FEDERAL RESERVE BULLETIN

ISSUED BY THE

FEDERAL RESERVE BOARD

AT WASHINGTON

AUGUST, 1917

WASHINGTON
GOVERNMENT PRINTING OFFICE
1917

FEDERAL RESERVE BOARD.

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 officers and directors may have it sent to not less than 10 names at a subscription price of $1 per annum.

No complete sets of the Bulletin for 1915 are available. Bound copies of the Bulletin for 1916 may be had at $5 per copy.

TABLE OF CONTENTS.

FEDERAL RESERVE BULLETIN

VOL. 3 AUGUST 1, 1917. No. 8

REVIEW OF THE MONTH.

The Banks and the Liberty Loan.

Banking developments during the month of July have given the first clear indication of the country's ability to purchase and hold the new issues of Government bonds that were being placed on the market. There were no definite indications so long as the process of subscription continued, and no accurate figures for some time after the closing of subscriptions, establishing how far the loan had been paid in full by subscriptions and how far the banks of the country had availed themselves of the special discount privileges afforded by the Federal Reserve System both to member and nonmember institutions. The first payment made upon subscriptions was 2 per cent of the face of the bonds plus 18 per cent additional payable on June 28, leaving 80 per cent of the face to be provided for by subsequent payments. Figures setting forth the loan situation at Federal Reserve Banks published in advance of the announcement of the result of the loan were somewhat misleading because of the fact that not a few institutions had discounted heavily at Federal Reserve Banks in order to be ready to make payment in full for bonds subscribed to by them. Such discounting suggested the possibility of a continuous draft upon the resources of the reserve banks. Reductions of the larger subscriptions and prompter payment by smaller subscribers than had been looked for resulted in the almost immediate reduction of accommodation furnished by Federal Reserve Banks to their members and through the latter to nonmembers. The outcome has been to make the demands upon the Federal Reserve Banks in connection with the loan decidedly smaller than had at one time seemed probable. The "peak" of the load borne by reserve banks was reached on June 22, immediately after the completion of the subscriptions, at which time the aggregate bills held by the Federal Reserve Banks amounted to $435,000,000, as contrasted with $145,000,000 about a month earlier. Almost immediately, for the reasons already indicated, this large volume of paper began to be lowered, falling on July 13 to $335,000,000. Of this latter sum, only $13,159,000 represented paper secured by United States bonds or certificates. A third payment of 20 per cent, due on July 30, is in process of being made as this issue goes to press, but arrangements to liquidate it having already largely been made by the subscribers, and the amount involved not being likely to be much in excess of $100,000,000, the payment will probably not materially affect the banking position.

Operations of Reserve Banks.

Considerable liquidation of investments, principally of bills and United States securities, is indicated by the comparative statement of the earning assets held by the Federal Reserve Banks on June 22 and July 20, respectively. Liquidation apparently set in immediately following the completion of subscriptions to the Liberty Loan and is shown to have been heaviest at the New York bank, which reported the largest amount of accommodation to member banks in connection with Liberty Loan operations. Substantial reductions in the amounts of bills on hand are also reported by the three eastern reserve banks and by the San Francisco bank. Most of the bills liquidated were member banks' collateral notes, secured by commercial paper or United States securities. Between June 22 and July 13 the amount of such notes held by Federal Reserve Banks decreased from $169,789,000 to $59,557,000; since then the total has increased to $78,795,000, the amount held on July 20.

It is noticeable that the Federal Reserve Banks' holdings of acceptances increased between June 22 and July 20 from $194,303,000 to $197,720,000 as against a simultaneous decline in the holdings of discounted bills from $240,984,000 to $161,386,000.

In the following table are given the changes between the two dates in the amounts of bills held by each Federal Reserve Bank; also changes in the total holdings of other classes of investments:

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

Federal Reserve Bank.	June 22.	July 20.	Net increase.	Net decrease.
Boston	41,795	34,926	....	6,869
New York	220,032	133,554	....	86,478
Philadelphia	27,586	24,642	....	2,944
Cleveland	20,499	17,686	....	2,813
Richmond	16,919	18,663	1,744	....
Atlanta	5,227	6,559	1,332	....
Chicago	41,933	50,535	8,602	....
St. Louis	11,267	15,013	3,746	....
Minneapolis	10,586	10,648	62	....
Kansas City	18,031	24,061	6,030	....
Dallas	5,151	7,925	2,774	....
San Francisco	16,261	14,899	....	1,362
Total bills	435,287	359,111	....	76,176
Total United States securities	114,918	75,315	....	39,603
Total municipal warrants	2,444	2,186	....	258
Total investments held	552,649	436,612	....	116,037

Distribution of bonds.

These facts suggest in outline the satisfactory character of the outcome of the Liberty Loan operation from the standpoint of the Federal Reserve Banks. The resources of the banks have been employed as required, but have not been made a regular reliance. They are available for occasions of future need. There remains to be answered, however, the question how far the banks of the country have become investors in Government bonds and also how far the "ultimate investor" has been obliged to rely upon his bank for assistance either in taking or carrying the new securities.

Complete data embodying the returns received by the Treasury Department are presented in the following table, which shows that the amount of the subscriptions remaining payable immediately following the June 28 installment was less than $542,000,000.

Payments on Liberty Loan allotments by the Federal Reserve Banks to June 30, 1917.

Federal Reserve Bank.	Allotment.	Paid in United States Treasury certificates (approximate amounts).	In cash (approximate amounts).
Boston	$265,478,000	$45,800,000	$63,800,000
New York	593,987,000	275,500,000	151,500,000
Philadelphia	164,760,000	39,400,000	30,000,000
Cleveland	201,977,000	48,000,000	69,900,000
Richmond	88,594,000	10,000,000	19,300,000
Atlanta	46,283,000	4,100,000	10,400,000
Chicago	272,702,000	52,100,000	64,800,000
St. Louis	65,029,000	22,900,000	17,100,000
Minneapolis	53,759,000	4,800,000	20,600,000
Kansas City	62,183,000	19,600,000	17,200,000
Dallas	36,663,000	10,500,000	10,000,000
San Francisco	149,045,000	21,800,000	43,700,000
Total	2,000,000,000	554,500,000	518,300,000

Federal Reserve Bank.	By credit (approximate amounts).	Total payments to June 30.	Ratio of payments to allotments.	Payments still due (approximate amounts).
			Per ct.	
Boston	$55,800,000	$165,400,000	62	$100,000,000
New York	121,100,000	548,100,000	92	45,800,000
Philadelphia	39,100,000	108,500,000	66	56,200,000
Cleveland	42,100,000	160,000,000	79	42,000,000
Richmond	23,100,000	52,400,000	59	36,200,000
Atlanta	21,600,000	36,100,000	78	10,100,000
Chicago	24,400,000	141,300,000	52	131,400,000
St. Louis	19,900,000	59,900,000	92	5,100,000
Minneapolis	4,600,000	30,000,000	56	23,700,000
Kansas City	15,400,000	52,200,000	84	10,000,000
Dallas	3,800,000	24,300,000	66	12,300,000
San Francisco	14,700,000	80,200,000	54	68,800,000
Total	385,600,000	[1] 1,458,400,000	73	541,600,000

[1] The daily Treasury statement of June 30 reports total Liberty Loan payments to that date $1,385,024,456.38. The difference between that figure and those given above is due to the fact that the Treasurer had not received official advices through the mails of the full amounts, which came by telegraph. Consequently, the difference is in transit to the Treasurer.

While the returns thus show that an unexpectedly small proportion of the $2,000,000,000 of securities issued was taken by the community subject to the privilege of paying by installments, and while the figures furnish no direct evidence as to the distribution of the bonds between the banks and the public, it is estimated that the banks of the country actually took for their own account only a small proportion, less than one-fourth and probably less than one-fifth of the new issue. The amount which they have assisted their customers in carrying can not as yet be stated, but the figures so far available show that it has been but a small part of the total. This is equivalent to saying that a large fraction of the issue may be regarded as having been "absorbed." The volume of bonds which are still awaiting placement in the hands of investors is not large enough to cause any material change in the liquid condition of the banks, particularly in view of the fact that a considerable proportion will undoubtedly be absorbed at an early date through the liquidation of loans by the partial payments of individual buyers and investors. Most of the bonds have thus been taken by actual and ultimate investors, the banks acting primarily as intermediaries and distributors. Conditions in the financial market as affected by the placing of the loan are thus well protected. Great credit should be given to the banks of the country not only for their actual support and the hard work they have done in connection with the operation, but also for their general observance of sound principles of finance in the disposal of the new securities.

Notwithstanding that the process of absorbing the Liberty Loan bonds was proceeding satisfactorily, and notwithstanding the fact that the slight extent to which the banks had relied upon the Federal Reserve System for funds to be used in carrying the bonds, the Board thought it desirable on July 14 to extend, subject to cancellation, the term of the permission given in its circular letters of May 22 and June 9, which had provided for the rediscounting of nonmember bank notes under special conditions.

The reserve situation.

The banking situation growing out of the subscriptions to the Liberty Loan has been in some measure obscured by the fact that the reserve transfers necessitated by the amendments to the Federal Reserve Act which concentrated reserves in the hands of Federal Reserve Banks became effective on June 21. As noted in the last issue of the Federal Reserve Bulletin, the Board suggested to the Federal Reserve Banks that they permit the new reserve payments to be made gradually, giving the reserve city and country banks until July 15. The condition of the reserve banks as reported in the weekly statement for July 21 is, therefore, the first in which approximately the full effect of the new reserve requirements is exhibited. That statement shows the cash reserve in reserve banks as $1,430,000,000, an increase of $183,000,000 over the figures of June 22, which represented conditions as they were just prior to the changes resulting from the amendments to the Federal Reserve Act adopted June 21. The sum mentioned includes $116,000,000 liquidated investment besides transfers of reserves in accordance with the amended act. This transfer of reserves in cash is practically that which was anticipated by the Board in its statements with reference to the effect of the amendments made public from time to time during the discussion of the legislation while pending in Congress. The provision of the amendmen ts permitting the establishment of clearing accounts by nonmember banks which desired to avail themselves of the clearing and collecting provisions of the Federal Reserve Act, has already been availed of in a few cases. A new item representing these accounts has been introduced into the Board's general statement of condition, but the amount of it—$4,767,000 on July 21—shows that the opportunity has thus far been used by nonmember banks in a limited degree. It is safe to say that there will be a much larger use of this facility in the future and that consequently the process of shifting cash to Federal Reserve Banks has by no means reached its limit. The same statement may be made with reference to the authority granted in the new act to issue Federal Reserve notes based on gold and gold certificates as collateral.

Gold imports and exports.

The gold export and import situation deserves notice in connection with the reserve position.

Resumption on a large scale of gold imports and increasing gold exports, mainly to the Far East, Spain, and South America, are indicated by the weekly reports of the United States customs collectors to the Federal Reserve Board. Gold imports were particularly heavy during the weeks ending June 22 and July 6, when large consignments of gold from Canada were received at New York and largely taken by the New York Federal Reserve Bank. For the four weeks ending July 13 the net inward gold movement was $63,179,000, gold imports during the period amounting to $129,730,000 and gold exports to $66,551,000.

The increase in the country's stock of gold through net gold imports since August, 1914, appears from the following exhibit:

Gold imports and exports into and from the United States from Aug. 1, 1914, to July 13, 1917.

[000's omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914	$23,253	$104,972	[1] $81,719
Jan. 1 to Dec. 31, 1915	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916	685,745	155,793	529,952
an. 1 to July 13, 1917	518,569	220,361	298,208
Total	1,679,522	512,552	1,166,970

[1] Excess of exports over imports.

Rates of interest.

The Federal Reserve Banks have not found it necessary to raise their rates of interest at any time either during the Liberty Loan subscription period or during the subsequent transfers of reserve funds. Their conditions of accommodation have continued upon the same basis as during the spring months of 1917, acceptances being discounted at about 3½ per cent, while other commercial paper in the interior has ranged from one-half per cent to 1 per cent higher, according to maturity. Interest rates at member and other commercial banks have likewise continued generally moderate. In many cases the banks of the country have accommodated their customers who were purchasing Liberty bonds at the rate borne by the bonds themselves—3½ per cent—without any margin of banking profit. The only important exception to this generally low level of interest charges was observed on July 16 and 17, when call money in New York for a few hours rose to 10 per cent, closing at 6 per cent.

It may be well to recall that the framers of the Federal Reserve Act had in mind facilitating trade and commerce by putting commercial trade paper on a preferred basis. It is therefore no criticism of the new banking system that call loans on stock exchange collateral should occasionally run above the low figures which have long prevailed.

Success of the loan operation.

The remarkably satisfactory condition existing generally in the money market during the past month is the greatest, perhaps, but only one, of the many indications pointing to the eminent success with which the banking and financial operations attendant upon the placement of the new bonds have been conducted. The fundamental element of this success is seen in the policy early adopted by the Treasury, of permitting the funds subscribed by customers of banks to continue on deposit in such banks, provided the latter would qualify as Government depositories, until such time as these funds were required for disbursement to cover the expenses of the Government. Through the medium of the Federal Reserve Banks, the funds were then placed to the credit of the Treasury Department and have been disbursed without the withdrawal of actual cash from the banks or the market. Under the Board's rulings establishing special rates and special maturities for the accommodation of both member and nonmember banks there has always been available an adequate supply of accommodation for the use of any banks which might find themselves temporarily short of funds as the result of the shifting of the Government's credits. The operation, in the large sense of the term, was simply a transfer of bank credits on the books of the bank first to the ownership of the Government and then to that of the corporations and individuals who were supplying the goods and services required in the conduct of the war. This operation, unprecedented in its size and scope in the financial history of the United States, is a striking demonstration of the usefulness and capacity of the Federal Reserve System.

Real strength of the system.

There has been considerable discussion during past months regarding the "expansive" power of the Federal Reserve Banks under the provisions of existing law. This discussion has experienced a marked revival since the amendments to the Federal Reserve Act became law on June 21, and in some quarters it has been suggested that the amended act opens possibilities of "inflation" of the banking and credit system of the country.

When all has been said, however, it should be emphasized that the real strength of the Federal Reserve System is not to be measured mainly by its expansive powers but by the assurance it affords of furnishing relief where needed, and for shifting available reserve funds readily from one part of the country to another. The effectiveness of this power to extend prompt but temporary aid has been strikingly illustrated during the recent Liberty Loan operations, and in a less conspicuous way during the crop-moving seasons of the past two years. So largely has the reserve strength of the banks exceeded any immediate necessity for its use that the transfer of banking accommodation from one part of the country to another through the application of the process of rediscounting between Federal Reserve Banks has never been necessary. The several Federal Reserve Banks have stood ready at all times to furnish this intra-system accommodation, designed to equalize funds between different sections of the country, and to put all the strength of the system, acting as a unit, at the service of any region or locality which might feel the stress of exceptional need. Some measure of relief of this type has, however, been realized through the gradual growth of the discount market and the purchase of bankers' acceptances originating from transactions in various parts of the country. The system's holdings of such acceptances have increased materially during the past month, the amount of bills bought in open markets held on July 20 being nearly $200,000,000, as compared with about $84,000,000 at the opening of May. This increase in the holdings of acceptance paper represents a corresponding volume of support extended by the Federal Reserve System to banking institutions. The influence of this form of accommodation is national rather than local, regardless of the particular place or market in which the actual purchase of the paper representing these acceptance transactions was made.

Development of commercial paper.

One phase of the banking situation as affected by the placing of great Government loans, and the probability that the sale of bonds would necessarily continue throughout the duration of the war, deserves consideration. Whenever very large issues of bonds are afloat in a market for securities, they tend to become the basis upon which accommodation is asked at banks. An important effect of such a condition of affairs is the relative increase of paper secured by bonds in the portfolios of banks, and the relative decrease of purely commercial paper. The large purchases made by the Government are paid for directly or indirectly through the sale of bonds, and these tend to occupy a larger and larger place in banking operations, unless a special effort is made to develop the commercial paper element of banks' investments. In view of this situation, special interest attaches to the efforts now being made to develop the acceptance in its various forms. With a view to ascertaining what are the principal problems to be encountered in such development to-day, the Board has recently transmitted to representative bankers and business men in the 12 Federal Reserve districts interrogatories designed to bring out the actual facts in the situation. These replies are in process of examination and tabulation. The results as ascertained will be published in the hope that they may contribute to the prompt and effective development of a sound and liquid element of the commercial paper of the country. The inquiry thus far indicates that the business community is well disposed toward the development of the acceptance system, but better understanding of the principles and methods involved in this form of credit as well as wider and more cordial cooperation on the part of the banks will be necessary if it is to be successfully and broadly introduced as a factor in the market.

Foreign exchange values.

There has recently been much discussion concerning the causes of the decline of dollar exchange in certain neutral countries. A comparison of the rates paid for cable transfers upon the leading neutral markets in Europe shows that the depreciation of dollar exchange is considerably less than the depreciation of sterling. The following figures illustrate this point:

Comparative rates for cable transfers to principal neutral places in Europe, based upon quotations in New York and London on July 5, as reported by the National City Bank of New York City and the London Economist.

	New York cables.		Dollar exchange.	London cables.		Sterling exchange.
	Quoted rates.	Par rates.	Per cent of depreciation.	Quoted rates.	Par rates.	Per cent of depreciation.
Amsterdam	24.24	24.88	2.57	11.55	12.107	4.60
Christiania	33.90	37.31	9.14	16.20	18.159	10.79
Stockholm	32.68	37.31	12.41	15.55	18.159	14.37
Copenhagen	34.31	37.31	8.04	16.35	18.159	9.96
Zurich	4.75	5.18	8.30	22.60	25.225	10.41
Madrid	4.255	5.18	17.86	20.35	25.225	19.33

The allied belligerent countries are heavy purchasers of goods in almost all neutral countries; they can not, however, ship to these countries an amount of goods sufficient to offset the debit balance against them; while for various reasons it is impracticable for the allies to settle by shipment of gold. This in itself would explain the depreciation of the sterling rate in neutral countries. The question arises, however, why American exchange should be at a discount in these countries, when, as a matter of fact, the United States maintains favorable trade balances with all of these neutral nations.

Aside from the question of a diminution in our exports to these neutral countries, which is too recent to have been a factor in the situation, it is evident that so long as England maintains sterling exchange in the United States at a fixed rate (approximately par), dollar exchange in foreign countries will, by reason of the preponderating volume of trade settled in sterling bills, move in substantially the same direction as sterling exchange. The situation is a complex one and is receiving the careful attention of the Board.

Export Licenses in Foreign Trade.

In view of the interest felt by banks engaged in export trade in the working of the export license provisions of Federal law as recently enacted, there are herewith presented the essential facts on this subject as authoritatively made known.

1. On June 15 there was approved an act entitled "An act to punish interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage and better to enforce the criminal laws of the United States, and for other purposes."

2. Under the terms of this law, the President of the United States issued the following Executive order:

By virtue of authority vested in me by Title VII of the act approved June 15, 1917, entitled, "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage and better to enforce the criminal laws of the United States, and for other purposes," I hereby vest in the Secretary of Commerce the executive administration of all instructions issued by the President under said Title VII and of the proclamations thereunder, and the said Secretary is hereby authorized and directed to take such measures as may be necessary to administer and execute the same and to grant or refuse export licenses thereunder, in accordance with those instructions.

I hereby establish an Exports Council, to be composed of the Secretary of State, the Secretary of Agriculture, the Secretary of Commerce, and the Food Administrator, and I hereby authorize and direct the said Exports Council, thus constituted, to formulate, for the consideration and approval of the President, policies and make the recommendations necessary to carry out the purposes of this act.

WOODROW WILSON.

The WHITE HOUSE,
22 June, 1917.

---

3. Subsequently, on July 9, the President of the United States issued the following proclamation:

Whereas Congress has enacted, and the President has on the fifteenth day of June, 1917, approved a law which contains the following provisions:

"Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: *Provided, however,* That no preference shall be given to the ports of one State over those of another.

"Any person who shall export, ship, or take out, or deliver or attempt to deliver for export, shipment, or taking out, any article in violation of this title, or of any regulation or order made hereunder, shall be fined not more than $10,000, or, if a natural person, imprisoned for not more than two years, or both; and any article so delivered or exported, shipped, or taken out, or so attempted to be delivered or exported, shipped, or taken out, shall be seized and forfeited to the United States; and any officer, director, or agent of a corporation who participates in any such violation shall be liable to like fine or imprisonment, or both.

"Whenever there is reasonable cause to believe that any vessel, domestic or foreign, is about to carry out of the United States any article or articles in violation of the provisions of this title, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the Secretary of Commerce, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law, to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart. Whoever, in violation of any of the provisions of this section shall take, or attempt to take, or authorize the taking of any such vessel out of port or from the jurisdiction of the United States, shall be fined not more than $10,000 or imprisoned not more than two years, or both; and, in addition, such vessel, her tackle, apparel, furniture, equipment, and her forbidden cargo shall be forfeited to the United States."

And whereas, the public safety requires that succor shall be prevented from reaching the enemy;

Now, therefore I, WOODROW WILSON, President of the United States of America, do hereby proclaim to all whom it may concern that, except at such time or times and under such regulations and orders and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: Coal, coke, fuel oils, kerosene and gasoline, including bunkers; food grains, flour and meal therefrom, fodder and feeds, meat and fats; pig iron, steel billets, ship plates, and structural shapes, scrap iron and scrap steel; ferro-manganese; fertilizers; arms, ammunition and explosives, shall not, on and after the fifteenth day of July, 1917, be carried out of or exported from the United States or its territorial possessions to Abyssinia, Afghanistan, Albania, Argentina, Austria-Hungary, Belgium, her colonies, possessions or protectorates, Bolivia, Brazil, Bulgaria, China, Chile, Colombia, Costa Rica, Cuba, Denmark, her colonies, possessions or protectorates, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions or protectorates, Germany, her colonies, possessions or protectorates, Great Britain, her colonies, possessions, or protectorates, Greece Guatemala, Haiti, Honduras, Italy, her colonies, possessions or protectorates, Japan, Liberia, Leichtenstein, Luxemburg, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, The Netherlands, her colonies, possessions or protectorates, Norway, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions or protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Spain, her colonies, possessions or protectorates, Sweden, Switzerland, Uruguay, Venezuela, or Turkey.

The orders and regulations from time to time prescribed will be administered by and under the authority of the Secretary of Commerce, from whom licenses, in conformity with the said orders and regulations, will issue.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

[SEAL.] Done at the city of Washington this ninth day of July, in the year of our Lord one thousand nine hundred and seventeen and of the independence of the United States of America the one hundred and forty-second.

WOODROW WILSON.

By the President:

FRANK L. POLK,

Acting Secretary of State.

---

4. On July 23, the Department of Commerce published officially (in "Commerce Reports"), a list of articles for which export licenses are required, with an introductory note, as follows:

For the information of shippers, the Exports Council has authorized the publication of a list comprising the articles which have already been determined to be included under the general headings mentioned in the President's proclamation of July 9. This list supersedes an unauthorized and incorrect statement hitherto published. Additions may be made to this list if it is determined that other articles are properly included in the general headings given in the President's proclamation. Official notice will be given of such changes when they occur.

Export license is required at present for any article on the following list:

- Coal.
- Coke.
- Fuel oils:
  - Lubricating oil.
  - Benzol.
  - Head lantern oil.
  - Toluol.
  - Naphtha.
  - Benzine.
  - Red oil.
- Kerosene and gasoline, including bunkers.
- Food grains, flour and meal therefrom:
  - Corn flour.
  - Barley.
  - Rice flour.
  - Rice.
  - Oatmeal and rolled oats.
- Fodder and feeds:
  - Oil cakes and oil-cake meal.
  - Malt.
  - Peanuts.
- Meats and fats:
  - Poultry.
  - Cottonseed oil.
  - Corn oil.
  - Copra.
  - Cocoanuts, desiccated.
  - Butter.
  - Fish, dried, canned, or fresh.
  - Grease, inedible or edible, of animal or vegetable origin.
  - Linseed oil.
  - Lard.
  - Meats, all varieties.
  - Tinned milk.
  - Peanut oil and butter.
  - Rapeseed oil.
  - Tallow.
  - Tallow candles.
  - Stearic acid.
- Pig iron.
- Steel billets:
  - Steel sheet bars.
  - Steel blooms.
  - Steel slabs.
- Ship plates and structural shapes:
  - Iron plates.
  - "I" beams.
  - Mild steel plates.
  - Rolled steel plates.

Ship plates and structural shapes—Continued.
  - Steel channels.
  - Steel angles.
  - Mild steel plates, ordinary tank quality.
  - Steel beams.
  - Steel plates, $\frac{1}{8}$ of inch thick or heavier; steel sheets, $\frac{1}{8}$ inch thick or heavier are classified as steel plates.
  - Steel tees and zees.
  - Structural steel shapes.
  - Boiler plates.
  - Tank plates.
  - Steel doors.
  - Steel car frames.
  - Steel towers.
- Scrap iron and scrap steel.
- Ferromanganese.
- Fertilizers.
  - Cattle manure, shredded.
  - Nitrate of soda.
  - Poudrette.
  - Potato manure.
  - Potassium salts.
  - Land plaster.
  - Potash.
  - Cyanamide.
  - Phosphoric acid.
  - Phosphate rock.
  - Superphosphate.
  - Chlorate potash.
  - Bone meal.
  - Bone flour.
  - Ground Bone.
  - Dried blood.
  - Ammonia and ammonia salts.
  - Acid phosphate.
  - Guano.
  - Humus.
  - Hardwood ashes.
  - Soot.
  - Sheep manure, pulverized.
  - Anhydrous ammonia.
- Arms, ammunition, and explosives:
  - Nitrate of potash.
  - Rosin.
  - Sulphur.
  - Saltpeter.
  - Turpentine.

5. The forms of application for export licenses now in use under this system are as follows:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
WASHINGTON.

Application Form A. *Original.*

APPLICATION FOR ORDINARY EXPORT LICENSE.

This form should be made out in triplicate, and the answers to the following questions must be written legibly, or typewritten if possible. When filled out and signed, send the three copies to the Bureau of Foreign and Domestic Commerce, Division of Export Licenses, 1435 K Street NW., Washington, D. C., or to the nearest branch office of the bureau (New York, Boston, Chicago, St. Louis, New Orleans, San Francisco, Seattle).

Applicant's reference No. .... Dated ....

Bureau of Foreign and Domestic Commerce,
Division of Export Licenses.

I hereby apply for a license to export ....
We (Quantity.)
of ....
(Goods.)
to ....
(Consignee.) (Address.)
....
(Signature of applicant.)
License to be sent to ....
(Name.)
....
(Address.)

This license is void after 60 days from date.

This stub will be filled in, detached, and sent promptly by the deputy collector of customs at the port of shipment to the Bureau of Foreign and Domestic Commerce, Division of Export Licenses, 1435 K Street NW., Washington, D. C.

Port, ...
Date, ..., 191..

To Bureau of Foreign and Domestic Commerce,
Division of Export Licenses,
Washington, D. C.:

This is to certify that .... has shipped
(Consignor.)
against export license, dated ...., a total of ....
(Quantity.)
of .... on the s. s. ....,
(Goods.)
on bill of lading dated ...., 191.., from this port.

(Signed) ....
Deputy Collector of Customs.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
WASHINGTON.

Application Form A. *Duplicate.*

APPLICATION FOR ORDINARY EXPORT LICENSE.

This form should be made out in triplicate, and the answers to the following questions must be written legibly, or typewritten if possible. When filled out and signed, send the three copies to the Bureau of Foreign and Domestic Commerce, Division of Export Licenses, 1435 K Street NW., Washington, D. C., or to the nearest branch office of the Bureau (New York, Boston, Chicago, St. Louis, New Orleans, San Francisco, Seattle).

Applicant's reference No. .... Dated ....

Bureau of Foreign and Domestic Commerce,
Division of Export Licenses.

I hereby apply for a license to export ....
We (Quantity.)
of ....
(Goods).
to ....
(Consignee.) (Address.)
....
(Signature of applicant.)
License to be sent to ....
(Name.)
....
(Address.)

This license is void after 60 days from date.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
WASHINGTON.

Application Form A. *Triplicate.*

APPLICATION FOR ORDINARY EXPORT LICENSE.

This form should be made out in triplicate, and the answers to the following questions must be written legibly, or typewritten if possible. When filled out and signed, send the three copies to the Bureau of Foreign and Domestic Commerce, Division of Export Licenses, 1435 K Street NW., Washington, D. C., or to the nearest branch office of the Bureau (New York, Boston, Chicago, St. Louis, New Orleans, San Francisco, Seattle).

Applicant's reference No. .... Dated ....

Bureau of Foreign and Domestic Commerce,
Division of Export Licenses.

I hereby apply for a license to export ....
We (Quantity.)
of ....
(Goods).
to ....
(Consignee.) (Address.)
....
(Signature of applicant.)
License to be sent to ....
(Name.)
....
(Address.)

This license is void after 60 days from date.

Official forms for the export license itself will shortly be made available.

Development of Branches and Branch By-Laws.

Further progress in connection with the development of the branch policy of the Federal Reserve Board has been made during the past month by completing the arrangements for the organization of two branches. The decision to establish the first of these—that at Spokane, Wash.—had already been announced. On July 13 the Board made public the final arrangements for the organization at Spokane of a branch of the Federal Reserve Bank of San Francisco, to be under the control of a board of five directors, three of whom have been designated by the Federal Reserve Bank of San Francisco and two by the Federal Reserve Board. Those designated on behalf of the Federal Reserve Bank were as follows: E. T. Coman, president of the Exchange National Bank of Spokane; D. W. Twohy, president of the Old National Bank of Spokane; and Charles A. McLean, at present manager of the Spokane Clearing House.

Those designated on behalf of the Federal Reserve Board were as follows: Peter McGregor, a farmer and stock raiser, living near Spokane, and G. I. Toevs, a business man of long experience in the milling and banking business, and now vice president and manager at Spokane for the Centennial Mill Co. Mr. McLean will be manager of the branch and chairman of its board.

The Board has been advised that the eligible State banks in the territory adjacent to the Spokane branch will take the necessary steps toward becoming members of the Federal Reserve System as soon as possible, and it is understood that the local banking community will freely use the new branch, while there will be close working arrangements between it and the Spokane Clearing House.

The second of the two branches—that at Omaha, Nebr.—was definitely authorized on July 18. The Federal Reserve Board then made public the fact that it had completed the plans for the establishment of a branch of the Federal Reserve Bank of Kansas City at the point named, and issued a statement furnishing the details of organization.

The branch, like that at Spokane, will be operated by a board of five directors, of whom three have been selected by the Federal Reserve Bank of Kansas City, as follows: Luther Drake, Omaha, Nebr., president Merchants' National Bank; J. C. McNish, Omaha, Nebr., owner McNish Cattle Loan Co.; O. T. Eastman, Omaha, Nebr., assistant cashier First National Bank of Omaha.

The Federal Reserve Board has designated two directors, as follows: P. L. Hall, Lincoln, Nebr., president Central National Bank; R. O. Marnell, Nebraska City, Nebr.

The manager of the branch and chairman of its board will be Mr. O. T. Eastman. The State of Wyoming will probably be included in the territory assigned to the Omaha branch.

Other branches whose establishment is under careful consideration by the Board are those proposed for Pittsburgh, Pa., Cincinnati, Ohio, Louisville, Ky., and Denver, Colo. Some other branch projects have not yet reached any definite stage of development, but are under discussion.

The establishment of a branch of the Federal Reserve Bank of Richmond at Baltimore, Md., has, as stated in a former issue of the Bulletin, been agreed upon, but details of organization have not yet been completed.

Standard by-laws for use in branches have been agreed upon by the Board and the banks interested. These, subject to minor changes intended to adapt them to local conditions, will be as follows:

BY-LAWS OF THE FEDERAL RESERVE BANK OF ——— FOR THE OPERATION OF ITS BRANCH BANK AT ———.

ARTICLE I.

Subject to the approval of the Federal Reserve Board, the Federal Reserve Bank of ———, hereinafter designated as the "head office," will designate the member banks which will be members of the branch.

As a matter of bookkeeping the capital contribution of branch member banks will be credited to the branch bank of which they are members and the branch member banks will be requested to maintain the balances required by law with the branch and to carry on all Federal Reserve Bank correspondence with the branch instead of with the head office: *Provided, however*, That any such member bank, under arrangements to be approved by the head office may remit to or draw upon the head office or other branches for account of its respective branch.

The reserve so paid in and the capital so credited to the branch shall, as a matter of bookkeeping, be considered as the funds of the branch; but all funds of the branch shall be subject to control of the head office.

ARTICLE II.

SECTION 1. *Number and quorum.*—The number of directors shall be five, of whom the manager shall be one. A majority of the directors shall constitute a quorum for the transaction of business, but less than a majority may adjourn from time to time until a quorum is in attendance.

SEC. 2. *Vacancies.*—Vacancies in the membership of the board shall be filled and successors selected in the manner provided by law.

SEC. 3. *Meetings.*—There shall be a regular meeting of the board every first Friday [1] after the first Tuesday [1] of each month at 10 o'clock a. m., or, if that day be a holiday, on the first succeeding full business day. The manager shall be empowered to call a special meeting at any time, or shall do so upon the request of the head office or the written request of any two directors. Notice of said meeting, if by mail, shall be mailed at least one day prior to date of meeting; and if given by telegraph or telephone, at least two hours before the time of meeting.

SEC. 4. *Powers.*—(*a*) The board of directors shall supervise the operation of the branch bank under direction and control of the head office, subject to such regulations as the Federal Reserve Board may prescribe.

(*b*) The directors of the branch bank shall have power to rediscount for member banks of the branch district paper eligible under the provisions of the Federal Reserve Act and regulations of the Federal Reserve Board: *Provided, however*, That the aggregate of paper rediscounted for any single member bank shall not exceed a certain limit to be fixed by the branch subject to the approval of the head office. Any amounts in excess of this limit may only be rediscounted subject to the approval of the head office.

(*c*) The branch bank may clear and collect checks for member and nonmember banks in the territory assigned to it or in other parts of the district on the same plan followed by the head office.

(*d*) The head office may request the branch to forward to the head office paper rediscounted by the branch or other collateral eligible for the purpose for deposit with the Federal Reserve Agent as collateral for Federal reserve notes, or it may direct the branch to place at the disposal of the Federal Reserve Agent such rediscounts or other collateral.

(*e*) The branch shall not engage for its own account in open market transactions, bankers' acceptances, trade acceptances, warrants or Government bonds, except subject to the orders and for account of the head office.

SEC. 5.—Directors when present at directors' meetings shall receive a compensation of $—— per day for each day the board is in session, and an allowance to cover actual necessary expenses incident to attendance at regular or special meetings of the board.

[1] These days are simply suggested and are subject to change by the branch directors by and with the approval of the Federal Reserve Bank.

SEC. 6.—The head office shall fix the compensation of officers, clerks, and employees of the branch bank, subject to the approval of the Federal Reserve Board.

SEC. 7.—All expenditures of the branch bank shall be subject to the approval of the head office.

SEC. 8.—*Order of business.*—The following shall be the order of business at each meeting of the board:

(1) Reading and disposition of minutes of the last regular meeting.

(2) Report of the manager, including information concerning banking and business conditions in the branch bank territory, as well as detailed summary of all business transacted since last regular meeting and statement of present condition, the latter to include:

(*a*) Statement of all loans and rediscounts.

(*b*) Investments and purchases made for account of the head office.

(*c*) Statements concerning clearing operations.

(*d*) All official correspondence received from the head office.

(3) Report of committees.

(4) Unfinished business.

(5) Approval of reports and recommendations to head office.

(6) New business.

ARTICLE III.

DISCOUNT COMMITTEE.

SECTION 1. *How constituted.*—There shall be a discount committee consisting of the manager and two directors (with an alternate for each of the latter), any two of whom shall constitute a quorum. Such directors shall be elected by the board, to serve for a period not to exceed six months, and as far as practicable their successors shall be chosen in rotation until each member shall have served or shall have been given opportunity to serve. An alternate for service on the discount committee shall be authorized to serve in the absence or disability of the member first chosen.

The compensation of a director when serving on the discount committee shall not exceed the following:

(*a*) If a resident of ......, $ .... per day for each day the committee is in session.

(*b*) If a nonresident of ......, $ .... per day for each day the committee is in session, with an additional allowance to cover actual necessary expenses incident to attendance at said meetings.

SEC. 2. *Minutes.*—The discount committee shall cause to be kept minutes of all meetings held by it, which shall be read and disposed of by members of the board at the next succeeding meeting. A copy of such minutes shall be sent to the head office immediately after each meeting and also subsequent notice of approval.

SEC. 3. *Powers.*—Subject to the rules and regulations prescribed by the board of directors of the head office, the discount committee shall be vested with the following powers:

(1) To pass upon all commercial paper and acceptances submitted for discount or purchases made for account of the head office.

(2) To apply through the head office for such Federal Reserve notes as may be necessary for the general requirements of the branch bank.

(3) To employ or to delegate to officers of the branch bank authority to employ clerks and other subordinates and to define their rules and to fix their compensation subject to section 6, Article II of the by-laws.

(4) To approve bonds furnished by the officers and employees of the bank and to provide for their custody.

(5) In general, to conduct the business of the branch subject to the direction and control of the board of directors and the head office.

ARTICLE IV.

OFFICERS.

SECTION 1. The officers, who shall be chosen by the board of directors of the head office, shall be a manager, who shall be one of the directors of the branch bank, and a cashier. They shall hold office during the pleasure of the head office.

SEC. 2. *Manager.*—The manager shall preside at all directors' meetings and shall have general charge of the branch and shall be officially designated as "Manager —— Branch." The manager shall, jointly with the cashier, have charge of all moneys received or paid out on account of the branch bank and shall sign all checks for the payment of money. He shall have custody of all moneys, investments, and collateral held by the branch bank, subject to such rules as the Board may adopt as to their safety. In all cases where duties of subordinate officers of the branch bank are not specifically prescribed by the by-laws or the board of directors of the branch bank or the head office, they shall be the duties prescribed by and the instructions of the manager.

SEC. 3. *Acting manager.*—In the absence or disability of the manager, the head office may appoint an acting manager, who shall exercise the powers and discharge the duties of the manager; and for such services shall receive a compensation to be fixed by the head office.

SEC. 4. *Cashier.*—Subject to such rules for safety as the board of directors of the branch may adopt, the cashier shall have custody of all moneys, investments, and collaterals jointly with the manager, or with such other employee of the branch as the manager may designate. The cashier shall countersign all checks for the payment of money signed by the manager. He shall keep the minutes of all board meetings and all committees of the board and perform such other duties as may be assigned to him by the manager, subject to the approval of the board of directors.

SEC. 5. *Acting cashier.*—In the absence or disability of the cashier, the board of directors of the branch bank may appoint an acting cashier, who shall exercise the powers and perform the duties of the cashier and shall receive a compensation to be fixed by the head office.

ARTICLE V.

COUNSEL.

SECTION 1. The general counsel of the head office shall act as counsel for the branch bank, and shall represent the branch bank in such matters as may be assigned to him and shall approve all legal documents; and said general counsel may appoint a local * * * attorney as associate counsel, with a retainer to be approved by the head office.

ARTICLE VI.

AUDITOR.

SECTION 1. The auditor of the head office shall act as auditor of the branch bank.

ARTICLE VII.

CAPITAL STOCK.

SECTION 1. All applications for stock, or decreases or increases of stock, and all payments of or on account of stock subscriptions shall be forwarded to the head office.

ARTICLE VIII.

BUSINESS HOURS.

SECTION 1. The bank shall be open for business from 9 a. m. to 2 p. m. on each day, except Saturdays and Sundays or days or parts of days established as legal holidays. On Saturday the bank shall open at 9 a. m. and close at 12 m.

ARTICLE IX.

AMENDMENTS.

These by-laws may be amended at any regular directors' meeting by a majority vote of the entire board of the head office, subject to the approval of the Federal Reserve Board.

The Federal Reserve System and the War.[1]

How the Federal Reserve System, created four years ago, has stood the test of nearly three years of war, four months of which time the United States itself has been engaged in the great conflict, is outlined in a statement prepared by Gov. Harding, of the Federal Reserve Board. Gov. Harding shows that the Federal Reserve Banks met the exigencies of the $2,000,000,000 liberty loan transactions without a strain upon their resources, without an advance in discount rates, and that their total resources now aggregate more than $2,000,000,000. Gov. Harding's statement follows:

[1] From Official Bulletin, July 21.

GOV. HARDING'S STATEMENT.

During the month prior to the entry of the United States into the European war the Federal Reserve Board, recognizing the unsettled and disturbed condition of foreign affairs and the unusual influences to which domestic and financial conditions were subject, devoted special attention to the problem of immediately placing and of maintaining the Federal Reserve Banks in a strong and liquid condition. To this end the reserve banks were encouraged to refrain from making more than very moderate investments in securities. Even with respect to the purchase of commercial paper they were counseled to observe a policy of conservatism. As a result of the adoption of this plan of action the entry of the United States into the war as an active participant found the Federal Reserve Banks and, in consequence, the banking system of the whole country in an extremely satisfactory and strong position. On the 30th of March the reserve banks held against deposits a reserve of 82.1 per cent, while the combined national banks of the country held, on March 5, $813,028,000 of vault reserve, an excess of reserves over legal requirements of $227,861,000.

BANK ACT AMENDED.

The power of the Federal Reserve System to render financial aid has been increased by recent legislation. The President, on June 21, signed the bill amending the Federal Reserve Act, which in its original form had already passed the House of Representatives on May 5 and the Senate on May 9. The broad purpose of the amendments is that of strengthening the gold reserves of the Federal Reserve Banks, and this end is accomplished in two principal ways. Arrangements are made for transferring to the Federal Reserve Banks the vault cash heretofore carried at the option of the banks either in their own vaults or with the reserve institutions. At the same time the nonmember banks are encouraged to deposit their reserves with the Federal Reserve Banks by the making of liberal provisions which will enable them to exchange their gold for Federal Reserve notes and to carry accounts with the Federal Reserve Banks for the clearing and collection of their checks. The other method chiefly relied upon to effect the purpose of the amendments is that of rendering the system more attractive to State institutions in the belief that they will become members of it.

The total resources of the reserve banks now aggregate over $2,000,000,000, their cash reserves being over $1,400,000,000.

SUPPLY OF NOTES INCREASED.

In another way the Federal Reserve System has endeavored to make exceptionally careful preparation for any possible demands that might be brought to bear upon it. The opening of the year had found it with a large stock of Federal Reserve notes on hand, but it was deemed a measure of prudence almost to treble the available supply, $761,000,000 of new notes being ordered. Moreover, in order to render these notes easily available they were distributed throughout the country at the various mints and subtreasuries, where they were held subject to release by telegraph from Washington upon application of the Federal Reserve Bank nearest situated. Not only a note currency, but a ready means of distributing that currency without delay to the points where it was most needed was thus provided for.

Since January 1, 1915, the Federal Reserve Banks have been exercising the functions of fiscal agents, holding the funds of the Treasury Department in the 12 Federal Reserve cities, other deposits being held in national banks outside those cities. In providing for the exercise of this function of "fiscal agent," the Federal Reserve Act, however, contemplated the possibility of powers much broader than those involved in the holding of public deposits.

LIBERTY LOAN OFFERING.

Not long after the declaration of war upon Germany the offering of the Liberty Loan was decided upon by the Secretary of the Treasury,

3674—17——3

and the question of organization and method for the placing and distribution of the loan at once presented itself. The Secretary of the Treasury determined to employ each Federal Reserve Bank as the head of a district organization designed for the distribution of the new bonds, and in each Federal Reserve district such an organization was quickly developed about the local reserve bank as a center.

Local bankers and financiers freely gave of their time and assistance to the furtherance of the work, and in each case the Federal Reserve Bank proved an efficient basis of organization. The several banks have, under instructions issued by the Secretary of the Treasury, received subscriptions to the loan and carried on the immense work of detail resulting therefrom, besides taking charge of the deposits in banks and general banking relationships growing out of the operation.

SOUGHT TO AID BANKS.

The Federal Reserve Board itself, besides cooperating closely with the authorities of the Treasury Department in efficiently conducting the loan operations of the Federal Reserve Banks, further sought to develop a general policy that would support and aid the banking community at large in taking and distributing the new issue of bonds. For this purpose it first established a special rate of 3 per cent per annum for the discount at Federal Reserve Banks of the direct 15-day obligations of member banks secured by the temporary certificates of indebtedness which were issued in order to anticipate the proceeds of the sale of the new bonds.

Carrying further this same policy, it later established a $3\frac{1}{2}$ per cent rate of discount at Federal Reserve Banks intended for the 90-day paper of ordinary bank borrowers, thereby enabling the member banks of the system to extend accommodation to bond buyers in the assurance that they would be able to obtain accommodation from the Federal Reserve Banks by rediscounting these notes. In order to aid the customers of banks not members of the Federal Reserve System, it further authorized the member banks to act as agents for nonmember institutions by rediscounting the notes of bond buyers who desired to obtain assistance from their own banks without being obliged to transfer their business to member banks. Savings banks and trust companies were assured that the board would in every way cooperate with them in avoiding shock or disturbance to existing conditions, and that the Federal Reserve System stood ready to extend to them reasonable accommodation in the event of necessity resulting from withdrawals made by depositors in order to purchase or invest in Government bonds.

CONFIDENCE IS ESTABLISHED.

In various other ways also rulings were put into effect with the purpose of easing the general monetary and financial situation, the result of which was to establish a general feeling of confidence throughout the country, the banks making loans to their customers at the $3\frac{1}{2}$ per cent rate, paid by the Liberty bonds themselves, and obtaining aid from the Federal Reserve Banks as they needed it at the same rate.

Disturbance to the money market was avoided by permitting funds subscribed by customers of banks to remain on deposit in those banks until such time as they were needed for Government disbursement. Rates on commercial paper remained stable and moderate throughout the whole operation, notwithstanding that it represented a greater transfer and shifting of funds than had ever before been attempted in any like operation in the history of the United States.

The whole process of selling the bonds, receiving subscriptions, transferring them to the credit of the Treasury, and disbursing them upon Government requisition has been carried through with remarkable ease, and constitutes a service to the country at large which would have been out of the question had it not been for the efficient organization and operation of the Federal Reserve System.

The general service performed by the reserve system can best be understood when the financial ease and quiet that have prevailed throughout the country ever since the opening of the war three years ago are contrasted with the disturbances and uncertainties which have been felt in former times in consequence of events of far less moment than those of the past three years. Panics or runs upon banks have been entirely avoided, while rates of interest throughout the country have been more moderate and uniform than ever before. The process of moving the crops, which in past years has given rise at times to serious stringency and high money rates, is now carried out without the slightest shock or interference with normal conditions. The banks, in general, enjoy a confidence they could not have acquired under any other conditions—a condition which is in itself perhaps the best contribution of the Federal Reserve System to the general public welfare during the financial strain inevitably resulting from the war.

Remittances of Member Banks.

During the month of June the Federal Reserve Banks, under instructions from the Federal Reserve Board, put into operation a system of interbank drafts intended to provide all member banks in the several districts with a satisfactory method of remittance for their own use and that of their customers who desired to send funds to other districts.

The new method of remittance is not yet being fully employed, and in some portions of the country there appears to be a misunderstanding concerning it, as shown by the fact that some banks find the process of shifting reserves required under the amendments to the Federal Reserve Act, which became law on June 21, a hardship. One letter recently received by the Board states the case as follows:

"As you know, at the present time we are compelled to carry our reserves with the Federal Reserve Bank and in our vault, money that we carry in New York not being available as reserve.

"At this season of the year nearly all southern banks are a little short on reserves, and as our checks on the Federal Reserve Bank are not accepted at par outside of this district (which compels us to carry a New York account in addition), it seems like this is a little hardship on us.

"We feel that it would be only fair to the banks for the Federal Reserve Board to arrange to have our checks on ——— accepted at par throughout the country, as they have made our New York account not available as reserve.

"We would be glad to have your views on this."

The situation referred to by the writer of the letter above quoted was, however, anticipated by the Board when it established the interbank method of remittance, already referred to. This method was especially designed to meet the conditions shortly to arise in which New York accounts would no longer be available as reserve, and which, therefore, rendered it desirable that the checks of member banks on Federal Reserve Banks should be immediately available at par at any one of the twelve Federal Reserve Banks that might be selected by the drawing bank. The conditions under which the interbank drafts might be drawn in accordance with the Board's plan, with sample forms as illustrations, were set forth in the Federal Reserve Bulletin for May, page 348.

Exemption from Military Service.

Exemption for its own employees and those of Federal Reserve Banks from military service will not be generally asked by the Federal Reserve Board. The following letter sent by Gov. Harding to all Federal Reserve Banks on July 12 covers the Board's action in the matter:

The Federal Reserve Board has, during the past few weeks, received communications from several Federal Reserve Banks asking if any action could be taken looking toward the exemption of their employees from the operation of the Federal draft for military service.

The Treasury Department has more recently referred to the Board letters and telegrams from the governors of most of the Federal Reserve Banks asking if this exemption could be secured on the ground that the banks are fiscal agents for the Government and are doing a large amount of additional work incident to their duties as such, and in connection with the bond issues.

While the Board appreciates the importance of protecting the organizations of the Federal Reserve Banks, it is unable, after very careful consideration, to find any grounds upon which to base a request for the exemption of employees of Federal Reserve Banks. The law does not authorize specific exemption in favor of the employees of Federal Reserve Banks or of the Federal Reserve Board, and while the banks will doubtless suffer some inconvenience, just as member banks, insurance companies, and mercantile concerns will, the Board believes that the executive officers of the Federal Reserve Banks should, as a rule, release cheerfully any employees who may be drawn under the selective draft, filling their places either with men who are beyond the draft age, or with competent women, as has been done to such a great extent in all belligerent countries. The Board does not see how it can take the position that Federal Reserve Banks are so much in a class by themselves that general exemption in their favor should be requested, and it does not believe that such a request could be granted if made. The Board realizes the possibility that some employees may be drawn whose services are especially valuable to the banks, and in such specific cases it would suggest that application be made for exemption.

Membership Applications.

In view of the increasing number of State banks and trust companies which are applying for membership in the Federal Reserve System, the Federal Reserve Board has prepared a digest of the procedure which is to be followed by Federal Reserve Agents in connection with the applications of institutions which desire to be considered for membership. The digest is intended to furnish a complete outline of the various steps taken in passing upon such applications, under existing practice, and to afford to applicant banks a clear idea of the tests applied in determining eligibility.

1. Upon receiving a request for a blank form upon which to make application for membership in the Federal Reserve System, the Federal Reserve Agent will instruct the applicant institution—

(*a*) To return the application and required exhibits, when completed, to the Federal Reserve Agent.

(*b*) To request the State bank Supervisor to send to the Federal Reserve Agent two certified copies of the report of its last examination, together with a certificate based upon such report, a form of which is hereto attached.

(*c*) To furnish to the Federal Reserve Agent the information called for in the attached memorandum under "General information desired."

2. The Federal Reserve Agent will—

(*a*) Immediately notify the Federal Reserve Board of the receipt of the application.

(*b*) Submit the application to counsel of the Federal Reserve Bank for his certification.

(*c*) If the Federal Reserve Agent and the governor of the Federal Reserve Bank consider the standard of State examinations to be satisfactory, and a copy of the last report has been furnished, together with the certificate above mentioned, the Federal Reserve Agent will submit the application and other papers in connection therewith to a committee composed of himself, the governor of the Federal Reserve Bank, and at least one other member of the board of directors. No class A director whose bank is in the same city or town as the applying bank or trust company shall be a member of such committee.

3. If a special examination is deemed necessary by the committee above mentioned, or later considered desirable by the Federal Reserve Board, the Federal Reserve Agent should proceed—

(*a*) To arrange with the State supervisor to have the applicant bank examined by a State examiner, with the request that he submit a report in duplicate and a certificate of condition; or

(*b*) To arrange with the State Supervisor to have the applicant bank examined by a State examiner jointly with an examiner designated by the Federal Reserve Bank or the Federal Reserve Board. The State supervisor should be asked to file two copies of the report of examination. If the report of examination to be furnished by the State authorities is voluminous, a digest containing the material items will be satisfactory. The report or digest should contain the examiner's comments and criticisms, a complete list of investments, giving book and current values, based upon the last available quotations, a memorandum of direct and indirect liabilities of officers and directors, and a memorandum of outside corporations under the control or operated in behalf of the applicant bank; or

(*c*) To arrange to have an examination made by a member of the staff of the Federal Reserve Bank who has previously been designated as a special examiner by the Federal Reserve Board. A form of certificate for use by the examiner is hereto attached. Suggestions as to the points to be considered in connection with special examinations will be sent on request to the members of the staff who have been designated as special examiners. If not possible to obtain State examination forms the report should be made on blanks used by the national examiners. An investigation made by a representative of the Federal Reserve Bank should cover a detailed examination and report of the investments, loans, and discounts, with particular attention paid to the credit standing of borrowers and the valuation of investments and collateral; or

(*d*) If the applicant bank is subject to periodical examinations by a clearing house examiner, and a comparatively recent examination has been made, the Reserve Bank committee may authorize the applying bank to file the report of such examination, with a memorandum of the material changes to date of application.

4. When the Reserve Bank committee have considered the matter and reached a conclusion, the Federal Reserve Agent will forward the application and all papers in connection therewith, together with the report and recommendation of the Reserve Bank committee, to the Federal Reserve Board. The recommendation should be signed by each member of the committee. One copy of the report of examination may be retained for the files of the Federal Reserve Bank.

5. The Federal Reserve Board will, on the basis of the application and information submitted therewith, and the recommendation of the Reserve Bank committee, approve or disapprove the application.

6. The Federal Reserve Agent will be duly advised as to the action taken by the Board. Duplicate copies of letters addressed to applicant banks will be transmitted to the Federal Reserve Agent.

FORM 84.—*Examination of State banks or trust companies.*

CERTIFICATE OF EXAMINER.

I hereby certify that I have been duly {authorized / appointed} by .... to make an examination of the affairs and conditions of the ...., that on the .... day of ......, 191.., I examined fully into the books, papers, and affairs of the said corporation, and that the annexed report shows its true condition to the best of my knowledge and belief.

I further certify, from my knowledge of its affairs based upon such examination, that such corporation is solvent and its capital stock unimpaired.

Dated ....

....
(Name of Examiner.)

SUGGESTED FORM OF LETTER OR CERTIFICATE TO BE SIGNED BY THE STATE BANK SUPERVISOR.

An examination of the affairs of the .... was made under my direction on ....

From my knowledge of its affairs, based upon the report of such examination and upon subsequent reports of condition made to me, it is my opinion that the bank is solvent, its capital is unimpaired, and that the report filed by the examiner as of .... shows its true condition at that time, to the best of my knowledge and belief; and further, it is my opinion that there has been no material change in the condition of the institution since the examination made by my department.

GENERAL INFORMATION DESIRED.

1. Bank filing application is requested to communicate with the State bank supervisor requesting that he forward to the Federal Reserve Agent a copy of the report of the last examination.

2. Copies of all letters of criticisms (if any) received from the bank commissioner or State examiner in connection with last two examinations. State what action has been taken.

3. General character of business in the community served by the institution.

4. State law limitations: Unsecured loans; real estate loans; loans on other collateral; acceptances; investments in securities; loans upon bank stock; real estate owned.

5. *Memorandum.*—Names of corporation or other concerns owned or controlled by or operated in the interest of the applying institution.

6. List of officers and directors; address; number of shares owned: business; firm or other outside affiliations.

List of loans to officers, directors, and employees. Arrange loans in groups showing indebtedness of each official as maker, indorser, or guarantor; loans to firms and corporations in which he is interested either as member, officer, or director; loans to relatives and business associates of officers and directors; loans collateraled by securities issued by corporations in which directors or officers are interested.

Give: Borrower; amount; director interested.

7. General information as to loans:

(*a*) Demand loans, upon which no interest has been paid for six months or more.

(*b*) Notes and other loans in default six months or more and which are not secured or in process of collection.

(*c*) Other past due notes and loans. Include overdrafts. Exclusive of loans secured by agricultural commodities and live stock.

(*d*) Notes renewed from time to time with interest added. *a*, *b*, *c*, *d*. Give name: borrower; amount; maturity; security, if any; estimated loss.

Other loan information (except real estate loans):

(*e*) Loans to officers of other banks: Name; amount; bank identified with; security, if any.

(*f*) Loans on own bank stock: Amount of loan; shares held.

(*g*) Large lines (not previously listed) in excess of 3 per cent of capital and surplus: Give name of borrower, business, post-office address, amount of liability, remarks.

8. Real estate loans: List of loans in excess of 3 per cent of capital and surplus. Give name of borrower, amount of loan, maturity, prior liens, location of property, valuation, when and by whom appraised.

9. Real estate owned: Give location of property, book value; original cost; prior lien, if any; estimated value; when and by whom appraised; how and for what purpose acquired.

10. Investments: List in detail, giving name of issuing corporation, par value, book value, rate of interest or dividend (date of last payment), estimated present value.

Please give latest information as to securities upon which interest is in default. If bank owns securities of small private or local corporations, inclose with this memorandum a copy of the latest financial statement issued by such corporations.

11. Notes and bills rediscounted: Bills payable and certificates of deposit representing borrowed money. Give a memorandum of present indebtedness; from whom borrowed; rate; maturity; assets pledged as security for indebtedness; totals only.

12. Assets pledged as security for deposits or other purposes (except money borrowed); give particulars.

13. Assets and liabilities which are not entered as such upon the books of the banking institution.

14. Money borrowed by officers and directors in the interest of the bank under examination.

15. Contingent liabilities: Nature and extent; on bills indorsed and sold; guaranties; notes and securities pledged or sold with agreement to repurchase; all other.

16. Estimated losses or deductions from assets:

	Estimated losses.	Doubtful.
Loans		
Investments		
Real estate		
Furniture and fixtures		
Cash items		
Total		

17. List of balances due from and to other banks.

18. List of affiliated banking institutions.

On the following page is furnished a list of the State institutions now members of the Federal Reserve System.

List of State Member Banks.

Bank.	Location.	Federal Reserve Bank.
Continental Trust Company	Washington, D. C.	Richmond.
The Savings Bank of Richmond	Richmond, Va.	Do.
Bank of Woodruff	Woodruff, S. C.	Do.
Sullivan Bank & Trust Co.	Montgomery, Ala.	Atlanta.
Central Trust Co., of Illinois	Chicago, Ill.	Chicago.
Bank of Wisconsin	Madison, Wis.	Do.
Mercantile Trust Company	St. Louis, Mo.	St. Louis.
First State Bank	Dallas, Tex.	Dallas.
First State Bank	Bonham, Tex.	Do.
Citizens State Bank	Memphis, Tex.	Do.
Farmers & Merchants State Bank	Edgewood, Tex.	Do.
Bank of Eufaula	Eufaula, Ala.	Atlanta.
First State Bank	Savoy, Tex.	Dallas.
First State Bank	Hamlin, Tex.	Do.
First State Bank	Wolfe City, Tex.	Do.
First State Bank	Bremond, Tex.	Do.
Broadway Trust Company	New York City	New York.
Fidelity Trust Company	Kansas City, Mo.	Kansas City.
Old Colony Trust Company	Boston, Mass.	Boston.
Badger State Bank	Milwaukee, Wis.	Chicago.
Fort Scott State Bank	Fort Scott, Kans.	Kansas City.
German-American Bank	Minneapolis, Minn.	Minneapolis.
Elmhurst State Bank	Elmhurst, Ill.	Chicago.
Fruit Growers State Bank	Saugatuck, Mich.	Do.
Bank of Lewellen	Lewellen, Nebr.	Kansas City.
Central State Bank	Dallas, Tex.	Dallas.
Bank of Hartsville	Hartsville, S. C.	Richmond.
Commercial Trust & Savings Bank	Joliet, Ill.	Chicago.
Commercial & Savings Bank	Albion, Mich.	Do.
Guardian Trust & Savings Bank	Toledo, Ohio.	Cleveland.
Merchants & Farmers Bank	Cheraw, S. C.	Richmond.
Peoples Bank	Sumter, S. C.	Do.
First State Bank	DeKalb, Tex.	Dallas.
Corn Exchange Bank	New York City	New York.
American Trust & Savings Bank	Birmingham, Ala.	Atlanta.
Bankers Loan & Trust Company	Sioux City, Iowa	Chicago.
Bank of Iota	Iota, La.	Atlanta.
Peoples Trust & Savings Bank	Clinton, Iowa	Chicago.
Commonwealth Trust Company	Boston, Mass.	Boston.
Bank of Montclair	Montclair, N. J.	New York.
Cleveland Trust Company	Cleveland, Ohio.	Cleveland.
St. Louis Union Bank	St. Louis, Mo.	St. Louis.
Farmers State Bank	Kasson, Minn.	Minneapolis.
Mississippi Valley Trust Co.	St. Louis, Mo.	St. Louis.
Hettinger State Bank	Hettinger, N. Dak.	Minneapolis.
Winchester Trust Company	Winchester, Mass.	Boston.
Commerce Trust Company	Kansas City, Mo.	Kansas City.
International Trust Company	Boston, Mass.	Boston.
International Bank	St. Louis, Mo.	St. Louis.
Standard Trust & Savings Bank	Chicago, Ill.	Chicago.
German Savings Institution	St. Louis, Mo.	St. Louis.
St. Joseph Valley Bank	Elkhart, Ind.	Chicago.
Coffman, Dobson & Company, Bankers (Inc.)	Chehalis, Wash.	San Francisco.
Merchants Loan & Trust Company	Chicago, Ill.	Chicago.
Guardian Savings & Trust Company	Cleveland, Ohio.	Cleveland.
German Insurance Bank	Louisville, Ky.	St. Louis.
Fitchburg Bank & Trust Company	Fitchburg, Mass.	Boston.
Bankers Trust & Savings Bank	Minneapolis, Minn.	Minneapolis.
Peoples Bank	St. Paul, Minn.	Do.
Northern New York Trust Co.	Watertown, N. Y.	New York.
Marshall & Ilsley Bank	Milwaukee, Wis.	Chicago.
Southwest State Bank	Wichita, Kans.	Kansas City.
International Trust Co.	Denver, Colo.	Do.

Reasons Why One State Institution Entered the Federal Reserve System.

By Breckinridge Jones, President Mississippi Valley Trust Co., St. Louis, Mo.

Since the Mississippi Valley Trust Co. became a member of the Federal Reserve System, on May 4 last, I have been asked many times as to why we went into the system, after having remained out so long and after having pointed out repeatedly many objections to the system. I am pleased to comply with the request for an answer to that question.

At the time of the passage of the Federal Reserve Act there were many broad objections made to the system. A number of these objections I thought had merit, and as to whether or not any others had merit could only be determined by noting the working of the act. State banks and trust companies were not required to come in at the start, and I felt that the wiser policy was to stand by and give the system a chance to demonstrate its right to live. In the light of experience since the act became effective, a mere statement now of those objections is an answer to the question, it being so evident that there was no merit in the objections. It would not be out of place to review some of these.

FORMER GENERAL OBJECTIONS AND HOW THEY HAVE BEEN REMEDIED.

(1) It was vehemently urged that the regional or district plan of banks would not work; that they could not produce uniformity of interest rates or equal facilities for discounting; could not make uniform the banking system of the country; that they could not be made to work together as a unit; that competent men of broad view could not be secured to officer so many district banks; that in any event, even if the district idea were approved, the number of regional or district banks was too many—instead of 12, there ought not to be certainly more than one-half or one-third that number—and many claimed that the district system would be inevitably a failure and that nothing but a central bank would answer the purpose; that the 12 banks would be unreasonably expensive in administration and that they would not earn a fair dividend on their stock; that the 12 banks would hardly get started before there would be a demonstration of their inefficiency and a popular clamor to reduce the number. Has anyone heard much of any of these objections within the last two years? Interest rates have been reasonably uniform in all the districts; discounting has been equally easy in every district; the banks have been known to be in reasonably competent hands; the expense has been, we might say, infinitesimal, when compared to the benefits received, and in the year 1916 the regional banks, as a whole, earned over 5 per cent on their stock. I believe now no one doubts that the regional banks hereafter will earn a return of approximately in excess of 6 per cent on their stock. The 12 district banks have shown that they are closer and more responsive to their several districts than a central bank could have been. It is now clear that the 12 banks, through the unifying influence and power of the Federal Reserve Board, can operate, in effect, as a unit. The Federal Reserve Board at Washington is in close touch with the several regional banks, tends to keep them all in harmony, and has demonstrated its capacity, wisdom, and conservatism, and yet have you ever heard one single complaint as to the Board's being overdominant, arbitrary, or in any unreasonable way interfering with any one of the 12 regional banks?

(2) It was also urged that the Federal Reserve Board at Washington and the several regional banks would get into the hands of politicians and become political machines, or, at least, be infiltrated with political influence. Does anyone now claim that there was any justification for such an objection, in the light of experience?

(3) It was also objected that the act did not define paper eligible for rediscount with the Federal Reserve Banks; that the Federal Reserve Board, with the power given to make such definition, would make a definition unfair or too restrictive; that the banks, especially the State banks and trust companies, did not have and would not have on hand the kind of paper eligible for rediscount; that business in America had developed along the line of single-name paper; that two-name paper or acceptances would not come into use; that acceptances could not be popular without a general discount market; there was no such general discount market and it was too long a shot to expect such a change in American business methods as to make such a general discount market possible, and that without such a discount market the Federal Reserve Act could not be a success; that acceptances were restricted by the act to the importation and exportation of goods; that

the great interior parts of the country had no such paper at all, and that the acceptance business was generally impracticable, and that, even if an acceptance market were developed, the restrictions on a member bank to 50 per cent of its capital in acceptances would prevent the development of the system.

In the first place, answering the objection regarding the lack of paper eligible for rediscount, the tendency will be for the State banks and trust companies to gradually secure the cooperation of their customers and change their bills receivable into paper that is eligible for rediscount. This tendency is not fraught with much difficulty and will produce results of great value. Secondly, while the general acceptance market has not, by any means, fully developed, yet the beginnings have been laid and its firm establishment and growth assured, as the figures will show. In 1915 the Federal Reserve Banks bought in the open market $64,845,000 acceptances, while for the 10 months ending October, 1916, they had bought $270,597,000 acceptances, or more than four times the amount purchased the previous year. These were not all the open-market transactions, as many banks also bought acceptances. Under the powers of an amendment to the act, the Federal Reserve Board has given permits to a large number of banks to make acceptances up to 100 per cent of capital and surplus, and the amendment to the act has broadened it so as to permit acceptances for domestic shipments. The prediction is made with confidence, based on the figures above given, that there will be a rapid development of business in acceptances and of the realization of a general discount market, and nowhere do you now hear it urged that the absence or alleged impossibility of a general discount market will in any measurable degree interfere with the success of the Federal Reserve System.

(4) It was also urged that the check collection system contemplated by the Federal Reserve Act would be unpopular and would be impracticable, and yet we find that not only is this collection system in vogue in the nearly 8,000 member banks, upon whom it is, in some sense, compulsory, but there are over 7,000 State banks and trust companies that have voluntarily entered the collection system, and both member and these nonmember banks find that the amount of "float" has been reduced, the expense of collection has been lessened, and that the amount of balances necessary heretofore to be carried with correspondents, in order to secure collection facilities, has been reduced. The rules relating to collection charges in a number of the clearing houses of the country have been made more uniform and more nearly to conform to the Federal Reserve System. After a thorough discussion of this whole check collection matter in Congress, the Hardwick amendment was modified and a practical reindorsement given to the Federal Reserve collection system.

(5) It was also urged that the banks of the country were so opposed to having rediscounts in their statements that they would not avail themselves of the facilities of the Federal Reserve System and would use the rediscounting only in "emergencies." In all the reserve and central reserve cities, and in many of the country banks, there is a distinct tendency now for the member banks to rediscount freely. The fact is, banks are finding that when they show the item "Bills rediscounted with the Federal Reserve Bank" on their statements, the general public consider it rather a recommendation. As one depositor expressed it, "That item tells me two things about my bank. First, it has loans that measure up to the standard of the Federal Reserve Bank; second, I do not believe the Federal Reserve Bank would have taken its rediscounts if it were not in good condition." Member banks are beginning to realize that they can with safety lend down very close to their legal reserve, and thus realize an increased profit from being in a position to have their funds almost all of the time employed at the highest current interest rates. This tendency will gradually extend to a larger number of member banks in the smaller cities, and, within a reasonable time, will likely be popular with all the member banks throughout the country.

(6) It was also objected that the transfer of reserves from the city banks to the Federal Reserve Banks would cause such a drastic readjustment of banking conditions as to injure or impair the credit machinery of the country. What are the facts? Under the act, these transfers did not have to be completed until November next, and yet transfers have been made so easily that Congress has now anticipated the day on which these transfers must be completed, and the transfers have been accomplished, in the main, practically without the slightest shock to the banking communities.

Thus it is seen that experience has shown that very many of these criticisms of the Federal

Reserve Act have been really without foundation, and therefore it seems that as far as those objections are concerned the state banks and trust companies might well feel that the system has demonstrated itself and that they can safely become members of it. It is entirely reasonable to suppose that a remedy will be found and applied where, in the operation of the act, defects are hereafter developed.

FORMER SPECIAL OBJECTIONS OF STATE BANKS AND TRUST COMPANIES.

In an article such as this it would not be possible to go into a discussion of the whole range of the material features of the Federal Reserve Act, so with the above references to some of the more evident objections that were urged we may mention a few of the special objections that were urged by state banks and trust companies and see how they have been met.

(*a*) The Federal Reserve Board at first claimed for itself the right to prescribe what part of the charter powers of a State bank or trust company such an institution should exercise if it became a member of the Federal Reserve System. That position was fundamentally objectionable to the State banks and trust companies, and, upon a thorough presentation of the matter to the Federal Reserve Board, the Board, by regulation, practically abandoned that position and left the matter with a declaration that if the charter powers of a State bank or trust company were such as in the opinion of the Board to interfere with the liquid condition of the State bank or trust company, there might be a limitation put on the State bank or trust company's facilities in rediscounting. So that objection has been removed and the matter simplified by the recent congressional amendment.

(*b*) State banks and trust companies expressly objected to bringing themselves under the regulatory powers of the Comptroller of the Currency. By the amendment to the Federal Reserve Act of June 21, 1917, State banks and trust companies which are members are subject to examinations made by direction of the Federal Reserve Board or of the Federal Reserve Bank by examiners selected or approved by the Federal Reserve Board. Examinations by State authorities may be accepted. Reports of condition and of payments of dividends are to be made to the Federal Reserve Bank instead of the Comptroller of the Currency. In brief, the recent amendments provide that State member banks and trust companies are in no way subject to the comptroller's department.

(*c*) It was objected that the State banks and trust companies, if they got into the system, had no way of getting out. The Federal Reserve Board answered this objection by making a rule that a State bank or trust company could get out on one year's notice, under certain provisions, and this, also, has now been crystallized into law by the recent congressional amendment, making the period of notice 6 months instead of 12 months.

(*d*) The most serious objection to the act, from the standpoint of the State banks and trust companies, was that they found that section 22 of the Federal Reserve Act practically prohibited an officer or employee, director or attorney of a member bank, from transacting any business with the bank. This may be stating the matter too broadly, but the general effects only are in contemplation. The penalties in this section are fine and imprisonment. It is thought that the Federal Reserve Board has had more trouble over this section than any other section of the act. The Board did not feel that it had any right, by regulation, to modify or define the express act of Congress, but upon the whole subject being fully presented to the Board, the result was the main objections were met by the Board's recommending an amendment to the act, providing that interest might be allowed on balances of directors and attorneys and loans made to directors and attorneys on the express written authority of a majority of the board of directors. I take it that this could be accomplished by a general resolution. While the prohibitions of this section apparently are not receiving special notice from the authorities at this time, yet it would be wise for any State bank or trust company, before it enters the system, to have section 22 referred to its attorney for a report.

With these main objections to the system being answered, with our country being at war, there appeared to be an overpowering obligation on the part of a strong State bank or trust company, in reserve and central reserve cities, at least, to cooperate with our Government in its financial system and add all it could to the harmony of action and unity of purpose of the American people.

An additional incentive for a State bank or trust company to go into the Federal Reserve System, and a feature that should not be overlooked, is the distinct added prestige that comes from being a member and under Federal supervision. There is a tendency on the part of the public to give value to membership in the Federal Reserve System, and this tendency will be greatly accentuated as time goes along.

Membership in the Federal Reserve System.

The Department of Banking of the State of Idaho has sent out to State institutions in that State the following circular relative to membership in the Federal Reserve System:

NOW IS THE TIME TO JOIN THE FEDERAL RESERVE SYSTEM.

To the Cashier:

When the Federal Reserve System first went into operation there were a number of apparent reasons why State banks and trust companies did not want to become members. From time to time a number of amendments to the act have been made and very recently Congress has enacted some very important amendments which, in my opinion, make very attractive inducements for all banks in the United States to become members.

During the past two years I have urged the banks under the supervision of this department to get their affairs in such shape that they could readily go in when the proper time came. That time is here now. The exigency created by war now makes it the imperative, patriotic duty of every bank and trust company to join in with the other member banks and make one solid, compact banking system. Every dollar of gold should be promptly deposited in the Federal Reserve Banks of each district, where it will be ready and available for issuance of Federal Reserve notes. There is to-day $725,000 in gold coin and $300,000 in gold certificates held in the vaults of the State banks of Idaho which should be on deposit with the Federal Reserve Bank of San Francisco. The reasons why you should join the system and the inducements that are now offered you to join are too numerous for me to mention in detail in this letter. The two outstanding ones are patriotism and good business.

Sit down and give this your careful and undivided attention and write this department, asking any questions you feel like, and we will be very glad to assist you in any way we can in helping you to become a member of the Federal Reserve System without further delay. Let us make Idaho the banner State for State bank members. You do not have to surrender your State charter, but join and be a State bank member. In short, let us "Get in the band wagon," and do it voluntarily. Let me hear from you.

Very respectfully, yours,

G. R. HITT, *Commissioner.*

The Liberty Loan and Its Successor.

The following extracts from the Official Bulletin, which is published daily under order of the President by the Committee on Public Information, have to do with the Liberty Loan and other prospective issues:

OUR FINANCIAL STRENGTH.[1]

Two billion dollars is a tremendous sum of money. Yet the American people have loaned their Government that much and have barely touched their resources. The money was raised so easily it only seemed to show the tremendous financial strength of the country.

It is not one-tenth of our bank deposits. It is less than one-eighth of our bank loans for one year. It was less than one-half of our national savings for 1916 and only 5 per cent of our national income for that year according to estimates.

Not only is this first Liberty Loan bond issue of $2,000,000,000 much larger than the initial loans of any of the other nations engaged in the war but it was raised in much less time with much less effort and was subscribed to by a vastly greater number of individuals; this, too, when danger was far from us and the Nation in a calm frame of mind.

The coming second issue of Liberty Loan bonds, with the great mass of the people of the country much better educated as to Government bond issues and Government finances in general, it is reasonable to suppose, will be disposed of with even greater success than the initial issue.

The oversubscription to the initial issue of over a billion dollars augurs well for the success of the next loan. There are several million more investors in Government bonds in America than there were a month ago. Then there were some 300,000 holders of United States bonds; now there are over 4,000,000. And the thrill of the thought of our soldiers in France will rally the people to the Nation's call.

[1] Official Bulletin, July 11.

THE NEXT LIBERTY LOAN.[1]

It recently was explained before the New York State Bankers' Association that England's first war loan of one billion and three-quarters was subscribed to by 100,000 subscribers. To her last great victory loan of $5,000,000,000 in 1917 there were 8,000,000 subscribers. What, it was asked, was it that caused this tremendous increase in national interest, this wonderful financial support from every part of the nation in the prosecution of the war? It was thrift, the habit of saving and investing; a habit formed by a whole people working with one definite end in view.

America's first war loan was much larger than England's first loan and was subscribed to by a great many more people. America's next issue of Liberty Loan bonds, which later will be offered for sale, it is believed will be subscribed for by a greater number than subscribed to England's last loan. Thrift and American patriotism will accomplish this result—thrift because the people have been awakened to its necessity and patriotism because it has been aroused in a higher measure by the fact that our soldiers soon will be fighting on the battle front in Europe.

MONEY NOT TIED UP.[2]

Money invested in Liberty Loan bonds is in no way "tied up." So far as the Government is concerned the money paid in for these bonds, including that loaned our allies, is being and is to be spent in this country and therefore immediately paid back to the people for labor and products of the United States. So far from being "tied up" this money is in effect never withdrawn from circulation.

So far as the investor in the Liberty Loan bonds is concerned his money is not "tied up," since there is always a ready market for United States Government bonds. Everybody knows this. As shown by the subscription, the demand for Liberty Loan bonds exceeded the supply 50 per cent. This creates an immediate market for the Liberty Loan bonds. Another issue will be offered to the people, the announcement of which will be made by Secretary of the Treasury McAdoo in due course. The oversubscription of the first issue is an indication of what may be expected for the second issue, which it is hoped will meet with a larger number of subscribers and a greater sum subscribed.

[1] Official Bulletin, July 12.

[2] Official Bulletin, July 16.

The following statement issued by the Secretary of the Treasury was published in the morning newspapers of July 19:

There seems to be some misapprehension as to the conditions affecting the exchange of liberty bonds and of interim certificates of different denominations. It is of considerable importance to the numerous people throughout the country who have subscribed for $50 or $100 bonds that this misapprehension should be removed. To illustrate the confusion which seems to exist, there appeared in a New York paper this morning the following statement: "The $50 bonds have been selling much lower than the higher denominations, and this has been due to the $1 fee the Government collects on every transfer, which in the case of the $50 bonds is comparatively heavy. A person who purchases $1,000 in $50 bonds, for example, is obliged to pay a fee of $20."

This statement is erroneous.

In the first place, no definitive bonds have as yet been delivered, and there is no charge whatever for the exchange of interim certificates of different denominations, nor will there be any charge, when the definitive bonds are ready, for the issue of such bonds, of whatever authorized denominations may be requested, against surrender of an equal aggregate amount of full-paid interim certificates of whatever denomination. There will be no charge, for instance, for the exchange of ten $100 certificates for one $1,000 bond, nor for the exchange of one $1,000 certificate for ten $100 bonds. Consequently there is no possible reason for any difference in price at the present time on account of the different denominations of the interim certificates.

In the second place, the provision of Department Circular No. 78, dated May 14, 1917, in relation to the interchange of bonds of different denominations, is to the effect that such interchange will be made "upon payment, if the Secretary of the Treasury shall require, of a charge not exceeding $1 for each new bond issued upon such exchange." The Secretary of the Treasury has not determined whether, when the definitive bonds have once been issued, to require the payment of any charge for the exchange of bonds of different denominations, nor, if required, what the amount of the charge shall be; but in any event the charge can not exceed $1 for each new bond issued upon the exchange. Thus, upon surrender of twenty $50 bonds for exchange for one $1,000 bond the maximum possible charge for making the exchange would be $1 (since only one new bond would be issued), instead of $20, as stated by the newspaper referred to.

To summarize: The fact is that at present there is no charge; that there will be none until after the interim certificates have been exchanged, free of charge, for bonds of whatever authorized denominations the holders desire, and that thereafter a person making an exchange of bonds (not interim certificates) for bonds of different denominations might, if the Secretary of the Treasury should require it, be obliged to pay an amount which could not exceed $1 for each new bond issued upon such exchange, the amount of which charge would be quite unaffected by the number or denominations of the old bonds surrendered for exchange.

Income Tax on Funds Invested in Liberty Bonds.

The Treasury Department has made public the following opinion of the Attorney General on the exemption from income taxes of dividends paid in Liberty bonds:

The Honorable the SECRETARY OF THE TREASURY.

SIR: Pursuant to section 356 of the Revised Statutes you ask my opinion upon the following questions arising under the administration of your department:

1. Whether the stockholders of a corporation receiving a dividend declared payable and distributable in bonds issued under the act of Congress approved April 24, 1917, will have to pay an income tax.

2. Whether a corporation owning these bonds would be to that extent exempt from excise taxes, franchise taxes, and other corporation taxes of the United States and of the several States.

I am of opinion that an affirmative answer must be returned to the first question and a negative answer to the second.

The act of April 24, 1917, provides as to the bonds thereby authorized that "the principal and interest thereof * * * shall be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States, or its possessions, or by any State, or local taxing authority."

LITERAL CONSTRUCTION ESSENTIAL.

Like every exemption from taxation, this provision must be literally construed and can not be extended beyond its precise terms. It protects an owner of these bonds from any tax of whatever character, except estate or inheritance taxes, levied upon them by reason of his possession and ownership; but a tax levied upon one's net income or annual gain can not be evaded because the income or gain happens to be liquidated by the delivery of a certain number of these bonds or other nontaxable securities. Such a tax is upon the income itself as an entirety and not upon the specific articles into which this income is finally transmuted. When these bonds, therefore, are used as a medium of payment, whether in the discharge of a private debt or a corporate dividend, the profit or gain to the recipient is nevertheless subject to income tax.

Similar principles control in answering your second question. I assume that in speaking of "excise taxes, franchise taxes, and other corporation taxes" you refer to those taxes which are laid not upon the property of a corporation by reason of possession or ownership, but upon the value of the exercise of corporate privileges, a value which may be measured by the size of its annual income, the amount of its capital stock, or such other standard of measurement as the taxing power may select.

CITES SUPREME COURT RULING.

Such a tax, for instance, was the special excise tax upon corporations under the act of August 5, 1909 (36 Stat., 11, 112), discussed by the Supreme Court of the United States in the case of Flint *v.* Stone Tracy Co. (220 U. S., 107), in which the court said:

"It is therefore well settled by the decisions of this court that when the sovereign authority has exercised the right to tax a legitimate subject of taxation as an exercise of a franchise or privilege, it is no objection that the measure of taxation is found in the income produced in part from property which of itself considered is nontaxable. Applying that doctrine to this case, the measure of taxation being the income of the corporation from all sources, as that is but the measure of a privilege tax within the lawful authority of Congress to impose, it is no valid objection that this measure includes, in part at least, property which as such could not be directly taxed." (P. 165.)

The special excise tax levied upon corporations by the act of September 8, 1916 (39 Stat., 756, 789), and measured by the fair value of their capital stock, is a tax of the same general character, imposed with respect to the carrying on or doing business by such corporations, and the rule laid down in the case of Flint *v.* Stone Tracy Co. applies equally to it. Quoting again from that decision:

"* * * The distinction lies between the attempt to tax the property as such and to measure a legitimate tax upon the privileges involved in the use of such property." (P. 163.)

Respectfully,

(Signed) T. W. GREGORY,
Attorney General.

Reserves of National Banks.

Reserves of national banks and the manner in which they should be computed was the subject of a letter sent by the Comptroller of the Currency to all national banks on July 6. It is reprinted below:

To the CASHIER:

The amendments to the Federal Reserve Act, approved June 21, 1917, require all national banks to keep their reserves only in the Federal Reserve Bank of their respective districts, as follows.

Country Banks.—Seven per cent on demand deposits; 3 per cent on time deposits.

Reserve City Banks.—Ten per cent on demand deposits; 3 per cent on time deposits.

Central Reserve City Banks.—Thirteen per cent on demand deposits; 3 per cent on time deposits.

Demand deposits within the meaning of this Act comprise all deposits payable within 30 days.

Time deposits comprises all deposits which can not be withdrawn within 30 days, all savings accounts and certificates of deposits which are subject to not less than 30 days' notice, before payment, and all postal savings deposits.

Government deposits, other than postal savings deposits, are not subject to reserve requirements, having been exempted by the provisions of section 7 of the act of April 24, 1917.

In order that the transfer of increased balances to the Federal Reserve Banks by country banks and reserve city banks may be made with the least inconvenience the Federal Reserve Board has suggested that if the reserve increases required under the new law are provided by reserve city banks and country banks not later than July 15, and the reserve carried with the Federal Reserve Banks are maintained meanwhile at not less than the percentage heretofore required, the Federal Reserve Banks may omit for this intervening period the imposition of penalties for reserve deficiencies against those national banks which shall not before July 15 bring their reserve balances with their reserve banks up to the full percentage required by the new law.

A blank form is inclosed for your guidance in computing reserve under the requirements set forth above.

Computation of reserve to be carried with the Federal Reserve Bank by all member banks located in reserve cities not central reserve cities.

No. of Bank ...... Report of the reserve of the ....
located at ...., State of ....
at .... o'clock .. m. ...., 191...

DEMAND DEPOSITS.

1. Deposits, other than United States Government deposits, payable within 30 days .... $......
2. Balances due to banks other than Federal Reserve Banks .... $.......
   Less:
3. Balances due from banks other than Federal Reserve Banks .... $........
4. Checks on other banks in the same place ....
5. Exchanges for clearing house ....
   Total deductions (items 3, 4, and 5) ....
6. Net balance due to banks[1] ....
7. Total demand deposits (items 1 and 6) ....

TIME DEPOSITS.

8. Savings accounts (subject to not less than 30 days' notice before payment) ....
9. Certificates of deposit (subject to not less than 30 days' notice before payment) ....
10. Other deposits payable only after 30 days ....
11. Postal savings deposits ....
12. Total time deposits (items 8, 9, 10, and 11) ....

10 per cent of demand deposits (item 7) ....
3 per cent of time deposits (item 12) ....

Total reserve to be maintained with Federal Reserve Bank ....
Balance on deposit with Federal Reserve Bank ....

Excess ....
Deficiency ....

[1] Should the aggregate "due from banks" (items 3, 4, and 5) exceed the aggregate "due to banks," both items must be omitted from the calculation.

Canadian Short-Term Credit.

The Secretary of the Treasury on July 25 made public the following statement:

Sir Thomas White, Minister of Finance of the Dominion of Canada, called on me recently to ascertain if there would be any objection on the part of our Government to Canada's seeking a short-time credit of $100,000,000 in the American market. I stated to Sir Thomas that in view of the fact that the balance of trade between the United States and Canada was running strongly in favor of the United States, I realized that it was desirable for Canada to establish credits in our market to meet these adverse balances. Therefore, there would be no objection on the part of this Government to the proposed offering, but that we should, of course, have to keep control over our own situation by determining each foreign offering on its own merits and with reference to the financial conditions prevailing at the time.

It is important that our commercial and financial relations with Canada shall be conserved in every reasonable way. The proposed transaction is intended for that purpose.

State Banks Admitted.

The following State institutions were admitted to membership in the Federal Reserve System during the month of July: Fitchburg Bank & Trust Co., Fitchburg, Mass.; Northern New York Trust Co., Watertown, N. Y.; Marshall & Ilsley Bank, Milwaukee, Wis.; German Insurance Bank, Louisville, Ky.; Bankers Trust & Savings Bank, Minneapolis, Minn.; Southwest State Bank, Wichita, Kans.; International Trust Co., Denver, Colo. The number of State institutions which have now joined the system is 64.

Press Statements.

In making public to-day the record for the fiscal year ending June 30, 1917, of increases and decreases in the number and capital of national banks, the Comptroller of the Currency said:

The fiscal year just closed has witnessed extraordinary progress in the growth and development of the national banking system.

Notwithstanding the large number of consolidations of national banks with other national banks, and making allowance for all liquidations for conversion into State banks, and failures (the latter being comparatively few), there were in operation in the United States on June 30, 1917, 7,635 national banks, a greater number than ever before, while in resources and deposits our national banks during the past year surpassed all previous records.

For the 12 months ending June 30, 1917, 163 new national banks were chartered, with $9,470,000 of capital, against 117 new charters the previous year, with $7,505,000 capital.

During the 12 months ending June 30, 1917, 150 national banks increased their capital in the sum of $25,507,490. The previous year the increases were 92, and the capital increase of existing banks was $9,607,700.

In 12 months ending June 30, 1917, the total number of new national banks chartered plus the number increasing their capital was 313, against 209 the previous year, an increase of 104. The total increase in capital arising from banks newly chartered and old banks increasing their capital was $34,977,490; the previous year, $17,112,700—increase more than 100 per cent.

In the year ending June 30, 1917, 19 banks reduced their capital in the sum of $1,255,500. The previous year 21 reduced their capital $1,047,500.

For the year ending June 30, 1917, 23 national banks, with $6,225,000 capital, liquidated and consolidated with other national banks. Similar liquidations previous year, 45; capital, $9,660,000.

Liquidations for purposes other than consolidation with other national banks during the year 1917, 87; capital, $8,902,500. Previous year, 87; capital, $7,893,000. Receiverships year ending June 30, 1917, 6; capital, $1,180,000. Previous year 15, with capital $935,000.

Of the new national banks chartered during the past fiscal year the largest number, 34, were in the State of Montana, where much development is going on. California and Texas come next with 15 each, followed by Oklahoma with 10 new national banks organized during the year. Nine new national banks were organized in Kansas, 7 in New York State, 6 in Minnesota, 6 in Virginia, 5 in Idaho, 4 each in New Mexico and Pennsylvania, 3 each in Alabama Massachussetts, New

Jersey, North Dakota, South Carolina, South Dakota, and Wisconsin. Two each were organized in Arizona, Georgia, Illinois, Louisiana, Iowa, Michigan, Missouri, North Carolina, and Oregon, while one new national bank was organized in each of the following States: Arkansas, Colorado, Florida, Indiana, Mississippi, Nebraska, Tennessee, Utah, and Ohio.

New national banks were organized during the year in 36 States.

JULY 21, 1917.

The Comptroller of the Currency issued on July 19 the following:

The Comptroller of the Currency announced to-day that in future calls for reports of condition national banks will not be required to make detailed statements of the various classes of money in their vaults according to the schedules heretofore used.

Except when needed for statistical purposes, probably once or twice a year, national banks will only be required to report in their periodical statements of condition to this office the money in their vaults under the following heads: Gold coin, silver and minor coins, clearing-house certificates based on specie and currency (sec. 5192, R. S.), paper currency.

Under the head "Paper currency" the national banks will include all gold certificates, silver certificates, national-bank notes, Treasury notes, United States notes, Federal Reserve notes, and Federal Reserve bank notes.

When it is desired to secure from the banks a more detailed statement as to their cash holdings for statistical purposes, sufficient notice in advance will be given them to make preparation for supplying such data. It is believed that this ruling will materially reduce the labor of receiving tellers and other bank employees.

Fiduciary Powers Granted.

The applications of the following banks for permission to act under section 11-k of the Federal Reserve Act have been approved since the issue of the July Bulletin:

DISTRICT NO. 3.

Trustee, executor, administrator, and registrar of stocks and bonds:
Eighth National Bank, Philadelphia, Pa.

DISTRICT NO. 5.

Trustee, executor, administrator, and registrar of stocks and bonds:
Union National Bank, Clarksburg, W. Va.

DISTRICT NO. 8.

Trustee, executor, administrator, and registrar of stocks and bonds:
Lee County National Bank, Marianna, Ark.

DISTRICT NO. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:
Casper National Bank, Casper, Wyo.

DISTRICT NO. 12.

Trustee, executor, administrator, and registrar of stocks and bonds:
Farmers National Bank, Colfax, Wash.

Commercial Failures Reported.

Continued reduction in the country's business mortality appears in comparison with last year, 773 commercial failures being reported to R. G. Dun & Co. for three weeks of July, as against 819 in the same period of 1916. The record for June, the latest month for which complete figures are available, discloses 1,186 defaults for $14,055,153, and compares with 1,227 insolvencies for $11,929,341 in June, 1916. The augmented liabilities were due to a large munitions failure in the first district; the amounts were also higher in the second, third, fourth, fifth, and ninth districts, but smaller elsewhere, and notably so in the sixth, eighth, and twelfth districts. As to number, increases in the second, fourth, fifth, seventh, eighth, and ninth districts were more than offset by decreases in the other six districts, the falling off being substantial in most cases.

Failures during June.

Districts.	Number.		Liabilities.	
	1917	1916	1917	1916
First	99	124	$4,991,194	$1,129,407
Second	225	199	3,617,172	2,599,669
Third	49	55	534,937	532,205
Fourth	115	93	904,632	704,632
Fifth	82	71	528,499	437,730
Sixth	88	119	638,186	1,648,358
Seventh	141	131	972,840	1,004,002
Eighth	77	68	264,035	1,466,823
Ninth	45	28	264,957	152,872
Tenth	48	68	266,448	448,232
Eleventh	66	78	376,200	546,699
Twelfth	151	193	696,053	1,258,712
Total	1,186	1,227	14,055,153	11,929,341

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 June 23, 1917, to July 27, 1917, inclusive:

	Banks.	
New charters issued to	31	
With capital of		$3,470,000
Increase of capital approved for	22	
With new capital of		2,205,000
Aggregate number of new charters and banks increasing capital	53	
With aggregate of new capital authorized		5,675,000
Number of banks liquidating (other than those consolidating with other national banks)	9	
Capital of same banks		1,185,000
Number of banks reducing capital	2	
Reduction of capital		60,000
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks)	11	
Aggregate capital reduction		1,245,000
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was		5,675,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of		1,245,000
Net increase		4,430,000

In addition to the changes noted above, one bank, with a capital of $50,000, was placed in the hands of a receiver during this period.

3674—17——5

EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS.

Total earnings of the Federal Reserve Banks for the six months ending June 30, 1917, were $4,141,528, compared with $1,824,436 for the corresponding period in 1916, while total current expenses for the same period were $1,378,883, compared with $1,019,926 in 1916. Current expenses for the period under review are made up of $990,830 expenses of operation proper; $321,844, the cost of Federal Reserve notes and bank notes, including expressage, insurance, and expenses incident to the issue, exchange, and redemption of notes, and $66,209 of depreciation charges on bank premises, furniture, and equipment.

The excess of earnings over expenses, or net earnings, were $2,762,645, or more than threefold the net earnings for the corresponding period in 1916. Calculated on an average paid-in capital of $56,331,000, these net earnings constitute 9.8 per cent, as against 2.9 per cent reported for the first six months of the immediately preceding year. All the banks show annual rates of net earnings in excess of 6 per cent; four banks—among them New York—having earned 10 per cent or over and five other banks between 9 and 10 per cent. While financial results of operation from the very beginning were more favorable than for 1916, net earnings show the largest increase for May and particularly June, chiefly because of the large call by members upon the credit resources of the reserve banks in connection with the Liberty Loan. As a matter of fact, the ratio of current expenses to earnings, which during the first four months of the present year works out at 36.3 per cent, declined to 30.2 per cent in May and 20.5 per cent in June. This ratio for the six months of the present year equals 33.3 per cent, compared with 55.9 per cent for the first six months in 1916. Of the total earnings for the six months of the present year, 20.3 per cent, as compared with 26.3 per cent in 1916, was from bills, including collateral notes, discounted for member banks; 40.9 per cent from bills purchased in the open market, compared with 23.4 per cent in 1916; 24.3 per cent from United States securities as against 24.7 per cent in 1916; 4.7 per cent from municipal warrants, as against 19.6 per cent in 1916; and 3.6 per cent from transfers handled, a class of earnings not shown separately prior to 1917. About 3.5 per cent of the earnings for the period under review is represented by profits realized on United States securities. The remainder of the earnings—about 2.5 per cent—is made up of penalties and interest charges on deficient reserves, commissions received on bills and securities purchased for other Federal Reserve Banks, and other miscellaneous profits.

Of the total expenses of operation for the six-months period, 28.2 per cent went as compensation to bank officers and 24.1 per cent as salaries to the clerical staff of the banks, these percentages showing but slight changes since 1916. Amounts collected from the banks for the support of the Federal Reserve Board totaled $111,395, as against $109,973 in 1916, constituting 11.2 per cent of the total operating expenses of the banks, as against 13 per cent in 1916. Rent constituted 8.1 per cent of total operating expense, as against 9.3 per cent the year before, other specified expense items of importance, in the order of volume, being printing and stationery, postage, and directors' fees.

Current expenses shown are exclusive of expenses incurred by the banks in the flotation of the Liberty Loan, and of disbursements on account of the banks' clearing departments. The former are reimbursable by the Government, and the latter are covered largely by special service charges against banks which forward checks to the Federal Reserve Banks for collection. These charges amounted to $326,575, or $12,156 less than the total disbursements of the banks on account of their transit departments.

Earnings and current expenses of each Federal Reserve Bank and of the system as a whole for the six months ending June 30, 1917.

EARNINGS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Bills discounted	$81,671	$215,411	$68,094	$41,208	$111,780	$50,612	$62,057	$36,442	$69,091	$35,342	$48,195	$22,178	$842,081
Acceptances bought	184,638	538,624	174,124	127,446	86,139	49,020	164,127	85,494	76,054	61,081	22,031	126,825	1,695,603
United States securities	50,049	153,888	57,314	119,574	49,651	42,782	152,307	57,406	48,751	129,789	78,688	67,939	1,008,138
Municipal warrants	5,203	60,694	16,512	40,732	396	1,726	30,545	13,280	4,225	5,055	5,764	11,510	195,642
Profits realized on United States securities	11,102	14,336	13,768	24,261	16,712	25,569	25,196				4,008	11,250	146,202
Transfers—Net earnings			339	4,717		2,956	74,230	25,587	10,865	4,692	1,550	25,705	150,641
Deficient reserve penalties (including interest)	1,416	13,749	2,495	4,226	11,776	888	5,474	3,699	558	10,251	4,612	924	60,068
Commissions received	5,503	24,857											30,360
Sundry profits	4	1,503	4,196	131	197	2,973	491	747	2,199	1	351		12,793
Total	339,586	1,023,062	336,842	362,295	276,651	176,526	514,427	222,655	211,743	246,211	165,199	266,331	4,141,528

Earnings and current expenses of each Federal Reserve Bank and of the system as a whole for the six months ending June 30, 1917—Continued.

CURRENT EXPENSES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
I. Expenses of operation:													
Assessments account expenses Federal Reserve Board	$9,979	$23,720	$10,455	$12,040	$6,696	$4,900	$13,837	$5,600	$4,764	$6,148	$5,396	$7,860	$111,395
Federal Advisory Council (fees and traveling expenses)	240	575	256	483	432	205	472	320	150	250	150	150	3,683
Governor's conferences (including traveling expenses)	376	367	63	360	174	163	432	549	245	360	282	253	3,624
Federal Reserve agents' conferences (including traveling expenses)	8	110	....	240	[1]68	....	243	....	....	....	....	215	748
Salaries—													
Bank officers	21,050	54,250	20,308	22,825	15,925	16,395	31,350	21,728	17,000	15,700	19,328	23,600	279,459
Clerical staff	15,405	55,067	17,195	14,288	11,452	16,776	29,333	19,475	11,597	15,325	16,646	16,082	238,641
Special officers and watchmen	237	3,907	3,723	1,735	300	1,596	3,434	839	959	500	943	50	18,223
All other	....	24,382	....	601	806	....	2,383	833	489	491	1,185	....	31,170
Directors' fees	1,860	3,206	1,880	970	1,700	1,030	930	2,860	1,790	1,690	860	1,030	19,806
Per diem allowance	450	570	530	650	810	1,234	330	790	410	1,200	400	195	7,569
Traveling expenses	307	793	729	547	1,072	1,307	500	892	653	2,272	584	....	9,656
Officers' and clerks' traveling expenses	347	1,052	99	197	411	644	439	146	227	511	384	506	4,963
Legal fees	1,200	....	500	1,250	500	300	1,250	....	750	300	1,200	618	7,868
Rent	6,250	24,579	4,250	8,290	2,603	5,804	10,902	6,404	2,830	3,650	....	4,811	80,373
Taxes and fire insurance	50	....	8	....	80	....	....	....	11	....	235	....	384
Telephone	1,523	1,709	788	751	207	222	724	300	355	325	399	565	7,868
Telegraph	310	579	55	321	316	302	361	642	287	323	368	734	4,598
Postage	1,626	4,656	448	2,378	2,235	3,377	4,714	3,782	614	1,253	1,405	33	26,522
Expressage	25	323	[1]48	1,270	1,361	459	721	916	224	1,090	1,490	234	8,065
Insurance and premiums on fidelity bonds	869	2,162	2,433	3,574	377	1,010	942	917	810	681	704	1,938	16,417
Light, heat, and power	804	....	639	241	396	56	850	....	....	545	760	174	4,465
Printing and stationery	2,448	8,668	3,442	3,111	4,255	2,373	4,067	1,497	3,555	1,894	3,043	3,491	41,844
Repairs and alterations	580	258	86	3,434	240	8	207	96	349	153	915	354	6,680
All other expenses n. s.	3,400	22,539	2,249	1,573	1,631	4,286	9,205	2,663	1,173	3,047	1,400	3,643	56,809
Total expenses of operation	69,344	233,472	70,089	81,129	53,911	62,447	117,626	71,249	49,242	57,708	58,077	66,536	990,830
II. Note issues:													
Cost of Federal Reserve currency issued by bank (including expressage, insurance, etc.)	16,937	134,083	22,200	19,140	33,134	41	46,264	2,960	9,052	10,950	232	21,766	316,759
Miscellaneous charges account note issues (including taxes on Federal Reserve bank note circulation)	....	....	....	2,395	609	....	304	591	241	945	....	....	5,085
III. Depreciation charges:													
Furniture and equipment	3,000	....	27	1,199	12,388	1,704	....	2,602	2,400	2,300	7,500	1,161	34,281
Bank premises	....	....	....	....	24,428	....	....	....	....	....	7,500	....	31,928
Total current expenses	89,281	367,555	92,316	103,863	124,470	64,192	164,194	77,402	60,935	71,903	73,309	89,463	1,378,883
Earnings in excess of current expenses	250,305	655,507	244,526	258,432	152,181	112,334	350,233	145,253	150,808	174,308	91,890	176,868	2,762,645
Per cent of net earnings to calculated average paid-in capital	9.9	11.0	9.3	8.4	8.9	9.3	10.0	9.9	12.4	11.2	6.8	9.0	9.8
Dividends declared payable as of June 30	....	474,776	155,320	175,936	135,481	70,507	205,710	[2]82,670	143,821	[3]89,117	79,836	108,071	1,721,245

[1] Credit.
[2] In addition a dividend amounting to $36,223 was paid Apr. 17.
[3] In addition a dividend amounting to $87,921 was paid Jan. 25.

Transit department disbursements and net service charges of each Federal Reserve Bank and the system as a whole, for the six months ending June 30, 1917.

DISBURSEMENTS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
I. Expenses of operation:													
Salaries—													
Bank officers	....	....	....	$1,875	$1,500	$469	....	$725	....	....	$1,110	....	$5,679
Clerical staff	$20,525	$22,090	$20,451	13,723	14,747	8,265	$16,392	6,493	$10,717	$11,916	12,181	$11,924	169,424
All other	....	....	....	43	....	....	....	32	....	....	380	....	455
Officers and clerks' traveling expenses	....	631	213	201	....	....	....	....	....	....	....	....	1,045
Legal fees	....	....	....	....	....	185	37	....	....	....	....	61	283
Rent	3,250	2,850	750	1,116	600	1,375	2,473	699	1,500	600	....	....	15,213
Taxes and fire insurance	22	....	....	77	....	....	....	....	30	....	14	....	143
Telephone	6	36	....	30	....	19	162	120	24	10	13	....	420
Telegraph	....	84	....	24	1	15	31	61	....	....	60	248	524
Postage	8,598	8,950	7,390	5,081	4,426	3,501	4,039	3,590	4,206	6,436	4,166	3,269	63,652
Expressage	3,010	8,221	4,148	61	325	....	153	421	....	....	1,138	9,785	27,262
Insurance and premiums on fidelity bonds	344	304	623	142	....	....	56	120	296	225	344	....	2,454
Light, heat, and power	636	....	80	68	395	29	286	....	....	125	81	174	1,874
Printing and stationery	2,141	4,613	1,525	2,619	1,081	1,099	3,193	1,745	1,795	1,364	2,554	1,860	25,589
Repairs and alterations	....	....	25	77	....	....	48	19	....	81	30	23	303
All other expenses not specified	328	4,856	1,519	833	464	1,461	1,971	716	282	327	102	840	13,699
Total expenses of operation	38,860	52,635	36,724	25,970	23,539	16,418	28,841	14,741	18,850	21,084	22,173	28,184	328,019
II. Depreciation charges:													
Furniture and equipment	....	....	2,245	1,873	1,000	853	....	840	1,390	1,200	1,311	....	10,712
Total disbursements	38,860	52,635	38,969	27,843	24,539	17,271	28,841	15,581	20,240	22,284	23,484	28,184	338,731

SERVICE CHARGES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Member banks	46,431	55,930	43,216	26,855	21,899	14,993	50,756	18,095	14,992	7,244	12,999	3,555	316,965
Other Federal Reserve Banks	6,036	7,092	7,014	11,632	10,142	11,397	7,852	14,577	9,854	16,297	11,607	7,652	121,152
Total service charges received	52,467	63,022	50,230	38,487	32,041	26,390	58,608	32,672	24,846	23,541	24,606	11,207	438,117
Service charges paid other Federal Reserve Banks	4,521	28,652	12,840	10,194	4,017	3,518	30,234	14,383	1,038	1,360	640	145	111,542
Service charges, net	47,946	34,370	37,390	28,293	28,024	22,872	28,374	18,289	23,808	22,181	23,966	11,062	326,575
Transit department disbursements in excess of net service charges received	[1] 9,086	18,265	1,579	[1] 450	[1] 3,485	[1] 5,601	467	[1] 2,708	[1] 3,568	103	[1] 482	17,122	12,156

[1] Excess of net service charges over transit department disbursements.

Cost of furniture and equipment, including vaults; also of bank premises.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance as reported Jan. 1, 1917	....	....	$15,410	$20,164	$12,000	$12,282	[1] $28,109	$28,689	$59,274	$41,961	$37,164	....	$255,053
Additional purchases during 6 months ending June 30, 1917	$5,829	....	9,388	8,915	1,388	3,380	4,117	2,966	7,212	2,399	2,160	$1,161	48,915
Total	5,829	....	24,798	29,079	13,388	15,662	32,226	31,655	66,486	44,360	39,324	1,161	303,968
Depreciation charged during 6 months ending June 30, 1917	3,000	....	2,272	3,072	13,388	2,557	....	3,442	3,790	3,500	8,811	1,161	44,993
Balance July 1, 1917	2,829	....	22,526	26,007	....	13,105	32,226	28,213	62,696	40,860	30,513	....	258,975
Bank premises	....	....	....	....	100,000	105,979	....	....	....	....	136,736	....	342,715

[1] A refund of $195.50 received in January, 1917, deducted from amount reported on Jan. 1, 1917.

Cost of unissued Federal Reserve currency.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance as reported Jan. 1, 1917	$29,230	$235,599	$27,708	$39,544	$9,355	$20,315	$67,958	$19,763	$16,295	[1]$28,599	$8,940	....	$503,306
Additional cost during 6 months ending June 30, 1917	48,474	255,439	34,248	31,696	23,779	14,575	64,604	39,598	32,547	50,860	23,379	$21,766	640,965
Total	77,704	491,038	61,956	71,240	33,134	34,890	132,562	59,361	48,842	79,459	32,319	21,766	1,144,271
Cost of Federal Reserve currency issued and charged to current expenses during 6 months ending June 30, 1917	16,937	134,083	22,200	19,140	33,134	41	46,264	2,960	9,052	10,950	232	21,766	316,759
Balance July 1, 1917	60,767	356,955	39,756	52,100	....	34,849	86,298	56,401	39,790	68,509	32,087	....	827,512

[1] Includes cost of unissued Federal Reserve bank **currency** amounting to $983.82.

Earnings and current expenses, by months, from January to June, 1917, of each Federal Reserve Bank and the system as a whole.

EARNINGS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
January	$53,987	$120,886	$48,394	$65,114	$44,597	$47,800	$88,968	$31,400	$32,121	$29,731	$20,826	$49,982	$633,806
February	43,978	109,043	45,091	52,713	35,436	26,584	68,040	31,283	31,310	31,311	24,678	34,413	533,880
March	45,168	91,582	44,794	51,150	37,496	21,128	63,591	33,052	31,094	34,889	22,943	31,090	507,977
April	53,134	107,644	47,812	54,016	44,603	23,870	68,272	35,947	34,082	34,955	28,886	38,725	571,946
May	53,867	156,521	72,047	66,220	55,669	28,271	89,149	43,806	43,184	42,511	34,747	52,476	738,468
June	89,452	437,386	78,704	73,082	58,850	28,873	136,407	47,167	39,952	72,814	33,119	59,645	1,155,451
Total	339,586	1,023,062	336,842	362,295	276,651	176,526	514,427	222,655	211,743	246,211	165,199	266,331	4,141,528

CURRENT EXPENSES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
January	$11,736	$53,558	$11,354	$12,104	$10,395	$10,972	$18.968	$12,428	$7,705	$11,040	$10,022	$11,244	$181,526
February	14,088	61,972	15,548	15,153	8,147	11,424	23,194	12,183	9,892	11,085	9,271	11,416	203,373
March	14,908	66,284	15,340	15,207	8,672	10,882	25.960	11,391	8,995	12,537	9,407	10,984	210,567
April	15,667	61,834	15,703	18,178	8,779	10,631	31,639	11,677	11,889	12,374	9,994	11,076	219,441
May	14,656	58,375	15,145	20,215	10,483	10,566	34,175	15,228	11,166	13,078	8,988	11,262	223,337
June	18,226	65,532	19,226	23,006	[1] 77,994	9,717	30,258	14,495	11,288	11,789	[2] 25,627	[3] 33,481	340,639
Total	89,281	367,555	92,316	103,863	124,470	64,192	164,194	77,402	60,935	71,903	73,309	89,463	1,378,883

[1] Increase due to special charges against current expense at closing of books on June 30 on account of unissued Federal Reserve notes and for depreciation on bank premises and furniture and equipment.

[2] Increase due to special depreciation charges on bank premises and furniture and equipment being made against current expenses at closing of books on June 30.

[3] Increase due to special charges against current expense at closing of books on June 30, on account of unissued Federal Reserve notes **and** for depreciation of furniture and equipment.

Federal Reserve Notes Issued During 1917 and Cover Held by Agents.

The extent to which the note issue functions of the Federal Reserve Banks were called into play during the past month chiefly in connection with liberty loan operations is seen from the following exhibit and accompanying diagram, showing the net amounts of Federal Reserve notes issued to the New York and all the 12 Federal Reserve Banks and the amounts of gold and commercial paper deposited with the Federal Reserve Agents as cover against such notes. It will be seen that while prior to June 15 over 90 per cent of the notes issued was secured by gold, the percentage of gold cover on that and more recent dates shows a considerable decrease. This is due largely to the substitution by the New York bank of 100 millions of paper for gold held by the agent, mainly to strengthen its gold position when the strain upon its cash resources was unusually great. That this strain is passing is indicated by the gradual increase in the amount of gold cover and the simultaneous decrease of paper cover reported by the New York Federal Reserve Agent.

The simultaneous increase in the amount of paper held by all Federal Reserve Agents is due partly to the fact that the banks following the recommendation of the Board are trying to bring about a more equable distribution of funds held by banks and agents, so as to be able to show in their reports approximately equal percentages of reserve against Federal Reserve notes and deposits. Thus on June 22 the note reserve against all Federal Reserve notes in actual circulation, i. e., the net amount of notes issued less amounts held by the Federal Reserve Banks and in process of redemption, is shown as 79.8 compared with a cash reserve against net deposits of 68.4 per cent, while on July 20 these ratios were 81.4 per cent against Federal Reserve notes and 78.1 per cent against net deposits.

Amounts of Federal Reserve notes issued by the New York Federal Reserve Agent and cover of gold and paper held; also total amounts of Federal Reserve notes issued by all Federal Reserve Agents and total cover of gold and paper held during 1917.

[In millions of dollars.]

	New York.			Federal Reserve system.			
	Federal Reserve notes issued by agent (net).	Cover held by agent.		Total of Federal Reserve notes issued by agents (net).	Cover held by agents.		
		Gold.	Paper.		Gold.	Paper.	
						Minimum required.	Actual amount.
1917.							
Jan. 5	109.3	109.3	....	300.3	281.3	19.0	20.3
12	104.9	104.9	....	293.4	274.5	18.9	20.8
18–19	105.5	105.5	....	292.0	273.1	18.9	20.4
26	107.5	107.5	....	291.7	273.3	18.4	19.1
Feb. 2	106.8	106.8	....	290.6	274.1	16.5	19.7
9	120.8	120.8	....	308.3	288.7	19.6	21.7
16	129.2	129.2	....	321.5	297.3	24.2	26.7
23	134.5	134.5	....	331.5	306.2	25.3	28.6
Mar. 2	143.4	143.4	....	343.8	317.5	26.3	28.7
9	150.5	150.5	....	355.3	328.5	26.8	29.7
16	157.9	157.9	....	363.3	338.6	24.7	26.2
23	161.7	161.7	....	372.2	349.5	22.7	24.4
30	165.9	165.9	....	382.6	360.7	21.9	23.0
Apr. 5–6	176.8	176.8	....	400.7	378.4	22.3	23.6
13	188.2	188.2	....	431.8	410.8	21.0	22.6
20	191.2	191.2	....	440.5	418.5	22.0	23.8
27	193.6	193.6	....	446.5	422.9	23.6	26.0
May 4	198.2	198.2	....	458.9	433.1	25.8	27.3
11	201.6	201.6	....	470.4	438.3	32.1	32.8
18	205.2	205.2	....	478.9	448.3	30.6	32.4
25	208.6	208.6	....	488.1	456.6	31.5	32.7
June 1	212.8	212.8	....	499.8	466.9	32.9	34.4
8	215.0	215.0	....	512.5	475.2	37.3	37.9
15	219.9	194.9	25.0	528.0	460.0	68.0	69.2
22	223.7	123.7	100.0	540.0	390.8	149.2	153.1
29	229.3	139.3	90.0	550.5	402.6	147.9	153.4
July 6	233.0	148.0	85.0	570.7	413.7	157.0	162.7
13	238.3	161.8	76.5	579.9	428.3	151.6	158.5
20	238.4	162.0	76.5	583.9	423.9	160.0	168.2

GOLD SETTLEMENT FUND.

An audit of the gold settlement fund was made on June 12, 1917, of which the following is a report:

JUNE 12, 1917.

FEDERAL RESERVE BOARD,
Washington, D. C.

GENTLEMEN: We hereby certify that as of the close of business June 7 we verified the accounts of the settling agent of the gold settlement fund, and that the undernoted certificates were taken from the gold settlement safe and verified by actual count:

Federal Reserve Agents' gold fund.

Serial Nos.	Number.	Amount.
70,458 to 72,000	1,543	$15,430,000
81,455 to 81,730	276	2,760,000
81,743 to 81,917	175	1,750,000
83,139 to 83,600	462	4,620,000
85,306 to 90,000	4,695	46,950,000
90,801 to 92,166	1,366	13,660,000
94,749 to 95,035	287	2,870,000
101,001 to 101,879	879	8,790,000
102,080 to 105,000	2,921	29,210,000
107,001 to 111,000	4,000	40,000,000
115,401 to 116,080	680	6,800,000
Total	17,284	172,840,000

Federal Reserve Banks.

69,553 to 70,457	905	$9,050,000
92,167 to 93,000	834	8,340,000
95,036 to 99,000	3,965	39,650,000
116,081 to 117,000	920	9,200,000
123,501 to 127,500	4,000	40,000,000
130,801 to 133,589	2,789	27,890,000
133,592 to 134,248	657	6,570,000
134,251 to 135,000	750	7,500,000
138,001 to 139,907	1,907	19,070,000
139,909 to 139,936	28	280,000
	16,755	167,550,000
Add Treasury certificates		40,750,000
Total		208,300,000

In addition to the above, the Treasurer of the United States, in his certificate to us, reports the custody for account of the Federal Reserve Board in the gold settlement fund of $40,750,000; the aggregate of $381,140,000 agrees with the balances shown on the gold settlement ledger.

Respectfully, yours,

W. E. CADWALLADER,
Representing Federal Reserve Banks.

JAY L. REED,
Representing the Federal Reserve Agents.

Since the change in the operation of the gold settlement fund made possible by the amendments to the Federal Reserve Act approved on June 21, 1917, it has been administered more smoothly and expeditiously than under the former arrangement. The transfer of the physical custody of the fund to the Treasurer of the United States has eliminated trips to the vault for the purpose of making deposits or withdrawals from the fund and the indorsements by members of the Federal Reserve Board.

The total deposits in the fund have increased since the last statement in the Bulletin, through deposits made by Federal Reserve Banks, until on July 18 the credit balances aggregated $585,878,150.

Below are given figures for the fund from June 22 to July 19, 1917, inclusive. Changes in the ownership of the fund amounted to only 2.17 per cent of obligations settled. The Federal Reserve Bank of Cleveland showed the largest increase.

Deposits and withdrawals in the fund are now handled in even thousands of dollars.

Amount of clearings and transfers, Federal Reserve Banks, from June 22 to July 19, 1917, inclusive.

[000's omitted.]

	Total clearings.	Balances adjusted.	Transfers.
Settlement of—			
June 28, 1917	$434,395	$64,328	$17,500
July 5, 1917	401,762	64,481	6,040
July 12, 1917	550,279	39,406	127,250
July 19, 1917	437,321	48,040	52,000
Total	1,823,757	216,255	202,790
Previously reported for 1917	8,183,656	644,332	792,254.5
Total since Jan. 1, 1917	10,007,413	860,587	995,044.5
Total transfers Jan. 1, 1917, to date	995,044.5		
Total for 1916, including transfers	5,633,966		
Total for 1915, including transfers	1,052,649		
Total clearings and transfers May 20, 1915, to July 19, 1917	17,689,072.5		

Changes in ownership of gold.

[000's omitted.]

Federal Reserve Bank of—	Total to June 21, 1917.		From June 22 to July 19, 1917, inclusive.[1]				Total changes from May 20, 1915, to July 19, 1917.[2]	
	Decrease.	Increase.	Balance to credit June 22, 1917, plus net deposits of gold since that date.	Balance July 19, 1917.	Decrease.	Increase.	Decrease.	Increase.
Boston	....	$70,421	$34,593	$11,165	$23,428	....	....	$46,993
New York	$487,230	....	122,498	115,790	6,708	....	$493,938	....
Philadelphia	....	89,292	22,053	15,972	6,081	....	....	83,211
Cleveland	....	57,350	34,290.6	57,608.6	....	$23,318	....	80,668
Richmond	....	18,663	25,594	25,099	495	....	....	18,168
Atlanta	....	19,283	2,647	6,690	....	4,043	....	23,326
Chicago	....	46,859	59,655	66,086	....	6,431	....	53,290
St. Louis	....	9,917	23,283	25,584	....	2,301	....	12,218
Minneapolis	....	16,164	11,411	9,247	2,164	....	....	14,000
Kansas City	....	46,352.5	31,317.65	33,108.65	....	1,791	....	48,143.5
Dallas	....	35,888.5	15,327	10,260	5,067	....	....	30,821.5
San Francisco	....	77,040	13,800	19,859	....	6,059	....	83,099
Total	487,230	487,230	396,469.25	396,469.25	43,943	43,943	493,938	493,938

[1] Changes in ownership of gold during period June 22, 1917, to July 19, 1917, equal 2.17 per cent of obligations settled.
[2] Total changes in ownership of gold since May 20, 1915, equal 2.79 per cent of obligations settled.

Gold-settlement fund—Summary of transactions from June 22 to July 19, 1917, inclusive.

[000's omitted.]

Federal Reserve Bank of—	Balance last statement, June 21, 1917.	Gold.		Transfers.		Weekly settlements from June 22 to July 19, 1917.				July 19, 1917, balance in fund after close of business.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	$39,593	$5,000	....	$28,000	....	$5,810	$121,741	$126,313	$10,382	$11,165.00
New York	36,498	4,000	$90,000.00	17,000	$185,250	174,958	633,105	458,147	....	115,790.00
Philadelphia	23,433	1,520	140.00	19,000	....	9,147	207,104	220,023	22,066	15,972.00
Cleveland	33,035	2,450	3,705.60	39,000	....	....	117,830	180,148	62,318	57,608.60
Richmond	20,431	2,500	7,663.00	12,000	5,000	4,089	94,880	101,385	10,594	25,099.00
Atlanta	2,447	1,500	1,700.00	3,250	40	....	56,692	63,945	7,253	6,690.00
Chicago	32,777	15,376	42,254.00	24,000	500	7,856	245,353	275,284	37,787	66,086.00
St. Louis	16,583	5,850	12,550.00	....	....	6,384	127,196	129,497	8,685	25,584.00
Minneapolis	11,211	....	200.00	7,500	....	2,323	52,108	57,444	7,659	9,247.00
Kansas City	22,235	....	9,082.65	16,000	....	....	79,294	97,085	17,791	33,108.65
Dallas	14,077	290	1,540.00	12,040	....	4,206	32,359	39,332	11,179	10,260.00
San Francisco	17,360	3,600	40.00	25,000	12,000	1,482	56,095	75,154	20,541	19,859.00
Total	269,680	42,086	168,875.25	202,790	202,790	216,255	1,823,757	1,823,757	216,255	396,469.25

Federal Reserve Agents' fund—Summary of transactions from June 22 to July 19, 1917, inclusive.

[000's omitted.]

Federal Reserve Agent at—	Balance last statement, June 21, 1917.	Gold withdrawn.	Gold deposited.	Balance July 19, 1917.	Federal Reserve Agent at—	Balance last statement, June 21, 1917.	Gold with drawn.	Gold deposited.	Balance July 19, 1917.
Boston	$2,000	....	....	$2,000	Minneapolis	$6,250	....	....	$6,250
Philadelphia	26,160	$740	$1,520	26,940	Kansas City	13,560	$2,500	....	11,060
Cleveland	19,000	....	1,000	20,000	Dallas	5,030	1,370	....	3,660
Richmond	5,000	500	2,500	7,000	San Francisco	22,590	....	$2,600	25,190
Atlanta	12,080	....	1,500	13,580	Total	178,830	10,870	14,770	182,730
Chicago	61,470	5,260	....	56,210					
St. Louis	5,690	500	5,650	10,840					

Operations of the Federal Reserve clearing system, June 16 to July 15, 1917.

	Items drawn on banks in Federal reserve city (daily average).		Items drawn on banks in district outside Federal reserve city (daily average).		Items drawn on banks in other districts (daily average).		Total, (exclusive of items drawn on Treasurer of United States (daily average).		Items drawn on Treasurer of United States (daily average).		Member banks in district.	Nonmember banks from which checks are collected at par.
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston	2,360	$11,626,258	36,011	$4,357,066	2,907	$5,911,818	41,278	$21,895,142	1,418	$555,096	392	249
New York	6,047	46,201,334	32,899	7,393,172	15,964	13,793,896	54,910	67,388,402	9,819	2,069,291	627	342
Philadelphia	12,031	12,502,191	17,180	2,644,376	7,484	9,010,148	36,695	24,156,715	758	433,380	632	251
Cleveland	1,276	3,669,882	16,213	8,100,179	978	2,537,991	18,467	14,308,052	299	47,374	754	542
Richmond	1,109	2,586,812	14,450	4,341,258	1,741	3,638,463	17,300	10,566,533	194	63,312	520	268
Atlanta	1,247	1,172,476	9,208	1,723,805	1,401	1,922,940	11,856	4,819,221	433	972,318	382	378
Chicago	6,350	14,569,595	13,381	3,272,609	1,455	676,125	21,186	18,518,329	3,491	442,346	1,046	1,921
St. Louis	1,803	5,190,645	8,448	1,623,948	214	3,281,751	10,465	10,096,344	1,337	627,955	471	961
Minneapolis	2,340	4,322,652	10,949	934,479	694	1,116,819	13,983	6,373,950	336	56,433	737	1,021
Kansas City	1,898	4,424,220	9,627	2,144,691	641	3,916,711	12,166	10,485,622	385	1,357,000	945	1,523
Dallas	928	1,018,881	8,980	3,321,922	334	868,653	10,242	5,209,456	16	4,787	625	219
San Francisco	1,087	2,437,310	5,276	1,147,215	128	87,383	6,491	3,671,908	614	5,008,607	535	1,130
Totals:												
June 16 to July 15, 1917	38,476	109,722,256	182,622	41,004,720	33,941	46,762,698	255,039	197,489,674	19,100	11,637,899	7,666	8,805
May 16 to June 15, 1917	37,898	97,322,883	179,193	38,599,461	33,150	38,314,393	250,241	174,236,737	16,344	4,414,508	7,651	8,789
Apr. 16 to May 15, 1917	33,767	87,370,859	171,093	36,473,163	33,428	36,836,934	238,288	160,680,956	15,925	3,597,865	7,634	8,926
Mar. 16 to Apr. 15, 1917	31,162	60,288,002	168,607	32,666,959	32,008	34,693,542	231,777	127,648,503	12,582	2,643,408	7,625	8,607
Feb. 16 to Mar. 15, 1917							234,475	116,404,430			7,630	8,007
Jan. 16 to Feb. 15, 1917							220,421	110,188,028			7,630	8,086
Dec. 16, 1916, to Jan. 15, 1917							241,933	121,814,589			7,622	8,130
Nov. 16 to Dec. 15, 1916							236,038	125,603,732			7,627	8,065
Oct. 16 to Nov. 15, 1916							227,489	115,061,224			7,623	8,059
Sept. 16 to Oct. 15, 1916							204,891	97,666,107			7,618	7,459
Aug. 16 to Sept. 15, 1916							177,397	78,559,704			7,618	7,449
July 15 to Aug. 15, 1916							133,113	59,301,696			7,624	7,032

INFORMAL RULINGS OF THE BOARD.

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

Computation of Reserves.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of July 2, in which the question is submitted whether cash on hand may be deducted from liabilities against which reserve must be carried with the Federal Reserve Bank in computing the amount of reserve to be carried by member banks.

In reply you are advised that under section 19 as amended banks are permitted to count as reserve only actual balances carried with a Federal Reserve Bank. In estimating the amount against which reserve must be carried they are permitted to deduct balances due from banks from balances due to banks and to carry reserve only against the net balance due to banks and against other deposit liabilities.

Since no cash in vault is now counted as reserve under the statute, there does not appear to be any authority for making this arbitrary deduction. The reserve requirements have been materially reduced, and the cash carried in the vaults of the banks is only what is needed to meet current demands.

It is not within the province of the Board to further reduce reserve requirements except by suspension of these requirements upon the affirmative vote of five members of the Board, in which case a tax must be imposed upon any impairment.

JULY 6, 1917.

Loans to Directors.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of the 9th instant, inclosing a letter asking whether section 22 of the Federal Reserve Act as amended requires the vote or written consent of a majority of the board of directors in each case that a loan is made or whether this assent may be given for all loans up to a specific amount.

In the opinion of the Board and its counsel the assent may be given by a resolution of the board of directors fixing a specific amount, but all loans made under such authority should be reported to and ratified at a subsequent meeting of the board.

It is suggested that a resolution of the board of directors of the bank might be adopted substantially as follows:

"*Resolved*, That the president, cashier, or assistant cashier of this bank be, and he is hereby, authorized to discount notes, drafts, or bills of exchange for ———, a director of this bank, on the same terms and conditions as other notes, drafts, bills of exchange, or other evidences of debt are discounted for customers of the bank, provided the aggregate amount of such notes, drafts, or bills of exchange discounted for such director and remaining unpaid shall at no time exceed the sum of $------. Provided, further, that in any case in which any note, draft, or bill of exchange is discounted under authority of this resolution, a report shall be made thereof at the next subsequent meeting of the board, and such report shall show the aggregate amount of liabilities of such director to this bank."

JULY 11, 1917.

Potatoes as Security—Superseding Ruling of November 10, 1915.

(To an individual.)

In reply to your inquiry, I would refer you to the regulations of the Federal Reserve Board, series of 1917, and particularly to Regulation A, relating to rediscounts under section 13 of the Federal Reserve Act of notes, drafts, and bills of exchange.

Section VII of this regulation relates to commodity paper, which can be rediscounted for a member bank under the general terms of the regulation, but which may, if it complies with the conditions laid down in this section, be discounted at a preferential rate, which is now $3\frac{1}{2}$ per cent in most of the Federal Reserve districts.

Potatoes, properly graded and packed and stored in a weatherproof and responsible warehouse, as evidenced by its receipt, would undoubtedly constitute a readily marketable, nonperishable staple within the meaning of the regulation. The member bank making loans against warehouse receipts for potatoes properly insured would, of course, have to satisfy itself as to the margin of its security and the conditions of warehousing, but after having done so, and making the loan, it could rediscount such paper with the Federal Reserve Bank for periods not longer than 90 days.

July 28, 1917.

Shipments of Currency to Cover Reserves.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of July 28, in which you call attention to certain questions that have arisen in connection with Regulation J, series of 1917.

It appears that one of your member banks has asked whether or not it is entitled under this regulation to ship specie to you for credit at the expense of the Federal Reserve Bank. It further appears that in making remittance of currency or specie some of your banks are sending such currency or specie by express instead of by United States mail insured, as requested by you.

Regulation J, series of 1917, contains the following proviso:

"*Provided, however,* That a member bank or a clearing member bank may ship currency or specie from its own vaults at the expense of its Federal Reserve Bank to cover any deficiency which may arise because of and only in the case of inability to provide items to offset checks received from or for the account of its Federal Reserve Bank."

It will be observed that Federal Reserve Banks are expected to assume the expense of shipments only in those cases in which a member bank is unable to provide items to offset checks received from or for account of its Federal Reserve Bank.

This regulation was not intended to cover ordinary shipments of currency or specie sent to Federal Reserve Banks for credit of member banks. In cases of any remittance of currency or specie in excess of the amount due to the Federal Reserve Bank and not offset by other items the expense of shipment of such excess should be borne by the member bank. One of the purposes of Regulation J and of the act under the authority of which it was issued was to arrange for the transfer of funds with as little expense as possible. In any case, therefore, in which a Federal Reserve Bank has requested and has arranged for shipment to be made by United States mail insured, if a member bank in disregard of the instructions of a Federal Reserve Bank ships by express, or through some other agency, any additional expense involved should be borne by the member bank.

In order that the expense to be assumed by the Federal Reserve Bank may not be unnecessarily increased, member banks, except when shipping gold, should remit currency rather than specie wherever this is practicable.

July 30, 1917.

Bonds of Federal Reserve Agents.

In view of joint custody and control on the part of Federal Reserve Agents and Federal Reserve Banks over unissued Federal Reserve notes, and certain funds as provided by the Federal Reserve Act as amended June 21, 1917, the Federal Reserve Board has decided that it will not require bonds of Federal Reserve Agents and assistant Federal Reserve Agents in as large amounts as heretofore. It has prescribed as minimum bonds: For Federal Reserve Agents, $100,000; for Assistant Federal Reserve Agents, $50,000. Should the directors of any Federal Reserve Bank deem it desirable to require larger bonds, no objection will be made by the Board to such action.

July 18, 1917.

Use of the Word "Federal."

(To a Federal Reserve Bank.)

In reply to your letter of the 19th instant, I would state that it is decidedly against the policy of the Federal Reserve Board to encourage the use of the word "Federal" as part of the title of member banks. But for the fact that it had been agreed to ask for no legislation during the present session of Congress except what was essentially war legislation, it is probable that the prohibition of the use of the word "Federal" by all banks except Federal Reserve Banks would have been included in the recent amendments to the Federal Reserve Act. It is probable that the Board, at the regular session of Congress this winter, will ask for the passage of a bill making such a prohibition.

The Board sees no objection, however, and in fact would look with approval upon member State banks using on their letterheads and in their advertisements the words, to appear after their title, "Member of the Federal Reserve System."

July 21, 1917.

LAW DEPARTMENT.

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

Paper Based on Live Stock.

The bill or note of a packing company, the proceeds of which are used for the purchase of live stock which is slaughtered upon purchase, is not "based on live stock" within the meaning of section 13, and is, therefore, not eligible for rediscount if it has a maturity in excess of 90 days.

JULY 6, 1917.

SIR: The accompanying letter raises the question whether notes of a packing company, the proceeds of which are used for the purchase of live stock, are eligible for rediscount with a Federal Reserve Bank if such notes have a maturity of more than 90 days.

It is contended by the packing company that such notes are based on live stock within the meaning of that provision of section 13 which reads:

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 assets of the Federal Reserve Bank to be ascertained and fixed by the Federal Reserve Board.

It appears that while the proceeds of the notes in question are used to purchase live stock, such live stock is slaughtered the day of purchase or within two or three days thereafter, the large percentage of which is put down to cure. The business of the packing company appears to be commercial rather than agricultural.

Considering the purposes of the act, as indicated by the context, it seems clear that Congress intended to limit all commercial paper—that is to say, paper the proceeds of which are used for a commercial purpose—to maturities of not exceeding 90 days. It permitted the discount of agricultural paper and paper based on live stock having a longer maturity manifestly on the ground that time should be given for harvesting and marketing crops and for fattening and preparing for the market live stock. The live stock purchased by packing companies, however, is no longer to be carried as such, but is immediately to be converted into a commercial product and is intended for sale as such.

In an opinion dated September 15, 1916, approved by the Board and published on page 526 of the October, 1916, Bulletin, the conclusion is reached that the purchase of an agricultural product, or of implements or other commodities used in agriculture, constitutes a commercial transaction if such product or commodity is purchased for the purpose of reselling it to some one else. It was stated in that opinion that where the proceeds of a note made by a merchant were used to purchase millet seed to be later retailed or sold, such a note could not be treated as one given for an agricultural purpose and could not be discounted by a Federal Reserve Bank if it had a maturity at the time of discount of more than 90 days.

This case is somewhat analogous to the case under consideration, where the live stock is not purchased for any agricultural purpose, but, as stated, for a purpose which is purely commercial.

In an informal ruling published by the Board on page 212 of the August, 1915, Bulletin it was held that notes made by mule and cattle dealers should be classed as mercantile rather than agricultural paper and should not be accepted for rediscount if such notes have maturities of longer than 90 days.

In the opinion of this office the notes of the packing company are not based on live stock within the meaning of that language as used in the section referred to and should not be held to be eligible for rediscount if they have a maturity at the time of discount in excess of 90 days.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

Deposits by Nonmember Banks in Federal Reserve Banks.

That part of section 13 as amended by the act approved June 21, 1917, which authorizes Federal Reserve Banks to receive deposits from nonmember banks is merely permissive and not mandatory, and in accepting any deposit authorized by that section a Federal Reserve Bank may properly require the depositing bank to maintain a balance sufficient to cover checks drawn against the depositing bank as well as items received from that bank.

July 10, 1917.

Sir: Section 13 of the Federal Reserve Act as amended by the act approved June 21, 1917, provides in part that—

> Any Federal Reserve Bank * * * solely for the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: *Provided,* Such nonmember bank or trust company maintains with the Federal Reserve Bank of its district a balance sufficient to offset the items in transit held for its account by the Federal reserve bank.

The following questions arising under this statute have been submitted to this office for an opinion:

(1) Is there any obligation on the part of the Federal Reserve Bank to accept on deposit items tendered by a nonmember bank which agrees to open and maintain a balance with the Federal Reserve Bank, or may the Federal Reserve Bank at its option decline to receive such deposit?

(2) May the Federal Reserve Bank require the depositing bank to maintain a balance sufficient to cover checks drawn against the depositing bank and presented by the Federal Reserve Bank for payment, or does the statute contemplate merely that the balance maintained should cover items received from the depositing bank and held by the Federal Reserve Bank for collection?

In answer to the first question, it seems clear from the language used and from the context that the legal effect of this amendment is merely to broaden the corporate powers of the Federal Reserve Bank rather than to vest any specific rights in nonmember banks.

Prior to the passage of the act of June 21, 1917, Federal Reserve Banks were authorized to receive deposits from the United States Government, from member banks, and for certain purposes from other Federal Reserve Banks. They were not, and are not now, permitted to receive deposits from the public generally. The act of June 21 extends the corporate powers of Federal Reserve Banks so as to permit them to accept deposits under certain conditions from nonmember banks.

In the opinion of this office the board of directors would have the same right to exercise discretion in such matters that it would in accepting rediscounts or in the exercise of any other corporate powers vested in the bank.

Second, if in the exercise of its discretion a Federal Reserve Bank accepts a deposit from a nonmember bank the question arises what balance it must require the nonmember bank to maintain as a condition precedent to the exercise of the power to accept the deposit. The language of the statute in so far as it relates to this question is not entirely free from ambiguity. The condition imposed is that the nonmember bank must maintain with the Federal Reserve Bank a balance sufficient to offset the items in transit held for its account by the Federal Reserve Bank. The language "items in transit held for its account," unless qualified, might be construed to mean items belonging to the depositing bank—that is, intended for credit to the account of the depositing bank.

In other words, while the word "account" ordinarily contemplates both debit and credit entries (Preston National Bank of Detroit *v.* George T. Smith Middlings Purifier Co., 60 N. W., 981; 102 Mich., 462. Frutig *v.* Trafton, 83 Pac., 70, 71, 72; Cal. App., 47. Purvis *v.* Kroner, 23 Pac., 260; 18 Or., 414), nevertheless as stated by the court in the case of Nelson *v.* Posey County, 4 N. E., 703; 105 Ind., 287:

> "It is none the less an account that all the items of charge are by one person against another, instead of being a statement of mutual demand of debits and credits, provided the contract arise out of charges express or implied, or from some duty imposed by law."

It might reasonably be contended, therefore, that inasmuch as the proviso under consideration immediately follows that part of section 13 which authorizes Federal Reserve Banks to receive items from nonmember banks, that Congress intended the balance to be maintained with the Federal Reserve Bank to be sufficient only to cover such items. This view, however, appears to be negatived by the use of the word "offset." An offset necessarily involves mutual demands as between the two parties concerned. It must be assumed, therefore, that Congress intended that the balance maintained should be sufficient to protect the Federal Reserve Bank against loss on account of any demands or claims that it might have against the nonmember bank. Such claim might arise (a) on account of items credited to the account of the nonmember bank and returned unpaid, and (b) by items received from other banks drawn against the depositing bank and presented by the Federal Reserve Bank for payment.

Considering, therefore, the purpose and intent of the act, and assuming as the context clearly indicates that the purpose of this proviso is to afford protection to the Federal Reserve Bank against any loss resulting from transactions with nonmember banks, it seems clear that the Federal Reserve Bank is authorized and should require the nonmember bank desiring to make deposits with the Federal Reserve Bank to maintain a substantial balance, sufficient in the judgment of the officers of the Federal Reserve Bank to offset checks or other items drawn against the depositing bank and presented by the Federal Reserve Bank for payment as well as items received from the depositing bank.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

Loans on Improved Farm Lands.

Section 24 authorizes any national bank to loan on unencumbered and improved farm land up to 50 per cent of its actual value. What proportion of the land used as security must be improved or cultivated must necessarily depend upon the facts of each case.

JULY 19, 1917.

SIR: There has been referred to this office an extract from the report of an examination of a national bank, with the request that an opinion be expressed as to whether the transaction outlined conforms to section 24 of the Federal Reserve Act.

It appears that the bank holds a mortgage of $30,000 secured by land, part of which is cleared and in cultivation and part of which is in timber. The question for determination is, whether the value of the whole land can be taken into consideration in fixing the amount that may be loaned thereon, or whether only that part which is cleared and in cultivation can be treated as improved farm land.

From a consideration of the authorities, I am of the opinion that no hard and fast rule can be adopted in determining what proportion of a farm must be improved in order for the farm, as a whole, to be treated as improved farm land within the meaning of section 24. In limiting the loans made by national banks to improved farm land, it was no doubt the purpose of Congress to provide that land accepted as security should be capable of producing some income and should, by reason of its condition, be readily marketable. It is usually true that some part of the area included within the boundaries of a farm should be technically unimproved. It was hardly the purpose of Congress to require a survey of the portion of land in cultivation or which was otherwise improved and to permit a bank to lend on the security of only that part.

On the other hand, if a very small portion of a tract is improved, it was hardly within the contemplation of Congress that this would justify the acceptance as security of a large area of contiguous land without improvements. The circumstances in each case should, therefore, be considered, and if a tract of land is used as a farm a substantial portion being under cultivation or otherwise improved for farm purposes, and if the residue is used for farm purposes or purposes purely incidental to farming, as, for example, grazing, poultry raising, etc., the bank might reasonably lend 50 per cent of the value of the whole farm. The purpose for which the unimproved area is used or is intended to be used should be considered in each case.

In the case submitted for consideration it appears that there are approximately 14,759 acres in the tract. Of this acreage about 1,000 acres is susceptible of being used for farm purposes and about 640 acres is in actual cultivation at this time. The contention is made that the timbered land is used for grazing purposes. If this is true and the land which is described as timbered is sufficiently cleared to be used for grazing purposes, the value of this acreage might be taken into consideration. On the other hand, if only a small proportion of the large area of timbered land is used for grazing purposes, the value of the timbered land should not be considered in arriving at the value of the farm as security for a farm loan.

Respectfully,

M. C. Elliott, *Counsel.*

To Hon. John Skelton Williams,
Comptroller of the Currency.

SUMMARY OF BUSINESS CONDITIONS JULY 23, 1917.

	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	Unsettled, except for Government orders.	Active, but marked by conservatism as to future commitments.	Good	Above normal, though hesitant.	Very satisfactory	Good.
Crops:						
Condition	Doing well	Generally favorable.	Fair	Fair	Fairly satisfactory	Do.
Outlook	Good		do	Promising	Highly satisfactory, owing to high prices.	Do.
Industries of the district.	Not very busy except for war orders.	Working under high pressure.	Busy	Fully engaged	Capital employed on profitable basis.	Fully employed.
Construction, building, and engineering.	Nearly up to previous high record.	Building construction very quiet.	Decrease	Less active	Somewhat restricted owing to high costs.	Slight increase.
Foreign trade	Good	Well maintained	Large		Restricted and uncertain.	Below normal.
Bank clearings	Increased	Increase	Increasing	Increase	15 per cent increase	Increasing.
Money rates	Firm	Firm, with easing tendencies.	No change	Advancing	5 to 6 per cent; increasing demand.	Stationary.
Railroad, post office, and other receipts.	Decreased	Railroad receipts heavily increased.	Increasing	Increase	Indicate good volume of business.	Slight increase.
Labor conditions	Well employed	Some disturbance; generally fair.	Still unsatisfactory	Easier	Scarce and in demand.	Fair.
Outlook	Uncertain	Good	Uncertain	Good	Very satisfactory	Good.
Remarks	Business awaiting results of emergency legislation.			Freight transportion improved. Selective service will deplete ranks of labor.	Reports generally very satisfactory.	

	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	Fairly active	Good	Good	Good	Normal	Large volume.
Crops:						
Condition	Good	do	Fair	Less promising	Better than 30 days ago.	Good.
Outlook	do	Improved	Uncertain	Need general rains.	Good	
Industries of the district.	Busy	Active for dull season.	Active	Generally busy	Active	Active.
Construction, building, and engineering.	Slow	Decrease	do	Gain in valuation, but less permits issued.	Normal	Moderately active.
Foreign trade					Good	Large and increasing.
Bank clearings	Decrease	Increase	Increasing	Increased	51 per cent increase over 1916.	Heavy increase.
Money rates	Strong	No change	Steady	Hardening	Firm; good demand; ample supply.	Firmer.
Railroad, post-office, and other receipts.	Increase	Post office; no change.	Increasing	Increasing	Increase	Increasing.
Labor conditions	Labor shortage	Condition fair, demand active.	Satisfactory	Scarcity of supply.	Good demand; shortage in farm help.	Unsettled.
Outlook	Good	Very satisfactory	Fair to good	Generally favorable.		Continued activity.
Remarks	The crops in prospect should help all lines.	Wheat better than expected.	Western half of district has suffered severe crop damage, due to continued dry weather.	Corn at critical stage and must have early rains.	Business activities well maintained; outlook encouraging for fall business.	Livestock, lumber, and mining industries active; shipbuilding very active.

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 Reserve Banks of the several districts. Below are the detailed reports as of approximately July 23:

DISTRICT NO. 1—BOSTON.

Conditions in general business have changed but little during the past month. While the success of the liberty loan has, perhaps, had a stimulating effect on business identified with the war, it has had a retarding effect on other lines. The uncertainty regarding the future course of money rates and the supply that will be available for general business expansion are factors which cause the wholesaler and retailer to go slow in his commitment. There is also a good deal of uncertainty regarding emergency legislation, such as food control, excess profits tax, and regulation of prices, all of which must be settled before business men will enter into future commitments. Lines of trade and manufacture that pertain to the war are extremely busy, but where only civilian needs are served business is slack, especially so in the case of luxuries.

Although the season is two or three weeks later than usual, crops are doing well. If the weather is favorable during the next two weeks a heavy hay crop will be harvested. Both the potato and peach crops are reported very good. The apple yield will probably be smaller than anticipated, as much fruit is falling from the trees. Pasturage is better than average and a good crop of corn, oats, and rye is expected.

Boot and shoe manufacturers report much lighter general business than at this time last year, and were it not for Government orders their line would be comparatively quiet. This is said to be due to the heavy stocks laid in by retailers during the last year or so. Retail trade continues good, but retailers who bought heavily at lower prices are allowing their stocks of merchandise to run down and are, therefore, placing few new orders. This is placing the trade generally on a much healthier basis.

The wool trade continues good with prices firm, although trading has been quieter. During the last few days, however, there has been more activity, accompanied by rumors of new Government orders to come.

Both woolen and worsted mills are running at capacity, having more orders than they can handle in addition to Government work. The National Association of Wool Manufacturers' quarterly statement of July 1 shows a very small percentage of idle machinery and that about one-third of the woolen spinning spindles and one-fifth of the worsted spindles are engaged on domestic war orders.

While the cotton mills are well sold ahead, in many cases to the end of the year, and prices remain firm, new business is in more moderate volume than for some time. Mills, however, are not anxious to make contracts below current prices and new business on that basis is being refused.

With payments on the Liberty Loan, subscriptions to the Red Cross and the readjustments of reserve requirements under the new amendment to the Federal Reserve Act, the month of July from a financial point of view has been a most interesting one. While money rates were firm, the stringency lasted but a comparatively short time, rates never going over 6 per cent, and the redeposit of funds by the Treasury Department with the banks throughout the district relieved the situation at once. While money still can not be said to be easy, owing to the large demands from the industries peculiar to the district, rates are comfortable and all classes of borrowers are having their legitimate demands taken care of.

Call money to brokers is 4½ to 5 per cent, mostly 4½ per cent. Time money, 4½ to 5½ per cent, 5 per cent being the going rate. Year money, 5¼ to 5½ per cent. The choicest commercial paper can be bought to yield about 5 per cent. Town notes, late fall and winter maturities, 4⅞ per cent. Bankers' acceptances, 90 days, 3¼ per cent.

Loans and discounts of the Boston Clearing House banks on July 14, 1917, amounted to $479,936,000, as compared with $455,330,000 last month, and $432,516000 on July 15, 1916. Deposits on July 14, 1917, totaled $379,176,000, as compared with $352,879,000 on June 16, 1917, and $331,359,000 on July 15, 1916. The amount "Due to banks" on July 14 was $137,610,000, as compared with $135,056,000 on June 16, 1917.

Exchanges of the Boston Clearing House for the week ending July 14, 1917, were $277,933,601, as compared with $233,064,423 for the corresponding week last year and $262,212,751 for the week ending July 7, 1917 (five days).

Building and engineering operations in New England from January 1 to July 18, 1917, amounted to $109,021,000, as compared with $114,890,000 for the corresponding period of 1916, the highest previous year recorded.

The receipts of the Boston post office for June, 1917, show a decrease of $30,761.36, or about 4 per cent less than June, 1916. For the first 15 days of July, 1917, receipts were about 5 per cent, or $18,073.89 less than for the corresponding period last year.

Boston & Maine Railroad reports net operating income, after taxes, for May, 1917, as $1,008,293, as compared with $1,488,873 for the corresponding month of 1916. New York, New Haven & Hartford Railroad reports net operating income, after taxes, for May, 1917, as $2,069,804, as compared with $2,200,583 for the same month last year.

DISTRICT NO. 2—NEW YORK.

The effect of uncertainties as to the course of business and prices during the next few months has been to induce conservatism in many lines, with a tendency on the part of buyers to limit purchases to quantities urgently needed for early consumption or to meet current demands of trade. Both retail and wholesale buyers as well as manufacturers appear to be cautious in making commitments. Nevertheless, business continues remarkably active and Government orders are being handled in such volume that only in relatively few industries has there been extensive curtailment of activity, the most noteworthy examples being the automobile industry and the building trades.

Large amounts of capital are being raised for shipbuilding and the yards are working at high speed with prospect of even further acceleration under the Government's shipbuilding program.

Shipments of both anthracite and bituminous coal are havier than ever before, but do not overtake demand. The increase in fire losses in factories, chemical works, and mining properties may be taken as evidence of operation under high pressure.

There has been lessened buying of lead, zinc, and copper. Steel purchases are also reported to have been somewhat reduced. Steel companies have demands much in excess of their capacity and are giving preference to Government orders so that the mills are considerably behind on deliveries.

Sellers of building materials have recently lowered prices in order to induce renewed building activity. Paper and lumber mills report some lessening of demand, but still have business booked well ahead. Manufacturers of machinery continue very busy. The economies effected by the railroads in the way of decreased passenger train mileage, heavier car and train loads, and more prompt unloading of freight are making possible the handling of unusually heavy freight traffic. Several roads are recently reported to have placed extensive orders for equipment and rolling stock.

The textile and clothing industries are particularly active on Government orders. High prices of material and labor are increasing the difficulty of carrying on operations because of the larger amounts of capital required, and for this reason collections are somewhat less satisfactory than a few months ago.

Crop conditions in the district are, as a whole, very favorable.

Among the important recent financing operations were the sale by the city of New York of $55,000,000 of 4½ per cent bonds at 100.6507, and short-term issues of $15,000,000 by the Baltimore & Ohio, $9,000,000 by the Delaware & Hudson, $20,000,000 by the Sinclair Oil & Refining Corporation, and $15,000,000 by the General Electric Co. Corporations are showing a preference for short-term notes as a means of obtaining funds, as being less likely to conflict with Government financing than bond issues.

Money rates have been very firm, call money having ruled at or near 6 per cent from June 18 to June 28 and, after a short period of easier rates, touched 10 per cent on July 16. Rediscounting with the Federal Reserve Bank by member banks, however, availed to relieve the strain in the money market. Government disbursements have since brought further easing of rates, the closing rate on July 20 being 2½ per cent. Commercial paper rates have also felt the effect of the money firmness and, from June 12 to July 7, or until well after the June 28 payment on Liberty bonds had been made, ranged from 5 to 6 per cent, but have since been easier at 4½ to 5 per cent.

DISTRICT NO. 3—PHILADELPHIA.

There has been no change, speaking generally, in the great business activity prevailing in this section. In nearly every line, the manufacturer, jobber, and retailer report the volume of business large and results satisfactory, although there has been no cessation of the difficulties of conducting business.

Some lines, such as leather and wool and their products, are adversely affected by the difficulties of obtaining raw materials and the uncertainty due to possible legislation as to price control.

The public is occasionally staggered by the extreme price of commodities, and at times trade hesitates, but their buying power is great and they are able to get what they want.

The importance of the Government's relations with the iron and steel industries is affecting them. It is now believed that the Government's requirements will absorb much more of the product of the mills than was first expected, and the uncertainty as to prices and deliveries has brought about a decrease in both buying and selling. This condition is likely to continue until the probable effect of the Government's operations has been more definitely determined.

There has not been any improvement in the labor situation. It is well known that the amount of work of all kinds to be done increases daily, while the supply of workers, due to withdrawal of men for military service and other purposes, is being reduced. Unless there is some way of bringing additional supplies of labor into the country there is apparently no prospects of the labor situation getting any better. The difficulty in obtaining workers, the scarcity of fuel, and unsatisfactory transportation conditions are some of the difficulties in the conducting of business about which there is much complaint.

The postal receipts of the city of Philadelphia show an increase of $32,276, and money-order transactions an increase of $256,981 over last year.

The bank clearings in Philadelphia for June amounted to $1,503,806,000, a gain of 2 per cent over the previous month and a gain of 40 per cent over June, 1916. Clearings reported from the rest of the district were $99,932,000, a gain of 1 per cent over the previous month and a gain of 15 per cent over June, 1916.

Rates for money continue firm, rate for call money being 5 per cent, and paper selling at the same rate. Due to the high cost of materials and high wages very much more money is required to conduct business than formerly, and customers are borrowing freely from their banks and lines of credit are being used to the full.

DISTRICT NO. 4—CLEVELAND.

Business conditions in this district have been affected to some extent by the number of questions and issues relating to business that remain unsettled. In a number of industries there is some slowing down; especially is this true in domestic trade.

Agriculture.—Continued rains make the crop report for this district less favorable than last month. Ten days of favorable weather are very much needed just at this time, as a large percentage of the hay is still in the fields, and the wheat harvest, two weeks late, will be on next week. Corn has suffered from too much rain, resulting in lack of cultivation. The situation is such, however, that improved weather conditions will yet make this a very good year for the farmer.

Industries.—The business in steel and other metal products is in full swing, and there is little doubt that all that can be manufactured in this country will be required for some time to come. Orders, however, are not coming in as they were. There is also a temporary slackening in business activity in a number of other manufacturing lines in this district. This cessation, however, is only piling up the need of material for the future, and is partially due to the need of slowing up following the tense operating period of the early summer, and also to enable mills to make necessary repairs and to prepare for the extensive program of the near future.

Automobile and rubber businesses are only fair. Garment manufacturers report that, while current business might be better, buying for fall goods is entirely satisfactory. Glass and pottery trades have ample business.

The shipbuilding industry is very active. Marine architects expect to design freight vessels which can be used without alteration for lake or ocean service, interchangeably. Transportation has improved considerably, and there is a much easier car situation.

Building operations.—Building operations have fallen off a good deal as a result of the high prices of material and labor, and through difficulty in obtaining money. There is no lack of demand for houses. Savings banks and other institutions lending money on mortgages are not in a position to supply funds as freely as usual for building purposes.

Labor.—Labor is easier to obtain than last month, being a trifle more plentiful. It is not expected that this situation will continue, in view of the withdrawal from the community through the selective service of a large number of active wage earners.

Mercantile lines.—A conservative tendency is noted in both the wholesale and retail trade. Business, while satisfactory, is not being done in the volume, under the pressure and at the continually advancing prices characteristic of a few months ago. The great conservation crusade now going on all over the country is having its effect, and people in this section are growing much more economical in their purchases of the necessities of life.

Collections.—Collections are comparatively good, but can not now be regarded as easy. Accounts have to be followed more closely than heretofore, and there are signs that the high prices of all materials and supplies are making it difficult for some of the business houses to turn over the volume of business which is presenting itself without considerable strain on their working capital.

Money and investments.—An active demand for money continues, and the lender is now making the rates. Rates are from 5 to 6 per cent for time and demand money. There is further improvement in investment conditions. While there has been a falling off in the centers in demand deposits, time and savings deposits continue to increase.

DISTRICT NO. 5—RICHMOND.

Business in the district continues under generally satisfactory conditions, the volume apparently only limited by the difficulty in replenishing supplies. High prices seem to be a negligible deterrent on transactions, but inflated conditions invariably produce reactions. Expenses and overhead charges based on present conditions must eventually undergo revision and react to normal, hence, there would appear to be urgent necessity for practicing and teaching economy.

While seasonal conditions are somewhat variable, they average about normal throughout the district, and crop conditions are reported generally satisfactory. Fertilizer sales are reported above normal, farmers apparently making every effort to attain a maximum of production. Fertilizer profits are reported below normal, however, owing to the high cost of material. The cotton crop of the United States is expected to yield about the same as last year—11,500,000 bales. Tobacco acreage in this district is estimated at about the same at last year, with a slight increase reported from some sections. The tobacco market in South Carolina has already opened, the average prices being even above the high prices of last season. The high prices prevailing and anticipated for cotton and tobacco will yield the farmers enormous returns for these crops.

The return from early truck crops in the district, particularly eastern South Carolina and North Carolina, has been large and very profitable to the producers. Early shipments of potatoes brought $8 to $10 per barrel, but the anticipated demand and high prices for these stimulated production to such extent that prices have declined to $2.50 to $3 per barrel. The crop in eastern Virginia has been below normal and much less profitable, owing to the decline in prices.

The lumber trade is still complaining of lack of shipping facilities, building is retarded by high prices and scarcity of materials, labor scarce and commanding high wages. It is reported that the Government is offering laborers 25 cents per hour for camp construction and other pressing work.

Gross railroad earnings continue to show an increase, which is being consumed by operating and other costs. Clearings continue to show an increase of 15 per cent, post-office receipts and export figures continue in full volume. Industrial developments generally continue active, there being many specifically recorded cases of new ones and of additions and improvements.

Money is in good demand, general bank rates ranging from 5 to 6 per cent. Notwithstanding the demand for money, deposits, particularly at the more important points in the district, have held their own during the past 30 days. Discounts with this bank show an increase for the past 30 days of about $4,000,000, having reached an aggregate of nearly $20,000,000.

Subscriptions to the Liberty Loan in this district aggregated $109,000,000, and the allotments $88,000,000. The work incident to the handling of this enormous transaction has taxed the staff and clerical force of this bank severely, and much yet remains to complete all of the details. It has also taxed our member banks, and the cordial cooperation which we have received from them has been of great assistance and is much appreciated. Owing to large payments made for the bonds by United States certificates of indebtedness, there has been much difficulty in redistributing among depositary banks the payments received in cash. The large and continued advances made by the Treasury to our allies and the amounts needed for general disbursements have absorbed the proceeds of the loan more rapidly than was anticipated, resulting in only limited deposits remaining with our member banks, upon which necessary calls have already been made. The experience acquired in the handling of this loan will prove a valuable guide to all concerned in preparing for another issue, which seems to be anticipated possibly during the next few months, although nothing definite can yet be stated.

DISTRICT NO. 6—ATLANTA.

Manufacturing and industrial lines in this district are feeling the influence of the Government's military and naval preparation. Manufacturers and cotton producers express themselves strongly opposed to amending the original food bill as presented to Congress creating thereby an uncertainty as to definite incorporation of other than strictly food products.

With the passage of the food bill these lines will develop a more definite program.

There has been considerable improvement in the condition of crops dependent upon high temperature. Seasonable rainfalls extending over the district have been of incalculable value to the producers, and especially beneficial to corn and cotton.

There has been a large increase in all staple crops. Corn has been well cultivated and the outlook insures increased crops ranging from 10 per cent increase in Louisiana to 25 per cent increase in Alabama, approximating 20,000,000 bushels increase in the district.

Weather conditions in the past month have been favorable to cotton. The plant though small is healthy and averaging about 10 days late, as compared with last year. Farmers are well up with their work, crops free from grass and growing fast. The boll weevil is crowding in in some sections, but not to the extent feared. The general crop condition is encouraging, notwithstanding the scarcity of labor, which will increase when the Army training goes into effect and perhaps cause a serious situation at cotton-picking season.

In response to the President's call the sweet-potato crop has been largely increased and considerable anxiety is felt over the fact that "Specifications for subsistence and supplies" for the Army does not list fresh sweet potatoes. This is one of the chief food products of this district and the farmers hope that the Army outlet will not be closed to their product.

In the coal and iron fields labor continues short of full requirements, and reports state there is a lessening of output due to efforts to organize the miners, many miners leaving the district rather than go through a strike. Shipbuilding industry is very active at all ports and large additions to plants are reported from Mobile and Tampa.

The demand for lumber is still in excess of the supply, which is limited strictly by transportation facilities. Values are firm and steady and trade does not look for any change in this situation in the near future. There is fear that when cotton and grain begin to move the car supply will be further curtailed, with the result that many mills may be forced to discontinue operation.

Manufacturers and wholesalers of boots and shoes report future orders below normal for this season of the year, with stocks among the retailers rather full. High prices are causing a restriction in purchase and repair shops are doing an unprecedentedly prosperous business.

Overall manufacturers are experiencing exceedingly good business, with prices high. There is little difficulty for salesmen in booking future orders. Based on 25-cent cotton, higher prices are expected.

Business is excellent with wholesalers and jobbers of dry goods. Orders placed so far are larger in volume than usual and the dates of shipments much earlier. With the prospect that cotton may continue to bring 25 cents and corresponding record prices for all farm products, these lines are anticipating exceptionally good business in the fall and winter. Stocks of merchandise in the hands of retailers are rather small and there is a spirit of conservatism which gives promise of satisfactory collections during the fall season.

Money is plentiful at reasonable rates and considerable financing is being carried on in the development of new coal mines, iron ores, pyrites, and graphite.

DISTRICT NO. 7—CHICAGO.

The past month has witnessed a resumption of activity in a number of lines which were at first unfavorably affected by the outbreak of the war, and banks are finding a good demand for their funds at firm rates. There appears to have been but little decrease in deposits through the flotation of the Liberty Loan.

The crop prospects in this district are excellent and a good oat crop seems assured. Wheat is in better condition than a month ago and a yield in excess of the Government estimates is predicted by some authorities. If there is the necessary amount of hot weather during the next six weeks, the corn crops should be one of the largest on record. All crops seem to promise well for the farmer. This should result in a considerable business activity for those lines dependent upon the agricultural communities.

Reports from manufacturers, jobbers, and retailers indicate a generally satisfactory condition. Agricultural implements are meeting with good sales, but some difficulty is experienced in securing the necessary raw material. There is considerable diversity of opinion with regard to the automobile industry, some concerns reporting a decrease and others an increase in business. In a part, at least, of our territory the sales of the high and medium priced pleasure cars have fallen off to a marked extent. The demand for commercial vehicles is helping maintain the activity of some of the plants, supporting sales records which would otherwise show a decline.

Building is quiet, due to the high cost of construction. This has affected the allied lines, such as lumber and cement. The coal tonnage in the States of Illinois and Indiana has increased during the past year and there is a steady demand for the output.

Distillers are making large sales, and brewers have a normal amount of business on their books with satisfactory collections.

The dry-goods business has been depressed owing to the backwardness of the season and the policy of economy which is being practiced by the consumer. Merchandise stocks with retail concerns in general are larger than normal, and collections are fair. The furniture business is satisfactory, with collections good. Grocers report some falling off in demand, probably due to the overstocked condition of the public. Comparisons with last year, which occasionally show a gain, can generally be accounted for by the increased costs. Hardware meets with a strong demand, and certain items are difficult to obtain.

The leather business is quiet, and tanners are curtailing, as the demand for Army equipment does not make up for the falling off in other lines. Collections are satisfactory. The normal demand for packing-house products is gradually returning, and the live-stock market, while recording high prices, has a tendency to dullness. Sheep hides and leather are quiet, but the market for cattle leather is reported strong.

Mail-order houses are transacting an increasing business in this territory. In the piano trade the volume of sales is but fair, with collections reported good. Shipbuilding is active and steel companies find a demand for their product fully equal to their capacity.

Some local jewelers report business in excess of last year, with imports slow, and difficulty in securing deliveries from manufacturers. The wool market is showing a temporary hesitancy, due to the uncertain position of this commodity, but a revival is expected. Woolen goods are in active demand, at substantial prices, and mills are operating to capacity.

Clearings in Chicago for the first 21 days of July were $1,462,000,000, being $300,000,000 more than for the corresponding 21 days in July, 1916. Clearings reported by 20 cities in the district outside of Chicago amounted to $239,000,000 for the first 15 days of July, 1917, as compared with $198,000,000 for the first 15 days of July, 1916. Deposits in the 12 Central Reserve City member banks in Chicago were $812,000,000 at the close of business July 20, 1917, and loans were $568,000,000.

DISTRICT NO. 8—ST. LOUIS.

While July is the dull season of the year, the manufacturers, jobbers, and retailers generally report that business has held up remarkably well. The outlook is reported to be entirely favorable and there is a marked feeling of confidence.

The steel industry in this district is working to full capacity, with the question of delivery rather than price the main consideration.

Shoe manufacturers, jobbers of dry goods, hardware, and groceries all report increases for the three months ending June 30. Collections have kept pace with sales and credit losses are reported to be considerably smaller than for several years past. Stocks in the hands of retailers are still reported to be higher than normal, but seasonable weather during the last 30 days has stimulated retail distribution.

The crop situation in this district seems very materially improved during the past 30 days, due to more favorable climatic conditions. The improvement is perhaps more noticeable in the northern half of the district than in the southern half.

The wheat crop has been harvested in all but the most northerly section of the district and threshing is under way in many sections. Reports from both private and Government sources indicate that material progress has been made in the past 30 days and that the 1917 harvest in the three great wheat-producing States of the district, Indiana, Illinois, and Missouri, while below the five-year average, will be considerably above the final estimate for 1916 and larger than was expected a month ago. The quality of the grain is uniformly reported to be excellent.

The cotton crop has also made good progress, particularly in Arkansas, Tennessee, and southeast Missouri. A good rain about the middle of June supplied the much-needed moisture in the central portion of the district, and the cotton crop is reported as showing marked improvement since that date. Under this influence the plant shows good growth and is fruiting rapidly. In Mississippi and in a few counties in Arkansas the condition is not quite as favorable, as many complaints of boll weevil damage are received from these sections. The development of the crop as a whole may be considered satisfactory, although it is still ten days or two weeks late.

The condition of the corn crop continues to be satisfactory. Government reports show an increased acreage in all the States, wholly or in part, within this district, as compared to 1916, and the forecast from the July 1 condition is in excess of both the 1916 yield and the five-year average. The crop is doing well and is in the tasseling stage as far north as the Missouri river, while overflow lands, which were replanted, are reported to be in good shape. If given sufficient rainfall in the next 30 days, a bumper crop would seem to be assured.

Reports on the oats crop are equally favorable. The harvest is completed in the southern and central portions of the district and is reported to be excellent as regards both quantity and quality. Reports from private sources are supported by Government estimates and indicate a yield above the five-year average and the 1916 harvest.

Reports from the tobacco-producing sections in Kentucky indicate an increase in acreage and favorable prospects for this year's crop.

Pastures and truck gardens generally were benefited by the rain a week ago, but are still reported to be in need of moisture.

The second cutting of alfalfa has taken place generally and the third cutting is nearly ready in the more southerly sections.

Apples, watermelons, and other fruits are reported to be in good condition. The supply of fruits and fresh vegetables is ample and has no doubt contributed to the decrease in the index figures of the cost of living, which has been noted from week to week for the past month. The peach crop is reported to be shorter than the other fruits. There is a heavy potato movement and all indications point to an exceptional harvest.

Improvement is shown in the car shortage, but serious complaints are still received regarding the slow movement of freight, particularly to and from eastern points.

Postal receipts for June show little change as compared to June, 1916. Building permits, on the other hand, show rather substantial decreases in all of the large cities in the district, due to delay in deliveries and the almost prohibitive cost of building material.

While the bond business has improved, it is still below normal for the summer months, but continued improvement is looked for.

The commercial-paper market is firm and active, the best names being quoted at around 5 per cent, with country banks active in the market. The brokers report that considerable refinancing has been completed since July 1. There has been no change in bank rates to customers.

DISTRICT NO. 9—MINNEAPOLIS.

Developments in the crop situation during the greater part of July were unfavorable. The States of North Dakota, South Dakota, and Montana did not receive the general soaking rains that were required for satisfactory development of the grain crops, and with the exception of a narrow belt along the eastern border of North Dakota and the eastern one-third of South Dakota, the damage became increasingly severe throughout the first 20 days of the month. The outlook in Minnesota and Wisconsin is satisfactory, and North Dakota will probably not produce more than half a crop of wheat, while the total yields in South Dakota will be impaired by losses in the central and western portion of the State. Montana, which has become a very important State has suffered severely, especially in the northern counties; and throughout the western half of the district there is a shortage of feed and pasturage.

In the areas where small grain has been damaged, corn has also suffered, although in eastern South Dakota, Minnesota, and Wisconsin, the corn crop promises to be very good. The flax outlook is satisfactory in practically all parts of the district, but will be seriously impaired without general rains. From a production standpoint, the loss has unfortunately come in a year when there is an urgent demand for heavy production of foodstuffs. Farmers will, however, receive, for any excess over feed and seed, grain prices which will approximately double those of an average year.

It is not believed that the effect of the crop situation will show itself immediately upon general business, although business next spring may be somewhat affected.

Banking and business conditions remain about the same, and the outlook for the remainder of the year is satisfactory.

DISTRICT NO. 10—KANSAS CITY.

Agriculture.—Crops are generally in need of moisture, and corn, having reached the critical stage in its growth, is already showing some damage from lack of rain. The weather has been exceptionally favorable for the wheat harvest and for the second crop of alfalfa. Reliable private estimates on production are somewhat in excess of earlier official ones. The oats crop throughout the district is unquestionably the largest and of the finest quality ever raised. With favorable conditions for the remainder of the crop year practically every agricultural product will show a highly satisfactory increase over last year with the one exception of wheat. Estimates on wheat suggest the smallest yield produced by this district in several years and a falling off of approximately 100,000,000 bushels as compared with the final estimates last year. At the same time, it is estimated that the district will produce in excess of 267,000,000 bushels of corn and 70,000,000 bushels of oats over last year.

Live stock.—Receipts of cattle and calves at the markets in June continued heavy, the statement of the local market showing cattle receipts 22 per cent larger than in any previous June, while the combined receipts of cattle and calves were 53 per cent larger than June of last year. This doubtless was caused by high prices and the drouthy conditions in the Southwest. There were decreases in receipts of hogs and sheep at nearly all markets as compared with previous Junes, although prices made new high levels for the month. The local stock of cut meats, while showing a moderate increase on July 1 as compared with June 1, is, nevertheless, much lower than a year ago. The slaughter of hogs for the summer season continues to run considerably behind last year's figures.

Mining.—In the Missouri-Kansas-Oklahoma field lead ore prices featured the month's market with a record maintenance. Shipments, however, were less than production. The first half year shows a remarkable gain in tonnage for zinc ore, over the same period in 1916, indicating a 20 per cent increase in production. The loss sustained in the prices of zinc ore was approximately covered by the gain in lead values.

The metal mine production of Colorado in June was normal. Much activity is reported from all mining camps and attempts are being made to start many new enterprises. Operators claim that the cost of mine supplies, especially all sorts of steel and iron used, has advanced approximately 95 per cent since May, 1914.

Oil.—The features of the month were the continued scarcity of material coupled with high prices, the drouth in the southwest fields, and the discovery of several gushers in Kansas which promised an extension of producing territory. This is usually the season of greatest activity and would have proven a record breaker had normal conditions existed, but wells are shut down, many drilling rigs are idle, and there is unquestionably considerable uncertainty among oil men concerning conditions resulting from war regulations. In spite of these hindrances, both Kansas and Oklahoma showed an increase in new production in June over May.

Lumber and construction.—The lumber business during the first half of July has been quiet, but there is nothing alarming in this condition as it is usual for the trade to be slack at this time of the year. The car situation has actually improved, but the relief is not yet general enough to be a factor in the market. Mills are slowly catching up with back orders. The cantonments at Fort Riley will require approximately 5,000 cars of lumber and local firms are furnishing as much of this material as their facilities and stocks will allow.

The average net gain in valuation of building permits issued in the eleven most important cities of the district in June, as compared with the same month last year, was approximately 74 per cent, but there was a decided falling off at practically all these points in the number of permits issued.

Mercantile.—There has been a large trade in automobiles during the year but recently this has shown some falling off. Missouri now reports approximately 127,000 licensed cars, an increase of about 25,500 over last year. Kansas reports 140,000 cars under license, almost one for every two families, and that 40,000 cars have been purchased the last year.

Implement jobbers are beginning to receive their 1918 prices and are now writing contracts. As anticipated, these prices are approximately 100 per cent higher than those of 1915 and are not guaranteed for any length of time. Trade has been good in all seasonable lines. The demand for threshing machinery has been much heavier than expected, indicating better wheat conditions than predicted.

Owing to the shortage of farm labor every item in the list of power machinery is finding a more ready market than ever before. Farm tractors, as being the motive power for all power machinery, naturally head the list.

The flour output at milling centers, including the local mills and a group of Missouri River, Kansas, and Oklahoma mills, from September 1, 1916, to July 7, 1917, indicates a falling off of about 5 per cent as compared with the same period of the previous year, and at the present time flour mills are operating at the lightest rate known for many years past, a condition caused by delay in the passage of the food bill and uncertainty of action to be taken by the food administration. When this situation has become settled, brisk buying should result and most of the mills would doubtless be enabled to go back to full-time operation on the new crop.

Wholesalers in most lines report business as fully normal for this period, although there has been some customary slackness. Trade with leading wholesale dealers in dry goods, notions, and kindred lines continues in excess of a year ago. Produce and dairy products are active, with a slight decline in prices. Sales of packing-house products are of record proportion.

A reliable compilation, based upon an investigation of a large number of ledger experiences, indicates that the States wholly or partly within this district have experienced an average increase in purchase activities of 6½ per cent, a reduction of indebtedness of 1½ per cent, and an increase in payment activities of 4½ per cent for the month of June as compared with June, 1916, indicating a very satisfactory improvement.

There is increasing uneasiness with reference to the shortage of freight cars, for while fewer cars will be required for the movement of the wheat crop the Government requirements are expected to be heavy and will unquestionably be paramount.

Financial.—There has been an active demand for loans and the hardening of rates is apparent. Postal receipts are reported in increasing volume, while bank deposits continue to show high averages. The summary of deposits in Kansas State banks reveals an increase over a year ago of approximately $56,500,000. As compared with the same month last year June discloses an average increase in bank clearings in our 14 most important cities of 36.7 per cent, the average for the first six months of the current year as compared with last year showing a net increase of 43.7 per cent. The fact that the entire United States reflects a rise of 29.4 per cent for June over June, 1916, makes the foregoing statement of significance.

DISTRICT NO. 11—DALLAS.

While conditions are not uniform, a very careful examination and analysis of all reports and information received justify the statement that the small-grain crop of the district is normal in amount and will exceed in value any ever produced. Corn, while short and badly injured from drouth in many sections, will suffice for actual needs. Unless some unexpected disaster overtakes the cotton crop it will not be below, and may be above, the average of the last few years. The area of the cotton belt in this district is quite extensive, and it is of course difficult to reconcile reports as to the crop's condition. However, it may be said to be fully up to normal and generally good. First bales are reported in south and southwest Texas. That section has suffered more than any other from extreme dry weather and the grade of the staple grown there will be inferior.

Interests of this district are so largely agricultural that crop prospects, good or otherwise, rather determine business. Any change therefore in farming conditions is reflected in commercial activity. A month ago a drouth of several weeks duration was causing considerable alarm. The damage to corn and other crops was considerable. Cattle suffered for lack of grass and water, and the outlook was rather unfavorable. During July rains averaging from one-half to several inches have fallen over practically all sections of the farming belt and the situation has cleared up materially in the past 30 days. Business activities at the present time are well maintained and all that could be expected for the midsummer. The volume of trade is good. Heavy Government orders have stimulated some lines.

For the past month exceedingly high temperatures have prevailed in this section and, as is usual, caused a lull in many lines, particularly wholesale and retail trade. It is too early for fall orders. However, reports as to various lines such as groceries, drugs, electrical supplies, leather and similar lines are encouraging and the present volume is quite satisfactory to dealers, with collections almost without exception good.

In the San Angelo section, which is the largest inland wool and mohair market in the Western Hemisphere, the clip of spring wool has made for an active trade. Conservative estimates of the amount of wool marketed at San Angelo are some 4,000,000 pounds, which sold at an average price of 50 cents per pound. The distribution of these funds has enabled sheep men to liquidate their obligations and brought an era of prosperity in that section of the West. Cattle interests continue to suffer from dry weather and lack of stock water, and stockmen are shipping their herds to the north where pastures may be had.

The second payment on the Liberty bonds, made June 28, caused little confusion in financial circles, and the transfer of funds was made without inconvenience. The fact that many banks qualified as Government depositaries and made payments due by them by credit on their books rather than an actual transfer of the funds relieved the situation to a large extent. Member banks are approaching the height of the borrowing season and as a result the demands upon this bank are quite heavy, loans showing an increase of some $2,000,000 in the past 30 days. However, no change is noticeable in interest rates and they continue easy. The supply of loanable funds is quite equal to the demand.

Clearings at the principal cities of the district for the month of June showed an increase of over 51 per cent over the same month last year. This is the largest increase noted since the fall months of 1916. The figures for June were as follows: 1916, $123,533,286; 1917, $187,383,507; increase 51½ per cent.

Post-office receipts for June, 1917, over the same month last year show an increase of 7½ per cent, the figures being: 1916, $308,582; 1917, $331,876; increase 7½ per cent.

The construction of the three cantonments in this district has caused activity in various lines, particularly in building materials.

The labor situation has changed little in the past 30 days. The heavy demands of northern concerns who have sent agents to this district have caused a scarcity of labor in many lines. There has recently been some material increase in wages to common labor in many parts of this State, which has tended to settle conditions, and no disturbances are reported. The recent trouble in the Arizona copper mining section has affected business to some extent. Our information is, however, that these troubles have recently been settled.

Much will depend on the progress of the cotton crop within the next 30 days. The high price of the staple, with anything like a normal production in this district, should make for good business the coming fall, and the outlook at this time therefore is quite encouraging.

DISTRICT NO. 12—SAN FRANCISCO.

Between May 1, 1917, and June 20, 1917, the total deposits in the national banks of the eight reserve cities in this district declined $14,800,000, showing a decrease of $3,200,000 in Los Angeles, $9,400,000 in San Francisco, $300,000 in Portland, $1,100,000 in Spokane, $500,000 in Ogden, and $900,000 in Seattle. Increases were shown by the banks in Salt Lake City and Tacoma. This shows the effect of checking for investment in Liberty bonds and for all other purposes. Excluding deposits from other banks, however, a slight net increase is shown, those of San Francisco and Los Angeles alone showing a decrease—slightly more than $1,000,000 in each city. Between the statements of March 5 and June 20 the State banks of California show an increase in deposits of $863,000.

About one-third of the deposits in the national banks of Ogden, Utah, now aggregating approximately $9,000,000, are from banks in the tributary territory, evidencing a growing importance as a banking center, because of which the Federal Reserve Board has designated Ogden as a reserve city. The only effect of this is to increase the amount of the required deposit with the Federal Reserve Bank from 7 per cent to 10 per cent of demand deposits. This increases the number of reserve cities in this district from seven to eight.

Bank clearings of 19 principal cities of this district during the first six months of 1917 increased 38 per cent over the corresponding period last year, Salt Lake City leading with 53 per cent, followed by Seattle with 45 per cent and San Francisco 44 per cent.

Recent high temperatures in southern California reached the extraordinary maximum of 116° at some points. Citrus fruit was unfavorably affected, particularly navel oranges, which mature about December, the damage being estimated as high as 75 per cent, with 50 to 60 per cent damage estimated for Valencia oranges and 25 per cent for lemons. Beans, olives, and walnuts have likewise suffered somewhat. Hot winds in Washington and Oregon, coming at a critical time, have also somewhat curtailed the crop of wheat. Subsequent rains and cool weather in these two States have been helpful. Incidentally Luther Burbank, the famous agricultural scientist, after 10 years experimenting, announces the development of a variety of wheat which is said to yield from 50 to 70 bushels per acre. Aside from the shrinkages mentioned, the general production of foodstuffs in this district is confirming the previous prediction of a large increase over last year. The July 1 Government report, for instance, estimates for Idaho, Oregon, Washington, and California 44,000,000 bushels of potatoes compared with 32,000,000 last year. Barley in California estimated at 1,000,000 tons, will double last year's production. In Utah, Oregon, Idaho, and Nevada there are probably 30,000 acres of sugar beets more than ever before.

Idaho will produce twice as many apples as last year, although the crop of Washington and Oregon will be somewhat less. The California prune crop will be large, probably reaching 200,000,000 pounds, but that of the Northwest will be light.

Utah is foremost of all States in the condition of her crops, the Government estimate being 107.5 per cent of normal, with 107.2 per cent for Nevada.

The salmon pack is expected to be heavy as this is the "sockeye" year, it being the experience that the sockeye variety is very abundant every fourth year. The new pack will go upon the barest market ever known.

Alaska has had many interesting developments, of which the following is one: In 1892 a small herd of reindeer was brought to Alaska from Siberia. Now there are 76 herds, numbering 70,243 animals, the increase last year being 20 per cent, although 9,000 were killed for meat and skins. These animals provide the useful combination of food, clothing, and transportation. The meat is said to be excellent and sells at 20 to 35 cents per pound in Seattle.

Shipbuilding is remarkably active and continually extending for both wood and steel ships. It is said that at the present rate of expansion this industry will soon assume an importance equal to that of the entire agricultural production west of the Rocky Mountains.

Lumber production is apparently at maximum, stimulated by increased construction of wooden ships and Army cantonments.

Labor shortage is becoming serious. Considerable trouble in Arizona mines has been caused by I. W. W.'s, of whom several hundred have been deported. They have also made ominous threats in the Northwest. In some places United States troops have been called out to maintain order.

Mr. A. Kains resigned as governor of the Federal Reserve Bank of San Francisco on July 11, in order to accept the presidency of the American Foreign Banking Corporation of New York, now organizing. His successor has not yet been chosen.

The Spokane branch of the Federal Reserve Bank has been organized and will be prepared to render service similar to that of the head office to member banks in its territory, which will be substantially that known as the Inland Empire. Through this and other branches to be established later, the benefits of the changed methods in banking will be much more completely extended to all sections of the district than would otherwise be possible.

San Francisco Clearing House banks now settle clearing-house balances by checks on the Federal Reserve Bank, one nonmember bank having opened a deposit account with the Federal Reserve Bank for this purpose. Los Angeles clearing-house banks have adopted a plan by which the clearing-house manager, immediately after the exchange of checks, telegraphs the result to the Federal Reserve Bank which debits or credits the respective accounts and wires back confirmation.

CLEARING STATISTICS.

Some indication of bank activity and general business development since July, 1914, is afforded by the subjoined figures of clearing-house transactions and attached diagram. The business depression caused by the outbreak of the war is seen to have continued until about October, 1915, when, following the general industrial revival, the amount of checks handled by the New York Clearing House and the monthly total for the country as a whole show increases of 3.1 and 4.4 billions, or about 30 per cent over the figures of the immediately preceding month. Clearing operations during the year following apparently continued on about the same level until the month of October, 1916, when another large increase in the monthly total volume of checks cleared—this time of about three billions—is shown. A large share of the increases shown is due undoubtedly to the continuous rise of prices of commodities and stock-exchange securities, also to the renewed activity of the stock exchanges, especially at New York City, which reached unexcelled records during the late part of 1916 and the early part of the present year.

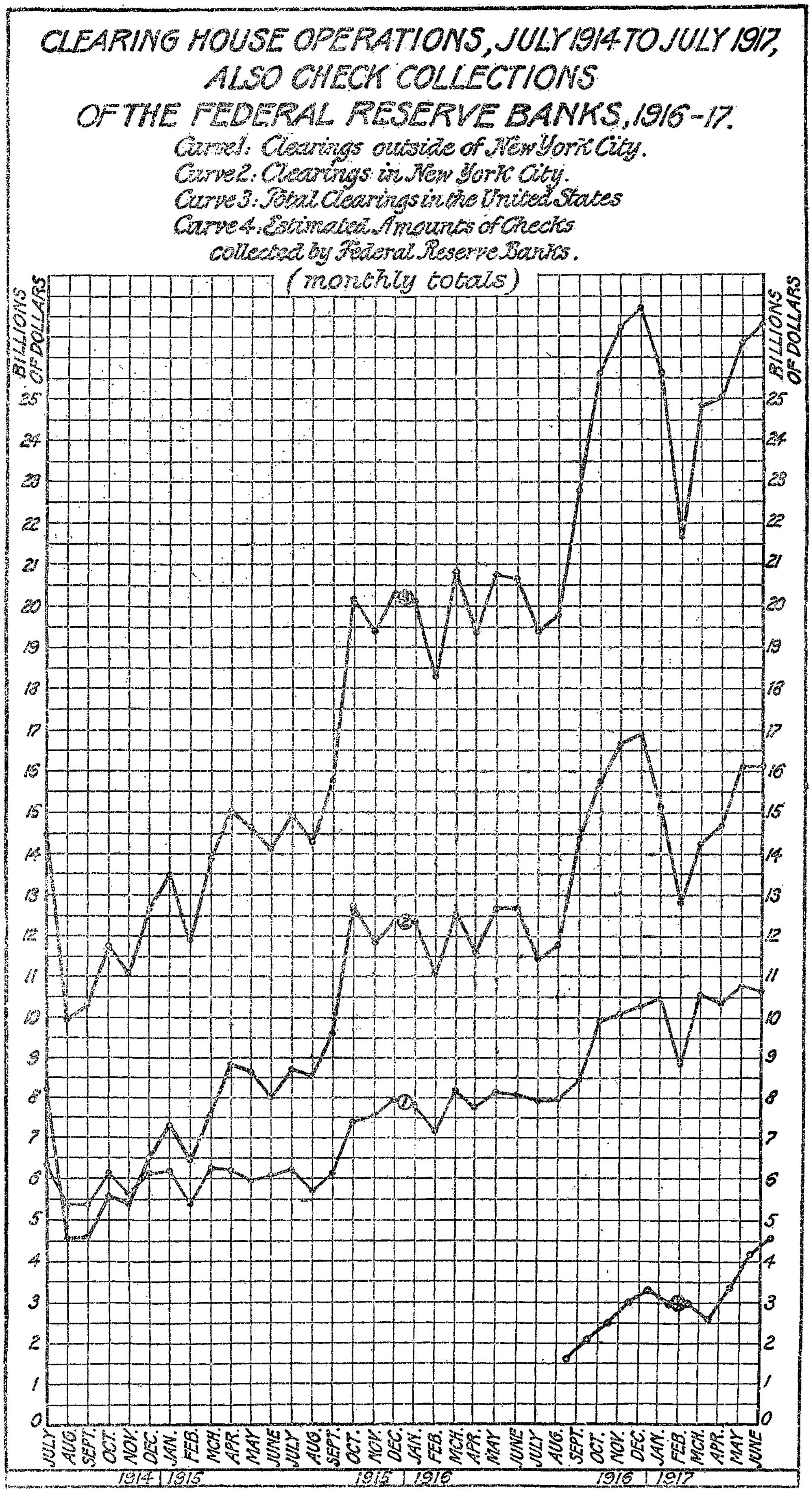
That the total amounts of checks cleared are but an imperfect measure of the actual volume of banking and general business has been the common opinion of those who have been engaged in the collection and analysis of these data. It has been pointed out repeatedly that amalgamation of banking institutions, the organization of country clearing houses, and the large increase in the use of pay-roll checks in industrial centers frequently render conclusions based upon comparisons of clearing statistics for different places and periods of doubtful validity. A more recent development, viz., the growth of the Federal Reserve check collection system, works in the same direction and accounts probably to a large extent for the relatively small increase of clearings during the present year, when the volume of collections by the Federal Reserve Banks shows practically continuous increases from month to month.

Bank clearings in New York and other cities of the United States, 1914 to 1917; also check collections of the Federal Reserve Banks since July 15, 1916.

[Data taken from Commercial and Financial Chronicle. Figures expressed in millions of dollars.]

	Clearings outside New York.	New York clearings.	Total.	Federal Reserve Banks' check collections.[1]
1914.				
July	6,313	8,180	14,493	....
August	5,351	4,581	9,932	....
September	5,400	4,628	10,028	....
October	6,126	5,610	11,736	....
November	5,681	5,400	11,081	....
December	6,114	6,530	12,644	....
1915.				
January	6,196	7,287	13,483	....
February	5,430	6,482	11,912	....
March	6,283	7,565	13,848	....
April	6,201	8,812	15,013	....
May	5,992	8,635	14,627	....
June	6,097	8,025	14,122	....
July	6,234	8,695	14,929	....
August	5,733	8,537	14,270	....
September	6,139	9,625	15,764	....
October	7,413	12,739	20,152	....
November	7,556	11,829	19,385	....
December	7,979	12,332	20,311	....
1916.				
January	7,808	12,327	20,135	....
February	7,186	11,107	18,293	....
March	8,196	12,578	20,774	....
April	7,756	11,623	19,379	....
May	8,159	12,561	20,720	....
June	8,100	12,554	20,654	....
July	7,929	11,439	19,368	....
August	7,985	11,767	19,752	1,542
September	8,406	14,356	22,762	2,042
October	9,901	15,712	25,613	2,442
November	10,051	16,654	26,705	2,992
December	10,259	16,936	27,195	3,266
1917.				
January	10,489	15,127	25,616	2,924
February	8,836	12,794	21,630	2,975
March	10,566	14,229	24,795	2,561
April	10,363	14,653	25,016	3,319
May	10,736	15,584	26,320	4,178
June	10,635	16,099	26,734	4,530

[1] Figures for the Federal Reserve Banks relate to periods ending on the 15th of each month.


CLEARING HOUSE OPERATIONS, JULY 1914 TO JULY 1917,
ALSO CHECK COLLECTIONS
OF THE FEDERAL RESERVE BANKS, 1916-17.
Curve 1: Clearings outside of New York City.
Curve 2: Clearings in New York City.
Curve 3: Total Clearings in the United States
Curve 4: Estimated Amounts of Checks collected by Federal Reserve Banks.
(monthly totals)
BILLIONS OF DOLLARS
JULY AUG. SEPT. OCT. NOV. DEC. JAN. FEB. MCH. APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC. JAN. FEB. MCH. APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC. JAN. FEB. MCH. APR. MAY JUNE
1914 | 1915
1915 | 1916
1916 | 1917

DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations of the banks during June were $750,270,739, a total in excess of the total investment operations of the banks during the entire calendar year 1916. Of the total discounts for the month, $664,376,412, or 77.3 per cent were in the form of member banks' collateral notes. Of the latter amount over 80 per cent was handled by the New York bank, which reports the discount during the month of 130 such notes aggregating $541,090,034. Other banks reporting substantial, though much smaller, amounts of this class of paper in the order of volume handled are Philadelphia, Boston, Richmond, and Chicago. The larger portion of these notes, or about 53 per cent was secured by United States certificates of indebtedness and interim certificates for Liberty bonds, and the remainder by customers' paper. About 92 per cent of the paper discounted during the month was 15-day paper. This percentage runs in excess of 99 per cent in the case of the New York bank, which during the month under review accommodated some of the leading city banks in connection with the flotation of the Liberty loan, largely through the discount of 1-day collateral notes. Accordingly the average size of the collateral notes discounted by the New York bank is in excess of 4 million dollars, while the average size of all the 549 collateral notes discounted by all the 12 banks is in excess of 1.2 million dollars.

Aggregate discounts for the month beside the 664.4 million dollars of collateral loans, called forth by the special exigencies of the Government loan, include $85,894,327 of customers' paper rediscounted with the Federal Reserve Banks, nearly one-half with the Boston, New York, and Chicago banks. Of the latter total, trade acceptances (two-name paper) constitute $2,509,122, handled by all the banks, except Chicago, and commodity paper, largely secured by cotton—$769,354 discounted by six banks.

Discounts for the first half of the present year, including collateral loans to member banks, aggregated $959,181,169, of which collateral notes were $766,387,991, while $7,124,734 of the total are specified as trade acceptances and $5,748,792 as commodity paper. As compared with corresponding 1916 figures, discounts of trade acceptances increased almost four-fold, while discounts of commodity paper declined over 30 per cent.

On the last Friday in June the banks had on hand $197,242,135 of discounted bills as against $47,588,087 at the end of May. Of the total, $90,338,627 was made up of collateral notes, secured by commercial and bank paper, $25,674,079 of collateral notes secured by United States securities, $5,802,315 of agricultural paper, $5,258,996 of live stock paper, and $69,727,409 of industrial and commercial paper. Over three-fourths of all the collateral notes were held by the New York and Philadelphia banks, over one-half of the agricultural paper by the Richmond and Dallas banks, and over 85 per cent of the live-stock paper, by the Dallas, Minneapolis, and Kansas City banks.

During the month the number of member banks increased from 7,651 to 7,657, while the number of discounting members increased from 590 in May to 900 during the month under review. Especially large increases in the number of accommodated member banks are shown for the Eastern, the Chicago, and the San Francisco reserve districts.

Bills discounted by each Federal Reserve Bank during June, 1917, distributed by sizes.

Banks.	To $100.		Over $100 to $250.		Over $250 to $500.		Over $500 to $1,000.		Over $1,000 to $2,500.	
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.
Boston	1	$100	38	$6,765	119	$48,254	132	$107,339	260	$303,445
New York	107	7,338	135	23,639	157	59,887	164	126,554	241	428,338
Philadelphia	447	20,627	113	18,305	154	61,061	183	150,026	165	303,340
Cleveland	6	483	44	7,567	37	13,271	32	27,590	115	219,762
Richmond	119	9,871	349	65,252	479	189,154	462	381,871	467	806,324
Atlanta	51	4,266	136	24,270	183	295,123	183	668,624	174	91,066
Chicago	17	1,671	103	18,173	113	47,771	92	67,687	184	345,606
St. Louis	1	100	25	4,753	41	15,876	42	31,797	41	78,763
Minneapolis	6	490	97	17,304	208	81,458	267	258,551	359	571,656
Kansas City	8	664	191	33,570	276	100,744	193	136,748	151	238,972
Dallas	62	3,519	296	50,230	249	91,546	102	146,318	201	336,244
San Francisco	......	....	8	1,591	16	5,853	23	17,646	157	344,720
Total	825	49,129	1,535	271,419	2,032	1,009,998	1,875	2,120,751	2,515	4,068,236
Per cent	......	0.1	......	0.3	......	1.2	......	2.5	......	4.7
Member banks' collateral notes	......	....	......	....	......	....	......	....	......	....

Banks.	Over $2,500 to $5,000.		Over $5,000 to $10,000.		Over $10,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Boston	622	$3,785,143	294	$2,903,101	318	$12,371,378	1,784	$19,525,525	22.7
New York	724	3,384,841	241	2,176,655	139	5,679,172	1,908	11,886,424	13.8
Philadelphia	358	1,723,563	146	1,348,860	111	3,408,622	1,677	7,034,404	8.2
Cleveland	188	837,446	103	806,667	99	3,487,604	624	5,400,390	6.3
Richmond	426	1,830,347	140	1,155,403	76	1,654,255	2,518	6,092,477	7.1
Atlanta	169	151,513	71	554,690	24	660,528	991	2,450,080	2.9
Chicago	386	1,820,633	177	1,612,821	188	7,496,605	1,260	11,410,967	13.3
St. Louis	105	496,807	39	324,645	35	1,475,062	329	2,427,803	2.8
Minneapolis	251	1,073,821	136	1,059,061	120	348,249	1,444	6,544,832	7.6
Kansas City	84	371,928	33	244,586	32	1,028,796	968	2,156,008	2.5
Dallas	114	419,219	47	368,993	114	491,252	1,185	1,907,321	2.2
San Francisco	701	3,463,803	203	1,732,625	150	3,491,858	1,258	9,058,096	10.6
Total	4,128	19,359,064	1,630	14,288,107	1,406	44,727,623	15,946	85,894,327	100.0
Per cent	......	22.5	......	16.6	......	52.1	......	100.0	......
Member banks' collateral notes	20	95,500	34	331,100	495	663,949,812	549	664,376,412	......

Bills discounted during the month of June, 1917, and 1916, and the six months ending June, 1917 and 1916, distributed by classes.

Banks.	Collateral notes secured by U. S. certificates of indebtedness or interim certificates for liberty bonds.	Collateral notes secured by commercial paper.	Trade acceptances.	Commodity paper.	All other discounts.	Total.
Boston	$413,700	$26,277,500	$334,442	....	$19,191,083	$46,216,725
New York	336,696,500	204,393,534	358,264	....	11,528,160	552,976,458
Philadelphia	680,650	35,009,849	78,343	....	6,956,061	42,724,903
Cleveland	1,957,000	3,827,600	499,473	....	4,900,917	11,184,990
Richmond	66,500	23,938,750	267,503	$209,649	5,615,325	30,097,727
Atlanta	35,000	346,000	260,903	458,873	1,730,304	2,831,080
Chicago	6,075,000	7,674,400	....	....	11,410,967	25,160,367
St. Louis	60,000	2,055,000	344,093	12,252	2,071,458	4,542,803
Minneapolis	2,243,000	1,078,000	49,204	21,400	6,474,228	9,865,832
Kansas City	4,231,429	5,455,000	305,610	65,000	1,785,398	11,842,437
Dallas	1,557,000	305,000	3,016	....	1,904,305	3,769,321
San Francisco	....	....	8,271	2,180	9,047,645	9,058,096
Total, June, 1917	354,015,779	310,360,633	2,509,122	769,354	82,615,851	750,270,739
Total, June, 1916			275,700	712,000	10,672,300	11,660,000
Total, January-June, 1917	766,387,991		7,124,734	5,748,792	179,919,652	959,181,169
Total, January-June, 1916	....	....	1,803,200	8,359,400	52,381,200	62,543,900

Amounts of discounted paper, including member banks' collateral notes, held by each Federal Reserve Bank on the last Friday in June, 1917, distributed by classes.

Banks.	Agricultural paper.	Live-stock paper.	Commercial and industrial paper.	Member banks' collateral notes.		All other paper.	Total.
				Secured by eligible paper.	Secured by United States bonds and certificates of indebtedness.		
Boston	$200		$13,861,936	$4,726,200	$185,000		$18,773,336
New York	146,888	$5,786	6,304,181	51,010,734	20,576,500	$78,362	78,122,451
Philadelphia	129,297		5,271,779	16,379,993	552,650		22,333,719
Cleveland	27,835	18,376	4,291,520	3,327,600	1,697,000		9,362,331
Richmond	1,922,729	211,542	5,937,916	3,676,200	21,500	271,954	12,041,841
Atlanta	473,425	323,142	2,741,740	208,000	3,000	5,880	3,755,187
Chicago	747,362	11,600	9,859,310	7,050,400	450,000		18,118,672
St. Louis	129,277	75,885	3,933,247	1,525,000	30,000	19,513	5,712,922
Minneapolis	708,107	1,488,114	6,294,602	429,500	1,268,000		10,188,323
Kansas City	256,831	1,430,409	1,587,203	1,860,000	371,429	65,000	5,570,872
Dallas	1,052,738	1,589,922	975,092	145,000	519,000		4,281,752
San Francisco	207,626	104,220	8,668,883				8,980,729
Total	5,802,315	5,258,996	69,727,409	90,338,627	25,674,079	440,709	197,242,135
Per cent	2.9	2.7	35.4	45.8	13.0	.2	100.0

Commercial paper, including member banks' collateral notes, discounted by each Federal Reserve Bank during the three months ending June, 1917, distributed by maturities as of date of discount.

Districts.	Number of member banks at end of June.	Number of banks accommodated during quarter ending June 30.	Maturities.					Total commercial paper discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 1—Boston:								
Connecticut	53	6	$873,011	$345,981	$289,084	$882,312	....	$2,390,388
Maine	64	3	225,000	5,000	....	....	....	230,000
Massachusetts	154	46	50,733,451	6,222,184	2,262,925	3,541,009	....	62,759,569
New Hampshire	56	12	450,801	131,688	227,877	19,712	....	830,078
Rhode Island	17	2	725,000	....	....	....	....	725,000
Vermont	48	11	176,128	101,166	203,062	52,985	$200	533,541
Total	392	80	53,183,391	6,806,019	2,982,948	4,496,018	200	67,468,576
District No. 2—New York:								
New York	477	86	555,447,122	804,386	1,666,814	1,517,885	....	559,436,207
New Jersey	133	20	800,018	551,010	334,378	619,741	....	2,305,147
Connecticut	15	2	150,000	5,500	29,700	34,400	....	219,600
Total	625	108	556,397,140	1,360,896	2,030,892	2,172,026	....	561,960,954
District No. 3—Philadelphia:								
Delaware	22	....	....	....	....	....	....	....
New Jersey	72	20	920,274	197,758	338,958	314,641	7,500	1,779,131
Pennsylvania	534	74	58,607,844	2,897,769	1,693,860	569,964	6,796	63,776,233
Total	628	94	59,528,118	3,095,527	2,032,818	884,605	14,296	65,555,364
District No. 4—Cleveland:								
Kentucky	68	2	16,100	48,600	78,269	65,738	....	208,707
Ohio	374	54	16,177,210	1,120,680	1,630,792	896,137	12,387	19,837,206
Pennsylvania	299	10	2,026,882	222,362	578,842	206,340	....	3,034,426
West Virginia	13	....	....	....	....	....	....	....
Total	754	66	18,220,192	1,391,642	2,287,903	1,168,215	12,387	23,080,339
District No. 5—Richmond:								
District of Columbia	15	4	105,000	70,204	....	226,750	....	401,954
Maryland	96	16	13,108,653	245,022	922,054	561,914	400	14,838,043
North Carolina	80	48	1,353,161	418,962	1,272,338	1,533,798	220,231	4,798,490
South Carolina	82	53	1,288,085	562,968	1,190,851	1,179,250	586,082	4,807,236
Virginia	145	46	38,923,591	1,041,024	1,147,352	1,251,447	89,694	42,483,108
West Virginia	102	1	....	5,000	5,200	....	....	10,200
Total	520	168	54,778,490	2,343,180	4,537,795	4,783,159	896,407	67,339,031
District No. 6—Atlanta:								
Alabama	94	26	161,502	189,193	469,507	461,525	234,965	1,516,692
Florida	55	11	470,020	63,700	171,315	93,733	38,444	837,212
Georgia	101	47	1,861,382	520,875	1,261,132	579,574	227,404	4,450,367
Louisiana	22	4	....	6,500	6,628	8,570	39,647	61,345
Mississippi	18	3	101,318	13,419	36,255	....	....	150,992
Tennessee	92	22	250,151	163,223	356,970	182,176	32,699	985,219
Total	382	113	2,844,373	956,910	2,301,807	1,325,578	573,159	8,001,827
District No. 7—Chicago:								
Illinois	315	31	12,784,664	1,041,757	811,603	782,912	66,855	15,487,791
Indiana	195	27	2,391,851	263,304	217,270	239,484	118,944	3,230,853
Iowa	354	23	949,596	155,765	205,921	106,287	74,133	1,491,702
Michigan	76	23	5,025,646	432,349	732,366	285,452	62,297	6,538,110
Wisconsin	105	14	1,190,050	1,050,700	2,394,059	185,621	32,981	4,853,411
Total	1,045	118	22,341,807	2,943,875	4,361,219	1,599,756	355,210	31,601,867
District No. 8—St. Louis:								
Arkansas	66	7	33,762	10,307	27,007	77,889	29,362	178,327
Illinois	157	7	98,179	9,825	89,694	61,225	9,060	267,983
Indiana	61	3	125,000	6,849	5,403	12,500	....	149,752
Kentucky	65	4	222,060	....	35,000	75,000	....	332,060
Mississippi	17	4	900	4,150	24,650	60,490	21,086	111,276
Missouri	84	22	6,560,459	1,722,376	1,865,065	2,501,195	54,540	12,703,635
Tennessee	20	5	241,230	148,830	188,461	100,776	2,900	682,197
Total	470	52	7,281,590	1,902,337	2,235,280	2,889,075	116,948	14,425,230

Commercial paper, including member banks' collateral notes, discounted by each Federal Reserve Bank during the three months ending June, 1917, distributed by maturities as of date of discount—Continued.

Districts.	Number of member banks at end of June.	Number of banks accommodated during quarter ending June 30.	Maturities.					Total commercial paper discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
District No. 9—Minneapolis:								
Michigan	32	4	$24,500	$31,732	$6,468	$10,156		$72,856
Minnesota	291	37	5,012,122	2,008,665	6,032,198	2,239,835	$466,198	15,759,018
North Dakota	156	32		26,971	10,343	52,750	859,965	950,029
South Dakota	126	18			1,510	16,553	272,340	290,403
Montana	94	17	230,000	5,000	42,716	7,550	219,700	504,966
Wisconsin	37	3	8,120	30,675	56,382	88,276		183,453
Total	736	111	5,274,742	2,103,043	6,149,617	2,415,120	1,818,203	17,760,725
District No. 10—Kansas City:								
Colorado	121	6	31,572		2,277	4,557	25,903	64,309
Kansas	226	23	484,691	152,138	81,948	94,797	269,472	1,083,046
Missouri	55	9	9,809,175	356,232	339,407	52,296	8,565	10,565,675
Nebraska	193	4	425,000	15,000	18,851	7,515	7,082	473,448
New Mexico	9	4		19,959	9,262	79,581	79,865	188,667
Oklahoma	305	56	1,941,233	168,814	684,558	668,103	549,327	4,012,035
Wyoming	36	1				16,000	20,500	36,500
Total	945	103	12,691,671	712,143	1,136,303	922,849	960,714	16,423,680
District No. 11—Dallas:								
Arizona	6	1			24,886	13,373	18,160	56,419
Louisiana	12	1		855	3,025	1,000	17,078	21,958
New Mexico	30	11	102,673	30,990	322,653	134,779	214,295	805,390
Oklahoma	32	8	30,000	21,000	32,140	9,033	154,816	246,989
Texas	546	105	2,862,346	426,349	1,242,971	940,065	1,306,350	6,778,081
Total	626	126	2,995,019	479,194	1,625,675	1,098,250	1,710,699	7,908,837
District No. 12—San Francisco:								
Alaska	1							
Arizona	7							
California	271	33	468,641	2,552,382	2,756,349	2,857,077	93,054	8,727,503
Idaho	61	4	12,646	1,025	9,625	7,650	35,484	66,430
Nevada	10	1	30,000	20,000				50,000
Oregon	82	3	106,834	237,840	274,576	230,589	11,258	861,097
Utah	24	3	19,370	24,154	192,128	260,000	8,112	503,764
Washington	78	2				385	4,404	4,789
Total	534	46	637,491	2,835,401	3,232,678	3,355,701	152,312	10,213,583

RECAPITULATION.

No. 1—Boston	392	80	53,183,391	6,806,019	2,982,948	4,496,018	200	67,468,576
No. 2—New York	625	108	556,397,140	1,360,896	2,030,892	2,172,026		561,960,954
No. 3—Philadelphia	628	94	59,528,118	3,095,527	2,032,818	884,605	14,296	65,555,364
No. 4—Cleveland	754	66	18,220,192	1,391,642	2,287,903	1,168,215	12,387	23,080,339
No. 5—Richmond	520	168	54,778,490	2,343,180	4,537,795	4,783,159	896,407	67,339,031
No. 6—Atlanta	382	113	2,844,373	956,910	2,301,807	1,325,578	573,159	8,001,827
No. 7—Chicago	1,045	118	22,341,807	2,943,875	4,361,219	1,599,756	355,210	31,601,867
No. 8—St. Louis	470	52	7,281,590	1,902,337	2,235,280	2,889,075	116,948	14,425,230
No. 9—Minneapolis	736	111	5,274,742	2,103,043	6,149,617	2,415,120	1,818,203	17,760,725
No. 10—Kansas City	945	103	12,691,671	712,143	1,136,303	922,849	960,714	16,423,680
No. 11—Dallas	626	126	2,995,019	479,194	1,625,675	1,098,250	1,710,699	7,908,837
No. 12—San Francisco	534	46	637,491	2,835,401	3,232,678	3,355,701	152,312	10,213,583
Total for 3 months ending June, 1917	7,657	1,185	796,174,024	26,930,167	34,914,935	27,110,352	6,610,535	891,740,013
Per cent								
Total for 3 months ending June, 1916			10,855,500		7,374,100	9,062,800	7,084,600	34,377,000
Total for 3 months ending June, 1915			4,680,800		11,207,000	13,684,700	6,528,500	36,101,000

Distribution, by sizes, of bills bought in open market by all Federal Reserve Banks during May, 1917, and the six months ending June, 1917 and 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.		
	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Per cent.
Bankers' acceptances	2,250	5,926,794	1,457	11,468,435	2,584	45,208,050	784	34,806,140	304	26,137,747	59	9,934,387	7,438	132,481,553	97.9
Trade acceptances	47	126,625	40	306,046	57	936,238	9	334,512	2	169,193	4	875,530	159	2,748,144	2.1
Total, June, 1917	2,297	6,053,419	1,497	11,774,481	2,641	46,144,288	793	34,140,652	306	26,306,940	63	10,809,917	7,597	135,229,697	.....
Per cent	.....	4.5	.....	8.7	.....	34.1	.....	25.2	.....	19.5	.....	8.0	.....	.....	
May, 1917	1,305	3,571,384	890	7,024,753	1,580	27,835,025	442	18,681,746	181	15,377,503	46	10,098,085	4,444	82,588,496	.....
April, 1917	748	1,589,086	270	2,147,380	647	13,231,092	257	11,003,120	87	7,155,097	38	6,186,816	2,047	41,312,591	.....
March, 1917	389	876,506	175	1,381,029	363	6,976,406	171	7,185,125	86	6,801,912	25	4,930,660	1,209	28,151,638	.....
February, 1917	819	2,175,639	777	6,324,018	1,248	22,367,962	401	16,483,974	180	15,273,481	49	8,012,105	3,474	70,637,179	.....
January, 1917	390	1,023,210	483	1,706,069	300	5,238,206	152	6,898,412	48	3,891,515	11	1,859,768	1,384	20,617,180	.....
Total, 6 months ending June, 1917	5,948	15,289,244	4,092	30,357,730	6,779	121,792,979	2,216	94,393,029	888	74,806,448	232	41,897,351	20,155	378,786,781	.....
Total, 6 months ending June, 1916	1,915	5,671,952	1,850	15,310,974	2,247	39,360,663	598	23,521,284	277	23,231,447	108	20,573,414	6,995	127,672,734	.....

[1] Of the above amount, bankers' acceptances totaling $122,075,051 were based on imports and exports and $10,406,502 on domestic trade transactions.

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

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

Date.	Banker's acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22	$93,000	....	....	....	....	$93,000	....	$93,000
Apr. 5	3,653,000	$7,820,000	$10,000	$110,000	....	11,593,000	....	11,593,000
May 3	5,038,000	8,189,000	10,000	110,000	....	13,347,000	....	13,347,000
June 7	5,242,000	4,516,000	10,000	192,000	....	9,960,000	....	9,960,000
July 3	4,342,000	5,267,000	....	161,000	....	9,770,000	....	9,770,000
Aug. 2	5,350,000	5,407,000	20,000	352,000	....	11,129,000	....	11,129,000
Sept. 6	6,087,000	6,305,000	20,000	472,000	....	12,884,000	....	12,884,000
Oct. 4	9,000,000	4,898,000	132,000	343,000	....	14,373,000	....	14,373,000
Nov. 1	8,477,000	4,331,000	253,000	204,000	....	13,265,000	....	13,265,000
Dec. 6	12,311,000	5,172,000	275,000	396,000	....	18,154,000	....	18,154,000
1916.								
Jan. 3	15,494,000	7,160,000	362,000	822,000	....	23,838,000	....	23,838,000
Feb. 7	15,681,000	7,876,000	336,000	1,456,000	....	25,349,000	$489,000	25,838,000
Mar. 6	17,182,000	8,670,000	408,000	1,781,000	....	28,041,000	462,000	28,503,000
Apr. 3	21,000,000	13,573,000	473,000	3,262,000	....	38,308,000	722,000	39,030,000
May 1	24,875,000	15,400,000	585,000	3,430,000	....	44,290,000	1,477,000	45,767,000
June 5	24,680,000	17,029,000	644,000	7,007,000	....	49,360,000	2,208,000	51,568,000
July 3	32,989,000	18,921,000	471,000	11,830,000	....	64,211,000	3,422,000	67,633,000
Aug. 7	39,695,000	19,060,000	738,000	13,940,000	....	73,433,000	4,225,000	77,658,000
Sept. 4	41,413,000	20,356,000	726,000	12,491,000	....	74,986,000	3,673,000	78,659,000
Oct. 2	37,798,000	21,782,000	712,000	9,944,000	....	70,236,000	2,306,000	72,542,000
Nov. 6	37,770,000	29,474,000	1,014,000	12,147,000	....	80,405,000	2,378,000	82,783,000
Dec. 4	47,748,000	33,232,000	1,630,000	16,069,000	....	98,679,000	4,487,000	103,166,000
1917.								
Jan. 1	66,803,000	34,625,000	1,502,000	18,224,000	....	121,154,000	4,585,000	125,739,000
Feb. 5	50,361,000	23,511,000	972,000	13,775,000	$140,000	88,759,000	4,041,000	92,800,000
Mar. 5	53,288,000	32,518,000	1,090,000	20,581,000	354,000	107,837,000	2,535,000	110,366,000
Apr. 2	43,979,000	20,328,000	689,000	16,830,000	200,000	82,026,000	1,144,000	83,170,000
May 7	49,192,000	19,650,000	236,000	19,177,000	94,000	88,349,000	1,679,000	90,028,000
June 4	69,262,000	27,611,000	584,000	21,077,000	239,000	118,773,000	3,022,000	121,795,000
June 11	81,196,000	32,043,000	946,000	22,604,000	239,000	137,028,000	3,723,000	140,751,000
June 18	103,314,000	38,776,000	1,296,000	23,860,000	1,301,000	168,547,000	3,611,000	172,158,000
June 25	113,786,000	45,738,000	2,260,000	31,215,000	3,165,000	196,164,000	4,129,000	200,293,000
July 2	117,555,000	48,496,000	2,242,000	32,137,000	3,287,000	203,717,000	4,429,000	208,146,000
July 9	117,991,000	49,260,000	2,549,000	32,484,000	3,095,000	205,379,000	4,923,000	210,302,000

Amounts of bills discounted and acceptances and warrants bought by each Federal Reserve Bank during June, 1917, distributed by maturities.

Banks.	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$34,571,777	$532,477		$35,104,254	$6,196,821	$324,878		$6,521,699
New York	547,878,469	4,770,481		552,648,950	1,289,269	10,401,261		11,690,530
Philadelphia	38,818,843	220,952		39,039,795	1,674,570	164,552		1,839,122
Cleveland	7,072,863			7,072,863	1,090,043	18,016		1,108,059
Richmond	25,174,706	114,500		25,289,206	897,756	3,089,500		3,987,256
Atlanta	617,866	204,000		821,866	324,145	356,850		680,995
Chicago	18,656,376	1,165,136		19,821,512	2,234,454	274,881		2,509,335
St. Louis	2,324,626	32,500		2,357,126	486,417	38,683		525,100
Minneapolis	4,011,004	540,000		4,551,004	900,098			900,098
Kansas City	9,730,334			9,730,334	279,022	156,324		435,346
Dallas	1,929,400			1,929,400	236,006			236,006
San Francisco	460,935	68,000		528,935	2,520,000	913,839		3,433,839
Total	691,247,199	7,648,046		698,895,245	18,128,601	15,738,784		33,867,385
Per cent				78.9				3.8

Banks.	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$2,082,554	$181,345		$2,263,899	$3,365,573	$7,134,393		$10,499,966
New York	1,826,898	17,624,726		19,451,624	1,981,822	46,099,873		48,081,695
Philadelphia	1,640,491	145,354		1,785,845	589,704	2,885,617		3,475,321
Cleveland	2,058,820	868,845		2,927,665	960,985	1,681,019		2,642,004
Richmond	1,522,709	926,826		2,449,535	2,114,040	157,977		2,272,017
Atlanta	1,127,223	396,758		1,523,981	587,870	484,660		1,072,530
Chicago	2,753,808	6,298,375		9,052,183	1,357,362	11,302,813		12,660,175
St. Louis	622,850	85,873		708,723	1,071,418	836,078		1,907,496
Minneapolis	2,187,386	80,000		2,267,386	1,690,522	12,000		1,702,522
Kansas City	763,251	1,375,859		2,139,110	623,925	6,028,114		6,652,039
Dallas	452,757			452,757	399,209			399,209
San Francisco	2,883,932	1,577,324		4,461,256	3,089,878	88,987		3,178,865
Total	19,922,679	29,561,285		49,483,964	17,832,308	76,711,531		97,543,839
Per cent				5.6				10.8

Banks.	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston		$370,789		$370,789	$46,216,725	$8,543,882		$54,760,607	84.0	16.0		100.0
New York		4,352,167		4,352,167	552,976,458	83,248,508		636,224,966	86.9	13.1		100.0
Philadelphia	$1,295	25,000		26,295	42,724,903	3,441,475		46,166,378	92.7	7.3		100.0
Cleveland	2,279	514,161	$4,925	521,365	11,184,990	3,082,041	$4,925	14,271,956	78.4	21.6		100.0
Richmond	388,516			388,516	30,097,727	4,288,803		34,386,530	90.1	9.9		100.0
Atlanta	173,976			173,976	2,831,080	1,442,268		4,273,348	66.2	33.8		100.0
Chicago	158,367			158,367	25,160,367	19,041,205		44,201,572	56.9	43.1		100.0
St. Louis	37,492			37,492	4,542,803	993,134		5,535,937	82.1	17.9		100.0
Minneapolis	1,076,822			1,076,822	9,865,832	632,000		10,497,832	94.0	6.0		100.0
Kansas City	445,905	304,785		750,690	11,842,437	7,865,082		19,707,519	60.1	39.9		100.0
Dallas	751,949			751,949	3,769,321			3,769,321	100.0			100.0
San Francisco	103,351	3,149		106,500	9,058,096	2,651,299		11,709,395	77.4	22.6		100.0
Total	3,139,952	5,570,051	4,925	8,714,928	750,270,739	135,229,697	4,925	885,505,361	83.6	16.4		100.0
Per cent			0.9					100.0				

Maturities of discounts, acceptances, and municipal warrants held by the Federal Reserve Banks on Friday, June 29, 1917.

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

Banks.	1 to 15 days.				16 to 30 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	11,266	2,219		13,485	2,477	1,154		3,631
New York	73,539	18,282		91,821	1,537	17,959	316	19,812
Philadelphia	19,203	2,102		21,305	1,813	2,366		4,179
Cleveland	5,917	1,418	5	7,340	688	2,091	163	2,942
Richmond	5,535	1,974		7,509	1,491	3,035	15	4,541
Atlanta	981	639	1	1,621	481	157		638
Chicago	12,329	3,235		15,564	1,662	5,326	152	7,140
St. Louis	2,360	1,437		3,797	1,230	1,099	212	2,541
Minneapolis	3,774	544		4,318	1,062	613		1,675
Kansas City	2,793	1,184		3,977	463	1,462	51	1,976
Dallas	1,292	134		1,426	504	281	20	805
San Francisco	1,868	3,506		5,374	1,833	2,675	203	4,711
Total	140,857	36,674	6	177,537	15,241	38,218	1,132	54,591
Per cent				44.2				13.6

Banks.	31 to 60 days.				61 to 90 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	2,332	5,744		8,076	2,698	7,294		9,992
New York	1,762	34,606	50	36,418	1,283	31,740		33,023
Philadelphia	985	1,611	156	2,752	328	3,008	2	3,338
Cleveland	2,064	5,563	54	7,681	689	2,061	1,023	3,773
Richmond	2,862	701		3,563	1,437	158		1,595
Atlanta	1,319	717		2,036	495	337		832
Chicago	2,743	12,283		15,026	1,236	8,079		9,315
St. Louis	1,014	2,541		3,555	1,044	394		1,438
Minneapolis	2,267	280		2,547	1,581	12		1,593
Kansas City	1,000	4,294		5,294	640	4,896		5,536
Dallas	723	208		931	519			519
San Francisco	2,768	758		3,526	2,395	92		2,487
Total	21,839	69,306	260	91,405	14,345	58,071	1,025	73,441
Per cent				22.7				18.3

Banks.	Over 90 days.				Total.					Percentages.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.		Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
								Amount.	Per cent.				
Boston					18,773	16,411		35,184	8.8	53.4	46.7		100.0
New York	1			1	78,122	102,587	366	181,075	45.1	43.1	56.7	0.2	100.0
Philadelphia	5			5	22,334	9,087	158	31,579	7.9	70.7	28.8	.5	100.0
Cleveland	5		23	28	9,363	11,133	1,268	21,764	5.4	43.0	51.1	5.9	100.0
Richmond	717			717	12,042	5,868	15	17,925	4.5	67.2	32.7	.1	100.0
Atlanta	479			479	3,755	1,850	1	5,606	1.4	67.0	33.0		100.0
Chicago	148			148	18,118	28,923	152	47,193	11.7	38.4	61.3	.3	100.0
St. Louis	65			65	5,713	5,471	212	11,396	2.8	50.1	48.0	1.9	100.0
Minneapolis	1,505			1,505	10,189	1,449		11,638	2.9	87.6	12.4		100.0
Kansas City	675			675	5,570	11,837	51	17,458	4.3	31.9	67.8	.3	100.0
Dallas	1,244			1,244	4,282	623	20	4,925	1.2	86.9	12.7	.4	100.0
San Francisco	117			117	8,981	7,031	203	16,215	4.0	55.4	43.4	1.2	100.0
Total	4,961		23	4,984	197,242	202,270	2,446	401,958		49.1	50.3	.6	100.0
Per cent				1.2					100.0				

Total investment operations, exclusive of purchases of United States certificates of indebtedness, of each Federal Reserve Bank during the months of June, 1917 and 1916, and the six months ending June 30, 1917 and 1916.

Federal Reserve Banks.	Bills discounted for member banks.	Bills bought in open market.			Municipal warrants bought.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston	$46,216,725	$8,543,882		$8,543,882				
New York	552,976,458	82,794,121	$454,387	83,248,508				
Philadelphia	42,724,903	3,208,647	232,828	3,441,475				
Cleveland	11,184,990	3,078,295	3,746	3,082,041			$4,925	$4,925
Richmond	30,097,727	4,288,803		4,288,803				
Atlanta	2,831,080	1,442,268		1,442,268				
Chicago	25,160,367	18,828,767	212,438	19,041,205				
St. Louis	4,542,803	993,134		993,134				
Minneapolis	9,865,832	632,000		632,000				
Kansas City	11,842,437	7,865,082		7,865,082				
Dallas	3,769,321							
San Francisco	9,058,096	806,555	1,844,744	2,651,299				
Total, June, 1917	750,270,739	132,481,554	2,748,143	135,229,697			4,925	4,925
Total, June, 1916	11,660,000	39,640,000	2,685,100	42,325,100	$5,300,000	$152,800	25,000	5,477,800
Total, six months ending June, 1917	959,181,169	369,741,962	8,794,819	378,536,781	14,364,057	2,040	652,220	15,018,317
Total, six months ending June, 1916	62,543,900	121,938,900	5,734,200	127,673,100	52,523,000	2,803,000	175,100	55,501,100

Federal Reserve Banks.	United States bonds and Treasury notes.						Total investment operations.			
	2 per cent.	3 per cent.	3½ per cent.	4 per cent.	1-year Treasury notes.	Total.	June, 1917.	June, 1916.	June, 1917.	June, 1916.
									Per cent.	Per cent.
Boston							$54,760,607	$8,457,700	6.2	13.9
New York					$750,000	$750,000	636,974,966	17,298,800	71.9	28.4
Philadelphia							46,166,378	7,329,200	5.2	12.1
Cleveland				$9,000	6,000	15,000	14,286,956	4,520,400	1.6	7.4
Richmond							34,386,530	3,385,300	3.9	5.6
Atlanta			$26,700			26,700	4,300,048	2,048,900	.5	3.4
Chicago							44,201,572	4,331,800	5.0	7.1
St. Louis			8,000			8,000	5,543,937	2,916,800	.6	4.8
Minneapolis							10,497,832	1,969,340	1.2	3.2
Kansas City							19,707,519	1,429,600	2.2	2.4
Dallas			3,800			3,800	3,773,121	2,520,700	.4	4.1
San Francisco							11,709,395	4,576,800	1.3	7.6
Total, June, 1917			38,500	9,000	756,000	803,500	886,308,861		100.0	
Total, June, 1916	$867,500	$434,940		20,000		1,322,440		60,785,340		100.0
Total, 6 months ending June, 1917	14,047,200	118,440	38,500	34,250	4,314,000	18,552,390	1,371,288,057			
Total, 6 months ending June, 1916	34,488,600	3,622,820		4,128,000	50,000	42,289,420		288,007,520		

United States securities held by each Federal Reserve Bank on June 30, 1917, distributed by maturities.

	United States bonds with circulation privilege.				United States securities without circulation privilege.					Total.
	2 per cent Consols of 1930.	2 per cent Panamas of 1936–38.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 and 3½ per cent certificates of indebtedness.	3 per cent conversion bonds of 1946–47.	3 per cent 1-year Treasury notes.	3 per cent loan of 1961.	3½ per cent Liberty Loan of 1947.	
Boston	$750					$529,000	$2,194,000			$2,723,750
New York	50		$50,000		$2,006,000	1,255,500	3,538,000			6,849,550
Philadelphia		$100				549,200	2,548,000			3,097,300
Cleveland	6,400	467,200	2,586,560	$2,378,200		414,800	1,871,000			7,724,160
Richmond	915,100	237,000					1,969,000			3,121,100
Atlanta	640,600	21,000			370,000	10,300	1,491,000		$26,700	2,559,600
Chicago	1,862,500	367,300	2,581,000	1,768,000		427,400	2,985,000	$400		9,991,600
St. Louis	100		1,080,000			1,153,300	1,444,000		8,000	3,685,400
Minneapolis	323,050	16,260	1,196,180	206,250	79,500	114,800	1,340,000	500		3,276,540
Kansas City	7,155,850	22,240		825,000		838,500	1,784,000			10,625,590
Dallas	2,450,900	281,500				1,233,600	1,430,000		3,800	5,399,800
San Francisco	2,428,750				3,378,000		1,500,000			7,306,750
Total	15,784,050	1,412,600	7,493,740	5,177,450	5,833,500	6,526,400	24,094,000	900	38,500	66,361,140

Total United States bonds with circulation privilege, $29,867,840. Total United States securities without circulation privilege, $36,493,300.

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, June 29 to July 20, 1917.

RESOURCES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates in vault:													
June 29	29,952	286,366	30,169	23,938	6,353	7,731	49,801	11,407	14,092	8,419	10,000	15,036	484,264
July 6	31,269	255,643	31,186	34,654	6,443	6,740	42,089	12,077	15,471	7,534	12,077	15,176	470,359
July 13	33,093	253,181	35,870	30,846	6,304	7,299	39,896	5,103	17,702	9,463	13,363	19,372	471,492
July 20	36,166	258,257	39,462	31,078	6,448	7,398	41,860	4,781	19,052	8,458	13,965	21,194	488,119
Gold settlement fund:													
June 29	47,357	34,902	31,095	49,229	25,084	5,557	45,652	20,617	15,192	30,582	17,500	23,078	345,845
July 6	14,984	128,794	22,583	38,569	20,503	2,694	57,662	17,796	10,260	26,218	11,019	20,298	371,380
July 13	17,602	106,390	25,119	58,275	22,764	3,631	68,498	20,572	7,937	28,930	7,923	20,712	388,353
July 20	11,165	125,790	15,972	57,409	26,189	7,340	59,916	25,584	9,747	34,590	10,260	19,859	403,821
Gold with foreign agencies:													
June 29	3,675	18,312	3,675	4,725	1,837	1,500	7,350	2,100	2,100	2,500	1,838	2,750	52,362
July 6	3,675	18,188	3,675	4,725	1,837	1,500	7,350	2,100	2,100	2,625	1,838	2,888	52,501
July 13	3,675	18,188	3,675	4,725	1,837	1,500	7,350	2,100	2,100	2,625	1,838	2,888	52,501
July 20	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Gold with Federal Reserve Agent:													
June 29	22,460	139,252	33,606	34,428	7,372	16,320	62,003	9,472	21,576	14,830	16,986	24,388	402,693
July 6	22,433	148,002	33,512	30,045	7,735	17,397	62,003	14,345	21,418	14,778	16,904	25,143	413,715
July 13	22,409	161,766	33,443	31,008	7,678	17,527	61,690	14,701	21,400	14,727	15,866	26,123	428,338
July 20	22,391	161,961	33,377	30,970	7,623	17,966	56,669	14,944	21,382	14,666	15,828	26,112	423,889
Gold redemption fund:													
June 29	500	5,250	450	49	755	272	226	196	208	1,331	143	22	9,402
July 6	500	5,250	450	44	750	338	235	311	341	1,333	141	55	9,748
July 13	500	5,250	450	2,973	786	342	235	279	340	1,337	168	27	12,687
July 20	500	5,250	450	2,816	871	347	235	206	339	481	171	25	11,691
Legal tender notes, silver, etc.:													
June 29	2,520	26,534	1,285	308	198	645	3,447	3,358	114	208	1,083	140	39,840
July 6	2,617	27,900	448	207	199	652	1,599	3,071	97	276	1,112	136	38,314
July 13	3,674	34,248	985	274	216	640	2,302	3,367	99	422	1,155	163	47,545
July 20	3,858	36,860	1,296	296	157	718	1,925	3,214	91	454	1,275	157	50,301
Total reserves:													
June 29	106,464	510,616	100,280	112,677	41,599	32,025	159,479	47,150	53,282	57,870	47,550	65,414	1,334,406
July 6	75,478	583,777	91,854	108,244	37,467	29,321	170,938	49,700	49,687	52,764	43,091	63,696	1,356,017
July 13	80,953	579,023	99,542	128,101	39,585	30,939	179,971	46,122	49,578	57,504	40,313	69,285	1,400,916
July 20	77,755	606,230	94,232	127,294	43,125	35,344	167,955	50,829	52,711	61,274	43,337	70,235	1,430,321
Bills discounted—members:													
June 29	18,773	78,122	22,334	9,363	12,042	3,755	18,118	5,713	10,189	5,570	4,282	8,981	197,242
July 6	15,823	21,918	18,037	5,646	11,869	3,479	19,776	6,345	9,460	5,168	3,724	8,608	129,853
July 13	15,585	32,214	12,055	6,585	13,650	4,248	16,258	7,586	10,674	8,323	4,707	8,278	140,163
July 20	19,258	33,260	11,843	8,924	13,731	5,200	21,679	11,441	9,787	11,243	4,921	10,099	161,386
Bills bought in open market:													
June 29	16,411	102,587	9,087	11,133	5,868	1,850	28,923	5,471	1,449	11,837	623	7,031	202,270
July 6	17,014	101,541	9,824	10,478	5,154	1,676	29,997	4,757	883	12,183	974	7,183	201,664
July 13	16,069	96,668	10,508	9,855	5,636	1,273	29,045	4,060	860	12,151	2,586	6,226	194,937
July 20	15,668	100,294	12,799	8,762	4,932	1,359	28,856	3,572	861	12,818	3,004	4,800	197,725
United States Government long-term securities:													
June 29	530	1,306	549	5,853	1,152	698	7,007	2,233	1,857	8,842	3,970	2,429	36,426
July 6	530	1,305	549	5,853	1,152	699	13,508	2,241	1,857	8,842	3,970	2,429	42,935
July 13	530	1,305	549	5,853	1,152	699	14,532	2,241	1,857	8,844	3,970	2,429	43,961
July 20	530	1,305	549	5,853	1,152	699	12,803	2,274	1,857	8,844	3,970	2,429	42,265
United States Government short-term securities:													
June 29	2,194	5,294	2,548	1,891	1,969	3,015	2,985	1,444	1,420	4,284	1,430	5,828	34,302
July 6	2,194	5,550	2,548	2,868	1,969	1,871	3,361	1,444	1,420	1,784	1,430	2,220	28,659
July 13	2,194	6,060	2,548	2,968	1,969	1,910	3,556	1,524	1,420	1,784	1,446	2,980	30,359
July 20	2,194	7,760	2,548	2,933	1,969	1,584	3,724	1,524	2,015	1,784	1,567	3,448	33,050
Municipal warrants:													
June 29	....	366	158	1,268	15	1	152	212	....	51	20	203	2,446
July 6	....	366	158	1,263	15	1	152	212	....	51	20	204	2,442
July 13	....	366	158	1,263	15	....	153	212	....	51	20	203	2,441
July 20	....	111	158	1,263	115	....	153	112	....	51	20	203	2,186
Loans on gold coin and bullion:													
June 29	....	21,850	....	....	....	....	....	....	....	....	....	....	....
Due from other Federal Reserve Banks—Net:													
June 29	2,065	....	3,323	1,046	1,423	5,212	9,845	....	....	2,436	555	3,649	[1] 1,448
July 6	....	21,209	....	3,019	1,941	2,576	3,635	....	879	....	....	1,135	[1] 19,505
July 13	19,439	....	3,647	4,681	5,198	8,340	5,810	3,082	4,248	4,334	....	1,855	[1] 7,005
July 20	3,734	....	....	5,063	2,092	3,927	....	....	612	4,368	....	5,564	[1] 4,112
Uncollected items:													
June 29	16,924	42,197	25,915	17,229	11,090	10,558	44,737	13,699	6,794	11,829	6,256	14,477	221,705
July 6	18,879	74,167	25,897	18,502	16,336	10,720	33,069	15,849	6,784	16,746	6,315	8,070	251,334
July 13	21,389	52,672	26,718	22,466	14,444	13,512	36,574	16,086	6,533	17,476	12,757	13,095	253,722
July 20	17,266	58,815	24,065	21,860	10,858	8,941	47,046	13,410	6,089	10,664	7,193	16,760	242,967

[1] Difference between net amounts due from and net amounts due to other Federal Reserve Banks.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, June 29 to July 20, 1917—Continued.

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

RESOURCES—Continued.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
5 per cent redemption fund against Federal Reserve Bank notes:													
June 29										400	100		500
July 6										400	100		500
July 13										400	100		500
July 20										400	100		500
All other resources:													
June 29					118	40	368			40	233		799
July 6				117	113	107	20	60	87	80	267		851
July 13				139	106	81	27	95	115	50	173		786
July 20				103	79	108		1,070	77	30	144		1,611
Total resources:													
June 29	163,361	762,338	164,194	160,460	75,276	57,154	271,614	75,922	74,991	103,159	65,019	108,012	2,053,394
July 6	129,918	809,833	148,867	155,990	76,016	50,450	274,456	80,608	71,057	98,018	59,891	93,545	2,033,760
July 13	156,159	768,308	155,725	181,911	81,755	61,002	285,926	81,008	75,285	110,917	66,072	104,351	2,074,790
July 20	136,405	807,775	146,194	182,055	78,053	57,162	282,216	84,232	74,009	111,476	64,256	113,538	2,116,124

LIABILITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Capital paid in:													
June 29	5,112	12,063	5,270	6,247	3,436	2,389	7,062	3,243	2,469	3,168	2,755	3,962	57,176
July 6	5,112	12,063	5,276	6,367	3,436	2,388	7,401	3,265	2,469	3,168	2,750	3,962	57,657
July 13	5,112	12,063	5,276	6,365	3,438	2,389	7,408	3,265	2,481	3,168	2,750	3,966	57,681
July 20	5,112	12,066	5,276	6,365	3,438	2,389	7,408	3,265	2,518	3,168	2,750	3,968	57,723
Government deposits:													
June 29	45,394	31,924	40,154	17,254	12,315	5,946	60,028	9,272	14,559	13,547	16,274	33,999	300,966
July 6	15,625	2,906	16,077	14,685	5,716	[1] 267	46,686	5,244	6,631	6,850	4,725	18,648	143,626
July 13	39,579	60,018	21,584	38,073	17,167	10,261	49,757	8,334	8,232	14,586	10,633	22,648	300,872
July 20	17,987	25,052	6,463	25,559	9,617	4,220	35,574	6,728	5,354	7,633	6,174	24,270	184,631
Due to members—reserve account:													
June 29	75,727	442,007	54,209	90,956	33,194	23,332	127,475	36,812	29,154	53,419	23,370	43,805	1,033,460
July 6	67,504	522,002	60,582	85,080	29,849	23,185	135,342	37,859	29,228	52,541	26,882	42,293	1,112,347
July 13	70,521	388,613	63,739	86,218	30,797	23,062	140,172	42,568	35,784	58,854	29,382	49,932	1,019,672
July 20	73,825	483,009	70,684	96,793	36,455	25,074	147,444	42,383	37,530	65,984	30,398	55,416	1,154,995
Due to nonmember banks—clearing account:													
July 6		5,000											5,000
July 13		6,847											6,847
July 20		4,765										2	4,767
Collection items:													
June 29	12,041	40,553	24,597	13,025	9,547	6,640	15,315	8,142	5,053	5,748	3,520	4,346	149,527
July 6	14,259	32,736	23,878	14,575	19,871	5,824	18,846	9,887	8,482	6,730	3,885	5,615	164,588
July 13	11,984	32,244	23,538	15,079	12,950	5,760	20,528	8,402	5,081	7,004	3,439	4,354	153,363
July 20	13,342	47,408	21,097	16,207	10,937	5,621	20,029	9,032	4,144	7,258	4,402	5,807	165,284
Due to other Federal Reserve Banks—net:													
June 29		26,894						1,212					
July 6	1,406		1,860					6,674		2,223	2,726		
July 13		52,786									843		
July 20		10,450	1,040				3,505	4,463			1,789		
Federal Reserve notes in actual circulation:													
June 29	24,530	207,172	39,704	32,916	16,784	18,847	61,734	17,237	23,712	25,343	19,100	21,728	508,807
July 6	25,719	213,801	41,068	35,283	17,144	19,320	66,181	17,579	24,247	25,331	18,923	22,863	527,459
July 13	25,704	214,368	41,395	36,176	17,403	19,530	68,061	18,439	23,707	25,315	19,025	23,385	532,508
July 20	25,846	213,539	41,410	37,131	17,606	19,858	68,249	18,361	24,463	25,127	18,743	23,893	534,226
Federal Reserve Bank notes in circulation, net liability:													
June 29										934			934
July 6										1,175			1,175
July 13										1,960			1,960
July 20										2,306			2,306
All other liabilities, including foreign Government credits:													
June 29	257	1,725	260	62				4	44			172	2,524
July 6	293	21,325	126									164	21,908
July 13	259	1,369	193									66	1,887
July 20	293	1,486	224				7					182	2,192
Total liabilities:													
June 29	163,361	762,338	164,194	160,460	75,276	57,154	271,614	75,922	74,991	103,159	65,019	108,012	2,053,394
July 6	129,918	809,833	148,867	155,990	76,016	50,450	274,456	80,608	71,057	98,018	59,891	93,545	2,033,760
July 13	156,159	768,308	155,725	181,911	81,755	61,002	285,926	81,008	75,285	110,917	66,072	104,351	2,074,790
July 20	136,405	807,775	146,194	182,055	78,053	57,162	282,216	84,232	74,009	111,476	64,256	113,538	2,116,124

[1] Overdraft.

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve bank at close of business on Fridays, June 29 to July 20, 1917.

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

	Boston.	New York.	Phila-delphia.	Cleve-land.	Rich-mond.	At-lanta.	Chi-cago.	St. Louis.	Minne-apolis.	Kansas City.	Dallas.	San Fran-cisco.	Total.
Federal Reserve notes received from agent—net:													
June 29	27,460	229,252	41,906	34,428	17,496	19,391	67,763	17,979	24,772	26,140	19,529	24,388	550,504
July 6	32,433	233,002	42,812	37,045	17,930	20,468	72,283	18,902	25,214	26,056	19,437	25,143	570,725
July 13	32,409	238,266	42,743	38,008	18,103	20,598	73,690	19,258	25,796	25,766	19,197	26,123	579,957
July 20	32,391	238,461	42,677	39,970	18,357	21,258	73,669	20,401	25,778	25,705	19,158	26,112	583,937
Federal Reserve notes held by bank:													
June 29	2,930	22,080	2,202	1,512	712	544	6,029	742	1,060	797	429	2,660	41,697
July 6	6,714	19,201	1,744	1,762	786	1,148	6,102	1,323	967	725	514	2,280	43,266
July 13	6,705	23,898	1,348	1,832	700	1,068	5,629	819	2,089	451	172	2,738	47,449
July 20	6,545	24,922	1,267	2,839	751	1,400	5,420	2,040	1,315	578	415	2,219	49,711
Federal Reserve notes in actual circulation:													
June 29	24,530	207,172	39,704	32,916	16,784	18,847	61,734	17,237	23,712	25,343	19,100	21,728	508,807
July 6	25,719	213,801	41,068	35,283	17,144	19,320	66,181	17,579	24,247	25,331	18,923	22,863	527,459
July 13	25,704	214,368	41,395	36,176	17,403	19,530	68,061	18,439	23,707	25,315	19,025	23,385	532,508
July 20	25,846	213,539	41,410	37,131	17,606	19,858	68,249	18,361	24,463	25,127	18,743	23,893	534,226
Gold deposited with or to credit of Federal Reserve Agent:													
June 29	22,460	139,252	33,606	34,428	7,372	16,320	62,003	9,472	21,576	14,830	16,986	24,388	402,693
July 6	22,433	148,002	33,512	30,045	7,735	17,397	62,003	14,345	21,418	14,778	16,904	25,143	413,715
July 13	22,409	161,766	33,443	31,008	7,678	17,527	61,690	14,701	21,400	14,727	15,866	26,123	428,338
July 20	22,391	161,961	33,377	30,970	7,623	17,966	56,669	14,944	21,382	14,666	15,828	26,112	423,889
Amount of commercial paper delivered to Federal Reserve Agent:													
June 29	5,026	90,523	8,306	....	14,134	3,078	5,876	8,513	3,196	11,528	3,218	....	153,398
July 6	10,118	85,665	9,306	7,085	13,735	3,078	10,459	4,559	3,796	11,568	3,364	....	162,733
July 13	10,118	77,036	9,306	7,085	16,124	3,078	12,197	4,559	4,396	11,115	3,459	....	158,473
July 20	10,118	77,095	9,300	9,066	17,474	3,298	17,199	5,459	4,396	11,052	3,776	....	168,233

Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, June 29 to July 20, 1917.

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

	Boston.	New York.	Phila-delphia.	Cleve-land.	Rich-mond.	At-lanta.	Chi-cago.	St. Louis.	Minne-apolis.	Kansas City.	Dallas.	San Fran-cisco.	Total.
FEDERAL RESERVE NOTES.													
Received from Comptroller:													
June 29	50,680	428,440	61,340	48,000	31,720	36,380	96,700	27,340	36,640	42,720	36,920	27,860	924,740
July 6	50,680	435,040	66,900	48,000	31,720	36,380	103,100	27,340	36,640	42,720	36,920	28,660	944,100
July 13	55,680	440,040	66,900	52,000	31,720	37,180	104,500	29,500	38,640	42,720	36,920	29,660	965,460
July 20	55,680	446,560	66,900	52,000	32,980	37,180	106,220	29,500	38,640	42,720	36,920	29,660	974,960
Returned to Comptroller:													
June 29	10,720	78,088	9,494	5,932	11,114	6,584	2,317	5,701	5,978	7,040	9,130	3,472	155,570
July 6	10,747	81,438	9,588	6,015	11,260	6,707	2,317	5,778	6,136	7,224	9,222	3,517	159,949
July 13	10,771	81,674	9,657	6,052	11,387	6,777	2,630	5,822	6,154	7,514	9,262	3,537	161,237
July 20	10,789	84,679	9,723	6,090	11,533	6,837	2,651	5,879	6,172	7,575	9,301	3,548	164,777
Chargeable to Federal Reserve Agent:													
June 29	39,960	350,352	51,846	42,068	20,606	29,796	94,383	21,639	30,662	35,680	27,790	24,388	769,170
July 6	39,933	353,602	57,312	41,985	20,460	29,673	100,783	21,562	30,504	35,496	27,698	25,143	784,151
July 13	44,909	358,366	57,243	45,948	20,333	30,403	101,870	23,678	32,486	35,206	27,658	26,123	804,223
July 20	44,891	361,881	57,177	45,910	21,447	30,343	103,569	23,621	32,468	35,145	27,619	26,112	810,183
In hands of Federal Reserve Agent:													
June 29	12,500	121,100	9,940	7,640	3,110	10,405	26,620	3,660	5,890	9,540	8,261	....	218,666
July 6	7,500	120,600	14,500	4,940	2,530	9,205	28,500	2,660	5,290	9,440	8,261	....	213,426
July 13	12,500	120,100	14,500	7,940	2,230	9,805	28,180	4,420	6,690	9,440	8,461	....	224,266
July 20	12,500	123,420	14,500	5,940	3,090	9,085	29,900	3,220	6,690	9,440	8,461	....	226,246
Issued to Federal Reserve Bank, less amount returned to Federal Reserve Agent for redemption:													
June 29	27,460	229,252	41,906	34,428	17,496	19,391	67,763	17,979	24,772	26,140	19,529	24,388	550,504
July 6	32,433	233,002	42,812	37,045	17,930	20,468	72,283	18,902	25,214	26,056	19,437	25,143	570,725
July 13	32,409	238,266	42,743	38,008	18,103	20,598	73,690	19,258	25,796	25,766	19,197	26,123	579,957
July 20	32,391	238,461	42,677	39,970	18,357	21,258	73,669	20,401	25,778	25,705	19,158	26,112	583,937

Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, June 29 to July 20, 1917—Con.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Collateral held as security for outstanding notes:													
In joint custody of Federal Reserve Bank agents—													
Gold coin and certificates on hand—													
June 29	18,660	128,914	4,220	12,601	....	2,897	....	3,365	14,102	2,370	11,110	....	198,239
July 6	18,660	137,974	4,220	8,023	....	3,296	....	3,365	14,102	2,370	11,110	....	203,120
July 13	18,660	151,974	4,220	9,021	....	3,296	....	3,365	14,102	2,370	11,110	....	218,118
July 20	18,660	152,414	4,220	8,821	....	3,296	....	3,365	14,102	2,370	11,110	....	218,358
In gold redemption fund—													
June 29	1,800	10,338	2,146	1,827	318	1,343	533	617	1,224	1,400	1,076	998	23,620
July 6	1,773	10,028	2,052	2,022	235	1,221	533	540	1,066	1,348	1,034	953	22,805
July 13	1,749	9,792	2,283	1,987	678	1,151	480	796	1,048	1,297	996	933	23,190
July 20	1,731	9,547	2,217	2,149	623	1,090	459	739	1,030	1,236	1,058	922	22,801
With Federal Reserve Board—													
June 29	2,000	....	27,240	20,000	7,000	12,080	61,470	5,490	6,250	11,060	4,800	23,390	180,780
July 6	2,000	....	27,240	20,000	7,500	12,880	61,470	10,440	6,250	11,060	4,760	24,190	187,790
July 13	2,000	....	26,940	20,000	7,000	13,080	61,210	10,540	6,250	11,060	3,760	25,190	187,030
July 20	2,000	....	26,940	20,000	7,000	13,580	56,210	10,840	6,250	11,060	3,660	25,190	182,730
By the Federal Reserve agent—													
Commercial paper required, minimum [1]—													
June 29	5,000	90,000	8,300	....	10,178	3,071	5,760	8,507	3,196	11,310	2,543	....	147,865
July 6	10,000	85,000	9,300	7,000	10,195	3,071	10,280	4,557	3,796	11,278	2,533	....	157,010
July 13	10,000	76,500	9,300	7,000	10,425	3,071	12,000	4,557	4,396	11,039	3,331	....	151,619
July 20	10,000	76,500	9,300	9,000	10,734	3,292	17,000	5,457	4,396	11,039	3,330	....	160,048
Total—													
June 29	27,460	229,252	41,906	34,428	17,496	19,391	67,763	17,979	24,772	26,140	19,529	24,388	550,504
July 6	32,433	233,002	42,812	37,045	17,930	20,468	72,283	18,902	25,214	26,056	19,437	25,143	570,725
July 13	32,409	238,266	42,743	38,008	18,103	20,598	73,690	19,258	25,796	25,766	19,197	26,123	579,957
July 20	32,391	238,461	42,677	39,970	18,357	21,258	73,669	20,401	25,778	25,705	19,158	26,112	583,937

[1] For actual amounts see item "Commercial paper delivered to Federal Reserve Agent" on page 647.

Amounts of Federal Reserve notes received from and returned to other Federal Reserve Banks for redemption or credit during the period Jan. 1 to June 30, 1917.

	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.		Chicago.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston	....	....	$2,569,300	$624,600	$173,100	$99,000	$123,100	$12,415	$103,100	$16,000	$76,300	$28,150	$32,300	$65,500
New York	$624,600	$2,575,300	....	....	1,352,300	3,550,000	349,195	297,050	1,482,410	474,750	1,312,100	503,700	151,500	1,144,000
Philadelphia	99,000	173,100	3,166,000	1,352,300	....	....	156,000	52,495	301,005	154,000	124,000	60,250	48,000	88,500
Cleveland	12,415	123,100	306,550	349,500	52,495	156,000	....	....	35,600	39,500	26,680	50,350	56,540	252,500
Richmond	13,000	103,100	480,750	1,483,100	152,000	301,000	39,500	35,600	....	....	174,000	527,500	10,910	128,000
Atlanta	28,150	76,300	504,100	1,312,100	60,250	124,000	48,850	28,180	527,500	162,500	....	....	47,650	327,000
Chicago	65,500	32,300	1,114,000	151,500	88,500	48,000	224,500	56,540	114,000	10,910	289,000	46,650	....	....
St. Louis	13,900	27,700	366,450	243,600	24,000	34,000	47,350	55,020	47,950	15,000	448,195	262,550	100,900	440,000
Minneapolis	4,000	50,000	108,500	207,800	5,000	41,000	19,500	28,530	7,500	9,500	9,500	43,100	54,000	1,476,000
Kansas City	4,065	42,100	52,950	278,900	4,950	44,000	10,800	24,240	10,790	14,250	34,900	114,550	13,950	1,088,500
Dallas	6,095	43,500	253,170	342,100	14,450	44,000	11,240	18,410	21,980	20,500	359,030	479,300	32,635	441,000
San Francisco	9,045	47,200	145,275	776,600	9,540	52,000	15,690	15,340	11,255	6,000	24,705	34,750	34,840	256,000
Total	879,770	3,293,700	9,097,045	7,122,100	1,936,585	4,493,000	1,045,725	623,820	2,663,090	922,910	2,878,410	2,150,850	583,225	5,707,000

	St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Received.	Returned.	Received.	Returned.	Received.	Returned	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston	$26,500	$13,900	$50,000	$5,000	$42,100	$4,065	$43,500	$6,095	43,000	11,380	$3,282,300	$886,105
New York	243,600	366,450	207,800	119,500	278,900	52,950	357,100	220,670	776,600	145,275	7,136,105	9,449,645
Philadelphia	34,000	24,000	41,000	5,000	44,000	4,950	44,000	12,450	52,000	9,540	4,109,005	1,936,585
Cleveland	57,020	47,350	28,530	21,000	24,240	10,800	18,410	12,240	14,595	15,690	633,075	1,078,030
Richmond	15,000	47,950	9,500	7,500	14,250	10,790	20,500	21,980	6,000	11,255	935,410	2,677,775
Atlanta	262,550	448,200	43,100	14,500	112,300	34,900	489,200	363,030	33,695	24,705	2,157,345	2,915,415
Chicago	440,000	100,900	1,476,000	54,000	1,088,500	13,950	397,000	32,635	224,000	34,840	5,551,000	582,225
St. Louis	....	....	144,300	19,500	1,216,850	109,050	951,250	244,970	49,500	23,380	3,410,645	1,474,770
Minneapolis	19,500	144,300	....	....	103,500	67,550	29,500	36,200	116,000	127,445	476,500	2,231,425
Kansas City	109,050	1,216,850	67,550	103,500	....	....	177,750	417,720	26,400	152,920	513,155	3,497,530
Dallas	244,970	951,250	36,200	29,500	417,720	177,750	....	....	43,010	104,965	1,440,500	2,652,275
San Francisco	23,380	49,500	127,445	126,500	152,920	26,400	104,965	46,510	....	....	659,060	1,436,800
Total	1,475,570	3,410,650	2,231,425	505,500	3,495,280	513,155	2,633,175	1,414,500	1,384,800	661,395	30,304,100	30,818,580

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amounts of earning assets held by each Federal Reserve Bank during June, 1917, earnings from each class of earning assets, and annual rates of earnings on the basis of June, 1917, returns.

Banks.	Average balances for the month of the several classes of earning assets.				
	Bills discounted, members.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston	$13,281,302	$13,457,723	$5,623,750	$21,163	$32,383,938
New York	74,542,408	72,234,321	24,695,883	1,123,409	172,596,021
Philadelphia	12,394,010	10,405,493	6,363,967	377,968	29,541,438
Cleveland	5,244,560	10,986,571	10,994,860	1,554,346	28,780,337
Richmond	10,207,944	5,491,875	5,054,434	15,000	20,769,253
Atlanta	3,460,175	1,990,236	4,832,040	20,167	10,302,618
Chicago	7,679,265	23,749,096	15,242,467	634,985	47,305,813
St. Louis	4,086,944	6,144,134	6,011,000	366,914	16,608,992
Minneapolis	6,704,900	1,671,800	5,121,000	25,300	13,523,000
Kansas City	6,140,165	8,660,817	12,961,723	108,377	27,871,082
Dallas	3,196,400	739,379	7,262,667	73,308	11,271,754
San Francisco	4,295,652	8,823,551	7,872,395	345,054	21,336,652
Total	151,233,725	164,354,996	112,036,186	4,665,991	432,290,898

Banks.	Earnings from—					Calculated annual rates of earnings from—				
	Bills discounted, members.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	Bills discounted, members.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
						Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Boston	$39,934	$35,853	$11,321	$50	$87,158	3.66	3.24	2.45	3.75	3.27
New York	187,133	191,524	47,499	2,850	429,006	3.05	3.22	2.34	3.09	3.02
Philadelphia	36,112	26,927	12,862	1,033	76,934	3.54	3.14	2.45	3.32	3.16
Cleveland	16,118	28,268	22,653	4,585	71,624	3.74	3.13	2.50	3.58	3.03
Richmond	32,566	13,798	10,097	44	56,505	3.88	3.06	2.43	3.57	3.31
Atlanta	11,714	5,275	10,158	68	27,215	4.12	3.22	2.56	4.11	3.21
Chicago	23,282	60,875	30,252	1,452	115,861	3.69	3.11	2.41	2.78	2.98
St. Louis	13,685	15,716	12,195	1,014	42,610	4.07	3.11	2.47	3.36	3.12
Minneapolis	22,302	4,380	10,141	54	36,877	4.05	3.19	2.41	2.60	3.32
Kansas City	20,584	22,435	24,131	284	67,434	4.08	3.15	2.26	3.18	2.94
Dallas	15,208	1,959	15,102	214	32,483	5.70	3.18	2.50	3.51	3.45
San Francisco	15,233	20,426	13,797	825	50,281	4.18	2.72	2.06	2.82	2.78
Total	433,871	427,436	220,208	12,473	1,093,988	3.49	3.16	2.39	3.25	3.08

GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States.

[In thousands of dollars—i. e., 000's omitted.]

	Week ending— June 22, 1917.	June 29, 1917.	July 6, 1917	July 13, 1917.	Total since Jan. 1, 1917.	Total corresponding period during 1916.
IMPORTS.						
Ore and base bullion	352	305	289	96	8,139	6,941
United States Mint or assay office bars	7	7			33	2,268
Bullion, refined	60,807	10,227	43,735	505	367,419	135,964
United States coin	8		500	22	52,886	1,986
Foreign coin	12,866	4			90,092	72,878
Total	74,040	10,543	44,524	623	518,569	220,037
EXPORTS.						
Domestic:						
Ore and base bullion			3		109	189
United States Mint or assay office bars	1,206		5,454	1	25,102	7,159
Bullion, refined	1,328	6,135	8	4,548	14,914	4,943
Coin	9,520	17,247	12,679	8,311	174,917	39,514
Total	12,054	23,382	18,144	12,860	215,042	51,805
Foreign:						
Bullion, refined					31	1,443
Coin	53		58		5,288	19,578
Total	53		58		5,319	21,021
Total exports	12,107	23,382	18,202	12,860	220,361	72,826

Excess of gold imports over exports since Jan. 1, 1917, $298,208.
Excess of gold imports over exports since Aug. 1, 1914, $1,166,970.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect July 31, 1917.

	Maturities. Discounts.					Trade acceptances.		
	Within 15 days, including member banks' collateral notes.	16 to 60 days, inclusive.	61 to 90 days, inclusive.	Secured by U. S. certificates of indebtedness or Liberty Loan Bonds. Within 90 days.	Agricultural and live-stock paper over 90 days.	To 60 days, inclusive.	61 to 90 days, inclusive.	Commodity paper maturing within 90 days.
Boston	3½	4	4	3½	5	4	4	4
New York[1]	3	4	4	3½	5	3½	3½	
Philadelphia	3½	4	4	3½	4½	3½	3½	3½
Cleveland	[2] 3½	4	4½	3½	5	3½	4	4
Richmond	3½	4	4	3½	4½	3½	3½	3½
Atlanta	3½	4	4½	3½	5	3½	3½	3½
Chicago	[3] 3½	4	4½	3½	5	3½	3½	
St. Louis	3½	4	4	3½	5	3½	3½	3½
Minneapolis	[3] 4	4	4½	3½	5	3½	4	4
Kansas City	[3] 4	4½	4½	3½	5	4	4	4
Dallas	3½	4	4½	3½	5	3½	3½	3½
San Francisco	3½	4	4½	3½	5½	3½	3½	3½

NOTE.—Rate for bankers' acceptances, 2½ to 4 per cent.

[1] Rate of 2 to 4 per cent on member banks' 1-day collateral notes in connection with the loan operations of the Government.
[2] 3 per cent for member banks' collateral notes if secured by United States certificates of indebtedness.
[3] 3 per cent for member banks' collateral notes if secured by United States bonds, notes, or certificates of indebtedness.

INDEX.