

FEDERAL RESERVE BULLETIN

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FEDERAL RESERVE BOARD.

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SUBSCRIPTION PRICE OF BULLETIN.

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

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VOL. 2

SEPTEMBER 1, 1916

No. 9

WORK OF THE BOARD.

Hon. W. P. G. Harding was on August 10 designated by the President of the United States as governor and Hon. Paul M. Warburg as vice governor of the Federal Reserve Board.

On July 25 the President sent to the Senate the nomination of Hon. Charles S. Hamlin to succeed himself as a member of the Federal Reserve Board, the appointment being for a term of 10 years. This nomination was confirmed on August 3. Mr. Hamlin's term under his earlier appointment expired on Wednesday, August 9. He qualified by taking the oath on August 10.

The average net earnings on paid-in capital for the 12 Federal Reserve Banks during the month of July were at the rate of 5.9 per cent. One bank earned 9.5 per cent net and two banks earned 7.1 per cent net. Five of the 12 banks earned above 6 per cent net and all but three of the banks earned more than 5 per cent net. The excess of earnings of the system over current expenses from January 1 to July 31 was \$1,074,467. The total earnings of all Federal Reserve Banks for July were \$445,980 and current expenses \$176,023, making the net earnings \$269,957.

Governors of the Federal Reserve Banks, with other officers directly interested in the questions to be discussed, held a conference in Boston opening on August 22 and continuing throughout the week. This conference was attended for a part of the time by Hon. W. P. G. Harding, governor of the Federal Reserve Board, and by Hon. Frederic A. Delano. Questions which have arisen in connection with the clearing and collection plan,

with other matters affecting the routine work of Federal Reserve Banks, were discussed.

Consideration of the amendments to the Federal Reserve Act, which have been pending in the Senate, has been completed, the amendments agreed to in conference and adopted by Congress. Members of the Board have held several conferences with those in charge of the amendments in the Senate and House and have contributed such assistance as they were able to their consideration.

Work upon the applications made to the Board under the Kern amendment to the Clayton Act has been actively under way. As received from the Federal Reserve Agents with their recommendations, the applications have been taken up and examined by a committee appointed by the Board. Those which have been promptly received are now practically ready for final consideration of the Board and will be taken up at an early date. This law becomes effective on October 15, 1916.

Several banks, whose names are listed elsewhere in the Bulletin, have been authorized by the Board to accept drafts or bills of exchange based on the importation or exportation of goods to 100 per cent of their capital and surplus, subject to the provisions of the Act and the regulations of the Board. One of the features of these applications was the fact that a larger proportion of them came from banks in the South contemplating the acceptance of cotton drafts.

There have been very few changes in discount rates at Federal Reserve Banks during August. The Federal Reserve Bank of Richmond early in the month decreased its rate for six months' agricultural and cattle paper from

5 to 4½ per cent. The rate on commodity paper in the Atlantic district was reduced from 3½ per cent to 3 per cent on August 17.

The appointment of Mr. George W. Norris as a member of the Federal Farm Loan Board made it necessary for him to resign as a Class C director of the Federal Reserve Bank of Philadelphia. The resignation of Mr. Norris, who was later named as Farm Loan Commissioner, was accepted by the Board as of Saturday, August 5, 1916.

Mr. H. B. Lightcap, of Jackson, Miss., was on August 10 elected a Class B director for the New Orleans branch of the Federal Reserve Bank of Atlanta, to fill the unexpired term of Mr. W. J. Davis, deceased.

On August 26 Hon. A. C. Miller visited the Federal Reserve Bank of Minneapolis and conferred with its officers and directors as to the operations of the bank.

Hearing of Wisconsin and Michigan Banks.

After having carefully considered the desire of certain banks in Wisconsin and the upper peninsula of Michigan to be transferred from the Federal Reserve district of Minneapolis to the Federal Reserve district of Chicago, the Federal Reserve Board on July 26 voted to reopen the petition filed by the Wisconsin banks, which had previously been dismissed without prejudice, and to hold an informal hearing of oral arguments on August 8 at 3 p. m. In sending out notice to the banks and the others interested in the matter, the Board stated that no briefs were necessary, but that they could be filed if any bank desired. In this connection the banks in the northern peninsula of Michigan having a direct interest in the matter, which had indicated this interest to the Board, were advised that they would be allowed to intervene.

This hearing was held in the Board room on the afternoon of August 8, and it becoming apparent after 6 p. m. that not all of those who desired to present their interests could be heard on that day, an adjournment was taken until 10 o'clock on August 9.

There were present at the opening of the hearing the Secretary of the Treasury, Mr. McAdoo, Gov. Hamlin, Mr. Harding, and the Comptroller of the Currency, Mr. Williams. Gov. Wold and Counsel A. Ueland represented the Federal Reserve Bank of Minneapolis. Senators La Follette and Husting of Wisconsin were present, but were called from the Board room before the hearing began, and appeared at the later session. Representatives Browne, Reilly, Stafford, and Konop, of Wisconsin, were present and gave their views to the Board. Their arguments related chiefly to the general trend of business and the convenience of the public. Fourteen bankers attended the hearing, and most of these gentlemen gave their personal views in connection with the matter under discussion after formal statements had been made.

At the conclusion of the hearing at 11 a. m. on August 9, the matter was taken under advisement by the Board, and it was agreed that briefs might be filed at any time prior to September 1.

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 and the regulations of the Federal Reserve Board was printed, the following banks have been granted this privilege: Corn Exchange Bank, New York City; Peoples National Bank, Charleston, S. C.; South Texas Commercial National Bank, Houston, Tex.; American National Bank, Fort Worth, Tex.

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

Meeting of Advisory Council.

A quarterly meeting of the Federal Advisory Council has been called by Mr. James B. Forgan, its president, to be held in Washington on Monday and Tuesday, September 18 and 19, 1916. The meeting will, as usual, be held in the Federal Reserve Board room.

Amendments to the Act.

Amendments to the Federal Reserve Act, which have been in conference between the two Houses of Congress, were adopted by the Senate on August 26 and by the House on August 29. They now go to the President for approval.

In presenting the report of the conference the managers on the part of the Senate made the following explanation of the amendments:

The amendments of the Senate to the bill have been accepted by the House conferees with some slight verbal modifications, except that the House declined to agree to, and the Senate receded from, its amendment of section 16 of the Federal Reserve Act which would have explicitly authorized and encouraged Federal Reserve Banks to issue Federal Reserve notes based upon gold or gold certificates.

The House conferees declined to agree to the Senate amendment proposing to permit national banks in cities of more than 100,000 inhabitants and possessing a capital and surplus of \$1,000,000 or more to establish branches, and the Senate conferees have agreed to recommend that the Senate recede from this amendment.

The House conferees insisted upon an amendment to section 11, which was accepted by the Senate conferees, permitting the Federal Reserve Board, upon an affirmative vote of not less than five, to permit member banks to carry in the Federal Reserve Banks any portion of their reserves now required to be held in their own vaults.

AN ACT TO AMEND CERTAIN SECTIONS OF THE ACT ENTITLED "FEDERAL RESERVE ACT," APPROVED DECEMBER 23, 1913.

[Italics indicate new matter; lined type indicates matter stricken out.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act entitled "Federal Reserve Act," approved December twenty-third, nineteen hundred and thirteen, be, and is hereby, amended as follows:

At the end of section eleven insert a new clause as follows:

(m) *Upon the affirmative vote of not less than five of its members the Federal Reserve Board shall have power, from time to time, by general ruling, covering all districts alike, to permit member banks to carry in the Federal Reserve Banks of their respective districts any portion of their reserves now required by section nineteen of this Act to be held in their own vaults.*

That section thirteen be, and is hereby, amended to read as follows:

"Any Federal Reserve Bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal Reserve notes, or checks, and drafts ~~upon solvent member banks,~~ payable upon presentation, *and also, for collection, maturing bills;* or solely for purposes of exchange or of collection purposes; may receive from other Federal Reserve Banks deposits of current funds in lawful money, national-bank notes, or checks ~~and drafts upon solvent member or~~ other Federal Reserve Banks, *and checks and drafts,* payable upon presentation *within its district, and maturing bills payable within its district.*

"Upon the indorsement of any of its member banks, ~~which shall be deemed with~~ a waiver of demand, notice, and protest by such bank *as to its own indorsement exclusively,* any Federal Reserve Bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this act. Nothing in this act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days, *exclusive of days of grace.*

"*Provided,* That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months, *exclusive of days of grace,* may be discounted in an amount to be limited to a percentage of the ~~capital assets~~ of the Federal Reserve Bank, to be ascertained and fixed by the Federal Reserve Board.

~~"Any Federal Reserve Bank may discount acceptances which are based on the importation or exportation of goods, and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one half the paid up and unimpaired capital stock and surplus of the bank for which the rediscounts are made, except by authority of the Federal Reserve Board, under such general regulations as said board may prescribe, but not to exceed the capital stock and surplus of such bank."~~

"The aggregate of such notes, drafts, and bills bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation rediscounted for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of ex-

change drawn in good faith against actually existing values.

"Any Federal Reserve Bank may discount acceptances of the kinds hereinafter described, which have a maturity at the time of discount of not more than three months' sight, exclusive of days of grace, and which are indorsed by at least one member bank.

"Any member bank may accept drafts or bills of exchange drawn upon it ~~and growing out of transactions involving the importation or exportation of goods~~ having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance and ~~but~~ no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus, except by authority of the Federal Reserve Board, under such general regulations as said board may prescribe, but not to exceed the capital stock and surplus of such bank, and such regulations shall apply to all banks alike, regardless of the amount of capital stock and surplus.

"Any Federal Reserve Bank may make advances to its member banks on their promissory notes for a period not exceeding fifteen days at rates to be established by such Federal Reserve Banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve Banks under the provisions of this Act, or by the deposit or pledge of bonds or notes of the United States.

"Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

"First. Notes of circulation.

"Second. Moneys deposited with or collected by the association.

"Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

"Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

"Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

"The discount and rediscount and the purchase and sale by any Federal Reserve Bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this Act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal Reserve Board.

"That in addition to the powers now vested by law in national banking associations organized under the laws of the United States any such association located and doing business in any place the population of which does not exceed five thousand inhabitants, as shown by the last preceding decennial census, may, under such rules and regulations as may be prescribed by the Comptroller of the Currency, act as the agent for any fire, life, or other insurance company authorized by the authorities of the State in which said bank is located to do business in said State by soliciting and selling insurance and collecting premiums on policies issued by such company; and may receive for services so rendered such fees or commissions as may be agreed upon between the said association and the insurance company for which it may act as agent; and may also act as the broker or agent for others in making or procuring loans on real estate located within one hundred miles of the place in which said bank may be located, receiving for such services a reasonable fee or commission: Provided, however, That no such bank shall in any case guarantee either the principal or interest of any such loans or assume or guarantee the payment of any premium on insurance policies issued through its agency by its principal: And provided further, That the bank shall not guarantee the truth of any statement made by an assured in filing his application for insurance.

"Any member bank may accept drafts or bills of exchange drawn upon it having not more than three months' sight to run, exclusive of days of grace, drawn under regulations to be prescribed by the Federal Reserve Board by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions. Such drafts or bills may be acquired by Federal Reserve Banks in such amounts and subject to such regulations, restrictions, and limitations as may be prescribed by the Federal Reserve Board: Provided, however, That no member bank shall accept such drafts or bills of exchange referred to in this paragraph for any one bank to an amount exceeding in the aggregate ten per centum of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security: Provided further, That no member bank shall accept such drafts or bills in an amount exceeding at any time the aggregate of one-half of its paid-up and unimpaired capital and surplus."

That subsection (e) of section fourteen be, and is hereby, amended to read as follows:

"(e) To establish accounts with other Federal Reserve Banks for exchange purposes and, with the consent of the Federal Reserve Board, to open and maintain ~~banking~~ accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell, with or without its indorsement, through such correspondents or agencies, bills of exchange arising out of actual commercial transactions which have not more than ninety days to run, *exclusive of days of grace*, and which bear the signature of two or more responsible parties, *and with the consent of the Federal Reserve Board to open and maintain banking accounts for such foreign correspondents or agencies.*"

That the second paragraph of section sixteen be, and is hereby, amended to read as follows:

"Any Federal Reserve Bank may make application to the local Federal Reserve Agent for such amount of the Federal Reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve Agent of collateral in amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, ~~and drafts, bills of exchange, or acceptances accepted for rediscount~~ *rediscounted* under the provisions of section thirteen of this Act, *or bills of exchange indorsed by a member bank of any Federal Reserve district and purchased under the provisions of section fourteen of this Act, or bankers' acceptances purchased under the provisions of said section fourteen,* and The Federal Reserve Agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal Reserve notes to and by the Federal Reserve Bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal Reserve Bank for additional security to protect the Federal Reserve notes issued to it."

That section twenty-four be, and is hereby, amended to read as follows:

"SEC. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land situated within its Federal reserve district *or within a radius of one hundred miles of the place in which such bank is located, irrespective of district lines; and may also make loans secured by improved and unencumbered real estate located within one hundred miles of the place in which such bank is located, irrespective of district lines; but no such loan made upon the security of such farm land shall be made for a longer time than five years, and no loan made upon the security of such real estate as distinguished from farm land shall be made for a longer time than one year nor for an* shall the amount of any such loan, *whether upon such farm land or upon such real estate, exceed-* ~~ing~~ *exceed* fifty per centum of the actual value of the prop-

erty offered as security. Any such bank may make such loans, *whether secured by such farm land or such real estate*, in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits, and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

"The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section."

That section twenty-five be, and is hereby, amended to read as follows:

SEC. 25. ~~Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.~~

~~Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.~~

Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal Reserve Board for permission to exercise, upon such conditions and under such regulations as may be prescribed by the said Board, either or both of the following powers:

"First. To establish branches in foreign countries or dependencies or insular possessions of the United States for the furtherance of the foreign commerce of the United States, and to act if required to do so as fiscal agents of the United States.

"Second. To invest an amount not exceeding in the aggregate ten per centum of its paid-in capital stock and surplus in the stock of one or more banks or corporations chartered or

incorporated under the laws of the United States or of any State thereof, and principally engaged in international or foreign banking, or banking in a dependency or insular possession of the United States either directly or through the agency, ownership, or control of local institutions in foreign countries, or in such dependencies or insular possessions.

"Such application shall specify the name and capital of the banking association filing it, the powers applied for, and the place or places where the banking operations proposed are to be carried on. The Federal Reserve Board shall have power to approve or to reject such application in whole or in part if for any reason the granting of such application is deemed inexpedient, and shall also have power from time to time to increase or decrease the number of places where such banking operations may be carried on.

"Every national banking association operating foreign branches shall be required to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and every member bank investing in the capital stock of banks or corporations described under subparagraph two of the first paragraph of this section shall be required to furnish information concerning the condition of such banks or corporations to the Federal Reserve Board upon demand, and the Federal Reserve Board may order special examinations of the said branches, banks, or corporations at such time or times as it may deem best.

"Before any national bank shall be permitted to purchase stock in any such corporation the said corporation shall enter into an agreement or undertaking with the Federal Reserve Board to restrict its operations or conduct its business in such manner or under such limitations and restrictions as the said board may prescribe for the place or places wherein such business is to be conducted. If at any time the Federal Reserve Board shall ascertain that the regulations prescribed by it are not being complied with, said board is hereby authorized and empowered to institute an investigation of the matter and to send for persons and papers, subpoena witnesses, and administer oaths in order to satisfy itself as to the actual nature of the transactions referred to. Should such investigation result in establishing the failure of the corporation in question, or of the national bank or banks which may be stockholders therein, to comply with the regulations laid down by the said Federal Reserve Board, such national banks may be required to dispose of stock holdings in the said corporation upon reasonable notice.

"Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accrued at each branch as a separate item.

"Any director or other officer, agent, or employee of any member bank may, with the approval of the Federal Reserve Board, be a director or other officer, agent, or employee of any such bank or corporation above mentioned in the capital stock

of which such member bank shall have invested as herein-before provided, without being subject to the provisions of section eight of the Act approved October fifteenth, nineteen hundred and fourteen, entitled, "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes."

Federal Reserve Act and the Farmer.

In replying to an inquiry as to what the Federal Reserve Act had done for the farmer, the following letter was recently sent out by an officer of the Board. It is here reprinted for the information of readers of the BULLETIN.

One of the prime objects of the Federal Reserve Act was to standardize and stabilize interest and discount rates. Under our old system certain classes of borrowers, with more readily available collateral received the benefit of more ample credit facilities than did others, besides being favored at all times with preferential rates. Furthermore, discount rates in this country were subject to greater fluctuations than was the case in other countries of equal commercial importance.

The needs of the farmer for financial accommodation may be classified under three heads:

1. He requires long-time loans when he wishes to acquire additional lands or when he desires to make permanent improvements on land that he already owns.

2. He requires credit, extending over a period of several months, at those seasons of the year when his crops are being planted. The ordinary commercial credit running from 30 to 90 days is not sufficient, for he can not ordinarily repay his loans until his crops are marketed; therefore he needs credit extending over a period of six months. Under the operation of our old system, he found himself unable to obtain an adequate credit for this length of time, or else he was obliged to pay a higher rate of interest than that current for loans maturing within 90 days.

3. As the great staple crops of this country (such as cotton, corn, wheat, and tobacco) reach their maturity and are ready for market within a period of a few weeks of each other, there always resulted a very large seasonal demand for money during crop-moving periods, with a corresponding scarcity of funds, high interest rates, and a natural depression of prices, owing to heavy selling pressure on the

market. Comparatively few farmers have been sufficiently independent financially to enable them to exercise any judgment as to when they should sell their products, and they have been obliged to dump their holdings upon an overburdened market, thus giving the purchaser (in most cases the middleman) all the advantage. The rule has been that as soon as the pressure is relieved, prices advanced so that the ultimate consumer received no benefit, while the profits went to the middlemen and speculators.

The farmers of the country, as well as those who are engaged in commercial and manufacturing pursuits, have been benefited by the stabilization of interest rates on a lower basis, which has unquestionably been brought about by the operation of the Federal Reserve system. In addition to this, the Federal Reserve Act has specifically provided for the betterment of the farmers' condition by making it possible for them to secure banking accommodations on equal terms with other classes of borrowers, in order to relieve the necessities arising under any one of the three heads above enumerated.

Section 24 of the Federal Reserve Act provides:

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal Reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

In this connection, the Federal Reserve Board's Regulation I, Series of 1915, is cited as fully carrying into effect the provisions of this section. It has never been contended, however, that section 24 of the Federal Reserve Act would meet all the requirements of farmers for long-time loans; but adequate provision has been made under the Federal farm loan act whereby the Farm Loan Board will, within a short time, establish a system of farm loan banks in the United States which banks will be empowered to make loans extending over long periods of time.

Section 13 of the Federal Reserve Act provides:

Upon the indorsement of any of its member banks, * * * any Federal Reserve Bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of ex-

change issued or drawn for *agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes* * * *. Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, *secured by staple agricultural products, or other goods, wares, or merchandise, from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.* Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: *Provided, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal Reserve Bank, to be ascertained and fixed by the Federal Reserve Board.* (The italics are ours.)

The Federal Reserve Board has ruled that, as this section limits the total of six months' paper under discount at any one time by a Federal Reserve Bank to "a percentage of the capital of the Federal Reserve Bank," the total of such loans must not exceed 99 per cent of a Federal Reserve Bank's capital. It has extended this limit to all Federal Reserve Banks requesting it, and it has also held (under advice of counsel) that the term "capital," as applied to Federal Reserve Banks, does not mean the paid-up capital, but that it refers to the subscribed capital. Hence the 99 per cent limitation may be construed by the Board, if necessary, as applying to the subscribed capital, which would give, therefore, any Federal Reserve Bank the power to rediscount six months' paper to the extent of 198 per cent of its paid-up capital, the paid-up capital being 50 per cent of the subscribed capital. As the paid-up capital of all Federal Reserve Banks is approximately \$55,000,000, it follows that their capacity for rediscounting six months' agricultural paper amounts to more than \$100,000,000.

This section of the Act makes eligible for rediscount by a Federal Reserve Bank the notes that the farmers have been in the habit of giving to provide for their needs under heading 2, *supra*, and its application has already resulted in more adequate credit and lower interest rates, the rediscount rates on six months' agricultural paper having ranged, in the various districts, from 4½ to 5 per cent. Attention is called in this connection to the Board's Regulation C, Series of 1915.

The efficacy of the Federal Reserve Act in providing for farmers' needs under heading 3, *supra*, was tested thoroughly and proved beyond question during the crop-moving season of 1915. In the latter part of August, 1915,

the Secretary of the Treasury announced his purpose to deposit Government funds in large amounts with Federal Reserve Banks in order to aid them to carry out the policy, which had been recommended by the Board, of encouraging the orderly movement of crops in their respective districts. Only three of the Federal Reserve Banks indicated a desire for such deposits, and a total of only \$15,000,000 (\$5,000,000 in each of the three districts of Richmond, Atlanta, and Dallas) was deposited. On September 3, 1915, the Federal Reserve Board issued Regulation Q, which regulation gives full force and effect to section 13 of the Federal Reserve Act. It provides for preferential rates for commodity paper and defines such paper as "a note, draft, or bill of exchange secured by warehouse terminal receipts, or shipping documents covering approved and readily marketable, nonperishable staples properly insured." Discount rates of 3 per cent per annum were established in all the districts most directly concerned in the movement of crops, and, in order to be sure that the producers might receive the benefit of this low rate, the regulation provided that the rate should apply only in those cases where the borrower whose paper was offered for rediscount by the member bank had been charged on the paper offered a rate of interest or discount, including commission, of not more than 6 per cent per annum.

As a result of the steps taken by the Secretary of the Treasury and the Federal Reserve Board, the abundant crops of 1915 were marketed, not only without the usual seasonal disturbance in money rates, but actually at rates lower than had hitherto been known, and in the case of one of the great staple crops of the country, cotton, these measures resulted in conserving to the producers values amounting to many millions of dollars, which doubtless would otherwise have gone to middlemen and speculators. The outbreak of war in Europe in the midsummer of 1914 found the cotton-producing States about to market a crop which turned out to be nearly 16,000,000 bales. The export market was paralyzed, and the close of the cotton year (July 31, 1915) found the world with a surplus of American cotton of nearly 5,000,000 bales, with another crop of about 12,000,000 bales soon to be marketed. To complicate the situation further, the belligerent powers blockading the coasts of Europe announced their intention to declare cotton an absolute contraband of war. A panicky feeling existed throughout the cotton

belt; predictions were made freely of crumbling prices and of commercial disaster, yet prices of cotton, which at the opening of the cotton year (Aug. 1, 1915) ranged around 8 cents a pound, instead of declining, advanced steadily, going above 10 cents on September 15, and above 12½ cents on October 20, so that the producers of this great staple were enabled by reason of the facilities placed within their reach by the Federal Reserve Banks to market their crops in a gradual and orderly manner, and to obtain the full benefit of fair prices for the fruits of their toil.

This outline of the course of cotton prices in 1915 is mentioned simply as exhibiting a striking example of the efficacy of the Federal Reserve Act in protecting producers, and at other times and under other conditions it will be just as effective in the case of any other agricultural product as it was in the matter of cotton.

There is no feature of the Federal Reserve Act which is more easily understood, nor which should be more highly appreciated by the public, than the relief it affords in crop-moving seasons. Before the passage of the Federal Reserve Act the annual stringency in the money market and the high rates that prevailed during such periods always caused heavy loss to the farmers of the country, and did not confer any corresponding benefit upon the consumers. Such conditions invited speculation and enabled middlemen to reap profits from the labor of others. The annual recurrence of these tight money periods were also a menace to the entire financial and commercial fabric of this country, and while, in the absence of other complications, the banks of the country were usually able to meet the demands in some fashion without permanent derangement of the credit structure, still on two memorable occasions at least (to wit, 1873 and 1907) other complications arose simultaneously with the crop-moving stringency, and the result was complete breakdown, financial panic, and disaster, from which it took the country years to recover.

Operation of the Clearing Plan.

Clearing and collection of checks under the plan recommended by the Federal Reserve Board may be said to be satisfactorily inaugurated, though it is but fair to state that many little adjustments and improvements remain to

be made, some of which will require several months of patient work to fully accomplish. The plan had on August 15 been in effect only one month, hence it is only possible to give figures which show what had been done by the 12 Federal Reserve Banks in the first few weeks.

During the first 30-day period the average amount of daily clearings for the 12 banks was \$59,301,695, with the average number of items 133,113. Federal Reserve Banks can collect at par from 7,624 member banks and 7,032 State banks, a total of 14,656 banks. There is given below a table showing briefly the operations of the 12 banks.

Operations of the Federal Reserve inter-district collection system, July 15, 1916, to Aug. 15, 1916.

Bank.	Average number of items handled daily.	Average amount of daily clearing.	Member banks in the district.	State banks, remittance at par.
Boston.....	28,906	\$7,333,007.00	402	¹ 241
New York.....	24,230	14,705,303.00	624	27
Philadelphia.....	17,123	8,651,377.00	629	135
Cleveland.....	9,799	3,804,794.00	758	470
Richmond.....	9,897	3,632,248.00	519	294
Atlanta.....	7,347	1,681,462.00	391	462
Chicago.....	11,970	8,077,696.00	991	1,348
St. Louis.....	5,474	2,451,748.83	469	734
Minneapolis.....	² 4,500	³ 3,550,744.11	748	1,000
Kansas City.....	6,923	3,680,374.00	940	1,328
Dallas ⁴	5,470	1,143,942.00	634	241
San Francisco.....	1,474	589,000.00	519	752
Total.....	133,113	59,301,695.94	7,624	7,032

¹ All State banks in district.

² Approximately.

³ Includes \$2,635,913.83, representing clearings between Minneapolis and St. Paul banks handled through clearing house.

⁴ Figures from July 6, inauguration of system.

There was general discussion of questions which have arisen in the first month's operation of the plan at a conference of governors held in Boston during the week of August 21.

It has been necessary for the banks to employ a considerable number of additional clerks in connection with the clearing, and in some cases there has been difficulty in finding a sufficient number of experienced employees. Additional work has also been imposed upon the tellers through the receipt of shipments of money and all departments of the banks have been partakers in the extra burden of work.

In the Boston district all State banks to the number of 241 remit at par. Fifteen national banks and 15 trust companies in Fairfield

County, Conn., which is now a part of the New York district, remit also to the Federal Reserve Bank of Boston at par.

At the Philadelphia Federal Reserve Bank the total number of items cleared during the last 15 days of July was 32,504 and their amount was \$55,399,443. During the next 15 days, from August 1 to August 15, the number of items cleared was 76,827 and the amount of the clearing \$111,430,394.

The volume of the clearing at the Cleveland Federal Reserve Bank on August 15 was \$3,492,441.

Some large Chicago banks having correspondents and connections throughout the country have preferred not to avail themselves of the facilities of the Chicago Federal Reserve Bank, sending to that bank only a small percentage of their items. At the same time Chicago member banks report that banks in many cities which have heretofore been exchange points are now willing to remit at par for checks sent to them. Of the items handled by the Chicago Bank during the first month of the operation of the clearing plan approximately 40 per cent were on banks in the district outside the city of Chicago, 25 per cent on Chicago banks, 5 per cent on other Federal Reserve cities, and 30 per cent on other districts outside Federal Reserve cities.

In explanation of the figures for the Federal Reserve Bank of St. Louis it may be stated that many of the member banks in that district are changing their methods of handling checks slowly and attempting to determine whether it is cheaper to handle them direct, through the Federal Reserve Bank, or through the country clearing houses operated in St. Louis and Louisville.

The Kansas City Federal Reserve Bank did not handle State bank items except in a very insignificant amount until after the distribution of the par list on August 15. Since that time the State bank items have greatly increased in number and total amount.

Items from small country banks show a gradual but noticeable increase at the Federal Reserve Bank of Dallas.

At San Francisco the Federal Reserve Bank has undertaken the collection of checks from nonmember banks upon substantially the same basis as from member banks. Seven-eighths of the nonmember banks upon which the bank has had checks have consented to remit without deduction for exchange.

Applications Under Clayton Act.

Preliminary work upon the applications under the Kern amendment to the Clayton Act for the permission of the Federal Reserve Board to serve at the same time as an officer or director of a member bank and of not more than two other banks, which are not in substantial competition with the member bank, is well advanced. A large number of applications are now ready for the action of the Federal Reserve Board, and they will be taken up immediately. Many applications present simple questions which can be easily determined, but others are complicated by reason of the difficulty in determining whether, from the facts presented, "substantial competition" exists within the terms of the statute.

About 5,000 blanks have been sent to those making inquiry, 3,500 of these going out from Washington and the remainder being distributed by Federal Reserve Agents. These applications, as they have been returned with the recommendation of the Federal Reserve Agents, have been taken up by a committee and are now ready for consideration by the Board.

That those making applications might have all the information at its command, the Federal Reserve Board sent out early in August to Federal Reserve Agents answers to a number of the questions which had been propounded up to that time, as follows:

There have been received many inquiries relating to applications for consent of the Federal Reserve Board under the Kern amendment to the Clayton Act.

The Federal Reserve Board desires each applicant to make on the reverse side of Form 94 a complete list of all

firms of which he is a member and a complete list of all corporations of which he is a director, officer, or employee.

Inquiries about the questions which banks are requested to answer on Form 94a will be taken up in proper order.

Question No. 1.—Character of the community which the banking institution serves.

The answer to this question should state the character of business of the community or in case of a large city of that section from which the bank draws a large majority of its customers.

Question No. 2.—Character of business of the institution.

The reply "Commercial banking" would be sufficient if bank did not engage in other banking activities.

Question No. 3.—Describe nature of demand deposits.

The answer should state whether bank, commercial; or individual, whether checking accounts or demand certificates of deposit, whether the average deposit is large or small, and whether interest is allowed.

Question No. 4.—Describe nature of time deposits.

This means whether saving accounts or time certificates and also character of depositors and approximate average size of deposits.

Question No. 5.—Describe nature of acceptance liabilities.

A reply stating the liabilities on commercial letters of credit covering exports or imports and domestic transactions and location of the bulk of the customers for whom credits are opened would be sufficient unless the bank issued cash letters of credit, travelers' checks, etc.

Question No. 6.—State practice of bank in respect to purchasing commercial paper, e. g., continuous or seasonal.

The reply "continuous" or "seasonal," as the case might be, would be sufficient. It might be well to mention in which markets purchases are primarily made.

Question No. 7.—Describe nature of collateral.

This means the character of the collateral, i. e., commercial paper, stocks, bonds, mortgage notes, etc.

Question No. 9.—Describe character of investments.

A reply stating "Long and short term railroad and municipal bonds and notes" would be sufficient, unless the bank made investments in real estate securities, etc.

Question No. 10.—Describe practice of bank in respect to acquiring and disposing of investment securities.

Answer should state whether the purchases and sales are made in the open market or directly from corporations, etc., and whether underwriting syndicates are joined or formed, whether securities are acquired for long-time investment or for short-time investment for resale to customers, etc., and also whether there is a bond department.

Question No. 11.—Describe nature of foreign exchange business, if any, done by the bank.

Reply should indicate amount of the business, with what foreign countries, whether or not done direct or through other institutions, and whether only for customers or a wide-open market business.

Question No. 12.—Describe kind and extent of fiduciary business done by the bank.

This includes acting as registrar of stocks and bonds, looking up and guaranteeing titles, etc.

While in cases which are clear the Board does not desire to be technical in passing upon the sufficiency of the answers to the question on Form 94a, it will be necessary for the replies to go more into detail in the doubtful cases, and in dealing with these the Federal Reserve Agent should use his own discretion in getting at all facts. The questions outlined in the schedule are only to be considered as general leaders.

Information relating to the ownership or control of the institutions involved would be very helpful in determining the question of substantial competition. Where the same group of individuals control the boards of directors of two banks, the test should be whether the banks would, under normal conditions, be in substantial competition on October 15, 1916, i. e., on a date when the control no longer exists.

Where a group of persons owns the majority of the stock in two banks and through such ownership controls both institutions, careful consideration should be given to the question of whether the public is deprived of the benefits of competition by such control, and whether under normal conditions substantial competition would exist between the two institutions. Conditions of that kind, if found, should be considered as tantamount to substantial competition.

Commercial Failures in July.

Commercial failures in Federal Reserve districts during the month of July, as compiled by R. G. Dun & Co. for the Federal Reserve Bulletin, are less in number and total liabilities than for July, 1915. In eight districts the number of failures has decreased from that for June. The total decrease in number over the month of June is, however, slight. Failures in all the country as a whole numbered 1,207 during July, 1916, being 20 less than in the month preceding. The reduction from the number in the corresponding month of 1915 was, however, very considerable. Aggregate liabilities represented in the failures for July, 1916, were \$11,647,499, or some \$7,000,000 less than the total of liabilities for the same month in 1915.

The figures by districts for July and the four previous years follow.

District.	Number of failures.	Liabilities.
No. 1.....	128	\$1,309,433
No. 2.....	208	2,617,469
No. 3.....	47	441,739
No. 4.....	113	1,318,999
No. 5.....	56	595,200
No. 6.....	123	1,246,565
No. 7.....	176	1,479,201
No. 8.....	70	454,750
No. 9.....	30	477,600
No. 10.....	59	339,135
No. 11.....	50	463,508
No. 12.....	147	903,900
Total, 1916.....	1,207	11,647,499
1915.....	1,739	18,934,903
1914.....	1,411	20,377,148
1913.....	1,169	20,325,705
1912.....	1,230	16,098,460

Fiduciary Powers.

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

DISTRICT No. 1.

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

Fourth Atlantic National Bank, Boston, Mass.

Registrar of stocks and bonds:

National Bank of Commerce, New London, Conn.

DISTRICT No. 6.

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

First National Bank, Meridian, Miss.

DISTRICT No. 7.

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

First National Bank, Peterson, Iowa.

National Brookville Bank, Brookville, Ind.

DISTRICT No. 10.

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

Peoples National Bank, Ottawa, Kans.

DISTRICT No. 11.

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

Corsicana National Bank, Corsicana, Tex.

Trustee, executor, and administrator:

Citizens National Bank, Tyler, Tex.

Reassignments to Board's Committees.

Acting favorably upon a report of its executive committee the Federal Reserve Board on August 28 made the following reassignments of its members to committees:

Audit and examination.—Mr. Delano, Mr. Hamlin, Mr. Miller. Secretary, Mr. Broderick.

Clearings.—Mr. Delano, Mr. Harding. Secretary, Mr. Willis.

Executive.—Mr. Harding, Mr. Warburg, a member (rotating). Secretary, Mr. Willis.

Gold-settlement fund.—Mr. Hamlin, Mr. Miller. Secretary, Mr. Allen.

Issue and redemption.—Mr. Miller, Mr. Delano, Mr. Hamlin. Secretary, Mr. Allen.

Law.—Mr. Harding, Mr. Hamlin, Mr. Warburg. Secretary, Mr. Elliott.

Operation of Federal Reserve Banks:

Boston.—Mr. Hamlin, Mr. Warburg.

New York.—Mr. Warburg, Mr. Delano.

Philadelphia.—Mr. Warburg, Mr. Hamlin.

Cleveland.—Mr. Hamlin, Mr. Delano.

Richmond.—Mr. Miller, Mr. Williams.

Atlanta.—Mr. Harding, Mr. Delano.

Chicago.—Mr. Delano, Mr. Warburg.

St. Louis.—Mr. Delano, Mr. Miller.

Minneapolis.—Mr. Hamlin, Mr. Miller.

Kansas City.—Mr. Delano, Mr. Hamlin.

Dallas.—Mr. Harding, Mr. Miller.

San Francisco.—Mr. Miller, Mr. Warburg.

Member banks and State banks and trustee powers.—Mr. Harding, Mr. Hamlin, Mr. Williams. Secretary, Mr. Broderick.

Organization, expenditures, and staff.—Mr. Delano, Mr. Hamlin, Mr. Miller. Secretary, Mr. Allen.

Discounts and investments.—Mr. Warburg, Mr. Miller, Mr. Delano. Secretary, Mr. Willis.

Relations with Federal Reserve agents.—Mr. Miller, Mr. Delano. Secretary, Mr. Willis.

Relations with Treasury Department.—Mr. Hamlin, Mr. Delano, Mr. Williams. Secretary, Mr. Allen.

Reports and statistics.—Mr. Miller, Mr. Williams, Mr. Warburg. Secretary, Mr. Jacobson.

Bulletin.—Mr. Miller, Mr. Delano, Mr. Hamlin.

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from July 22 to August 25, 1916, inclusive:

	Banks.
New charters issued to.....	18
With capital of.....	\$1, 245, 000
Increase of capital approved for.....	7
With new capital of.....	725, 000
Aggregate number of new charters and banks increasing capital.....	25
With aggregate of new capital authorized....	1, 970, 000
Number of banks liquidating (other than those consolidating with other national banks).....	12
Capital of same banks.....	905, 000
Number of banks reducing capital.....	2
Reduction of capital.....	182, 500
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks).....	14
Aggregate capital reduction.....	1, 087, 500
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was.....	1, 970, 000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of.....	1, 087, 500
Net increase.....	882, 500

Warehouse and Storage Conditions.

With a view to improving warehouse and storage conditions the Federal Reserve Bank of Atlanta has sent out the following letter and a list of questions designed to disclose warehouse facilities and practices. Believing that they are of general interest to Federal Reserve Banks and to member banks, they are reprinted below:

"With the purpose in view of obtaining at first hand definite information concerning the business methods and practices of the warehouses of the Sixth Federal Reserve district, we inclose herewith two copies of a statement form, and we desire that you request the warehouseman in your locality to fill in one, sign, and return it to us at his earliest convenience.

"We know that you recognize the importance of placing receipts of warehouses located in interior points on the same plane of worth,

responsibility, and acceptability as those issued by warehouses and storage companies at ports and concentrating points. Any other condition would operate against the salability and prices of your locally stored cotton, and would detract from the value of receipts issued by your local warehouse as collateral security for loans.

"We trust, therefore, that you will aid us in obtaining without delay the information we desire from your warehouseman, and ask the favor of your cooperation to this end."

To the Warehousemen:

The standing of your warehouse and the responsibility behind your receipts is a matter of great importance to your customers and to the banks of your community.

It is therefore highly important to you that it be known that your business is conducted in a safe and efficient manner.

We trust therefore you will give this matter the prompt attention its importance requires.

FEDERAL RESERVE BANK OF ATLANTA.

In order to facilitate loans to my customers having cotton stored in _____ warehouse at _____, I hereby certify that the following answers are true and correct to the best of my knowledge and belief.

Do you issue a receipt for each bale stored?

Do you plainly mark all receipts for cotton stored on platforms or premises adjacent your warehouse, to show its location?

Who has charge of your unissued receipts, and where are they kept?

Who is authorized to issue and sign receipts?

Are your receipts and tags numbered consecutively when printed?

Do you require the surrender of the receipts upon the delivery of the cotton?

Do you keep records showing daily all receipts surrendered and cotton delivered?

Are all receipts surrendered marked "Delivered"?

What is done with surrendered receipts?

Do you make a practice of checking up to ascertain if you have on hand all cotton for which receipts are outstanding? If so, how often?

Are your records so kept that an inspector from the Federal Reserve Bank can verify outstanding receipts against cotton on hand?

Are such records kept in a fireproof safe at nights, Sundays, and holidays at the warehouse?

If records are not so kept, state where they are kept.

Will you agree to permit an inspector from the Federal Reserve Bank to audit your records and verify your outstanding receipts against cotton on hand, at all reasonable times?

Will you agree to use the uniform warehouse receipt recommended by this bank?

Do you issue warehouse receipts marked *insured*; if so, how do you carry this insurance?

Is your insurance written by an employee or other party interested in your warehouse?

Is your cotton insured by specific policies or by certificates under open policies?

Is your warehouse company incorporated? If so, has the charter been accepted and capital stock paid in full; give amount?

If not incorporated, who are the owners of the property?

If the owners of the property operate the warehouse, please furnish their financial statements.

If leased by you, please furnish your financial statement.

Signed.....

For.....Warehouse Co.

Commercial Paper Market.

Mr. John N. Eaton, assistant manager of the Industrial Trust Co., of Pawtucket, R. I., says in the course of an article on commercial paper, printed in the Journal of the American Bankers Association for August, in part, as follows:

Commercial paper includes within its scope various forms of drafts and bills of exchange, but a definition for all practical purposes, covering commercial paper in its most familiar phase, may be given as *a negotiable note made by an individual, firm, or corporation, either on demand or payable at some fixed time, the proceeds of which are for the promotion of mercantile or commercial transactions.* While notes, the proceeds of which are used for the financing of fixed assets—that is, machinery, plant, real estate, etc.—might be included in the scope of the definition of commercial paper, it is generally considered that the proceeds from commercial paper are used only in the financing of merchandise transactions. Theoretically, the use of commercial paper is to enable a manufacturer or merchant to buy raw materials for manufacture, or goods to be resold, and upon the completion of the trans-

action the money he receives is used to liquidate the indebtedness. Money for the financing of fixed assets should be provided in other ways.

* * * * *

The principal advantage to be gained by concerns from placing their paper in the open market is not, as many suppose, because of their ability to thus obtain a lower rate of discount. While at times brokers' rates are lower than the rates obtained from one's own banks, it frequently happens that their rates are far above those charged by banks to their own customers. On the whole, the average rate would probably not differ greatly either way. *The principal advantages derived are, that it establishes for a concern a broader credit, increases the sources from which to borrow, and enables one to keep his banks open to draw from in case of emergency.*

* * * * *

Until a few years ago, it was customary for purchasers quite generally to give notes for merchandise, but with the more recent custom of the seller offering discounts for cash settlements, the practice of giving notes for merchandise has been very largely discontinued. The discount allowed by the seller usually amounts to more than it costs the purchaser to borrow the money, so those who are financially strong enough now borrow sufficient money on their own paper to enable them to discount their bills. To give a note for merchandise has come to be considered a sign of weakness and the best concerns carefully shun this procedure, which was formerly the well recognized method of doing business. These contrasting business methods are the cause of most of the discussion in connection with the requirements and regulations of the new Federal Reserve Act as applied to commercial paper. This phase of the situation will be taken up more in detail later on.

While the single and double name paper mentioned form a very large percentage of the commercial paper of this part of the country, there are several other kinds of obligations which rightfully belong in the commercial paper class in its broadest sense. These include notes or drafts secured by bills of lading, warehouse receipts, etc., which show that the loan is secured by merchandise, this merchandise, ordinarily, being held in a public warehouse. In the East and South, a large amount of money is loaned in this way on cotton, and at certain seasons the buying of butter and eggs and various other kinds of produce is financed in this way. In the West, large amounts are loaned on cattle and on wheat, corn, and other crops. This class of paper is designated by the Federal Reserve Board as "commodity paper."

Then there are various other forms of collateral loans, secured by stocks, bonds, mortgages, etc. Whether loans secured in this last way can properly be considered as commercial paper is a question. Some would put them in this class, but, in its strictest sense, they do not belong there, as they do not directly belong to commerce. Neither

do railroad notes strictly belong in the commercial paper class.

While it is brokers' paper that is most frequently referred to as "commercial paper," and some banks speak of their "commercial paper" and of their "discounts," meaning by the latter the notes they take direct from their own customers, yet brokers' notes or commercial paper, as described, are the same in general form as those which find their way into the banks direct from the people who make the notes. The great difference is found when the notes come to maturity.

If a bank is willing to discount the notes over again, it matters little whether they have come direct from their own customers or from a broker; but if a bank wants to be in an independent and liquid position, as all banks should be, and be able to realize quickly on its assets in order to pay its depositors whose money is payable on demand, it is the commercial paper bought through brokers which can be relied on to be paid at maturity, provided it has been judiciously purchased.

While, of course, many loans made direct are paid at maturity, the bank man usually feels under some obligation to renew them if asked to do so, and there is lacking that independence which obtains in the case of brokers' paper where the bank does not come in direct contact with the borrower and assumes no obligation whatever in the matter of renewal. If the note is good it will be paid at maturity, and it is entirely optional with the bank as to whether another note is taken or not.

* * * * *

The forms and uses of commercial paper, as the business has for some years been conducted in the United States, is peculiar to our own country. In European countries the procedure is quite different. The long terms of credit prevalent among merchants in this country, with discounts offered for cash or for shorter settlements, are unknown in Europe. Over there, selling on open account is confined almost entirely to the business between the retailer and the consumer.

In England, France, Germany, and other countries, when a merchant buys goods and has not sufficient cash to pay for them, instead of going to his bank or broker and borrowing money on his own paper, as is customary here, he gives a note to the seller of the goods, or the seller draws a time draft on the buyer, and this note with the seller's indorsement, or the draft accepted by the buyer, is taken to a bank and discounted.

Such paper is familiarly known in England as a bill, rather than as a note or draft. The great banks of London, Paris, and Berlin have enormous quantities of these bills constantly maturing, and if any sudden emergency makes it necessary for a bank to have money in greater quantities than is provided by the maturing of this paper, they can indorse it and turn it over, practically without limit, to the banks created for rediscount, and immediately receive cash for it. In France and Germany it is a regular custom for banks to thus rediscount their paper, and while in

England the custom is not so prevalent, banks there also frequently avail themselves of the privilege.

In England, although not in the other countries, there is what is known as the merchant banker or bill broker, who, to quite an extent, corresponds to our note broker. This merchant banker, contrary to the custom among the note brokers of the United States, adds his name to the paper, by indorsement. With this banker's indorsement, and sometimes also that of other bankers or banks, the paper is frequently bought and sold in the open market a number of times before it reaches maturity.

This paper resulting from actual commercial transactions passes almost as freely and easily as currency itself; in fact, it is preferable to currency because of the greater ease with which it can be transferred.

A serious defect in our old banking system was the absence of any source such as that provided by the central or rediscount banks of Europe, where banks in general could convert their paper into cash when money was needed for an emergency. While a bank's mercantile deposits are payable on demand, the actual cash, or its equivalent, which a bank usually had on hand under the old system, was only from 15 per cent to 25 per cent of its deposits. *The ability of a bank to take care of unusual demands such as always occur in times of financial trouble, is dependent on its ability to turn its investments into cash.*

In times of stress, bonds which are based on fixed assets, if they can be disposed of at all, can usually be disposed of only at a great sacrifice. Loans on stock exchange collateral, which under normal conditions are considered safer than commercial paper, may be turned into cash by the first few people who attempt it, but as such loans are usually only paid by the borrower getting a similar loan elsewhere, any general movement toward demanding the payment of such loans would prove ineffectual and would only greatly intensify the strained condition of the money market. *The most readily convertible asset a bank has for such an emergency is its brokers' paper, which, if it is good at all, is usually good for its face value at maturity.* The record for payment of such paper during our frequent periods of stringency or panic has been most remarkable. It often happens, however, that a bank needs larger amounts of money than can be provided by the daily maturing of a normal amount of paper, and the principal thing left to be desired by a bank with a large investment of this kind has been some place available for rediscounting.

The Federal Reserve law and the regulations of the Board are most clear and distinct as to their definition of eligibility for commercial paper. *The law absolutely prohibits the discount of paper the proceeds of which have been or are to be used for the financing of fixed assets of any kind—such as machinery, buildings, or real estate—or for investment or purchase of stocks, bonds, or other securities. The proceeds of the paper must be for the carrying on of actual commercial, agricultural, or industrial transactions, and the*

paper must bear on its face evidence that it has arisen from such a basis; and the law places upon the member banks the responsibility of passing on the eligibility of it in this respect by requiring them to state, over their signature, that the paper complies with the rules and regulations of the Federal Reserve Board.

Under the new system it is believed that merchants will be more conservative and less likely to overbuy, and that the pernicious habit of returning goods without satisfactory reason will be decreased, because more effectually closing a transaction by note or acceptance will make it harder not to meet the obligation when due. If the transaction is closed at the beginning a merchant can not easily do more than ask for a refund or credit.

By changing open accounts or book credits to negotiable and discountable acceptances, the recent undesirable but growing habit of hypothecating or selling accounts receivable will be done away with.

Under the new system the merchant with limited resources would be more favored than now, as compared with his wealthier rival, because the trade acceptance he will receive can be immediately turned into cash instead of his having to wait for the payment of an account.

Some believe that the best merchants will continue as they have in the past to borrow money on their own paper, and by offering cash will continue to get sufficient discount in purchasing goods to make this method more profitable than the new one, or rather, the revival of the old one, of giving notes for merchandise. They feel it would be going backward—retrograding—to carry out the proposed change. However, even if the present trade discount system continues in general use, it will undoubtedly be of advantage if the acceptance plan can be applied to those who do not avail themselves of the discount. If the present forms of paper do continue to be made, they will undoubtedly find a ready market because of the higher rate they will carry in comparison with the acceptance form.

The advocates of the new system see in it a safer, better, and more conservative method of doing business. They believe it will be possible to have the regulations required by the Federal Reserve Board complied with very generally by mercantile borrowers, and that a class of paper will be built up which will surpass in value that now existing and which will command a premium in the money markets of this country.

The change proposed, however, is fundamentally a change of business rather than a change of banking, and it is the opinion of many of our ablest bankers that the change, if it comes at all, will come very slowly. From a strictly banking standpoint, the change is generally regarded as desirable if it can be worked as its advocates plan it, because it is claimed that it will give the banks a safer basis for granting credit. *The custom of book credit and trade discount, and borrowing on single name paper, however, is so thoroughly established that it will require a long time and much patience before the suggested change can be brought to completion.*

The present borrowers will be very slow to allow their own notes to be minimized in importance and have the notes of their customers made to seem more desirable.

So far practically nothing has been accomplished in the line of change, but conditions since the establishment of the new system a year ago have been such that it would have been impossible to bring about any decided change even if it had been attempted. Banks have been so flooded with money that they have been willing to loan it without placing any unnecessary restrictions on it. So long as reasonably cheap money prevails and the Federal Reserve Board continues to make single name paper eligible for rediscount, it is probable that little progress will be made in the attempted change. In periods of tight money, banks have greater influence with their customers than at other times, and much more rapid progress might be possible if we should run into such a period of stringency. To have it become the uniform custom, it will probably be necessary to have a situation exist whereby the merchants of the country can secure their required accommodation in no other way.

So far, the Board has carefully refrained from making any radical regulations which would upset the business or financial equilibrium. On the contrary, they are moving very cautiously, and instead of bringing pressure to bear, they are attempting to accomplish their ends by leading rather than pushing, and are trying to make it an

inducement for the merchant and banker to follow the plan laid out. The recent authorization of the purchase in the open market of domestic acceptances, and the preferential rate made on this class of paper, is an indication of the desire of the Board to accomplish what they have set out to do. They will undoubtedly make further regulations in this direction from time to time as conditions seem to warrant, and we will unquestionably see more and more paper of the double name or acceptance form as time goes on.

It will thus be seen that commercial paper in all its phases, whether of the acceptance form or the ordinary notes of a business concern, whether handled by note brokers or handled direct by the banks, has this fundamental characteristic—*it should be founded on a commercial transaction and used only for the financing of quick assets*. The development of the commercial paper business has created the necessity, in all leading banks, of credit departments; and with the added interest given to the subject of commercial paper by the Federal Reserve law, these departments are destined to increase in scope, importance, and in possibilities. The subject of commercial paper opens up a new field of thought and study for the banker, and the man who combines a thorough knowledge of credits with a knowledge of the running of a bank will be proportionately more in demand as this phase of American business life develops.

GOLD SETTLEMENT FUND.

A record clearing of \$103,761,000 on August 24 and an increase in the average amount of the weekly clearings of about \$18,000,000, accompanied by a considerable decrease in the change of ownership of gold, have been the features of the operations of the Gold Settlement Fund for the period from July 21 to August 24, inclusive. The larger clearings are due to the interdistrict collection system inaugurated on July 15, 1916. The changes in ownership of gold in the fund during the period were but 2.73 per cent of the total obligations settled, as compared with 9.02 per cent for the preceding report period, from June 23 to July 20.

The gold holdings of the Gold Settlement Fund have increased \$11,880,000 and were \$111,200,000 on August 24, while the gold

holdings of the Federal Reserve Agents' Fund decreased \$4,400,000 during the period and were \$37,900,000 on August 24, a total of \$149,100,000.

Amount of clearings and transfers, Federal Reserve Banks, from July 21, 1916, to August 24, 1916, inclusive.

[In thousands of dollars.]

	Total clearings.	Balances.	Transfers.
Settlement of—			
July 27, 1916.....	91,087	7,923	1,400
Aug. 3, 1916.....	85,270	7,216	3,453
Aug. 10, 1916.....	85,432	4,379	1,166
Aug. 17, 1916.....	92,740	10,117	1,451
Aug. 24, 1916.....	103,761	3,488	2,800
Total.....	458,290	33,123	10,270
Previously reported.....	1,688,006	184,836	69,116
Total since Jan. 1, 1916.....	2,146,296		
Total transfers, 1916.....	69,116		
Total for 1916 (including transfers).....	1,052,649		
Total clearings and transfers, May 20, 1915, to July 20, 1916.....	3,268,061		

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank of—	To July 20, 1916.		From July 21, 1916, to Aug. 24, 1916. ¹				Total change from May 20, 1915 to Aug. 24, 1916. ²	
	Decrease.	Increase.	Balance to credit July 20, 1916, plus net deposits of gold since that date.	Balance, Aug. 24, 1916.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		17,322	16,052	16,466		414		17,736
New York.....	159,990		11,010	10,577	433		160,423	
Philadelphia.....		40,885	12,545	17,251		4,706		45,591
Cleveland.....		10,801	10,961	9,318	1,643			9,158
Richmond.....		14,451	12,401	11,507	894			13,557
Atlanta.....		16,550	5,820	1,058	4,762			11,788
Chicago.....	20,678		11,562	16,579		5,017	15,661	
St. Louis.....		10,289	5,949	4,343	1,606			8,683
Minneapolis.....		5,208	4,608	3,431	1,177			4,031
Kansas City.....		18,843	8,910.5	11,345.5		2,435		21,278
Dallas.....		14,668	4,190.5	4,403.5		213		14,881
San Francisco.....		31,651	7,191	4,921	2,270			29,381
Total.....	180,668	180,668	111,200	111,200	12,785	12,785	176,084	176,084

¹ Changes in ownership of gold during period July 31, 1916 to Aug. 24, 1916, equal 2.73 per cent of obligations settled.

² Total changes in ownership of gold equal 5.39 per cent of total obligations settled.

Gold settlement fund—Summary of transactions for July 21, 1916, to Aug. 24, 1916.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, July 20, 1916.	Gold.		Transfers.		Settlement of July 27, 1916.				July 27, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		With-drawn.	Depos-ited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		De-crease.	In-crease.
Boston.....	16,052					2,905	8,185	5,280		13,147	2,905	
New York.....	6,010				1,400		15,001	18,415	3,414	10,824		4,814
Philadelphia.....	12,275						11,818	13,316	1,498	13,773		1,498
Cleveland.....	11,161	100					5,050	6,440	1,390	12,451		1,390
Richmond.....	11,321		430			928	8,065	7,167		10,823		928
Atlanta.....	1,940		1,000			1,442	3,106	1,664		1,498	1,442	
Chicago.....	7,332		220			277	16,912	16,635		7,775		277
St. Louis.....	5,649						11,475	11,510	35	5,684		35
Minneapolis.....	4,608					304	1,979	1,675		4,304	304	
Kansas City.....	11,710.5						5,955	7,841	1,586	13,296.5		1,586
Dallas.....	4,540.5	40				346	1,749	1,403		4,154.5	346	
San Francisco.....	6,221	30		1,400		1,721	1,762	41		3,070	3,121	
Total.....	99,320	170	1,650	1,400	1,400	7,923	91,087	91,087	7,923	100,800	9,323	9,323

Federal Reserve Bank of—	Balance last statement, July 27, 1916.	Gold.		Transfers.		Settlement of Aug. 3, 1916.				Aug. 3, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		With-drawn.	Depos-ited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		De-crease.	In-crease.
Boston.....	13,147				200	5,258	10,575	5,317		8,089	5,058	
New York.....	10,824				1,253		14,573	16,116	1,543	13,620		2,796
Philadelphia.....	13,773						10,604	10,938	334	14,107		334
Cleveland.....	12,451			1,000			4,910	5,330	420	11,871	580	
Richmond.....	10,823		160	1,000			5,700	7,318	1,618	11,601		618
Atlanta.....	1,498		2,000	253		871	3,953	3,082		2,374	1,124	
Chicago.....	7,775		2,010		2,000		14,051	15,525	1,474	13,259		3,474
St. Louis.....	5,684		300			712	9,317	8,605		5,272	712	
Minneapolis.....	4,304			200			1,932	2,432	500	4,604		300
Kansas City.....	13,296.5	1,000		1,000			6,239	7,232	973	12,269.5	27	
Dallas.....	4,154.5		100			375	2,126	1,751		3,879.5	375	
San Francisco.....	3,070						1,270	1,624	354	3,424		354
Total.....	100,800	1,000	4,570	3,453	3,453	7,216	85,270	85,270	7,216	104,370	7,876	7,876

Federal Reserve Bank of—	Balance last statement, Aug. 3, 1916.	Gold.		Transfers.		Settlement of Aug. 10, 1916.				Aug. 10, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		With-drawn.	Depos-ited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		De-crease.	In-crease.
Boston.....	8,089			150	653		5,510	8,895	3,385	11,977		3,888
New York.....	13,620				363		15,360	15,663	303	14,286		666
Philadelphia.....	14,107					21	12,044	12,023		14,086	21	
Cleveland.....	11,871			3		1,379	5,751	4,372		10,489	1,382	
Richmond.....	11,601		220				6,440	6,817	377	12,198		377
Atlanta.....	2,374			363		265	2,620	2,355		1,746	628	
Chicago.....	13,259		1,500		150	2,135	16,016	13,881		12,774	1,985	
St. Louis.....	5,272			250			9,246	9,319	73	5,095	177	
Minneapolis.....	4,604			200		81	2,494	2,413		4,323	281	
Kansas City.....	12,269.5	900				498	6,449	5,951		10,871.5	498	
Dallas.....	3,879.5	60					1,946	2,176	230	4,049.5		230
San Francisco.....	3,424		1,000	200			1,556	1,567	11	4,235	189	
Total.....	104,370	960	2,720	1,166	1,166	4,379	85,432	85,432	4,379	106,130	5,161	5,161

Gold settlement fund—Summary of transactions for July 21, 1916, to Aug. 24, 1916—Continued.

Federal Reserve Bank of—	Balance last statement, Aug. 10, 1916.	Gold.		Transfers.		Settlement of Aug. 17, 1916.				Aug. 17, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		With-drawn.	Depos-ited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		De-crease.	In-crease.
Boston.....	\$11,977				\$260		\$5,833	\$10,102	\$4,269	\$16,506		\$4,529
New York.....	14,286		\$5,000		191	\$9,512	25,607	18,095		9,965	\$9,321	
Philadelphia.....	14,086						13,450	16,573	3,123	17,209		3,123
Cleveland.....	10,489	\$100		\$250		126	5,077	4,951		10,013	376	
Richmond.....	12,198		80	1,000			8,571	6,809	238	11,516	762	
Atlanta.....	1,746						3,447	3,549	102	1,848		102
Chicago.....	12,774				1,000		11,037	12,984	1,947	15,721		2,947
St. Louis.....	5,095			191		196	8,758	8,562		4,708	387	
Minneapolis.....	4,323					238	2,704	2,466		4,085	238	
Kansas City.....	10,871.5	300					6,723	7,079	356	\$0,927.5		356
Dallas.....	4,049.5	60		10		45	1,865	1,820		3,934.5	55	
San Francisco.....	4,235						1,668	1,750	82	4,317		82
Total.....	106,130	460	5,080	1,451	1,451	10,117	92,740	92,740	10,117	110,750	11,139	11,139

Federal Reserve Bank of—	Balance last statement, Aug. 17, 1916.	Gold.		Transfers.		Settlement of Aug. 24, 1916.				Aug. 24, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		With-drawn.	Depos-ited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		De-crease.	In-crease.
Boston.....	\$16,506					\$40	\$7,275	\$7,235		\$16,466	\$40	
New York.....	9,965				\$1,700	1,088	20,740	19,652		10,577		\$612
Philadelphia.....	17,209		\$270	\$1,000			13,890	14,662	\$772	17,251	228	
Cleveland.....	10,013					695	6,676	5,981		9,318	695	
Richmond.....	11,516		190			199	8,457	8,258		11,507	199	
Atlanta.....	1,848		880	600		1,070	4,835	3,765		1,068	1,670	
Chicago.....	15,721				1,100	242	16,335	16,093		16,579		858
St. Louis.....	4,708			700			10,009	10,344	335	4,543	365	
Minneapolis.....	4,085			500		154	3,308	3,154		3,431	654	
Kansas City.....	10,927.5	600					7,844	8,862	1,018	11,345.5		1,018
Dallas.....	3,934.5	290					2,710	3,409	759	4,403.5		759
San Francisco.....	4,317						1,682	2,286	604	4,921		604
Total.....	110,750	890	1,340	2,800	2,800	3,488	103,761	103,761	3,488	111,200	3,851	3,851

Federal Reserve Agents' Fund—Summary of transactions, July 21, 1916, to Aug. 24, 1916, inclusive.

(In thousands of dollars.)

Federal Reserve Agent at—	July 20, 1916, bal-ance.	Week ending July 27, 1916.		Week ending Aug. 3, 1916.			Week ending Aug. 10, 1916.			Week ending Aug. 17, 1916.			Week ending Aug. 24, 1916.		
		With-drawn.	Bal-ance.	With-drawn.	Depos-ited.	Bal-ance.	With-drawn.	Depos-ited.	Bal-ance.	With-drawn.	Depos-ited.	Bal-ance.	With-drawn.	Depos-ited.	Bal-ance.
Philadelphia.....	3,360		3,360			3,360	200		3,160			3,160	270		2,890
Richmond.....	4,550	140	4,410	210		4,200			4,200	200		4,000			4,000
Atlanta.....	13,000	1,000	12,000	2,000		10,000			10,000	1,000		9,000	600		8,400
Chicago.....	3,310	220	3,090	10		3,080			3,080			3,080			3,080
St. Louis.....	3,550	100	3,450	300		3,150			3,150			3,150	100		3,050
Minneapolis.....	1,350		1,350			1,350			1,350			1,350			1,350
Kansas City.....	3,500	200	3,300		1,000	4,300	900		5,200		300	5,500	400	600	5,700
Dallas.....	430		430	150		280	50		230	50		180	50	200	330
San Francisco.....	9,250		9,250			9,250			9,250			9,250	150		9,100
Total.....	42,300	1,660	40,640	2,670	1,000	38,970	250	900	39,620	1,250	300	38,670	1,570	800	37,900

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:

Check Clearing.

Addressed to the officer of a national bank in answer to his inquiry:

It is the understanding of the Board that your agreement to collect items on nonmember banks is voluntary and that upon due notice to the Federal Reserve Bank that you desire to discontinue this service arrangements would no doubt be made to handle such items in some other way. The Board, however, will of course expect you to pay items drawn against you when remitted by the Federal Reserve Bank. You will observe that the cost of transportation, if remittance is made in cash, is paid by the Federal Reserve Bank.

JULY 28, 1916.

Banks as Transfer Agents.

Addressed to a Federal Reserve Bank:

With further reference to your letter of July 28 regarding the power of a national bank to act as transfer agent, section 11 (k) of the Federal Reserve Act confers upon the Board the authority to authorize national banks to act only as trustee, executor, administrator, and registrar of stocks and bonds and not as transfer agent. Consequently it is impossible for the Board to authorize any national bank to act as transfer agent.

AUGUST 1, 1916.

Discounts and the Note Tax.

Your letter was duly laid before the Board and I take pleasure in answering your questions as follows:

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 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 in the Federal Reserve Bulletin, copy of which is being mailed to you.

For your general information it may be stated that there are twelve Federal Reserve Banks in the United States, all of which rediscount the paper of their member banks. Those 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.

AUGUST 2, 1916.

Limitation on Rediscounts.

Your letter of July 31 asking the extent to which a member bank may rediscount with a Federal Reserve Bank is received.

The law places no limitation upon the amount of commercial paper which a member bank may rediscount with the Federal Reserve Bank but leaves this to the judgment of the Federal Reserve Bank.

The aggregate, however, of eligible notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted by a Federal Reserve Bank for any one member bank shall at no time exceed 10 per centum of the unimpaired capital and surplus of such member bank, the restriction not applying to bills of exchange drawn in good faith against actually existing values. The law places a limit upon the amount of eligible acceptances which may be discounted by a Federal Reserve Bank for a member bank of one-half of the paid-up and unimpaired capital stock and surplus of the member bank. This limit on the amount of acceptances rediscounted may be increased upon application to the Board to 100 per cent of the capital and surplus of the member bank.

AUGUST 3, 1916.

Checks and Orders for Exchange.

Addressed to Federal Reserve Banks:

The Board has been informed that in some of the districts a number of member banks have induced depositors to draw checks upon them with the clause, "Payable in exchange at current rates" printed or stamped upon the face of the checks.

Our counsel holds (see opinion under law department) that checks so payable are not

valid negotiable instruments, inasmuch as they are not made payable in a sum certain in money, as required by law, but are made payable in domestic exchange. He is, therefore, of the opinion that Federal Reserve Banks have no authority, under the law, to charge such quasi checks to the accounts of member banks but must accept payment in exchange according to the terms of the check. The common-law definition of a check is a written order for money drawn on a bank or banker, and of a draft, a written order drawn by one person upon another, directing the payment of money on account of the drawer.

Section 16 of the Federal Reserve Act provides that, "Every Federal Reserve Bank shall receive on deposit at par from member banks * * * checks and drafts * * *," but does not authorize Federal Reserve Banks to receive for credit or for collection, orders for exchange or other nonnegotiable instruments.

The Board therefore advises all Federal Reserve Banks to notify their member banks that such items can not be received for collection or credit and that all instruments not payable expressly and unconditionally in money will be returned at once to the senders.

AUGUST 10, 1916.

Computing Interest on Loans.

Your letter of July 27, 1916, addressed to the secretary of the Federal Reserve Board, and relating to the method of computing interest on loans, has been received.

It appears that the methods of calculating interest and discount in New York have been standardized, due in a large measure to the fact that the New York Stock Exchange fixed definite standards which have been adopted by banks and bankers and all others dealing in securities. In the case of discounts, as well as demand, call, and time loans, the number of days is calculated by counting the nights intervening between the date the loan is made and the date it is paid. Discount on notes presented by borrowers and interest on call loans

and time loans are all figured on a daily basis with a 360-day table.

It would seem, therefore, that the interest charged on the loan referred to in your letter was computed in accordance with a well-established custom in New York.

AUGUST 3, 1916.

Cotton Drafts.

I wish to acknowledge receipt of your letter of July 28, relating to the power of a national bank to accept drafts drawn upon it in settlement of advances for cotton being accumulated by cotton buyers for export.

Section 13 of the Federal Reserve Act provides in part—

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of

transactions involving the importation or exportation of goods.

This language has generally been construed to be broad enough to justify an acceptance of the nature described in your letter. The fact that there is a temporary delay in the actual shipment of the goods is immaterial. So long as the transaction upon which the draft is based actually involves the importation or exportation of goods, it may be accepted by a national bank, provided, of course, it conforms in other respects with the regulations of the Federal Reserve Board.

In this connection, I would like to call your attention to an opinion filed by counsel for the Federal Reserve Board and printed on page 276 of the September, 1915, Bulletin, which deals with another phase of the same subject.

AUGUST 5, 1916.

LAW DEPARTMENT.

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

Negotiability of Bills and Notes Made Payable "in Exchange."

A bill or note made payable "in exchange" is not payable "in money" and is, therefore, not negotiable. Federal Reserve Banks can not be required to receive checks and drafts drawn in this manner for collection or credit.

AUGUST 10, 1916.

SIR: The opinion of this office has been requested on the question of whether or not a bill or note made "payable in exchange at current rates" is a negotiable instrument, and whether or not a Federal Reserve Bank may legally be required to receive it for collection or credit.

An instrument to be negotiable must contain an unconditional promise or order to pay a sum certain in *money*. Negotiable instruments law, section 1, subsection 2. "Money" in this sense has generally been construed to mean whatever may be used as legal tender for the payment of debts at the place where the bill or note is payable. (Norton on Bills and Notes, fourth edition, page 61.) Under the Revised Statutes of the United States legal tender has been held to include United States gold coins, United States notes, Treasury notes, silver dollars, and subsidiary silver coins and minor coins to a limited extent. Revised Statutes of the United States, sections 3584 to 3590. (See Legal tender cases, 12 Wall., 457; Legal tender case, 110 U. S., 421).

The question to be considered, therefore, is whether a bill or note payable "in exchange" is a note payable in "a sum certain in *money*" as contemplated by the negotiable instruments law and other statutes relating to such instruments.

There are many cases which hold that an instrument calling for the payment of a sum certain in money "with exchange" is not negotiable, because of the fact that the fluctuations in the rate of exchange make it impossible

definitely to determine the exact amount payable. (Lowe v. Bliss, 24 Ill., 168; Philadelphia Bank v. Newkirk, 2 Miles, 442; Fitzharris v. Leggatt, 10 Mo. App., 527; Hughitt v. Johnson, 28 Fed. Rep., 865; Read v. McNulty, 12 Rich. Law., 445; Carroll Co. Savings Bank v. Strother, 28 S. C., 504.) There are a number of other cases, however, which hold that such instruments are negotiable, on the ground that, though a negotiable instrument must call for the payment of a definite sum of money, nevertheless, the current rate of exchange between two places at a particular date is usually a matter of common commercial knowledge—it is at least easily ascertainable by anyone—and, in consequence, the various parties to the instrument can always without difficulty determine the exact amount necessary to discharge it.

The various text writers, such as Daniel, Randolph, Tiedeman, and Norton, agree that these are the better considered cases and that the custom and convenience of merchants require the introduction of the element of exchange in that manner. The following cases hold that an instrument made payable "with exchange" is negotiable: Hastings v. Thompson, 54 Minn., 184; Bradley v. Lill, 4 Biss., 473, Fed. Cas. 1, 783; Smith v. Kendall, 9 Mich., 242; Leggett v. Jones, 10 Wis., 35; Morgan v. Edwards, 53 Wis., 599.

Though the cases are not in accord on this particular phase of the subject, section 2, subsection 4, of the negotiable instruments law, has settled further dispute in all of those States in which it has been adopted. It is there provided that "The sum payable is a sum certain within the meaning of this act, although it is to be paid *with exchange* whether at a fixed rate or at the current rate."

The question under consideration, however, is not whether a note payable in a definite sum of money "with exchange" is negotiable, but rather whether a note payable "*in exchange*" is negotiable, and the courts and the

authorities agree that in this latter case an instrument which would otherwise be negotiable is rendered nonnegotiable if it is made payable "in exchange." (Norton on Bills and Notes, 4th ed., p. 63; First National Bank of Brooklyn *v.* Slette, 67 Minn., 425; Chandler *v.* Calvert, 87 Mo. App., 368.)

In an old case decided in 1808, Jones *v.* Fales, 4 Mass., 245, the Supreme Court of Massachusetts held that an instrument payable in "foreign bills" was nonnegotiable. The court construed the term "foreign bills" to mean bills of other State banks, which at that time varied greatly in value in different localities, and held the instrument to be nonnegotiable. In discussing this question, the court said:

that by the promise the maker of the note did not bind himself to pay cash, but something, the value of which was to be estimated in cash, that the note objected to is not a cash note.

So, also, a certificate of deposit for "checks payable to the order" of the depositor was held nonnegotiable in the case of First National Bank *v.* Greenville National Bank, 84 Tex., 40.

The precise case of a note payable in exchange was considered in the case of First National Bank of Brooklyn *v.* Slette, decided by the Supreme Court of Minnesota, 67 Minn. Rep., 425, where the action was based upon the following obligation:

For value received, we promise to pay to the order of the John Good Cordage & Machine Company the sum of sixteen hundred and seventy-three dollars, as follows: Payable by New York or Chicago exchange; \$560, November 15; \$560, December 1; \$560, December 15. Without interest, if paid as due; if not, then legal rate from date until paid.

The only question before the court was whether this instrument was negotiable. The court said:

It is absolutely essential, in order to constitute a promissory note under the law merchant, that the promise be to pay in money. If this instrument can be construed as an absolute promise to pay in money \$1,673, with exchange

it is negotiable; otherwise, not. Hastings *v.* Thompson, 54 Minn., 184, 55 N. W., 968.

The case of Bradley *v.* Lill (4 Biss., 473, Fed. Cas. No. 1,783) is the only one to which our attention has been called where the language of the instrument was similar to the one under consideration. In the case referred to the note was made in Chicago and was payable at New York "in" exchange; and it was held that the note was negotiable upon the ground that the promise was to pay the sum named in the note "with" exchange, which was a mere incident to the debt.

In the case at bar the note is not payable at any particular place, and the promise is not to pay a given number of dollars in money "with"—that is, plus—the current rate of exchange, but it is to pay the sum named in the note by New York or Chicago exchange. The holder of this instrument can not demand in payment thereof \$1,673 in money, plus the cost of exchange, for the maker is not bound to discharge his obligation except by means of inland bills on New York or Chicago. Nor can the maker tender in payment \$1,673 in money, with the cost of exchange, for his promise is to make payment by inland bills, which he must purchase in the market. The instrument, then, is not payable in money, and is therefore not a promissory note within the law merchant. (Easton *v.* Hyde, 13 Minn., 83 (90); Jones *v.* Fales, 4 Mass., 245; Irvine *v.* Lowry, 14 Pet., 293; 1 Daniel, Neg. Inst., secs. 55, 56; Tied. Com. Paper, sec. 29; 1 Rand. Com. Paper, sec. 90.) In reaching this conclusion we have not been unmindful of the fact that, in commercial usage, bills of exchange are regarded as substitutes for money; but this usage can not make them such.

This same distinction between a note payable "in" exchange and a note payable "with" exchange is very clearly pointed out in the Missouri case of Chandler *v.* Calvert (87 Mo. App., 368), in which the court, after stating that there was some dispute about whether a note payable "with exchange" is negotiable, held that there is no doubt that one payable "in exchange" is not a valid promissory note. The court said:

It seems to be clear that anything embodied in the contract which renders the amount therein to be paid uncertain ought to destroy the negotiability of the paper, if we pay the least attention to the definition of such com-

mercial security and the object and purpose of its being brought into use. The view we here take is supported by the weight of authority. (*Bank v. Newkirk*, 2 Miles, 442; *Lowe v. Bliss*, 24 Ill., 168; *Bank v. Bynum*, 84 N. C., 24; *Ready v. McNulty*, 12 Rich. L., 445.)

There are cases in which a bill of exchange is drawn and made payable at one and the same place "with exchange," where it is held that, being drawn and made payable at one place, there can be no exchange, and therefore the words quoted are meaningless and should not be regarded. (*Bank v. Goode*, 44 Mo. App., 129; *Hill v. Todd*, 29 Ill., 101; *Clauser v. Stone*, 29 Ill., 114.) Those cases were decided, not in opposition to the rule as we state it, but in recognition of it. * * *

But in point of fact the note here in controversy does not belong to the class we have been discussing. For this note is not a note payable in money "with exchange." *It is not a note payable in money at all. It is "payable in New York exchange."* The provision is wholly unlike those which we have been considering. An instrument to be a note, in the absence of a statute, must be payable in money. As it is the purpose of promissory notes to represent money and to perform, so far as possible, all its functions, it is of course necessary that they should be payable in money (1 *Parsons Notes & B.*, 45) and "in money only." Story on Prom. Notes, sec. 17. Therefore a promise to pay a sum of money "in bank bills or notes," or "in foreign bills," or "in current bank notes," is not a promissory note. Story on Prom. Notes, sec. 18. So an instrument payable "in current funds at Pittsburg," was not payable in money and was therefore held not negotiable. (*Wright v. Hart*, 44 Pa. St., 454.) A note payable in "Pennsylvania or New York paper currency" was held not to be negotiable. (*Leiber v. Goodrich*, 5 Cowen, 186.) And so it was held of a note payable "in Canada money." (*Thompson v. Sloan*, 23 Wend., 71.) An early case in this State, which has never been questioned, sustains the foregoing statements of the law. *Farwell v. Kennett*, 7 Mo., 595, where it was held that an instrument, drawn payable "in currency," was not a bill of exchange.

New York exchange is not money; it is a commodity, or, in other words, it is property. And to make an instrument payable in property, a note requires the aid of a statute. We have such a statute in this State. (R. S. 1899, sec. 894.) In obedience to the statute the in-

strument in suit must be denominated a note. It is, however, not commercial paper; it is not a negotiable note.

In the case of *Bradley v. Lill* (4 Biss., 473), a bill payable "in exchange" was held to be a negotiable instrument but in that case, however, the court construed the bill as one payable in money "with exchange," so that it is not inconsistent with the general rule laid down by the text writers and the various courts to the effect that a bill or note payable "in exchange" is not payable in money, but is payable in another instrument, a commodity or property which is not money, and that it is, therefore, not a valid negotiable instrument.

A check is generally defined as "a draft or order upon a bank * * * for the payment at all events of a certain sum of money * * * payable instantly on demand," and a draft is defined as "an order for the payment of money drawn by one person on another." One of the essential elements of each is that the payment be in "money." Inasmuch, therefore, as instruments drawn payable "in exchange" fail to comply with the requisites of a check or draft as generally defined and as contemplated by section 16 of the Federal Reserve Act, it is the opinion of this office that Federal Reserve Banks can not legally be required to receive such instruments for collection or credit.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,
Governor Federal Reserve Board.

Discount Rates.

The rate of discount charged by a Federal Reserve Bank should be based upon the maturity of the instrument discounted at the time it is discounted and not upon a collateral agreement by which the member bank binds itself to repurchase before maturity.

JULY 31, 1916.

SIR: The attached "Schedule of bills discounted," filed by a Federal Reserve Bank, contains 29 items of different maturities which, it is stated, are "discounted for thirty days." The 10-to-30-day rate has been granted on all

of these discounts, though none of them is payable, according to its terms, within 30 days from the date it was discounted.

It is evident, therefore, that the Federal Reserve Bank, in stating that these bills are "discounted for thirty days," implies that it has made some collateral agreement with the member bank for which they were rediscounted, under which the member bank has agreed to repurchase the paper at the end of 30 days.

Any such agreement is separate and distinct from the obligation of the various parties to the bill and can not be considered as altering the terms of the bill. The bill itself gives the Federal Reserve Bank no right to collect on it before the date of its maturity. The fact that the member bank may have agreed with the Federal Reserve Bank to repurchase the paper at the end of 30 days does not alter the date of its maturity and does not make it eligible for rediscount as 30-day paper.

It seems clear that the transaction is merely an arrangement whereby the Federal Reserve Bank is giving its member bank credit for 30 days at the 30-day rate on the contract of the member bank to repurchase from the Federal Reserve Bank at the end of 30 days notes which it has rediscounted with such Federal Reserve Bank and which in fact have a maturity of more than 30 days. It is equivalent, in substance, to a 30-day obligation of a member bank secured by eligible paper and, though the Federal Reserve Board has recommended to Congress an amendment authorizing Federal Reserve Banks to make advances to member banks on their promissory notes secured by eligible paper, nevertheless, the law, as it stands at present, gives them no authority to advance credit on such a basis.

The Federal Reserve Bank should base the rate of discount upon the actual maturity of the bills in question at the time they are discounted and not upon any obligation of the member bank to repurchase them at the end of 30 days. It should not discount 90-day paper, or any other paper with a maturity exceeding 30 days, at the 30-day rate.

Nothing in this memorandum, however, is intended to deny the right of a Federal Reserve Bank to make a rebate of discount in the case of paper discounted at an authorized rate but which is paid with the consent of the Federal Reserve Bank before maturity. (See Informal ruling, p. 308, October, 1915, Bulletin.)

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. CHARLES S. HAMLIN,

Governor Federal Reserve Board.

Bill of Exchange Drawn by the Drawee.

An instrument in the form of a bill of exchange drawn by an agent of a corporation upon the corporation itself is not a bill of exchange such as is eligible for purchase in the open market by Federal Reserve Banks.

AUGUST 2, 1916.

SIR: The question has been raised whether paper in the form of a bill of exchange drawn by a foreign agency of a corporation upon the corporation itself is eligible for purchase in the open market by Federal Reserve Banks.

Section 130 of the Negotiable Instruments Law reads as follows:

Where in a bill drawer and drawee are the same person, * * * the holder may treat the instrument, at his option, either as a bill of exchange or a promissory note.

Though it is true that this section authorizes the holder to treat an instrument, on which the drawer and drawee are one and the same person, as a bill of exchange, nevertheless, the evident purpose of section 14 indicates that it should not be considered such by Federal Reserve Banks. The fact that bankers' acceptances and bills of exchange of the kinds and maturities made eligible for rediscount are specifically referred to in that section shows that Congress intended that promissory notes and single-name paper should not be eligible for purchase in the open market. *Expressio unius est exclusio alterius.*

The question to be determined, therefore, is whether paper of this character is a bill of exchange within the meaning of that term as used

in section 14 or whether it is, in substance, no more than single-name paper. The fact that section 130 of the negotiable instruments law provides that the holder may treat such an instrument "either as a bill of exchange or as a promissory note" is not of itself material, because that section, in defining the rights as between the holder and other parties to the instrument, can not in any way affect the nature of the instrument itself; that is, it does not and can not make two-name paper out of an instrument on which the drawer and the drawee are the same party. In substance such an instrument is a promissory note, single-name paper, and no more.

The cases and the text writers generally agree that an instrument in the form of a bill addressed to the drawer is not a bill but is a promissory note. (See Norton on Bills and Notes, 4th ed., p. 82.) In the case of *Fairchild v. Ogdensburg C. & R. R. Co.*, 15 N. Y., 337, an instrument was drawn by a railroad company upon its own treasurer and was therefore, in effect, an order of the corporation upon itself. The Court of Appeals of New York held that the instrument was not a bill of exchange because of the fact that there were not the necessary two parties. The court, however, following the authority of the English courts, held that it was a promissory note. (See *Miller v. Thompson*, 3 Manning & Gr., 576.)

It would seem, therefore, that, under the decisions of the courts and text writers, a bill drawn by the foreign agency of the drawee is not eligible for purchase under the provisions of section 14.

Respectfully,

M. C. ELLIOTT, *Counsel.*
To Hon. C. S. HAMLIN,
Governor, Federal Reserve Board.

Qualified Acceptances.

A bill of exchange drawn payable "at sight" and accepted payable in three months is a qualified or conditional acceptance, and the maker and prior indorsers are released. The instrument in effect becomes the promissory note of the acceptor, and would not come within the

exception to section 5200 as a "bill of exchange" drawn in good faith against actually existing value.

JULY 25, 1916.

SIR: A memorandum raising certain questions relating to the following acceptances has been referred to this office for an opinion:

No. 1. WASHINGTON, D. C., May 25, 1916.
Ninety days after sight pay to the order of First National Bank of Plentyville five thousand dollars (\$5,000).
Receipts for 100 bales of cotton attached.
Value received, and charge to account of
DOE & DOE.
To COTTON & Co.,
St. Louis, Mo.
Accepted May 31, 1916.
COTTON & COMPANY.
WM. SEED, *Treas.*

No. 2. WASHINGTON, D. C., May 25, 1916.
At sight pay to the order of First National Bank of Plentyville five thousand dollars (\$5,000).
Receipts for 100 bales of cotton attached.
Value received, and charge to account of
DOE & DOE.
To COTTON & Co.,
St. Louis, Mo.
Accepted.
Payable Aug. 29, 1916.
COTTON & COMPANY,
WM. SEED, *Treas.*

I.—Could the papers described be classed as bills of exchange or direct promissory notes of the acceptors?

It is obvious that the bill marked No. 1 is a bill of exchange properly drawn and accepted, and that it is not a promissory note.

As to No. 2, however, a different situation arises. The bill was drawn payable "at sight," and was accepted payable in three months. The question is, therefore, whether an acceptance to pay at a time different from that specified in the original bill is a proper acceptance.

The generally recognized principle is that an acceptance must be according to the tenor of the bill; otherwise it is a conditional acceptance and valid only as to all parties subsequent to the acceptance. If the acceptance, as in the case of example No. 2, varies the offer contained in the bill as to the time of payment,

it is a qualified acceptance. (Daniels on Negotiable Instruments, sec. 515; Norton on Bills and Notes, p. 124.) Section 141 of the negotiable instruments law provides that an acceptance is qualified which is "qualified as to time." It is evident, therefore, that a bill made payable at sight, accepted payable in three months or at any time different from that fixed in the body of the bill, is a qualified or conditional acceptance, and that the maker and prior indorsers are released. The effect of such an acceptance is to make the bill a promissory note of the acceptor. "It is enforceable between the acceptor and the holder, notwithstanding the fact that the drawer and indorsers are discharged". (Norton on Bills and Notes, pp. 122, 123.)

II.—Should such papers be classed as loans exempted from the limit prescribed by section 5200, United States Revised Statutes, as "bills of exchange drawn in good faith against actually existing values?"

It is clear that No. 1 is a bill of exchange within the meaning of the exception to section 5200 and that it should not be included in determining whether the total liabilities of any person or corporation exceeds the limit pre-

scribed by section 5200. No. 2 not being a bill of exchange would not come within the exception "bills of exchange drawn in good faith against actually existing values."

III.—In the granting of rediscount accommodation to member banks, should the Federal Reserve Banks regard such papers as part of the aggregate liability of a payer, and not take for rediscount an amount of such payer's paper exceeding 10 per cent of the capital and surplus of the rediscounting bank?

No. 1, which is a bill of exchange drawn in good faith against actually existing values, should not be considered in determining the maximum limit up to which a Federal Reserve Bank can rediscount for its member banks. It is specifically excepted by section 13 of the Federal Reserve Act.

No. 2, however, not being a bill of exchange, does not come within the exceptions set forth in section 13, and such paper should be included in the aggregate of paper bearing the signature and indorsement of any one person, firm, or corporation, as provided by section 13.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,

Governor, Federal Reserve Board.

SUMMARY OF BUSINESS CONDITIONS AUG. 22, 1916.

	District No. 1— Boston.	District No. 2— New York.	District No. 3— Philadelphia.	District No. 4— Cleveland.	District No. 5— Richmond.	District No. 6— Atlanta.
General business...	Good and showing some signs of further expansion.	Good in practically all lines.	Very good.....	Good.....	Very satisfactory....	Good.
Crops:						
Conditions.....	Below normal.....	Improving.....	Fair.....	Fair.....	Variable; prices high.	Corn good, cotton fair.
Outlook.....	Not as satisfactory as earlier in the year.	Fairly promising, excepting corn.	...do.....	...do.....	Quite satisfactory...	Good.
Industries of the district.	Busy.....	Sustained activity.	Very busy.....	All prospering.....	Cotton, manufacturing, furniture, steel, iron, coal, excellent; lumber below normal.	Continue; generally operate full time.
Construction, building, engineering.	Ahead of any corresponding period for many years.	Increasing.....	Value of building construction greater; number somewhat less.	Active.....	Generally normal; quite active in some sections.	Increasing.
Foreign trade.....	Exports increased; imports decreased.	...do.....	Increasing.....	.....	Shows 100 per cent increase, chiefly copper and other metals, grain, cotton, and tobacco.	Poor, no vessels.
Bank clearings.....	Increase over last year; large decrease from last month.	...do.....	Slight decrease.....	10 per cent decrease from last month; 39.9 per cent increase over 1915.	28 per cent increase over same month last year.	Increasing.
Money rates.....	Decrease from last month.	Easier than a month ago.	Stationary.....	Stationary.....	4 to 6 per cent in good supply, demand from tobacco trade developing.	Stationary.
Railroad, post office, and other receipts.	Increased.....	Increasing.....	Increasing.....	Post office 3 per cent increase over last month; 5 per cent increase over last year.	Railroads about normal; postal, 9 per cent increase.	Slight increase.
Labor conditions..	Wages high and labor scarce.	Unsettled but quieter.	Acute scarcity in many lines.	Less disturbances but extreme scarcity of workers.	Well employed at good wages and in demand.	Good.
Outlook.....	Promising.....	Unchanged.....	Very good.....	Excellent.....	Satisfactory; too much rain only complaint.	Good; dependent, however, on outcome of crops.
Remarks.....		Indications point to a brisk domestic and foreign fall trade.	.....	Confident that present trend will last well into 1917.		
	District No. 7— Chicago.	District No. 8— St. Louis.	District No. 9— Minneapolis.	District No. 10— Kansas City.	District No. 11— Dallas.	District No. 12— San Francisco.
General business...	Active.....	Sustained activity	Good.....	Continues good.....	Good, considering midsummer dullness.	Good.
Crops:						
Condition.....	Fair.....	Wheat, one-half crop.	Fair to good.....	Damaged from drought.	Good; needing rain badly in some sections.	Generally good.
Outlook.....	...do.....	Cotton good, except in Mississippi; corn, fair.	Wheat poor.....	Less promising.....	Favorable.....	Promising.
Industries of the district.	Active.....	Active.....	Active.....	Active.....	Good condition in practically all sections.	Active.
Construction, building, engineering.	Fairly active.....	Increase.....	...do.....	...do.....	Considerable increase, both building and engineering.	18 per cent increase over 1915.
Foreign trade.....	.....	.....	.....	Grain, decrease; manufactured products, increase; horses and mules, increase.	Shows increase.....	Hampered by lack of ships.
Bank clearings....	Increasing.....	Increase.....	Increasing.....	Still increasing.....	Increase of 8 per cent.	18 per cent increase over 1915.
Money rates.....	Decreasing.....	Somewhat lower..	Steady.....	Firm.....	No change over a month ago; steady.	Unchanged.
Railroad, post office, and other receipts.	.....	Increase.....	Increases.....	Considerable gain..	Railroad, increase; post office and others, good increase.	Increasing.
Labor conditions..	Shortage of labor..	Unsettled.....	Labor scarce and in active demand.	Satisfactory.....	Good; no signs of unemployment.	Unsettled.
Outlook.....	Fair to good.....	Bright.....	Good.....	Promising, except from effects of drought.	Outlook is promising for good fall trade.	Promising.
Remarks.....	General business is in a condition of sustained activity.	Drought and heat in July and early August hurt crops; retail trade was stimulated.	Harvest in progress; yields, fair.	.....	Considering season business on firm basis.	

GENERAL BUSINESS CONDITIONS.

There is given on the preceding page a summary of business conditions in the United States by Federal Reserve districts. The reports are furnished by the Federal Reserve Agents, who are the chairmen of the boards of directors for the several districts. Below are the detailed reports as of approximately August 23:

DISTRICT NO. 1—BOSTON.

There are so many different and unusual factors which all lines of business during these days have to contend with, particularly those pertaining to labor and the high cost of raw material, that it is rather difficult from month to month to notice any particularly marked change in the more important industries of this section. There is, it would appear, less hesitancy to-day than last month and buying in fair volume is again becoming evident.

Many retailers and merchants felt a month or two ago that conditions were abnormal and that prices had reached too high a plane and were cautious as to future commitments, the general policy being to reduce stock on hand to a minimum and to refrain from placing additional orders. With the midsummer season nearly over and no change in the situation having arisen, in many lines merchants are beginning to accept conditions and to feel a willingness to take on new business. It is still between seasons in some industries and others are experiencing the usual midsummer dullness. While, on the whole, it is felt that business is again expanding after the past temporary lull or digestive period, yet it is still too early to accurately tell what the trend of business is going to be in the fall.

Money is easier than last month, due rather to the accumulating of money in New York and the ease in that market, than to large surpluses in the Boston banks. Although the surplus reserves in Boston banks have not increased materially, banks in some of the other centers in this district report excess funds and continued ease.

Call money, 3 per cent; time money, $3\frac{3}{4}$ to $4\frac{1}{2}$ per cent for six months, $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent for a year. Town notes, $3\frac{1}{4}$ per cent upward; 90-day bankers' acceptances, $2\frac{3}{8}$ per cent upward indorsed, $2\frac{1}{2}$ per cent upward unindorsed.

Loans and discounts of the Boston Clearing House banks on August 19, 1916, show a decrease of \$14,000,000 from the preceding month, and demand deposits decreased \$2,005,000 in the same time.

The amount "due to banks" on August 19 was \$125,133,000, as compared with \$129,105,000 on July 15. The excess reserve of these banks increased from \$16,680,000 on July 15 to \$30,464,000 on August 19.

Exchanges of the Boston Clearing House for the week ending August 19 were \$161,661,144, as compared with \$135,501,344 for the corresponding week last year, and \$233,064,423 for the week ending July 15, 1916.

Building and engineering operations in New England continue to show a considerable increase over any corresponding period for many years. From January 1 to August 16, 1916, these contracts amounted to \$130,204,000, or about \$7,000,000 over 1912, the highest previous record for over 15 years. In 1915 contracts for the same period were \$111,334,000.

Exports from the port of Boston for July, 1916, amounted to \$15,549,466, as compared with \$13,315,376 for June, 1916, and \$9,104,337 for July, 1915. Imports for July, 1916, amounted to \$12,478,727, a decrease of \$3,584,856 from June, 1916, and \$412,778 from July, 1915.

Receipts of the Boston post office for July, 1916, show an increase of \$25,000, or about 4 per cent over July, 1915, and the receipts for the first 15 days of August were about 15 per cent over those of last year.

Boston & Maine Railroad reports net operating income, after taxes, for June, 1916, as \$1,412,979, as compared with \$1,047,194 the corresponding month last year. New York, New Haven & Hartford Railroad reports net

operating income, after taxes, for June, 1916, as \$2,130,884, as compared with \$2,882,684 for June, 1915.

Agricultural conditions, on the whole, are not as satisfactory as they were a month ago. The hay crop, which is the crop in this locality upon which the farmers depend, was considerably damaged by the excessive rains of July and early August, and while there is a possibility of a second crop of fair proportions, the crop as a whole will probably be below normal. In certain sections of the district reports regarding the potato crop are equally unfavorable, and rot has appeared in some localities. All agricultural sections report a great scarcity of labor, and the payment of higher wages for farm labor will reduce the profit on all crops, farm hands having been attracted to the manufacturing centers by higher wages.

The boot and shoe industry is still quiet. Many of the larger manufacturers are sold up nearly full on fall business, and it is not yet time to know anything definite about the spring demand. In this business the increased cost of leather, uncertainty as to the future supply, together with the high cost of labor, are important factors, and some manufacturers are at a loss as to the prices at which they can afford to solicit business.

Labor conditions are unsatisfactory from the standpoint of the employer. Labor of practically all kinds is scarce, and especially is this true of skilled labor and farm help. Farmers near manufacturing centers have found it expedient to hire large gangs on Sundays to help harvest their crops. Persistent reports of the arbitrary manner in which employees are making demands and regulating their own hours are being heard. This has made manufacturers cautious about extending their business unduly lest they be unable to keep or obtain enough help to carry out their contracts. High wages are causing much shifting of employees from one place to another.

Dry goods merchants expect a good fall business, but, due to the unprecedented high prices of merchandise, are buying cautiously. How-

ever, in this line it is felt that prevailing conditions are likely to last for some time to come, the tendency being toward higher prices, and wholesalers are not hesitating to contract for their needs well in advance. Despite the summer quietness, business in some branches is double that of 1915. Conservative merchants feel that present conditions can not be permanent and that sooner or later an adjustment of prices will be necessary. In the meantime less difficulty is being found in passing the increased costs on to the retailers and thence to the consumer.

The higher grades of wool continue very firm, and dealers are loath to sell except at good prices, as it is difficult for them to replenish their supply. Woolen mills are sold a long way into the future, and worsted mills are also sold well ahead, but not to so great an extent as the woolen mills. The new light-weight goods opening has been very satisfactory.

The recent Government estimate on the cotton crop has caused cotton to move to higher levels. This and the increase in other production costs has been reflected in prices of fine and fancy cotton, which have moved upward. The mills are well sold up, and with new orders coming in more freely than for a month or two millmen have been able to add their increased cost into the prices obtained from the distributors. In this industry few mills are in a position to take contracts for delivery before the first of next year. The outlook for fall is believed to be very encouraging. Print cloths are strong, and manufacturers expect good business for a long while to come.

DISTRICT NO. 2—NEW YORK.

An unusually well sustained demand for manufactured goods and raw materials has continued throughout the summer with but few signs of the ordinary lull over the inventory period and mid-year season.

The course of business has been steadier since the reaction in commodity prices a few months ago. Further declines in prices of miscellaneous goods occurred last month, and

the average price of the leading commodities is slightly lower notwithstanding firmer markets for certain dry goods, steel products, and heavy leather and the pronounced rise in wheat and cotton.

The general industrial position is practically unchanged. Textile mills in particular are working to capacity. Shoe factories have been very busy despite the recent increase in cost of footwear. Jewelry manufacturers anticipate a brisk fall trade. Wool and wool products are in good demand. Provisions command firm prices.

Wholesale and retail trade continues in satisfactory volume. Summer goods were well cleared out during the extremely hot weather. The chain stores publish figures of substantial increases in turnover. Collections are better and it is believed will be generally satisfactory as the season advances.

Since a general strike was averted on New York City traction lines, and the return to work of the garment makers after a strike of 14 weeks duration, the labor situation is better.

More help is still needed on construction work and in factories. One manufacturing community feels the loss of 600 or 700 skilled mechanics who were called to military service.

A notable volume of new buildings is reported at Bridgeport, Binghamton, and New York City. In the latter, building permits were issued in July for \$50,526,144 against \$12,246,489 during July, 1915. A large part of this increase is due to the filing of plans in anticipation of new building restrictions.

Steam and electric railway earnings, and postal receipts are increasing. The July bank clearings in New York City were record figures for that month. Confirmation of the great activity and volume of business is found in the 51 per cent increase over 1915 shown by the exchanges of all United States banks during the seven months ended July 31.

In the first seven months of the year new incorporations in the principal States of companies capitalized at \$100,000 or more have reached a total of \$2,200,545,100, an increase

of 103 per cent over the corresponding period in 1915. Sales of stocks on the New York exchange fell off considerably, the number of shares in July being 8,961,586 against 13,106,100 in the preceding month and 14,070,763 in July, 1915.

Failures in New York State during July show a reduction of 75 in number and \$3,339,201 in liabilities from July, 1915.

Figures of the foreign trade of the port of New York show large increases. Exports from January 1 to August 12 are 100 per cent higher than in the corresponding period last year. A decline in ocean freight rates is stimulating the movement. During the fiscal year ended June 30, the largest net tonnage on record, 24,872,403 tons, cleared from American ports.

Between July 1 and August 19 New York Clearing House bank loans declined \$67,423,000, deposits decreased \$62,693,000, and excess reserves increased \$38,300,000.

Money rates have been easier since the middle of July. Commercial paper has sold up within a range of 4 to 4½ per cent, but is now marketed at 3¾ to 4 per cent, with occasional transactions in short notes at 3½ per cent. Call money is quoted at 2 to 2½ per cent.

Rates for foreign exchange show only slight changes in daily closing quotations.

The receipt from London of two shipments of gold, amounting to \$9,500,000, was reported on August 15, making total receipts of \$222,750,000 since May 11.

Announcement was made on August 16 of a new British loan arranged by American bankers. The amount is \$250,000,000 on two-year 5 per cent notes against a deposit of sundry securities for \$300,000,000.

Warm weather prevailed during the greater part of the month and greatly improved crops which were under the average. The yield of hay is the largest in years, while other crops except corn are doing well. Dairying is in prosperous condition. It is reported that more butter was accumulated in New York during July than ever before at that time of year.

DISTRICT NO. 3—PHILADELPHIA.

Commercial and industrial conditions have shown no essential change during recent weeks, operations being maintained at as high a rate as the hot weather and shortage of labor and materials will permit.

Raw materials are high and prices firm, and some customers are inclined to defer the placing of orders for future delivery. Generally, the situation reflects more activity than at this usually dull period, and both manufacturers and merchants anticipate that it will continue during the fall and winter months.

A new epoch is seen in metal-working trades as the manufacture of war supplies increases. The lull in placing orders has vanished and orders are now being placed more freely than for several months. A new and tremendously strong buying movement of steel has set in.

Carpets and rugs.—Mills are reported to be running practically at capacity. Manufacturers still report some trouble in getting dyes, but the supply is becoming more plentiful through the increasing manufacture of certain kinds in this country. Collections have been well maintained and the outlook is reported to be very good.

Coal.—The anthracite market continues strong for midsummer months, and what change there is, with regard to prices, can be said to be of an upward tendency. Many companies are sold up on practically everything. Prices of bituminous coal are also advancing, being aided at many points by the scarcity of vessels.

Cotton yarns and goods.—Between 5 and 10 per cent of the machines for spinning yarns are reported to be inactive, but this is considered to be a very good showing for the month of August. There is a general complaint that it is hard to get spinners to accept business except at top prices, and some mills are so sold up that they can not make deliveries on new contracts before the first of the year. Yarn prices have advanced on the poor cotton report until they are at almost record levels. Cotton goods manufacturers report business to be running

at about a rate of 100 per cent in value and about 90 per cent in volume. Prices keep advancing, due, it is said, to merchandise shortage and rising costs of production. Collections are reported very good and the outlook for several months is considered favorable.

Crops.—Farmers are handicapped by the inability to get help. Reports from different sections of Pennsylvania indicate that the tobacco crop this year will be one of the heaviest in recent years. The Department of Agriculture estimates the condition on August 1 of the important crops in Delaware, New Jersey, and Pennsylvania as follows:

Crop.	Condition Aug. 1, 1916.	10-year average.	Forecast, 1916, from condition Aug. 1 (000 omitted).	Final esti- mate, 1915 (000 omitted).
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Bushels.</i>	<i>Bushels.</i>
Corn.....	88.0	86.3	75,741	75,965
Oats.....	93.3	85.3	39,468	45,729
Winter wheat.....	¹ 18.0	¹ 17.1	² 28,975	28,040
Rye.....	¹ 17.0	¹ 16.6	³ 5,975	6,368
Potatoes.....	88.6	80.0	35,852	33,295
Sweet potatoes.....	88.3	85.6	3,801	4,345
Tobacco.....	87.0	86.0	⁴ 50,565	⁴ 42,390
Buckwheat.....	93.3	88.6	6,214	5,920
Apples.....	63.6	59.3	⁵ 7,458	⁵ 5,984

¹ Bushel yield per acre.

² Forecast July 1 from condition.

³ Preliminary estimate 1916.

⁴ Pounds.

⁵ Barrels.

Failures.—Bradstreet's report shows 57 failures in the district during the month of July, compared with 50 in June, 48 in May, 67 in April, 101 in March, 103 in February, and 96 in January.

Groceries.—The grocery business has been very good, with collections reported as fair. Because of an increase in domestic production, the falling off of British purchases, and the appearance of beet sugars, material reductions are reported in the price of sugar, and it is predicted that prices will continued to decline. A continuance of the prevalent high prices of groceries depends, to a large extent, upon the crops, and until they are harvested the present prices are likely to remain. The outlook is reported good.

Hardware.—The usual July and August decrease in the hardware business has not materialized this year at all, and there is an un-

precedented demand for hardware of all kinds. It is anticipated that later there will be a scarcity of goods. Considering conditions, prices are not high but are firm. Collections are fairly good. The hardware business as a whole is now of greater volume than ever before, and the outlook is unusually good for its continuing throughout this year and into 1917.

Hosiery and underwear.—The dyestuffs situation is much easier, but as raw materials are sold up for some time, no break is likely in the high prices for some months at least.

Iron and steel.—The very heavy foreign demand for shell steel has been the feature of the new buying movement. This, coupled with a decrease in the output because of the hot weather has made prices stiffen. For general domestic business, there is a slackening of inquiry because of high prices. Heavy contracts for ship plates have been closed on domestic and foreign account for delivery in six and nine months and a stronger tone prevails for all kinds of steel products. One result of the heavy buying is to awaken greater interest among some domestic consumers who were inclined to defer purchasing. The demand for barbed wire for extensive use on the battle fields has caused an advance in the price of wire and wire products. Jobbers being cleared of structural goods, the railroads active in the purchasing of equipment, and the United States Government planning for a larger Navy, are some of the causes of the renewed impetus given to this industry.

Leather, belting and shoes.—Tanners generally are sold a long way ahead and have little to offer the occasional customer. The morocco manufacturers report that they can not secure enough tanners to run their plants full, but this is not so with the heavy leather manufacturers. The glazed-kid business shows no new features; prices are firm and unchanged, though advances in view of the labor and raw material conditions are being predicted. The belting manufacturers are all busy. As far as the present and prospective shoe trade is concerned it was never better, the manufacturers having all they can attend to, and judging from the orders on hand, will have a big season.

Linoleum.—Linoleum prices for the fall season have been advanced approximately 5 per cent. The interference with burlap shipments from Scotland and the high cost of ocean freights enter largely into the conditions upon which the advance in price is based.

Lumber and building.—The aggregate value of buildings under course of construction is greater than for some time past, though operations are less than last year. The high cost of materials and labor and the difficulty in securing skilled mechanics have a tendency to hold back some proposed improvements. Lumber sales, however, are larger, with prices of soft woods slightly higher, and a number of good contracts have been placed in the cement market.

Merchandise shipments.—The value of merchandise shipped through the port of Philadelphia during July approximated \$23,000,000, an increase of nearly \$15,000,000 over the same month of 1915. The value of the imports for the same month was about \$9,000,000, an increase of almost \$3,000,000 over July of last year.

Railroads.—Railroad shops are reported to be exceedingly busy. The loaded car movement over Pennsylvania Railroad lines east of Pittsburgh for the first 21 days of August increased 7.6 per cent over the same period last year. Eastbound coke increased 32.3 per cent, and miscellaneous westbound freight increased 15.8 per cent. There was a decrease of 12.6 per cent in eastbound empty cars and an increase of 17 per cent in westbound empty cars.

Retail trade.—As August is the height of the vacation season, local retail stores are not so busy.

Silk.—Silks are scarce and in demand. Orders are being freely placed with jobbers and in the manufacturing end there is a quiet undertone of confidence for the remainder of the year and early spring.

Woolen yarns and goods.—August is invariably a quiet month in the wool market; business activity, however, is increasing and the high prices are being maintained. Dealers

still complain of scarcity of wool, due to a certain extent to the embargo placed upon Australian wool. Spinners and yarn manufacturers are reported to be very busy, with mills running as near capacity as the supply of labor will permit. Manufacturers, importers, and jobbers of woollens, worsted, and felt goods report that conditions are very good, and they look forward to a large fall business. Collections are reported to have been fair or better. Retailers are fairly well stocked up, but not overstocked. Manufacturers and wholesalers, therefore, consider the outlook to be good, the only drawback being the rising prices, which prompt extreme care in the buying of raw materials.

Money.—The flurry in money rates a month ago has subsided, although time money has not reacted to its former very low level. Commercial demand for money is apparently quite strong, and many banks are well loaned up. The rates show a tendency to remain stationery. Clearings are not so large as a month ago.

DISTRICT NO. 4—CLEVELAND.

Changes respecting business and agricultural conditions in district No. 4, in so far as being significant, are few compared with 30 days ago.

The financial situation and money rates are unchanged. A large volume of business is being handled by the banks. Clearings in the six largest cities of the district show a decrease from the corresponding period last month of 10 per cent, but show an increase of 39.9 per cent over the same period last year, as shown in the following table:

	Aug. 1-15, 1916.	Aug. 1-15, 1915.	Increase.	Percentage of increase.
Cincinnati.....	\$64,704,500	\$52,651,350	\$12,053,150	22.8
Cleveland.....	99,987,780	59,446,340	40,541,440	68.1
Columbus.....	21,302,300	14,422,200	6,880,100	47.7
Pittsburgh.....	125,693,094	96,999,307	28,693,787	29.5
Toledo.....	18,275,111	12,449,647	5,825,464	46.7
Youngstown....	4,701,448	3,081,784	1,619,664	52.5
Total.....	334,664,233	239,050,628	95,613,605	39.9

The notable increase in the clearings for the city of Cleveland is caused in part by the entrance of the Federal Reserve Bank into the

clearing house, adding \$11,764,940.24 to the totals for the period.

In one or two centers of the district there has been rather a brisk demand for funds. As a rule, however, money is reported easy all over the district. Dealers in securities report no recession in the market but observe a strong tendency toward the higher grade investments.

In the iron and steel trade, the principal changes that have occurred since last month's report have been in the line of higher values and increasing pressure for deliveries. Plates, shapes, and bars have had an advance of \$2 per ton. Mills are congested, and, notwithstanding the unfilled tonnage report of the steel corporation for July, showing a decline over June, there never has been a time in the history of the steel business when mills have been sold so far ahead with as much prospect for additional business.

The electrical business is still going along at top speed, with delays in deliveries due to difficulty in receiving raw materials, even though premiums are offered.

The factories engaged in making automobile parts report the raw material situation very difficult to overcome, as it is almost impossible to get deliveries, regardless of price.

Pig iron sales for the past month and a half have been very light, but recently a number of large sales have been made at only slight concessions from former prices.

The coal business is in a peculiar position. The companies have plenty of orders at a fair price, collections are good, but there is a serious shortage of labor and a car shortage also on some roads. Prices seem to be strengthening and the demand continues.

Glass and diversified industries are preparing for an active fall and winter season. Four thousand men employed in bottle and glass factories in the Pittsburgh district get an advance in wages with the resumption of operations of factories next month.

In the pottery business all factories are running to capacity and receiving better prices than ever before in their history.

The rubber industry, centered in Akron, is still booming, with no abatement in sight. Although running three shifts a day they are not able to supply the demand. Four of the largest plants are building extensive additions in anticipation of a steadily increasing demand until 1919. Sixty per cent of the rubber goods sold in the United States is produced in this district, and the average daily sales in Akron are \$600,000, the demand for automobile tires being 55 per cent greater than a year ago.

Suburban train traffic is normal. Through and excursion travel is 10 per cent better than normal. Loads billed in this district on all of the principal trunk lines show 36.7 per cent increase over July, 1915, but a decrease of 7.5 per cent for the previous month.

The greatest problem of all manufacturers in the district is the problem of labor. Some are experimenting with negro laborers, who are being brought here in considerable numbers from the South.

Collections are reported good, and little evidence of any distress is found. Many who a month or two ago were rather uncertain of the future now speak quite confidently.

Post-office receipts show an increase of 8.4 per cent over July, 1915, and a 8.8 per cent decrease over June, 1916. Table of post-office receipts follows:

	July, 1916.	July, 1915.	Increase or decrease.	Percentage increase or decrease.
Cincinnati.....	\$221,338	\$218,338	\$3,000	1.3
Cleveland.....	304,719	283,434	21,315	7.5
Columbus.....	99,080	84,742	14,338	16.9
Pittsburgh.....	316,245	281,919	34,326	12.1
Toledo.....	81,644	76,989	4,655	6.0
Youngstown.....	26,204	22,433	3,771	16.8
Total.....	1,049,260	967,855	81,405	8.4

Mercantile lines, both wholesale and retail, are gaining in comparative reports.

Land prices are probably the highest known in the district, with a few exceptions, but there is no unusual volume of business being transacted. Real estate people report a fair demand for moderate-priced homes. Three hundred less building permits were issued in July

than in June, 1916, but the total valuation shows a substantial increase, as indicated in the following tables:

	Permits issued.		Valuations.		Increase or decrease.	Percentage increase or decrease.
	July, 1916.	July, 1915.	July, 1916.	July, 1915.		
Cincinnati.....	1,454	1,543	\$786,350	\$1,275,100	148,750	138.3
Cleveland.....	1,228	1,254	3,397,660	2,319,280	1,078,380	46.4
Columbus.....	268	240	563,085	504,085	59,000	11.7
Pittsburgh.....	360	388	966,296	1,186,632	1220,336	118.5
Toledo.....	330	234	565,492	534,012	31,480	5.8
Youngstown.....	93	92	274,800	147,650	127,150	84.7
Total.....	3,733	3,751	6,553,683	5,966,759	586,924	9.8

	Permits, year ending—		Valuations, year ending—		Increase or decrease.	Percentage increase or decrease.
	July 31, 1916.	July 31, 1915.	July 31, 1916.	July 31, 1915.		
Cincinnati.....	16,185	15,080	\$13,141,524	\$9,683,446	\$3,458,078	35.7
Cleveland.....	13,472	13,600	29,307,656	29,885,669	1,578,013	11.9
Columbus.....	3,093	2,549	6,662,500	6,161,300	501,200	8.1
Pittsburgh.....	3,880	3,805	15,647,809	13,728,472	1,919,337	13.9
Toledo.....	3,799	2,615	8,907,695	6,236,181	2,671,514	42.8
Youngstown.....	1,186	1,044	3,045,214	2,412,740	632,474	26.2
Total.....	41,615	38,693	76,712,398	68,107,808	8,604,590	12.6

¹ Decrease.

Manufacturers of women's wear report an unprecedented trade. The effect of the strike settlement in New York has not yet retarded the greatly increased business in this district.

Orders for knit goods are in such volume that deliveries during the season in many cases will be impossible.

Agricultural conditions are not so good as last month. The drought hurt corn, and late potatoes are a failure.

The drought has been broken in most localities, but there are some few parts of the district that have not as yet been favored with showers.

The burley tobacco crop is more than satisfactory in quantity and quality.

DISTRICT NO. 5—RICHMOND.

General business is much above the average, reports on conditions are cheerful, and the outlook for the future regarded at least with complacency.

Storm damage referred to in the last report throughout the Piedmont sections, particu-

larly of North and South Carolina, was serious, and the railroads in particular have been slow in recovering, both as to damage to their lines, and as to restoring their service to the public. A similar catastrophe resulting from a cloudburst in West Virginia has wrought great havoc in Cabin Creek, the damage to the Chesapeake & Ohio Railroad and private properties being estimated at several millions of dollars. Continued excessive rainfall is reported throughout the district, very generally resulting in continued crop damage in considerable portions of the territory.

The reports from the trucking sections where the large volume of shipments has culminated have been very satisfactory. Shipments of cantaloupes and other fruits have yielded satisfactory returns. Potato shipments from the Norfolk sections are estimated to have reached 1,250,000 barrels, and while prices declined to a minimum of \$1.50 per barrel, they averaged probably \$2.50 per barrel, and much of the crop sold considerably above this. Southern sweet potatoes are going into the market at \$3.50 to \$4.50 per barrel.

Special attention has been drawn to one feature connected with the potato crop. This is a demonstration that this district can grow potatoes and also other vegetables without potash, other than such as can be obtained from cottonseed and other fertilizers produced in this country. This gives promise of emancipation from potash for which this section has been depending chiefly on Germany and Chile. Farmers have been spending millions for potash and it is now gratifying to learn that fruits and vegetables can be successfully raised regardless of whether or not we have potash.

One railroad line in this district has sent out a special car carrying an agricultural exhibit of the products of this section, to visit a number of State fairs in the North and Northwest. This is a part of a campaign of education to bring before other sections the advantages and agricultural possibilities of this district.

Building is reported dull in some sections, but there are apparently indications of improve-

ment. Reports from the lumber trade generally are not satisfactory, but box manufacturers are finding difficulty in keeping up with their orders. Operators in creosoted material report that business has been particularly good. North Carolina reports considerable activity in municipal and county improvements such as roads, bridges, public buildings, and additions to manufacturing plants, as well as the construction of some new ones. This possibly grows out of the recent flood damage and probable restoration.

Some indifference is shown toward taking on new coal business owing to the fact that operators are full of orders or contracts. There is some shortage in labor and also a shortage in car supplies. Dumpings are lighter for July than June. Most of the decrease in the shipments over the Chesapeake & Ohio and Virginian, and particularly the Norfolk & Western, being due to floods and washouts.

Prices have advanced about 50 cents per ton and are likely to add another 50 cents increase. There is a demand for South American port shipments, particularly the Argentine Republic. This demand is stimulated by the release by the British Admiralty of tonnage for the import of grain and food stuffs to the United Kingdom. These steamers are available for coal cargoes for the outward trip in preference to ballast, and this has materially reduced freights to these points. These conditions reported from the ports are confirmed by advices from the interior, where the demand is said to be greater than that for last year, shipments limited by railroad damage and car shortage, with prices showing a hardening tendency.

Corn crop conditions are spotted, and on the whole considerably below the average, but the crop does not appear to have suffered as seriously from the excessive rains as has cotton.

In the southern portion of this district there have been severe floods with complete destruction of crops in the low lands and on some of the watersheds, but the corn crop as a whole, except on some of these very low lands, has not been so seriously affected. In some sec-

tions, where it has been possible to cultivate it, it is said to be the best in several years. In some sections corn and peas have been sown for ensilage for next winter.

Cotton is reported to have suffered generally from excessive moisture and reports from most sections estimate the yield at not more than 50 or 60 per cent of a fair crop. This has resulted in a very considerable advance in prices, which it is anticipated will make up to a very considerable extent for the shortage in volume. There is a possibility of some improvement depending on future weather.

Reports from manufacturers indicate conditions as abnormally good. Orders are abundant, the demand for domestic yarns extending through the whole range of variety is excellent, both for prompt shipment and extending well into next year.

The demand for automobile tire fabrics is particularly strong.

There is some complaint of the scarcity of labor, and particularly of dyestuffs. Plants generally, however, are not only reported in full operation, but many are operating at night, employing double shifts. The industry is enjoying probably the greatest prosperity it has ever experienced.

Exports for July show an increase of over 100 per cent, this increase being chiefly at Baltimore, in shipments of cotton, tobacco, grain, especially in copper and other metals.

The recent appropriation by Congress of \$75,000,000 for good roads, to be expended during the next five years, has stimulated the movement already under way along this line. Of the \$5,000,000 available for the year ending July, 1917, this district will be entitled to \$333,000 on condition that a similar amount is contributed by the States and counties.

Jobbing in general lines is reported as good, and conditions on the whole in the district are satisfactory. Merchants are reported to have been conservative, looking closely after collections, and results have been satisfactory. There has been some destruction owing to flood conditions, but losses are thought to have been considerably exaggerated.

This district is thought to have only a moderate volume of war orders and therefore not likely to feel a reaction as keenly as some other sections.

Labor is well employed, there being no question of work, but rather difficulty in securing a sufficiency of labor. Many plants are running overtime to keep up with orders. In the coal regions there is a strong demand for miners at almost all of the mines. There have been some voluntary increases in wages. Operatives seem to be satisfied and no labor troubles of any sort are reported, the whole situation being regarded as better than it has been for several years. A South Carolina statute, which on January 1, 1917, raises the age limit of child labor, is expected to effect a further elimination of child labor in that State.

Some slackening of demand for machinery and metals is reported from the New England market but most of the operators seem to have all the business they can take. The demand for mining and quarrying machinery is reported good, several fairly good contracts have been let by the railroad companies for extension of lines, and railroad contractors are in the market for equipment. Business in this particular line is said to be better than it has been for several years past.

There has been some demand for rediscounts from the smaller banks, but the banks in the larger cities and towns while reporting business as improving and good, have been able to supply the needs of their customers. There seems to be no apprehension about being able to extend to planters during the harvest season all of the assistance which they may need. Large engagements for the tobacco trade have been made for the next 30 or 50 days.

Deposits are reported as reaching the high-water mark and loans approaching that limit, making very satisfactory business.

Railway earnings so far reported seem to be holding their own, although they have been affected by the recent flood damage.

Reports from the 12 clearing houses in the district show an increase of 28 per cent over the corresponding figures for 1915.

Postal receipts from the centers in the district indicate an increase of nearly 9 per cent over the corresponding month for last year.

The tobacco crop is reported to be short in some sections and generally below the average, but high prices for the new crop are indicated which gives general satisfaction and fully makes up for the shortage in volume. Tobacco jobbers report business as very satisfactory.

Business in wagons and buggies has been reported as poor during the past two years, but indications point to improvement. Profits have been meager owing to the high cost of materials without a corresponding advance in the completed product. The outlook for fall business is reported as good, and the high prices for tobacco and cotton are looked to as governing factors in the situation.

DISTRICT NO. 6—ATLANTA.

Although future prospects in this district are largely dependent upon the development of crops, August has been a prosperous month considering the usual midsummer dullness, and there has been no marked cessation of the general business activity.

Cotton.—While there is a disposition to take a better view of the cotton crop prospects, the rains following the July storms have prevented the crops from recovering lost ground. The fields are grassy, and though some improvement is shown in northern Alabama, Georgia, and Mississippi, in the southern part of the district the boll weevil is causing material damage and while the plant is good, there is little fruit. In Tennessee the crop is very good and fruiting well and reports are very favorable.

Corn.—Excessive rains have greatly damaged corn in the bottom lands. The crop in the uplands is in excellent condition and in view of the increased acreage a normal crop is expected. A number of sections report the planting of quick maturing crops, such as beans and potatoes, to take the place of corn and cotton destroyed.

Citrus fruit.—Early indications point to a 20 per cent decrease in the yield of the orange and

grapefruit belt, with a slightly smaller yield in lemons, limes, and kumquats than last season.

Tobacco.—Prospects for a fine crop are very bright and an excellent demand is expected, providing shipping arrangements to foreign countries can be obtained. The quality is good and the crop slightly above the average.

Coal.—There is still a depressed condition in the coal market. This is especially true of steam coal largely shipped to the bunker trade of the ports of New Orleans and Mobile. While there has been a slight increase in price, of about 10 per cent, this is hardly sufficient to cover the increase given the miners and other laborers.

Phosphate.—The production is not more than 30 per cent of what it was three years ago, and this is especially true of mining and exporting for European markets. The export trade has been practically at a standstill for two years, due to inability to secure bottoms for export trade. The grinding of phosphate for domestic consumption and use as a fertilizer is more encouraging, the volume of business being decidedly better than last year. Bookings for fall delivery indicate a better season. This being out of season, plants are not running full time.

Zinc.—On account of special conditions obtaining in the zinc metal market, Tennessee producers report business above normal and prevailing prices high. Plants are running to full capacity, with scarcity of labor.

Iron and steel.—With present doubts as to cost of raw materials there has been a slowing down in these lines, though the manufacturers have only a limited tonnage to sell for the remainder of 1916. The mills are operating on an increase of about 25 per cent over this time last year. Labor conditions are satisfactory, with prices about \$3.50 per ton more than last season. Some difficulty is experienced in getting bottoms for foreign shipment.

Lumber.—July business shows an increase over previous months, but conditions are hardly normal. Prevailing prices are somewhat higher, but are low as compared with the cost of the product and its actual value as a

building material. Car shortages are reported in some sections.

Brick.—Conditions are not normal. In the fire-brick line there has been, possibly, a 25 per cent increase in volume of business in the past 30 days, and, as compared with the same period last years, shows an improvement of about 40 per cent. In building brick there has been some increase in volume and prices, due to damage from storms and delays of some manufacturers. Labor conditions are not entirely satisfactory. The general outlook is more encouraging than at any time since 1912.

Marine construction.—The volume of business is better than usual. Prices are above normal, with common labor satisfactory. Some difficulty is experienced in obtaining skilled mechanics. A number of plants contemplate improvements and additions. Sail makers and riggers are working overtime, showing an increase of 50 per cent over conditions of previous year.

Building and contracting.—The volume of business is normal for this season of the year, showing considerable increase in the past 30 days. Prices of labor and materials are increasing. Bridge building, while not normal, shows considerable increase during the past month.

Iron works and hardware.—Conditions are above normal, with high prices prevailing and labor conditions satisfactory. Raw materials are correspondingly high, affecting the margin of profit. Wholesalers and jobbers report hardware business above normal and 50 per cent above what it was this time last year. Prevailing prices are exceptionally high and little prospects of an early decline.

Naval stores.—In view of the fact that naval stores are contraband of war, the business is considered satisfactory, and the movement shows an increase over that of 1915. Estimates are that from 10 to 15 per cent more naval stores will be produced for this season, which ends April 1, 1917, as compared with previous 12 months. Prevailing prices for spirits of turpentine are fair, when increase in crop is taken

into consideration. Current values for rosin, especially lower grades, are practically double what they were one year ago, the statistical position having improved materially, the surplus which was in sight at the beginning of the war having been worked off and the supply between the producer and the ultimate consumer perhaps a little below normal. Labor conditions in the main are satisfactory.

Chemicals.—Fertilizer manufacturing is dormant at this season of the year. Due to increased cost of materials entering into the manufacture, prices are 50 per cent higher than in 1915. Nearly all these plants engage in the manufacture of sulphuric acid, almost the entire output being shipped east. The volume in this line is below that of the early spring months, probably 40 per cent of what it was during the months from November to April, due to cessation in orders from munition manufacturers.

Cotton mills.—Continue to operate to full capacity and show increase of 40 to 50 per cent in volume of business over the same month of previous year. There is no cessation in the demand for the product, which is better than for several years, and mills have orders booked running well into 1917, with prices showing substantial profit. A number of mills are making improvements and additions to their plants.

Cotton-oil mills.—Business in this line will become active during the first part of September, but a large volume of business is not looked for by reason of shortage in cotton crop and consequent short supply of seed. This will mean competition among the mills for raw material to crush a maximum tonnage. While the present outlook indicates good prices for finished products, the questions whether the manufacturer will be enabled to pay excessive prices for raw material is dependable upon the shipment of finished products to European markets.

Flour mills.—The prevailing prices of both flour and wheat are high, due to short crop of wheat, and while the selling market is off in

flour, the volume of business in dollars and cents is larger than last year on account of high prices. Though some plants are not running full time, others are operating night and day as is customary for several months after harvest. The jobbers have bought considerably less amount of flour than former years hoping for reaction in the market.

Printers and engravers.—The volume of business is normal for this season of the year, with slight percentage of increase over last year. Prices are high and labor conditions satisfactory.

Sirup manufacturers.—Slight increase over last year, with expectations for larger increase in view of larger cane crop this year. This year's crop is expected to be normal as compared with 40 per cent decrease last year. On account of scarcity of sirup at this time and high price of sugar, prices of sirup will show increase.

Furniture.—The volume of business is greater than for two years past. Prices are higher than for several years, with margin of profit less, as prices have not advanced in proportion to raw materials. Labor conditions are generally satisfactory, with exception of scarcity of cabinetmakers, due to high wages paid by automobile factories.

Dry goods and notions.—Conditions normal for this season of year and wholesalers and jobbers report increase of about 25 per cent over same period last year. Prices are high.

Hosiery.—The volume of business is very much above normal and manufacturers are refusing orders on account of inability to make deliveries. Orders are booked well into the spring of 1917. Prices are high. In the Tennessee plants labor hours are limited by law and there is not sufficient labor at hand to operate day and night shifts. Some mills report contemplated extensions of operations withheld on account of labor conditions.

Shoes.—The volume of business is not quite up to normal, though the year just closed showed a great improvement. Labor conditions are satisfactory.

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

Although practically no coffee is being handled—due, it is said, to the British blacklist against certain dealers—the imports were above those of same period last year. Exports are the largest ever known.

Indications are that the growing crops of cane, corn, and rice will show an abundant yield, but that of cotton is only fair; in fact, from all our sources of information the invariable comment is that the crop is below normal. The lumber market is showing some improvement both in volume and price. Live stock is in good demand, and Louisiana and Mississippi farmers continue to develop this industry.

DISTRICT NO. 7—CHICAGO.

Excessive heat has been an important factor during the past month and its deterrent effect is evident. Crops have suffered and some industries have necessarily curtailed their operations. Banking opinion as to conditions varies, with banks in agricultural sections somewhat uncertain and those in manufacturing centers quietly hopeful. Rates have shown a downward trend since last report and are about one-half of 1 per cent lower. Money seems to be in generous supply, and in but few localities is the demand sufficient to meet the approval of the banks. Labor continues well employed. A car shortage is reported by some industries, and mercantile houses appear to be actively engaged.

Fall business, to a large extent, depends upon the results of the crops, and in this district, when the prices are considered, the farmers should receive a satisfactory return, since the damage, taking the district as a whole, does not appear to be great enough to offset the increased market value of the products.

Bond houses are finding business quiet, investors are in many instances away from the centers, and no activity is anticipated for several weeks. Foreign collateral issues are said to be meeting with better favor in this territory than the external unsecured loans, and

bond purchasers seem to demand a higher rate of interest than formerly.

Crops in this district are fair, but the conditions are not considered as favorable as at the time of our last report. The authorities, in great part, are still hopeful of a satisfactory yield or one which at current prices should assure a prosperous year. Hay has proven a bumper crop. Illinois, with only a fair volume of wheat, if given favoring weather, should produce a satisfactory quantity of corn and oats. Indiana seems to have a generally good outlook for corn, although rain is required in some localities.

The wheat crop will be considerably less than last year, and oats are only fair. Truck and potatoes have improved recently. Iowa reports indicate a good quantity of corn, a fair volume of oats, and a decreased supply of wheat. Hay is normal or better. It is said that many cooperative creameries are being established. Michigan, particularly the southern part, has suffered from lack of rain, and the corn and oats are reported considerably damaged, as is also the case with potatoes. Late fruits are said to be promising. Wisconsin has harvested its small grain, with generally favorable expectations. The corn has been benefited by rains and seems to have good prospects. Hay is in good quantity, oats are reported fair, and tobacco as doing well. Only a fair potato crop is anticipated.

Agricultural implements.—Conditions in this line are not as favorable as a month ago, due to the reported crop damage and the high price of raw material. A smaller business than in 1915 seems probable. Repair parts for heavy farm machinery are still reported in good demand. Collections are said to be good.

Automobiles.—Production in this line has not kept up with the demand, and manufacturers consider the outlook for the remainder of the year most excellent. Collections are good.

Building materials.—Brick companies are said to be enjoying a considerably increased business as compared with last year, although

July was somewhat behind June. Cement manufacturers are suffering from car shortage and difficulty in securing labor. Contracts are reported held up owing to the inability of contractors to secure the necessary help. There is some seasonal activity in the line and collections are considered good.

Coal.—A car shortage which may become more acute is affecting this industry, but prices are fair and prospects for the fall are generally hopeful. There was some spasmodic purchasing in anticipation of the railroad strike, but this was not heavy.

Distilling and brewing.—This is the quiet season with the distillers. Business is reported good—in fact, better than during the past two years. The whisky business is in better shape to-day as to stocks, consumption, and values than at any time in the past 10 years. Breweries have enjoyed a nice volume during the past month.

Dry goods.—Sales are said to show a good increase over last year, and there is a feeling that firm prices may continue not only during the war abroad but for some time after its close. This is based upon the supposed shortage of cotton and wool with some of the foreign powers, the necessity of replenishing these raw stocks, and also buying finished textiles until their mills can be rehabilitated. Domestic cotton goods are strong, and there is a scarcity in the ready-to-wear line and hosiery. Stocks of merchandise appear to be healthy, and a prosperous trade during the coming months is quite generally anticipated.

Furniture.—This line reports a satisfactory condition and good outlook. Collections are fair.

Grain markets.—Wheat has shown great activity since last month; and with prospects for a short crop, the price advanced rapidly. One authority suggests the danger of selling too large a quantity for export, which might cause a shortage here, based on this country's requirements. The farming element will receive its profit principally from the prices. In the Southwest some farmers are holding their grain

for higher prices. Corn and oats both show firm values.

Groceries.—Wholesalers appear thoroughly satisfied with both conditions and prospects, although collections are slow in spots. In a few localities decreased sales are reported, with a considerable falling off in sugar. Peas and beans may reach higher prices, owing to the hot weather during July and August.

Hardware.—Demand is reported good, considering the season, with no weakening in quotations. Prospects continue satisfactory for the balance of the year.

Leather.—Conditions in this line have been somewhat quiet, but prices have been well maintained. Stocks of leather are reported smaller than last year, and considerable activity is in prospect during September. One authority anticipates a heavy demand from England during the balance of the year. Collections are satisfactory. Leather belting is selling in good volume, with raw material at high prices. Collections slow in spots.

Live stock.—Cattle, hogs, and sheep are in demand at fancy figures, and, for this reason, some are being prematurely marketed, also because of drought conditions. Packers are enjoying a good business through both foreign and domestic buying. Prices are well maintained in all lines of provisions, and live stock coming to Chicago is reported in excellent condition.

Lumber.—Retail business is improving slightly, but the buying of railroads and car companies is about the same as formerly. Volume is not quite up to 1915, and shipments are delayed through car shortages. Collections are generally satisfactory. Country dealers are holding back and mills are curtailing to some extent.

Mail order.—Volume still shows an increase, with a slight decline in grocery sales. Other articles are in demand and active, and satisfactory conditions exist in this line.

Pianos.—Raw material is at high prices and labor is scarce, yet consumers are taking pianos in good quantity, and prospects are favorable for a prosperous year.

Steel.—Mills are booked for some months to come and prices are firm. We understand that new business is coming in somewhat slower, but collections are good and general conditions satisfactory.

Watches and jewelry.—The year is proving a prosperous one for watch manufacturers, and manufacturing jewelers are reported running full time. There is a lack of skilled labor. Retail business is satisfactory, prospects good, and collections prompt.

Wool and woollens.—The wool market is in slightly better condition than at the time of our last report. Mills have been steady consumers and are said to be showing interest in supplies held by dealers. Volume, however, is not large, but prices are well maintained, and no decline is expected. The woolen-goods business shows an increase in spite of the difficulty in procuring dyes and the high cost of raw material. There is some increase in plant capacity reported. An accumulation of woollens is said to be in the hands of wholesalers who covered too heavily, but retailers, according to the same authority, are understocked. The tariff question is again commented on and protection after the war considered a necessity. General business is good.

Clearings in Chicago for the first 16 business days of August were \$1,021,323,000, being \$237,486,000 more than the corresponding 16 business days of August, 1915. Clearings reported by 22 cities in the district outside of Chicago amounted to \$244,672,000 for the first 15 days of August, 1916, as compared with \$182,777,000 for the first 15 days of August, 1915. Deposits in the eight central reserve city member banks in Chicago were \$661,000,000 at the close of business August 19, 1916, and loans were \$449,000,000. Deposits show an increase of approximately \$47,000,000 and loans an increase of approximately \$21,000,000.

DISTRICT NO. 8—ST. LOUIS.

Distribution of merchandise, both wholesale and retail, remains at a high level throughout the entire district. Sales and collections continue satisfactory, and increases are generally

reported. The outlook for fall business in all lines seems to be entirely favorable.

The fall buying season in this district starts in August, and the number of retail merchants from the Southwest in the market at this writing seems to be unusually large. The outstanding feature of the spring and early summer months of the year was the heavy orders for both immediate and future delivery, and in some quarters it was expected that this would curtail, at least to a degree, fall buying. Wholesalers, however, report an active demand for merchandise, and this would seem to indicate that stocks in the hands of retailers throughout the district have been well distributed to local consumers. Shoe manufacturers report gains in shipments similar to those noted in the last few reports. The clothing trade reports satisfactory business, and its fall orders are in excess of last year. The hardware, woodenware, and kindred lines are all very active, and in some cases record business has been reported. In general it may be said that the usual seasonable lull in business has been less noticeable this year than for a number of years past.

The temperature during July was above the normal in practically all parts of the district, and this seems to have stimulated the retail movement of summer goods. It appears that the department stores and other retailers in the larger cities have had a profitable season.

The building permits in the principal cities of the district in July, 1916, show a gain as compared to July, 1915. Returns from St. Louis show a gain of over \$725,000, which is the largest gain reported in the district.

The postal receipts at St. Louis and Memphis show substantial increases this July, compared to July, 1915, while at Louisville receipts are about the same as a year ago.

The movement of freight throughout the district continues at a high level. A car surplus of 10,616 was reported on August 1, as compared to 52,234 on July 1, 1916, and 264,243 on August 1, 1915. The railroads continue to show increases in gross and net earnings.

A month ago labor conditions in this district were believed to be satisfactory. Since that time the unrest so noticeable in the eastern sections of the country seems to have spread to this district. Local strikes have become more frequent, and the situation can not be said to be without its problems.

The number of failures in the district have decreased with some regularity month by month, the total for July being reported to be smaller than for any July in several years.

The live-stock market in St. Louis shows an increase in the receipts of cattle, hogs, sheep, horses, and mules for July, 1916, as compared to July, 1915. Prices continue at a level satisfactory to producers.

A month ago Government buying was a noticeable factor in the large markets of the district. Reports indicate that the Government requirements for immediate use have been satisfied, except in the horse market, where the Government is reported to be taking all available supplies. Government requirements for future delivery are still a factor, however, and contracts covering these needs are reported almost daily.

The precipitation in the month of July in the northern half of the district was below the normal, amounting to a drouth in many sections, while the rainfall was excessive in the southeastern portions of the district. The drouth in the northern sections of the district continued until the middle of August and undoubtedly caused severe damage to corn and other crops. General rains beginning August 13 and 14, however, have been of benefit.

We give below preliminary estimates of the wheat crop of the States within this district taken from the Government report of condition as of August 1. The 1916 estimate is about 6,470,000 bushels less than the forecast from the July 1 condition. It will be noted that the estimate for 1916 is only a little more than half the average yield for the years 1910 to 1914 and less than half of the 1915 harvest. The estimated production for every State of the district shows a loss this year as compared

to 1915, and as compared to the average of the four previous years. Wheat producers in the northern portions of the district report that recent rains have put the ground in good condition to be worked and plowing for winter wheat has begun.

[000 omitted.]

	Yield per acre (bushels).		Total production.		
	Estimate, 1916.	10-year average.	Estimate, 1916.	Final, 1915.	1910-1914 average.
Illinois.....	11.0	16.3	16,434	53,200	35,323
Indiana.....	11.5	15.8	18,158	47,300	32,528
Kentucky.....	9.0	12.6	8,190	9,900	9,797
Missouri.....	8.5	14.1	15,164	34,108	33,747
Tennessee.....	9.5	11.4	8,417	9,030	8,647
Total.....			66,363	153,538	120,042

The table below gives the condition of the corn crop as of August 1 taken from the Government crop report of August 8. There has been a heavy loss in the condition of corn during the last month in several of the states in the district, and the forecast from the August 1 condition is over 13,000,000 bushels less than the forecast for the July 1 condition. This loss in condition seems undoubtedly due to the extreme heat and drouth during July and the early part of August. Reports from practically all sections of the district indicate that the crop has been materially injured. The general rains beginning August 13 have been of benefit but it is a question whether they did not come too late to repair the early damage.

[000 omitted.]

	Condition Aug. 1.		Change from July 1 condition.	Forecast from Aug. 1 condition.	Final estimate, 1915.
	1916	10-year average.			
Arkansas.....	68	80	-25	46,781	62,100
Illinois.....	75	79	-5	351,714	376,164
Indiana.....	82	82	+2	192,839	190,950
Kentucky.....	90	81	+1	115,630	114,000
Mississippi.....	68	82	-19	54,803	69,350
Missouri.....	60	76	-21	159,196	209,450
Tennessee.....	87	84	+1	87,606	94,500
Total.....				1,008,659	1,116,514

The condition of the oats crop is similar to that of the corn crop and the table below gives the figures as of August 1:

[000 omitted.]

	Condition Aug. 1.		Change in condition from July 1.	Forecast from Aug. 1 condition.	Final estimate, 1915.
	1916	10-year average.			
Illinois.....	87	76	-4	165,389	195,435
Indiana.....	84	77	-2	61,304	65,520
Missouri.....	83	71	-6	37,185	31,850
Total.....				263,878	292,805

Here are figures on the condition of the cotton crop as of July 25. The crop has deteriorated in the three principal cotton-producing States of the district, the deterioration being most noticeable in Mississippi. This damage is attributed to excessive rains and to the boll weevil. Reports from Arkansas are more encouraging. The hill sections of that State are beginning to suffer from lack of moisture, but the bottom lands are in good condition, and the crop may be reported as progressing satisfactorily. The percentage of condition in Missouri shows improvement, and with the increased acreage reported from this State should yield a satisfactory harvest.

	Condition.			Changes in condition from June 25.
	July 25, 1916.	July 25, 1915.	10-year average.	
Arkansas.....	85	80	80	-4
Mississippi.....	65	76	79	-20
Missouri.....	80	83	75	+6
Tennessee.....	82	85	73	-2

Rice producers in Arkansas report that the crop prospects are excellent. Reports are optimistic for a banner yield.

Reports on the tobacco crop in western Kentucky and Tennessee are excellent, especially in the Paducah district. Climatic conditions seem to have been favorable, and the condition at this writing promises an excellent quality of

leaf and a large harvest. The tobacco market is firm, and all prospects seem to be favorable.

A few weeks ago it was reported that livestock growers were being forced to ship cattle to market on account of lack of pasture. Recent rains have improved this condition.

The peach crop in the central portions of the district has not proved up to earlier expectations. Peaches are high, and the quality is not of the best. Recent rains have helped the apple crop.

There has been little or no change in banking conditions during the past month. Banks continue to hold surplus funds, as reported a month ago, and there is no anxiety over the ability of banks to finance the crop movement. Commercial paper brokers report an active business, but the supply of available paper is limited. Rates are lower than quoted a month ago, best names now being offered from $3\frac{3}{4}$ to 4 per cent. Country banks are reported as being active in the market at 4 per cent. Some paper has been sold to city banks at $3\frac{3}{4}$. Rates of discount show a downward tendency. The clearings for the principal cities of the district show important increases for the week ending August 12, 1916, as compared to the same week for 1915, 1914, and 1913, the percentage of gains for the week ending August 12, 1916, compared to the same week for 1915 being as follows: St. Louis, 40; Louisville, 8.1; Memphis, 32; Little Rock, 19.5; and Evansville, 18.6.

In July, 1916, this bank cleared, passing through its hands direct, 194,343 items, totaling \$103,494,899.75. However, on July 15 the new clearing plan went into effect, and since then some of our member banks have been sending direct to other Federal Reserve Banks items drawn on member banks in such Federal Reserve Banks' districts. Such member banks make their remittances for the credit of this bank, sending us the proper advices. From July 15 to July 31 there were handled in this indirect way 33,265 items, totaling \$7,836,272.30. There was thus handled through the clearing system operated by this bank during the month of July a total of 296,949 items, amounting to \$154,302,798.75. This is an

increase both in the number of items and amount over our previous records.

From July 15 to August 15, 1916, the first month of operation under the new clearing plan, this bank handled direct 179,146 items, amounting to \$95,940,734.19. During the same period it handled indirectly—that is, items sent direct to other Federal Reserve Banks for the credit of this bank—87,609 items, totaling \$17,298,457.75, or a total for the first month of operation under the new clearing plan of 266,755 items, amounting to \$113,239,191.94.

There are approximately 3,050 member banks, state banks, and trust companies in this district. Prior to July 5 we could collect at par items on only 470 member banks, but now we are collecting at par checks on 1,203 banks in this district, or a little over one-third of the total number of banks.

DISTRICT NO. 9—MINNEAPOLIS.

Reports during the month show an increase in the amount of damage to the Northwestern wheat crop from rust and blight. It is very likely that the crop will be substantially less than half of last year's wheat production, which would give a total yield that is less than the 10-year average of approximately 191,000,000 bushels for the wheat growing states of this district.

Harvesting is practically over, and threshing has begun at many points. Threshing returns indicate that wheat is light in weight, and that the per acre yield is in many cases even smaller than was expected. The extreme heat appears to have done fully as much, and even more damage than black rust.

A summary of 301 reports from reliable sources, estimating the amount of damage, is as follows:

Total damage:	Per cent.
Wheat.....	59.8
Barley.....	25.2
Oats.....	20.4
Corn.....	11.2

Since these reports were received, the corn situation has continued to improve. Damage

to oats appears to be somewhat less serious than the reports three weeks ago indicated. Oats, barley, and rye are all light in weight. Flax continues to show a favorable condition and will make a good crop, with an increased acreage.

As previously noted in these reports, the farmers in eastern Montana, North and South Dakota, and Minnesota carried over a large amount of wheat from last year's crop. Under the influence of continuous damage reports wheat prices on Minneapolis and Duluth markets have gradually reached record levels, and a large amount of old wheat has been moving in at the top of the market.

Wheat receipts at Minneapolis and Duluth for the week ending July 29 aggregated 3,769,000 bushels, for the week ending August 5, 3,446,000 bushels, and for the week ending August 12, 2,647,000 bushels, or a total for the three weeks' period of 9,862,000 bushels. This volume of old-crop wheat coming in on a high market has placed a large amount of cash in the hands of the farmers, and with a considerable amount of old wheat still on the farms represents an asset that is a considerable offset to the decreased income from the present crop.

The conditions created by the damage to the wheat crop point conclusively to the fact that the ninth district is not as dependent upon small grains as in former years. Lines of business that are largely dependent upon the prosperity of the agricultural centers show no apprehension over the outlook and continue to enjoy a favorable volume of business. Crop conditions this year will bear heavily upon the farmers in some portions of the district that are almost exclusively in the grain-raising business, but will not depress conditions in the very large part of the district where farming has become more diversified and where live-stock raising and dairying has gained a solid foothold.

A great improvement during the month in the corn prospect is a very favorable factor, since over the southern portions of this district corn is a more important crop than wheat.

Conservative observers are inclined to believe that the money return from this year's crop, taking into consideration the very high prices that have been prevailing for live stock, dairy products, grain, and practically the whole range of farm production, will not be far short of the returns a year ago, with the exception, as above noted, that there will be some depreciation in the relatively small proportion of the agricultural area that is given over exclusively to grain raising.

The returns of the farmers on this year's wheat crop will undoubtedly average better than a dollar a bushel, and some observers are inclined to believe that the range net to the farmers will be from \$1.10 to \$1.30 per bushel.

The agricultural situation has already produced a substantial quickening in the demand for loans for farm purposes. Except in this respect banking conditions remain about the same, and interest rates have shown but little change during the month.

Wholesale and retail business is active. Industrial lines are prosperous, and labor is fully employed and in brisk demand at good wages. Construction is active, bank clearings have been increasing, and sales of lumber and material for farm improvements are in good volume. The district as a whole is prosperous, and the present outlook is favorable.

DISTRICT NO. 10—KANSAS CITY.

Continued high temperatures, with almost total absence of rains, during the past 30 days have generally interfered with the previous favorable agricultural prospects. Latest obtainable reports from the States wholly or in part within this district are, briefly, as follows:

Nebraska.—Rains since August 1 assure more than an average corn crop, and it is expected that the number of bushels will approach 200,000,000. Wheat and oats are the best as to quality ever grown in the State, with yields averaging very high. The second and third crops of alfalfa materially shortened by dry conditions. Soil is in excellent condition for plowing and this work progressing rapidly.

Kansas.—Widespread damage to corn. Wheat crop of exceptionally fine quality, turning out better than expected, and expectations are that the aggregate yield will exceed that of last year, when it amounted to 95,000,000 bushels. New wheat is bringing the farmers record early-season prices. It is estimated that two and one-half millions tons of prime hay have been harvested from the State's 1,300,000 acres of alfalfa. Pastures still affording herbage in most cases, with no complaint of shortage of stock water. Corn is being cut for fodder and silos are being filled in many places in the southern and western parts of the State. It will be noted, however, that Kansas has already harvested excellent yields of important crops selling at unusually good prices.

Oklahoma.—Continued dry weather has caused considerable damage to the corn crop, although in some parts of the State the early crop was practically assured before the heated spell. Condition of cotton crop is good, not having suffered from dry weather as much as other crops, but is deteriorating. Boll weevil active and numerous in southern area. Forage crops in fair condition. Broom-corn harvest progressing nicely and high prices are being paid. Pastures poor and mostly dry, stock water becoming scarce. Soil too hard and dry for plowing.

Colorado.—General rains beneficial. Ranges have improved. Condition of corn is decidedly better, but crops still backward. Sugar beets continue in excellent condition. Good crops on irrigated lands, but in nonirrigated districts crops have suffered from prolonged drought.

Missouri.—The most serious drought and persistent heat since 1901, continuing about seven consecutive weeks. Corn crop is undoubtedly seriously damaged, that on the higher lands is already past help. Pastures dry and brown. Some farmers are beginning to feed, as the range has failed and water is getting scarce. Ground as a rule too dry and hard for plowing. Hay crop the best in the history of the State.

Wyoming.—Great improvement in crops, probably 50 per cent for the grain crops over

June. The second cutting of alfalfa was up to average. Potatoes better than for several years. Condition of crops under irrigation, as a whole, good, but rather poor under dry farming on account of late rains.

New Mexico.—Dryness of the soil from lack of good rains caused later showers to be quickly absorbed and not as beneficial as usual, but afforded much relief in stock water and ranges and will make fodder crops, which will be extensively grown for stock.

A car shortage, usual at the crop-moving season, is reported from practically all over the district, but railway men claim it will not be as serious as in previous years.

In numbers, all live stock marketed from January 1 to date shows an increase over 1915, the largest increase being in cattle, which was about 20 per cent, with hogs 10 per cent. Prices on fat grass cattle are some lower than a year ago, corn-fed cattle about the same, and hogs about \$2 per hundredweight higher. Most of the receipts comprise cattle from the grazing parts of the district, and the range is reported to be good. Cattle are generally reported as doing well. There has been plenty of water, in spite of the drought, owing to the heavy rains early in the spring. The demand for feeders and stock cattle, to be taken north and east, commenced in earnest about the 7th of August, and is now much heavier than usual at this time of the year. A shortage in hogs in the south and west is anticipated, as the farmers will not have corn to feed them and will be compelled to market a portion of those on hand. There is no demand for cattle loans at this time, and loans already made are being liquidated. Feeder loans should be in demand early in September.

There has been a good increase in hogs packed in the district since February 26 of this year, as compared with last year, as indicated by the following compilation:

	1916 to Aug. 5.	1915 to Aug. 7.
Kansas City.....	1,101,300	1,021,700
South Omaha.....	1,040,200	904,200
St. Joseph.....	800,600	582,000
Wichita.....	245,900	173,500
Oklahoma City.....	328,000	168,300

There has been a decided slump in the price of crude oil, from \$1.55 to 95 cents a barrel. There seems, however, to be a general belief among oil producers that the market will not be demoralized. This falling off is explained by the fact that during the months of April, May, and June more than 4,500 new wells were drilled in the mid-continent field, and were this to have continued a condition of overproduction might soon have developed. July, however, showed a decrease in drilling operations, and it is believed that the same leveling influence will be maintained for the next few months. There has been a falling off in exportations, but an increased domestic demand for petroleum products.

There has been a decided drop in the prices for zinc ores, which has reached the lowest figure paid for ore for nearly two years, and operators seem to be at a loss to understand the reason, nor can they understand the sustained slump in the spelter market, which is the underlying cause of the low ore prices. In the Joplin (Mo.) district the value of zinc and lead ore mined and sold up to August 1 was \$22,086,511, as compared with a total production amounting to \$13,552,401 during the same period of 1915. The production for the 30 weeks of 1916, ending with August 12, represents the highest in tonnage and values in the history of the Joplin district. It might be interesting to mention that mines in this district supply 38 per cent of the spelter produced in the United States.

Colorado reports a perceptible slackening in the production of lead during the past few weeks, due chiefly to the hot weather. The first half of the year, however, made a new high record, and the full year will be far above all predecessors. Owing to unsatisfactory prices, there has been an apparent accumulation of tungsten concentrates in the Boulder (Colo.) field, but an increase of demand of any material proportions, it is said, would quickly exhaust the reserve. It is estimated that Colorado mineral output will show a total of \$100,000,000 at the close of 1916, as compared with \$75,000,000, the production for 1915. The

tungsten production is primarily responsible for this increase.

The mines of New Mexico during the first six months of the current year show small increases for gold and silver and appreciable increases for lead, copper, and zinc.

Were it not for the serious and unsettled condition of the controversy between railroads and their employees labor conditions in this district might be said to be satisfactory. The complications between miners and mine owners are being amicably adjusted. Employment bureaus report many places open, but labor scarce.

One report, covering 70 lumber yards throughout Kansas, Oklahoma, Colorado, Wyoming, and Nebraska, furnishes the following figures:

Wholesale business:	Per cent.
Gain in shipments, Jan. 1 to June 30, 1916, over same period last year.....	17
July, decrease in shipments.....	21

The average price which our lumber brought at the mill covering first half of this year was 32 per cent higher than in 1915.

Retail business:	Per cent
Gain in sales, Jan. 1 to June 30, 1916, over same period last year.....	47
July, gain over same month last year.....	18

Denver reports building permits for July as surpassing all records for the same month in any year since 1912. Kansas City reports that while the estimated valuation of buildings for which permits were issued in July, 1916, fell off 22 per cent from the July total of 1915, the estimated value of new buildings started in the first seven months of 1916 is 5 per cent greater than for the same period a year ago. Total real estate sales for the early part of August shows a marked increase over a year ago. Oklahoma City reports that building operations for July will far surpass any July since 1910. Omaha advises of a total value in building permits for the first seven months of 1916 of \$3,897,522, as compared with \$3,015,210 for the same period of 1915.

Foreign trade in meat products for July shows a decided improvement as compared with the month of June. The horse and mule market reports a strong foreign trade, 30 to 40 per cent in excess of the June demand. There has been no large grain movement from this district to the seaboard for export, this trade being much less than last year, due to the very high price of grain and the extremely high ocean freight rates.

In dry goods, business for July and August shows a fine increase over last year, with collections very satisfactory and prospects good for the fall business. One of the largest dry goods companies in the district reports an increase of 60 per cent for July and August over the same period last year. Shoe manufacturers are predicting a material increase in the price of shoes for the fall and winter. Kid and calf skins used in the manufacture of the better grade shoes are up from 50 to 100 per cent, and there is also a noticeable shortage in hides. Wholesale and retail business continues unusually heavy despite the customary untoward influences of midsummer.

The automobile industry is having a wonderful year in this territory, as indicated by the following, showing the number of automobile licenses issued in the States named for the periods shown:

Missouri, entire year 1915, 69,643; to August 16, 1916, 98,097.

Kansas, to August 16, 1915, 59,686; to August 16, 1916, 94,200.

Nebraska, entire year 1915, 59,140; to August 16, 1916, 90,500.

Oklahoma, to August 19, 1915, 25,000; to August 19, 1916, 40,000.

Colorado, entire year 1915, 27,151; to July 1, 1916, 36,012.

New Mexico, entire year 1915, 5,000; to August 1, 1916, 7,442.

Wyoming, to August 17, 1915, 3,675; to August 17, 1916, 6,631.

The following comparative figures of deposits in State banks in States wholly or in part within this district are taken from reports of condition made to State authorities at the same periods each year, although statements were not made for precisely the same dates:

	1915	1916
Kansas.....	\$129,918,798	\$145,685,397
Nebraska.....	103,828,809	141,557,106
Missouri.....	354,048,509	404,885,353
Wyoming.....	7,978,877	10,978,718
Colorado.....	45,321,640	57,502,499
Oklahoma.....	43,823,441	56,080,989
New Mexico.....	6,792,416	8,956,736
Total.....	691,712,490	825,646,798

While the latest abstract of condition of national banks within this district is not yet complete, on June 30, 1916, the amount on deposit in said banks was \$700,756,400, whereas on June 23, 1915, the total deposits in these banks were \$547,745,484.

The general financial situation shows no change of importance. Supplies of loanable funds remain plentiful. Despite active preparations for the fall requirements of the agricultural communities, no material advance in interest rates is anticipated. The postal savings gain has been general throughout the district. Post-office receipts are still increasing. Material and constant increases in bank clearings continue.

DISTRICT NO. 11—DALLAS.

Midsummer dullness incident to all lines of trade at this season has been felt during the past 30 days. Business has, however, been normal and there is nothing unfavorable in the situation, except that in some sections of the district lack of rain is causing alarm. This is particularly true among the cattle interests, complaints coming notably from the panhandle section, west Texas and Oklahoma. Rain has fallen over a considerable portion of the district within the past month, but in most instances the showers have been only local, and not of appreciable benefit.

Reports from cotton-growing sections are so much at variance that it is somewhat difficult to forecast what the yield will be. What threatened to become a widespread damage from boll weevils in the north Texas counties a month ago has been eliminated by the dry, hot weather. General rain over those counties would do much good. Cotton has deteriorated greatly in north and west Texas and Oklahoma

in the past two weeks from lack of moisture. In the southeast counties the opposite condition prevails, and as a result the boll weevils have been active and caused much loss. Picking and ginning are going on throughout the cotton belt, and indications are that south Texas markets are receiving rather heavy receipts of the staple. In the central part of the State, or farther south, the increased cotton acreage has been greater, and the crop at this time may be said to be in better condition than in any other section of the district. Reports indicate an exceptionally heavy yield, especially in the Brazos River counties.

The corn crop will be below the average, and in north Texas and Oklahoma the yield will be cut down considerably on account of the dry weather.

The fruit crop was only about 50 per cent of the normal yield. Active markets absorbed the supply and good prices prevailed, which offset, to a large extent, the short crop. Returns generally were satisfactory.

Banks throughout the district are experiencing a good demand and are getting ready to handle the crop movement. At this season, of course, deposits are greatly reduced and this condition will exist until liquidation from the crop movement is had. As evidencing the heavy demand, it is interesting to note that loans of this bank have increased \$900,000 within the past month. There is no material change in the character of paper offered. Notes of farmers for small amounts, with fall maturity, secured by chattel mortgages, are being received in rather large volume. The first evidences of the fall crop movement have been shown this past week when this bank made shipments of over \$1,000,000 to interior banks for that purpose.

In the western part of the district the outlook for the cattle business during the fall is favorable, although on account of dry weather in parts of that section, reports indicate that cattle sales have fallen off. There has been a lull in the trading as a consequence. In parts

of New Mexico; however, particularly around Carlsbad and Deming, some rain has fallen in August, which has given temporary relief to the situation. General rains are needed to be of material benefit. In the Pecos River country some cattle are being fed in order to prevent losses, the hot, dry weather cutting ranges short.

There is an increase in the acreage in peanuts in central Texas of from 200 to 300 per cent, and with an average yield of 30 bushels per acre it is estimated that shipments of approximately 300 cars will be made from that section alone.

Harvesting of the rice crop is just beginning, and, as the season has been favorable, an excellent yield is the forecast.

The lumber business is holding its position, prices are better, and sufficient orders are booked to keep mills operating five days in the week. Shipments to the interior are said to be satisfactory and export shipments are increasing.

Cement factories have enjoyed a normal trade for this season and report a slightly increased business over 1915.

The oil fields report continued activity, though conditions are not as favorable as 60 days ago. Prices have fallen somewhat, and it is reported that some of the drilling outfits have shut down. In the oil fields in Louisiana the drilling continues and additional gas and oil wells are being opened up. The oil refineries of south Texas are working full time, and the business continues to expand. Exports of these products are made to all parts of the world.

Transportation lines report an increased freight traffic. Passenger traffic has shown a large increase, of from 35 to 50 per cent, and all lines report one of their largest seasons.

Mail-order houses report an increase of 22 per cent for all lines of merchandise, and are receiving heavy stocks in anticipation of fall trade. Local wholesale markets are having an excellent trade from outside buyers and are booking heavy orders for fall goods. On

account of the shortage of dyestuffs wholesalers are finding it difficult to fill orders, and shipments are uncertain.

Local business conditions on the border are said to be exceptionally good because of the troops stationed at those points. The large amount of supplies being purchased in the border towns has been a stimulus to trade in all lines and conditions are exceptionally good.

The exports for the port of Galveston for the month of June, 1916, show an increase of \$1,692,000 over the same period of 1915. This increase is made up of all commodities, but it is especially noted that shipments of cotton and its products to England, Spain, Italy, and Denmark constitute the greatest part of the increase. It is also noted that exports to Mexico increased some 50 per cent over June, 1915. The figures of exports are: June, 1915, \$9,069,333; June, 1916, \$10,761,590; increase, \$1,692,257.

Post-office receipts for nine of the principal cities of the district show an increase of 14 per cent for July over similar period of 1915, the figures being: July, 1915, \$265,092.68; July, 1916, \$308,953.80; increase, \$43,861.12.

All of the offices show a good increase with the exception of two, which show a slight decrease.

Statistics of building permits obtained from six of the principal cities of the district show a decrease in number but an increase in valuation in July, 1916, over 1915. The figures are: July, 1915, \$1,337,072; July, 1916, \$1,474,665; increase, \$137,593.

A decrease in the number, amounting to 160, is shown. There is considerable building going on throughout the district, however, for which permits have not been issued, and operations may be said to show a substantial increase.

Bank clearings obtained from six of the principal cities of the district for July, 1916, over similar period of 1915, show an increase of 7.8 per cent, the figures being: 1915, \$126,136,986; 1916, \$136,884,249; increase, \$10,747,263.

Live-stock receipts at the Fort Worth stockyards for the month of July, 1916, over a similar period for 1915, show a slight decrease

in cattle and an increase in calves for the same time. The receipts of hogs and sheep for July, 1916, over July, 1915, show a substantial increase. The total cattle, sheep, and hog receipts for the first seven months of 1916 show a substantial increase over a similar period for 1915. Below is given a table showing the figures for July, 1915 and 1916, and also for the first seven months of 1915 and 1916:

	July, 1916.	July, 1915.	Increase.	Decrease.
Cattle.....	66,370	75,505	.....	9,135
Calves.....	15,607	15,311	296	.....
Sheep.....	40,086	20,467	19,619	.....
Hogs.....	52,043	17,301	34,742	.....

	Seven months, 1916.	Seven months, 1915.	Increase.
Cattle.....	472,524	464,750	7,774
Sheep.....	298,602	291,971	6,631
Hogs.....	598,865	254,284	344,581

Failures in the district for the period from July 15, 1916; to August 14, 1916, over similar period in 1915, show an increase both in number and liabilities. The figures are: 1916, number, 34; liabilities, \$435,248; 1915, number, 17; liabilities, \$139,331.

This is the first time in several months where the number of failures and amount of liabilities of the firms involved have shown an increase over the previous year. A list of the liabilities of the concerns involved show a majority of the same to be very small and evidently the summer depression has caused this condition.

Local wholesale leather firms report business good and sufficient orders ahead to insure running on full time for an indefinite period, with collections in keeping with the increased volume.

Wholesale grocery houses continue to report an increased volume of 25 per cent, with collections good.

Labor conditions are satisfactory and statistics show less unemployment in the district and better wages obtaining than any time since the beginning of the European war, and, compared with the year immediately prior to the war, conditions may be termed normal.

DISTRICT NO. 12—SAN FRANCISCO.

Favorable weather during the past month has especially benefitted agricultural interests throughout the seven States of the twelfth Federal Reserve district. Grain harvesting is well under way. Wheat has filled well, and there is absence of rust. A report from Portland, Oreg., estimates that the wheat crop of the Northwest will be about 50,000,000 to 55,000,000 bushels, which approximates a normal yield. There is carried over from 10,000,000 to 12,000,000 bushels.

Barley is commanding the highest prices since 1904, some 25 or 30 cents per bushel higher than in 1915. This is due in part to the fact that the crop is not over 90 per cent of the 10-year average, and in part to a heavy export demand.

The cotton acreage in Imperial Valley, Cal., is practically double that of last year and aggregates about 100,000 acres. The first bale of this year's crop was ginned on July 20 and sold at 15 cents per pound.

The area planted to rice has increased from 30,000 acres last year to 80,000 acres this year, with an estimated crop of 280,000,000 pounds, which at 2 cents per pound would have a value of \$5,600,000.

It is anticipated that the crop of beans, which is an important staple, will exceed all previous records.

Acreage in sugar beets is reported at 26 per cent more than in 1915. Six new sugar-beet factories have been established this year, three in Utah and one each in Idaho, Oregon, and California. Preparations are making for large increase in acreage of sugar beets next year. This is a new crop in several parts of the district.

Southern California reports that the new orange crop promises to be about 90 per cent of normal, and that it is probably two or three weeks further advanced than at this time last year. Late shipments of the old crop, both of oranges and lemons, have been at exceptionally profitable prices.

It is reported that more than 40,000 cars of deciduous fruits and other perishable pro-

ducts have been shipped from California thus far this year. This is an important increase in volume. High prices have been realized.

Live stock interests are enjoying exceedingly prosperous conditions in spite of a shortage of feed in certain localities.

The salmon catch at certain points in Alaska has thus far been about normal. At southern Alaska points, however, and in the Puget Sound region, the catch as yet has been only about one-third of normal.

Little change can be noted in the extraordinary activity previously reported in mining. There has been gradual increase of output and continuous opening up of new properties.

During July the daily shipments of petroleum from the California fields were 260,524 barrels as compared with 304,546 during June. Production increased from 255,451 barrels per day in June to 258,393 in July. Drilling is active, and previous advances in prices have been maintained.

The status of lumbering is unsatisfactory and shows little change during the past month, though reports indicate some tendency toward increased demand and slightly firmer prices. Due to lack of bottoms, shipments to the United Kingdom, South America, China, and Japan, which absorbed about 35 per cent of the lumber output before the war, have largely ceased. Shipments are almost entirely to local points.

The continuous development of Alaska is creating an important commerce tributary to this district, Seattle being the main port of supply. The total commerce of Alaska, increasing 20 per cent during the past year, is expected to aggregate \$100,000,000 during the current year. Gold, copper, and fisheries products constitute 95 per cent of the shipments from Alaska at the present time.

The great activity previously reported in shipbuilding continues. Although the cost of construction is high, more than 50 vessels are now under construction at Pacific coast ports. Charter rates are firm without change.

Exports and imports at Pacific coast ports show large gains over the corresponding time last year.

Building permits during July 1916,, reported by 17 principal cities of this district show an increase of 18 per cent over those of July, 1915. Bank clearings for the same cities also show an increase of 18 per cent over those of the same month last year.

Loans of member banks of this district, as of June 30, show an increase of 4 per cent over those reported May 1, 1916, and 10 per cent over June 23, 1915. Deposits on June 30, 1916, were 16 per cent greater than at the corresponding date in 1915.

Labor conditions are somewhat unsettled.

Conditions, in the main, seem exceptionally favorable.

DISTRIBUTION OF DISCOUNTED PAPER BY CLASSES, SIZES, AND MATURITIES.

During the month of July the total amount of commercial paper discounted by the Federal Reserve Banks was \$20,183,100, the largest monthly amount since the opening of the banks. This total is 73.1 per cent larger than the total for the preceding month and 52.5 per cent in excess of the corresponding total for July, 1915. Boston and Chicago report considerable discounts during the month of large-sized short-term paper, with the result that of the total discounts the percentage of the three southern banks has declined from 64.1 in July, 1915, and 53.8 per cent in June, 1916, to 35.8 per cent for the month under consideration. For the seven months of the present year discounts totaled \$82,726,700, compared with \$85,981,800 for the corresponding period in 1915.

Commodity paper, included in the above monthly total of discounts, figures to an amount of \$1,525,200, compared with \$712,000 for June and an average of \$1,393,200 for the first six months of the present year. Almost 75 per cent of this class of paper was handled by the Richmond and Atlanta banks, Kansas City in addition reporting for the first time \$360,000 of discounts of this class of paper. During the present year a total of \$9,884,600 of commodity paper was discounted, of which about 95 per cent was secured by cotton, while the total since September 8, 1915, the date of the first discount of this class of paper, was \$20,199,700, handled by seven banks.

Trade acceptances (two-name paper) discounted during the month by seven banks totaled \$199,000, compared with \$275,700 in June and an average of over \$300,000 for the first six months of the present year. This total is exclusive of \$1,773,400 of trade acceptances based upon foreign-trade transactions purchased in the open market mainly by the San Francisco and New York banks. Discounts of two-named paper since the beginning of the present year amounted to \$2,002,200, while the total discounted since September of last year is \$3,961,000.

The total number of bills discounted during the month was 8,790, compared with 9,238 in June of the present year and 10,155 in July of the past year. The average amount of the paper discounted, because of the preponderance of large-sized paper among the Boston and Chicago discounts, has increased to about \$2,300 from \$1,260, the average for the preceding month, and \$1,304 for July, 1915. For the three southern banks the average for the month is slightly over \$1,250, as against \$4,270 for Chicago, \$4,860 for Cleveland, and \$18,950 for Boston, where over 80 per cent of the July discounts was in denominations in excess of \$10,000. About one-third of the number and a somewhat larger proportion of the amount of paper discounted during the month was in bills of over \$1,000 to \$5,000. Small bills (in sizes up to \$250) constituted about one-quarter of the total number, though only slightly over 1.5 per cent of the total amount of bills discounted during the month. Bills in sizes of over \$10,000—199 in number—constituted about 37 per cent of the July discounts.

About 23 per cent of the bills discounted during the month was paper maturing within 10 days at date of discount; 29.7 per cent paper maturing after 10 but within 30 days; 13.6 per cent paper maturing after 30 but within 60 days; and 24.6 per cent paper maturing after 60 but within 90 days. The discounts of agricultural and live-stock paper maturing after 90 days (6-month paper) totaled \$1,824,700, or 9.1 per cent of the total discounts for the month, Dallas, Minneapolis, and Chicago accounting for about 75 per cent of the discounts of 6-month paper.

Discounted paper held on the last Friday of the month totaled \$27,572,700, compared with \$21,186,200 about a month before and \$29,102,200 about a year previous. Of the total bills held by the banks on the last Friday in July, the share of the three southern banks was 55.5 per cent, compared with 65.1 per cent on June 30, 1916, and 68.1 per cent on July 30, 1915.

Of the total number of member banks—7,621 at the end of July—642, or 8.4 per cent, discounted with the Federal Reserve Bank, as against 678 the month before and 796 in July, 1915. The number accommodated by the three southern banks was 358, as against 338 in June, 1916, and 427 in July, 1915.

Member banks in Massachusetts to the number of 10 secured \$4,970,200 of discounts; 22

banks in Illinois, about \$2,676,800; 126 banks in Texas, about \$2,108,600; 34 banks in North Carolina, \$1,336,100; 11 banks in Pennsylvania, \$1,289,300; and 42 banks in South Carolina, \$1,205,400. The combined share of re-discounts secured by 245 banks in these 6 States was \$13,586,400, or over two-thirds of the total amount reported to the Board for the month.

Commercial paper, exclusive of bankers' acceptances, discounted by each of the Federal Reserve Banks during the month of July, 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 amount 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.....	5	0.5	19	3.5	12	4.5	5	4.8	4	7.2	106	528.7	38	377.0	75	4,075.0	264	5,001.2	3.0	24.8	\$18,950
New York.....	1	.1	7	1.4	27	10.5	19	13.2	30	51.9	26	117.9	6	40.5			116	235.5	1.3	1.2	2,030
Philadelphia.....	3	.3	20	3.9	22	8.5	30	23.6	65	133.0	121	552.5	38	322.9	19	335.4	318	1,380.1	3.6	6.8	4,340
Cleveland.....	2	.2	3	.4	22	8.8	8	5.9	35	64.6	15	70.6	14	125.1	11	259.2	110	534.8	1.3	2.7	4,860
Richmond.....	150	12.8	390	70.9	529	211.9	519	418.6	457	811.6	238	940.7	74	547.1	13	220.7	2,370	3,234.3	27.0	16.0	1,360
Atlanta (including New Orleans branch).....	150	11.3	409	69.2	297	114.4	250	189.6	225	389.9	136	535.9	24	162.8	2	43.0	1,493	1,516.1	17.0	7.5	1,020
Chicago.....	22	1.9	57	10.7	87	34.7	158	126.8	186	311.0	177	806.7	72	689.3	41	1,440.0	800	3,421.1	9.1	16.9	4,270
St. Louis.....	6	.5	34	6.1	72	26.6	60	44.5	74	128.2	66	284.4	7	45.9	1	12.0	320	548.2	3.6	2.7	1,710
Minneapolis.....	5	.4	30	5.3	49	17.8	125	86.4	158	242.6	54	182.4	17	111.0	3	87.3	441	733.2	5.0	3.6	1,660
Kansas City.....	38	3.0	103	17.7	125	46.6	101	71.6	83	142.5	36	123.4	6	39.4	7	375.3	499	819.5	5.7	4.1	1,640
Dallas.....	119	9.0	498	83.0	421	155.4	310	225.5	310	506.9	168	617.6	55	344.1	24	540.4	1,905	2,481.9	21.7	12.3	1,300
San Francisco.....	4	.3	12	2.0	28	10.3	41	27.2	41	65.5	20	76.6	5	35.2	3	60.1	154	277.2	1.7	1.4	1,800
Total.....	505	40.3	1,582	274.1	1,691	650.0	1,626	1,237.7	1,668	2,854.9	1,163	4,837.4	356	2,840.3	199	7,448.4	8,790	20,183.1	100.0	100.0	2,300

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.
	Amount.	Amount.	Amount.	Amount.	Amount.	Amount.	Amount.	Amount.	
Boston.....		0.1	0.1	0.1	0.1	10.6	7.5	81.5	100.0
New York.....		.6	4.5	5.6	22.0	50.1	17.2	.....	100.0
Philadelphia.....		.3	.6	1.7	9.7	40.0	23.4	24.3	100.0
Cleveland.....			1.7	1.1	12.1	13.2	23.4	48.5	100.0
Richmond.....		0.4	2.2	6.6	12.9	25.1	16.9	6.8	100.0
Atlanta.....		.7	4.6	7.6	12.5	25.7	35.4	10.7	100.0
Chicago.....		.3	1.0	3.7	9.1	23.6	20.2	42.1	100.0
St. Louis.....		.1	1.1	4.9	8.1	23.4	51.9	8.3	100.0
Minneapolis.....		.7	2.4	11.8	33.1	24.9	15.2	11.9	100.0
Kansas City.....		.4	2.2	5.7	8.7	17.4	15.0	4.8	100.0
Dallas.....		.4	3.3	6.2	9.1	20.4	24.9	21.8	100.0
San Francisco.....		.1	.7	3.7	9.8	23.6	12.7	21.7	100.0
Total.....		.2	1.4	3.2	6.1	14.1	24.0	14.1	100.0

Commercial paper, exclusive of open-market purchases, discounted during July 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—					Total commercial paper discounted.
			Within 10 days.	After 10 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.	
District No. 1—Boston:								
Connecticut.....	56	1						12.5
Maine.....	68	10	2,745.2	2,165.0	60.0	12.2	0.3	4,970.2
Massachusetts.....	164							
New Hampshire.....	56							
Rhode Island.....	17							
Vermont.....	48	2	17.5		1.0			18.5
Total.....	409	13	2,762.7	2,165.0	61.0	12.2	.3	5,001.2
District No. 2—New York:								
Connecticut.....	15			10.0				10.0
New Jersey.....	129	1		87.4	50.9	70.1		225.5
New York.....	479	11	17.1					
Total.....	623	12	17.1	97.4	50.9	70.1		235.5
District No. 3—Philadelphia:								
Delaware.....	24							
New Jersey.....	71	2	39.8	39.4	18.6			97.8
Pennsylvania.....	533	9	874.3	342.9	45.9	17.2	2.0	1,282.3
Total.....	628	11	914.1	382.3	64.5	17.2	2.0	1,380.1
District No. 4—Cleveland:								
Kentucky.....	72	3		2.4	12.8	.6		15.8
Ohio.....	374	4	189.0	297.1	7.4	16.1	2.4	512.0
Pennsylvania.....	300	2		5.0	2.0			7.0
West Virginia.....	13							
Total.....	759	9	189.0	304.5	22.2	16.7	2.4	534.8
District No. 5—Richmond:								
District of Columbia.....	15	1		4.3	1.5	30.1		35.9
Maryland.....	97	5		28.6	42.8	134.2		205.6
North Carolina.....	80	34	13.0	240.5	353.4	685.5	43.7	1,336.1
South Carolina.....	79	42	5.8	104.2	448.8	588.3	58.3	1,205.4
Virginia.....	144	23		80.7	165.5	119.0	14.7	379.9
West Virginia.....	104	6	.2	11.4	31.7	28.1		71.4
Total.....	519	111	19.0	469.7	1,043.7	1,585.2	116.7	3,234.3
District No. 6—Atlanta:								
Alabama.....	94	25		11.9	62.1	194.4	51.0	319.4
Florida.....	56	13		5.9	104.6	148.2	2.1	260.8
Georgia.....	110	36		32.1	96.2	293.4	54.9	476.6
Louisiana.....	21	6		7.5	44.0	67.3	23.0	141.8
Mississippi.....	18							
Tennessee.....	93	19	4.0	57.4	134.0	106.1	16.0	317.5
Total.....	392	99	4.0	114.8	440.9	809.4	147.0	1,516.1
District No. 7—Chicago:								
Illinois.....	318	11	594.0	1,858.6	86.2	40.7	6.0	2,585.5
Indiana.....	196	14		5.2	58.3	47.7	43.8	155.0
Iowa.....	351	41	9.3	28.6	98.0	103.3	175.1	414.3
Michigan.....	76	6	16.9	225.3	.8	11.5	11.8	266.3
Wisconsin.....	51							
Total.....	992	72	620.2	2,117.7	243.3	203.2	236.7	3,421.1
District No. 8—St. Louis:								
Arkansas.....	67	6		2.8	3.1	13.7	13.0	32.6
Illinois.....	158	11	.3	9.4	34.2	32.1	15.3	91.3
Indiana.....	61	2		6.3	25.1	3.6	2.6	37.6
Kentucky.....	67	2		10.9	16.2	7.3	1.0	35.4
Mississippi.....	18	2		4.7	4.1	17.8	1.4	28.0
Missouri.....	80	9	103.0	5.4	18.3	38.4	6.4	171.5
Tennessee.....	20	7	7.3	29.7	9.6	104.6	.6	151.8
Total.....	471	39	110.6	69.2	110.6	217.5	40.3	548.2
District No. 9—Minneapolis:								
Michigan.....	31							
Minnesota.....	283	33		28.3	84.4	118.4	230.4	461.5
Montana.....	69	6			.2	13.3	29.6	43.0
North Dakota.....	154	6			83.6	27.1	25.7	136.5

Commercial paper, exclusive of open-market purchases, discounted during July 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—					Total commercial paper discounted.
			Within 10 days.	After 10 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.	
District No. 9—Minneapolis—Continued.								
South Dakota.....	124	9		1.0	1.1	8.8	55.9	66.8
Wisconsin.....	88	2	6.6	6.6	9.4	2.8		25.4
Total.....	749	56	6.6	35.9	178.7	170.4	341.6	733.2
District No. 10—Kansas City:								
Colorado.....	121	5				3.1	52.1	55.2
Kansas.....	220	16		9.2	32.6	56.6	17.3	115.7
Missouri.....	53	4			1.9	363.0	11.4	376.2
Nebraska.....	197	7		3.3	25.7	31.2	8.8	69.1
New Mexico.....	9	2				15.9		15.9
Oklahoma.....	303	18		24.2	80.2	44.0	39.0	187.4
Wyoming.....	35							
Total.....	938	52		36.7	140.4	513.8	128.6	819.5
District No. 11—Dallas:								
Arizona.....	6							
Louisiana.....	11	2		1.1	2.5	45.1	25.7	74.4
New Mexico.....	28	9		7.0	15.7	106.7	67.2	196.6
Oklahoma.....	33	11	1.5	21.1	25.9	21.7	32.1	102.3
Texas.....	544	126		118.6	295.3	1,038.6	656.1	2,108.6
Total.....	622	148	1.5	147.8	339.4	1,212.1	781.1	2,481.9
District No. 12—San Francisco:								
Alaska.....	1							
Arizona.....	7							
California.....	261	10		6.6	24.7	43.4	14.5	89.2
Idaho.....	58	2			1.7	1.3	2.3	5.3
Nevada.....	10							
Oregon.....	82	2		50.4	20.5	27.8	2.6	101.3
Utah.....	23							
Washington.....	77	6		2.3	5.0	65.5	8.6	81.4
Total.....	519	20		59.3	51.9	138.0	28.0	277.2

RECAPITULATION.

Districts and cities.	Number of member banks.	Number of banks accommodated.	Paper maturing—					Total commercial paper discounted.	Per cent.
			Within 10 days.	After 10 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.		
No. 1—Boston.....	409	13	2,762.7	2,165.0	61.0	12.2	0.3	5,001.2	24.8
No. 2—New York.....	623	12	17.1	97.4	50.9	70.1		235.5	1.2
No. 3—Philadelphia.....	628	11	914.1	382.3	64.5	17.2	2.0	1,380.1	6.8
No. 4—Cleveland.....	759	9	189.0	304.5	22.2	16.7	2.4	534.8	2.6
No. 5—Richmond.....	519	111	19.0	469.7	1,043.7	1,585.2	116.7	3,234.3	16.0
No. 6—Atlanta.....	392	99	4.0	114.8	440.9	809.4	147.0	1,516.1	7.5
No. 7—Chicago.....	992	72	620.2	2,117.7	243.3	203.2	236.7	3,421.1	17.0
No. 8—St. Louis.....	471	39	110.6	69.2	110.6	217.5	40.3	548.2	2.7
No. 9—Minneapolis.....	749	56	6.6	35.9	178.7	170.4	341.6	733.2	3.6
No. 10—Kansas City.....	938	52		36.7	140.4	513.8	128.6	819.5	4.1
No. 11—Dallas.....	622	148	1.5	147.8	339.4	1,212.1	781.1	2,481.9	12.3
No. 12—San Francisco.....	519	20		59.3	51.9	138.0	28.0	277.2	1.4
Total for July.....	7,621	642	4,644.8	6,000.3	2,747.5	4,965.8	1,824.7	20,183.1	
Per cent.....			23.0	29.7	13.6	24.6	9.1	100.0	100.0
Total for January–July, 1916.....			9,163.2	16,764.6	19,215.6	24,951.6	12,633.7	82,726.7	
Total for January–July, 1915.....			15,262.1		30,025.5	29,772.9	10,921.3	85,981.8	

Trade acceptances discounted by each Federal Reserve Bank from Sept. 2, 1915, date of first discount, to July 31, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	July, 1916.	Total for first 7 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	July, 1916.	Total for first 7 months in 1916.
New York.....	\$5,700		\$5,600	St. Louis.....	\$167,800	\$17,200	\$196,200
Philadelphia.....		\$17,600	62,500	Minneapolis.....			600
Cleveland.....	4,900	13,900	131,900	Kansas City.....	87,800		120,400
Richmond.....	450,500	89,800	821,900	Dallas.....	160,800	13,200	68,500
Atlanta (including New Orleans branch).....	1,007,100	20,500	554,300	San Francisco.....	74,200	26,800	32,100
Chicago.....			8,200	Total.....	1,958,800	199,000	2,002,200

Commodity paper discounted by each Federal Reserve Bank from Sept. 8, 1915, date of first discount, to July 31, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	July, 1916.	Total for first 7 months in 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	July, 1916.	Total for first 7 months in 1916.
Richmond.....	\$2,881,400	\$353,600	\$5,135,500	Kansas City.....		\$360,000	\$360,000
Atlanta (including New Orleans branch).....	7,032,300	782,400	4,059,200	Dallas.....	239,100	2,500	225,200
St. Louis.....	99,800			San Francisco.....	37,200	26,700	84,900
Minneapolis.....	25,300		19,800	Total.....	10,315,100	1,525,200	9,884,600

Commodity paper discounted by each Federal Reserve Bank during the seven months ending July 31, 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans branch).	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Cotton.....	\$5,093,100	\$4,055,400			\$218,200	\$300	\$9,367,000
Peanuts.....	39,800	900					40,700
Wheat.....			\$16,800			10,500	27,300
Maize.....		1,000			7,000		8,000
Flax.....			3,000				3,000
Hops.....						41,500	41,500
Hay.....		400					400
Beans.....		500					500
Raisins.....						7,600	7,600
Oats.....						1,000	1,000
Oil.....				\$360,000			360,000
Miscellaneous.....	2,600	1,000				24,000	27,600
Total.....	5,135,500	4,059,200	19,800	360,000	225,200	84,900	9,884,600

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

Federal Reserve Bank.	Paper maturing—					Total.	Per cent.
	Within 10 days.	After 10 but within 30 days.	After 30 but within 60 days.	After 60 but within 90 days.	After 90 days.		
Boston.....	\$714,600	\$1,515,500	\$73,700	\$8,700	\$300	\$2,312,800	8.4
New York.....	72,700	166,000	91,600	59,900		390,200	1.4
Philadelphia.....	352,400	189,500	70,100	15,600	9,700	637,300	2.3
Cleveland.....	73,700	69,600	84,600	19,000	36,700	283,600	1.0
Richmond.....	924,600	1,230,000	2,054,000	1,399,200	275,800	5,883,600	21.4
Atlanta.....	302,900	544,500	1,066,600	825,900	251,600	2,991,500	10.9
Chicago.....	977,700	1,179,500	907,200	159,900	575,900	3,800,200	13.8
St. Louis.....	109,300	173,600	174,900	97,500	110,000	665,300	2.4
Minneapolis.....	35,100	130,000	253,500	318,300	727,900	1,464,800	5.3
Kansas City.....	176,500	318,500	552,900	838,100	299,300	2,185,300	7.9
Dallas.....	637,100	619,700	1,350,100	2,337,600	1,458,600	6,403,100	23.2
San Francisco.....	52,100	96,500	172,100	173,800	60,500	555,000	2.0
Total.....	4,428,700	6,232,900	6,851,300	6,253,500	3,806,300	27,572,700	.....
Per cent.....	16.1	22.6	24.8	22.7	13.8	.....	100.0

ACCEPTANCES.

Acceptances bought in open market and held by Federal Reserve Banks as per schedules on file on dates specified, distributed by classes of accepting institutions.

[In thousands of dollars.]

Date.	Bankers' acceptances.					Trade acceptances bought in open market.	Total acceptances.	Date.	Bankers' acceptances.					Trade acceptances bought in open market.	Total acceptances.
	Mem-ber banks.	Nonmember banks.			Total.				Mem-ber banks.	Nonmember banks.			Total.		
		Trust com-pa-nies.	State banks.	Private banks.						Trust com-pa-nies.	State banks.	Private banks.			
1915.								1916.							
Feb. 22.....	93				93		93	Mar. 20.....	20,563	11,280	408	2,467	34,718	678	35,396
Apr. 5.....	3,653	7,820	10	110	11,593		11,593	Mar. 27.....	21,128	12,864	411	3,078	37,481	629	38,110
May 3.....	5,038	8,189	10	110	13,347		13,347	Apr. 3.....	21,000	13,573	473	3,262	38,308	722	39,030
June 7.....	5,242	4,516	10	192	9,960		9,960	Apr. 10.....	22,239	14,864	476	3,405	40,984	874	41,858
July 3.....	4,342	5,267		161	9,770		9,770	Apr. 17.....	22,135	15,028	564	3,442	41,169	1,321	42,490
Aug. 2.....	5,350	5,407	20	352	11,129		11,129	Apr. 24.....	23,566	15,196	584	3,504	42,850	1,438	44,288
Sept. 6.....	6,087	6,305	20	472	12,884		12,884	May 1.....	24,875	15,400	585	3,480	44,290	1,477	45,767
Oct. 4.....	9,000	4,898	132	343	14,373		14,373	May 8.....	25,058	15,750	671	3,498	44,972	1,518	46,490
Nov. 1.....	8,477	4,331	253	204	13,265		13,265	May 15.....	26,633	15,372	773	4,960	47,738	1,635	49,373
Dec. 6.....	12,311	5,172	275	396	18,154		18,154	May 22.....	26,639	16,490	690	6,038	49,857	2,006	51,863
								May 29.....	26,104	16,541	690	5,895	49,230	2,037	51,267
1916.								June 5.....	24,680	17,029	644	7,007	49,360	2,208	51,568
Jan. 3.....	15,494	7,160	362	822	23,838		23,838	June 12.....	27,354	19,209	622	7,865	55,050	2,310	57,360
Jan. 10.....	16,492	8,067	370	938	25,857		25,857	June 19.....	32,011	19,490	560	9,067	61,128	2,054	63,182
Jan. 17.....	16,908	7,655	425	1,010	25,998	180	26,178	June 26.....	33,155	18,722	552	11,009	63,438	1,958	65,396
Jan. 24.....	16,348	8,070	363	1,441	26,222	180	26,402	July 3.....	32,989	18,921	471	11,830	64,211	3,422	67,633
Jan. 31.....	15,834	8,174	356	1,510	25,874	180	27,054	July 10.....	34,144	20,201	620	11,827	66,792	3,052	69,844
Feb. 7.....	15,681	7,876	336	1,456	25,349	489	25,838	July 17.....	40,497	22,309	593	13,193	76,592	3,685	80,277
Feb. 14.....	17,581	7,985	347	1,851	27,764	528	28,292	July 24.....	41,514	22,327	610	12,977	77,428	3,651	81,079
Feb. 21.....	17,661	8,194	392	1,841	28,088	460	28,548	July 31.....	41,395	21,437	724	13,619	77,175	3,722	80,897
Feb. 28.....	17,436	8,755	408	1,841	28,440	460	28,900	Aug. 7.....	39,695	19,060	738	13,940	73,433	4,225	77,658
Mar. 6.....	17,182	8,670	408	1,781	28,041	462	28,503	Aug. 14.....	41,536	18,144	754	13,443	73,877	4,387	78,264
Mar. 13.....	20,323	10,032	470	1,631	32,456	546	33,002	Aug. 21.....	43,058	19,849	736	12,643	76,286	3,728	80,014

Amounts of acceptances held by the several Federal Reserve Banks at close of business on Fridays, July 28 to Aug. 18, 1916, distributed by maturities.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Within 10 days:													
July 28.....	2,184	2,974	1,919	1,313	225	252	1,238	710	465	323		1,277	12,880
Aug. 4.....	2,418	2,484	1,677	669	300		446	231	216	161		1,687	9,289
Aug. 11.....	1,657	1,788	1,166	427		53	353	191	161	157		1,168	7,121
Aug. 18.....	670	1,194	972	390		248	306	233	33			390	10,436
From 11 to 30 days:													
July 28.....	3,149	3,161	2,425	922	300	133	663	599	208	168		1,457	13,185
Aug. 4.....	2,911	5,359	2,273	981		542	910	1,130	384	125		1,785	16,400
Aug. 11.....	3,434	6,203	3,007	1,471	400	748	1,379	1,362	451			1,753	20,208
Aug. 18.....	3,829	7,759	3,020	1,805	658	575	1,721	1,606	672	80	83	2,071	23,879
From 31 to 60 days:													
July 28.....	5,445	11,643	3,877	2,869	300	730	2,386	2,285	1,020	37		2,576	33,168
Aug. 4.....	4,074	12,412	4,261	3,452	299	322	2,863	2,321	1,152	37		3,487	34,680
Aug. 11.....	2,832	13,318	4,371	3,244	278	101	2,410	2,502	1,207	67		3,264	33,594
Aug. 18.....	2,146	15,023	3,994	3,098	67	197	2,067	2,105	1,046	144		3,001	32,888
From 61 days to 3 months:													
July 28.....	1,392	10,711	3,098	2,187		324	1,497	1,586	1,066			2,381	24,242
Aug. 4.....	1,280	9,015	2,509	1,624		658	912	1,082	729			1,341	19,150
Aug. 11.....	2,103	7,601	2,602	1,697		620	1,032	1,266	1,136	200		1,332	19,589
Aug. 18.....	3,511	5,436	2,625	1,695		501	932	1,396	1,162	542		1,097	18,897
Total acceptances held:													
July 28.....	12,170	28,489	11,319	7,291	825	1,439	5,784	5,180	2,759	528		7,691	83,475
Aug. 4.....	10,683	29,270	10,720	6,726	599	1,522	5,131	4,764	2,481	323		7,300	79,519
Aug. 11.....	10,026	28,910	11,146	6,839	678	1,522	5,174	5,321	2,955	424		7,517	80,512
Aug. 18.....	10,156	29,412	10,611	6,988	725	1,521	5,026	5,340	2,913	766	83	6,559	80,100

Amounts of acceptances (in the foreign and domestic trades) bought in open market by each Federal Reserve Bank during the calendar year 1915 and the 7 months ending July 31, 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	.....	.....	.....	2	.....	.....	.....	.....	4	1,029
May, 1916.....	128	408	1,382	.....	20	220	.....	.....	.....	.....	.....	49	2,207
June, 1916.....	174	2,121	1,152	208	503	50	113	.....	.....	.....	.....	355	4,676
July, 1916.....	.....	2,038	754	402	905	.....	480	71	3	.....	.....	152	4,805
Total for 7 months, 1916.....	350	6,766	5,306	724	1,484	270	613	71	24	9	50	691	16,358
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	.....	18	150	146	44	151	.....	107	3,139
April, 1916.....	235	765	335	214	480	214	478	137	153	115	.....	277	3,403
May, 1916.....	99	925	510	315	481	14	166	327	126	82	.....	300	3,345
June, 1916.....	858	1,919	1,257	596	.....	15	651	448	268	34	.....	1,589	7,635
July, 1916.....	4	1,197	739	406	62	8	849	294	69	.....	.....	619	4,247
Total for 7 months, 1916.....	1,437	6,260	4,755	1,673	1,023	269	2,689	1,445	699	459	.....	2,918	23,627
After 60 days, but within 3 months:													
Calendar year, 1915.....	11,471	22,211	5,406	2,116	250	46	4,810	1,324	1,219	1,536	.....	2,419	52,808
January, 1916.....	2,681	2,686	151	267	.....	300	489	357	200	151	.....	304	7,586
February, 1916.....	3,686	4,157	396	395	.....	65	656	143	194	197	.....	420	10,309
March, 1916.....	5,913	6,978	2,183	579	.....	421	787	355	365	285	.....	459	18,325
April, 1916.....	1,497	5,690	2,655	684	.....	234	1,092	602	381	325	.....	907	14,067
May, 1916.....	3,683	4,010	2,217	1,397	.....	288	1,962	1,074	502	639	.....	1,638	16,360
June, 1916.....	6,639	10,914	3,357	2,150	.....	818	1,403	1,790	858	38	.....	2,119	30,086
July, 1916.....	1,391	11,133	3,556	2,855	238	404	1,948	2,036	1,262	.....	.....	2,628	27,451
Total for 7 months, 1916.....	25,440	45,568	14,515	8,327	238	2,530	7,337	6,357	3,762	1,635	.....	8,475	124,184
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	965	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
May, 1916.....	3,860	5,343	4,109	1,712	501	522	1,128	1,401	628	721	.....	1,987	21,912
June, 1916.....	7,671	14,954	5,766	2,954	503	883	2,167	2,238	1,126	72	.....	4,063	42,397
July, 1916.....	1,395	14,368	5,049	3,663	1,205	412	3,277	2,401	1,334	.....	.....	3,399	36,503
Total for 7 months, 1916.....	27,227	58,594	24,576	10,724	2,745	3,069	10,639	7,873	4,485	2,103	50	12,084	164,169

Distribution by sizes of bills bought in the open market by all the Federal Reserve Banks during July, and for the first 7 months of 1916.

Acceptances bought in open market.	To \$5,000.		To \$10,000.		To \$25,000.		To \$50,000.		To \$100,000.		Over \$100,000.		Total.		Per cent.
	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	
July, 1916:															
Bankers' acceptances.....	505	\$1,574,611	418	\$3,349,809	756	\$12,084,876	176	\$7,369,194	68	\$5,065,021	29	\$5,286,683	1,952	\$34,730,194	95.1
Trade acceptances.....	21	58,726	77	676,623	53	745,235	9	292,865	.....	.....	.....	.....	160	1,773,449	4.9
Total.....	526	1,633,337	495	4,026,432	809	12,830,111	185	7,662,059	68	5,065,021	29	5,286,683	2,112	36,503,643	100.0
Per cent.....	.....	4.5	.....	11.0	.....	35.1	.....	21.0	.....	13.9	.....	14.5	.....	100.0	.....
Total acceptances bought during:															
June, 1916.....	562	\$1,533,168	737	\$6,238,168	853	\$13,739,638	191	\$8,209,613	83	\$6,763,226	37	\$5,913,336	2,463	\$42,397,149	.....
May, 1916.....	335	1,012,891	219	1,755,224	312	5,960,425	108	3,262,880	62	5,698,417	23	4,221,630	1,059	21,911,467	.....
April, 1916.....	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	.....
March, 1916.....	288	941,908	234	1,983,554	356	6,578,432	109	4,539,671	62	5,095,263	22	3,779,223	1,071	22,918,051	.....
February, 1916.....	267	789,675	159	1,307,989	196	3,548,326	49	1,830,851	21	1,613,614	15	3,326,375	707	12,416,830	.....
January, 1916.....	194	546,959	220	1,720,758	217	4,113,726	47	1,857,477	17	1,284,593	.....	.....	695	9,523,513	.....
Total acceptances bought during 7 months ending July, 1916.....	2,441	7,305,289	2,345	19,337,406	3,056	52,190,774	783	31,258,735	345	28,217,468	137	25,860,097	9,107	164,169,769	.....

¹ Of the above total, bankers' acceptances totaling \$33,922,186 were based on imports and exports, and \$808,008 on domestic trade transactions.

² All trade acceptances were drawn abroad on importers in the United States and indorsed by foreign banks.

Amount of short-term investments (municipal warrants) held by each of the Federal Reserve Banks at close of business on Fridays, July 28 to Aug. 18, 1916, distributed by maturities.

[In thousands of dollars.]

Warrants maturing.	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Within 10 days:													
July 28.....	21		10	43			55	18	12	12		27	198
Aug. 4.....			25	2									27
Aug. 11.....			25	26			25		25	25		25	151
Aug. 18.....													
From 11 to 30 days:													
July 28.....		305	25	26			25		26	25		25	457
Aug. 4.....	20	3,378	504	1,693	250		584	320	112	25		373	7,009
Aug. 11.....	40	3,378	504	2,152	260		559	335	51			348	7,627
Aug. 18.....	160	3,428	504	2,379	260		610	405	87	36		394	8,263
From 31 to 60 days:													
July 28.....	243	3,548	525	2,399	260		736	421	124	47		738	9,041
Aug. 4.....	223	412	84	1,453	86		506	126	62	47		440	3,353
Aug. 11.....	203	412	84	969	76		801	111	98	47		440	3,241
Aug. 18.....	98	209	87	741	76		1,001	40	62	11		394	2,719
From 61 to 90 days:													
July 28.....	769	645	328	972	76		1,184	206	195	109		240	4,724
Aug. 4.....	1,618	1,629	1,075	831			1,325	525	543	281		638	8,465
Aug. 11.....	2,137	1,858	1,120	851			1,390	575	463	281		659	9,339
Aug. 18.....	2,317	2,258	1,290	892			1,469	711	563	281		728	10,509
From 91 days to 6 months:													
July 28.....	1,667	2,891	1,522	1,099			2,368	1,090	701	231		1,231	12,800
Aug. 4.....	818	1,934	839	744		5	1,879	771	342	71		782	8,185
Aug. 11.....	349	1,781	839	753		166	1,542	801	427	71		888	7,617
Aug. 18.....	239	1,381	669	743		166	1,212	666	332	71		818	6,297
Total municipal warrants held:													
July 28.....	2,700	7,389	2,410	4,539	336		4,368	1,735	1,058	424		2,261	27,220
Aug. 4.....	2,679	7,353	2,527	4,723	336	5	4,294	1,742	1,059	424		2,233	27,039
Aug. 11.....	2,729	7,429	2,572	4,751	336	166	4,317	1,822	1,069	424		2,360	27,975
Aug. 18.....	2,814	7,276	2,550	4,755	336	166	4,292	1,822	1,044	399		2,334	17,788

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

[In thousands of dollars.]

Bank.	Bills discounted for member banks.	Bills bought in open market.			Municipal warrants bought.				United States bonds and Treasury notes.					Total investment operations.	
		Banker's acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.	2 per cent.	3 per cent.	4 per cent.	1-year notes.	Total.	1916	1915
Boston.....	5,001.2	1,395.4		1,395.4	90.0	100.0		190.0					(1)	6,586.6	1,900.1
New York.....	235.5	13,838.5	530.0	14,368.5	2,017.2		25.0	2,042.2	6.25				6.25	16,652.45	6,442.5
Philadelphia.....	1,380.1	4,921.2	127.3	5,048.5	874.8		15.0	889.8					(2)	7,318.4	2,083.8
Cleveland.....	534.8	3,563.8	99.8	3,663.6	361.0			361.0	50.0	10.0			60.0	4,619.4	1,311.7
Richmond.....	3,234.3	1,205.4		1,205.4	275.3			275.3					(3)	4,715.0	4,354.2
Atlanta.....	1,616.1	411.6		411.6										1,927.7	1,991.0
Chicago.....	3,421.1	3,277.1		3,277.1	1,241.1		137.5	1,378.6	250.0				250.0	8,326.8	2,094.9
St. Louis.....	548.2	2,400.8		2,400.8	599.1	204.5	10.0	813.6					(7)	3,762.6	1,093.9
Minneapolis.....	733.2	1,333.8		1,333.8	312.6			312.6					(8)	2,379.6	1,196.4
Kansas City.....	819.5				50.0			50.0						869.5	1,127.4
Dallas.....	2,481.9													2,481.9	2,136.2
San Francisco.....	277.2	2,382.6	1,016.3	3,398.9	732.0	194.3	15.0	941.3	25.0				25.0	4,642.4	1,315.9
Total:															
July, 1916.....	20,183.1	34,730.2	1,773.4	36,503.6	6,553.1	498.8	202.5	7,254.4	331.25	10.0			341.25	64,282.35	
July, 1915.....	13,238.0	5,986.0		5,986.0				7,346.5	350.0	127.5			477.5		27,048.0
7 months ending July 31, 1916.....	82,726.7	156,661.5	7,508.2	164,169.7	58,050.1	3,301.8	377.6	61,729.5	34,819.85	3,632.82	4,128.0	50.0	42,630.67	351,256.57	
7 months ending July 31, 1915.....	85,981.8	28,592.0		28,592.0				36,412.1	6,121.75	1,832.0			7,953.75		158,939.75

¹ Sold \$30,000 of 3 per cent conversion bonds of 1946.

² Sold \$272,000 of 3 per cent conversion bonds of 1946.

³ Sold \$97,000 of 3 per cent conversion bonds of 1946.

⁴ Sold \$205,000 of 3 per cent conversion bonds of 1946 and \$200,000 1-year Treasury notes.

⁵ Sold \$82,000 of 3 per cent conversion bonds of 1946.

⁶ Sold \$370,000 of 3 per cent conversion bonds of 1946.

⁷ Sold \$15,000 of 3 per cent conversion bonds of 1946.

⁸ Sold \$1,000 of 3 per cent conversion bonds of 1946.

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of the Federal Reserve Banks and of the Federal Reserve system at close of business on Fridays, July 28 to Aug. 25, 1916.

RESOURCES.

[In thousands of dollars.]

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kan- sas City.	Dallas.	San Fran- cisco.	Total for system.
Gold coin and certificates in vaults:													
July 28.....	9,242	150,469	10,253	13,716	5,248	5,485	35,220	4,162	6,041	4,078	5,312	10,705	259,931
Aug. 4.....	9,497	144,237	10,592	13,883	5,188	5,241	37,503	4,441	6,187	4,341	5,336	9,991	256,437
Aug. 11.....	9,533	145,450	10,235	14,058	5,184	6,113	37,379	5,230	6,077	4,338	5,430	9,920	258,952
Aug. 18.....	9,143	149,096	9,764	13,966	5,029	5,989	36,945	5,363	6,158	4,336	5,414	9,723	260,926
Aug. 25.....	9,303	147,557	10,833	14,359	5,055	5,856	35,674	5,425	6,276	4,210	5,366	9,886	259,799
Gold settlement fund:													
July 28.....	13,147	10,824	13,773	12,451	10,823	1,498	9,775	5,684	4,304	13,297	4,265	3,070	102,911
Aug. 4.....	8,089	13,620	14,107	11,871	11,741	2,374	14,759	5,272	4,604	12,270	3,880	4,224	106,811
Aug. 11.....	11,977	14,286	14,086	10,389	12,278	1,746	12,774	5,095	4,323	10,872	4,060	4,235	106,121
Aug. 18.....	16,506	9,965	17,479	10,013	11,606	1,848	15,721	4,708	3,585	10,328	3,925	4,317	110,001
Aug. 25.....	16,466	11,077	17,251	9,218	11,637	1,058	16,579	4,343	3,431	10,446	4,424	5,021	110,951
Gold redemption fund:													
July 28.....	5	250	50	51	419	441	200	58	30	144	258	12	1,918
Aug. 4.....	5	250	50	48	441	435	200	51	30	142	253	10	1,915
Aug. 11.....	5	250	50	39	446	415	200	30	30	136	241	10	1,852
Aug. 18.....	5	250	50	34	540	410	200	23	30	133	306	10	1,991
Aug. 25.....	5	250	50	20	451	125	200	19	30	134	343	10	1,637
Legal tender notes, silver, etc.:													
July 28.....	439	10,160	248	1,133	251	1,125	788	1,177	407	70	787	4	16,589
Aug. 4.....	171	4,334	510	1,097	224	1,212	1,701	1,144	425	68	792	21	11,699
Aug. 11.....	119	4,499	710	1,147	222	1,269	747	1,112	432	62	783	25	11,127
Aug. 18.....	287	10,414	730	1,139	175	1,236	629	1,163	431	60	688	46	16,998
Aug. 25.....	208	5,625	762	1,101	163	1,203	903	1,144	426	61	617	52	12,265
Total reserve:													
July 28.....	22,833	171,703	24,324	27,351	16,741	8,549	45,983	11,081	10,782	17,589	10,622	13,791	381,349
Aug. 4.....	17,762	162,441	25,259	26,899	17,594	9,262	54,163	10,908	11,246	16,821	10,261	14,246	376,862
Aug. 11.....	21,634	164,485	25,081	25,633	18,130	9,548	51,100	11,467	10,862	15,408	10,514	14,190	378,052
Aug. 18.....	25,941	169,725	28,023	25,152	17,350	9,483	53,495	11,257	10,204	14,857	10,333	14,096	389,916
Aug. 25.....	25,982	164,509	28,896	24,698	17,306	8,241	53,356	10,931	10,163	14,851	10,750	14,969	384,652
Five per cent redemption fund against Federal Reserve Bank notes:													
July 28.....										400	50		450
Aug. 4.....										400	50		450
Aug. 11.....										400	100		500
Aug. 18.....										400	100		500
Aug. 25.....										400	100		500
Bills discounted—members:													
July 28.....	2,313	390	637	284	5,884	3,013	3,800	665	1,465	2,185	6,403	555	27,594
Aug. 4.....	4,439	540	573	271	6,188	3,084	3,498	932	1,838	2,087	6,452	518	30,415
Aug. 11.....	2,669	555	283	259	6,149	3,219	3,413	995	1,941	2,000	6,441	535	28,459
Aug. 18.....	916	533	427	303	6,021	3,278	3,132	879	1,950	1,926	6,883	508	26,756
Aug. 25.....	869	664	290	274	6,037	3,690	2,875	883	1,855	1,918	7,188	519	27,032
Bills bought in open market:													
July 28.....	12,170	28,489	11,319	7,291	825	1,418	5,784	5,180	2,759	528		7,691	83,454
Aug. 4.....	10,683	29,270	10,720	6,726	599	1,522	5,131	4,764	2,481	323		7,300	79,519
Aug. 11.....	10,026	28,910	11,146	6,839	678	1,522	5,174	5,321	2,955	424		7,517	80,512
Aug. 18.....	10,156	29,412	10,611	6,988	725	1,521	5,026	5,340	2,913	804	83	6,559	80,138
Aug. 25.....	10,390	29,422	9,969	7,003	725	1,751	5,683	5,586	3,109	1,005	549	6,954	82,146
United States bonds:													
July 28.....	3,082	2,460	3,182	5,650	1,377	1,508	9,753	2,770	3,512	9,647	2,581	3,134	48,656
Aug. 4.....	3,043	2,383	3,058	5,609	1,272	1,508	9,633	2,754	3,475	9,647	2,581	3,074	48,037
Aug. 11.....	2,992	2,220	2,890	5,584	1,129	1,508	9,393	2,724	3,401	9,647	2,581	2,634	46,703
Aug. 18.....	2,992	2,219	2,890	5,584	1,129	1,508	9,393	2,724	3,399	9,647	2,581	2,963	47,029
Aug. 25.....	2,992	2,220	2,890	5,579	1,129	1,508	9,393	2,724	3,399	9,647	2,681	2,634	46,796
One-year Treasury notes:													
July 28.....	250	2,282	818	800	684	526		570	350	616	529	500	7,925
Aug. 4.....	250	2,282	818	800	684	526		570	350	616	529	500	7,925
Aug. 11.....	250	2,282	818	800	684	526		570	350	616	529	926	8,351
Aug. 18.....	250	2,282	818	760	684	526		570	350	616	529	500	7,885
Aug. 25.....	250	2,282	818	760	684	526		570	350	616	529	820	8,205
Municipal warrants:													
July 28.....	2,700	7,389	2,410	4,539	336		4,368	1,735	1,058	424		2,261	27,220
Aug. 4.....	2,679	7,353	2,527	4,723	336	5	4,294	1,742	1,059	424		2,233	27,375
Aug. 11.....	2,729	7,429	2,572	4,751	336	166	4,317	1,822	1,060	424		2,360	27,975
Aug. 18.....	2,814	7,276	2,550	4,755	336	166	4,292	1,822	1,044	399		2,334	27,788
Aug. 25.....	2,890	7,276	2,550	4,755	336	166	4,291	1,822	1,044	399		2,334	27,863
Federal Reserve notes, net:													
July 28.....	844	11,775	504	267		1,228	1,286	1,194	1,446			1,764	20,308
Aug. 4.....	824	13,269	506	319			1,275	1,241	1,583			1,409	20,426
Aug. 11.....	948	12,501	592	301			1,249	1,273	1,798			1,407	20,069
Aug. 18.....	910	12,383	380	415			1,288	1,266	1,737			1,508	19,887
Aug. 25.....	910	14,015	384	426			1,300	999	1,704			1,484	21,222

Resources and liabilities of the Federal Reserve Banks and of the Federal Reserve system at close of business on Fridays, July 28 to Aug. 25, 1916—Continued.

RESOURCES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system
Due from other Federal Reserve Banks, net:													
July 28.....				2,420	1,863	157	8,743	3,267	923	1,093		1,389	12,620
Aug. 4.....	3,542	4,840		789		538	3,475	2,940	1,358	842	416	1,704	19,947
Aug. 11.....	2,876		284	2,555		527	8,468	1,560	857	2,298		1,780	16,447
Aug. 18.....	2,255	3,043		2,761	246		7,209	3,759	1,325	1,799	64	2,501	21,068
Aug. 25.....	410	3,287		3,194	196	1,278	7,815	3,115	568	1,789	320	1,981	21,654
All other resources:													
July 28.....	312	454	94	390	144	1,360	755	570	91	251	939	154	5,514
Aug. 4.....	272	194	166	320	105	1,163	514	209	102	242	931	193	4,411
Aug. 11.....	23	245	150	315	102	607	719	256	96	216	753	249	3,731
Aug. 18.....	84	241	92	387	126	759	500	200	78	221	306	232	3,226
Aug. 25.....	118	362	123	390	167	518	411	544	101	196	383	228	3,541
Total resources:													
July 28.....	44,504	224,942	43,288	48,992	27,854	17,759	80,472	27,032	22,386	32,733	21,124	31,239	615,090
Aug. 4.....	43,494	222,573	43,627	46,456	26,778	17,608	81,983	26,060	23,486	31,402	21,220	31,177	615,367
Aug. 11.....	44,147	218,627	43,816	47,037	27,208	17,623	83,833	25,988	23,329	31,433	20,918	31,598	610,799
Aug. 18.....	46,318	227,114	45,791	47,105	26,617	17,241	84,335	27,817	23,000	30,669	20,879	31,201	624,193
Aug. 25.....	44,811	224,037	45,920	47,079	26,580	17,648	85,124	27,174	22,293	30,821	22,500	31,923	623,611

LIABILITIES.

[In thousands of dollars.]

Capital paid in:													
July 28.....	4,925	11,596	5,216	5,966	3,358	2,494	6,671	2,792	2,578	3,000	2,689	3,921	55,206
Aug. 4.....	4,886	11,571	5,216	5,966	3,359	2,495	6,674	2,792	2,580	3,000	2,688	3,921	55,148
Aug. 11.....	4,870	11,571	5,217	5,966	3,359	2,490	6,674	2,790	2,582	3,001	2,689	3,921	55,130
Aug. 18.....	4,864	11,570	5,203	5,962	3,363	2,490	6,674	2,789	2,582	3,001	2,691	3,921	55,110
Aug. 25.....	5,023	11,596	5,221	5,995	3,363	2,490	6,675	2,791	2,589	3,007	2,691	3,922	55,363
Government deposits:													
July 28.....	3,820	18,300	6,223	2,893	3,855	4,599	3,618	4,533	863	2,653	2,147	3,038	56,542
Aug. 4.....	3,781	19,214	6,436	1,975	3,241	3,797	6,208	3,781	907	1,861	2,165	3,241	56,607
Aug. 11.....	3,559	16,766	6,938	1,712	3,626	3,902	5,060	3,928	948	1,342	2,183	3,295	53,259
Aug. 18.....	3,138	14,895	6,992	1,814	3,067	2,917	4,928	4,221	984	974	2,233	3,554	49,717
Aug. 25.....	3,246	12,877	6,615	2,064	3,662	3,071	5,731	4,446	992	1,342	2,227	3,826	50,099
Member bank deposits, net:													
July 28.....	35,011	189,139	31,418	40,133	16,410	10,660	70,183	19,707	18,945	23,910	11,470	24,280	491,266
Aug. 4.....	34,728	191,788	31,471	38,515	15,879	10,632	69,101	19,487	19,999	23,355	11,655	24,015	490,625
Aug. 11.....	35,612	185,880	31,597	39,359	15,504	10,525	72,099	19,270	19,799	23,995	11,197	24,382	489,219
Aug. 18.....	38,209	200,649	31,038	39,329	15,514	9,547	72,733	20,807	19,434	23,751	10,353	23,726	505,090
Aug. 25.....	36,429	199,564	31,719	39,020	14,865	10,708	72,718	19,937	18,712	23,504	11,070	24,175	502,421
Federal Reserve notes, net liability:													
July 28.....					4,138					1,478	4,506		10,122
Aug. 4.....					4,145	678				1,494	4,712		11,029
Aug. 11.....					4,433	696				1,404	4,679		11,212
Aug. 18.....					4,563	878				1,252	5,602		12,295
Aug. 25.....					4,577	1,366				1,278	6,512		13,733
Federal Reserve Bank notes in circulation:													
July 28.....										1,692			1,692
Aug. 4.....										1,692			1,692
Aug. 11.....										1,691			1,691
Aug. 18.....										1,691			1,691
Aug. 25.....										1,690			1,690
Due to other Federal Reserve Banks, net:													
July 28.....	643	5,907	373								312		
Aug. 4.....			442		55								
Aug. 11.....		4,410			178						170		
Aug. 18.....			2,492			1,402							
Aug. 25.....			2,299										
All other liabilities:													
July 28.....	105		58		93	6							262
Aug. 4.....	99		62		99	6							266
Aug. 11.....	106		64		108	10							288
Aug. 18.....	107		66		110	7							290
Aug. 25.....	113		66		113	13							305
Total liabilities:													
July 28.....	44,504	224,942	43,288	48,992	27,854	17,759	80,472	27,032	22,386	32,733	21,124	31,239	615,090
Aug. 4.....	43,494	222,573	43,627	46,456	26,778	17,608	81,983	26,060	23,486	31,402	21,220	31,177	615,367
Aug. 11.....	44,147	218,627	43,816	47,037	27,208	17,623	83,833	25,988	23,329	31,433	20,918	31,598	610,799
Aug. 18.....	46,318	227,114	45,791	47,105	26,617	17,241	84,335	27,817	23,000	30,669	20,879	31,201	624,193
Aug. 25.....	44,811	224,037	45,920	47,079	26,580	17,648	85,124	27,174	22,293	30,821	22,500	31,923	623,611

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

Circulation of Federal Reserve notes at close of business on Fridays, July 28 to Aug. 25, 1916.

[In thousands of dollars.]

	Boston.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	Atlan- ta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total for system.
Federal Reserve notes issued to the banks:													
July 28.....	10,494	66,481	7,888	9,632	9,260	13,760	3,395	6,678	12,774	10,314	13,753	9,594	174,023
Aug. 4.....	10,390	68,041	7,833	9,566	9,169	13,704	3,378	6,348	12,754	10,939	13,849	9,580	175,551
Aug. 11.....	10,322	67,613	7,783	9,512	9,153	13,599	3,370	6,299	12,927	11,769	13,689	9,566	175,602
Aug. 18.....	10,236	67,270	7,462	9,605	9,084	13,533	3,363	6,274	12,906	12,623	14,714	9,550	176,620
Aug. 25.....	10,158	69,345	7,410	9,438	9,419	13,236	3,358	6,257	12,885	12,864	15,990	9,538	179,838
Federal Reserve notes in hands of the banks:													
July 28.....	844	11,775	504	267	482	1,228	1,286	1,194	1,446	462	181	1,764	21,433
Aug. 4.....	824	13,269	506	319	475	1,322	1,275	1,241	1,583	416	125	1,409	22,764
Aug. 11.....	948	12,501	592	301	337	1,304	1,249	1,273	1,798	506	153	1,407	22,374
Aug. 18.....	910	12,383	380	415	207	1,122	1,288	1,266	1,737	658	302	1,508	22,176
Aug. 25.....	910	14,015	384	426	693	634	1,300	999	1,704	502	442	1,484	23,493
Federal Reserve notes in circulation:													
July 28.....	9,650	54,706	7,384	9,365	8,778	12,532	2,109	5,484	11,328	9,852	13,572	7,830	152,590
Aug. 4.....	9,566	54,772	7,327	9,247	8,694	12,382	2,103	5,107	11,171	10,523	13,724	8,171	152,787
Aug. 11.....	9,374	55,112	7,191	9,211	8,816	12,295	2,121	5,026	11,129	11,263	13,531	8,159	153,228
Aug. 18.....	9,326	54,887	7,082	9,190	8,877	12,411	2,075	5,008	11,169	11,965	14,412	8,042	154,444
Aug. 25.....	9,248	55,330	7,026	9,012	8,726	12,602	2,058	5,258	11,181	12,362	15,488	8,054	156,345
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
July 28.....	10,494	66,481	7,888	9,632	4,640	13,760	3,395	6,678	12,774	8,374	9,066	9,594	162,776
Aug. 4.....	10,390	68,041	7,833	9,566	4,549	11,704	3,378	6,348	12,754	9,029	9,012	9,580	162,184
Aug. 11.....	10,322	67,613	7,783	9,512	4,383	11,599	3,370	6,299	12,927	9,859	8,852	9,566	162,085
Aug. 18.....	10,236	67,270	7,462	9,605	4,314	11,533	3,363	6,274	12,906	10,713	8,810	9,550	162,036
Aug. 25.....	10,158	69,345	7,410	9,438	4,149	11,236	3,358	6,257	12,885	11,084	8,976	9,538	163,834
Carried to net assets:													
July 28.....	844	11,775	504	267	.....	1,228	1,286	1,194	1,446	.....	.....	1,764	20,308
Aug. 4.....	824	13,269	506	319	.....	.....	1,275	1,241	1,583	.....	.....	1,409	20,426
Aug. 11.....	948	12,501	592	301	.....	.....	1,249	1,273	1,798	.....	.....	1,407	20,069
Aug. 18.....	910	12,383	380	415	.....	.....	1,288	1,266	1,737	.....	.....	1,508	19,887
Aug. 25.....	910	14,015	384	426	.....	.....	1,300	999	1,704	.....	.....	1,484	21,222
Carried to net liabilities:													
July 28.....	.....	.....	.....	.....	4,138	.....	.....	.....	.....	1,478	4,506	.....	10,122
Aug. 4.....	.....	.....	.....	.....	4,145	678	.....	.....	.....	1,494	4,712	.....	11,029
Aug. 11.....	.....	.....	.....	.....	4,433	696	.....	.....	.....	1,404	4,679	.....	11,212
Aug. 18.....	.....	.....	.....	.....	4,563	878	.....	.....	.....	1,252	5,602	.....	12,295
Aug. 25.....	.....	.....	.....	.....	4,577	1,366	.....	.....	.....	1,278	6,512	.....	13,733

Statement of Federal Reserve Agents' accounts at close of business on Fridays, July 28 to Aug. 25, 1916.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes:													
Received from comptroller—													
July 28.....	20,380	121,240	15,480	15,160	17,000	20,400	9,380	9,600	19,000	13,980	23,580	13,320	298,520
Aug. 4.....	20,380	121,240	15,480	15,160	17,000	20,400	9,380	9,600	19,000	13,980	23,580	13,320	298,520
Aug. 11.....	20,380	121,240	15,480	15,160	17,000	20,400	9,380	9,600	19,000	14,980	23,580	13,320	299,520
Aug. 18.....	20,380	121,240	15,480	15,160	17,000	20,400	9,380	9,600	19,000	15,480	24,080	13,320	300,520
Aug. 25.....	20,380	121,240	15,480	15,160	17,000	20,400	9,380	9,600	19,000	16,620	25,080	13,320	302,660
Returned to comptroller—													
July 28.....	3,666	36,959	3,872	2,028	4,340	2,544	1,104	1,160	396	1,173	2,898	926	61,066
Aug. 4.....	4,170	37,399	3,927	2,094	4,431	2,600	1,121	1,490	416	1,238	2,952	940	62,778
Aug. 11.....	4,238	37,827	3,977	2,148	4,597	2,705	1,129	1,539	443	1,308	3,112	954	63,977
Aug. 18.....	4,324	38,170	4,298	2,255	4,666	2,771	1,136	1,564	464	1,354	3,154	970	65,126
Aug. 25.....	4,402	38,595	4,350	2,422	4,831	2,838	1,141	1,581	485	1,383	3,187	982	66,197
Chargeable to Federal Reserve Agent—													
July 28.....	16,714	84,281	11,608	13,132	12,660	17,856	8,276	8,440	18,604	12,807	20,682	12,394	237,454
Aug. 4.....	16,210	83,841	11,553	13,066	12,569	17,800	8,259	8,110	18,584	12,742	20,628	12,380	235,742
Aug. 11.....	16,142	83,413	11,503	13,012	12,403	17,695	8,251	8,061	18,557	13,672	20,468	12,366	235,543
Aug. 18.....	16,056	83,070	11,182	12,905	12,334	17,629	8,244	8,036	18,536	14,126	20,926	12,350	235,394
Aug. 25.....	15,978	82,645	11,130	12,738	12,169	17,562	8,239	8,019	18,515	15,237	21,893	12,388	236,463
In hands of Federal Reserve Agent—													
July 28.....	6,220	17,800	3,720	3,500	3,400	4,096	4,881	1,762	5,830	2,493	6,929	2,800	63,431
Aug. 4.....	5,820	15,800	3,720	3,500	3,400	4,096	4,881	1,762	5,830	1,803	6,779	2,800	60,191
Aug. 11.....	5,820	15,800	3,720	3,500	3,250	4,096	4,881	1,762	5,630	1,903	6,779	2,800	59,941
Aug. 18.....	5,820	15,800	3,720	3,300	3,250	4,096	4,881	1,762	5,630	1,503	6,212	2,800	55,774
Aug. 25.....	5,820	13,300	3,720	3,300	2,750	4,096	4,881	1,762	5,630	2,373	5,963	2,800	56,625
Issued to Federal Reserve Bank, net—													
July 28.....	10,494	66,481	7,888	9,632	9,260	13,760	3,395	6,678	12,774	10,314	13,753	9,594	174,023
Aug. 4.....	10,390	65,041	7,833	9,566	9,169	13,704	3,378	6,348	12,754	10,939	13,849	9,580	175,551
Aug. 11.....	10,322	67,613	7,783	9,512	9,153	13,599	3,370	6,299	12,927	11,769	13,689	9,566	175,602
Aug. 18.....	10,256	67,270	7,462	9,605	9,084	13,533	3,363	6,274	12,906	12,623	14,714	9,550	176,620
Aug. 25.....	10,158	69,345	7,410	9,438	9,419	13,236	3,358	6,257	12,885	12,864	15,930	9,538	179,838
Amounts held by Federal Reserve Agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates on hand—													
July 28.....	9,700	60,316	4,090	9,040	.....	1,000	.....	2,850	10,820	4,550	8,040	.....	110,406
Aug. 4.....	9,700	62,316	4,090	9,020	.....	1,000	.....	2,850	10,720	4,270	8,040	.....	112,006
Aug. 11.....	9,700	62,316	4,090	8,920	.....	1,000	.....	2,850	10,920	4,270	7,940	.....	112,006
Aug. 18.....	9,700	62,316	4,090	9,060	.....	1,000	.....	2,850	10,920	4,270	7,940	.....	112,146
Aug. 25.....	9,700	64,816	4,090	8,840	.....	1,870	.....	2,850	10,920	4,270	7,940	.....	114,796
Credit balances in gold redemption fund—													
July 28.....	794	6,165	438	592	230	760	305	378	604	524	696	344	11,830
Aug. 4.....	690	5,725	383	546	349	704	298	348	684	459	692	330	11,208
Aug. 11.....	622	5,297	333	592	353	599	290	299	657	389	682	316	10,659
Aug. 18.....	536	4,954	482	545	314	1,533	283	274	636	743	640	300	11,240
Aug. 25.....	458	4,529	430	598	449	1,466	278	357	615	714	806	438	11,138
Credit balances with Federal Reserve Board—													
July 28.....	.....	.....	3,360	.....	4,410	12,000	3,090	3,450	1,350	3,300	330	9,250	40,540
Aug. 4.....	.....	.....	3,360	.....	4,200	10,000	3,080	3,150	1,350	4,300	280	9,250	38,970
Aug. 11.....	.....	.....	3,160	.....	4,000	10,000	3,080	3,150	1,350	5,200	230	9,250	39,420
Aug. 18.....	.....	.....	2,890	.....	4,000	9,000	3,080	3,150	1,350	5,700	230	9,250	38,650
Aug. 25.....	.....	.....	2,890	.....	3,700	8,400	3,080	3,050	1,350	6,100	230	9,100	37,900
As security for outstanding notes—													
Commercial paper—													
July 28.....	.....	.....	.....	.....	4,620	.....	.....	.....	.....	1,940	4,687	.....	11,247
Aug. 4.....	.....	.....	.....	.....	4,620	2,000	.....	.....	.....	1,910	4,837	.....	13,367
Aug. 11.....	.....	.....	.....	.....	4,770	2,000	.....	.....	.....	1,910	4,837	.....	13,517
Aug. 18.....	.....	.....	.....	.....	4,770	2,000	.....	.....	.....	1,910	5,904	.....	14,584
Aug. 25.....	.....	.....	.....	.....	5,270	2,000	.....	.....	.....	1,780	6,954	.....	16,004
Total—													
July 28.....	10,494	66,481	7,888	9,632	9,260	13,760	3,395	6,678	12,774	10,314	13,753	9,594	174,023
Aug. 4.....	10,390	65,041	7,833	9,566	9,169	13,704	3,378	6,348	12,754	10,939	13,849	9,580	175,551
Aug. 11.....	10,322	67,613	7,783	9,512	9,153	13,599	3,370	6,299	12,927	11,769	13,689	9,566	175,602
Aug. 18.....	10,256	67,270	7,462	9,605	9,084	13,533	3,363	6,274	12,906	12,623	14,714	9,550	176,620
Aug. 25.....	10,158	69,345	7,410	9,438	9,419	13,236	3,358	6,257	12,885	12,864	15,930	9,538	179,838
Memorandum:													
Total amount of commercial paper delivered to Federal Reserve Agent—													
July 28.....	.....	.....	.....	.....	5,558	.....	.....	.....	.....	1,943	5,766	.....	13,267
Aug. 4.....	.....	.....	.....	.....	5,619	2,006	.....	.....	.....	1,916	6,452	.....	15,993
Aug. 11.....	.....	.....	.....	.....	6,109	2,006	.....	.....	.....	1,923	6,114	.....	16,152
Aug. 18.....	.....	.....	.....	.....	6,002	2,006	.....	.....	.....	1,919	6,620	.....	16,547
Aug. 25.....	.....	.....	.....	.....	6,001	2,003	.....	.....	.....	1,850	7,194	.....	17,048

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Jan. 1 to Aug. 18, 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.	Ohio.	St. Lawrence.	Total.
<i>Week ending July 28,</i>																	
Ore and base bullion.....		12			2		4	18	111		11		3	90			251
United States mint or assay office bars.....												37					37
Bullion, refined.....		239			2			122			115	88					566
Foreign coin.....		35															35
Total.....		286			4		4	140	111		126	125	3	90			889
<i>Week ending Aug. 4,</i>																	
Ore and base bullion.....		7			2	1		4	52		56		7	60			189
Bullion, refined.....		340			7	3		155			92	10				2,502	3,109
United States coin.....								2									2
Foreign coin.....		34															34
Total.....		381			9	4		161	52		148	10	7	60		2,502	3,334
<i>Week ending Aug. 11,</i>																	
Ore and base bullion.....		104		27	3		13		47		80		4	20			298
United States mint or assay office bars.....												38					38
Bullion, refined.....		239				2						147				24,886	25,274
United States coin.....		33															33
Foreign coin.....		19															19
Total.....		395		27	3	2	13		47		80	185	4	20		24,886	25,662
<i>Week ending Aug. 18,</i>																	
Ore and base bullion.....		84		21	6	1		10	24		39		26	9			220
United States mint or assay office bars.....												144					144
Bullion, refined.....		250			3			208	194		160	4,861					5,676
Total.....		334		21	9	1		218	218		199	5,005	26	9			6,040
<i>Jan. 1 to Aug. 18,</i>																	
Ore and base bullion.....	1	1,559		246	359	70	165	68	1,508	3	2,152	597	217	1,223	3		8,171
United States mint or assay office bars.....												2,697					2,697
Bullion, refined.....	20,000	19,795			133	36		1,123	3,306	25	1,223	6,096				146,868	198,605
United States coin.....		148	41	5				3			55					1,777	2,029
Foreign coin.....	1	28,609		9					4,867							39,482	72,968
Total.....	20,002	50,111	41	260	492	106	165	1,194	9,681	28	3,430	9,390	217	1,223	3	188,127	284,470
Excess of gold imports over exports for 33 weeks, Jan. 1 to Aug. 18, 1916.....																	203,071
Excess of gold imports over exports for corresponding period, 1915.....																	188,838

Exports of gold, by customs districts, Jan. 1 to Aug. 18, 1916.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Porto Rico.	Alaska.	Hawaii.	San Francisco.	Southern California.	Washington.	Buffalo.	Dakota.	Duluth and Superior.	Michigan.	Montana and Idaho.	St. Lawrence.	Vermont.	Total.
<i>Week ending July 28.</i>																
United States mint or assay office bars.									1							1
Bullion, refined, domestic.									5	1	1					6
United States coin.		3,401				25	50				2					3,478
Total.		3,401				25	50		6		3					3,485
<i>Week ending Aug. 4.</i>																
Ore and base bullion.								19	1							20
United States mint or assay office bars.						545			12							557
Bullion, refined, domestic.						101		1			1			1		235
United States coin.		132				50										50
Foreign coin.																
Total.		132				696		20	13		1			1		863
<i>Week ending Aug. 11.</i>																
Bullion, refined, domestic.		107													1	108
United States coin.		2,174			17											2,191
Foreign coin.									6							6
Total.		2,281			17				6						1	2,305
<i>Week ending Aug. 18.</i>																
United States mint or assay office bars.						387								1		388
Bullion, refined, domestic.		490							22		1					513
United States coin.		720				1				10						731
Foreign coin.		15							12							27
Total.		1,225				388			34	10	1			1		1,659
<i>Jan 1 to Aug. 18.</i>																
Ore and base bullion.	2			12				127	68							209
United States mint or assay office bars.		758				6,747			82		1			518		8,166
Bullion, refined:																
Domestic.		4,805				701		2	271	1	3	12		22	10	5,827
Foreign.		1,438												5		1,443
United States coin.		26,721	15	1	125	17,377	50	49	19	22	4		1	1,020	750	46,154
Foreign coin.		18,095				113			25		2	3		1,422		19,660
Total.	2	51,817	15	13	125	24,938	50	178	465	23	10	15	1	2,987	760	81,399

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

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

	Average balances for the month of the several classes of earning assets.					
	Bills dis- counted, members.	Bills bought in open market.	Municipal warrants.	United States bonds.	One-year Treasury notes.	Total.
Boston.....	\$1,562,551	\$12,148,806	\$2,607,000	\$3,077,161	\$250,000	\$19,645,518
New York.....	344,968	26,484,235	6,990,094	2,696,495	2,282,000	38,797,782
Philadelphia.....	721,273	10,990,278	2,416,912	3,172,613	818,000	18,119,076
Cleveland.....	419,534	6,595,523	4,781,391	5,724,323	929,032	18,449,856
Richmond.....	5,599,316	1,172,352	212,280	1,374,355	684,000	9,042,303
Atlanta.....	2,858,091	1,461,882	.....	1,595,097	438,903	6,353,973
Chicago.....	3,471,666	5,693,268	4,386,914	9,753,100	.....	23,304,948
St. Louis.....	665,703	4,654,930	1,563,715	2,768,516	570,000	10,222,864
Minneapolis.....	1,296,700	2,465,600	1,069,900	3,512,600	350,000	8,664,800
Kansas City.....	2,011,452	753,798	458,463	9,647,250	616,000	13,486,963
Dallas.....	5,964,916	.....	.....	2,974,234	529,000	9,468,150
San Francisco.....	535,000	7,843,000	2,276,000	3,114,000	500,000	14,268,000
Total.....	25,421,220	80,263,672	26,762,669	49,409,747	7,966,935	189,824,243

	Earnings for July from—						Calculated annual rates of earnings from—					
	Bills dis- counted, mem- bers.	Bills bought in open market.	Municipal warrants.	United States bonds.	One-year Treasury notes.	Total.	Bills dis- counted, mem- bers.	Bills bought in open market.	Municipal warrants.	United States bonds.	One-year Treasury notes.	All in- vestment opera- tions.
Boston.....	\$4,051	\$21,484	\$6,093	\$5,402	\$625	\$37,655	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
New York.....	1,175	51,523	16,401	6,737	5,705	81,541	3.06	2.09	2.76	2.07	2.95	2.26
Philadelphia.....	2,406	20,255	6,011	5,675	2,068	36,413	4.02	2.30	2.77	2.95	2.95	2.48
Cleveland.....	1,515	11,966	11,540	12,471	2,333	39,825	3.93	2.17	2.93	2.11	2.93	2.37
Richmond.....	19,832	3,140	547	2,865	1,729	28,113	4.26	2.14	2.85	2.57	2.95	2.55
Atlanta.....	10,135	2,830	.....	3,205	1,109	17,329	4.18	3.16	3.04	2.46	2.98	3.67
Chicago.....	12,015	9,736	10,247	20,328	.....	52,326	4.21	2.28	.....	2.37	2.98	3.22
St. Louis.....	2,460	8,908	3,838	5,118	1,441	21,765	4.09	2.02	2.76	2.46	.....	2.65
Minneapolis.....	5,166	4,496	2,549	6,395	875	19,481	4.52	2.26	2.90	2.18	2.98	2.51
Kansas City.....	8,176	1,377	1,010	6,395	875	19,481	4.81	2.15	2.81	2.15	2.95	2.65
Dallas.....	22,202	.....	.....	17,288	1,557	29,408	4.80	2.18	2.60	2.12	3.00	2.57
San Francisco.....	2,193	14,737	5,204	4,752	1,337	28,291	4.65	.....	.....	2.00	3.00	3.60
Total.....	91,376	150,452	63,440	95,870	20,029	421,167	4.24	2.21	2.80	2.29	2.97	2.62

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Sept. 1, 1916.

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

¹ Rate for commodity paper maturing within 90 days.

² Rate for bills of exchange in open-market operations.

³ Rate for trade acceptances bought in open market without member bank indorsement.

⁴ A rate of 2 to 4 per cent for bills with or without member bank indorsement has been authorized.

⁵ Rate for commodity paper maturing within 30 days, 3½ per cent; over 30 to 60 days, 4 per cent; over 60 to 90 days, 4½ per cent; over 90 days, 5 per cent.

NOTE.—Rate for bankers' acceptances, 2 to 4 per cent.

Individual deposits, loans and discounts; also reserves of all national banks and ratios of reserves to loans, 1910 to 1916.

[In millions of dollars.]

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	Individual deposits.	Loans.	Vault re-serves.	Total amounts due from approved Reserve Agents.	Amounts with approved Reserve Agents available as reserve.	With Federal Reserve Bank.	Total reserves 3+5+6.	Amounts in vault and due from approved Reserve Agents and Federal Reserve Bank 3+4+6.	Ratio of total reserves to loans 7÷2.	Ratio of combined vault reserve and amounts due from approved Agents and Federal Reserve Bank to loans 8÷2.	Ratio of vault and Federal Reserve Bank reserves to loans (3+6)÷2.
June 30, 1910.....	5,287.2	5,430.2	853.8	660.4	1,461.2	.....	1,315.0	1,514.2	24.2	27.9	15.7
June 7, 1911.....	5,478.0	5,610.8	979.9	765.7	1,498.2	.....	1,478.1	1,745.6	26.3	31.1	17.5
June 14, 1912.....	5,825.5	5,953.9	979.7	778.9	1,525.4	.....	1,505.1	1,758.6	26.3	29.5	16.5
June 4, 1913.....	5,953.5	6,143.0	949.4	762.2	1,543.5	.....	1,492.9	1,711.6	24.3	27.8	15.5
June 30, 1914.....	6,283.7	6,430.1	969.1	777.5	1,577.1	.....	1,546.2	1,746.6	24.0	27.2	15.1
June 23, 1915.....	6,453.8	6,660.0	789.8	737.9	1,520.1	312.6	1,382.5	1,840.3	20.8	27.6	16.6
May 1, 1916.....	7,973.3	7,606.4	777.4	954.8	1,268.3	428.2	1,473.9	2,160.4	19.4	28.4	15.8
June 30, 1916.....	7,968.2	7,679.2	758.0	842.4	1,208.5	476.1	1,442.6	2,076.5	18.8	27.0	16.1

¹ Not exceeding 50 per cent of reserve required by reserve city banks and not exceeding 60 per cent of reserve required by country banks.

² Aggregate of time and demand deposits, exclusive of United States deposits, postal savings deposits, and State and municipal deposits.

³ Not exceeding six-fifteenths of reserve required by reserve city banks and not exceeding five-twelfths of reserve required by country banks.

⁴ Not exceeding five-fifteenths of reserve required by reserve city banks and not exceeding four-twelfths of reserve required by country banks.

⁵ Not exceeding four-fifteenths of reserve required by reserve city banks and not exceeding three-twelfths of reserve required by country banks.

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