of Atlanta will require your attention, and it is suggested that you follow in this matter the same procedure which was laid down by the Board in effecting the transfer of the banks of West Virginia from the Fifth to the Fourth Federal Reserve District some nine months ago. I inclose a copy of the Federal Reserve Bulletin for July, on page 142 of which you will find the details of the process fully set forth. You should note in communicating with member banks that this proceeding is a readjustment under the Board's general power, and not a review on appeal. The Board will be glad to hear from you with respect to the arrangement of any details that may seem to call for further adjustment. Would it be agreeable that the transfer be made effective as of April 1? Please notify that the Board may enter the formal order.

Respectfully,

H. PARKER WILLIS, *Secretary.*

Mr. M. B. WELLBORN,
*Chairman Board of Directors,
Federal Reserve Bank of Atlanta.*

ORDER AMENDING THE GEOGRAPHICAL LIMITS OF DISTRICTS NOS. 6 AND 11.

At a stated meeting of the Federal Reserve Board, duly held at its office in the city of Washington, D. C., March 6, 1916.

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

In the matter of readjusting the geographical limits of Districts Nos. 6 and 11 in accordance with the power vested in the Federal Reserve Board by section 2 of the Federal Reserve Act.

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

Whereas upon consideration of (a) the petition of certain banks in Louisiana for the transfer from District No. 11 to District No. 6 of all that part of Louisiana then situate in District No. 11; (b) the printed briefs and exhibits filed by counsel, it appears to the Federal Reserve Board that the convenience and customary

course of business and the best interests of the Federal Reserve System will be served by a readjustment of the geographical limits of Districts Nos. 6 and 11:

Now, therefore, the Federal Reserve Board doth order—

(1) That District No. 11 be readjusted and altered so as to include the State of Texas; all that part of New Mexico not included in District No. 10; the counties of Pima, Graham, Greenlee, Cochise, and Santa Cruz, all situate in the State of Arizona; the counties of Marshall, Bryan, Choctaw, Pushmataha, McCurtain, Johnson, Atoka, and Coal, all situate in the State of Oklahoma; and all that part of Louisiana situate north of the northern boundaries of the parishes of Vernon, Rapides, and Avoyelles.

(2) That District No. 6 be readjusted and extended so as to include the States of Florida, Georgia, and Alabama; all that part of the State of Tennessee not included in District No. 8; all that part of the State of Mississippi not included in District No. 8; and all that part of the State of Louisiana south of the northern boundaries of the parishes of Vernon, Rapides, and Avoyelles.

(3) That the alterations in Districts Nos. 6 and 11 directed in this order become effective April 1, 1916.

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

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

C. S. HAMLIN, *Governor.*

Attest:

H. PARKER WILLIS, *Secretary.*

MARCH 1, 1916.

SIR: I have the honor to inform you that the Federal Reserve Board on February 29 adopted a resolution transferring the banks situated in Fairfield County, Conn., from District No. 1 to District No. 2.

Accordingly the following banks, now members of the First Federal Reserve District, and owning stock in the Federal Reserve Bank of Boston, will be transferred to the Second Federal Reserve District, and will take out a

corresponding amount of stock in the Federal Reserve Bank of New York:

Bethel National Bank, Bethel, Conn.
 First Bridgeport National Bank, Bridgeport, Conn.
 City National Bank, Bridgeport, Conn.
 Connecticut National Bank, Bridgeport, Conn.
 Danbury National Bank, Danbury, Conn.
 City National Bank, Danbury, Conn.
 Greenwich National Bank, Greenwich, Conn.
 First National Bank, New Canaan, Conn.
 Central National Bank, Norwalk, Conn.
 Fairfield County National Bank, Norwalk, Conn.
 National Bank of Norwalk, Conn.
 First National Bank, Ridgefield, Conn.
 City National Bank, South Norwalk, Conn.
 First National Bank, Stamford, Conn.
 Stamford National Bank, Stamford, Conn.

The question of transfers of capital stock from the Federal Reserve Bank of Boston to the Federal Reserve Bank of New York will require your attention, and it is suggested that you follow in this matter the same procedure which was laid down by the Board in effecting the transfer of the banks of West Virginia from the Fifth to the Fourth Federal Reserve District some nine months ago. I inclose a copy of the Federal Reserve Bulletin for July, on page 142 of which you will find the details of the process fully set forth. You should note in communicating with member banks that this proceeding is a readjustment under the Board's general power, and not a review on appeal. The Board will be glad to hear from you with respect to the arrangement of any details that may seem to call for further adjustment. Would it be agreeable that the transfer be made effective as of April 1? Please notify that the Board may enter its formal order.

Respectfully,

H. PARKER WILLIS, *Secretary.*

Mr. PIERRE JAY,
Chairman Board of Directors,
Federal Reserve Bank of New York.

ORDER AMENDING THE GEOGRAPHICAL LIMITS
 OF DISTRICTS NOS. 1 AND 2.

At a stated meeting of the Federal Reserve Board, duly held at its office in the city of Washington, D. C., March 6, 1916.

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

In the matter of readjusting the geographical limits of Districts Nos. 1 and 2 in accordance

with the power vested in the Federal Reserve Board by section 2 of the Federal Reserve Act.

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

Whereas, upon consideration of (a) the petition of certain banks in Connecticut for the transfer from District No. 1 to District No. 2 of all that part of Connecticut east of the Connecticut River; (b) the answer of the Federal Reserve Bank of Boston, Mass.; (c) the briefs of counsel and the oral arguments heard by the Federal Reserve Board; it appears to the Federal Reserve Board that the convenience and customary course of business and the best interests of the Federal Reserve System will be served by a readjustment of the geographical limits of Districts Nos. 1 and 2.

Now, therefore, the Federal Reserve Board doth order—

(1) That District No. 1 be readjusted and altered so as to include the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and all of the State of Connecticut except the county of Fairfield.

(2) That District No. 2 be readjusted and extended so as to include the State of New York, the counties of Monmouth, Middlesex, Hunterdon, Somerset, Union, Essex, Passaic, Hudson, Bergen, Morris, Sussex, and Warren, all situate in the State of New Jersey, and the county of Fairfield, situate in the State of Connecticut.

(3) That consideration of so much of the petition of the Connecticut banks as requests the transfer of that part of Connecticut west of the Connecticut River which is not covered by this order be continued without prejudice until the further order of the Board.

(4) That the alterations in Districts Nos. 1 and 2 directed in this order become effective April 1, 1916.

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

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

C. S. HAMLIN, *Governor.*

Attest:

H. PARKER WILLIS, *Secretary.*

Purchase of United States Bonds.

Two interesting movements in connection with bonds have culminated with the end of the first quarter of the year. They are the offering and sale to the 12 Federal Reserve Banks of the first one-quarter of the \$25,000,000 to be purchased yearly from member banks of the Federal Reserve System and the exchange by the 12 Federal Reserve Banks of 2 per cent bonds for 30-year 3 per cent bonds and 1-year 3 per cent gold notes. Both transactions are undertaken under section 18 of the Federal Reserve Act. In addition there have been purchases by the 12 Federal Reserve Banks in the open market. These purchases, under a ruling of the Federal Reserve Board, are permitted to be taken as an offset against the allotment made to each of the 12 Federal Reserve Banks of offerings made through the Treasurer of the United States.

The limit of \$9,000,000 which could be deposited under the National Bank Act for national banks to retire circulation and release bonds for the current month was reached on March 16. No further deposits will be received until April 1.

This limitation of \$9,000,000 a month does not, however, apply to money deposited with the Treasurer for the release of bonds offered by national banks for purchase by Federal Reserve Banks under section 18 of the Federal Reserve Act.

Offerings by member banks through the Treasurer of the United States closed on March 21, 10 days prior to the end of the month, statement being made to the Federal Reserve Board as of March 31.

The total of applications to sell bonds received by the Treasurer of the United States and reported to the Federal Reserve Board was \$16,041,700. The amounts offered in each district and the number of banks making offerings are given below.

	Bonds offered.	Number of banks.
Boston.....	\$3,285,000	33
New York.....	1,577,500	16
Philadelphia.....	814,000	8
Cleveland.....	1,226,550	10
Richmond.....	180,000	4
Atlanta.....	359,900	8
Chicago.....	2,296,500	6
St. Louis.....	4,275,250	11
Minneapolis.....	156,750	6
Kansas City.....	505,500	17
Dallas.....	356,250	7
San Francisco.....	1,008,500	15
Total.....	16,041,700	141

This letter and resolution adopted by the Federal Reserve Board on Tuesday, March 28, were sent out on that date to each of the member banks of the Federal Reserve System which had offered bonds for sale under section 18 of the Act:

SIR: There is inclosed for your information copy of a resolution, adopted by the Federal Reserve Board at its meeting to-day, in connection with the sale of United States bonds offered by member banks of the Federal Reserve System through the Treasurer of the United States under section 18 of the Federal Reserve Act.

You will note from the resolution that the Board has determined under the circumstances to make no allotment of bonds for purchase at this time.

Very respectfully,

C. S. HAMLIN, *Governor.*

Whereas it appears from statement furnished the Board by the office of the Secretary that 11 out of the 12 Federal Reserve Banks have purchased in the open market bonds in excess of the amount which might be allotted to such banks at the end of this quarterly period on a basis of one-fourth of \$25,000,000 which the Board had considered allotting at this time; and

Whereas the bonds offered for sale through the Treasurer under section 18 of the Federal Reserve Act aggregate more than twenty times the amount which might be allotted on the basis indicated, and it will, therefore, be possible on this basis to sell for each member bank less than 5 per cent of the amount offered for sale; and

Whereas it appears that the only Federal Reserve Bank which has not purchased in the open market bonds in excess of the amount which might be allotted to it is under contract to purchase a sum very largely in excess of its allotment and has been prevented from consummating such purchase by reason of the fact that more than \$9,000,000 in lawful money has been deposited with the Treasurer during the current month to retire circulation by national banks, and the banks under contract to sell are thereby prevented from making delivery: Now, therefore, be it

Resolved, that it is the sense of the Board that no necessity exists for enforcing the requirement provided for under section 18 of the Federal Reserve Act at the end of this quarterly period ending March 31, 1916, and that it will not at this time require the Federal Reserve Banks to purchase any of those bonds which are offered for sale by member banks through the Treasurer of the United States under the provisions of section 18.

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

Secretary McAdoo, in a communication to the Federal Reserve Board on February 28, stated that he would, under section 18 of the Act, issue in exchange for United States 2 per cent gold bonds, bearing the circulation privilege, against which no circulation was outstanding, 1-year gold notes and 3 per cent 30-year gold bonds, both without the circulation privilege, upon assent by the Federal Reserve Banks to the necessary obligation with the Secretary of the Treasury binding them to purchase for gold at maturity the 1-year notes. The limitation upon the issue was \$30,000,000 for the year 1916, and the conversion dates the first days of January, April, July, and October. These dates correspond with the interest periods for the 2 per cent Consols of 1930. Under this arrangement \$15,000,000 may be converted on April 1 and \$7,500,000 each on the two following dates.

Subsequently Secretary McAdoo informed the Board that conversions would be made one-half into 3 per cent gold bonds and one-half into 1-year gold notes. In the closing paragraph of his letter advising of this decision the Secretary said, "Upon further consideration I have concluded that the purposes of the Act and the public interest will be better served if banks are required to take the maximum amount, i. e., 50 per cent, of the new issues in 1-year gold notes and 50 per cent in 3 per cent 30-year bonds."

On March 8 the Federal Reserve Board sent out the following letter to Federal Reserve Banks stating in each instance the amount of bonds which the bank would be entitled to convert:

I am directed by the Federal Reserve Board to transmit to you the following information:

The Secretary of the Treasury has notified the Federal Reserve Board that he will issue 3 per cent 30-year bonds and 1-year notes in exchange for 2 per cent bonds offered for conversion by Federal Reserve Banks to the extent of \$30,000,000 during the present calendar year. On the basis of capitalization and surplus adjusted to April 1, your allotment for the year will amount to ———. Conversion of 2 per cent bonds may be made as follows: On April 1, not to exceed one-half of your allotment; on July 1, not to exceed three-fourths of your allotment, including the amount converted on April 1; on October 1, balance of your allotment. If any bank fails to apply for its full allotment before October 1, bonds and notes remaining will be distributed on a pro rata basis among the banks applying therefor. The denominations of bonds are from \$100 to \$10,000 and of notes from \$1,000 to \$50,000. All exchanges will be made as nearly as possible on the basis of one-half 30-year bonds and one-half 1-year notes. Please notify the Board, to reach Washington not later than March 20, the amount of 2 per cent bonds you will offer for exchange on April 1.

The figures showing the allotment, which have been adjusted to cover the changes by reason of the transfer of banks in Fairfield County, Conn., from the Boston district to the New York district, and the changes from the

Dallas district in the State of Louisiana to the Atlanta district, based upon capital of Federal Reserve Banks at the close of business on March 3, were as follows:

Banks.	Capital.	Amount of conversions.
Boston.....	\$5,058,995.00	\$2,763,602
New York.....	11,206,655.00	6,121,910
Philadelphia.....	5,256,100.00	2,871,275
Cleveland.....	5,945,100.00	3,247,658
Richmond.....	3,336,750.00	1,822,783
Atlanta.....	2,583,058.00	1,411,061
Chicago.....	6,652,850.00	3,634,284
St. Louis.....	2,785,000.00	1,521,375
Minneapolis.....	2,555,550.00	1,396,033
Kansas City.....	3,004,600.00	1,641,337
Dallas.....	2,586,308.66	1,412,836
San Francisco.....	3,946,450.00	2,155,846
Total.....	54,917,416.66	30,000,000

Several Federal Reserve Banks raised the question whether the Treasury Department would at this time consider applications for the conversion of the 1-year gold notes into 30-year 3 per cent bonds, and in answer to one of these inquiries the Federal Reserve Board sent, on March 13, the following reply:

Your letter of March 8, relative to the exchange of 2 per cent bonds for 3 per cent bonds and 1-year gold notes, was referred to the Treasury Department and is to-day returned with the following advice:

"I have received your memorandum of March 10 inclosing a letter addressed to the Federal Reserve Board by the governor of the Federal Reserve Bank of Cleveland, in which he asks whether the Secretary of the Treasury has determined that he will not consider applications for the conversion of 1-year gold notes into the 30-year 3 per cent bonds as provided in section 18 of the Federal Reserve Act. In reply I beg to advise you that the Secretary has taken no action in this matter and during his absence nothing will be done in relation thereto."

It has been held that the limit of \$9,000,000 of deposits to be made by national banks for the retirement of bonds securing circulation in any one month stands irrespective of the allotment made under the requirement of the law for the purchase of \$25,000,000 in bonds yearly by Federal Reserve Banks. If an application to sell bonds under section 18 is not granted by the Federal Reserve Board it will

be necessary for the applying bank to file a new application with the Treasurer of the United States that its wish to sell may be considered at the next quarterly period.

Notes issued under the conversion privilege will be termed "One-year Treasury notes," and will be designated "Series of January 1, 1916-17." They are payable one year from the date of issue, with interest at 3 per cent, which is payable on the 1st of January, April, July, and October. These notes are issued in denominations of \$1,000, \$10,000, and \$50,000.

The 3 per cent bonds are called "Three per cent conversion bonds," and will be designated as the series of the years of issue and of maturity, the first being "Series of 1916-46." They are payable 30 years from January 1 of the year of issue, bearing interest at 3 per cent, payable at the same quarterly periods as the notes. The bonds are issued in denominations of \$100, \$1,000, \$5,000, and \$10,000, both registered and coupon form.

The Secretary of the Treasury, upon the request of a Federal Reserve Bank, will open a suspense account with such bank for each loan, in which account will be credited all bonds acquired by the bank and charged all bonds reissued or converted as directed by the Federal Reserve Bank having title thereto.

After suspense accounts have been established the Secretary of the Treasury will advise the Federal Reserve Bank of all bonds received for the bank's account and of the disposition of such bonds or any part thereof in accordance with instructions given by the Federal Reserve Bank. A statement of all transactions will be furnished the bank at each dividend period for each loan, and interest on the bank's holdings will be declared on account of the bonds held in suspense.

In order to have such suspense account established a Federal Reserve Bank should make application therefor to the Secretary of the Treasury, such application to be in the form of a certified copy of a resolution of the board of directors authorizing the action.

There were on March 1 national bank notes outstanding, secured by United States bonds,

amounting to \$711,129,418. This was a decrease of \$7,794,072 since February 1.

In addition to the national bank notes outstanding, secured by United States bonds, there were on March 1 \$51,866,895, secured by lawful money, an increase over February 1 of \$4,398,317. The amount of Federal Reserve bank notes outstanding, secured by United States bonds, on March 1 was \$2,999,970.

The kinds of bonds on deposit to secure Federal Reserve bank notes and national bank

notes on March 1 are shown in the following table:

Kinds of bonds on deposit.	Interest rate.	On deposit to secure Federal Reserve bank notes.	On deposit to secure national bank notes.
United States consols of 1930.....	2	\$5,719,250	\$588,926,450
United States loan of 1908-1918.....	3		18,551,820
United States loan of 1925.....	4	100,000	27,224,900
United States Panama of 1936.....	2	512,500	52,251,440
United States Panama of 1938.....	2	400,000	28,301,480
Total.....		6,731,750	715,256,090

Statement of the public debt on February 29, 1916.

DEBT BEARING NO INTEREST (PAYABLE ON PRESENTATION).		DEBT ON WHICH INTEREST HAS CEASED SINCE MATURITY (PAYABLE ON PRESENTATION).	
Obligations required to be reissued when redeemed:		Funded loan of 1891, continued at 2 per cent, called for redemption May 18, 1900; interest ceased Aug. 18, 1900...	
United States notes.....	\$346,681,016.00		\$4,000.00
Less gold reserve.....	152,979,023.21	Funded loan of 1891, matured Sept. 2, 1891.....	22,950.00
Excess of notes over reserve.....	193,701,992.79	Loan of 1904, matured Feb. 2, 1904.....	13,050.00
Obligations that will be retired on presentation:		Refunding loan of 1907, matured July 2, 1907.....	535,000.00
Old demand notes.....	53,152.50	Refunding certificates, matured July 1, 1907.....	12,190.00
National bank notes assumed by the United States on deposit of lawful money for their retirement....	40,703,950.50	Old debt matured at various dates prior to Jan. 1, 1861, and other items of debt matured at various dates subsequent to Jan. 1, 1861.....	901,460.26
Fractional currency.....	6,849,059.90	Total.....	1,488,650.26
Total.....	241,308,155.69		

INTEREST-BEARING DEBT (PAYABLE ON OR AFTER SPECIFIED FUTURE DATES.)

Title of loan.	Authorizing act.	Rate.	When issued.	When redeemable or payable.	Interest payable.	Amount issued.	Outstanding Feb. 29, 1916.		
							Registered.	Coupon.	Total.
Consols of 1930.....	Mar. 14, 1900.....	P. ct. 2	1900	Payable after Apr. 1, 1930.	January, April, July, and October.	\$646,250,150	\$643,389,050	\$2,861,100	\$646,250,150
Loan of 1908-1918...	June 13, 1898.....	3	1898	Redeemable after Aug. 1, 1908; payable Aug. 1, 1918.	February, May, August, and November.	1198,792,660	47,203,200	16,742,260	63,945,460
Loan of 1925.....	Jan. 14, 1875.....	4	1895-6	Payable after Feb. 1, 1925.	do.....	1162,315,400	101,295,600	17,194,300	118,489,900
Panama Canal loan: Series 1906.....	June 28, 1902, and Dec. 21, 1905.	2	1906	Redeemable after Aug. 1, 1916; payable Aug. 1, 1936.	do.....	54,631,980	54,621,520	10,460	54,631,980
Series 1908.....	do.....	2	1908	Redeemable after Nov. 1, 1918; payable Nov. 1, 1938.	do.....	30,000,000	29,737,520	262,480	30,000,000
Series 1911.....	Aug. 5, 1909, Feb. 4, 1910, and Mar. 2, 1911.	3	1911	Payable June 1, 1961.	March, June, September, and December.	50,000,000	40,921,800	9,078,200	50,000,000
Postal savings bonds (first to ninth series).	June 25, 1910.....	2½	1911-1915	Redeemable after 1 year from date of issue; payable 20 years from date of issue.	January and July.	7,307,100	6,528,340	778,760	7,307,100
Postal savings bonds, 1916-1936 (tenth series).	June 25, 1910.....	2½	1916	Redeemable after Jan. 1, 1917; payable Jan. 1, 1936.	do.....	938,000	855,900	82,100	938,000
Aggregate of interest-bearing debt.						1,150,235,290	924,552,930	47,009,660	971,562,590

¹ Of this original amount issued, \$132,449,900 have been refunded into the 2 per cent consols of 1930, and \$2,396,800 have been purchased for the sinking fund and canceled, and \$500 have otherwise been purchased and canceled.

² Of this original amount issued, \$43,825,500 have been purchased for the sinking fund and canceled.

GROSS DEBT.		NET DEBT.	
Debt bearing no interest.....	\$241,308,155.69	Gross debt (opposite).....	\$1,214,359,395.95
Debt on which interest has ceased.....	1,488,650.26	Deduct—	
Interest-bearing debt.....	971,562,590.00	Balance available to pay maturing obligations (see above).....	104,135,180.74
Aggregate.....	1,214,359,395.95	Net debt.....	1,110,224,215.21

THE PRESENT COTTON SITUATION.

Speaking before the Birmingham Chamber of Commerce in Alabama Friday evening, March 10, Hon. W. P. G. Harding, member of the Federal Reserve Board, discussed the present cotton situation in part as follows:

During the next six weeks, assuming normal weather conditions, the cotton crop of 1916 will be planted. While the acreage put in cotton will bear a direct relation to the size of the new crop, other factors must be considered in reaching conclusions as to the final outcome. The quality and amount of fertilizer used, the character of the season, methods of cultivation, the ravages of the boll weevil and other insect damage, will all have an important bearing, so that under some conditions it is conceivable that 30,000,000 acres planted in cotton will produce a larger yield than 35,000,000 acres under other conditions. The new crop acreage, however, which will probably be known definitely within the next 60 days, will play an important part in fixing the market value of that portion of the crop of 1915 which remains unsold, for it is likely that not until July will reports of condition of the growing crop become a factor in price control. It will be remembered that during last July there was a decided slump in the cotton market, which brought about an extremely nervous feeling throughout the South. Despite the very vigorous and diligent campaign that had been made in the spring of 1915 for a sharp reduction in cotton acreage, reinforced as it was by the severe object lesson of the dangers of overproduction that had been impressed upon cotton growers during the preceding fall and winter, it was found that the area planted in cotton had been reduced by only about 15 per cent. The season up to July had been propitious and there was much talk of a new crop of at least 14,000,000 bales. It was known also that Great Britain intended to declare cotton an absolute contraband, which was regarded as meaning the loss of a market for about two and one-half million bales which had usually gone to Germany and Austria, and which had to a considerable extent during the season of 1914-15 reached those countries through neutral ports.

Farmers and business men throughout the South were aroused, and, without any definite organization, but through the force of public sentiment, a policy of gradual marketing was decided upon. Warehouse facilities had been found to be adequate, and the banking situation was such as to render ample funds available to carry out such a policy. At the same time it became evident that the yield would not be as large as had been anticipated, so that consumers, finding that there was no rush of cotton to the market for sale at forced prices, began to contract for their wants, and prices advanced rapidly. The new crop, instead of bringing 7 to 8 cents per pound, as had been predicted by many pessimistic persons, found

a ready market up to 12½ cents per pound, and cottonseed advanced in a corresponding degree so as to give producers the equivalent of \$20 to \$22.50 per bale from sales of seed. The advance attracted speculative interest, and by December some enthusiasts had visions of 15 to 18 cents per pound. Many farmers and merchants who, a few weeks before, would have sold most gladly at 12 cents, caught the infection and decided to hold for the much higher prices which they felt were coming.

About this time, however, the export movement began to compare unfavorably with the previous season. Except as to coastwise trade, our ocean freights are carried almost entirely in foreign bottoms. Of these, German vessels are idle, being interned in neutral ports throughout the world, or else blockaded in the waters of the North Sea. This scarcity of shipping has caused a great advance in ocean freight rates, which are from six to ten times the normal, so that rates on cotton from American ports to Liverpool have been ruling as high as \$3 per hundred pounds, or \$15 per bale, being 3 cents per pound. Even at these abnormal rates, exports of cotton have been restricted, as shipowners, acting probably under instructions from their Governments, have given preference to cargoes of grain and munitions.

Under these conditions stocks abroad have been greatly reduced, and during the month of January there was a time when the stock at Liverpool was sufficient to supply British spindles for less than six weeks, with prices ruling at 18 cents, against 12 cents in New York. There is reason to believe however, that during the past month arrangements have been made to increase the ship room available for cotton, and there has been some increase in the supply at Liverpool, London, and Manchester. The total stocks in Great Britain on March 3 have been estimated to be 1,000,000 bales, against 1,452,000, 1,289,000, and 1,498,000 bales for the same date in 1915, 1914, and 1913, respectively. The depletion of stocks on the Continent is still more marked. The Financial Chronicle estimates the supply of stock at Hamburg, Bremen, and Trieste to be about 1,000 bales at each point, against a total of 384,000 bales on March 1, 1915, 570,000 bales in 1914, and 578,000 bales in 1913; and, including stocks at Havre, Marseilles, Barcelona, and Genoa, it estimates continental stocks on March 3 at 479,000 bales, against 1,083,000 bales in March, 1915, 1,065,000 in 1914, and 1,089,000 in 1913. Authorities place the total visible supply for the world on March 3 at 5,777,448 bales, against 7,607,227, 6,107,140, and 5,491,952 bales in 1915, 1914, and 1913, respectively. In Egypt figures relating to cotton receipts are expressed in cantars, approximating 100 pounds, and exports in bales which weigh about 750 pounds. Reducing the figures to the equivalent of 500 pounds to the bale, receipts of cotton at Alexandria from August 1 to February 9 have been, according to the same authority, 790,300 bales, against 942,500 bales last year and 1,350,000 bales for the same date in 1914.

A report dated Friday night, March 3, gives the following statement as to the movement of the crop for the week: Total receipts, 107,849 bales, against 156,956 and 142,403 bales for the two weeks immediately preceding. Total receipts since August 1, 1915, 5,402,039, against 8,093,162 for the same period of 1914-15. Decrease since August 1, 1915, 2,691,123 bales. Exports for the week, 142,143 bales, of which 73,972 were to Great Britain, 24,125 to France, and 44,046 to the rest of the Continent. Total exports August 1, 1915, to March 3, 1916, to Great Britain, 1,755,493 bales, against 2,487,993 bales for the same period last year; to France, 510,883, against 376,892; to Continent, 1,295,565, against 2,672,188, making a grand total of 3,561,941, against 5,537,073 last year, and 7,296,085 for 1913-14. The export movement therefore is approximately 2,000,000 bales behind last year and nearly 3,750,000 bales under 1914. There seems to be no material difference of opinion on the part of various authorities as to stocks of cotton held abroad or as to the exports, but there is some divergence in the views as to the domestic situation. A well-known cotton authority, who prefers not to be quoted, gives me the following estimate of the supply of cotton in America on July 31, 1916, at the close of the current cotton year:

Visible supply in United States July 31, 1915.	1,300,000
Unmarketed on plantations July 31, 1915.....	1,800,000
Crop 1915-16 (including linters).....	12,250,000

Total supply this season.....	15,350,000
American consumption.....	7,000,000
Total exports.....	6,500,000
	<u>13,500,000</u>

Leaving on hand visible and invisible.. 1,850,000

and checks his figures as follows:

Unmarketed July 31, 1915.....	1,800,000
Crop 1915-16.....	12,250,000

Total supply from plantations.....	14,050,000
In sight to February 26, 1916.....	9,554,795

Unmarketed supply February 26.....	4,495,205
Stock United States ports, February 26.....	1,410,285
Stock interior towns February 26.....	1,102,047

Total supply in United States February 26.....	7,007,537
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United States consumption, season.....	7,000,000
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Total takings to February 26.....	4,684,000
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Still to be taken.....	2,316,000
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Exports, season.....	6,500,000
Exports to February 26.	3,561,922

Still to be exported.....	2,938,078
	<u>5,254,078</u>
	1,753,459

I quote as follows from a letter received from him:

"It is reasonably plain that if we export 6,500,000 bales of cotton this year, we shall not have more than about 1,800,000 bales left over in the United States. This includes the cotton at the ports and interior towns as well as the unmarketed supply on the plantations. I do not think it can be considered burdensome with the financial facilities that the Federal Reserve Banks provide, and if the war ends during the present summer, I believe that all the cotton that is left over and all that America can possibly produce next year will be required to fill up the vacuum created by the blockades and the war."

Another view is given in the weekly cotton letter dated March 4 of a well-known brokerage house. From this statement I quote:

"The world's visible supply of American cotton is now 1,604,000 bales less than at this date last year and 64,000 less than in 1914. The stocks of American cotton in Liverpool with one exception are the smallest in the past 10 years, and practically the same is true of continental stocks of American cotton. Our cotton markets are absolutely closed to Germany and Austria, which was not the case at this date last year and yet in spite of the extraordinary advance in ocean freight and insurance (the rate to Liverpool is now \$15 a bale as compared with about \$1 August 1, 1914) we exported the first six months of the season 2,961,000 bales and to date 3,680,000, clearly indicating an export movement for the season of fully 6,000,000 bales. The domestic consumption for the first six months of the season amounted to 3,528,000 bales and it is increasing as the season advances, foreshadowing a total of fully 7,250,000 bales for the year. With a supply of about 14,675,000 bales (made up from the carry over from last year of 2,765,000 bales, the crop estimated by the Government at 11,161,000 and an estimated linter crop of 750,000) and allowing 6,000,000 bales for export and 7,250,000 for domestic consumption, we would close the season with an apparent surplus of 1,425,000 bales."

There is a difference in the estimates of these two authorities of 425,000 bales. The first-mentioned estimate places the carry-over from last year at 3,100,000 bales, while the second puts the amount carried over at 2,765,000 bales. The first places the present crop, including linters, at 12,250,000 bales, while the second, accepting the Government estimate, figures the crop, including linters, at 11,911,000 bales. The first estimate puts American consumption at 7,000,000 bales and exports at 6,500,000 bales, or a total of 13,500,000 bales, while the figures given by the second are 6,000,000 bales for export and 7,250,000 bales American consumption, or a total of 13,250,000 bales. The first authority says further that from the apparent surplus of 1,425,000 which is shown according to his figures "there must be deducted 1,179,000 bales of linters, 429,000 carried over from last year and the linter crop of this year, 750,000, every bale of which will go into the manufacture of explosives. This cuts the spinner's supply down to about 13,500,000 bales, leaving an apparent surplus at the close of the season of about 250,000 bales."

I am informed that the Census Bureau in its statistics relating to the uses to which cotton is put is confined to the

consumption of raw cotton, including linters, and that additional legislation will be necessary to enable the Census Bureau to report on the consumption of cotton which has been specially prepared or treated. At a recent hearing before one of the House committees it was brought out that the Census Bureau regards an estimate of 1,000,000 bales of cotton used in America during 1915 for the manufacture of explosives as conservative, and the statement was made at the time by the representative of the bureau that it is possible that as much as 1,500,000 bales had been used in this way during the year in the United States. It has been estimated unofficially that 2,000,000 bales were used in Europe last year in the manufacture of explosives, but I am told that the Census Bureau has no figures which throw any light upon the consumption abroad of cotton for this purpose.

It is evident that much of the cotton now being exported to France is being used for explosives, as most of the cotton mills of France and all of those of Belgium are now within the German lines and are presumably not running for lack of cotton, although it is impossible to obtain definite information on this point. Swiss mills are said to be very busy, but their supplies of cotton have been cut off recently because they were supposed to be selling to Germany and Austria. Consumption by mills in Norway and Sweden, Holland and Spain, would be abnormally large if they could get the cotton, but high freights and naval operations in the North Sea have rendered their supply precarious. Japanese mills will undoubtedly consume a great deal of cotton, but on account of proximity and lower freights they will probably take all they can from East India. The Russian mills are reported to be busy, but their supplies of American cotton must, for the present, come by way of Vladivostok, which means a long and expensive overland haul on a railroad congested with war material. The port of Archangel, however, which is icebound at present, will be open in May, and it is probable that Russia will add to its stock of American cotton after that time.

It is interesting to contrast the export movement during the present season with that of the last. The outbreak of the war in Europe on the 1st of August, 1914, resulted in a practical stoppage of cotton exports until November. During December and January, 1915, the movement abroad was heavy. While this movement was stimulated in February and March by the announcement of the forthcoming blockade of British waters by German submarines, the volume of exports continued satisfactory until early in May, or until the sinking of the *Lusitania*. From this time on the export movement diminished appreciably, and the advancing tendency in cotton prices was checked, followed by the slump in July, to which reference has already been made. During the present season, exports from August to November ran considerably ahead of the very light movement of the preceding year, but since November, owing to the reasons already outlined, the export movement compares unfavorably with that of the previous season, although the movement for February

compares well with that of February, 1914. The decline in cotton prices seems to have been definitely checked about the 1st of March. It is said that several British merchant ships hitherto used as transports are to be restored to commercial uses in the trade between New York and Liverpool. Italy and Portugal together have seized over 60 German steamers, which have been interned in their ports, the presumption being that these steamers will be put into commission for mercantile purposes. At any rate, there has been an easing in ocean freight rates, which now show a decline of 50 cents per hundred, or \$2.50 per bale from quotations current the latter part of February. Announcement was made a few days ago that 12 steamships are due to arrive at an early date at Galveston which will load with cotton from that port. The latest issue of a recognized authority on the textile trade has this to say regarding the demand for cotton:

"The margin of profit between the cost of raw cotton and the market values of goods in the United States is now unusually wide, and it is the part of commercial wisdom for the manufacturer to secure for himself this margin of profit no matter what his inclination or judgment may be with respect to a possible wider margin of profits in the future. This consideration has induced a fair amount of buying for the account of American spinners during the past week. Were it not that much the larger part of the requirements of our mills for the season has already been secured this buying might be counted upon as a sustaining and perhaps even as an advancing influence in the markets for the immediate future. In addition to this buying for American account, some buying for foreign account has been in evidence."

The ability and disposition of the banks of this country to take care of the legitimate wants of their customers, as well as to carry well-secured loans for those who are not customers, has never been greater than at present. At the close of business on March 6 the total of all paper under discount with Federal Reserve Banks, including rediscounts for member banks, open-market purchases of bankers' acceptances, trade acceptances, and commodity loans carried for member banks, was slightly over \$51,000,000 against total deposits held by these institutions of \$454,761,000; while on January 2 the amount of paper under discount was over \$54,000,000 against deposits of \$431,085,000. Except in the Richmond and Atlanta districts the loans secured by cotton receipts are of a negligible amount, and in these two districts they have been considerably reduced since the first of the year. The total bills discounted with the Federal Reserve Bank of Atlanta, including the New Orleans branch, was, on January 2, \$8,200,000. On March 6 this amount had been reduced to \$4,420,000. The amount of loans held by the Federal Reserve Bank of Richmond on January 2 was \$7,612,000, and on March 6 the amount of its loans was \$6,433,000. The amount of discounted paper held by the Federal Reserve Bank of St. Louis on January 2 was \$1,915,000, while on March 6 the amount was \$1,429,000. The loans of the

Federal Reserve Bank of Dallas on January 2 amounted to \$4,911,000, and on March 6 to \$4,550,000.

The same conditions are reflected in the statements of member banks. In all sections of the country first-class commercial paper is sought for at abnormally low rates, and I may say that for several months past the chief concern of the Federal Reserve Board over the monetary situation in this country for the immediate future has been that the unusually low rates prevailing in financial centers might lead to an unwise inflation of credits. There is every reason to believe that exports of cotton will continue on approximately the present scale during the spring and summer months up to the close of the present cotton year, and there seems to be little danger of there being an unwieldy surplus carried over into the next season. There is undoubtedly a considerable amount of unsold cotton in the South which is being held by farmers and country merchants, but the amount is probably no greater than in some previous years, as the stocks reported at interior towns on March 3 amounted to 1,080,000 bales, against 1,063,000 bales at the same towns on March 5, 1915. During the week ended March 3 the interior stocks decreased 35,761 bales, and receipts at all towns were 84,838 bales less than for the same week last year. Attention is invited to a comparative statement of amount brought into sight and spinners' takings for the weeks ended March 3, 1916, and March 4, 1915:

In sight and spinners' takings.	1915-16		1914-15	
	Week.	Since Aug. 1.	Week.	Since Aug. 1.
Receipts at ports to Mar. 3.....	Bales. 107,849	Bales. 5,402,039	Bales. 284,634	Bales. 8,093,162
Net overland to Mar. 3.....	35,173	1,011,489	31,314	921,677
Southern consumption to Mar. 3.....	82,000	2,190,000	60,000	1,830,000
Total marketed....	225,022	8,603,528	375,948	10,844,839
Interior stocks in excess..	135,761	634,711	164,959	943,420
Came into sight during week.....	189,261	.....	310,989	.....
Total in sight Mar. 4.....	.....	9,238,239	.....	11,788,259
North spinners' takings to Mar. 3.....	34,396	2,135,026	88,743	2,047,309

¹ Decrease during week.

Movement into sight in previous years.

Week.	Bales.	Since Sept. 1.	Bales.
1914, Mar. 6.....	198,304	1913-14, Mar. 6....	12,673,042
1913, Mar. 7.....	154,692	1912-13, Mar. 7....	11,856,556
1912, Mar. 8.....	281,157	1911-12, Mar. 8....	13,421,418

Some private letters that I have received state that there were perhaps 2,000,000 bales of cotton held on March 1 by southern farmers and local merchants. If all of this cotton, or any large part of it, should be thrown upon

the market at once, there would undoubtedly be a break in prices. But five months, or about 21 weeks, will elapse before any new cotton can come on the market. With the demand for export and from American spinners which seems assured, there is no reason to doubt the ability of the market to absorb much more than 100,000 bales per week. I refrain, however, as I have always done, from giving advice in particular cases. I believe that the policy of gradual and orderly marketing of the crop has been proved to be the correct one by the course of the market this season, and, while there are no doubt many holders of cotton who will regret that they did not sell when prices were higher, it is no doubt true that the higher prices last fall were obtainable by reason of the fact that there was no unseemly rush of cotton to the market; and, without regard to ownership, it is safe to assume that the cotton held back has contributed its part to the prices realized for cotton that has been sold. I wish that each individual farmer would remember, when the time comes for him to determine how much of his land he will put in cotton this spring, that we are living in unusual times and that it is impossible for any man or any group of men to forecast with certainty what the consumption of a staple like cotton will be. I believe in the gradual and orderly marketing of crops, but I believe just as firmly in the diversification of crops.

Farmers of the Northwest, who produce the bulk of the great food crops of this country, have learned that it is dangerous to place reliance in one crop, even though it be a food crop, and, while they can not raise cotton, they diversify by planting different kinds of grain and by producing more than one kind of food. I quote a statement that was made recently by a prominent bank in the Northwest:

"The investment market does not seem to be as active as the large amount of money in banks and the heavy savings balances would ordinarily indicate. General interest rates are so low that many people are content with savings-bank interest. The demand for farm mortgages is very strong, but our farmers are in such excellent condition financially that the supply of mortgages continues to be less than the demand. This, of course, has resulted in a decrease of rates to the farmers. Mortgages from the best farming communities of Minnesota and the Dakotas are especially hard to obtain. In former years, when there were plenty of these securities, it was not necessary for capital to go into the newer parts of the Northwest unless attracted by high rates. It is probable that present conditions will turn large amounts of money to investment in the less populous portions of the Northwestern States and will result in increased settlement and greater value for land. Whether this condition will result in an extended movement 'back to the farm' can not, of course, now be predicted, but tendencies in that direction have already been reported from two or three sources."

I am sorry that I can not yet quote similar statements from southern sources, but I think within a few years, after the South has learned the lesson of diversification, that like conditions will prevail, at least in favored sections.

I am told that there are farmers in Alabama, and perhaps in all Southern States, who have never grown a stalk of corn. Let the farmers realize, and I urge upon merchants and bankers the importance of persuading them, that an increased acreage in cotton will be looked upon as an argument in favor of lower prices for the remainder of the crop now being held, although it is by no means certain that a large acreage would yield a larger crop than a smaller and better cultivated area. Let us suppose things turn out this year as some optimists predict. Suppose peace should be restored and there springs up a greatly increased demand for cotton. Under such conditions a large crop would, of course, sell for a great deal of money, but with the experience of 1910 and 1911 before us, is there any reason to doubt that a moderate crop would sell for still more? On the other hand, suppose the war continues; suppose, unhappily, this country should become involved—and remember that in times of stress, when it comes to a choice between something to eat and something to wear, food must be provided at any cost, while new clothes can wait. Then I ask, would we not be far better off with a moderate supply of cotton and an abundance of food supplies? Why plant a larger area than can be cultivated thoroughly? Why scatter high-priced fertilizer over a large field when it would be more effective concentrated on a smaller? These matters must be determined now. A month hence will be too late. Let the farmers, the merchants, and the bankers of the South take counsel together; and let the newspapers, and those published at the county seats particularly, advocate in every issue for the next six weeks, and with all their force and power,

the doctrine of diversification, and let them point out the dangers of the one-crop system.

Remember, my friends, that if the war continues for six months longer, in all probability the purchasing power of Europe will be seriously impaired. The cost of munitions and supplies is enormous, and food prices in the warring countries are soaring. According to the Bureau of Labor Statistics of the Department of Labor, food, taken as a whole in the United States, costs 3 per cent more to-day than it did a year ago. Prices in Great Britain have increased about 44 per cent and in France about 23 per cent. In other belligerent countries the advance has been 100 per cent. Remember that the cotton exchanges are not eleemosynary institutions, and that operators on cotton exchanges have no sentiment except a desire for gain. Market opinions vary as conditions change, and operators are not consistent bulls or bears, but shift their position without notice as new conditions arise. The fact is realized in all the cotton markets of the world that the course of prices depends primarily upon the supply, and for the next three months at least estimates of supply will be based upon the new crop acreage. What this acreage will be in America depends upon the farmers of the South. Should they decide during the next few weeks to produce their foodstuffs at home and to plant cotton as a money crop their position will be secure, but if, disregarding all the warnings and portents of the times, they decide upon a policy of all cotton, they will be taking a tremendous risk which no prudent business man would care to assume.

As a factor in the cotton market the southern farmer is most powerful at planting time.

Men at some time are masters of their fates;
The fault, dear Brutus, is not in our stars,
But in ourselves, that we are underlings.

GOLD SETTLEMENT FUND.**AUDIT OF FUND.**

Quarterly audit of the gold settlement fund was made on February 4 for the period from November 16, 1915, to February 3, 1916. Reports of the audit follow:

WASHINGTON, D. C., *March 9, 1916.*

To the FEDERAL RESERVE BOARD:

I have the honor to report that I was present at and witnessed the audit of the accounts of the gold settlement fund and of the Federal Reserve Agents' fund for the period November 16, 1915, to February 3, 1916, made on February 4, 1916, by Messrs. W. E. Cadwallader, representing Federal Reserve Banks, and J. M. Slattery, representing Federal Reserve Agents, there also being present Mr. Sherman Allen, settling agent, and Mr. Ray M. Gidney, deputy settling agent.

Attached hereto are duplicate copies of the reports, dated February 15, 1916, of Messrs. Cadwallader and Slattery made to the chairman of the Conference of Federal Reserve Agents and to the chairman of the Conference of Governors, with Exhibit A showing the balances to the credit of each Federal Reserve Bank and each Federal Reserve Agent, and Exhibit B containing a list of the United States Treasury gold certificates counted, the total amount in the two funds on the date of audit being \$140,760,000, which amount was verified by me.

All balances have been verified in writing by the Federal Reserve Banks and Federal Reserve Agents, the reconcilements being also attached hereto.

Respectfully submitted.

W. M. IMLAY,
Representing Federal Reserve Board.

SIR: Acting under instructions of the respective chairmen of conferences of Governors and Federal Reserve Agents, we have made an

audit of the accounts of the gold settlement fund and the Federal Reserve Agents' fund, for the period begun November 16, 1915, and ended February 3, 1916.

Present while counting the gold certificates, were the following gentlemen: Sherman Allen, assistant secretary, Federal Reserve Board; Ray M. Gidney, settling agent; W. M. Imlay, representing Federal Reserve Board. Proper reconcilements of all balances have been received. The results of this audit are shown in two exhibits attached hereto: Exhibit A—Balances; Exhibit B—Gold certificates counted.

Respectfully submitted.

W. E. CADWALLADER,
Representing Federal Reserve Banks.
J. M. SLATTERY,
Representing Federal Reserve Agents.

Clearings and transfers through the gold settlement fund from February 25 to March 24 have amounted to \$224,254,000. The net change in the ownership of the gold held in the fund through these operations has been \$6,319,000, or 2.82 per cent of the obligations settled. The total clearings and transfers made since May 20, 1915, have been \$1,641,845,000, and the total net change in ownership of gold has been 6.17 per cent of this amount, or \$101,301,000.

Amount of clearings and transfers, Federal Reserve Banks from Jan. 1, 1916, to Mar. 23, 1916, inclusive.

	Total clearings.	Balances.	Transfers.
Settlement of—			
Mar. 2, 1916.....	\$55,306,000	\$6,044,000	\$6,048,000
Mar. 9, 1916.....	60,916,000	10,657,000	650,000
Mar. 16, 1916.....	45,323,000	5,099,000	2,116,000
Mar. 23, 1916.....	52,112,000	4,440,000	1,783,000
Previously reported.....	213,657,000	27,240,000	10,597,000
	375,238,000	41,792,000	12,253,000
Total.....	588,895,000	68,032,000	22,850,000

Changes in ownership of gold.

Federal Reserve Bank of—	To Feb. 24, 1916.		From Feb. 25, 1916, to Mar. 23, 1916.				Total change from May 20, 1915, to Mar. 23, 1916.	
	Decrease.	Increase.	Balance to credit Feb. 24, 1916, plus net deposits of gold since that date.	Balance Mar. 23, 1916.	Decrease.	Increase.	Decrease.	Increase.
Boston.....	\$4,386,000		\$3,344,000	\$3,443,000		\$99,000	\$4,287,000	
New York.....	87,251,000		10,749,000	10,587,000	\$162,000		87,413,000	
Philadelphia.....		\$12,939,000	6,409,000	6,440,000		31,000		\$12,970,000
Cleveland.....		8,933,000	11,023,000	10,025,000	998,000			7,935,000
Richmond.....		11,755,000	10,655,000	11,952,000		1,297,000		13,052,000
Atlanta.....		13,176,000	5,736,000	5,177,000	559,000			12,617,000
Chicago.....	5,001,000		11,119,000	6,519,000	4,600,000		9,601,000	
St. Louis.....		7,401,000	2,621,000	2,647,000		26,000		7,427,000
Minneapolis.....		5,649,000	4,049,000	4,598,000		549,000		6,198,000
Kansas City.....		7,995,000	2,455,000	3,878,000		1,423,000		9,418,000
Dallas.....		12,131,000	9,471,000	10,036,000		565,000		12,696,000
San Francisco.....		16,659,000	2,039,000	4,368,000		2,329,000		18,988,000
Total.....	96,638,000	96,638,000	79,670,000	79,670,000	6,319,000	6,319,000	101,301,000	101,301,000

Gold settlement fund—Summary of transactions Feb. 25, 1916, to Mar. 23, 1916.

Federal Reserve Bank of—	Balance last statement, Feb. 24, 1916.	Gold.		Transfers.		Settlement of Mar. 2, 1916.				Mar. 2, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$3,344,000						\$6,272,000	\$6,317,000	\$45,000	\$3,389,000
New York.....	5,749,000				\$6,048,000	\$2,059,000	16,942,000	14,883,000		9,738,000
Philadelphia.....	6,289,000						5,202,000	9,608,000	4,406,000	10,695,000
Cleveland.....	11,713,000	\$1,030,000		\$1,098,000			847,000	1,299,000	452,000	10,037,000
Richmond.....	10,675,000	150,000	\$80,000				7,662,000	7,983,000	321,000	10,926,000
Atlanta.....	5,736,000		160,000				1,427,000	1,663,000	236,000	6,132,000
Chicago.....	10,769,000			4,000,000		2,192,000	8,779,000	6,587,000		4,577,000
St. Louis.....	2,621,000	50,000				1,584,000	6,095,000	4,511,000		987,000
Minneapolis.....	4,049,000						67,000	256,000	189,000	4,238,000
Kansas City.....	2,075,000	2,740,000	1,000,000				1,513,000	1,793,000	280,000	615,000
Dallas.....	9,501,000			200,000		209,000	443,000	234,000		9,092,000
San Francisco.....	3,989,000	2,000,000		750,000			57,000	172,000	115,000	1,354,000
Total.....	76,510,000	5,970,000	1,240,000	6,048,000	6,048,000	6,044,000	55,306,000	55,306,000	6,044,000	71,780,000

Federal Reserve Bank of—	Balance last statement, Mar. 2, 1916.	Gold.		Transfers.		Settlement of Mar. 9, 1916.				Mar. 9, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$3,389,000					\$64,000	\$6,347,000	\$6,283,000		\$3,325,000
New York.....	9,738,000		\$5,000,000		\$500,000	9,948,000	21,490,000	11,542,000		5,290,000
Philadelphia.....	10,695,000					645,000	6,912,000	6,267,000		10,050,000
Cleveland.....	10,037,000		240,000	\$500,000	150,000		1,320,000	1,533,000	\$213,000	10,140,000
Richmond.....	10,926,000	\$350,000	120,000				6,484,000	6,639,000	155,000	10,851,000
Atlanta.....	6,132,000						1,588,000	1,654,000	66,000	6,198,000
Chicago.....	4,577,000			150,000			10,063,000	12,338,000	2,275,000	6,702,000
St. Louis.....	987,000		50,000				4,900,000	7,612,000	2,712,000	3,749,000
Minneapolis.....	4,238,000						154,000	284,000	130,000	4,368,000
Kansas City.....	615,000	630,000	2,750,000				1,231,000	1,920,000	689,000	3,424,000
Dallas.....	9,092,000						340,000	1,261,000	921,000	10,013,000
San Francisco.....	1,354,000						87,000	3,583,000	3,496,000	4,850,000
Total.....	71,780,000	980,000	8,160,000	650,000	650,000	10,657,000	60,916,000	60,916,000	10,657,000	78,960,000

Gold settlement fund—Summary of transactions Feb. 25, 1916, to Mar. 23, 1916—Continued.

Federal Reserve Bank of—	Balance last statement Mar. 16, 1916.	Gold.		Transfers.		Settlement of Mar. 16, 1916.				Mar. 16, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debit.	Total debit.	Total credits.	Net credits.	
Boston.....	\$3,325,000						\$5,837,000	\$7,353,000	\$1,516,000	\$4,841,000
New York.....	5,290,000				\$1,386,000		10,353,000	11,198,000	845,000	7,521,000
Philadelphia.....	10,050,000					\$2,726,000	7,351,000	4,625,000		7,324,000
Cleveland.....	10,140,000		\$100,000			74,000	769,000	695,000		10,166,000
Richmond.....	10,851,000		70,000	\$500,000			6,296,000	6,888,000	592,000	11,013,000
Atlanta.....	6,198,000	\$300,000	140,000	386,000	480,000	121,000	1,136,000	1,015,000		6,011,000
Chicago.....	6,702,000				250,000	2,178,000	7,962,000	5,784,000		4,774,000
St. Louis.....	3,749,000						3,623,000	4,208,000	585,000	4,334,000
Minneapolis.....	4,368,000			250,000			71,000	321,000	250,000	4,368,000
Kansas City.....	3,424,000						1,616,000	1,858,000	242,000	3,666,000
Dallas.....	10,013,000			480,000			251,000	1,043,000	792,000	10,325,000
San Francisco.....	4,850,000			500,000			58,000	335,000	277,000	4,627,000
Total.....	78,960,000	300,000	310,000	2,116,000	2,116,000	5,099,000	45,323,000	45,323,000	5,099,000	78,970,000

Federal Reserve Bank of—	Balance last statement Mar. 16, 1916.	Gold.		Transfers.		Settlement of Mar. 23, 1916.				Mar. 23, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$4,841,000					\$1,398,000	\$8,611,000	\$7,213,000		\$3,443,000
New York.....	7,521,000				\$250,000		12,583,000	15,399,000	\$2,816,000	10,587,000
Philadelphia.....	7,324,000		\$120,000			1,004,000	7,131,000	6,127,000		6,440,000
Cleveland.....	10,166,000					141,000	1,525,000	1,384,000		10,025,000
Richmond.....	11,013,000	\$100,000	310,000				6,418,000	7,147,000	729,000	11,952,000
Atlanta.....	6,011,000			\$400,000	78,000	512,000	1,867,000	1,355,000		5,177,000
Chicago.....	4,774,000		350,000		1,116,000		7,039,000	7,318,000	279,000	6,519,000
St. Louis.....	4,334,000			700,000	339,000	1,326,000	5,752,000	4,426,000		2,647,000
Minneapolis.....	4,368,000			16,000			105,000	351,000	246,000	4,598,000
Kansas City.....	3,666,000						765,000	977,000	212,000	3,878,000
Dallas.....	10,325,000	30,000		417,000			240,000	398,000	158,000	10,036,000
San Francisco.....	4,627,000		50,000	250,000		59,000	76,000	17,000		4,368,000
Total.....	78,970,000	130,000	830,000	1,783,000	1,783,000	4,440,000	52,112,000	52,112,000	4,440,000	79,670,000

Federal reserve agents' fund—Summary of transactions Feb. 25, 1916, to Mar. 23, 1916.

Federal Reserve Agent at—	Feb. 24, 1916.	Week ending Mar. 2, 1916.		Week ending Mar. 9, 1916.		Week ending Mar. 16, 1916.		Week ending Mar. 23, 1916.	
	Balance.	With-drawn.	Balance.	With-drawn.	Balance.	With-drawn.	Balance.	With-drawn.	Balance.
Philadelphia.....	\$4,100,000	\$500,000	\$3,600,000		\$3,600,000		\$3,600,000	\$120,000	\$3,480,000
Richmond.....	8,630,000	1,780,000	6,850,000	\$50,000	6,800,000		6,800,000	270,000	6,530,000
Atlanta.....	13,450,000	1,000,000	12,450,000		12,450,000		12,450,000	500,000	11,950,000
Chicago.....	3,760,000		3,760,000		3,760,000		3,760,000	350,000	3,410,000
St. Louis.....	4,540,000	50,000	4,490,000	50,000	4,440,000		4,440,000		4,440,000
Minneapolis.....	2,350,000		2,350,000		2,350,000		2,350,000		2,350,000
Kansas City.....	6,500,000		6,500,000		2,400,000		4,100,000		4,100,000
Dallas.....	1,190,000		1,190,000	570,000	620,000	\$80,000	540,000		540,000
San Francisco.....	10,780,000		10,780,000		10,780,000	160,000	10,620,000	50,000	10,570,000
Total.....	55,300,000	3,330,000	51,970,000	3,070,000	48,900,000	240,000	48,660,000	1,290,000	47,370,000

INFORMAL RULINGS OF THE BOARD.

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

Stock Values.

Your letter quoting the resolution passed by your board of directors with reference to stock values to be paid to withdrawing banks has been received. You suggest that banks surrendering stock in the Federal Reserve Bank will be paid par plus 3 per cent up to December 31, 1915, and at the rate of one-fourth of 1 per cent each month thereafter.

Assuming that the amount set aside for losses represents an actual and not merely an arbitrary estimate of the executive committee, the interest calculated to December 31 would seem clearly to represent the amount withdrawing banks are entitled to receive on stock surrendered.

As to the one-fourth of 1 per cent allowed since that time, if this represents the actual earnings of the bank, the plan is in accordance with the provisions of the Act; but if the earnings show an excess over this amount, it will be necessary to pay the withdrawing banks the actual book value of the stock, provided it is not in excess of par plus one-half of 1 per cent per month since December 31.

FEBRUARY 23, 1916.

Trade Acceptances.

You say in your letter, "If no mention were made on the draft of the transaction being based on an importation of goods, I take it that the acceptance might be classed as a trade acceptance." The fact that importation or exportation is involved does not exclude the character of a trade acceptance at all. Quite the contrary. You will have seen from our letter of January 21 that we have provided that trade acceptances which originate through importations from foreign countries and which are indorsed by banks or bankers may, if necessary, be taken within the range of bankers' acceptances; that is, between 2 per cent and 4 per cent. There is, therefore, no reason at

all why you should not buy this paper on a satisfactory basis without being subject to the 50 per cent or 100 per cent limit.

MARCH 4, 1916.

Holding Political Office.

Your letter asking if an officer of a national bank which is a member of the Federal Reserve System can hold political office is received.

Your correspondent evidently has in mind a letter issued by the Federal Reserve Board in December, 1915, in which the opinion was expressed that officers and directors of Federal Reserve Banks should not hold active political offices. This suggestion, however, had no application to an officer of a national bank, unless he be a director of a Federal Reserve Bank.

MARCH 6, 1916.

Savings Accounts Pass Books.

Your letter of March 3 is received submitting a clause to be contained in the savings pass books of your bank with reference to withdrawals.

Regulation E of the Federal Reserve Board (series of 1915), which relates to savings accounts, provides in part that—

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

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

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

It is therefore suggested that the form should require presentation of the pass books in case of a deposit and also in case of a withdrawal of the whole or any part of the deposit, and the depositor should, over his signature, accept the terms prescribed.

MARCH 9, 1916.

Intradistrict Clearing System.

Additions to and withdrawals from the intradistrict clearing system since the publication of the lists in previous issues of the Bulletin are as follows:

DISTRICT No. 2.

Addition:
Union National Bank, Troy, N. Y.

DISTRICT No. 3.

Withdrawals:
National Bank of Catasauqua, Catasauqua, Pa.
First National Bank, Freeland, Pa.
Milton National Bank, Milton, Pa.
First National Bank, Mount Union, Pa.

DISTRICT No. 4.

Withdrawal:
Commercial National Bank, Columbus, Ohio.

DISTRICT No. 5.

Withdrawals:
Murchison National Bank, Wilmington, N. C.
Farmers National Bank, Louisburg, N. C.
National Loan and Exchange Bank, Columbia, S. C.

DISTRICT No. 6.

Withdrawals:
First National Bank, Ozark, Ala.
Ben Hill National Bank, Fitzgerald, Ga.
Holston National Bank, Knoxville, Tenn.

DISTRICT No. 8.

Addition:
State National Bank, Frankfort, Ky.
Withdrawals:
American National Bank, Fort Smith, Ark.
Farmers and Merchants National Bank, Fort Branch, Ind.

DISTRICT No. 9.

Addition:
First National Bank, Libby, Mont.
Withdrawal:
First National Bank, Elbow Lake, Minn.

DISTRICT No. 11.

Withdrawals:
First National Bank, Durant, Okla.
Tishomingo National Bank, Tishomingo, Okla.

DISTRICT No. 12.

Withdrawals:
First National Bank, Coalinga, Cal.
Citizens National Bank, Redlands, Cal.
Benton County National Bank, Corvallis, Oreg.
Bellingham National Bank, Bellingham, Wash.

Fiduciary Powers.

Applications from the following banks for permission to act under section 11 (k) of the Federal Reserve Act have been approved since the issue of the March Bulletin as follows:

DISTRICT No. 1.

Administrator:
Bath National Bank, Bath, Me.

DISTRICT No. 2.

Registrar of stocks and bonds:
New York State National Bank, Albany, N. Y.
Second National Bank, Elmira, N. Y.

DISTRICT No. 3.

Trustee, executor, administrator, and registrar of stocks and bonds:
Exchange National Bank, Marietta, Pa.
Hazleton National Bank, Hazleton, Pa.
Registrar of stocks and bonds:
Quaker City National Bank, Philadelphia, Pa.

DISTRICT No. 5.

Trustee, executor, administrator, and registrar of stocks and bonds:
Peoples National Bank, Martinsville, Va.

DISTRICT No. 6.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Bradentown, Fla.
Manufacturers National Bank, Harriman, Tenn.

DISTRICT No. 7.

Trustee, executor, and administrator:
First National Bank, Sioux Rapids, Iowa.

DISTRICT No. 8.

Trustee and registrar of stocks and bonds:
Merchants-Laclede National Bank, St. Louis, Mo.

DISTRICT No. 9.

Trustee, executor, and administrator:
First National Bank, Flandreau, S. Dak.
Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Lake Preston, S. Dak.

DISTRICT No. 10.

Trustee, executor, and administrator:
Greeley National Bank, Greeley, Colo.
Rawlins National Bank, Rawlins, Wyo.
Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Fort Morgan, Colo.
Union National Bank, Greeley, Colo.

DISTRICT No. 12.

Trustee, executor, and administrator:
Washington National Bank, Ellensburg, Wash.

STATEMENTS FOR THE PRESS.

The Federal Reserve Board to-day voted to grant the appeal of certain Connecticut bankers for the transfer of territory west of the Connecticut River from District No. 1 to District No. 2, in so far as relates to the banks situated in Fairfield County, Conn.

FEBRUARY 29, 1916.

The Federal Reserve Board to-day voted to defer final action on the appeal of the Connecticut banks asking transfer from District No. 1 to District No. 2, in so far as not already acted upon, until a date not later than June 15, 1916.

MARCH 6, 1916.

LAW DEPARTMENT.

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

Liquidating Member Banks.

Any member bank, even though its shareholders have voted to go into liquidation, may file an application, under the provisions of section 18 of the Federal Reserve Act, with the Treasurer to sell bonds deposited with him for the purpose of securing circulation, provided such application is made prior to the surrender of its stock in the Federal Reserve Bank.

MARCH 9, 1916.

SIR: There has been referred to this office for an opinion the question of whether a member bank in liquidation can file with the Treasurer of the United States an application to sell for its account at par and accrued interest United States bonds which are held to secure circulation.

Section 18 of the Federal Reserve Act provides in part—

After two years from the passage of this act and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

In section 1 of the Act the term "member bank" is defined to mean—

"any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act."

A bank becomes a member of the Federal Reserve System by subscribing to the capital stock of the Federal Reserve Bank of the district in which it is located, and upon issue of such stock to it is entitled to all the rights and privileges of a member. A member is not dissolved by a vote of its shareholders to go into voluntary liquidation, but continues to exist as a person in law capable of suing and being sued until its affairs and business are completely settled. *National Bank v. Insurance Company* (104 U. S., 54, 74), *Merchants'*

National Bank v. Caslin (41 Minn., 552). A bank, therefore, does not relinquish the rights and privileges of a member of the Federal Reserve System, nor cease to be such merely by a vote to go into voluntary liquidation.

Section 5 of the Federal Reserve Act provides in part that:

"When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal Reserve Bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal Reserve Bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled.
* * *"

From this it is clear that when a member bank liquidates it is required to surrender its stock in its Federal Reserve Bank. Since a bank becomes a member of a Federal Reserve Bank by subscribing to and being allotted stock, it follows that it does not cease to be a member until such stock is surrendered and canceled.

This being true, there would seem to be no reason why a bank in liquidation which has not surrendered its stock should not be entitled to make application to the Treasurer for the sale of its bonds securing circulation.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Warrants Issued in Anticipation of Assured Revenue.

Federal Reserve Banks may, under the provisions of section 14 of the Federal Reserve Act, purchase warrants issued in anticipation of the receipt of "assured revenues." The term "revenue" as applied to the income of a State or other political unit, does not include the proceeds of a sale of public securities. Warrants which are issued in anticipation of the receipt of the proceeds of municipal bonds are not, therefore, eligible for purchase under the provisions of this section.

MARCH 7, 1916.

SIR: The question has been raised whether warrants issued in anticipation of the sale of bonds the purchase of which is contracted for by a reliable buyer are warrants issued "in anticipation of the receipt of assured revenues," as provided by section 14.

The American and English Encyclopædia of Law states that "the word 'revenue' is more generally used to designate the income of the Government arising from taxation, duties, and the like. The proceeds of lands or public stock sold would not be included as a part of the revenue of a State."

The Supreme Court of the United States, in a discussion of the meaning of the word "revenue," said, in the case of *United States v. Norton* (91 U. S., 568), that, though the lexical definition of the term "revenue" is very comprehensive and would probably be broad enough to include the proceeds of public lands and the proceeds arising from the sale of public securities, nevertheless the term "revenue laws" is, as a matter of common knowledge, never applied to cases of this kind. The Court of Appeals of New York, in the case of *People v. N. Y. Central R. R.* (24 N. Y., 485, 490), specifically held that "revenue" generally designates the income of the Government arising from taxation, duties, and the like and does not include the proceeds of a sale of public stock.

Story on the Constitution, section 880, in discussing the meaning of the term "bills for raising revenue," as used in the Constitution, says that "no one supposes that a bill to sell any of the public lands, or to sell public stock, is a bill to raise revenue in the sense of the Constitution."

It seems reasonably clear, therefore, that the term "revenue," as used in paragraph (b) of section 14 of the Federal Reserve Act and as defined by the Supreme Court and other cases, is not sufficiently broad to include the proceeds of a sale of bonds, even though the sale is assured by a binding contract with the purchaser. As applied to the income of an indi-

vidual, the term "revenue" would undoubtedly include such receipts, but as applied to the income of a State or other political unit the courts generally agree that it has a narrower and more technical meaning which, they say, expressly excludes the proceeds of the sale of public securities.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,
Governor Federal Reserve Board.

Loans on Farm Land.

Loans on farm land come within the limitation imposed by section 5200 of the Revised Statutes of the United States. No national bank, therefore, may loan to any one person, firm, or corporation on the security of real estate an amount exceeding 10 per cent of the capital and surplus of such bank.

MARCH 23, 1916.

SIR: I am in receipt of yours of the 22d asking for opinion of this office on the following question: Whether loans made by national banks on the security of farm land, under the provisions of section 24 of the Federal Reserve Act, are subject to the limitations imposed by section 5200, Revised Statutes.

Section 5200 provides that:

The total liabilities to any association, of any person, or of any company, corporation, or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such associations, actually paid in and unimpaired, and one-tenth part of its unimpaired surplus fund: *Provided, however,* That the total of such liabilities shall in no event exceed thirty per centum of the capital stock of the association. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed.

Section 24 of the Federal Reserve Act provides that:

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm

land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

Where a national bank makes a loan on the security of farm land, the maker and indorser of the note become liable to the national bank. Such loans can not be treated as bills of exchange drawn in good faith against actually existing values, or as commercial or business paper actually owned by the person negotiating the same. They are, therefore, not excluded from the limitation imposed by section 5200 by the proviso to that section. The question, therefore, arises whether section 24 of the Federal Reserve Act can be construed as an amendment to section 5200.

It will be observed that no reference is made to section 5200 by section 24, and while a specific limitation is contained in this section, this limitation applies merely to the value of the security and the aggregate amount of such loans that may be made by a national bank—that is to say, it is specifically provided that no loans shall be made for an amount exceeding 50 per cent of the actual value of the property offered as security. This limitation is in no sense inconsistent with the provision of section 5200 which relates to the amount which may be loaned to any one person, firm, or corporation. It merely provides that the security must be double the amount of the loan.

In the opinion of this office, therefore, section 24 of the Federal Reserve Act can not be construed as repealing any part of section 5200, Revised Statutes, and national banks are pro-

hibited from making loans on farm land to any one person, firm, or corporation in an amount which exceeds 10 per cent of the capital and surplus of the lending bank.

Respectfully,

M. C. ELLIOTT, *Counsel.*

Hon. C. S. HAMLIN,

Governor Federal Reserve Board.

Stamp Tax on Certificates of Stock.

The following opinion, rendered by the Attorney General at the request of the Secretary of the Treasury, holds that section 7 of the Federal Reserve Act exempts certificates of stock issued to member banks by Federal Reserve Banks from the stamp tax imposed in Schedule A of the act of October 22, 1914 (38 Stat., 759).

DEPARTMENT OF JUSTICE,

Washington, March 10, 1916.

SIR: I have the honor to acknowledge receipt of your letter of February 15, 1916, wherein you ask my opinion as to whether certificates of stock to be issued to member banks by Federal Reserve Banks must be revenue stamped. In my opinion they should not be so stamped, and for these reasons:

The Federal Reserve Act of December 23, 1913 (38 Stat., 258), provides that—

Federal Reserve Banks, including the capital stock and surplus therein, and the income derived therefrom, shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

This act plainly frees such stock certificates of the stamp duty tax unless its force has been modified by subsequent legislation. Whether this is so or not depends on the interpretation of certain language in Schedule A of the act of October 22, 1914 (38 Stat., 759), providing for a stamp tax on—

each original issue, whether on organization or reorganization, of certificates of stock by any such association * * *, etc.

In my opinion the exemption created by the first-named act is in no wise affected by the last quoted provision. The latter act can, and properly should be, read as imposing a tax on certificates of stock other than the capital stock of a Federal Reserve Bank. The rule controlling the case is announced by the Supreme Court of the United States in *Washington v. Miller* (235 U. S., 422, 428), as follows:

In these circumstances we think there was no implied repeal, and for these reasons: First, such repeals are not favored, and usually occur only where there is such an irreconcilable conflict between an earlier and a later statute that effect can not reasonably be given to both (citing cases); second, where there are two statutes upon the same subject, the earlier being special and the later general, the presumption is, in the absence of an express repeal, or an absolute incompatibility, that the special

is intended to remain in force as an exception to the general (citing cases); and, third, there was in this instance no irreconcilable conflict or absolute incompatibility, for both statutes could be given reasonable operation if the presumption just named were recognized.

See also *Townsend v. Little* (109 U. S., 512, 594); *Ex parte Crow Dog* (109 U. S. 556, 570); *Rodgers v. United States* (185 U. S., 83, 87, 89); *United States v. Healey* (160 U. S., 136, 146); *United States v. Greathouse* (166 U. S., 601, 605); *People v. Hanrahan* (42 N. W., 1124); *State ex rel. v. Stratton* (38 S. W., 83); *Wheeler v. Lane* (15 Vt., 26).

Respectfully,

T. W. GREGORY,
Attorney General.

To the SECRETARY OF THE TREASURY.

GENERAL BUSINESS CONDITIONS.

General business and banking conditions are described in reports made by Federal Reserve Agents for the 12 Federal Reserve Districts, as of approximately March 25, substantially as follows:

DISTRICT NO. 1—BOSTON.

In practically all sections of New England and in almost all lines of trade exceptionally good business is reported. While there is a feeling of caution among manufacturers and the more conservative ones are trying to restrict buying to actual needs, the tendency of the retailer is to buy more freely than he has for some time past.

The principal deterring factors are the embargo on freight, the high cost of raw material, and the shortage of skilled labor. Most important is the embargo on freight. This has become necessary because of the sudden expansion of trade and the lack of railroad and steamship facilities for handling it. It is practically impossible to get some kinds of freight from one section of this district to another, and through freight to New York is indefinitely tied up.

The money market shows signs of strengthening, this being evidenced by the fact that banks appear unwilling to put out their money at the low rates that have been prevailing and by the fact that municipal notes are selling to yield a better return than for some months. Call money is 3 per cent; commercial paper 3 to 3½ per cent for short dates; 3½ per cent upwards for six months; 4 to 4½ per cent for a year; town notes, 3 to 3.40 per cent for six months; bankers' acceptances, 90 days, 2 per cent upwards.

Loans and discounts of the Boston Clearing House Banks show an increase of \$7,897,000 over a month ago, and demand deposits have decreased \$10,369,000 during the same time. The amount "Due to other banks" on March 18, 1916, was \$137,838,000, an increase of \$5,807,000 over last month. The excess reserve of these banks has decreased from

\$59,908,000 on February 19, 1916, to \$57,825,000 on March 18, 1916.

Exchanges of the Boston Clearing House for the week ending March 18, 1916, were \$219,789,796, as compared with \$138,833,545 the corresponding week last year and \$217,128,678 for the week ending February 19, 1916.

Building and engineering operations in New England from January 1 to March 15, 1916, amounted to \$30,153,000 and were the largest for over 15 years. The increase during the preceding month was \$12,386,000 and the increase over the corresponding period of 1915 amounted to \$6,002,000.

Exports at the port of Boston for February, 1916, were the largest, with the exception of May, 1915, of any month for over three years, and amounted to \$11,796,694, an increase of \$3,079,494 over the corresponding month of 1915 and an increase of \$3,474,227 over January, 1916. Imports at the port of Boston during February, 1916, established a new record, amounting to \$28,581,611. This is an increase of \$16,342,388 over February, 1915, and an increase of \$6,322,895 over January, 1916.

Receipts of the Boston Post Office for February, 1916, show an increase of \$85,428.77, or about 14 per cent over January, 1916. The first 15 days of March, 1916, show an increase over the same period last year of \$25,014.86, or about 7 per cent.

The Boston & Maine Railroad reports operating income, after taxes for January, 1916, as \$974,258, an increase of \$523,802 over the corresponding month of last year. The New York, New Haven & Hartford Railroad reports operating income, after taxes for January, 1916, as \$1,420,462, an increase of \$362,524 over the corresponding month last year.

Reports show 137 failures in New England in February, 1916, with liabilities of \$1,348,200, as compared with 165 failures with liabilities of \$1,923,437 during the same month last year.

Orders for boots and shoes continue very good, especially in women's fancy shoes. In this business the high and increasing cost of

leather is an important factor. Some manufacturers report that in spite of an increase in prices retailers are buying freely and raw materials are getting so high that a further advance in prices is expected in the near future. Manufacturers are nearing the end of their spring run and already orders for the fall run are reported to be unusually heavy.

Cotton mills are running as full as the supply of labor will permit, the shortage being principally in the weaving departments. Good buying is reported in all grades of goods, but is especially evident in fine and fancy lines. Mills manufacturing these goods are sold several months ahead and the demand still continues strong. Mills are taking some orders for deliveries starting in August or September and running the usual period of three months beyond that time. Some mills are reported to be declining further advance orders at this time, as the trend of cloth prices is upward and mill treasurers wish to be in a position to take advantage of the higher prices.

Woolen and worsted mills are running at full capacity with orders booked far in advance. The report of the National Association of Woolen Manufacturers as of March 1 shows the greatest activity since these reports were inaugurated some two years ago, the percentage of idle woolen spinning spindles and worsted spinning spindles being only 9.3 per cent and 7.9 per cent, respectively. It is also reported that the percentage of domestic business is very much larger than is popularly supposed, foreign business being a very small factor.

In the paper trade the lack of some raw materials and the high price of others has brought about a condition that is unprecedented. The demand both at home and abroad for paper is abnormal. This has caused many jobbers and consumers to anticipate their needs far in advance, thus making a serious situation worse. In this industry the freight embargo has also caused serious inconvenience and in some cases considerable loss.

The principal feature in the bond market is the buying of securities exempt from taxes in Massachusetts due to the approach of April 1, which is tax day. An extremely heavy demand for this class of security is reported.

DISTRICT NO. 2—NEW YORK.

Trade throughout the district continues on a broad scale, with no apparent signs of a slackening in industrial activity at a time when some contraction is usually experienced. The month has witnessed a steady growth in the volume of business with production considerably below consumption. In spite of the advancing prices, which would ordinarily check the inquiry for merchandise, current demand is very large, especially for immediate deliveries of leather, footwear, dry goods, and steel products. Manufacturers in these and other lines are rejecting urgent demands for goods which they are unable to supply either because their plants are booked to capacity or because of inability to obtain raw materials.

Paper making, which is one of the most important industries in this district, furnishes a striking instance of the prosperity which has been apparent in so many lines of business during the past few months. Paper mills are working full time and are unable to fill the great volume of orders, being sold out several months in advance. Prices have advanced sharply, the upward movement during the past year ranging from \$3 to \$30 per ton. Collections are unusually good, owing to the fact that buyers are very anxious to maintain an exceptional credit standing in order to secure precedence in the filling of orders. Large shipments of paper are being made to South American countries. The demand from European countries is also heavy but difficult to supply on account of the shortage of vessels.

In all retail lines activity is well sustained in spite of the fact that retailers are between seasons. Department stores are kept busy

through special and clearance sales. Stormy weather checked the retail trade in spring goods but has resulted in a further distribution of heavyweight articles. Wholesale and jobbing trade continues brisk, the leading distributors in this city furnishing optimistic reports as to sales and collections.

Manufacturers are overwhelmed with orders, but are hampered by a scarcity of raw materials, especially dyestuffs, and by a scant supply of labor. The absence of supplies is further aggravated by a serious car shortage, which is uncommon at this period of the year and has caused the railroads to declare additional embargoes. Recent storms have imposed further burdens on the carriers.

The New York Clearing House banks on March 11, 1916, reported aggregate loans of \$3,343,715,000, deposits \$3,552,286,000, and excess reserves \$136,226,880. As compared with January 29, 1916, loans have increased \$70,680,000, deposits have advanced \$29,101,000, while excess reserves have decreased \$41,574,860. Exchanges through the New York Clearing House for the month of February totaled \$11,106,737,277, an increase of \$4,624,910,730 over the same month last year. On the New York Stock Exchange transactions during the month of February in both stocks and bonds aggregated less than in January, but showed a considerable gain over the corresponding month last year. Prices of shares were generally lower than in January. The par value of bonds sold during February, 1916, was \$80,390,000—an increase of \$36,666,500 over February, 1915—while the number of shares of stock traded in on the exchange aggregated 12,080,136 against 4,347,866 in February last year. New incorporations in Eastern States, embracing concerns with a capital of \$1,000,000 or over, totaled \$365,995,300 during February, an increase of \$312,045,300 over February, 1915.

Monthly reports at hand show 298 failures in this district during February, with liabilities

of \$4,194,990, comparing with 329 in January, involving \$8,810,900. Building operations in New York City fell off during February, permits for new construction amounting to only \$8,801,906, or 17.9 per cent less than in February, 1915.

The pig-iron output in February totaled 3,087,212 tons against 1,674,771 in February last year, the former figure representing a new maximum average production of 106,456 tons per day.

Railroad earnings continue to show striking advances over last year's totals, gross earnings for January aggregating \$267,043,635, which is an increase of \$46,840,040 over the corresponding month in 1915. Total net earnings for the first month of this year were \$78,899,810 as compared with \$51,552,397 in January, 1915.

Call money was loaned throughout February from $1\frac{3}{4}$ per cent to $2\frac{1}{4}$ per cent with renewal rates $1\frac{3}{4}$ per cent. Time loans on collateral ranged from $2\frac{1}{2}$ per cent to 3 per cent for 60 days and 3 per cent to 4 per cent for long-time money. Time money was slightly firmer than in the preceding month. Bankers' acceptances remained unchanged at 2 per cent to $2\frac{3}{8}$ per cent. Commercial paper ranged from 3 per cent to $3\frac{1}{2}$ per cent, the main volume of business being transacted at 3 per cent. Toward the end of February it became more difficult to place short notes under 3 per cent.

Quotations at closing rates were fairly steady during February on London and Paris sight bills. Sterling rates were, high $4.76\frac{1}{2}$, low $4.75\frac{1}{4}$, and on February 29 $4.76\frac{3}{8}$. Francs, high $5.86\frac{5}{8}$, low 5.93, and on February 29 $5.87\frac{3}{8}$. German exchange early in February was 74 and later strengthened to $77\frac{1}{2}$, but weakened to $73\frac{1}{4}$ by the end of the month. Holland exchange continued at a premium throughout the month, and was quoted at $42.43\frac{3}{4}$ at the end of February. Russian bills moved from $29\frac{5}{8}$ to $31\frac{5}{8}$. The low rate on Italian bills was 6.77, high $6.68\frac{1}{2}$.

DISTRICT NO. 3—PHILADELPHIA.

General business throughout this district is good, and our dependence on emergency orders is diminishing. Complaint of difficulty in obtaining raw materials and satisfactory deliveries is becoming rather general, resulting in heavy advance purchases. Earnings are breaking records in many lines and prospects for the future are considered to be favorable.

Advances in the quotations of steel and iron products are being made with increased frequency, but there is no indication that the end of the upward trend is near. High prices are being paid without hesitancy. The only apparent unfavorable condition is the delay in delivery of materials. Larger manufacturers freely admit that the peak of the emergency demand for machine tools is well passed.

The railroad lines operating in this district report increased business and earnings. Freight is still seriously congested, and it is stated that in many places this congestion is augmented somewhat by abnormal buying which is in anticipation of increased prices in the near future and fear of scarcity of goods.

Better conditions are indicated by the reports of business failures. During February there were only 78 failures in this district, compared with 93 during February of 1915. The liabilities were \$1,237,000, compared with \$1,695,000 for the respective periods.

Special reports received from a large number of representative concerns throughout this district indicate that trade in most lines is normal or better, and the outlook good. Production costs are increasing at a rapid rate, wages having increased approximately 11 per cent over one year ago and materials 46 per cent. Profits have not increased proportionately with the rising costs of production. The replies to our inquiry, as summarized in the following table, show in some detail the present situation in the various industries:

SUMMARY OF REPLIES.

Industries reporting.	Is business normal?		What is the outlook?		
	Yes.	No.	Good.	Fair.	Uncertain.
Agricultural implements.....	3	2	2	2	1
Automobiles and parts.....	4	3	3	1	1
Carpets, rugs, oilcloth, and linoleum.....	5	1	5	1	1
Cement, lime, etc.....	5	2	7	1	1
Chemicals (fertilizers, soaps, etc.).....	18	5	11	7	3
Clothing.....	8	8	8	1	1
Coal and coal mining.....	4	1	1	2	1
Confectionery.....	5	4	4	1	1
Cotton and cotton goods.....	7	3	7	1	2
Department stores.....	5	1	4	1	1
Dry goods, notions, etc.....	5	4	4	1	1
Electrical supplies and apparatus.....	4	2	2	1	1
Flour and grist mill products.....	3	1	1	3	1
Furniture.....	3	2	2	3	1
Glass.....	3	1	1	1	1
Groceries and food products.....	8	5	5	3	1
Hardware.....	8	8	8	1	1
Hosiery and knit goods.....	12	10	10	1	1
Iron and steel.....	19	15	15	3	1
Leather, glazed kid, and shoes.....	18	2	13	5	2
Lumber and millwork.....	13	2	11	3	1
Machinery, foundry products, locomotives, etc.....	49	2	38	9	4
Paints and coloring matter.....	11	10	10	1	1
Paper and paper products.....	8	6	6	1	2
Petroleum and refining.....	4	4	4	1	1
Pottery, pressed brick, etc.....	4	1	5	1	1
Rubber goods.....	7	5	5	2	1
Shipbuilding.....	3	2	2	1	1
Silks, laces, etc.....	12	1	11	1	1
Slaughtering and packing.....	7	4	4	3	1
Tobacco and cigars.....	7	6	6	1	1
Woolens and worsteds.....	15	1	14	1	1
Miscellaneous (roofing materials, plumbers' supplies, office machines, dental supplies, hats, watches, advertising).....	13	4	15	1	1
Total.....	301	30	244	57	26

Industries reporting.	Per cent increase in production costs over 1 year ago.		Have profits increased proportionately with costs?	
	In wages.	In materials.	Yes.	No.
Agricultural implements.....	9	45	1	5
Automobiles and parts.....	17	36	1	2
Carpets, rugs, oilcloth, and linoleum.....	5	60	1	5
Cement, lime, etc.....	13	19	4	3
Chemicals (fertilizers, soaps, etc.).....	11	38	12	9
Clothing.....	11	25	1	7
Coal and coal mining.....	5	30	1	3
Confectionery.....	8	28	1	5
Cotton and cotton goods.....	8	33	4	3
Department stores.....	7	7	2	3
Dry goods, notions, etc.....	13	22	4	1
Electrical supplies and apparatus.....	15	37	1	3
Flour and grist mill products.....	15	26	1	2
Furniture.....	9	14	1	5
Glass.....	5	21	1	3
Groceries and food products.....	12	15	2	4
Hardware.....	13	48	1	7
Hosiery and knit goods.....	9	28	3	8
Iron and steel.....	15	58	12	6
Leather, glazed kid, and shoes.....	9	34	10	10
Lumber and millwork.....	10	24	4	8
Machinery, foundry products, locomotives, etc.....	14	44	12	37
Paints and coloring matter.....	19	395	4	7
Paper and paper products.....	13	63	1	8

SUMMARY OF REPLIES—Continued.

Industries reporting.	Per cent increase in production costs over 1 year ago.		Have profits increased proportionately with costs?	
	In wages.	In materials.	Yes.	No.
Petroleum and refining.....	12	53	1	3
Pottery, pressed brick, etc.....	12	14	2	2
Rubber goods.....	14	42	1	6
Shipbuilding.....	15	100	1	2
Silks, laces, etc.....	9	44	5	8
Slaughtering and packing.....	10	29	3	4
Tobacco and cigars.....	6	9	—	7
Woolens and worsteds.....	12	37	3	13
Miscellaneous (roofing materials, plumbers' supplies, office machines, dental supplies, hats, watches, advertising).....	7	37	1	14
Total.....			97	212
Approximate averages.....	11	46		

The following comparison of the results of the investigation summarized above with the results of a similar investigation six months ago is of interest:

	March, 1916.	September, 1915.
Percentage of concerns reporting business normal or better.....	90.9	36.0
Percentage of concerns reporting the outlook "Good".....	74.6	42.1
Percentage of concerns reporting the outlook "Fair".....	17.5	21.6
Percentage of concerns reporting the outlook "Uncertain".....	7.9	14.9
Percentage of concerns reporting the outlook "Poor".....	None.	21.4
Number of concerns reporting the outlook to be either "Fair," "Poor," or "Uncertain".....	83	217

The business of the port of Philadelphia is larger than it has been for a long time. There have been substantial increases in imports of corkwood, iron and manganese ores, nitrate of soda, magnesite, and sugar. Duties collected during February amounted to \$1,754,662, an increase of \$1,035,710 over February of 1915. A large part of the imports was due to heavy shipments of Cuban sugar to this city to be refined for England. A large refinery which has been closed for a number of years was recently put into operation to help handle this increased business.

Exports also showed a gain over February of last year, including large amounts of grain, oil, sugar, anthracite and bituminous coal, lard, oil cake, gas and lubricating oil, and

provisions. Grain shipments continue to be a leading feature in the export trade, and since the beginning of the year 9,315,339 bushels have been shipped, including shipments of Canadian grain through Philadelphia, as against 6,408,707 bushels for the corresponding period of 1915. Petroleum exports have also shown a substantial increase.

The value of exports promises to be well over \$100,000,000 for the fiscal year ending June 30, 1916, as is signified by the following table:

VALUE OF EXPORTS.

1913, June 30.....	\$76,169,827
1914, June 30.....	64,881,040
1915, June 30.....	90,516,521

VALUE OF IMPORTS.

1913, June 30.....	93,209,678
1914, June 30.....	96,483,412
1915, June 30.....	72,948,013

The Commissioners of Navigation report foreign and coastwise arrivals for the month of 329 vessels with a tonnage of 635,480, compared with 309 vessels with a tonnage of 538,838 for February, 1915. The sailings are reported as 358 vessels with a tonnage of 669,829, compared with 341 vessels and a tonnage of 579,316 for February of last year.

Predictions of firmer money rates have not thus far materialized. There is a good demand for money, but banks are too well supplied with it to attempt to ask higher loan rates. Deposits are holding up well and clearings, as shown by the following figures, indicate a satisfactory trend of business:

Clearings at—	January and February—		Per cent increase.
	1916	1915	
Philadelphia.....	\$1,975,601,495	\$1,238,264,812	59.5
Scranton.....	26,168,726	26,762,018	12.2
Reading.....	18,163,299	13,305,625	36.1
Wilmington.....	22,227,616	12,782,764	73.9
Wilkes-Barre.....	14,333,006	13,708,360	4.6
Trenton.....	19,565,399	14,302,868	36.7
Harrisburg.....	14,504,152	12,849,556	12.9
Lancaster.....	15,340,563	11,015,371	39.3
York.....	6,974,583	6,804,532	2.5
Chester.....	9,607,285	5,038,948	90.7
Altoona.....	4,597,840	4,161,041	10.5
Norristown.....	4,787,627	3,531,744	35.5
Total.....	2,131,879,591	1,362,527,639	55.7

¹ Decrease.

DISTRICT NO. 4—CLEVELAND.

Conditions in trade and industry in district No. 4 have not changed materially in the last 30 days.

In the steel business the demand continues, and there has been a further enhancement in values. Some reports indicate that the prices now prevailing are having the effect of checking business in certain lines, and it is believed that conservatism will prevail from now on in this respect, at least in the larger companies. The United States Steel Corporation statement of unfilled orders shows that it has an average of seven months' work on its books, but for certain products promises earlier than the first quarter of next year can not be obtained. Among smaller companies the chief difficulty is getting raw materials and made-up parts necessary in operation.

The movement of iron ore from the receiving docks toward the furnaces is as active as car conditions in the trade will permit. Coke shipments from the Connellsville district for the week ending March 11 were 463,244 tons. This is over 20,000 tons above the average for the months of January and February. Advances in the pay of coal miners, with one of the strongest coal markets in some years, are features of the bituminous coal situation in this district.

The glass business is in a very satisfactory condition.

Two 10-cent advances in Pennsylvania crude oil, making the price now \$2.60 a barrel, has further enlivened the oil industry, and there has been a noticeable increase in development work in the various fields.

Mercantile business is running ahead of last year by a substantial percentage. Many houses early in March were enabled to close out much of their winter stock because of the return of unseasonable weather. While this delayed trade in spring goods, it lessened the stock carried over for the year and was an unexpected benefit.

The reports from the garment industry indicate a good spring trade. In most cases business is better than normal. Dyed stuff, especially blacks of guaranteed quality, are getting very scarce.

Business failures as reported show 127 for February, 1916, with liabilities of \$894,497, as against 138, with liabilities of \$1,196,421, for February, 1915.

Prosperous times with universal employment has served to quicken the real-estate business. There is a scarcity in a number of communities of houses for rental. Heads of families are turning from rented houses to homes of their own, and contractors report that more than the usual number of medium-priced dwellings are under way.

There were 2,575 building permits issued in the six largest cities of the district during the month of February, 1916, as against 2,307 for the same month last year. The valuation of \$4,571,212 for February, 1916, shows an increase of 29.5 per cent over the same month last year. The same cities report 41,971 permits for the year ending February 29, 1916, as against 36,341 for the previous year. The total valuation of building operations in these cities for the year ending February 29, 1916, was \$79,221,251, as compared with a total of \$67,223,585 for the year ending February 28, 1915, or an increase of 17.8 per cent.

Post-office receipts in the same cities for February, 1916, show an increase of 18 per cent, the totals for the month being \$1,121,836.51, as against \$950,444.98 for the same period in 1915.

Reports on collections continue on the whole quite good, with exceptions among those who who are more or less seriously affected by the freight embargoes.

The supply of loanable funds in the district is still large and rates continue low. Bankers, however, report a somewhat better demand and borrowings by customers who have been off their books since early in 1915. Part of this

demand is seasonal, but it also seems to indicate that the increase in loans is beginning to overtake the increase in deposits.

Deposits of member banks in the six principal cities of the district increased from December to March \$44,198,373. Comparative figures of deposits and loans and investments for 1915 and 1916 are as follows:

	Deposits.		Loans and investments.	
	Mar. 4, 1915.	Mar. 7, 1916.	Mar. 4, 1915.	Mar. 7, 1916.
Toledo.....	\$26, 226, 647	\$35, 160, 779	\$24, 622, 453	\$31, 095, 023
Youngstown.....	10, 041, 486	14, 138, 713	11, 916, 405	15, 025, 371
Cleveland.....	82, 931, 897	115, 873, 885	68, 685, 715	91, 164, 611
Cincinnati.....	72, 912, 642	86, 026, 493	63, 741, 466	72, 690, 882
Columbus.....	27, 018, 047	30, 995, 408	21, 075, 329	22, 389, 678
Pittsburgh.....	183, 824, 987	258, 873, 444	164, 332, 747	196, 388, 487
	402, 955, 706	541, 073, 722	354, 874, 115	426, 754, 052

Clearing figures in the same cities for the first 15 days of March are as follows:

	First 15 days of—		Increase.	Per cent of increase.
	March, 1915.	March, 1916.		
Cleveland.....	\$55, 251, 795	\$79, 242, 541	\$23, 990, 746	43. 4
Cincinnati.....	52, 137, 650	71, 390, 900	19, 253, 250	36. 9
Columbus.....	14, 282, 200	17, 884, 000	3, 601, 800	25. 2
Pittsburgh.....	97, 977, 719	129, 264, 270	31, 286, 551	31. 9
Toledo.....	14, 420, 936	19, 494, 351	5, 073, 415	35. 2
Youngstown.....	3, 255, 930	5, 991, 177	2, 735, 247	83. 9
	237, 326, 230	323, 267, 239	85, 941, 009	36. 2

The increase in dollars and cents has been larger in commercial departments than in savings departments, but the increase in savings departments has been of a record-breaking character. A number of banks report gains in new savings business in February as exceeding those of any other month in their history by more than 50 per cent.

A heavy decline in grain prices has stopped sales by farmers. Since spring work is close at hand, this will result in considerable grain being carried over for the time being, and will eventually affect country collections.

Burley tobacco is virtually all out of the growers' hands. Good prices were obtained, about \$3 per hundred higher than last year. Crop estimated about 75,000,000 pounds under normal.

DISTRICT NO. 5—RICHMOND.

State legislation in South Carolina by enactment of the Lancy-Odom Bill has created a condition in the matter of insurance sufficiently serious to cause the withdrawal from the State of practically all outside fire insurance companies. Until the situation is modified, and no tangible remedy is yet apparent, it is probable that the public will find it difficult to obtain adequate protection. A relative difficulty in effecting loans against stored merchandise and products may be reasonably expected and a curtailment of volume in commodity paper would appear very probable.

West Virginia reports continued heavy shipments of coal, and better volume of business at higher prices in hardware supplies, and jobbing business generally better than last year.

Cotton-mill operations are reported most satisfactory.

Shipbuilding in Baltimore shows rather unusual activity and completions ahead of contract time are bringing large bonuses. Ship repairs are reported urgently desired and very profitable.

Money is easy, except for long terms, and borrowers have no difficulty in obtaining sufficient for their legitimate business needs.

Unfavorable weather conditions have delayed work on farms throughout the district. The loss of tobacco plants in South Carolina, by freezing, indicates that the 1916 crop will be considerably below normal in that State. Grains are more or less backward by reason of cold weather. Cotton acreage in the Carolinas will be slightly increased over last year.

Fertilizer costs are higher than last year and it is questionable if farmers will use up to their last year's standard, either in quantity or quality. Many farmers intend to raise the bulk of their food supplies at home. There are more hogs and cattle on the farms this year. Truck farmers anticipate a good season on smaller operations owing to reported shortage of potato crop in the north and northwest.

The lumber market is hampered by reason of congested terminals and apparently by some discrimination as regards rail transportation,

in favor of higher freight tariff goods and products.

The cotton-oil industry has suffered somewhat by reason of high cost of seed, but correspondingly better prices for oil and meal indicate a fair margin of profit for the season's operations.

DISTRICT NO. 6—ATLANTA.

Trade conditions are equal to those of last month. Bankers do not find in the current demand for loans much promise of higher interest rates. While business continues to expand, as recorded by bank clearings, the money required for such expansion appears to be in good supply. There is an apparently settled belief that the Federal Reserve System, among other things, has created a stable condition in the credit market. The result of this is seen in the apparent disposition not to borrow in anticipation of a possible future scarcity, as has been the custom in previous years.

In the Louisiana district sugar, rice, and lumber are unusually active and the price is reflected by the advancing market. The constitution of Louisiana has been amended to free money in all forms, mortgage notes and similar paper from taxation, and to permit any bank in any country to establish branches in the State. New Orleans continues to maintain her position as the second port of the United States, exceeding her nearest rival, Boston, by \$11,000,000 for the year 1915. The large cotton terminals owned and operated by the State are now in operation, and the State has under construction large grain elevators, greatly increasing the port facilities.

Hattiesburg, Miss., and Jackson, Miss., report conditions better than for many years. Lumber is active but handicapped on account of car shortage. The weather has been favorable for preparing and planting, and more cotton will be planted in this section than last year. Much greater interest is being manifested in stock raising. The sea-food canning industries of the Gulf towns are doing a large volume of business, but prices are low. These towns are all having heavy tourist travel.

Atlanta bank clearings for week ending March 18, 1916, showed a gain of \$4,000,000 over corresponding week of 1915. Weather conditions through the State have been favorable for preparing and planting crops. The sale of fertilizer tags for the first two months of 1916 were double that of 1915, indicated an increased acreage in cotton planting. At Savannah, business conditions are reported good. A \$3,500,000 sugar-refining plant is to be built at that place.

At Mobile and in the interior the lumber business is good but is retarded, due to lack of cars. Export business is likewise good, but suffering for lack of shipping facilities.

At Birmingham the iron and steel plants continue to operate at full capacity, with large amount of orders contracted ahead. Salesmen have been withdrawn in some iron and steel lines. The increased employment of labor at relatively high wages has had a good effect on the retail business. Steel mills have been forced to refuse additional orders. Prosperity in the iron trade for the remainder of the year is assured.

The Alabama Power Co. is making extended improvements throughout the State and has announced plans to more than double its capacity. At Anniston, Ala., it recently put in operation a hydroelectric steel plant, the first of its kind in the South. Business conditions are very favorable in the Anniston iron and manufacturing district, with the exception of a wage strike in the large pipe industries.

The Florida planters report a successful fruit season and early truck farming is in excellent condition. Planters and shippers look forward to a most satisfactory business during the spring.

While some districts report increase in cotton acreage, the general tendency will be to diversification and stock raising.

The lumber market throughout the belt appears to be in a more healthy condition. The French Government recently let contracts with southern mills for 50,000,000 feet of lumber, and bids are being prepared covering large contracts for other foreign Governments.

In the Tennessee tobacco markets larger sales are reported, and the houses giving prizes are active. Prices show very little gain. It is reported that very little of the tobacco is in the hands of the speculators. Much interest is being shown in the next crop, and reports indicate considerable increase in acreage.

There has been a considerable increase in passenger traffic as well as in freight business. There is some complaint in various parts of the district of delayed shipments of raw materials due to railroad congestion and car shortage. Very little new construction work is being placed.

DISTRICT NO. 7—CHICAGO.

There is a continuance of general business activity throughout the Seventh Federal Reserve District, with an abundance of banking funds. Certain authorities consulted are of the opinion that the increased costs in manufacturing and merchandising and the augmented volume of trade will soon bring about a reduction in the loanable money supply and there will be at least a slight rise in rates. Institutions dealing with agricultural sections anticipate a spring demand, although this may not be fully realized, due to the reported volume of outside money which has been loaned on first mortgages at low rates and higher valuations. This outside money is said to have materially assisted northern Iowa, which suffered from the disaster to its corn crop last fall. The banking sentiment is generally optimistic as to the prospects. Undue inflation in credit, merchandise, and securities is feared in some quarters, and these things are being carefully watched by the more conservative.

Iowa reports a shortage of seed corn, but it is thought that this will be offset by the more careful testing and selecting of seed. Sleet storms threatened some damage, but the outlook is said to be as favorable as normally at this time of year. Michigan advises that fruit prospects are good, wheat fairly well protected during the winter, and weather entirely seasonable. Sections of Illinois and Indiana re-

port some damage to the wheat crop, but there is difficulty in judging the extent at this date.

Those in the agricultural implement business are looking forward to a volume corresponding with last season in spite of the decreased crop acreage. There is some complaint as to inability to get certain materials for factory production, particularly steel, but on the whole a satisfactory condition seems to prevail.

The demand for automobiles is substantial, but the shortage of railway equipment is causing manufacturers much uneasiness and difficulty in making deliveries.

Chicago is reasonably active in the erection of apartment buildings and small manufacturing plants, but office buildings exceed the present requirements and, except in special cases, there will probably be no new demand in this line for some time. There is improvement in cement, with firmer prices and increased bookings. February showed a good demand for brick, particularly when compared with previous years at the same season.

The coal operators and mine workers have reached an agreement covering the scale of wages to be paid the miners for the ensuing period of two years, and the coal which was stored by large consumers, the railway companies, etc., will have a tendency to restrict the sales from the mines and may temporarily lower prices. The heavy requirements of the railroads and the steel mills, with their allied industries, may tend to somewhat relieve this situation.

Wools, silks, and linens are rising in value, and mill deliveries are reported unsatisfactory, owing to the large demand for goods. Merchants are purchasing heavily at the new quotations, and collections will depend upon their ability to dispose of their stock. There is no doubt of the increased purchasing power of the average wage earner, but the question exists in some quarters as to whether the retailer is not overstocking, possibly in anticipation of a general shortage of goods later.

Grand Rapids furniture factories are running full time and turning out a large volume

of product at good prices. The Government report showed large farm reserves of wheat March 1, and these, together with the new crop, even if the fall wheat is short of last year's supply, should furnish plenty for all necessary requirements for the ensuing year. Corn is firm and oats at a somewhat low price, due to large farm stocks, indifferent cash demand, and inability of shippers to fill sales because of various embargoes placed by the eastern railroads.

The grocery business is having increasing distributive sales, a favorable outlook, and fair collections. Heavy demand in hardware is apparent, prices are higher, and the wholesale houses report difficulty in procuring goods. An active trade still continues in leather, although this is usually the slow time of year. Business is above normal, and a record volume is anticipated by some authorities. The raw materials are at high prices and belting leather has advanced. In the latter line a slight decrease in sales may result from the heavy purchases by consumers and jobbers during the past few months. Collections are said to be good.

Shipments of live stock are running heavier than a year ago, and values are the highest since 1910. Stock in the country is reported as increased in number with the possible exception of heavy feeding cattle. There seems to be some decrease in the cattle on feed. The packing establishments advise that trade is brisk, with a heavy export demand, and shipments retarded by lack of transportation facilities.

Distilleries are running at capacity. The 1916 supply of Kentucky whisky is estimated at 20,000,000 gallons, with a production to February 1 of 2,000,000 gallons more than during the same period last year, but less than an average four-year crop. Breweries are reported as transacting only a fair volume of business.

A general improvement in the lumber industry is reported, with firm and advancing prices. In some localities collections are said to be

only fair, but on the whole the outlook is good and the manufacturers are very hopeful for the future.

Distribution through mail-order houses continues to increase with automobile accessories, phonographs, vacuum cleaners, and a few other luxuries especially in demand.

The piano industry shows improvement, but the increased cost of materials and advancing wages are commented upon, as is the shortage of skilled labor.

The activity formerly reported in steel is well maintained, and the buyers are willing to pay the present abnormally high prices if they can get the material. The railroads are said to be liberal purchasers, some for 1917 delivery. Current prices are very firm with an upward tendency. Collections reported good with the exception of certain points in southern Michigan.

This year has developed an exceptional demand for watches, and factories state they are running full time, although February and March are usually rather quiet, with the best sales at holiday time.

The market for wool has not changed materially, although the volume of wools moving to the manufacturers is said to be less than has been the case for the past four months. This is attributed to past accumulations to cover requirements for the next few months. Woolen mills are busy, and jobbers and retailers are buying with a freedom which will probably affect collections if the anticipated demand from the consumer fails to materialize.

Clearings in Chicago for the first 15 days of March were more than \$175,000,000 in excess of the first 15 days of February, and amounted to \$908,000,000, as against \$728,000,000 for the first 15 days of March in 1915. Clearings reported by 17 cities in the district outside of Chicago amounted to \$225,000,000 for the first 15 days of March, 1916, as compared with \$168,000,000 for the first 15 days of March, 1915, and \$194,000,000 for the first 15 days of February, 1916. Deposits in the 8 central reserve city member banks in Chicago were

\$648,000,000 on March 21, 1916, a decrease of \$4,000,000, as compared with February 17, 1916. Their loans were \$438,000,000, an increase of \$12,000,000, as compared with the same date.

DISTRICT No. 8—ST. LOUIS.

The active prosperous condition of all business interests in this district, which has been noted in the last two reports continues. In general, it may be said that February was notable for increases in price in practically every line, and for the marked scarcity of raw products in probably a majority of the manufacturing industries.

Practically all classes of merchants report that the question of delivery is more important to them than that of price. The price of raw material in many branches has gone up rapidly during the past 90 days, but even so, there seems to be no slacking in the demand for finished articles even at a marked increase in cost. Retailers as well as wholesalers feel the result of this activity, and practically all of the large department stores in St. Louis report record business for the month of February. The revival of business seems to have spread from merchants and manufacturers to the building trade, and, in turn, to operators in real estate. There has been a marked increase in the building permits in the large cities, and this, among other causes, has contributed to the recent rise in price of lumber and other building materials. Large transfers of real estate are noted from day to day, and, in general, the real-estate market is more active than it has been for many months.

The railroads operating in this district continue to show gains equal to, or higher than, those reported during December. The increase in net earnings during December was particularly noticeable in the roads operating in the northern section of district No. 8. The increases noted for January, 1916, seem to be more general, every trunk line in the district showing substantial gains in gross and net earnings as compared to last year. A month

or two ago, a car shortage was reported from this district, and this situation continues at this time. However, it is not so serious as noticeably to impair the movement of freight, but is nevertheless receiving the careful consideration of railroad operators.

Figures on the winter wheat crop in this district have been compiled from private sources, and it appears that the acreage is somewhat smaller than reported in the March issue of the Bulletin. Serious damage has been reported from portions of the district, particularly the south-central part of Missouri, but the general opinion from those in a position to judge seems to be that it is yet too early to make any definite forecast on the 1916 crop. It appears difficult to estimate the extent of damage reported in certain localities until the frost is out of the ground and it can be definitely determined whether or not the roots of the wheat are killed.

The 1915 cotton crop was profitable to southern planters, and their prosperity had its effect on the season's demand for mules from the southern part of this territory, this year's business being a distinct improvement as compared to that of 1915. The supply of cattle, hogs, and sheep has been somewhat limited in the past 30 days, and this is, in a measure, the cause of the marked increase in price which is noted. Prices for cattle and hogs have advanced materially and the demand continues active. The trend of the horse market seems to be upward, and it is reported that the United States Government is in the market for horses suitable for Army use.

An examination of the condensed statement of the banks belonging to the St. Louis Clearing House Association furnishes some interesting facts. Forty-four banks are members of the St. Louis Clearing House, and of these, eight are members of the Federal Reserve System. During the period from December 31, 1915, to March 7, 1916, loans and discounts of these 44 banks have increased nearly \$19,000,000, whereas deposits have increased during this same period over \$24,000,000. This has occurred despite the activity of general business

and the considerable amount of new financing which has been undertaken. The banks, particularly those in the large cities, still hold excess reserves and are in the market for investment of surplus funds. Commercial paper of the best names is quoted at 3 to 3½ per cent, with other names an eighth to a fourth higher. The demand is active, and the brokers report a somewhat well-defined feeling that rates will be stronger in the near future. The bank loan rate to customers is, if anything, lower than it has been for several months. The average in St. Louis is probably around 4½ per cent, with proportionately higher rates in other parts of the district as the size of the community decreases.

The general impression among those well informed seems to be that the money market is somewhat unsettled, due to possible complications with the de facto Government of Mexico. It seems probable that, in spite of the large accumulation of reserves throughout the country, rates are now as low as they may reasonably be expected to be and that the increased activity in all business will have its due effect and cause a somewhat firmer market.

DISTRICT NO. 9—MINNEAPOLIS.

A generally favorable spring outlook is reported at all points in this district. Severe winter has cleaned up country stocks of seasonable goods and opened the way for liberal spring buying. Stocks generally are light. Deliveries by distributing concerns during January and February were considerably heavier than a year ago, but largely represented goods purchased last fall.

Collections have been very good. The demand for money has been easy at country points and bank deposits large, as a result of the amounts received by farmers for their grain crops. Open accounts of country merchandisers have been reduced and the accounts of wholesalers with country customers have been freely liquidated. Trade generally is in much better shape than is usual at this season.

Industrial enterprises are very prosperous, with orders ahead guaranteeing full production

for the first half of the year, and in many cases throughout all of 1916. Reports of January and February building permits from the principal cities show substantial increases as compared with a year ago.

The grain market has shown no considerable recovery from the low point touched by the break in prices of last month. Elevator stocks of wheat in Minneapolis and Duluth are 28,289,000 bushels, or an increase of 5,722,000 bushels over a year ago. Crop year receipts to the 18th instant were 212,813,000 bushels, or an increase of 76,494,000 bushels as compared with a year ago. The flour production continues at about the same totals as during last month.

There are some reports of spring agricultural activities from the western portions of the district, but over the greater part of the territory it is not probable that any work will be done before April 10. The mild weather is carrying off the snow and will rapidly put the ground in condition for spring operations.

There is still a considerable amount of grain from the 1915 crop held on farms. This will not move freely until country roads are again in good condition.

Loans and discounts over the district show some improvement, but bank rates are practically unchanged.

DISTRICT NO. 10—KANSAS CITY.

Business in the tenth district continues to increase rapidly and previous high records are constantly being broken in many lines.

During the month the prices of cattle, sheep, and hogs have broken all previous records for a similar period, the price upon the latter class of stock having increased 44 per cent within three months.

There has been some complaint as to wheat damage in various localities through lack of moisture and other causes, but no harm of a serious nature is yet apparent. Business continues to be somewhat hampered by lack of transportation facilities.

One of the great industries of the tenth district, the importance of which has not been

generally appreciated heretofore, is the production of oil. Three of the ten recognized oil fields in the United States are located within this district, viz, the Mid-Continent, covering Oklahoma and Kansas; the Wyoming, and the Colorado.

The estimated oil production for the United States in 1915 was approximately 291,400,000 barrels. The three fields in Federal Reserve District No. 10 produced a total of 110,900,000 barrels. In February, the greatest well in the history of this section was drilled in the famous Cushing district, producing 14,000 barrels a day. It is conservatively estimated that the Mid-Continent field alone will produce 200,000,000 barrels of petroleum in 1916, nearly twice the quantity of crude oil produced in 1915, in the same territory. The past month has been by far the busiest 30-day period of development for petroleum ever experienced in this district. Crude oil is selling for \$1.55 a barrel and the demand is such that practically none of the available supply is being stored. It should be remembered that the market price of oil does not fully control, as a premium is offered by independent buyers.

All departments of the mining industry report increased business. New mills are being rapidly erected and mining machinery is in great demand. The high prices offered have brought about greatly increased production and in the employment of many laborers. Mining towns report unusual increases in population. Prices are high and generally increasing. Lead ore has gone up to the highest price on record by \$5 per ton.

Colorado is sharing in the tremendous expansion of business that is coming to the steel plants of the country. One plant at Pueblo reports the operation of 15 furnaces as against 6 at this time last year.

Labor is generally employed at unusually good wages. Local labor troubles have been reported, but have, as a rule, been of short duration. There is a good demand for farm workers at satisfactory wages, and a steady

call for skilled and unskilled labor has existed since the first of the year.

The statistics of the showing made by the banks of the district in the call of March 7 have not yet been completely compiled, but the statements of the banks in the larger centers, such as Kansas City, Lincoln, Omaha, Denver, St. Joseph, Wichita, and Oklahoma City, indicate that total deposits when compiled will exceed all records of the district. Clearing house reports in all of these cities show a large percentage of increase and indicate that the activity in business is general and everything indicates a continuation of record-breaking activity for some time to come, since in addition to the abnormal deposits in banks, the amount of grain, live stock, and other products still in the farmers' hands is unusually large, and the greater part of it will come to market during the spring and summer months, provided crop prospects are satisfactory.

DISTRICT NO. 11—DALLAS.

Drought has interfered with spring planting and is causing considerable apprehension. All parts of the district report that rain is badly needed, and the ranges in some localities are getting short. Despite the dry weather, however, the usual spring plowing has gone forward, and a large acreage in spring oats has been planted. With a seasonal rainfall the crop should do well. Corn also has been pretty generally planted, although it is reported that in some sections there will be a decreased acreage on account of the drought.

An important feature agriculturally is the production of peanuts. Last year in the central part of Texas there was quite a large acreage planted in peanuts, and this year, on account of the winterkilling of wheat, much of the land vacated will be so planted. The industry is rapidly growing. There is a good market for the product among cotton oil mills.

It is difficult to say just what percentage of the cotton crop is still unmarketed. Some

authorities consulted estimate that 15 to 20 per cent of the staple is held throughout the district. As previously reported, while there has been a general campaign to reduce the cotton acreage this year, a conservative estimate, from present indications, would be that the acreage will be increased 15 per cent.

The past 30 days has brought a large movement of vegetables from south Texas. Demand is very good, at fair prices. The production is about the average.

The banks of the district for the most part are in a very healthy condition, as disclosed by the comptroller's call of March 7. This regardless of the fact that, in Texas particularly, approximately \$7,000,000 in tax funds were transferred to the State treasurer at Austin. This transfer had to be made prior to March 1, and this bank materially assisted by making shipments of currency of approximately \$2,000,000 to Austin banks for credit of their correspondents throughout the State.

Rates are still easy, and banks are experiencing only moderate demands for loans. The loans of this bank are about the same as a month ago, and no material change is noted in the character of offerings. Live-stock paper, in large amounts, continues to be freely offered. The banks have not yet commenced their seasonal demands for the movement of spring crops, and with weather conditions materially affecting the production it will be sometime yet before there will be any material change in this respect.

Manufacturers throughout the district report an excellent business and anticipate a continuation of good spring orders. Jobbers likewise are enjoying a good trade, which is reflected materially in the volume of orders reported by their traveling salesmen.

Lumber mills are running continuously, and are finding it difficult to supply the demand. Not since 1906 has this industry been in such a satisfactory condition, and there is no indication of any change in the near future.

Oil refineries are running on full time, and the product finds a ready market at excellent prices.

With new fields being opened this development is bringing outside capital to this section.

Railroads report a 20 per cent increase in freight traffic over the same period a year ago. Congestion of freight in the North and East has caused a general shortage of cars in this section, and shippers are experiencing difficulty in getting sufficient equipment for their needs.

Building operations and improvements show a substantial increase; every section of the district reports much work underway. There is a good demand for all classes of labor at fair wages.

DISTRICT NO. 12—SAN FRANCISCO.

Agricultural prospects are quite generally favorable throughout the seven States of this district because of unusual precipitation during December, January and February. Dry farming, important in some sections, will especially benefit. Grain acreage will be reduced perhaps 25 per cent, as a dry fall season followed by continuous wet weather interfered with plowing. In the Northwest two successive grain crops have compelled summer fallowing of considerable areas. It is reported that near Spokane wheat farmers have unprecedented accumulations of funds from two profitable years.

Sugar producers, both in this district and in Hawaii, have prospered greatly. A large increase is reported in acreage of sugar beets.

Growers of citrus fruits have had a reasonably satisfactory year. There is a large annual increase of producing acreage from new trees coming into bearing.

Live-stock interests are especially prosperous. Wool is being contracted for at from 27 cents upward, and sheep are commanding exceptional prices. One report states that there is good profit in wool at 15 cents, with lamb and mutton at 60 per cent of present prices. Southern Idaho is said to have received \$1,000,000 for horses sold for war use.

Mining is exceedingly active, with unexampled output and prices for both copper and other minerals.

Petroleum industry is at a high tide of prosperity. In California February consumption exceeded production by about 1,000,000 barrels in spite of considerable new production. Many new wells are drilling under stimulus of advancing prices.

Exports and imports are at record totals in spite of acute shortage of ships. Considerable war material goes to Russia via Seattle. The reopening of the Panama Canal, reported for April 15, will be especially important for this coast.

Since the establishment of the Federal Reserve System, national bank capitalization, then \$129,585,000 in this district, has increased

by new organizations \$740,500, and by conversions of State banks \$684,500, and decreased by conversions into or consolidations with State banks \$435,000, making a net increase of \$990,000.

February bank clearings in 17 principal cities of this district show a gain of 20 per cent over the preceding year, and building permits a gain of 25 per cent.

National banks of San Francisco on March 7, 1916, show an increase of \$36,000,000, approximately 23 per cent, in deposits, and only \$500,000 in loans, compared with the corresponding time last year. Credit conditions are easy throughout the district.

DISTRIBUTION OF DISCOUNTS BY SIZES AND MATURITIES.

The total discounts of commercial paper granted by the Federal Reserve Banks during February, 1916, were \$7,664,600, the smallest monthly total since the opening of the banks. As compared with the February, 1915, total of \$12,530,300, the February, 1916, figures show a decrease in discount operations of almost 40 per cent. Over 79 per cent of the monthly discounts are credited to the three southern banks, Kansas City being the only other bank which reports discount operations of any volume for the month. The aggregate of discounts since the beginning of the year, \$18,779,500, is about 19 per cent below the corresponding total for 1915.

Commodity paper, practically all secured by cotton, was handled by five reserve banks and aggregated \$1,794,700, constituting 23.4 of all paper discounted during the month, compared with 16.8 per cent for January, 1916, and 16.3 per cent for the last four months in 1915 during which this class of paper was handled. Of the total February discounts reported by the Richmond bank commodity paper was about 37 per cent, while of the month's discounts reported by the Atlanta bank and its New Orleans branch this class of paper constituted almost 39 per cent.

Trade acceptances discounted during the month by five banks totaled \$246,100, as against \$444,400 for January. Over 94 per cent of this class of paper was handled by the Richmond and Atlanta banks, including the latter's New Orleans branch. The total just given is exclusive of \$522,000 of trade acceptances based upon foreign commerce transactions and purchased during the month by the three eastern seaboard and the San Francisco banks.

The total number of bills discounted during the month was 5,086, or almost 20 per cent less than the January total. The average size of the paper discounted during the month was about \$1,507, compared with \$1,753 in January

and about \$1,800 for the last quarter in 1915. For the more active southern banks these averages were: Richmond, \$1,517; Atlanta, including the New Orleans branch, \$1,845; and Dallas, \$1,524.

Over 32 per cent of the entire number, and over 52 per cent of the total amount of, bills discounted during the month were medium-sized bills, i. e., in denominations ranging between \$1,000 and \$5,000. Bills of the largest size (i. e., in denominations of over \$10,000) constituted about 11 per cent of the total discounts for the month. Small bills (in amounts up to \$250) were over 20 per cent of the entire number, though only slightly over 2 per cent of the total amount of the paper discounted during the month. The three southern banks handled 860 such bills out of a total of 1,099, Richmond alone reporting 376 and Atlanta 249 of the total number.

Less than 1 per cent of the paper discounted during February was 10-day paper; 13.6 per cent, 30-day; 33.4 per cent, 60-day; and 39.1 per cent, 90-day paper. Over 1 million, or 13.1 per cent of the total discounts, was agricultural and live-stock paper maturing after 90 days at the time of rediscount. Of this class of paper, the Dallas bank handled more than one-half and Kansas City nearly 20 per cent.

The number of member banks accommodated during the month through the discount of paper was 451, the smallest monthly total since January, 1915, and was only about 5.6 per cent of the entire number of member banks shown at the end of the month. Almost two-thirds of the rediscounting banks are located within the three southern reserve districts. Member banks in Texas obtained about 1.4 million dollars of rediscounts, banks in South Carolina 1.2 millions, and banks in North Carolina less than 0.9 million. Member banks in Georgia, Virginia, and Alabama obtained accommodation of about 1.8 millions. The combined share of rediscounts secured by banks in the six States named is about 70 per cent of the total discounts reported to the Board for the month.

Commercial paper, exclusive of bankers' acceptances, discounted by each of the Federal Reserve Banks during the month of February, 1916, distributed by sizes.

NUMBER OF PIECES AND AMOUNTS.

[In thousands of dollars.]

Bank.	To \$100.		Over \$100 to \$250.		Over \$250 to \$500.		Over \$500 to \$1,000.		Over \$1,000 to \$2,500.		Over \$2,500 to \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000.		Total.		Per cent.	
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.
Boston.....	1	0.1	8	1.6	15	6.4	10	8.6	7	11.1	7	32.0	3	24.0	2	30.8	52	114.5	1.0	1.5
New York.....	1	0.1	6	1.3	19	6.5	15	10.5	25	37.5	5	17.2	1	10.0	1	15.0	73	98.3	1.4	1.3
Philadelphia.....	26	1.9	37	6.1	39	14.9	24	19.0	20	32.9	8	29.0	1	5.4	.....	.....	155	109.2	3.0	1.4
Cleveland.....	.....	.....	.....	.....	14	5.6	15	11.1	2	2.2	4	15.0	.....	.....	.....	.....	35	33.9	.7	.4
Richmond.....	90	7.5	286	52.5	435	172.9	428	331.5	400	680.9	234	924.4	73	514.7	15	290.6	1,961	2,975.0	38.6	38.8
Atlanta (including New Orleans branch).....	90	7.1	159	25.8	122	46.7	154	124.1	167	298.6	111	448.0	44	328.8	20	320.8	867	1,599.9	17.0	20.9
Chicago.....	13	1.0	21	3.8	50	19.8	83	66.5	73	124.7	31	116.4	1	6.5	.....	.....	272	338.7	5.4	4.4
St. Louis.....	7	.5	12	1.7	24	9.3	31	24.5	42	71.0	17	60.6	5	33.9	.....	.....	138	201.5	2.7	2.6
Minneapolis.....	.....	.....	20	3.2	18	6.6	21	15.4	27	39.8	9	26.5	1	5.1	.....	.....	96	96.6	1.9	1.3
Kansas City.....	19	1.6	56	10.4	94	34.0	66	45.8	72	109.8	26	89.8	17	114.9	4	52.2	354	458.5	7.0	6.0
Dallas.....	54	4.1	181	31.2	165	63.5	207	151.4	194	326.2	117	430.6	53	368.3	7	115.8	978	1,491.1	19.2	19.5
San Francisco.....	4	.4	9	1.8	20	6.9	24	13.6	31	42.6	12	40.0	4	29.2	1	12.9	105	147.4	2.1	1.9
Total.....	304	24.2	795	139.4	1,015	393.1	1,078	822.0	1,060	1,777.5	581	2,229.5	203	1,440.8	50	838.1	5,086	7,664.6	100.0	100.0

PERCENTAGES OF AMOUNTS OF EACH CLASS TO TOTAL.

Bank.	To \$100.	Over \$100 to \$250.	Over \$250 to \$500.	Over \$500 to \$1,000.	Over \$1,000 to \$2,500.	Over \$2,500 to \$5,000.	Over \$5,000 to \$10,000.	Over \$10,000.	Total.
Boston.....	.....	1.4	5.6	7.5	9.7	27.9	21.0	26.9	100.0
New York.....	0.1	1.3	6.6	10.7	38.3	17.5	10.2	15.3	100.0
Philadelphia.....	1.7	5.6	13.6	17.4	30.1	26.6	5.0	.....	100.0
Cleveland.....	.....	.....	16.5	32.7	6.5	44.3	.....	.....	100.0
Richmond.....	.2	1.8	5.8	11.1	22.9	31.1	17.3	9.8	100.0
Atlanta (including New Orleans branch).....	.4	1.6	2.9	7.8	18.7	28.0	20.6	20.0	100.0
Chicago.....	.3	1.1	5.9	19.6	36.8	34.4	1.9	.....	100.0
St. Louis.....	.3	.8	4.6	12.2	35.2	30.1	16.8	.....	100.0
Minneapolis.....	.....	3.3	6.8	16.0	41.2	27.4	5.3	.....	100.0
Kansas City.....	.3	2.3	7.4	10.0	23.9	19.6	25.1	11.4	100.0
Dallas.....	.3	2.1	4.2	10.1	21.9	28.9	24.7	7.8	100.0
San Francisco.....	.3	1.2	4.7	9.2	28.9	27.1	19.8	8.8	100.0
Total.....	.3	1.8	5.1	10.7	23.2	29.1	18.8	11.0	100.0

Commercial paper, exclusive of bankers' acceptances, discounted during February by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 1—Boston:								
Connecticut.....	73							
Maine.....	70	2		9.8	11.9	0.9		22.6
Massachusetts.....	168	1		73.8	5.0			78.8
New Hampshire.....	56	2		1.1	3.2	4.0		8.3
Rhode Island.....	18							
Vermont.....	48	1	2.8	2.0				4.8
Total.....	433	6	2.8	86.7	20.1	4.9		114.5
District No. 2—New York:								
New Jersey.....	132	1		6.4	3.4	4.1		13.9
New York.....	481	6		6.2	47.2	31.0		84.4
Total.....	613	7		12.6	50.6	35.1		98.3
District No. 3—Philadelphia:								
Delaware.....	24	1			2.0			2.0
New Jersey.....	70	2	11.2	36.9	7.8	10.0		65.9
Pennsylvania.....	534	7	.4	8.2	20.1	8.9	3.7	41.3
Total.....	628	10	11.6	45.1	29.9	18.9	3.7	109.2
District No. 4—Cleveland:								
Kentucky.....	72	1		.6	3.5			4.1
Ohio.....	375	4		.8	7.0	9.6	7.8	25.2
Pennsylvania.....	299	1			2.4	2.2		4.6
West Virginia.....	14							
Total.....	760	6		1.4	12.9	11.8	7.8	33.9
District No. 5—Richmond:								
District of Columbia.....	14	1				77.2		77.2
Maryland.....	97	10		9.0	48.4	59.2	.5	147.1
North Carolina.....	79	25	27.1	129.8	321.7	381.9	.7	861.2
South Carolina.....	73	39	3.3	236.7	521.1	463.2	22.0	1,246.3
Virginia.....	138	27		71.5	284.0	227.3	6.1	588.9
West Virginia.....	104	5		11.1	11.8	31.4		54.3
Total.....	505	107	30.4	458.1	1,187.0	1,270.2	29.3	2,975.0
District No. 6—Atlanta:								
Alabama.....	95	21		21.2	156.0	254.6	33.6	465.4
Florida.....	55	7		31.6	33.3	30.6		95.5
Georgia.....	113	31	4.0	49.7	372.7	325.2	31.4	783.0
Louisiana.....	5	1		55.0	25.0			80.0
Mississippi.....	18	1		7.1	14.1			21.2
Tennessee.....	95	18	2.9	29.2	41.8	77.8	3.1	154.8
Total.....	381	79	6.9	193.8	642.9	688.2	68.1	1,599.9
District No. 7—Chicago:								
Illinois.....	317	7		9.6	23.5	32.2	26.2	91.5
Indiana.....	196	6		2.4	9.2	11.2	6.5	29.3
Iowa.....	348	20	11.0	33.2	72.1	48.5	53.1	217.9
Michigan.....	77							
Wisconsin.....	51							
Total.....	989	33	11.0	45.2	104.8	91.9	85.8	338.7
District No. 8—St. Louis:								
Arkansas.....	64	2		1.0	3.3	12.6	1.9	18.8
Illinois.....	157	6		6.5	6.4	11.5	9.3	33.7
Indiana.....	61	2		3.4	22.5			25.9
Kentucky.....	69	3			16.5	22.2		38.7
Mississippi.....	17							
Missouri.....	81	7		1.4	32.8	29.4	12.0	75.6
Tennessee.....	20	2		4.2	2.6	2.0		8.8
Total.....	469	22		16.5	84.1	77.7	23.2	201.5
District No. 9—Minneapolis:								
Michigan.....	31							
Minnesota.....	280	11		1.8	.3	13.9	37.0	53.0
Montana.....	68	4		.6	5.8	7.7	7.7	21.8
North Dakota.....	154	1				1.1		1.1
South Dakota.....	121	2			5.8	9.8	1.5	17.1
Wisconsin.....	88	1				4.6		4.6
Total.....	742	19		2.4	11.9	36.1	46.2	96.6

Commercial paper, exclusive of bankers' acceptances, discounted during February by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount—Continued.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 10—Kansas City:								
Colorado.....	119	3	.....	2.1	30.4	34.5	.5	67.5
Kansas.....	219	7	.....	8.0	10.2	26.8	50.1	95.1
Missouri.....	53	3	.7	1.3	15.4	17.9	43.4	78.7
Nebraska.....	208	6	.....	.....	10.7	33.6	16.1	60.4
New Mexico.....	9	.....	.....	.....	.....	.....	.....	.....
Oklahoma.....	304	18	.....	14.3	36.1	26.7	79.7	156.8
Wyoming.....	33	.....	.....	.....	.....	.....	.....	.....
Total.....	945	37	.7	25.7	102.8	139.5	189.8	458.5
District No. 11—Dallas:								
Arizona.....	6	.....	.....	.....	.....	.....	.....	.....
Louisiana.....	27	2	.....	.4	13.3	4.8	.....	18.5
New Mexico.....	28	4	.....	1.3	18.2	15.1	18.7	53.3
Oklahoma.....	42	9	.....	2.5	7.8	20.3	31.1	61.7
Texas.....	546	86	.....	123.1	245.2	521.3	468.0	1,357.6
Total.....	649	101	.....	127.3	284.5	561.5	517.8	1,491.1
District No. 12—San Francisco:								
Alaska.....	1	.....	.....	.....	.....	.....	.....	.....
Arizona.....	7	.....	.....	.....	.....	.....	.....	.....
California.....	266	17	.6	25.2	24.3	32.6	31.9	114.6
Idaho.....	58	2	.....	.....	.4	3.6	1.4	5.4
Nevada.....	10	.....	.....	.....	.....	.....	.....	.....
Oregon.....	86	4	.....	.....	1.9	23.4	.....	25.3
Utah.....	23	.....	.....	.....	.....	.....	.....	.....
Washington.....	78	1	.....	.3	.3	.4	1.1	2.1
Total.....	529	24	.6	25.5	26.9	60.0	34.4	147.4

RECAPITULATION.

[In thousands of dollars.]

Districts and cities.	Total number of member banks reported.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.	Per cent.
No. 1—Boston.....	433	6	2.8	86.7	20.1	4.9	.....	114.5	1.5
No. 2—New York.....	613	7	.....	12.6	50.6	35.1	.....	98.3	1.3
No. 3—Philadelphia.....	628	10	11.6	45.1	29.9	18.9	3.7	109.2	1.4
No. 4—Cleveland.....	760	6	.....	1.4	12.9	11.8	7.8	33.9	.4
No. 5—Richmond.....	505	107	30.4	458.1	1,187.0	1,270.2	29.3	2,975.0	38.8
No. 6—Atlanta.....	381	79	6.9	193.8	642.9	688.2	68.1	1,599.9	20.9
No. 7—Chicago.....	989	33	11.0	45.2	104.8	91.9	85.8	338.7	4.4
No. 8—St. Louis.....	469	22	.....	16.5	84.1	77.7	23.2	201.5	2.6
No. 9—Minneapolis.....	742	19	.....	2.4	11.9	36.1	46.2	96.6	1.3
No. 10—Kansas City.....	945	37	.7	25.7	102.8	139.5	189.8	458.5	6.0
No. 11—Dallas.....	649	101	.....	127.3	284.5	561.5	517.8	1,491.1	19.5
No. 12—San Francisco.....	529	24	.6	25.5	26.9	60.0	34.4	147.4	1.9
Total for February.....	8,094	451	64.0	1,040.3	2,558.4	2,995.8	1,006.1	7,664.6	.....
Per cent.....	.....	5.6	.8	13.6	33.4	39.1	13.1	100.0	100.0
Total for Jan.—Feb., 1916.....	.....	.....	327.3	2,895.7	5,917.6	7,117.4	2,521.5	18,779.5	.....
Total for Jan.—Feb., 1915.....	.....	.....	7,066.8	.....	9,048.7	5,631.0	1,496.6	23,243.1	.....

Trade acceptances discounted by each Federal Reserve Bank from Sept. 2, date of first discount, to Dec. 31, 1915, and for the months of January and February, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	January, 1916.	February, 1916.	Total January- February, 1916.
New York.....	\$5,700			
Cleveland.....	4,900		\$700	\$700
Richmond.....	450,500	\$137,300	135,800	273,100
Atlanta (including New Orleans branch).....	1,007,100	202,000	95,500	297,500
Chicago.....		8,200		8,200
St. Louis.....	167,800	32,600	3,500	36,100
Kansas City.....	87,800	47,300		47,300
Dallas.....	160,800	11,700	10,600	22,300
San Francisco.....	74,200	5,300		5,300
Total.....	1,958,800	444,400	¹ 246,100	690,500

¹ Included in total of commercial paper shown above.

Commodity paper discounted by each Federal Reserve Bank from Sept. 8, date of first discount, to Dec. 31, 1915, and for the months of January and February, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	January, 1916.	February, 1916.	Total January- February, 1916.
Richmond.....	\$2,881,400	\$1,010,600	\$1,092,200	\$2,102,800
Atlanta (including New Orleans branch).....	7,032,300	745,800	622,700	1,368,500
St. Louis.....	99,800			
Minneapolis.....	25,300	1,300	9,100	10,400
Dallas.....	239,100	81,900	57,600	139,500
San Francisco.....	37,200	24,000	13,100	37,100
Total.....	10,315,100	1,863,600	¹ 1,794,700	3,658,300

¹ Included in total of commercial paper shown above.

Commodity paper¹ discounted by each Federal Reserve Bank during January and February, 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans).	Minneapolis.	Dallas.	San Francisco.	Total.
Cotton.....	\$2,090,317	\$1,367,465		\$132,578	\$256	\$3,590,616
Peanuts.....	12,400					12,400
Wheat.....			\$8,822			8,822
Maize.....				6,944		6,944
Flax.....			1,605			1,605
Hops.....					12,848	12,848
Miscellaneous.....		1,040			24,003	25,043
Total.....	2,102,717	1,368,505	10,427	139,522	37,107	3,658,278

¹ Included in total of commercial paper shown above.

Amounts of commercial paper, exclusive of bankers' acceptances, held by each Federal Reserve Bank on Feb. 25, 1916.

Federal Reserve Bank.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total.	Per cent.
Boston.....	\$68,000	\$83,300	\$26,500	\$5,200		\$183,000	0.8
New York.....	36,800	44,300	76,200	10,400		167,700	.7
Philadelphia.....	50,400	49,300	68,200	23,100	\$7,900	198,900	.9
Cleveland.....	79,000	47,700	57,900	16,200	16,100	216,900	1.0
Richmond.....	1,349,100	1,762,300	2,501,500	948,500	78,100	6,639,500	29.1
Atlanta, including New Orleans branch.....	774,800	1,004,400	1,617,400	900,700	184,400	4,481,700	19.6
Chicago.....	450,500	397,100	521,700	343,300	271,800	1,984,400	8.7
St. Louis.....	203,200	153,100	254,500	120,200	71,500	802,500	3.5
Minneapolis.....	149,200	72,100	229,400	271,300	192,700	914,700	4.0
Kansas City.....	257,000	463,100	599,200	384,700	365,500	2,069,500	9.1
Dallas.....	537,700	780,800	1,339,500	1,136,700	997,500	4,741,200	20.8
San Francisco.....	88,700	76,300	132,800	42,800	80,000	420,600	1.8
Total.....	4,044,400	4,883,800	7,424,800	4,202,100	2,265,500	22,820,600	.....
Per cent.....	17.7	21.4	32.5	18.4	10.0	100.0	100.0

ACCEPTANCES.

Acceptances held by Federal Reserve Banks on dates specified as per schedules on file—Total bankers' acceptances by classes

[In thousands of dollars.]

Date.	Member banks.	Nonmember banks.			Total.	Date.	Member banks.	Nonmember banks.			Total.
		Trust compa-nies.	State banks.	Private banks.				Trust compa-nies.	State banks.	Private banks.	
1915.						1916.					
Feb. 22.....	93				93	Jan. 3.....	15,494	7,160	362	822	23,838
Apr. 5.....	3,653	7,820	10	110	11,593	Jan. 10.....	16,492	8,057	370	938	25,857
May 3.....	5,038	8,189	10	110	13,347	Jan. 17.....	16,908	7,655	425	1,010	25,998
June 7.....	5,242	4,516	10	192	9,960	Jan. 24.....	16,348	8,070	363	1,441	26,222
July 3.....	4,342	5,267		161	9,770	Jan. 31.....	15,834	8,174	356	1,510	25,874
Aug. 2.....	5,350	5,407	20	352	11,129	Feb. 7.....	15,681	7,876	336	1,456	25,349
Sept. 6.....	6,087	6,305	20	472	12,884	Feb. 14.....	17,581	7,985	347	1,851	27,764
Oct. 4.....	9,000	4,898	132	343	14,373	Feb. 21.....	17,661	8,194	392	1,841	28,088
Nov. 1.....	8,477	4,331	253	204	13,265	Feb. 28.....	17,436	8,755	408	1,841	28,440
Dec. 6.....	12,311	5,172	275	396	18,154	Mar. 6.....	17,182	8,670	408	1,781	28,041
						Mar. 13.....	20,323	10,032	470	1,631	32,456
						Mar. 20.....	20,563	11,280	408	2,467	34,718

¹ Acceptances indorsed by member banks: State banks, \$9,000; private banks, \$1,073,000; total, \$1,082,000.

Amounts of acceptances held by the several Federal Reserve Banks at close of business on Fridays, Mar. 3 to Mar. 17, 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kan- sas City.	Dal- las.	San Fran- cisco.	Total for system.
Within 10 days:													
Mar. 3.....	1,063	1,768	403	179		38	306	122	84	80		215	4,258
Mar. 10.....	876	2,130	271	179	110		479	145	69	101		157	4,517
Mar. 17.....	328	2,811	455	140	10		350	80	54	42		106	4,376
From 11 to 30 days:													
Mar. 3.....	1,300	4,392	714	224	176	8	550	186	172	123		227	8,072
Mar. 10.....	1,134	3,748	884	208	66	7	472	232	206	92		225	7,274
Mar. 17.....	1,469	3,042	650	167	66	7	325	300	183	111		218	6,538
From 31 to 60 days:													
Mar. 3.....	3,827	3,718	365	322		250	635	414	143	184		268	10,126
Mar. 10.....	4,086	4,092	922	231		250	392	245	94	148		178	10,638
Mar. 17.....	4,667	4,353	1,125	470		250	660	153	225	253		573	12,729
From 61 days to 3 months:													
Mar. 3.....	2,644	3,702	387	308		65	445	39	159	135		443	8,327
Mar. 10.....	3,234	3,392	1,629	339		165	790	144	148	165		464	10,520
Mar. 17.....	4,827	4,351	1,813	146		305	460	126	153	177		90	12,448
Total acceptances held:													
Mar. 3.....	8,834	13,580	1,869	1,033	176	361	1,936	761	558	522		1,153	30,783
Mar. 10.....	9,330	13,362	3,706	1,007	176	422	2,133	766	517	506		1,024	32,949
Mar. 17.....	11,291	14,557	4,043	923	76	562	1,795	659	615	583		987	36,091

Amounts of acceptances (in the foreign and domestic trades) purchased by each Federal Reserve Bank during the calendar year 1915, and for the months of January and February, 1916, distributed by maturities.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Within 30 days:													
Calendar year 1915.....	497	1,246	695	101	.....	7	156	103	45	69	.....	61	2,980
January, 1916.....	48	587	.....	64	.....	.....	.....	.....	20	9	.....	6	734
February, 1916.....	.....	909	277	50	41	.....	.....	.....	1	.....	50	125	1,453
Total.....	545	2,742	972	215	41	7	156	103	66	78	50	192	5,167
After 30 but within 60 days:													
Calendar year 1915.....	2,137	2,377	1,464	746	.....	19	816	374	191	183	.....	750	9,057
January, 1916.....	102	621	43	42	.....	.....	279	43	6	55	.....	13	1,204
February, 1916.....	41	313	36	30	.....	.....	116	50	33	22	.....	13	654
Total.....	2,280	3,311	1,543	818	.....	19	1,211	467	230	260	.....	776	10,915
After 60 days but within 3 months:													
Calendar year 1915.....	11,471	22,211	5,406	2,116	250	46	4,810	1,324	1,219	1,536	.....	2,419	52,808
January, 1916.....	2,681	2,686	151	267	.....	300	489	357	200	151	.....	304	7,586
February, 1916.....	3,686	4,157	396	395	.....	65	656	143	194	197	.....	420	10,309
Total.....	17,838	29,054	5,953	2,778	250	411	5,955	1,824	1,613	1,884	.....	3,143	70,703
Total acceptances bought:													
Calendar year 1915.....	14,105	25,834	7,565	2,963	250	72	5,782	1,801	1,455	1,788	.....	3,230	64,845
January, 1916.....	2,831	3,894	194	373	.....	300	768	400	226	215	.....	323	9,524
February, 1916.....	3,727	5,379	709	475	41	65	772	193	228	219	50	558	12,416
Total.....	20,663	35,107	8,468	3,811	291	437	7,322	2,394	1,909	2,222	50	4,111	86,785

Distribution of bills bought in open market by all Federal Reserve Banks during the month of February, 1916, by classes of acceptors and sizes.

Acceptances by classes.	To \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000 to \$25,000.		Over \$25,000 to \$50,000.		Over \$50,000 to \$100,000.		Over \$100,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Member banks.....	94	253,857	76	632,938	104	1,890,596	29	1,143,135	9	768,596	10	2,102,230	322	6,791,352	54.7
Trust companies.....	124	367,002	53	418,132	68	1,290,039	10	337,465	10	692,810	5	1,224,145	270	4,329,593	34.9
State banks.....	14	57,500	1	9,271	6	67,500	.....	.....	.....	.....	.....	.....	21	134,271	1.1
Private banks.....	11	41,051	8	59,964	11	177,109	6	208,900	2	152,208	.....	.....	38	639,232	5.1
Total bankers' acceptances ¹	243	719,410	138	1,120,305	189	3,425,244	45	1,689,500	21	1,613,614	15	3,326,375	651	11,894,448	95.8
Trade acceptances ²	24	70,265	21	187,684	7	123,082	4	141,351	.....	.....	.....	.....	56	522,382	4.2
Total bills bought in open market.....	267	789,675	159	1,307,989	196	3,548,326	49	1,830,851	21	1,613,614	15	3,326,375	707	12,416,830	100.0
Per cent.....	.....	6.4	.....	10.5	.....	28.6	.....	14.7	.....	13.0	.....	26.8	.....	100.000	.....
Total for January, 1916.....	194	546,959	220	1,720,758	217	4,113,726	47	1,857,477	17	1,284,593	.....	.....	695	9,523,513	.....
Total for Jan.-Feb., 1916.....	461	1,336,634	379	3,028,747	413	7,662,052	96	3,688,328	38	2,898,207	15	3,326,375	1,402	21,940,343	.....

¹ Of the above total of bankers' acceptances \$11,769,448 are based on imports or exports and \$125,000 on domestic trade transactions.

² Practically all drawn abroad on importers in the United States and indorsed by foreign bankers.

Total investment operations of each Federal Reserve Bank during the months of January and February, 1916 and 1915.

[In thousands of dollars.]

	Dis- counts for member banks.	Bills bought in open market.			Municipal warrants.				United States bonds.				Total invest- ment operations.	
		Bank- ers' ac- cept- ances.	Trade accept- ances.	Total.	City.	State.	All other.	Total.	2 per cent.	3 per cent.	4 per cent.	Total.	1916	1915
Boston:														
January....	131.1	2,732	99	2,831	249.0	200.0	.....	449.0	.....	.....	.....	.....	3,411.1	681.8
February...	114.5	3,724	3	3,727	546.5	.....	.....	546.5	.....	.....	.....	.....	4,388.0	799.6
New York:														
January....	125.6	3,894	.....	3,894	6,148.6	.....	.....	6,148.6	.....	.....	.....	.....	10,168.2	6,903.6
February...	98.3	5,036	343	5,379	4,964.8	.....	.....	4,964.8	.....	.....	.....	.....	10,442.1	4,748.1
Philadelphia:														
January....	242.8	194	.....	194	1,576.0	.....	.....	1,576.0	1,000.0	.....	.....	1,000.0	3,012.8	1,802.9
February...	109.2	658	51	709	628.6	.....	2.0	630.6	500.0	.....	.....	500.0	1,948.8	915.9
Cleveland:														
January....	127.9	373	.....	373	356.8	10.5	7.3	374.6	.....	195.0	330.0	525.0	1,400.5	1,004.0
February...	33.9	475	.....	475	708.1	.....	.5	708.6	.....	258.0	561.0	819.0	2,036.5	906.5
Richmond:														
January....	3,417.1	.....	.....	.....	77.6	.....	.....	77.6	.....	.....	.....	.....	3,494.7	2,802.5
February...	2,975.0	41	.....	41	.....	.....	5.0	5.0	1,320.0	.....	.....	1,320.0	4,341.0	3,695.7
Atlanta:														
January....	1,944.0	250	50	300	.....	.....	.....	.....	25.0	.....	.....	25.0	2,269.0	2,677.5
February...	1,599.9	65	.....	65	.....	.....	.....	.....	151.0	.....	.....	151.0	1,815.9	2,944.8
Chicago:														
January....	973.5	768	.....	768	403.0	25.5	55.2	483.7	.....	113.0	1,500.0	1,613.0	3,838.2	3,131.8
February...	338.7	772	.....	772	1,306.3	.....	.....	1,306.3	.....	220.0	268.0	488.0	2,905.0	2,078.5
St. Louis:														
January....	583.7	400	.....	400	121.1	.....	.....	121.1	799.0	.....	.....	799.0	1,903.8	613.9
February...	201.5	193	.....	193	471.5	.....	.....	471.5	540.0	1,030.0	.....	1,570.0	2,436.0	394.0
Minneapolis:														
January....	189.0	226	.....	226	293.4	.....	.....	293.4	50.0	95.0	.....	145.00	853.4	527.6
February...	96.6	228	.....	228	364.1	.....	.....	364.1	125.0	231.5	46.0	402.5	1,091.2	892.2
Kansas City:														
January....	1,364.6	215	.....	215	125.8	.....	.....	125.8	69.8	.....	.....	69.8	1,775.2	532.8
February...	458.5	219	.....	219	289.1	.....	.....	289.1	4,164.25	.....	100.0	4,264.25	5,230.85	479.3
Dallas:														
January....	1,845.5	.....	.....	.....	.....	.....	.....	.....	425.0	.....	.....	425.0	2,270.5	936.5
February...	1,491.1	50	.....	50	.....	.....	.....	.....	.....	.....	.....	.....	1,541.1	1,729.3
San Francisco:														
January....	170.1	323	.....	323	156.5	.....	.....	156.5	2,025.0	.....	.....	2,025.0	2,674.6	1,835.4
February...	147.4	433	125	558	1,114.3	20.4	3.7	1,138.4	.....	.....	.....	.....	1,843.8	761.9
Total invest- ments:														
January....	11,114.9	9,375	149	9,524	9,507.8	236.0	62.5	9,806.3	4,393.80	403.0	1,830.0	6,626.8	37,072.0	23,450.3
February...	7,664.6	11,894	522	12,416	10,393.3	20.4	11.2	10,424.9	6,799.75	1,739.5	975.0	9,514.75	40,020.25	20,345.8
Total for Janu- ary-February 1916.....	18,779.5	21,269	671	21,940	19,901.1	256.4	73.7	20,231.2	11,193.55	2,142.5	2,805.0	16,141.55	77,092.25	43,796.1

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Mar. 3 to Mar. 24, 1916.

RESOURCES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Gold coin and certificates in vault:													
Mar. 3.....	12,905	159,536	7,864	11,452	4,723	5,607	36,303	5,223	3,372	4,676	4,046	6,115	261,822
Mar. 10.....	12,938	156,971	6,873	11,505	4,700	5,591	36,574	5,287	3,410	4,753	4,059	5,214	257,875
Mar. 17.....	12,280	155,099	7,163	11,471	4,726	5,640	34,478	5,157	3,421	4,758	4,072	5,614	253,880
Mar. 24.....	10,844	162,239	6,210	11,538	4,754	5,708	30,431	5,077	3,589	4,718	4,037	5,721	260,866
Gold settlement fund:													
Mar. 3.....	3,389	9,738	10,695	10,037	10,886	6,132	4,577	987	4,238	3,765	9,092	1,354	74,890
Mar. 10.....	3,325	5,790	10,050	10,140	10,421	6,338	6,702	3,749	4,368	3,424	10,013	4,850	79,170
Mar. 17.....	4,841	7,771	7,324	10,166	11,013	5,611	5,674	3,834	4,368	3,666	10,325	4,877	78,970
Mar. 24.....	3,443	10,587	6,440	9,975	12,012	5,177	6,519	2,647	4,598	3,878	10,036	4,368	79,680
Gold redemption fund:													
Mar. 3.....	3	250	50	-----	303	354	200	23	30	92	223	10	1,538
Mar. 10.....	3	250	50	40	280	325	200	5	30	88	213	10	1,494
Mar. 17.....	5	250	50	40	315	353	200	85	30	81	204	10	1,623
Mar. 24.....	5	250	50	37	338	338	200	54	30	74	192	10	1,578
Legal-tender notes, silver, etc.:													
Mar. 3.....	73	4,318	4,167	1,316	129	180	701	692	455	152	806	5	12,994
Mar. 10.....	41	10,570	4,084	1,250	119	163	1,446	809	470	153	913	18	20,036
Mar. 17.....	74	2,518	3,408	1,165	118	231	1,409	800	472	160	943	6	11,304
Mar. 24.....	53	3,382	3,281	1,158	128	283	1,735	716	474	159	845	9	12,223
Total reserve:													
Mar. 3.....	16,370	173,842	22,776	22,805	16,041	12,273	41,781	6,925	8,095	8,685	14,167	7,484	351,244
Mar. 10.....	16,307	173,581	21,057	22,935	15,520	12,417	44,922	9,850	8,278	8,418	15,198	10,092	358,575
Mar. 17.....	17,200	165,038	17,945	22,842	16,172	11,835	41,761	9,876	8,291	8,666	15,544	10,007	345,777
Mar. 24.....	14,345	176,458	15,981	22,708	17,232	11,506	44,885	8,494	8,691	8,829	15,110	10,108	354,347
Bills discounted—Members:													
Mar. 3.....	140	256	211	170	6,316	4,260	1,791	728	853	1,967	4,542	481	21,715
Mar. 10.....	150	291	235	140	6,393	4,118	1,682	653	841	1,937	4,614	475	21,529
Mar. 17.....	122	295	245	323	6,390	4,036	1,606	683	791	1,943	4,700	474	21,608
Mar. 24.....	98	307	279	323	6,262	3,953	1,598	650	776	2,010	4,536	514	21,306
Bills bought in open market:													
Mar. 3.....	8,834	13,580	1,869	1,033	176	361	1,936	761	558	522	-----	1,153	30,783
Mar. 10.....	9,330	13,362	3,706	1,007	176	422	2,133	766	517	506	-----	1,024	32,949
Mar. 17.....	11,291	14,557	4,043	924	76	562	1,795	659	615	583	-----	987	36,092
Mar. 24.....	12,236	14,725	5,141	1,025	66	573	2,165	843	675	687	-----	1,108	39,244
United States bonds:													
Mar. 3.....	986	-----	3,490	3,726	1,370	158	6,357	3,339	1,902	7,405	1,295	3,035	33,063
Mar. 10.....	986	-----	3,490	3,796	1,676	165	6,422	3,339	1,983	7,954	1,295	3,035	34,141
Mar. 17.....	986	2,670	4,206	4,091	1,676	1,220	6,603	3,339	2,114	7,978	1,295	3,035	39,213
Mar. 24.....	986	3,152	4,206	4,224	1,676	1,370	6,677	3,339	2,214	7,978	1,295	3,035	40,152
Municipal warrants:													
Mar. 3.....	3,642	12,738	2,684	3,881	81	-----	2,590	1,226	1,204	998	-----	1,495	30,539
Mar. 10.....	2,977	13,223	3,304	3,965	91	-----	3,604	1,256	1,449	1,054	-----	1,832	32,755
Mar. 17.....	2,923	13,433	3,340	3,996	91	-----	3,684	1,267	1,419	1,029	-----	1,852	33,034
Mar. 24.....	2,833	13,378	3,344	3,965	91	-----	3,630	1,241	1,356	999	-----	1,832	32,669
Federal Reserve notes, net assets:													
Mar. 3.....	755	15,132	157	640	-----	-----	1,917	569	1,009	-----	-----	5,388	25,567
Mar. 10.....	791	14,501	118	466	-----	-----	1,846	760	1,019	-----	-----	5,337	24,838
Mar. 17.....	768	14,489	66	431	-----	-----	1,865	795	930	-----	-----	5,264	24,608
Mar. 24.....	1,281	14,139	154	491	-----	-----	1,535	845	1,127	-----	-----	5,277	24,849
Due from other Federal Reserve Banks, net:													
Mar. 3.....	1,790	-----	1,973	446	1,601	400	8,358	3,390	4,067	1,369	821	3,961	¹ 20,576
Mar. 10.....	3,850	-----	1,270	944	2,067	216	4,008	1,458	3,871	1,570	158	610	¹ 12,647
Mar. 17.....	-----	-----	2,362	876	1,513	178	7,520	1,764	3,681	1,379	-----	1,072	¹ 16,248
Mar. 24.....	2,006	-----	2,507	779	721	751	4,768	2,376	3,054	1,418	360	1,272	¹ 12,628
All other resources:													
Mar. 3.....	80	353	136	564	86	1,035	373	2,474	130	284	248	176	5,969
Mar. 10.....	48	377	124	342	86	869	581	1,827	135	305	276	243	5,213
Mar. 17.....	129	372	260	365	193	1,019	406	1,367	119	291	247	260	5,028
Mar. 24.....	25	395	111	388	118	1,193	332	1,096	127	499	334	185	4,803
Total resources:													
Mar. 3.....	32,597	215,931	33,296	33,265	25,671	18,487	65,103	19,412	17,818	21,230	21,073	23,173	519,456
Mar. 10.....	34,439	215,335	33,304	33,595	26,009	18,207	65,198	19,909	18,093	21,744	21,541	22,648	522,647
Mar. 17.....	33,419	211,454	32,467	33,848	26,111	18,850	65,240	19,750	17,960	21,869	21,786	22,951	521,608
Mar. 24.....	33,810	222,554	31,723	33,903	26,166	19,346	65,590	18,884	18,020	22,420	21,635	23,331	529,998

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

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Mar. 3 to Mar. 24, 1916—Continued.

LIABILITIES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Capital paid in:													
Mar. 3.....	5,159	11,107	5,256	5,945	3,337	2,417	6,653	2,785	2,555	3,005	2,753	3,947	54,919
Mar. 10.....	5,158	11,122	5,256	5,947	3,345	2,416	6,655	2,785	2,558	3,008	2,750	3,944	54,944
Mar. 17.....	5,158	11,122	5,256	5,948	3,345	2,416	6,655	2,788	2,560	3,008	2,738	3,943	54,937
Mar. 24.....	5,158	11,122	5,215	5,948	3,345	2,416	6,654	2,788	2,560	3,009	2,751	3,944	54,910
Government deposits:													
Mar. 3.....	915	10,819	350	767	6,808	6,446	733	1,571	618	477	5,213	1,326	36,043
Mar. 10.....	288	7,623	259	681	6,581	6,390	157	1,322	705	602	5,249	782	30,639
Mar. 17.....	125	8,477	160	740	6,870	6,690	939	1,098	429	604	5,290	958	32,380
Mar. 24.....	1-12	9,632	233	794	7,267	7,088	902	1,376	380	804	5,419	1,200	35,088
Reserve deposits, net:													
Mar. 3.....	26,523	186,405	27,690	26,553	11,027	8,287	57,717	15,056	14,645	16,696	10,219	17,900	418,718
Mar. 10.....	28,993	189,215	27,789	26,967	11,697	8,116	58,386	15,802	14,830	16,617	9,988	17,922	426,322
Mar. 17.....	26,638	189,695	27,051	27,160	11,489	8,464	57,646	15,864	14,971	16,358	9,873	18,050	423,259
Mar. 24.....	28,664	194,416	26,275	27,161	11,365	8,754	58,029	14,720	15,080	16,446	9,719	18,187	428,816
Federal Reserve notes, net liability:													
Mar. 3.....					4,457	1,238				1,052	2,888		9,635
Mar. 10.....					4,341	1,185				1,098	3,554		10,178
Mar. 17.....					4,361	1,178				1,218	3,446		10,203
Mar. 24.....					4,140	983				1,108	3,746		9,977
Federal Reserve bank notes in circulation:													
Mar. 10.....										419			419
Mar. 17.....										681			681
Mar. 24.....										1,053			1,053
Due to other Federal Reserve banks, net:													
Mar. 3.....		7,600											
Mar. 10.....		7,375											
Mar. 17.....	1,498	2,160									439		
Mar. 24.....		7,384											
All other liabilities:													
Mar. 3.....					42	99							141
Mar. 10.....					45	100							145
Mar. 17.....					46	102							148
Mar. 24.....					49	105							154
Total liabilities:													
Mar. 3.....	32,597	215,931	33,296	33,265	25,671	18,487	65,103	19,412	17,818	21,230	21,073	23,173	519,456
Mar. 10.....	34,439	215,335	33,304	33,595	26,009	18,207	65,198	19,909	18,093	21,744	21,541	22,648	522,647
Mar. 17.....	33,419	211,454	32,467	33,848	26,111	18,850	65,240	19,750	17,960	21,869	21,786	22,951	521,608
Mar. 24.....	33,810	222,554	31,723	33,903	26,166	19,346	65,590	18,884	18,020	22,420	21,635	23,331	529,998

¹ Overdraft.

Circulation of Federal Reserve notes at close of business on Fridays, Mar. 3 to Mar. 24, 1916.

[In thousands of dollars.]

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Federal Reserve notes issued to the bank:													
Mar. 3.....	9,380	75,897	7,672	10,286	12,395	15,461	4,191	7,714	13,200	10,190	13,847	11,070	191,303
Mar. 10.....	9,364	75,707	7,483	10,792	12,223	15,402	4,186	7,702	13,200	10,167	14,540	10,912	191,678
Mar. 17.....	9,696	75,471	7,463	10,755	12,142	15,053	4,179	7,681	13,200	10,192	14,427	10,906	191,165
Mar. 24.....	10,472	75,238	7,322	10,725	11,907	15,020	3,824	7,666	13,072	10,109	14,700	10,848	190,903
Federal Reserve notes in hands of bank:													
Mar. 3.....	755	15,132	157	640	613	1,057	1,917	569	1,009	153	111	5,388	27,501
Mar. 10.....	791	14,501	118	466	629	1,110	1,846	760	1,019	107	180	5,337	26,864
Mar. 17.....	768	14,489	66	431	609	837	1,865	795	930	12	232	5,264	26,298
Mar. 24.....	1,281	14,139	154	491	830	1,032	1,535	845	1,127	122	236	5,277	27,069
Federal Reserve notes in circulation:													
Mar. 3.....	8,625	60,765	7,515	9,646	11,782	14,404	2,274	7,145	12,191	10,037	13,736	5,682	163,802
Mar. 10.....	8,573	61,206	7,365	10,326	11,594	14,292	2,340	6,942	12,181	10,060	14,360	5,575	164,814
Mar. 17.....	8,928	60,982	7,397	10,324	11,533	14,216	2,314	6,886	12,270	10,180	14,195	5,642	164,867
Mar. 24.....	9,191	61,099	7,168	10,234	11,077	13,988	2,289	6,821	11,945	9,987	14,464	5,571	163,834
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
Mar. 3.....	9,380	75,897	7,672	10,286	7,325	13,166	4,191	7,714	13,200	8,985	10,848	11,070	179,734
Mar. 10.....	9,364	75,707	7,483	10,792	7,253	13,107	4,186	7,702	13,200	8,962	10,806	10,912	179,474
Mar. 17.....	9,696	75,471	7,463	10,755	7,172	13,038	4,179	7,681	13,200	8,962	10,749	10,906	179,272
Mar. 24.....	10,472	75,238	7,322	10,725	6,937	13,005	3,824	7,666	13,072	8,879	10,718	10,848	178,706
Carried to net assets:													
Mar. 3.....	755	15,132	157	640	.....	.....	1,917	569	1,009	.....	.....	5,388	25,567
Mar. 10.....	791	14,501	118	466	.....	.....	1,846	760	1,019	.....	.....	5,337	24,838
Mar. 17.....	768	14,489	66	431	.....	.....	1,865	795	930	.....	.....	5,264	24,608
Mar. 24.....	1,281	14,139	154	491	.....	.....	1,535	845	1,127	.....	.....	5,277	24,849
Carried to net liabilities:													
Mar. 3.....	4,457	1,238	1,052	2,888	9,635
Mar. 10.....	.....	.....	.....	.....	4,341	1,185	.....	.....	.....	1,098	3,554	.....	10,178
Mar. 17.....	.....	.....	.....	.....	4,361	1,178	.....	.....	.....	1,218	3,446	.....	10,203
Mar. 24.....	.....	.....	.....	.....	4,140	983	.....	.....	.....	1,108	3,746	.....	9,977

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Mar. 3 to Mar. 24, 1916.

[In thousands of dollars.]

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Federal Reserve notes:													
Received from the Comptroller—													
Mar. 3.....	19,380	108,240	15,480	13,000	17,000	20,400	9,380	9,600	19,000	13,000	19,580	11,360	275,420
Mar. 10.....	19,380	109,240	15,480	13,000	17,000	20,400	9,380	9,600	19,000	13,000	20,380	11,360	277,220
Mar. 17.....	19,380	109,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	20,380	11,360	277,580
Mar. 24.....	19,380	109,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	20,380	11,360	277,580
Returned to the Comptroller—													
Mar. 3.....	1,280	20,343	1,715	1,354	1,805	1,138	308	124	.....	312	871	290	29,540
Mar. 10.....	1,296	20,533	1,904	848	1,977	1,197	313	136	.....	335	912	448	29,899
Mar. 17.....	1,464	20,769	1,924	885	2,058	1,266	320	157	.....	335	970	454	30,602
Mar. 24.....	1,488	21,002	2,065	935	2,293	1,299	675	172	128	418	1,021	512	32,008
Chargeable to the Federal Reserve Agent—													
Mar. 3.....	18,100	87,897	13,765	11,646	15,195	19,262	9,072	9,476	19,000	12,688	18,709	11,070	245,880
Mar. 10.....	18,084	88,707	13,576	12,152	15,023	19,203	9,067	9,464	19,000	12,665	19,468	10,912	247,321
Mar. 17.....	17,916	88,471	13,556	12,475	14,942	19,134	9,060	9,443	19,000	12,665	19,410	10,906	246,978
Mar. 24.....	17,892	88,238	13,415	12,425	14,707	19,101	8,705	9,428	18,872	12,582	19,359	10,848	245,572
In hands of Federal Reserve Agent—													
Mar. 3.....	8,720	12,000	6,093	1,360	2,800	3,801	4,881	1,762	5,800	2,498	4,862	.....	54,577
Mar. 10.....	8,720	13,000	6,093	1,360	2,800	3,801	4,881	1,762	5,800	2,498	4,828	.....	55,643
Mar. 17.....	8,220	13,000	6,093	1,720	2,800	4,081	4,881	1,762	5,800	2,473	4,983	.....	55,813
Mar. 24.....	7,420	13,000	6,093	1,700	2,800	4,081	4,881	1,762	5,800	2,473	4,659	.....	54,669
Issued to Federal Reserve Bank, net—													
Mar. 3.....	9,380	75,897	7,672	10,286	12,395	15,461	4,191	7,714	13,200	10,190	13,847	11,070	191,303
Mar. 10.....	9,364	75,707	7,483	10,792	12,223	15,402	4,186	7,702	13,200	10,167	14,540	10,912	191,678
Mar. 17.....	9,696	75,471	7,463	10,755	12,142	15,053	4,179	7,681	13,200	10,192	14,427	10,906	191,165
Mar. 24.....	10,472	75,238	7,322	10,725	11,907	15,020	3,824	7,666	13,072	10,109	14,700	10,848	190,903

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Mar. 3 to Mar. 24, 1916—Continued.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Amounts held by Federal Reserve Agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates on hand—													
Mar. 3.....	8,715	71,398	3,530	9,760	.....	.....	.....	2,850	10,200	4,300	9,540	.....	120,293
Mar. 10.....	8,714	71,398	3,360	9,760	.....	.....	.....	2,850	10,200	4,300	9,540	.....	120,122
Mar. 17.....	9,065	71,398	3,360	9,760	.....	.....	.....	2,850	10,200	4,300	9,540	.....	120,473
Mar. 24.....	9,864	71,398	3,360	9,760	.....	.....	.....	2,850	10,050	4,300	9,540	.....	121,122
Lawful money on hand—													
Mar. 3.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mar. 10.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mar. 17.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mar. 24.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Credit balances in gold redemption fund—													
Mar. 3.....	665	4,499	542	526	475	716	431	374	650	585	118	290	9,871
Mar. 10.....	650	4,309	523	1,032	453	657	426	412	650	562	646	292	10,612
Mar. 17.....	631	4,073	503	995	472	1,088	419	391	650	562	669	286	10,739
Mar. 24.....	608	3,840	482	965	407	1,055	414	376	672	479	638	278	10,214
Credit balances with Federal Reserve Board—													
Mar. 3.....	.....	.....	3,600	.....	6,850	12,450	3,760	4,490	2,350	4,100	1,190	10,780	49,570
Mar. 10.....	.....	.....	3,600	.....	6,800	12,450	3,760	4,440	2,350	4,100	620	10,620	48,740
Mar. 17.....	.....	.....	3,600	.....	6,700	11,950	3,760	4,440	2,350	4,100	540	10,620	48,060
Mar. 24.....	.....	.....	3,480	.....	6,530	11,950	3,410	4,440	2,350	4,100	540	10,570	47,370
As security for outstanding notes—													
Commercial paper—													
Mar. 3.....	.....	.....	.....	.....	5,070	2,295	.....	.....	.....	1,205	2,999	.....	11,569
Mar. 10.....	.....	.....	.....	.....	4,970	2,295	.....	.....	.....	1,205	3,734	.....	12,204
Mar. 17.....	.....	.....	.....	.....	4,970	2,015	.....	.....	.....	1,230	3,678	.....	11,893
Mar. 24.....	.....	.....	.....	.....	4,970	2,015	.....	.....	.....	1,230	3,982	.....	12,197
Total—													
Mar. 3.....	9,380	75,897	7,672	10,286	12,395	15,461	4,191	7,714	13,200	10,190	13,847	11,070	191,303
Mar. 10.....	9,364	75,707	7,483	10,792	12,223	15,402	4,186	7,702	13,200	10,167	14,540	10,912	191,678
Mar. 17.....	9,696	75,471	7,463	10,755	12,142	15,053	4,179	7,681	13,200	10,192	14,427	10,906	191,165
Mar. 24.....	10,472	75,238	7,322	10,725	11,907	15,020	3,824	7,666	13,072	10,109	14,700	10,848	190,903
Memorandum:													
Total amount of commercial paper delivered to the Federal Reserve Agent—													
Mar. 3.....	.....	.....	.....	.....	5,339	2,297	.....	.....	.....	1,217	4,186	.....	13,039
Mar. 10.....	.....	.....	.....	.....	5,315	2,295	.....	.....	.....	1,208	4,209	.....	13,027
Mar. 17.....	.....	.....	.....	.....	5,499	2,015	.....	.....	.....	1,231	4,278	.....	13,023
Mar. 24.....	.....	.....	.....	.....	5,015	2,015	.....	.....	.....	1,235	4,108	.....	12,373

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Jan. 1 to Mar. 17, 1916.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Florida.	New Orleans.	Arizona.	El Paso.	Laredo.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	St. Lawrence.	Total.
<i>Week ending Feb. 25.</i>														
Ore and base bullion.....		58			6	20	4	14	75		16	97		290
United States mint or assay office bars.....										162				162
Bullion, refined.....		222			5			99		13				339
United States coin.....													1	1
Foreign coin.....		88		9										97
Total.....		368		9	11	20	4	113	75	175	16	97	1	889
<i>Week ending Mar. 3.</i>														
Ore and base bullion.....		23			15		3		34	37	1	27		140
United States mint or assay office bars.....										53				53
Bullion, refined.....		181						5		18				204
United States coin.....		3												3
Foreign coin.....		316												316
Total.....		523			15		3	5	34	108	1	27		716
<i>Week ending Mar. 10.</i>														
Ore and base bullion.....		41			6	13	22	3	72	65	8	6		236
United States mint or assay office bars.....										37				37
Bullion, refined.....		421			7			93						521
United States coin.....									20					20
Foreign coin.....		49						2,433						2,482
Total.....		511			13	13	22	2,529	92	102	8	6		3,296
<i>Week ending Mar. 17.</i>														
Ore and base bullion.....		12		9	24	2	6	28	68		4	66		219
United States mint or assay office bars.....										165				165
Bullion, refined.....		520			25			72	91					708
United States coin.....		4	1						21					26
Foreign coin.....		118												118
Total.....		654	1	9	49	2	6	100	180	165	4	66		1,236
<i>Jan. 1 to Mar. 17, 1916.</i>														
Ore and base bullion.....	1	191		73	112	51	49	177	704	139	62	389		1,948
United States mint or assay office bars.....										776				776
Bullion, refined.....		3,841			45	26		1,491	236	281				5,970
United States coin.....		8	33	5					41				7	94
Foreign coin.....		17,573		9				2,433					11	20,026
Total.....	1	21,613	33	87	157	77	49	4,101	1,031	1,196	62	389	18	28,814

Exports of gold, by customs districts, Jan. 1 to Mar. 17, 1916.

[In thousands of dollars.]

	New York.	Porto Rico.	Alaska.	Hawaii.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	St. Lawrence.	Vermont.	Total.
<i>Week ending Feb. 25.</i>												
United States mint or assay office bars					100		3			1		104
Bullion, refined:												
Domestic							3				1	4
Foreign	1,433											1,433
United States coin	1,034											1,034
Foreign coin	1,436									61		1,497
Total	3,908				100		6			62	1	4,077
<i>Week ending Mar. 3.</i>												
Ore and base bullion			4			25						29
Bullion, refined, domestic	1,419						10					1,429
United States coin	1,165				2,612		3					3,780
Foreign coin	1,717								3	4		1,724
Total	4,301		4		2,612	25	13		3	4		6,962
<i>Week ending Mar. 10.</i>												
Ore and base bullion							28					28
United States mint or assay office bars					950							950
Bullion, refined, domestic							7				1	8
United States coin	55			11	352		5					423
Foreign coin	1,000											1,000
Total	1,055			11	1,302		40				1	2,409
<i>Week ending Mar. 17.</i>												
Ore and base bullion							5					5
United States mint or assay office bars					400		16					416
Bullion, refined, domestic	743								7			750
United States coin	107				573					10		690
Foreign coin	510											510
Total	1,360				973		21		7	10		2,371
<i>Jan. 1 to Mar. 17.</i>												
Ore and base bullion			4			56	59					119
United States mint or assay office bars	758				1,451		60			505		2,774
Bullion, refined:												
Domestic	2,164				701	1	22	1	7	5	5	2,906
Foreign	1,438											1,438
United States coin	7,232	15		29	3,609	3	9	2		1,010	750	12,659
Foreign coin	9,476								3	1,381		10,860
Total	21,068	15	4	29	5,761	60	150	3	10	2,901	755	30,756

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

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

	Average balances for the month of the several classes of earning assets.				
	Bills redis- counted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	Total.
Boston.....	\$194,000	\$8,515,000	\$3,412,000	\$986,000	\$13,107,000
New York.....	182,000	12,152,000	9,482,000	.....	21,816,000
Philadelphia.....	217,000	1,674,000	2,962,000	3,287,000	8,140,000
Cleveland.....	272,000	976,000	2,955,000	3,390,000	7,593,000
Richmond.....	6,751,000	164,000	81,000	552,000	7,548,000
Atlanta.....	4,949,000	343,000	300	40,000	5,332,300
Chicago.....	2,217,000	1,848,000	2,233,000	6,204,000	12,502,000
St. Louis.....	880,000	783,000	698,000	3,111,000	5,472,000
Minneapolis.....	986,000	508,000	1,169,000	1,688,000	4,351,000
Kansas City.....	2,406,000	483,000	435,000	2,988,000	6,312,000
Dallas.....	4,658,000	26,000	.....	1,295,000	5,979,000
San Francisco.....	422,000	779,000	1,231,000	3,035,000	5,467,000
Total.....	24,134,000	28,251,000	24,658,300	26,576,000	103,619,300

	Earnings from—					Calculated annual rate of earnings from—				
	Bills redis- counted, members.	Bills bought in open mar- ket.	Municipal warrants.	United States bonds.	Total.	Bills re- dis- counted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	All in- vestment opera- tions.
Boston.....	\$594.20	\$13,864.56	\$6,005.07	\$1,593.26	\$22,057.09	Per cent. 3.87	Per cent. 2.05	Per cent. 2.19	Per cent. 2.04	Per cent. 2.12
New York.....	580.20	19,776.61	17,138.61	.....	37,495.42	4.02	2.05	2.28	.....	2.17
Philadelphia.....	706.67	2,742.72	5,394.88	5,268.99	14,113.26	4.10	2.07	2.30	2.02	2.19
Cleveland.....	1,012.18	1,494.01	6,868.95	7,474.13	16,849.27	4.70	1.93	2.93	2.78	2.80
Richmond.....	20,451.74	396.87	199.24	816.57	21,864.42	3.82	3.05	3.11	1.87	3.66
Atlanta.....	13,855.52	659.57	1.10	63.34	14,579.53	3.53	2.43	4.47	2.00	3.45
Chicago.....	8,594.63	2,997.50	4,427.89	12,320.34	28,340.36	4.89	2.05	2.50	2.51	2.86
St. Louis.....	3,036.32	1,247.19	1,207.15	4,969.24	10,459.90	4.35	2.01	2.18	2.02	2.41
Minneapolis.....	3,791.66	828.96	2,719.73	3,308.79	10,649.14	4.85	2.06	2.94	2.47	3.09
Kansas City.....	9,024.64	814.97	811.70	5,242.83	15,894.34	4.73	2.13	2.35	2.21	3.18
Dallas.....	16,019.40	62.50	.....	2,908.94	18,990.84	4.34	3.03	.....	2.83	4.01
San Francisco.....	1,716.34	1,386.73	1,997.92	5,058.33	10,159.32	5.14	2.25	2.05	2.10	2.34
Total.....	79,383.70	46,272.19	46,772.24	49,024.76	221,452.89	4.15	2.07	2.39	2.33	2.70

NOTE.—With the view of insuring uniform treatment of the items reported by all banks, the average yearly rates were obtained through multiplying all the calculated average monthly rates by the fraction 366/29. It is thought that on the whole the results thus obtained provide a satisfactory basis for comparison between the individual banks.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Mar. 23, 1916.

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

¹ Rate for commodity paper maturing within 90 days.² Rate for bills of exchange in open market operations.³ Rate for trade acceptances bought in open market without member bank indorsement.⁴ A rate of 2 to 4 per cent for bills with or without member bank indorsement has been authorized.⁵ Rate for commodity paper maturing within 30 days, 3½ per cent; over 30 to 60 days, 4 per cent; over 60 to 90 days, 4½ per cent; over 90 days, 5 per cent.

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