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FEDERAL RESERVE BOARD.

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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 directors may have it sent to not less than ten names at a subscription price of \$1 per year.

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VOL. 2

JUNE 1, 1916

No. 6

WORK OF THE BOARD.

The outstanding feature of the work of the Federal Reserve Board for the month of May has been the further development of the plan for the clearing and collection of checks, which was announced in the Federal Reserve Bulletin of May 1. A statement of the mode of operation of the new plan will be found elsewhere in this Bulletin. The further working out of the details of the new plan is now in the hands of the executive officers of the Federal Reserve Banks. The Board had hoped to inaugurate the new system on June 15, but has found it necessary to defer this for 30 days, or until July 15, 1916. Many inquiries have been received by the Board concerning the operation of the plan, also both commendations and protests. On May 12 the Board gave a hearing to a committee of five, appointed by the executive council of the American Bankers' Association at its Briarcliff meeting on May 9 and 10. This committee, on behalf of country banks, recommended a postponement of the date when the new clearing and collection plan should go into effect, in order to give member banks as much time as possible to adapt themselves to the conditions soon to be created.

The Board devoted much of its time in the early part of May to perfecting and explaining amendments to the Federal Reserve Act now pending before Congress. It is anticipated that early action will be taken by Congress upon the Board's recommendations.

The discount rates for commodity paper in the Minneapolis and Atlanta districts have been increased in May from 3 to 3½ per cent. Otherwise the discount rates effective in the 12 districts remained unchanged.

Members of the Federal Reserve Board have participated in meetings of bankers' associations during the month as follows: May 18, Governor Hamlin addressed the Bankers' Club of Cleveland, Ohio, and on May 25 visited the Atlanta Federal Reserve Bank, and addressed the Georgia Bankers Association at Macon, Ga., on May 26. Mr. Warburg delivered an address before the Economic Club of New York on May 22. Mr. Miller visited the Federal Reserve Bank of St. Louis on May 24, and addressed the Missouri Bankers' Association and the St. Louis Clearing House Association in connection with this visit. Mr. Williams, the Comptroller of the Currency, delivered an address at the annual convention of the Tennessee Bankers' Association in Chattanooga on May 19.

Secretary McAdoo and Mr. Warburg returned to Washington Friday, May 5, from the trip which they took to South America with the United States section of the International High Commission. Statements of the results of the trip are not reprinted here, as they were given wide publicity at the time.

Members of the Federal Advisory Council met in Washington May 16 for their quarterly meeting. The meeting was attended by eleven members, all districts except Kansas City being represented. Those present were: Mr. J. B. Forgan, Chicago; Mr. Daniel G. Wing, Boston; Mr. J. P. Morgan, New York; Mr. Levi L. Rue, Philadelphia; Mr. W. S. Rowe, Cleveland; Mr. J. W. Norwood, Richmond; Mr. Charles A. Lysterly, Atlanta; Mr. Frank O. Watts, St. Louis; Mr. C. T. Jaffray, Minneapolis; Mr. T. J. Record, Dallas; Mr. Herbert Fleishhacker, San Francisco. A joint session of the Federal Reserve Board and the Council was held on May 16, at which the Council gave

its replies to questions propounded by the Board and expressed its views on subjects initiated by it. Among the topics which received the attention of the Council were the reserve situation in the different districts, discount rates, and the prevailing business conditions. Business conditions were reported by members of the Council as varying from "something over normal" to "a greater activity than was ever before known," except that on the Pacific coast the report showed less exceptional conditions, although the mining and lumber industries were reported as showing marked activity. Excellent reports of crop conditions were made, with some qualification as to the crop outlook for wheat in the Northwest, and grain and fruit crops in California.

A general conference of the Federal Reserve Agents with the Federal Reserve Board, which began Monday, May 29, is now in progress.

Clearing and Collection.

After consultation by wire with the governors of the 12 Federal Reserve Banks, the Federal Reserve Board on May 22 voted unanimously to defer the inauguration of the new clearing and collection plan to July 15. It was found that this was the earliest date at which it was possible for the Federal Reserve Banks to be prepared to make the plan actually operative in all districts.

It had been suggested that the development of the plan might be undertaken by two or three successive steps. This the Board considered undesirable, and the plan will become generally effective on July 15.

Many letters commending the plan have been received by the Board from widely separated sections of the United States. These have come from 21 different States, and in many instances represent the views of large business associations. Up to May 22 but a few letters of protest had been received.

On May 12 a hearing was given by the Board to members of a committee appointed by the executive council of the American Bankers' Association at its meeting at Briarcliff, N. Y. The members of the committee were: Mr. W. H. Bucholz, Omaha, Nebr.; Mr. John McHugh, New York City; Mr. W. H. Webb, San Angelo, Tex.; Mr. Walker Broach, Meridian, Miss.; Mr. J. Elwood Cox, High Point, N. C. Each member of the committee expressed his views to the Board and there was general discussion.

The check clearing and collection plan which has been formulated by the Federal Reserve Board is not compulsory upon any bank so far as the use of facilities to be provided is concerned.

Member banks, as long as they comply with the statutory requirements, may continue to carry accounts with their approved reserve agents and with other banks to whom they may send items for collection and from whom they may receive, for similar purposes, checks drawn upon themselves or upon other banks. They will, however, be required to pay without deduction checks drawn upon themselves and presented at their own counters for payment. Remittance of such checks by the Federal Reserve Bank of their district through the mail will be construed as presentation at their own counters and they must settle with the Federal Reserve Bank for such checks, either by acceptable checks upon other banks or by remittance of lawful money or Federal Reserve notes at the expense of the Federal Reserve Bank. Checks drawn upon a member bank which have been received by the Federal Reserve Bank will not be charged against its reserve account until sufficient time has elapsed for the checks to have reached the member bank and for returns to have been received in due course by the Federal Reserve Bank.

The Board's clearing plan provides that a small service charge (say $1\frac{1}{2}$ to 2 cents per item) will be made at stated intervals against such banks as send to the Federal Reserve Bank

checks on other banks for collection and credit; but it follows that no portion of this charge can be assessed against any bank unless it shall have elected to avail itself of the facilities offered. Federal Reserve Banks will handle, besides checks drawn on member banks, checks on such State banks as can be collected at par, and member banks desiring to handle for a Federal Reserve Bank checks drawn on State banks, will be given the preference. During crop-moving periods it is thought that this will be a distinct advantage to member banks.

There is no disposition to deprive member banks of any income that they may have been in the habit of receiving from the collection of drafts (other than bank checks) or from the purchase or discount of commercial bills of exchange, and so there should be no diminution in the customary profits of member banks from such sources.

Many letters in regard to the plan have been received, a great number of which are commendatory, and it appears from those of opposite tenor that the objections raised are based upon an apprehension that profits will be decreased if the plan proves to be effective.

It is estimated that as soon as the new clearing system is put into operation checks upon about 15,000 national banks, State banks, and trust companies throughout the United States can be handled by the Federal Reserve Banks at par, subject to the small service charge above referred to; and as a minority of the banks will find it difficult to retain much of their good business when checks drawn upon them are at a discount while checks drawn upon the majority of banks can circulate at par, it is thought that in the near future checks upon practically all banks throughout the United States can be handled at par by Federal Reserve Banks. Many banks have found it necessary hitherto to scatter their available funds by maintaining balances with a number of correspondents for exchange purposes, or in order to control checks drawn upon themselves.

After November 16, 1917, no bank balances will be available as reserve for national banks

except balances in Federal Reserve Banks, and therefore after that time any necessity to maintain nonreserve balances with correspondents, either for exchange purposes or in order to obtain collection facilities, would be deemed in many cases a great hardship. It is believed that in numerous instances banks will find it expedient to concentrate their balances and to close many of the accounts which they now carry with other banks, and that a system which will enable them to send all of their checks on other banks to the Federal Reserve Banks for exchange purposes or as an offset against checks on themselves forwarded by the Federal Reserve Bank, will, in course of time, come to be appreciated as a convenience. The release of funds heretofore tied up in accounts carried with other banks and their employment at higher rates of interest in commercial loans, should offset to a great degree the prospective loss of exchange profits which is at the present time looked upon with apprehension by some of the banks.

Replying to an inquiry as to whether the proposed clearing and collection plan was mandatory, Gov. Hamlin sent, on May 12, the following telegram:

No compulsion on member banks to collect any checks through Federal Reserve Bank. Can use present correspondents if preferred. Only requirement is that member banks must remit without deduction in funds satisfactory to Federal Reserve Bank for checks on them sent them for collection by Federal Reserve Bank. Whenever banks unable to offset by remitting checks, lawful money or Federal Reserve notes may be remitted at expense of Federal Reserve Bank.

In reply to another inquiry the following explanation was made:

In answer to several inquiries inclosed with your letter I beg to say that there is no intention on the part of the Board to compel country banks to do exchange business at a loss. If we correctly understand the law, it contemplates:

(1) That the Federal Reserve Banks, in view of taking over the reserves formerly held in reserve centers, should also take over the duty of acting as clearing houses for their members,

and that they should perform this service at cost.

(2) There is no obligation on any bank to use the facilities of the Federal Reserve Bank for the clearing or collection of checks that it may receive from its customers, and it will only be charged for such checks as it sends for collection the bare cost of collection, which is now estimated at 1½ cents per item. However, every member bank is under the obligation of meeting at par at its own counter any checks sent in by other member banks and drawn against it.

(3) Under these rules a member bank is not put to any expense of shipping currency, because, if it has no offsetting checks to remit, it must send exchange or currency, but, in the latter case, only at the expense of the Federal Reserve Bank.

(4) The Federal Reserve Board has not yet laid down any rule as to what charges a bank may make against its customers, but there is no intention at all that a member bank shall collect its customers' checks at a loss to itself. If, however, we are able to greatly reduce the cost to each member bank of collecting its items, we believe it is our duty to see that the benefit of that reduced cost shall inure to the customer, and that he shall have the benefit of this service at approximately the total net cost. However, it is not proposed in this connection to undertake to regulate charges made by member banks for the collection of drafts, nor upon commercial bills of exchange including those drawn against cotton, grain, etc., for the reason that the Board has assumed that the language of the act specifically refers only to check clearing, and not to the collection of bills, notes, drafts, etc.

Wisconsin Petition Denied.

After a full investigation, the Federal Reserve Board has reached the conclusion that there is no present necessity for a transfer of any of the members bank in the State of Wisconsin from the Federal Reserve District of Minneapolis to the Federal Reserve District of Chicago. The question was raised in a petition submitted by certain Wisconsin banks who argued that their natural gateway was Chicago rather than Minneapolis. In an order entered by the Federal Reserve Board on May 25 the petition is dismissed without prejudice

to the rights of the signers thereof to file an amended petition at a later date. The order follows:

Upon consideration of the petition of certain banks in Wisconsin that the geographical limits of districts Nos. 7 and 9 be modified so as to include in districts No. 7 a part of the territory now included in district No. 9, and

After a full investigation of the matter the Federal Reserve Board has arrived at the conclusion that there is no present necessity for any change in the geographical limits of the said districts Nos. 7 and 9 at this time.

It is ordered that said petition be dismissed without prejudice to the rights of the signers to file an amended petition at a later date.

In a letter sent out by order of the Board to all parties in interest, it was stated that the Board had reached the conclusion that it would not be justified in making any alterations in the two districts at this time. If future developments should indicate necessity for a change, it was stated that at a later date consideration would again be given to the matter. The letter went on to say that the Board was hopeful that results under the new clearing system would make a transfer unnecessary. Attention was particularly called in the letter to the fact that if the Board had granted the petition as filed, those banks located in that portion of the Minneapolis district embraced within the Upper Peninsula of Michigan would have been isolated and cut off from the rest of the district. This fact, it was pointed out, would have to be taken into consideration if, at some future date, an amended petition were filed for modification of the district lines.

Sale of Bonds Through Treasurer of United States.

Section 18 of the Federal Reserve Act authorizes national banks desiring to retire their circulation to file an application with the Treasurer of the United States to sell the United States bonds securing the circulation to be retired. It is provided that bonds offered for sale in this manner shall be purchased by the various Federal Reserve Banks in a sum not to

exceed in the aggregate \$25,000,000 in any one year. The Act provides, however, that Federal Reserve Banks may also buy United States bonds in the open market, and that bonds bought in that manner shall be deducted from the amount which each bank may be required to buy from member banks through the Treasurer.

Inasmuch, therefore, as the 12 Federal Reserve Banks have already bought in the open market more than \$25,000,000 of bonds bearing the circulation privilege, they cannot, under the terms of the law, be required to buy any more of such bonds through the Treasurer during this calendar year.

The Federal Reserve Board suggests, therefore, that member banks should not file any more applications with the Treasurer for the sale of their bonds during the calendar year of 1916.

It is proper to state, however, that the fact that Federal Reserve Banks can not be required to purchase any more United States bonds from member banks in that manner during 1916 does not in any way affect their right to purchase such bonds, to any extent they deem advisable, in the open market whether from member banks or otherwise.

Acceptances to 100 Per Cent.

Since the last list of banks authorized to accept drafts or bills of exchange up to 100 per cent of their capital and surplus under the Federal Reserve Act was printed the following banks have been granted this privilege: National City Bank, New York City; National Bank of Commerce, New York City; Merchants National Bank, Worcester, Mass.; Old Colony Trust Co., Boston, Mass.; Harriman National Bank, New York City.

All member banks may, without special permission, accept to 50 per cent of their capital and surplus.

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New National Bank Charters.

NET INCREASES IN CAPITALIZATION — PERIOD
NOVEMBER 16, 1914, TO DECEMBER 31, 1915.

Increases and reductions in the number of national banks and the capital of national banks during the period from November 16, 1914, date of the inauguration of the Federal Reserve System, to December 31, 1915, were:

	Banks.
New charters issued to.....	155
With capital of.....	\$9, 974, 500
Increase of capital approved for.....	104
With new capital of.....	14, 797, 700
Aggregate number of new charters and banks increasing capital.....	259
With aggregate of new capital author- ized.....	24, 772, 200
Number of banks liquidating (other than those consolidating with other national banks).....	56
Capital of same banks.....	5, 125, 000
Number of banks reducing capital.....	20
Reduction of capital.....	2, 070, 000
Total number of banks going into liquida- tion or reducing capital (other than those consolidating with other national banks) 76	
Aggregate capital reduction.....	7, 195, 000
The foregoing statement shows the aggregate of increased capital for the period was.....	24, 772, 200
Against this there was a reduction of capital owing to liquidations (other than for con- solidation with other national banks) and reductions of capital of	7, 195, 000
Net increase.....	17, 577, 200

During this period there were 21 national banks with an aggregate capital of \$2,210,000 placed in the hands of receivers, and 6 national banks with an aggregate capital of \$450,000 were restored to solvency and reopened.

PERIOD JAN. 1, 1916, TO MAY 26, 1916.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks, and the capital of na-

tional banks during the period from January 1, 1916, to May 26, 1916:

	Banks.	
New charters issued to.....	49	
With capital of.....		\$2,555,000
Increase of capital approved for.....	50	
With new capital of.....		3,747,500
Aggregate number of new charters and banks increasing capital.....	99	
With aggregate of new capital au- thorized.....		6,302,500
Number of banks liquidating (other than those consolidating with other national banks).....	43	
Capital of same banks.....		3,773,000
Number of banks reducing capital....	8	
Reduction of capital.....		287,500
Total number of banks going into liq- uidation or reducing capital (other than those consolidating with other national banks).....	51	
Aggregate capital reduction.....		4,060,500
The foregoing statement shows the aggregate of increased capital for the period was.....		6,302,500
Against this there was a reduction of capital owing to liquidations (other than for consoli- dation with other national banks) and reduc- tions of capital of.....		4,060,500
Net increase.....		2,242,000

During this period there were 5 national banks with an aggregate capital of \$400,000 placed in the hands of receivers; and 2 national banks with an aggregate capital of \$80,000 were restored to solvency and reopened.

Rediscounts by Depositaries of Indian Funds.

Answering an inquiry submitted by one of the Federal Reserve Banks, the Department of the Interior has informed the Federal Reserve Board that no bank is rejected as a depository for Indian funds simply because it has borrowed money in the form of rediscounts. It appears that a modification of the ruling of the Interior Department in this connection was made on

April 9, 1913, so that the procedure of the department might conform to the Federal Reserve Act. A letter recently sent out conveying this information to the Federal Reserve Bank making the inquiry is given below:

With further reference to the subject of your letter of March 30 calling the Board's attention to a ruling of the Interior Department of April 9, 1913, under which no bank that rediscounted any of its paper would be eligible as a depository for Indian funds, I beg to advise you that the Interior Department informs me that "the rediscount feature of the Federal Reserve Act was given particular consideration over a year ago by this department in connection with the rule relating to borrowed money, and as a result the rule was discontinued;" and that "no bank is now rejected as a depository simply because it has borrowed money, but any applicant bank whose borrowings appear excessive is expected to furnish a satisfactory explanation of the necessities therefor."

I trust that this disposition of the matter will be satisfactory to you and to any of your member banks which felt themselves under a disability in dealing with their Federal Reserve Bank because of the ruling of the Interior Department promulgated in 1913.

Fiduciary Powers.

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

DISTRICT NO. 7.

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

Cedar Rapids National Bank, Cedar Rapids, Iowa.

DISTRICT NO. 10.

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

National Bank of Sabetha, Sabetha, Kans.

Trustee, executor, and administrator:

Exchange National Bank, Colorado Springs, Colo.

Intradistrict Clearing System.

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

DISTRICT No. 5.

Withdrawal:

Union National Bank, Columbia, S. C.

DISTRICT No. 6.

Withdrawal:

First National Bank, Cornelia, Ga.

DISTRICT No. 7.

Additions:

Waukegan National Bank, Waukegan, Ill.

State National Bank, Mattoon, Ill.

DISTRICT No. 8.

Addition:

First National Bank, Newton, Ill.

Withdrawal:

First National Bank, Mayfield, Ky.

Business Failures, by Reserve Districts.

Commercial failures during the first four months of 1916 in the 12 Federal Reserve districts in which they occurred, as compiled from the records of R. G. Dun & Co., indicate that improvement has been progressive, month by month, and remarkably uniform. The total number of suspensions in all districts in January numbered 2,009; in February, which was a short month, 1,688; in March, 1,690, and in April, 1,399, while the amounts involved were, respectively, \$25,863,286, \$18,744,165, \$16,885,295, and \$18,382,637.

Examination of the different districts by months shows that improvement was general, for while the number was larger by two in March than in February, owing to increases in the first, second, sixth, seventh, and twelfth districts, the liabilities were smaller in every instance except in the tenth and twelfth districts. While there were two more failures in the ninth district during April than in March, ten more in the tenth and eight more in the eleventh, these increases were far more than

offset by substantial improvement in all other districts. Although April failures showed an increase of four as compared with January in the tenth district, the contraction in the remaining eleven districts was so pronounced that the falling off in the total for April from January was 610.

Liabilities, which are of less relative importance than numbers, owing to the fact that they may be considerably expanded by a few large failures, show April's total exceeding that of January in the first, third, seventh, and tenth districts. The very marked improvement in the second district alone more than counterbalanced these figures, and there were also extremely favorable comparisons made by the remaining districts. The figures in detail follow:

Districts.	January.		February.	
	Number.	Liabilities.	Number.	Liabilities.
First.....	191	\$1,645,500	137	\$1,348,200
Second.....	329	8,810,900	298	4,194,990
Third.....	120	988,240	138	1,237,250
Fourth.....	163	1,442,950	127	894,500
Fifth.....	171	1,427,400	139	1,138,000
Sixth.....	186	2,490,200	157	2,224,850
Seventh.....	209	2,966,600	185	2,263,800
Eighth.....	141	1,475,000	130	976,075
Ninth.....	66	988,400	62	527,670
Tenth.....	75	350,900	65	558,010
Eleventh.....	129	1,292,696	88	1,212,720
Twelfth.....	229	1,984,500	162	2,177,500
Total, 1916.....	2,009	25,863,286	1,688	18,744,165
1915.....	2,848	49,640,575	2,278	32,404,630
1914.....	1,857	39,374,347	1,505	22,354,193
1913.....	1,814	22,972,769	1,454	28,141,258

Districts.	March.		April.	
	Number.	Liabilities.	Number.	Liabilities.
First.....	162	\$1,126,319	117	\$1,865,387
Second.....	318	3,762,231	243	4,112,886
Third.....	103	1,054,934	97	1,883,368
Fourth.....	126	855,829	90	1,145,629
Fifth.....	113	890,399	85	811,502
Sixth.....	167	2,192,100	163	1,596,744
Seventh.....	193	1,857,144	173	3,477,658
Eighth.....	121	738,291	64	548,185
Ninth.....	52	476,213	56	407,975
Tenth.....	69	905,785	79	645,268
Eleventh.....	72	803,714	80	1,023,040
Twelfth.....	194	2,221,336	152	865,000
Total, 1916.....	1,690	16,885,295	1,399	18,382,637
1915.....	2,090	23,658,130	2,063	43,517,870
1914.....	1,464	21,493,286	1,336	20,549,144
1913.....	1,190	25,718,250	1,314	18,448,555

GOLD SETTLEMENT FUND.

Since the gold-settlement fund has now been in operation for one year, it may be interesting to review briefly the more important features of its operations. The primary object for which the fund was established was the settlement of obligations arising among the 12 Federal Reserve Banks, and the extent of its operations of this kind may be measured by the total amount of weekly clearings and transfers. These have amounted since May 20, 1915, to \$2,178,240,000, almost half of this amount having been handled since the beginning of the present year. The weekly settlements and transfers which at first averaged approximately \$20,000,000, have steadily increased. For each of the last four weeks they exceeded \$60,000,000 and for the week ending May 25 were close to \$80,000,000. It is expected that with the more active clearing operations by Federal Reserve Banks, which are to begin July 15, the amounts settled each week will in all probability be considerably increased.

The most important function of the fund has been to obviate unnecessary shipments of gold currency between the various sections of the country. The first step in such a process is, of course, to offset and cancel by clearing as many obligations and of as large amount as possible, and this the Federal Reserve Banks have accomplished and will to a still greater degree accomplish through the gold settlement fund. The result of the clearing process thus far has been that for \$2,178,240,000 of obligations settled, there has remained only a net balance of \$144,288,000, or 6.62 per cent, to be paid by transfer of ownership of the gold certificates held. Not only has the net amount necessary to be covered by payment of gold or its equivalent been minimized by the clear-

ing operations of the fund, but the actual shipment of even the relatively small balance has been entirely avoided. With the aid and co-operation of the Treasury Department, it has been possible to have any Federal Reserve Bank becoming debtor to another bank merely make deposit with the nearest subtreasury (six Federal Reserve cities have subtreasuries), and gold certificates have been issued at Washington payable to the order of the Federal Reserve Board, to be held in the gold settlement fund. On the other hand, whenever a Federal Reserve Bank has need of funds to its credit the operation has been reversed and payment made by the nearest subtreasury. Such withdrawals have been relatively small in volume and the major portion of the gold paid into the fund has been permitted to remain.

Under the abnormal conditions prevalent during the past year seasonal movements of currency in the United States have been much deranged and the usual ebb and flow has not taken place. Large imports of gold have reached New York City, very substantial portions of which had as their ultimate destination the various industrial and agricultural centers, from which had gone the exports of commodities. Through this movement and through the call on New York City banks for funds to make payments due from member banks throughout the country on account of installments of reserve deposits with the Federal Reserve Banks, a condition was created which, without the gold settlement fund, would undoubtedly have occasioned large and expensive domestic gold shipments from New York. Through the operation of the gold settlement fund the same end has been accomplished at almost negligible expense by the Federal Reserve Bank of New York depositing gold with

the Subtreasury for credit in the gold settlement fund and transferring the credit thus acquired to other Federal Reserve Banks. During the year almost \$126,000,000 has in this way been transferred from New York to other centers.

An important service rendered to Federal Reserve Banks, and through them to member banks, has been the making of deposits with the Treasurer of the United States for various purposes, particularly for the release and transfer to Federal Reserve Banks of United States bonds securing national bank-note circulation.

Amount of clearings and transfers, Federal Reserve Banks, from Apr. 21, 1916, to May 25, 1916, inclusive.

	Total clearings.	Balances.	Transfers.
Settlement of—			
Apr. 27, 1916.....	\$56,252,000	\$4,027,000	\$6,204,000
May 4, 1916.....	65,804,000	5,905,000	2,974,000
May 11, 1916.....	64,120,000	4,632,000	1,316,000
May 18, 1916.....	66,489,000	11,879,000	4,090,000
May 25, 1916.....	77,816,000	14,571,000	2,000,000
Total.....	330,481,000	31,014,000	16,584,000
Previously reported.....	795,110,000	90,116,000	29,857,000
Total since Jan. 1, 1916...	1,125,591,000	121,130,000	46,441,000
Total for 1915.....	1,052,649,000	.....	.....
Total for period May 20, 1915, to May 25, 1916....	2,178,240,000	.....	.....

Changes in ownership of gold.

Federal Reserve Bank of—	To Apr. 20, 1916.		From Apr. 21, 1916, to May 25, 1916. ¹				Total change from May 20, 1915, to May 25, 1916. ²	
	Decrease.	Increase.	Balance to credit Apr. 20, 1916, plus net deposits of gold since that date.	Balance May 25, 1916.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		\$3,887,000	\$9,617,000	\$11,881,000		\$2,264,000		\$6,151,000
New York.....	\$104,573,000		23,427,000	2,045,000	\$21,382,000		\$125,955,000	
Philadelphia.....		18,030,000	4,510,000	13,351,000		8,871,000		26,901,000
Cleveland.....		6,159,000	6,569,000	11,217,000		4,648,000		10,807,000
Richmond.....		11,209,000	11,729,000	13,392,000		1,663,000		12,872,000
Atlanta.....		12,099,000	2,489,000	4,714,000		2,225,000		14,324,000
Chicago.....	6,451,000		12,759,000	877,000	11,882,000		18,333,000	
St. Louis.....		9,659,000	5,219,000	4,419,000	800,000			8,859,000
Minneapolis.....		6,243,000	4,643,000	4,711,000		68,000		6,311,000
Kansas City.....		8,804,000	3,221,500	7,537,500		4,316,000		13,120,000
Dallas.....		15,183,000	9,515,500	9,032,500	483,000			14,700,000
San Francisco.....		19,751,000	³ -4,389,000	6,103,000		10,492,000		30,243,000
Total.....	111,024,000	111,024,000	89,310,000	89,310,000	34,547,000	34,547,000	144,288,000	144,288,000

¹ Changes in ownership of gold during period Apr. 21, 1916, to May 25, 1916, equal 9.95 per cent of obligations settled.

² Total changes in ownership of gold equal 6.62 per cent of obligations settled.

³ Withdrawals have exceeded balance and deposits.

Summary of transactions, Apr. 21, 1916, to May 25, 1916.

Federal Reserve Bank of—	Balance last statement, Apr. 20, 1916.	Gold.		Transfers.		Settlement of Apr. 27, 1916.				Apr. 27, 1916, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$9,617,000				\$750,000	\$593,000	\$6,861,000	\$6,268,000		\$9,774,000
New York.....	3,427,000			\$1,000,000	2,302,000	540,000	13,877,000	13,337,000		4,189,000
Philadelphia.....	6,240,000	\$2,000,000			1,000,000		7,502,000	7,784,000	\$282,000	5,522,000
Cleveland.....	8,159,000	460,000		250,000			1,337,000	1,604,000	267,000	7,716,000
Richmond.....	10,679,000		\$110,000	970,000		1,198,000	8,040,000	6,842,000		8,621,000
Atlanta.....	2,489,000				42,000		1,203,000	1,751,000	548,000	3,079,000
Chicago.....	9,659,000			1,500,000	784,000	1,379,000	8,915,000	7,536,000		7,564,000
St. Louis.....	5,039,000				326,000	290,000	6,463,000	6,173,000		5,075,000
Minneapolis.....	4,643,000			4,000		27,000	126,000	99,000		4,612,000
Kansas City.....	3,701,500			500,000			1,639,000	2,743,000	1,104,000	4,305,500
Dallas.....	9,715,500	200,000		1,230,000			142,000	466,000	324,000	8,609,500
San Francisco.....	3,141,000	3,800,000		750,000	1,000,000		147,000	1,649,000	1,502,000	1,093,000
Total.....	76,510,000	6,460,000	110,000	6,204,000	6,204,000	4,027,000	56,252,000	56,252,000	4,027,000	70,160,000

Summary of transactions, April 21, 1916, to May 25, 1916—Continued.

Federal Reserve Bank of—	Balance last statement, Apr. 27, 1916.	Gold.		Transfers.		Settlement of May 4, 1916.				May 4, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$9,774,000						\$6,688,000	\$7,132,000	\$444,000	\$10,218,000
New York.....	4,189,000		\$5,000,000	\$1,400,000	\$1,050,000	\$337,000	15,593,000	15,256,000		8,502,000
Philadelphia.....	5,522,000		130,000		24,000		9,653,000	10,363,000	710,000	6,386,000
Cleveland.....	7,716,000	\$1,030,000					1,512,000	1,710,000	198,000	6,884,000
Richmond.....	8,621,000	100,000	260,000	500,000			8,213,000	9,635,000	1,422,000	9,703,000
Atlanta.....	3,079,000					150,000	2,359,000	2,209,000		2,929,000
Chicago.....	7,564,000		1,000,000	500,000		4,683,000	12,469,000	7,776,000		3,371,000
St. Louis.....	5,075,000	100,000		200,000	500,000	353,000	6,640,000	6,287,000		4,922,000
Minneapolis.....	4,612,000						86,000	204,000	138,000	4,750,000
Kansas City.....	4,305,500	270,000	30,000			372,000	2,151,000	1,779,000		3,693,500
Dallas.....	8,609,500			374,000			329,000	711,000	382,000	8,617,500
San Francisco.....	1,693,000	2,340,000			1,400,000		131,000	2,742,000	2,611,000	2,764,000
Total.....	79,160,000	3,840,000	6,420,000	2,974,000	2,974,000	5,905,000	65,804,000	65,804,000	5,905,000	72,740,000

Federal Reserve Bank of—	Balance last statement May 4, 1916.	Gold.		Transfers.		Settlement of May 11, 1916.				May 11, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$10,218,000					\$279,000	\$8,717,000	\$8,438,000		\$9,939,000
New York.....	8,502,000				\$1,100,000	1,929,000	17,283,000	15,354,000		7,673,000
Philadelphia.....	6,386,000						8,180,000	9,324,000	\$1,144,000	7,530,000
Cleveland.....	6,884,000	\$50,000		\$1,000,000		317,000	1,562,000	1,245,000		5,517,000
Richmond.....	9,703,000	100,000	\$410,000				7,782,000	8,541,000	759,000	10,772,000
Atlanta.....	2,929,000			183,000			1,900,000	2,029,000	129,000	2,875,000
Chicago.....	3,371,000				33,000	1,686,000	10,736,000	9,050,000		1,718,000
St. Louis.....	4,922,000			100,000	183,000	320,000	5,833,000	5,513,000		4,685,000
Minneapolis.....	4,750,000					205,000	101,000	104,000		4,649,000
Kansas City.....	3,693,500	240,000					1,574,000	2,461,000	887,000	4,340,500
Dallas.....	8,617,500			33,000			218,000	824,000	606,000	9,190,500
San Francisco.....	2,764,000	1,400,000					130,000	1,237,000	1,107,000	2,471,000
Total.....	72,740,000	1,790,000	410,000	1,316,000	1,316,000	4,632,000	64,120,000	64,120,000	4,632,000	71,360,000

Federal Reserve Bank of—	Balance last statement May 11, 1916.	Gold.		Transfers.		Settlement of May 18, 1916.				May 18, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$9,939,000				\$230,000		\$5,497,000	\$7,286,000	\$1,789,000	\$11,958,000
New York.....	7,673,000		\$5,000,000		1,820,000	\$10,400,000	22,709,000	12,309,000		4,093,000
Philadelphia.....	7,530,000		140,000		540,000		8,730,000	11,494,000	2,764,000	10,974,000
Cleveland.....	5,517,000						1,180,000	3,510,000	2,330,000	7,847,000
Richmond.....	10,772,000	\$150,000	240,000	\$970,000			8,035,000	9,376,000	1,341,000	11,233,000
Atlanta.....	2,875,000						1,377,000	1,977,000	600,000	3,475,000
Chicago.....	1,718,000		1,000,000		1,500,000	395,000	10,614,000	10,219,000		3,823,000
St. Louis.....	4,685,000			1,350,000		354,000	5,317,000	4,963,000		2,981,000
Minneapolis.....	4,649,000						139,000	182,000	43,000	4,692,000
Kansas City.....	4,340,500			500,000			1,622,000	2,534,000	912,000	4,752,500
Dallas.....	9,190,500			40,000			730,000	1,198,000		8,420,500
San Francisco.....	2,471,000		60,000	1,230,000			71,000	2,171,000	2,100,000	3,401,000
Total.....	71,360,000	150,000	6,440,000	4,090,000	4,090,000	11,879,000	66,489,000	66,489,000	11,879,000	77,650,000

Federal Reserve Bank of—	Balance last statement May 18, 1916.	Gold.		Transfers.		Settlement of May 25, 1916.				May 25, 1916, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$11,958,000					\$77,000	\$7,941,000	\$7,864,000		\$11,881,000
New York.....	4,093,000		\$10,000,000	\$1,800,000	\$200,000	10,448,000	23,090,000	12,642,000		2,045,000
Philadelphia.....	10,974,000						8,752,000	11,159,000	\$2,407,000	13,381,000
Cleveland.....	7,847,000	\$50,000					2,034,000	5,454,000	3,420,000	11,217,000
Richmond.....	11,233,000	80,000	460,000				8,279,000	10,058,000	1,779,000	13,392,000
Atlanta.....	3,475,000						2,103,000	3,342,000	1,239,000	4,714,000
Chicago.....	3,823,000		1,100,000			4,046,000	15,090,000	11,044,000		877,000
St. Louis.....	2,981,000		280,000				7,776,000	8,934,000	1,158,000	4,419,000
Minneapolis.....	4,692,000						56,000	75,000	19,000	4,711,000
Kansas City.....	4,752,500				1,800,000		2,071,000	3,056,000	985,000	7,537,500
Dallas.....	8,420,500			200,000			534,000	1,346,000	812,000	9,032,500
San Francisco.....	3,401,000	50,000					90,000	2,842,000	2,752,000	6,103,000
Total.....	77,650,000	180,000	11,840,000	2,000,000	2,000,000	14,571,000	77,816,000	77,816,000	14,571,000	89,310,000

Federal Reserve Agents' Fund—Summary of transactions, Apr. 21, 1916, to May 25, 1916.

Federal Reserve Agent at—	Apr. 20, 1916, balance.	Week ending Apr. 27, 1916.			Week ending May 4, 1916.	
		With- drawn.	Deposited.	Balance.	With- drawn.	Balance.
Philadelphia.....	\$3,240,000			\$3,240,000	\$130,000	\$3,110,000
Richmond.....	6,000,000	\$200,000		5,800,000		5,800,000
Atlanta.....	13,950,000	500,000		13,450,000		13,450,000
Chicago.....	3,410,000			3,410,000		3,410,000
St. Louis.....	4,130,000			4,130,000	100,000	4,030,000
Minneapolis.....	2,350,000			2,350,000		2,350,000
Kansas City.....	3,900,000			3,900,000		3,900,000
Dallas.....	1,450,000		\$180,000	1,630,000	50,000	1,580,000
San Francisco.....	10,570,000		800,000	11,370,000		11,370,000
Total.....	49,000,000	700,000	980,000	49,280,000	280,000	49,000,000

Federal Reserve Agent at—	Week ending May 11, 1916.			Week ending May 18, 1916.		Week ending May 25, 1916.	
	With- drawn.	Deposited.	Balance.	With- drawn.	Balance.	With- drawn.	Balance.
Philadelphia.....	\$200,000		\$2,910,000	\$140,000	\$2,770,000		\$2,770,000
Richmond.....	170,000		5,630,000		5,630,000	\$430,000	5,200,000
Atlanta.....			13,450,000		13,450,000		13,450,000
Chicago.....			3,410,000		3,410,000	100,000	3,310,000
St. Louis.....			4,030,000		4,030,000	280,000	3,750,000
Minneapolis.....			2,350,000		2,350,000		2,350,000
Kansas City.....			3,900,000		3,900,000	200,000	3,700,000
Dallas.....			1,580,000	100,000	1,480,000		1,480,000
San Francisco.....		\$400,000	11,770,000	210,000	11,560,000		11,560,000
Total.....	370,000	400,000	49,030,000	450,000	48,580,000	1,010,000	47,570,000

INFORMAL RULINGS OF THE BOARD.

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

Loans and Discounts.

Your letter of April 26, asking information in connection with the Federal Reserve Act, is received. Answers to your questions are given below:

1. "When a merchant presents his note to borrow upon (say for \$1,000 at 7 per cent), ordinarily what discount will be taken, or what amount of this \$1,000 will he receive?"

If for two months, the discount would be \$11.67, and the merchant would therefore receive \$988.33. If for three months, the discount would be \$17.50, and the merchant would receive \$982.50.

2. "If the member bank then sends this note to the Federal Reserve Bank, what per cent of this \$1,000 does it receive?"

The face of the note less the discount at the rate and for the time specified.

3. "When this collateral is turned in for currency, does the Government give its face value, and does the Government receive any compensation?"

The Government gives its face value and at present receives no compensation. The Federal Reserve Board may, in its discretion, place a tax on note circulation but has not done so up to the present time. Such a tax, if imposed now, would fall upon the Government of the United States for the reason that the law provides that after the annual dividend of 6 per cent is paid the net earnings shall be paid to the United States as a franchise tax, except that one-half of such earnings shall be paid into a surplus fund until that fund amounts to 40 per cent of the paid-in capital of the bank. The probable effect of such a tax would be to increase rates of interest charged to borrowers.

4. "About what interest does the Federal Reserve Bank make on the above transaction and to whom does it go?"

The rates of discount at the several Federal Reserve Banks may be found on page 216 of the Federal Reserve Bulletin for May, copy of which is being mailed to you.

For your general information it may be stated that there are 12 Federal Reserve Banks in the United States, all of which rediscount

the paper of their member banks. These member banks are all national banks and such State banks as may have joined the system. I have had sent to you, in addition to the Federal Reserve Bulletin, a copy of the annual report of the Federal Reserve Board for 1915 and regulations showing the different kinds of notes which a member bank may send to the Federal Reserve Bank of its district for rediscount.

If a national bank in your city has paper which meets the requirements of the circulars sent you, it may send this paper to the Federal Reserve Bank for the district and have it rediscounted at the rates which you find for that bank in the Federal Reserve Bulletin.

MAY 2, 1916.

Loans on Farm Land.

Your letter of April 28, asking whether you can obtain a loan on farm land through the Federal Reserve Banks, is received.

The 12 Federal Reserve Banks do not make loans directly to individuals but rediscount the paper of their member banks, which are all national banks and such State banks as may have joined the system. Under section 24 of the Federal Reserve Act, copy of which is being sent you, any national bank not situated in New York, Chicago, or St. Louis may make loans secured by improved, unencumbered farm land for not more than five years and not to exceed 50 per cent of the value of the property offered. Unlike short-term commercial paper, such loans as are described in section 24 can not be rediscounted at any of the 12 Federal Reserve Banks. In its annual report to Congress for 1915 the Federal Reserve Board recommended that the provisions of section 24 be extended and broadened. You will find this provision on page 22 of the report, copy of which is being sent you under separate cover. Congress has not yet acted upon this recommendation, but it is hoped that it will do so before adjournment.

There are also inclosed for your information in this connection copies of circulars issued by the Federal Reserve Board, from which you will find that notes of certain kinds taken by national banks, running for not more than 90 days in some cases and 6 months in others, may be rediscounted at Federal Reserve Banks. That is to say, national banks making such loans as the circulars prescribe may send the notes to Federal Reserve Banks for rediscount and receive the face of the note, less the

discount, and be able to loan this money again. You will be especially interested in the circular on six months' agricultural paper, from which you will see that national banks can rediscount with Federal Reserve Banks notes issued for agricultural purposes based on live stock for breeding, raising, or fattening.

MAY 2, 1916.

Tax on Federal Reserve Notes.

Your letter of April 20 was duly received and referred to the Board for attention.

In reply you are advised that in the opinion of counsel a discretion is vested in the Board as to what amount of interest, if any, shall be charged Federal Reserve Banks for the use of Federal Reserve notes, and that in the exercise of its discretion the Board must take into consideration the purpose and intent of Congress.

It will be recalled that the banks pay all expenses of the preparation, issue, and redemption of these notes; that unlike the tax on national-bank-note circulation the interest collected is not used for the purpose of defraying any of the incidental expenses; that after the payment of the expenses of the Federal Reserve Banks and the cumulative dividends on their stock, and after appropriating a certain amount to the surplus account of such banks, all of the earnings are paid to the Government in lieu of franchise and other taxes. To impose a tax, therefore, on Federal Reserve notes merely as a means of raising revenue for the Government would not in the end increase the Government's revenue since it would merely increase the expenses of the banks and would thus deplete the amount that the Government receives from the earnings over and above the dividends on the stock.

One of the primary purposes of this provision was to enable the Federal Reserve Board to control the volume of notes of this character placed in circulation. In other words, if these notes become redundant the Board can, by imposing an interest charge or by increasing a charge already imposed, force a retirement and so furnish the desired elasticity to our currency. It has not been deemed necessary by the Board to force a retirement of these notes since the amount in circulation is no larger than is needed for the volume of business now being done by the banks. A nominal rate of interest, therefore, would serve no useful purpose and in the opinion of counsel is not required under the law, nor would such a nominal charge seem to be within the purpose and intent of Congress.

APRIL 28, 1916.

Real Estate Loans.

In reply to your letter of May 6, you are advised that section 24 of the Federal Reserve Act authorizes any national bank not situated in a central reserve city, under certain prescribed limitations, to make loans secured by improved and unencumbered farm land situated within its Federal Reserve district.

There is no provision which authorizes a national bank to loan on real estate of any other character, such as village estate mentioned in your letter. An amendment to this section, however, has been recently introduced in Congress which, if passed, will authorize a national bank not situated in a central reserve city to make loans, under certain conditions, secured by any improved and unencumbered real estate located within 100 miles of such bank, whether within or without its Federal Reserve district. This amendment has not as yet been acted upon by Congress.

MAY 8, 1916.

Federal Reserve Bank Notes.

Federal Reserve bank notes are obligations of the Federal Reserve Bank by which they are issued. They are secured by United States bonds deposited with the Treasurer of the United States and are issued through the Comptroller of the Currency under the same terms and conditions as national-bank notes. Other than the 5 per cent redemption fund maintained with the Treasurer of the United States, no reserve need be maintained against Federal Reserve bank notes.

Federal Reserve notes, on the other hand, are obligations of the United States. They are issued to the Federal Reserve Banks through the various Federal Reserve Agents upon the deposit with such agents of certain classes of eligible commercial paper as collateral security. The law requires that Federal Reserve Banks shall maintain reserves of not less than 40 per cent against Federal Reserve notes in actual circulation, though the 5 per cent redemption fund maintained with the Treasurer of the United States for the purpose of redeeming such notes is counted as part of that 40 per cent reserve.

These notes also differ in form. In the case of the Federal Reserve bank note the words "National currency" are engraved on the top margin of the face of the note and "Federal Reserve bank note" on the bottom margin of the same side of the note. In the case of the Federal Reserve note the words "Federal Reserve note" are engraved on the top and bottom margins of the face of the note.

MAY 12, 1916.

LAW DEPARTMENT.

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

Limit on Rediscounts of Commercial or Business Paper.

While a member bank may acquire commercial or business paper from the same person in excess of 10 per cent of its unimpaired capital and surplus (sec. 5200, U. S. R. S.), its Federal Reserve Bank can not rediscount such paper bearing the signature or indorsement of the same person in excess of that amount (sec. 13, Federal Reserve Act).

Section 13 Federal Reserve Act does not amend section 5200 U. S. R. S.

MAY 9, 1916.

SIR: In the May issue of the Federal Reserve Bulletin, volume 2, page 225, the Board published an informal ruling reading in part as follows:

There is no limitation in the law as to the total amount of rediscounts which a member bank may take from the Federal Reserve Bank. There is, however, a provision in section 13 of the Federal Reserve Act providing that the aggregate of notes bearing the signature or indorsement of any one person, corporation, etc., rediscounted by the Federal Reserve Bank for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank. This clause of the Act contains an exception as to the discount of bills of exchange, but no exception is made as to the discount of promissory notes.

If, therefore, any particular paper which you present for rediscount to the Federal Reserve Bank, either singly or added to the paper of the same makers or indorsers which the Federal Reserve Bank has already rediscounted for you, amounts to a total of more than 10 per cent of the unimpaired capital and surplus of your bank, the Federal Reserve Bank, under the clause above quoted, has no authority to rediscount.

In commenting on this ruling the chairman of the board of one of the Federal Reserve Banks, says:

The last paragraph of this ruling seems to be susceptible of the construction that a member bank may not rediscount with the Federal Reserve Bank paper of the same makers or indorsers in excess of 10 per cent of the unim-

paired capital and surplus of the member bank, whether such paper consists solely of direct borrowings of the makers or indorsers, or of both direct borrowings and discounts of business paper, or solely of business paper actually owned by the indorsers. * * *

The question which I wish to present to the Board is: (1) Does the ruling in the May Bulletin referred to determine that a member bank may not extend loans and discounts to a single borrower exceeding 10 per cent of the unimpaired capital and surplus of the member bank provided the discounts are of business paper? (2) Does the Board hold that the fifth paragraph of section 13 of the Federal Reserve Act modifies the proviso in section 5200 of the Revised Statutes?

Both questions should be answered in the negative.

In considering these questions it should be borne in mind that section 5200, Revised Statutes, relates to the amount that may be loaned to any one person, firm, or corporation by a national bank, while section 13 of the Federal Reserve Act relates to the amount that may be loaned on rediscount by a Federal Reserve Bank to a member bank. Section 13 of the Federal Reserve Act does not, therefore, modify or amend in any way section 5200 Revised Statutes. Confusion of thought necessarily results from an attempt to treat these two sections as dealing with the same subject matter.

Under section 5200 Revised Statutes—

The total liabilities to any association of any person * * * for money borrowed * * * shall at no time exceed one-tenth part of the amount of the capital stock of such associations, actually paid in and unimpaired, and one-tenth part of its unimpaired surplus fund. * * * But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed.

A member bank may, therefore, acquire from the same person bills of exchange or commercial or business paper in excess of 10 per cent

of its capital and surplus. When such bank, however, after acquiring paper of these two classes tenders it for rediscount to a Federal Reserve Bank it is subject to the limitations imposed by section 13 of the Federal Reserve Act. This section provides in part that—

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed 10 per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

It will be observed that while bills of exchange are expressly excluded from the limitation above quoted, commercial or business paper is not and the Board is without authority to except from this provision of section 13 this class of paper. The fact that member banks may acquire commercial or business paper in excess of the amount they are authorized to rediscount with Federal Reserve Banks is not of any special significance. Member banks are not permitted to rediscount all of their assets with a Federal Reserve Bank, but are limited to certain classes of eligible paper. It is not inconsistent with the general purpose and intent of the Act therefore that commercial or business paper bearing the signature or indorsement of any one person, firm, or corporation should be limited to 10 per cent of the capital and surplus of the member bank obtaining the rediscount. On the contrary, it may be reasonably assumed that Congress intended to permit a preference to be shown by Federal Reserve Banks for bills of exchange drawn against actually existing values as being self-liquidating to a greater extent than the ordinary commercial or business paper.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. CHARLES S. HAMLIN,

Governor Federal Reserve Board.

GENERAL BUSINESS CONDITIONS.

General business and banking conditions reported by Federal Reserve Agents in the 12 Federal Reserve districts as of May 23 or thereabout indicate, in general, that business activity in the United States has perhaps reached the maximum of the present movement. Orders covering factory outputs to the end of the year at maximum capacity, a more cautious attitude as to the future, considerable unrest on the part of labor, even where most highly compensated, and a slightly less favorable outlook in respect to some of the growing crops, are the chief contributing reasons given.

On the other hand, more favorable crop conditions are reported in some districts, even though the spring has been generally very late. Mines and oil wells are exceedingly active. Lumber and building show great activity, although the latter is in some sections somewhat affected by labor conditions.

There is hardly any perceptible hardening of money rates, and the supply of loanable funds continues more than ample. Railroad earnings, where not injuriously affected by congestion at seaports, are generally excellent, and the only bad signs in this industry are the impending labor difficulties. Post office and other similar receipts appear to be at a maximum everywhere.

DISTRICT NO. 1—BOSTON.

Unable to gauge the outlook for the future with any certainty, merchants in many lines are trying to restrict their advance commitments. Rumors of an early peace, possible foreign complications, and the Mexican situation, as well as the high cost of raw material and labor, have all been factors in retarding the general advance in business activities in this section during the month of May. In many lines, however, the advance continues unabated. This lull is looked upon as temporary and in many cases is most welcome, giving manufac-

turers a chance to get their bearings and buyers a chance to look about before placing new orders.

Skilled labor is more difficult to obtain, due to a certain extent to the fact that higher wages have caused a feeling of unrest. Many are willing to work only part time, or are taking short vacations. As this condition will probably not improve with the approach of summer, it also is an influence in making manufacturers cautious about committing themselves too far.

The older and longer established houses are carrying on their business with an idea of being in a strong position at the end of the war and are endeavoring to prevent overexpansion in their respective lines. This has a steadying influence on general business and offsets to a considerable extent those with perhaps less foresight and experience.

Money rates remain unchanged, although money is a trifle less free at the minimum rate than it was last month. This is in part due to the reduction of surplus reserves, but more to the feeling that the trend is toward higher rates.

Call money is 3 per cent; commercial paper 3 to 3½ per cent for short dates, 3 per cent upward for six months, 4 to 4½ per cent for a year; town notes, fall maturities, 2.80 to 3 per cent; bankers' acceptances, 90 days, 2 per cent and upward.

Loans and discounts of the Boston clearing-house banks on May 20, 1916, show an increase of \$6,189,000 during the preceding month, while demand deposits show a decrease of \$963,000 during the same period. The amount "Due to other banks" on May 20 was \$139,631,000 as compared with \$144,477,000 on April 15. The excess reserve of these banks has decreased from \$56,950,000 on April 15 to \$47,944,000 on May 20.

Exchanges of the Boston clearing house for the week ending May 20, 1916, were \$210,413,870, as compared with \$148,390,321 for the corresponding week last year and \$219,284,696 for the week ending April 15, 1916.

Building and engineering operations in New England from January 1, 1916, to May 17, 1916,

amounted to \$72,393,000, or about \$4,000,000 more than the highest for any corresponding period in the last fifteen years.

Exports from the port of Boston for April, 1916, were the largest for many years, amounting to \$16,496,726, as compared with \$11,506,025 for March, 1916, and \$10,590,182 for April, 1915. The imports for April, 1916, amounted to \$23,683,251, an increase of \$2,232,022 over March, 1916, and an increase of \$5,677,477 as compared with April, 1915.

Receipts of the Boston post office for April, 1916, show an increase of about \$43,000, or 6½ per cent over April, 1915. For the first 15 days of May receipts were about \$32,000, or 10½ per cent over the same period last year.

The B. & M. R. R. reports net operating income, after taxes, for March, 1916, as \$929,220, as compared with \$592,344 the corresponding month last year. The N. Y., N. H. & H. R. R. reports net operating income, after taxes, for March, 1916, as \$1,338,120, as compared with \$1,578,145 for March, 1915. The decrease in New Haven net earnings is due to the congestion at seaboard terminals rather than to the amount of business handled. Gross earnings for March, 1916, were \$700,000 more than for March, 1915, but in spite of this net operating income showed a falling off and net corporate income showed a deficit of \$68,604, as compared with a surplus of \$264,806 for the same month last year.

Reports from the boot and shoe industry indicate that business is continuing well above normal with no indications of any slowing up in demand. The advance in leather, however, is causing uneasiness among manufacturers. The marking up of shoe prices reported last month has apparently had little effect on new orders.

The demand for wool continues unabated, and it is reported that abnormal prices are being paid for the domestic crop now being bought in the West. The woolen and worsted mills are feeling a temporary lull in new business, largely due to the fact that large orders were accepted at the opening of the present season and now, between seasons, mills are more anxious to catch

up on business already taken than to secure new business.

The cotton-goods market is duller than for some time. Many manufacturers have enough advance business to last for many months, and this is causing prices to hold firm.

The spring has been backward in New England, and this has affected the dry-goods trade. In spite of the high prices ruling on many kinds of goods the last few weeks of good weather has materially helped business.

The bond market is more active, and there is a good demand for the better class of securities.

DISTRICT NO. 2—NEW YORK.

A continuance of good and very active business is reported by correspondents in all sections of the Federal Reserve district of New York. Nearly every report refers to the backwardness of the season, the scarcity of materials and labor, difficulties of transportation, increasing pay rolls, and advancing prices. Collections are said to be unusually good, except in country places where impassable roads caused slow payments. Several savings banks in this district have reported larger net deposits and a better ratio of increase than in the corresponding period of last year. One large institution attributes the increase to high wages.

Wages in general are probably higher than ever before, yet many strikes occurred during the month over questions of wages, hours, and unions. Such acute unrest of many thousands of workers is causing much concern.

The congestion of export freight is still serious. Railroad cars are not accumulating so rapidly as was the case a month or two ago, but embargoes remain on many lines. Shipments are facilitated when shippers furnish assurance to the railways that space on board ship has been secured and that no delay will occur in handling the goods at this port.

Freight for local delivery has also been held up in great quantities on account of the strike of marine engineers and the shortage of lighters necessary to move it across the rivers. While

the towboats were tied up, it was reported that 50 steamers were thus prevented from discharging their cargoes of import freight.

About one-half of the world's ocean freight is carried in ordinary times by the British mercantile marine. It has recently been estimated that 57 per cent of the British tonnage is now requisitioned or used by the allies for purposes of the war, leaving only 43 per cent in its former employment, consequently every shipyard in the United States is working to capacity, with an aggregate of over 1,000,000 tons on the stocks.

For the first time since September, 1915, Bradstreet's index number at the end of April shows a halt in the advance of commodity prices.

The New York clearing house members on May 22, 1916, reported aggregate loans, etc., \$3,380,005,000, deposits \$3,519,032,000, and excess reserves \$76,956,000. Since April 1, 1916, loans have increased \$16,334,000, deposits decreased \$46,925,000, and excess reserves decreased \$46,867,000. Exchanges through the clearing house during the month increased \$2,810,951,582 over last year.

Statistics of failures in this State show in April a decrease of 144 in number and \$16,090,504 in liabilities compared with a year ago.

Exports from the port of New York in the four weeks ended April 29 were \$170,826,282, an increase of \$74,784,497 over April, 1915. Imports for the same period were \$112,134,268, an increase of \$27,174,847.

The principal exchange rates displayed weakness last month; the recent decline in sterling was checked by imports of \$10,456,000 gold from Canada; Paris checks receded to 6.07½, but have recovered to 5.92; German exchange touched a new low record of 71½ and strengthened to 77.06; Amsterdam exchange, which has been quoted at a premium of 5 per cent to 6 per cent for two months, has declined to 41.50.

More firmness in money rates was apparent during April. Call loans advanced sharply about the middle of the month when foreign relations were disturbed. The high quotation

for odd lots touched 4 per cent, but the market quickly settled to a $2\frac{1}{2}$ per cent rate for renewals. Time loans on collateral advanced about $\frac{1}{4}$ per cent in the minimum rate, the range now being $2\frac{3}{4}$ per cent to 4 per cent against $2\frac{1}{2}$ per cent to 4 per cent on the 1st of April. Quotations for bankers' acceptances were practically unchanged at 2 per cent to $2\frac{1}{2}$ per cent. Commercial paper rates remained within a range of 3 per cent to $3\frac{1}{2}$ per cent.

DISTRICT NO. 3—PHILADELPHIA.

Last month attention was directed to the rising prices and brisk trade in most lines of business. Since then so much has been said of the unsatisfactory aspect of the labor situation that a special investigation of the subject has been made.

Both skilled and unskilled labor has been scarce for some time, and in many lines of industry wages have been increased again and again until they are abnormally high. There is almost universal complaint, however, that as wages are increased a large class of wage earners become less productive, and the failure of industrial plants to make sufficient or reasonable output is preventing the realization of much, if any, profit from operations. The attitude of such wage earners is disappointing, as instead of taking advantage of the present wonderful opportunity to make large earnings, they are apparently not netting much more than formerly when wages were much lower. The cost of living for them, as for others, is much higher, and the whole country is suffering economic loss through the failure of our industrial establishments to produce the volume of goods for which there is present so great a demand.

The situation with many manufacturers, as reported, is so unsatisfactory that there is a tendency on their part to curtail operations until they can be conducted under more favorable conditions. There is also deep feeling that unless better results are obtained from a day's work it will be almost impossible for this country to compete successfully for the world's trade.

Our reports indicate that, with a few exceptions, the high prices of all goods are being maintained. A slight decline in lumber prices is noted, due, it is said, to difficulties in shipping, and the holding up of building operations arising from delay in receipt of material, strikes, and other unusual interruptions. Coal tar products are cheaper, the supply evidently reaching the demand, due to the great increase in the output of these materials that has been made in the last 18 months.

Retail trade continues very active, and merchandise of all kinds is being freely consumed.

Collections, as far as wholesalers and manufacturers are concerned, are reported satisfactory, but retail merchants in the smaller towns complain of poor collections, suggesting possibly that notwithstanding the large wages paid they were not sufficient to sustain the present standard of living.

DISTRICT NO. 4—CLEVELAND.

One of the biggest features of the business conditions in District No. 4 is the unsatisfied demand for the output of rubber factories making pneumatic tires. In Akron during the last 18 months nearly all of the leaders have doubled their capacity. They are all preparing now to redouble. Recent sales of preferred stocks in the amount of \$12,000,000 in excess of present outstanding issues will partially provide funds. The present output is about 50,000 daily. All makers are far behind in their orders. Labor shortage in this industry estimated at 2,000 to 3,000 hands.

It looks as if the crest of the wave in prices has been reached in the steel business. Both seller and buyer are of the opinion that their best interests will be served by maintaining present conditions. There are one or two lines, such as car building and structural work, that have fallen off in activity—first, because deliveries are somewhat extended, and, second, because it is difficult for the buyer to figure out a remunerative return. The situation in the trade, however, is not regarded as any less strong, for specifications are still continuing in

excess of shipments. Important steel companies have adopted the policy of writing down inventories out of earnings against the date when inventory values may come down automatically.

Pig iron is moving forward from the furnaces at a faster rate than it is being made. A larger percentage of furnaces are in blast than is usually the case at any one time, and without question many will have to go out for relining and other causes from now on. The ratio between Bessemer pig iron, at \$21 per ton f. o. b. valley, and finished plate and shapes, at between \$55 and \$60 a ton, is most unusual.

It is between seasons in the coal business. Lake navigation has not fully gotten under way as regards the shipment of coal. Railroads are not taking much fuel coal owing to the fact that the accumulation in anticipation of a strike is not yet exhausted. The window-glass industry is in a very prosperous condition.

The situation from a collection and credit standpoint continues as last reported. Ninety failures are reported in this district for the month of April, with total liabilities of \$1,145,629. This is a 30 per cent decrease in the number of failures over last month, but represents a \$300,000 increase in amount.

Garment manufacturers report the spring season good, although not of the business volume anticipated. There are definite increases in sales of high-priced goods.

Changes in the wholesale and retail mercantile trade have been mostly those which come with the changing season. In the wholesale lumber trade car shortage is less troublesome than 30 days ago. The movement involving the establishment of new companies and the extension of present plants is still in evidence, especially in the smaller manufacturing communities.

Labor and employment conditions have been the disturbing factors recently in this district. Strikes, real and threatened, are of constant occurrence, but this latter situation is more favorable than in the latter part of April and early in May. The strikers at the Westinghouse Electric & Manufacturing Co. have

returned to work, and the difficulties with street railway employees in several of our cities were settled by granting advances to the carmen. Many concerns are behind in filling orders on their books, due to continued shortage and scarcity of labor. A number of companies fear cancellation of orders unless there is an improvement from the help standpoint. Smaller plants in certain sections have been wholly or partially closed on account of labor conditions. A significant feature of some reports is that the advance in labor prices has not been accompanied by increased efficiency.

Farming communities, retarded for some time on account of weather conditions, are now busy, with encouragement on every hand. Growing wheat looks much better, and prospects are good for an average crop. Live-stock prices are high. Farmers are holding wool for 40 cents a pound, and it looks as if they would get that price soon. This is almost double the price prevailing before the war. Spring planting has been going on rapidly in the tobacco district, and a large crop is predicted. Farmers are also going heavily into hemp.

Notwithstanding a reported slackening in structural steel demand, reports on building operations for this month show improvement. The improvement seems to be in the number of smaller buildings, as it will be noted from the comparison given below that nearly 1,200 more permits were issued during April than during March in the six large cities of the district.

	Number of permits issued.			Valuation.		
	March, 1916.	April, 1916.	April, 1915.	March, 1916.	April, 1916.	April, 1915.
Cleveland.....	1,123	1,533	1,897	\$1,838,465	\$2,625,055	\$3,076,335
Cincinnati.....	1,466	1,706	1,658	984,500	1,156,165	1,317,485
Columbus.....	340	393	310	868,935	1,166,840	406,555
Pittsburgh.....	332	482	453	1,767,612	1,250,762	974,233
Toledo.....	340	611	392	1,022,495	1,188,467	959,042
Youngstown.....	100	172	154	176,313	373,001	219,505
	3,701	4,897	4,864	6,658,320	7,760,290	6,953,255

The percentage of increase in post-office receipts over 1915 is the same as last month, the

increase being at the rate of 11.2 per cent and the totals as follows:

	April, 1916.	April, 1915.
Cleveland.....	\$332,914.86	\$311,238.20
Cincinnati.....	207,907.54	252,441.41
Columbus.....	110,991.04	96,955.96
Pittsburgh.....	364,744.40	305,380.53
Toledo.....	94,850.35	86,296.64
Youngstown.....	26,509.28	24,016.88
	1,197,677.47	1,076,329.62

Money continues easy, although the demand is better than 30 days ago. The municipal bond market is quiet, prices being well maintained. Considerable buying of public utility and industrial stocks is noted.

Clearings continue heavy, record days surpassing any previous figures being reported by our reserve cities. The reports to the Comptroller of the Currency under date of May 1, 1916, show \$552,157,931 deposits in the six large cities of this district. This is \$11,000,000 increase over the figures as reported March 7, 1916, and an increase of \$140,000,000 over the figures of a year ago. Detailed table of deposits is given below.

	May 1, 1916.	Mar. 7, 1916.	May 1, 1915.
Cleveland.....	\$114,062,431	\$115,878,885	\$89,408,936
Cincinnati.....	86,161,980	86,026,493	68,989,509
Columbus.....	30,507,380	30,995,408	26,186,719
Pittsburgh.....	269,446,777	258,873,444	191,389,633
Toledo.....	35,598,953	35,160,779	26,341,024
Youngstown.....	16,380,410	14,138,713	10,580,843
	552,157,931	541,073,722	412,896,664

DISTRICT NO. 5.—RICHMOND.

There have been no unusual business changes in general conditions in May. There is complaint of lack of rain, relieved to some extent by recent showers.

Conditions range from below normal in a few localities to fair, but more generally are reported good, and some reports are decidedly optimistic. Collections generally are reported fair, with increases of from 12 to 20 per cent in volume of trade. Larger towns report higher deposits in banks and limited demand for loans. Commodity loans, particularly in cotton, are being liquidated, but smaller banks

are maintaining rediscount lines with offerings largely of farmers' notes.

Agricultural conditions are reported fair. Crops are somewhat backward, owing to late spring and dry weather. Wheat and oats are not as good as last year, but more corn and oats are reported planted than ever before. Farmers are getting out of old habits of sending money away for hay, flour, and other staple articles, raising more home supplies, using the money saved to buy land and improve it.

Cotton acreage has probably been increased about 10 per cent and lands have been better prepared than usual, but it is difficult to estimate the effect of lack of rain and insufficient supply of potash for fertilizer. Quite an interest seems to be developing in raising cattle and hogs particularly.

Tobacco manufacturers report an increase of business for the past four months over 1915. Increased wages have satisfied labor, but the increase, with the high cost of supplies, from which relief seems remote, with prices hardly up to normal, has not made results very satisfactory. Only about two-thirds of a tobacco crop has been planted in South Carolina and some farmers are replanting tobacco fields in corn and forage crops. In North Carolina and Virginia normal planting is anticipated.

Lumber dealers report only fair conditions, and the import and export trade is being seriously handicapped by scarcity of freight room and high rates. Builders report fair conditions. Several large manufacturers of wagons say business is hardly up to normal.

Woolen mills say they are busy and running 10 hours, but the cost of raw material and the difficulty of securing efficient labor and a supply of dyes limits profits until they are hardly commensurate with the apparent prosperous conditions. A large hosiery mill employing 1,200 hands, largely women and only natives, was never so busy. It has twice as many orders as it can fill, and is advertising locally for labor.

Cotton mills are reported coming into their own again and are running at capacity, with some on overtime. Sales of finished products

are yielding good profits, and many of them are sold up into the fall. Quite a number of trade acceptances have been offered of late for rediscount, given by mills for cotton purchases. The following, from a very prominent cotton manufacturer is interesting:

Money is obtainable at reasonable rates, more so than ever before at this season of the year. Farmers are borrowing more largely from banks than ever before, and at more reasonable rates of interest. The Federal Reserve Banks have been a great blessing to the people generally, and especially to manufacturers and others who use large amounts on short term paper. It is doubtful if any law has ever been put upon the National statute books that has afforded so much real relief and restored confidence so thoroughly as this.

There has recently been some little improvement in the value of cotton.

A large paper manufacturer reports scarcity of raw material and uncertainty of labor conditions. A manufacturer of tools reports similar conditions and that it is found necessary to train unskilled labor. Limestone quarries are very busy, no one is idle who wants work, the product going to Pittsburgh for fluxing purposes.

Railway earnings show improvement, but the demands of labor seem to have more than discounted this and wage increases in almost every direction have to be reckoned with. We are apparently reaching our present limit in transportation and unless the railroads obtain sufficient revenue to increase facilities and meet the demands of labor conditions may arise most inimical to the continued development of our resources and opportunities.

DISTRICT NO. 6—ATLANTA.

There is a remarkable uniformity in reports regarding progress in all manufacturing lines. This promises to continue throughout the summer. Interest is at this time largely centered in crop conditions and considerable fear is felt as to the effect the dry weather has had on growing crops.

In Georgia the cotton acreage has been reduced but not to any great extent. Fertilizer tag sales show a decrease of 53,789 as compared with 1915. Cottonseed meal tags show a corresponding falling off. The crop is all planted and in fairly good shape. Reports from northern Georgia indicate damage from dry weather. South Georgia reports less damage. The peach crop of Georgia though short is in fine condition, has been well sprayed, fertilized, and is the cleanest in several years. The shortage is due to the hot weather in January and frosts late in April. The quality and size of fruit are first class. The crop is expected to approximate 3,200 cars as compared with 4,468 in 1915. Advance price offerings are good and indicate that the crop will bring approximately \$800 per car.

Statistics show a large decrease in the use of fertilizers in Alabama and Mississippi, and while the acreage has not been as much reduced this year as expected, the crop will be less. The cotton, corn, and other crops throughout this belt are badly in need of rain.

The corn, wheat, and oats acreage show an increase, and while somewhat damaged by dry weather the outlook for the wheat crop is very promising, and corn is reported in good shape at present. The oat crop has suffered for rain and in many places has rusted.

Diversification is not falling behind last year. Especially is this true in the more progressive sections. The most encouraging factor in diversification is the increased interest in cattle raising, and especially in the improvement of the breed.

The strawberry crop though late is progressing favorably and a large crop is expected, with good prices.

In the tobacco district of Tennessee practically all the leaf tobacco is out of the hands of the farmers and held by the factories and warehouses. In the past 30 days tobacco has been in greater demand and is selling at an average of \$1.50 to \$2 per hundred higher than it did at the opening of the season. Planting pros-

pects for 1916 crop are good, and a large acreage is expected on account of high prices.

In the Birmingham district the production of iron and steel continues at high point and pay-rolls are larger than ever before. There is a better tone to the coal business. The demand is not strong enough to put coal mining on a substantial earning basis. The coal demand lately has been fairly good, but that has been somewhat enhanced by a shortage of cars. Machine shops and other manufactories using raw materials are all handling a large volume of business. Collections are fairly good. New furnaces are being put into condition at Anniston and Gadsden, Ala., to resume operations in near future.

Atlanta clearings for the first 18 days in May show \$45,772,604.26 as compared with \$33,325,048.20 for the same period in 1915. Bank deposits continue to increase with only fair demand for loans.

The New Orleans branch of the Federal Reserve Bank of Atlanta reports:

The local money market continues steady and unchanged with a fair demand for loans and funds in good supply.

The figures of the commerce of New Orleans for April are most encouraging, showing a large increase in both imports and exports. New Orleans is becoming more and more the home port for Latin-American trade, and now handles nearly as much trade during the warm months as during the winter.

Imports for April were \$11,869,104, an increase of 19 per cent over the corresponding month of last year, of 35 per cent over the figures of 1914, just before the war, and of 59 per cent over the average April imports of the previous six years.

The exports totaled \$22,939,635 to foreign countries, with Porto Rico included, or 6 per cent over last year, and 67 per cent over April of 1914. There was shrinkage in the exports of wheat and flour as compared with 1914.

Sugar stands first among the imports, with \$5,815,546 of that article brought in, and the

indications are that a large share of the Cuban crop will come here for refining. Coffee is second with imports of \$3,033,079. Sisal was imported to the amount of \$1,451,954.

Agricultural prospects throughout this section are exceedingly favorable for fall returns, while heavy shipments of berries and vegetables are now going forward to market and increased returns are evidenced to growers through effective selling organization.

Reports from the Savannah district state that the lumber business has recovered considerably and that the outlook is regarded as exceedingly favorable. Building is more active and the tendency of prices seems to be upward.

It is practically conceded by the naval stores trade that prices that have been prevailing for the past three months have been recognized as much below cost of production. The disposition on the part of the producers not to sell has brought a more stimulating effect upon the rosin market. Prices for turpentine at this time are low, but it seems to be the general opinion that these prices are only temporary and that an early advance can be appreciated.

DISTRICT NO. 7—CHICAGO.

General business in this district is in a condition of activity, with the supply of money still in excess of requirements. A better demand for funds is developing in some of the country communities, and this is shown by the request for accommodations from some of the smaller banks upon their reserve city correspondents. The larger Chicago banks are finding it necessary to purchase commercial paper at low rates in order to derive some income from their heavy deposit accounts. There is a possible danger from the forced liquidation of the paper issued by the smaller concerns and now being marketed by the commercial paper brokers. When a larger number of names, including the more substantial houses, is offered, the banks will naturally discriminate, particularly if their own funds are being reasonably well employed by their customers, which may cause inconvenience to

the small concerns which are without established banking lines to take up their floating supply of paper.

Bond houses claim that while there is a large supply of money awaiting investment, sales have fallen off and customers are not showing the same interest as a month ago. New issues of bonds and notes appear to meet with favor, but the demand for municipal bonds has slackened and prices are a little below the high point.

Business in general is progressing satisfactorily. There have been labor disturbances which have interfered with building operations in some sections, and have caused a number of the larger manufacturing establishments to grant increased wages. Up to date the results have not been serious, but a continuation will result in such increase in the cost of production that retail prices will of necessity be increased, and there is the possibility of decreased sales, particularly in foreign competitive markets. A correspondent advises that factories manufacturing principally for South American trade are experiencing a decrease in orders owing to the excessive ocean freight rates. One thing to be taken into consideration with regard to the volume of business is the present value of merchandise, which in many cases is considerably above the quotations of a year ago.

Weather conditions have delayed agricultural work from two to three weeks, and a decreased acreage of winter wheat seems to be fully confirmed by the reports at hand. The soil is generally in good condition, and there is a favorable prospect for a good crop of corn and oats. Illinois has suffered considerably as regards wheat, but oats and corn are reported upon favorably, and with good weather conditions the farmers should have a successful year. There appears to be a shortage in the supply of cattle and hogs. Indiana anticipates a good oat crop, a fair acreage of corn, but a severe decline in its original wheat prospects. Live stock is said to be in fair supply. Iowa reports a fair quantity of wheat and anticipates a good

supply of both corn and oats. Cattle and hogs are said to be fewer in number, but the farmers seem to be making an attempt to increase their live-stock holdings.

In Michigan, the fruit crop is generally reported in excellent condition, with prospects of a good yield. The weather has considerably delayed all spring work, but there apparently is a satisfactory outlook for wheat, corn, oats, and potatoes, the principal products. There is said to be a good supply of cattle but a smaller number of hogs than usual. In Wisconsin the general crop outlook is somewhat improved, and a large acreage of potatoes is anticipated in the southwestern part of the State. A good supply of lambs is reported, but other live-stock does not appear to be up to normal.

Agricultural implements.—Manufacturers advise some falling off in sales, owing to the crop injury and the increased cost of their finished product. Actual sales are reported as approximately the same as last year, for the decreases in some lines of the implement trade are offset by increases in other lines. The high cost of raw materials, together with the increased demands of labor, are subjects which are receiving the earnest attention of the large manufacturing establishments.

Automobiles.—Shops are still operating at capacity, with the warehouse stocks of dealers going out, and collections good.

Building and building material.—General building in Chicago outside of the loop district is active, and a number of cities which have benefited by the conditions of the last year are engaged upon plans of expansion and construction. The brick business is reported good, with satisfactory prospects for the immediate future. Cement is being disposed of in fair volume and anticipates sharing in such construction as may develop.

Coal.—There has been small business in coal during the past month, as the large consumers have been engaged in using their storage coal. There is now a fair prospect for

improvement and the mines are reported to be showing considerable activity. Collections on the whole are said to be satisfactory.

Distilling and brewing.—The distilleries are still working overtime in connection with alcohol orders, with ordinary business somewhat quiet. The breweries are experiencing an increased demand, as the general labor situation has improved and more men are being employed.

Dry goods.—Retail selling has been somewhat retarded by unusually cold weather, and purchases for fall delivery are in large share booked at this time. As compared with last year, business in general shows an increase, but there is considerable difficulty experienced in securing deliveries of merchandise. The retailers, and in some cases the wholesalers, distributing goods throughout this territory appear to be heavily stocked in anticipation of a considerable demand for merchandise during the summer and fall. The large wholesale houses are restricting more and more their future commitments and are inclined to analyze carefully the situation as regards the ability of their customers to dispose of the goods purchased.

Furniture.—It is expected that the advance in materials will soon cause an increase in the price of furniture, and the manufacturers report a fair volume of business, satisfactory collections, and difficulty in securing sufficient labor.

Grain markets.—There has been little change in the value of wheat during the past month, and farmers are said to have a good supply of old-crop corn and oats, also a fair amount of old wheat. The demand for export is reported fairly good for oats, fair for corn, and poor for wheat, Canadian wheat underselling that in the United States.

Groceries.—The sentiment in the grocery business is considerably improved over last month; a brisk trade is reported, also a good outlook. Collections are meeting with the approval of the wholesalers, and the various distributing points are disposing of a good volume of merchandise. This particularly applies to canned goods, owing to the high price of sugar, which causes a decrease in canning and pre-

serving at home. Some imported groceries have increased enormously in price, but on the whole there is little criticism, and a generally optimistic feeling.

Hardware.—A decreased demand from the general trade is reported, but the railroads and manufacturers are purchasing larger supplies. Collections are good, and the falling off of sales in farming communities is looked upon as deferred purchases, as the farmers are busy with their corn planting. To a slight extent the high price of some items is retarding trade, but there seems a disposition on the part of the manufacturers to hold down as far as possible the prices and to avoid such advances as would materially curtail sales.

Leather.—The activity in this line continues at increasing prices, and trade throughout this territory is excellent. There is difficulty in securing labor and workers are inclined to be restless. Export trade is still hampered by lack of shipping facilities. There is a slight recession in the belting business, with difficulty in securing certain classes of raw materials, particularly metals and fabrics.

Live stock and packing.—The packing industry reports a slight decrease in domestic sales during the last 30 days, attributed to high prices, also a strong foreign demand. Live stock is coming into market in sufficient supply and prices are well maintained. By-products, such as hides, skins, wool, and glue, are meeting with an active demand, and fertilizers indicate a good distribution.

Lumber.—Prices for lumber are well maintained and sales are showing a satisfactory increase over last year. Collections are somewhat improved, but a number of customers are still reported taking extra time who formerly met the discount terms.

Mail order.—During the month of April a considerable gain in sales was reported for the States of Iowa, Illinois, Wisconsin, Indiana, and Michigan, as compared with the same period last year.

Paper.—Prices are reported firm, with some decrease in demand, which is attributed to over-

stocking by retailers. A revival is not anticipated in the next few months.

Pianos.—Factories in this line report considerable activity, with collections good, and the people in a better position to pay, particularly in the good farming districts. A fair trade is expected during the summer, with a large fall business. The cost of production has increased, it is difficult to procure the necessary raw material, and labor is in short supply.

Steel.—The steel mills are unable to handle all of the business now offered them and a considerable quantity is being booked for 1917. There is evidence that building and manufacturing are being held back owing to the high price of steel. On the whole, conditions are reported as excellent, with collections good.

Watches and jewelry.—Factories are doing a very satisfactory amount of business, and the demand at present shows no signs of abating. Jewelry looks forward to a continuation of good trade and is showing a material increase over last year's volume. Sales in the optical supplies are better than last year, but the foreign situation has affected this line since a number of the lenses used in this country are, under normal conditions, of European origin.

Wool and wools.—The mills are still reported as operating upon their accumulated supplies to a large extent, but the quoted value of wool has shown no decline. Speculative buying has advanced the price in the Middle West from 1 to 2 cents per pound. Woolens are in good demand, sales are better, and collections improved.

Clearings in Chicago for the first 20 days of May were \$1,197,000,000, being \$259,000,000 more than the corresponding 20 days of May, 1915, and \$148,000,000 more than the first 20 days in April, 1916. Clearings reported by 17 cities in the district outside of Chicago amounted to \$223,000,000 for the first 15 days of May, 1916, as compared with \$143,000,000 for the first 15 days of May, 1915, and \$220,000,000 for the first 15 days of April,

1916. Deposits in the 8 Central Reserve City member banks in Chicago were \$611,378,000, at close of business May 20, 1916, and loans were \$446,231,000. Deposits show a decrease of approximately \$34,000,000 during the past month, and the loans an increase of approximately \$12,000,000.

DISTRICT NO. 8—ST. LOUIS.

There has been no important change in business conditions in this district during the last month. Some lines report gains equal to those reported in previous months, but in general, business seems to have slowed down at least to a degree. Some authorities consider this the natural result of the rapid increase in the cost of finished articles, while others hold that it is due to a general readjustment. Recently more seasonable weather has stimulated retail trade. Shipments of wholesalers continue satisfactory with the shoe manufacturers showing the greatest activity. Conditions continue favorable and while increases are not in the same ratio as heretofore, it would seem that this slight reduction in volume is due to a conservative attitude. It is perhaps a favorable sign, indicating that business men are carefully examining the future.

The railroad earnings in the district continue to show increases. Transportation problems due to the shortage of cars and the congestion at freight terminals have received the careful attention of railroad operators for the past few months. While the volume of freight tonnage remains at a high level, it appears that it is being handled more expeditiously. On May 1 the roads throughout the country reported a surplus of cars as against a shortage the first of the previous month.

Generally speaking, labor conditions in this district are satisfactory. From indications it appears that there is little or no unemployed labor in the district. Wages have gone up in practically every industry. A few strikes have been reported from various sections of the dis-

trict, but these have been settled with little or no difficulty.

Reports on the principal crops are of especial importance at this time of the year. Below

are figures on the wheat crop in the States within this district, taken from the Government report of condition as of May 1:

	Acreage.		Condition.		Forecast.			
	Per cent abandoned.	Acres remaining to be harvested.	May 1, 1916.	May 1, 1915.	10-year average.	1916, from May 1 condition.	Final estimate, 1915.	Change from Apr. 1 to May 1.
Arkansas.....	5	232,000	87	97	90	2,685,000	2,750,000	3
Illinois.....	33	1,494,000	62	92	85	18,062,000	53,200,000	5
Indiana.....	30	1,579,000	65	98	84	19,193,000	47,300,000	7
Kentucky.....	6	910,000	87	78	88	11,321,000	9,900,000	2
Mississippi.....	6	7,000	85	84	87	89,000	100,000	-7
Missouri.....	20	1,784,000	70	92	87	21,854,000	34,108,000	4
Tennessee.....	43	886,000	89	85	90	10,251,000	9,030,000	1

These figures show that the per cent of abandoned acreage this year in the principal wheat-producing States of the district was unusually large and the report of condition is below both the 1915 and the 10-year average. Reports of condition, however, show improvement as compared to April 1 in each State of the district except Mississippi. Reports on the wheat situation from correspondents and personal investigations are, however, somewhat pessimistic. The stand of wheat in central Missouri and Illinois is light. Correspondents report the wheat is making a poor showing, and the complaints of injury to the crop by chinch and green bugs are quite frequent. Many farmers report that they have had to plow up their winter wheat and put in other crops. It is possible, however, that with favorable conditions from now on the crop will exceed present expectations.

The condition of the cotton crop in Arkansas and other cotton-producing States of this district is satisfactory. There has been an increase in acreage this year as compared to 1915, variously estimated at from 10 to 15 per cent. The final figures on the cotton acreage will probably show a substantial increase as compared to last year, but somewhat smaller than in 1914. From reports it appears that the land was well prepared for planting this year and that there was sufficient moisture in the ground. The development of the crop to date has been somewhat retarded by the late spring

and it is from 10 days to 2 weeks behind its normal development at this writing. It was reported that a little more than half of the usual amount of fertilizer has been used this year, but as cotton has never been heavily fertilized in this district this would not appear to be of prime importance. Weather conditions have improved in the past week or two, and from present indications the crop will develop rapidly.

The condition of corn seems to be much better than that of wheat. The crop has been planted in all parts of the district and is now 2 or 3 inches high, except in the most northerly sections. Conditions were favorable for the planting, and prospects for this crop are entirely favorable. In some of the southern sections of the district the fields have been cultivated once. Oats, alfalfa, clover, and other fodder crops are reported to be growing nicely, and the outlook is promising.

Reports from the strawberry producing sections of Arkansas, Tennessee, Kentucky, and Missouri are entirely favorable. The crop is moving to market rapidly. The week ending May 20, western Tennessee shipped daily over 100 cars of strawberries; Arkansas about 50 per day. Missouri berries are now coming into the market, and six or eight cars are being shipped daily from the Ozark district.

Truck farming in the district has been retarded by the late spring. The ground, however, was in good condition to be worked, and

the crops are gradually coming to market. Under the influence of warmer weather during the last few days, radishes, lettuce, and other similar vegetables, are now plentiful. Asparagus is beginning to come into market. Reports indicate that the cherry crop will be later than usual, and will not reach the market before the middle of June. Apples have been reported to be in excellent shape, and peaches in only fair condition.

In the live-stock market there has been an increase in the receipts and shipments of cattle this April as compared to April, 1915, but the hog, sheep, and horse and mule markets have not been as active as at this time a year ago. The principal decrease comes in the horse and mule, and is due probably to lessened activity of the foreign Governments in this market.

The money market in this district remains stationary. A few bankers report tendencies toward higher rates for discount, but this seems to be due to local influences rather than a general movement. It seems probable that no improvements in rates may be looked for in the immediate future. The average rate of rediscount in St. Louis is probably not over $4\frac{1}{2}$ per cent; in Louisville not over 5 per cent, and in smaller communities, somewhat higher rates. Commercial paper is freely quoted at from 3 to $3\frac{1}{2}$ per cent for best names; other names not over 4. The bond market shows little or no change, and is not as active as it was 60 to 90 days ago.

The clearings in the larger cities show gains similar to those noted in the last few months. The percentage of increases in clearings for the week ending May 13, is as follows: Evansville, 11.8 per cent; St. Louis, 21.6 per cent; Louisville, 18.8 per cent; Memphis, 15.4 per cent; Little Rock, 33.

April clearings of this bank amounted to 199,260 items, or a total of \$88,784,771.67. This shows a very slight loss as compared to March, but a substantial gain as compared to April, 1915.

DISTRICT NO. 9—MINNEAPOLIS.

Very high winds early in the month created local damage in the small-grain territory, by uncovering a considerable amount of seed that had been planted. This necessitated reseed-ing. This damage has been repaired and will not affect the yield. Cold and rainy weather during the earlier part of the month hampered farm operations and increased the amount of land that is being disked in. Wheat seeding has been practically completed, and it is apparent that there will be some shortage in acreage due to the lack of fall plowing last year and the difficulties encountered in offsetting it with spring work. There is a disposition in some quarters to estimate the decrease in acreage at 15 per cent, but a review of the reports from all parts of the district, and a careful survey of conditions, seems to indicate that this may easily prove to be excessive. It is probable that the actual decrease will prove to be from 5 to 8 per cent.

Any shortage in wheat will be considerably more than offset by a very large increase in barley and rye acreage, and a substantial increase in flax. The total crop production is not likely to be impaired to any extent. All reports indicate that corn will be about up to the average in acreage, and with the promise of favorable planting conditions, this year is likely to develop a heavy crop.

An unfavorable element in the crop situation is that throughout a very large part of the grain territory, farmers have been compelled to seed without proper preparation of the ground. A large amount of wheat has been disked in to get it seeded before the end of the usual planting season. Barley, rye, flax, and corn, however, will have a more favorable start.

The seeding on stubble land has the advantage of very excellent moisture conditions prevailing generally over the district. In case the season shows a good average rainfall there will be no difficulty in securing a good

crop. The danger that confronts the grain territory is that the planting on the poorly prepared land will suffer severely should dry weather develop during the middle of the growing season.

Sheep, cattle, and horses are bringing high prices, and with the amount of grain still left in the farmers' hands the agricultural population is enjoying unusual prosperity. Wheat prices are holding up strong, and there is some increase in the amount of grain coming to terminals. Minneapolis and Duluth are showing the first increase in receipts since the planting season started.

General business conditions are excellent, and both wholesale and retail trade are brisk. Industrial concerns are fully occupied, and labor is enjoying ample opportunities of employment at good wages.

Mining operations in northern Michigan and northern Minnesota are starting with a rush, and iron-ore production is expected to reach record figures this year. The mines are shipping the maximum capacity of the ore boats. Copper production, both in northern Michigan and Montana, will maintain the extremely high level of last year.

DISTRICT NO. 10—KANSAS CITY.

May has been generally favorable for farm work, but vegetation is from a week to 30 days behind, unseasonably cool weather, frosts, snow, and freezing temperatures having been reported from various parts of the district. Pastures are in excellent condition. Corn planting is well advanced, the corn coming up generally. There is a substantial increase in the acreage. The early part of the month was unusually dry, but recently beneficial rains have fallen in various sections.

An estimate of the wheat crop made by grain dealers in recent session is considerably below the figures made by State authorities. There has, undoubtedly, been insect damage in both Kansas and Oklahoma. This has been serious in certain sections, but, taken as a whole, the promise is for more than an average

crop. No damage has been reported from Nebraska, where the wheat is said to be in excellent condition. Alfalfa, the value of which has reached an enormous figure in this district, is reported in splendid condition. Delay in grain shipments by reason of car shortage again occurred in various sections during the month, but relief is appearing. There is every indication, however, that there will again be a severe car shortage when the wheat harvest begins to move.

Some apprehension is expressed with regard to securing sufficient labor for the harvest fields, and an effort is being made through cooperation between the labor departments of the States and Nation to supply this demand. While there is some indication of a disposition on the part of labor organizations to take advantage of present prosperity to urge their demands, and increases in wages are being commonly reported, there are no labor disturbances worthy of notice in this district.

Live-stock receipts for the first four months of this year at the six principal markets in this district are as follows: Cattle—1916, 1,316,757; 1915, 1,152,385; increase, 164,372. Hogs—1916, 3,798,610; 1915, 3,200,916; increase, 597,694. Sheep—1916, 1,756,807; 1915, 1,939,559; decrease, 182,752.

For a time it appeared that all feeders of live stock would lose money on their winter's operations, but prices have advanced so rapidly that they have now reached a high level and the stock being marketed at this time shows a nice profit. Stockers and feeders are higher than ever known at this time of the year.

The movement of cattle from Texas and New Mexico to the long-grass pastures in Kansas and Oklahoma is greater this year than the two prior years. The total number going to these pastures is now estimated at over 200,000. This movement has been stimulated by the drought in large areas in the range district of Texas.

The demand for money to finance the cattle interests is not so heavy now as it was some weeks ago. A steady demand from the south-

west for loans to restock with young steers the pastures that have been vacated by shipping the older cattle to the long-grass countries is anticipated.

There has been more money loaned to the cattle owners, and is now so outstanding, than for a number of years. This is partly on account of the high price of stock cattle and feeders and because of the development and increase of the cattle business. Reports from all over the district are that cattle are in a thrifty and healthful condition.

Building activities have been much retarded by reason of the weather, and, while the lumber trade is considerably ahead of the same period in 1915, business has been much below expectation. Production has exceeded demand. In view of the fact that farmers are now very busy in the fields, trade is unusually active for this season of the year. There is every prospect for great building activity all over the territory, and the excess of lumber now being produced will shortly be in strong demand. The retail lumber business has been constant and satisfactory, a very considerable percentage above that of last year.

The profitable price for crude oil continues, but the premiums heretofore paid in certain localities have been noticeably reduced. There is a general conviction, however, that the market will continue to advance, and this has resulted in maximum activity in the various districts, making up the mid-continent oil field. It is now estimated that more than 1,800 drills are at work, and these developments are covering a constantly expanding area. It is estimated that there will be at least twice as many wells drilled during 1916 as were drilled last year. While the cost of drilling operations is much greater, this item of increased expenditure is more than made up by the market price of petroleum.

The largest sale of oil leases in the history of the oil business was made at Pawhuska, Okla., April 20, bringing to the Osage Indians almost \$1,500,000 in bonuses.

The past 30 days witnessed the organization in this district of one of the largest independ-

ent oil concerns in the world, capital \$50,000,000. The properties in this organization include several large Oklahoma and Kansas refineries, together with about 14,000 barrels of oil production daily.

In all the mining fields prosperity and enormous output are the order of the day, with prices continuing highly satisfactory. In the zinc fields several new mills are almost completed and ready to commence operations. Various new companies have been organized and are securing leases for prospecting.

The high price of silver is causing much activity and will permit of the dewatering of various mines which could not heretofore be profitably operated.

The value of tungsten being produced in the Boulder (Col.) field in 1916 is estimated conservatively at a million dollars monthly. The gain over last year's value—for the first four months of the two years only—represents \$3,750,000, or 1,500 per cent. It is estimated that 10,000 men are now employed in this field. The value of zinc and lead ores shipped from the Missouri-Kansas-Oklahoma district during one week in April was 33½ per cent greater than the previous record week's shipments.

Recent reports show continued increases in bank deposits and clearings, Kansas banks showing an increase of \$15,000,000 in approximately three months and breaking all records.

Postal receipts at all important centers in the district are reaching new high levels. Commercial agencies record but 209 commercial failures in the district for the first quarter of 1916, with no bank failures. Wholesalers, jobbers, and retailers report a splendid business, with collections unusually good. While it is recognized that the enormous gains made each month in general business can not continue indefinitely, there is no immediate indication of reductions. In no line of business does there seem to be any marked dullness in this district.

Discount rates have experienced no important change, and the spring demand has been less than anticipated. Security prices are notably firm, with upward tendencies. Banks generally have had difficulty in keeping their surplus funds profitably employed.

DISTRICT NO. 11—DALLAS.

There is no indication of any material change in the business outlook in this district, and reports received from all sections continue most favorable. The only exception to this condition may be said to be in the extreme southwest part of Texas, where, on account of a drought of several months' duration, business has not been normal. During the present week some rain has fallen in that section, but hardly sufficient to be of material benefit. The cattle industry particularly has suffered from lack of rain in that large area. Range conditions have been bad, and as the cattle business in Texas is one of vital importance, it is reflected in trade generally.

Other portions of the district, especially in the north and east, have had more than the average rainfall, and as a consequence the 1916 crop is in varied stages of development. Speaking generally the staple field crops are very late. Corn is suffering from the work of the chinch bug in many counties, and cotton, of which conservative estimates place the increased acreage at 10 per cent over last year, is liable to extensive ravages by boll weevil, due to late planting and the warm late fall of 1915. The wheat and oat crops were not so heavily damaged by the winter freezes as was at first supposed, and with the recent rains, general over practically the entire grain belt, the outlook for those crops is favorable. The grain crop, however, is still behind the condition at the same time last year.

The Texas Grain Dealers Association have given out the following report on averages, as of May 15: Wheat acreage $67\frac{1}{2}$ per cent, condition 77 per cent; oat acreage 84 per cent, condition 89 per cent; corn acreage $92\frac{1}{2}$ per cent, condition $82\frac{1}{2}$ per cent. Our own information confirms the substantial correctness of these estimates. The grain has suffered little from rust, and a normal production is anticipated.

Rice planting is practically over. Sugar cane is reported as doing well. A great increase in the acreage of peanuts has been planted, with an oil output estimated at one-

twelfth of the cottonseed oil production of Texas.

In the extreme west and northwest, or Panhandle section of the district, conditions are above normal and excellent reports are received. The situation across the border has of course affected business and halted operations in various lines. Investment of outside capital is awaiting the restoration of normal conditions, and when established an unprecedented era of profitable trade is the forecast.

The cattle industry shows unusual activity in the west. Cattle wintered well, and with good range conditions, and high prices obtaining, the outlook is very promising. A substantial falling off in the demand for steers is noted. This has caused stockmen to renew their paper with local banks, who have sought an outlet with this bank, all of which has been reflected in the large amount of live-stock paper offered.

The sheep business is likewise reported as prosperous. Prices are higher than they have ever been in the sheep sections. Wool buying is active, with prices as good, if not higher, than last season, and production above normal.

The fruit crop in the Pecos Valley of New Mexico, estimated to have reached from 1,000 to 1,500 cars, is almost a total loss, due to a heavy freeze on April 19. There will be no fruit marketed from that section this year, which will mean a loss of some \$200,000.

The New Mexico hay crop is good. The first cutting was injured by the freeze, and the fields are now being cut short, to give the second crop an early start.

The lumber mills of that section are running overtime, and the industry is very active. In Texas there is an evidence of an overproduction of lumber, and the mills are curtailing their operations to some extent. Prices have dropped some by reason of this condition. The larger cities, however, report a good demand for building materials.

Post-office receipts of six of the principal cities of the district for the month of April, 1916, as compared with April, 1915, show an increase of 12.3 per cent; the figures being as

follows: April, 1915, \$219,106; April, 1916, \$246,085.

As evidencing the healthy condition of business, it is interesting to note the bank clearings of the reserve cities of the district, which show an increase of $9\frac{1}{2}$ per cent for April, 1916, over April, 1915. All of the cities show good increases, with one exception, due to local conditions. The figures are as follows: April, 1915, \$118,216,439; April, 1916, \$129,405,937.

A comparison, as of May 1, of the deposits and loans and discounts of the banks in reserve cities of Texas shows an increase of approximately 20 per cent over last year. Generally speaking, the demand by member banks in this district is lighter than at this time last year, except in the cattle sections, where the demand is now very much heavier, due very largely to the fact that the banks in those sections are carrying a large amount of live-stock paper, which has heretofore been carried outside of this district.

Failures in the district for the period from April 15 to May 15, 1916, were 65, with liabilities of \$830,399; for the same period 1915 there were 79, with liabilities of \$1,380,270.

A tabulation of replies to inquiries from all parts of the district show collections as good, and in keeping with the increased volume of trade.

Transportation lines report an increase of approximately 15 per cent in freight, and 20 per cent increase in passenger traffic. All lines continue to report a serious shortage of cars, and no improvement in the situation.

Wholesale grocery houses are having a substantial trade, and report an increase of $33\frac{1}{2}$ per cent over 1915, with collections in keeping with the increased volume.

Jobbers and wholesalers in dry goods, notions, millinery, and similar merchandise are closing a very satisfactory spring business, and report that orders to their traveling salesmen reach the high-water mark. On account of the uncertainty in the delivery of goods, and the shortage of dyestuffs, merchants in the smaller cities have bought heavily for early fall

trade. Advanced prices of this class of merchandise have created activity in this line.

The first warm weather of the season caused active buying by retailers of summer goods. Retail trade is good. Business with large mail-order houses shows a 22 per cent increase with equal demand for all classes of merchandise. Building operations over all sections of the district are steadily increasing. There is no evidence of any unemployment of labor.

DISTRICT NO. 12—SAN FRANCISCO.

Agricultural conditions have been unfavorable. In the northern part of this district the season has been cold and backward. In California, although the season's precipitation is above normal, there has been almost no rainfall since February, with consequent important shrinkage in pasturage, hay, and grain. Wheat-growing sections report 15 to 25 per cent less acreage than last year. Frost on May 6, an unusually late date, caused serious damage to grapes, prunes, apricots, and potatoes. Some estimates from the Sacramento Valley have placed the damage as high as \$2,000,000 or \$3,000,000. Reports seem to indicate that the crop of grapes will be about 50 per cent of normal, while prunes, apricots, and peaches will be from 60 to 75 per cent. Increased prices will doubtless yield average financial returns to growers nearly equal to normal.

Increased production of sugar beets is reported because of high prices for sugar. Both Hawaiian and sugar-beet interests are prospering. Returns from the 1915 apple crop of the Northwest have been highly gratifying.

In spite of short pasturage in parts of California the live stock industry is prosperous throughout this district generally. An interesting report comes from one section of California of prosperity by reason of rapid improvement in the grade of beef cattle and in the extension of the dairying industry. Cattle and hogs are commanding full prices. Sheep command very high prices. Shearing is about completed and much wool has been sold at 2 to 5 cents per pound more than last year.

The lumber industry of the Northwest is now very active, mills generally running to capacity and logging camps handling maximum output. Prices now yield satisfactory profits to operators.

April shipments of petroleum in California averaged 292,970 barrels daily, exceeding those of any previous month except June, 1914. Production increased about 3,000 barrels per day, while shipments increased nearly 50,000 barrels per day, reducing the amount in storage more than 1,400,000 barrels. Many new wells are drilling.

High prices for tungsten have created such activity in its mining as to cause "boom" conditions in certain sections. There is also much activity in mining quicksilver, antimony, manganese, and dolomite. This district has profited largely by the great advance in the price of silver. Copper at both record output and prices is enriching especially Arizona and

Utah. The additions to wealth from mining in this district just now are well typified in the report that the 1915 profits of the operating Coeur d'Alene companies, near Spokane, Wash., approximated \$10,500,000.

At Pacific Coast ports shipbuilding continues with unabated activity, and import and export trade shows steady gain. For instance, at Seattle this commerce for the first four months of this year totals \$114,000,000, as against \$60,000,000 for the first four months of the preceding year.

Large trade is reported throughout the district, with good collections. Increase in bank deposits, clearings, building construction, real estate sales, postal receipts, as reported by the principal cities of this district, all indicate continued expansion of business. There has been a steady increase of loans, but much less pronounced than the increase of deposits. Credit, consequently, continues easy.

DISTRIBUTION OF DISCOUNTS BY SIZES AND MATURITIES.

Discounts of commercial paper reported by Federal Reserve Banks for the month of April aggregated \$11,521,400, or 22.7 per cent in excess of the discounts for the preceding month, and of 9.2 per cent of like figures for April, 1915. About 59 per cent of the month's discounts, as against 68 per cent in March, is credited to the three southern banks. Chicago's share of the month's discount business is 15.7, Philadelphia's 8 per cent, while Kansas City is credited with 4.9 per cent of the total April business, as against 8.5 per cent in March. The total discounts for the first four months of the present year were \$39,688,200, compared with \$47,192,100 for the corresponding period in 1915. The decreases are largest for 60-day and 30-day paper, while the amount of 6-month paper (agricultural and live stock paper maturing after 90 days) discounted for member banks during the present year was about 1.2 millions larger than in 1915.

Commodity paper, mostly secured by cotton, discounted during the month by 4 banks totaled \$1,370,700, constituting less than 12 per cent of the total discounts for the month, as against 18.3 per cent for March and 23.4 per cent for February. Over 98 per cent of this class of paper was handled by the Richmond and Atlanta banks, of whose total discounts for the month commodity paper constituted 24 and 35 per cent, respectively.

Trade acceptances discounted during the month by 7 banks aggregated about \$240,000, compared with about \$299,000 during March and an average of about \$330,000 for the first quarter of the year. Of the total of \$1,229,200 of this type of paper discounted during the first four months, Richmond is credited with about 42 per cent; Atlanta, including its New Orleans branch, with over 32 per cent; and less than 10 per cent by St. Louis. The monthly total is exclusive of \$926,100 of trade acceptances based upon foreign trade transactions and purchased mainly by the eastern banks, also of \$7,400 of domestic trade acceptances

bought in the open market by the Atlanta bank and its branch during the month under consideration.

The total number of bills discounted during the month was 7,031, compared with 6,209 in March and 5,086 in February of the present year. The average size of the paper discounted during the month was about \$1,640 compared with an average for the previous two months of about \$1,510, indicating a relatively large increase during the month in the discount of larger-sized paper. These averages vary between \$830 and \$870 for the Minnesota and Kansas City banks, \$4,900 for the Cleveland and \$5,250 for the Boston bank. For the three southern banks the average is slightly below \$1,500.

About one-third of the number and one-half of the amount of the paper discounted during the month was medium-sized paper, in denominations of \$1,000 to \$5,000. Small notes (in amounts up to \$250) constituted about one-quarter of the total number, though only 2.3 per cent of the aggregate amount of bills discounted during the month. Over 75 per cent of the number of small-sized notes, as against 65 per cent of all notes discounted, were handled by the three southern banks.

Of the total paper discounted during the month, 14.6 per cent was paper maturing within 10 days at the time of rediscount; 23.3 per cent paper maturing after 10 but within 30 days; 20.6 per cent, paper maturing after 30 but within 60 days; and 26.2 per cent, paper maturing after 60 but within 90 days. The largest absolute and relative increase is shown for 10-day paper, in many cases of large denominations. The share of 30-day paper discounted likewise shows a large gain, while those of 60 and 90-day paper show corresponding decreases. About 15.3 per cent of the total discounts was agricultural and live stock paper, maturing after 90 days. Over 75 per cent of this class of paper was handled by the Dallas, Kansas City, and Chicago banks.

Less than 8 per cent of the total number of member banks—or 606 out of 7,631—reported at the end of the month, rediscounted paper

with the Federal Reserve Banks, as against 535 in March, and the same number of 606 in April, 1915. Dallas reports the largest number of member banks accommodated during the month—121—or about 20 per cent of the total number of member banks in the reserve district. Richmond shows a total of 106 banks accommodated out of a total of 511 member banks in the district. Member banks in

North Carolina to the number of 28 secured about 1.7 millions of rediscounts, 99 banks in Texas over 1.4 millions, 23 banks in Illinois over 1.1 millions, 34 banks in South Carolina over 0.8 million, and 10 banks in Pennsylvania over 0.7 million. The combined share of rediscounts secured by 194 banks in these five States is over one-half of the total amounts of discounts reported to the Board for the month.

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

NUMBER OF PIECES AND AMOUNTS.

[In thousands of dollars.]

Banks.	To \$100.		Over \$100 to \$250.		Over \$250 to \$500.		Over \$500 to \$1,000.		Over \$1,000 to \$2,500.		Over \$2,500 to \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000.		Total.		Per cent.		Average size of bill discounted.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Boston.....			3	0.6	6	2.5	5	4.5	10	21.1	39	186.1	13	127.5	4	77.5	80	419.8	1.1	3.6	\$5,250
New York.....	1	0.1	15	3.3	43	18.0	38	31.8	46	71.9	5	19.7	1	5.2			149	150.0	2.1	1.3	1,000
Philadelphia.....	15	1.2	38	5.8	31	12.7	43	35.0	100	194.8	83	352.9	16	126.3	8	194.0	334	922.7	4.8	8.0	2,760
Cleveland.....			10	1.7	7	2.2	17	12.9	31	68.3	12	49.9	1	7.4	5	265.0	83	407.4	1.2	3.5	4,900
Richmond.....	76	6.8	346	62.9	454	182.1	419	323.2	388	679.1	287	1,132.0	77	609.5	20	335.4	2,067	3,331.0	29.4	28.9	1,610
Atlanta (including New Orleans branch).....	120	8.6	227	38.0	148	56.5	153	123.6	190	322.9	109	432.6	31	219.2	17	352.2	995	1,553.6	14.2	13.5	1,560
Chicago.....	41	2.7	95	17.3	112	48.1	172	137.4	192	326.0	117	488.9	45	393.9	16	394.2	790	1,808.5	11.2	15.7	2,290
St. Louis.....	8	.6	23	4.0	32	12.7	41	32.4	60	93.2	11	37.4	4	30.3	1	30.0	180	240.6	2.6	2.1	1,340
Minneapolis.....			19	3.2	36	12.5	43	29.0	42	57.5	6	19.7					146	121.9	2.1	1.1	830
Kansas City.....	31	2.4	112	19.2	178	66.0	154	110.8	135	204.2	32	109.1	8	52.4			650	564.1	9.2	4.9	870
Dallas.....	63	5.1	471	78.2	304	111.2	199	140.3	210	344.5	149	528.2	55	375.7	19	293.0	1,470	1,876.2	20.9	16.3	1,280
San Francisco.....	3	.3	8	1.6	22	8.8	20	14.5	23	41.7	6	21.7	3	16.2	2	20.8	87	125.6	1.2	1.1	1,440
Total.....	358	27.8	1,367	235.8	1,373	533.3	1,304	995.4	1,427	2,425.2	856	3,378.2	254	1,963.6	92	1,962.1	7,031	11,521.4	100.0	100.0	1,640

PERCENTAGES OF AMOUNTS OF EACH CLASS TO TOTAL.

Banks.	To \$100.	Over \$100 to \$250.	Over \$250 to \$500.	Over \$500 to \$1,000.	Over \$1,000 to \$2,500.	Over \$2,500 to \$5,000.	Over \$5,000 to \$10,000.	Over \$10,000.	Total.
Boston.....		0.1	0.6	1.1	5.0	44.3	30.4	18.5	100.0
New York.....	0.1	2.2	12.0	21.2	47.9	13.1	3.5		100.0
Philadelphia.....	.1	.6	1.4	3.8	21.1	38.3	13.7	21.0	100.0
Cleveland.....		.4	.5	3.2	16.8	12.3	1.8	65.0	100.0
Richmond.....	.2	1.9	5.4	9.7	20.4	34.0	18.3	10.1	100.0
Atlanta (including New Orleans branch).....	.6	2.4	3.6	8.0	20.8	27.8	14.1	22.7	100.0
Chicago.....	.1	1.0	2.7	7.6	18.0	27.0	21.8	21.8	100.0
St. Louis.....	.2	1.6	5.3	13.5	38.8	15.5	12.6	12.5	100.0
Minneapolis.....		2.6	10.2	23.8	47.2	16.2			100.0
Kansas City.....	.4	3.4	11.7	19.7	36.2	19.3	9.3		100.0
Dallas.....	.3	4.2	5.9	7.5	18.4	28.1	20.0	15.6	100.0
San Francisco.....	.2	1.3	7.0	11.5	33.2	17.3	12.9	16.6	100.0
Total.....	.2	2.1	4.6	8.6	21.1	29.3	17.1	17.0	100.0

Commercial paper, exclusive of bankers' acceptances, discounted during April, 1916, by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 1—Boston:								
Connecticut.....	72	1	3.1	6.6	4.5			14.2
Maine.....	69	1				2.6		2.6
Massachusetts.....	167	4	47.0	327.0				374.0
New Hampshire.....	56	1			5.5	4.5		10.0
Rhode Island.....	17							
Vermont.....	48	2		19.0				19.0
Total.....	429	9	50.1	352.6	10.0	7.1		419.8
District No. 2—New York:								
New Jersey.....	132	4	.5	10.7	33.6	23.6		68.4
New York.....	482	6	3.9	26.8	31.8	19.1		81.6
Connecticut.....	15							
Total.....	629	10	4.4	37.5	65.4	42.7		150.0
District No. 3—Philadelphia:								
Delaware.....	24	1			3.8	3.9		7.7
New Jersey.....	71	5		31.4	66.7	68.4		166.5
Pennsylvania.....	533	10	678.3	18.7	24.4	22.1	5.0	748.5
Total.....	628	16	678.3	50.1	94.9	94.4	5.0	922.7
District No. 4—Cleveland:								
Kentucky.....	72	6		6.8	23.7	1.4		31.9
Ohio.....	375	8	132.0	202.2	29.5	8.0	3.8	375.5
Pennsylvania.....	299							
West Virginia.....	13							
Total.....	759	14	132.0	209.0	53.2	9.4	3.8	407.4
District No. 5—Richmond:								
District of Columbia.....	15	1			16.2	37.1		53.3
Maryland.....	97	9		4.8	27.7	122.0	5.1	159.6
North Carolina.....	79	28	170.0	692.2	357.7	434.8	18.5	1,673.2
South Carolina.....	76	34		151.7	275.9	279.0	116.7	823.3
Virginia.....	140	28	26.1	156.7	190.1	129.1	27.3	529.3
West Virginia.....	104	6		13.6	20.4	58.0	.3	92.3
Total.....	511	106	196.1	1,019.0	888.0	1,060.0	167.9	3,331.0
District No. 6—Atlanta:								
Alabama.....	93	23	2.0	25.4	164.8	222.8	35.2	450.2
Florida.....	56	7		4.4	22.6	34.3	3.3	64.6
Georgia.....	111	36		86.9	172.1	382.6	55.8	697.4
Louisiana.....	21	8		106.1	53.2	15.9	10.3	185.5
Mississippi.....	18	1			9.2			9.2
Tennessee.....	93	10	4.0	9.6	68.3	63.8	1.0	146.7
Total.....	392	85	6.0	232.4	490.2	719.4	105.6	1,553.6
District No. 7—Chicago:								
Illinois.....	318	15	586.0	424.4	38.6	40.6	16.9	1,106.5
Indiana.....	196	17		37.8	55.3	48.3	29.3	170.7
Iowa.....	349	37	4.2	75.7	145.2	115.2	165.1	505.4
Michigan.....	77	4	1.0		3.1	6.0	9.9	20.0
Wisconsin.....	51	1			2.2		3.7	5.9
Total.....	991	74	591.2	537.9	244.4	210.1	224.9	1,808.5
District No. 8—St. Louis:								
Arkansas.....	65	4		30.0	1.6	5.4	.8	37.8
Illinois.....	157	8		1.5	7.3	6.3	11.7	26.8
Indiana.....	61	2		4.0	6.4	6.4		16.8
Kentucky.....	68	3		2.0	17.8	20.4		40.2
Mississippi.....	18	1		4.9	1.1	5.5		11.5
Missouri.....	81	12		12.0	15.1	29.9	27.9	84.9
Tennessee.....	20	2		20.4	1.4		.8	22.6
Total.....	470	32		74.8	50.7	73.9	41.2	240.6
District No. 9—Minneapolis:								
Michigan.....	31							
Minnesota.....	281	12			4.3	9.4	39.7	53.4
Montana.....	68	1		2.6	2.5	.7	4.5	10.3
North Dakota.....	154	2					9.1	9.1
South Dakota.....	122	9			9.7	1.1	28.4	39.2
Wisconsin.....	88	1		3.0	6.0	.9		9.9
Total.....	744	25		5.6	22.5	12.1	81.7	121.9

Commercial paper, exclusive of bankers' acceptances, discounted during April, 1916, by each of the Federal Reserve Banks, distributed by States and maturities as of date of discount—Continued.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.
District No. 10—Kansas City:								
Colorado.....	120	2					7.4	7.4
Kansas.....	220	33		8.7	23.7	52.5	115.8	200.7
Missouri.....	53	6			6.1	9.6	20.4	36.1
Nebraska.....	199	9			20.8	3.6	40.4	64.8
New Mexico.....	9							
Oklahoma.....	305	44	13.7	26.3	32.0	59.7	123.4	255.1
Wyoming.....	34							
Total.....	940	94	13.7	35.0	82.6	125.4	307.4	564.1
District No. 11—Dallas:								
Arizona.....	6	1					13.1	13.1
Louisiana.....	10	1		6.3				6.3
New Mexico.....	28	10			36.3	99.9	164.9	301.1
Oklahoma.....	34	10	5.0	5.1	17.0	16.2	91.3	134.6
Texas.....	539	99		111.2	291.8	495.2	522.9	1,421.1
Total.....	617	121	5.0	122.6	345.1	611.3	792.2	1,876.2
District No. 12—San Francisco:								
Alaska.....	1							
Arizona.....	7							
California.....	262	13		9.7	24.8	20.3	24.4	79.2
Idaho.....	58	2			.4	.9	11.1	12.4
Nevada.....	10							
Oregon.....	82	5		.8	1.0	30.1	2.1	34.0
Utah.....	23							
Washington.....	78							
Total.....	521	20		10.5	26.2	51.3	37.6	125.6

RECAPITULATION.

[In thousands of dollars.]

Districts and cities.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days, but within 30 days.	Paper maturing after 30 days, but within 60 days.	Paper maturing after 60 days, but within 90 days.	Paper maturing after 90 days.	Total commercial paper discounted.	Per cent.
No. 1.—Boston.....	429	9	50.1	352.6	10.0	7.1		419.8	3.6
No. 2.—New York.....	629	10	4.4	37.5	65.4	42.7		150.0	1.3
No. 3.—Philadelphia.....	628	16	678.3	50.1	94.9	94.4	5.0	922.7	8.0
No. 4.—Cleveland.....	759	14	132.0	209.0	53.2	3.4	3.8	407.4	3.5
No. 5.—Richmond.....	511	106	196.1	1,019.0	888.0	1,060.0	167.9	3,331.0	28.9
No. 6.—Atlanta.....	392	85	6.0	232.4	490.2	719.4	105.6	1,553.6	13.5
No. 7.—Chicago.....	991	74	591.2	537.9	244.4	210.1	224.9	1,808.5	15.7
No. 8.—St. Louis.....	470	32		74.8	50.7	73.9	41.2	240.6	2.1
No. 9.—Minneapolis.....	744	25		5.6	22.5	12.1	81.7	121.9	1.1
No. 10.—Kansas City.....	940	94	13.7	35.0	82.6	125.4	307.4	564.1	4.9
No. 11.—Dallas.....	617	121	5.0	122.6	345.1	611.3	792.2	1,876.2	16.3
No. 12.—San Francisco.....	521	20		10.5	26.2	51.3	37.6	125.6	1.1
Total for April.....	7,631	606	1,676.8	2,687.0	2,373.2	3,017.1	1,767.3	11,521.4	
Per cent.....			14.6	23.3	26.2	36.2	15.3	100.0	100.0
Total for Jan.—Apr., 1916.....			2,049.7	6,739.2	11,467.5	13,940.0	5,491.8	39,688.2	
Total for Jan.—Apr., 1915.....				10,104.4	17,807.0	14,960.3	4,320.4	47,192.1	

Trade acceptances discounted by each Federal Reserve Bank from Sept. 2, 1915, date of first discount, to Apr. 30, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	April, 1916.	Total for first 4 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	April, 1916.	Total for first 4 months in 1916.
New York.....	\$5,700		\$5,600	St. Louis.....	\$167,800	\$43,600	\$112,900
Philadelphia.....		\$3,700	3,700	Kansas City.....	87,800	30,400	80,000
Cleveland.....	4,900	7,400	57,700	Dallas.....	160,800	13,600	45,000
Richmond.....	450,500	97,600	515,600	San Francisco.....	74,200		5,300
Atlanta (including New Orleans branch).....				Total.....	1,958,800	240,000	1,229,200
Chicago.....	1,007,100	43,700	395,200				
			8,200				

Commodity paper, discounted by each Federal Reserve Bank from Sept. 8, 1915, date of first discount, to Apr. 30, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	April, 1916.	Total for first 4 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	April, 1916.	Total for first 4 months in 1916.
Richmond.....	\$2,881,400	\$805,700	\$3,711,000	Dallas.....	\$239,100	\$21,300	\$215,800
Atlanta (including New Orleans branch).....				San Francisco.....	37,200		43,900
St. Louis.....	7,032,300	541,700	2,764,000	Total.....	10,315,100	1,370,700	6,748,000
Minneapolis.....	25,300	2,000	13,300				

Commodity paper discounted by each Federal Reserve Bank during the four months ending April, 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans branch).	Minneapolis.	Dallas.	San Francisco.	Total.
Cotton.....	\$3,668,600	\$2,760,100		\$208,800	\$300	\$6,637,800
Peanuts.....	39,800	900				40,700
Wheat.....			\$11,800			11,800
Maize.....		1,000		7,000		8,000
Flax.....			1,600			1,600
Hops.....					19,600	19,600
Hay.....		400				400
Beans.....		500				500
Miscellaneous.....	2,600	1,000			24,000	27,600
Total.....	3,711,000	2,763,900	13,400	215,800	43,900	6,748,000

Amounts of commercial paper, exclusive of bankers' acceptances, held by each Federal Reserve Bank on Apr. 28, 1916, distributed by maturities.

Federal Reserve Bank.	Paper maturing within 10 days.	Paper maturing after 10 days but within 30 days.	Paper maturing after 30 days but within 60 days.	Paper maturing after 60 days but within 90 days.	Paper maturing after 90 days.	Total.	Per cent.
Boston.....	\$112,900	\$179,800	\$33,200	\$5,400		\$331,300	1.6
New York.....	109,600	116,600	160,300	24,100		410,600	1.9
Philadelphia.....	317,100	75,600	120,100	60,600	\$8,100	581,500	2.7
Cleveland.....	76,900	92,500	71,200	16,100	5,400	262,100	1.2
Richmond.....	1,429,800	1,662,900	2,153,600	\$861,100	201,400	6,308,800	29.4
Atlanta.....	800,900	979,000	1,138,400	517,800	148,000	3,584,100	16.7
Chicago.....	286,100	303,800	540,400	289,000	324,500	1,743,800	8.1
St. Louis.....	120,900	107,500	165,100	81,700	66,200	541,400	2.5
Minneapolis.....	138,600	132,200	171,600	91,700	121,700	655,800	3.1
Kansas City.....	179,400	362,600	420,400	284,800	419,800	1,667,000	7.8
Dallas.....	780,200	873,500	1,301,200	1,028,100	947,900	4,930,900	23.0
San Francisco.....	41,300	105,400	170,500	50,400	63,100	430,700	2.0
Total.....	4,393,700	4,991,400	6,446,000	3,310,800	2,306,100	21,448,000	
Per cent.....	20.5	23.3	30.1	15.4	10.7		100.0

ACCEPTANCES.

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

[In thousands of dollars.]

Date.	Mem- ber banks.	Nonmember banks.			Total.	Date.	Mem- ber banks.	Nonmember banks.			Total.
		Trust compa- nies.	State banks.	Private banks.				Trust compa- nies.	State banks.	Private banks.	
1915.						1916.					
Feb. 22.....	93				93	Feb. 7.....	15,681	7,876	336	1,456	25,349
Apr. 5.....	3,653	7,820	10	110	11,593	Feb. 14.....	17,581	7,985	347	1,851	27,764
May 3.....	5,038	8,189	10	110	13,347	Feb. 21.....	17,661	8,194	392	1,841	28,088
June 7.....	5,242	4,516	10	192	9,960	Feb. 28.....	17,436	8,755	408	1,841	28,440
July 3.....	4,342	5,267		161	9,770	Mar. 6.....	17,182	8,670	408	1,781	28,041
Aug. 2.....	5,350	5,407	20	352	11,129	Mar. 13.....	20,323	10,032	470	1,631	32,456
Sept. 6.....	6,087	6,305	20	472	12,884	Mar. 20.....	20,563	11,280	408	2,467	34,718
Oct. 4.....	9,000	4,898	132	343	14,373	Mar. 27.....	21,128	12,864	411	3,078	37,481
Nov. 1.....	8,477	4,331	253	204	13,265	Apr. 3.....	21,000	13,573	473	3,262	38,308
Dec. 6.....	12,311	5,172	275	396	18,154	Apr. 10.....	22,239	14,864	476	3,405	40,984
1916.						Apr. 17.....	22,135	15,028	564	3,442	41,169
Jan. 3.....	15,494	7,160	362	822	23,838	Apr. 24.....	23,566	15,196	584	3,504	42,850
Jan. 10.....	16,492	8,057	370	938	25,857	May 1.....	24,875	15,400	585	3,430	44,290
Jan. 17.....	16,908	7,655	425	1,010	25,998	May 8.....	25,080	15,728	671	3,493	44,972
Jan. 24.....	16,348	8,070	363	1,441	26,222	May 15.....	26,655	15,350	773	4,960	47,738
Jan. 31.....	15,834	8,174	356	1,510	25,874	May 22.....	26,661	16,468	690	6,038	49,857

¹ Acceptances indorsed by member banks: Trust companies, \$269,000; private banks, \$1,989,000; total, \$2,258,000.

Amounts of acceptances held by the several Federal Reserve Banks at close of business on Fridays, Apr. 28 to May 19, 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Within 10 days:													
Apr. 28.....	1,846	1,913	283	119			215	83	117	78		106	4,760
May 5.....	1,889	2,019	775	333			489	39	112	186		474	6,316
May 12.....	365	1,110	855	255		84	432	137	122	196		169	3,725
May 19.....	1,404	2,027	1,267	193		93	443	144	171	110		109	5,961
From 11 to 30 days:													
Apr. 28.....	2,443	2,795	1,937	514		91	999	294	294	339		593	10,299
May 5.....	1,860	2,830	1,951	209		117	663	296	224	210		278	8,638
May 12.....	4,308	3,711	2,533	324		203	746	292	403	318		426	13,264
May 19.....	3,797	3,675	2,283	506		388	505	238	285	239		453	12,369
From 31 to 60 days:													
Apr. 28.....	5,230	8,436	2,577	727	480	633	1,061	511	385	373		739	21,152
May 5.....	5,098	8,436	2,505	802	480	640	1,005	651	475	381		965	21,438
May 12.....	2,493	9,262	2,331	989	481	431	1,342	781	325	352		1,177	19,964
May 19.....	1,698	8,393	2,798	999	961	336	1,269	865	397	394		1,295	19,345
From 61 days to 3 months:													
Apr. 28.....	1,385	4,603	2,260	564		28	878	439	342	196		679	11,374
May 5.....	1,571	4,407	2,134	657		209	898	432	221	273		403	11,255
May 12.....	3,265	3,508	2,385	591		459	592	479	360	294		310	12,243
May 19.....	4,148	3,846	1,947	810		452	634	770	439	426		1,039	14,511
Total acceptances held:													
Apr. 28.....	10,904	17,747	7,057	1,924	480	752	3,153	1,327	1,138	986		2,117	47,585
May 5.....	10,418	17,692	7,365	2,001	480	966	3,055	1,468	1,032	1,050		2,120	47,647
May 12.....	10,431	17,591	8,104	2,159	481	1,177	3,112	1,689	1,210	1,160		2,082	49,196
May 19.....	11,047	17,941	8,295	2,508	961	1,269	2,851	2,017	1,232	1,169		2,896	52,186

Amounts of acceptances (in the foreign and domestic trades) bought in open market by each Federal Reserve Bank during the calendar year 1915, and for the four months ending April, 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Within 30 days:													
Calendar year 1915.....	497	1,246	695	101	.....	7	156	103	45	69	.....	61	2,980
January, 1916.....	48	587	.....	64	.....	.....	.....	.....	20	9	.....	6	734
February, 1916.....	.....	909	277	50	41	.....	.....	.....	1	.....	50	125	1,453
March, 1916.....	.....	680	741	.....	15	.....	18	.....	.....	.....	.....	.....	1,454
April, 1916.....	.....	23	1,000	335	.....	.....	2	.....	.....	.....	.....	4	1,029
Total.....	545	3,445	2,713	215	56	7	176	103	66	78	50	196	7,650
After 30 days, but within 60 days:													
Calendar year 1915.....	2,137	2,377	1,464	746	.....	19	816	374	191	183	.....	750	9,057
January, 1916.....	102	621	43	42	.....	.....	279	43	6	55	.....	13	1,204
February, 1916.....	41	313	36	30	.....	.....	116	50	33	22	.....	13	654
March, 1916.....	98	520	1,835	70	.....	13	150	146	44	151	.....	107	3,139
April, 1916.....	235	765	335	214	480	214	478	137	153	115	.....	277	3,403
Total.....	2,613	4,596	3,713	1,102	480	251	1,839	750	427	526	.....	1,160	17,457
After 60 days, but within 3 months:													
Calendar year 1915.....	11,471	22,211	5,406	2,116	250	46	4,810	1,324	1,219	1,536	.....	2,419	52,808
January, 1916.....	2,681	2,086	151	267	.....	300	489	357	200	151	.....	304	7,586
February, 1916.....	3,686	4,157	396	395	.....	65	656	143	194	197	.....	420	10,309
March, 1916.....	5,913	6,978	2,183	579	.....	421	787	355	365	285	.....	459	18,325
April, 1916.....	1,497	5,090	2,055	684	.....	234	1,092	602	381	325	.....	907	14,067
Total.....	25,248	41,722	10,791	4,041	250	1,066	7,834	2,781	2,359	2,494	.....	4,509	103,095
Total acceptances bought:													
Calendar year 1915.....	14,105	25,834	7,565	2,963	250	72	5,782	1,801	1,455	1,788	.....	3,230	64,845
January, 1916.....	2,831	3,894	194	373	.....	300	768	400	226	215	.....	323	9,524
February, 1916.....	3,727	5,379	709	475	41	65	772	193	228	219	50	558	12,416
March, 1916.....	6,011	8,178	4,759	649	15	439	955	501	409	436	.....	566	22,918
April, 1916.....	1,732	6,478	3,990	898	480	448	1,572	739	534	440	.....	1,188	18,499
Total.....	28,406	49,763	17,217	5,358	786	1,324	9,849	3,634	2,852	3,098	50	5,865	128,202

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

Acceptances by classes.	To \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000 to \$25,000.		Over \$25,000 to \$50,000.		Over \$50,000 to \$100,000.		Over \$100,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Member banks.....	155	\$504,521	129	\$1,096,454	163	\$2,843,558	51	\$2,135,869	19	\$1,625,618	7	\$2,375,312	524	\$10,581,332	57.2
Trust companies.....	53	138,677	86	671,970	62	1,380,417	34	1,491,010	9	814,361	4	957,538	248	5,453,973	29.5
State banks.....	27	110,625	3	24,600	24	101,250	.....	.....	.....	.....	.....	.....	54	236,475	1.3
Private banks.....	13	31,861	24	161,585	36	641,510	7	201,477	4	257,355	.....	.....	84	1,293,788	7.0
Total bankers' acceptances.....	248	785,684	242	1,954,609	285	4,966,735	92	3,828,356	32	2,697,334	11	3,332,850	910	\$17,565,568	95.0
Trade acceptances.....	21	61,667	39	350,672	28	453,381	2	67,828	.....	.....	.....	.....	90	293,548	5.0
Total bills bought in open market.....	269	\$847,351	281	\$2,305,281	313	\$5,420,116	94	\$3,896,184	32	\$2,697,334	11	\$3,332,850	1,000	\$18,499,116	100.0
Per cent.....	.....	4.6	.....	12.5	.....	29.3	.....	21.0	.....	14.6	.....	18.0	.....	100.0	.....
Total 4 months ending April, 1916.....	1,018	\$3,125,893	894	\$7,317,582	1,082	\$19,660,600	298	\$12,124,183	132	\$10,690,804	48	\$10,438,448	3,472	\$63,357,510	.....

¹ Of the above total, bankers' acceptances totaling \$16,971,430 were based on imports and exports and \$594,138 on domestic trade transactions.

² Of the above total, trade acceptances totaling \$926,147 were drawn abroad on importers in the United States and indorsed by foreign banks, while \$7,401 represents the amount of domestic trade acceptances bought in the open market during the month.

Total investment operations of each Federal Reserve Bank during the month of April, 1916 and 1915.

[In thousands of dollars.]

Bank.	Bills dis- counted for mem- ber banks.	Bills bought in open market.			Municipal warrants.				United States bonds and Treasury notes.					Total investment operations.	
		Bank- er's accept- ances.	Trade accept- ances.	Total.	City.	State.	All other.	Total.	2 per cent.	3 per cent.	4 per cent.	Treas- ury notes.	Total.	1916	1915
Boston.....	419.8	1,683.2	48.7	1,731.9	32.5	.....	.....	32.5	2,327.0	.....	.....	.....	2,327.0	4,511.2	1,511.1
New York.....	150.0	6,139.4	338.3	6,477.7	5,786.5	50.9	.....	5,837.4	879.5	.....	.....	.....	879.5	13,344.6	2,193.7
Philadelphia.....	922.7	3,837.2	152.6	3,989.8	92.8	.....	7.2	100.0	284.0	.....	.....	.....	1,284.0	5,296.5	968.6
Cleveland.....	407.4	706.2	192.2	898.4	1,477.9	.....	18.9	1,496.8	596.0	25.0	155.0	50.0	2,826.0	3,628.6	1,182.2
Richmond.....	3,331.0	480.5	.....	480.5	50.4	.....	.....	50.4	75.0	.....	.....	.....	75.0	3,936.9	3,166.2
Atlanta.....	1,553.6	440.7	7.4	448.1	6.1	.....	.....	6.1	694.9	.....	.....	.....	2,694.9	2,702.7	1,857.2
Chicago.....	1,808.5	1,515.9	56.1	1,572.0	905.0	146.4	24.5	1,075.9	1,740.7	.....	.....	.....	1,740.7	6,197.1	991.0
St. Louis.....	240.6	738.7	.....	738.7	40.5	.....	.....	40.5	.....	.....	.....	.....	.....	1,019.8	557.7
Minneapolis.....	121.9	534.3	.....	534.3	263.5	.....	.....	263.5	331.0	28.5	75.0	.....	434.5	1,354.2	554.4
Kansas City.....	564.1	439.7	.....	439.7	36.5	.....	.....	36.5	513.0	.....	.....	.....	1,223.0	2,263.3	785.4
Dallas.....	1,876.2	.....	.....	.....	.....	.....	.....	.....	1,513.75	.....	.....	.....	1,513.75	3,389.95	2,651.9
San Francisco.....	125.6	1,049.8	138.2	1,188.0	421.4	.....	.....	421.4	481.25	.....	.....	.....	481.25	2,216.25	1,419.5
Total:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
April, 1916.....	11,521.4	17,565.6	933.5	18,499.1	9,113.1	197.3	50.6	9,361.0	9,436.1	53.5	940.0	50.0	10,479.6	49,861.1	.....
April, 1915.....	10,549.3	4,018.0	.....	4,018.0	.....	.....	.....	3,196.6	75.0	.....	.....	.....	75.0	.....	17,838.9
4 months end- ing Apr. 30, 1916.....	39,651.7	61,228.4	2,129.1	63,357.5	39,422.2	462.9	133.0	40,018.1	28,013.0	2,962.38	3,828.0	50.0	34,853.38	177,880.28	.....
4 months end- ing Apr. 30, 1915.....	47,192.1	15,040.0	.....	15,040.0	.....	.....	.....	19,606.0	5,561.75	1,070.0	.....	.....	6,631.75	.....	88,469.85

¹ Sold 500,000 3 per cent conversion bonds of 1946.² Sold 200,000 3 per cent conversion bonds of 1946, also 250,000 3 per cent Treasury conversion notes.³ Sold 61,500 2 per cent bonds of 1930.

Conversion of 2 per cent United States bonds into 30-year 3 per cent conversion bonds and 1-year 3 per cent Treasury notes.

Bank.	United States 2 per cent bonds con- verted into—		Total conver- sions.	Bank.	United States 2 per cent bonds con- verted into—		Total conver- sions.
	30-year conver- sion bonds.	1-year Treas- ury notes.			30-year conver- sion bonds.	1-year Treas- ury notes.	
Boston.....	\$250,000	\$250,000	\$500,000	St. Louis.....	\$381,700	\$380,000	\$761,700
New York.....	1,533,300	1,532,000	3,065,300	Minneapolis.....	349,300	350,000	699,300
Philadelphia.....	962,600	462,000	1,424,600	Kansas City.....	410,600	410,000	820,600
Cleveland.....	200,000	200,000	400,000	Dallas.....	.....	.....	.....
Richmond.....	457,800	456,000	913,800	San Francisco.....	.....	.....	.....
Atlanta (including New Orleans branch)	355,300	350,000	705,300	Total.....	5,900,600	4,390,000	10,290,600
Chicago.....	1,000,000	.....	1,000,000				

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Apr. 28 to May 26, 1916.

RESOURCES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Gold coin and certificates in vault:													
Apr. 28.....	6,123	140,410	9,416	11,807	4,865	6,081	33,545	4,686	3,632	4,307	3,836	5,596	234,304
May 5.....	5,600	138,830	8,001	11,845	4,872	6,140	35,047	4,881	3,793	4,187	3,819	5,269	232,284
May 12.....	5,509	144,036	7,036	11,970	4,888	6,203	35,089	5,587	4,538	4,093	3,821	5,715	238,485
May 19.....	6,670	145,142	9,718	12,247	5,054	6,159	34,959	6,076	6,080	4,208	3,883	6,616	246,812
May 26.....	7,042	142,261	6,709	12,180	5,155	6,483	37,658	5,876	6,142	4,234	3,859	5,386	242,985
Gold settlement fund:													
Apr. 28.....	9,774	9,689	5,652	7,716	8,721	3,079	7,064	5,075	4,612	4,336	8,610	1,093	75,421
May 5.....	10,218	8,602	6,386	6,534	9,933	2,929	3,371	4,822	4,750	3,694	8,618	2,764	72,621
May 12.....	9,939	8,073	7,670	5,517	10,182	2,875	3,218	4,285	4,649	4,341	9,191	1,971	71,911
May 19.....	11,958	4,093	10,974	7,847	11,453	3,475	3,923	2,981	4,692	4,753	8,421	3,401	77,971
May 26.....	10,381	2,045	14,881	11,217	13,072	4,714	3,877	4,419	4,711	7,538	9,033	6,103	91,991
Gold redemption fund:													
Apr. 28.....	5	250	50	23	234	337	200	11	30	71	236	10	1,457
May 5.....	5	250	50	57	321	389	200	99	30	71	210	10	1,692
May 12.....	5	250	50	42	425	418	200	79	30	69	200	10	1,778
May 19.....	5	250	50	26	446	438	200	67	30	64	189	10	1,825
May 26.....	5	561	50	70	464	478	200	51	30	60	184	10	2,163
Legal-tender notes, silver, etc.:													
Apr. 28.....	56	4,509	1,862	959	126	211	1,921	870	517	151	811	18	12,011
May 5.....	188	2,463	927	1,033	132	243	2,974	853	555	135	737	19	10,259
May 12.....	282	1,632	776	991	130	292	1,309	997	596	141	732	49	7,927
May 19.....	266	9,679	857	1,035	175	375	2,578	982	660	172	858	10	17,697
May 26.....	334	14,441	736	1,061	184	343	2,127	995	673	186	884	8	21,972
Total reserve:													
Apr. 28.....	15,958	154,858	16,980	20,505	13,946	9,708	42,730	10,642	8,791	8,865	13,493	6,717	323,193
May 5.....	16,011	150,145	15,364	19,469	15,253	9,701	41,592	10,655	9,128	8,087	13,384	8,062	316,856
May 12.....	15,735	153,991	15,532	18,520	15,625	9,788	39,816	10,948	9,813	8,644	13,944	7,745	320,101
May 19.....	18,899	159,164	21,599	21,205	17,128	10,497	41,660	10,106	11,462	9,197	13,351	10,037	344,305
May 26.....	17,762	159,308	22,376	24,528	18,875	12,018	43,862	11,341	11,556	12,018	13,960	11,507	359,111
Bills discounted—Members:													
Apr. 28.....	331	411	581	262	6,309	3,584	1,744	541	656	1,667	4,931	431	21,448
May 5.....	306	393	601	300	5,783	3,371	1,679	495	591	1,749	4,577	455	20,300
May 12.....	209	325	920	264	5,522	3,160	1,717	532	596	1,719	4,606	437	20,007
May 19.....	164	337	728	304	5,267	3,054	1,799	549	653	1,751	4,774	429	19,809
May 26.....	136	324	812	301	5,344	3,028	1,809	905	658	1,806	4,837	405	20,365
Bills bought in open market:													
Apr. 28.....	10,904	17,747	7,057	1,924	480	752	3,153	1,327	1,138	986	.....	2,117	47,585
May 5.....	10,418	17,692	7,365	2,001	480	966	3,055	1,468	1,032	1,050	.....	2,120	47,647
May 12.....	10,431	17,591	8,104	2,159	481	1,177	3,112	1,689	1,210	1,180	.....	2,082	49,196
May 19.....	11,947	17,941	8,295	2,508	961	1,209	2,851	2,017	1,232	1,189	.....	2,896	52,186
May 26.....	10,334	17,595	8,736	2,791	806	1,239	3,059	2,139	1,360	1,278	.....	3,371	52,708
One-year Treasury notes:													
Apr. 28.....	250	1,532	462	.....	456	.....	.....	380	350	410	.....	.....	3,840
May 5.....	250	1,532	462	.....	456	.....	.....	380	350	410	.....	.....	3,840
May 12.....	250	1,532	462	.....	456	.....	.....	380	350	410	.....	.....	3,840
May 19.....	250	1,532	462	.....	456	.....	.....	380	350	410	.....	.....	3,840
May 26.....	250	1,532	462	.....	456	.....	.....	380	350	410	.....	.....	3,840
United States bonds:													
Apr. 28.....	3,077	2,550	3,538	4,600	1,295	2,033	8,423	2,959	2,273	8,736	2,841	3,516	45,841
May 5.....	3,082	3,477	3,538	5,800	1,295	2,033	9,753	2,959	2,699	9,070	2,866	3,565	50,137
May 12.....	3,082	3,477	3,538	6,206	1,525	2,033	9,753	2,959	2,934	9,305	2,866	3,590	51,268
May 19.....	3,082	3,489	3,538	6,346	1,525	2,034	9,753	2,959	3,344	9,311	2,866	3,590	51,837
May 26.....	3,082	3,489	3,538	6,352	1,605	2,034	9,753	2,959	3,344	9,311	2,866	3,609	51,942
Municipal warrants:													
Apr. 28.....	2,466	15,493	3,319	4,977	60	6	4,528	1,237	1,619	1,010	.....	2,218	36,933
May 5.....	2,394	16,126	3,762	5,210	60	.....	4,913	1,429	1,791	1,081	.....	2,388	39,154
May 12.....	2,794	16,313	3,782	5,252	60	.....	5,216	1,469	1,825	1,105	.....	2,469	40,285
May 19.....	4,145	17,074	4,068	5,684	60	.....	5,796	1,749	2,078	1,308	.....	2,520	44,482
May 26.....	4,244	17,100	4,079	5,677	60	.....	5,801	1,749	2,078	1,308	.....	2,850	44,946
Federal Reserve notes, net assets:													
Apr. 28.....	934	9,630	153	426	.....	1,186	1,635	1,001	1,429	.....	.....	5,210	21,604
May 5.....	947	14,338	257	481	.....	1,264	1,658	1,061	1,427	.....	.....	4,876	26,309
May 12.....	982	14,056	177	518	.....	1,213	1,587	1,132	1,570	.....	.....	4,818	25,053
May 19.....	1,014	14,434	257	472	.....	1,293	1,607	920	1,637	.....	.....	4,838	26,472
May 26.....	1,054	13,986	138	530	.....	1,402	1,615	1,049	1,805	.....	.....	4,856	26,433
Due from other Federal Reserve Banks, net:													
Apr. 28.....	1,877	.....	191	835	2,392	234	1,434	2,706	2,297	1,410	.....	3,555	14,658
May 5.....	628	.....	2,599	468	1,895	288	4,265	2,044	1,503	2,213	.....	2,563	17,328
May 12.....	937	.....	2,362	1,514	1,456	439	5,442	1,893	1,234	1,472	.....	3,487	15,752
May 19.....	2,320	.....	1,934	4,021	2,629	1,761	6,733	2,834	966	3,295	1,169	3,565	19,448
May 26.....	4,060	.....	4,062	1,359	1,602	240	7,016	1,179	751	1,477	230	2,131	16,512

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

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Apr. 28 to May 26, 1916—Continued.

RESOURCES—Continued.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
All other resources:													
Apr. 28.....	62	299	103	324	78	843	551	294	136	694	873	276	4,533
May 5.....	121	323	69	301	103	646	487	338	131	527	913	164	4,123
May 12.....	20	311	60	322	161	711	488	617	131	522	1,164	184	4,691
May 19.....	195	323	77	314	240	798	708	863	144	870	1,338	122	5,992
May 26.....	161	3,581	211	490	175	982	545	471	127	994	1,663	93	9,493
Total resources:													
Apr. 28.....	35,859	202,520	32,384	33,853	25,516	18,346	64,248	21,087	18,689	23,778	22,138	24,040	519,635
May 5.....	34,157	204,026	34,017	34,030	25,330	18,269	67,402	20,829	18,652	24,187	21,740	24,193	525,694
May 12.....	34,440	207,596	34,937	34,755	25,286	18,521	67,131	21,619	19,663	24,337	22,580	24,812	531,193
May 19.....	41,116	214,294	40,958	40,854	28,266	20,706	70,907	22,377	21,866	27,311	23,498	27,997	568,371
May 26.....	41,683	216,915	44,414	42,028	28,923	20,943	74,060	22,172	22,027	28,602	23,556	28,822	585,350

LIABILITIES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Capital paid in:													
Apr. 28.....	4,950	11,299	5,216	5,948	3,346	2,408	6,670	2,788	2,571	3,002	2,669	3,926	54,793
May 5.....	4,950	11,299	5,216	5,948	3,344	2,469	6,672	2,788	2,573	3,002	2,675	3,926	54,862
May 12.....	4,952	11,282	5,214	5,944	3,344	2,470	6,673	2,787	2,574	3,001	2,683	3,926	54,850
May 19.....	4,943	11,283	5,216	5,965	3,348	2,469	6,673	2,792	2,574	3,006	2,675	3,926	54,870
May 26.....	4,943	11,283	5,216	5,966	3,350	2,469	6,672	2,794	2,574	3,003	2,675	3,930	54,875
Government deposits:													
Apr. 28.....	2,072	8,186	2,815	733	6,424	7,054	1,493	2,630	434	1,286	5,769	1,764	40,660
May 5.....	1,863	8,198	1,959	779	6,179	6,767	1,334	3,482	573	1,429	5,934	1,917	40,414
May 12.....	1,734	6,413	1,795	854	5,991	6,933	883	4,022	634	1,154	6,056	1,684	38,153
May 19.....	1,727	6,608	2,310	1,006	6,440	7,152	2,746	3,351	692	753	6,161	1,524	40,475
May 26.....	1,826	8,753	3,082	1,190	6,358	7,490	2,923	2,778	678	865	6,236	1,952	44,131
Reserve deposits, net:													
Apr. 28.....	28,823	180,448	24,353	27,172	11,545	8,773	56,085	15,669	15,684	16,733	9,857	17,869	413,011
May 5.....	27,324	183,605	26,842	27,303	11,435	8,919	59,396	14,559	15,596	17,191	9,543	18,320	419,943
May 12.....	27,720	186,008	27,928	27,957	11,652	9,002	59,575	14,810	16,455	17,544	9,987	19,172	427,810
May 19.....	34,394	184,624	33,432	33,883	14,187	10,969	61,488	16,234	18,600	20,958	11,736	22,517	463,022
May 26.....	34,861	188,084	36,116	34,872	15,052	10,866	64,465	16,600	18,795	22,257	11,792	22,940	476,680
Federal Reserve notes, net liability:													
Apr. 28.....					4,156					1,088	3,607		8,851
May 5.....					4,328					871	3,374		8,573
May 12.....					4,252					887	3,263		8,402
May 19.....					4,239					853	2,926		8,018
May 26.....					4,108					745	2,853		7,706
Federal Reserve bank notes in circulation:													
Apr. 28.....										1,669			1,669
May 5.....										1,694			1,694
May 12.....										1,751			1,751
May 19.....										1,736			1,736
May 26.....										1,732			1,732
Due to other Federal Reserve Banks, net:													
Apr. 28.....		2,587									236		
May 5.....		924									214		
May 12.....		3,893									591		
May 19.....		11,779											
May 26.....		8,795											
All other liabilities:													
Apr. 28.....	14				45	111						481	651
May 5.....	20				44	114						30	208
May 12.....	34				47	116						30	227
May 19.....	52				52	116						30	250
May 26.....	53				55	118							226
Total liabilities:													
Apr. 28.....	35,859	202,520	32,384	33,853	25,516	18,346	64,248	21,087	18,689	23,778	22,138	24,040	519,635
May 5.....	34,157	204,026	34,017	34,030	25,330	18,269	67,402	20,829	18,652	24,187	21,740	24,193	525,694
May 12.....	34,440	207,596	34,937	34,755	25,286	18,521	67,131	21,619	19,663	24,337	22,580	24,812	531,193
May 19.....	41,116	214,294	40,958	40,854	28,266	20,706	70,907	22,377	21,866	27,311	23,498	27,997	568,371
May 26.....	41,683	216,915	44,414	42,028	28,923	20,943	74,060	22,172	22,027	28,602	23,556	28,822	585,350

Circulation of Federal Reserve notes at close of business on Fridays, Apr. 28 to May 26, 1916.

[In thousands of dollars.]

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes issued to the bank:													
Apr. 28.....	10,788	70,791	6,806	10,542	10,828	14,678	3,796	7,312	13,105	9,462	15,705	11,611	185,424
May 5.....	10,740	73,307	6,778	10,513	10,690	14,634	3,791	7,304	13,095	9,405	15,593	11,602	187,452
May 12.....	10,683	72,942	6,606	10,484	10,620	14,561	3,784	7,270	13,083	9,432	15,713	11,988	187,166
May 19.....	10,614	72,645	6,566	10,455	10,526	14,472	3,678	7,252	13,069	9,392	15,413	11,918	186,000
May 26.....	10,558	74,742	6,485	10,423	10,350	14,432	3,673	6,956	13,137	9,368	15,209	11,910	187,248
Federal Reserve notes in hands of banks:													
Apr. 28.....	934	9,630	153	426	464	1,186	1,635	1,001	1,429	142	120	5,210	22,330
May 5.....	947	14,338	257	481	292	1,264	1,658	1,061	1,427	229	316	4,876	27,146
May 12.....	982	14,056	177	518	368	1,213	1,587	1,132	1,570	198	599	4,818	27,218
May 19.....	1,014	14,434	257	472	381	1,293	1,607	920	1,637	232	676	4,838	27,761
May 26.....	1,054	13,986	138	530	512	1,402	1,615	1,049	1,803	340	574	4,856	27,859
Federal Reserve notes in circulation:													
Apr. 28.....	9,854	61,161	6,653	10,116	10,364	13,492	2,161	6,311	11,676	9,320	15,585	6,401	163,094
May 5.....	9,793	58,969	6,521	10,032	10,398	13,370	2,133	6,243	11,668	9,176	15,277	6,726	160,306
May 12.....	9,701	58,856	6,429	9,966	10,252	13,348	2,197	6,138	11,513	9,234	15,114	7,170	159,948
May 19.....	9,600	58,211	6,309	9,983	10,145	13,179	2,071	6,332	11,432	9,160	14,737	7,080	158,239
May 26.....	9,504	60,756	6,347	9,898	9,838	13,030	2,058	5,907	11,334	9,028	14,635	7,054	159,339
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
Apr. 28.....	10,788	70,791	6,806	10,542	6,208	14,678	3,796	7,312	13,105	8,232	11,978	11,611	175,847
May 5.....	10,740	73,307	6,778	10,513	6,070	14,634	3,791	7,304	13,095	8,305	11,903	11,602	178,042
May 12.....	10,683	72,942	6,606	10,484	6,000	14,561	3,784	7,270	13,083	8,347	11,851	11,988	177,599
May 19.....	10,614	72,645	6,566	10,455	5,906	14,472	3,678	7,252	13,069	8,307	11,811	11,918	176,693
May 26.....	10,558	74,742	6,485	10,423	5,730	14,432	3,673	6,956	13,137	8,028	11,782	11,910	178,116
Carried to net assets:													
Apr. 28.....	934	9,630	153	426	-----	1,186	1,635	1,001	1,429	-----	-----	5,210	21,604
May 5.....	947	14,338	257	481	-----	1,264	1,658	1,061	1,427	-----	-----	4,876	26,309
May 12.....	982	14,056	177	518	-----	1,213	1,587	1,132	1,570	-----	-----	4,818	26,053
May 19.....	1,014	14,434	257	472	-----	1,293	1,607	920	1,637	-----	-----	4,838	26,472
May 26.....	1,054	13,986	138	530	-----	1,402	1,615	1,049	1,803	-----	-----	4,856	26,433
Carried to net liabilities:													
Apr. 28.....	-----	-----	-----	-----	4,156	-----	-----	-----	-----	1,088	3,607	-----	8,851
May 5.....	-----	-----	-----	-----	4,328	-----	-----	-----	-----	871	3,374	-----	8,573
May 12.....	-----	-----	-----	-----	4,252	-----	-----	-----	-----	887	3,263	-----	8,402
May 19.....	-----	-----	-----	-----	4,239	-----	-----	-----	-----	853	2,926	-----	8,018
May 26.....	-----	-----	-----	-----	4,108	-----	-----	-----	-----	745	2,853	-----	7,706

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Apr. 28 to May 26, 1916.

[In thousands of dollars.]

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes:													
Received from Comptroller—													
Apr. 28.....	20,380	114,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	22,140	12,160	286,140
May 5.....	20,380	114,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	23,580	12,160	287,580
May 12.....	20,380	116,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	23,580	12,560	289,980
May 19.....	20,380	116,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	23,580	12,560	289,980
May 26.....	20,380	116,240	15,480	13,360	17,000	20,400	9,380	9,600	19,000	13,000	23,580	12,560	289,980
Returned to Comptroller—													
Apr. 28.....	2,112	25,449	2,581	1,118	2,772	1,626	703	526	185	545	1,341	549	39,507
May 5.....	2,160	25,733	2,609	1,147	2,910	1,670	708	534	195	602	1,560	558	40,386
May 12.....	2,217	26,098	2,781	1,176	2,980	1,743	715	568	207	650	1,613	572	41,320
May 19.....	2,286	26,395	2,821	1,205	3,074	1,832	821	586	221	690	1,653	642	42,226
May 26.....	2,642	26,698	2,902	1,232	3,250	1,872	826	882	233	714	1,682	650	43,583
Chargeable to Federal Reserve Agent—													
Apr. 28.....	18,268	88,791	12,899	12,242	14,228	18,774	8,677	9,074	18,815	12,455	20,799	11,611	246,633
May 5.....	18,220	88,507	12,871	12,213	14,090	18,730	8,672	9,066	18,805	12,398	22,020	11,602	247,194
May 12.....	18,163	90,142	12,699	12,184	14,020	18,657	8,665	9,032	18,793	12,350	21,967	11,988	248,660
May 19.....	18,094	89,845	12,659	12,155	13,926	18,568	8,559	9,014	18,779	12,310	21,927	11,918	247,754
May 26.....	17,738	89,542	12,578	12,128	13,750	18,528	8,554	8,718	18,767	12,286	21,898	11,910	246,397

Statement of Federal Reserve Agents' accounts at close of business on Fridays, Apr. 28 to May 26, 1916—Continued.

[In thousands of dollars.]

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Federal Reserve notes— Continued.													
In hands of Federal Reserve Agent—													
Apr. 28.....	7,480	18,000	6,093	1,700	3,400	4,096	4,881	1,762	5,710	2,993	5,094	.....	61,209
May 5.....	7,480	15,200	6,093	1,700	3,400	4,096	4,881	1,762	5,710	2,993	6,427	.....	59,742
May 12.....	7,480	17,200	6,093	1,700	3,400	4,096	4,881	1,762	5,710	2,918	6,254	.....	61,494
May 19.....	7,480	17,200	6,093	1,700	3,400	4,096	4,881	1,762	5,710	2,918	6,514	.....	61,754
May 26.....	7,180	14,800	6,093	1,700	3,400	4,096	4,881	1,762	5,630	2,918	6,689	.....	59,149
Issued to Federal Reserve bank, net—													
Apr. 28.....	10,788	70,791	6,806	10,542	10,828	14,678	3,796	7,312	13,105	9,462	15,705	11,611	185,424
May 5.....	10,740	73,307	6,778	10,513	10,690	14,634	3,791	7,304	13,095	9,405	15,593	11,602	187,452
May 12.....	10,683	72,942	6,606	10,484	10,620	14,561	3,784	7,270	13,083	9,432	15,713	11,988	187,166
May 19.....	10,614	72,645	6,566	10,455	10,526	14,472	3,678	7,252	13,069	9,392	15,413	11,918	186,000
May 26.....	10,558	74,742	6,485	10,428	10,350	14,432	3,673	6,956	13,137	9,368	15,209	11,910	187,248
Amounts held by Federal Reserve Agent:													
In reduction of liabil- ity on outstanding notes—													
Gold coin and cer- tificates on hand—													
Apr. 28.....	10,200	67,917	3,360	9,700	.....	.....	.....	2,850	10,140	3,780	9,540	.....	117,487
May 5.....	10,200	70,717	3,360	9,700	.....	.....	.....	2,850	10,040	3,910	9,540	.....	120,317
May 12.....	9,700	70,717	3,360	9,700	.....	.....	.....	2,850	10,040	4,000	9,540	.....	119,907
May 19.....	9,700	70,717	3,360	9,700	.....	.....	.....	2,850	10,040	4,000	9,540	.....	119,907
May 26.....	9,700	73,117	3,360	9,700	.....	.....	.....	2,850	10,120	4,000	9,540	.....	122,387
Credit balances in gold redemp- tion bond—													
Apr. 28.....	588	2,874	336	842	408	1,228	386	332	615	552	808	241	9,210
May 5.....	540	2,590	508	813	340	1,184	381	424	705	495	783	232	8,995
May 12.....	983	2,225	476	784	370	1,111	374	390	693	447	731	218	8,802
May 19.....	914	1,928	436	755	276	1,022	368	372	679	407	791	358	8,306
May 26.....	858	1,625	355	728	530	982	363	356	667	583	762	350	8,152
Credit balances with Federal R e s e r v e Board—													
Apr. 28.....	.....	.....	3,110	.....	5,800	13,450	3,410	4,130	2,350	3,900	1,630	11,370	49,150
May 5.....	.....	.....	2,910	.....	5,730	13,450	3,410	4,030	2,350	3,900	1,580	11,370	48,730
May 12.....	.....	.....	2,770	.....	5,630	13,450	3,410	4,030	2,350	3,900	1,580	11,770	48,890
May 19.....	.....	.....	2,770	.....	5,630	13,450	3,310	4,030	2,350	3,900	1,480	11,560	48,430
May 26.....	.....	.....	2,770	.....	5,200	13,450	3,310	3,750	2,350	3,700	1,480	11,560	47,570
As security for out- standing notes—													
Commercial pa- per—													
Apr. 28.....	.....	.....	.....	.....	4,620	.....	.....	.....	.....	1,230	3,727	.....	9,577
May 5.....	.....	.....	.....	.....	4,620	.....	.....	.....	.....	1,100	3,690	.....	9,410
May 12.....	.....	.....	.....	.....	4,620	.....	.....	.....	.....	1,085	3,862	.....	9,567
May 19.....	.....	.....	.....	.....	4,620	.....	.....	.....	.....	1,085	3,602	.....	9,307
May 26.....	.....	.....	.....	.....	4,620	.....	.....	.....	.....	1,085	3,427	.....	9,132
Total—													
Apr. 28.....	10,788	70,791	6,806	10,542	10,828	14,678	3,796	7,312	13,105	9,462	15,705	11,611	185,424
May 5.....	10,740	73,307	6,778	10,513	10,690	14,634	3,791	7,304	13,095	9,405	15,593	11,602	187,452
May 12.....	10,683	72,942	6,606	10,484	10,620	14,561	3,784	7,270	13,083	9,432	15,713	11,988	187,166
May 19.....	10,614	72,645	6,566	10,455	10,526	14,472	3,678	7,252	13,069	9,392	15,413	11,918	186,000
May 26.....	10,558	74,742	6,485	10,428	10,350	14,432	3,673	6,956	13,137	9,368	15,209	11,910	187,248
Memorandum:													
Total amount of com- mercial paper deliv- ered to Federal Reserve Agent—													
Apr. 28.....	.....	.....	.....	.....	4,885	.....	.....	.....	.....	1,235	4,122	.....	10,242
May 5.....	.....	.....	.....	.....	4,626	.....	.....	.....	.....	1,104	4,248	.....	9,978
May 12.....	.....	.....	.....	.....	4,927	.....	.....	.....	.....	1,097	4,188	.....	10,212
May 19.....	.....	.....	.....	.....	5,287	.....	.....	.....	.....	1,097	4,336	.....	10,720
May 26.....	.....	.....	.....	.....	4,934	.....	.....	.....	.....	1,085	4,189	.....	10,208

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Jan. 1 to May 19, 1916.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Florida.	New Orleans.	Arizona.	El Paso.	Laredo.	Alaska.	San Francisco.	Southern California.	Washington.	Buffalo.	Dakota.	Michigan.	St Lawrence.	Total.
<i>Week ending Apr. 28.</i>																
Ore and base bullion.....		80		14	8		18		2		25	175	6	52		380
Bullion, refined.....		122			1				249			75				447
Foreign coin.....	1	196														197
Total.....	1	398		14	9		18		251		25	250	6	52		1,024
<i>Week ending May 5.</i>																
Ore and base bullion.....		43			37	1	5		38	3	43	41	9	25		245
United States mint or assay office bars.....												12				12
Bullion, refined.....		242			7					2	32					283
United States coin.....											5					5
Foreign coin.....		195														195
Total.....		480			44	1	5		38	5	80	53	9	25		740
<i>Week ending May 12.</i>																
Ore and base bullion.....		96		7	18	2			82		78		11	38		332
United States mint or assay office bars.....												203				203
Bullion, refined.....		171			1							58			1,821	2,051
United States coin.....															1,750	1,750
Foreign coin.....		195													509	704
Total.....		462		7	19	2			82		78	261	11	38	4,080	5,040
<i>Week ending May 19.</i>																
Ore and base bullion.....		17			9				112		68	52	3	52		313
Bullion, refined.....		404			2							70			6,676	7,152
United States coin.....		1														1
Foreign coin.....		146													24	170
Total.....		568			11				112		68	122	3	52	6,700	7,636
<i>January 1 to May 19.</i>																
Ore and base bullion.....	1	961		132	266	66	96		655	3	1,156	557	116	738		4,747
United States mint or assay office bars.....												1,330				1,330
Bullion, refined.....		6,288			82	27			2,674	6	375	766			8,497	18,715
United States coin.....		99	33	5				1			55				1,777	1,970
Foreign coin.....	1	20,937		9					4,867						544	26,358
Total.....	2	28,285	33	146	348	93	96	1	8,196	9	1,586	2,653	116	738	10,818	53,120

Exports of gold, by customs districts, Jan. 1 to May 19, 1916.

[In thousands of dollars.]

	Maine and New Hamp- shire.	New York.	Porto Rico.	Alaska.	Hawaii.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	Montana and Idaho.	St. Lawrence.	Vermont.	Total.
<i>Week ending Apr. 28.</i>														
Ore and base bullion.....							8							8
United States mint or assay office bars.....						993		5				5		993
Bullion, refined, domestic.....		624			9	3,675								10
United States coin.....		1,000				5								4,308
Foreign coin.....														1,005
Total.....		1,624			9	4,673	8	5				5		6,324
<i>Week ending May 5.</i>														
Ore and base bullion.....								2						2
Bullion, refined, domestic.....								21				1		22
United States coin.....		1,079					2	10	10					1,101
Foreign coin.....		1,078						2				3		1,083
Total.....		2,157					2	35	10			4		2,208
<i>Week ending May 12.</i>														
Bullion, refined, domestic.....		638						16						654
United States coin.....		577				2						2		581
Foreign coin.....		695												695
Total.....		1,910				2		16				2		1,930
<i>Week ending May 19.</i>														
United States mint or assay office bars.....								1				1		2
Bullion, refined, domestic.....								17						17
United States coin.....		100					1					2		103
Foreign coin.....		896												896
Total.....		996					1	18				3		1,018
<i>Jan. 1 to May 19.</i>														
Ore and base bullion.....	2			11			70	64						147
United States mint or assay office bars.....		758				3,044		69				507		4,378
Bullion, refined:														
Domestic.....		3,339				701	1	156	1	12		19	7	4,236
Foreign.....		1,438												1,438
United States coin.....		10,305	15		83	10,722	10	19	12		1	1,016	750	22,933
Foreign coin.....		15,630				5		3		3		1,384		17,025
Total.....	2	31,470	15	11	83	14,472	81	311	13	15	1	2,926	757	50,157

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

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

	Average balances for the month of the several classes of earning assets.				
	Bills redis-counted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	Total.
Boston.....	\$295,129	\$11,421,238	\$2,523,609	\$3,218,267	\$17,458,243
New York.....	499,967	16,530,707	15,095,063	3,971,550	36,007,287
Philadelphia.....	484,626	5,972,125	3,318,705	4,175,070	13,950,526
Cleveland.....	436,402	1,688,989	4,869,198	4,180,767	11,175,356
Richmond.....	6,227,049	54,048	61,913	1,731,000	8,074,010
Atlanta.....	3,726,791	783,749	3,645	1,993,333	6,447,518
Chicago.....	1,981,379	2,594,358	3,910,862	8,153,150	16,639,749
St. Louis.....	573,899	1,175,436	1,250,921	3,339,000	6,339,256
Minneapolis.....	773,000	998,300	1,433,700	2,396,800	5,601,800
Kansas City.....	1,848,310	934,421	1,004,196	8,547,400	12,334,327
Dallas.....	4,724,098	.....	.....	2,533,333	7,257,431
San Francisco.....	475,000	1,997,000	2,231,000	3,317,000	8,020,000
Total.....	21,955,650	44,150,371	35,702,812	47,496,670	149,305,503

	Earnings from—					Calculated annual rate of earnings from—				
	Bills redis-counted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	Total.	Bills redis-counted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	All investment operations.
Boston.....	\$866.43	\$18,869.23	\$4,536.88	\$5,725.83	\$29,998.37	Per cent. 3.58	Per cent. 2.02	Per cent. 2.19	Per cent. 2.17	Per cent. 2.10
New York.....	1,346.00	27,728.04	28,433.99	9,283.10	66,791.13	4.00	2.05	2.30	2.85	2.26
Philadelphia.....	1,487.05	9,961.88	6,351.73	7,818.79	25,618.95	3.74	2.03	2.33	2.28	2.24
Cleveland.....	1,469.85	2,705.14	10,189.51	8,933.74	23,298.24	4.11	1.95	2.55	2.67	2.54
Richmond.....	20,044.27	175.16	159.44	3,605.96	23,984.83	3.93	3.95	3.14	2.54	3.62
Atlanta.....	10,835.21	1,675.71	12.11	3,163.21	15,686.24	3.55	2.59	4.05	2.00	2.97
Chicago.....	7,489.41	4,297.02	7,379.89	16,449.23	35,615.55	4.61	2.02	2.30	2.46	2.61
St. Louis.....	2,070.76	1,973.16	2,245.56	6,109.72	12,399.20	4.40	2.05	2.19	2.23	2.39
Minneapolis.....	3,076.87	1,644.36	2,730.48	4,798.38	12,250.09	4.86	2.01	2.32	2.44	2.67
Kansas City.....	7,247.96	1,557.26	1,791.81	14,987.99	25,585.02	4.78	2.03	2.18	2.14	2.53
Dallas.....	17,134.74	.....	.....	4,686.05	21,820.79	4.44	.....	.....	2.22	3.67
San Francisco.....	1,947.30	3,286.46	4,094.13	5,410.52	14,738.41	5.00	2.00	2.24	1.99	2.24
Total.....	75,015.85	73,872.92	67,925.53	90,972.52	307,786.82	4.17	2.04	2.32	2.34	2.50

NOTE.—With the view of insuring uniform treatment of the items reported by all banks, the average yearly rates were obtained through multiplying all the calculated average monthly rates by the fraction 366/30. It is thought that on the whole the results thus obtained provide a satisfactory basis for comparison between the individual banks.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect May 25, 1916.

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

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

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