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

No complete sets of the Bulletin for 1915, 1916, or 1917 are available.

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No. 4

REVIEW OF THE MONTH.

The publication of the current issue of the **FEDERAL RESERVE BULLETIN** **Terms of the fifth Liberty loan.** has been deferred for some days in order to include in it the official statement of the Secretary of the Treasury, concerning the fifth, or Victory Liberty loan. The exact terms and conditions under which the new loan is to be offered were made public by the Secretary of the Treasury in a statement issued on April 13 in the following language:

"The Victory Liberty loan, which will be offered for popular subscription on April 21, will take the form of $4\frac{3}{4}$ per cent three-four year convertible gold notes of the United States, exempt from State and local taxes, except estate and inheritance taxes, and from normal Federal income taxes. The notes will be convertible, at the option of the holder, throughout their life into $3\frac{3}{4}$ per cent three-four year convertible gold notes of the United States, exempt from all Federal, State, and local taxes, except estate and inheritance taxes. In like manner the $3\frac{3}{4}$ per cent notes will be convertible into the $4\frac{3}{4}$ per cent notes.

"The amount of the issue will be \$4,500,000,000, which, with the deferred installments of income and profits taxes payable, in respect to last year's income and profits, during the period covered by the maturity dates of Treasury certificates of indebtedness now outstanding, will fully provide for the retirement of such certificates. The issue will be limited to \$4,500,000,000, except as it may be necessary to increase or decrease the amount to facilitate allotment. Oversubscriptions will be rejected and allotments made on a graduated scale similar in its general plan to that adopted in connection with the first Liberty loan. Allotment will be made in full on subscriptions up to and including \$10,000.

"The notes of both series will be dated and bear interest from May 20, 1919, and will

mature on May 20, 1923. Interest will be payable on December 15, 1919, and thereafter semiannually on June 15 and December 15, and at maturity. All or any of the notes may be redeemed before maturity at the option of the United States on June 15 or December 15, 1922, at par and accrued interest.

"In fixing the terms of the issue, the Treasury has been guided largely by the desire to devise a security which will not only prove attractive to the people of the country in the first instance, but the terms of which should insure a good market for the notes after the campaign is over and identical prices for the two series, and should not affect injuriously the market for the existing bonds of the Liberty loans.

"This will be the last Liberty loan. Although, as the remaining war bills are presented, further borrowing must be done, I anticipate that the requirements of the Government in excess of the amount of taxes and other income can, in view of the decreasing scale of expenditure, be readily financed by the issue of Treasury certificates from time to time as heretofore, which may be ultimately refunded by the issue of notes or bonds without the aid of another great popular campaign, such as has characterized the Liberty loans.

"I am sure that the people of America will subscribe to this Victory loan in the same spirit of patriotism which they have shown in the past to the end that the notes may be as widely distributed as possible, and that our banking institutions may be left free to supply the credit necessary for the purpose of industry and commerce and the full employment of labor. Let the world see that the patriots of America, out of their boundless resources, and with the same enthusiasm and devotion to country with which they prosecuted the war to a victorious conclusion, are determined to finish the job."

So clearly are the terms and conditions of the new issue set forth in the statement just quoted that comment would seem to be called for with respect only to one or two points in connection with the announcement. Of these the most important is probably the character of the new offering as an issue of "notes" rather than of "bonds."

The new notes, under the terms which have been fixed by the Secretary of the Treasury, are to run for not over four years. Practically, therefore, the difference between the old and the new issues is that while the Government must redeem or refund the notes after a given period it might or might not, at its option, refund the older issues. There is evidently no warrant whatever for the view that the notes are essentially a different kind of investment or are to be regarded in some special or peculiar way as contrasted with the bonds. They are like the latter Government obligations, while the period of their life is entirely sufficient to warrant the ordinary investor in putting his funds into them. Indeed, as is well known, before the war one of the most important conservative investments in the money market of the United States was offered by a series of short-term notes issued by railroads and public-service corporations. These had become a favorite investment with discriminating buyers, their maturity being from one to four years, the preferred life as a rule not exceeding two or three years. When the investor purchases a Government note with a maturity of five years he has the assurance that the obligation thus purchased will possess greater stability of value than could possibly be given by any bond whose maturity is long or which is subject to the possibility of redemption after a specified period, but which has no definite or positive claim for such redemption upon the maker or issuer of such bonds. Far from its being true, therefore, that the new "notes" are not well adapted to private subscription, they are eminently so adapted, while the conditions under which they are to be issued should bring them much closer to the requirements of

the individual buyer than has been true of any of the preceding Liberty loans.

The financial situation which has called forth the new offering of notes is so well known that only a very general description of the circumstances attendant upon the placing of this loan need be furnished. The Treasury has, from the beginning of December last to the end of the month of March, issued in certificates of indebtedness intended to anticipate the proceeds of this flotation approximately \$4,700,000,000, after deducting exchanges and redemptions. These obligations run five months from their date of issue. At the present time the expenditures of the Treasury are running at the rate of about \$1,300,000,000 per month, a figure decidedly less than the rate of expenditure in January and about the same as that which was established during February. The exact outlay for March has been \$1,379,811,785. Estimated expenditures up to the end of this fiscal year will bring the outlay for the fiscal year as a whole to about \$18,000,000,000 or \$19,000,000,000, of which sum there had been expended up to the end of March \$15,164,224,227. Congress has in the meantime adopted legislation designed to afford new sources of revenue from taxation, the first installment of which was turned into the Treasury on March 15. This legislation, however, will not suffice to meet the requirements of the Department, as the figures already furnished amply show. In the following table are furnished details concerning the issues of certificates of indebtedness which have been placed in the hands of the banks in anticipation of the fifth Liberty loan.

Series dated:

Dec. 5, 1918.....	\$613, 438, 000
Dec. 19, 1918.....	572, 494, 000
Jan. 2, 1919.....	751, 684, 500
Jan. 16, 1919.....	600, 101, 500
Jan. 30, 1919.....	687, 381, 500
Feb. 13, 1919.....	620, 578, 500
Feb. 27, 1919.....	532, 381, 500
Mar. 13, 1919.....	542, 197, 000
Total.....	4, 920, 256, 500

The policy of issuing short-term certificates of indebtedness was resorted to by the Treasury Department early in the war at a time when the needs of the Government were exceptionally urgent and unexpected in character. They have served their purpose well as a means of supplying the Treasury without delay with the funds of which it stood in need. In so doing, however, the certificate policy has necessarily placed upon the banks the necessity of bearing a continuing burden of war securities. This burden was, of course, at a minimum immediately after the conclusion of a Liberty loan, inasmuch as at that time at least a considerable part of the new bonds had been sold to the public and the certificates to that extent "funded." In so far, of course, as a Liberty loan did not result in inducing the public actually to take over and pay for the new bonds, the banks instead of carrying the short-term certificates of the Government now carried the paper at whatever date maturing, which had been made by their clients for the purpose of enabling themselves to subscribe for bonds. Inasmuch as the process of borrowing by the Government against certificates has almost invariably been begun within a very short time after the completion of a Liberty loan, there has been steadily in the hands of the banks a varying quantity of certificates which has increased as the date of flotation of each Liberty loan drew nearer, thereafter to be technically reduced by the public through the process of borrowing at the banks for the purpose of absorbing the bonds. The necessity of general public subscription as an indispensable element in the process of financing thus becomes apparent.

The Secretary of the Treasury, in a statement issued on March 12, expressed the opinion that it is urgently necessary that these notes should be given as wide a distribution as possible, saying:

"I take this opportunity to repeat what I have already stated, that it is the intention of the Treasury Department to carry on the same kind of intensive campaign for distribution as heretofore. It would be a most unfortunate

occurrence if the people of the United States failed to take these notes, thus placing the burden of subscriptions on the banks. The business of the country looks to the banking system for credit wherewith to carry on its operations, and if this credit is absorbed to a large extent by the purchase of Government securities, there will be many limitations placed upon the supply of credit for business purposes. Our merchants and manufacturers need ample credit for setting the wheels of industry in motion for peace-time production and distribution, and the wage earner is directly interested in seeing that these wheels are kept moving at a normal rate in order that full employment at good wages may continue, and where readjustment conditions have necessitated a slowing down of industry, it is vitally important that activity be resumed and labor reemployed at the earliest possible moment."

It should be understood that under the plan of financing which has been pursued by the Government since the entry of the United States into the war, the direct source from which public funds are drawn is the commercial banks of the country. Precisely this same situation exists in the case of the fifth loan, and precisely the same obligation rests upon the community to participate in the purchase and absorption of the bonds needed for the funding of the certificates. During the continuance of the war there was, of course, the impetus growing out of the belief that subscriptions made in this way were necessary for the purpose of aiding in the immediate maintenance of the armies in the field. The Government still

has strong military forces in Europe engaged in the important and necessary work of completing our operations there. The obligations which have been met since the opening of the year and are still to be liquidated are those which remain subsequent to the conclusion of the war, and which represent the obligations or indebtedness incurred for the conduct of the struggle. Essentially, however, the reason why the public should subscribe for and take up the securities offered in one of these great periodical loans is that of self-interest. If the obligations already taken by the banks are not liquidated, the community at large will suffer from a continued

inflation of banking credit and from the high prices that are consequent upon this condition of affairs. Only one remedy for the situation now existing can be applied—that, namely, of subscribing freely for the Government obligations when offered and of paying for them out of the proceeds of saving, either already accumulated or to be accumulated from time to time. Indeed, the urgency for adherence to this policy is greater now than it was during the war, inasmuch as at that time there was strict oversight and control on the part of the Government over production, distribution, and, in a measure, consumption, while at present that oversight has naturally and properly been greatly relaxed or, in many branches of business entirely abolished. The responsibility of saving and conserving resources thus remains with those who are the recipients of current incomes, either from investments or from salaries and wages, in perhaps a higher degree than was previously true.

Neglect on the part of the public fully to appreciate and fully to perform
The banking position. its duty in taking up and paying for the forthcoming Victory note issue would have a very prejudicial effect upon the banking position by aggravating the state of credit expansion which already exists. With a view to ascertaining the exact facts in the situation the Board directed a statistical inquiry into conditions, which resulted in a statement issued to the public on March 10, that refers to the condition of the banks of the country, both Federal Reserve and member, in this regard. These figures show that the banks are already carrying a large amount of so-called "war paper." At the end of 1918 the condition reports of 7,762 national and 930 State member banks and trust companies showed that loans and discounts (including overdrafts) were 13,562 millions, of which 3,634 millions, or 27 per cent, represent loans and discounts of trust company and State bank members. Among the total investments reported, United States Liberty bonds figure to the extent of about 1,589 millions, of which 375 millions are reported by the member nonnational

banks. Treasury certificates held at the close of the past year by all member banks totaled 1,303 millions, of which 321 millions represent the holdings of nonnational members.

Loans upon the security of Liberty bonds and Treasury certificates carried by member banks at the close of the year aggregated 1,402 millions, of which 345 millions, or about 25 per cent, are shown for member institutions other than national banks. Most of these loans are secured by Liberty bonds. For the national banks the Comptroller shows 1,020 millions loaned on Liberty bonds and 37 millions on Treasury certificates, which together constitute about 10.6 per cent of the total loans and discounts of the national banks reported for the end of 1918. For the other member banks this percentage works out at 9.5 per cent. The total of these loans (so-called war paper) is exclusive of approximately 360 millions, the amount of war paper held under rediscount on December 31, 1918, by the Federal Reserve Banks. It thus appears that at the end of 1918 the member banks held about 4,300 millions of their invested funds in the shape of United States war obligations and war paper, or more than 20 per cent of the 20,525 millions of their total loans and investments (other than fixed investments) reported at the close of the past year.

It must be remembered that this showing relates to the condition of affairs at the close of last year (1918). Since that time there have been sold and placed in the hands of the banks about \$3,734,424,500 of certificates of indebtedness in anticipation of the fifth loan. A considerable portion of these certificates has been used for rediscounting with the Federal Reserve Banks. About \$1,600,000,000 of the fourth loan certificates were retired during January of the present year, and about \$800,000,000 of tax certificates were taken up about March 15, so that the situation set forth in the Board's inquiry is changed correspondingly. The volume of war loan paper in the banks at the present time thus shows but little indication of self-liquidation, a factor which must be carefully considered in connec-

tion with the prospects of the great Government loan which is now in contemplation.

A new factor has been brought into the current financial and banking situation by the fact that on

Proceeds of income tax.

March 15 the first installment of the proceeds of income taxation was turned into the Treasury Department in accordance with the requirements of the War Revenue Act of February 26. By the terms of that law payments of income taxation are now permitted to be made in four equal quarterly installments, falling due on March 15, June 15, September 15, and December 15. The first installment is now reported as having amounted to approximately \$1,001,000,000. This is currently accepted as equivalent to about one-quarter of the total return to be expected, but is probably in excess of that figure. While probably the large majority of individuals and corporations will prefer to take advantage of the installment method of payment, there are not a few who are following the custom of former years of paying in lump sum. Such payments tend relatively to reduce the payments to be received at subsequent installment periods. There is no means of estimating with accuracy the total return on the basis of the installment of March 15, unless it be assumed that this installment is roughly equal to one-quarter of the total, in which case the gross income from the income, corporation and excess profits taxes will amount to not more than \$4,000,000,000. The moneys received on March 15 served to liquidate issues of certificates of indebtedness which were falling due on that date and consequently simply to transfer a specified amount of bank credit from one group in the community to another through the medium, first, of tax payments to the Government, and then liquidating payments made to meet its outstanding certificates. Inasmuch as practically \$800,000,000 of the March 15 receipts were thus absorbed in settling maturing claims, the first tax payment leaves the Treasury in about the same position as before, so far as current payments are concerned, and it must therefore dispose

of the same problem as heretofore in connection with its program of borrowing and expenditure.

A special phase of the problem of Government financing as currently presented is that of supplying the immediate necessities of

Railroad financing.

the Railroad Administration. Owing to the fact that Congress did not finally act upon the appropriation of \$750,000,000, which had been proposed for the use of the railroads, and which had passed the House and had been favorably reported by the committee of the Senate in charge of it, it has become necessary to devise some alternative method of meeting the necessities of the railroads. Director General Hines, of the Railroad Administration, addressing the conference of the governors of the Federal Reserve Banks with the Federal Reserve Board held at Washington, March 20-22, gave a complete review of the situation produced by the failure of Congress to enact legislation providing the new funds required for coming months. He stated that between now and July 31 next there would be required by railroad companies to pay interest and dividends approximately 266 millions; to pay for equipment, 258 millions; to pay for securities now maturing, 119 millions. While it is not necessary to have all of these funds at once, there were required on April 1, 63 millions for interest and dividends and 74 millions to pay for equipment already delivered and to be delivered by April 1, an approximate total of 137 millions. The Director General stated that for funds due to the railroad companies for interest and dividend charges on April 1 he had considered the issue of certificates of indebtedness signed by the Director General, these certificates to bear interest and be available as collateral upon which railroads might borrow such funds as they require, the War Finance Corporation to furnish funds where railroads are unable to borrow elsewhere. Attempts had been made to deal with the situation only up to April 1, with the idea that as result of experience gained the Railroad Administration would be in better

position to adopt sound policy for subsequent requirements.

While suggestions have from time to time appeared that the needs of the Railroad Administration might properly be met by means of acceptances drawn by equipment manufacturers and others upon the Railroad Administration, the conclusion arrived at, after conferences between the Director General of Railroads, the Secretary of the Treasury, and the Federal Reserve Board, was that this would not be the best method of procedure and that the needs of the railroads should be handled through the agency of the War Finance Corporation. The problem of financing the railroads has thus become a War Finance Corporation matter, the method proposed for handling the situation being that of the issuance of certificates of indebtedness, to be given to the equipment companies and others by the Director General of Railroads, these to be used as collateral or protection of such advances as may be made by the War Finance Corporation or others. The Director General of Railroads has issued a statement on this topic in which he says:

"The plan announced by the Director General is that the Railroad Administration will issue its certificates of indebtedness to the railroad corporations for amounts due on account of rental and other transactions arising out of Federal control. It is estimated that the amount of the April 1 requirements will be approximately \$70,000,000.

"The War Finance Corporation announces that it is prepared to receive applications from the railroads for advances for their April 1 requirements on the security of certificates of indebtedness issued by the Director General.

"Consideration is still being given by the Director General as to the method to be adopted for meeting obligations due from the Railroad Administration to equipment companies. An announcement on this subject will be made in the near future."

The War Finance Corporation on April 2 offered for subscription through its fiscal agents, the Federal Reserve Banks, \$200,000,000 one-year 5 per cent bonds. While no official statement was made with reference to the use

to be made of the funds thus obtained, it was generally understood that they might be utilized for any of the purposes for which the corporation was organized. Besides the financial requirements of the railways, which have been noted above, and local public utilities, which have latterly been the subject of much discussion, the extension of credit in aid of the export trade by the War Finance Corporation seems a likely development in the expansion of its activities. The promotion of the export trade by means of long-term credits has been much discussed since the adoption by Congress of the Victory Liberty Loan Act of March 3, in which provision was made for the extension of credits "for periods not exceeding five years" in amount not to exceed "the sum of one billion dollars" either to any person or corporation engaged in exporting the domestic products of the United States or to any bank or trust company which extends assistance to such an exporter.

It is to be noted that the Federal Reserve Banks are authorized by a provision of the War Finance Corporation Act, and subject to the maturity limitations of the Federal Reserve Act and regulations of the Federal Reserve Board, to discount obligations of member banks secured by bonds of the War Finance Corporation and to rediscount eligible paper secured by the bonds and indorsed by a member bank. No such discount or rediscount, however, may be at an interest charge less than 1 per cent per annum above the prevailing rate for eligible commercial paper of corresponding maturity.

During the month of March there has been further effort on the part of **Private financing.** business to adjust itself to the new requirements of peace through the reintroduction of methods of private financing. The gradual withdrawal of the Government from the market as the leading buyer has helped this movement. Methods of financing which were developing during the latter part of the war in connection with the heavy purchases of the Government are giving way to ordinary banking methods of financing. Renewed purchases of commercial paper by

Finance Corporation issue.

banks are reported, while not a few institutions are stated to be considering the best methods to be followed in the use of their fluid funds when short-term Treasury certificates of indebtedness shall be withdrawn from the market. The volume of funds available for private industrial enterprises has seemed to be reasonably satisfactory, although rates have been kept at a tolerably high level as a result of the conservatism of bankers who desire to avoid the development of any cramped position which might result from the demands of the Government during the progress of the fifth loan. While the Government is still supporting the export trade in no inconsiderable degree, it is noteworthy that a substantial percentage of the new financing now in progress is intended for the purpose of facilitating the movement of goods to foreign countries. These credits are taking the form in many instances of acceptances, while in others they are simply ordinary advances designed to sustain business which is being developed for export account.

It was announced on March 15 that the syndicate of bankers which had had **Completion of Belgian industrial credit.** in charge the placing of the so-called Belgian industrial credit had succeeded in completing their transactions and in closing the allotments. This credit is of especial interest because it represents the first actual industrial borrowing in the United States obtained through the regular mechanism of the ordinary discount market for the purpose of European reconstruction since the conclusion of the war. The industrial credit in question was distributed by a group of banks which had joined hands for the purpose of making acceptances in favor of a consortium or group of Belgian banks which, through the National Bank of Belgium, had applied for accommodation to the extent mentioned. This accommodation when released will be used for the purpose of the rehabilitation of Belgian industrial districts, and it is the understanding that such indemnity proceeds as may be obtained from Germany will, if available, be used for the purpose of liquidating the obligation under this credit. In any event, the resources of the

Belgian banks are directly pledged to protect the loan. The credit, as already stated, has taken the form of acceptances distributed among a considerable number of banks and to be discounted by members of the group after acceptance has been furnished. The drafts are to run 90 days, with arrangements for three renewals, so that in effect the operation has a maturity of a year. These provisions are practically in line with those which had already been established in other connections to govern the so-called "renewal acceptances" of past years. The Board, therefore, has not, as stated in some quarters, developed any new policy in connection with the discounting of drafts of this character, but its attitude in the matter remains unchanged and is governed by the general instructions on the subject sent out in the beginning of the year 1918 and since then somewhat expanded for the purpose of meeting special conditions as they presented themselves from time to time. It has been suggested that similar acceptance credits be placed on behalf of other countries which are in need of funds for similar purposes. The Board's position, as already developed, has been that operations of this kind under the general description of "acceptances" should be subjected to reasonable limitation and should not be extended to an extent which would result in placing in bank portfolios too large an amount of nonliquid paper having a fairly distant maturity. While the Board recognizes that in the present unusual circumstances of the financial world some relaxation of usual safeguards may be unavoidable, nevertheless it believes that every reasonable precaution should be taken to prevent the undue accumulation of paper subject to renewal.

The development of the past month in regard **Federal Reserve and member** to the condition of Federal Reserve Banks has been an increase of holdings of war paper and a decline in ordinary paper and acceptances, the total being \$491,900,000 on February 20, and on March 21 \$451,700,000, or a decline of \$40,100,000. These holdings rose at the Federal Reserve Banks from 1,596 millions on February 20 to 1,691 millions on March 21,

while at reporting member banks certificate holdings rose by about 500 millions over the 1,743 millions held on February 21. Offsetting these increases there has been some slight liquidation in United States bonds and in loans secured by Government obligations at member banks. The general trend of loans and investments has been upward, both at Federal Reserve and member banks, but acceptance holdings have declined. The gold reserves of the Federal Reserve Banks have increased from 2,125 to 2,140 millions, while net deposits have increased from 1,730 to 1,768 millions. At the member banks there has been an increase in Government deposits following the certificate issues, while other demand deposits have also risen very materially, reaching a high-water mark on March 14 of 10,311 millions. There has also been a slight decline of reserve balances at the Federal Reserve Banks. These changes are incident to the general course of public financing anticipatory of the placing of the fifth Liberty loan, and apparently indicate no material changes in the condition of the commercial banks of the country. The restriction of business has resulted in an increasing decline in current commercial demands for accommodation, but funds have been in good supply, and at reasonable rates for all ordinary requirements.

The point at which the process of war financing still continues to touch the public most closely is in connection with current prices of commodities.

Price situation. There continues to be a noticeable recession in the general level of wholesale prices. This recession aggregated probably about 10 points up to the first of March from the high level or "peak" which had been reached during the war period prior to the armistice. During the month of March itself but little further recession has been noted. The aggregate recession is in any case relatively small and current reports seem to show that the downward movement of prices has either been arrested or is at least losing speed. In fact, complete restoration of prices to their eventual normal basis, whatever that may be, can not be expected to occur so long as the war loan

securities of all kinds continue to rest in any very considerable figure in the hands of the banks. It is therefore strongly to the interest of the public that as rapidly as possible such war loan paper should be eliminated from the banks. In the annual reports of Federal Reserve agents, published as section 2 of the Board's fifth annual report, will be found discussions of the length of time required for the elimination of this war paper from bank portfolios. From this it will be noted that in the majority of cases there is an expectation that the banks may relieve themselves of the bulk of their war loan advances within a period of eight or nine months after the conclusion of the fifth Liberty loan campaign. Whether these predictions are oversanguine or not only the future can show. It is certainly in the general interest that the process of eliminating war paper proceed as rapidly as is thus expected. In proportion as such elimination occurs the ground will be prepared for future progress toward the restoration of prices to their eventual basis and therewith the "readjustment" of business to peace conditions, which is being so anxiously watched by the industrial community.

During the past few weeks two changes in bank statements which are well worthy of notice have occurred.

Rediscounts and bills payable.

The one is the addition to the weekly statement of the New York Clearing House banks of the item "Bills payable, acceptances, and other liabilities," an item which covers rediscounts at Federal Reserve Banks and is probably largely composed of such rediscounts. The other change has been introduced by the Board itself and consists of the addition to the weekly Federal Reserve Board statement of an item showing rediscounts between Federal Reserve Banks. The new "bills payable" item in the New York Clearing House statement now amounts to close to \$900,000,000, while the interbank rediscounts shown on the Federal Reserve Board's weekly statement are about \$70,000,000. It is expected that as time goes on the reporting of this item of bills payable will be adopted as a practice by other

clearing houses and that each member will probably be called upon to make a separate statement thereof. Already some well-managed member banks are showing in their statements the extent to which they are in debt to Federal Reserve Banks. It has been the opinion of the Board that the borrowings of member banks at Federal Reserve Banks might very easily be carried to excess, the loans being placed there primarily for the purpose of profit and not for any more general public or fundamental object. In a general letter to banks, issued on November 19, and referred to in the *FEDERAL RESERVE BULLETIN* for December, the Board took occasion to caution member banks which it thought were in some danger of overdoing their rediscounting, that the purpose of such rediscount operations was not primarily that of assisting the member institutions which placed the rediscount to obtain the funds for further profitable operations, but was rather to be determined upon the basis of general banking advantage or upon that of relief for banks which found themselves hard pressed or were suffering from reductions in reserve account. This point of view should be again emphasized, particularly at a time when the taxation and borrowing requirements of the Public Treasury are likely to call for the utmost conservation of resources and the use of the greatest judgment and care in the making of new obligations. It is therefore encouraging that the more progressive banks of the country are already scrutinizing carefully one another's rediscount operations and that they are inclined to attribute considerable importance to the matter of getting "clean" or free of outstanding claims upon them, which might prove troublesome and which in any case represent drafts upon the general fund of fluid resources of the community.

During the month of March important developments occurred which produce far-reaching modifications of the foreign exchange situation. On March 18 it was announced on behalf of the British Government that instructions had been received "to suspend purchases of sterling exchange for Government account."

Suspension of exchange control.

The action was described at the time as "simply another step of the kind all Governments have been taking designed to permit business to resume its normal course." The Federal Reserve Board, on March 19, issued the following statement: "All restrictions as to the sale or purchase of lira exchange by dealers as described in the Executive order of the President of January 26, 1918, are hereby removed until otherwise instructed." These announcements were equivalent to the withdrawal of Government support for the stabilized or artificial rates of exchange which had heretofore prevailed in the New York market for sterling and lire. The effect of these measures was a marked decline in both branches of the foreign exchange market. Up to about the close of March the following quotations were registered:

	Range.	
Sterling checks.....	4.75 $\frac{1}{2}$	@ 4.58
Cables.....	4.76 $\frac{1}{8}$	@ 4.59
Paris checks.....	5.71	@ 6.03
Cables.....	5.69	@ 6.02
Antwerp checks.....	5.98	@ 6.22
Cables.....	5.96	@ 6.20
Lire checks.....	6.36	@ 7.70
Cables.....	6.35	@ 7.65
Pesetas checks.....	20.50	@ 20.15
Cables.....	20.62 $\frac{1}{2}$	@ 29.25

These changes in the situation of exchange mark the beginning of a new period. **A new financial period.**

The withdrawal of Government support in important branches of exchange is equivalent to a statement that henceforth the movement of commodities for private account between the United States and other countries must be financed on some basis other than that of Government guaranty. In normal times the decline of exchange occurs in countries adversely affected by an unfavorable balance of trade. The effect of such an adverse balance is to depress the rate of exchange and thus to raise the price of imported commodities in the country which is suffering from a fall of exchange and a tendency is thus automatically set up to restrict further excessive buying by importers. Great Britain has already found it necessary to adopt strong measures to prevent

further importations of commodities and the withdrawal of support for sterling will tend to make these restrictions still further effective. The same situation will probably exist in an even more marked degree with respect to importations from the United States into Italy. All these conditions must necessarily exert an important effect upon our export trade. Indeed, the extent to which we can now export to foreign countries which have lately been belligerent will depend upon their ability to finance their own needs, or to obtain adequate assistance in such financing from American banks and bankers. Undoubtedly such assistance will be forthcoming in considerable measure, but it can hardly be expected that so tremendous a flow of goods out of the United States will be maintained as has been true for a long time past, giving us during the years 1916-1918 a favorable merchandise balance of about \$9,000,000,000. So far as it is thus maintained, the result will be accomplished only through action on the part of Americans looking to the purpose of financing foreign buyers in their purchases. This, in other words, means that the United States, in order to continue as a great exporter, must also continue as a great investor in foreign countries, and that to the extent she is able to do so her selling power will be correspondingly developed and sustained. It must soon become a question, therefore, through what agency and methods the American investor can best be reached in entering the field of foreign investment.

A special situation had developed early in March in connection with French exchange. The most striking feature of these occurrences was a marked decline in the international value of the franc—French francs being quoted on March 18 at 5.80 per dollar, since when the quotation has fallen below 6 francs. The decline of the French franc has been variously attributed to developments in connection with French Government financing, to a deliberate relaxation of the control or “pegging” of French exchange by the Government of France, and to other factors. The truth of

the situation is that our payments to France, both through Government loans and through disbursements for the Army on the spot, have greatly fallen off. New credits opened by the United States Treasury to the French Government since the armistice and up to the end of March amount to only \$285,000,000, while the withdrawal of fully half of our troops and their transfer back to the United States has correspondingly decreased the amount expended for soldiers' pay and expenses. France has not and will not for some time to come be in a position to export effectively, and the destruction of much of her northern industrial region, and the disorganization of other producing sections, as well as the delay caused by the necessity of converting her war plants to peace uses, will necessarily retard still further the development of her power to ship salable goods. France must therefore contemplate for a considerable time to come a situation in which she must either purchase less abroad or must expect in the absence of artificial control an unfavorable state of the exchanges. The removal of the restrictions by France upon the movement of gold would involve the shipment out of the country of a considerable volume of the metal for the purpose of equalizing exchanges, and this makes it less probable that there will be such a restoration of the free movement of gold in the immediate future.

From the standpoint of the United States, the continuance of large exports of grain and foodstuffs which have kept the record of January, February, and the early part of March fully up to that of any corresponding period in the past, means that foreign countries will be under the continued necessity of finding satisfactory means of settling with the United States for goods which they are not in position to offset by means of corresponding exports to the United States. This suggests that the exchange problem may become more pressing. Both it and the question of gold embargoes will need to be considered at an early date. Meantime, it is worth while to note that the Treasury still has limited powers of extending financial accommodation to foreign countries.

During the month ending March 10 the net inward movement of gold was **Gold imports and exports** \$3,879,000, as compared with a net outward movement of \$2,125,000 for the month ending February 10.

The gain in the country's stock of gold since August 1, 1914, was \$1,073,330,000, as may be seen from the following exhibit:

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

	Imports.	Exports.	Excess imports over exports.
Aug. 1 to Dec. 31, 1914.....	23,253	104,972	¹ 81,719
Jan. 1 to Dec. 31, 1915.....	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916.....	685,745	155,793	529,952
Jan. 1 to Dec. 31, 1917.....	553,713	372,171	181,542
Jan. 1 to Dec. 31, 1918.....	61,950	40,848	21,102
Jan. 1 to Mar. 10, 1919.....	9,137	7,213	1,924
Total.....	1,735,753	712,423	1,073,330

¹ Excess of exports over imports.

Of the gold imports for the month, amounting to \$6,501,000, receipts of \$5,000,000 came from Hongkong, the remainder coming largely from Canada and Mexico. Gold exports amounting to \$2,622,000 were consigned chiefly to Venezuela, Mexico, and Colombia.

On March 20-22 occurred a three-day conference in Washington between **Conferences at Washington.** the Federal Reserve Board, the governors of the Federal Reserve Banks, and the executive committee of the Federal Advisory Council. The meeting was fully attended and the time was given chiefly to a discussion of current problems

connected with the financing and development of the Federal Reserve System. Special attention was given to the question of discount and interest rates and to railroad financing. The current announcement of withdrawal of Government control of exchange rates led to a thorough interchange of views regarding the international situation produced by this change of policy, and to a discussion of the question of gold embargoes. Various internal problems relating to the operations of the Federal Reserve Banks were also considered. There was also an exchange of views relating to the forthcoming Victory loan and related questions, but it did not appear that there would grow out of the meeting any recommendations looking to an immediate change of discount policy.

Among other matters discussed was that of permanent quarters for Federal Reserve Banks. Several of the banks have acquired properties upon which they will either construct new buildings or remodel existing structures, but no definite action was taken in this respect, and the Board will not undertake to approve plans in this connection until the needs of the several banks have been more carefully studied and analyzed. To assist it in this work provision has been made for the employment of a consulting architect, whose function it shall be to consult with the several banks as to their needs regarding the matter of permanent quarters and to arrange with them the details of their building plans.

BUSINESS AND FINANCIAL CONDITIONS DURING MARCH, 1919.

Improvement in general business conditions and the continuance of an undertone of confidence in the essential strength and soundness of the country's economic position are indicated by the reports of Federal Reserve agents as representative of the business situation toward the close of March. The actual situation itself has not changed very fundamentally, but there are symptoms pointing to improvement in future prospects and to a more complete readjustment of business to normal conditions.

According to the report from the First District, "satisfactory progress is being made * * * in adjusting business to prevailing conditions," retail trade being generally good, savings deposits increasing, and stagnant businesses beginning to recover. In the Second District there is "a general belief that fundamental conditions are sound," although there is still a waiting attitude and uncertainty as to prices. In the Third District declines in prices during the past few weeks have "improved the business situation and indicate that progress is being made in the process of readjustment." In the Fourth District "industry may be said to be 'looking up,' that is, it is glancing upward toward greater activity, rather than downward, as formerly, to a further period of stagnation, depression, and decline. The optimism which has been constantly in evidence, during the whole period of transition, is being slowly but surely substantiated by facts." The Fifth District states that "while reports still show cross-currents from dullness and uncertainty, there are very few that do not indicate some improvement, present or prospective, and the spirit generally is confident of overcoming difficulties." In District No. 6 "no great progress has been made during the past few weeks toward a return to normal conditions," but the general status of business is fairly satisfactory and it is felt that "as soon as cotton begins to move at a satisfactory price, trade in all lines will revive." In District No. 7, business men, "while proceeding along con-

servative lines, reflect less apprehension regarding the immediate future than a month ago." It is also stated that "there is every reason to expect increased activity all through the Middle West." In District No. 8 "business is rapidly resuming a normal basis in many lines." District No. 9 reports that "trade in all the principal wholesale lines is satisfactory, and retail trade is likewise good. Collections are good." In District No. 10 "reports from all sections * * * point to a year of activity and prosperity, while business is far less inclined than heretofore to wait for the development of new conditions." In District No. 11 no changes of importance have occurred in the general trade situation during the past 30 days, but "further progress is evident in the readjustment period, and less is heard of the uncertainties following the turn of the new year." In District No. 12 "manufacturing and industry have been, on the whole, fair," while prospects are good, exports the largest ever reported, and the principal source of anxiety is due to the labor situation.

From all Federal Reserve districts it is reported that the price situation is still the controlling factor in business conditions and outlook. Several developments of importance are evident in this connection. There has been a continuous though moderate decline of prices. Practically all of the standard index numbers show a falling off. Bradstreet's number for March 1 was \$17.2244, a decrease of $2\frac{2}{10}$ per cent from February 1; Dun's index number was \$217.037 on March 1, as compared with \$220.050 on February 1, a decline of $1\frac{4}{10}$ per cent. Sauerbeck's British index number indicates a parallel falling off of about 2 per cent. The general index number of the Bureau of Labor Statistics for the month ending February 28 has decreased 5 points, from 202 to 197. The Board's compilation of index numbers showing the situation up to March 1, indicates that during February the prices of consumers' goods decreased 10 points, the number for the month of Feb-

ruary standing at 202. Smaller decreases were shown on producers' goods, from 194 to 191, and for raw materials, from 195 to 192, the decline in the latter being due largely to the decline in the index number for farm products, from 232 to 222. Reports since received indicate that the decline in prices has been moderately continued in some lines.

Almost equally important with the decline in prices is the fact that the public at large has apparently given up expectations of immediate and decisive declines. From some districts it is reported that, in the opinion of the local business community, "Whatever change in prices is yet to come will come slowly," and that in consequence the business community has decided that further postponement of activity, in the belief that drastic declines will occur, is not warranted. During the latter part of March there were further downward revisions of prices in important lines. The steel industry sent a representative committee to Washington which, in consultation with a board representing the Government, agreed upon standard quotations for the principal steel products, representing a reduction of about \$5 per ton. Some further revision in copper and other metal prices has likewise occurred. The problem of working off the Government's surplus copper stocks is still unsettled or only partially settled. The War Department announced that under a tentative agreement reached with 90 per cent of the copper producers, the latter will sell the Government surplus at the market price, charging the Government actual cost for so doing. Producers will distribute it in connection with their own product, a minimum monthly amount being fixed and the actual amount disposed of being a certain percentage of their total sales, if it exceeds the minimum amount. The copper is to be distributed in 15 months. Prices for lead are expected not to be advanced from their current low figure until existing overstock has been largely disposed of. Lead ores averaged \$51.95 in February, as compared with \$60

in January, while a year ago average prices ranged around \$85.

Cotton prices have continued to decline somewhat during the early part of the month, but the prospects of a resumption of free export trade have materially strengthened them. According to the prevailing opinion in most districts, rapid and general decline of the prices of local products are not to be expected. Very great diversity of conditions exists in the manufacturing field. From Philadelphia it is reported that in a number of lines conditions are still unsettled at mills. This is distinctly true of cotton manufacturing and of iron and steel. The iron and steel output is still relatively small and probably does not exceed more than 60 to 66 per cent of capacity in the case of the independent mills, although the United States Steel Corporation reports about 95 per cent of full operation for February, as compared with 97 per cent for January. During March conditions have improved somewhat, as shown by reports received by the Board from some of the principal producing districts. Pig iron production during February amounted to 2,940,168 tons, as compared with 3,302,260 tons during January, and 2,319,399 tons a year ago, the respective index numbers being 136, 143, and 107. Steel ingot production likewise shows a decline from 3,082,427 tons in January to 2,688,011 tons in February, as compared, however, with 2,273,741 tons a year ago, the respective index numbers being 129, 120, and 102. The unfilled orders of the United States Steel Corporation have continued their decline, the figure at the close of February being 6,010,787 tons, as compared with 6,684,268 tons at the close of January, the respective index numbers being 114 and 127, while the figure at the close of February, 1918, was 9,288,453 tons, corresponding to an index number of 176.

In general manufacturing the situation is reported as "somewhat mixed." Manufacturers of boots and shoes report from various districts that their business is almost normal and in some cases up to capacity. In groceries

retailers are buying slowly, while large stocks on hand have caused sharp declines in price. In some parts of the country, however, wholesalers find business improving. In the Middle West activity in many lines is all that could be asked, while elsewhere production is still far from normal. Woolen mill production has reached its lowest point and is beginning to improve. The American Woolen Co., in consequence of the cut in prices inaugurated some time ago, has, it is believed, succeeded in booking a considerable volume of orders and has adopted a policy of aggressive bidding for new business. In miscellaneous lines there is a very variable situation. The demand for jewelry, automobiles, and other luxuries appears to be brisk in many districts. Purchases of gold at the assay office in New York for the purpose of manufacturing jewelry were greater in January and February than during any preceding month since October, 1916. In the case of materials and in some cases clothing, which has been affected by the unusual weather conditions, demand is unsatisfactory and manufacturing low. Production of anthracite coal has reached a low level, due to the falling off of demand consequent upon extraordinarily mild weather in most parts of the country, and the production of bituminous coal and of coke has likewise decreased, although recent reports show a tendency to an upward movement.

In connection with the manufacturing situation there is to be noted a distinct improvement in the labor and employment outlook. From District No. 1 it is reported that except in certain centers where strikes have been in progress conditions are not alarming, while many of those who have been released from war work are finding it comparatively easy to shift into other occupations. In Chicago the employment situation is noticeably improving. Returning soldiers are being generally reemployed, although there is difficulty in placing those who desire higher wages and better appointment than they had before entering the Army. In the agricultural districts a large demand for labor is now opening, due to the prospects of excellent crops. On the Pacific coast

the problem of unemployment is still serious, but in various parts of the district the surplus of unemployed is beginning to decline and in some sections it is believed that by May 1 the entire labor surplus will have been absorbed. In New York City, although the supply is only about equal to demand, considerable labor trouble still exists, with a number of strikes in progress.

Reports from the producing districts continue to be very satisfactory. In the West and Middle West it is stated that the condition of winter wheat is excellent and in some quarters the best that has ever been recorded for the month of March. In the Tenth District it is reported that crop prospects "are brighter at this time than at the winter break-up of any of the last 10 years." From the Chicago district it is reported that crop conditions are excellent and that an unprecedentedly small amount of complaint of crop damage is heard from planting districts. In the South there has been a reduction of cotton acreage, but prospects for production are good, while the other crops of the South and Southwest are selling at high prices and have produced at least a fair yield.

Grain movements have considerably declined during the past month. This has been noticeable for each of the five principal grains. Stocks on hand at the close of the month also show a relatively slight decline in each case. Flour production likewise shows a decrease to 7,736,000 barrels during February, as compared with 12,994,000 barrels in the previous month. While the stocks of flour have increased from 3,341,000 at the close of January to 3,544,000 at the close of February, conditions as a whole are dull, and there is a disposition to await further developments.

In the live-stock market the situation is reported as bright. The average price of cattle has advanced very considerably over a year ago, while sheep and lambs for February averaged about the same. The price of meats has advanced; while there has been a slight decrease in the stocks of meats, there has been a 50 per cent increase in the stock of lard.

The trend of prices for live hogs for Chicago during February and early March has been higher than a year ago. Receipts of cattle and calves at 15 principal markets have decreased considerably from last month, respective figures being 1,656,046 and 1,096,118 head, corresponding to index numbers of 164 and 116. The February figure, however, is almost as large as that for a year ago. A decrease has likewise occurred in the receipts of hogs, the figures for the two months being 4,603,335 and 3,451,894, corresponding to index numbers of 209 and 168. The receipts during February, 1919, are approximately the same as receipts for a year ago, while receipts of sheep have decreased considerably from the January figures. They are, however, somewhat larger than the February, 1918, figures. The figure for February, 1919, is 744,891 head, as compared with 1,079,377 during January, the index number having decreased from 79 to 61, while the figure for February, 1918, is 733,895 head, corresponding to an index number of 58.

Receipts, meltings, and stocks of sugar at the close of February show a considerable increase, both over the figures for the previous month, and over the same month in 1918, the increase in receipts, and especially in stocks, having been considerably greater, however, than the increase in meltings.

Interest and discount rates have not varied materially in any of the markets during the month of March. The Board's reports show minor variations at different points. In the New York market occasional increases in both call and time funds have been followed by fully offsetting declines. No definite trend is to be noticed in any of the principal financial markets of the month. The Board's figures, showing debits to deposit accounts, both of individuals and banks, register a moderate decline during the first half of March, the high point (based on daily averages) having been reached during the last week in February. Rates at Federal Reserve Banks have been stable. Banking conditions as a whole have been satisfactory, with some operations of

considerable size successfully completed. Prominent among these was the Belgian industrial credit for \$50,000,000, while other operations have been undertaken and are in progress. There has again been an increase in Federal reserve note circulation, the total advance for the period between February 28 and March 28 amounting to \$49,469,000.

SPECIAL REPORTS.

REPORTED BY DISTRICT NO. 1.

Unlike woolen mills, whose raw material was all held by the Government, cotton mills had anticipated their needs for several months ahead on the basis of full production before the armistice was signed. Curtailment of production through reduction in working hours per week or through shut-downs has made these stocks of cotton last almost twice as long as had been anticipated. As a consequence, there is no demand for raw cotton on the part of the New England mills.

Probably mill production has increased slightly over a month ago. In one case it has been reported that several mills which were closed for a number of weeks are now running three days each week. Some mills, to keep their organization intact, have solicited orders for future delivery without fixing the actual sales prices. Should the market take a sudden drop, the purchaser of these goods would be protected and the mill would have to stand a loss. However, the mill agents have such confidence in future values that they are willing to undertake this kind of business. Curtailment has made possible the making of much needed repairs and rearrangement of machinery on a more efficient basis, which could not be done with the mills running to their full capacity.

The leather market shows considerably more activity, with prices somewhat firmer. Shipments are going forward to an increased number of foreign countries from which import restrictions have been lifted, although in most cases it is still necessary to obtain import permits.

With continued buying on the part of foreign countries and only limited shipments of hides coming from South America through the port of Montevideo, there is no prospect of any reduction in the price of leather. Prices for shoes for fall deliveries are therefore being fixed with the expectation that there will be no further advance in the cost of production.

Slight reductions in the cost of findings are looked for and will offset any advances in the leather market which might possibly occur.

Domestic sales of shoes, both in number of pairs and in value, greatly exceed those of last year. Dealers are using more care in placing orders and buy only those styles which manufacturers are likely to carry for their own retail stores. In this way their limited capital can be used to better advantage through frequent reorders. In general, factories are running well up to capacity, which, due to less efficiency on the part of labor, is not nearly as great as previously.

REPORTED BY DISTRICT NO. 2.

The commercial paper market continued rather quiet during the period under review, with a comparatively small amount of paper being offered. After the beginning of March there was some increase in the supply of paper and a greater activity in the market. While the rate remained unchanged at $5\frac{1}{2}$ per cent, with an occasional sale of prime paper of short maturity at $5\frac{1}{4}$ per cent, there was an undertone of increasing firmness. Toward the end of the period some small purchases of prime paper were reported at $5\frac{3}{4}$ per cent. The demand was reported as fairly strong, especially toward the end of the period, and well distributed over the country, being somewhat weaker at New York than in the country as a whole.

The acceptance market has been fairly active, with the supply of bills too small, however, to meet the demand, which has been comparatively strong. Toward the end of the period there was an increased demand for bills, and also commercial paper, of very short maturities. The rate remained unchanged at $4\frac{1}{4}$ per cent for 90-day bills, except for an advance of one-sixteenth per cent by a single house for one day only.

Call money has been relatively easy during the entire period, the renewal rate touching 6 per cent only twice and running at 5 per cent or lower most of the time. Time money of all maturities, for use in the Street, has been scarce and firm at $5\frac{3}{4}$ per cent, with demand light at that figure. It is reported that the brokers now have a comparatively satisfactory proportion of their borrowings on the time basis, and that, despite the increased volume of trade in stocks and the higher level of prices, they have not materially increased their total borrowings.

Rates charged by banks to customers on commercial loans are slightly firmer than a month ago.

Bank clearings at New York for February totaled \$1,185,528,393, and were 20 per cent below those of January but were 15.7 per cent above those of February, 1918. Weekly clearings for the period under review were as follows:

Week ending—	
Feb. 20.....	\$3,705,468,000
Feb. 27.....	3,437,309,000
Mar. 6.....	3,979,487,000
Mar. 13.....	3,551,032,000

The weekly clearing-house statement of March 15, on the other hand, shows an expansion of some \$113,000,000 in the item of loans, discounts, and investments as compared with the preceding Friday, and of about \$120,000,000 as compared with February 15. Net demand deposits increased \$110,000,000 over the preceding Friday and about \$181,000,000 over February 15. Out-of-town banks report that the deposits in their savings accounts show an increase both in numbers and in amounts. The demand for loans at these banks up to a period shortly before March 15 was not large, but was expected to increase as the final date for tax payments drew near. Loans, discounts, and investments of the Federal Reserve Bank decreased steadily after March 11, and on March 15 they were in round numbers \$814,000,000 as compared with \$882,000,000 on February 15.

There has been a decided upward trend in stock prices throughout the last month, with the volume of trading large, 1,000,000 share days occurring several times. Bonds in contrast to stocks have tended toward lower levels, while the volume of trading has been small. The *Annalist* record of the average prices of 50 representative stocks was 73.15 on February 15, as compared with 76.84 on March 15; and of 40 representative bonds, 78.07 on February 17, as compared with 76.55 on March 15.

Most of the exchanges moved in favor of New York during the four weeks ending March 15, and during the week following that date there was a decided fall in rates on France, England, and Italy. On March 17, when it was stated by the press that the French Government had suspended purchases of francs in New York and that further French credits would not be available in London, the demand rate fell from 5.55 to 5.705. On March 20, it was announced that the British Government

had suspended purchases of sterling exchange, and the demand rate on London fell from 4.7565 to 4.69. Concurrently the rate on Paris, which had recovered somewhat and was quoted at 5.65 on March 19, receded again to 5.71. On March 21, following the removal of restrictions on dealings in Italian exchange, the rate on Italy fell from 6.375 to 7.05. The daily movements of these rates from March 15 to March 21 are shown below:

	England.	France.	Italy.
Mar. 15	4.7570	5.550	6.365
Mar. 17	4.7570	5.705	6.365
Mar. 18	4.7570	5.740	6.375
Mar. 19	4.7565	5.650	6.375
Mar. 20	4.6900	5.710	6.375
Mar. 21	4.6900	5.710	7.050

REPORTED BY DISTRICT NO. 3.

Slow but steady improvement is shown in knit goods, buying having been stimulated to some extent by the fact that the closing down of many mills and the operating of many others on part time threatened a scarcity in some lines. Jobbers manifest more confidence as it becomes apparent that retail business now is approximately normal. Further reductions in prices are expected, but on account of the recent cost of material and labor, they are not expected to be drastic.

There is a good demand for novelties and specialties, notably in sweater coats. There has been moderate buying for next fall, but this has been retarded to some extent by the mild winter, making it appear that merchants feel they will have a possible carry-over of heavy weights. A stronger demand for hosiery and underwear has developed, some manufacturers selling in good volume, and there is increasing interest in the domestic market. As to the remainder of the year, the outlook is more promising than at any time since the signing of the armistice.

The course of prices at the recent auction sales of Government wool indicate that the values established are based upon an immediate and urgent demand from the mills to cover orders already booked. Within the past fortnight a big business has been placed with the mills.

A very large manufacturer of woollens reports that business is running ahead of last year, and that his customers all over the country seem to be busy and look forward to the future with confidence.

From inquiries made of commercial paper dealers as to the results shown by statements covering last year's business we learn that in a large number of cases the statements show reduced inventories, as the result of drastic liquidations, in order to avoid heavy losses in a falling market. For this reason, borrowings have been light and concerns are using their brokers and their banks much less than is usual at this time of year. Quite satisfactory profits were realized in the majority of instances, and very few cases of a decrease in net worth are recorded. Due to a careful pricing of inventory and heavy depreciation charges on merchandise, plants, and machinery, the profits shown are not as large as the actual results.

There has been no change in money market conditions in the district. Borrowings at the Federal Reserve Bank have been large, total loans and investment operations in February amounting to \$643,150,000, compared with \$683,722,000 the previous month. In February 322 member banks were accommodated through the discount of paper, compared with 351 in January.

REPORTED BY DISTRICT NO. 4.

Conditions in the steel market remain unsatisfactory but not discouraging. It is an open secret that the plans of Secretary Redfield for discussing a substantial cut in iron and steel prices have found a warm welcome at the hands of the industries involved. Iron and steel men give evidence of unanimity of opinion in believing that some reductions must be immediately made to stimulate demand, and that small cuts, constantly occurring, are demoralizing, while one substantial reduction will make for confidence and stability even though operations must be carried on temporarily at a small margin of profit. The Pittsburgh district reports continued inactivity in steel with a number of plants, previously shut down, which have not yet resumed operations. It is also reported that a considerable portion of the present small Pittsburgh production is going into stock and in replenishing warehouse supplies, against the day when there will be a genuine revival in consumptive demand.

Increased operations in the tin plate and sheet mills act as an offset to stagnant conditions prevailing in other lines. Prices on finished steel are maintained, and it is also interesting to note that the automobile industry is making a rather vigorous demand for sheet products, the sheet mills being operated at

about 80 per cent of capacity. There is also a small increase in demand for boiler tubes.

General sluggishness characterizes the wire and wire-nail trades, and where sales are reported they are made at greatly reduced prices. Makers of structural material see little of encouragement in prospect owing to the fact that new orders are not being received, inquiries likewise being scarce.

Pending financial relief to the railroads, which assistance the last Congress failed to provide, it is thought that no substantial improvement can be looked for in that branch of the steel industry which ordinarily supplies the needs of the Nation's carriers.

The tin-plate mills look forward to the immediate future with considerable optimism. This is said to be due to large oil developments and bumper crops which are expected.

The outstanding feature of the month is undoubtedly the sentiment, which has been steadily crystallizing for the past 30 days, that cuts to as near bedrock as possible are necessary before better things can really be expected. While the cut, which it is thought will be announced shortly, will undoubtedly not be final, it is confidently believed that the prices named will obtain for a sufficient period to create a lively as well as a healthy demand. The sentiment being unanimous that a cut is indispensable, manufacturers are hopeful that Secretary Redfield's plan will afford the most effective means of successful accomplishment.

REPORTED BY DISTRICT NO. 5.

Cotton mills report the market unsettled for their goods, and a drastic reduction in prices has greatly disturbed confidence. Jobbers and retailers have been very cautious in placing new orders. Further reduction in operating time is reported, with suggestions of possible closing. Mills, however, are hoping for a revival of confidence and believe this would come if labor, instead of making unreasonable demands, would display the same spirit of co-operation which is expected from industries in meeting changed conditions and bringing about the readjustments necessary to restore normal business conditions. If this were accomplished, the channels of trade would be opened up, and it is confidently believed that it would soon be found that more goods are needed than can be made and that there will be a very active demand for them for some time to come.

REPORTED BY DISTRICT NO. 6.

Cotton mills and pipe plants are not active. Their operations are injured by lack of orders

and by unsettled conditions prevailing over the district.

Although pig-iron furnaces were not fully in operation, the output of pig iron was greater in February, compared with January, by over 11,000 tons. This increase is largely due to the elimination of inexperienced labor, as many of those working in this line before the war have returned. An increased tonnage per man has resulted, which materially reduces the cost of production. The present demand for pig iron is light.

The steel plants are busy and have enough orders booked to keep them at full speed for many months. The shipbuilding plants in the South will need large quantities of steel, and the steel fabricating plants, when completed, will use a large steel tonnage. The unfilled steel tonnage of the United States Steel Corporation is reported at 6,010,787 tons, as against 6,684,268 on January 31, a reduction of 673,481 tons. Trade conditions, both in iron and steel, are not up to the standard, as far as demand is concerned, but hope is entertained that both commodities will soon be stabilized and a greater demand result. Labor conditions have improved to some extent in this industry, both as to quantity and efficiency.

It is felt all over the district that as soon as cotton begins to move at a satisfactory price trade in all lines will revive, collections improve, and bank deposits show material increases. While the expected downward trend of prices has not materialized, it is encouraging to note reductions in prices of a few standard articles of food during the month.

REPORTED BY DISTRICT NO. 7.

Crop conditions throughout the Seventh Federal Reserve District, and in fact all through the Middle West, are excellent. The only growing crop, of course, is winter wheat, and this has come through the winter with little, if any, damage, and while the plant seems backward, the prospects are for a rapid growth with the advent of warm weather. Absence of any considerable amount of snow during the winter caused some apprehension of "winter killing" of wheat, but the remarkably even temperature in the Middle West during the winter months apparently eliminated the disastrous effects upon the growing plants of alternate freezing and thawing. It is remarkable how little complaint of damage is heard in the correspondence with business men in the various channels of trade throughout the district.

With the arrival of spring, soil conditions are regarded as splendid. So great has been the

precipitation in the last few weeks that the roads have been practically impassable in most parts of the district. While this has kept the agricultural element at home and has been a factor in the curtailment of sales at the retail stores, which has been reflected to some extent in wholesale lines, yet the abundance of moisture in the ground generally is a prerequisite of a bountiful crop production. Plowing may be delayed somewhat owing to the wet soil, but the month of March usually is given over to spring work and repairs about the farm. Farmers are well supplied with funds, and the large demand for wire fencing and farm equipment indicates that at least a normal amount of this class of work is under way, notwithstanding the effect of the uncertainty as to the future prices of iron and steel on other lines of industry.

Development in the live-stock industry and the course of the market price of corn has done much to reassure the farmer and stimulate maximum production. This concern regarding future prices of farm products was reflected in the large receipt of hogs at the primary markets last month compared with a year ago. The average price of cattle for the month of February advanced very considerably compared with a year ago, while the sheep and lambs taken together averaged about the same. There was an advance in the price of meats, notwithstanding that the receipts of two classes of live stock showed a considerable increase in the first two months of 1919 compared with January and February, 1918.

While there has been a slight decrease reported in the stocks of meats, there has been a 50 per cent increase in the stock of lard as compared with a year ago, but the demand has been good, both for export and domestic trade. The trend of prices for live hogs at Chicago during the last month has been higher than a year ago. Attention is called to an unusual development in the case of cut meats. The stock declined at some of the central points during February, 1,713,312 pounds, as compared with an increase of 88,000,000 pounds during the corresponding period in 1918. The trade in by-products, such as fertilizer, greases, and oleo oil, has been slow, but there has been a tendency in the price of wool and also sheepskins to advance, while the hide and leather market is rather unsettled, waiting, and hesitating. Prices for leather goods are steady.

REPORTED BY DISTRICT NO. 8.

Manufacturers of boots and shoes report that their business is practically normal, one large

concern stating that the demand is fully up to its ability to supply. A large dry-goods company states that its factories are working full time and that its sales for the past four months are even with last year. Both cotton and woolen goods are said to have declined about 25 per cent. A large wholesale grocery concern states that its business is now about normal and that there is a good demand for its products. Reports indicate that certain branches of the iron and steel industry are still below normal, but that increased activity is anticipated. The demand for automobiles, trucks, garages, etc., is said to be helping this line materially. Manufacturers of farm implements report a good demand for all kinds of farm machinery. Considerable improvement is noted in the electrical line, one large concern stating that it expects a record business for the next three months. The drug line is active and there is a good demand for fixtures, soda fountains, etc.

REPORTED BY DISTRICT NO. 9.

There are indications of a 10 per cent increase in wheat acreage in the eastern half of North Dakota and in Minnesota, while in South Dakota and Wisconsin last year's wheat acreage will undoubtedly hold its own. In the eastern portions of the two Dakotas, and throughout Minnesota and Wisconsin, there will be a substantial increase in the barley acreage. The prospective acreage of other crops will be approximately the same, excepting that with an ample supply of good seed, there are strong indications of a heavier planting of corn.

In the western half of the district some winter wheat has been killed out, but the loss is not unusual or serious enough to prove to be a factor. In the same territory the indications for spring wheat planting are very good. Over practically the whole district present moisture conditions are excellent.

REPORTED BY DISTRICT NO. 10.

Removal this month of restrictions on exports of hog products to allied countries, taken in connection with the abandonment of the agreement between the Government and the packers to maintain minimum prices, has resulted in an advance of about 75 cents per hundred pounds on live hogs within the past week. But at the same time the hog market, stabilized for several months by the Food Administration's guarantee of prices and marketing regulations, is in an unsettled condition. In consequence of the enlarged field of trade

and a limited hog supply it is freely predicted that prices of hogs and pork may for some time remain higher than the stabilized prices that were maintained. Prices of both cattle and sheep have, to an extent, been influenced by the new conditions that have come to the hog market.

Packing hogs for the week ending March 15 were selling at \$18.85 to \$19.10 per hundred pounds, as compared with \$16.90 to \$17.60 in February, which is a shade higher than at this time last year while the war was on. Cattle prices have been maintained at \$2 to \$4.50 per hundred pounds above the prices of a year ago, top prices on steers reaching \$18.50 in February, as compared with \$13.75 in February of last year, other classes and grades of cattle being relatively high. Top prices of lambs, which in January dropped to \$16.95 per hundred pounds or 30 cents below the top of lambs in January, 1918, rose to \$18.60 in February, and on March 4 sales were made at a new record price of \$19.50 per hundred pounds, the latter being 50 cents higher than the peak war price of March, 1918.

The movement of meat animals to the markets is running ahead of this time last year, as the following figures of receipts at the six markets of the district show:

	February.		Two months.	
	1919	1918	1919	1918
Cattle.....	393,438	403,445	954,579	890,849
Calves.....	23,038	13,900	59,114	35,841
Hogs.....	1,029,542	964,575	2,446,144	1,938,716
Sheep.....	384,609	403,800	855,123	935,351

Indications of a decided slump in live-stock marketing, as compared with the heavy war-time rush of food animals to the markets, are disclosed in the receipts, which are running lighter in March than in March of last year.

Packers' operations in February were materially reduced from the heavy operations maintained for the previous five or six months. Purchases of animals for slaughter at the six markets in February were 218,000 cattle, 900,000 hogs, and 243,000 sheep, as compared with the record for February, 1918, of 241,000 cattle, 849,000 hogs, and 240,000 sheep.

REPORTED BY DISTRICT NO. 11.

The crop outlook is more encouraging, further progress is evident in the readjustment period, and less is heard of the uncertainties noticeable following the turn of the new year.

The excellent crop prospects fully justify the prediction of a satisfactory business during the spring and early summer months, and we see no reason why the situation should not continue intrinsically sound. There is no improvement in the cotton situation. Large lots are held at interior points, and at the risk of repetition it may be stated that until it is marketed the restoration of normal times can not be expected. The wheat and oat crop looks very fine in practically every part of the district. During the past two weeks heavy winds have prevailed in southwest and west Texas and reduced the moisture in the ground. There is much activity in farm work preparations, however, and the district will unquestionably produce one of the largest grain crops in its history. The campaign for a reduced cotton acreage is having a good effect, and we believe, with few exceptions, is being enthusiastically received. The reduced acreage will automatically increase the area planted in diversified crops, such as corn and other food-stuffs.

REPORTED BY DISTRICT NO. 12.

The strike of 40,000 shipyard workers in Seattle and Tacoma, which commenced on January 21, was ended March 11 by a referendum vote of the workers. The men are returning to work, but it will require approximately two weeks before the yards will be in a position to reemploy the same number as at the time the strike was called. It is expected that when this readjustment is accomplished the steel shipyards will be employing practically the same number of men as on November 11, but there will be a reduction of from 15 to 50 per cent in the number employed in the shipyards building wooden ships. Approximately 10,000 craftsmen, mostly machinists, in the San Francisco Bay district are now unemployed on account of their refusal to work on Saturday afternoons. Reports from the shipyards in Portland show that there are now 24,314 men employed as compared with 28,600 on November 11. In California reports from seven shipyards show 40,094 employed at present, as compared with 41,395 when the armistice was signed.

The problem of unemployment is still serious throughout the district. In California there are approximately 19,600 out of work, aside from the 10,000 shipyard strikers. In Oregon there is an estimated surplus of 8,985 made up of 2,185 skilled and the remainder unskilled laborers. The number is, however, decreasing rapidly on account of new public improve-

ments and increased work on farms and in lumber camps. In Washington the total number of unemployed is between 10,000 and 12,000, about one-third being in Seattle. The number has been decreasing rapidly during the past 10 days. It has been stated that by May 1 the entire surplus will be absorbed in Oregon and Washington. In Utah there are approximately 5,000 unemployed, mostly unskilled laborers, and in Nevada there are now 3,500 miners out of work. Reports from Arizona place the total in that State at 7,250, made up of 3,750 miners, 2,500 unskilled laborers, 1,000 miscellaneous. Figures from Idaho show 1,310 without employment, classified as follows: Agricultural workers, 350; unskilled laborers, 485; miners, 350; miscellaneous, 125.

Bank Credits in War.

(From the London Economist, Feb. 8, 1919.)

Now that the report of Lloyds Bank has appeared, it is possible to group together the figures of the Big Five banks, and see what has happened to them during the war period. We can thus, by taking the experience of these most important members of our banking machine, anticipate with some confidence what is likely to be shown when in our banking number, that will appear in May, the complete figures for the United Kingdom can be assembled and a full comparison can be made between the years 1918 and 1913. As usual, the comparison is complicated by the lack of uniformity in banking accounts, which affects the figures of some of the concerns that have been absorbed by the Big Five. One of the advantages of the amalgamation process has been its effect in the direction of greater fullness and candor in statements, as the London standard has been applied to provincial banks that lagged behind it and have been absorbed. We subjoin a statement of the chief liabilities and assets of the group as at December 31, 1918 and 1913.

	Current and deposit accounts.	Cash in hand and at bankers.	Investments.	Discounts, loans, and advances. ¹
Five London banks:				
1918.....	£ 1,305,095,000	£ 237,499,000	£ 258,933,000	£ 856,038,000
1913.....	657,930,000	106,300,000	94,254,000	507,875,000
Increase.....	647,165,000	131,199,000	164,254,000	348,163,000
Increase, per cent.....	97	125	173	68

¹Includes money at call and short notice.

²Includes all banks subsequently absorbed in the 5 London banks except Neville, Reid & Co. (acquired by Barclays in 1914), for which no figures are available.

The provincial banks absorbed by the London institutions did not (with the exception of the Metropolitan Bank of England and Wales) show cash in hand and at bankers separately from money at call and short notice; in the above table, therefore, under the year 1913 the amount of cash is overstated and of loans and advances understated by the sum lent at call and short notice by those banks. If the proportion of money at call and short notice to cash in hand and at bankers was the same for these banks as it was for the banks which distinguished between the two items, the sum involved is about £3,500,000. On this assumption the table would read as follows:

	Current and deposit accounts.	Cash in hand and at bankers.	Investments.	Discounts, loans, and advances. ¹
Five London banks:				
1918.....	£1,305,095,000	£237,499,000	£258,933,000	£856,038,000
1913.....	657,930,000	106,300,000	94,254,000	507,875,000
Increase.....	647,165,000	131,199,000	164,254,000	348,163,000
Increase, per cent.....	97	125	173	68

¹ Including money at call and short notice.

If the experience of these five great banks is repeated by the other banks of the United Kingdom we may expect to find that the total amount that the public had to its credit with its bankers, apart from the Bank of England, will have grown from 1,033 millions at the end of 1913 (as shown by our banking number of May, 1914) to something like 2,000 millions last December. It is amusing now to remember that in the early years of the war the rapid growth of bank deposits was hailed as an astonishing proof of the growth of the nation's wealth during a time when an ever-increasing portion of its energy was being devoted to destruction. This hallucination is now not nearly so common, though it is still cherished by some earnest believers. Actually the growth of bank deposits is largely a measure of the extent to which the facilities offered by an almost perfect banking system have been abused by our financial rulers during the war. Because they had not the pluck to tax as they ought to have taxed, or the wit to induce or compel us to meet the war cost by subscription of saved money to loans, they were obliged to meet the gap between receipts and expenditure by the creation of banking credits and paper money. Instead of taking or getting money from us, and so reducing our buying power as fast as theirs had to grow, they made new buying power, so reducing its

effectiveness, and that of ours, through the consequent rise in prices, which incidentally added enormously to the cost of the war, and to the suspicion and discontent among the workers, of which we are now beginning to reap the fruits. If every purchase by the Government had been balanced by a restriction of the spending power of the individual citizens, the whole finance of the war would have had a different aspect. The debt would have been much smaller, the adverse trade balance would have been less formidable, the opportunities for profiteering by employers and workers would have been greatly reduced, and there would have been less of the consequent demoralization which is now terminating a war for liberty and justice, with a sordid scramble for spoils.

If we look at the growth in the assets which has accompanied the growth in deposits, the process by which the latter has been produced is clearly evident. Discounts, loans, and advances have risen by about 350 millions, in a period during which the volume of commercial bills has been greatly reduced, and general business has been, to a much greater extent than before, on a cash basis. This paradox is explained by the inclusion of Treasury bills in the discount item in the balance sheets of certain banks, and by the advances made by the banks to customers, in order that they might take up war loans and war bonds. To the extent that the Government has sold securities during the war to bankers or "investors" who borrowed from their bankers in order to subscribe, the war was financed by additions to banking credits, since every loan and every investment made by a bank creates a new deposit for itself or for another bank. The big increase in the investments held by the banks, amounting to 164½ millions, may be largely attributed to the use of this form of inflation. Finally, the item of cash in hand and at the Bank of England, which shows so satisfactory an increase, has been swollen by the activity of the printing press, which has enriched the country with over 300 million Bradbury notes, and of the Bank of England's credit-making energy, which has added 165 millions to its holding of securities, as shown in its weekly returns.

By these processes there has been achieved the enormous increase above recorded in the claims to wealth which bank deposits ultimately mean. As the wealth of the country has in the meantime been reduced by the sale

of our best foreign securities, and by the lack of upkeep which is shown, for example, by the puddles in every street, the effect of this great multiplication of claims to wealth is naturally the depreciation of their value as reflected in higher prices of goods. It has been a silly business, for which the bankers were in no way responsible. They were bound in war time to support the financial measures taken by the Government, and the figures given are at once a measure of the efficiency of the bankers and of the ineptitude of the Governments. In excuse of the latter, it must be remembered that they probably did not understand the working of the machine that they were using, or abusing, and also that they were always deluded by the conviction that the war could not last another six months. This conviction lasted until just about the time when it became true, when it was abandoned in official circles.

Federal Reserve Banks and the Fourth Liberty Loan.

In the following tabulation are shown principal changes in the condition of Federal Reserve Banks between October 18, 1918, and January 31, 1919, covering practically the period of the placing of the fourth Liberty loan, i. e., from the time the first 10 per cent payment on the loan was due to the time when the last 30 per cent installment became payable.

During the period under discussion the Government issued \$6,989,047,000 of fourth loan bonds, \$794,172,500 of tax certificates, and \$3,225,099,500 of Treasury certificates in anticipation of the fifth loan, or a total of \$11,008,319,000, and redeemed all the seven series of certificates aggregating \$4,659,820,000 issued in anticipation of the fourth Liberty loan. The net result of these operations was to supply the Government with additional funds of \$6,348,499,000.

It will be seen that notwithstanding the huge loan operations handled by the Federal Reserve Banks and the enormous amounts of funds and credits placed at the disposal of the Government, the reserve position of the banks

at the end of the period was stronger than at the beginning of the period. This was due in the first place to a gain of nearly 92 millions in reserves, largely gold, and a decrease in Federal Reserve note circulation of 51.8 millions, more than offset, however, by an increase of net deposits of 78.7 millions. During the period of intense Government financing the Federal Reserve Banks report an increase of 94.8 millions in their holdings

of war paper, i. e., bills secured by United States war obligations, as against decreases of 182.3 millions in their other discounts and of 88.8 millions in the holdings of bills purchased in the open market.

The excess of actual reserves over the amount required against deposit and note liabilities (so-called free gold) increased 85.2 millions, adding about 213 millions to the note-issuing power of the banks.

Changes in condition of Federal Reserve Banks.

[In millions of dollars.]

	Oct. 18, 1918.	Jan. 31, 1919.	Increase.	Decrease.
Total cash reserves.....	2,087.7	2,179.6	91.9	
Bills secured by Government obligations.....	1,262.8	1,357.6	94.8	
Bills otherwise secured.....	425.8	243.5		182.3
Bills bought in open market.....	370.1	281.3		88.8
Total bills.....	2,058.7	1,882.4		176.3
Government securities.....	95.9	294.8	198.9	
Net deposits.....	1,580.8	1,659.5	78.7	
Federal Reserve notes in circulation.....	2,502.5	2,450.7		51.8
Federal Reserve bank notes in circulation.....	55.7	129.4	73.7	
Net deposit and Federal Reserve note liability.....	4,083.3	4,110.2	26.9	
Reserve required.....	1,554.3	1,561.0	6.7	
Total cash reserves.....	2,087.7	2,179.6	91.9	
Free gold.....	533.4	618.6	85.2	
Note-lending power.....	1,333.5	1,546.5	213.0	
Per cent cash reserves to total liability.....	51.1	53.0	1.9	
Federal Reserve agents' note security:				
Gold.....	1,173.5	1,253.3	79.8	
Paper.....	2,012.9	1,823.5		189.4
Excess of paper.....	519.4	373.4		146.0
Banks' redemption fund.....	57.4	91.3	33.9	
Total gold reserves against Federal Reserve notes.....	1,230.9	1,344.6	113.7	
Vault reserve, including gold with foreign agencies.....	440.4	412.2		28.2
Gold settlement fund.....	416.4	422.7	6.3	

Liquidating the War Paper of Member Banks.

In preparing their annual reports, Federal Reserve agents were asked by the Federal Reserve Board to include a statement of their views regarding the policy to be pursued in restoring the liquidity of banks throughout the country. Practically all Federal Reserve agents have complied with this request. The following compilation is a review of their answers on this important topic:

BOSTON.

As the industries of this district when hostilities ceased were largely given to Government work, the cancellation of war orders will probably bring about a considerable reduction in commercial loans. Banks of the district are carrying a very large volume of loans against Liberty bonds, and on December 31 about 75

per cent of the loans in the Federal Reserve Bank and of loans discounted by that bank with other Federal Reserve Banks were against Government securities. As early as possible means should be taken to encourage liquidation of such loans. The most effective means would appear to be the gradual increasing of the Federal Reserve Bank's discount rate on bond-secured loans. How fast and how far this rate should be increased will depend on its effect on the future offering of Government securities and the rate at which such securities are offered. No other method than by rate increase seems practicable, although banks should be urged to bring some pressure on their borrowers of this class, either by increasing rates or by demanding an additional margin of collateral. How soon this war paper can be liquidated, it is difficult to say. If liquidation comes in commercial loans, banks may liquidate their Federal Reserve Bank borrowings, but as soon as the Government's requirements

have been met, liquidation should be steadily and consistently forced by the Federal Reserve Bank increasing its rates.

PHILADELPHIA.

It is difficult to estimate the probable time in which members can clear up all their "war paper" at the reserve bank. Not very much progress can be made until the Government has completed its war financing. If prior to the next bond issue considerable liquidation in business should take place, it would release funds for investment in United States certificates of indebtedness and possibly prevent material increase in the loans of the bank. In pursuance of the policy of banking institutions, loans not essential to the prosecution of the war were very largely curtailed, while loans for war purposes were greatly expanded, and it is the latter class of loans in which there is the possibility of considerable contraction owing to the cessation of the war.

In the meantime it should be the policy of the Federal Reserve Bank to use every effort to bring about as rapidly as possible the liquidation of war paper and at the same time do everything it can to encourage legitimate business by extending as far as possible necessary credit facilities.

CLEVELAND.

In practically every community of District No. 4, with one or two exceptions, the Government securities appear to have been subscribed almost completely by individuals and corporations, and few subscriptions, comparatively, were made by the banks for their own account. The proportion of loans to subscribers for carrying bonds of the fourth Liberty loan, however, is large and it is evident that some of the subscribers intended to carry loans on their bonds for at least a year. Reports indicate, however, that few agreements have been made by banks in the district to carry loans on fourth Liberty loan bonds at the coupon rate for longer than 90 days, and this bank has encouraged the banks of the district in the policy of an increasing rate to stimulate liquidation at as early a date as possible. It is our own policy to accept ordinarily one renewal of a member bank's own 15-day collateral note secured by Government securities, at the special rate of 4 per cent, but to make any subsequent renewals bear the 90-day rate of $4\frac{1}{4}$ per cent; and it is the judgment of our directors that with all due liberality of policy, every proper influence should be exerted toward early

liquidation. If there is one policy which appears to be unquestionably desirable in the difficult period of readjustment that immediately confronts us, it would seem to be that of encouraging by all possible means the continuation of saving and the thorough absorption of the Government securities, which can not now be said to be fully digested; and it is equally certain that all of the influences that can be brought to bear to that end will be none too potent.

RICHMOND.

Those banks which purchased bonds themselves and induced their customers to do so by agreeing to carry them, have, as a rule, gone as far in this direction as is judicious. At present prices, liquidation of war paper would entail considerable losses, and public sentiment does not approve of forced liquidation under such circumstances. This is particularly true in view of the coming campaign for the fifth loan. The terms of this loan will have an important bearing on present bank war obligations. This will necessarily delay liquidation of the present situation. Under these conditions, the Federal Reserve Bank must shape its policy toward member banks as daily conditions may arise. These being unknown, it is problematical as to how soon war paper can be cleared up. The volume of this paper, together with cotton paper, is so large that it will probably need the proceeds of another crop to relieve the indigestion.

ATLANTA.

It would be very difficult to say at what time we may expect member banks to clear up their war paper. This is due largely to the fact that the main products in this section, such as cotton, cotton seed, peanuts, rosin, and turpentine, of this year's crop, have not yet been sold. The decrease in the price of cotton in the fall created a disposition in the minds of the producers to hold their products for a better price; and, with increased prices, liquidation will set in from that source. This, in turn, will restore the liquidity of the banks and will enable them to settle their loans secured by Liberty bonds and United States Treasury certificates.

The policy of the Federal Reserve Bank of this district will be to aid these member banks by carrying their discounts for them until such time as this liquidation will materially set in, which it is expected will be during the months of January, February, and the early part of March. We are extending to member banks the facilities of this bank in every way.

CHICAGO.

Necessarily the commercial banks of the district not only felt the effects of the demands of the Government upon their resources in the matter of purchasing Government securities, but also they have felt the effect of the high prices of practically all raw materials. Naturally these high prices made it necessary for borrowers to use much more money for the same volume of business than was needed before the war. These two elements have caused the banks generally throughout the district to borrow liberally from the Federal Reserve Bank of Chicago.

The effect of war financing on commercial paper from the standpoint of the banks naturally would be that of subjecting makers to a more careful scrutiny of the credit risk. Credits extended before the armistice was signed were based primarily upon their essential character to a very considerable extent, whereas after the armistice was signed and war needs relaxed, credits were viewed from the standpoint of ability to get back to a safe and profitable peace basis. The consequence of this shift in viewpoint necessarily has contributed to a most careful examination of credits, which in the war period were regarded as the strongest. Notwithstanding the heavy war demands, the banks in the Seventh Federal Reserve District are believed to be in a relatively strong position and hence able to care for all reasonable demands of general business.

In the performance of the functions for which it is created, the Federal Reserve Bank of Chicago will continue to meet the situations as they arise, extending to deserving member banks its facilities of discounting with a view to aiding them in caring for credit requirements of general business, and at the same time conserving credits to the extent necessary for the furtherance of Government financing yet to be done.

ST. LOUIS.

In Federal Reserve District No. 8 a total of \$710,804,500 was sold of all four issues of Liberty bonds. The total amount of certificates of indebtedness taken by this district in anticipation of all Liberty loans was \$444,543,500, but of these certificates \$353,454,000 have matured and been paid by the Government, leaving \$91,089,500 outstanding. Of this \$91,089,500 of certificates, some were used in making payments on fourth Liberty bonds, so that the amount actually outstanding is less than \$91,000,000. Assuming, however, that the

amount is \$91,000,000, this, added to the \$710,804,500 of Liberty bonds, gives a total of approximately \$800,000,000 of war obligations taken by this district and outstanding at the end of 1918.

The banks in the five centers of this district, St. Louis, Louisville, Memphis, Little Rock, and Evansville, at the close of 1918 held approximately \$40,000,000 of Liberty bonds and approximately \$35,000,000 of certificates of indebtedness, or an aggregate of \$75,000,000 of war obligations. This would indicate that out of the \$800,000,000 of war obligations taken and outstanding in this district, a very large amount, probably five to seven hundred millions of dollars, was absorbed by the general public. Under the circumstances, this indicates a not unsatisfactory condition in this district.

At the end of this year the member banks had discounted with the Federal Reserve Bank a total of \$53,117,641.50 of war obligations, showing the extent to which the Federal Reserve Bank has been called on to give assistance. Due to this assistance the support rendered by the banks to the Government has had little effect on the general business in this district. At the request of the Federal Reserve Board many banks discriminated against loans for nonessential purposes, but legitimate essential business demands have been taken care of by the banks without hesitation at a fair rate of interest.

The following figures show the assistance given member banks during the period of the war: On April 1, 1917, just prior to the entrance of the United States into the war, the bills rediscounted by the Federal Reserve Bank of St. Louis for member banks amounted to only \$251,806.43, and the advances made to member banks on their 15-day collateral notes amounted to only \$1,310,000. On December 31, 1918, after a year and eight months of war financing, the bills discounted for member banks amounted to \$21,249,353.85, of which \$3,904,341.50 was secured by Liberty bonds and Treasury certificates of indebtedness, and the advances to member banks on their 15-day collateral notes amounted to \$49,453,300, of which \$49,213,300 was secured by such Government securities. Thus from our entrance into the war to the close of 1918, member banks' paper discounted by the Federal Reserve Bank of St. Louis increased from \$1,561,806.43 to \$70,702,653.85, of which \$53,117,641.50 was secured by war obligations.

The effect of war financing on commercial paper in this district has been very noticeable.

The market has been considerably below normal. Slight revivals have occurred between the Liberty loan campaigns, but on the whole the commercial paper business has been quiet. The rate on commercial paper during 1918 remained at practically 6 per cent until December, when a downward tendency became apparent.

MINNEAPOLIS.

The policy of the Federal Reserve Bank from the beginning of the war has been to vigorously discourage bank investments in Liberty bonds, believing that it was highly necessary that all banking institutions give especial care to the preservation of their ability to promptly take care of their customers and assist in the problems of war financing in their home communities. The banks of the district have therefore avoided large holdings of their own. The amount of Liberty bonds taken on through failure to complete deferred payments was insignificant as compared with the total. At the end of the year the commercial banks of the district were not holders of Liberty bonds to a large extent or to a degree appreciably threatening their liquidity.

During the period in which Liberty bonds can not be readily liquidated at par the policy of the Federal Reserve Bank will be to accept Government obligations as collateral for loans upon a minimum rate basis, enabling member banks to convert such holdings into cash or credit, as occasion may demand.

KANSAS CITY.

The winter wheat crop to be marketed in the spring and the cattle which will come on the market at that time will have a tendency to ease the situation to some extent, but this will be largely offset by the fifth Liberty loan to be sold at that time. With fair crops, considerable liquidation should be possible in the fall of 1919.

The policy of the Federal Reserve Bank must obviously be liberal when special conditions require it, but interest rates should be held firm and incline upward in order to prevent the already apparent tendency for banks to extend themselves imprudently for new business and profits.

With the Government guaranty of price for wheat and the abnormally large acreage which has been seeded, and with the present ideal weather conditions, the feeling is justified that next year should help materially in restoring the liquidity of banks in this district.

DALLAS.

Any statement as to the period of carrying "war paper" or paper secured by Government war obligations would be hazardous. We do not think many banks will desire to carry this paper for long periods, as most of the banks make such loans at low rates of interest, and mainly through patriotic motives. Of course, the time required for the resumption of normal conditions will be an important factor, for, if money matters are not unduly strained and conditions return to normal within a reasonable time, the banks will soon be able to get rid of most of their "war paper." The period of one year could probably be conservatively fixed as the time for liquidating paper of the character referred to. We believe the general public appreciate the importance of holding their Liberty bonds and paying therefor out of their earnings. In extreme cases the assistance of banks will be sought.

This bank's policy toward banks which have assisted in the extensive financial program of the Government will continue to be one of service, and the facilities of this institution will be freely extended in every way consistent with sound banking principles. At the same time it has been the practice of our officials to discourage undue expansion and restrict advances to legitimate needs until the return of normal conditions. We desire to assist the banks in the period of financial readjustment upon which they are now entering, and confidently expect the transition to be made without undue disturbance.

SAN FRANCISCO.

As the products of this district are primarily agricultural, the sale for which has been certain, and as there has been some tendency to shorten the time of commercial credit and enforce prompt payment, part of the loans of the banks in this district will liquidate rapidly. Borrowing upon Government obligations has extended to considerable proportions, but these loans are being gradually liquidated. In proportion to their total resources, investments by banks in Liberty bonds are comparatively small, those of all national banks, through which practically half of the subscriptions were received, amounting to \$56,854,000 on November 1, 1918, as compared with \$1,360,534,000 total resources, \$691,176,000 total loans and discounts, and \$321,723,000 securities held. Liberty bonds held by national banks represent

only 4.9 per cent of \$1,154,345,850 of Liberty bonds sold in this district.

The rate at which banks are liquidating their borrowings is shown by the reduction in rediscounts of commercial paper held by the Federal Reserve Bank from \$49,289,000 on September 13 to \$39,337,000 on November 8, to \$30,038,000 on November 30, and \$33,732,000 on December 31. This compares with \$23,464,000 held on January 1, 1918. Similarly, borrowings on Government obligations are being reduced, member banks' collateral notes, practically all secured by Government obligations held by the Federal Reserve Bank, decreasing from \$61,561,000 on October 10 to \$44,136,000 on November 30 and \$45,027,000 on December 31.

If the next Liberty loan is not offered before April or May, it seems probable that the principal part of the Federal Reserve Banks' present loans based on Liberty bonds will be liquidated by that time. But meanwhile new loans will presumably appear based on the succeeding issues of certificates of indebtedness. It seems probable, therefore, that borrowings from the Federal Reserve Bank on paper secured by Government obligations will continue in substantial amount until after the next Liberty loan and that there will be steady liquidation of such paper thereafter. There seems reason to expect that they will be practically eliminated during the coming year.

It is and has steadily been the policy of the Federal Reserve Bank to assist its member banks in meeting the special demands made upon them. This has been particularly true in connection with unusual requirements for handling crops. Rarely has it been necessary to criticise the attitude of a rediscounting bank. An occasional bank, however, has shown a deliberate determination to use Federal Reserve Bank funds for extending its business by taking on new loans much as if funds obtained by rediscount were new deposits. In such cases the desirable course is pointed out, with such insistence as the case seems to require.

Extension of Conversion Privilege to First Liberty Loan.

The following circular addressed to holders of 4 per cent gold bonds of 1932-1947 of the first Liberty loan converted and 4 per cent gold bonds of 1927-1942 of the second Liberty

loan was issued by the Treasury Department on March 7:

By virtue of the authority conferred upon the Secretary of the Treasury by section 5 of the Victory Liberty Loan act, approved March 3, 1919, the privilege of converting 4 per cent bonds of 1932-1947 of the first Liberty loan converted and 4 per cent bonds of 1927-1942 of the second Liberty loan into 4½ per cent bonds, which privilege arose on May 9, 1918, and expired on November 9, 1918, is hereby extended, subject to the provisions of this circular, for the period beginning March 7, 1919, and ending at such date as may be fixed by the Secretary of the Treasury on six months' public notice given in such manner as he shall prescribe. Said conversion privilege is described in Department Circular No. 114, dated May 9, 1918, and the provisions of Titles I, IX, X, and XI of said circular, except as herein otherwise provided, shall apply to and govern said conversion privilege as hereby extended.

This circular does not apply to any conversion privilege which arose in favor of the 3½ per cent bonds of 1932-1947 of the first Liberty loan.

Conversions in the exercise of the conversion privilege as hereby extended may be effected by presentation and surrender of 4 per cent bonds of the First Liberty loan converted, and 4 per cent bonds of the Second Liberty loan, to the respective Federal Reserve Banks in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco, or to the Secretary of the Treasury, Division of Loans and Currency, Washington. Such bonds so presented and surrendered for conversion must be accompanied by "Request for conversion" in the form prescribed by the Secretary of the Treasury (Form L. & C. 25 A hereto attached, copies of which may be obtained from any Federal Reserve Bank or from the Secretary of the Treasury), signed with the respective autograph signatures of the holders of the bonds presented for conversion.

Registered bonds will be delivered upon conversion of coupon bonds if written request therefor be submitted with request for conversion. Coupon bonds will be delivered upon conversion of registered bonds if the registered bonds presented for conversion are duly assigned to "The Secretary of the Treasury for conversion and exchange for coupon bonds" on the form appearing on the back thereof; such assignments must be duly executed in the presence of an officer authorized to witness assignments of United States registered bonds. Bonds will be delivered so far as practicable in like denominations as the bonds upon the conversion of which they are respectively issued, unless written request for delivery in other denominations be submitted with request for conversion. Changes of ownership will be permitted upon conversions of registered bonds if the registered bonds presented for conversion have been duly assigned for transfer in accordance with the regulations governing assignments of United States registered bonds. Changes of ownership of registered bonds,

however, can not be effected when the transfer books for the loan in question are closed, and requests for conversion involving such changes of ownership received during any such period when the transfer books are closed will be effective during such period only as presentations for conversion, and the changes of ownership will not be effected until the reopening of the transfer books. The transfer books for the first Liberty loan converted will be closed from May 16 to June 15 and from November 16 to December 15, and for the second Liberty loan from October 16 to November 15 and from April 16 to May 15, in each year, in each case both dates inclusive.

For the purpose of computing the amount of interest payable, bonds presented for conversion under this circular shall be deemed to be converted on the dates for the payment of the semiannual interest on the respective bonds so presented for conversion next succeeding the date of such presentation. Interest will be paid on registered bonds presented for conversion at the rate of 4 per cent per annum to the semiannual interest payment date next succeeding the date of presentation for conversion, to the registered owner of the bonds presented for conversion, or in case change of ownership has been effected upon the conversion before the closing of the transfer books in anticipation of such semiannual interest payment, to the registered owner of the bonds issued upon such conversion. Registered bonds issued upon conversion will bear interest at the rate of 4½ per cent per annum from the semiannual interest payment date next succeeding the date of presentation for conversion. In the case of coupon bonds presented for conversion, all coupons maturing on or before the semiannual interest payment date next succeeding the date of presentation for conversion must be detached and collected in ordinary course when due. All subsequent coupons must be attached. Coupon bonds issued upon conversion will bear interest at the rate of 4½ per cent per annum from the semiannual interest payment date next succeeding the date of presentation for conversion, and will have interest coupons attached thereto covering semiannual interest payments up to and including the respective maturities of such bonds: *Provided, however,* That until June 15, 1920, in the case of bonds of the first Liberty loan converted, and until May 15, 1920, in the case of bonds of the second Liberty loan, coupon bonds issued upon conversion will have coupons attached thereto covering semiannual interest payments only up to and including June 15, 1920, and May 15, 1920, respectively, the bonds so delivered being exchangeable on and after said dates, respectively, into a new bond or bonds having coupons attached thereto covering semiannual interest payments up to and including the respective maturities of such bonds.

No adjustments of interest will be required upon conversions of either registered or coupon bonds under this circular.

Transportation charges upon bonds presented for conversion must be paid by the holders. Coupon bonds to be delivered upon conversions will either be delivered

directly to the holders of the bonds surrendered for conversion at the time of such surrender, or in the absence of other written instructions and remittances to cover expenses, will be expressed at the owners' risk and expense. Registered bonds to be delivered upon conversions, unless delivered directly to the registered owner or his duly authorized representative, will be delivered by registered mail without expense to, but at the risk of, the registered owner, unless otherwise directed in writing. As the cost of transportation of coupon bonds by express is greater than by registered mail insured, holders of coupon bonds desiring to present them for conversion are advised to consult with their own banks or trust companies, for arrangements may be made, as between Federal Reserve Banks and incorporated banks and trust companies, for transportation to and from Federal Reserve Banks by registered mail insured of the bonds to be converted and of the bonds to be issued upon conversions, the charges in each case to be paid by the respective holders and to be remitted by the incorporated banks and trust companies to the Federal Reserve Banks. Information concerning any such arrangements will be furnished by Federal Reserve Banks to incorporated banks and trust companies.

The Secretary of the Treasury reserves the right at any time to suspend or terminate the extension of the conversion privilege made by this circular upon six months' public notice given in such manner as he shall prescribe. The right is also reserved to make from time to time any supplementary or amendatory rules and regulations governing the exercise of the conversion privilege hereby extended, information as to which may be obtained from the Treasury Department or through any Federal Reserve Bank.

CARTER GLASS,
Secretary of the Treasury.

[Treasury Department. Loans and Currency. Form I., and C. 25 A.

REQUEST FOR CONVERSION.

Only one series of bonds may be entered on this form, and separate form must also be used for (1) coupon bonds, and (2) registered bonds.

Dated....., 19 ..

To the Secretary of the Treasury:

The undersigned herewith presents and surrenders—
4 per cent gold bonds of 1932-47 of the first Liberty loan converted, \$.....
4 per cent gold bonds of 1927-42 of the second Liberty loan, \$.....
in {coupon } form, and requests that the same be converted into an
{registered } equal face amount of 4½ per cent gold bonds according to the terms of
Treasury Department Circulars No. 114, dated May 9, 1918, and No. 137, dated March 7, 1919. Special instructions, if any, are given by the undersigned on the back hereof.

Autograph signature of holder in full.....

Address, number and street.....
(For delivery of bonds.)

City or town.....

County..... State.....

1. Registered bonds will be issued upon conversion of coupon bonds and bonds will be delivered in a different denomination or denominations from the bond or bonds surrendered, if the appropriate form of request appearing on the back hereof is duly executed.

2. Coupon bonds will be issued upon conversion of registered bonds if the registered bonds presented for conversion are duly assigned to "The Secretary of the Treasury for conversion and exchange for coupon bonds" in the presence of an officer duly authorized to witness assignments of United States registered bonds.

3. Changes of ownership will be permitted, subject to the provisions of said circular No. 137, upon conversions of registered bonds if the registered bonds presented for conversion have been duly assigned for transfer in the presence of an officer duly authorized to witness assignments of United States registered bonds.

Following forms to be used only for giving special instructions:

1. If registered bonds are desired upon conversion of coupon bonds use this form.

Referring to \$....., face amount, of coupon bonds surrendered herewith for conversion, the undersigned hereby requests the issue of registered bonds inscribed in the name of.....

(Mr., Mrs., or (First name in full.) (Middle name or (Last name.)
Miss.) initial.)

(Or complete legal name of corporation, partnership, or other person.)

Address for interest checks.....
(Give full address.) (Number.) (Street.)

(City.) (State.)

Signature of person signing request for conversion.....
2. If delivery is desired of bonds in a different denomination or denominations from the bond or bonds surrendered use this form.

Referring to \$....., face amount, of bonds surrendered for conversion herewith, the undersigned hereby requests delivery of bonds upon conversion as follows:

Number of bonds.	Denominations.	Total.
.....	\$50	.....
.....	100	.....
.....	500	.....
.....	1,000	.....
.....	5,000	.....
.....	10,000	.....
.....	² 50,000	.....
.....	² 100,000	.....
Total (1).	.....	\$.....

¹ These amounts must be the same; otherwise request may be disregarded.

² Coupon bonds are not issued in these denominations.

Signature of person signing request for conversion.....

Indexes of Business Conditions.

During past months the Federal Reserve Board has devoted considerable attention to the construction of a series of indexes of general business conditions. Careful selection has been made from among the data available, and efforts made to remedy deficiencies in the existing material. The results have been presented from time to time in the FEDERAL RESERVE BULLETIN as the various indexes have been developed. Of late, considerable attention has been directed to the general subject of business indexes, the most recent system to be developed being that of Prof. W. M. Persons for the Harvard University Committee on Economic Research. The Canadian Bureau of Statistics also undertook a preliminary investigation of available indexes of business conditions in Canada during the past year. Inasmuch as the results of these investigations are not read-

ily available, it has been believed desirable in the following pages to present brief descriptions of the more prominent systems of indexes of business conditions which have been developed. As is well known, both the Babson and the Brookmire services were instituted several years ago and represent pioneer work in the field. Both are attempts to select certain data believed to possess peculiar significance for the study of business conditions and to combine these data so as to afford a composite picture of general business conditions. On the other hand, both of the recent studies of Profs. Persons and Michell have thus far been confined to the former phase of the work, no attempt at combination being made.

BABSON'S BUSINESS BAROMETER.

The Babson composite plot is based upon three classes of data, designed to show (1) mercantile conditions, (2) monetary conditions, and (3) investment conditions. The first named comprises statistics of immigration (designed to show unskilled-labor conditions), value of building permits, liabilities of failures (designed to show condition of retail trade), and bank clearings. The monetary group includes Bradstreet's index number of commodity prices (designed to show domestic requirements for money), total foreign trade, foreign money rates (the official bank rates of the Bank of England, Bank of France, and Reichsbank being averaged), and domestic money rates (designed to show the confidence of the banking community). The investment group includes crop yields, based upon corn, wheat, and cotton, gross earnings of 10 leading railroads, and stock-market conditions, based upon monthly averages of high and low quotations for 20 railroads and 20 industrial stocks.

As the above statistics are expressed in many different units, for example, bank clearings in dollars, cotton production in bales, etc., an intermediate set of "scale figures" has been introduced. The scale figures are constructed as follows: Figures for a certain month for the years 1898 to 1908 are compared, and the highest and lowest are selected. Deciles are then calculated for the interval; that is, the difference between highest and lowest figures is divided by 10 and the figure thus obtained added, successively, to the lowest figure and figures derived therefrom. The scale figures

obtained in this manner for successive months are set in rows, one row for each month, and zero is placed over the column whose average most closely approximates conditions in 1903-4. Positive index figures, increasing by tens, are placed above the larger amounts; negative index figures above the smaller amounts. Such scale figures and accompanying index figures are calculated for each of the items noted above. Actual figures for the present period are compared with scale figures and an index figure calculated, expressing the position which figures for the present month would assume in the scale.

A separate summary figure is next obtained for mercantile, monetary, and investment conditions. The index figures for each of the items included in a group are added, and the sum divided by the number of items. It should be mentioned however that bank clearings, domestic money rates, and stock market conditions are each assigned double weight. The sum of the three summary figures is then divided by 3, giving a final summary index figure which appears on the composite plot. The latter is made up each week on the basis of the latest figures obtainable on each subject, and thus monthly revision of the figures is made.

Inasmuch as a considerable percentage of all statistical factors show a tendency to increase or decrease from one year to the next; that is, a secular trend is noted in a large number of cases, allowance for this factor must be made, in order that the fundamental movement may not be obscured by the tendency of two lines to diverge where the secular trend is different. In order to accomplish this, the secular trend is computed each year, although it is not eliminated before combining the various series. The determination of the slope of the line of secular trend, which thus changes from year to year, is based on the assumption that areas above and below this line must be equal.

THE BROOKMIRE ECONOMIC SERVICE.

It is stated that the theory of forecasting upon which the methods followed by the Brookmire Economic Service are based, postulates a chronological sequence of business events. The data for most of the barometric indexes constructed by this service have therefore been selected because movement in them occurs in point of time prior to some price or other statistical factor which it is desired to forecast, rather than in an attempt to portray the entire field of business conditions.

Both seasonal variation and secular trend are mathematically eliminated from the data used in the final presentation before they enter into the Brookmire barometric chart. The index of seasonal variation is determined by dividing the figures for any given month, "M," for N number of years by the figure for the average month in N years. To eliminate seasonal variation in any given month the figure for the month is divided by the seasonal index for that particular month. In order to eliminate secular trend from any given factor, the rate of secular trend (R) is first determined by dividing the algebraic sum of increases or decreases for N years by the sum of the total factor for (N-1) years (the year omitted being the final one). To eliminate secular trend from any given year, the actual figure is then divided by $(1+R)^n$.

Of the barometric charts, more than 100 in number, which have been constructed, in seeking statistical measures which move prior to many factors which an economic service seeks to forecast in its regular work, only the most comprehensive, the United States barometer chart, is described here as an example of the method employed. This chart contains three factors: (1) The index of banking funds; (2) the index of security prices; (3) the index of general business.

It is stated that these three graphs move in chronological order, the banking index rising first, followed by the stock market index, and finally by the business index. A great rise in the business index in turn produces a fall in the banking index, and this is followed in turn by the stock market index, and the business index, and the cycle is ready to start again.

The banking index is based upon (a) the total cash and reserves of New York Clearing House banks; (b) the percentage of these reserves to loans; (c) the percentage of loans to deposits; (d) the rate on first class commercial paper in New York. The purpose of this index is to show the liquid funds available for speculation in securities, or for working capital in business.

The stock market index is based upon an average of 20 industrial and 20 railroad stocks. The reason for using this index is twofold. First, to show to the stock market purchaser just how much of prosperity or depression is being discounted by current stock prices, and in the second place, since it moves after the banking index and before the business index, to afford the business man a reliable secondary indicator as to the time when a change in the average of business levels and commodity prices may be expected.

The business index is composed of the following factors:

- (a) Pig iron production.
- (b) Building permits.
- (c) Unfilled steel tonnage. (United States Steel Corporation.)
- (d) Merchandise imports.
- (e) Bank clearings of the United States.
- (f) Bank clearings outside of New York.

The purpose of this graph is to give a composite picture of the movement of actual conditions in trade and manufacturing as distinguished from bank and investment conditions of the country. This index is also stated to be a forecaster of coming periods of low or high money rates, for its rise rapidly exhausts the supply of liquid capital, while its fall releases its capital again, so that the business index forms a forecaster for coming movements of the banking index.

THE WORK OF PROF. PERSONS.

The December (1916) issue of the American Economic Review contained an article by Prof. Warren M. Persons on the construction of a business barometer based upon actual data. Prof. Persons has since continued his work, and the first number of the Review of Economic Statistics (January, 1919) contains an exhaustive discussion of certain phases of the work, more particularly with reference to the question of method to be employed in treating the data.

The work represents an attempt to apply to statistical series believed to afford an indication of business conditions the refined methods which have been developed, largely since the opening of the present century, and which have thus far found their use largely in other fields, being employed in particular by the English biometricians. This at the outset limits the choice of data, as it is necessary in order to apply these methods to obtain such figures, both annual and monthly, for a considerable period of time. An investigation of this character then becomes an examination of the movements of data for certain well-known items which have usually been selected as indexes of business conditions. In the earlier study, based upon yearly data, 25 series were considered, while in the present investigation only 17 series of annual data for the years 1879-1913 and 15 series of monthly data for the years 1903-1916 were included. The 15 series are as follows:

1. Bank clearings of New York City.
2. Tonnage of pig iron produced in United States.

3. Bank clearings outside of New York City.
4. Bradstreets' index of commodity prices.
5. Imports of merchandise into United States, values.
6. Values of building permits issued for 20 leading cities.
7. Gross earnings of 10 leading railroads.
8. Number of shares sold on the New York Stock Exchange.
9. Unfilled orders of United States Steel Corporation.
10. Tonnage, less lake traffic, of vessels entered in the foreign commerce of the United States.
11. Bradstreets' number of business failures.
12. Rate of interest on 10 American railroad bonds.
13. Rate of interest on four to six months commercial paper.
14. Rate of interest on 60 to 90 day commercial paper in New York.
15. Rate of interest on call loans at the New York Stock Exchange.

The first step in the analysis is the isolation of the various types of fluctuation which are found in the data. As a working hypothesis, these are considered as fourfold: (1) A long-time tendency, which in technical language is termed the secular trend; (2) a cyclical movement superimposed upon the first, the extremes being found in periods of prosperity and depression; (3) a seasonal movement within the year; and (4) residual variations. The four types of fluctuation are, however, not uniform in the different series, and in consequence individual treatment of each series is required. It becomes necessary first to measure the secular trend. This is best accomplished in the author's opinion by fitting a straight line or curve to the graph representing the original series. It is recognized, however, that this can be determined only for the past period, and in certain cases may by no means afford a good basis for estimating future trend. This appears to be true for certain series at the present time. The determination of normal seasonal variation in the data is next undertaken. The process is involved and may conveniently be divided into the following steps: (1) Relative figures are first calculated expressing the absolute figure for each month as a percentage of the absolute figure for the previous month; (2) medians of the month-to-month percentages are then calculated for each of the 12 months; (3) the medians are expressed as a continuous series using January as base; (4) they are then adjusted so that the discrepancy between consecutive January relatives (due to the secular

trend) is zero; (5) they are changed to a new base by dividing each item in the fourth series by the arithmetic average of that series. The problem then remains of measuring cyclical and residual fluctuations. Inasmuch as the theory of the periodicity of business cycles is rejected, and hence no fixed length of line may be set, it is concluded that cyclical fluctuations can not be isolated by statistical methods from the irregular fluctuations.

The next step is to correct the original data for secular trend and seasonal variation. This is done as follows: Each of the monthly ordinates of the secular trend is multiplied by the index of seasonal variation for that month, obtained in the manner stated above. The resulting product is subtracted from the corresponding item of the original series, and the differences are expressed as percentages of the respective ordinates of the secular trend. Finally the percentage deviations of the various series thus obtained are expressed in terms of their respective standard deviations, in order that the deviations for different series may be expressed in comparable terms.

The question then remains as to the significance of the various series. For example, on the basis of past experience, what series have constituted good indexes of general business conditions? Again, have movements in certain series preceded movements in other series, and if so, in what degree? This problem was attacked in the earlier article in which yearly data were used. The method employed was to measure, by means of the Pearsonian coefficient of correlation, the degree of correspondence between various series and wholesale prices, which was chosen "because of the consensus of opinion of writers on business cycles that such cycles are preeminently characterized by price movements." It was found that the following series fluctuated concurrently with wholesale prices:

1. Gross receipts of railroads.
2. Net earnings of railroads.
3. Coal produced.
4. Exports from the United States.
5. Imports into the United States.
6. Pig iron produced.
7. Price of pig iron.
8. Immigration.

It should be noted, however, that these generalizations are based only upon yearly not monthly data, and that moreover the question still remains of the applicability of these generalizations based upon past data to the present.

CANADIAN INDEXES OF BUSINESS CONDITIONS.

During the summer of 1918 a preliminary survey of available indexes of business conditions in Canada was undertaken for the Dominion Bureau of Statistics by Prof. H. Michell, of Queen's University, Kingston, Ontario, Canada. Inasmuch as Canadian conditions, while on the whole bearing considerable resemblance to those prevailing in this country, have not been the subject of the same amount of study, it is believed that a somewhat more detailed account of the investigation will prove of interest.

The investigation was concerned primarily with an examination of the movements of Canadian data for certain of the well-known items which have usually been selected as indexes of business conditions. The field of choice was necessarily somewhat limited, due to the fact that even for certain of these series data were not available for the entire period since 1905, which had been chosen for the purpose in hand; also the fact that certain data, such as copper and pig-iron production, do not possess significance for Canadian economic life in any measure comparable with their importance in the United States.

Of the 16 series examined the following nine were tentatively accepted as affording satisfactory indexes, no attempt being made to combine the series mentioned:

1. Stock prices.
2. Commercial failures.
3. Immigration.
4. Imports into Canada.
5. Railroad gross earnings.
6. Savings deposits.
7. Bank clearings.
8. Building permits.
9. Wholesale prices.

It will be seen that the period examined is of sufficient length to illustrate each of the phases of the business cycle, though especial interest of course attaches to conditions since the outbreak of the war in 1914.

Special attention has been directed in the study to the sensitiveness of the various series, and their consequent ability to afford an early indication of changes in general business conditions. From this point of view, a series obtained from quotations for 10 standard Canadian stocks, representative of various important industries,¹ likewise a series of statistics of business failures, appear to have

¹ One steel, one milling, and one textile company are represented, the remainder being banking, transportation and public utility enterprises.

ranked highest. The decline of the former commenced in September, 1912, the rise of the latter shortly thereafter, while the reverse movements commenced in May and April, 1915, respectively. Similar conditions obtained in 1907, highest and lowest points for the stock prices series being in February and November, respectively, while for failures the increase commenced in October, 1906, and continued until August, 1908, the greatest rate of increase being in the latter months of 1907. Bank clearings have also shown a considerable degree of sensitiveness, commencing to fall soon after the opening of 1913, and to rise again in May, 1915. The same is true of building permits in the four western Provinces. Such operations are evidently more speculative in nature, and more sensitive to change, both actual and anticipated, in general conditions, in the western than in the eastern Provinces. The decline in the former commenced in October, 1913, exactly one year before the eastern figures, and the checking of the decline in 1915 is remarked in the western figures several months prior to the eastern. Moreover, western building, which prior to 1913 was considerably in excess of eastern, fell until in 1915 it was practically negligible in amount, while figures of eastern building still continued around the \$25,000,000 mark.

This marked divergence between eastern and western figures opens up an interesting and important field of investigation, and if a comprehensive series could be constructed for the agricultural west as opposed to the industrial east, valuable results might be arrived at. Unfortunately this is not possible, but several highly significant series of statistical tables are available, notably in bank clearings. Here the same phenomenon as was seen in building permits presents itself, the western figures showing more sensitiveness than the eastern. Thus in January, 1919, while the eastern clearings still show a fair degree of buoyancy, the western figures are beginning to drop, notably for the Winnipeg clearing house. Steps are being taken to push this investigation further by taking the figures for the two representative houses in east and west, Montreal and Winnipeg, as far back as possible by months commencing with January, 1894. Gross earnings of the three large Canadian railroad systems reached their high level in June, 1913, and continued to decline until April, 1915. While imports commenced to decline in September,

1907, reaching their low level the middle of the following year, and the fall in 1913 in March, the rise commenced again in March, 1915, prior to the increase in certain of the other items noted above. Although figures of imports, in the opinion of the author of the report, in general may be accepted as affording an indication of business conditions within a country superior to that afforded by figures of exports, it is conceded that it appears open to doubt whether this still obtains with the change which has taken place since 1915 in the relative values of imports and exports. Prior to 1914 the latter figures were comparatively inelastic, but the phenomenal rise since that time, as well as the fall since September, 1917, have been far greater than in the case of imports. Export figures, however, are subject to a much wider margin of error, and conclusions based upon them must therefore be accepted with extreme caution. Figures of immigration and of savings are also found to fluctuate in conformity with business conditions, though in the case of the latter variation is relatively slight, and appears practically only in the rate of growth. The other series examined were rejected as less satisfactory for the purpose in hand, and mention of them is omitted here.

It is interesting to note that, while the above series moved in considerable harmony with each other up to approximately last year, of late there has been considerable diversity exhibited, certain of the series continuing upward, while others, accorded equal recognition as guides to general business conditions, have moved in the reverse direction. In other words, in passing from the phases which may conveniently be termed historical to a consideration of the present situation, the difficulties multiply and the part played by judgment increases greatly. This, of course, is no more true of Canadian than of American experience. Our series have shown similar diversities in direction of movement. On the whole, it appears that Canadian parallels American experience somewhat closely. In the case of certain of the data, the correspondence is seen also in the seasonal variations. To mention but a single instance, the similarity is especially pronounced for exports, both countries having a heavy movement of agricultural products toward the close of the year, though in the case of Canada there is also a rush to get grain to the seaboard in advance of the closing of navigation for the winter.

The investigation is still under way, and the foregoing results are merely tentative. A detailed mathematical analysis of the data is now being made, more particularly for the purpose of measuring the divergence of the yearly and monthly figures from the normal secular trend, and a full and detailed report on the subject will be published in due course by the Dominion Bureau of Statistics at Ottawa.

Increase in the Production of Raw Materials, 1913-1918.¹

Much interest attaches to the problem how far the rapidly expanding volume of business in the last six years has been due to an increase in the volume of physical goods produced and how far it represents merely a rise in prices.

On account of the scantiness of statistics of production this problem can not be studied in a thoroughly satisfactory manner. The best line of attack in view of the material available is to take production and import figures of staple raw materials and interpret the results on the assumption that the total amount of all goods produced varies roughly as the quantity of these raw materials produced in, or imported into, the United States.

In the preparation of the subjoined tables estimates of production, or imports, or production plus imports, as the case required, by years, 1913-1918, inclusive, were secured for 90 staples, and in calculating the index number from these figures the supply available each year was weighted by the average price in 1917. These 1917 weights were applied without change to the production figures of each of the six years covered. The year 1917 was chosen as the base year for weighting because the present computation was made in connection with the investigation into prices during the war, conducted by the Price Section of the War Industries Board.

In this larger investigation the prices of all the commodities included—some 1,450 in number—were weighted by production plus imports in 1917, in order to reflect war-time conditions.

¹ Contributed by Wesley C. Mitchell, of the War Industries Board.

Another feature of the computation requires explanation. Such raw materials as rice and potatoes are used for the most part in their original state, whereas other articles like wheat, cotton, and pig iron undergo a manufacturing process before entering into consumption. Not to take account of this fact would give a disproportionate importance to the agricultural staples. A series of "fabricating factors," based on the 1914 Census of Manufactures, was therefore prepared. These factors represent the percentage borne by the value added by manufacture to the cost of materials. The value added by manufacture as defined by the Bureau of the Census is the difference between the value of the manufactured product and the value of the materials entering into manufacture. While these factors have a wide margin of uncertainty it was considered better to use rather rough estimates than to introduce no correction whatever under this head.

Beside the index number of the available supply of raw materials, there was calculated from data for the same 90 articles, an index of the increase of prices, in which prices of each year were weighted by production plus imports in 1917. Finally, an index of the current annual values of the raw materials produced and imported was computed. In this series, the annual supply of each staple was multiplied by the annual price.

In all three series of indices the commodities were classified as coming from farms, forests, or mines. The actual figures in millions of dollars have little significance, except as raw material for the index numbers, which were computed with 1913 as the basis.

In the table for "all commodities" the general result of the study is indicated in the form of three sets of index numbers. The first set, showing an increase from 100 for 1913 to 116 for 1918, indicates the increase in the physical volume of output, the second set, showing an increase for the same period from 100 to 192, indicates the rise in prices, while the third set, showing an increase from 100 to 225, reflects the combined effect of increase in output and rise in prices for the period under review.

Index numbers of the production of raw materials, of the prices of raw materials, and of the annual value of raw materials produced, by years, 1913-1918.

[Millions of dollars.]

ALL COMMODITIES (90 COMMODITIES).

	Aggregate value.			Index numbers.		
	Yearly production times 1917 prices.	Yearly prices times 1917 production.	Yearly prices times yearly production.	Yearly production times 1917 prices.	Yearly prices times 1917 production.	Yearly prices times yearly production.
1913.....	\$30,375	\$19,973	\$17,390	100	100	100
1914.....	30,207	19,224	16,694	99	96	96
1915.....	32,482	21,418	18,455	107	107	106
1916.....	33,700	23,363	22,785	111	117	131
1917.....	34,748	31,748	34,748	114	174	200
1918.....	35,109	38,251	39,153	116	192	225

FARM PRODUCTS—VEGETABLE (25 COMMODITIES).

1913.....	\$14,151	\$8,798	\$8,096	100	100	100
1914.....	15,053	8,351	8,051	106	95	99
1915.....	15,818	10,326	8,960	112	117	111
1916.....	14,142	9,781	9,189	100	111	114
1917.....	15,188	15,188	15,188	107	173	188
1918.....	14,997	16,843	16,694	106	191	206

FARM PRODUCTS—ANIMAL (13 COMMODITIES).

1913.....	\$8,011	\$5,618	\$4,935	100	100	100
1914.....	7,987	5,785	5,091	100	103	102
1915.....	8,600	5,707	5,367	107	102	108
1916.....	9,116	6,461	6,455	114	115	129
1917.....	9,021	9,021	9,021	113	161	181
1918.....	10,105	10,869	12,249	126	193	246

FOREST PRODUCTS (23 COMMODITIES).

1913.....	\$1,329	\$941	\$982	100	100	100
1914.....	1,285	877	889	97	93	91
1915.....	1,281	870	878	96	92	89
1916.....	1,521	1,126	1,229	114	120	125
1917.....	1,481	1,481	1,481	111	157	151
1918.....	1,313	1,635	1,445	90	174	147

MINE PRODUCTS (27 COMMODITIES).

1913.....	\$6,834	\$4,501	\$3,307	100	100	100
1914.....	5,839	4,183	2,644	85	91	80
1915.....	6,733	4,485	3,227	99	98	93
1916.....	8,871	5,959	5,885	130	130	178
1917.....	8,903	8,903	8,993	132	196	272
1918.....	8,605	8,828	8,695	127	192	263

FISHERIES PRODUCTS (2 COMMODITIES).

1913.....	\$50	\$25	\$20	100	100	100
1914.....	43	28	19	86	112	95
1915.....	58	30	23	100	120	115
1916.....	58	36	27	100	144	135
1917.....	65	65	65	130	260	325
1918.....	59	76	70	118	304	350

War Operations of the Bank of France.

The last annual report of the Bank of France, on which the present review is based, contains an account not only of the operations of the bank for the year 1918 but also summarizes in an interesting account the operations of the bank during the entire period of the war.

On December 24, 1918, the date of the balance sheet presented in its last annual report, the Bank of France held a total amount of gold and silver in Paris, at its branch offices, and abroad of 5,796 million francs. This amount consisted of 3,440 million francs of gold and 318 million francs of silver in vault and of 2,037 million francs of gold held abroad, 1,955 millions of which was held in England. This gold held in England represents loans by the bank to the British Exchequer and the Bank of England, to be repaid gradually as French obligations to England for supplies and other materials are liquidated. Among the bank's assets there is also shown an item of 1,036 million francs standing to the credit of the bank on the books of the United States Treasury. Other credits held abroad amounted to 1,300 million francs. The largest asset item is represented by the 17,150 million francs advanced to the French Government and the 3,526 million francs of short-term government securities advanced by the French Treasury to allied governments and discounted by the bank. Of the total assets shown as 34,114 million francs the amount of Government securities held by the bank was no less than 60 per cent. Nearly 90 per cent of the total liabilities of the bank is represented by the 30,250 million francs of bank notes in circulation. The only other liabilities of any magnitude were current and deposit accounts in Paris and at the branch offices amounting to 2,366 million francs, and the current account of the Treasury, amounting to 112 million francs.

In the early months of 1914 the bank's discounts had fallen as low as 200 million francs as the result of slackened business activity and the prevalence of payments in cash. In 1917 the average discounts had risen to 606 million and in 1918 to 1,086 million francs.

At the time of the declaration of the moratorium at the outbreak of the war the total debts affected amounted to 4,476 million francs. This amount was reduced to 1,028 million francs by December 24, 1918. The decrease is due largely to the decree of December 29, 1917, and the law of July 26, 1918, which lifted

the moratorium for beneficiaries of war profits and for residents in the interior of the country who had been able to continue agricultural operations. A further lifting of the moratorium as conditions permit is recommended by the bank.

Advances on securities, which were 729 millions during 1913, rose during the first two years of the war to 1,222 millions in 1916, but owing to an abundance of liquid funds, declined to about 1,000 millions during 1918.

The foreign exchange activities of the bank may be summarized as follows: During the first months of the war the bank bought foreign exchange in order to assist exporters in realizing on their foreign accounts, but after this first period the bank became a large seller of foreign exchange. A representative of the bank was a member of the commission to the United States in 1915 which, jointly with England, arranged for the loan of 500 million dollars. In 1916 an agreement was made with England which caused a decline of the premium on sterling exchange from $13\frac{1}{2}$ to 3 per cent and of dollar exchange from 16 to 5 per cent between 1916 and the present time. Premiums on neutral exchanges remain high, however, ranging from 10 to 14 per cent.

No gold has been exported since the United States entered the war. The total loss of gold in vault during the war amounted to 3,022 million francs, of which 1,955 million was loaned to England, as explained above. A first repayment of 58 million francs has been made on account. Shipments of gold to the United States prior to 1917 helped to create an easy money market in that country, enabled the bank to borrow money at lower rates in the United States and to buy, during the period of the war, about 9,000 million francs of foreign exchange, mostly in England. The outflow of gold prior to 1917 was offset in part by deposits of the public, and during the early months of the war by some purchases of gold abroad, the total additions amounting to about 2,400 million francs. The total gold stock of the bank, including the 1,955 million lent to England, was 5,477 millions at the end of December, 1918, as compared with 4,141 millions on July 30, 1914.

Loans to the Government, which had been authorized by Parliament up to a maximum of 21,000 millions, had actually reached a total of 17,150 millions at the end of 1918. During the war the Government was able to reduce its debt to the bank by 8,850 millions from the proceeds of the great popular loans and by

transfer of a 200 million dollar credit on the books of the United States Treasury in August, 1918. The bank attaches great importance to the American credit as a valuable reserve.

In addition to the 17,150 millions of loans to the French Government the bank carried, as mentioned above, 3,526 millions of loans to foreign governments, the two items amounting thus to over 20,500 millions of immobilized assets. The bank considers it its main duty now to reduce these enormous unliquid assets.

The bank states that it realized from the beginning the dangers of large note issues but it had no alternative, and, pinning its hopes to victory, it issued sufficient notes to cover the Government's requirements, the total notes in circulation on December 24, 1918, being 30,250 million francs.¹

Great activity was shown by the bank in cooperation with the Government in the floatation of war bonds, and the total amount of war bonds sold through the bank was about 33,000 million francs, in addition to which 25,000 millions of short-term war paper were placed through the bank. Of the 30,000 millions of the last loan, 45 per cent or over 13,000 millions were subscribed through the bank. The bank received 1,520,000 subscriptions, and the amount actually realized was 9,479 millions, representing 535 millions of "rente" or annual interest. The issue of the fourth loan increased the gold reserves by 25 million francs and enabled the Treasury to redeem 2,500 millions of its obligations to the bank. This resulted in a decrease of the note circulation by 2,087 million francs between November 7 and December 5 of the past year.

By a law passed December 20, 1918, the bank's privilege to issue notes has been extended for 25 years beginning January 1, 1921. By the agreement of September 21, 1914, ratified by the act of December 26 of the same year, interest on the loans to the Government will rise from 1 to 3 per cent after one year following cessation of hostilities, the proceeds from this interest to be applied to an amortization fund. The extension of the bank's charter provides that the bank make a special contribution, in lieu of war-profit taxes, to be applied to the amortization fund, this contribution to con-

¹ This amount compares with the following:

	Millions of francs.
Mar. 26, 1914 (minimum for the year).....	5,743
Dec. 24, 1914.....	10,043
Dec. 24, 1915.....	13,216
Dec. 23, 1916.....	16,580
Dec. 22, 1917.....	22,336

stitute 50 per cent of the 1 per cent interest on the loans to the French Government and 85 per cent on the interest received on loans to foreign governments. This law has been made retroactive, as of January 1, 1918. The amount to be contributed by the bank toward the amortization fund prior to 1918—that is, for the period August 1, 1914, to December 31, 1917—has been arbitrarily fixed at 200 million francs. Since the passage of the law of December 20, 1918, the bank has begun to make the prescribed payments, and on the balance sheet of December 24 the amortization fund figures at 437 million francs. By this arrangement the bank may be obliged to pay war-profit taxes for many years after other enterprises will have become exempt from payment of such taxes. The agreement also carries a progressive scale of taxes on circulation. (See text of act of Dec. 20, 1918, on p. 340.) The bank is also to pay to the treasury an amount equivalent to the total outstanding circulation of obsolete type (blue without pink background), and of the small notes of 20 and 25 francs issued prior to 1888. Furthermore, the bank is to pay the Government the equivalent of any excess dividend above 240 francs per share of stock (of the par value of 1,000 francs).¹ The amount paid over to the Government as a tax on circulation and as a surtax on dividends will be applied by the Government to credit operations that will facilitate the industrial rehabilitation of the country.

Law Renewing the Charter of the Bank of France.

The Senate and Chamber of Deputies have passed and the President of the Republic promulgates the following law:

Article 1. The privilege granted to the Bank of France by the laws of the 24 Germinal, year XI, April 22, 1806, June 30, 1840, June 9, 1857, and November 17, 1897, is extended for 25 years, beginning January 1, 1921, and ending December 31, 1945.

Article 2. The agreement made on October 26, 1917, and supplement thereto dated March 11, 1918, also supplementary agreements made on March 11 and July 26, 1918, between the minister of finance and the governor of the Bank of France are hereby ratified. The agreements are exempt from stamp and registration taxes.

Article 3. The proceeds of the additional contributions imposed by Article 4 of the agreement of October 26, 1917, as well as the portion of profits eventually to be paid to the Government in accordance with the supplementary agreement of July 26, 1918, shall be used each year for purposes of agricultural credit up to an amount required by the

laws of November 17, 1897, and December 29, 1911. The excess shall be treated as a reserve and credited to a special account of the treasury until legislative action shall have been taken to fix the terms under which the fund is to be used for credit purposes.

Article 4. No regent of the Bank of France shall be an administrator of financial companies of the countries at war with France.

Done in Paris, December 20, 1918.

APPENDICES.

Agreement of October 26, 1917.

The undersigned, L. L. Klotz, deputy, minister of finance, on behalf of the Government, party of the first part, and Georges Pallain, governor of the Bank of France, authorized by order of the general council of the Bank of France of October 25, 1917, party of the second part, have agreed on the following arrangements, which will become effective when ratified by a law renewing the charter of the Bank of France for 25 years beginning January 1, 1921:

Article 1. The benefits of discount operations provided for by the organic statutes of the bank (article 9 of the decree of January 16, 1908) are extended to apply to mutual credit societies (*sociétés de caution mutuels*) engaged in commerce and industry on a small or moderately large scale.

Article 2. Beginning with the fiscal year 1918 there shall be paid to the Government the following percentages of the extraordinary earnings from the discount of French Treasury notes for the benefit of foreign governments and from the interest on advances to the Government: 85 per 100 of the net earnings from treasury notes for the benefit of foreign governments and 50 per 100 of the interest on advances to the Government, after deducting the supplementary interest of 2 per 100 provided for by articles 4 and 5 of the agreement of September 21, 1914, ratified by the law of December 26, 1914, said interest to be credited in its entirety to the reserve and amortization account provided for by article 5 of the said agreement.

No further payment shall be due on account of the above-mentioned items, nor shall the respective amounts be included with the productive circulation.

The amount of the payment fixed in this manner shall be credited to the special reserve and amortization fund in proportion as the earnings from the above items are received by the bank.

For the period between August 1, 1914, and the end of the year 1917 the bank shall credit to this account, as soon as the law ratifying the present agreement shall have been made public, the sum of 200 million francs in liquidation of the amount chargeable to the year 1917 on the interest described in paragraph one of this article.

This payment of 200 millions for the period before 1918 and the payments prescribed in the first part of this article for subsequent years shall take the place of the general war profit tax.

¹ Quoted in the market at 5,550.

Article 3. Article 5 of the agreement of September 21, 1914, is modified as follows:

"The special account shall be charged with the capital amounts of the unpaid bills held immobilized as the result of the extension of maturity dates as fast as the bank, after discontinuing the extension of maturities, shall transfer the amounts to account of defaulted prewar bills.

"The account shall likewise be debited with the capital amount of defaulted credits resulting from payments made to allied and neutral correspondents in counterpart of settlement in France through the intermediary of the bank of bills or transactions antedating August 4, 1914.

"The bank shall continue to administer the portfolio of defaulted bills and credits and shall credit the above account with such subsequent payments of principal as it may be able to collect thereon.¹

"At no time shall the total credit to this account be in excess of the total of extended bills and credits described above. The excess as well as all other amounts which ultimately are to be credited to the special account shall be applied in reduction of the Government debt, or be directly credited to the treasury account when the Government debt shall have been repaid."

Article 4. In calculating the payments provided by article 5 of the law of November 17, 1897, there shall be added to the amount obtained by multiplying the average productive circulation by the discount rate, after deduction is made of the sums, if any, divided between the bank and the Government in accordance with article 12 of the said law, the total interest received by the bank from securities extended under moratorium; and to the sum thus obtained shall be applied a rate of 5 per 100. If during any period the discount rate shall exceed 3.5, 4, or 4.5 per 100, this proportion for a corresponding period shall be 7.5, 10, and 12.5 per 100, respectively.

On the basis of the proceeds of the bank's productive operations determined as above, there shall be levied each year, after deducting the payments explained above, a supplementary charge of 20 per 100. In this calculation all amounts up to 50 million shall be reckoned only at one-fourth of their actual amounts; amounts between 50 and 75 million, at three-eighths; amounts between 75 and 100 million, at four-eighths; amounts between 100 and 125 million, at five-eighths; amounts between 125 and 150 million, at six-eighths; and amounts between 150 and 175 million, at seven-eighths.²

These ordinary and supplementary payments shall in no way take the place of taxes imposed on the bank by existing law. Any increase of these taxes or the creation of new taxes which might apply to the operations subject to the above payments shall be reduced by the amount of the latter, and only the excess, if any, shall be collected.

¹ This provision is designed to recoup the bank for losses, aggregating about 500 million francs, representing Russian credits guaranteed by the Russian State Bank and Government as well as the Bank of France.

² The purpose of the provision is to make the payments increase progressively as earnings increase. When earnings exceed 175 million francs, the full rate of 20 per cent applies; for lesser amounts a lower rate in effect applies, for example, 10 per cent on earnings of 75 to 100 millions.—*Editor*.

These provisions shall become effective as of January 1, 1918.

Article 5. The permanent advances of the Bank of France to the Government, resulting from the agreements of June 10, 1857, March 29, 1878, October 31, 1896, November 11, 1911, and amounting together to 200 million francs, are extended to the time of the expiration of the charter. These advances shall bear no interest. To guarantee their payment there shall be given to the Bank of France a treasury bond of a maturity coincident with the maturity of these advances.

Article 6. The bank shall continue the existence of branches, offices, and agencies (*villes rattachées*) established beyond the obligations imposed by the law of November 17, 1897, and the agreement of November 11, 1911.

Within 10 years following the promulgation of the law ratifying this agreement, 12 branches and 25 offices shall also be opened.

The bank undertakes moreover to extend its collection service to 50 points (*villes rattachées*), which shall include the administrative centers of all *arrondissements* and of cantons, having 6,000 or more inhabitants, that have no bank service.

Article 7. The Bank of France shall continue to effect gratuitously payments of checks and transfer drafts for account of the treasury drawn by treasury agents, and to lend gratuitous aid to the Government upon terms fixed by existing decrees in facilitating the settlement through transfer of drafts, approved and found correct, in favor of creditors of the treasury and departments having open accounts either at the Bank of France or with some banking house that in its turn has an account with the Bank of France.

It shall also lend gratuitous aid to the treasury on the same conditions in effecting the settlement through transfer for account of treasury agents of drafts drawn by communes and public bodies for the benefit of their creditors having open accounts at the Bank of France or some other banking house which in its turn has an account with the Bank of France.

It shall also undertake without charge the collection of checks drawn or indorsed to the order of treasury agents or of the Government monopolies.

Article 8. The Bank of France undertakes to collect for all its customers without commission all bankers' checks (*chèques barrés*) drawn on banking points and checks drawn on banks belonging to a clearing house or on their correspondents.

It undertakes to pay and settle over its counters without expense all bills of its customers, and also to effect transfers without expense between customers residing in different places.

Article 9. This agreement is exempt from stamp and registration taxes.

Done in duplicate in Paris the 26th of October, 1917.

Read and approved.

(Signed) GEORGES PALLAIN.

Read and approved.

(Signed) L. L. KLOTZ.

Amendment to the agreement of October 26, 1917, between the minister of finance and the governor of the Bank of France.

The undersigned, L. L. Klotz, deputy, minister of finance, representing the Government, party of the first part, and Georges Pallain, governor of the Bank of France, authorized by order of the council of the bank, dated February 28, 1918, party of the second part, agree:

Article 1. Article 3 of the agreement of October 26, 1917, is amended by adding the following:

"The bank will credit the amortization account with interest calculated at the net rate of the advances to the Government, after deducting the stamp tax and the payments provided for in article 2 of said agreement.

"This interest shall be credited to a memorandum account on the last day of each semester.

"At the time of the final liquidation of the amortization account a summary statement shall be prepared of the amounts successively applied to amortization or credited to the Government on this account.

"The bank shall pay to the treasury a portion of the amount stated in the memorandum account proportional to the total amounts credited to the Government in accordance with the above-described summary statement."

Article 2. The present act is exempt from stamp and registration taxes.

Done in duplicate in Paris, March 11, 1918.

Read and approved.

(Signed) GEORGES PALLAIN.

Read and approved.

(Signed) L. L. KLOTZ.

Supplementary agreement of March 11, 1918.

The undersigned, L. L. Klotz, deputy, minister of finance, on behalf of the Government, party of the first part, and Georges Pallain, governor of the Bank of France, authorized by order of the general council of the Bank of France of October 25, 1917, party of the second part, have agreed as follows:

Article 1. In accordance with the general principle that the Government alone has the right to benefit from the failure by holders of notes to redeem them, the Bank of France will pay to the treasury, on dates fixed hereafter, an amount corresponding to that of all outstanding obsolete notes, engraved in blue without the pink background, and of all small notes of 20 and 25 francs issued before 1888 and still in circulation.

A payment of 5 million francs having been made on account in accordance with the agreement of November 28, 1911, a further sum of equal amount shall be paid to the treasury during the month following the ratification of this agreement. The balance shall be paid on January 2, 1923.

Article 2. When the amount of these notes in circulation shall have been reduced below the amounts paid in to the treasury, the Government shall undertake the redemption of such notes as will be ultimately presented for payment,

provided that the net profit received by the treasury shall not fall below the 5 million francs paid in accordance with the agreement of November 21, 1911.

Article 3. The present agreement is exempt from stamp and registration taxes.

Done in Paris the 11th of March, 1918.

Read and approved.

(Signed) GEORGES PALLAIN.

Read and approved.

(Signed) L. L. KLOTZ.

Supplementary agreement to the agreement of October 26, 1917.

The undersigned, L. L. Klotz, deputy, minister of finance, on behalf of the Government, party of the first part, and Georges Pallain, governor of the Bank of France, authorized by order of the general council of the Bank of France of October 25, 1917, party of the second part, have agreed as follows:

Article 1. Beginning with the fiscal year 1918 all distribution of annual dividends above 240 francs per share net above taxes will obligate the bank to pay to the Government an amount equal to the net excess dividend.

Article 2. The present agreement is exempt from stamp and registration taxes.

Done in Paris the 26th of July, 1918, in duplicate.

Read and approved.

(Signed) GEORGES PALLAIN.

Read and approved.

(Signed) L. L. KLOTZ.

Examined as an addition to the law of December 26, 1918, discussed and passed by the Senate and Chamber of Deputies.

Done in Paris, December 20, 1918.

The President of the French Republic,

R. POINCARÉ.

Countersigned by:

The Minister of Finance,

L. L. KLOTZ.

New Plan of Price Stabilization.

The new Industrial Board of the Department of Commerce, which has been appointed with the approval of the President of the United States, has issued to the press the following statement of its organization and purpose, together with a review of the conditions which have led up to its appointment at the present time. The intention of the board to work in close cooperation with industries, and with organizations properly authorized to speak on behalf of their respective industries, is made clear by this general statement.

The personnel of the new Industrial Board is as follows:

George N. Peek, chairman; formerly vice president Deere & Co., Moline, Ill.; formerly commissioner of finished products and acting vice chairman War Industries Board.

Samuel P. Bush, president Buckeye Steel Casting Co., Columbus, Ohio; formerly director of Facilities Division and Chief of Forgings, Guns, Small Arms, and Ammunition Section, War Industries Board.

Anthony Caminetti, Commissioner General of Immigration, Department of Labor, Washington, D. C.

Thomas K. Glenn, president Atlantic Steel Co., Atlanta, Ga.

George R. James, president Wm. R. Moore Dry Goods Co., Memphis, Tenn.; formerly chief of Cotton and Cotton Linters Section, War Industries Board.

T. C. Powell, director Capital Expenditures, United States Railroad Administration; formerly representative of Railroad Administration on War Industries Board, and formerly vice president Southern Railway Co., Cincinnati, Ohio.

William M. Ritter, of West Virginia, president W. M. Ritter Lumber Co.; formerly division chief and assistant to the Commissioner of Finished Products, War Industries Board.

STATEMENT OF THE INDUSTRIAL BOARD.

The President has authorized the appointment of a board to address post-war stagnation in commerce and industry. The condition, its cause, its remedy, the results to be expected and the objections to the course purposed are briefly analyzed below:

I. The condition:

(a) Although—

1. Commercial stocks are depleted.
2. There is plenty of money.
3. Building and construction are several years in arrears of necessity.
4. A long period of enforced economy is greatly relieved.
5. Markets are in prospect in all parts of the world.

(b) Still—

1. Buying is timid and has been decreasing in volume.
2. Money is also timid and remains in bank.

I. The condition—Continued.

(b) Still—Continued.

3. Some mills and factories are idle—few are running full.
4. Construction of public and private works has not begun.
5. Nonemployment is spreading.

II. The cause:

(a) War required production abnormally increased generally and abortively increased respecting certain commodities specially needed for war. This irregular increase was secured by enormously increased prices. Consequently the sudden termination of war left a highly inflated and very irregular market which is generally far above what the peace demand will support and which is not homogeneous, many prices being abortively above their place in the normal pattern.

(b) This situation was originally created by the abnormal operation of the law of supply and demand, stimulated by the great need of the European countries for war materials before this country entered the war, but after we entered the war the law of supply and demand was adjourned and was replaced by such new and powerful forces as priority certificates, compulsory and commandeering orders, export and import restrictions, and price fixing. These forces worked through comprehensive agreements and cooperation between the Government and industry. Therefore, it may fairly be stated that the existing condition was not brought about by the normal operation of the law of supply and demand.

(c) The normal operation of the law of supply and demand can not cure what it did not cause, first, because it can not operate until buying begins, and, second, because buying can not begin until we have a more normal, stable and homogeneous market.

(d) Everybody knows that some prices must fall. No one dares buy until they do fall and even then everybody will wait to see how far they fall. Individual action in lowering selling prices is therefore timid, unscientific, and long drawn out. It can not render the market uniform or stable, but on the contrary renders it unstable, dangerous and panicky. The law of supply and demand would cure the situation eventually, but can we afford to wait, first, through a period of suspicion and uncertainty, then through a panicky crash in all markets, and then through chaotic readjustment? By sane and temperate action all this can be avoided and the law of supply and demand helped over the gap between hold-over war prices and a stable level.

(e) Some uncertainty results from governmental accumulation of facilities and raw, finished, and partly finished materials, which must be fed very carefully into the market. This situation requires the cooperation and advice of industry.

III. The remedy:

(a) The condition must be cured as it was caused. It was not caused by the normal operation of the law of supply

and demand but by general, comprehensive cooperation and agreement between industry and government. It must be cured by the same kind of cooperation and agreement—a consummation possible only at the instance and with the approval of government.

(b) Wholesome cooperation in American business at governmental instance was proved in the War Industries Board (W. I. B.). Governmental control as practiced by the W. I. B. is no longer necessary, but cooperation and agreement in industry at governmental instance and with governmental approval is necessary to bring the law of supply and demand back into normal operation and to let loose prosperity.

(c) To this end the President has authorized a board, largely of W. I. B. men, operating on W. I. B. ideals, minus W. I. B. control, to call industry together, group by group, and let them decide on prices to be offered to the Nation as the governmentally approved judgment of assembled industry on a price scale low enough to be stable, homogeneous throughout the whole fabric, and founded so solidly on a comprehensive review of conditions as to encourage general buying, including that of the railroads and other governmental agencies, and the resumption of normal activities.

IV. Results to be achieved:

(a) Basic commodities such as steel, building materials, textiles, and food will be considered first and brought to a stable basis. The governmental policy, as expressed by the bill to authorize purchase by the Government of wheat at the guaranteed price and resale of it at the world price, is to assist in bringing prices of basic commodities to normality by bringing down the cost of living. It is hoped that these steps alone will automatically operate to reduce the price of fabricated articles. If they do not do so in any particular case, the industry affected will be invited into conference.

(b) As soon as a stable and wholesome scale of prices is achieved, the cost of living will have so far been reduced as to create automatically reductions in the price of labor without interfering with American standards and ideals for the treatment and living conditions of labor, and thus the last inflating element will have been withdrawn from prices. It is believed that industry will agree that the cost of living must be substantially reduced before labor should be asked to accept lower wages and thus industry should stand the first shock of readjustment.

(c) The assurance to the country of a market stabilized at the lowest reasonably expected level will loosen such a flood of buying for the re-creation of stocks, the making up of arrears in the building program, the feeding of needs long starved by economy, and the invasion of world markets as may stand unprecedented in this country. From the stable level thus reached by cooperation we may expect a healthy and normal condition created by the complete and unhampered operation of the law of supply and demand.

V. Objections to governmental purpose shortly answered:

Objection (a): Business resents governmental interference and control, which is to be avoided rather than encouraged. Let conditions alone, and the law of supply and demand will cure all evils.

Answer: The war developed a new thing in government—cooperation and mutual help between government and industry in which government appeared not as a policeman, and not as a jealous guardian of a suspicious character, but as a friend and helper. This idea proved itself. What is proposed is not governmental control. The board has no power of control. It is proposed to provide a forum in which industry can meet and agree on a policy for itself at the instance and with the approval of government, which will help the law of supply and demand over the gap between hold-over war prices and a stable level.

Objection (b): Business and industry will not come into a governmental conference unless there is a power of compulsion.

Answer: The experience of the War Industries Board utterly disproves the criticism. It has been argued that patriotism impelled business and industry to the War Industries Board. Patriotism is not adjourned with the closing of the war.

Objection (c): War prices were fixed at such a level as to insure the production of many high-cost and inefficient producers. What is proposed would shut off this production.

Answer: This production is not needed in peace. The American people can not be expected to support inefficiency in the enterprises that serve them with the necessities of life or to maintain production not normally needed. Inflated production above that which would be supported by the law of supply and demand must cease, and will do so eventually, whether or not the proposed plan is adopted.

Objection (d): Such readjustment must necessarily require redistribution and readjustment of labor.

Answer: This is quite true. It is necessary. The distribution and allocation of labor to war industries has upset the normal pattern in this country for four years. What is proposed is a stimulated peace industry which will employ as much or more labor as did war industries—especially considering the loss of man power, due to decreased immigration, loss by influenza, war, and probably increased Army and Navy. That it will employ them in different places and at different tasks is inevitable, whether the proposed step is taken or not.

Objection (e): A general reduction in selling prices now will force industry and commerce to take a loss on products purchased at war prices.

Answer: This is true and inevitable whether the proposed plan is attempted or not, but under the proposed plan better adjustments are possible; buying will begin

immediately, the overhead of continuing high-cost operations through a period of stagnation is eliminated, and finally much of the loss will be recouped by buying at fair prices and selling in the inevitably increasing market that will result from the normal operation of the law of supply and demand under prosperous conditions.

VI. In conclusion:

It is expected that the activities of the board will be temporary and are intended only to give governmental assistance to aid the law of supply and demand in resuming its normal functions.

The splendid cooperation of American industry during the war leads to the belief that it may continue and carry us safely through the trying period of readjustment. Surely, with our fundamental conditions so sound, there is every reason to believe that we may bridge the gap between war and peace with the same courage and fortitude that always mark the American business man in his dealings with large affairs, and thus escape the unfortunate depressions which the country has suffered following previous wars.

THE INDUSTRIAL BOARD,
GEORGE N. PEEK, *Chairman*.

Explaining the action taken with reference to the revision of prices in the iron and steel industry, the two following statements were made public on March 21 by the Industrial Board, the former on behalf of the board, the latter on behalf of the iron and steel industry:

MARCH 21, 1919.

In giving its approval to the schedule of prices just decided upon for the principal articles of iron and steel the Industrial Board of the Department of Commerce, carrying out the purpose for which it was created, believes that a level has been reached below which the public should not expect to buy during the current year. The purpose of the board is to bring about such a lower level of prices as will effect stability and stimulate trade, to the end that business and industry can proceed and build up with confidence and provide maximum employment.

In its effort to effect cooperation between the Government, representing the public, and capital and labor, it has in view a due and just regard for all of these interests and therefore, in giving its approval to these prices and others which it will consider immediately, it will endeavor to strike a balance which, while calling sooner or later for some sacrifice or adjustments on the part of all, yet will not subject any of these interests to undue hardship.

The board is asking industry to cooperate in taking the first step and voluntarily make temporary sacrifices in the interest of all, and has asked the iron and steel industry because of its fundamental importance to be the first to act, and the board is highly gratified with the spirit in which it has responded.

It is fully understood and expected that the present wage rates or agreements will not be interfered with, the approved prices having this in view.

The reduction in the price lists may involve the necessity of some high-cost plants either shutting down temporarily or running at a loss for a period, but it is expected that with an increased volume of business soon to be developed a reasonable return to the average and better than average producers will be afforded. In view of the higher costs developed throughout the world as a result of the war, a return to anything like pre-war prices is regarded as out of the question. It is expected that other industries as well as the consuming public and labor will recognize their obligations in the circumstances and cooperate in the same generous spirit as has the steel industry.

MARCH 21, 1919.

"After careful consideration and full discussion relating to cost of production and all other facts and circumstances relating to the iron and steel industry, representatives of the industry submitted to the Industrial Board of the Department of Commerce a schedule of proposed reduced prices of the principal iron and steel products, which, with modifications suggested by the board and accepted by the industry, has been approved by the board.

"The objects to be secured are a revival and stabilization of business by establishing a reasonably low basis of prices which would be satisfactory to the consuming public, and yet, so far as practicable, would yield a moderate and reasonable return to the investors where they are entitled to it in the application of sound business principles, and at the same time would not disturb wage rates or interfere with wage agreements; and further, having determined upon prices which it is expected will not be reduced during this year, it is believed that the volume of business will be promptly increased and that furnaces and mills will be operating at a largely increased capacity, thus giving employment to a correspondingly increased number of employees.

"It has been necessary to ascertain and scrutinize all the facts and figures in order to prevent any injustice, and this has been the occasion for considerable discussion and some differences, but as a final result of the conferences which have taken place during the last two days and before, the committee appointed to represent the entire iron and steel industries joined in the report which was made to the Industrial Board.

"While in the opinion of some of the manufacturers the board has insisted upon some changes in the schedule submitted before approving the same, yet the iron and steel committee are convinced that the members of the board have been governed solely with the intention of protecting and promoting the best interests of the public, the investors of capital, and the employees without discrimination, and that the action of the board has been wise and just.

"The iron and steel industry was the first called upon by the board to meet the business situation and to lend its energies and assistance in bringing about readjustment and restoration of the good business conditions, and therefore was the first called upon to make the necessary sacrifice in profits; but those connected with the trade

believe that as a result for the year as a whole they will be compensated and that if other lines of industry show the same disposition, as they undoubtedly will, we may expect great business progress and prosperity in the near future.

"The price list and reductions submitted and approved by the Industrial Board is as follows:

	Nov. 11 price.	Present price.	New price.	Reductions.	
				From Nov. 11.	From present.
Pig iron, basic.....	¹ \$33.00	\$30.00	\$25.75	\$7.25	\$4.25
Billets:					
4-inch.....	¹ 47.50	43.50	38.50	9.00	5.00
2-inch.....	¹ 51.00	47.00	42.00	9.00	5.00
Sheet bars.....	¹ 51.00	47.00	42.00	9.00	5.00
Slabs.....	¹ 50.00	46.00	41.00	9.00	5.00
Skelp:					
Sheared.....	² 3.25	3.00	2.65	³ 12.00	⁴ 7.00
Universal.....	² 3.15	2.90	2.55	³ 12.00	⁴ 7.00
Grooved.....	² 2.90	2.70	2.45	³ 9.00	⁴ 5.00
Merchant bar, base.....	² 2.90	2.70	2.35	³ 11.00	⁴ 7.00
Sheared plates.....	² 3.25	3.00	2.65	³ 12.00	⁴ 7.00
Structural base.....	² 3.00	2.80	2.45	³ 11.00	⁴ 7.00
Wire rod.....	¹ 57.00	57.00	52.00	5.00	5.00
Plain wire.....	² 3.25	3.25	3.25	³ 5.00	⁴ 5.00
Nails.....	² 3.50	3.50	3.25	³ 5.00	⁴ 5.00
Black sheets, 28-pound.....	² 5.00	4.70	4.35	³ 13.00	⁴ 7.00
Blue annealed, 10-pound.....	² 4.25	3.90	3.55	³ 14.00	⁴ 7.00
Galvanized sheets, 28-pound.....	² 6.25	6.05	5.70	³ 11.00	⁴ 7.00
Tin plate, 100-pound box.....	7.75	7.35	7.00	³ 15.00	⁴ 7.00
Tubular products.....	(¹)				⁴ 7.00
Hoops, base.....	² 3.50	3.30	3.05	³ 9.00	⁴ 5.00
Light rails.....	² 3.00	2.70	2.45	³ 11.00	⁴ 5.00
Rails:					
Standard Bessemer.....	¹ 55.00	55.00	45.00	10.00	10.00
Standard O. H.....	¹ 57.00	57.00	47.00	10.00	10.00

¹ Gross ton. ² Hundredweight. ³ Net ton. ⁴ 3½ points off card.

Ore, no change.

Basing points and differentials unchanged. Prices effective at once.

Practice of Handling Bills of Exchange in Foreign Countries.¹

COSTA RICA.

[Consul Benjamin F. Chaso, San Jose.]

Exports to the United States are financed by 30, 60, and 90 day bills. The local seller, at times, draws on a credit opened by the American importer, but generally against bill of lading. This credit is ordinarily open in the United States on 1 per cent acceptance commission and 6 per cent interest. Bills drawn in dollars on New York always find a ready sale. The currency in which the local exporters' bills are drawn depends on the destination of the goods; if for Europe, generally in sterling, but even some of that trade is in dollars. Before the war most was in sterling,

¹ From Commerce Reports, No. 37, Feb. 13, 1919; No. 59, Mar. 12, 1919

[NOTE.—This is the first of a series to be published in the near future on the practice of handling bills of exchange in the import and export trade and other features. The series which follow will include reports from Mexico, South America, Europe, Africa, and the Far East.]

because the chief export, coffee, was mostly to England. European credits are usually 90 days; in the United States 30, 60, and 90 days, and drawings accordingly. These are usually sold to one of the local banks or private bankers.

HOW EXCHANGE IS QUOTED.

Exchange rates are locally quoted at so many colones to the dollar, pound sterling, mark, franc, etc.; e. g., when the dollar is quoted at, say, 115 per cent premium, it means that every \$100 is worth 215 colones, or when it is quoted at 260 per cent premium, it means that every \$100 is worth 360 colones. When sterling is quoted at, say, 140 per cent, it is understood that every £20 is worth 240 colones, and so on. These bills are customarily domiciled at New York, San Francisco, London, Paris, and Hamburg.

All banks and bankers are kept advised by their correspondents of discount and exchange rates at New York.

Drafts and currency are converted into local currency at the ruling rates of the day, which are regulated much by the supply and the demand. Exchange tables are published in the local papers. Forward rates of New York discount are not quoted.

The margin or profit usually calculated in the purchase of first-class commercial bills is one to two points. The New York discount rate is taken as a basis.

No discrimination exists in favor of bills of other countries. In normal times the bulk of the trade being with Europe there is naturally more demand for European exchange than for bills on the United States, although when the rates are favorable in New York many merchants purchase New York exchange and buy in New York whatever European exchange they may require.

COMMISSIONS AND STAMP CHARGES—PROTEST PRACTICES.

In the import trade the commission for collecting clean items on this city is ½ per cent, documentary items the same; clean items and documentary items on various other cities, ¼ per cent. The commission for obtaining acceptance if bill is not to be left for collection is ¼ per cent.

The bill stamp charges in Costa Rica are: For clean items, 2 centavos (\$0.009); for documentary items, 20 centavos (\$0.093). It is customary for these charges to be paid by the drawee of the bills. Deductions for stamp charges are never made from remittance in payment of such collections. No charge is made for stamps on checks remitted in payment of collections.

Protest charges are 6.50 colones (\$3.02). These charges are collected from the drawee, if payment is made after protest.

The charge or expense beyond the protest fees connected with the return of dishonored items is ½ per cent false commission. Payment of such charge or expense should be made by a deposit with the New York bankers of the house or bank returning the dishonored item.

Protest laws and practices are very similar to those in common use. Protest must be made within two days of default by one notary and two witnesses or by two notaries,

between 8 a. m. and 6 p. m. In counting the two days, holidays are excluded. Day and hour of presentation must be shown.

It is customary for the maker of the draft to pay the collection and banking charges, and not for the importer to bear these charges, or to assume any other supplementary payments or charges.

ACCEPTANCE OF CONSIGNMENTS.

Local banks do not guarantee the payment of drafts accepted by any firms.

The local banker giving the information does not accept the consignment of goods. Parcels may be sent for delivery, with the usual charge of $\frac{1}{2}$ per cent on city items and $\frac{3}{4}$ per cent on out-of-town items, upon payment or acceptance of draft.

CUSTOMHOUSE PRACTICES—DRAYAGE AND STORAGE CHARGES.

One month is allowed for making entry of the goods at the customhouse, except matches, gasoline, kerosene, powder, and other dangerous or explosive goods, when 48 hours are allowed. No fine is imposed but a storage charge of 60 centavos (\$0.28) per 100 kilos (220.46 pounds) per month, or fraction thereof, for five months for ordinary goods. A storage charge of 10 centavos (\$0.0465) per kilo (2.2 pounds) for each 24 hours or fraction thereof, beyond the 48 hours, is charged for dangerous or explosive articles as noted. It is customary for the consignee eventually to pay these charges. The goods are sold at auction if not entered within six months from date of arrival at the customhouse. The Government has no regular storage house but makes charges as above for the time the goods remain under its charge.

The bank does not arrange for storing the goods while awaiting clearance. Drayage charges are subject to bargain, rates are from 25 centavos (\$0.116) to one colon (\$0.465) for a single package. No insurance is available for goods in the customhouse in San Jose. The customer generally pays all charges imposed by delay in entering the goods.

INVOICES AND OTHER DOCUMENTS NEEDED.

When goods arrive in advance of the related documents they may be entered by giving a satisfactory bond to the Government. There are usually no expenses connected with this procedure. Documents almost invariably precede the goods.

Consular invoices, a bill of lading, and a commercial invoice are necessary for all shipments made to this country. It is not customary to permit examination of goods by the consignee without permission of the consignor. If the bill of lading is made out "to order," it is possible for the consignee, by giving satisfactory bond to the Government, to obtain possession of the goods without producing the bill of lading. This is also true if the bills of lading are made out to the order of the consignee. Bills of lading should be made to the order of a bank or banker to give consignor absolute control of the merchandise.

PROCEDURE FOR SALE OR RETURN OF GOODS.

When the client desires to sell the goods the local bank or banker attends the sale, if authorized to do so.

If instructions are given to have the goods returned, storage or customhouse charges and reshipping charges must be paid after first giving the Government notice of the intention to return the goods. They must first be cleared, but no duty need be paid, only the other charges. If the merchandise is returned to the country of shipment after duty has been paid a refund is obtainable, less possibly some small charge.

PHRASEOLOGY OF DRAFTS.

The customary phrase to be included in drafts drawn on Costa Rica in United States dollars (or any other foreign currency), in order to enable a remittance of the full face amount of such bills is, "All charges for account of drawee." By using this phrase all collection charges and all interest is understood to be collectible from the drawee and to be remitted by the local bank. If not included in the draft as drawn the phrase may be added in writing thereon.

If a bill is drawn on Costa Rica in other than Costa Rican currency, sometimes the drawee pays such bill by a draft purchased from another bank here. But the holder of the bill so drawn is under no obligation to accept any other bank's draft in payment thereof.

Where drafts are drawn in a foreign currency, there is no provision of law nor trade custom as to the rate of exchange that shall be applied on such bills.

If the maker of the draft has not given specific instructions, no allowance for interest is made to acceptors for retiring bills before maturity. The rate is not fixed by law, but is 10 and 12 per cent here; when any allowance is made on foreign bills the rate is usually 6 per cent.

GUATEMALA.

[Consul Samuel C. Reat, Guatemala City.]

Exports to the United States are financed by attaching draft to the shipping documents. Often a portion of the payment for the goods is drawable in advance, but only when the bank has been advised by the American importer, and then there is a charge made for the accommodation. In certain cases the exporter is able to draw for the full amount from a credit opened by the importer. The credit is generally opened with the correspondent of the bank in New York or San Francisco upon terms that are mutually agreed upon there.

As all of the bills drawn in the country are in dollar exchange there is no possibility of a comparison with bills in other exchange. No exchange tables of dollars into local currency are published.

The ordinary method of arranging a credit is for the importer to establish a credit with some certain bank or banking house in the United States, who then notifies the exporter's bank in Guatemala that upon presentation of shipping documents of any certain article the exporter is to be given the privilege of drawing at such and such a

rate per quantity. The usance on such bills is generally 50 points below the rate of exchange on the day of drawing. They are negotiated through the banks, banking houses, and money brokers, who will quote the day's rate of exchange upon request. The bills are domiciled in New York, New Orleans, and San Francisco. The banks receive daily cables of the New York rate of discount and exchange. "Forward" rates of New York discount are quoted at 6 per cent.

No fixed margin of profit is calculated in the purchase of first-class commercial bills; their purchase is competitive between the various banks, banking houses, and brokers.

COMMISSIONS AND STAMP CHARGES.

In the import trade the commission charged for collecting clean or documentary items on Guatemala City varies in different institutions from one-half to 1 per cent. This commission is the total cost attaching to collection of any item drawn on the country, as there are no banks in other parts of the Republic, other than branches of those established here in the capital. The commission for obtaining acceptance if the bill is not left with the bank for collection is 1 per cent, but this very seldom happens.

The stamp charges on both clean and documentary items is 50 centavos per \$1,000 (equal at present exchange to about 1½ cents gold). This charge is paid by the acceptor or consignee. No deductions are ever made for stamps by the banks here on the amounts collected or on checks remitted by them in payment.

RULES GOVERNING PROTESTED ITEMS.

In case a draft is marked "To be protested if not paid," the charges for the protest are \$2.50 gold, which charge is paid by the acceptor. There are no other fees on dishonored items. The law of the country covering protest of items provides simply that the bank hands the draft to a licensed attorney, who presents the item to the person on whom it is drawn. If the party says that he has not the money for payment of the item or refuses to accept it for any reason, the attorney then draws up a statement of the facts on stamped paper, attaches it to the draft, and returns it to the bank. Nothing else is done, except that the bank, for itself or on account of the drawee, may bring suit and obtain judgment.

CUSTOMS REGARDING PAYMENT OF CHARGES—GUARANTEES OF PAYMENT.

It is the custom in Guatemala for the merchant or importer to pay the collection charges on all items drawn against him. However, he always objects to doing so, making strong protest. Whether or not the collection charges should be paid by the importer should be a matter of arrangement and agreement between the American exporter and the Guatemalan importer; and in many cases it is arranged in such a manner that the importer is relieved of these charges. All other supplementary and subsequent charges are paid by the importer willingly

and with no protest. No local bank or banking house will guarantee the payment of a draft drawn against any firm in the Republic, even after it is accepted. None of the banks in Guatemala accept goods on consignment or aid the importer in any way. The only service they render to the American exporter for the charges they make is the holding of the documents attached to the draft until it is paid; and the only protection they offer for his goods is the holding of the documents necessary to obtain the goods from the customhouse until the draft is fully paid. Consequently the only way that the American exporter can be sure of having his draft paid, after it is accepted, is to make the draft a sight draft and instruct the bank to hold the documents until it is paid; or, if a 60 or 90 day draft is attached, to instruct the bank to demand guarantee that it will be paid at maturity. Of course, with the first merchants and importers, the bank will willingly accept the guarantee of the firm or importer, who most likely is a client and depositor.

CUSTOMHOUSE PROCEDURE—STORAGE OF GOODS.

The time allowed by the customhouse for entry of goods is one month after the arrival of the steamer in port. As it takes from 3 to 10 days for the goods to arrive at the customhouse in Guatemala City after the arrival of the steamer, the time elapsing in railroad transit is lost to the importer. After the passing of one month from the date of arrival of the steamer the customhouse authorities impose a fine against the goods to the amount of 8 centavos per 100 kilos (220.46 pounds) or part thereof per day; one-half of the fine is payable in gold and the other half in the currency of the country, so that it amounts at present rate of exchange to about 4.9 cents gold per day. This charge is paid by the consignee, should he eventually take the goods out of customs; but should he fail to accept the goods within the time limit of six months the customhouse authorities then advertise the goods for sale, making announcement in a daily paper and selling at public auction to the highest bidder for 75 per cent or more of the local market value at the moment, not the invoiced value. The proceeds are kept by the Government. The Government does not undertake to store goods longer than the time stated above and does not have a bonded warehouse for any class of goods.

The banks of the country do not undertake to store goods of any description upon request of the American exporter, nor are there any arrangements possible whereby goods may be covered by insurance other than that written in the United States.

Should the goods arrive before the related documents, it is possible for the importer, if a responsible firm or individual, to obtain the goods from the customhouse after paying the duty and giving guaranty that the bills will be presented upon their arrival.

INVOICES NEEDED—INSPECTION OF GOODS BY CONSIGNEE.

It is necessary to obtain consular invoices for all goods shipped to the Republic of Guatemala, except for those goods that are free, such as samples, etc., but it is better

even in those cases to obtain an invoice on account of the difficulty of knowing exactly what is free and what is not. No other documents are necessary.

Inspection of goods in the warehouses of the customhouse is allowed by the authorities when made in the presence of an inspector; but under no circumstances are the goods allowed out of the hands of the customhouse authorities for examination. If the goods are damaged or unsatisfactory, they may be refused by the consignees.

It is not possible for the consignee to obtain possession of the goods in any manner except as stated above. The bills of lading must be produced, or bond given for their presentation later or for the presentation of copies in duplicate. Facilities are such that shipments should not be consigned "to order."

PROCEDURE FOR SALE OR RETURN OF GOODS SHIPPED.

In case the American exporter desires to sell the goods to others than the consignee the banks here do not attend to that business, but might turn the matter over to some commission house to handle; or should the American exporter through his bank instruct the bank here to return the goods to the shipper, special arrangements would have to be made with the director of customs by which the goods would not have to be cleared through the customhouse, and no duties would have to be paid; but no refund pertains on duties already paid.

PHRASEOLOGY OF DRAFTS.

In order to assure the remittance of the full amount of a draft drawn by an American bank for goods shipped to this country there is no extraordinary wording used in drawing up the draft, but sometimes one of the banking houses here instructs its correspondents in the United States to have the words "plus $\frac{1}{2}$ per cent" added to insure the collection charges. This added, assures the drawee of the full amount, without deduction for collection and interest. Interest is very seldom added to a draft, however, even when drawn for 60, 90, or 120 days. The banks and banking houses all undertake to remit collections of drafts in American gold, and the words "American gold" are generally written in the draft.

No draft is ever drawn on this country in the currency of Guatemala, but should one be drawn in currency other than American dollars, the person upon whom it is drawn pays it with bank check, American gold, at the current rate of exchange, or with another draft, approved, written in American gold. There being no provision of law as to the rate of exchange in such a case mentioned, it is the rate current of the day. The banks of Guatemala do not allow the acceptor any interest reduction for retirement before maturity.

HONDURAS.

[Consul Francis J. Dyer, Tegucigalpa.]

Exports to the United States are financed through banks by drafts at three or four months' sight with documents attached against acceptance. Goods are generally shipped to commission houses to the credit of the shipper.

There is very little market here for other than New York bills, and most local exporters' bills are drawn in American dollars.

The exporter is likely to be an importer also. The credit which he gets for his shipments is applied on bills for goods bought in the United States. For this reason bills of exchange can hardly be said to exist. It is not customary for the American importer to open credit for the Honduras exporter with whom he does business.

Local exchange rates are based on the value of local coin in terms of the gold dollar. Foreign money is figured at its American gold value, and then converted into local coin. New York quotations are only received by mail, and so have little effect on local transactions. Local banks do not keep posted on daily fluctuations of exchange rates. Dollar bills, drafts, etc., are converted into local currency on the basis of local supply and demand. Exchange tables are not published in this country, and "forward" rates of New York discount are not quoted. There is practically no business done in the purchase of commercial bills, either American or foreign.

COMMISSIONS AND STAMP CHARGES—FEES ON PROTESTED ITEMS.

In the matter of imports to Honduras the banks charge a commission of $\frac{1}{2}$ per cent for collecting clean or documentary items on this city. The same charge is made for obtaining acceptance if the bill is not left for collection. There are no stamp charges of any kind on either clean or documentary items.

The amount charged in case of protest is about \$8 gold, and this is paid by the drawee. The American exporter is held responsible for collection and banking charges, except in case of difficult collections, when the importer pays.

OTHER BANK SERVICES.

Local banks will not usually guarantee payment of drafts, and it is not advisable to consign goods to them, because the fact becomes known and no one will then pay what the goods are worth.

Banks will accept parcels to be delivered to consignee against payment or acceptance of draft, if such parcels are shipped by mail. The charge in such instances is 1 per cent. Parcels sent by freight are not accepted for delivery.

CUSTOMHOUSE ENTRY AND STORAGE FEES.

One month is allowed after arrival of goods for making customhouse entry. Storage at a per diem rate is charged against the goods after the lapse of this period. Goods not taken from the customhouse after two years are sold at auction. The storage charge after the first 30 days' free storage is 2 cents per half kilo (1.1 pounds) for the next month, and double this charge for each additional month or fraction thereof. It is customary for the consignee to pay these charges, but disputes often arise. There is no organized private storage business here.

Arrangements can be made for insurance while in warehouse, if desired. The rates range from $\frac{1}{2}$ to $1\frac{1}{2}$ per cent.

The charges of both storage and insurance are borne by the goods.

Goods never arrive here before the related documents. But in case of loss of documents they can be replaced.

DOCUMENTS NEEDED—EXAMINATION OF GOODS—HOW TO PHRASE BILLS OF LADING.

Consular invoice, bill of lading, and original invoice showing the f. o. b. value of the goods in an American port are needed for all shipments made to Honduras except those coming by parcel post, in which case consular invoice is unnecessary.

All packages must be opened in the customhouse before delivery to the drawee, hence there is no difficulty about the drawee's examining the goods.

If bills of lading are made to the order of the consignee he may obtain the goods without producing the bills of lading, but this can not be done if they are made "to order." To give the exporter absolute control of the goods the bills of lading should be made out "to order," indorsed in blank, and kept in bank with proper instructions.

It is not the general policy here to undertake the sale of the goods, but it can be done, without making any guarantees. Goods will be returned if all expenses are met, but the excessive freights render this course inadvisable. Also, the goods must be cleared through the customhouse and duty paid, and no duties already paid will be refunded.

PHRASEOLOGY OF DRAFTS.

To make possible a remittance of the full face value of drafts, they should be made "Payable at the bank selling-rate for sight drafts, in New York, plus bank collection charges." It is not customary to have remittance cover collection charges or interest. If this is desired, however, an explanation of the proposed charge should be added to the above clause.

If a bill is drawn on a Honduras bank in other than the local currency it is customary for the drawee to make payment by draft purchased from another Honduras bank. But neither law nor custom provides any rate of exchange when drafts are drawn in a foreign currency.

From 4 to 6 per cent interest is generally allowed acceptors for retiring drafts before maturity. But this is not fixed by law. In addition to the fees mentioned above, a false commission is allowed in case of protests. Payment of such charges is made to the New York correspondent of the Honduras bank or is deducted from the next remittance.

NICARAGUA.

[Consul Andrew J. McConnico, Corinto.]

Exports to the United States are financed either by advances made against the shipments by the local banks of Nicaragua or by means of credits issued to local shippers by various commission and banking houses in the United States.

During the season of heaviest exports local sellers, in a large measure, draw under a credit opened by an American

importer, but as the exports decrease in volume the practice decreases. Moreover, considerable difficulty is encountered in disposing of drafts which are not bank drafts. This has had a tendency to discourage the practice of making drafts on importers rather than on banks.

Credit is ordinarily opened in New York, and also in San Francisco. The terms vary to such a degree that nothing can be definitely stated.

Before credit is granted an intimate knowledge of the financial standing of the client is obtained; then satisfactory arrangements are made.

EXCHANGE RATES AND QUOTATIONS.

The common usance of bills of exchange is 30 days; in some instances 60 and 90 days. All bills are negotiated directly, as there are no brokers. Exchange rates are quoted at so many cordobas (1 cordoba=\$1) for each pound sterling, or \$100, etc. These bills are customarily domiciled in New York, San Francisco, London, and Paris.

Cable advices from New York to the local banks keep them posted on the daily fluctuations of exchange rates in the principal financial centers of the world. Possibly upon this advice, although no quotations on New York are current, dollar bills and drafts offered to local banks are converted into local currency. Exchange tables are not necessary, for American money is legal tender, and the cordoba is maintained at par with the American dollar.

Local banks receive quotations of discount rates regularly from New York, but "forward" rates of New York discount are not quoted.

The margin of profit usually calculated in the purchase of first-class commercial bills is dependent upon circumstances. The base for such calculations is the local rate. There is no discrimination in favor of bills of other countries.

COMMISSIONS CHARGED FOR COLLECTIONS—NO STAMP CHARGES.

In the import trade, the commission for collecting clean bills of exchange by the Commercial Bank of Spanish America (Ltd.), and the National Bank of Nicaragua (Inc.) is 1 per cent in the cities of Managua, Leon, and Granada, with a minimum charge of 25 cents; elsewhere in Nicaragua the commission is 1½ per cent, and the minimum, 50 cents. The rates of the Anglo-Central American Commercial Bank (Ltd.) are a little higher.

When collections are returned unpaid or unaccepted the rates are one-half of the above-mentioned rates with the minimum as stated. Such rates include postage charges. Protest for nonacceptance or nonpayment is not undertaken. The commission for obtaining acceptance, if the bill is not to be left with the local bank for collection, is one-half of the tariff charges.

There are no bill stamps or charges for clean and documentary items drawn on this country. Nor is there a charge made for stamps on checks remitted in payment of foreign collections.

PROTEST OF BILLS EXPENSIVE.

Protest of bills of exchange and drafts in Nicaragua is very rare. Generally it is expensive, depending upon the amount involved, and little is to be gained by undertaking such a measure. Banks recommend it only in rare cases. In the event of a bill being paid after protest it is doubtful whether the charges may be collected from the drawee. Protest must be made by public document. Protest for nonacceptance dispenses with protest for nonpayment except in a few special cases. Most of the bills of exchange sent to Nicaragua for collection bear the following printed or written instruction: "If unpaid, do not protest."

BEST METHODS OF RECOVERING COLLECTION CHARGES.

Generally there is difficulty and annoyance when bills of exchange are marked "with all collection and banking charges." Bankers of Nicaragua strongly recommend that these items be included by the shipper in his invoice, and draft upon the importer here be made out for an amount corresponding to the invoice.

Whether the importer pays the collection and banking charges on bills drawn on him is all a matter of arrangement. It is difficult, if not impossible, to cause the importer to assume any supplementary charges for which arrangements have not been made.

PAYMENTS RARELY GUARANTEED—DELIVERY THROUGH BANKS DISCOURAGED.

Ordinarily, local banks do not assume responsibility or guarantee payment of drafts accepted by approved firms. Exceptions are made in a few cases, in which the importer has arrangements with the banks. For the convenience of clients local banks have what they term "Importation departments," but consignments are not recommended until after consultation as to whether the class of goods is suitable for this country. The sales commission is 2½ per cent, *del credere*, subject to arrangement.

Local banks do not encourage the sending to them of parcels to be delivered to consignees. It entails too much work, and in such cases the banks have to advance funds for customs purposes, etc. The amounts involved are generally so small that they do not care to undertake business of that class. Banks recommend that parcels be sent against "cash with order." The importer then has to pay the duties and take delivery.

CUSTOMHOUSE FINES AND STORAGE CHARGES.

The time allowed after arrival by the customhouse for making the entry of goods is 15 days. If the entry is not made within the limited time a fine is imposed equal to 25 per cent of the duty, if the goods are dutiable; if not dutiable, the fine imposed is equivalent to 25 per cent of the value of the goods.

The consignee is compelled to pay the fine; otherwise delivery will not be made to him. Usually the goods are held for six months by the customhouse, after which, under the law, they may be sold at public auction. But if the

consignee presents all necessary documents and pays all charges accruing before the time of sale at public auction, he may take delivery of the goods.

The expenses and charges incident to storage by the customhouse are as follows: For each 100 kilos or fraction thereof, ½ cent per day for the first 30 days; for the second month, 1 cent per day; for the third and fourth months, 1½ cents per day; and for the fifth and sixth months, 2½ cents per day for each 100 kilos or fraction thereof. The consignee is compelled to pay such charges; otherwise the goods will be sold at public auction by the customhouse at the expiration of six months in order to meet the charges and expenses.

All goods are stored in the customs warehouse till the duties are paid and entry made. In case goods are stored in private warehouses after entry is made, the premium varies from 1½ per cent to 3 per cent. The insurance and storage charges in such cases are agreed upon by the interested parties.

WHARFAGE AND INSURANCE RATES—PROCEDURE IF DOCUMENTS ARE DELAYED.

Goods imported at Corinto are assessed with wharfage charges at \$1.60 per ton. This includes drayage. Most of the imported articles are insured in the countries from which they are exported. This insurance usually covers the articles while remaining in the customs warehouses, or till they reach their destination at interior points. The rates of insurance depend upon the class of goods.

In the event of the goods arriving before related documents, if the manifest shows to whom the goods are consigned, the consignee is allowed under sufficient bond to file entry and take delivery of the goods, after making a written promise on the face of the entry to produce the bill of lading and consular invoice, if the latter be required, within a specified time. The time limit for bills of lading is six months from any part of the world; for consular invoices, three months from any part of North or South America and five months from other parts of the world. The time to produce these documents may, under unusual circumstances, be extended by the collector general of customs of Nicaragua.

In the absence of documents, if the manifest does not show to whom the goods are consigned, the agents of the vessel on which the goods are imported may have them placed in bond pending receipt of documents; but such agents can not take delivery of the goods. Or the agents of the vessel may make written request to the collector of customs that the person claiming the goods be allowed to place them in bond, which request is granted if the person in question has the necessary bonds on file.

If the bill of lading is not eventually produced the consignee is required to pay a fine equal to the value of the goods. If the consular invoice, when such is required, is not produced a fine of \$1 is imposed in addition to a fine equivalent to 50 per cent of the duties, if the goods are dutiable. If the goods are not dutiable, then the fine is \$1 in addition to 50 per cent of the value of the goods.

DOCUMENTS REQUIRED—PARTIAL EXAMINATION OF GOODS PERMITTED.

A consular invoice is required for goods regularly imported or sent by parcel post if they are valued at \$50 or over. In addition to bills of lading and consular invoices, certificates of origin are required in connection with any shipments upon which rebates are allowed.

Examination of imported goods by the drawee is permitted in a limited way. If he has the necessary documents, the customs authorities, being satisfied that he is the owner of the goods, will permit him to examine at least one package.

It is impossible for the consignee to obtain possession of goods without bills of lading, whether the bills of lading are made out "to order," or to his order. In order that the shipper may have absolute control of the goods the bill of lading should be made out "to order" with the necessary instructions to agents or banks in this country.

PROVISIONS FOR SALE OR RETURN OF GOODS UNDELIVERED.

In the event of the sale of goods at the instance of clients of American banks, agents of local banks no doubt would attend such sales, if so instructed. It all depends upon arrangements entered upon by the banks concerned.

In case instructions are received by a local agent to return the goods, the importer must notify the customhouse authorities that he will not receive the goods. The exporter in the United States usually has an agent, and through that agent the goods may be returned to the port of shipment. The agent must, however, turn the bill of lading over to the customhouse before he is allowed to reship the goods.

Such returned goods have to be cleared through the customhouse as follows:

The goods are placed in bond by the filing of a bond entry. If necessary, they may immediately thereafter be taken out of bond and placed on board ship by the filing of another bond or entry known as an Entry of Reembarque. No duty is required in such a case, but if the duty has been paid and it is afterwards decided to return the goods to the United States it is not possible to obtain a refund of the duty.

PHRASEOLOGY OF DRAFTS AND BILLS OF EXCHANGE.

Nicaraguan banks recommend that the following phrase be included in drafts drawn on Nicaragua in United States dollars, or any other foreign currency, in order to enable them to remit to the shipper the face amount of such bills without any deduction whatever: "Payable in currency at collecting bank's rate of exchange for sight drafts on New York." The face amount of the draft is then remitted, the only reduction being the commission for collecting the draft.

For a local bank to be enabled to remit the face amount of a bill plus the collection charges this phrase is recommended: "Payable, together with collection charges, in

currency at collecting bank's rate of exchange for sight drafts on New York."

To remit the face amount of the bill plus collection charges and interest the wording should be: "Payable, together with collection charges and interest at the rate of ——— per annum from ——— to date of payment, in currency at collecting bank's rate of exchange for sight drafts on New York."

Local banks undertake to remit proceeds of bills of exchange in United States dollars without loss of exchange if the bills include the following clause: "Payable in currency at collecting bank's rate of exchange for sight drafts on New York." At times, but the practice is not general, local banks extend courtesies to their customers by way of allowing them to pay a bill drawn upon them in other than local currency by purchasing a draft from another bank in the country.

No difficulty would arise if clauses such as those recommended above be used, substituting, of course, "London," "Paris," etc., for "New York," as the individual case requires.

Exporters in the United States and elsewhere occasionally instruct local bankers to allow interest on bills of exchange, if paid before maturity, the rate in such cases being 6 per cent per annum. This rate is not, however, fixed by law.

FEES FOR PROTESTS AND RETURN OF DISHONORED ITEMS.

When dishonored items are returned to American banks one-half of the usual tariff rates for collections are charged by the local banks. If the additional expense of protesting a bill of exchange is incurred by a local bank, such expenses plus one-half the usual tariff charges are exacted by the local banks. The manner of obtaining such charges is all a matter of arrangement between the American and Nicaraguan banks.

DENMARK.

[Consul General E. D. Winslow, Copenhagen.]

Practically all foreign and domestic business is done by acceptances. These documents are drafts drawn by the seller of goods on the purchaser, who agrees to pay them on a given date or arranges to have a bank or firm, by accepting the draft, contract to make the payments for him. Bearing on their face the evidence that they are based upon actual commercial transactions or attesting this fact through bills of lading attached, they become prime mercantile papers, and an American bank that had an office here might be able to do some business along these lines and issue bankers' acceptance to buyers of American goods. I am informed that this method of doing business is a new departure for American banks.

GOODS SHIPPED UNDER DRAFT ON ACCEPTANCE TERMS.

The open-credit method of doing business prevailing in the United States, whereby goods are shipped and billed with discounts for cash or net at 30 or 60 days, is not in

favor with experienced exporters. Manufacturers familiar with foreign fields and possessed of good selling connections abroad usually grant time to their overseas customers by shipping goods under draft on acceptance terms. The customer gets the controlling documents upon accepting the draft and thereafter secures the shipment itself. The important feature of such an accepted draft lies in the fact that it forms a definite acknowledgment of indebtedness recognized as such by law.

In Denmark acceptances are far simpler to collect than open accounts. With an accepted draft in evidence it becomes unnecessary to prove indebtedness item by item in case of litigation. The acceptance carries a definite maturity date. It virtually becomes the acceptor's promise to pay at a definite time. Ordinarily, to neglect payment of an accepted draft is to bankrupt the credit standing of the foreign firm involved, according to the standards of business practice prevailing. The matter is so serious that the average foreign firm will go to extremes to avoid dishonor of accepted drafts.

ADVANTAGES OF THIS METHOD TO THE SELLER.

In open credit, trading payments may be neglected or deferred, a condition encouraged by the indefinite time element of open accounts. Legal recourse in such event calls for submission of definite proof of indebtedness and involves troubles multiplied by difference in legal procedure, language, and the distance between seller and the defendant buyer. An unpaid acceptance, on the other hand, means that protest can be entered forthwith and debtors called to account without further difficulty.

The safety and consequent popularity of draft for acceptance terms of dealing with foreign customers are in three factors: The definite maturity date of the obligation, the ease of discounting good acceptance paper, and the simplicity of legal recourse if such ever becomes necessary. The indefinite terms of settlement in open account trading force the seller to carry his customers' credit, thereby restricting the seller's working capital and his own line of credit. The acceptance system means that definite credit can be extended abroad and such paper discounted at a lower rate than is granted any other commercial paper. In view of the fact that foreign customers invariably pay costs of discounting to secure the necessary credit, acceptances are the favored instruments of export dealings from the customer's viewpoint.

ACCEPTANCE DRAFTS ISSUED ONLY ON ACTUAL TRANSACTIONS.

For years the acceptance system has prevailed in Denmark, both for domestic and overseas trade financing. The characteristic of such acceptances has been that they have been issued for trade purposes, based on actual commercial transactions. This in contrast to the promissory note system better known in America, under which notes may be issued as accommodation paper, regardless of whether based on actual business transactions.

ENGLAND.

(Consul General Robert P. Skinner, London.)

Exports to the United States are most frequently financed by the establishment of a banker's credit by the importer, against which the exporter draws a bill of exchange. Very often remittances are made by check, and also frequently there are open credits with periodical settlements. The credits are almost invariably opened in London, against which the exporter draws on terms "cash against documents," these documents being the bill of lading, the consular invoice, and perhaps other special papers.

The market for sterling bills payable in London is freer than that for dollar bills, hence local exporters naturally draw chiefly in terms of sterling.

The American importer ordinarily deals with his American banker who, in turn, arranges with his London correspondent to pay the exporter against the presentation of the bill drawn on the American firm, accompanied by the usual documents. Most bills of American importers are drawn at 60 days after sight.

The negotiation of bills of exchange in London, except as provided for in special contracts, is accomplished through brokers. Exchange rates are quoted in London in dollars per pound sterling. All financial transactions in the United Kingdom naturally center at London.

DAILY QUOTATIONS OF NEW YORK EXCHANGE.

New York rates of exchange and discount are quoted daily in all the newspapers of any standing, and are made public in this country during practically every business hour of the day. Local banks receive direct quotations from many exchange centers and are provided with tape machines. In fact, the system is about as it is in New York. The New York discount rate is always taken as a basis when purchasing the bill in the United States. No discrimination exists against American bills of exchange.

COLLECTION CHARGES AND STAMP DUTIES.

Consul Ingram, of Bradford, states, on the authority of the Bradford Bankers' Clearing House, that there is no agreement in Bradford upon a tariff for collecting clean and documentary items, the circumstances governing the charge in each particular case. The commission for clean collections is usually lower than that for documentary collections, the charges probably ranging from 6d. per cent to 2s. 6d. per cent, according to the labor and other details involved. It is equally impossible to give the cost of collecting clean and documentary items in various cities, this being governed by complex arrangements which exist between the banks and their agents at various centers, and also affected by the terms of the account with the persons for whom the collections are made. However, the usual charge for collecting clean items would be 1s. (\$0.24) per bill unless a yearly charge for services rendered had previously been arranged.

No distinction is made in the stamp duty on clean and documentary items. On bills payable on demand or at sight or presentation, or at a period not exceeding three days after date or sight, the duty is 1d. This duty also prevails on any other bill or note drawn for an amount not in excess of £5. When the amount exceeds £5 but does not exceed £10, the charge is 2d, and 3d. on amounts over £10 but not exceeding £25. For bills drawn for higher amounts the additional charge is 3d. for each £25 or fraction thereof. By the finance act of 1899 the duty on a bill of exchange drawn and expressed to be payable out of the United Kingdom, when actually paid or indorsed or in any manner negotiated in the United Kingdom, shall, when the amount for which the bill is drawn exceeds £50, be reduced to 6d. for each £100 or fraction thereof.

It is not the custom for the drawee to pay these charges directly, but it is possible that an adjustment as to bill stamps may be made in the trading account of the persons drawing and accepting the bills. Deductions for stamp charges are made by local banks from remittances in payment of collections. There is no charge made for stamps on checks remitted in payment of collections.

RULES REGARDING PROTEST.

In case of protest the amount of charges is 7s. 6d. (\$1.82), plus mileage. In the event of the item being paid after protest, the charges are collected from the drawee.

With respect to the protest of items, foreign bills which have not been accepted and/or paid should be noted on the day of dishonor—cost, 1s. 6d. (\$0.363) London, 2s. 6d. (\$0.606) Bradford. Subsequently protest can be extended, and it should accompany the bill if returned abroad. If the bill remains in town it is not necessary to extend protest at once, as this may be done late if required.

The collection and banking charges on bills drawn upon merchants should be borne by the person for whom the item is collected. Collection and banking charges may, as in the case of stamp duties, be dealt with in the account between the drawer and drawee of the bill.

Banks in Bradford only guarantee payment when the drafts are drawn under credit opened by local banks. There is no set charge for opening credits, and they vary probably from one-fourth to one-half per cent, and in some special cases they are as little as one-eighth per cent.

BANKS ACCEPT SHIPPING DOCUMENTS AGAINST PAYMENT BY CONSIGNEE.

The facts stated in the succeeding paragraphs embody procedure pertaining at Liverpool, but except when otherwise stated they hold good, in the main, for all English ports. This information was furnished by Consul Horace Lee Washington.

Banks do not act as the consignee of goods shipped, but parcels may be sent to them by banking correspondents in America. In this case the shipping documents are sent to the bank to be delivered to a specified consignee against payment of an amount indicated. The London

City & Midland Bank (Ltd.) makes no charge for these services, but the Bank of Liverpool (Ltd.) states that the charge is 2s. per cent (\$0.486 per \$486.65) for isolated transactions. When the transactions are for substantial amounts and the aggregate turnover is considerable the charge would not exceed half this rate.

CUSTOMHOUSE AND PORT REGULATIONS.

The customs law of England requires that the entry of goods must be made within 21 days after the arrival of the ship, but the regulations of the port authority at Liverpool require goods to be removed from the quay in 72 hours. Otherwise, penalty rent is incurred amounting to 5s. (\$1.21) per hour for the first 24 hours and 10s. (\$2.43) per hour thereafter. Penalty rent is often reduced by the dock board, however, to special rent and fixed according to the circumstances of the case. These penalties are not paid by the consignee unless due to his own negligence, but are charged by him against the goods when he renders his account to the consignor.

If the goods are not claimed, the shipowner passes the necessary customs entries and causes the goods to be stored, and all expenses thus incurred are claimed before delivery is obtained.

BANKS WILL ARRANGE STORAGE AND INSURANCE.

When requested to do so by American banking correspondents, the banks in England will arrange for the storage of goods and otherwise take steps to protect the American banking house against loss to its clients through the failure or neglect of the consignee to take up the bill of lading. Rates for draying and storage in such cases vary with the goods.

Whenever the bank attends to storage it will ordinarily attend also to fire insurance, but otherwise this is left to the consignee. The premium in such instances is entered as a charge against the goods. The premium varies greatly, according to the kind of policy—floating or specific—the character of the goods, and the location of the warehouse. The Liverpool & London & Globe Insurance Co. (Ltd.), 1 Dale Street, Liverpool, publish in card or pamphlet form the complete schedule of rates for various ports. It is customary for the consignee to pay the insurance charges and to recoup himself out of the proceeds of sale of the goods.

In the event of the goods arriving in advance of the related documents, they may be obtained from the shipping company against an indemnity and letter of undertaking which is signed jointly by the consignee and his own banker. Liverpool banks make no charge for this service, but some London banks charge one-sixteenth per cent.

DOCUMENTS NEEDED.

There is no statutory requirements specifying what documents are needed in shipments to England. Commercial practice requires in addition to the bill or bills of lading a marine insurance policy or certificate.

It is not usual except under extraordinary circumstances and for satisfactory reasons to permit examination of goods without specific instructions to that effect from the consignor.

HOW BILLS OF LADING SHOULD BE MADE OUT.

The consignee can not obtain the goods without producing the bills of lading, except by a banker's indemnity, whether the bills are made out "to order" or to the order of the consignee. To give the exporter absolute control of the goods the bills of lading should be made out "to order," and then indorsed in blank by the party in whose favor they are made out.

ARRANGEMENTS FOR SALE OR RETURN OF GOODS.

The information which follows was furnished by Consul Calvin M. Hitch, of Nottingham.

In case the client of the American bank desires to sell goods shipped, it is exceptional for banks here to attend to such sale. If requested to do so they would employ a broker. If requested to have the goods returned they would hand the documents to a shipping company with proper instructions. Inward freight and charges, and possibly return freight and insurance, would have to be paid before the shipping company would act. The goods would not need to be cleared through the customhouse nor duty paid; and refund could be obtained on duty already paid.

PHRASEOLOGY OF DRAFTS.

To enable the British bank to remit the face amount of the bill the draft should include the phrase, "Payable at the selling rate for demand drafts." This phrase would also cover any collection or interest charges, since these should be included in the amount of the bill.

If a bill is drawn on this country in a foreign currency the drawee sometimes pays with a draft purchased from another bank in this country; but this is not an established custom.

Acceptors retiring drafts before maturity are, by commercial custom, allowed a rate of interest one-half per cent above the ruling deposit rate of interest fixed by the London joint-stock banks; that is, if the drafts are drawn with documents against maturity. The interest for retiring clean items is a matter of arrangement between the acceptor and the collecting bank.

Any charges connected with the return of dishonored items, over the protest fees, are a matter of arrangement, and would be debited in account.

FRANCE.

Consul General Alexander M. Thackara, Paris.]

Exports to the United States are financed by credits opened through the Paris correspondent of the American banking institution. The drafts or the documents are likely to be drawn "to order" and indorsed in blank, or simply drawn to the order of the financing institution. They may be at sight or at 30 or 60 days' sight.

Banking institutions in Paris doing a fairly large American business naturally keep themselves fully informed as to New York discount rates. The exchange rates are quoted regularly and published daily, and local banks keep themselves posted by cable on fluctuations of exchange throughout the world.

As regards margin of profit, there is no fixed rule, and there are practically no bills on the member banks of the Federal Reserve System in the market, although the rediscount rate of the Federal reserve bank unquestionably would be a ruling factor in determining the rate on such bills.

In the past all the bills on other countries have been drawn on London because of the negotiability and stability of the pound sterling. But the dollar market has now assumed such importance that with the full normal resumption of international business bills drawn in dollars will find a good market.

COMMISSIONS FOR COLLECTIONS—BILL STAMP CHARGES.

The commission for collecting documentary items on this city never exceeds one-half mill; clean items collected free. For collecting clean items on various other cities: If large centers, free, with one to five days' interest collected; documentary items, up to 1 mill on big centers, and from one-half mill to 2 per cent on long banking places. No commission is usually charged for obtaining acceptance of bills not left with the bank for collection.

The bill stamp charges for clean and documentary items drawn on this country are one-half mill. It is customary to charge this to the drawer of the bill, the charge being debited to the account of the institution for which the collection is made.

The charge in case of protest is five-eighths per cent, and generally when the item is paid after protest this is collected from the drawee.

As a rule merchants here will not pay collection and banking charges on bills drawn against them nor assume any other supplementary charges. Any such arrangement must be the result of special agreement between buyer and seller.

HOW CONSIGNMENTS AND PARCELS ARE HANDLED—DOCKING, WAREHOUSE, AND INSURANCE FEES.

Local banks will indorse drafts accepted by approved firms, taking a commission. In general, banks do not accept consignments nor handle parcels to be delivered to consignee against payment. Such transactions could doubtless be handled through transportation companies.

Clearance of goods may be made as soon as the captain has entered his ship and the goods are landed. There is no maximum time limit in which to make entry. The only expenses are watching, dock, and warehousing dues. When goods are not promptly cleared through the customs they are sent to the Government bonded warehouse, and all costs for cartage, warehousing, and insurance are for account of goods, the consignee eventually paying these charges.

After goods have been cleared through customs a transportation company will arrange storage, if desired. The rates are not fixed, even among the different companies operating in the same town, and no schedule of charges can be given.

In Government warehouses the insurance is imposed and covered by a Government insurance contractor, the value being estimated by the warehouse people. But if the consignee orders goods to the Government warehouse, he may also indicate the correct value for insurance. The charge is usually 50 centimes (\$0.0865) per 1,000 francs (\$193) per month.

DOCUMENTS NEEDED—HOW TO MAKE OUT BILLS OF LADING.

In the event of the goods arriving before the related documents, they may be obtained by presenting a banker's guaranty. The cost of this does not exceed one-fourth per cent.

Consular invoices are not required on shipments to France.

Consignee may examine the goods in the customs only when instructions have been given by the shipper to that effect.

The consignee can not obtain possession of the goods without the bill of lading if it is made out "to order" or to the order of the consignee unless he produces a banker's guaranty. To obtain absolute control, bills should be made out or indorsed to the order of the collecting bank, although, generally speaking, bills come through made out "to order" and indorsed in blank.

PROCEDURE FOR RETURN OF GOODS.

It is unusual for banks to attend the sale of goods. If goods are to be returned to shipper, the procedure is quite similar to that in the United States for a like transaction. A regular customs entry is necessary, and the goods are reforwarded in bond to port. Goods in bond need not be cleared through the customhouse, hence there is no duty. But if duty has already been paid, there is no refund, unless duty was paid on drawback or on "Consignation de droits" (deposit of customs duty), which is only allowed on certain classes of goods.

PHRASEOLOGY OF DRAFTS.

The customary phrase to be included in drafts to enable a remittance of the full face amount of the bill without any deduction is: "Payable for this amount plus all charges." This phrase must be embodied in the bill.

If the remittance is also to include collection charges, these charges are usually indicated in the amount of the bill, and the phrase is: "Payable for the face amount, plus \$—, collection charges, as indicated above, and any other bank charges."

If interest is also to be paid, add to the above phrase: "And interest at the rate of — from — to —."

On bills drawn on France in other than French currency the drawee is at liberty to purchase his cover where he

chooses. There is no legal provision governing the rate of exchange on drafts drawn in foreign currency. Nor is there a rate fixed either by law or custom governing the interest allowed to acceptors for retiring drafts before maturity. Cedents should be consulted.

In addition to the protest fees connected with the return of dishonored items, a commission of one-half mill, plus 6 francs (\$1.16) per protest is made. This is usually debited in account.

PORTUGAL.

[Consul General W. L. Lowrie, Lisbon.]

Exports to the United States are financed through banking credits or commercial drafts, with bill of lading attached. Credit is opened in Lisbon or London, less frequently in New York, against bill of lading and insurance policies. The market for bills drawn in dollars on New York is comparatively small. Most local exporters' bills are drawn in pounds sterling or francs. The buyer opens a credit in a local or French or English bank, sending a letter of credit to the seller, or having him advised by the local bank that the credit is open for the amount of the invoice of the goods purchased for payment against shipping documents. Bills are negotiated through the bank where credit has been established. Exchange rates are quoted through the banks. Bills are customarily domiciled in Lisbon or Oporto, London or Paris.

DAILY QUOTATIONS OF NEW YORK RATES.

New York rates of discount and exchange are quoted each day by the banks. They keep themselves posted by telegrams on fluctuations in the principal financial centers of the world. Dollar exchange tables are not published; sterling and francs are. Regular quotations of discount rates from New York or other American banks would be of no use here. The present rate of the Bank of Portugal is 5½ per cent; market discount, 5 to 7 per cent. "Forward" rates of New York are not quoted. Margin of profit on the purchase of first-class commercial bills is calculated on 5 to 10 points (about one-fourth and one-half per cent). Interest is figured at 5 to 7 per cent, if New York rates are not above that. Bills on London are those which sell most readily and all parities are calculated through the London rates of exchange.

COLLECTION AND BILL CHARGES—PROTEST FEES.

The commission charged by local banks for collecting clean items on this city is one-tenth per cent; documentary items, one-tenth to one-eighth per cent. The same commissions prevail for collecting items on Oporto and Lisbon, but items on other cities are charged one-fourth to one-half per cent extra. No commission is charged for obtaining acceptance of a bill not to be left for collection.

The bill-stamp charges for clean and documentary items drawn on this country amount to 10 centavos (\$0.108) per 100 escudos (\$108.05), or one-tenth per cent. It is customary for the drawee to pay these charges, together with

postage costs, and they are deducted from the local bank's remittance to the American bank in payment of such collections. No charge is made for stamps on checks remitted in payment of collections.

The amount of the charges in case of protest is 1.30 escudos (\$1.304). When the item is paid after protest the charges are collected from the drawee. The law provides that protest must be made within two banking days after due date.

It is not customary for the Portuguese importer to pay any collection, banking, or other supplementary charges—nothing but the face amount of the bill.

HOW PARCELS SHOULD BE SENT—CUSTOMHOUSE ENTRY.

While it is not the rule for local banks to guarantee payment of drafts accepted by approved firms this is sometimes done, the terms being 1 to 2 per cent. Banks will accept the consignment of parcels, but the conditions would have to be adjusted between the parties concerned. They will also accept parcels for delivery, the shipper being responsible for the payment of customhouse duties, which must be settled before parcels are delivered.

Two years are allowed after the arrival of goods in which to make entry at the customhouse. No fines are assessed for exceeding this limit, but whenever the storage fees become sufficient to exceed the estimated value of the goods they are sold by the Government at public auction. Similar disposal of the goods is made if at the expiration of the two years they remain unentered.

STORAGE AND INSURANCE RATES.

The storage rate on bags and bales is 30 centavos (\$0.324) per ton for the first month and 27 centavos (\$0.29) per ton for each succeeding month. The rate on cases is 27 centavos per ton for the first, and 22 centavos (\$0.237) for each succeeding month. The consignee eventually pays these charges. If removal of goods is desired, arrangements for storing can be made with a customhouse broker, the rates varying according to circumstances. Banks will arrange for insurance while in warehouse, the premium varying with the character of the goods and being paid eventually by the consignee.

If goods arrive before the related documents, they are stored ex officio by the customhouse, the expense varying with the merchandise.

DOCUMENTS REQUIRED FOR SHIPMENTS—HOW BILLS OF LADING SHOULD BE MADE OUT.

Consular invoice must be obtained for all shipments to Portugal. No other documents are required by law, but custom requires bill of lading, invoice, and insurance policies in addition to the consular invoice.

Examination of goods by drawee is allowed without authorization from the exporter by abusive custom rather than by legal right.

If bills of lading are made out "to order," the consignee may, under proper guaranty, obtain possession of the

goods without producing the bills of lading. If they are made out to the order of the consignee their production is not necessary for him to obtain the goods. To give the shipper absolute control of merchandise, the bills of lading should be made out to order and indorsed either to the banker or in blank.

Local banks will attend to the sale of goods if desired through an agent or a recommended merchant. If asked to return goods the local bank will give reshipping instruction to an official customhouse clerk. If entry has not yet been made duty need not be paid, and there is no reexport duty. But if goods have been entered refund is improbable.

HOW DRAFTS SHOULD BE DRAWN.

To enable local bank to remit the face amount of the bill without any deductions whatever, the draft should read: "Payable at the rate of exchange of the day of payment." Collection, stamp, and interest charges must be paid by the indorser, since the drawee can with difficulty be made to assume them.

Bills drawn on Portugal in other than local currency are payable at the rate of exchange ruling on the day previous to maturity, and it is not customary to pay them by drafts drawn on other banks in this country.

The customary but not legally fixed rate of interest allowed acceptors for retiring drafts before maturity is 5 to 6 per cent.

The small additional charges of commission and postage over the protest fees for the return of dishonored items are put to account or paid over to the New York correspondents of the local banking house.

SPAIN.

[Consul General Carl Barley Hurst, Barcelona.]

Spanish exports to the United States are usually financed through London or Paris banks, and the local seller also draws under a credit opened by the American importer. Where a local bank is called upon to cover balances in New York it purchases exchange on London and sells this exchange in the United States. Drafts on New York are sent to the United States and exchanged for gold, which is then brought back to Spain.

New York rates of discount and exchange are well known to parties interested, and local banks are advised of daily fluctuations by telegraph.

Local banks get regular quotations of discount rates from New York and other American banks, and "forward" rates of New York discount are quoted here. All purchases of first-class commercial bills are based on the London and Paris parities, and no discrimination exists in favor of bills on other countries.

BANK COMMISSIONS AND STAMP CHARGES.

The commission for collecting documentary items in this city is about one-half per mil, and the total cost for collecting clean items in various cities differs but slightly from that of Barcelona. The total cost of collecting documen-

tary items in various cities depends upon the instructions to be carried out. One-half the collecting commission is charged for obtaining acceptance of bill not left with the banker for collection.

Various arrangements are made by Spanish bankers with the drawee as to the payment of stamp charges, sometimes the stamp charge being deducted from the remittance made in payment for collection. A charge of 10 centimos (\$0.019) is made for stamps on checks remitted in payment of collections. When an item is paid after protest the charges are collected from the drawee if possible. The drawer usually bears the banking charges, but such arrangements are matters for adjustment between the buyer and seller.

Local banks do not generally guarantee the payment of drafts accepted by approved firms. Banks accept the consignment of goods on various conditions. Parcels to be delivered to consignee against payment or acceptance of drafts should be handled by a customhouse broker, who would make entry of the goods within the required time limit.

STORAGE CHARGES—CONSULAR INVOICE NEEDED.

The usual insurance premium for the storage of goods in warehouses is reasonable and depends on the nature of the goods, arrangements as to the payment of such charges being made between the consignor and consignee. Generally all goods are submitted to examination by the customhouse authorities. It is possible for the consignee to obtain possession of the goods without producing the bill of lading made out "to order," as well as when made to the order of the consignee. Although it is important to get absolute control of the merchandise, there is recourse against the shipowner for improper delivery. In case a bank's clients desire to sell goods, an agent would be employed. In case goods are to be returned to the shipper, a shipping agent should be employed.

Where drafts are drawn in a foreign currency the rate of exchange of date of payment is applied on such bills. The rate of interest allowed acceptors for retiring drafts before maturity is a matter of arrangement with the banker, as is also any charge or expense beyond the protest fees connected with the return of dishonored items.

Acceptances to 100 Per Cent.

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

Corn Exchange National Bank, Philadelphia, Pa.
Guardian Trust & Savings Bank, Toledo, Ohio.
Live Stock Exchange National Bank, Chicago, Ill.
Fifth Avenue Bank, New York City.
Paterson National Bank, Paterson, N. J.

Foreign Branches.

There is given below a list of foreign branches of national banks and banks doing business under agreement with the Federal Reserve Board, which were open for business on April 1, 1919.

NATIONAL BANKS.

1. National City Bank, 55 Wall Street, New York City:
 - Buenos Aires, Argentina.
 - Bahia, Brazil.
 - Rio de Janeiro, Brazil.
 - Santos, Brazil.
 - Sao Paulo, Brazil.
 - Santiago, Chile.
 - Valparaiso, Chile.
 - Cardenas, Cuba.
 - Cienfuegos, Cuba.
 - Havana, Cuba.
 - Matanzas, Cuba.
 - Sagua la Grande, Cuba.
 - Santiago, Cuba.
 - Genoa, Italy.
 - San Juan, Porto Rico.
 - Montevideo, Uruguay.
 - Caracas, Venezuela.
 - Vladivostok, Russia.
 - Temporarily closed—
 - Moscow, Russia.
 - Petrograd, Russia.
2. First National Bank, 70 Federal Street, Boston, Mass.:
 - Buenos Aires, Argentina.

BANKS DOING BUSINESS UNDER AGREEMENT WITH FEDERAL RESERVE BOARD.

1. American Foreign Banking Corporation, 56 Wall Street, New York City:
 - Cristobal, Canal Zone.
 - Havana, Cuba.
 - Panama, Republic of Panama.
 - Port au Prince, Haiti.
 - Rio de Janeiro, Brazil.
2. Mercantile Bank of the Americas, 44 Pine Street, New York City:
 - Paris, France.
 - Barcelona, Spain.
 - Affiliated institutions—
 - Banco Mercantil Americano de Cuba:
 - Havana, Cuba.
 - Banco Mercantil Americano de Colombia:
 - Bogota, Barranquilla, Cartagena, Medellin, Manizales, Girardot, Cali, Honda, Colombia.
 - Banco Mercantil Americano del Peru:
 - Lima, Arequipa, Chiclayo, Callao, Peru.
 - Banco Mercantil Americano de Caracas:
 - Caracas, La Guayra, Venezuela.
 - American Mercantile Bank of Brazil:
 - Para, Pernambuco, Brazil.
 - National Bank of Nicaragua:
 - Managua, Bluefields, Leon, Granada, Nicaragua.
 - Banco Atlantida:
 - La Ceiba, Tegucigalpa, San Pedro Sula, Puerto Cortez, Honduras.
3. Asia Banking Corporation, 66 Liberty Street, New York City:
 - Shanghai, China.
 - Hankow, China.

4. International Banking Corporation, 55 Wall Street, New York City:

Batavia, Java.
Bombay, India.
Calcutta, India.
Canton, China.
Cebu, Philippine Islands.
Colon, Republic of Panama.
Hankow, China.
Hongkong, China.
Kobe, Japan.
London, England.
Manila, Philippine Islands.
Medellin, Colombia.
Panama, Republic of Panama.
Peking, China.
Puerto Plata, Dominican Republic.
San Pedro de Macoris, Dominican Republic.
Santiago, Dominican Republic.
Santo Domingo, Dominican Republic.
Shanghai, China.
Singapore, Straits Settlements.
Soerabaya, Java.
Tientsin, China.
Yokohama, Japan.

(The International Banking Corporation also maintains a branch office in San Francisco, Calif.)

The First National Corporation, 70 Federal Street, Boston, Mass., has opened no foreign branches. A branch office of this corporation is maintained at 14 Wall Street, New York City.

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from March 1, 1919, to March 28, 1919, inclusive:

	Banks.	
New charters issued to.....	16	
With capital of.....		\$745,000
Increase of capital approved for.....	28	
With new capital of.....		2,335,000
Aggregate number of new charters and banks increasing capital.....	44	
With aggregate of new capital authorized.....		3,080,000
Number of banks liquidating (other than those consolidating with other national banks under the act of June 3, 1864).....	5	
Capital of same banks.....		290,000
Number of banks reducing capital.....	0	
Reduction of capital.....		0
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks under the act of June 3, 1864).....	5	
Aggregate capital reduction.....		290,000
Consolidation of national banks under the act of Nov. 7, 1918.....	3	
Capital.....		1,450,000
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was.....		3,080,000

¹ Includes two increases of capital aggregating \$250,000 incident to consolidations under the act of Nov. 7, 1918.

Against this there was a reduction of capital owing to liquidation (other than for consolidation with other national banks under the act of June 3, 1864) and reductions of capital of..... \$290,000

Net increase..... 2,790,000

State Banks and Trust Companies Admitted.

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

Nine hundred and eighty-seven State institutions are now members of the system, having a total capital of \$353,862,051, total surplus of \$404,415,242, and total resources of \$7,395,042,168.

	Capital.	Surplus.	Total resources.
<i>District No. 3.</i>			
Milford Trust Co., Milford, Del.....	\$25,000	\$35,000	\$913,051
The Union Banking & Trust Co., Du Bois, Pa.....	125,000	175,000	2,145,601
<i>District No. 4.</i>			
The Conneaut Mutual Loan & Trust Co., Conneaut, Ohio.....	100,000	65,000	1,621,598
<i>District No. 6.</i>			
Bank of Grayson, Grayson, Ga.....	25,000		137,951
<i>District No. 7.</i>			
Farmers Savings Bank, Lytton, Iowa...	30,000	5,000	475,869
<i>District No. 8.</i>			
W. B. Worthen Co., Bankers, Little Rock, Ark.....	200,000	200,000	1,876,494
Union Trust & Savings Bank, East St. Louis, Ill.....	200,000	50,000	2,470,781
Clay County State Bank, Louisville, Ill.	25,000	7,500	192,067
<i>District No. 9.</i>			
State Bank of Nashau, Nashau, Mont...	25,000	3,000	180,418
<i>District No. 10.</i>			
Capital City Bank, Santa Fe, N. Mex...	50,000	10,000	373,006
<i>District No. 11.</i>			
First Guaranty State Bank, Valley View, Tex.....	25,000	10,000	145,062
The First State Bank, Lorraine, Tex....	30,000	15,000	171,254
<i>District No. 12.</i>			
Farmers Commercial & Savings Bank, Oakley, Idaho.....	25,000	10,000	229,007
Farmers & Merchants Bank, Provo, Utah.....	100,000	2,500	814,010
Bank of Vernal, Vernal, Utah.....	60,000	15,000	494,648

NOTE.—The Fidelity Trust Co., Tacoma, Wash., has been purchased by the Bank of California, N. A., and its assets have been taken over by the Tacoma branch of that bank.

Commercial Failures Reported.

Numbering only 430 in three weeks of March, against 747 in the corresponding period of 1918, commercial failures in the United States, as reported to R. G. Dun & Co., still make a highly gratifying exhibit. With but 602 defaults, exclusive of receiverships of three traction, light, and power companies in the South, involving upward of \$20,000,000, the statement for February (the latest month for which complete statistics are available) is the best, in number of insolvencies, of any month since last November, and marks the most favorable showing of any February of which there is record. Moreover, the February liabilities of \$11,489,183, while somewhat above those of January, are less than in any other month since last August, and are the lightest of any February back to 1907. Aside from the sixth district, where a small increase appears, and in the eleventh district, where no change is shown, fewer failures occurred during February in all of the 12 Federal Reserve districts than in the same month of 1918, the reductions being pronounced in most instances. In respect to the indebtedness, increases and decreases were equally divided, but the smaller totals than last year in the first, third, fourth, fifth, ninth, and tenth districts more than offset the expansion elsewhere.

Failures during February.

Districts.	Number.		Liabilities.	
	1919	1918	1919	1918
First.....	64	139	\$933,961	\$1,538,100
Second.....	102	153	2,686,546	2,685,010
Third.....	37	65	447,770	2,639,038
Fourth.....	40	93	845,343	903,625
Fifth.....	27	51	381,910	631,509
Sixth.....	46	43	623,881	279,989
Seventh.....	87	161	2,802,884	1,814,311
Eighth.....	36	67	424,740	423,386
Ninth.....	10	30	118,400	298,000
Tenth.....	28	32	265,103	308,987
Eleventh.....	41	41	930,894	288,227
Twelfth.....	84	105	1,027,751	1,016,000
Total.....	602	980	11,489,183	12,829,182

Fiduciary Powers Granted to National Banks.

The applications of the following banks for permission to act under section 11(k) of the Federal Reserve Act have been approved by the Federal Reserve Board during March:

DISTRICT No. 1.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Brockton National Bank, Brockton, Mass.
Cape Anne National Bank, Gloucester, Mass.
County National Bank, Bennington, Vt.
Bristol National Bank, Bristol, Conn.
New Britain National Bank, New Britain, Conn.
Merchants National Bank, New Haven, Conn.

Guardian of estates, assignee, receiver, committee of estates of lunatics:

People's National Bank, Brattleboro, Vt.

Trustee, executor, administrator, guardian of estates, assignee, receiver, committee of estates of lunatics:

Ansonia National Bank, Ansonia, Conn.

Trustee, executor, administrator, guardian of estates, receiver, committee of estates of lunatics:

New London City National Bank, New London, Conn.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver:

Torrington National Bank, Torrington, Conn.

DISTRICT No. 2.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

First National Bank, Canton, N. Y.
Harriman National Bank, New York City.
First National Bank, Jersey City, N. J.
Orange National Bank, Orange, N. J.
Illion National Bank, Illion, N. Y.
Merchants National Bank, Dunkirk, N. Y.
Herkimer National Bank, Herkimer, N. Y.
Second National Bank, Cooperstown, N. Y.
First National Bank, Perth Amboy, N. J.
Garfield National Bank, New York City.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, receiver, committee of estates of lunatics:

First Bridgeport National Bank, Bridgeport, Conn.
City National Bank, Danbury, Conn.
Danbury National Bank, Danbury, Conn.
First National Bank, Ridgefield, Conn.
First National Bank, Stamford, Conn.

DISTRICT No. 3.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Salem National Banking Co., Salem, N. J.
Mechanics National Bank, Trenton, N. J.
Lehigh Valley National Bank, Bethlehem, Pa.
Union National Bank, Huntingdon, Pa.
Corn Exchange National Bank, Philadelphia, Pa.
Williamsport National Bank, Williamsport, Pa.

DISTRICT No. 4.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Lamberton National Bank, Franklin, Pa.
Punxsutawney National Bank, Punxsutawney, Pa.
Second National Bank of Allegheny, Pittsburgh, Pa.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, receiver, committee of estates of lunatics:

First National Bank, Meadville, Pa.
First National Bank, Paris, Ky.

Trustee under a will, registrar of stocks and bonds, trustee under a mortgage securing an issue of bonds, and such other trust capacities, if any, as the proper courts in Ohio may authorize:

National City Bank, Akron, Ohio.
Commercial National Bank, Coshocton, Ohio.

DISTRICT No. 5.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Merchants & Farmers National Bank, Charlotte, N. C.
First & Citizens National Bank, Elizabeth City, N. C.
First National Bank, Abingdon, Va.
Second National Bank, Hagerstown, Md.
Wayne National Bank, Goldsboro, N. C.
National Union Bank, Rock Hill, S. C.
First National Bank, Huntington, W. Va.

Guardian of estates, assignee, receiver, committee of estates of lunatics:

National Exchange Bank, Roanoke, Va.

DISTRICT No. 6.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

First National Bank, Laurel, Miss.
Citizens National Bank, Dickson, Tenn.

Guardian of estates, assignee, receiver, committee of estates of lunatics:

First National Bank, Meridian, Miss.
First National Bank, Alexandria, La.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver:

Third National Bank, Atlanta, Ga.

DISTRICT No. 7.

Registrar of stocks and bonds:

Corn Exchange National Bank, Chicago, Ill.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Second National Bank, Charleston, Ill.
State National Bank, Mattoon, Ill.
Marion National Bank, Marion, Ind.
Old National Bank, Fort Wayne, Ind.
Elston National Bank, Crawfordsville, Ind.
First National Bank, Newcastle, Ind.
First National Bank, Council Bluffs, Iowa.
First National Bank, Marinette, Wis.

Guardian of estates, assignee, receiver, committee of estates of lunatics:

Commercial National Bank, Fond du Lac, Wis.

Trustee, executor, administrator, guardian of estates, assignee, receiver, committee of estates of lunatics:

First National Bank, Rippey, Iowa.

DISTRICT No. 8.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

State National Bank, Texarkana, Ark.
State National Bank, St. Louis, Mo.
First National Bank, Vandalia, Ill.
Old State National Bank, Evansville, Ind.
First National Bank, Seymour, Ind.
Citizens National Bank, Danville, Ky.
First Hardin National Bank, Elizabethtown, Ky.
First National Bank, O'Fallon, Ill.
City National Bank, Paducah, Ky.
First National Bank, Carrollton, Mo.

Guardian of estates, assignee, receiver, committee of estates of lunatics:

First National Bank, Hopkinsville, Ky.
Citizens National Bank, El Dorado, Ark.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver:

First National Bank, Batesville, Ark.

DISTRICT No. 9.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

First National Bank, Stillwater, Minn.
Winona National Bank, Winona, Minn.
Merchants National Bank, Crookston, Minn.
Montana National Bank, Billings, Mont.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver:

First National Bank, Austin, Minn.

Trustee, executor, administrator, registrar of stocks and bonds:

First National Bank, Kalispell, Mont.

DISTRICT No. 10.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Colorado National Bank, Denver, Colo.
Denver National Bank, Denver, Colo.
First National Bank, Denver, Colo.
United States National Bank, Denver, Colo.
Farmers National Bank, Sterling, Colo.
Citizens National Bank, Cheyenne, Wyo.
First National Bank, Powell, Wyo.
First National Bank, Rawlins, Wyo.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver:

Citizens' National Bank, Boulder, Colo.

First National Bank, Basin, Wyo.

Registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Exchange National Bank, Colorado Springs, Colo.

DISTRICT No. 11.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

City National Bank, Dallas, Tex.
Western National Bank, San Angelo, Tex.
First National Bank, San Angelo, Tex.
City National Bank, Wichita Falls, Tex.

DISTRICT No. 12.

Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Butte County National Bank, Chico, Calif.
Capital National Bank, Sacramento, Calif.
First National Bank, Santa Barbara, Calif.
First National Bank, Everett, Wash.
Dexter Horton National Bank, Seattle, Wash.
First National Bank, Oroville, Wash.

Trustee, executor, administrator, guardian of estates, receiver, committee of estates of lunatics:

First National Bank of San Mateo County, Redwood City, Calif.

Trustee, executor, administrator:

Hailey National Bank, Hailey, Idaho.

RULINGS OF THE FEDERAL RESERVE BOARD.

Below are published rulings made by the Federal Reserve Board which are believed to be of interest to Federal Reserve Banks and member banks.

Rediscount of paper secured by Government obligations as authorized by the act approved March 3, 1919.

Section 3 of an act approved March 3, 1919, amends section 11 of the Federal Reserve Act by the substitution of a new subsection (m), which reads as follows:

"(m) Upon the affirmative vote of not less than five of its members the Federal Reserve Board shall have power to permit Federal Reserve Banks to discount for any member bank notes, drafts, or bills of exchange bearing the signature or indorsement of any one borrower in excess of the amount permitted by section nine and section thirteen of this act, but in no case to exceed twenty per centum of the member bank's capital and surplus: Provided, however, That all such notes, drafts, or bills of exchange discounted for any member bank in excess of the amount permitted under such sections shall be secured by not less than a like face amount of bonds or notes of the United States issued since April twenty-fourth, nineteen hundred and seventeen, or certificates of indebtedness of the United States: Provided further, That the provisions of this subsection (m) shall not be operative after December thirty-first, nineteen hundred and twenty."

Under the provisions of this section Federal Reserve Banks are permitted upon the affirmative vote of not less than five members of the Federal Reserve Board, to rediscount for any one member bank, notes, drafts, or bills of exchange of any one borrower in excess of those limits now imposed by sections 9 and 13 of the Federal Reserve Act, provided that the aggregate in no case shall exceed 20 per cent, and provided that any rediscounts over and above 10 per cent shall be secured by Government obligations of the kinds specified.

The interpretation of this amendment is very clear as to rediscounts for national member banks, and the only question which might arise

is as to whether or not the power to rediscount an additional 10 per cent of paper secured by the proper Government obligations applies to the case of a State member bank which under the State law has already loaned under the regular line of credit in excess of 10 per cent to one borrower. Section 9, independent of the amendment, provides in substance that if a State bank has loaned in excess of 10 per cent to any one borrower, the Federal Reserve Bank can not rediscount for that bank *any* of the paper of that borrower, but if, on the other hand, it has *not* loaned in excess of 10 per cent, then the State member bank shall be afforded the regular rediscount privileges conferred by section 13 *up to the limits set forth in section 13*.

The amendment of March 3, 1919, confers powers "in excess of the amount" set forth in sections 9 and 13 so that in order to give full force to that part of the language which refers to section 9 it must be interpreted to mean that even though the State member bank has loaned in excess of 10 per cent to one borrower under his regular line of credit, nevertheless the Federal Reserve Bank may rediscount paper of that borrower which is secured by Government obligations of the kinds specified, provided that the aggregate of all rediscounts does not exceed 20 per cent of the member bank's capital and surplus.

If it were intended to authorize State member banks to rediscount with their Federal Reserve Banks, paper secured by Government obligations only in the case where the State bank has loaned less than 10 per cent under its regular line of credit, there could have been no purpose in referring to section 9 in the amendment.

The Board therefore rules, under authority granted in this amendment, that the Federal Reserve Banks may rediscount, until December 31, 1920, for national and State member banks, paper secured by not less than a like face amount of bonds or notes of the United States issued since April 24, 1917, or certifi-

cates of indebtedness of the United States, without regard to the amount the borrowing bank may already have loaned to its borrower under his regular line of credit; provided, however, that the aggregate of all rediscounts must in no case exceed 20 per centum of the capital and surplus of the member bank.

Illustration.—The result in a specific case would be as follows: State member bank A has loaned 15 per cent to X on his regular line of credit and 15 per cent to X on the security of Government obligations of the kinds specified above. What and how much might the reserve bank rediscount of these items? The regular line being in excess of 10 per cent, section 9 applies and none of that paper may be rediscounted but the amendment of March 3, 1919, authorizes the rediscount of paper in "excess" of what could have been rediscounted heretofore under section 9 provided, first, that the excess be secured by Government obligations of the kinds specified and provided, second, that the aggregate in no event shall exceed 20 per cent. In the case supposed, therefore, the reserve bank could take all 15 per cent of the paper secured by the Government obligations but none of the paper taken in X's regular line of credit. If the commercial line had been 9 per cent, for instance, the reserve bank could rediscount all of the 9 per cent, and in addition 11 per cent of the paper secured by Government obligations, making a total of 20 per cent of the capital and surplus of the member bank.

Section 11(k) of the Federal Reserve Act.

Under the provisions of section 11(k), as amended by the act of September 26, 1918, the Federal Reserve Board may properly permit any national bank to exercise any of the fiduciary powers authorized by that section, unless there is some express provision of the laws of the State in which such bank is located which either directly or by necessary implication prohibits national banks from exercising such powers, and even if there is such an express statute, the Board may issue its permit if any State bank, trust company, or other competing corporation in that State is permitted to exercise the powers applied for by the national bank.

[See opinion of General Counsel in Law Department, p. 363.]

Security covering acceptances in excess of 10 per cent limitation of section 13.

Under the provisions of section 13 a member bank may accept for any one customer in excess of 10 per cent of its capital and surplus, provided it is secured by attached documents or by some other actual security growing out of the same transaction as to all acceptances in excess of the 10 per cent limitation.

[See opinion of General Counsel in Law Department, p. 364.]

Loans by branch banks upon the security of growing sugar crops.

The Federal Reserve Board is of the opinion that the branch of a national bank located in a sugar-producing country may properly make loans to sugar growers upon the security of growing sugar crops conveyed to the bank for that purpose, in accordance with the usual banking custom of the locality in which the branch is situated. Although the conveyance may be absolute in form, nevertheless, because of the custom of the country and the understanding between the parties title passes in equity solely for the security of the loan. The Board is of the opinion that under such circumstances the transaction does not constitute an ultra vires purchase of a sugar crop. It is rather a legitimate loan upon the security of a growing crop conveyed solely for that purpose.

As a sugar crop is generally considered *fructus industriales* as distinguished from *fructus naturales*, a loan secured by such a crop is not subject to the limitations imposed by section 24 of the Federal Reserve Act relating to loans upon real estate. It should be understood, however, that it is subject to the limitations imposed by section 5200 of the Revised Statutes.

Applicability of section 8 of the Clayton Antitrust Act to banks located in suburban districts.

Any bank located within the corporate limits of any city of more than 200,000 inhabitants comes within the prohibitions of section 8 of the Clayton Antitrust Act, even though it be located in a suburban district. If the bank is actually located within the corporate limits of the city it comes within that part of the provisions of section 8 of the act which relates to banks located in cities of more than 200,000 inhabitants.

LAW DEPARTMENT.

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

Section 11(k) of the Federal Reserve Act.

Under the provisions of section 11(k), as amended by the act of September 26, 1918, the Federal Reserve Board may properly permit any national bank to exercise any of the fiduciary powers authorized by that section, unless there is some express provision of the laws of the State in which such bank is located which either directly or by necessary implication prohibits national banks from exercising such powers and even if there is such an express statute, the Board may issue its permit if any State bank, trust company, or other competing corporation in that State is permitted to exercise the powers applied for by the national bank.

MARCH 31, 1919.

An opinion has been asked with reference to the construction of section 11(k) of the Federal Reserve Act as amended by the act of September 26, 1918. That section as amended provides in part that the Federal Reserve Board shall be authorized and empowered:

"To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustees, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee on estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

"Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this act."

The question for determination is whether a national bank may exercise any of the eight powers expressly set forth in the law quoted above in any case where neither State banks, trust companies, nor other competing corpora-

tions are authorized to exercise those powers. In other words, in a State where State banks or trust companies may exercise all of these eight powers with the exception of "administrator," for instance, may national banks located in that State be permitted to act in that capacity?

Under the interpretation of the term "when not in contravention of State or local law" as construed before the amendment of September 26, 1918, and as generally followed by the Federal Reserve Board prior to that date, there is no doubt that the Board may permit a national bank in such a case to act as "administrator" if there is no express provision in the laws of the State which either directly or by necessary implication prohibits national banks from acting in that capacity.

It may be argued that the second paragraph quoted above was intended to make a complete and exclusive definition of what constitutes "when not in contravention of State or local law" and that even though there is no express provision of the State law which prohibits national banks from exercising any particular fiduciary power, nevertheless such banks shall not be permitted to act in any fiduciary capacity in which a State bank, trust company, or other competing corporation can not act. It does not appear, however, that this construction can properly be supported nor that it is consistent with the purposes for which the amendment was enacted.

The phrase "when not in contravention of State or local law" is the only restrictive clause applicable in this discussion, for it is apparent that the succeeding paragraph is permissive rather than restrictive and operates solely as an exception to the restrictive clause of the first paragraph. The purpose of this exception was merely to insure to a national bank the right to exercise fiduciary powers in any case where a State bank, trust company, or other competing corporation is permitted

under the State law to exercise those powers, even if the State laws should contain an express provision either directly or by necessary implication prohibiting national banks from doing so.

In other words, the sole fact that Congress expressly provided that it is *not* in contravention of State law within the meaning of the first paragraph of section 11 (k) for a national bank to exercise any fiduciary power which a State bank or trust company may exercise, can not of itself reasonably be construed to imply that it *is* in contravention of State law for a national bank to exercise a fiduciary power which a State bank or trust company can not exercise. If that had been the intention of Congress the term "when not in contravention of State or local law" would have been omitted from the first paragraph and the second paragraph would have been made to read substantially as follows:

"No national bank shall be permitted to exercise any of the foregoing powers which neither State banks, trust companies, nor other competing corporations are permitted to exercise under the State law."

That, however, was not done. The restrictive phrase "when not in contravention of State or local law" was retained in the first paragraph without change and the second and supplementary paragraph was inserted solely to protect national banks from any possible discrimination on the part of State legislators. In short, while giving to the legislature of each State in the first paragraph, the right expressly to prohibit national banks from exercising fiduciary powers, Congress, in the second paragraph, eliminates the possibility of discrimination against national banks by providing, as a rule of law, that no State statute shall be construed to prohibit a national bank from exercising any fiduciary power which a State bank, trust company, or other competing corporation can exercise.

It is respectfully submitted, therefore, that the Federal Reserve Board may legally approve the application of any national bank to exercise any of the fiduciary powers authorized

by section 11 (k) unless there is an express statute of the State in which the national bank is located which either directly or by necessary implication prohibits a national bank from exercising those powers, and that even in the case where there is such an express statute, the Board may approve the application if any State bank, trust company, or other competing corporation in that State is permitted to exercise the powers applied for by the national bank. That, I believe, was the intention of Congress and the purpose of the law as amended.

Security covering acceptances in excess of 10 per cent limitation of section 13.

Under the provisions of section 13 a member bank may accept for any one customer in excess of 10 per cent of its capital and surplus, provided it is secured by attached documents or by some other actual security growing out of the same transaction as to all acceptances in excess of that 10 per cent limitation.

APRIL 1, 1919.

In an opinion of this office, printed on page 254 of the March, 1919, BULLETIN, it was stated that although section 13 of the Federal Reserve Act authorizes member banks to accept drafts drawn in domestic transactions only when secured at the time of acceptance, nevertheless, the security may properly be released after acceptance, provided, however, that in any case where the total amount accepted for any one customer exceeds 10 per cent of the capital and surplus of the accepting bank the security can not be released unless some other actual security growing out of the same transaction is substituted therefor.

The question has since been raised whether the accepting bank may release the security against drafts aggregating 10 per cent of the capital and surplus of the bank in a case where the total amount of drafts accepted for one customer and outstanding at one time is in excess of that limit.

Section 13 provides in part that:

"No member bank shall accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to

more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus."

The question under consideration involving a construction of this paragraph may present itself in either one of two ways:

First. Under the provisions of the section quoted above, a bank may properly accept for one individual at one time drafts aggregating as much as 50 per cent of its capital and surplus if the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance. In such a case may the bank after acceptance release the security covering drafts aggregating 10 per cent of its capital and surplus if it retains the security covering the balance of the drafts?

Second. Under the provisions of the section quoted above, a bank may properly accept for one individual drafts aggregating 10 per cent of its capital and surplus and immediately thereafter release the security against that 10 per cent. The question then is whether the bank may properly accept additional drafts for the customer before the first drafts have been liquidated if the bank holds some actual security to cover those additional acceptances?

A careful consideration of the provisions of the law indicates that Congress intended that the accepting bank may properly rely upon the general credit of the customer in acceptance transactions up to 10 per cent of its capital and surplus, but that for any acceptance liability in excess of that amount, incurred for that same customer, it must hold some actual security.

In the second case mentioned above, therefore, where a bank has accepted for a customer drafts aggregating 10 per cent of its capital and surplus, it may accept additional drafts for that same customer even before the first drafts have been liquidated and even though it no longer holds any security against those first

drafts; provided, of course, that it holds some actual security against the additional drafts.

It seems certain that Congress did not intend in any case of that character entirely to prohibit the additional acceptances, but that it intended to authorize them only if the accepting bank retains some actual security against those additional acceptances so long as they constitute an acceptance liability in excess of 10 per cent of its capital and surplus. If this were not the proper construction of the law, a bank which unquestionably might have accepted for one customer drafts aggregating even as much as 50 per cent of its capital and surplus when secured, would be limited to 10 per cent for that same customer if it had outstanding any acceptances of the customer, no matter how small in amount, against which it had already released the security. Or to put it another way—a bank which had accepted for one customer unsecured drafts aggregating 10 per cent of its capital and surplus growing out of an export transaction would not be permitted to accept any domestic drafts whatever for that same customer, unless the law is construed, to mean that the security provided for in the section quoted above is required only as to the amount over and above the 10 per cent limitation.

I believe that both the letter and the spirit of the law authorize the accepting bank to rely upon the general credit of the customer on its acceptance liabilities up to an amount equal to 10 per cent of its capital and surplus, and that in the first case described above it may release the security against drafts aggregating that amount, provided that it holds some actual security against the balance of the drafts accepted for that customer, and that in the second case described above it may accept the additional drafts over and above the 10 per cent limit, even though it has previously released the security against the first drafts, provided that it retains some actual security against those additional drafts as long as they constitute an acceptance liability in excess of 10 per cent of the bank's capital and surplus.

Right of national banks located in Hawaii to exercise fiduciary powers.

The Federal Reserve Board may properly authorize national banks located in Hawaii to exercise the fiduciary powers authorized by section 11(k) of the Federal Reserve Act.

MARCH 13, 1919.

An opinion has been asked on the question whether the Federal Reserve Board may, under the provisions of section 11 (k) of the Federal Reserve Act, authorize a national bank located in Hawaii to exercise fiduciary powers, even though such banks are not stockholders in any Federal Reserve Bank.

Section 11 (k) authorizes the Board to issue its permit "to national banks applying therefor, when not in contravention of State or local law."

The authority of the Board conferred by this section is not limited to those national banks which are member banks, so that the fact that national banks located in Hawaii may not be members of the Federal Reserve System does not of itself restrict the right of the Federal Reserve Board to issue its permit under this section of the law.

The sole question for determination, therefore, is whether the exercise of fiduciary powers by a national bank would be in contravention of the local laws of Hawaii within the meaning of the Act. Inasmuch as there does not appear to be any express provisions of the laws of that territory which either directly or by necessary implication prohibits a national bank located there from exercising such powers, it is the opinion of this office that it would not be in contravention of those laws for a national bank to exercise any of the powers permitted by section 11 (k) and that the Federal Reserve Board may, therefore, properly issue its permit.

Amendments to State Banking Laws.

The following recent enactments of various State Legislatures which amend the State banking laws are published for the information of the Federal Reserve Banks and member banks.

NORTH CAROLINA.

The General Assembly of North Carolina recently amended and reenacted section 231 of chapter 7 of the Revised Code of North

Carolina so as to authorize State banks joining the Federal Reserve system to carry the same reserves as are required of other member banks by the Federal Reserve Act. As so reenacted (by an act, House Bill 399, Senate Bill 556, ratified February 19, 1919), section 231 reads as follows:

Every bank or banking and trust company doing business and engaging in banking, trust, fiduciary or surety business and dealing in real estate, shall at all times have on hand as reserve in available funds an amount equal to at least fifteen per cent of the aggregate amount of its demand deposits and five per cent on time deposits. But no reserve shall be required on deposits secured by United States bonds or North Carolina State bonds.

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

Any bank that is now or may hereafter become a member of a Federal Reserve system, shall maintain the same reserves with respect to deposits as shall be required of other members of such Federal Reserve system.

Another act passed by the same assembly and ratified February 24, 1919 (House Bill 221, Senate Bill 327) authorizes banks and trust companies to accept drafts or bills of exchange drawn upon them. This act is similar to the corresponding provisions of the Federal Reserve Act, except that it expressly authorizes State banks and trust companies to endorse bills of exchange drawn upon another and except that it does not require drafts drawn in domestic transactions to be secured at the time of acceptance by shipping documents or warehouse receipts. The accepting bank, however, must be secured in any case where the aggregate amount accepted for any one person, company, firm, or corporation exceeds ten per cent of the bank's capital and surplus. This act reads, in part, as follows:

Section 1. Banking corporations and banking and trust companies doing a fiduciary business shall have power to accept drafts of bills or exchange drawn upon them, and to endorse drafts or bills of exchange drawn upon another having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods, or which grow out of transactions involving the domestic shipment of goods: Provided, no such banking corporation or banking and trust company, doing a fiduciary business shall accept or endorse, whether in a foreign or domestic transaction, for any one person, company, firm or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid up and unimpaired capital stock and surplus, unless the banking corporation or banking and trust company doing a fiduciary business is secured, either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no such banking corporation or banking and trust company doing a fiduciary business shall accept or endorse such bills or drafts to an amount equal at any one time in the aggregate to more than one-

half of its paid up and unimpaired capital stock and surplus: Provided, however, that the Corporation Commission under such general regulations as it may prescribe, which shall apply to all banking corporations or banking and trust companies doing a fiduciary business alike regardless of the amount of capital stock and surplus, may authorize any banking corporation or banking and trust company doing a fiduciary business to accept or endorse such bills or drafts to an amount not exceeding at any time in the aggregate one hundred per centum of its paid up and unimpaired capital stock and surplus: Provided further, that the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus.

SOUTH DAKOTA.

The South Dakota Legislature recently enacted the following law (senate bill 196) permitting State banks and trust companies which become members of the Federal Reserve System to be examined by the Federal Reserve Board and authorizing the State authorities to disclose to the Federal Reserve Board all information in reference to the affairs of such banks and trust companies:

Any bank or trust company that is now or hereafter becomes a member of the Federal Reserve System shall continue to be subject to the supervision and examination required by the laws of this State, except that the Federal Reserve Board shall have the right, if it deems necessary, to make examinations; and the authorities of this State having supervision over such bank or trust company may disclose to the Federal Reserve Board, or to examiners duly appointed by it, all information in reference to the affairs of any bank or trust company which has become, or desires to become, a member of a Federal Reserve Bank.

TENNESSEE.

The General Assembly of Tennessee recently enacted with some modifications an act recommended by the Federal Reserve Board to bring about greater coordination in the powers of State and national banks and to promote uniformity in State and Federal banking laws. The Tennessee act reads as follows:

SECTION 1. *Be it enacted by the General Assembly of the State of Tennessee*, That the words "Federal Reserve Act" as herein used shall be held to mean and to include the act of Congress of the United States approved December 23, 1913, as heretofore and hereafter amended. The words "Federal Reserve Board" shall be held to mean the Federal Reserve Board created and described in the Federal Reserve Act. The words "Federal Reserve Bank" shall be held to mean the Federal Reserve Banks created and organized under authority of the Federal Reserve Act. The words "Member bank" shall be held to mean any National bank, State bank, or banking and trust company which has become or which becomes a member of one of the Federal Reserve Banks created by the Federal Reserve Act.

SEC. 2. *Be it further enacted*, That any bank or trust company incorporated under the laws of this State shall have the power to subscribe to the capital stock and become a member of a Federal Reserve Bank.

SEC. 3. *Be it further enacted*, That any bank or trust company incorporated under the laws of this State which is, or which becomes, a member of a Federal Reserve Bank is by this act vested with all powers conferred upon member banks of the Federal Reserve Banks by the terms of the Federal Reserve Act as fully and completely as if such powers were specifically enumerated and described herein, and all such powers shall be exercised subject to all restrictions and limitations imposed by the Federal Reserve Act, or by regulations of the Federal Reserve Board made pursuant thereto. The right, however, is expressly reserved to revoke or to amend the powers herein conferred.

SEC. 4. *Be it further enacted*, That a compliance on the part of any such bank or trust company with the reserve requirements of the Federal Reserve Act shall be held to be a full compliance with those provisions of the laws of this State which require banks or trust companies to maintain cash balances in their vaults or with other banks, and no such bank or trust company shall be required to carry or maintain reserve other than such as is required under the terms of the Federal Reserve Act.

SEC. 5. *Be it further enacted*, that any such bank or trust company shall continue to be subject to the supervision and examinations required by the laws of this State, except that the Federal Reserve Board shall have the right, if it deems necessary, to make examinations; and the authorities of this State having supervision over such bank or trust company may disclose to the Federal Reserve Board, or to examiners duly appointed by it, all information in reference to the affairs of any bank or trust company which has become, or desires to become, a member of a Federal Reserve Bank.

SEC. 6. *Be it further enacted*, That all acts and parts of acts inconsistent herewith are hereby repealed, and that this act take effect from and after its passage, the public welfare requiring it.

The General Assembly of Tennessee also recently enacted the following act (Public Acts, 1919, chap. 31) authorizing State banks and trust companies to accept drafts and issue bills of exchange:

SECTION 1. *Be it enacted by the General Assembly of the State of Tennessee*: That all banks and trust companies organized and doing business under the laws of this State be and they are hereby authorized to accept time bills of exchange drawn upon them and to issue letters of credit authorizing holders thereof to draw drafts upon them or their correspondents at sight or on time not exceeding one year.

WEST VIRGINIA.

The Federal Reserve Board has been advised that the West Virginia Legislature recently enacted an act recommended by the Federal Reserve Board to bring about greater coordination in the powers of State and national banks and to promote uniformity in State and Federal banking laws. No printed copy of this act as enacted in West Virginia has been received by the Board, but the draft recommended by the Board reads, in part, as follows:

SECTION 1. The words "Federal Reserve Act" as herein used shall be held to mean and to include the act of Con-

gress of the United States approved December 23, 1913, as heretofore and hereafter amended.

The words "Federal Reserve Board" shall be held to mean the Federal Reserve Board created and described in the Federal Reserve Act.

The words "Federal Reserve Bank" shall be held to mean the Federal Reserve Banks created and organized under authority of the Federal Reserve Act.

The words "member bank" shall be held to mean any national bank, State bank or banking and trust company which has become or which becomes a member of one of the Federal Reserve Banks created by the Federal Reserve Act.

SEC. 2. That any bank or trust company incorporated under the laws of this Commonwealth shall have the power to subscribe to the capital stock and become a member of a Federal Reserve Bank.

SEC. 3. Any bank or trust company incorporated under the laws of this Commonwealth which is, or which becomes, a member of a Federal Reserve Bank, is by this act vested with all powers conferred upon member banks of the Federal Reserve Banks by the terms of the Federal Reserve Act as fully and completely as if such powers were specifically enumerated and described herein, and all such powers shall be exercised subject to all restrictions and limitations imposed by the Federal Reserve Act, or by regulations of the Federal Reserve Board made pursuant thereto. The right, however, is expressly reserved to revoke or to amend the powers herein conferred.

SEC. 4. A compliance on the part of any such bank or trust company with the reserve requirements of the Federal Reserve Act shall be held to be a full compliance with those provisions of the laws of this State which require banks or trust companies to maintain cash balances in their vaults or with other banks, and no such bank or trust company shall be required to carry or maintain reserve other than such as is required under the terms of the Federal Reserve Act.

SEC. 5. Any such bank or trust company shall be subject to the examinations required under the terms of the Federal Reserve Act, and the authorities of this State having supervision over such bank may, in their discretion, accept such examination in lieu of the examination required under the laws of this Commonwealth. Such authorities, their agents and employees, may furnish to the Federal Reserve Board, the Federal Reserve Banks, or to examiners duly appointed by the Federal Reserve Board, or the Federal Reserve Banks, copies of all examinations made and may disclose to such Federal Re-

serve Board, Federal Reserve Banks, or examiner, any information with reference to the condition or affairs of State banks or trust companies organized under the laws of this State which become members of a Federal Reserve Bank, or which apply for membership in a Federal Reserve Bank.

SEC. 6. All acts and the parts of acts inconsistent herewith are hereby repealed.

The West Virginia Legislature has also recently amended the banking laws of that State so as to authorize State banks to accept drafts. Barnes' Code, chapter 4, section 78, as so amended, reads as follows:

SEC. 78. Every such bank may exercise, under the laws of this State, all such incidental powers as may be necessary to carry on the business of banking, by discounting promissory notes, negotiating drafts, bills of exchange, and other evidences of indebtedness, receiving deposits, buying and selling exchange, bank notes, bullion, or coin, and by loaning money on personal or other security. Any banking institution may accept for payment at a future date drafts drawn upon it by its customers, and to issue letters of credit authorizing the holders thereof to draw drafts upon it or its correspondents, at sight or on time, not exceeding one year.

WYOMING.

The Legislature of Wyoming recently enacted the following law (act 21, 15th Legislature, approved Feb. 19, 1919) authorizing State banks and trust companies to become members of the Federal Reserve system:

SECTION 1. The words "Federal Reserve Act" as herein used shall be held to mean and to include the act of Congress of the United States approved December 23 d, 1913, as heretofore and hereafter amended.

The words "Federal Reserve Bank" shall be held to mean the Federal Reserve Banks created and organized under authority of the Federal Reserve Act.

SEC. 2. That any bank or trust company incorporated under the laws of this State shall have the power to subscribe to the capital stock and become a member of a Federal Reserve Bank.

BANK TRANSACTIONS DURING FEBRUARY-MARCH.

Debits to individual account reported by clearing-house banks in 152 leading cities for the four weeks ending March 19 averaged about 2 per cent larger than for the preceding four weeks. This increase was due, however, exclusively to the large total for the week ending March 19, when over 1 billion of tax payments were made, largely in the form of bank checks and drafts. The smallest total is shown for the week ending February 26, which covers

only five days' operations owing to the general observance of February 22 as a legal holiday.

Weekly totals of debits to bank account, while moving in the same direction, show, however, smaller changes, especially for the week ending March 19.

Figures of reporting clearing-house centers by Federal Reserve districts are shown as follows:

Weekly figures of clearing-house bank debits to deposit accounts.

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

District.	Debits to individual account.				Debits to banks' and bankers' account.			
	Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.	Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.
No. 1—Boston:								
Bangor.....	2,364	2,675	2,512	3,016	301	316	478	390
Boston.....	208,786	253,984	225,792	271,524	157,058	189,793	165,489	181,471
Fall River.....	4,926	5,601	4,895	6,514	205	262	554	470
Hartford.....	14,353	20,784	17,190	22,354	1,103	1,583	1,561	1,459
Holyoke.....	2,089	2,894	2,437	2,608	568	475	506	542
Lowell.....	3,578	4,217	4,301	4,397	258	308	242	296
New Bedford.....	4,895	5,177	5,214	6,336	66	163	190	170
New Haven.....	13,884	14,770	14,531	15,841	582	372	373	955
Providence.....	20,988	25,850	24,610	30,763	1,391	1,572	1,350	1,500
Springfield.....	9,739	12,457	11,300	12,871	343	390	351	529
Waterbury.....	6,400	6,110	5,063	6,715	433	386	347	605
Worcester.....	10,512	13,487	11,590	14,049	857	1,472	1,172	1,445
No. 2—New York:								
Albany.....	20,082	20,586	17,907	16,016	10,834	10,482	8,130	9,337
Binghamton.....	2,298	3,344	2,644	2,940				
Buffalo.....	43,320	54,718	44,165	56,413	8,344	7,815	9,035	9,432
New York.....	3,513,436	3,979,552	3,587,911	4,325,624	1,386,758	1,666,758	1,467,603	1,633,776
Passaic.....	2,566	2,944	2,652	3,152	298	345	216	211
Rochester.....	20,267	24,930	22,042	27,611	465	634	727	589
Syracuse.....	9,386	13,619	10,348	15,365	271	486	675	479
No. 3—Philadelphia:								
Altoona.....	2,071	2,416	2,315	2,446				
Chester.....	4,104	4,694	3,901	4,035		66	5	56
Harrisburg.....	4,577	5,290	5,240	3,750		15	3	3
Johnstown.....	2,737	3,136	2,735	3,117	292	154	224	168
Lancaster.....	3,338	4,321	4,316	4,603	222	51	217	37
Philadelphia.....	246,140	279,281	281,940	304,806	301,586	341,765	289,376	333,469
Reading.....	3,229	3,605	3,618	4,155			1	1
Seranton.....	11,954	9,911	11,194	9,005	1,527	2,032	1,804	2,027
Trenton.....	7,603	8,891	8,319	8,566	113	232	204	228
Wilkes-Barre.....	5,100	6,703	5,187	5,998	69	60	82	102
Williamsport.....	2,547	3,039	2,732	3,312	238	165	634	870
Wilmington.....	10,084	8,800	7,968	9,985				
York.....	2,380	2,928	3,063	3,380	53	61	90	79
No. 4—Cleveland:								
Akron.....	12,976	18,420	16,550	16,320	83	122	115	55
Cincinnati.....	47,480	50,809	46,376	65,100	36,300	33,540	48,316	50,000
Cleveland.....	99,871	121,148	103,730	152,003	92,747	113,345	107,804	122,839
Columbus.....	19,888	22,545	23,546		2,699	4,219	3,752	
Dayton.....	9,972	11,594	10,384	9,897	627	597	462	693
Erie.....	5,700	5,783	5,510	6,576	101	54	54	79
Greenburg, Pa.....	2,068	2,587	2,165	1,985				
Lexington.....	8,516	9,607	8,303	6,900	6,600	6,950	4,709	4,224
Oil City.....	2,212	2,312	2,345	2,382	2,542	2,655	2,121	2,682
Pittsburgh.....	151,457	192,185	128,181	176,862	280,159	404,570	306,732	409,567
Springfield.....	2,814	3,981	2,931	3,116	2,272	2,415	2,215	2,174
Toledo.....	20,906	18,451	21,363	25,274	6,216	7,549	8,683	11,502
Wheeling.....	6,058	7,864	7,392	8,271	6,843	7,724	6,983	7,482
Youngstown.....	11,880	12,862	13,176	10,765	559	901	601	318
No. 5—Richmond:								
Baltimore.....	63,366	78,332	62,744	80,319	38,310	41,527	34,859	39,660
Charleston.....	6,521	8,370	6,802	7,192	2,527	2,758	2,876	3,170
Charlotte.....	5,061	5,500	3,600	6,200	7,385	7,300	4,100	9,100
Columbia.....	4,635	6,148	6,359	6,427	3,213	3,060	3,049	3,231
Norfolk.....	16,455	16,613	15,125	16,661	20,580	21,842	21,773	19,795
Raleigh.....	5,200	4,500	2,500	5,250	3,000	3,900	2,500	4,000
Richmond.....	21,318	23,160	20,520	23,471	61,048	65,168	56,345	60,822

Weekly figures of clearing-house bank debits to deposit accounts—Continued.

District.	Debits to individual account.				Debits to banks' and bankers' account.			
	Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.	Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.
No. 6—Atlanta:								
Atlanta.....	19,538	23,753	22,321	26,131	19,128	21,699	22,062	32,890
Augusta.....	6,247	6,569	5,331	6,212	1,600	2,119	2,318	2,203
Birmingham.....	13,439	13,563	12,105	13,461	4,917	5,309	4,666	4,849
Chattanooga.....	6,943	8,448	8,625	12,218	3,792	4,032	4,030	4,681
Jacksonville.....	9,911	11,519	8,983	10,713	7,578	8,768	10,106	9,299
Knoxville.....	4,059	5,213	5,068	6,088	1,604	1,539	1,542	1,637
Macon.....	5,626	5,080	4,613	5,358	1,936	2,627	2,983	8,255
Mobile.....	6,012	6,930	5,912	5,995	649	753	889	800
Montgomery.....	2,951	3,865	4,324	4,160	458	480	554	652
Nashville.....	19,972	20,293	19,359	21,104	11,544	13,382	16,226	17,265
New Orleans.....	58,810	54,300	60,361	65,970	30,913	34,925	35,503	35,264
Pensacola.....	1,868	2,045	2,453	2,089	849	841	1,342	1,042
Savannah.....	10,096	10,869	11,104	12,570	6,238	9,156	7,081	8,466
Tampa.....	4,439	4,600	4,622	5,061	1,405	1,613	1,584	2,953
Vicksburg.....	1,565	1,985	1,741	1,671	172	130	143	179
No. 7—Chicago:								
Bay City.....	2,243	2,542	2,289	3,310	332	275	485	420
Bloomington.....	2,088	5,015	2,848	2,659	1,099	2,222	1,414	1,249
Cedar Rapids.....	4,124	5,915	5,553	4,423	7,712	13,814	16,471	11,901
Chicago.....	511,115	611,728	500,124	576,649	486,194	636,196	610,552	600,361
Davenport.....	7,872	9,036	6,160	7,344	1,645	2,755	2,334	2,108
Decatur.....	2,416	4,318	3,045	3,369	443	1,149	846	833
Des Moines.....	14,182	25,551	25,266	19,699	30,977	56,576	58,603	43,514
Detroit.....	89,557	97,504	84,809	121,607	36,490	41,629	41,619	51,539
Dubuque.....	1,707	2,200	2,360	2,000	1,000	1,760	1,787	4,027
Flint.....	6,072	5,533	5,725	6,300	24	51	29	64
Fort Wayne.....	4,533	5,143	4,625	4,120	1,565	2,569	2,293	1,810
Grand Rapids.....	16,559	14,224	17,279	15,955	3,438	3,808	3,807	4,187
Indianapolis.....	24,501	30,941	25,278	28,136	20,539	30,479	23,636	21,990
Kalamazoo.....	2,406	3,070	2,645	3,258	351	434	549	473
Lansing.....	3,227	3,906	3,625	4,277	181	186	148	244
Milwaukee.....	41,523	47,817	47,352	65,137	23,692	28,208	29,829	32,415
Peoria.....	10,942	10,047	8,756	11,407	1,935	4,900	3,777	3,159
Rockford, Ill.....	3,928	5,094	5,129	4,484	153	360	389	233
Sioux City.....	15,948	14,233	16,684	14,823	14,637	20,980	26,327	17,970
South Bend.....	2,465	2,832	4,800	2,698	1,454	1,463	2,300	2,104
Springfield.....	2,589	7,321	4,685	4,606	1,698	2,764	1,502	1,206
Waterloo, Iowa.....	2,422	4,101	3,443	3,045	1,005	1,868	2,215	1,573
No. 8—St. Louis:								
Evansville.....	3,501	4,513	4,771	4,069	1,147	1,433	1,387	3,370
Little Rock.....	6,678	7,627	6,408	7,791	5,942	6,189	5,679	6,546
Louisville.....	36,376	53,765	43,646	38,097	36,710	49,095	45,456	41,020
Memphis.....	34,674	27,026	27,967	26,100	21,747	24,180	23,467	24,085
St. Louis.....	109,286	128,590	114,632	152,869	108,723	126,268	123,647	132,037
No. 9—Minneapolis:								
Aberdeen.....	888	1,224	1,233	1,159	697	814	881	970
Billings.....	1,616	2,765	2,030	1,947	836	846	871	812
Duluth.....	9,575	12,893	11,393	13,205	3,250	3,676	4,010	3,963
Fargo.....	1,765	2,214	2,057	3,728	2,040	2,168	2,062	2,765
Grand Forks.....	946	1,621	1,268	1,050	750	980	1,016	940
Great Falls.....	2,412	2,178	1,926	2,142	3,166	2,961	2,349	2,499
Helena.....	2,249	2,299	2,653	1,899	2,451	2,651	2,350	2,591
Minneapolis.....	54,292	62,299	62,783	71,174	51,744	67,433	71,370	74,516
St. Paul.....	32,507	36,824	32,162	34,943	35,431	44,097	42,635	40,878
Superior.....	1,578	2,020	1,730	1,208	121	165	119	100
Winona.....	826	931	922	812	678	1,085	1,209	1,261
No. 10—Kansas City:								
Atchison.....	872	1,119	845	943	432	661	725	520
Bartlesville, Okla.....	1,436	2,504	1,901	2,116	51	76	77	43
Colorado Springs.....	1,718	2,745	2,071	2,556	720	882	617	1,109
Denver.....	21,426	32,000	26,497	26,682	17,759	22,821	25,112	25,958
Joplin.....	2,869	2,986	2,951	2,918	399	607	559	619
Kansas City, Kans.....	2,680	2,713	3,183	3,136	4,378	5,629	5,976	5,329
Kansas City, Mo.....	83,918	118,209	84,079	90,691	155,785	154,285	180,326	166,336
Muskogee, Okla.....	2,833	2,582	3,587	3,424	1,746	2,348	1,683	2,174
Oklahoma City.....	10,838	11,641	12,073	11,436	8,469	11,596	10,524	9,292
Omaha.....	56,947	64,322	61,068	65,236	54,744	85,035	99,306	78,112
Pueblo.....	3,250	2,895	3,550	3,206	598	823	1,261	1,137
St. Joseph.....	22,743	25,059	13,476	17,674	16,152	10,695	16,371	19,633
Topeka.....	3,842	5,390	4,328	5,806	1,414	1,711	1,916	1,892
Tulsa.....	16,062	18,839	18,001	18,336	7,974	8,430	8,664	9,080
Wichita.....	8,225	8,876	10,290	10,695	10,282	12,468	12,302	11,953
No. 11—Dallas:								
Albuquerque.....	1,296	1,052	1,361	1,438	2,983	2,608	3,514	4,095
Austin.....	2,523	2,550	3,372	5,791	2,388	2,290	4,052	3,368
Beaumont.....	3,678	3,555	3,804	3,447	354	306	475	396
Dallas.....	24,942	28,754	29,879	30,679	52,806	62,757	62,633	56,657
El Paso.....	6,074	6,853	7,574	6,121	7,453	7,140	8,221	7,967
Fort Worth.....	15,935	14,795	16,426	16,920	33,539	30,584	39,093	39,661
Galveston.....	5,040	4,712	5,432	4,927	4,168	2,978	4,135	5,399
Houston.....	19,305	19,871	25,924	22,818	40,300	38,640	45,711	47,041
San Antonio.....	15,449	15,827	16,830	16,396				

¹ Figures comprise debits to individual as well as to banks and bankers' account.

Weekly figures of clearing-house debits to deposit accounts—Continued.

District.	Debits to individual account.				Debits to banks' and bankers' account.			
	Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.	Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.
No. 11—Dallas—Continued.								
Shreveport.....	3,908	3,977	4,959	4,319	3,594	2,998	3,427	3,052
Texarkana.....	968	1,076	1,384	1,683	403	201	328	322
Tucson.....	1,551	1,808	1,818	1,821	1,409	1,385	1,312	1,465
Waco.....	3,291	3,553	3,345	2,549	2,230	1,563	2,704	1,819
No. 12—San Francisco:								
Boise.....	1,580	2,184	2,096	1,795	4,646	4,686	5,382	4,984
Fresno.....	4,698	5,691	5,512	6,447	2,658	3,154	3,350	3,421
Long Beach.....	2,542	3,355	2,994	2,966	92	115	137	246
Los Angeles.....	61,068	73,802	58,196	63,039	32,087	42,980	41,795	42,133
Oakland.....	10,199	13,206	12,582	12,005	2,198	2,749	2,890	3,059
Ogden.....	3,076	3,766	3,630	3,569	4,391	5,978	4,514	5,619
Pasadena.....	2,678	3,421	2,892	2,923	364	717	273	225
Portland.....	29,215	37,407	34,501	40,864	18,032	22,320	20,981	22,448
Reno.....	1,531	1,887	2,009	1,901	1,288	1,459	1,325	1,440
Sacramento.....	9,063	13,316	10,470	11,086	5,320	5,819	5,266	4,442
Salt Lake City.....	12,007	15,292	14,038	13,478	15,949	20,007	19,119	19,678
San Diego.....	3,986	5,292	4,842	5,035	219	469	318	422
San Francisco.....	139,634	185,091	135,909	172,927	88,449	107,339	98,687	107,697
San Jose.....	3,317	3,506	3,440	3,544	1,132	1,899	1,622	2,114
Seattle.....	34,293	40,795	36,604	49,003	17,135	22,389	21,031	13,517
Spokane.....	6,963	8,077	8,537	10,135	5,588	7,114	6,738	7,711
Stockton.....	3,357	4,376	3,702	4,675	2,442	3,125	2,592	2,989
Tacoma.....	7,132	9,342	13,726	11,832	6,116	7,476	7,408	7,639
Yakima.....	1,785	1,994	2,299	2,354	377	513	524	480

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

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

District.	Number of centers included.	Debits to individual account.				Debits to banks' and bankers' account.			
		Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.	Feb. 26.	Mar. 5.	Mar. 12.	Mar. 19.
No. 1—Boston.....	12	302,514	368,006	329,435	396,988	163,165	197,092	172,613	189,832
No. 2—New York.....	7	3,611,355	4,099,693	3,687,669	4,447,121	1,406,970	1,686,040	1,486,386	1,653,824
No. 3—Philadelphia.....	13	305,894	343,015	342,528	367,158	304,100	344,601	292,640	337,040
No. 4—Cleveland.....	13	381,890	457,603	368,406	485,451	435,049	580,422	488,795	611,615
No. 5—Richmond.....	7	122,556	142,623	117,650	145,430	131,063	145,555	125,502	139,778
No. 6—Atlanta.....	15	171,476	179,032	176,922	198,801	92,783	107,373	110,979	130,435
No. 7—Chicago.....	22	772,419	918,901	782,480	909,306	636,564	854,446	839,912	803,380
No. 8—St. Louis.....	5	190,515	221,521	197,424	228,926	174,269	207,975	199,636	207,058
No. 9—Minneapolis.....	11	108,654	127,268	120,157	133,267	101,164	126,885	128,872	131,295
No. 10—Kansas City.....	15	239,659	301,880	247,600	264,855	280,953	318,067	365,419	333,187
No. 11—Dallas.....	13	93,900	98,383	112,308	108,909	151,627	153,450	175,605	171,242
No. 12—San Francisco.....	19	338,124	431,800	358,039	419,578	208,483	260,278	243,952	250,214
Grand total.....	152	6,633,986	7,689,725	6,840,918	8,105,790	4,086,190	4,982,184	4,621,311	4,953,900

WHOLESALE PRICES.

In continuation of figures shown in the March BULLETIN there are presented below monthly index numbers of wholesale prices for the period July, 1918, to February, 1919, compared with like figures for February of previous years, also for July, 1914, the month immediately preceding the outbreak of the great war, and index numbers for the years 1914 to 1918, inclusive. The general index number is that of the United States Bureau of Labor Statistics. In addition there are presented separate numbers for certain particular classes of commodities in accordance with plans announced in previous issues of the BULLETIN.

Quotations for six commodities, namely, hemlock (Pennsylvania and West Virginia stock, New York), brick (common, salmon, run of kiln, Chicago), prunes (California, New York), salmon (canned, Alaska red, New York), hosiery (men's seamless cashmere), and underwear (merino shirts and drawers), which had been dropped temporarily, have been secured for the months of January and February, and the commodities again included in the calculation of the index number for the latter month. Quotations for another grade of flour in Minneapolis, namely, first clear, have also been employed, the weight previously assigned to standard patent flour in Minneapolis now being divided between the two grades. Index numbers for January are provisional, due to the fact that certain data were not received in time to render them available for use in the calculations.

During February the considerable fall in prices remarked between December and January has continued. The general index number of the Bureau of Labor Statistics has decreased from 202 to 197. The decrease has again been general, as is shown by the fact that the index number for each of the three groups of commodities has fallen. The decrease, however, has been greatest in the case of consumers' goods, the index number for which has fallen from 212 to 202. Increases occurred only in several cases among commodities included in the group, most prominent among these being apples, lard, lamb, and illuminating oil (for export). While the quotation for standard patent flour in Minneapolis increased slightly, corresponding decreases occurred in the case of certain of the other flour quotations. Considerable decreases occurred for an extended list of commodities. Most prominent were certain foodstuffs, such as butter, cheese, milk and eggs, beans, potatoes, peanuts, corn meal,

oranges, and certain pork products (in particular hams), as well as cotton textiles, among which may be mentioned especially print cloths, sheetings, shirtings, flannels, gingham, drillings, and underwear.

The index number for the group of raw materials has decreased from 195 to 192. Considerable diversity, however, is exhibited by the movements of the index numbers for the several subgroups. The index number for the animal-products group has increased from 207 to 208, at which figure it stood during the months of November and December. While the prices of several classes of wool decreased, these decreases were more than offset by increases in the prices of calfskins, hogs, sheep and poultry, and silk. The index number for the forest-products subgroup likewise shows an increase, from 147 to 148. A decrease in the price of white pine has been more than offset by increases in the prices of plain and quartered oak, yellow pine, and poplar. On the other hand, the index number for the group of mineral products has again decreased, from 177 to 174. While the prices of various classes of bituminous coal on the whole increased slightly, considerable decreases occurred in the prices of coke and copper, and slight decreases in the prices of lead and spelter. The greatest decrease, however, is exhibited by the group of farm products, the index number for which fell from 232 to 222, due largely to decreases in the prices of cotton, certain grains, in particular corn and oats, and hay. Lesser decreases in price are shown for barley and rye, while slight decreases in the price of winter wheat were partly offset by an increase in the price of spring wheat. A considerable increase in the price of tobacco was also noted.

The index number for the group of producers' goods has again declined, from 194 to 191. While increases in price occurred in the case of several commodities included in the group, in particular cement, various grades of leather, and rope, decreases occurred for an extended list of commodities, among which may be noted cotton and worsted yarns, certain metal products, such as copper wire, bar iron and cast-iron pipe, wood pulp, naval stores, jute, linseed oil, and certain chemicals.

Index numbers for the various groups for the year 1918 are now available. While the general index number of the Bureau of Labor Statistics increased from 175 to 196, the increase was by no means uniform for the three groups of commodities. The greatest increase occurred in the case of the number for the consumers'

goods group, namely, from 172 to 202. The monthly index number for this group increased steadily throughout both 1917 and 1918, reaching its high figure of 216 in December, 1918. Certain vegetables, such as potatoes and beans, were the only important commodities included in the group whose average price during the year 1918 was lower than during 1917. The smallest increase occurred in the case of producers' goods, the index numbers for the years 1917 and 1918 standing at 187 and 196, respectively. The highest level reached by the monthly number for this group was 212 in July, 1917, though steady increase was shown from December, 1917, until October 1918, when the number reached 205. Due largely to the institution of price fixing, the average prices during the year 1918 were lower than during 1917 for a considerable list of commodities, among which may be mentioned leather, wood pulp, and certain metal products, in particular steel billets and plates, structural steel, copper wire, and tin plate, although increase in price occurred in the case of steel rails. Great diversity is exhibited by the numbers for the various subgroups included in the group of raw materials. The increase in the number for the latter group, from 173 to 193, was due largely to the increase in the numbers for the farm products and animal products subgroups, from 210 to 240 and from 169 to 199, respec-

tively. The monthly index number for the former increased steadily throughout the two years, reaching a high point of 255 in September, 1918, while the highest mark reached by the latter was 219 in the same month, though previously there had been recession from a figure of 195 reached in September, 1917. Wheat, corn, and hides were the only important commodities included in these groups, for which the average price during the year 1918 was lower than during the year 1917, while this is true of none of the commodities included in the forest products subgroup. The index number for the latter increased from 118 in 1917 to 132 in 1918, the monthly number increasing steadily throughout the two years, and reaching its highest point in November and December, 1918. On the other hand, the index number for the mineral products subgroup for the year 1918 stands at 176, a decrease of 3 points from the 1917 figure. The highest level reached by the monthly number for the group was 205 in June, 1917, though steady increase during 1918 after the sharp fall to 150 in October, 1917, resulted in a figure of 183 in November, 1918. Though the average prices of anthracite coal, pig tin, and iron ore in 1918 were higher than in 1917, the reverse was true in the case of pig iron, lead, copper ingots, and spelter, thus accounting for the decrease in the number for the group.

Index numbers of wholesale prices in the United States for principal classes of commodities.

[Average price for 1913=100.]

Year and month.	Raw materials.					Producers' goods.	Consumers' goods.	All commodities (Bureau of Labor Statistics index number).
	Farm products.	Animal products.	Forest products.	Mineral products.	Total raw materials.			
July, 1914.....	102	106	97	88	98	92	103	99
February, 1915.....	116	95	94	87	98	95	104	100
February, 1916.....	115	106	96	111	108	123	111	111
February, 1917.....	157	145	100	185	151	168	155	155
February, 1918.....	242	176	131	172	184	184	193	187
July, 1918.....	237	209	149	180	196	196	202	198
August, 1918.....	246	215	143	180	200	199	205	202
September, 1918.....	255	219	143	180	204	203	209	207
October, 1918.....	240	209	143	181	198	205	210	204
November, 1918.....	234	208	150	183	197	205	214	206
December, 1918.....	237	208	150	182	198	199	216	206
January, 1919.....	232	207	147	177	195	194	212	202
February, 1919.....	222	208	148	174	192	191	202	197
Average for year 1914.....	103	104	97	90	99	95	101	99
1915.....	111	100	93	91	99	100	102	100
1916.....	128	119	96	123	118	140	123	123
1917.....	210	169	118	179	173	187	172	175
1918.....	240	199	132	176	193	196	202	196

In order to give a more concrete illustration of actual price movements there are also presented in the following table monthly actual and relative figures covering the same period

for certain commodities of a basic character. The actual average monthly prices shown in the table have been abstracted from the records of the United States Bureau of Labor Statistics.

Average monthly wholesale prices of commodities.

[Average price for 1913=100.]

Year and month.	Corn, No. 3, Chicago.		Cotton, middling, New Orleans.		Wheat, No. 1, northern spring, Minneapolis.		Wheat, No. 2, red winter, Chicago.		Cattle, steers, good to choice, Chicago.		Hides, packers', heavy native steers, Chicago.	
	Average price per bushel.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per bushel.	Rela- tive price.	Average price per bushel.	Rela- tive price.	Average price per 100 pounds.	Rela- tive price.	Average price per pound.	Rela- tive price.
July, 1914.....	\$0.7044	114	\$0.1331	105	\$0.8971	103	\$0.8210	83	\$9.2188	108	\$0.1938	105
February, 1915.....	.7460	121	.0804	63	1.5135	173	1.6091	163	8.1750	96	.2350	128
February, 1916.....	.7385	120	.1142	90	1.2825	147	1.2585	128	8.4688	100	.2375	129
February, 1917.....	1.0053	163	.1708	134	1.8080	207	1.7969	182	11.1313	131	.3175	173
February, 1918.....	1.6375	266	.3097	244	2.1700	248	2.1700	220	13.0750	154	.2925	159
July, 1918.....	1.5900	258	.2945	232	2.1700	248	2.2470	228	17.6250	207	.3240	176
August, 1918.....	1.6225	264	.3038	239	2.2231	255	2.2325	226	17.8250	210	.3000	163
September, 1918.....	1.5313	249	.3578	282	2.2169	254	2.2363	227	18.4100	216	.3000	163
October, 1918.....	1.3270	216	.3150	248	2.2155	254	2.2345	227	17.8563	210	.3000	163
November, 1918.....	1.2675	206	.3007	237	2.2206	254	2.2375	227	18.1563	213	.2900	158
December, 1918.....	1.4290	232	.2958	233	2.2205	254	2.3088	234	18.3600	216	.2900	158
January, 1919.....	1.3750	223	.2850	223	2.2225	254	2.3788	241	18.4125	216	.2800	152
February, 1919.....	1.2763	207	.2694	212	2.2350	256	2.3450	238	18.4688	217	.2800	152

Year and month.	Hogs, light, Chicago.		Wool, Ohio, 1-3 grades, scoured.		Hemlock, New York.		Yellow pine, flooring, New York.		Coal, anthracite, stove, New York tidewater.		Coal, bituminous, run of mine, Cincinnati.	
	Average price per 100 pounds.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per M feet.	Rela- tive price.	Average price per M feet.	Rela- tive price.	Average price per long ton.	Rela- tive price.	Average price per short ton.	Rela- tive price.
July, 1914.....	\$8.7563	104	\$0.4444	94	\$24.5000	101	\$42.0000	94	\$4.9726	98	\$2.2000	109
February, 1915.....	6.7281	80	.5429	115	24.2500	100	41.0000	92	5.1866	102	2.2000	109
February, 1916.....	8.1375	96	.6571	140	22.2500	92	40.0000	90	5.2588	104	2.2000	109
February, 1917.....	12.2063	144	.8286	176	25.5000	105	41.5000	93	5.6826	112	5.0000	227
February, 1918.....	16.6938	197	1.4545	309	30.5000	126	57.0000	128	6.5000	128	3.6000	164
July, 1918.....	18.0000	213	1.4365	305	34.5000	142	60.0000	135	6.5968	130	4.1000	186
August, 1918.....	19.7750	234	1.4365	305	.....	.....	63.0000	141	6.5992	130	4.1000	186
September, 1918.....	20.0700	237	1.4365	305	.....	.....	63.0000	141	6.9000	136	4.1000	186
October, 1918.....	18.0938	214	1.4365	305	.....	.....	63.0000	141	6.9000	136	4.1000	186
November, 1918.....	17.7063	209	1.4365	305	.....	.....	63.0000	141	7.8071	140	4.1000	186
December, 1918.....	17.4400	206	1.4365	305	.....	.....	63.0000	141	7.9500	143	4.1000	186
January, 1919.....	17.4125	206	1.1200	255	36.0000	149	63.0000	141	7.9500	143	4.1000	186
February, 1919.....	17.4688	207	1.0909	232	36.0000	149	64.0000	144	7.9500	157	4.0000	182

Year and month.	Coal, Pocahon- tas, Norfolk.		Coke, Connells- ville.		Copper, ingot, electrolytic, New York.		Lead, pig, desilverized, New York.		Petroleum, crude, Pennsylvania, at wells.		Pig iron, basic.	
	Average price per long ton.	Rela- tive price.	Average price per short ton.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per barrel.	Rela- tive price.	Average price per long ton.	Rela- tive price.
July, 1914.....	\$3.0000	100	\$1.8750	77	\$0.1340	85	\$0.0390	89	\$1.7500	71	\$13.0000	88
February, 1915.....	2.8500	95	1.5750	65	.1475	94	.0380	86	1.5000	61	12.5000	85
February, 1916.....	3.0000	100	2.6250	108	.2538	161	.0610	139	2.3500	96	17.6900	120
February, 1917.....	6.5000	217	7.5000	307	.3300	210	.0850	193	3.0500	124	30.0000	204
February, 1918.....	4.4120	147	6.0000	246	.2350	149	.0706	160	3.9375	161	33.0000	224
July, 1918.....	4.6320	154	6.0000	246	.2550	162	.0802	182	4.0000	163	32.0000	218
August, 1918.....	4.6320	154	6.0000	246	.2600	165	.0805	183	4.0000	163	32.0000	218
September, 1918.....	4.6320	154	6.0000	246	.2600	165	.0805	183	4.0000	163	32.0000	218
October, 1918.....	4.6320	154	6.0000	246	.2600	165	.0805	183	4.0000	163	33.0000	224
November, 1918.....	4.6320	154	6.0000	246	.2600	165	.0805	183	4.0000	163	33.0000	224
December, 1918.....	4.6320	154	6.0000	246	.2540	161	.0667	152	4.0000	163	33.0000	224
January, 1919.....	4.6320	154	5.7813	237	.2038	130	.0558	127	4.0000	163	30.0000	204
February, 1919.....	4.6320	154	5.2188	214	.1731	110	.0508	115	4.0000	163	30.0000	204

Average monthly wholesale prices of commodities—Continued.

Year and month.	Cotton yarns northern cones, 10/1.		Leather, sole, hemlock No. 1.		Steel, billets, Bessemer, Pittsburgh.		Steel, plates, tank, Pitts- burgh.		Steel, rails, open hearth, Pittsburgh.		Worsted yarns, 2-32's crossbred.	
	Average price per pound.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per ton.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per long ton.	Rela- tive price.	Average price per pound.	Rela- tive price.
July, 1914.....	\$0.2150	97	\$0.3050	108	\$19.0000	74	\$0.0113	76	\$30.0000	100	\$0.6500	84
February, 1915.....	.1650	75			19.5000	78	.0110	74	30.0000	100	.6200	80
February, 1916.....	.2250	102	.3250	115	33.5000	130	.0225	152	30.0000	100	.8800	115
February, 1917.....	.3200	149	.5800	206	65.0000	252	.0438	296	40.0000	133	1.2500	161
February, 1918.....	.5536	250	.4900	174	47.5000	184	.0325	220	57.0000	190	2.0071	258
July, 1918.....	.6412	290	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
August, 1918.....	.6400	289	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
September, 1918.....	.6100	276	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
October, 1918.....	.6100	276	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
November, 1918.....	.5927	268	.4900	174	47.5000	184	.0325	220	57.0000	190	2.1500	277
December, 1918.....	.5500	249	.4900	174	45.1000	175	.0310	209	57.0000	190	2.0000	257
January, 1919.....	.5000	226	.4900	174	43.5000	169	.0300	203	57.0000	190	1.7500	225
February, 1919.....	.4200	190	.4900	174	43.5000	169	.0300	203	57.0000	190	1.7000	219

Year and month.	Beef carcass, good native steers, Chicago.		Coffee, Rio No. 7.		Flour, wheat, standard patents, 1914-1917, 1919, standard war, 1918, Minneapolis.		Hams, smoked, Chicago.		Illuminating oil, 150° fire test, New York.		Sugar, granu- lated, New York.	
	Average price per pound.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per barrel.	Rela- tive price.	Average price per pound.	Rela- tive price.	Average price per gallon.	Rela- tive price.	Average price per pound.	Rela- tive price.
July, 1914.....	\$0.1350	104	\$0.0882	79	\$4.5938	100	\$0.1769	106	\$0.1200	97	\$0.0420	98
February, 1915.....	.1213	94	.0825	74	7.7063	168	.1525	92	.1200	97	.0554	130
February, 1916.....	.1375	105	.0825	74	6.4400	140	.1675	101	.1300	105	.0597	140
February, 1917.....	.1413	109	.1000	90	9.0688	198	.2113	127	.1200	97	.0686	161
February, 1918.....	.1750	135	.0833	75	10.3000	225	.2984	180	.1600	130	.0730	171
July, 1918.....	.2400	185	.0855	77	10.7020	233	.3025	182	.1710	139	.0735	172
August, 1918.....	.2420	187	.0853	77	10.2100	223	.3225	194	.1750	142	.0735	172
September, 1918.....	.2450	189	.0959	86	10.2100	223	.3281	197	.1750	142	.0845	198
October, 1918.....	.2450	189	.1040	93	10.2100	223	.3361	202	.1750	142	.0882	207
November, 1918.....	.2450	189	.1069	96	10.2100	223	.3541	213	.1750	142	.0882	207
December, 1918.....	.2450	189	.1725	155	10.2100	223	.3670	221	.1750	142	.0882	207
January, 1919.....	.2450	189	.1547	139	10.2750	224	.3494	210	.1750	142	.0882	207
February, 1919.....	.2450	189	.1544	139	10.5500	230	.3338	201	.1750	142	.0882	207

DISCOUNT AND INTEREST RATES.

In the following tables are presented actual discount and interest rates prevailing in the various cities in which the several Federal Reserve Banks and their branches are located during the 30-day periods ending February 15 and March 15, 1919. Quotations are given for prime commercial paper, both customers' and purchased in the open market, interbank loans, bankers' acceptances, and paper secured by prime stock exchange or other current collateral. Separate rates are quoted for paper of longer or shorter maturities in the first-named and last-named classes. In addition quotations are given for commodity paper secured by warehouse receipts and for cattle loans, as reported from centers in which such paper is current.

Quotations are also given of rates charged on ordinary loans to customers secured by Liberty bonds and certificates of indebtedness. Assistance to customers to enable them to purchase such Government obligations has generally been extended at lower rates, either at the rate borne by such obligations or at a rate slightly higher. The table also shows quotations in

New York for demand paper secured by prime bankers' acceptances, a type of paper which made its appearance in the New York market several months ago. Quotations for new types of paper will be added from time to time as deemed of interest.

There have been no marked changes in rates during the period under review. While there is little indication of general increase or decrease in rates in any of the centers, it is reported that in certain centers there has been a tendency toward greater firmness. Changes in rates for various types of paper likewise are not marked, instances of increase and decrease in such rates being about equal in number. In the case of prime commercial paper purchased in the open market there appears to be a tendency for the range within which fluctuations occur to diminish, as is shown by decrease in the high rates and increase in the low rates. Customary rates for such paper running 30 to 90 days have increased somewhat in certain centers. A tendency may also be remarked toward increase in the rates charged on demand paper secured by prime stock exchange or other current collateral. Rates for the other types of paper shown remain practically unchanged.

Discount and interest rates prevailing in various centers.

DURING 30-DAY PERIOD ENDING FEB. 15, 1919.

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

a Rates for demand paper secured by prime bankers' acceptances, high 5½, low 4½, customary 4½-4½.

APRIL 1, 1919.

FEDERAL RESERVE BULLETIN.

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Discount and interest rates prevailing in various centers—Continued.

DURING 30-DAY PERIOD ENDING MAR. 15, 1919.

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

a Rates for demand paper secured by prime bankers' acceptances, high 6, low 4½, customary 4½.

PHYSICAL VOLUME OF TRADE.

In continuation of tables in the March FEDERAL RESERVE BULLETIN there are presented in the following tables certain data relative to the physical volume of trade. The

January issue contains a description of the methods employed in the compilation of the data and the construction of the accompanying index numbers. Additional material will be presented from time to time as reliable figures are obtained.

Live-stock movements.

[Bureau of Markets.]

	Receipts.					Shipments.				
	Cattle and calves, 60 markets.	Hogs, 60 markets.	Sheep, 60 markets.	Horses and mules, 44 markets.	Total, all kinds.	Cattle and calves, 54 markets.	Hogs, 54 markets.	Sheep, 54 markets.	Horses and mules, 44 markets.	Total, all kinds.
1918.	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>	<i>Head.</i>
February.....	1,490,940	4,521,455	1,082,268	143,826	7,238,489	1,008,150	2,749,674	907,327	137,001	4,802,152
July.....	2,110,835	3,113,281	1,585,735	51,393	6,861,244	665,800	940,301	734,539	45,549	2,395,189
August.....	2,009,744	2,476,190	2,129,325	80,122	6,695,381	850,363	849,618	1,198,691	76,653	2,975,325
September.....	2,799,813	2,386,475	3,305,955	121,201	8,614,544	1,219,353	786,917	2,059,990	114,023	4,189,263
October.....	2,832,022	3,421,641	3,231,026	146,072	9,633,761	1,309,084	896,258	2,069,057	140,845	4,406,244
November.....	2,625,381	4,605,158	2,535,115	135,344	9,900,998	1,232,771	1,216,800	1,446,523	131,308	4,027,402
December.....	2,132,491	5,569,356	1,640,365	72,471	9,414,683	785,770	1,429,251	716,100	71,243	3,002,364
1919.										
January.....	2,111,704	5,831,685	1,567,613	110,411	9,631,413	761,168	1,546,875	608,016	106,459	3,022,518
February.....	1,440,329	4,404,751	1,131,805	82,520	7,059,411	528,326	1,288,134	418,827	76,512	2,311,799

Receipts and shipments of live stock at 15 western markets.

[Chicago, Kansas City, Oklahoma City, Omaha, St. Louis, St. Joseph, St. Paul, Sioux City, Cincinnati, Cleveland, Denver, Fort Worth, Indianapolis, Louisville, Wichita.]

RECEIPTS.

[Monthly average, 1911-1913=100.]

	Cattle and calves.		Hogs.		Sheep.		Horses and mules.		Total, all kinds.	
	Head.	Relative.	Head.	Relative.	Head.	Relative.	Head.	Relative.	Head.	Relative.
1918.										
February.....	1,133,116	120	3,452,072	168	733,895	58	78,708	183	5,397,791	125
July.....	1,607,193	168	2,530,414	115	1,141,488	84	36,782	80	5,405,877	117
August.....	1,588,553	158	1,970,086	90	1,424,677	104	54,271	118	5,037,587	109
September.....	2,249,017	223	1,775,842	81	2,408,609	176	82,656	180	6,516,124	141
October.....	2,267,534	225	2,570,525	117	2,357,524	173	83,574	182	7,279,157	158
November.....	2,053,359	204	3,431,782	156	1,677,537	123	64,482	140	7,227,160	156
December.....	1,706,945	169	4,197,313	191	1,114,761	82	36,153	79	7,055,172	156
1919.										
January.....	1,656,046	164	4,603,335	209	1,079,377	79	56,631	123	7,395,419	160
February.....	1,096,118	116	3,451,891	168	774,891	61	48,786	114	5,371,679	125

SHIPMENTS.

1918.										
February.....	360,971	95	849,668	188	260,455	55	77,038	201	1,548,132	116
July.....	495,211	122	662,728	137	483,151	96	31,379	76	1,672,469	116
August.....	652,440	160	599,577	124	751,886	149	51,023	127	2,055,827	143
September.....	932,131	229	488,298	101	1,426,120	265	74,473	182	2,921,022	197
October.....	994,943	245	486,490	100	1,479,774	294	84,363	206	3,045,570	212
November.....	921,831	227	659,432	136	903,283	179	63,589	155	2,548,135	177
December.....	588,425	145	787,461	163	445,987	89	37,072	90	1,858,945	129
1919.										
January.....	586,362	145	988,035	204	357,386	71	56,282	138	1,991,065	139
February.....	404,296	107	881,507	195	240,815	51	47,829	125	1,574,447	118

Grain and flour.
[U. S. Food Administration.]

GRAIN MOVEMENT.

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

	Wheat.			Corn.			Oats.		
	Receipts.	Shipments.	Stocks at close of month.	Receipts.	Shipments.	Stocks at close of month.	Receipts.	Shipments.	Stocks at close of month.
1918.									
June.....			12,415			37,794			39,097
July.....	196,060	94,823	81,422	59,466	54,792	31,919	90,006	87,893	37,923
August.....	287,652	160,162	163,027	48,131	42,099	25,559	177,324	124,597	86,030
September.....	236,200	150,636	246,690	62,137	46,453	28,522	126,138	102,510	104,739
October.....	241,260	150,077	286,169	59,437	47,501	25,727	110,620	107,693	103,943
November.....	155,665	138,438	254,474	47,024	41,886	21,646	86,871	95,008	88,300
December.....	178,916	127,612	253,767	59,237	50,312	23,427	80,199	81,220	83,363
1919.									
January.....	129,998	80,495	245,683	98,648	79,935	30,448	102,887	89,613	85,811
February.....	60,047	51,662	219,306	36,663	37,601	27,365	57,599	58,920	82,025

	Barley.			Rye.			Total grains.		
	Receipts.	Shipments.	Stocks at close of month.	Receipts.	Shipments.	Stocks at close of month.	Receipts.	Shipments.	Stocks at close of month.
1918.									
June.....			10,606			2,181			102,093
July.....	14,285	7,077	16,984	3,474	2,024	2,912	363,291	246,609	171,160
August.....	21,340	9,923	27,174	8,422	4,449	6,128	542,869	342,130	307,918
September.....	27,002	15,295	37,782	16,092	7,409	12,854	517,569	322,303	430,587
October.....	23,889	19,843	40,670	20,667	15,047	17,309	455,873	340,161	473,318
November.....	22,697	21,153	39,991	17,521	13,552	19,199	329,778	310,037	423,610
December.....	23,255	22,287	40,320	15,721	8,721	25,779	357,328	290,152	426,656
1919.									
January.....	27,687	27,130	40,673	16,086	10,201	30,031	375,906	287,374	432,646
February.....	16,432	17,231	38,886	7,857	9,419	27,966	178,598	174,833	395,548

WHEAT FLOUR PRODUCTION.

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

	Production.	Stocks at mills at close of month.		Production.	Stocks at mills at close of month.
1918.					
June.....		1,109	December.....	11,759	3,260
July.....	6,780	1,606			
August.....	10,391	2,386			
September.....	11,835	3,064	January.....	12,994	3,341
October.....	11,752	3,422	February.....	7,736	3,544
November.....	11,175	3,387			

California shipments of citrus and deciduous fruits.

	Oranges.		Lemons.		Total citrus fruits.		Total deciduous fruits.
	Carloads.	Relative.	Carloads.	Relative.	Carloads.	Relative.	Carloads.
1918.							
February.....	1,035	45	372	99	1,407	53	
July.....	914	37	561	139	1,475	52	3,753
August.....	767	31	732	181	1,499	53	9,126
September.....	549	22	275	68	824	29	5,879
October.....	485	20	639	158	1,124	39	7,143
November.....	1,125	46	676	167	1,801	63	1,044
December.....	3,565	146	722	178	4,287	150	267
1919.							
January.....	3,120	128	531	131	3,651	128	109
February.....	3,180	139	658	174	3,838	144	198

Sugar.

[Data of International Sugar Committee for ports of Boston, New York, Philadelphia, Savannah, New Orleans, Galveston, San Francisco.]
[Tons of 2,240 pounds.]

	Receipts.	Meltings.	Raw stocks at close of month.		Receipts.	Meltings.	Raw stocks at close of month.
1918.				1918.			
July.....	288,449	320,908	135,061	December.....	92,785	123,691	13,774
August.....	218,690	263,383	100,392				
September.....	176,867	210,745	56,978	1919.			
October.....	242,912	207,566	77,233	January.....	243,806	197,145	66,189
November.....	138,141	172,528	50,989	February.....	389,815	337,420	122,757

[Data for ports of New York, Boston, Philadelphia.]

[Weekly Statistical Sugar Trade Journal.]

[Tons of 2,240 pounds. Monthly average 1911-1913=100.]

	Receipts.		Meltings.		Raw stocks at close of month.			Receipts.		Meltings.		Raw stocks at close of month.	
	Tons.	Relative.	Tons.	Relative.	Tons.	Relative.		Tons.	Relative.	Tons.	Relative.	Tons.	Relative.
1918.							1918.						
February.....	179,768	105	188,000	110	31,262	18	November.....	139,343	76	139,000	76	43,112	25
July.....	186,225	101	221,000	120	55,322	32	December.....	58,751	32	92,000	50	11,490	7
August.....	159,252	87	175,000	95	39,375	23	1919.						
September.....	145,555	79	139,000	76	46,899	27	January.....	172,054	93	147,000	80	36,544	21
October.....	151,703	82	156,000	85	42,522	25	February.....	283,172	165	229,000	134	90,716	53

Lumber.

[From reports of manufacturers' associations.]

[M feet.]

	Southern pine.			Western pine.			Douglas fir.			Eastern white pine.			North Carolina pine.		
	No. of mills.	Production.	Shipments.	No. of mills.	Production.	Shipments.	No. of mills.	Production.	Shipments.	No. of mills.	Production.	Shipments.	No. of mills.	Production.	Shipments.
1918.															
February.....	187	383,954	384,923	24,45	73,147	66,603	134	302,400	268,500	26	24,365	27,366	20	19,299	14,665
July.....	201	412,002	453,785	42,45	147,533	112,915	123	269,100	266,300	26	86,658	59,412	36	31,517	34,815
August.....	202	391,048	437,776	44,47	151,150	100,402	130	292,200	275,000	26	95,942	51,327	31	24,118	34,377
September.....	190	346,069	350,628	45	130,029	80,859	106	316,000	258,000	26	72,937	38,711	41	31,908	34,963
October.....	202	321,214	353,266	42,47	121,850	79,701	115	356,487	324,080	27,21	32,787	26,152	42	27,912	36,478
November.....	194	312,126	353,810	38,46	90,078	74,103	121	201,189	240,986	16	23,529	23,828	42	32,596	36,012
December.....	204	310,008	322,831	27,46	63,315	68,823	127	222,389	221,720	11	799	14,176	43	26,728	21,570
1919.															
January.....	200	330,137	325,241	21,49	40,354	68,910	122	225,688	227,129	13	7,565	15,172	40	28,629	23,869
February.....	195	328,069	309,494	24,48	46,037	71,103	122	228,031	238,035	15	6,802	17,081	39	25,806	18,034

RECEIPTS AND SHIPMENTS OF LUMBER AT CHICAGO.

[Chicago Board of Trade.]

[Monthly average 1911-1913=100.]

	Receipts.		Shipments.			Receipts.		Shipments.	
	M feet.	Relative.	M feet.	Relative.		M feet.	Relative.	M feet.	Relative.
1918.					1918.				
February.....	133,436	67	60,255	84	November.....	142,230	67	72,723	95
July.....	243,598	115	98,145	128	December.....	163,908	77	60,831	79
August.....	208,933	99	78,707	103					
September.....	171,515	81	68,133	89	1919.				
October.....	130,503	62	70,590	92	January.....	134,604	63	47,922	62
					February.....	97,511	49	45,585	64

Coal and coke.

[Bituminous coal and coke, U. S. Geological Survey; anthracite coal, Anthracite Bureau of Information.]

[Monthly average 1911-1913=100.]

	Bituminous coal, estimated monthly production.		Anthracite coal, shipments over 9 roads.		Coke, estimated monthly production.					
					Bechive.		By-product.		Total.	
	Short tons.	Relative.	Long tons.	Relative.	Short tons.	Relative.	Short tons.	Relative.	Short tons.	Relative.
1918.										
February.....	44,384,937	128	5,812,082	111	2,234,281	92	1,562,056	190	3,796,337	116
July.....	55,567,312	150	7,084,775	126	2,813,910	108	2,300,673	261	5,114,583	146
August.....	55,732,062	150	7,180,923	128	2,657,072	102	2,387,675	271	5,044,747	144
September.....	51,757,334	140	6,234,395	111	2,570,238	98	2,410,798	274	4,981,036	143
October.....	52,885,813	143	6,286,366	112	2,611,885	100	2,563,183	291	5,175,068	148
November.....	44,386,987	120	5,276,659	84	2,339,197	89	2,823,746	287	4,862,943	139
December.....	40,634,525	110	5,736,260	102	2,255,296	86	2,562,048	291	4,817,344	138
1919.										
January.....	41,473,000	112	5,934,241	105	2,401,567	92	2,441,433	277	4,843,000	139
February.....	31,492,500	91	3,871,932	74	1,822,894	75				

Movement of crude petroleum in United States.

[U. S. Geological Survey.]

[Barrels of 42 gallons each.]

	Marketed.		Stocks at end of month.		Marketed.		Stocks at end of month.
	Barrels.	Relative.	Barrels.		Barrels.	Relative.	Barrels.
1918.				1918.			
February.....	25,753,000	134	148,129,000	November.....	28,347,000	148	131,295,000
July.....	30,361,000	158	141,475,000	December.....	28,071,000	146	128,311,000
August.....	29,211,000	152	139,472,000				
September.....	28,674,000	150	135,680,000	1919.			
October.....	30,592,000	160	134,838,000	January.....	29,869,000	156	129,558,000
				February.....	19,041,000		96,239,000

Total output of oil refineries in United States.

[Bureau of Mines.]

	Crude oil run (barrels).	Gasoline (gallons).	Kerosene (gallons).	Gas and fuel (gallons).	Lubricating (gallons).
1918.					
February.....	23,386,676	234,324,619	121,218,320	510,165,397	58,300,914
July.....	29,170,718	332,022,095	156,828,826	658,439,682	79,303,107
August.....	28,534,275	330,335,046	149,678,850	671,113,871	72,892,879
September.....	28,390,431	314,595,959	164,963,798	653,085,050	70,593,079
October.....	29,237,767	314,251,318	164,928,640	661,780,441	72,244,633
November.....	27,411,636	312,968,640	169,278,105	604,403,494	72,178,602
December.....	26,958,157	291,744,465	161,742,713	587,873,987	64,987,842
1919.					
January.....	26,967,332	303,710,556	158,501,260	589,630,056	68,304,613
<i>Stocks at the close of month.</i>					
1918.					
Feb. 28.....	11,633,411	518,794,609	411,150,157	502,046,087	150,259,653
July 31.....	14,026,525	349,928,604	432,807,129	519,012,839	136,460,207
Aug. 31.....	13,946,595	285,446,538	424,281,481	569,016,413	137,496,986
Sept. 30.....	14,462,100	269,772,723	436,628,907	583,407,769	147,425,556
Oct. 31.....	15,438,576	250,328,369	419,409,944	596,116,351	135,196,542
Nov. 30.....	15,222,401	270,072,011	397,804,012	583,777,918	132,923,478
Dec. 31.....	15,749,771	297,326,983	380,117,829	659,001,357	138,853,574
1919.					
Jan. 31.....	15,380,185	383,212,692	332,393,181	646,411,414	158,370,431

Iron and steel.

[Pig iron production, Iron Age; steel ingot production, American Iron and Steel Institute.]

[Monthly average, 1911-1913=100; iron ore, monthly average, May-Nov., 1911-1913=100.]

	Pig iron production.		Steel ingot production.		Unfilled orders U. S. Steel Corporation at close of month.	
	Gross tons.	Relative.	Gross tons.	Relative.	Gross tons.	Relative.
1918.						
February.....	2,319,399	107	2,273,741	102	9,288,453	175
July.....	3,420,988	148	3,113,635	130	8,883,801	169
August.....	3,389,585	146	3,083,680	129	8,759,042	166
September.....	3,418,270	148	3,197,658	134	8,297,905	157
October.....	3,436,941	151	3,352,196	140	8,353,293	158
November.....	3,354,074	145	3,060,154	128	8,124,663	154
December.....	3,433,617	148	2,992,306	125	7,379,152	140
1919.						
January.....	3,302,260	143	3,082,427	129	6,684,208	127
February.....	2,940,168	136	2,688,011	120	6,010,787	114

Imports of pig tin.

[Department of Commerce.]

[Monthly average, 1911-1913=100.]

	Pounds.	Relative.		Pounds.	Relative.
1918.					
February.....	7,584,403	89	November.....	10,734,179	118
July.....	15,567,667	171	December.....	5,887,063	65
August.....	16,317,437	180	1919.		
September.....	10,630,606	117	January.....	8,461,444	93
October.....	9,885,984	109	February.....	6,271,977	74

Textiles.

[Silk, Department of Commerce; cotton, Bureau of the Census; wool, Bureau of Markets; idle machinery, Jan.-Sept., 1918, inclusive, National Association of Wool Manufacturers.]

[Cotton, monthly average crop years 1912-1914=100; silk, monthly average 1911-1913=100.]

	Cotton consumption.		Cotton spindles active during month.	Wool consumption (pounds).	Percentage of idle woolen machinery on first of month to total reported.						Imports of raw silk.	
	Bales.	Relative.			Looms.		Sets of cards.	Combs.	Spinning spindles.		Pounds.	Relative.
					Wider than 50-inch reed space.	Under 50-inch reed space.			Woolen.	Worsted.		
1918.												
February.....	510,084	122	33,592,222	52,890,535	8.1	8.4	5.1	7.9	4.9	11.6	1,606,620	84
July.....	541,792	120	33,674,896	50,951,651	10.4	10.2	5.9	10.5	6.5	13.2	1,997,314	98
August.....	534,914	119	33,646,811	51,516,457	12.2	14.3	6.0	10.2	6.6	15.3	3,813,595	186
September.....	490,779	109	33,524,275	47,648,413	13.8	15.1	7.0	13.2	8.3	20.2	3,973,754	194
October.....	440,833	98	32,700,623	48,692,509	18.3	24.3	9.3	12.5	8.8	18.8	2,814,270	138
November.....	157,376	102	33,121,507	38,282,723	21.1	26.8	11.1	23.8	11.9	30.1	2,336,345	114
December.....	472,941	105	33,652,612	32,355,081	22.5	24.9	13.8	17.8	16.1	27.4	2,680,863	131
1919.												
January.....	556,721	124	33,856,472	32,573,970	40.3	32.6	32.2	30.7	36.5	37.5	1,461,827	71
February.....	433,516	103	33,282,593	23,186,818	52.3	41.5	38.7	39.8	41.1	48.6	1,742,812	91
March.....					58.1	42.4	39.1	47.8	41.8	52.7		

NOTE.—Figures of idle wool machinery for Nov. 1 and Dec. 1 are not entirely comparable with previous figures, due to fact that later figures are for number of machines running on single shift, while earlier figures count as two a machine running double time. The effect is, however, small.

Production of wood pulp and paper.

[Federal Trade Commission.]

[Net tons.]

	Wood pulp.	News print.	Book.	Paper board.	Wrap-ping.	Fine.		Wood pulp.	News print.	Book.	Paper board.	Wrap-ping.	Fine.
1918.							1918.						
July.....	262,377	103,348	69,458	177,931	70,526	24,609	December.....	273,973	107,129	64,501	134,103	51,947	29,975
August.....	113,826	76,439	192,810	61,390	37,833	28,533	1919.						
September.....	246,741	99,528	68,581	168,384	56,903	33,429	January.....	283,270	116,289	73,809	142,764	52,226	29,407
October.....	237,624	88,155	60,743	143,373	61,681		February.....	238,228	106,159	61,673	127,917	44,524	23,995
November.....	270,849	97,693	67,262	152,321									

Tax-paid manufactured tobacco products in the United States (excluding Porto Rico and Philippine Islands.)

[Commissioner of Internal Revenue.]

	Cigars.		Cigarettes.	Chewing and smoking tobacco.		Cigars.		Cigarettes.	Chewing and smoking tobacco.
	Large.	Small.	Small.			Large.	Small.	Small.	
1918.	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	<i>Pounds.</i>	1918.	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	<i>Pounds.</i>
February.....	555,137,877	66,306,271	2,716,702,135	35,520,128	November.....	537,794,904	63,177,200	2,986,775,643	32,613,009
July.....	634,609,533	79,237,849	3,796,878,822	36,607,578	December.....	527,586,098	59,139,250	2,788,379,210	25,276,695
August.....	624,491,239	60,880,910	3,442,446,234	40,764,853	1919.				
September.....	585,400,449	60,556,000	3,403,205,736	37,893,818	January.....	518,700,482	72,458,974	3,079,212,253	29,308,616
October.....	594,764,527	63,111,160	3,027,300,975	39,440,893	February.....				

Output of locomotives and cars.

[Locomotives, United States Railroad Administration; cars, Railway Car Manufacturers' Association.]

	Locomotives.		Output of cars.				Locomotives.		Output of cars.		
	Domestic shipped.	Foreign completed.	Domestic.	Foreign.	Total.		Domestic shipped.	Foreign completed.	Domestic.	Foreign.	Total.
1918.	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	1918.	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>
February.....			5,944	3,010	8,954	November.....	224	252	6,743	2,330	9,093
July.....			3,312	4,410	7,722	December.....	281	177	7,876	3,402	11,278
August.....	214	77	2,437	4,847	7,284	1919.					
September.....	267	213	2,666	3,564	6,230	January.....	282	84	8,172	3,635	11,807
October.....	295	313	4,555	2,681	7,236	February.....	135	164	6,623	4,657	11,280

Vessels built in United States, including those for foreign nations, and officially numbered by the Bureau of Navigation.

[Monthly average 1911-1913=100.]

	Number.	Gross tonnage.	Relative.		Number.	Gross tonnage.	Relative.
1918.				1918.			
February.....	84	117,601	521	November.....	171	357,660	1,480
July.....	193	229,931	951	December.....	153	283,359	1,173
August.....	177	295,349	1,222	1919.			
September.....	170	308,470	1,276	January.....	132	264,346	1,094
October.....	202	357,532	1,479	February.....	135	271,430	1,203

Tonnage of vessels cleared in the foreign trade.

[Department of Commerce.]

[Monthly average 1911-1913=100.]

	Net tonnage.				Per-centage of Ameri-can to total.	Rela-tive.		Net tonnage.				Per-centage of Ameri-can to total.	Rela-tive.
	American.	Foreign.	Total.	Rela-tive.				American.	Foreign.	Total.	Rela-tive.		
1918.							1918.						
February.....	757,141	1,511,845	2,268,986	63	33.4	132	November.....	1,770,935	1,901,725	3,762,660	97	47.1	186
July.....	2,093,310	2,941,171	5,034,481	129	41.6	164	December.....	1,141,319	2,053,517	3,194,836	82	35.7	141
August.....	2,332,577	2,808,466	5,141,043	132	45.4	179	1919.						
September.....	2,009,194	2,290,872	4,300,066	111	46.7	185	January.....	1,166,391	1,896,123	3,062,514	78	38.1	151
October.....	1,875,947	2,163,383	4,039,330	104	46.4	184	February.....	1,262,487	1,671,070	2,933,557	75	43.0	170

Net ton-miles, revenue and nonrevenue.

[United States Railroad Administration.]

1918.			1918.		
February.....		29,217,552,000	November.....		35,533,026,000
July.....		38,761,291,000	December.....		33,659,507,000
August.....		38,489,847,000	1919.		
September.....		38,592,137,000	January.....		30,383,169,000
October.....		39,548,562,000	February.....		25,681,943,000

NUMBER OF DISCOUNTING MEMBER BANKS.

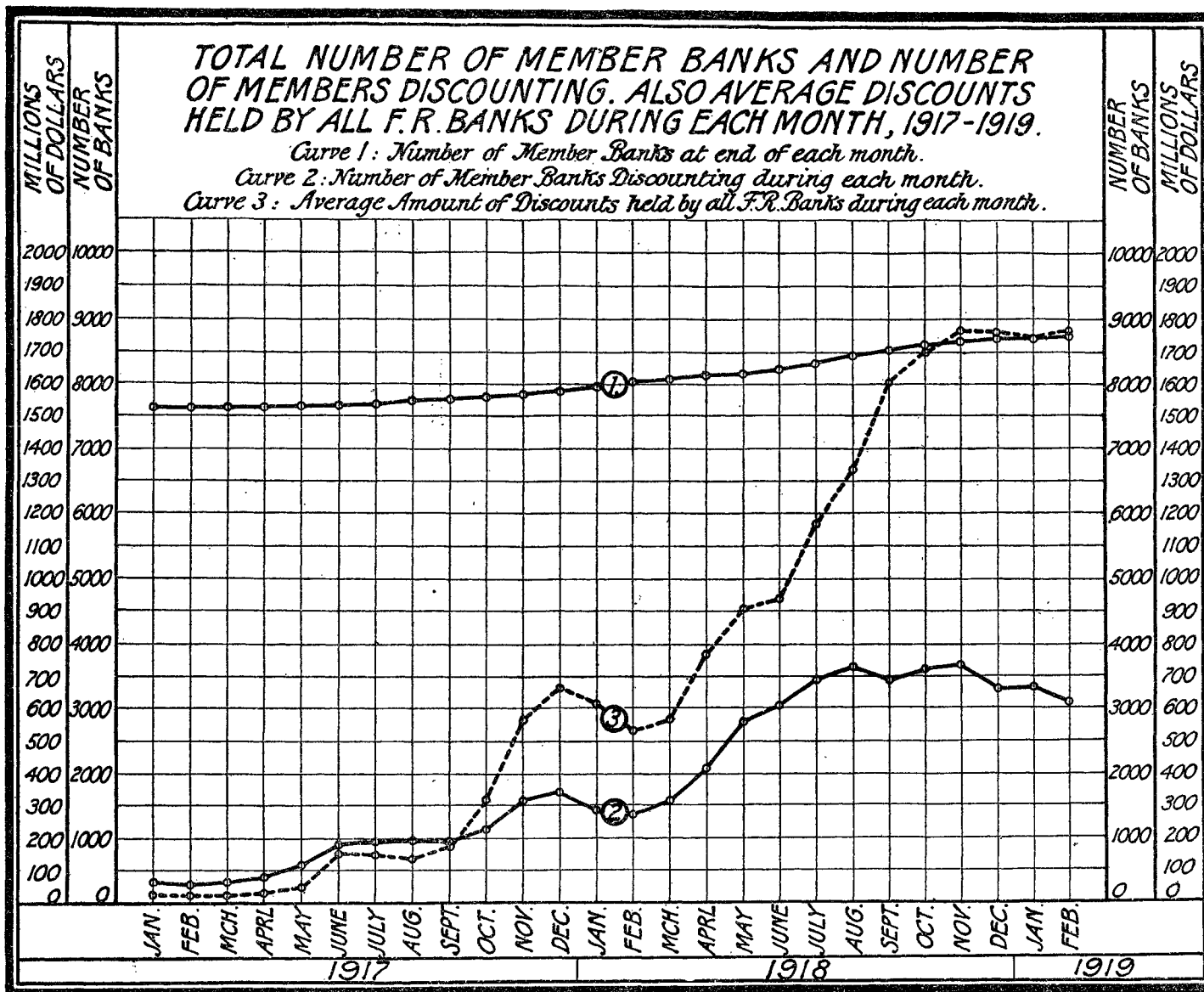
(See diagram on p. 387.)

Between January 1, 1917, and the end of February, 1919, the number of member banks of the Federal Reserve System increased from 7,624 to 8,748, while the number of member banks accommodated through the discount of paper rose from 309 in January, 1917, to 3,091 in February of the present year. The first large increase from 590 to 900 in the number of borrowing members is shown for the month of June, 1917, when the first Liberty loan was placed. In November, when the first installment of the second war loan fell due, the number of borrowers increased to 1,574. In May, 1918, when 20 per cent of subscriptions of the third loan were payable, the number of borrowing members was 2,793, increasing gradually to 3,671 in August, the largest number shown, and over 43 per cent of the total membership reported at the close of that month. The financing of the fourth loan and its consummation in October, 1918, apparently did not add to this number, though the November total of 3,667 nearly approaches the August

maximum. On the whole the number of borrowing institutions has been steadily increasing during the entire war period, recessions in these totals being relatively slight. The largest decreases in the number of borrowing institutions are shown for January, 1918, in the interval between war finance operations in connection with the second and the third loans, and for December, 1918, the month following the conclusion of the armistice.

Hand in hand with the increase in the number of discounting institutions goes the increase in the amount of discounted paper carried for their members by the Federal Reserve Banks. Reductions in loans are shown for July and August, 1917, following the placing of the first war loan, in February, 1918, in the interval between the second and third loans, and in the two months following the armistice declaration. The largest average monthly amount of discounts held, \$1,768,745,862, is shown for November, 1918.

Months.	Number of member banks in system at end of month.			Number of member banks accommodated each month through discount of paper.			Average amount of discounted paper held during month.		
	1917	1918	1919	1917	1918	1919	1917	1918	1919
January.....	7,624	7,978	8,713	309	1,432	3,316	\$20,876,802	\$611,235,224	\$1,734,655,017
February.....	7,625	8,031	8,748	262	1,353	3,091	17,900,040	531,541,333	1,763,226,453
March.....	7,625	8,083	.....	315	1,568	.....	18,190,769	567,474,932	.....
April.....	7,634	8,149	.....	381	2,100	.....	24,902,567	769,259,187	.....
May.....	7,651	8,168	.....	590	2,793	.....	42,710,392	902,101,974	.....
June.....	7,657	8,218	.....	900	3,021	.....	151,233,725	938,441,967	.....
July.....	7,681	8,323	.....	960	3,462	.....	147,797,115	1,165,649,422	.....
August.....	7,733	8,453	.....	990	3,671	.....	134,987,615	1,337,701,494	.....
September.....	7,748	8,533	.....	953	3,464	.....	182,439,407	1,603,152,988	.....
October.....	7,783	8,617	.....	1,140	3,610	.....	313,771,389	1,709,766,375	.....
November.....	7,846	8,668	.....	1,574	3,667	.....	568,352,241	1,768,745,862	.....
December.....	7,882	8,711	.....	1,701	3,288	.....	664,153,799	1,749,155,925	.....



DISCOUNT AND OPEN-MARKET OPERATIONS OF THE FEDERAL RESERVE BANKS.

For the month of February discount operations of the Federal Reserve Banks totaled \$4,980,935,514, compared with \$5,994,382,265 for January and \$762,439,698 for the month of February of the past year. Nearly the entire decrease since January is due to the reduction in the amount of war paper discounted, especially by the New York Federal Reserve Bank. Of the total discounts for the month under review the share of war paper was 95.2 per cent, or only slightly less than the month before, compared with 52 per cent shown for February, 1918. About 54 per cent of the total discounts and of the discounts of war paper are reported by the New York bank. With the exception of Dallas and San Francisco all Federal Reserve Banks show smaller discount operations than during the first month of the year.

Other discounts for the month comprise \$24,299,755 of member banks' notes secured by eligible paper, \$8,879,930 of trade acceptances based largely upon domestic trade transactions, also \$737,420 of bankers' acceptances.

Over 97 per cent of the total discounts for the month was composed of 15-day paper, i. e., bills maturing within 15 days from date of discount with the Federal Reserve Bank. The average maturity of the paper for the system works out at 10.71 days, compared with 10.34 days the month before. All the banks except Kansas City and Dallas—which report among their total discounts relatively large amounts of 6-month paper—show average maturities below 20 days, and New York and Philadelphia average maturities below 10 days. Owing to the large preponderance of war paper discounted at the preferential rate the average rate of discount for the month was 4.15 per cent, compared with 4.18 per cent for January.

On the last Friday of the month the Federal Reserve Banks held a record total of \$1,879,820,000 of all classes of discounts, as against

\$1,601,128,000 on the last Friday in January, and \$509,534,000 on the corresponding date in 1918. Of the total discounts held the share of war paper was 88.7 per cent, compared with 84.8 the month before and 52.8 per cent about a year previous. For the three eastern banks and Chicago this share was in excess of 90 per cent, while for the Kansas City and Dallas banks the proportion was below 50 per cent. Holdings of live-stock paper totaled \$31,345,000, compared with \$28,710,000 on the last Friday in January, practically the entire amount being reported by the Kansas City, Dallas, and San Francisco banks. Agricultural paper on hand totaled \$32,572,000, of which over 55 per cent was the share of the Chicago and Dallas banks.

During the month under review the membership increased from 8,713 to 8,748 banks. The number of discounting members declined from 3,316 to 3,091, largely in the Boston, Chicago, and Minneapolis districts, as may be seen from the following exhibit giving the number of member banks at the end of the last two months as well as the number of banks discounting during these two months:

Federal Reserve Bank.	Number of member banks in district.		Number of member banks accommodated.	
	Jan. 31.	Feb. 28.	January.	February.
Boston.....	424	423	191	152
New York.....	724	722	395	403
Philadelphia.....	663	663	351	322
Cleveland.....	817	821	153	143
Richmond.....	566	568	242	266
Atlanta.....	425	427	245	236
Chicago.....	1,338	1,353	416	301
St. Louis.....	511	512	176	167
Minneapolis.....	868	873	168	128
Kansas City.....	994	996	334	313
Dallas.....	733	737	419	403
San Francisco.....	650	653	226	257
Total.....	8,713	8,748	3,316	3,091

Bills bought during February in open market, either directly or through the intermediary of the New York bank, totaled \$147,410,093. By far the larger portion of this paper, viz, \$143,135,749, was composed of bankers' acceptances. Of the smaller total, \$81,258,204 represented bankers' bills based upon foreign trade trans-

actions, and \$61,877,545 like bills based upon domestic trade transactions. Trade acceptances bought in open market by three banks totaled \$2,805,364, of which \$2,255,982 represented trade acceptances based upon foreign trade transactions. In addition a total of \$1,468,980 of finance bills was bought during the month. The average maturity of all bills bought works out at 44.85 days, ranging between 33.29 days for bills bought by the Boston bank and 73.56 days for bills bought by the Atlanta bank. About 92 per cent of the total amount was purchased at rates

from 4 to 4½ per cent, the average on a 365 days' basis working out at 4.23 per cent.

Holdings of bankers' acceptances by the Federal Reserve Banks declined from \$275,683,000 on the last Friday in January to \$271,488,000 on the last Friday in February. Holdings of trade acceptances originally purchased in the open market likewise show a decline for the month from \$5,610,000 to \$4,421,000. The average rate of earnings from all classes of acceptances for the month of February was 4.25 per cent, compared with 3.79 per cent for February, 1918.

Total investment operations of each Federal Reserve Bank during the months of February, 1919 and 1918.

Federal Reserve Bank.	Bills discounted for members.	Bills bought in open market.	Municipal war-rants.	United States securities.					Total investment operations.	
				3½ per cent bonds.	4 per cent bonds.	4½ per cent bonds.	United States certificates of indebtedness.	Total.	February, 1919.	February, 1918.
Boston.....	\$355,740,459	\$20,341,094	.....	.....	.....	.....	\$3,000,000	\$3,000,000	\$379,081,553	\$76,830,912
New York.....	2,667,770,967	56,351,764	.....	.....	.....	.....	317,375,500	317,375,500	3,041,498,231	808,039,215
Philadelphia.....	640,608,351	1,541,652	.....	.....	.....	.....	1,000,000	1,000,000	643,150,003	42,052,051
Cleveland.....	197,596,593	13,278,112	.....	.....	.....	.....	1,550,000	1,550,000	212,424,705	110,832,074
Richmond.....	276,675,719	2,502,650	.....	.....	.....	.....	76,000	76,000	279,254,369	126,376,985
Atlanta.....	108,716,487	1,817,889	.....	.....	.....	.....	1,000,000	1,146,000	111,680,376	22,425,412
Chicago.....	263,047,705	13,573,785	.....	.....	.....	.....	.....	.....	276,621,470	138,201,608
St. Louis.....	115,577,865	11,345,794	.....	.....	.....	.....	1,000,000	1,000,000	127,923,659	34,016,112
Minneapolis.....	12,489,980	4,563,902	.....	.....	.....	.....	994,000	994,000	18,047,882	14,008,540
Kansas City.....	87,500,062	3,190,558	.....	.....	.....	.....	100	166,100	90,856,720	21,669,881
Dallas.....	92,411,695	943,000	.....	.....	.....	.....	.....	.....	93,354,695	12,652,185
San Francisco.....	162,799,631	17,959,913	.....	.....	.....	.....	100	165,500	180,925,144	36,690,078
Total, February, 1919.....	4,980,935,514	147,410,093	.....	.....	.....	146,200	326,327,000	326,473,200	5,454,818,807	.....
Total, February, 1918.....	762,444,698	148,275,106	\$136,549	\$1,679,300	\$13,067,400	.....	518,192,000	532,938,700	.....	1,443,795,053
Total 2 months ending Feb. 28, 1919.....	10,975,317,779	348,901,799	1,000	.....	1,000,000	160,375	1,154,774,000	1,155,934,375	12,480,153,953	.....
Total 2 months ending Feb. 28, 1918.....	1,630,674,317	278,894,615	1,392,512	2,773,400	26,310,938	.....	11,549,214,000	1,058,818,338	.....	2,969,779,782

¹ Includes \$520,000 of one-year Treasury notes.

Average amount of earning assets held by each Federal Reserve Bank during February, 1919, earnings from each class of earning assets and annual rates of earnings on basis of February, 1919, returns.

Federal Reserve Bank.	Average balances for the month of the several classes of earning assets.				
	Discounted bills.	Purchased bills.	United States securities.	Municipal warrants.	Total.
Boston.....	\$142,420,149	\$13,460,610	\$10,989,464	.....	\$166,870,223
New York.....	734,456,855	54,309,086	65,724,780	.....	854,490,721
Philadelphia.....	185,697,842	2,232,553	12,631,829	.....	200,562,224
Cleveland.....	98,136,063	60,381,053	12,431,432	.....	170,948,548
Richmond.....	91,820,939	7,458,218	6,557,628	.....	105,835,785
Atlanta.....	74,524,548	8,873,346	7,443,912	\$4,000	90,845,806
Chicago.....	158,132,792	32,728,217	21,589,357	.....	212,450,366
St. Louis.....	51,105,261	13,625,847	8,453,543	.....	73,184,651
Minneapolis.....	18,848,000	28,660,000	9,392,000	.....	56,900,000
Kansas City.....	68,737,839	12,780,194	14,294,287	.....	95,812,320
Dallas.....	51,646,675	2,396,607	8,172,842	.....	62,216,124
San Francisco.....	87,690,495	39,181,750	8,690,771	.....	135,563,016
Total, February, 1919.....	1,763,226,458	276,087,481	186,371,845	4,000	2,225,689,784
Total, February, 1918.....	531,541,333	289,071,546	180,516,005	824,723	1,001,953,607

Federal Reserve Bank.	Earnings from—					Calculated annual rates of earnings from—				
	Dis-counted bills.	Pur-chased bills.	United States se-curities.	Municipal war-rants.	Total.	Dis-counted bills.	Pur-chased bills.	United States se-curities.	Municipal war-rants.	Total.
Boston.....	\$446,162	\$42,396	\$17,297	.....	\$505,855	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
New York.....	2,277,507	175,003	121,784	.....	2,574,294	4.08	4.11	2.05	.....	3.95
Philadelphia.....	584,112	7,279	21,433	.....	612,824	4.04	4.20	2.41	.....	3.09
Cleveland.....	314,467	196,025	21,530	.....	532,022	4.10	4.25	2.21	.....	3.98
Richmond.....	297,061	26,562	10,265	.....	333,888	4.18	4.23	2.26	.....	4.06
Atlanta.....	240,958	31,019	11,521	.....	283,513	4.22	4.64	2.04	.....	4.11
Chicago.....	521,476	107,943	37,689	\$15	667,108	4.22	4.56	2.02	4.94	4.07
St. Louis.....	162,571	43,449	13,827	.....	219,847	4.28	4.30	2.28	.....	4.09
Minneapolis.....	64,226	92,200	21,895	.....	178,321	4.15	4.16	2.13	.....	3.92
Kansas City.....	251,179	43,143	24,290	.....	318,612	4.44	4.19	3.04	.....	4.08
Dallas.....	188,062	8,651	14,332	.....	211,045	4.76	4.40	2.22	.....	4.33
San Francisco.....	305,138	120,018	15,028	.....	440,184	4.74	4.70	2.28	.....	4.42
Total, February, 1919.....	5,652,919	899,688	330,891	15	6,883,513	4.54	4.19	2.25	.....	4.29
Total, February, 1918.....	1,638,446	841,259	449,846	2,362	2,931,913	4.18	4.25	2.31	4.94	4.03
						4.02	3.79	3.25	3.73	3.81

Bills discounted for member banks during the month of February, 1919, distributed by classes; also average rates and maturities of bills discounted by each Federal Reserve Bank.

Federal Reserve Bank.	Customers' paper se-cured by Govern-ment war obligations.	Member banks' collateral notes.		Trade ac-ceptances.	Bankers' ac-ceptances.	All other discounts.	Total.	Average maturity in days.	Average rate (365-day basis) per cent.
		Secured by Government war obligations.	Otherwise secured.						
Boston.....	\$31,255,392	\$304,998,300	\$13,182,000	¹ \$1,211,748	\$81,215	\$5,011,804	\$355,740,459	12.44	4.13
New York.....	36,894,814	2,518,274,955	.....	² 3,907,288	267,840	108,426,070	2,667,770,967	8.68	4.08
Philadelphia.....	20,450,724	596,245,257	.....	113,663	.....	23,798,707	640,608,351	8.46	4.08
Cleveland.....	7,484,120	181,619,800	.....	693,731	.....	7,798,942	197,596,593	14.84	4.13
Richmond.....	5,858,837	264,232,811	7,500	568,851	.....	6,007,720	276,675,719	10.75	4.28
Atlanta.....	1,138,803	99,313,600	65,000	371,794	.....	7,827,290	108,716,487	17.15	4.18
Chicago.....	2,782,685	246,929,273	1,849,670	237,317	.....	11,248,760	263,047,705	15.95	4.14
St. Louis.....	966,087	107,401,737	.....	370,525	381,000	6,458,516	115,577,865	13.42	4.15
Minneapolis.....	42,031	11,986,700	5,000	9,631	.....	446,618	12,489,980	17.09	4.28
Kansas City.....	2,220,993	66,605,343	8,527,585	540,233	.....	9,605,908	87,500,062	22.26	4.68
Dallas.....	533,504	79,109,964	663,000	145,391	.....	11,959,836	92,411,695	23.07	4.52
San Francisco.....	2,199,766	150,389,070	.....	709,758	7,365	9,493,672	162,799,631	15.74	4.56
Total February, 1919.....	111,827,756	4,627,106,810	24,299,755	8,879,930	737,420	208,083,843	4,980,935,514	10.71	4.15
Total January, 1919.....	192,141,173	5,519,031,646	20,114,004	10,903,033	1,577,514	250,614,895	5,994,382,265	10.34	4.18

¹ Includes \$923,233 in the foreign trade.

² Includes \$845,533 in the foreign trade.

Bankers and trade acceptances in the foreign and domestic trade and finance bills purchased during February, 1919; also average rates and maturities of total bills purchased by each Federal Reserve Bank.

Federal Reserve Bank.	Bankers' acceptances.			Trade acceptances.			Finance bills.	Total purchased bills.	Average maturity in days.	Average rate (365-day basis) per cent.
	In the domestic trade.	In the foreign trade.	Total.	In the domestic trade.	In the foreign trade.	Total.				
Boston.....	\$7,412,034	\$12,929,060	\$20,341,094	.....	.....	.....	.....	\$20,341,094	33.29	4.17
New York.....	21,915,888	32,470,077	54,385,965	\$492,853	\$810,659	\$1,303,512	\$662,287	56,351,764	36.58	4.18
Philadelphia.....	579,770	861,882	1,441,652	.....	.....	.....	100,000	1,541,652	33.88	4.13
Cleveland.....	6,273,559	6,422,126	12,695,685	56,529	375,898	432,427	150,000	13,278,112	51.93	4.22
Richmond.....	1,503,650	999,000	2,502,650	.....	.....	.....	.....	2,502,650	65.48	4.56
Atlanta.....	1,684,667	133,222	1,817,889	.....	.....	.....	.....	1,817,889	73.56	4.56
Chicago.....	7,962,194	5,560,586	13,522,780	.....	.....	.....	50,985	13,573,765	58.39	4.26
St. Louis.....	5,438,242	5,431,844	10,870,086	.....	.....	.....	475,708	11,345,794	48.63	4.21
Minneapolis.....	1,689,682	2,874,220	4,563,902	.....	.....	.....	.....	4,563,902	57.56	4.21
Kansas City.....	925,642	2,264,916	3,190,558	.....	.....	.....	.....	3,190,558	53.01	4.19
Dallas.....	200,000	743,000	943,000	.....	.....	.....	.....	943,000	62.80	4.67
San Francisco.....	6,292,217	10,568,271	16,860,488	.....	1,069,425	1,069,425	30,000	17,959,913	54.71	4.29
Total.....	61,877,545	81,258,204	143,135,749	549,382	2,255,982	2,805,364	1,468,980	147,410,093	44.85	4.23

Discounted bills, including member banks' collateral notes, held by each Federal Reserve Bank on the last Friday in February, 1919, distributed by classes.

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

Federal Reserve Bank.	Agricultural paper.	Live-stock paper.	Customers' paper secured by Government war obligations.	Member banks' collateral notes.		Trade acceptances.	Bankers' acceptances.	All other discounts.	Total.
				Secured by Government war obligations.	Otherwise secured.				
Boston.....	.....	.....	87,400	52,441	.....	1,987	363	4,011	146,202
New York.....	159	.....	81,229	660,750	.....	3,188	17	41,695	787,038
Philadelphia.....	124	.....	29,828	147,162	.....	343	.....	12,614	190,071
Cleveland.....	19	56	10,061	91,148	.....	1,092	.....	5,153	107,529
Richmond.....	3,011	3	12,354	77,282	.....	1,279	.....	6,620	100,549
Atlanta.....	2,421	211	5,885	56,923	5	1,234	.....	8,881	75,560
Chicago.....	9,346	.....	7,104	155,604	781	1,055	.....	4,679	178,569
St. Louis.....	91	133	2,156	47,126	.....	692	786	7,513	58,497
Minneapolis.....	666	610	49	15,675	.....	10	.....	490	17,500
Kansas City.....	3,880	16,937	765	31,657	6,094	937	.....	8,002	68,272
Dallas.....	8,785	9,130	1,239	23,143	422	.....	.....	13,869	56,588
San Francisco.....	4,070	4,265	3,883	67,102	.....	1,583	12	12,530	93,445
Total.....	32,572	31,345	241,953	1,426,013	7,302	13,400	1,178	126,057	1,879,820
Per cent.....	1.7	1.7	12.9	75.8	.4	.7	.1	6.7	100.0
Total, February, 1918.....	3,735	17,502	146,838	122,332	22,337	18,678	.....	178,112	509,534
Per cent.....	0.7	3.4	28.8	24.0	4.4	3.7	.....	35.0	100.0

Acceptances purchased and held by each Federal Reserve Bank on Feb. 28, 1919, distributed by classes of accepting institutions.

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

	Member banks.	Non-member trust companies.	Non-member State banks.	Private banks.	Foreign bank branches and agencies.	Total.	Trade acceptances.			Total.
							Domestic.	Foreign.	Total.	
Boston.....	7,565		175	1,140	362	9,242				9,242
New York.....	25,949	2,287	3,988	5,155	3,649	41,028	480	1,816	2,297	43,325
Philadelphia.....	1,967					1,967		21	21	1,988
Cleveland.....	45,244	53	5,117	7,823	2,134	60,371	250	176	426	60,797
Richmond.....	7,134					7,134				7,134
Atlanta.....	7,603					7,603				7,603
Chicago.....	31,948		100	578	50	32,676				32,676
St. Louis.....	15,005		716	784	1,050	17,455				17,455
Minneapolis.....	28,153		875	997	336	30,361				30,361
Kansas City.....	12,989	50	645	202	525	14,411		330	330	14,741
Dallas.....	1,758					1,758				1,758
San Francisco.....	34,108	28	3,494	5,383	5,480	48,493		1,348	1,348	49,840
Totals:										
Feb. 28, 1919.....	219,423	2,418	15,110	22,062	13,586	271,488	730	3,691	4,421	276,920
Jan. 31, 1919.....	224,237	2,178	11,986	22,163	15,119	275,683	1,871	3,739	5,610	281,293
Dec. 31, 1918.....	234,323	2,545	10,442	19,740	12,994	280,244	2,536	4,388	6,924	287,168
Feb. 28, 1918.....	252,747	1,648	3,856	28,419	7,097	293,767			5,456	299,223
Feb. 26, 1917.....	59,498	36,478	1,094	20,389	677	118,136			5,068	123,204

Bills discounted by each Federal Reserve Bank during the three months ending February 28, 1919, distributed by rates of discount; also average maturity and rates of bills discounted by each bank during the three months.

	4 per cent.		4½ per cent.		4½ per cent.		4½ per cent.	
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.
Boston.....	\$1,036,981,903	\$1,133,752	\$37,824,431	\$356,222	\$3,395,319	\$20,303	\$11,719,653	\$90,879
New York.....	9,876,122,386	6,209,864	162,269,596	1,305,950	3,948,798	27,671	11,890,984	93,914
Philadelphia.....	1,802,782,689	1,700,991	29,052,925	265,211	626,461	3,879	2,867,001	19,203
Cleveland.....	514,912,743	678,873	138,314,190	322,177	2,397,728	13,906	5,242,794	31,041
Richmond.....	235,329,439	295,276	563,655,704	563,082	5,618,352	13,280	15,244,341	83,146
Atlanta.....	356,251,355	596,747	58,845,578	109,837	2,405,708	18,957	21,733,408	163,851
Chicago.....	770,445,747	1,260,501	7,369,471	65,407	43,985,008	31,361	31,567,916	203,648
St. Louis.....	365,796,369	502,313	3,046,693	23,070	6,870,110	17,066	12,594,239	100,754
Minneapolis.....	33,452,990	52,208	3,420,513	6,252	481,312	872	1,027,279	5,092
Kansas City.....	1,027,045	4,385	197,535,379	337,599	31,929,497	60,176	2,004,897	12,327
Dallas.....	209,639,881	335,118	4,960,572	23,980	4,011,949	9,788	16,772,246	93,631
San Francisco.....			442,285,328	714,250			1,933,266	17,897
Total.....	15,202,742,547	12,770,028	1,648,583,380	4,093,037	105,670,232	267,259	134,598,024	915,883

	5 per cent.		5½ per cent.		5½ per cent.		Total.		Average maturity in days.	Average rate (365-day basis) (per cent).
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.		
Boston.....	\$996,201	\$16,442					\$1,090,917,507	\$1,617,598	13.19	4.10
New York.....	1,326	239					10,054,233,090	7,637,638	6.85	4.19
Philadelphia.....	16,469	275					1,835,345,535	1,989,559	9.66	4.15
Cleveland.....							660,867,455	1,045,997	13.75	4.20
Richmond.....	6,044,185	44,154	\$23,449	\$445			325,915,470	999,383	10.27	4.30
Atlanta.....	293,293	5,311					439,529,342	894,703	17.59	4.22
Chicago.....					\$2,588,666	\$55,940	355,956,808	1,666,857	16.89	4.21
St. Louis.....					116,406	2,505	388,423,817	645,708	14.50	4.18
Minneapolis.....	453,441	5,090			880,447	19,328	39,715,882	88,842	30.42	4.43
Kansas City.....	23,771,607	209,117			8,925,898	189,733	265,194,323	813,387	23.46	4.77
Dallas.....	14,597,732	160,109	10,098,424	215,761			260,080,804	838,387	25.53	4.61
San Francisco.....	25,956,773	236,637			4,042,810	87,596	474,221,177	1,056,380	17.84	4.56
Total.....	72,131,027	677,374	10,121,873	216,206	16,554,227	355,102	17,190,401,310	19,294,389	23.42	4.19

RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS.

As the result of Government finance operations, including mainly the placing of the seventh and eighth series of Treasury certificates in anticipation of the Victory loan, the Federal Reserve Banks show a further increase in their holdings of war paper from 1,596.5 millions on February 20 to 1,691.7 millions on March 21. Large increases under this head appear in the February 28 and March 7 statements following the issue of the seventh certificate series, the high level being reached on March 14, when a total of 1,702.4 millions of war paper on hand is shown. Other discounts on hand declined 32.1 millions during the period under review. As a result the share of war paper in the total discounts held shows a further rise from 88 to nearly 90 per cent, larger percentages obtaining for the eastern banks.

Additional interbank rediscounting may be noted, the Federal Reserve Banks of Philadelphia, Richmond, and Dallas reporting an aggregate increase in their contingent liabilities on such rediscounts of about 28 millions during the same period. The Boston bank was able to reduce its rediscount liability by about 17 millions, so that the aggregate liability of the four banks shows a net increase for the four weeks of over 11 millions. In addition, considerable amounts of acceptances were sold to other Federal Reserve Banks, without indorsement, by the New York bank during the month under review.

Acceptances on hand declined about 8 millions. Direct purchases from the New York bank account for the gains in the acceptance holdings of the Chicago and Minneapolis banks. In the case of the Minneapolis bank

acceptances constitute nearly one-half of the bank's investments, exceeding the amount of war paper held by that bank.

United States bonds on hand declined about 1 million, while United States short-term securities show a steady increase from 147.1 to 172.5 millions, the increase representing in part additional investments by the banks in one-year 2 per cent certificates deposited with the Treasury to secure Federal Reserve bank-note circulation, and to a smaller extent temporary purchases, largely from nonmember banks, of 4½ per cent certificates. Total earning assets show an increase for the period of 79.6 millions and on March 21 stood at 2,343.2 millions.

Gold reserves of the banks show an increase from 2,125 to 2,140.8 millions, while net deposits went up from 1,730.8 to 1,768.6 millions. Federal Reserve notes in circulation increased during the four weeks from 2,466.2 to 2,510.7 millions, or at the rate of slightly over 11 millions per week. It is notable that while Boston, Chicago, and especially New York, report substantial increases in their circulation, the other banks show either nominal increases only or small decreases. Shipments of Federal Reserve notes for the use of the American troops returning from France, also exports in some volume to the West Indies, chiefly Cuba, account for some of the increase of 48.7 millions reported by the New York bank. Aggregate liabilities of the banks on Federal Reserve bank notes show a slow though steady increase from 133.5 to 142.4 millions. The banks' reserve percentage in consequence of the increase in both deposit and note liabilities shows a decline from 52.2 to 51.6 per cent.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Feb. 28, 1919, to Mar. 21, 1919.

RESOURCES.

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

	Bos- ton.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates:													
Feb. 28.....	2,802	260,524	280	17,529	2,265	8,322	23,024	4,300	8,282	162	6,013	12,259	345,762
Mar. 7.....	3,104	260,434	214	14,440	2,259	8,293	22,555	4,325	8,268	92	6,018	11,068	341,070
Mar. 14.....	3,272	245,713	132	21,444	2,144	8,092	22,539	4,201	8,276	115	6,047	10,774	332,749
Mar. 21.....	3,598	244,721	205	21,746	2,180	8,039	22,732	4,260	8,289	106	6,085	7,780	329,741
Gold settlement fund, Federal Reserve Board:													
Feb. 28.....	51,026	43,870	41,112	70,291	16,439	17,756	97,959	22,594	28,793	39,645	7,464	26,535	463,484
Mar. 7.....	43,537	53,226	46,862	66,152	29,341	21,435	121,461	22,919	26,372	29,654	14,325	35,943	511,227
Mar. 14.....	37,625	106,615	43,263	55,125	33,749	16,512	101,502	16,109	17,033	26,202	11,687	35,656	501,078
Mar. 21.....	31,381	187,527	41,377	66,222	41,092	9,312	98,751	16,634	10,444	25,118	8,140	30,866	566,864
Gold with foreign agencies:													
Feb. 28.....	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Mar. 7.....	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Mar. 14.....	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Mar. 21.....	408	2,011	408	525	204	175	816	233	233	291	204	321	5,829
Gold with Federal Reserve agents:													
Feb. 28.....	48,954	257,256	68,566	135,947	47,374	40,590	296,589	68,316	54,563	48,101	19,765	101,739	1,187,760
Mar. 7.....	48,648	258,181	65,073	136,625	45,079	40,646	296,094	64,436	54,035	46,759	19,052	91,212	1,163,840
Mar. 14.....	50,681	269,783	61,533	130,781	43,327	39,846	296,878	62,425	53,192	45,359	18,406	92,390	1,170,601
Mar. 21.....	55,604	269,230	59,059	132,060	42,104	40,136	295,433	42,163	52,877	39,622	18,041	96,609	1,112,938
Gold redemption fund:													
Feb. 28.....	15,567	24,627	19,082	628	5,964	5,246	29,958	4,339	4,759	3,692	1,880	4,421	120,163
Mar. 7.....	17,064	24,627	22,104	1,049	7,572	4,877	23,676	3,104	5,165	4,923	2,048	1,304	117,513
Mar. 14.....	9,459	25,000	25,021	727	8,440	5,570	25,317	3,940	5,937	6,205	2,606	1,055	119,277
Mar. 21.....	11,368	24,918	27,071	1,755	9,199	5,438	28,356	5,084	6,067	3,359	2,173	682	125,470
Total gold reserve:													
Feb. 28.....	118,757	588,288	129,448	224,920	72,246	72,089	448,346	99,782	96,630	91,891	35,326	145,275	2,122,998
Mar. 7.....	112,761	596,479	134,661	218,791	84,455	75,426	464,602	95,017	94,073	81,719	41,647	139,848	2,139,479
Mar. 14.....	107,445	649,122	130,357	208,602	87,864	70,195	447,052	86,908	84,671	78,172	38,950	140,196	2,129,534
Mar. 21.....	102,359	728,407	128,120	222,308	94,779	63,100	416,088	68,374	77,910	68,496	34,643	136,258	2,140,842
Legal-tender notes, silver, etc.:													
Feb. 28.....	5,880	50,980	303	1,082	253	988	1,376	2,205	171	188	1,980	319	65,725
Mar. 7.....	6,328	51,015	211	1,263	236	962	1,113	2,305	193	148	1,948	261	65,983
Mar. 14.....	6,566	52,091	308	1,083	159	883	1,214	2,310	112	232	2,056	189	67,203
Mar. 21.....	6,334	52,429	356	1,101	433	877	1,421	2,198	102	124	2,127	234	67,736
Total cash reserves:													
Feb. 28.....	124,637	639,268	129,751	226,002	72,499	73,077	449,722	101,987	96,801	92,079	37,306	145,594	2,188,723
Mar. 7.....	119,089	647,494	134,872	220,054	84,691	76,388	465,715	97,322	94,266	81,867	43,595	140,109	2,205,462
Mar. 14.....	114,011	701,213	130,665	209,685	88,023	71,078	448,266	89,218	84,783	78,404	41,006	140,385	2,196,737
Mar. 21.....	108,693	780,836	128,476	223,409	95,212	63,977	417,509	70,572	78,012	68,620	36,770	136,492	2,208,578
Bills discounted:													
Secured by Government war obligations—													
Feb. 28.....	139,841	741,979	170,990	101,209	89,636	62,808	162,708	49,282	15,724	32,421	24,382	70,985	1,667,965
Mar. 7.....	143,801	775,574	178,463	96,969	78,761	64,722	155,544	54,968	16,285	37,445	23,058	75,897	1,701,487
Mar. 14.....	144,517	761,365	178,171	110,674	77,348	64,905	152,165	57,931	21,144	40,886	20,921	72,324	1,702,351
Mar. 21.....	130,864	676,608	169,255	114,661	86,799	65,423	191,704	77,274	27,356	50,589	21,158	73,987	1,691,678
All other—													
Feb. 28.....	6,361	45,059	13,081	6,320	10,913	12,752	15,861	9,215	1,776	35,851	32,206	22,460	211,855
Mar. 7.....	6,206	29,157	9,331	4,934	11,671	11,905	15,219	8,343	1,486	36,018	30,738	21,232	186,240
Mar. 14.....	5,245	29,234	11,536	4,503	10,649	12,318	13,336	8,197	1,400	38,348	29,798	19,448	184,012
Mar. 21.....	5,085	32,052	13,020	3,654	11,898	12,621	14,903	8,627	1,404	38,088	29,386	17,923	180,861
Bills bought in open market:													
Feb. 28.....	9,241	43,325	1,987	60,797	7,134	7,603	32,676	17,455	30,361	14,741	1,758	49,841	276,919
Mar. 7.....	10,393	40,088	1,658	57,648	6,568	7,504	32,586	17,943	33,711	14,136	1,958	49,300	273,493
Mar. 14.....	9,816	16,897	1,332	51,183	6,610	7,398	51,802	17,366	36,332	14,143	1,558	47,702	262,139
Mar. 21.....	10,572	27,158	2,291	47,231	6,932	7,223	49,253	14,278	33,611	13,751	1,803	47,821	261,924
United States Government long-term securities:													
Feb. 28.....	538	1,391	1,385	1,084	1,234	378	4,510	1,154	117	8,868	3,967	2,468	27,094
Mar. 7.....	538	1,389	1,385	1,083	1,234	378	4,476	1,154	117	8,868	3,967	2,468	27,057
Mar. 14.....	538	1,390	1,385	1,083	1,234	378	4,477	1,153	117	8,868	3,967	2,633	27,223
Mar. 21.....	538	1,390	1,385	1,083	1,234	378	4,476	1,153	117	8,868	3,967	2,633	27,222
United States Government short-term securities:													
Feb. 28.....	12,416	58,747	11,781	11,341	5,375	7,464	16,612	8,068	9,139	5,516	3,900	5,329	155,688
Mar. 7.....	12,416	59,707	12,281	12,342	5,375	7,464	16,612	8,068	9,709	6,036	4,400	5,425	159,835
Mar. 14.....	14,416	63,462	13,780	12,842	5,375	7,964	16,612	8,068	9,595	6,120	4,400	5,714	168,348
Mar. 21.....	14,416	64,436	15,280	13,457	5,375	8,474	16,612	9,068	9,338	6,068	4,400	5,547	172,471
All other earning assets:													
Feb. 28.....	4	4	4	4	4	4	4	4	4	4	4	4	4
Mar. 7.....	4	4	4	4	4	4	4	4	4	4	4	4	4
Mar. 14.....	4	4	4	4	4	4	4	4	4	4	4	4	4
Mar. 21.....	4	4	4	4	4	4	4	4	4	4	4	4	4
Total earning assets:													
Feb. 28.....	168,397	890,501	205,224	180,751	114,292	91,009	232,367	85,174	57,117	97,397	66,213	151,083	2,339,525
Mar. 7.....	173,854	905,915	203,118	172,976	103,609	91,977	224,437	90,476	61,308	102,503	64,121	154,322	2,348,116
Mar. 14.....	174,532	872,348	206,204	180,285	101,216	92,967	238,392	92,715	68,588	108,365	60,644	147,821	2,344,077
Mar. 21.....	167,475	801,644	201,831	180,086	112,238	94,123	276,948	110,400	71,826	117,964	60,714	147,911	2,343,160

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Feb. 28, 1919, to Mar. 21, 1919—Continued.

RESOURCES—Continued.

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

	Bos- ton.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
Bank premises:													
Feb. 28.....	800	3,302	500	100	296	217	2,936	541	.....	400	221	400	9,713
Mar. 7.....	800	3,302	500	100	296	217	2,944	540	.....	400	221	400	9,720
Mar. 14.....	800	3,302	500	100	295	217	2,944	541	.....	400	221	400	9,720
Mar. 21.....	800	3,302	500	100	295	217	2,936	540	.....	400	221	400	9,711
Uncollected items and other deductions from gross deposits:													
Feb. 28.....	52,246	163,406	76,917	52,447	43,387	31,917	74,327	42,817	15,196	57,018	19,549	24,238	653,465
Mar. 7.....	47,706	145,811	60,109	47,784	40,862	26,302	74,657	42,155	12,273	56,659	19,406	25,473	599,197
Mar. 14.....	56,891	172,196	61,541	57,000	44,292	32,970	93,566	43,066	13,226	52,882	21,591	33,796	683,017
Mar. 21.....	77,164	180,933	72,273	66,420	55,924	43,810	95,820	43,996	19,072	61,287	43,258	37,346	797,303
5 per cent redemption fund against Federal Reserve bank notes:													
Feb. 28.....	556	1,830	600	572	190	375	775	309	241	685	324	356	6,813
Mar. 7.....	1,269	1,812	625	544	162	393	731	305	227	690	315	356	7,429
Mar. 14.....	616	1,836	700	576	98	377	621	337	199	694	335	356	6,745
Mar. 21.....	716	1,819	700	623	315	426	408	259	254	690	335	356	6,901
All other resources:													
Feb. 28.....	365	2,297	894	589	274	385	1,059	450	95	444	785	859	8,497
Mar. 7.....	188	2,133	852	528	621	273	965	314	124	463	790	959	8,210
Mar. 14.....	255	1,771	892	440	499	249	888	311	123	502	770	807	7,507
Mar. 21.....	224	1,701	1,389	537	448	273	657	307	114	405	709	1,008	7,772
Total resources:													
Feb. 28.....	347,001	1,700,604	413,886	460,461	230,938	196,980	761,186	231,278	169,450	248,023	124,399	322,530	5,206,736
Mar. 7.....	342,406	1,706,467	400,076	441,986	230,241	195,550	769,449	231,112	168,198	242,532	128,448	321,619	5,178,134
Mar. 14.....	347,105	1,752,666	400,502	448,086	234,423	197,858	784,677	226,188	166,919	241,247	124,667	323,565	5,247,808
Mar. 21.....	355,072	1,770,235	405,189	471,175	264,432	202,826	794,278	226,074	169,278	249,366	142,007	323,513	5,378,425

LIABILITIES.

	Bos- ton.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
Capital paid in:													
Feb. 28.....	6,773	20,925	7,577	9,215	4,110	3,177	11,290	3,823	2,948	3,735	3,200	4,679	81,452
Mar. 7.....	6,772	20,927	7,577	9,220	4,114	3,177	11,278	3,824	2,950	3,737	3,202	4,712	81,490
Mar. 14.....	6,775	20,927	7,577	9,218	4,114	3,180	11,350	3,805	2,959	3,738	3,198	4,721	81,562
Mar. 21.....	6,775	20,927	7,576	9,218	4,114	3,180	11,372	3,825	2,969	3,738	3,198	4,720	81,612
Surplus fund:													
Feb. 28.....	1,535	8,322	1,304	1,776	1,156	775	3,316	801	726	1,211	592	1,224	22,738
Mar. 7.....	2,996	21,117	2,608	3,552	2,196	1,510	6,416	1,603	1,415	2,421	1,184	2,448	49,466
Mar. 14.....	2,996	21,117	2,608	3,552	2,196	1,510	6,416	1,603	1,415	2,421	1,184	2,448	49,466
Mar. 21.....	2,996	21,117	2,608	3,552	2,196	1,510	6,416	1,603	1,415	2,421	1,184	2,448	49,466
Government deposits:													
Feb. 28.....	26,124	33,543	17,674	27,102	5,943	9,237	25,530	13,953	14,043	15,289	7,863	14,246	210,547
Mar. 7.....	23,062	32,054	17,149	21,169	2,048	9,795	28,803	13,098	12,244	10,719	8,602	16,816	195,559
Mar. 14.....	18,217	15,063	10,663	15,295	4,213	11,778	23,675	9,942	9,530	10,645	9,023	12,739	150,783
Mar. 21.....	39,241	43,766	20,771	27,474	28,078	13,708	42,219	12,094	6,375	22,517	12,040	17,502	285,785
Due to members—reserve account:													
Feb. 28.....	95,750	671,818	92,912	129,957	52,671	44,889	233,097	58,638	48,792	75,371	38,715	78,362	1,620,972
Mar. 7.....	98,517	678,210	96,460	128,111	55,171	42,634	230,740	61,630	48,781	69,100	38,321	78,401	1,626,076
Mar. 14.....	94,186	715,361	102,767	132,499	54,001	42,900	232,801	59,383	49,255	73,131	39,463	79,298	1,675,045
Mar. 21.....	85,311	687,643	87,351	130,663	50,397	44,221	221,429	59,656	49,434	71,617	39,406	77,591	1,604,719
Deferred availability items:													
Feb. 28.....	42,844	120,541	68,763	45,534	31,315	19,318	53,236	36,497	8,384	35,707	15,129	17,385	494,653
Mar. 7.....	36,073	110,762	52,235	36,751	31,979	18,488	55,234	34,225	8,887	40,733	18,710	12,212	456,289
Mar. 14.....	46,608	122,338	54,907	44,856	36,007	20,121	70,680	35,079	9,703	35,778	13,846	19,189	509,112
Mar. 21.....	39,856	130,978	65,225	57,026	45,826	19,444	69,926	32,987	15,136	34,252	28,385	16,342	555,383
Other deposits, including foreign government credits:													
Feb. 28.....	106	113,744	851	321	54	220	1,634	326	185	102	66	6,423	124,032
Mar. 7.....	271	112,562	562	163	79	58	2,003	402	180	715	43	6,325	123,363
Mar. 14.....	616	105,704	744	313	82	51	1,928	512	323	678	62	6,509	117,522
Mar. 21.....	170	107,714	643	297	90	82	3,172	510	419	182	164	6,619	120,062
Total gross deposits:													
Feb. 28.....	164,824	939,646	180,200	202,914	89,983	73,664	313,497	109,414	71,404	126,469	61,773	116,416	2,450,204
Mar. 7.....	157,923	933,588	166,406	186,194	89,277	70,975	316,780	109,355	70,092	121,267	65,676	113,754	2,401,287
Mar. 14.....	159,627	958,466	169,081	192,963	94,303	74,850	329,084	104,916	68,811	120,232	62,394	117,735	2,452,462
Mar. 21.....	164,578	970,101	173,990	215,460	124,391	77,455	336,746	105,247	71,364	128,568	79,995	118,054	2,565,949
Federal Reserve notes in actual circulation:													
Feb. 28.....	159,552	677,619	210,768	233,069	128,595	110,785	410,806	108,838	88,159	101,609	51,167	191,340	2,472,307
Mar. 7.....	160,876	689,212	210,099	230,950	128,544	111,823	415,139	108,431	88,106	101,269	51,200	192,888	2,488,537
Mar. 14.....	163,142	710,002	206,956	229,761	127,679	110,087	417,611	107,708	87,972	100,856	50,551	190,770	2,503,095
Mar. 21.....	165,338	715,569	205,885	229,590	127,441	112,269	418,932	107,025	87,662	100,435	50,279	190,262	2,510,687

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Feb. 28, 1919, to Mar. 21, 1919—Continued.

LIABILITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve bank notes in circulation—net liability:													
Feb. 28.....	10,573	34,628	11,311	10,422	5,204	7,165	17,547	6,925	5,036	12,685	6,212	6,334	134,042
Mar. 7.....	11,552	34,248	11,816	10,708	5,189	7,327	18,043	7,181	5,098	12,743	6,279	6,407	136,591
Mar. 14.....	12,251	34,371	12,653	11,178	5,151	7,440	18,315	7,413	5,183	12,787	6,316	6,421	139,479
Mar. 21.....	13,034	34,236	13,355	11,799	5,218	7,556	18,711	7,536	5,243	12,918	6,396	6,440	142,442
All other liabilities:													
Feb. 28.....	3,744	19,464	2,726	3,065	1,890	1,414	4,730	1,477	1,177	2,314	1,455	2,537	45,993
Mar. 7.....	2,287	7,375	1,570	1,362	921	738	1,793	718	537	1,145	907	1,410	20,763
Mar. 14.....	2,314	7,783	1,627	1,414	980	791	1,901	743	579	1,213	924	1,470	21,739
Mar. 21.....	2,351	8,285	1,755	1,556	1,072	856	2,101	838	625	1,286	955	1,589	23,269
Total liabilities:													
Feb. 28.....	347,001	1,700,604	413,886	460,461	230,938	196,980	761,186	231,278	169,450	248,023	124,399	322,530	5,206,736
Mar. 7.....	342,406	1,706,467	400,076	441,986	230,241	195,550	769,449	231,112	168,198	242,582	128,448	321,619	5,178,134
Mar. 14.....	347,105	1,752,666	400,502	448,086	234,423	197,858	784,677	226,188	166,919	241,247	124,567	323,565	5,247,803
Mar. 21.....	355,072	1,770,235	405,169	471,175	264,432	202,826	794,278	226,074	169,278	249,366	142,007	323,513	5,373,425

Maturities of bills discounted and bought, United States Government short-term securities, and municipal warrants.

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

	Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Over 90 days.	Total.
Bills discounted:						
Feb. 28.....	1,511,355	57,883	202,040	86,221	22,321	1,879,820
Mar. 7.....	1,530,432	54,691	207,151	74,323	21,130	1,887,727
Mar. 14.....	1,525,076	55,292	225,629	59,319	21,047	1,886,363
Mar. 21.....	1,529,079	58,574	221,949	50,922	21,015	1,881,539
Bills bought:						
Feb. 28.....	82,025	76,479	93,348	25,067	.....	276,919
Mar. 7.....	83,799	81,948	90,833	16,913	.....	273,493
Mar. 14.....	99,651	68,850	76,312	17,326	.....	262,139
Mar. 21.....	87,157	72,289	81,343	21,135	.....	261,924
United States short-term securities:						
Feb. 28.....	18,714	.....	.....	350	136,624	155,688
Mar. 7.....	19,745	.....	202	2,816	137,072	159,835
Mar. 14.....	23,503	.....	202	2,815	141,828	168,348
Mar. 21.....	24,242	.....	221	6,466	141,542	172,471
Municipal warrants:						
Feb. 28.....	.....	1	3	.....	.....	4
Mar. 7.....	.....	4	.....	.....	.....	4
Mar. 14.....	1	3	.....	.....	.....	4
Mar. 21.....	1	3	.....	.....	.....	4

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Feb. 28 to Mar. 21, 1919.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes received from agent—net:													
Feb. 28.....	163,221	772,365	222,894	248,940	132,862	115,341	436,724	121,366	89,569	108,957	52,704	213,663	2,678,606
Mar. 7.....	165,915	765,451	221,001	246,618	131,458	115,197	436,228	121,515	89,541	108,116	52,527	217,336	2,670,903
Mar. 14.....	167,948	779,951	219,361	244,274	130,770	113,757	437,013	120,314	89,298	107,916	51,605	216,814	2,679,021
Mar. 21.....	168,871	798,778	218,287	244,182	130,618	115,507	435,568	119,707	89,493	106,619	51,541	217,373	2,696,544
Federal Reserve notes held by bank:													
Feb. 28.....	3,669	94,746	12,126	15,871	4,267	4,556	25,918	12,528	1,410	7,348	1,537	22,323	206,299
Mar. 7.....	5,039	76,239	10,902	15,668	2,914	3,374	21,089	13,084	1,435	6,847	1,327	24,448	182,366
Mar. 14.....	4,806	69,949	12,405	14,513	3,091	3,670	19,402	12,606	1,326	7,060	1,054	26,044	175,926
Mar. 21.....	3,533	83,209	12,402	14,592	3,177	3,238	16,636	12,682	1,831	6,184	1,262	27,111	185,857
Federal Reserve notes in actual circulation:													
Feb. 28.....	159,552	677,619	210,768	233,069	128,595	110,785	410,806	108,838	88,159	101,609	51,167	191,340	2,472,307
Mar. 7.....	160,876	689,212	210,099	230,950	128,544	111,823	415,139	108,431	88,106	101,269	51,200	192,888	2,488,537
Mar. 14.....	163,142	710,002	206,956	229,761	127,679	110,087	417,611	107,708	87,972	100,856	50,551	190,770	2,503,095
Mar. 21.....	165,338	715,569	205,885	229,590	127,441	112,269	418,932	107,025	87,662	100,435	50,279	190,262	2,510,687
Gold deposited with or to credit of Federal Reserve agent:													
Feb. 28.....	48,954	257,256	68,566	135,947	47,374	40,590	296,589	68,316	54,563	48,101	19,765	101,739	1,187,760
Mar. 7.....	48,648	256,181	65,073	136,625	45,079	40,646	296,094	64,436	54,035	46,759	19,052	91,212	1,163,840
Mar. 14.....	56,681	269,783	61,533	130,781	43,327	39,846	296,878	62,425	53,192	45,359	18,406	92,390	1,170,601
Mar. 21.....	55,604	269,230	59,059	132,060	42,104	40,136	265,433	42,163	52,877	39,622	18,041	96,609	1,112,938
Paper delivered to Federal Reserve agent:													
Feb. 28.....	155,443	830,363	156,559	167,619	102,968	80,834	211,245	64,259	46,924	83,013	58,346	142,426	2,099,999
Mar. 7.....	160,400	844,819	159,098	158,365	94,974	78,630	203,349	75,907	50,615	87,599	53,796	133,867	2,101,419
Mar. 14.....	159,578	807,496	160,433	165,453	89,491	78,852	217,303	70,092	58,714	93,377	52,277	127,924	2,080,990
Mar. 21.....	152,521	735,818	164,274	164,804	102,533	77,007	255,860	93,100	60,047	103,028	52,347	123,369	2,084,708

Federal Reserve note account of each Federal Reserve agent at close of business on Fridays, February 28 to March 21, 1919.

(In thousands of dollars; i. e., 000 omitted.)

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Received from Comptroller:													
Feb. 28.....	262,000	1,344,680	335,420	333,840	204,820	204,560	563,160	171,420	124,480	158,700	101,960	251,720	4,056,760
Mar. 7.....	262,880	1,355,680	335,420	333,840	205,220	204,960	563,560	171,720	124,880	158,700	101,960	252,920	4,071,740
Mar. 14.....	269,040	1,380,480	341,420	334,060	212,520	204,960	563,560	171,800	124,880	159,700	101,960	253,220	4,117,600
Mar. 21.....	271,360	1,393,080	341,420	335,060	213,020	206,960	564,280	174,920	124,880	159,700	101,960	254,420	4,141,060
Returned to Comptroller:													
Feb. 28.....	73,458	414,915	90,426	52,130	48,393	33,493	78,156	38,689	23,311	35,223	24,996	27,057	940,247
Mar. 7.....	75,765	437,829	93,919	54,452	50,687	35,438	82,331	39,570	23,839	36,564	25,708	29,584	985,686
Mar. 14.....	77,732	456,929	97,459	57,296	52,440	36,238	84,547	41,581	24,682	37,964	26,355	30,406	1,023,629
Mar. 21.....	79,809	462,702	99,933	59,018	53,662	36,948	87,952	42,843	24,997	38,701	26,719	31,047	1,044,331
Chargeable to Federal Reserve agent:													
Feb. 28.....	188,542	929,765	244,994	281,710	156,427	171,067	485,004	132,731	101,169	123,477	76,964	224,663	3,116,513
Mar. 7.....	187,115	917,851	241,501	279,388	154,533	169,522	481,229	132,150	101,041	122,136	76,282	223,336	3,086,054
Mar. 14.....	191,308	923,551	243,961	276,764	160,080	168,722	479,013	130,219	100,198	121,735	75,605	222,814	3,083,971
Mar. 21.....	191,551	930,378	241,487	276,042	159,358	170,012	476,328	132,077	99,883	120,999	75,241	223,373	3,096,729
In hands of Federal Reserve agent:													
Feb. 28.....	25,320	157,400	22,100	32,770	23,565	55,726	48,280	11,365	11,600	14,520	24,260	11,000	437,907
Mar. 7.....	21,200	152,400	20,500	32,770	23,075	54,325	45,000	10,635	11,500	14,020	23,725	6,000	415,150
Mar. 14.....	23,360	143,600	24,600	32,490	29,310	54,965	42,000	9,905	10,900	13,820	24,000	6,000	414,950
Mar. 21.....	22,680	131,600	23,200	31,860	28,740	54,505	40,700	12,370	10,390	14,380	23,700	6,000	400,185
Issued to Federal Reserve Bank, less amount returned to Federal Reserve agent for redemption:													
Feb. 28.....	163,221	772,365	222,894	248,940	132,862	115,341	436,724	121,366	89,569	108,957	52,704	213,663	2,678,606
Mar. 7.....	165,915	765,451	221,001	246,618	131,458	115,197	436,228	121,515	89,541	108,116	52,527	217,336	2,670,903
Mar. 14.....	167,948	779,951	219,361	244,274	130,770	113,757	437,013	120,314	89,298	107,916	51,605	216,814	2,679,021
Mar. 21.....	168,871	798,778	218,287	244,182	130,618	115,507	435,568	119,707	89,493	106,619	51,541	217,373	2,696,544
Collateral held as security for outstanding notes:													
Gold coin and certificates on hand—													
Feb. 28.....		173,740		27,270		2,503			13,052		12,582		229,147
Mar. 7.....		173,740		30,270		2,503			13,052		12,581		232,146
Mar. 14.....		188,740		23,270		2,503			13,052		12,581		240,146
Mar. 21.....		188,740		23,270		2,503			13,052		12,581	2,860	243,006
Gold redemption fund—													
Feb. 28.....	9,954	13,516	15,677	13,677	1,374	1,817	4,925	2,886	3,011	3,741	2,999	13,861	87,438
Mar. 7.....	9,648	12,441	12,184	11,355	3,079	873	5,749	3,505	2,483	2,399	2,787	12,954	79,457
Mar. 14.....	9,681	11,043	13,644	12,511	1,327	2,073	5,533	3,494	1,640	2,999	2,641	12,132	78,718
Mar. 21.....	8,604	10,490	11,170	13,790	2,104	2,633	5,129	2,232	3,325	4,262	2,776	11,490	78,005
Gold settlement fund, Federal Reserve Board—													
Feb. 28.....	39,000	70,000	52,889	95,000	46,000	36,270	291,664	65,430	38,500	44,360	4,184	87,878	871,175
Mar. 7.....	39,000	70,000	52,889	95,000	42,000	37,270	290,345	60,931	38,500	44,360	3,684	78,258	852,237
Mar. 14.....	47,000	70,000	47,889	95,000	42,000	35,270	291,345	58,931	38,500	42,360	3,184	80,258	851,737
Mar. 21.....	47,000	70,000	47,889	95,000	40,000	35,000	260,304	39,931	36,500	35,360	2,684	82,259	791,927
Eligible paper, minimum required¹—													
Feb. 28.....	114,267	515,109	154,328	112,993	85,488	74,751	140,135	53,050	35,006	60,856	32,939	111,924	1,490,846
Mar. 7.....	117,267	509,270	155,928	109,993	86,379	74,551	140,134	57,079	35,506	61,357	33,475	126,124	1,507,063
Mar. 14.....	111,267	510,168	157,828	113,493	87,443	73,911	140,135	57,889	36,106	62,557	33,199	124,424	1,508,420
Mar. 21.....	113,267	529,548	159,228	112,122	88,514	75,371	170,135	77,544	36,616	66,997	33,500	120,764	1,583,606

¹ For actual amount, see "Paper delivered to Federal Reserve agent," on p. 397.

CONDITION OF MEMBER BANKS.

Two additional issues of Treasury certificates in anticipation of the Victory Liberty loan, aggregating over \$1,000,000,000, also further issues of tax certificates are the principal Government fiscal operations affecting the weekly statements of condition of 772 member banks in leading cities for the 4-week period February 14 to March 14, 1919. The immediate effects of the certificate issues are seen in the considerable increases in the certificate holdings on the two Fridays following February 27 and March 13, the dates of issue of these certificates, and in an increase on March 14 by 498.2 millions of the total on hand over the 1,743 millions held on February 14. Of the total increase the share of member banks in New York City was 171.7 millions and that of the member banks in all Federal Reserve cities 336 millions.

As against these considerable increases the banks report net liquidation of 47.6 millions in United States bonds, other than circulation bonds (i. e., chiefly Liberty bonds), and of 51.9 millions in loans secured by United States war obligations (so-called war paper). It is interesting to note that whereas the bulk of the bonds disposed of is shown for the banks outside of New York City, curtailment of war paper on hand is credited almost exclusively to the New York City banks. All other loans and investments likewise show substantial increases on the Fridays immediately following the dates of the two latest certificate issues and probably reflect somewhat amounts of borrowings from reporting correspondents by nonreporting member and nonmember banks. Aggregate holdings of United States war securities and war paper on March 14 were 4,035.3 millions as against 3,636.7 millions four weeks earlier, and constituted 27.7 per cent of the total loans and investments of all reporting banks, as against 26 per cent shown on February 14.

As bearing upon the question of the total amount of United States war securities and

war paper held by the member banks of the country it may be stated that on December 31, 1918, all member banks held a total of war securities and war paper of about 4,300 millions; that between January 1 and March 15 of the present year the net increase in outstanding certificates, mostly held by the banks of the country, amounts to about 2,900 millions; and that since December 27 of the past year, reporting members alone show an increase in this total of about 978 millions. For the New York City banks the four weeks under review brought an increase in war securities and war paper from 1,593.9 to 1,708.4 millions and an increase in the percentage to total loans and investments from 30.6 to 32 per cent.

During the same period fluctuations in Government deposits ranged between 680.1 millions on February 28 and 546.2 millions the following week, the two largest increases again following the dates of the two certificate issues. Other demand deposits reached a high level of 10,311.4 millions on March 14, a gain for the four weeks under review of 399.7 millions, of which 316 millions represents the gain for member banks in the 12 Federal Reserve cities and 193.4 millions—the gain for the New York City banks alone. It is most likely that these considerable increases in demand deposits represent accumulations of funds by individual depositors and nonreporting banks for income tax payments due on March 15.

Time deposits show a steady increase during the period from 1,624.5 to 1,663.5 millions, the largest increases being shown by the banks outside the Federal Reserve bank and branch cities. In harmony with the large gains in deposits, reserve balances (with Federal Reserve Banks) show an increase from 1,255.4 to 1,298.3 millions, the bulk of this increase being shown for the New York City banks. Cash in vault indicates a further decline from 361.1 to 348.8 millions, all classes of banks sharing in this decline.

Principal resources and liabilities of member banks in leading cities, including member banks located in Federal Reserve Bank cities and in Federal Reserve branch cities as at close of business on Fridays, from Feb. 21 to Mar. 14, 1919—Contd.

3. MEMBER BANKS IN FEDERAL RESERVE BRANCH CITIES.

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

	Cleveland District. ¹	Richmond District. ²	Atlanta District. ³	Chicago District. ⁴	St. Louis District. ⁵	Kansas City District. ⁶	Dallas District. ⁷	San Francisco District. ⁸	Total.
Number of reporting banks:									
Feb. 21.....	39	18	21	12	18	17	6	28	159
Feb. 28.....	39	18	21	12	18	17	6	28	159
Mar. 7.....	39	18	21	12	18	17	6	28	159
Mar. 14.....	39	19	21	12	18	17	6	28	160
United States bonds to secure circulation:									
Feb. 21.....	23,616	4,931	5,085	1,805	5,005	4,487	1,255	8,485	54,669
Feb. 28.....	23,616	4,991	5,085	1,805	5,005	4,487	1,255	8,485	54,529
Mar. 7.....	23,616	4,991	5,085	1,805	5,005	4,487	1,255	8,485	54,729
Mar. 14.....	23,616	5,091	5,085	1,805	5,005	4,487	1,255	8,485	54,829
Other United States bonds, including Liberty bonds:									
Feb. 21.....	48,456	8,302	15,079	19,177	9,838	8,301	2,077	14,518	125,748
Feb. 28.....	48,355	8,230	14,449	18,669	9,153	7,599	2,063	14,458	122,976
Mar. 7.....	44,914	8,094	14,084	18,065	8,566	8,272	2,105	14,257	118,357
Mar. 14.....	47,997	8,146	13,598	17,604	8,301	8,137	2,088	14,004	119,875
United States certificates of indebtedness:									
Feb. 21.....	93,413	21,965	31,633	48,759	15,861	15,670	1,545	45,300	274,146
Feb. 28.....	101,806	24,885	37,063	59,133	18,380	18,214	2,565	50,458	312,504
Mar. 7.....	98,477	24,789	37,100	57,687	18,804	19,198	2,780	51,347	310,182
Mar. 14.....	109,232	28,392	40,678	68,209	20,002	20,298	3,201	55,197	345,209
Total United States securities owned:									
Feb. 21.....	165,485	35,198	51,797	69,741	30,704	28,458	4,877	68,303	454,563
Feb. 28.....	173,777	38,106	56,597	79,607	32,338	30,300	5,883	73,401	490,009
Mar. 7.....	167,007	37,874	56,269	77,557	32,375	31,957	6,140	74,089	483,268
Mar. 14.....	180,845	41,629	59,361	87,618	33,308	32,922	6,544	77,686	519,913
Loans secured by United States bonds and certificates:									
Feb. 21.....	55,871	11,564	9,600	9,909	4,943	6,080	369	5,394	103,730
Feb. 28.....	55,904	11,753	10,443	9,797	4,685	5,514	391	5,481	103,968
Mar. 7.....	56,212	11,791	10,401	9,799	3,548	5,052	387	6,406	103,596
Mar. 14.....	56,300	11,813	10,677	9,840	3,972	4,933	384	6,019	103,938
Other loans and investments:									
Feb. 21.....	509,851	108,050	159,159	248,795	101,818	149,188	13,957	204,049	1,494,867
Feb. 28.....	513,050	107,547	160,402	245,237	101,641	149,149	13,838	200,436	1,491,300
Mar. 7.....	506,885	108,065	161,447	246,019	104,774	148,674	13,980	207,431	1,497,275
Mar. 14.....	522,735	110,938	161,359	247,439	106,868	147,848	13,786	208,227	1,519,200
Total loans and investments:									
Feb. 21.....	731,207	154,812	220,556	328,445	137,465	183,726	19,203	277,746	2,053,160
Feb. 28.....	742,731	157,406	227,442	334,641	138,664	184,963	20,112	279,318	2,085,277
Mar. 7.....	730,104	157,730	228,117	333,375	140,697	185,683	20,507	287,926	2,084,139
Mar. 14.....	759,880	164,380	231,397	344,897	144,148	185,703	20,714	291,932	2,143,051
Reserve with Federal Reserve Bank:									
Feb. 21.....	52,224	12,266	15,130	20,700	11,139	14,657	1,213	21,053	148,382
Feb. 28.....	53,593	12,017	16,442	22,563	9,678	13,918	1,199	19,737	149,147
Mar. 7.....	53,198	13,024	14,670	21,836	11,073	14,359	1,290	19,181	148,631
Mar. 14.....	54,794	13,198	16,825	22,930	13,307	14,515	1,883	19,431	156,883
Cash in vault:									
Feb. 21.....	16,128	5,139	7,024	9,993	3,279	5,441	512	6,814	54,330
Feb. 28.....	14,417	5,488	7,413	11,441	3,405	5,217	628	6,806	54,815
Mar. 7.....	14,920	5,214	7,641	10,544	4,181	5,189	687	7,240	55,616
Mar. 14.....	15,712	5,413	7,268	11,690	3,649	5,421	565	7,638	57,356
Net demand deposits on which reserve is computed:									
Feb. 21.....	472,201	109,346	139,714	153,896	93,526	124,949	11,342	157,233	1,262,207
Feb. 28.....	464,009	106,561	141,591	152,429	93,038	124,612	11,009	156,878	1,250,127
Mar. 7.....	478,612	95,619	140,297	151,322	91,936	118,452	10,960	157,601	1,244,799
Mar. 14.....	487,346	109,989	140,379	161,606	94,379	129,132	11,142	170,953	1,304,926
Time deposits:									
Feb. 21.....	89,904	13,100	49,862	161,944	23,008	36,022	5,429	94,332	473,601
Feb. 28.....	99,258	13,545	50,248	162,890	22,928	36,129	5,513	93,977	484,488
Mar. 7.....	93,581	13,633	50,328	164,079	19,852	36,339	5,533	94,146	477,491
Mar. 14.....	93,543	14,554	50,395	165,290	23,408	36,412	5,484	93,715	482,801
Government deposits:									
Feb. 21.....	34,834	5,215	7,489	12,248	6,026	3,751	1,141	.....	70,704
Feb. 28.....	33,824	7,218	11,122	18,731	6,620	5,239	1,085	.....	83,839
Mar. 7.....	22,397	5,886	9,313	13,907	5,649	5,169	1,226	.....	63,547
Mar. 14.....	20,393	8,526	11,788	14,773	8,294	5,857	996	.....	70,627

¹ Pittsburgh and Cincinnati.

² Baltimore.

³ New Orleans, Jacksonville, and Birmingham.

⁴ Detroit.

⁵ Louisville, Memphis, and Little Rock.

⁶ Omaha and Denver.

⁷ El Paso.

⁸ Spokane, Portland, Seattle, and Salt Lake City.

IMPORTS AND EXPORTS OF GOLD AND SILVER.

Gold imports and exports into and from the United States.

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

	Ten days ending Feb. 20.	Eight days ending Feb. 28.	Ten days ending Mar. 10.	Total since Jan. 1, 1919.	Total, Jan. 1, 1918, to Mar. 8, 1918.
IMPORTS.					
Ore and base bullion.....	384	299	323	3,012	1,693
Bullion, refined.....	99	75	223	1,019	3,210
United States coin.....	2,558	7	2,533	5,106	2,449
Foreign coin.....					34
Total.....	3,041	381	3,079	9,137	7,386
EXPORTS.					
Domestic:					
Ore and base bullion.....				1	16
United States mint or assay office bars.....				135	1
Bullion, refined.....					3,084
Coin.....	961	953	707	7,056	6,049
Total.....	961	953	707	7,193	9,149
Foreign coin.....		1		20	175
Total exports.....	961	954	707	7,213	9,324

Excess of gold imports over exports since Jan. 1, 1919, \$1,924,000. Excess of gold imports over exports since Aug. 1, 1914, \$1,073,330,000.

Silver imports and exports into and from the United States.

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

	Ten days ending Feb. 20, 1919.	Eight days ending Feb. 28, 1919.	Total Jan. 1 to Feb. 28, 1919.	Total Jan. 1 to Feb. 28, 1918.	Ten days ending Mar. 10, 1919.	Total since Jan. 1, 1919.
IMPORTS.						
Ore and base bullion.....	2,182	1,277	9,702	4,202	1,942	11,644
Bullion, refined.....	125	279	1,374	5,088	774	2,148
United States coin.....	18	12	120	152	11	131
Foreign coin.....	207	73	1,137	1,005	120	1,257
Total.....	2,532	1,641	12,333	10,447	2,847	15,180
EXPORTS.						
Domestic:						
Ore and base bullion.....				2		
United States mint or assay office bars.....	3,852	7,371	31,175	7	6,957	38,132
Bullion, refined.....	9,761	1,103	19,826	12,034	3,537	23,363
Coin.....	135	9	242	158	57	299
Total.....	13,748	8,483	51,243	12,201	10,551	61,794
Foreign:						
Bullion, refined.....	269		451	490	301	752
Coin.....	355	10	1,021	456	28	1,049
Total.....	624	10	1,472	946	329	1,801
Total exports.....	14,372	8,493	52,715	13,147	10,880	63,595

Excess of silver exports over imports since Jan. 1, 1919, \$48,415,000. Excess of silver exports over imports since Aug. 1, 1914, \$328,175,000.

Estimated general stock of money, money held by Treasury, and by the Federal Reserve system, and all other money in the United States, Mar. 1, 1919.

	General stock of money in the United States.	Held in the United States Treasury as assets of the Government. ¹	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and Federal Reserve system.	Amount per capita outside the United States Treasury and the Federal Reserve system.
Gold coin ²	\$3,084,213,002	\$368,226,767	\$1,456,092,357	\$421,234,734	.....
Gold certificates.....	.....	.....	453,477,770	385,181,374	.....
Standard silver dollars.....	349,335,930	50,288,097	.....	81,165,206	.....
Silver certificates.....	.....	.....	8,025,695	208,077,692	.....
Subsidiary silver.....	242,742,373	11,287,225	³ 2,994,278	228,460,870	.....
Treasury notes of 1890.....	.....	.....	.....	1,779,240	.....
United States notes.....	346,681,016	12,866,438	⁴ 54,695,510	279,119,065	.....
Federal Reserve notes.....	2,678,607,950	36,090,813	167,232,605	2,475,284,532	.....
Federal Reserve Bank notes.....	142,840,180	6,196,330	8,007,285	128,636,565	.....
National bank notes.....	721,879,473	60,740,275	18,658,176	642,481,022	.....
Total:					
Mar. 1, 1919.....	7,566,299,924	545,695,945	2,169,183,676	4,851,420,303	\$45.33
Feb. 1, 1919.....	7,611,628,810	489,831,726	2,252,757,560	4,869,039,524	45.56
Jan. 1, 1919.....	7,780,793,606	454,948,160	2,220,705,767	5,105,139,679	47.33
Dec. 1, 1918.....	7,669,576,580	416,383,232	2,123,208,487	5,129,984,861	48.13
Nov. 1, 1918.....	7,590,173,171	399,321,725	2,125,198,801	5,065,652,645	47.59
Oct. 1, 1918.....	7,391,008,277	380,246,203	2,084,774,897	4,925,987,177	46.34
Sept. 1, 1918.....	7,092,955,371	369,937,060	2,070,371,803	4,652,646,508	43.33
Aug. 1, 1918.....	6,895,039,799	390,798,058	2,054,455,993	4,449,835,748	41.97
July 1, 1918.....	6,742,225,784	356,124,750	2,018,361,825	4,267,739,209	41.31
Jan. 1, 1918.....	6,256,198,271	277,043,358	1,723,570,291	4,255,584,622	40.53
Apr. 1, 1917.....	5,312,109,272	258,198,442	952,934,705	4,100,976,125	39.54

¹ Includes reserve funds against issues of United States notes and Treasury notes of 1890 and redemption funds held against issues of national bank notes, Federal Reserve notes, and Federal Reserve Bank notes.

² Includes balances in gold settlement fund standing to the credit of the Federal Reserve Banks and agents.

³ Includes standard silver dollars.

⁴ Includes Treasury notes of 1890.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank approved by the Federal Reserve Board up to Mar. 31, 1919.

Federal Reserve Bank.	Maturities.							
	Discounts.						Trade acceptances.	
	Within 15 days, including member banks' collateral notes.	16 to 60 days.	61 to 90 days.	Agricultural and live-stock paper over 90 days.	Secured by U. S. certificates of indebtedness or Liberty loan bonds.		1 to 60 days, inclusive.	61 to 90 days, inclusive.
					Within 15 days, including member banks' collateral notes.	16 to 90 days.		
Boston.....	4	4½	4½	5	4	4½	4½	4½
New York ¹	4	4½	4½	5	4	4½	4½	4½
Philadelphia.....	4	4½	4½	5	4	4½	4½	4½
Cleveland.....	4½	4½	4½	5½	4	4½	4½	4½
Richmond.....	4½	4½	4½	5	2 4½	2 4½	4½	4½
Atlanta.....	4½	4½	4½	5	4	2 4½	4½	4½
Chicago.....	4	4½	4½	5½	4	2 4½	4½	4½
St. Louis.....	4	4½	4½	5½	4	2 4½	4½	4½
Minneapolis.....	4½	4½	5	5½	4	4½	4½	4½
Kansas City.....	4½	5	5	5½	2 4½	2 4½	4½	4½
Dallas.....	4½	4½	5	5½	4	4½	4½	4½
San Francisco.....	4½	5	5	5½	4½	4½	4½	4½

¹ Rates for discounted bankers' acceptances maturing within 15 days, 4 per cent; within 16 to 60 days, 4½ per cent; and within 61 to 90 days, 4½ per cent.

² Rate of 4 per cent on paper secured by fourth Liberty loan bonds where paper rediscounted has been taken by discounting member banks at rate not exceeding interest rate on bonds.

NOTE 1.—Acceptances purchased in open market, minimum rate 4 per cent.

NOTE 2.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate, trade acceptances maturing within 15 days will be taken at the lower rate.

NOTE 3.—Whenever application is made by member banks for renewal of 15-day paper, the Federal Reserve Banks may charge a rate not exceeding that for 90-day paper of the same class.

OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, FEB. 16, 1919, TO MAR. 15, 1919.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Total items drawn on banks in own Federal Reserve district (daily average).	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
Boston.....	15,591	\$18,819,184	81,422	\$10,373,266	97,013	\$29,192,450
New York.....	19,952	54,680,662	126,919	62,889,441	146,871	117,550,103
Philadelphia.....	22,578	26,087,102	43,391	5,291,512	65,969	31,378,614
Cleveland.....	5,426	6,596,556	64,553	23,025,657	69,979	29,622,213
Richmond.....	2,454	6,270,330	48,074	12,710,821	50,528	18,981,151
Atlanta.....	3,329	2,335,283	27,806	6,916,946	31,135	9,252,229
Chicago.....	18,333	23,574,000	62,108	11,718,000	80,441	35,292,000
St. Louis.....	6,438	8,085,305	36,626	9,914,963	43,064	18,000,268
Minneapolis.....	5,287	7,449,544	22,430	2,013,221	27,717	9,462,765
Kansas City.....	5,537	9,333,274	63,834	12,452,611	69,371	21,785,885
Dallas.....	1,625	2,410,801	29,211	7,480,226	30,836	9,891,027
San Francisco.....	2,533	2,945,336	38,972	6,927,925	41,505	9,873,261
Totals:						
Feb. 16 to Mar. 15, 1919.....	109,083	168,567,377	640,346	171,714,589	749,429	340,281,966
Jan. 16 to Feb. 15, 1919.....	90,944	198,935,424	599,951	156,360,759	690,895	355,296,183
Dec. 16, 1918, to Jan. 15, 1919.....	95,622	221,889,946	635,080	165,386,737	730,702	387,276,683
Feb. 16 to Mar. 15, 1918.....	51,408	153,701,375	259,531	113,134,162	310,939	266,835,537

	Items drawn on banks in other districts (daily average).		Items handled by both parent bank and branches (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of non-member banks on par list.	Number of non-member banks in district.
	Number.	Amount.	Number.	Amount.	Number.	Amount.			
Boston.....	9,618	\$9,749,614			8,995	\$2,723,229	424	244	244
New York.....	35,859	14,712,220			46,452	20,708,209	722	321	321
Philadelphia.....	22,970	8,575,328			8,340	4,422,281	656	363	425
Cleveland.....	3,616	3,960,583	3,069	\$2,133,165	6,539	1,688,235	822	801	1,129
Richmond.....	6,005	4,862,273	140	215,535	2,836	536,470	568	329	1,518
Atlanta.....	3,277	3,040,267	3,951	1,922,406	4,800	2,543,815	425	237	1,566
Chicago.....	6,428	1,186,000	333	212,000	13,881	4,536,000	1,340	2,599	4,175
St. Louis.....	864	333,550	1,197	457,090	7,598	1,213,919	513	1,275	2,571
Minneapolis.....	1,221	1,085,385			888	239,058	873	1,233	2,842
Kansas City.....	6,907	5,220,395	3,040	1,833,434	5,083	464,704	995	2,193	3,227
Dallas.....	3,392	1,575,152	1,178	184,839	3,853	441,353	805	270	1,209
San Francisco.....	806	1,459,792	2,139	2,815,800	5,298	7,234,232	639	1,040	1,201
Totals:									
Feb. 16 to Mar. 15, 1919.....	100,963	55,760,559	15,047	9,774,269	114,563	46,746,505	8,732	10,905	20,428
Jan. 16 to Feb. 15, 1919.....	89,972	53,431,530	12,807	11,036,400	126,051	63,221,002	8,717	10,622	20,348
Dec. 16, 1918, to Jan. 15, 1919.....	99,828	64,079,660	13,662	10,080,440	77,282	37,753,800	8,691	10,342	.....
Feb. 16 to Mar. 15, 1918.....	51,259	48,556,709	7,700	6,413,071	58,991	25,827,757	8,013	9,425	.....

LOANS AND DISCOUNTS OF STATE BANK MEMBERS.

Classification of loans and discounts of 930 State banks and trust companies, members of the Federal Reserve system, as shown by their condition reports for Dec. 31, 1918.

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

	District No. 1 (31 banks).	District No. 2 (101 banks).	District No. 3 (29 banks).	District No. 4 (66 banks).	District No. 5 (37 banks).	District No. 6 (54 banks).	District No. 7 (288 banks).	District No. 8 (44 banks).	District No. 9 (70 banks).	District No. 10 (27 banks).	District No. 11 (97 banks).	District No. 12 (86 banks).	Total, United States (930 banks).
On demand, not secured by collateral.....	23,166	32,059	9,557	10,753	2,188	5,625	23,783	9,541	2,648	3,085	2,256	6,147	130,808
On demand, secured by Liberty bonds and United States Treasury certificates of indebtedness.....	2,800	20,294	1,748	1,944	482	856	5,492	2,743	558	40	123	232	37,312
On demand, secured by other collateral.....	53,819	464,448	62,423	63,080	10,154	30,527	104,150	39,209	1,880	4,264	2,873	5,902	842,729
On time, not secured by collateral.....	151,250	474,053	20,133	75,964	28,679	38,478	268,420	60,722	20,925	18,085	10,621	39,734	1,207,064
On time, secured by Liberty bonds and United States Treasury certificates of indebtedness.....	13,273	195,717	18,709	24,452	4,191	3,270	27,503	4,949	1,403	2,307	1,166	3,330	300,270
On time, secured by other collateral.....	48,834	262,200	16,101	41,848	12,408	29,155	138,899	44,598	12,015	17,782	15,567	21,288	660,695
Secured by real estate mortgages or other real estate liens and deeds.....	29,257	56,954	4,349	65,673	5,215	9,275	138,773	19,027	11,228	5,805	3,805	13,004	362,365
Acceptances of other banks discounted.....	3,064	48,204	146	1,318	.....	190	1,867	.....	101	6	1	805	55,702
Acceptances of this bank purchased or discounted.....	581	11,159	236	744	291	2,230	710	1,285	.....	6	163	192	17,597
Loans and discounts not classified.....	.....	16,166	.....	.....	208	.....	259	.....	.....	65	10	133	16,841
Total shown by reports.....	326,044	1,581,254	133,402	285,776	63,816	119,606	709,856	182,074	50,758	51,445	36,585	90,767	3,631,383
Less adjustment due to inclusion of rediscounts in loan classification by some banks.....	117	.....	240	.....	10	157	21	.....	.....	160	.....	.....	705
Total loans and discounts.....	325,927	1,581,254	133,162	285,776	63,806	119,449	709,835	182,074	50,758	51,285	36,585	90,767	3,630,678

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