

# FEDERAL RESERVE BULLETIN

FEBRUARY, 1929



ISSUED BY THE  
FEDERAL RESERVE BOARD  
AT WASHINGTON

*Reserve Bank Credit and Money Rates*  
*Branch Banking Developments*  
*Report of the Agent General for Reparation*  
*Payments*



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1929

## FEDERAL RESERVE BOARD

---

Ex officio members:

A. W. MELLON,  
*Secretary of the Treasury, Chairman.*

J. W. POLE,  
*Comptroller of the Currency.*

ROY A. YOUNG, *Governor.*  
EDMUND PLATT, *Vice Governor.*  
ADOLPH C. MILLER.  
CHARLES S. HAMLIN.  
GEORGE R. JAMES.  
EDWARD H. CUNNINGHAM.

WALTER L. EDDY, *Secretary.*  
J. C. NOELL, *Assistant Secretary.*  
E. M. MCCLELLAND, *Assistant Secretary.*  
W. M. IMLAY, *Fiscal Agent.*  
J. F. HERSON,  
*Chief, Division of Examination, and Chief Federal Reserve Examiner.*

WALTER WYATT, *General Counsel.*  
E. A. GOLDENWEISER, *Director, Division of Research and Statistics.*  
CARL E. PARRY, *Assistant Director, Division of Research and Statistics.*  
E. L. SMEAD, *Chief, Division of Bank Operations.*

## FEDERAL ADVISORY COUNCIL

District No. 1 (BOSTON).....	ARTHUR M. HEARD.
District No. 2 (NEW YORK).....	WM. C. POTTER.
District No. 3 (PHILADELPHIA).....	L. L. RUE.
District No. 4 (CLEVELAND).....	HARRIS CREECH.
District No. 5 (RICHMOND).....	JOHN POOLE.
District No. 6 (ATLANTA).....	J. P. BUTLER, JR.
District No. 7 (CHICAGO).....	FRANK O. WETMORE, <i>President.</i>
District No. 8 (ST. LOUIS).....	W. W. SMITH.
District No. 9 (MINNEAPOLIS).....	THEODORE WOLD.
District No. 10 (KANSAS CITY).....	P. W. GOEBEL.
District No. 11 (DALLAS).....	B. A. MCKINNEY.
District No. 12 (SAN FRANCISCO).....	F. L. LIPMAN.

### OFFICERS OF FEDERAL RESERVE BANKS

Federal Reserve Bank of—	Chairman	Governor	Deputy governor	Cashier
Boston.....	Frederic H. Curtiss.....	W. P. G. Harding.....	W. W. Paddock.....	W. Willett.
New York.....	G. W. McGarran.....	Geo. L. Harrison.....	J. H. Case.....	J. W. Jones. <sup>1</sup>
			L. F. Sailer.....	Ray M. Gidney. <sup>1</sup>
			E. R. Kenzel.....	J. E. Crane. <sup>1</sup>
			A. W. Gilbert.....	W. B. Matteson. <sup>1</sup>
			L. R. Rounds.....	C. H. Coe. <sup>1</sup>
			Wm. H. Hutt.....	C. A. Mellhenny.
Philadelphia.....	R. L. Austin.....	Geo. W. Norris.....	Frank J. Zurlinden.....	W. G. McCreedy. <sup>2</sup>
Cleveland.....	George DeCamp.....	E. R. Fancher.....	M. J. Fleming.....	H. F. Strater.
Richmond.....	Wm. W. Hoxton.....	George J. Seay.....	C. A. Peple.....	Geo. H. Keesee.
Atlanta.....	Oscar Newton.....	Eugene R. Black.....	R. H. Broadus.....	John S. Walden, jr. <sup>2</sup>
Chicago.....	Wm. A. Heath.....	J. B. McDougal.....	Hugh Foster.....	M. W. Bell.
			Creed Taylor.....	
			C. R. McKay.....	W. C. Bachman. <sup>2</sup>
			John H. Blair.....	K. C. Childs. <sup>2</sup>
				J. H. Dillard. <sup>2</sup>
				D. A. Jones. <sup>2</sup>
St. Louis.....	Rolla Wells.....	Wm. McC. Martin.....	O. M. Attebery.....	O. J. Netterstrom. <sup>2</sup>
				A. H. Haill. <sup>2</sup>
				F. N. Hall. <sup>2</sup>
				S. F. Gilmore. <sup>2</sup>
				G. O. Hollocher. <sup>2</sup>
				C. A. Schacht. <sup>2</sup>
Minneapolis.....	John R. Mitchell.....	W. B. Geery.....	B. V. Moore.....	Gray Warren.
			Harry Yaeger.....	Frank C. Dunlop. <sup>2</sup>
Kansas City.....	M. L. McClure.....	W. J. Bailey.....	C. A. Worthington.....	J. W. Helm.
Dallas.....	C. C. Walsh.....	Lynn P. Talley.....	R. R. Gilbert.....	Fred Harris.
			R. B. Coleman.....	W. D. Gentry. <sup>1</sup>
San Francisco.....	Isaac B. Newton.....	J. U. Calkins.....	Wm. A. Day.....	Wm. M. Hale.
			Ira Clerk.....	

<sup>1</sup> Assistant deputy governor.

<sup>2</sup> Controller.

### MANAGING DIRECTORS OF BRANCHES OF FEDERAL RESERVE BANKS

Federal Reserve Bank of—	Managing director	Federal Reserve Bank of—	Managing director
New York:		Minneapolis:	
Buffalo branch.....	W. W. Schneckenburger.	Helena branch.....	R. E. Towle.
Cleveland:		Kansas City:	
Cincinnati branch.....	C. F. McCombs.	Omaha branch.....	L. H. Earhart.
Pittsburgh branch.....	J. C. Nevin.	Denver branch.....	J. E. Olson.
Richmond:		Oklahoma City branch.....	C. E. Daniel.
Baltimore branch.....	A. H. Dudley.	Dallas:	
Charlotte branch.....	Hugh Leach.	El Paso branch.....	W. O. Ford.
Atlanta:		Houston branch.....	D. P. Reordan.
New Orleans branch.....	Marcus Walker.	San Antonio branch.....	M. Crump.
Jacksonville branch.....	W. S. McLarin, jr.	San Francisco:	
Birmingham branch.....	A. E. Walker.	Los Angeles branch.....	W. N. Ambrose.
Nashville branch.....	J. B. Fort, jr.	Portland branch.....	R. B. West.
Chicago:		Salt Lake City branch.....	W. L. Partner.
Detroit branch.....	W. R. Cation.	Seattle branch.....	C. R. Shaw.
St. Louis:		Spokane branch.....	D. L. Davis.
Louisville branch.....	W. P. Kincheloe.		
Memphis branch.....	W. H. Glasgow.		
Little Rock branch.....	A. F. Bailey.		

### SUBSCRIPTION PRICE OF BULLETIN

THE FEDERAL RESERVE BULLETIN is the board's medium of communication with member banks of the Federal reserve system and is the only official organ or periodical publication of the board. The BULLETIN will be sent to all member banks without charge. To others the subscription price, which covers the cost of paper and printing, is \$2. Single copies will be sold at 20 cents. Outside of the United States, Canada, Mexico, and the insular possessions, \$2.60; single copies, 25 cents.

## TABLE OF CONTENTS

	Page
Review of the month—Reserve bank credit, money rates, and speculation.....	93
Turn of year developments—Reserve bank credit and speculation—Reserve bank credit—Money rates.	
Branch banking developments, June 30, 1928.....	97
Earnings and expenses of Federal reserve banks.....	104, 172
Report of the Agent General for Reparation Payments.....	126
Expiration of credit to Bank of Italy.....	96
Member bank reporting service—Further revision of back figures.....	96
National summary of business conditions.....	106
 Financial, industrial, and commercial statistics:	
Reserve bank credit, gold stock, money in circulation, and member bank reserve balances.....	107-109
Analysis of changes in monetary gold stock.....	108
Discount rates and money rates.....	110, 111
Member bank credit.....	112
Bankers' balances.....	113
Bankers' acceptances and commercial paper outstanding.....	113
Brokers' loans.....	114
Commodity prices, security prices, and security issues.....	115
Production, employment, and trade.....	116
Industrial production.....	117, 118
Factory employment and pay rolls.....	119
Building.....	120
Trade and distribution.....	121-124
Bank suspensions and commercial failures.....	125
 Financial statistics for foreign countries:	
Condition of central banks.....	148
Condition of commercial banks.....	150
Discount rates of central banks.....	150
Money rates.....	151
Gold exports and imports.....	152
Foreign exchange rates.....	153
Price movements.....	154-156
 Law department:	
Form of trade acceptance; decision of court.....	157
Amendment to Regulation J.....	158
Changes in national and State bank membership.....	159
Fiduciary powers granted to national banks.....	159
 Detailed banking statistics for the United States.....	 160-171

# FEDERAL RESERVE BULLETIN

VOL. 15

FEBRUARY, 1929

No. 2

## REVIEW OF THE MONTH

Banking and credit conditions at the turn of the year were influenced chiefly by changes in the volume of money in circulation and by the demand for bank credit in connection with year-end settlements, including the payment of interest and dividends coming due in December and January. The seasonal increase in the demand for currency in December, 1928, was larger than in the preceding year, reflecting greater activity in retail trade, especially in industrial districts, and a higher level of factory employment and pay-roll disbursements. As a consequence of the increase in the demand for currency, as well as of a growth in the demand for member bank reserve balances, the volume of reserve bank credit outstanding increased rapidly and was at the end of the year at the highest level in more than seven years. After the Christmas holidays, the return flow of currency provided funds for a rapid liquidation of member bank borrowing at reserve banks, and by the end of January reserve bank credit outstanding, at \$1,500,000,000, was in about the same volume as in midsummer of last year. Notwithstanding this liquidation, underlying conditions in the money market remained firm, and money rates, except on call loans, rose somewhat in January.

The United States has during the last six years experienced a most remarkable run of economic activity and productivity. The production, distribution, and consumption of goods have been in unprecedented volume. The economic system of the country has functioned efficiently and smoothly.

**Turn of year developments.**

**Reserve bank credit and speculation.**

Among the factors which have contributed to this result, an important place must be assigned to the operation of our credit system and notably to the steadying influence and moderating policies of the Federal reserve system.

During the last year or more, however, the functioning of the Federal reserve system has encountered interference by reason of the excessive amount of the country's credit absorbed in speculative security loans. The credit situation since the opening of the new year indicates that some of the factors which occasioned untoward developments during the year 1928 are still at work. The volume of speculative credit is still growing.

Coming at a time when the country has lost some \$500,000,000 of gold, the effect of the great and growing volume of speculative credit has already produced some strain, which has reflected itself in advances of from 1 to 1½ per cent in the cost of credit for commercial uses. The matter is one that concerns every section of the country and every business interest, as an aggravation of these conditions may be expected to have detrimental effects on business and may impair its future.

The Federal Reserve Board neither assumes the right nor has it any disposition to set itself up as an arbiter of security speculation or values. It is, however, its business to see to it that the Federal reserve banks function as effectively as conditions will permit. When it finds that conditions are arising which obstruct Federal reserve banks in the effective discharge of their function of so managing the credit facilities of the Federal reserve system as to accommodate commerce and business, it is its duty to inquire into them and to take such measures as may be deemed suitable and

effective in the circumstances to correct them; which, in the immediate situation, means to restrain the use, either directly or indirectly, of Federal reserve credit facilities in aid of the growth of speculative credit. In this connection the Federal Reserve Board, under date of February 2, addressed a letter to the Federal reserve banks, which contains a fuller statement of its position:

"The firming tendencies of the money market which have been in evidence since the beginning of the year—contrary to the usual trend at this season—make it incumbent upon the Federal reserve banks to give constant and close attention to the situation in order that no influence adverse to the trade and industry of the country shall be exercised by the trend of money conditions, beyond what may develop as inevitable.

"The extraordinary absorption of funds in speculative security loans, which has characterized the credit movement during the past year or more, in the judgment of the Federal Reserve Board, deserves particular attention lest it become a decisive factor working toward a still further firming of money rates to the prejudice of the country's commercial interests.

"The resources of the Federal reserve system are ample for meeting the growth of the country's commercial needs for credit, provided they are competently administered and protected against seepage into uses not contemplated by the Federal reserve act.

"The Federal reserve act does not, in the opinion of the Federal Reserve Board, contemplate the use of the resources of the Federal reserve banks for the creation or extension of speculative credit. A member bank is not within its reasonable claims for rediscount facilities at its Federal reserve bank when it borrows either for the purpose of making speculative loans or for the purpose of maintaining speculative loans.

"The board has no disposition to assume authority to interfere with the loan practices of member banks so long as they do not involve the Federal reserve banks. It has, however, a grave responsibility whenever there is evidence that member banks are maintaining speculative security loans with the aid of Federal reserve

credit. When such is the case the Federal reserve bank becomes either a contributing or a sustaining factor in the current volume of speculative security credit. This is not in harmony with the intent of the Federal reserve act, nor is it conducive to the wholesome operation of the banking and credit system of the country."

At the end of January, with seasonal influences of the turn of the year no longer operative, it becomes possible to present a summary of factors influencing the position of the reserve banks during the preceding year. This is done in the following table, which shows factors increasing and decreasing the demand for reserve bank credit, calculated on the basis of weekly averages of daily figures for the week ending January 26, 1929, and the corresponding week in 1928:

**FACTORS INCREASING AND DECREASING DEMAND FOR RESERVE BANK CREDIT, BETWEEN WEEKS ENDING JANUARY 28, 1928, AND JANUARY 26, 1929**

[Weekly averages of daily figures. In millions of dollars]

Factors increasing demand for reserve bank credit:	
Decrease in monetary gold stock .....	263
Increase in unexpended capital funds .....	43
Increase in nonmember clearing balances .....	6
Total .....	<u>312</u>
Factors decreasing demand for reserve bank credit:	
Decrease in member bank reserve balances ..	33
Increase in Treasury credit .....	14
Decrease in money in circulation .....	13
Total .....	<u>60</u>
Net increase in demand for reserve bank credit .....	252

Volume of reserve bank credit outstanding showed an increase of \$252,000,000 for the year covered by the table. This increase was caused, disregarding minor items, by a loss of \$263,000,000 in the stock of monetary gold and an increase of \$43,000,000 in unexpended capital funds of the reserve banks, offset in part by a decrease of \$33,000,000 in member bank reserve balances. The decrease in member bank reserve balances during a year of considerable growth in bank credit was due in part to the fact that deposits against which reserves are required were diminished by gold withdrawals, and in part to the fact that such

growth in deposits as did occur was in time deposits which require only a 3 per cent reserve. Additions to member bank capital and surplus, which furnish loanable funds without increasing reserve requirements, were also large during the year.

Demand for currency showed a decrease of \$13,000,000 for the year, which should be considered in connection with the fact that money in circulation had decreased by a large amount during the business recession in 1927, and in the early part of 1928 was more than \$150,000,000 below its level of a year earlier. Demand for currency arising out of active business in the latter part of the year, however, carried money in circulation close to the level of a year ago. A factor in the additional demand for reserve bank credit for the year called briefly "unexpended capital funds," and amounting to \$43,000,000, requires some explanation. As is well known, member banks are required to have 3 per cent of their capital and surplus invested in the capital stock of the Federal reserve banks. Increases in the capital of member banks, therefore, make it necessary for them to take out additional reserve bank stock, and since they pay for the stock by drafts on their reserve balances, the process increases the demand for reserve bank credit. The reserve banks, furthermore, currently withdraw funds from the market when they collect the discount on rediscounted or purchased paper, or the interest on securities in their portfolio. To the extent that these funds are paid out again in expenses of operation or for buildings, or in the form of a franchise tax to the Government, they are returned to the market, but to the extent that they are retained and ultimately transferred to surplus, they cause a corresponding increase in the demand for reserve bank credit. During the year ending in January, 1929, the growth in unexpended capital funds was, next to gold exports, the largest factor of increase in the demand for reserve bank credit.

The growth of \$250,000,000 in the outstanding volume of reserve bank credit for the year

represented the net result of a decrease of \$240,000,000 in the reserve banks' holdings of United States securities and increases of \$360,000,000 in discounts for member banks, of \$110,000,000 in holdings of acceptances purchased in the open market, and of about \$20,000,000 in other forms of reserve bank credit. As the result of gold exports and security sales during the year, the indebtedness of member banks to the reserve banks at the end of January was in excess of \$800,000,000, a larger amount than at the same season of the year at any time since 1922, but representing a decrease of nearly \$400,000,000 from the high point of discounts reached last July.

Liquidation of discounts after the turn of the year, as currency flowed in from circulation,

**Money rates.** resulted in easier conditions in the money market, reflected chiefly in a decline of the rate charged for call loans on the stock exchange. This rate, which was 12 per cent at the end of December, declined during January to 7 per cent. Rates on time money, however, continued at  $7\frac{1}{2}$ - $7\frac{3}{4}$  per cent, open-market rates on commercial paper advanced somewhat toward the end of the month, and rates on acceptances were advanced twice during January. In view of the large holdings of acceptances by the reserve banks, including a relatively large volume of bills of the longer maturities and in the absence of liquidation of bills in January, reserve bank buying rates were advanced by one-fourth of 1 per cent on January 4 for all bills with maturities of over 30 days and under 120 days, and on January 21 further advances of rates were made for bills of nearly all maturities.

The course of money rates in January indicates that, aside from seasonal influences, the factors that caused rates to rise in 1928 continued to be operative in the new year. Principal among these factors were gold exports and open-market operations of the reserve banks during the year, which were accompanied by a sustained demand for bank credit, and resulted in a large volume of member bank indebtedness to the reserve banks.

#### Appointment of Governor and Agent at St. Louis

Mr. D. C. Biggs, who has been governor of the Federal Reserve Bank of St. Louis since February 5, 1919, resigned on December 31, 1928. Mr. William McC. Martin, formerly Federal reserve agent at St. Louis, has been elected governor of the bank to succeed Mr. Biggs, effective January 16, 1929.

The Federal Reserve Board has designated Mr. Rolla Wells, of Memphis, Tenn., who had been governor of the St. Louis bank from October 28, 1914, to February 5, 1919, as chairman of the board and Federal reserve agent to succeed Mr. Martin.

#### Reporting Member Banks—Further Revision of Certain Back Figures

Experience with the revised schedule used in January, 1929, by member banks in leading cities for making their weekly reports of condition (see January BULLETIN, p. 6) has brought out the fact that previous reports were in some cases inaccurate with regard to (a) the classification of loans as between loans on securities and "all other" loans and (b) the amount reported as due to banks. The figures of these items published for January in this BULLETIN (see pp. 112 and 169) are believed to be substantially accurate; back figures of the same items for 1928 are given on a comparable basis on pages 112 and 113. So far as "loans on securities," "all other loans," and "due to banks" are concerned, therefore, the figures

given for 1928 in this BULLETIN differ from the revised figures for 1928, given on pages 59-91 of the January BULLETIN. Comparable figures for 1927 and earlier years for the items enumerated, by Federal reserve districts, are in process of compilation and will be made available as soon as possible.

#### Increase in Bill Rates

On January 21, 1929, the buying rates on prime bankers' acceptances at the Federal Reserve Bank of New York were advanced as follows: On maturities of 1 to 15 days, from  $4\frac{1}{2}$  per cent to  $4\frac{3}{4}$  per cent; on maturities 16 to 30 days, from  $4\frac{1}{2}$  per cent to  $4\frac{7}{8}$  per cent; on maturities 31 to 45 days, from  $4\frac{3}{4}$  per cent to  $4\frac{7}{8}$  per cent; on maturities 46 to 90 days, from  $4\frac{3}{4}$  per cent to 5 per cent; on maturities 91 to 120 days, from  $4\frac{7}{8}$  per cent to 5 per cent; on bills bought under repurchase agreement, from  $4\frac{3}{4}$  per cent to 5 per cent. Buying rates on maturities of 121 to 180 days remained unchanged at 5 per cent.

#### Expiration of Credit to the Bank of Italy

The Banca d'Italia has decided not to apply for a renewal of the 1-year credit of \$75,000,000 extended to it in December, 1927, by a group of central banks, including the Federal reserve banks, in connection with Italy's stabilization of the lira.



**BRANCH BANKING DEVELOPMENTS JUNE 30, 1928**

Branch banking developments during the past year as in other years have been largely confined to certain States within what may be called the branch banking area, and only in particular States and urban communities of this area, composed of States which permit banks to establish branch offices, have such developments assumed considerable proportions. Approximately 3 per cent of the National and State banks of the country were operating branch offices on June 30, and if the number of such offices be added to the number of independent banks, a total of 29,180 banks and banking offices is obtained, of which 3,230, or 11 per cent, were offices operated as branches. Of the 3,230 branch offices, 1,855, or more than one-half, were reported by banks located in three States—California, New York, and Michigan—and over 1,500 by banks located in four cities of these three States—San Francisco, Los Angeles, New York, and Detroit. In the State of California, where 63 out of 496 banks

of all classes were operating 826 branch offices, such offices constituted nearly two-thirds of the total banking offices in the State. This proportion was not approached in any other State. In New York, the State reporting the second largest number of branches, where 112 out of 1,146 National and State banks were operating 607 branches, and in Michigan, the third State in respect to number of branches, where 64 banks were operating 422 branch offices, the proportion of branches in the total of bank offices was approximately one-third. It amounted to one-fifth or more also in Louisiana, Maryland, Massachusetts, Maine, and Ohio, but was much lower for other States of the branch banking area, which in fact includes two States—West Virginia and Wyoming—in which no branches whatever were in operation. This area is defined in the following grouping of States with reference to provisions of State laws under which State banking institutions may or may not establish branch offices.

STATES PERMITTING, RESTRICTING, AND PROHIBITING BRANCH BANKING

States which permit the establishment of branches—the "branch banking area"		States which prohibit the establishment of branches		States which make no provision by law—no branches in operation
In and outside the home city	Only in the home city (or county)	Operation of existing branches permitted	No branches in operation	
Arizona. California. Delaware. District of Columbia. Maryland. North Carolina. Rhode Island. South Carolina. Virginia. West Virginia. <sup>1</sup> Wyoming. <sup>2</sup>	Kentucky. Louisiana. Maine. <sup>1</sup> Massachusetts. Michigan. Mississippi. New Jersey. New York. Ohio. <sup>2</sup> Oregon. Pennsylvania. Tennessee.	Alabama. Arkansas. Georgia. Indiana. Minnesota. Nebraska. Washington. Wisconsin.	Colorado. Connecticut. Florida. Idaho. Illinois. Iowa. Missouri. Montana. Nevada. New Mexico. Texas. Utah.	Kansas. New Hampshire. Vermont. North Dakota. South Dakota. Oklahoma.

<sup>1</sup> Home county and adjoining counties.  
<sup>2</sup> Home city and territory contiguous thereto.

<sup>3</sup> No branches in operation.

In the period which has elapsed since the passage of the McFadden-Pepper Act of February 25, 1927, several States have enacted legislation expressly eliminating them from the branch-banking area. Acts prohibiting the establishment of branches were approved in Montana on March 8, 1927, in Nebraska on April 1, 1927, and in Iowa on April 18, 1927. With exception of two branches of national banks in Nebraska, however, no branches were being operated in these States by any banks, so that the legislation was formal and precautionary rather than restrictive of actual branch-banking developments. In Georgia, also, on August 25, 1927, an act was

approved prohibiting the establishment of new branches, the continued operation of existing branches being permitted. In June under this permission 19 Georgia banks were operating 37 branches. The New Jersey law permitting State banks to establish branches subject to the same population restrictions as are imposed upon national banks by the act of February 25, was approved in March, 1927. A Pennsylvania act of April 27, 1927, permitted continuance of operation of branches established prior to March 1, 1927, and prohibited the establishment of new branches except in those cities in which national banks were operating branches prior to this date. In



Of the banks which were operating branch offices on February 25, 1927, 10 discontinued all such offices during the period of 16 months to June 30, 1928, 4 suspended operations on account of financial difficulties, and 39 were merged with other banks. In the same period 109 banks initiated branch banking, giving a net increase, as shown in the table, of 56 for the number of banks operating branches. The increase of 330 in the number of branches operated also is a net increase—covering 144 cases of independent banks acquired and converted into branch offices, 258 cases of offices established de novo as branches, and 72 cases of discontinuance of branches. Of the 3,230 branches in operation on June 30, 2,206 were offices which had been originally established de novo as branches and 847 represented conversions of independent banks into branches, the method of original establishment being unreported in 177 cases. The decrease in this period of 340 shown for the number of branches operated by State member banks, and the increase of 551 in the number of national bank branches reflects largely the merger and nationalization of State branch systems, and the development of branch banking under national charters in California. In this State the number of State member and nonmember banks operating branches decreased by 10 and the number of their branches by 352, while the number of national banks operating branches increased by 1 and the number of their branches by 416. The effect upon totals for the country as a whole of changes in the classification and number of California banks may be seen in the table following.

CHANGES IN CALIFORNIA AND IN OTHER STATES COMBINED

Class of bank	Increase Feb. 25, 1927- June 30, 1928		
	Total	California	Other States
Number of banks operating branches:			
Total.....	56	-9	65
National.....	24	1	23
State member.....	-3	-6	3
Nonmember.....	35	-4	39
Number of branches:			
Total.....	330	64	266
National.....	551	416	135
State member.....	-340	-381	41
Nonmember.....	119	29	90

The branch banking situation in California, it should be noted, has been materially modified by merger procedures consummated in November and December of 1928, resulting in the building up of a state-wide nonmember branch system which at the end of the year embraced approximately 140 branches. This

system represented the absorption late in December of a national bank with 35 branches by a nonmember bank operating at the time about 100 branches. Earlier procedures in December had included the taking over by the nonmember bank of some 35 National and State banks with their branches, and the establishment of several branches de novo as branches.

As indicating the extent to which branch banking has developed by way of rendering banking service in country districts, it may be noted that of the 835 banks operating branches on June 30, 316 were located in cities of less than 25,000 population, and that of the 1,016 branches located outside the home city of the parent bank on this date, 700, or more than two-thirds, were located in places of less than 5,000 population—572 of these offices being located in places of less than 2,500.

The number of banks operating branches in and outside the home city, the number operating specified number of branches, the maximum size of branch systems, the location of parent banks in cities of specified sizes, the number of home-city and of outside branches, and the number of branches established de novo as branches and by conversion of independent banks into branches are given in the accompanying table for the several dates for which data have been compiled by the Federal Reserve Board. Although the development of branch banking has been restricted to certain States, it may be seen on reference to the table that it has been within these States as a whole fairly continuous over the period covered, and that the rate of increase in number of branch offices, for example, during the period following enactment of the amending law of February 25, 1927, has not been materially different from the rate maintained in the preceding period. Under the provisions of the Federal act national banks have been permitted to replace their limited-power "additional offices"—which they had established under an administrative ruling of the controller without express legislative authority—with full-power branches expressly authorized by statutory provisions, and have been enabled to extend their urban systems of branch offices in certain communities. As regards the development of branch systems by member State banks, however, the provisions of the act have been at least potentially restrictive in those States which permit State institutions to establish branches freely without limitation as to number or location of branches.

## SUMMARY TOTALS COVERING BRANCH BANKING DEVELOPMENTS—1924-1928

	June, 1928	June, 1927	Feb. 25, 1927	Dec., 1926	Dec., 1925	June, 1924
Number of banks.....	25,950	26,781	26,973	27,377	28,257	28,996
Number operating branches, total.....	835	792	779	796	785	714
National.....	169	152	145	146	132	108
State member.....	186	186	189	194	196	191
Nonmember.....	480	454	445	456	457	415
Number operating branches:						
Only in home city....	526	490	476	481	466	391
Only outside home city.....	262	258	261	270	264	283
In and outside home city.....	47	44	42	45	55	40
Number operating:						
1 branch.....	469	446	446	456	446	376
2 branches.....	150	137	127	129	135	129
3 to 5 branches.....	126	125	124	123	117	176
6 to 10 branches.....	35	33	35	38	39	33
Over 10 branches.....	55	51	47	50	48	33
Not classified.....						33
Maximum size of branch systems <sup>2</sup> .....	289	284	278	100	98	88
Number of parent banks in cities of—						
Less than 25,000.....	316	288	300			289
25,000 to 50,000.....	66	57	61			108
50,000 to 100,000.....	81	70	65			284
Over 100,000.....	372	377	353			33
Not classified.....						33
Number of branches, total.....	3,230	2,994	2,900	2,781	2,642	2,293
Of national banks.....	941	722	390	406	332	248
Of State member banks.....	1,220	1,301	1,560	1,366	1,277	1,137
Of nonmember banks.....	1,069	971	950	1,009	1,033	908
Number of branches located:						
In the home city.....	2,214	2,022	1,929	1,940	1,810	1,508
Outside the home city.....	1,016	972	971	841	832	785
Number of branches established:						
De novo as branches.....	2,206	2,055	1,992	1,962		
By conversion of independent banks.....	847	757	732	645		
No report.....	177	182	176	174		

<sup>1</sup> March, 1927.

<sup>2</sup> Mutual savings and private banks.

<sup>3</sup> Maximum number of branches operated in one system.

A large proportion of the banks operating branch offices on June 30 were operating individually only one or two branches. Many of these banks, as well as of banks operating a

larger number of branches, were country banks operating offices in near-by communities. This has been true throughout the period for which data are available. Nevertheless, an important development of branch banking during the past two years, in so far as this development can be measured by growth in number of branches and in size of individual systems, has taken place in the larger urban centers; or, in California, through the agency of banks located in such centers. Outside of California the more considerable development of branch systems with head offices in urban centers has been in States which have in the past restricted such systems to the urban community of the parent bank, and in some States, as in New York, to the larger urban communities. In California banks have not been so restricted by State law, although as regards member banks in this State as in all other States which permit branch banking, the growth of branch systems has been restricted under the act of February 25, 1927, to the establishment of home-city branches and to such developments as may result from merger or absorption of branches in existence on that date. For those cities which have shown the more considerable development of branch banking some detail is given in the following table covering the number of banks operating branch offices, the number and location of such offices, and the size of individual branch systems in December, 1926, and in June, 1928. Although the size of branch systems as shown for these cities, and the number of branches operated has generally increased, the number of parent banks has generally either fallen off or remained unchanged, an increase being shown in only two of the cities. One San Francisco bank was operating 289 branches in June, and two other California banks, one in San Francisco and one in Los Angeles, were operating each 97 branches. One Detroit bank was operating 93 and one New York City bank 66 branches.

Summary totals for States are given in two tables following.

URBAN BRANCH SYSTEMS

City and date (cities ranged by total number of branches in June, 1928)	Number of banks operating branches					Maximum size of system	Number of branches			
	Total	Number operating					Total	Home city	Outside	
		1 branch	2 branches	3-5 branches	6-10 branches					Over 10 branches
New York:										
June, 1928.....	76	32	14	11		14	66	488	488	
December, 1926.....	77	32	13	14	7	11	62	409	409	
San Francisco:										
June, 1928.....	8	1	1	2	1	3	289	458	104	354
December, 1926.....	14	2	2	4	2	4	100	247	75	172
Detroit:										
June, 1928.....	12	1	1	1		9	93	297	297	
December, 1926.....	16	2	2	1	1	10	46	284	284	
Los Angeles:										
June, 1928.....	10	3			2	5	97	281	201	80
December, 1926.....	13	4			2	7	95	307	214	93
Philadelphia:										
June, 1928.....	53	28	13	12			5	101	101	
December, 1926.....	53	35	9	9			4	85	85	
Cleveland:										
June, 1928.....	13	9		1	1	2	52	94	74	20
December, 1926.....	9	5		1	1	2	52	88	69	19
Buffalo:										
June, 1928.....	6	2			2	2	33	66	65	1
December, 1926.....	6	1		2	2	1	32	61	60	1
Baltimore:										
June, 1928.....	14	3	5	3		3	16	65	61	4
December, 1926.....	16	7	4	2	1	2	14	57	55	2
Boston:										
June, 1928.....	18	10	3	2	1	2	11	53	53	
December, 1926.....	18	12	1	2	2	1	11	50	50	
Cincinnati:										
June, 1928.....	12	2	3	4	1	2	12	52	52	
December, 1926.....	11	2	2	5		2	11	46	44	2
New Orleans:										
June, 1928.....	5			1	3	1	20	48	48	
December, 1926.....	5			1	3	1	20	46	46	
Toledo:										
June, 1928.....	7	1		3	2	1	11	42	42	
December, 1926.....	7	1	1	2	3		10	38	37	1
Grand Rapids:										
June, 1928.....	3				1	2	15	36	36	
December, 1926.....	3				1	2	15	36	36	
Nashville:										
June, 1928.....	6	2	1	1		2	12	31	19	12
December, 1926.....	6	2	1	1		2	12	30	18	12

## BANKS OPERATING DOMESTIC BRANCHES AND NUMBER OF BRANCHES, BY STATES, JUNE 30, 1928

State	Number of banks	Banks operating branches				Branches					
		Total	National	State member	Non-member	Total	Operated by—			Located in—	
							National banks	Member State banks	Non-member banks	Home city	Outside home city
<b>Total</b> .....	25,950	835	169	186	480	3,230	941	1,220	1,069	2,214	1,016
<b>States which permit State-wide branch banking:</b>											
Arizona.....	45	8		2	6	23		12	11		23
California.....	496	63	14	7	42	826	478	163	185	340	486
Delaware.....	48	5		1	4	13		1	12	1	12
District of Columbia.....	42	12	6		6	22	10	7	12	22	
Maryland.....	238	32	3	2	27	120		21	92	64	56
North Carolina.....	451	43	4	5	34	79	6	10	63	11	68
Rhode Island.....	37	11	2	4	5	33	2	25	6	16	17
South Carolina.....	262	15	3	2	10	36	8	2	26	7	29
Virginia.....	495	39	9	2	28	63	16	6	41	31	32
West Virginia.....	330										
Wyoming.....	86										
<b>States which permit establishment of home-city branches only:</b>											
Kentucky.....	586	8	4	1	3	25	15	7	3	24	1
Louisiana.....	229	43	1	7	35	111	8	42	61	54	57
Maine <sup>1</sup> .....	140	22		2	20	54		7	47	5	49
Massachusetts.....	446	81	16	15	50	141	52	27	62	122	19
Michigan.....	748	64	9	32	23	422	48	315	59	418	4
Mississippi.....	325	11	1		10	25	1		24	1	24
New Jersey.....	567	50	17	18	15	82	25	33	24	71	11
New York.....	1,146	112	35	36	41	607	179	331	97	606	1
Ohio <sup>2</sup> .....	1,048	59	7	23	29	250	7	168	75	219	31
Oregon.....	243	1	1			1	1		1	1	1
Pennsylvania.....	1,628	84	19	16	49	145	29	31	85	137	8
Tennessee.....	507	27	7	1	19	61	19	2	40	26	35
<b>States which prohibit establishment of branches—Operation of existing branches permitted:</b>											
Alabama.....	357	5		1	4	19		1	18		19
Arkansas.....	437	2			2	3			3		3
Georgia.....	454	19	4	3	12	37	16	4	17	12	25
Indiana.....	1,028	4	1	1	2	9	2	5	2	8	1
Minnesota.....	1,134	2	2			6	6			6	
Nebraska.....	904	2	2			2	2			2	
Washington.....	352	4	1	1	2	6	2	2	2	3	3
Wisconsin.....	967	7	1	4	2	9	2	5	2	8	1
<b>Other States</b> .....	10,174										

<sup>1</sup> Establishment of branches in home county and counties adjoining permitted.

<sup>2</sup> Establishment of branches in home city and territory contiguous thereto permitted.



## EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS

During 1928 total earnings of the Federal reserve banks, at \$64,053,000, were more than \$21,000,000 larger than the year before. Since there was little change in total current expenses, current net earnings, amounting to \$37,148,000, showed a corresponding increase for the year. From these earnings deductions amounting to \$5,598,000 were authorized, chiefly for depreciation. After other minor adjustments there remained \$32,122,000 of net earnings available for distribution by payment of dividends, transfers to surplus, and payment of franchise tax to the Government. This figure for net earnings is \$19,074,000 larger than the corresponding figure for 1927. Earnings, expenses, and distribution of earnings for all reserve banks combined are summarized in the accompanying table for 1927 and 1928.

## EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING 1927 AND 1928

[In thousands of dollars]

	1928	1927	Increase or decrease (-) 1928
Total earnings.....	64,053	43,024	21,029
Current expenses.....	26,905	27,518	-613
Current net earnings.....	37,148	15,506	21,642
Additions (withdrawals from reserves, etc.).....	572	524	48
Deductions (for reserves, etc.).....	5,598	2,982	2,616
Net deductions.....	5,026	2,458	2,568
Net earnings available for distri- bution.....	32,122	13,048	19,074
Dividends paid.....	8,458	7,755	703
Transferred to surplus.....	21,079	5,044	16,035
Franchise tax paid to U. S. Government.....	2,585	250	2,335

Increase during the year in the aggregate amount of the reserve banks' total earnings from \$43,000,000 to \$64,000,000 is to be accounted for by the fact that their combined holdings of bills and securities were, on the average, about 30 per cent larger in 1928 than in 1927, and bore an average rate of return of 4.24 per cent as compared with 3.60 per cent the year before, owing to the higher levels of discount and open-market rates prevailing in 1928. As a result of firmer credit conditions during the year the average volume of member bank borrowing was almost twice as large as in 1927, and successive increases in the discount rates of the reserve banks were reflected in an increase from 3.83 per cent to 4.56 per cent in

the average yield of bills discounted during the year. Earnings from this source amounted to \$38,334,000 in 1928 as against \$17,011,000 in 1927. Acceptance holdings were likewise larger in 1928 and were purchased at rates which yielded a return of 3.97 per cent as against 3.49 per cent the year before, so that earnings on this class of earning assets, at \$13,021,000, showed an increase of nearly \$4,000,000 over 1927. Although the average return on securities was somewhat higher in 1928 than the year before, the volume of these securities held by the banks, and in consequence the earnings derived from them, were smaller. The average holdings of discounted bills, acceptances, securities, and other bills and securities, together with average rates and amounts earned on each, are shown in the accompanying table.

## EARNINGS ON BILLS AND SECURITIES

[In thousands of dollars]

	Bills and securities held by all Federal reserve banks				
	Total	Bills dis- counted	Bills bought in open market	United States Government securities	All other bills and securities
Daily average hold- ings:					
1923.....	1,150,570	738,114	226,548	185,823	85
1924.....	950,317	374,834	172,428	401,365	1,690
1925.....	1,139,507	481,515	287,329	358,962	11,701
1926.....	1,209,309	570,613	281,386	348,790	7,520
1927.....	1,124,538	442,287	263,093	417,480	1,678
1928.....	1,467,371	839,942	327,806	297,499	2,124
Average rate of earn- ings (per cent):					
1923.....	4.33	4.46	4.14	4.01	4.50
1924.....	3.83	4.25	3.31	3.67	3.61
1925.....	3.51	3.67	3.17	3.56	3.59
1926.....	3.76	3.95	3.55	3.60	4.21
1927.....	3.60	3.83	3.49	3.41	3.88
1928.....	4.24	4.56	3.97	3.64	4.33
Earnings:					
1923.....	49,775	32,956	9,371	7,444	4
1924.....	36,426	15,943	5,710	14,712	61
1925.....	39,986	17,680	9,104	12,783	419
1926.....	45,460	22,552	10,003	12,589	316
1927.....	40,482	17,011	9,207	14,206	58
1928.....	62,275	38,334	13,021	10,828	92

Total operating expenses of the Federal reserve banks in 1928 were \$26,905,000, which was somewhat less than the total for the year before, notwithstanding the fact that the volume of many classes of the banks' operations were considerably larger in 1928 than in 1927. Salaries paid to officers aggregated \$2,555,000 for the year, and to clerical staff and others \$14,505,000, making a total expenditure of



\$17,060,000 for all salaries and wages in 1928, compared with \$16,784,000 in the preceding year. Other major expenditures included \$806,000 covering the cost of printing, issuing, and redeeming of Federal reserve notes, which compares with \$1,845,000 in 1927; taxes on banking houses aggregating \$1,427,000, as against \$1,402,000 in 1927, and telegraphic and postage charges amounting to \$2,345,000, as against \$2,306,000 in 1927.

In 1928 net earnings of each of the Federal reserve banks was more than sufficient to cover dividend payments to member banks at the required rate of 6 per cent on the paid-up capital stock of the reserve banks. The aggregate amount of these payments was \$8,458,000 in 1928 and \$7,755,000 in 1927. For the further distribution of net earnings it is provided by the Federal reserve act that each reserve bank shall transfer to its surplus account the entire balance of such earnings as remain after payment of dividends until surplus shall equal 100 per cent of its subscribed capital, and that thereafter 10 per cent of its earnings in excess of dividend requirements shall be transferred to surplus and the balance be paid to the Treasury as a franchise tax. Under these provisions \$21,079,000 was transferred to surplus by all banks combined, and an aggregate amount of \$2,585,000 was paid to the Treasury by the Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, and Dallas banks. The amount paid to the Treasury was larger than for any preceding year since 1923. The surplus accounts of the Boston, New York, Philadelphia, Cleveland, Chicago, and San Francisco banks were less than the amounts of their subscribed capital stock even after transfers to surplus at the end of 1928; in fact the excess of the aggregate subscribed capital of these banks over their aggregate surplus was larger at the end of 1928 than at the

beginning, notwithstanding large transfers to surplus, owing to increase in their capital stock. As a result of growth during the year in the capital and surplus of member banks, and the consequent increase in the amount of capital stock of the reserve banks which member banks are required to hold, the subscribed stock of all reserve banks combined was increased by \$28,910,000 to \$293,870,000 by the end of the year (one half of which is paid up). The aggregate surplus of all reserve banks at the end of 1928 was \$254,398,000, an increase of \$21,079,000 for the year.

Gross and net earnings and the distribution of net earnings are shown in the following table for all reserve banks combined since the beginning of the Federal reserve system; more detailed figures for 1928 are shown on pages 172 and 173 of this issue of the BULLETIN.

DISPOSITION OF FEDERAL RESERVE BANK EARNINGS,  
1914-1928

[In thousands of dollars]

	Gross	Net	Divi- dends paid	Trans- ferred to sur- plus	Franchise tax paid to U. S. Gov- ernment	Profit (+) or loss (-) carried for- ward
All Federal reserve banks:						
1914-15.....	2, 173	-142	217			-359
1916.....	5, 218	2, 751	1, 743			+1, 008
1917.....	16, 128	9, 580	6, 802	1, 134	1, 134	+510
1918.....	67, 584	52, 716	5, 541	48, 334		-1, 159
1919.....	102, 381	78, 368	5, 012	70, 652	2, 704	
1920.....	181, 297	149, 295	5, 654	82, 916	60, 725	
1921.....	122, 866	82, 087	6, 120	15, 993	59, 974	
1922.....	50, 499	16, 498	6, 307	-660	10, 851	
1923.....	50, 709	12, 711	6, 553	2, 545	3, 613	
1924.....	38, 340	3, 718	6, 682	-3, 078	114	
1925.....	41, 801	9, 449	6, 916	2, 474	59	
1926.....	47, 600	16, 612	7, 329	8, 465	818	
1927.....	43, 024	13, 048	7, 755	5, 044	249	
1928.....	64, 053	32, 122	8, 458	21, 079	2, 585	
Total.....	833, 673	478, 813	81, 089	254, 898	142, 826	

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

Industry and trade continued active in December, and the general level of prices remained unchanged. Banking and credit conditions at the turn of the year were influenced chiefly by seasonal changes in the demand for currency and by requirements for end-of-year financial settlements.

**Production.**—Output of manufactures decreased in December, but the decline was less than is usual during the month, and the board's index was slightly higher than in November and above the level of a year ago. Smaller than usual seasonal reductions were reported in the daily average output of steel, pig iron, automobiles, copper, cement, silk, and flour, while cotton and wool textiles declined considerably. Meat packing increased in December, reflecting a larger output of pork products, though beef and mutton production was smaller. Volume of factory employment and pay rolls was larger than at this season of last year. Production of minerals was in somewhat smaller volume in December than in November, reflecting chiefly a large reduction in the output of bituminous and anthracite coal. Production of copper and zinc ore on a daily average basis was slightly smaller, while petroleum output increased. Preliminary reports for the first half of January indicate a steady increase in the output of petroleum and greater activity in the steel, automobile, coal, and lumber industries following the temporary lull during the inventory period at the end of the year.

Building contracts awarded in 37 Eastern States declined sharply during December, as in the preceding month, and were smaller than in any December since 1924. The decline from November was attributable largely to decreases in awards for residential building and public works and utilities. By districts, the largest declines over the preceding month were in the Cleveland, Chicago, Boston, and Richmond Federal reserve districts, while increases were reported in the New York, Philadelphia, and Atlanta districts.

**Trade.**—Department-store trade showed greater activity in December than in the preceding month, after allowance is made for the customary holiday increase. Total sales for the month were the largest on record, exceeding December, 1927, by 1 per cent, although there

was one less trading day this year. Increases over a year ago were reported for the New York and Philadelphia districts, while substantial decreases occurred in Atlanta and Minneapolis. Distribution at wholesale declined seasonally and was smaller than a year ago.

Freight-car loadings in December and the first half of January showed a slightly larger than usual seasonal reduction, but as in earlier months, were above a year ago.

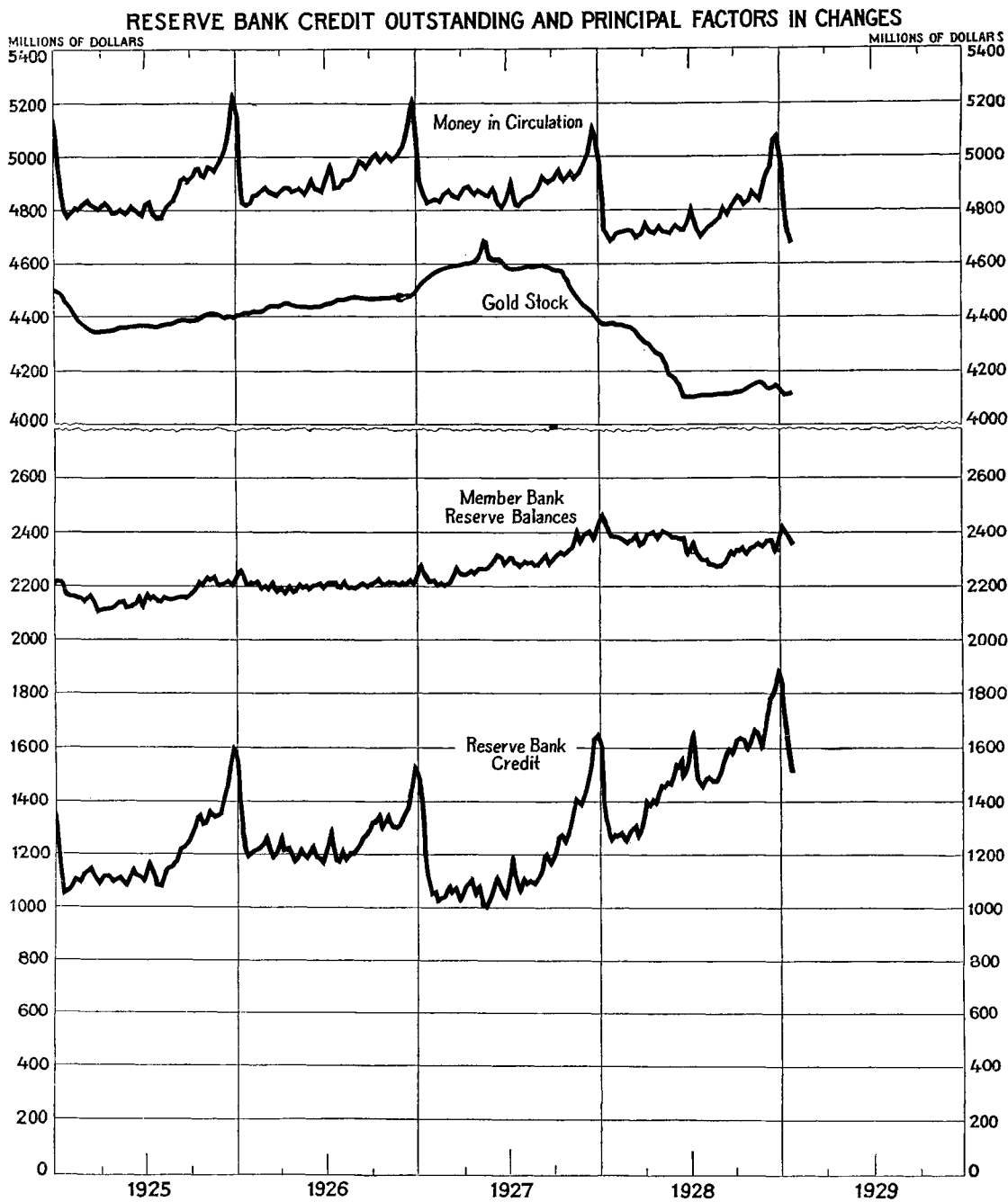
**Prices.**—The general level of wholesale prices as measured by the index of the United States Bureau of Labor Statistics remained approximately the same during December as in the preceding month. Average prices of iron and steel, copper, and building materials continued to advance slowly, and prices of farm products, after declining during October and November, also rose in December, reflecting higher average prices for raw cotton, oats, rye, and some grades of wheat, offset in part by lower prices for corn and cattle. In the first three weeks of January the price of rubber advanced sharply, and wheat, corn, potatoes, and flour also increased, while silk and sugar decreased somewhat, and hides reached the lowest level in more than a year.

**Bank credit.**—Banking and credit conditions in January were influenced chiefly by the seasonal decline in the volume of money in circulation. At the reserve banks the return flow of currency from circulation resulted in a liquidation of member bank borrowing and small declines in reserve bank holdings of acceptances and of United States securities. Total bills and securities showed a decline of about \$450,000,000 for the period from December 26 to January 23 and were in about the same volume as in midsummer of last year.

At member banks there was an increase in the total volume of loans at the turn of the year, due chiefly to year-end financial settlements and the temporary withdrawal of funds loaned by corporations in the New York market. In January deposits and loans of member banks declined to approximately the level of the early part of December.

In the money market, rates on call loans declined sharply in January, while rates on time loans on securities remained firm and rates on acceptances advanced.

### RESERVE BANK CREDIT



Based on weekly averages of daily figures; latest figures are for week ending January 26

## RESERVE BANK CREDIT OUTSTANDING AND PRINCIPAL FACTORS IN CHANGES

[Averages of daily figures. In millions of dollars]

Month or week	Reserve bank credit outstanding					Monetary gold stock	Money in circulation	Member bank reserve balances
	Total volume <sup>1</sup>	Bills and securities held by Federal reserve banks						
		Total <sup>2</sup>	Bills discounted for member banks	Bills bought	United States securities			
1928—January.....	1,388	1,350	465	373	512	4,377	4,785	2,426
February.....	1,264	1,237	471	360	406	4,373	4,709	2,368
March.....	1,295	1,272	513	343	415	4,335	4,710	2,365
April.....	1,405	1,371	661	358	351	4,287	4,730	2,396
May.....	1,472	1,442	836	349	257	4,207	4,722	2,388
June.....	1,531	1,495	1,019	244	232	4,119	4,736	2,355
July.....	1,531	1,488	1,090	185	213	4,113	4,746	2,324
August.....	1,485	1,449	1,061	178	210	4,118	4,743	2,274
September.....	1,581	1,534	1,064	226	240	4,125	4,804	2,314
October.....	1,622	1,584	975	368	237	4,133	4,836	2,332
November.....	1,653	1,610	897	471	238	4,151	4,860	2,352
December.....	1,824	1,766	1,013	483	263	4,142	5,008	2,367
1929—January.....	1,613	1,570	859	473	229	4,115	4,748	2,387
Week ending—								
Dec. 29, 1928.....	1,882	1,821	1,090	491	230	4,148	5,074	2,366
Jan. 5, 1929.....	1,832	1,787	1,048	491	239	4,126	4,932	2,429
Jan. 12, 1929.....	1,676	1,629	889	484	246	4,111	4,793	2,402
Jan. 19, 1929.....	1,593	1,540	809	481	240	4,110	4,722	2,387
Jan. 26, 1929.....	1,509	1,471	791	462	209	4,117	4,677	2,358
Increase or decrease of week ending Jan. 26, compared with week ending—								
Jan. 19, 1929.....	-84	-69	-18	-19	-32	+7	-46	-30
Dec. 29, 1928.....	-373	-350	-299	-29	-21	-31	-397	-8
Jan. 28, 1928.....	+251	+236	+359	+110	-242	-263	-13	-33

<sup>1</sup> Includes total bills and securities, amounts due from foreign banks, and reserve bank float (see p. 161).<sup>2</sup> Including "other securities."

## ANALYSIS OF CHANGES IN MONETARY GOLD STOCK

[End of month basis. In millions of dollars]

Month	Gold stock at end of month	Increase (+) or decrease (-) during month			
		Total	Through net gold import or export	Through ear-marking operations	Through domestic production, etc. <sup>1</sup>
1927—January.....	4,564	+72.3	+44.5	+19.5	+8.3
February.....	4,586	+21.3	+19.9	+3.2	-1.8
March.....	4,597	+11.1	+10.8	-1.5	+1.8
April.....	4,610	+12.9	+11.9	-1.0	+2.1
May.....	4,608	-1.4	+31.7	<sup>2</sup> -35.5	+2.4
June.....	4,587	-20.9	+12.8	<sup>2</sup> -36.7	+3.0
July.....	4,580	-7.5	+8.9	<sup>2</sup> -23.1	+6.7
August.....	4,588	+8.5	+6.4	-2.5	+4.6
September.....	4,571	-17.5	-11.5	-9.0	+3.0
October.....	4,541	-30.1	-8.6	-25.0	+3.4
November.....	4,451	-89.7	-53.2	-40.0	+3.5
December.....	4,379	-71.7	-67.4	-8.5	+4.2
Total (12 mos.).....		-112.7	+6.2	-160.1	+41.2
1928—January.....	4,373	-6.0	-13.8	+5.5	+2.3
February.....	4,362	-11.2	-11.1	+2.9	-3.0
March.....	4,305	-57.6	-94.9	+35.8	+1.5
April.....	4,266	-38.7	-91.2	+45.7	+3.8
May.....	4,160	-105.7	-81.7	-26.5	+2.5
June.....	4,109	-51.0	-79.9	+30.1	-1.2
July.....	4,113	+3.4	-63.9	+60.9	+6.4
August.....	4,123	+10.3	+7	+5.9	+3.7
September.....	4,125	+2.1	+5	-1.2	+2.8
October.....	4,142	+17.3	+13.3	+1.2	+2.8
November.....	4,128	-14.0	*+6.7	-25.0	+4.3
December.....	4,141	+13.2	*+23.3	-15.7	+5.6
Total (12 mos.).....		-237.9	-392.0	+119.6	+34.5
1929—January <sup>2</sup> .....	4,127	-14.8	+46.0	-65.0	+4.2

<sup>1</sup> For detailed explanation of this figure, which is derived from preceding columns, see BULLETIN for December, 1928, p. 831.<sup>2</sup> Includes effect of earmarking operations connected with gold held abroad by Federal reserve banks.<sup>3</sup> January figures preliminary.

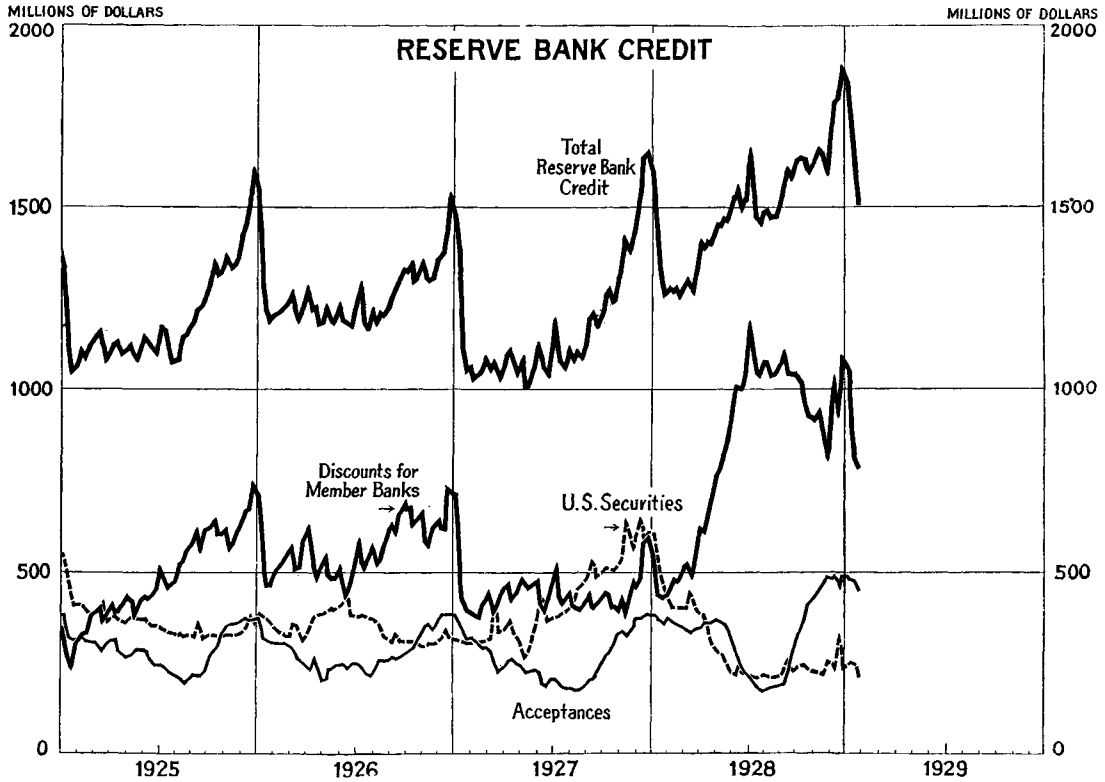
\* Revised.

## GOLD MOVEMENTS TO AND FROM UNITED STATES

[In thousands of dollars]

From or to—	January <sup>1</sup> 1929		1928			
			December		January to December	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
Belgium.....					37,524	2,000
England.....	7,000				154	32,525
France.....			1		1	308,002
Germany.....				210	1	28,759
Italy.....					2	26,093
Netherlands.....						4,000
Canada.....	39,000		23,896	25	102,371	22,641
Central America.....			75		1,041	323
Mexico.....			263	15	4,610	4,490
Argentina.....	1,000				4,500	69,400
Brazil.....						25,012
Chile.....					25	624
Colombia.....					75	1,374
Ecuador.....					141	1,483
Peru.....					67	1,458
Uruguay.....						9,000
Venezuela.....		300		28	400	5,970
British India.....					13	2
China and Hong Kong.....						704
Dutch East Indies.....					101	201
Japan.....					62	4
Philippine Islands.....					181	1,773
All other countries.....	<sup>2</sup> 239	<sup>2</sup> 920	86	7	10,225	6,854
Total.....	47,239	1,220	24,940	1,636	168,887	560,759

<sup>1</sup> January figures are preliminary—3 customs districts: New York, St. Lawrence, and San Francisco.<sup>2</sup> Includes all movements of unreported origin or destination.

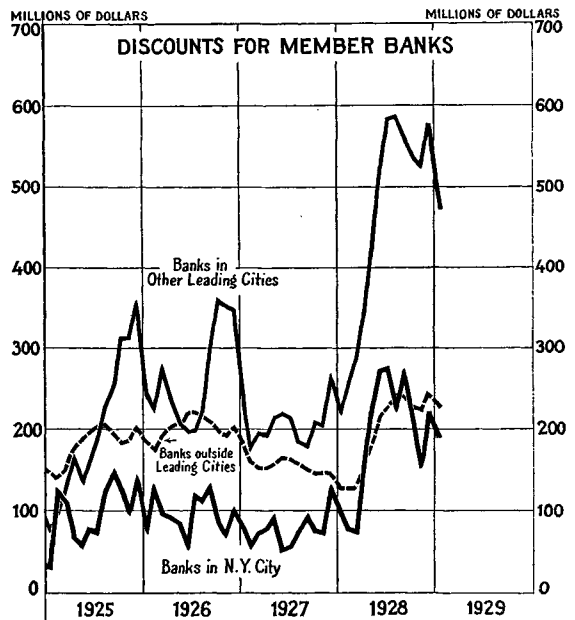


**DISCOUNTS FOR MEMBER BANKS**

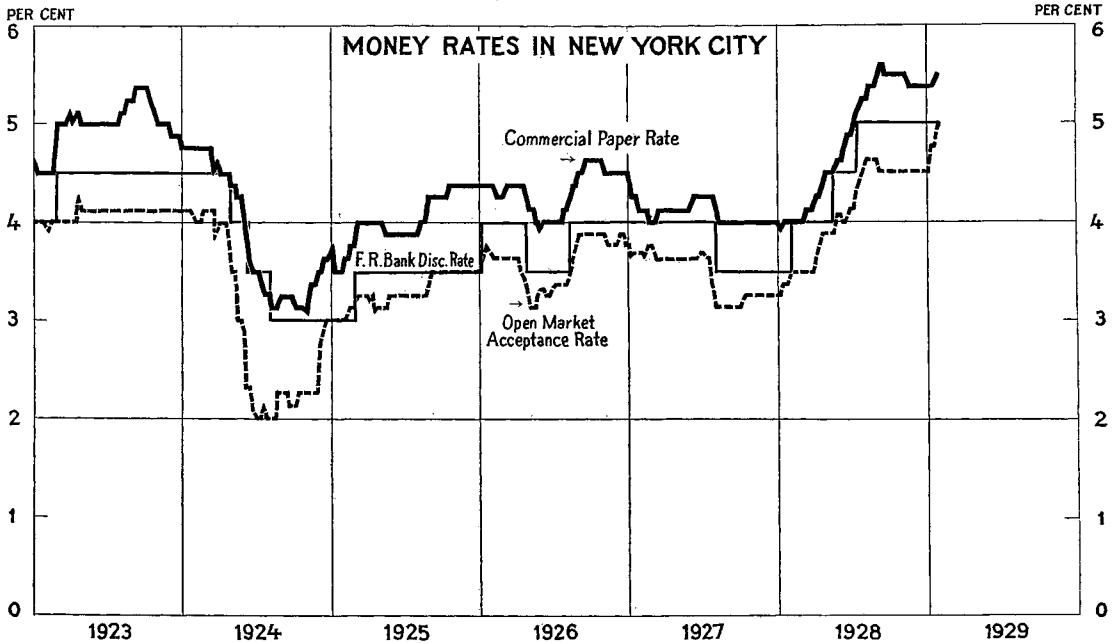
[Monthly averages of weekly figures. In millions of dollars]

Month	All member banks	Reporting member banks in leading cities				Member banks outside leading cities
		Total	New York City	Other leading cities		
				Total	Chicago	
1927—April.....	421	270	78	192	20	151
May.....	459	302	90	212	19	157
June.....	435	*268	51	*217	20	*167
July.....	434	*272	59	*212	12	*162
August.....	413	256	74	182	6	157
September.....	417	267	90	*176	8	150
October.....	428	283	75	208	11	145
November.....	421	276	73	203	11	145
December.....	532	388	127	261	21	143
1928—January.....	439	*314	94	*220	23	*125
February.....	463	338	78	260	13	125
March.....	489	362	75	287	25	127
April.....	637	488	145	343	35	149
May.....	826	644	222	422	49	182
June.....	1,012	796	271	525	61	216
July.....	1,079	854	274	580	80	225
August.....	1,045	806	225	583	80	239
September.....	1,063	*822	266	*556	41	*241
October.....	960	736	202	534	58	224
November.....	901	681	157	524	67	220
December.....	1,039	799	221	578	91	240
1929—January.....	891	663	190	473	71	228

\* Revised; see January BULLETIN, p. 7.



Based on monthly averages of weekly figures



**FEDERAL RESERVE BANK RATES**

**DISCOUNT RATES**

[Rates on all classes and maturities of eligible paper]

Federal reserve bank	Rate in effect on Feb. 1	Date established	Previous rate
Boston.....	5	July 19, 1928.....	4½
New York.....	5	July 13, 1928.....	4½
Philadelphia.....	5	July 26, 1928.....	4½
Cleveland.....	5	Aug. 1, 1928.....	4½
Richmond.....	5	July 13, 1928.....	4½
Atlanta.....	5	July 14, 1928.....	4½
Chicago.....	5	July 11, 1928.....	4½
St. Louis.....	5	July 19, 1928.....	4½
Minneapolis.....	4½	Apr. 25, 1928.....	4
Kansas City.....	4½	June 7, 1928.....	4
Dallas.....	4½	May 7, 1928.....	4
San Francisco.....	4½	June 2, 1928.....	4

**BUYING RATES ON ACCEPTANCES**

[Buying rates at the Federal Reserve Bank of New York]

Maturity	Rate in effect on Feb. 1	Date established	Previous rate
1-15 days.....	4¾	Jan. 21, 1929.....	4½
16-30 days.....	4¾	do.....	4½
31-45 days.....	4¾	do.....	4¾
46-60 days.....	5	do.....	4¾
61-90 days.....	5	do.....	4¾
91-120 days.....	5	do.....	4¾
121-180 days.....	5	July 26, 1928.....	4½

NOTE.—Rates on prime bankers' acceptances. Higher rates may be charged for other classes of bills.

**OPEN-MARKET RATES**

**RATES IN NEW YORK CITY**

Month or week	Prevailing rate on—			Average rate on—		Average yield on—	
	Prime commercial paper, 4 to 6 months	Prime bankers' acceptances, 90 days	Time loans, 90 days <sup>2</sup>	Call loans <sup>1</sup>		U. S. Treasury notes and certificates, 3 to 6 months	Treasury bonds
				New	Renewal		
1928							
January.....	4	3¾	4¼-4½	4.15	4.24	3.31	3.35
February.....	4	3½	4½-4¾	4.33	4.38	3.33	3.36
March.....	4 -4¾	3½	4½-4¾	4.48	4.47	{ 3.23 } { 3.30 }	3.30
April.....	4¼-4½	3¾-3¾	4¾-5	5.06	5.08	{ 3.62 } { 3.60 }	3.32
May.....	4½	3¾-4¾	5 -5½	5.69	5.70	{ 3.90 } { 3.92 }	3.35
June.....	4¾	4 -4½	5¾-5¾	6.21	6.32	{ 4.12 } { 4.12 }	3.40
July.....	5 -5¼	4¾-4¾	6	6.06	6.05	4.36	3.50
August.....	5¼-5¼	4¾	6 -6½	6.91	6.87	4.36	3.56
September.....	5½-5¾	4½	6½-7½	7.40	7.26	{ 4.57 } { 4.57 }	3.54
October.....	5½	4½	7 -7¼	7.12	6.98	4.70	3.55
November.....	5¾-5¾	4½	6¾-7	6.86	6.67	{ 4.26 } { 4.24 }	3.48
December.....	5¼-5¼	4½	7 -7¾	8.86	8.60	4.35	3.53
1929							
January.....	5¼-5½	4¾	7¾	6.94	7.05	{ 4.66 } { 4.63 }	3.59
Week ending—							
Jan. 4.....	5¼-5½	4½	7½-7¾	9.37	10.50	4.46	3.54
Jan. 11.....	5¼-5½	4¾	7¾	6.61	6.60	4.54	3.57
Jan. 18.....	5¼-5½	4¾	7¾	7.27	7.20	{ 4.62 } { 4.67 }	3.60
Jan. 25.....	5½	5	7¾	6.00	6.00	4.73	3.61

<sup>1</sup> Stock exchange call loans; new and renewal rates.

<sup>2</sup> Stock exchange 90-day time loans.

<sup>3</sup> 3 issues—3¾, 4, and 4¼ per cent; yields calculated on basis of last redemption dates—1956, 1954, and 1952.

<sup>4</sup> Change of issues on which yield is computed.

<sup>5</sup> Maturities of 6 to 9 months.



## MEMBER BANK CREDIT

## REPORTING MEMBER BANKS (REVISED SERIES)

[Monthly averages of weekly figures. In millions of dollars]

Month	Loans and investments							Reserve with Federal reserve banks	Cash in vault	Net demand deposits	Time deposits	Government deposits	Borrowings at Federal reserve banks
	Total	Loans		Investments									
		Total	On securities <sup>1</sup>	All other <sup>1</sup>	Total	U. S. Government securities	Other securities						
<b>Total:</b>													
1928—January	21,493	15,441	6,811	8,631	6,052	2,933	3,119	1,799	270	13,982	6,560	115	314
February	21,315	15,223	6,606	8,617	6,091	2,991	3,100	1,758	246	13,673	6,613	45	338
March	21,502	15,370	6,586	8,784	6,133	2,969	3,164	1,726	245	13,579	6,689	146	362
April	21,944	15,805	6,924	8,880	6,140	2,988	3,152	1,783	244	13,814	6,762	198	438
May	22,148	15,960	7,075	8,884	6,188	3,016	3,172	1,771	243	13,760	6,892	61	644
June	22,063	15,871	6,962	8,909	6,193	3,020	3,173	1,740	248	13,450	6,923	103	766
July	22,066	15,892	6,955	8,937	6,114	2,986	3,129	1,723	245	13,246	6,861	113	854
August	21,809	15,825	6,816	8,909	5,984	2,940	3,044	1,672	241	12,902	6,831	178	806
September	21,871	15,898	6,840	9,059	5,973	2,981	2,991	1,699	248	13,049	6,831	133	822
October	21,938	16,003	6,874	9,130	5,934	3,024	2,910	1,707	253	13,216	6,843	126	736
November	21,983	16,096	7,082	9,014	5,888	2,988	2,900	1,714	264	13,369	6,848	73	681
December	22,189	16,253	7,198	9,055	5,936	3,013	2,924	1,748	259	13,399	6,842	117	799
1929—January	22,323	16,302	7,496	8,806	6,021	3,079	2,942	1,777	259	13,593	6,894	107	663
<b>New York City:</b>													
1928—January	7,040	5,180	2,710	2,470	1,860	1,048	813	781	58	5,633	1,099	34	94
February	6,871	4,983	2,527	2,456	1,888	1,089	799	754	52	5,471	1,093	14	78
March	6,918	5,014	2,449	2,565	1,904	1,081	823	738	51	5,467	1,080	44	75
April	7,152	5,303	2,675	2,628	1,849	1,056	793	777	51	5,607	1,120	59	145
May	7,282	5,408	2,787	2,621	1,874	1,075	799	767	51	5,566	1,193	18	222
June	7,166	5,248	2,613	2,635	1,918	1,103	814	749	53	5,379	1,210	30	271
July	7,170	5,270	2,626	2,644	1,900	1,105	795	730	55	5,273	1,174	32	274
August	6,962	5,186	2,518	2,668	1,777	1,015	762	705	52	5,061	1,161	32	223
September	7,022	5,221	2,544	2,678	1,801	1,053	748	716	53	5,092	1,175	32	266
October	7,013	5,209	2,559	2,650	1,803	1,092	711	720	54	5,152	1,206	37	202
November	7,056	5,255	2,694	2,562	1,800	1,085	715	721	58	5,264	1,208	22	157
December	7,152	5,339	2,747	2,592	1,812	1,091	721	752	67	5,305	1,198	32	221
1929—January	7,262	5,378	2,904	2,473	1,884	1,131	753	770	58	5,419	1,199	29	190
<b>Other leading cities:</b>													
1928—January	14,452	10,261	4,100	6,161	4,191	1,885	2,306	1,018	212	8,349	5,460	80	220
February	14,443	10,240	4,079	6,161	4,203	1,902	2,301	1,004	194	8,202	5,519	31	260
March	14,584	10,356	4,137	6,219	4,229	1,887	2,341	988	194	8,111	5,609	102	287
April	14,793	10,502	4,249	6,252	4,291	1,932	2,359	1,006	193	8,207	5,642	139	343
May	14,805	10,552	4,288	6,263	4,313	1,941	2,373	1,004	192	8,194	5,699	43	422
June	14,897	10,623	4,349	6,274	4,275	1,917	2,358	991	196	8,071	5,713	74	525
July	14,837	10,622	4,330	6,293	4,214	1,881	2,334	993	194	7,973	5,687	80	580
August	14,846	10,639	4,298	6,341	4,207	1,925	2,283	967	189	7,840	5,670	146	583
September	14,849	10,677	4,296	6,381	4,172	1,929	2,244	984	195	7,957	5,656	101	556
October	14,925	10,794	4,314	6,480	4,131	1,932	2,199	987	199	8,064	5,636	89	594
November	14,928	10,840	4,388	6,452	4,087	1,902	2,185	993	205	8,105	5,640	51	524
December	15,037	10,913	4,450	6,463	4,124	1,921	2,202	996	232	8,094	5,644	85	578
1929—January	15,061	10,924	4,592	6,332	4,136	1,948	2,188	1,007	201	8,174	5,696	78	473

<sup>1</sup> Averages for 1928 given in these two columns differ from the revised figures given in the January BULLETIN, page 59, by reason of certain further revisions; see p. 96 of this BULLETIN. The additional revisions are being applied to the weekly data for 1928, also for 1927 and earlier years, by Federal reserve districts, and will be made available as soon as possible.



**BANKERS' BALANCES OF REPORTING MEMBER BANKS IN LEADING CITIES**

[Monthly averages of weekly figures. In millions of dollars]

	Total <sup>1</sup>	New York City <sup>1</sup>	Other leading cities											
			Total <sup>1</sup>	Boston <sup>1</sup>	Phila- delphia	Pitts- burgh	Cleve- land	Chi- cago	St. Louis	Min- neapolis	Kansas City	San Francisco	All other <sup>1</sup>	
<b>Due to banks:</b>														
1928—January.....	3,484	1,137	2,347	147.5	204.2	131.3	62.0	379.8	88.5	57.1	92.2	117.7	1,066.4	
February.....	3,374	1,098	2,276	129.9	182.4	132.2	62.9	375.0	85.9	58.1	92.9	114.5	1,032.1	
March.....	3,292	1,089	2,203	123.3	188.2	118.4	61.2	378.6	77.9	61.8	89.4	117.1	986.7	
April.....	3,207	1,053	2,154	130.8	185.8	118.5	60.2	381.7	77.5	58.5	84.5	114.1	942.5	
May.....	3,064	1,020	2,044	120.2	174.2	112.2	59.1	357.7	78.6	55.1	82.2	96.6	908.5	
June.....	2,897	933	1,964	108.0	162.9	101.8	58.8	367.4	74.4	52.8	77.0	101.3	859.5	
July.....	2,936	957	1,979	114.2	163.1	101.1	59.5	353.5	74.0	50.9	90.0	100.8	871.8	
August.....	2,801	901	1,900	101.7	153.7	99.2	58.3	344.0	73.0	47.4	91.3	90.1	841.6	
September.....	2,948	934	2,014	109.9	162.2	108.9	64.5	352.3	75.7	53.2	88.6	102.5	895.9	
October.....	3,073	992	2,081	114.8	166.8	112.3	63.0	352.6	77.2	60.2	85.5	101.6	947.5	
November.....	3,040	981	2,059	115.1	168.2	104.7	61.5	335.2	78.0	56.2	80.3	102.4	937.6	
December.....	3,011	956	2,055	107.8	164.0	100.5	58.0	339.2	78.6	54.1	83.0	99.8	969.9	
1929—January.....	3,074	1,012	2,062	109.7	172.2	99.4	60.8	331.0	81.4	51.9	89.5	96.8	969.3	
<b>Due from banks:</b>														
1928—January.....	1,262	112	1,150	52.3	56.7	36.7	23.6	147.7	36.6	21.0	35.2	68.8	671.7	
February.....	1,182	105	1,077	41.2	52.1	34.6	24.9	145.9	32.9	18.8	33.1	64.7	628.1	
March.....	1,161	110	1,051	36.7	50.3	32.7	23.1	130.8	29.9	19.7	31.8	61.8	613.6	
April.....	1,184	123	1,061	42.8	57.8	32.3	23.9	161.1	29.6	17.4	32.4	56.2	607.3	
May.....	1,152	115	1,037	40.1	56.6	31.0	23.6	173.7	28.6	20.7	30.1	55.8	577.2	
June.....	1,116	104	1,012	37.1	53.5	29.3	22.7	169.0	27.2	19.8	30.5	58.5	564.3	
July.....	1,129	102	1,027	41.9	53.3	31.0	25.1	162.0	25.8	23.8	34.5	54.6	574.3	
August.....	1,046	88	958	34.6	50.7	33.2	23.6	151.4	25.3	19.1	33.5	49.0	538.0	
September.....	1,142	102	1,040	34.5	51.5	37.0	24.1	165.4	25.3	21.0	35.6	53.8	589.8	
October.....	1,170	100	1,070	37.8	56.5	34.9	24.4	161.4	26.8	24.0	32.8	53.3	617.5	
November.....	1,200	108	1,092	38.3	57.0	36.6	22.9	162.4	29.3	25.6	29.8	54.0	635.9	
December.....	1,180	110	1,070	36.9	55.2	35.7	24.6	155.8	29.0	23.9	32.3	55.2	622.1	
1929—January.....	1,217	115	1,102	39.8	59.2	37.1	25.8	156.3	28.6	21.3	33.0	53.7	645.3	

<sup>1</sup> Figures for 1928 revised; see page 6 of January BULLETIN and page 96 of this BULLETIN.

**BANKERS' ACCEPTANCES AND COMMERCIAL PAPER OUTSTANDING**

[In millions of dollars]

End of month	Total outstanding				Bankers' acceptances <sup>1</sup>				Commercial paper <sup>2</sup>			
	1926	1927	1928	1929	1926	1927	1928	1929	1926	1927	1928	1929
January.....	1,442	1,325	1,635	-----	788	774	1,058	-----	654	551	577	-----
February.....	1,422	1,362	1,623	-----	767	785	1,056	-----	655	577	567	-----
March.....	1,414	1,415	1,655	-----	746	809	1,085	-----	668	606	570	-----
April.....	1,384	1,410	1,642	-----	721	811	1,071	-----	663	590	571	-----
May.....	1,353	1,357	1,582	-----	685	775	1,041	-----	668	582	541	-----
June.....	1,274	1,330	1,529	-----	622	751	1,026	-----	652	579	503	-----
July.....	1,255	1,310	1,461	-----	600	741	978	-----	655	569	483	-----
August.....	1,221	1,373	1,410	-----	583	782	952	-----	638	591	458	-----
September.....	1,226	1,464	1,434	-----	614	864	1,004	-----	612	600	430	-----
October.....	1,275	1,586	1,530	-----	682	975	1,123	-----	593	611	427	-----
November.....	1,292	1,632	1,621	-----	726	1,029	1,200	-----	566	603	421	-----
December.....	1,281	1,636	1,667	-----	755	1,081	1,284	-----	526	555	383	-----

<sup>1</sup> Figures collected and compiled by American Acceptance Council.

<sup>2</sup> Paper maturing within 7 months. Figures reported by about 24 dealers to the Federal Reserve Bank of New York.

## BROKERS' LOANS

## BROKERS' BORROWINGS ON COLLATERAL, IN NEW YORK CITY, REPORTED BY THE NEW YORK STOCK EXCHANGE

[Net borrowings. In millions of dollars]

Date	On demand and on time			On demand			On time		
	Total	From New York banks and trust companies	From private banks, brokers, foreign banking agencies, etc.	Total	From New York banks and trust companies	From private banks, brokers, foreign banking agencies, etc.	Total	From New York banks and trust companies	From private banks, brokers, foreign banking agencies, etc.
1926—Dec. 31.....	3,293	2,804	489	2,542	2,128	414	751	676	75.6
1927—Jan. 31.....	3,139	2,670	469	2,328	1,964	365	810	707	103.9
Feb. 28.....	3,256	2,757	499	2,475	2,085	391	781	673	108.4
Mar. 31.....	3,290	2,790	500	2,505	2,112	393	785	679	106.6
Apr. 30.....	3,341	2,865	476	2,541	2,146	395	800	719	81.4
May 31.....	3,458	2,968	490	2,674	2,254	420	784	713	70.5
June 30.....	3,569	3,065	504	2,757	2,316	441	812	749	63.5
July 30.....	3,642	3,145	497	2,765	2,343	421	877	802	75.5
Aug. 31.....	3,674	3,170	504	2,746	2,330	415	928	840	88.8
Sept. 30.....	3,915	3,340	575	3,018	2,539	479	897	801	95.8
Oct. 31.....	3,946	3,363	583	3,023	2,549	475	923	814	108.5
Nov. 30.....	4,092	3,519	573	3,134	2,675	459	958	844	113.4
Dec. 31.....	4,433	3,812	621	3,481	2,963	518	952	849	103.4
1928—Jan. 31.....	4,420	3,805	615	3,393	2,882	511	1,027	923	104.2
Feb. 29.....	4,323	3,737	585	3,294	2,807	488	1,028	931	97.7
Mar. 31.....	4,640	3,947	693	3,580	3,016	564	1,060	931	128.8
Apr. 30.....	4,908	4,246	662	3,739	3,201	537	1,169	1,045	124.2
May 31.....	5,274	4,568	707	4,070	3,455	616	1,204	1,113	90.8
June 30.....	4,898	4,169	730	3,742	3,122	619	1,157	1,046	110.3
July 31.....	4,837	4,150	687	3,768	3,183	585	1,070	967	102.5
Aug. 31.....	5,051	4,260	791	4,094	3,420	674	958	840	117.3
Sept. 29.....	5,514	4,647	866	4,690	3,939	751	824	709	115.6
Oct. 31.....	5,880	4,994	886	5,116	4,360	756	764	634	129.9
Nov. 30.....	6,392	5,412	979	5,614	4,771	843	777	641	136.1
Dec. 31.....	6,440	5,401	1,039	5,722	4,810	913	717	591	126.2
1929—Jan. 31.....	6,735	5,664	1,071	5,983	5,043	939	752	621	132.0

## LOANS TO BROKERS AND DEALERS IN SECURITIES MADE BY REPORTING MEMBER BANKS IN NEW YORK CITY

[In millions of dollars. Monthly data are averages of weekly figures]

Month or date	Demand and time loans				Demand loans				Time loans			
	Total	For own account	For account of out-of-town banks	For account of others	Total	For own account	For account of out-of-town banks	For account of others	Total	For own account	For account of out-of-town banks	For account of others
1926—December.....	2,698	887	1,045	766	2,012	596	737	679	686	291	308	87.0
1927—January.....	2,778	933	1,104	741	2,094	639	799	656	685	295	305	84.8
February.....	2,733	841	1,127	765	2,069	548	843	678	664	293	284	87.1
March.....	2,816	901	1,091	824	2,154	615	805	734	661	285	286	89.9
April.....	2,866	929	1,131	806	2,190	642	830	718	677	287	301	88.4
May.....	2,933	936	1,191	805	2,219	639	861	719	714	297	330	86.4
June.....	3,115	1,077	1,180	858	2,385	772	851	762	730	306	328	95.8
July.....	3,096	1,032	1,188	877	2,336	705	857	774	760	327	330	102.9
August.....	3,181	1,048	1,225	908	2,366	726	849	791	815	322	376	116.4
September.....	3,261	1,061	1,285	916	2,463	777	891	795	799	284	394	120.5
October.....	3,392	1,103	1,326	962	2,603	820	942	841	789	283	385	121.4
November.....	3,441	1,175	1,276	990	2,632	879	902	851	809	296	374	138.7
December.....	3,621	1,282	1,354	985	2,782	948	981	853	839	334	373	132.3
1928—January.....	3,802	1,342	1,470	990	2,938	992	1,083	863	863	350	387	126.8
February.....	3,784	1,167	1,500	1,117	2,871	820	1,084	967	913	347	416	150.0
March.....	3,761	1,064	1,450	1,247	2,861	741	1,036	1,084	900	323	414	162.9
April.....	4,062	1,193	1,617	1,252	3,122	843	1,204	1,075	940	350	413	177.3
May.....	4,414	1,272	1,628	1,514	3,368	885	1,198	1,285	1,046	386	431	229.1
June.....	4,360	1,048	1,568	1,744	3,309	687	1,143	1,479	1,051	361	425	265.2
July.....	4,232	929	1,543	1,760	3,207	614	1,136	1,456	1,025	315	407	303.2
August.....	4,239	835	1,522	1,881	3,359	590	1,178	1,591	880	245	344	290.2
September.....	4,417	887	1,607	1,924	3,684	675	1,332	1,677	733	212	276	246.1
October.....	4,701	933	1,720	2,048	4,075	744	1,507	1,825	625	189	213	223.3
November.....	5,102	1,105	1,749	2,248	4,483	895	1,559	2,030	618	210	190	218.0
December.....	5,193	1,114	1,760	2,319	4,623	901	1,586	2,136	570	213	174	182.9
1929—January.....	5,408	1,173	1,801	2,434	4,835	968	1,633	2,234	572	205	168	199.2
Jan. 2.....	5,330	1,516	1,648	2,166	4,780	1,304	1,480	1,996	550	212	168	169.7
Jan. 9.....	5,313	1,163	1,794	2,356	4,748	947	1,626	2,175	565	216	167	181.5
Jan. 16.....	5,395	1,084	1,859	2,452	4,818	887	1,692	2,239	577	197	167	213.1
Jan. 23.....	5,443	1,010	1,853	2,579	4,864	813	1,686	2,365	579	197	167	214.6
Jan. 30.....	5,559	1,091	1,853	2,615	4,967	887	1,682	2,398	592	204	170	217.5

COMMODITY PRICES, SECURITY PRICES, AND SECURITY ISSUES

WHOLESALE PRICES, BY COMMODITY GROUPS <sup>1</sup>

[1926=100]

Month	All commodities	Farm products	Foods	Hides and leather products	Textile products	Fuel and lighting	Metals and metal products	Building materials	Chemicals and drugs	House-furnishing goods	Miscellaneous	Nonagricultural commodities
1927—October.....	97.0	105.0	100.0	113.0	98.4	83.8	97.1	91.6	97.1	98.5	88.3	94.8
November.....	96.7	104.3	101.5	114.3	97.5	82.9	97.0	90.2	97.4	98.9	88.3	94.6
December.....	96.8	104.4	100.7	116.9	97.2	82.5	98.4	90.4	97.2	98.8	89.0	94.8
1928—January.....	96.3	106.1	98.5	121.0	96.7	80.8	98.1	90.8	96.3	98.6	89.0	93.7
February.....	96.4	104.5	98.7	124.1	96.6	81.2	98.3	91.0	95.8	98.4	87.3	94.2
March.....	96.0	103.5	98.0	124.0	96.5	80.8	98.4	91.0	95.6	98.3	86.8	94.0
April.....	97.4	107.6	99.5	126.7	96.5	80.8	98.4	92.5	95.8	97.9	84.9	94.7
May.....	98.6	109.8	101.2	126.3	96.6	81.8	98.6	93.5	95.3	97.8	85.1	95.6
June.....	97.6	106.7	100.3	123.7	96.3	82.1	98.7	93.9	94.9	97.0	82.2	95.2
July.....	98.3	107.1	102.3	124.2	96.8	82.8	98.6	94.4	94.5	96.9	80.8	95.9
August.....	98.9	107.0	104.1	121.0	96.3	84.6	100.4	94.6	94.7	97.2	79.3	96.7
September.....	100.1	108.8	106.9	120.7	95.6	85.1	100.5	94.7	95.1	97.2	79.7	97.8
October.....	97.8	103.5	102.3	117.5	96.1	84.9	101.0	95.0	95.6	96.5	80.3	96.4
November.....	96.7	101.6	100.1	115.5	96.1	84.4	101.7	96.0	96.0	96.4	80.0	95.4
December.....	96.7	103.6	98.0	115.7	96.1	83.5	102.9	96.8	96.1	96.4	80.1	94.8

<sup>1</sup> New index of Bureau of Labor Statistics.

PRICES OF FARM PRODUCTS AT THE FARM <sup>1</sup>

[August, 1909–July, 1914=100]

Month	30 commodities	Grains	Fruit and vegetables	Meat animals	Dairy and poultry products	Cotton and cottonseed	Unclassified
1927							
November.....	137	120	136	141	153	162	86
December.....	137	123	141	138	158	153	90
1928							
January.....	137	125	144	138	154	152	91
February.....	135	128	153	139	144	141	90
March.....	137	136	174	139	137	147	89
April.....	140	144	179	142	134	154	85
May.....	148	160	181	151	134	166	86
June.....	145	152	168	150	132	162	87
July.....	145	142	156	157	134	170	88
August.....	139	120	137	162	136	153	87
September.....	141	117	127	174	145	142	85
October.....	137	116	114	160	150	147	83
November.....	134	110	109	150	155	146	86
December.....	134	112	108	143	159	148	90
1929							
January.....	133	115	109	146	149	148	92

<sup>1</sup> Index numbers of Department of Agriculture.

FOREIGN CAPITAL ISSUES

[In millions of dollars]

Class of issue	December, 1928		January–December			
	Gov-ern-ment	Cor-por-ate	1928		1927	
			Gov-ern-ment	Cor-por-ate	Gov-ern-ment	Cor-por-ate
Total.....	38.5	87.1	835.4	662.7	988.5	640.8
New issue.....	38.5	83.3	721.8	525.6	853.8	528.1
Europe.....	13.0	16.9	317.1	264.1	325.6	238.8
Canada and Newfoundland.....						
Latin America.....	22.5	4.3	64.2	100.2	119.7	103.0
United States insular possessions.....	3.0	61.8	257.9	87.1	280.7	79.7
Miscellaneous.....		4	6.2	6	12.9	19.3
Refunding issues.....		3.8	76.4	73.6	114.8	87.3
Total Government and corporate.....	125.6		1,498.1		1,629.3	

DOMESTIC CAPITAL ISSUES

[In millions of dollars]

Class of issue	December, 1928		January–December			
	New	Re-fund-ing	1928		1927	
			New	Re-fund-ing	New	Re-fund-ing
Total.....	1,051.1	58.4	6,728.3	1,572.0	6,151.5	1,969.9
Corporate issues.....	879.5	57.6	5,277.2	1,549.7	4,641.6	1,849.9
Bonds and notes—						
Long term.....	205.1	18.4	2,167.5	999.4	2,961.4	1,504.1
Short term.....	26.2	4.4	209.8	54.3	220.6	81.9
Stocks.....	648.2	34.8	2,899.9	496.0	1,459.6	264.0
Farm-loan issues.....	8.0		63.9		86.9	92.8
Municipal issues.....	163.6	8	1,387.2	22.3	1,423.1	27.1
Total new and re-funding.....	1,109.5		8,300.3		8,121.5	

SECURITY PRICES

Month or week	Common stocks <sup>1</sup> (1926=100)				Bonds: Average price of 40 issues
	390 stocks combined	322 industrials	33 rails	35 public utilities	
1927—September.....	127.7	128.9	125.2	124.1	98.00
October.....	126.7	127.5	124.3	124.5	98.62
November.....	129.6	131.3	124.9	125.6	98.98
December.....	133.1	135.5	126.8	127.2	99.25
1928—January.....	134.4	137.4	125.3	129.5	99.35
February.....	132.3	134.8	121.6	130.9	99.31
March.....	137.9	141.1	125.9	134.4	99.20
April.....	145.9	149.5	130.7	142.5	99.18
May.....	152.1	154.9	133.2	155.3	98.79
June.....	145.3	148.2	126.7	148.1	97.38
July.....	144.2	147.8	124.6	145.3	96.56
August.....	148.3	152.6	126.5	147.9	95.82
September.....	156.1	161.6	129.7	155.2	96.47
October.....	159.1	166.2	128.2	154.5	96.58
November.....	169.2	177.1	133.7	165.5	96.90
December.....	172.9	180.0	135.9	174.7	96.24
1929—January.....	183.6	191.4	141.0	188.3	96.12
Week ending—					
Jan. 5.....	182.8	191.1	140.9	184.6	96.13
Jan. 12.....	182.1	190.0	140.6	185.4	96.22
Jan. 19.....	183.4	190.9	140.9	188.9	96.08
Jan. 26.....	186.1	193.5	141.4	194.4	96.05

<sup>1</sup> Index of common-stock market values (revised series) computed by Standard Statistics Co. from closing prices on Thursday.

## PRODUCTION, EMPLOYMENT, AND TRADE

[Index numbers of the Federal Reserve Board]

Year and month	Industrial production <sup>1</sup>	Production of manufactures <sup>1</sup>	Production of minerals <sup>1</sup>	Factory employment	Factory pay rolls	Building contracts awarded <sup>1</sup>		Freight-car loadings <sup>1</sup>	Wholesale distribution		Department-store sales <sup>1</sup>		Department-store stocks <sup>1</sup>	
						Unadjusted	Adjusted		Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
	Mo. av. 1923-1925=100			Mo. av. 1919=100		Monthly averages 1923-1925=100								
ANNUAL INDEX														
1919	83	84	77	100	100	64	84	110	78	79	79	79	79	79
1920	87	87	89	103	124	63	91	114	94	105	105	105	105	105
1921	67	67	70	82	84	57	79	87	87	89	89	89	89	89
1922	85	87	74	90	89	81	86	89	88	88	88	88	88	88
1923	101	101	105	104	113	84	100	101	99	98	98	98	98	98
1924	95	94	96	95	104	95	98	98	98	98	98	98	98	98
1925	104	105	99	95	107	122	103	101	103	103	103	103	103	103
1926	108	108	108	96	109	129	107	98	106	106	106	106	106	106
1927	106	106	107	92	105	128	103	95	107	107	107	107	107	107
1928	110	111	106	90	104	135	104	94	108	108	108	108	108	108
MONTHLY INDEX														
1924														
September	94	93	97	91	99	87	90	99	118	101	93	100	105	101
October	94	95	89	93	103	103	100	99	118	99	111	95	111	101
November	97	97	96	92	101	95	103	99	97	99	111	101	113	100
December	101	101	100	94	106	83	94	100	88	101	168	100	94	100
1925														
January	105	106	104	94	103	75	101	103	93	102	86	98	90	102
February	105	106	100	96	109	76	104	103	97	101	80	103	96	101
March	104	106	96	96	110	120	107	100	109	100	95	103	104	101
April	103	103	98	96	107	138	112	104	98	100	106	102	106	101
May	103	103	104	95	107	124	115	105	90	99	100	101	102	100
June	102	102	101	94	105	137	125	101	91	100	99	100	97	100
July	103	103	104	93	102	133	128	101	94	102	75	100	94	101
August	103	102	108	94	105	149	135	105	113	101	78	101	98	102
September	102	104	90	95	104	138	135	102	117	100	95	102	106	102
October	105	107	91	97	111	129	129	100	124	105	129	110	111	101
November	106	109	94	97	112	116	127	104	99	100	114	104	115	102
December	108	110	93	97	112	129	138	105	89	98	178	106	97	103
1926														
January	106	109	92	96	107	111	146	102	94	102	89	106	93	105
February	107	108	96	97	112	106	145	104	97	101	81	105	98	103
March	107	108	106	97	113	146	128	105	107	100	102	101	107	104
April	107	107	106	96	110	139	120	107	94	97	103	103	107	103
May	106	107	104	96	109	134	125	108	91	99	107	107	103	101
June	107	107	106	95	109	133	125	109	91	99	101	102	98	101
July	107	107	107	93	104	126	124	108	91	97	78	104	94	101
August	111	111	109	94	108	148	131	108	107	97	83	107	97	101
September	112	112	111	96	108	137	130	109	117	100	101	109	107	103
October	111	110	115	96	112	126	126	109	111	94	124	110	114	103
November	108	106	118	95	109	119	130	108	97	98	121	106	117	104
December	105	103	119	94	108	131	136	106	84	95	184	110	96	102
1927														
January	107	105	116	92	102	94	123	105	86	94	89	106	92	103
February	109	107	118	94	109	96	131	109	91	95	83	107	97	102
March	111	110	118	94	110	151	131	109	103	96	100	105	106	103
April	109	109	*106	93	108	147	128	108	90	93	111	105	106	102
May	111	111	108	93	108	135	126	107	88	95	102	103	103	101
June	108	109	104	92	106	154	144	104	87	93	101	103	97	100
July	106	107	100	91	101	130	128	101	88	95	75	104	94	101
August	107	107	106	91	104	135	119	104	111	100	89	111	97	101
September	105	106	104	92	104	127	121	104	112	96	100	106	107	103
October	103	102	105	92	105	137	137	101	106	91	119	106	113	103
November	99	99	101	90	101	114	125	96	93	95	122	107	116	103
December	99	99	103	89	102	116	121	94	82	93	186	111	96	102
1928														
January	106	106	103	88	98	104	137	100	87	94	88	105	91	102
February	109	110	103	89	104	113	155	102	93	97	85	105	97	102
March	109	110	105	90	105	144	125	103	99	93	103	105	103	100
April	109	110	103	89	103	157	136	104	86	89	102	104	104	100
May	109	110	105	89	104	163	152	106	89	96	107	104	101	99
June	108	110	99	90	104	158	148	102	84	89	104	105	95	98
July	109	111	101	88	100	142	139	102	87	93	78	108	92	99
August	112	113	105	90	104	126	111	104	108	98	85	106	96	100
September	114	116	108	91	105	143	136	106	109	94	106	120	101	98
October	114	114	114	92	109	145	145	106	111	95	123	105	110	100
November	112	111	113	92	106	115	126	103	95	97	122	107	113	100
December	112	112	112	91	107	105	116	102	81	92	187	117	92	98

<sup>1</sup> The indexes of production and car loadings are adjusted to allow for seasonal variation; the indexes of building contracts, wholesale distribution, and department-store sales and stocks are shown both with and without seasonal adjustments.

\* Revised.

**INDUSTRIAL PRODUCTION**

[Index numbers, adjusted for seasonal variations. 1923-1925 average=100]

**INDEX OF INDUSTRIAL PRODUCTION**

Month	Total						Manufactures						Minerals					
	1923	1924	1925	1926	1927	1928	1923	1924	1925	1926	1927	1928	1923	1924	1925	1926	1927	1928
January.....	100	100	105	106	107	106	100	99	106	109	105	106	101	102	104	92	116	103
February.....	100	102	105	107	109	109	100	102	106	108	107	110	100	104	100	96	118	103
March.....	103	100	104	107	111	109	103	101	106	108	110	110	103	99	96	106	118	105
April.....	107	95	103	107	109	109	107	95	103	107	109	110	109	92	98	106	*106	103
May.....	107	89	103	106	111	109	106	88	103	107	111	110	108	93	104	104	108	105
June.....	105	85	102	107	108	108	104	84	102	107	109	110	108	92	101	106	104	99
July.....	103	83	103	107	106	109	102	82	103	107	107	111	111	92	104	107	100	101
August.....	102	89	103	111	107	112	100	83	102	111	107	113	110	92	108	109	106	105
September.....	100	94	102	112	105	114	101	93	104	112	106	116	98	97	90	111	104	108
October.....	99	94	105	111	103	114	98	95	107	110	102	114	104	89	91	115	105	114
November.....	97	97	106	108	99	112	96	97	109	106	98	111	105	96	94	118	101	113
December.....	96	101	108	105	99	112	96	101	110	103	99	112	99	100	93	119	103	112
Annual index.....	101	95	104	108	106	110	101	94	105	108	106	111	105	96	99	107	107	106

\* Revised.

**INDEX OF PRODUCTION OF MANUFACTURES, BY GROUPS**

	Total	Iron and steel	Textiles	Food products	Paper and printing	Lumber	Auto-mobiles	Leather and shoes	Cement, brick, and glass	Non-ferrous metals	Petroleum refining	Rubber tires	Tobacco manufactures
<b>ANNUAL INDEX</b>													
1919.....	84	82	92	94	76	79	50	104	55	67	54		82
1920.....	87	99	84	84	87	79	58	97	66	78	64		97
1921.....	67	46	87	83	70	68	41	90	63	39	64	55	85
1922.....	87	83	99	94	85	89	66	102	80	69	74	77	89
1923.....	101	105	105	99	95	99	102	110	95	94	86	86	96
1924.....	94	88	91	103	99	96	90	94	95	99	99	98	99
1925.....	105	106	104	98	106	105	107	96	110	107	115	116	105
1926.....	108	113	104	97	115	100	109	98	113	112	125	116	112
1927.....	106	*104	113	96	114	94	86	103	109	109	136	121	118
1928.....	111	119	107	98	117	89	113	104	117	115	152	144	124
<b>MONTHLY INDEX</b>													
<b>1927</b>													
January.....	105	106	108	95	113	96	96	99	101	116	135	118	114
February.....	107	114	108	93	113	95	101	102	107	112	134	117	113
March.....	110	115	114	99	113	91	106	98	119	108	135	123	116
April.....	109	116	112	98	114	88	106	98	109	112	134	131	122
May.....	111	117	116	103	113	95	107	100	108	111	132	127	122
June.....	109	105	121	102	112	93	95	105	109	108	134	131	116
July.....	107	103	118	96	114	95	84	113	111	106	136	124	109
August.....	107	102	119	97	112	95	89	112	115	108	136	119	119
September.....	106	98	118	93	113	99	81	113	113	107	139	113	123
October.....	102	94	113	94	112	94	70	108	108	106	142	116	121
November.....	99	88	112	94	110	96	47	97	107	106	140	117	122
December.....	99	93	105	95	113	93	53	96	105	111	137	110	113
<b>1928</b>													
January.....	106	110	106	102	116	91	92	99	111	101	135	124	118
February.....	110	115	107	110	117	92	103	103	115	109	139	139	118
March.....	110	114	106	105	118	93	114	102	109	107	141	135	119
April.....	110	125	101	97	119	97	110	97	108	110	147	131	119
May.....	110	117	107	96	121	92	108	96	113	111	150	134	120
June.....	110	112	109	93	117	90	119	107	112	115	153	145	126
July.....	111	121	100	89	117	95	120	112	117	112	155	155	125
August.....	113	121	109	91	117	86	133	112	124	116	160	154	131
September.....	116	127	108	97	118	82	139	111	126	118	162	165	129
October.....	114	125	111	100	116	81	119	105	119	120	160	166	127
November.....	111	119	*113	103	119	85	90	96	118	126	159	150	125
December.....	112	122	110	106	116	88	97	92	122	128	159	140	126

\* Revised.

NOTE.—These tables contain, for certain months, index numbers of industrial production, together with group indexes for important components. The combined index of industrial production is computed from figures for 60 statistical series, 52 of manufactures, and 8 of minerals. Adjustments have been made in the different industries for the varying number of working days in each month and for customary seasonal variations, and the individual products and industries have been weighted in accordance with their relative importance. The sources of data and methods of construction were described and monthly indexes for the above groups were published in the BULLETIN for February and March, 1927

## INDEX OF PRODUCTION OF MINERALS, BY PRODUCTS

	Total	Bituminous coal	Anthracite coal	Crude petroleum	Iron-ore shipments	Copper	Zinc	Lead	Silver
<b>ANNUAL INDEX</b>									
1919.....	77	89	109	52	91	81	-----	-----	-----
1920.....	89	109	110	61	113	85	87	-----	-----
1921.....	70	79	112	64	36	30	39	66	84
1922.....	74	78	65	75	82	62	68	77	87
1923.....	105	108	115	100	114	93	96	88	102
1924.....	96	92	108	97	82	100	97	102	100
1925.....	99	100	77	103	104	106	107	111	98
1926.....	108	110	105	104	113	110	116	114	95
1927.....	107	99	99	121	98	105	111	111	92
1928.....	106	94	95	122	116	115	112	105	88
<b>MONTHLY INDEX</b>									
1927									
January.....	116	*118	101	120	-----	114	113	113	97
February.....	118	*124	*96	123	-----	111	113	112	95
March.....	118	*130	*87	122	-----	100	114	115	90
April.....	*106	*94	*107	119	-----	106	110	120	90
May.....	108	*93	*116	120	120	107	108	113	90
June.....	104	*90	*101	120	101	105	114	112	93
July.....	100	87	74	124	99	101	109	116	94
August.....	106	92	106	123	99	101	114	112	94
September.....	104	92	99	124	87	104	111	111	90
October.....	105	90	106	124	95	102	110	105	91
November.....	101	85	105	124	49	106	107	110	100
December.....	103	87	91	124	-----	105	109	109	95
1928									
January.....	103	92	88	121	-----	102	104	103	93
February.....	103	94	88	119	-----	104	107	109	83
March.....	105	99	79	121	-----	102	112	109	94
April.....	103	87	109	119	-----	103	114	100	89
May.....	105	93	114	119	80	110	113	101	85
June.....	99	89	74	117	107	110	117	99	93
July.....	101	94	66	119	103	113	117	97	76
August.....	105	91	95	123	105	*116	121	107	87
September.....	108	94	95	125	109	*123	114	115	79
October.....	114	99	119	128	115	128	110	*108	79
November.....	113	98	115	127	105	*131	110	*111	*93
December.....	112	95	98	133	-----	133	106	114	103

NOTE.—These tables contain, for certain months, index numbers of industrial production, together with group indexes for important components. The combined index of industrial production is computed from figures for 60 statistical series, 52 of manufactures, and 8 of minerals. Adjustments have been made in the different industries for the varying number of working days in each month and for customary seasonal variations, and the individual products and industries have been weighted in accordance with their relative importance. The sources of data and methods of construction were described and monthly indexes for the above groups were published in the BULLETIN for February and March, 1927.

\* Revised.

## PRODUCTION OF MANUFACTURES, BY INDIVIDUAL LINES

	December, 1928	November, 1928	December, 1927		December, 1928	November, 1928	December, 1927
Iron and steel:				Leather and products:			
Pig iron.....	112	112	89	Leather, tanning—			
Steel ingots.....	123	119	94	Sole leather <sup>1</sup> .....	95	93	92
Textiles:				Upper leather—			
Cotton consumption.....	107	115	104	Cattle.....	70	69	74
Wool—				Calf and kip.....	69	77	105
Consumption.....	98	98	85	Goat and kid.....	126	122	129
Machinery activity <sup>1</sup> .....	92	97	87	Boots and shoes.....	92	*98	94
Carpet and rug loom activity <sup>1</sup> .....	85	93	92	Stone, clay, and glass:			
Silk—				Cement.....	119	116	117
Deliveries.....	156	141	144	Face brick.....	-----	94	99
Loom activity <sup>1</sup> .....	117	119	117	Plate glass.....	143	134	97
Food products:				Nonferrous metals:			
Slaughtering and meat packing—				Copper.....	141	136	117
Hogs.....	116	96	87	Lead.....	114	*111	109
Cattle.....	81	86	89	Zinc.....	106	110	109
Calves.....	90	95	95	Tin <sup>1</sup> .....	123	117	88
Sheep.....	109	129	109	Chemicals and allied products:			
Flour.....	98	96	100	Petroleum refining—			
Sugar meltings.....	133	148	108	Gasoline <sup>1</sup> .....	184	186	155
Paper and printing:				Kerosene.....	93	94	91
Wood pulp and paper—				Fuel oil <sup>1</sup> .....	136	134	120
Newsprint.....	95	100	95	Lubricating oil <sup>1</sup> .....	125	119	118
Book paper.....	128	*119	110	Coke production—			
Fine paper.....	116	119	120	By-product.....	134	131	113
Wrapping paper.....	102	*103	103	Beehive.....	34	37	32
Paper board.....	125	128	110	Rubber tires and tubes:			
Wood pulp, mechanical.....	97	105	90	Tires, pneumatic.....	145	157	113
Wood pulp, chemical.....	111	107	111	Inner tubes.....	97	98	91
Paper boxes.....	153	131	121	Tobacco products:			
Newsprint consumption.....	-----	110	127	Cigars.....	83	99	76
Lumber:				Cigarettes.....	159	148	139
Lumber, cut.....	85	82	93	Manufactured tobacco and snuff.....	94	92	95
Flooring.....	-----	119	98				
Transportation equipment:							
Automobiles.....	97	90	53				
Locomotives.....	-----	21	32				
Shipbuilding.....	-----	25	130				

<sup>1</sup> Without seasonal adjustment.

\* Revised.



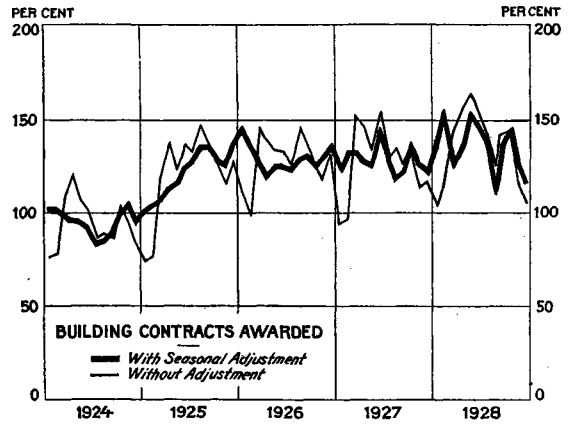
**BUILDING**

**BUILDING CONTRACTS AWARDED**

[Index numbers based on value of contracts. Monthly average, 1923-1925=100]

Month	Without seasonal adjustment				With seasonal adjustment			
	1925	1926	1927	1928	1925	1926	1927	1928
January.....	75	111	94	104	101	146	123	137
February.....	76	106	96	113	104	145	131	155
March.....	120	146	151	144	107	128	131	125
April.....	138	139	147	157	112	120	128	136
May.....	124	134	135	163	115	125	126	152
June.....	137	133	154	158	125	125	144	148
July.....	133	126	130	142	128	124	128	139
August.....	149	148	135	126	135	131	119	111
September.....	138	137	127	143	135	130	121	136
October.....	129	126	137	145	129	128	137	145
November.....	116	119	114	115	127	130	125	126
December.....	129	131	116	105	138	136	121	*116
Annual index.....	122	129	128	135				

\* Revised.



**BUILDING CONTRACTS AWARDED, BY FEDERAL RESERVE DISTRICTS**

[Value of contracts in thousands of dollars]

Month	Total	Federal Reserve District										
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas
1927												
November.....	466,393	40,070	132,481	30,138	39,136	24,811	39,151	84,182	27,793	7,138	16,516	24,977
December.....	477,364	29,407	130,346	28,634	35,275	37,285	24,816	126,841	33,352	4,473	12,316	14,619
1928												
January.....	427,169	33,410	133,271	35,765	26,403	27,607	27,696	77,806	29,187	4,428	13,318	18,278
February.....	465,331	21,826	140,227	34,980	37,841	22,301	23,376	108,789	35,294	3,968	13,793	22,936
March.....	592,567	39,694	155,154	46,317	66,821	42,061	29,826	108,093	40,626	8,539	33,174	22,463
April.....	643,137	42,957	154,869	60,982	70,184	66,591	24,371	123,643	43,815	10,249	20,658	20,315
May.....	668,086	56,097	188,687	49,743	63,813	39,421	32,497	139,784	36,360	13,178	20,199	28,318
June.....	650,466	38,519	178,448	48,698	69,605	46,227	28,600	128,607	44,225	11,042	28,070	28,426
July.....	583,432	34,456	139,821	41,259	56,103	32,884	31,996	140,689	50,557	11,088	23,807	20,771
August.....	516,970	36,370	129,524	33,967	50,408	30,172	28,548	108,306	40,706	12,944	26,177	19,847
September.....	587,674	69,918	156,588	45,634	67,748	39,843	25,989	99,176	33,241	9,213	22,611	17,715
October.....	597,104	39,521	189,696	46,098	57,118	40,329	36,097	110,795	32,409	12,645	15,699	16,697
November.....	471,482	29,154	136,525	28,017	56,684	33,621	18,550	99,429	27,302	7,896	13,908	20,397
December.....	432,756	26,405	140,159	32,082	31,755	29,973	23,362	76,924	31,378	5,886	16,511	18,323

**BUILDING CONTRACTS AWARDED, BY TYPES OF BUILDING**

[Value of contracts in thousands of dollars]

Month	Resi- dential	Indus- trial	Com- mercial	Public works and public utilities	Educa- tional	All other
1927						
November.....	214,963	52,890	43,521	76,089	31,741	47,189
December.....	207,281	29,989	86,933	92,637	23,248	37,256
1928						
January.....	193,189	37,970	68,852	72,039	23,369	31,750
February.....	238,985	34,881	57,695	59,980	18,651	55,139
March.....	275,192	48,804	73,075	110,338	33,881	51,277
April.....	276,586	85,093	82,758	117,401	32,885	48,413
May.....	288,826	37,146	91,200	150,223	47,851	52,851
June.....	258,084	63,537	93,942	130,852	46,135	57,917
July.....	228,703	31,400	95,697	137,075	36,926	53,632
August.....	213,705	42,607	58,911	118,890	35,713	47,144
September.....	202,807	114,780	60,068	119,014	38,801	52,205
October.....	239,692	62,259	67,330	148,697	31,293	47,833
November.....	200,226	38,665	68,309	93,228	30,023	41,032
December.....	178,323	38,248	66,773	80,194	25,370	43,849

**BUILDING PERMITS ISSUED, BY FEDERAL RESERVE DISTRICTS**

[Value of permits in thousands of dollars]

Federal reserve district	Number of cities	Decem- ber, 1928	Novem- ber, 1928	Decem- ber, 1927
United States.....	168	205,462	207,603	234,216
Boston.....	14	7,224	10,377	11,543
New York.....	22	60,700	70,161	95,643
Philadelphia.....	14	9,453	12,971	8,605
Cleveland.....	12	17,257	11,418	17,830
Richmond.....	15	11,783	13,266	5,316
Atlanta.....	15	11,429	5,450	6,637
Chicago.....	19	42,692	39,597	45,589
St. Louis.....	5	5,009	7,514	*3,921
Minneapolis.....	9	2,047	3,651	2,045
Kansas City.....	14	7,550	6,486	9,081
Dallas.....	9	9,200	7,844	7,630
San Francisco.....	20	21,119	18,869	20,376

NOTE.—Figures for building contracts awarded are for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Adjusted indexes by months from 1910 to date given in the BULLETIN for August, 1927, p. 563.

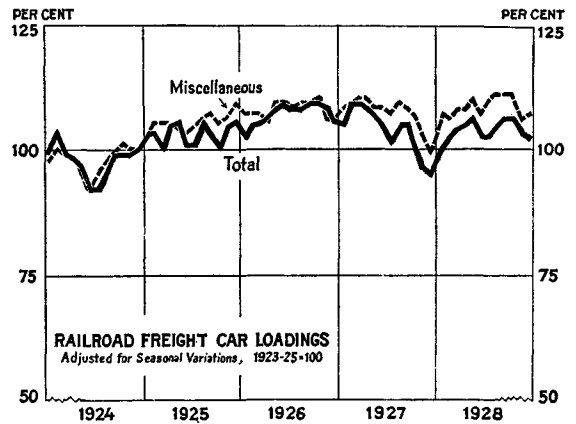


TRADE AND DISTRIBUTION

FREIGHT-CAR LOADINGS, BY LINES

[Index numbers, adjusted for seasonal variations. 1923-1925=100]

	Total	Grain and grain products	Live-stock	Coal	Forest products	Merchandise, e. l. and miscellaneous
Annual indexes:						
1925.....	103	97	95	99	100	105
1926.....	107	101	93	111	98	108
1927.....	103	100	90	102	92	107
1928.....	104	105	89	98	90	108
1923-January.....	100	102	91	94	90	106
February.....	102	108	101	96	93	106
March.....	103	116	96	96	89	108
April.....	104	109	89	99	85	108
May.....	106	102	88	101	90	110
June.....	102	89	86	90	88	107
July.....	102	109	80	88	89	109
August.....	104	102	82	96	92	111
September.....	106	109	93	102	91	111
October.....	106	106	92	102	92	111
November.....	103	106	82	104	90	106
December.....	102	104	83	102	89	107



For description and early figures see p. 562 of August, 1927, BULLETIN.

INDEX OF WHOLESALE DISTRIBUTION—NINE LINES OF TRADE

[1923-1925 average=100]

Month	Sales with seasonal adjustment						Sales without seasonal adjustment					
	1923	1924	1925	1926	1927	1928	1923	1924	1925	1926	1927	1928
January.....	102	103	102	102	94	94	93	94	93	94	86	87
February.....	100	102	101	101	95	97	96	98	97	97	91	93
March.....	104	94	100	100	96	93	114	102	109	107	103	99
April.....	106	99	100	97	93	89	97	96	98	94	90	86
May.....	103	95	99	99	95	96	94	87	90	91	88	89
June.....	102	91	100	99	93	89	92	82	86	91	87	84
July.....	101	93	102	97	95	93	92	86	94	91	88	87
August.....	103	95	101	97	100	98	115	105	113	107	111	108
September.....	99	101	100	100	96	94	115	118	117	117	112	109
October.....	103	99	105	94	91	95	123	118	124	111	106	111
November.....	100	99	100	98	95	97	100	97	99	97	93	95
December.....	95	101	98	95	93	92	82	88	89	84	82	81
Annual average.....							101	98	101	98	95	94

SALES IN INDIVIDUAL LINES OF TRADE

Month	With seasonal adjustment									Without seasonal adjustment								
	Groceries	Meats	Dry goods	Men's clothing	Women's clothing	Boots and shoes	Hardware	Drugs	Furniture	Groceries	Meats	Dry goods	Men's clothing	Women's clothing	Boots and shoes	Hardware	Drugs	Furniture
1927																		
November..	94	105	89	86	67	105	100	112	100	100	101	88	61	45	110	98	113	105
December..	92	109	87	93	61	101	97	106	89	90	103	70	48	39	82	90	99	83
1928																		
January....	93	106	89	99	70	115	92	103	89	85	106	85	76	65	94	82	106	78
February....	98	113	88	99	70	110	93	110	96	85	108	89	123	88	87	82	101	96
March.....	97	109	83	94	55	96	91	110	95	95	105	87	131	89	111	95	121	107
April.....	93	112	78	77	57	94	86	111	87	88	105	70	75	53	99	88	113	88
May.....	99	109	86	96	62	113	94	117	92	96	109	75	57	35	114	97	110	87
June.....	94	112	79	76	49	82	92	110	94	97	114	71	39	21	77	96	104	83
July.....	91	111	80	79	83	123	91	107	95	92	113	74	68	46	98	90	102	78
August.....	100	116	90	90	68	109	94	117	106	101	118	110	148	93	119	95	115	108
September..	92	122	84	89	62	90	92	112	112	100	130	105	137	88	110	100	119	126
October....	95	111	85	99	62	87	97	116	110	108	125	99	123	100	108	108	134	131
November..	94	122	91	95	55	100	99	113	105	100	117	90	66	38	105	97	114	110
December..	89	115	86	101	54	72	93	128	98	87	109	69	51	34	59	86	120	92
Annual average.....										95	113	85	91	62	88	93	113	99

NOTE.—The basic data used and the methods of construction of the index of wholesale distribution were described and monthly indexes from January, 1919, to October, 1927, were published in the BULLETIN for December, 1927, pp. 817-828.

## DEPARTMENT STORE SALES: INDEX OF SALES, BY FEDERAL RESERVE DISTRICTS

[1923-1925 average=100]

	Without adjustment for seasonal variations												
	United States	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City <sup>1</sup>	Dallas	San Fran- cisco
<b>ANNUAL INDEXES</b>													
1919	78	78	76	79	77	84	94			93		98	68
1920	94	91	91	93	95	93	113			97		117	83
1921	87	89	87	89	86	89	96	82	90	105		97	79
1922	88	92	89	91	87	86	90	85	89	93		96	83
1923	98	98	96	101	100	97	100	98	99	99		95	96
1924	99	100	99	99	99	99	98	98	98	99		85	99
1925	103	102	105	100	101	104	102	104	103	102	100	104	105
1926	106	105	109	102	103	107	106	111	105	99	95	109	110
1927	107	106	111	98	105	105	107	112	103	97	95	106	113
1928	108	104	112	95	103	106	107	121	104	87	97	108	116
<b>MONTHLY INDEXES</b>													
1927													
January	89	103	96	80	85	84	85	84	79	81	80	87	96
February	83	78	85	78	83	78	88	90	83	76	76	86	85
March	100	99	99	94	98	99	99	108	98	92	89	97	109
April	111	111	112	103	116	110	109	117	108	104	98	109	115
May	102	101	102	94	105	103	108	108	96	91	88	112	107
June	101	110	109	97	99	100	99	107	93	91	86	95	95
July	75	74	74	65	78	72	76	82	68	75	68	69	89
August	89	84	84	73	93	80	86	99	90	92	83	80	114
September	100	99	106	85	95	91	97	114	97	93	96	105	111
October	119	115	128	109	113	121	128	119	127	109	106	125	119
November	122	120	134	120	112	125	119	125	120	100	110	120	121
December	186	182	201	174	176	195	191	189	177	155	165	189	195
1928													
January	88	98	94	75	85	81	85	91	82	72	80	89	98
February	85	78	89	75	85	82	91	94	85	72	77	88	92
March	103	96	102	95	101	105	110	115	105	91	93	109	110
April	102	99	103	90	101	99	102	113	99	82	93	102	114
May	107	101	109	94	106	106	114	122	104	90	94	116	116
June	104	111	112	95	100	102	98	114	94	84	84	98	101
July	78	76	77	64	78	75	77	91	73	68	71	71	94
August	85	78	78	65	85	78	86	101	83	80	85	80	116
September	106	97	111	88	101	96	98	135	97	96	102	112	113
October	123	119	135	114	112	125	123	132	119	88	110	125	129
November	122	119	134	113	110	127	120	136	119	89	111	126	118
December	187	181	206	172	174	197	180	203	175	137	166	186	195
<b>Adjusted for seasonal variations</b>													
	United States	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Dallas	San Fran- cisco	
1927													
January	106	114	111	96	105	107	107	105	100	98	105	112	
February	107	104	109	97	106	104	109	114	103	103	108	111	
March	105	104	107	96	103	102	105	114	101	99	100	112	
April	105	102	107	98	107	105	104	106	101	92	108	114	
May	103	102	104	96	103	105	105	107	98	90	108	106	
June	103	105	111	96	99	105	105	107	98	91	99	103	
July	104	105	108	96	107	103	105	112	100	97	100	111	
August	111	112	119	100	110	111	110	120	117	103	110	116	
September	108	110	117	98	102	103	107	114	96	95	102	120	
October	106	104	108	98	102	105	106	109	110	99	106	112	
November	107	107	113	95	103	104	104	115	105	94	106	117	
December	111	107	115	102	108	108	114	117	106	101	115	117	
1928													
January	105	108	108	89	104	103	107	113	104	86	107	114	
February	105	100	109	89	103	105	108	115	101	94	106	115	
March	105	98	106	94	102	105	113	118	105	95	109	110	
April	104	97	106	91	100	102	103	110	100	78	108	121	
May	104	98	107	82	100	104	107	116	103	85	107	111	
June	105	106	114	94	100	101	104	115	99	84	103	109	
July	108	108	112	95	106	107	106	124	108	89	103	118	
August	106	104	111	89	101	109	110	123	108	89	110	119	
September	120	113	127	108	114	114	112	141	110	102	113	127	
October	105	103	110	99	97	104	98	116	99	77	102	116	
November	107	106	114	89	101	106	105	124	104	83	111	114	
December	117	111	122	105	111	113	112	131	108	92	118	122	

DEPARTMENT STORE STOCKS: INDEX OF STOCKS, BY FEDERAL RESERVE DISTRICTS

[1923-1925 average=100]

Without adjustment for seasonal variations													
	United States	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City 1	Dallas	San Fran- cisco
<b>ANNUAL INDEXES</b>													
1919.....	79	83	79	63	77	82	82			90		89	74
1920.....	105	97	108	77	106	107	113			111		120	86
1921.....	89	88	92	83	90	88	98		82	94		97	85
1922.....	88	94	92	89	86	90	96	81	82	83		91	88
1923.....	98	100	98	98	97	101	103	97	93	89		97	97
1924.....	101	100	99	101	102	100	101	101	103	100	99	102	102
1925.....	101	100	103	101	101	99	96	102	104	101	100	101	101
1926.....	103	100	106	100	101	102	98	104	105	96	114	95	104
1927.....	102	103	104	99	101	103	101	101	101	89	113	88	106
1928.....	100	100	104	92	98	100	101	104	94	82	114	82	106
<b>MONTHLY INDEXES</b>													
1927													
January.....	92	91	98	91	87	91	90	92	90	81	96	77	97
February.....	97	95	97	95	96	97	100	97	95	87	109	85	102
March.....	106	105	107	105	105	107	108	105	102	94	116	92	109
April.....	106	107	109	103	106	107	110	105	103	95	115	93	110
May.....	103	106	105	98	102	104	103	101	102	91	112	90	107
June.....	97	99	98	92	98	98	92	95	97	84	104	83	103
July.....	94	95	95	89	93	94	91	93	95	83	101	83	101
August.....	97	94	99	91	97	93	96	99	97	87	116	88	103
September.....	107	106	108	101	107	107	108	108	108	94	123	96	108
October.....	113	113	116	111	112	118	112	114	112	97	129	97	113
November.....	116	118	117	114	116	122	115	116	112	97	128	98	119
December.....	96	101	99	95	93	97	90	93	93	78	102	74	100
1928													
January.....	91	93	96	88	89	89	92	92	84	78	98	75	98
February.....	97	97	97	93	96	96	101	99	93	85	111	83	105
March.....	103	105	105	98	103	103	105	105	96	88	118	86	111
April.....	104	107	108	97	103	104	108	107	98	89	116	87	111
May.....	101	106	104	93	100	100	103	103	96	83	116	83	108
June.....	95	97	99	87	94	95	96	96	91	79	108	76	103
July.....	92	91	96	85	91	91	93	93	87	78	106	72	101
August.....	96	91	101	86	95	92	95	102	93	81	118	83	104
September.....	101	98	106	92	100	102	104	109	98	84	123	88	106
October.....	110	107	117	101	108	116	109	120	104	87	129	92	112
November.....	113	113	122	104	111	118	110	122	104	86	128	92	116
December.....	92	95	101	83	91	96	91	98	86	72	102	69	96
<b>Adjusted for seasonal variations</b>													
	United States	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Dallas	San Fran- cisco	
1927													
January.....	103	101	106	99	103	104	97	104	103	91	89	105	
February.....	102	101	105	100	101	102	102	102	101	90	88	106	
March.....	103	103	105	100	101	103	105	102	100	91	90	107	
April.....	102	104	105	99	99	102	105	101	98	92	88	104	
May.....	101	105	105	98	98	103	102	100	100	88	89	106	
June.....	100	103	103	97	99	102	97	100	101	87	89	106	
July.....	101	104	104	97	100	103	99	101	101	88	85	105	
August.....	101	102	105	97	101	101	98	100	97	88	86	104	
September.....	103	102	103	97	103	102	101	102	102	90	88	104	
October.....	103	102	104	100	102	104	101	103	101	88	88	105	
November.....	103	102	103	100	104	105	105	104	101	88	89	109	
December.....	102	103	103	99	101	103	101	100	102	86	85	110	
1928													
January.....	102	102	104	96	104	102	101	103	97	87	86	107	
February.....	102	103	104	98	101	101	103	104	99	88	86	109	
March.....	100	103	103	93	99	100	102	102	94	85	84	109	
April.....	100	103	104	93	96	99	103	103	94	86	83	106	
May.....	99	105	104	93	96	99	102	102	94	81	81	107	
June.....	98	101	103	91	95	99	101	101	95	81	81	106	
July.....	99	100	105	93	98	100	101	102	93	83	73	105	
August.....	100	98	106	92	98	100	97	103	93	82	81	105	
September.....	98	94	101	88	96	97	98	103	93	80	81	102	
October.....	100	97	106	92	98	101	98	108	94	79	83	104	
November.....	100	97	107	92	100	102	100	109	94	78	83	106	
December.....	98	97	105	86	99	102	102	105	93	80	79	105	

## SALES OF MAIL-ORDER HOUSES AND CHAIN STORES

[Index numbers of sales. Monthly average 1923-1925=100]

	Sales without seasonal adjustment								Sales with seasonal adjustment							
	Mail-order houses (4)	Chains							Mail-order houses (4)	Chains						
		Grocery (34)	5-and-10-cent (14)	Ap-parel (5)	Drug (13)	Cigar (4)	Shoe (7)	Candy (4)		Grocery (34)	5-and-10-cent (14)	Ap-parel (5)	Drug (13)	Cigar (4)	Shoe (7)	Candy (4)
<b>ANNUAL INDEXES</b>																
1919.....	93	45	53	36	64	72	76	53								
1920.....	96	66	64	52	78	96	91	73								
1921.....	67	59	66	59	79	95	86	75								
1922.....	73	69	74	64	82	93	86	77								
1923.....	92	85	88	83	93	98	93	93								
1924.....	98	97	99	98	98	100	101	101								
1925.....	110	118	113	119	109	102	106	106								
1926.....	115	143	125	149	126	111	113	114								
1927.....	120	174	138	189	143	111	115	119								
1928.....	137	208	150	225	166	107	125	125								
<b>MONTHLY INDEXES</b>																
1927																
January.....	103	155	96	100	134	97	82	95	111	157	130	163	140	113	111	120
February.....	101	148	104	114	129	99	84	103	112	155	133	173	139	115	121	121
March.....	125	174	116	148	143	111	96	115	117	163	128	175	139	113	104	116
April.....	120	172	135	199	144	113	150	136	113	166	137	192	144	115	117	127
May.....	99	171	123	171	134	113	109	115	118	171	132	172	137	113	99	120
June.....	107	178	123	172	136	109	118	114	121	178	135	175	138	112	108	121
July.....	93	166	121	157	141	111	109	112	127	176	139	199	144	114	124	119
August.....	105	170	130	165	140	106	101	110	133	179	140	193	139	107	121	110
September.....	118	171	128	198	137	106	108	119	122	182	141	192	141	107	115	118
October.....	147	190	153	250	151	111	121	124	117	187	144	191	152	109	112	122
November.....	149	188	146	250	144	105	118	125	119	185	140	198	152	109	112	124
December.....	167	204	279	350	182	156	178	164	128	188	147	215	148	111	130	115
1928																
January.....	105	87	104	121	146	90	87	100	113	189	140	197	153	105	118	126
February.....	108	193	115	137	148	96	86	106	115	194	142	201	153	107	120	120
March.....	125	227	133	200	163	107	117	119	113	213	142	224	158	109	119	120
April.....	115	202	135	195	155	100	130	130	117	203	147	205	161	105	109	125
May.....	115	214	139	221	164	110	130	127	132	206	144	213	161	105	113	127
June.....	127	208	139	216	162	108	147	122	144	209	153	219	164	111	134	129
July.....	112	198	128	180	163	100	116	117	153	209	148	228	167	103	132	125
August.....	127	205	133	197	169	104	110	123	160	215	147	230	169	105	132	122
September.....	143	200	144	246	164	105	131	122	154	222	165	248	177	111	146	127
October.....	183	228	164	289	169	107	126	134	140	216	148	213	164	102	113	127
November.....	176	218	158	289	169	107	130	130	141	214	151	229	178	111	123	129
December.....	208	220	305	413	224	155	184	170	165	211	164	258	190	115	140	125

**BANK SUSPENSIONS AND COMMERCIAL FAILURES**

**BANK SUSPENSIONS,<sup>1</sup> BY CLASS OF BANK**

[Amounts in thousands of dollars]

Month	All banks		Member banks		Nonmember banks	
	Number	Total deposits <sup>2</sup>	Number	Total deposits <sup>2</sup>	Number	Total deposits <sup>2</sup>
<b>1927</b>						
September.....	36	8,988	6	1,257	30	7,731
October.....	44	11,542	9	3,729	35	7,813
November.....	43	11,210	6	3,105	37	8,105
December.....	49	8,476	7	1,310	42	7,166
<b>Total, 12 months.</b>	<b>662</b>	<b>193,891</b>	<b>124</b>	<b>66,336</b>	<b>538</b>	<b>127,555</b>
<b>1928</b>						
January.....	53	12,721	8	3,456	45	9,265
February.....	50	20,767	11	10,082	39	10,685
March.....	65	19,443	9	4,373	56	15,070
April.....	44	9,910	6	3,361	38	6,549
May.....	29	6,968	5	2,287	24	4,681
June.....	28	15,209	2	1,699	26	13,510
July.....	24	6,076	2	468	22	5,608
August.....	21	6,927	4	2,493	17	4,434
September.....	20	8,849	4	3,806	16	5,043
October.....	41	9,134	3	1,154	38	7,980
November.....	72	28,984	9	13,792	63	15,192
December.....	44	11,798	10	5,204	34	6,594
<b>Total, 12 months.</b>	<b>491</b>	<b>156,786</b>	<b>73</b>	<b>52,175</b>	<b>418</b>	<b>104,611</b>

**BANK SUSPENSIONS<sup>1</sup> IN DECEMBER, 1928, BY DISTRICTS**

[Amounts in thousands of dollars]

Federal reserve district	All banks		Member banks <sup>3</sup>		Nonmember banks	
	Number	Total deposits <sup>2</sup>	Number	Total deposits <sup>2</sup>	Number	Total deposits <sup>2</sup>
Boston.....						
New York.....						
Philadelphia.....	1	418	1	418		
Cleveland.....	2	1,421	1	248	1	1,173
Richmond.....	3	1,036	1	600	2	436
Atlanta.....	6	1,111			6	1,111
Chicago.....	2	348	2	348		
St. Louis.....	3	267			3	267
Minneapolis.....	13	4,528	2	2,841	11	1,687
Kansas City.....	5	544			5	544
Dallas.....	7	1,304	3	749	4	555
San Francisco.....	2	821			2	821
<b>Total.....</b>	<b>444</b>	<b>11,798</b>	<b>10</b>	<b>5,204</b>	<b>34</b>	<b>6,594</b>

<sup>1</sup> Banks closed to the public by order of supervisory authorities or by the directors of the banks on account of financial difficulties.

<sup>2</sup> Figures represent deposits for the latest available date prior to the suspensions and are subject to revision when information for the dates of suspension becomes available.

<sup>3</sup> Includes 8 national banks with deposits of \$4,905,000 and 2 State member banks with deposits of \$299,000.

<sup>4</sup> Includes 3 banks for which deposit figures are not available.

**COMMERCIAL FAILURES, BY CLASS OF ENTERPRISE<sup>1</sup>**

[Amounts in thousands of dollars]

	Number				Liabilities			
	Total	Manu- factur- ing	Trad- ing	Agents, brokers, etc.	Total	Manu- factur- ing	Trad- ing	Agents, brokers, etc.
<b>1927</b>								
January.....	2,465	501	1,842	122	51,290	19,996	24,530	6,764
February.....	2,035	411	1,508	116	46,941	10,518	23,406	13,017
March.....	2,143	569	1,468	106	57,891	22,368	28,191	7,332
April.....	1,968	492	1,342	134	53,156	25,278	22,308	5,570
May.....	1,852	444	1,292	116	37,785	13,802	19,978	4,005
June.....	1,833	427	1,310	96	34,465	13,587	17,856	3,022
July.....	1,756	448	1,187	121	43,150	16,743	16,832	9,575
August.....	1,708	438	1,174	96	39,196	14,921	14,702	9,573
September.....	1,573	389	1,083	101	32,786	15,349	12,052	5,385
October.....	1,787	488	1,170	129	36,236	17,134	14,657	4,445
November.....	1,864	478	1,276	110	36,147	12,786	16,949	6,412
December.....	2,162	597	1,430	135	51,062	29,024	16,733	5,305
<b>Total.....</b>	<b>23,146</b>	<b>5,682</b>	<b>16,082</b>	<b>1,382</b>	<b>520,104</b>	<b>211,505</b>	<b>228,194</b>	<b>80,405</b>
<b>1928</b>								
January.....	2,643	553	1,946	144	47,634	14,871	26,446	6,318
February.....	2,176	468	1,581	127	45,071	12,751	24,952	7,367
March.....	2,236	546	1,566	124	54,814	20,412	26,186	8,216
April.....	1,818	432	1,276	110	37,985	16,236	16,049	5,700
May.....	2,008	470	1,407	131	36,117	14,230	18,900	2,987
June.....	1,947	513	1,325	109	29,827	12,723	13,781	3,324
July.....	1,723	450	1,161 <sup>4</sup>	112	29,587	12,932	12,899	3,755
August.....	1,852	493	1,241	118	58,202	16,877	19,096	22,229
September.....	1,635	454	1,073	108	33,957	14,727	13,567	5,682
October.....	2,023	528	1,369	126	34,990	13,490	17,268	4,232
November.....	1,838	519	1,202	117	40,601	15,446	17,224	7,932
December.....	1,843	498	1,324	121	40,774	17,783	18,933	4,059
<b>Total.....</b>	<b>23,842</b>	<b>5,924</b>	<b>16,471<sup>4</sup></b>	<b>1,447</b>	<b>489,560</b>	<b>182,478</b>	<b>225,301</b>	<b>81,780</b>

**COMMERCIAL FAILURES, BY DISTRICTS<sup>1</sup>**

[Amounts in thousands of dollars]

Federal reserve district	Number			Liabilities		
	Dec., 1928	Nov., 1928	Dec., 1927	Dec., 1928	Nov., 1928	Dec., 1927
Boston.....	153	207	202	2,958	3,379	4,432
New York.....	542	418	407	17,565	9,818	15,053
Philadelphia.....	79	97	82	2,360	1,793	2,287
Cleveland.....	134	134	202	1,394	2,614	3,455
Richmond.....	113	104	146	1,861	4,851	4,424
Atlanta.....	85	69	131	1,298	1,550	3,026
Chicago.....	302	235	319	4,654	5,625	3,597
St. Louis.....	103	125	84	1,477	5,740	2,923
Minneapolis.....	56	55	118	448	711	1,126
Kansas City.....	103	99	117	2,028	1,280	7,028
Dallas.....	52	33	96	840	756	1,011
San Francisco.....	221	262	258	3,902	2,485	2,699
<b>Total.....</b>	<b>1,943</b>	<b>1,838</b>	<b>2,162</b>	<b>40,774</b>	<b>40,601</b>	<b>51,062</b>

<sup>1</sup> Figures furnished by R. G. Dun & Co.

## FOREIGN BANKING AND BUSINESS CONDITIONS

### REPORT OF THE AGENT GENERAL FOR REPARATION PAYMENTS

The report of the Agent General for Reparation Payments, submitted to the Reparations Commission under date of December 22, 1928, and covering the fourth annuity year, presents the figures of reparation payments and transfers during the year, the situation of the German public debt, the development of the budget, German credit conditions, foreign trade, and business conditions in general. It also reviews the development of the experts' plan as a whole from the time of its inauguration. Sections of the report dealing with credit and currency conditions and with the balance of payments (about one-fourth of the report) are given herewith:

The fourth annuity year brought to an end the so-called "transition period," and the execution of the plan has now entered upon the first standard annuity year. The present report, therefore, affords the opportunity for a general survey of the results that have been accomplished under the plan during the transition period, viewed not merely against the background of four years ago, when the reconstruction of Germany was beginning, but also in their bearing on the position of the German economy at the opening of the fifth or standard annuity year.

The fourth annuity payable by Germany under the terms of the plan amounted to 1,750,000,000 gold marks, as compared with the annuity of 1,500,000,000 that was paid in the previous year and the standard annuity of 2,500,000,000 gold marks that is payable in the fifth annuity year, which began September 1, 1928. With the exception of the contribution from the German budget, which increases by 750,000,000 in the fifth year, all the payments that go to make up the reparation annuity were at their standard levels in the fourth annuity year, and they included for the first time the prescribed sums for amortization of the German railway bonds and the German industrial debentures, which has now begun at the standard rate.

The experts' plan has continued to operate successfully in the field of reparation payments and transfers. As in previous years, Germany has made all the payments required by the plan, and has made them loyally and punctually. The transfer committee, on its part, has made transfers regularly and currently during the year, without disturbance to the German exchange, to an aggregate amount substantially

equivalent to the year's receipts. Deliveries in kind have considerably increased, in harmony with the increased shares of the creditor powers; and at the same time there has been a continuance of the tendency noted in former reports, toward the transfer of an increasing proportion of the annuity in foreign currencies. During the fourth annuity year, the transfers in the various forms of foreign currency payments amounted in the aggregate to about 943,000,000 gold marks, or more than 54 per cent of the total transfers, while transfers by reichsmark payments within Germany, chiefly for deliveries in kind, amounted to 796,000,000, or about 46 per cent of the total transfers. During the year, moreover, the specific securities provided by the plan have continued to develop in a satisfactory way. The assigned revenues are yielding, during the present financial year as in the previous one, a total return which provides a margin of considerably more than 100 per cent over the standard budget contribution of 1,250,000,000 gold marks; and the transport tax is producing each year the standard contribution of 290,000,000 gold marks, with an increasing margin of safety. The funds necessary to cover the annual service of the industrial charge at the full amount are also being realized regularly through the Bank for Industrial Debentures; and during the fourth annuity year, though the industrial charge itself stood for the first time at the standard level, it proved possible for the Government, owing presumably to an increase in the working assets of industry, to make a material reduction in the rate of assessment levied to produce the charge. The German Railway Co. is in a strong financial position, owing partly to the recent increase in its tariffs and also to the beginnings of improved financial control; and the development of its business as a whole amply confirms the views expressed in the previous report, as to the capacity of the railway company to carry the full annual charge for the service of its reparation bonds, provided that it follows a prudent financial policy and that the rights of supervision and control reserved to the German Government are not exercised in such a way as to impair the company's ability to earn a fair and reasonable return on its capital.

The German budget is still under the influence of the tendencies toward overspending and overborrowing to which attention was called in

the memorandum of October 20, 1927, principally the increasing expenditures resulting from the sweeping increases in official salaries and pensions which were initiated in September, 1927, and the continuing drain of the financial settlement with the States and communes, which automatically deprives the Reich of the principal share in the improved revenues from the income and corporation income taxes. The cash position of the Reich is also under pressure as a result of the overhanging burden of extraordinary expenditures from previous years, which were originally intended to be financed by borrowing but which have had to be met in large part out of working funds now required for current purposes. The States and communes, on their part, while drawing from the Reich this year under the present financial settlement about 600,000,000 reichsmarks more than in 1926-27, are still generally budgeting for deficits and calling on the Reich for larger and larger payments to meet their own constantly rising expenditures. The problem of the financial settlement, in fact, is pressing more and more for solution, in order to maintain the stability of the budget of the Reich; and when the present settlement expires on March 31, 1929, there will be a fresh opportunity, in the interests of the country as a whole, to provide a basis of settlement which, while recognizing the legitimate needs of the States and communes, will assure to the Reich the necessary means to meet its own requirements and a proper control over the revenues which it has the responsibility of collecting. The experts, in April, 1924, referred to the financial relations between the Reich and the States and communes as the "existing hole in the budget," which "must be plugged"; and it is clear now that if the German Government, after more than four years' delay, will take the practical steps in this direction that are necessary for the protection of its own budget, it can by this means alone save hundreds of millions of reichsmarks of which it is now deprived by arbitrary transfers to the States and communes and at the same time bring about, for the first time since stabilization, a régime of orderly budget making on the part of the States and communes themselves.

The necessity of a balanced budget is not in question, and there is no doubt that the material for budget equilibrium exists. The revenues of the Reich continue to show a favorable development, and the most encouraging feature of the whole four years from the standpoint of the public finances is the great productivity of the

revenues, notwithstanding the important reductions in taxation that have already been made. The practical problem, however, is to keep the Government's expenditures within the limits of the available revenues, and the time is approaching when more vigorous measures in this direction will have to be taken. The finance minister of the Reich has recognized, in recent statements to the Reichstag, the necessity of important reductions in expenditure in the coming financial year. He has also suggested the possibility of certain increases in taxation in order to bring the budget as a whole into balance. Undoubtedly there are reserve sources of taxation still available, and, if need be, recourse could be had to some of them. Undoubtedly, also, there are opportunities for substantial reductions in expenditures, not only on the part of the Reich itself, but also in the reform of the financial settlement with the States and communes. Whether and to what extent increased taxation may prove to be necessary will depend upon the practical progress that can be made in reducing public expenditures and in working out the various internal adjustments that have to be made. But there is nothing in the budget situation which will not yield to the application of sound principles of budget making, and it is primarily an internal problem for the responsible authorities to take the necessary measures for bringing the budget into proper order. The great productivity of the revenues, even after far-reaching tax reductions, has established beyond doubt the essential basis for the sound development of the budget of the Reich, and it remains clear, as stated in the previous report, that no question can fairly arise, in the light of the practical experience thus far, as to the ability of the budget of the Reich to provide the full amount of its standard contribution under the plan.

The plan has realized the other main object for which the experts were originally appointed, the stabilization of the German currency. The reichsmark continues to satisfy all the requirements of stability, as it has at all times since the experts' plan went into operation. The gold reserves of the Reichsbank now stand at the highest point ever reached, and for the greater part of the past year the reichsmark has been one of the strongest currencies in the world, from the standpoint of the foreign exchanges. There has been a further growth in the volume of credit, but the supply from both domestic and foreign sources is not yet sufficient to balance the demand except at high

rates of interest. It is encouraging, however, to observe that the rise in interest rates which took place during the autumn in the principal foreign markets has not been reflected in any further rise of interest rates in Germany. On the contrary, except as the year-end settlements began to exert their usual pressure, German money conditions in the past few months have tended to become somewhat easier. The demands for long-term credit from the public authorities are still overtaking the market, and they have rendered more difficult the problem of supplying funds with which to make up arrears of construction and to meet the special requirements of agriculture. Borrowing abroad during the last six months has taken the form chiefly of short-term loans, the proceeds of which have come to Germany in considerable part in the form of gold.

More broadly, it appears that the tendencies toward overexpansion which had developed during 1927 have now been checked, and that in many departments of German economic life normal forces have again reasserted themselves. The fluctuations which were characteristic of the period up to the spring of 1928 in the field of business activity, in foreign trade, in commodity prices, and in economic conditions generally have much diminished in extent and frequency during the past six months, and German production and trade, as well as credit conditions, have taken on an aspect of greater steadiness than at any time since the war. All of this reflects the broader basis upon which German business as a whole is now being conducted.

German foreign trade has made marked progress toward reaching a position of stability and balance. The margin by which imports have exceeded exports has gradually narrowed during the past year, and in September, 1928, the two were in substantial equilibrium, for the first time since 1926. To some extent this improvement was due to a decline in imports, but of greater importance in the long run was the further growth of exports which have reached the largest dimensions since stabilization. Thus exports and imports came into equilibrium in September, 1928, at a level of around 1,100,000,000 reichsmarks, as compared with the average level of a little more than 800,000,000 at which equilibrium was maintained in 1926. The October figures, owing to changes in the method of reporting which became effective on the first of the month, provide no basis for comparison, and no conclusions can be drawn from them.

German business conditions generally appear to have righted themselves on a relatively high level of activity. A year ago, it will be recalled, German business was in the midst of a process of expansion which threatened to result in overproduction in certain of the principal industries. This expansion derived a special stimulation from the very free use of credit, and from the spending and borrowing policies of the public authorities. Prices were rising, and these in turn called for wage increases which in many cases were promptly offset by further price increases. As the year 1928 comes to a close it appears that this overexpansion has been checked before it reached dangerous proportions, and that a condition of relative stability has now been attained. The volume of industrial production, after the moderate recession which took place early in the year, has proceeded as a whole on the general level maintained in the early part of 1927, a period already of very substantial output. Commodity prices have become relatively stable. The general volume of consumption appears to have remained during 1928 at or about the high level of the year before, giving an impressive indication of the improved standard of living among the great mass of the German population.

Great as the progress of Germany has been during the last four years it is not to be supposed that she has yet made up for the values destroyed in the war or for the values which would have been produced had there been no war. But it should always be remembered that present dislocations and difficulties are not confined to Germany. The work of paying for the war even 10 years after its conclusion remains a heavy task for all the countries which participated in it. Of all the former belligerents not one has yet freed itself from the debts and burdens left over from the war, and all of them, though in different degrees, have suffered from its inflationary consequences. Moreover, the reconstruction of Germany, as the experts said in their report, is not an end in itself but is a part of the larger problem of the reconstruction of Europe. Since 1924, when stabilization was achieved and the execution of the expert's plan began, Germany's reconstruction has at least kept pace with the reconstruction of Europe as a whole, and it has played an essential part in the general process of European reconstruction.

The developments which have thus been summarized are discussed at length in the following pages, not merely in relation to the



events of the fourth annuity year but also against the background of four years ago, when the reconstruction of the German economy was beginning.

\* \* \* \* \*

#### VI. GERMAN CREDIT CONDITIONS AND THE CURRENCY

\* \* \* \* \*

##### a. Phases of German credit development.—

The central problem which Germany faced when she emerged from the inflation was that of rebuilding her credit resources. The inflation had scattered or destroyed them; funds were to be obtained at home only rarely and then at ruinously high rates of interest, and the ordinary sources of foreign credit were closed. The first efforts to stabilize the currency corrected these conditions only partially and it was not until stabilization was reinforced and insured that German credit began to attain its present position. The steps required to bring about this result were laborious and often painful, but taken together they have furnished the basis for the progress made in the whole field of German economic reconstruction.

The term credit in this connection is not used in any limited sense, but is meant to imply the firm basis of mutual confidence which is essential in the establishment of human relationships and the conduct of domestic and international business transactions. Credit so understood is not confined to material questions of collateral and security, important as these are, but involves at its very root the factor of good will. Moreover, the factor of good will, if it is to produce the results of which it is capable, must work both ways and be exerted from the side of the creditor as well as from that of the debtor. This two-sided exercise of good will was called for in a high degree by the experts' plan, both at the time when Germany and the creditor countries accepted it and throughout the four years of its operation. Accordingly, it is appropriate to recall briefly, as a preliminary to the discussion of other phases of credit development during the past four years, the special function of the experts' plan with regard to German credit.

##### 1. *The experts' plan and German credit.*—

From the very outset there were two main features of the experts' plan which were universally recognized and which exerted a potent force in the direction of rebuilding German credit. The first of these was that the payment of reparations, long a factor of deep dis-

turbance, had become a matter for administration along economic lines. The second was that Germany had voluntarily accepted the obligations which the plan imposed and, furthermore, that it was to Germany's own interest to carry them out. These two factors, along with measures already undertaken by the Germans themselves, provided the psychological basis for the rebuilding of German credit. Assurances of a more tangible sort were given in the specific provisions of the plan, particularly those directed toward the correction of fundamental weaknesses in the existing economic structure.

It will be recalled that the first committee of experts was invited to consider "the means of balancing the budget and the measures to be taken to stabilize the currency" of Germany. On November 15, 1923, some 15 days before the Reparation Commission took its decision to summon the experts, the rentenmark made its first appearance in Germany. It was introduced in the final stages of inflation for the purpose of providing a new form of currency which it was hoped would remain stable. Two months later, when the experts began their inquiries, the domestic value of the rentenmark was still stable, but that did not mean that the currency was effectively stabilized. Instead, the experts described it as being in a state of "unstable equilibrium" from which the elements of permanent stability were wanting. Nevertheless, even with this uncertainty the general position was much improved. The improvement was not owing to any technical merits of the rentenmark as currency, though its management commanded respect; the improvement was due rather to the renewal of confidence resulting from the appointment of the experts, together with fresh efforts on the part of the German Government to balance the budget and a new and vigorous policy at the Reichsbank.

The experts regarded the two problems of currency and budget as interdependent, neither one of them being soluble without the other. The currency could remain stable only if the budget was kept balanced, and, on the other hand, the budget could remain in balance only if the currency was stabilized. The recommendations of the experts for dealing with both problems are well known, and need not be reviewed here except in one or two particulars of special relevancy to credit.

In order to meet the currency problem, the experts proposed that the Reichsbank should be reconstituted and that with certain minor

qualifications it should have the exclusive right to issue paper money in Germany; its power to make loans to the Government should be strictly limited both as to amount and character, and its activities must be entirely free from Government control or interference. Reichsbank policy as it developed and the administration of the currency, will be treated in separate sections of this chapter. The experts also made specific recommendations as to the measures to be taken for balancing the German budget and for meeting the treaty charges on reparation account; these have already been discussed in their proper relations in the chapter on the German budget.

The experts' proposals for dealing with the reparation charges had a more general but still important bearing on the question of German credit. In the first place, the payments due from Germany under the plan were to be all-inclusive and as to any given year were to be specific in amount, thereby eliminating a distracting factor of uncertainty in making up the expenditure side of the budget. Second, the budget during the first year of operation was to be relieved of reparation payments altogether, the bulk of the payments in this year being financed out of the proceeds of the German external loan, 1924, and thereafter the budget was to provide only a portion of the total, the remainder coming from the German Railway Co. and German industry. Third, the experts distinguished between the internal payment of reparations and their transfer abroad. The experts, though confident that it was "within the power of the German people to respond to the burdens imposed by the plan, without impairing a standard of living comparable to that of the allied countries and their neighbors in Europe," were not prepared to "speculate on the amount which can annually be paid in foreign currency." Accordingly, they set up machinery which would leave open to current determination the amounts to be transferred each year to the creditor powers. This machinery was concentrated in the transfer committee, which was charged with the duty of regulating the execution of the programs for deliveries in kind and reparation recovery act payments in such a manner as to prevent difficulties arising with the foreign exchange, of controlling the transfer of cash to the creditor Governments by purchase of foreign exchange, and generally of so acting "as to secure the maximum transfers, without instability of the currency." In case the payments by Germany on reparation

account, in the long run, should exceed the sums that could be transferred, provision was made for dealing with the resulting accumulation in the Reichsbank.

The experts' plan thus laid the necessary groundwork upon which other forces have built. It put the problem of reparation administration on a business basis, and removed reparation payments as a source of danger to the currency. More broadly, it offered a practicable solution of the double problem of stabilizing the currency and balancing the budget, which, as the experts said, implied the restoration of Germany's credit both externally and internally.

2. *Reichsbank credit policy.*—Reference has already been made to the beneficial effect upon the currency of a new and vigorous policy at the Reichsbank during the period of tentative stabilization. The new administration took office on January 1, 1924, shortly before the first meeting of the experts. It was confronted with the practical problem of preventing a new credit expansion which would weaken the rentenmark and cause a relapse into inflation. The bank rate was 10 per cent, the rate for day-to-day money on the Berlin Bourse ranged at times as high as 100 per cent, the Reichsbank's stock of gold was only 467,000,000 marks and tended to fall even from that level, and foreign exchange rates though maintained at gold parity at home had been falling to a discount abroad. The demand for credit was very heavy, in some degree owing to the impression on the part of certain borrowers that a new inflation was inevitable and that loans then contracted could be repaid in depreciated currency, and in part also to the conditions which the provisional stabilization itself imposed. These difficulties were indeed severe, but the situation was tranquil in comparison with the chaos which preceded it; the problem was to keep the currency stable until such time as adequate measures could be taken to support it.

The Reichsbank administration did not raise the discount rate above 10 per cent, believing that the forces at work were moving too fast to yield to this method of control. Instead, on April 7, 1924, it announced that the Reichsbank would not discount bills to an amount in excess of its then existing portfolio, and proceeded to ration credit within that limit. An active liquidation of commodities and shares followed, with a corresponding fall of prices, a large part of the German-owned balances abroad was brought back to Ger-

many, and the weakness of the foreign exchanges was gradually corrected. A second measure taken at the instance of the Reichsbank administration was the establishment of the Gold Discount Bank, which was effected under a law passed on March 19, 1924. In some sense the essential purpose which the Gold Discount Bank was intended to serve—namely, that of providing a genuine gold-secured currency—anticipated the currency functions later given to the Reichsbank under the legislation passed in connection with the experts' plan. As a matter of fact, the Gold Discount Bank never exercised its currency function, but it did succeed in providing considerable credits in foreign currency and as such was a factor in maintaining stability pending the adoption of broader measures.

The proposals of the experts for the reconstitution of the Reichsbank were put into form of law on August 30, 1924, along with the other legislation required to make the plan effective. On October 11, 1924, the formal reconstitution took place without disturbance to the Reichsbank's business. Outwardly there were few signs of change, except that the old paper-mark currency began to disappear and new reichsmark notes of the Reichsbank began to take its place, at the rate of 1 reichsmark of the new currency to 1,000,000,000 marks of the old. The changes were nevertheless fundamental. The Reichsbank's position as a private corporation independent of the Reich, which it had acquired for the first time some two years previously, was strengthened and reinforced; it acquired the exclusive privilege of issuing notes, with only minor and nonessential qualifications; and had the specific obligation "to regulate the circulation of money in the whole area of the Reich." While its independent character as a German institution was protected, a general council was created, the membership of which was to be evenly divided between German nationals and foreigners; one of the foreign members was to serve as commissioner of the Reichsbank, whose primary function was to see that the provisions of law with respect to the note issue and its gold cover were carried out; the gold cover was to amount at least to 40 per cent of the notes in circulation, with the proviso, however, that one-quarter of that cover could take the form of *devisen* (foreign exchange) meeting specified requirements; and the power of the bank to discount paper secured by Government obligations or to make loans to the Government was narrowly restricted. All of these provisions have remained unmodified up

to the present with the exception of the last named; the law was amended on July 8, 1926, with the approval of all concerned, so as to permit the Reichsbank to discount for the market short treasury bills of the Reich and to make loans secured by them up to an aggregate of 400,000,000 reichsmarks for both classes of transactions.

Since the date of the reconstitution of the Reichsbank the stability of the German currency has not come into question. Domestic price movements and the quotations of the reichsmark in the foreign exchanges, the two chief evidences of the condition of a currency, have remained within the limits set by the gold standard. Thus relieved of its emergency character, the administration of the currency has been subordinated to the broader problem of the supply and control of credit. This problem has proved to be extraordinarily complex, and while as a whole it has been within the field of the Reichsbank's influence, only certain parts of it have stood directly within its authority. For the sake of orderly treatment only the latter will be dealt with at this point, and the discussion will be limited to three aspects only—the management of Reichsbank short credit, the relation of its discount rate to other money rates, and its accumulation of gold reserves.

(a) *Control of Reichsbank credit.*—The policy of rationing credit which the Reichsbank initiated on April 7, 1924, had the double purpose of preventing abuse of its credit facilities and of apportioning the available supply of credit among those borrowers who in its opinion were most deserving from the standpoint of the general good. By the end of June, 1924, the situation had somewhat clarified, and the Reichsbank increased the limit within which it was prepared to grant credits. When the expert's plan went into effect two months later, the policy was still in operation; its stringency was gradually relaxed up to January, 1926, when it was publicly abrogated. During that period, accordingly, the volume of loans made by the Reichsbank does not fairly reflect the demands made upon it, but rather the extent to which it was prepared to go in meeting them.

On October 31, 1924, the first month-end after the reconstitution of the Reichsbank, its total short credit, exclusive of *devisen* eligible for note cover, amounted to 1,929,000,000 reichsmarks. This is an adjusted figure, representing more accurately than the published totals the amount of loans actually made by the Reichsbank for the accommodation of bor-

rowers. It is based upon the two statement items, "bills and checks" and "Lombard loans"; but it eliminates some 700,000,000 of agricultural bills later transferred to the Rentenbank and includes the existing liability on account of indorsed bills sold from its portfolio to various of the public offices. It is necessary to make such adjustments in the reported totals up to a date as late as the middle of 1926 in order to establish a proper basis for comparison with the figures for later periods. Such adjusted figures are available showing the fluctuations in the volume of Reichsbank short credit during the past four years, including at the very end of the period small amounts of discounted treasury bills of the Reich or loans secured by them. From the total of 1,929,000,000 reichsmarks as it stood immediately after the Reichsbank was reconstituted in October, 1924, the total of short credit rose to an average during 1925 of about 2,200,000,000. Thereafter, under the influence first of the business depression and then of the rapid inflow of foreign funds, the total averaged during 1926 at less than 1,600,000,000. In 1927, in response to a low discount rate in the first half of that year and then in reflection of a large increase in business activity attended by a general credit expansion, the volume of Reichsbank short credit averaged about 2,450,000,000; and at times, as for example over the turn of the year, it stood much above that level. This average was fairly maintained during 1928 up to the autumn, when the volume of short credit tended to fall, in connection with developments which will be presently described.

The figures for Reichsbank short credit taken by themselves do not, of course, represent fully and exactly the amount of credit which the Reichsbank has released from time to time to the other banks and the public. Other assets must also be taken into account, because the acquisition of an asset of whatever sort makes a corresponding amount of Reichsbank credit available for use. Credit thus released may return to the Reichsbank by way of repaying existing debt, or it may pass into general use in the form of currency or banking deposits. If the former, the expansive effect of the newly acquired asset is neutralized, because there has been merely an exchange of one asset for another and the volume of Reichsbank credit remains unaltered; if the latter, credit expansion in the broad meaning of that term has taken place.

One form of asset which the Reichsbank has acquired with fair regularity since its reconsti-

tution is gold and, with somewhat less regularity, devisen interchangeable with gold. But the effect upon the general level of Reichsbank credit has varied greatly at different times. In 1926, for example, the Reichsbank increased its gold and its devisen eligible for cover against the note issue by 740,000,000 reichsmarks, but its short credit was lower at the end of the year than at the beginning by 486,000,000. Thus, nearly 500,000,000 reichsmarks of the incoming gold was neutralized by a corresponding decrease of short credit, notably bills, checks, and collateral loans; but the net effect was an increase of about 250,000,000 in the volume of Reichsbank credit made available to the banks and the public. In 1927, as a result of the low discount rate at the Reichsbank during the first five months, the stock of gold and eligible devisen fell during the year as a whole by 204,000,000, but the volume of short credit rose by 1,294,000,000, thereby offsetting the loss of gold and devisen and causing a net increase in Reichsbank credit of 1,090,000,000. In 1928 a similar comparison can not be made because the year is not yet complete. But, taking as a base the condition at the end of November, 1927, it is noteworthy that during the 12 months ended November, 1928, the gold and devisen increased by about 660,000,000, whereas the volume of short credit decreased by about 190,000,000. The net result was a further increase of about 470,000,000 in the amount of Reichsbank credit released.

The combined effect in each of the three years has been to enlarge Reichsbank credit, the latter term being used in its comprehensive sense. In 1926 this growth, which was entirely the result of credit made available in return for gold or its equivalent, was very moderate, as was characteristic of a year half of which covered a period of depression and liquidation. In 1927, a year of rapidly expanding trade and production, the growth of credit was exceptionally large, but it was made up altogether of loans, the increase in which was far more than enough to compensate for a decline in the holdings of gold and devisen. In 1928, a year thus far of large business but without the growth which occurred in 1927, and in some respects falling below the levels then attained, Reichsbank credit has increased further; but the increase has reached the banks and the public, not in the shape of additional loans from the Reichsbank but in payments for gold.

In the past few months—that is to say, in the autumn of 1928—this development has been particularly pronounced. The portfolio has

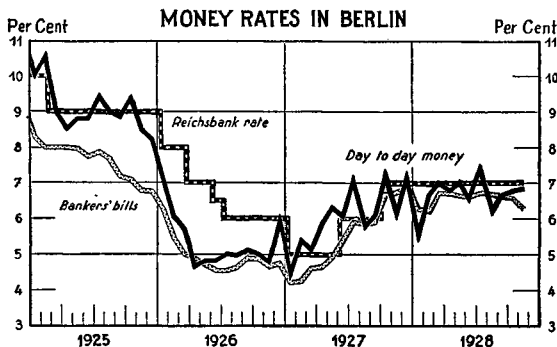
diminished and the gold stock has rapidly risen. The increase in the gold stock is due to a set of conditions which will be discussed at length in the section of this chapter dealing with the Reichsbank's gold policy. The decline in the volume of Reichsbank loans taken by itself and without allowing for the rise in the gold stock, would imply a moderation of business activity and a slackened demand for loans. The closing of the steel mills in the Rhenish-Westphalian district during the month of November, 1928, may have exerted, for instance, some influence toward liquidating stocks and diminishing the demand for currency for wage payments, and other influences may also have been at work toward restricting the demand for credit. But after making due allowance for all such influences, it appears on the face of the figures for loans and gold together that the effective demand for Reichsbank credit remains high.

Two observations are to be made in connection with the foregoing: First, that there has been no restriction of Reichsbank credit over a year ago, but on the other hand, that its volume has increased; and, second, that the entire increase has been more than covered by additions to its gold reserves. The position of the Reichsbank has been consolidated, and it has made itself an even more powerful factor than heretofore in maintaining the financial stability of Germany.

(b) *Reichsbank rate and market rates.*—During the past year the Reichsbank has been able to exert its influence over the money market more effectively than through any similar length of time in the past four years. The Reichsbank has been able to rely mainly on the discount rate as the normal means of dealing with the market, and on the whole its rate has been in effective relation to money rates in general. This marks a change in the direction of stability from the prolonged period of broad fluctuations

in money rates, during which the Reichsbank often found itself widely detached from the market and with limited power to exercise its influence except through the adoption of extraordinary measures of control.

The technical ineffectiveness of the Reichsbank rate during the period up to about a year ago had its origin largely in the difficult and sometimes contradictory conditions confronting the credit markets. As has already been seen, the almost complete lack of funds in the German market immediately after stabilization created a pressure on the Reichsbank which could not be controlled by the rate alone; in consequence, the Reichsbank at that time, though maintaining a rate well below the market, set a strict limit on the amount of credit it would grant. The gradual relaxation of this pressure permitted the Reichsbank to moderate its control and in the early part of 1925 to reduce its rate to 9 per cent, but it was not until the secondary stabilization crisis in the winter months of 1925-26 that the control was lifted altogether and the rate further reduced. But even with abrupt and successive reductions, the Reichsbank rate remained well above the typical rates for short money in the market. A rising volume of speculative transactions on the stock market, beginning early in 1926, was financed in considerable part from foreign sources, and the inflow of foreign funds for that purpose and in connection with active foreign borrowing on the part of the States and communes detached the Reichsbank still further from contact with the market. Its loans rapidly declined, because borrowers were able to satisfy their needs elsewhere at lower rates than the Reichsbank charged. In order to stem the inflow of foreign money, the Reichsbank took advantage at the beginning of 1927 of a temporary period of quiet on the stock market and lowered its rate to 5 per cent. This rate it kept in force for the first five months of 1927, with important consequences. The inflow of foreign funds reversed itself and German-owned funds began to move abroad, so that the Reichsbank lost about 1,000,000,000 reichsmarks of *devisen*. The expansion of Reichsbank credit which took place simultaneously was attended by the most active speculation that has occurred in Germany since stabilization, calling ultimately for direct intervention on the part of the Reichsbank and the bankers. It was not until the Reichsbank made two increases in its rate, the second in the autumn of 1927, that contact with the money market was reestablished. This contact has



remained fairly close for a full year—that is, until the autumn of 1928.

Within recent weeks, however, there has been a well-defined tendency for the margin to widen between the Reichsbank rate and other short-term money rates, owing to the fact that the bill rate, in common with various other market rates, has tended to decline. It is noteworthy that this decline in Berlin money rates has taken place during a period when money rates were ranging exceptionally high in New York, which has been the principal source for German foreign loans in the past few years and continues to be an important one. In Paris and London also the recent tendency for money rates has been upward. The decline in Berlin rates in the face of a rise in important foreign markets does not appear to be associated with any marked recession in the internal demand for money; on the contrary, as will be seen in a later section of this chapter, the volume of bills drawn and the loans of the principal German banks rose in October, 1928, to the highest point reached since stabilization. In November the stoppage of work in the steel mills of Rhenish Westphalia may have exerted some influence in the direction of liquidation, but it does not appear to have been sufficient to account for money market developments. The main influence appears to have had its source in the long continued import of gold.

The relation of the Reichsbank rate, apart from other money rates, to the inflow of gold, calls for some clarification at this point. The Reichsbank as a lender to German banks and bankers is now and has been in competition with the foreign banker. If the Reichsbank's rate is enough higher than the rate offered by the foreign banker to offset fluctuations in the foreign exchange, the German banker desiring to borrow is likely to borrow abroad. The same rule holds good if the German banker possesses only a limited stock of bills of the sort eligible for purchase by the Reichsbank, and yet is able to borrow abroad on other security or against deposit credit. One or both of these conditions has prevailed more or less consistently since 1924, with the exception of a period in the early part of 1927 to which reference has been made. In recent months the inflow of new credit from abroad has to a considerable extent taken the form of gold, which of course strengthens the position of the Reichsbank as a potential lender and at the same time, other things being equal, tends to lower rates in the market. It then becomes a question for the Reichsbank to decide whether it will reduce its rate and attract the demand for credit to itself, thereby

putting a check on the inflow of gold, or continue through the sympathetic effect its rate has upon money rates in general to discourage the undue use of credit on the part of the ultimate borrower.

Before passing on to a fuller discussion of gold imports as they have been related to Reichsbank policy, it is appropriate to emphasize the importance of these various developments. Normal forces have largely reasserted themselves. The broad fluctuations of the earlier periods have given way to comparative steadiness in the money markets, and it has been possible to replace emergency measures with ordinary methods of control.

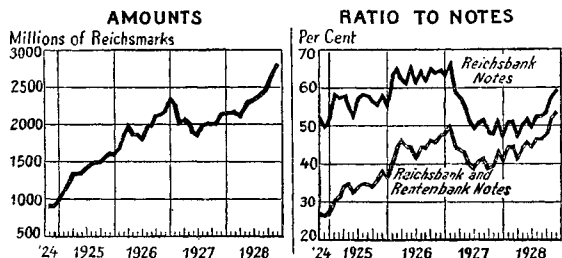
Nevertheless, the level of interest rates in Germany remains high. Fundamentally, this is due, of course, to the fact that the formation of new liquid capital has not yet caught up with the demand. This is a phase of German economic conditions which will be discussed at length in another part of this chapter. To some extent, also, the high cost of money to the borrower is due to the multiplicity and complexity of the German banking system. But the fact should not be lost sight of that the present 7 per cent rate of the Reichsbank not only reached that level but has remained there throughout the period of largest business activity which Germany has seen since the war; and, further, that it has helped to attract a very large volume of gold from abroad which recently has brought a certain relief to short money rates in general.

(c) *Gold accumulation.*—During the 12 months ended November 30, 1928, the Reichsbank's stock of gold rose by 767,000,000 reichsmarks. With a decline of 109,000,000 in its devisen eligible as reserve against notes, the result for the 12 months was a net increase in the reserves amounting to somewhat more than 650,000,000. The bulk of this growth took place in the second half of the year, the consequence of a rapid flow of gold toward Germany. The nature of this inflow differed from that of any earlier period, because by far the largest part of it came to Germany in response to natural forces, whereas at earlier times the Reichsbank had followed the practice of buying gold in foreign markets as part of its considered policy with respect to the accumulation of gold reserves. The importance of this contrast will appear in the course of considering the growth of the Reichsbank's stock of gold to its present proportions.

In the spring of 1924 the Reichsbank's total stock of gold and devisen amounted only to 442,000,000 reichsmarks, the smallest

amount held since 1893, when, however, gold was in circulation in the shape of coins. In the autumn of 1924, at the time of the Reichsbank's reconstitution in connection with the expert's plan, the stock of gold had risen to 614,000,000, which with 205,000,000 of devisen eligible under the law as cover for notes, gave less than 820,000,000 of legal reserves all told. This amount was altogether inadequate to support the substantial increase in the Reichsbank circulation which future business expansion would require. Accordingly, it was necessary for the Reichsbank to proceed with all reasonable speed to replenish its stock of gold.

RESERVES OF GOLD AND ELIGIBLE DEVISEN



It will be seen from the foregoing diagram that the growth of the reserves, while not altogether consistent as to the extent of the increment month by month, has been seriously interrupted only once. The force attracting gold to Germany has been, of course, the generally high level of interest rates and along with it the high level of the Reichsbank discount rates; it was indeed the temporary relaxation of the latter force in the first half of 1927, as has been noted in the preceding section, which accounted for the outflow of gold and devisen at that time. Taking the period as a whole, the pressure of the money rates kept domestic funds at home and attracted funds from abroad, part of which took the form of gold imports.

On November 30, 1928, the Reichsbank's stock of gold amounted to 2,624,000,000 reichsmarks, somewhat more than double the amount held by the Reichsbank on July 31, 1914, when the total was 1,253,000,000, with, however, about 1,000,000,000 of gold in circulation. The present stock is in addition to about 173,000,000 of devisen counted as reserve against the note issue, and leaves out of the reckoning also a further undefined amount of devisen held by the Reichsbank but not designated separately in its statements. The largest gold holding in any period previous to the present was on November 7, 1918, when the stock of 2,550,-

000,000 included gold coins withdrawn from circulation and gold ornaments given up by the public by way of war sacrifice.

The foreign sources from which the Reichsbank has derived its increased gold during the past five years have varied not only according to changes in financial conditions throughout the world but according to the Reichsbank's own practice. It appears from the import returns published by the Reich statistical office that in round figures the net imports of gold from the United States have amounted in these years to about 700,000,000 reichsmarks, from Great Britain also to about 700,000,000, and from Russia, Switzerland, the Scandinavian countries and Holland to a further sum of about 700,000,000.

The bulk of the gold derived from the United States was acquired in the first three years after stabilization. At that time funds from abroad reached the Reichsbank almost exclusively in the form of devisen—that is, deposits in foreign banks, foreign checks, and so on. The Reichsbank from time to time, acting on its own initiative, converted these devisen into gold and in due course brought the gold to Germany. This practice, which was equivalent to the purchase and import of gold as a commodity, was followed largely in the case of dollars acquired by the Reichsbank and to a lesser extent in the case of sterling and continental currencies. Such imports, deliberately undertaken by the Reichsbank, differ materially from movements of gold prompted by the position of the foreign exchanges. As the Reichsbank's stock of gold increased, it became less willing to undertake on its own initiative the conversion of devisen into gold, and it also assumed a more reserved position with respect to buying devisen. In the summer of 1927, when the States and communes were borrowing heavily abroad, the Reichsbank declined as a matter of principle to buy the proceeds of their loans, and it has taken more and more definitely the attitude toward the foreign exchange market in general that it would buy or sell only those marginal amounts required to maintain the market's equilibrium. The Reichsbank, furthermore, under date of October 18, 1927, lowered the price it was prepared to pay for gold offered over its counters to the minimum permitted by law—namely 2,784 reichsmarks per kilogram of fine gold. This action had the effect of placing somewhat lower the point in the foreign exchanges at which gold would flow to Germany in natural course.

These steps were in the direction of reestablishing fully the conditions under which international gold movements took place before the war. Beginning in July, 1928, the quotations of the reichsmark in the foreign exchanges, for reasons which will be explained in later sections of this chapter, reached the point at which it became profitable to ship gold from several foreign countries to Germany. From then until the present numerous imports of gold have taken place as ordinary banking transactions. In the five months ended November 30, 1928, gold imports caused an increase in the Reichsbank's stock of gold amounting to 540,000,000 reichsmarks.

The Reichsbank's technical position with respect to the world's gold market is, however, not yet complete. While it is legally bound to receive gold, it is not yet legally bound to pay it out. As a matter of announced policy, the Reichsbank holds itself ready in practice to redeem its notes in gold, but this obligation will not be binding in the sense of the law until the Reichsbank takes the steps which the law contemplates but which it left within the discretion of the Reichsbank to carry out. There seems to be no reason of principle or financial policy why the Reichsbank should not now take the necessary steps in this direction, and the recognition on its part of the legal obligation to pay out gold would mark the full return of Germany to the gold standard and contribute very much in the long run to the general soundness of the credit structure.

Aside from the legal step which remains to be taken, the ordinary forces determining the movement of gold have fully reasserted themselves. Now, as heretofore, the Reichsbank rate and other money rates exert a dominating influence in attracting funds to Germany, but the initiative as to whether those funds shall be converted into gold and brought to Germany has passed from the Reichsbank to private hands. Whereas formerly the Reichsbank bought gold in foreign markets as a commodity, bringing it to Germany at its own expense, practically all of the gold acquired in recent months has been offered to the Reichsbank at its counters, where it is obligated to take it at the legal price.

3. *Function of foreign loans.*—The dearth of capital in Germany in the first years after stabilization meant that funds, if they were to be obtained in anything approaching adequate amounts, had to come from abroad. In the four years since the experts' plan went into effect the nominal amount of long-term loans

placed abroad for German account, excluding the value of the German external loan, 1924 has reached a total of about 5,750,000,000 reichsmarks, now reduced by redemption, amortization, or otherwise, to an estimated amount of about 5,400,000,000. This leaves out of the reckoning a large volume of short-term debt owing abroad, the amount of which remains for various reasons a matter of conjecture.

Various aspects of German foreign borrowing have been discussed at length in previous reports. In particular, the large loans which the public authorities placed abroad have been questioned on the ground that they were often the results of too free spending, and also because they exercised a frequently unhealthy influence upon economic conditions generally. Without reference to the merits of any of these loans, it is clear enough that foreign credits as a whole have greatly accelerated the process of German reconstruction. The proceeds of foreign loans, upon entering into the German economy, have provided the essential material out of which German labor and enterprise could create new and larger domestic values. Considering conditions at the start and the funds then available, there have taken place in the last four years a growth of trade and an extension and renovation of plant such as have not been equalled in any previous period of equal length. The sound character of this growth depends, of course, primarily on the magnitude of the supplemental values created and secondly upon the capacity of those values to earn a return in excess of the cost of the borrowed funds. Taken as a whole, however, and without reference to any individual loan, it appears from such figures as are available that the new values created in Germany during the same period have aggregated several times the amount of the foreign debt incurred.

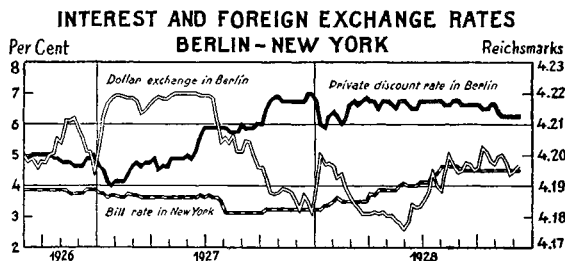
The extent of future demands from Germany upon foreign supplies of credit will be governed largely by the growth of the domestic market. Much progress has already been made in that field, as will appear in later sections of this chapter. But up to the present the volume of the demand has been so great, particularly from the public authorities and from agriculture, that the supply has been overtaxed. A more conservative utilization of credit by the States and communes would go far to relieve the pressure and to hasten the time when foreign loans will be less in demand.

(a) *Movement of funds and the foreign exchanges.*—In the first years after the experts'



plan went into effect the movement of funds toward Germany was to be regarded as a phase in the redistribution of the world's available supply of credit, which had been dislocated by the war and the more or less widespread depreciation of national currencies which followed. As far as Germany is concerned, the inflow of funds still belongs in some sense to the phase of redistribution of credit. But, as has already been seen, Germany has also been passing into a stage of active internal development which independently exercises a strong attraction upon credit wherever it is to be found.

The measure of the demand for credit is of course the rate of interest which the borrower is willing to pay. Throughout most of the last four years the rate of interest in Germany has been sufficiently high to attract funds from other countries where the supply of credit was large and the going rates of interest low. The funds so attracted exercised a dominating influence over the foreign exchanges, strengthening the position of the reichsmark greatly, and often completely submerging the influences which the merchandise trade balance and other factors were simultaneously exerting.



The effect which German interest rates have had upon the position of the reichsmark in foreign exchange rates on New York is illustrated in the foregoing diagram. Since the Reichsbank did not release the reichsmark from its technical adherence to the dollar until the end of August, 1926, the diagram leaves the period up to that time out of account. For the sake of simplicity only one interest rate in each of the two countries is used, a rate which is nearly though not absolutely comparable between the two markets. It will be seen that the rate on the private discount market in Berlin has been higher at all times than the bill rate in New York. It will be seen also that when the margin widened between the German rate and the rate in New York the value of the dollar in terms of reichsmarks tended to fall,

and, on the other hand, when the margin narrowed the value of dollars tended to rise. At the end of the period shown in the diagram—that is to say in recent months—the interest rates in the two markets were nearer together than at any time since the first half of 1927; yet the reichsmark remained above par with the dollar, whereas in the first half of 1927 it had been below par with the dollar.

This result is noteworthy, because it marks the return of steadier conditions between Germany and one of the principal foreign money markets. It was due in part, no doubt, to indirect influences upon the reichsmark-dollar exchange of money relations between Germany and other European countries. But the main influence appears to have been that exerted by a decided and progressive narrowing of the excess of German merchandise imports over exports. These reached equilibrium in September, 1928, thereby removing a heavy burden upon the exchanges. If borrowed funds continued to flow into Germany, they were free to exert their influence directly upon the exchange without first making provision for an excess of merchandise imports.

(b) *Volume of foreign loans.*—Out of the gross foreign indebtedness on German account only that part which has taken the form of loans publicly issued can be defined in reasonably exact terms. The nominal amount of such loans at the end of October, 1928, stood at about 5,400,000,000 reichsmarks, after making allowance for the estimated redemptions and amortizations which have already taken place. The other part of the foreign indebtedness is a matter of conjecture, comprising foreign deposits in German banks, loans to brokers, bankers' loans to States and communes, industrial and commercial credits, and so on. Figures for foreign credits granted to the principal German banks are reported four times a year to the Reichsbank and if made public would shed some light on the total short debt, but up to the present time they have not been published. Consequently, it is impossible to give any reliable estimate either of the short debt owing abroad or of the total.

Except for the German external loan, 1924, the foreign loans in 1924 were negligible. Almost the whole of the long-term debt has been incurred since the experts' plan went into effect. The bulk of the loans made in 1924 took the form of banking deposits or other short credits, but the success of the German external loan, 1924, offered in connection with the experts' plan, opened the way for a long series of capital

issues on German account which has continued with periodic interruptions up to the present. In 1925, German issues were sold to the public abroad in the nominal amount of about 1,250,000,000 reichsmarks. This amount was much exceeded in 1926, when the total reached 1,700,000,000. Thereafter, owing mainly to smaller demands from private industry, this total was not reached again.

[In millions of reichsmarks]

Foreign loans	1925	1926	1927	Jan. 1 to Oct. 31, 1928 <sup>a</sup>	Total
Loans of States.....	138.6	270.6	267.3	-----	676.5
Provincial or communal loans	256.0	249.5	112.5	193.7	811.7
Loans of public and semi- public undertakings:					
(a) Of the Reich.....	161.7	25.2	336.0	152.3	675.2
(b) Of the States, Prov- inces, and com- munes.....	202.8	351.5	205.7	530.8	1,290.8
Loans of private enterprises.....	472.0	742.0	597.3	354.5	2,165.8
Loans of various church or- ganizations.....	25.1	37.6	4.1	29.8	116.6
Total.....	1,256.2	1,696.4	1,522.9	1,261.1	5,736.6

Somewhat more than 60 per cent of the 5,737,000,000, nominal amount, of foreign capital issues shown in the foregoing table was for the account of the States, communes, and the various public enterprises. In previous reports these issues have been discussed at length. It will be recalled that foreign loans of the States and communes have been open to question on a number of grounds; their large volume, indicating overspending on the part of the public bodies; their frequency, which often brought foreign funds to Germany more rapidly than they could be usefully absorbed and thereby stimulated speculation and threatened an unhealthy expansion of trade and prices; and their relation, especially in the case of State loans, to the prior commitments of Germany in respect of reparations. These and connected questions were considered in an exchange of memoranda between the agent general and the German Government in the autumn of 1927.

There is no occasion, in view of the extended comment previously given, to review here the dangers which these heavy borrowings threatened to the entire German economy or to describe again the apparatus of supervision which was set up to moderate them. It is merely to be observed that up to the end of October no German State loan was issued to the public abroad during 1928, and that while the loans to the communes were unusually large in the spring of this year, since then they have been very limited in number and amount.

In part the small volume of foreign borrowing by the communes in recent months was owing to lack of interest in such issues on the American market. Very recently—that is to say, around the end of November—one or two communal issues of substantial size were offered in the London market.

The foreign loans of public and semipublic enterprises for the entire period since the beginning of 1925 have amounted to nearly 2,000,000,000 reichsmarks. Of that amount about 900,000,000 were loans of credit cooperatives, mortgage banks, agricultural credit institutions, and the like, mostly for the purpose of relending to agriculture. Such loans reached especially large dimensions during 1927 and the early part of 1928. The principal part of the remainder was for State and municipal enterprises, such as electric plants, gas and water works, housing programs, and so on. In all of these loans the public credit was more or less directly involved; in some cases they carried provincial or communal guaranties and in all cases they represented obligations of enterprises, including banks in which the public authorities have controlling interests and responsibilities.

Foreign loans of private enterprises have been diminishing since 1926, when large industrial concerns were borrowing substantial amounts for purposes of rationalization. Since then the principal industries and trading houses have borrowed abroad more sparingly. Some have been able to finance themselves by issuing in the domestic market shares or bonds denominated in reichsmarks, with, however, some foreign participation; and others have found it possible to do without further long-term financing at all. This development is of course an indication both of renewed strength on the part of the industrial enterprises themselves and also of some periodically recurring capacity on the part of the domestic market to absorb new issues. Smaller industrial concerns whose names were not well known abroad or whose requirements were too small to warrant the incidental expenses of foreign borrowing, have been debarred thereby from direct access to foreign funds. Latterly various credit institutions have been established with foreign participation for the purpose of supplying some part at least of the requirements of small and middle sized concerns.

All told, foreign financing at long term has materially fallen off in the last five months, with only a moderate revival at the close of the period. From the end of May to the end of

October, 1928, foreign long-term loans of all categories amounted to less than 400,000,000 reichsmarks as against nearly 900,000,000 in the period from January to May, inclusive. To a considerable extent this reduction has been due to unusual conditions in the American market, which up to the end of August was not receptive to new issues. In the autumn there was some slight renewal of interest in German issues, particularly in those which carried incidental subscription rights for shares, but on the whole the terms which American bankers were able to offer were less favorable than previously. This had the double effect of reducing the number of long-term German offerings and of causing a larger proportion than heretofore to be placed in British and continental markets. In the light of these conditions it is interesting to observe that in the five months ended October 31, 1928, the foreign loans for public account, including loans to the public and semipublic enterprises, have exceeded in amount the long-term borrowings of private concerns in the proportion of four to one.

The total amount of the German foreign loans offered to the public since the experts' plan went into effect is, as has been seen, about 5,750,000,000. This total leaves out of account the German external loan, 1924, issued under the plan in the nominal amount of 960,000,000 gold marks, the service of which is covered in the reparation annuities. It also takes no account of such substantial but undeterminable amounts of securities as foreigners have purchased from time to time on the domestic market. Against the latter there are partial offsets in the shape of foreign securities bought by Germans and foreign issues of German securities in part repurchased. It is possible, however, to estimate with reasonable assurance that the total has already been reduced by at least 350,000,000, representing loans refunded or already paid off or partially amortized. This would leave the nominal amount of outstanding public issues, other than the German external loan, 1924, at approximately 5,400,000,000 reichsmarks.

The present volume of the short debt must remain a matter of conjecture, pending official figures. The most recent official estimate is that of the Reich statistical office relating to the condition at the end of 1927. It was then estimated that the debt other than that represented in issues offered to the public amounted to between 4,600,000,000 and 5,100,000,000 reichsmarks. This consisted of import and export

credits, banking deposits, industrial credits, and so on, almost entirely at short term. Against this debt there were partial offsets in the shape of sums owing from foreign countries to Germany. After allowing for these items the statistical office estimated the net miscellaneous debt, mostly at short term, owing by Germany to abroad at between 1,400,000,000 and 2,400,000,000. Since the end of 1927 the growth in the deposits of the reporting banks, the state of the foreign exchanges, and other evidences indicate that the increase in short debt may have been substantial. Such withdrawals of funds from Germany as high money rates in New York may have caused during the summer and autumn appear to have been more than offset by an inflow of funds from Great Britain, Holland, Switzerland, and particularly France. In recent weeks—that is to say in October and November, 1928—there appears to have been some diminution of the inflow of foreign short-term money, partly on account of the better position of the merchandise trade balance. It is also noteworthy that in many cases the proceeds of such loans appear to have been brought to Germany in the shape of gold, so that the increase in short-term indebtedness is to this extent directly offset by the increase in the gold reserves of the Reichsbank.

**b. Domestic credit position.**—Important as foreign funds have been in rebuilding the stock of capital in Germany, the principal increase year by year has come from domestic sources. It is impossible, of course, to set foreign funds off against domestic funds and draw a balance in terms of figures, because foreign funds have served in part as the basis upon which domestic credit has itself expanded. This fact manifests itself, for example, in the case of funds borrowed abroad which reach Germany in the shape of gold, and upon entering the reserves of the Reichsbank serve as the basis for new credit to an amount which may be greater than the amount of the gold imported. But after making due allowance for the direct and indirect influences exerted by the inflow of funds from abroad, it is clear that the greater part of new credits granted in the last few years has come from domestic sources. The most tangible evidence is to be drawn from the markets for capital issues. On the basis of the figures, the new issues of securities offered in the domestic market in the last four years have reached a total of some two and one-half times the German issues offered to the foreign public. Again, the Institut für Konjunkturforschung estimates that the average annual increase in the

volume of credit in Germany during the last four years is nearly 10,000,000,000 reichsmarks. This estimate includes foreign as well as domestic credits, but upon the face of all available figures the share attributable to abroad can be only a fraction, though a substantial fraction, of the total.

But large as this annual extension of credit is, it has been insufficient to meet the demand except as the latter has been restrained by high rates of interest. The demand has come from a variety of causes, and the effort to satisfy it has been concentrated in these few years. During the war dwelling construction, for example, came to a standstill, and for various reasons was not adequately resumed during the inflation. This left a great unsatisfied demand which the large annual increase since the war in the number of families has aggravated. In the last five years more than 9,000,000,000 reichsmarks have been spent on new housing alone. Other urgent construction, including the rebuilding incidental to the process of rationalization, has required immense further sums. Agriculture, for reasons which will appear presently, has been a large and persistent borrower. The public authorities, borrowing on the credit of the Reich, the States, and communes, have exerted continuous pressure on the market in connection with their various programs of extension and rehabilitation, some of which could certainly have been postponed to the advantage of credit in general.

Running side by side with the demands from all of these and other sources there have been the requirements of industry and trade for funds with which to carry on a rising volume of business. Four years ago Germany was practically devoid of working capital, and the early import of credit from abroad did not always relieve this need. On the contrary, foreign loans brought to Germany in the shape of raw materials placed a further burden upon the credit market as these materials took on greater and greater value in the successive stages of fabrication and distribution. The vigor of industrial and business activity, itself an important cause of the demand for credit, has been such that it has shown thus far a remarkable resistance to the effects of an inadequate supply.

It is manifest that relief to the credit market can come only from a diminution of the demand or an increase in the supply. The arrears of construction left over from the war and the inflation have not yet been overtaken, notwithstanding the progress already made. It is to be assumed also that new demands will replace

in part at least the old when the latter are at last satisfied. Yet the fact should not be overlooked that the processes set in motion in the course of satisfying these demands, assuming that they are not for wasteful purposes, tend of themselves to stimulate the formation of new capital, in the way of savings from wages, profits to employers, and the increased productivity of new enterprise.

1. *Formation of capital.*—The growth of deposits in the savings offices and the amounts paid to life-insurance companies in the shape of premiums on policies are the chief explicit evidences of capital formation available in Germany. As to the remainder it is necessary to rely upon semiofficial estimates which are themselves subject to broad qualification.

Deposits have been accumulating in the savings offices or Sparkassen in considerably greater volume than in 1927 or in any previous year since stabilization. The total increase during the 12 months ended October 31, 1928, was 2,101,000,000 reichsmarks compared with 1,613,000,000 during the previous 12 months; and during the last 4 months the increase has been at the average rate of 164,000,000 a month as compared with 105,000,000 during the corresponding period of 1927. The growth for the past 12 months as a whole is about double the average annual increase from 1908 to 1913. It is noteworthy in this connection that at present the amounts credited as interest represent only 10 or 15 per cent of the total annual increase of savings deposits, whereas in the pre-war years interest credited amounted to about 50 per cent of the total annual increment. This difference arises mainly from the fact that aggregate deposits are still only about one-third of the total in 1913.

With the exception of certain revalorized deposits, relatively small in amount, the total of about 6,500,000,000 reichsmarks shown for October 31, 1928, has practically all been accumulated since the inflation. The progressive increase in the savings deposits not only reflects a recovery of the habit of saving on the part of the people, but some increased capacity to save. As such it has an important bearing on the further formation of new capital. Yet it is not to be assumed that this rate of saving can be taken to apply proportionately over the population of Germany as a whole. A large part of the savings deposits comes from wage earners, whose position in the present economic life of Germany is relatively favorable on account of the wage increases which have been made in the last few years.

In addition to the savings deposits placed with the Sparkassen, there is an unstated volume of savings placed with the large commercial banks. Since November, 1927, the members of the Berlin Bankers' Association (Stempelvereinigung), which comprises a large proportion of the total banking strength of Germany, have been accepting savings deposits on which they pay 5 per cent compared with 4½ per cent paid by the Sparkassen. The amount of these deposits is not shown separately in the published statements of the banks, and their total accordingly can not be estimated.

Life-insurance premiums, which constitute a second important class of savings, averaged about 44,000,000 reichsmarks per month during the first 10 months of 1928. The figures are based on reports of about 60 life insurance companies and are available in comparable form only since the end of 1927. The total amount of insurance in force at the end of October, 1928, was some 25 per cent higher than at the end of 1927.

Beyond the figures for Sparkassen savings deposits and life-insurance premiums there is little direct evidence upon which to predicate an estimate of capital formation in Germany. But by various statistical processes, based either on the volume of money savings or upon such evidences as are available showing the annual surplus of production over consumption, estimates have been made which shed some light on the question. The latter method has been followed by the Reichs-Kredit-Gesellschaft, which is owned indirectly by the Reich, in the useful economic review which it publishes twice a year. Certain unofficial estimates compiled in a different manner tend generally to agree with that of the Reichs-Kredit-Gesellschaft.

This estimate, which was published early in January, 1928, was described in the interim report of the agent general last June. It places the surplus of production in Germany for 1927 at 12,000,000,000 reichsmarks. The calculations upon which this figure was based were prefaced with the statement that no reliable estimate of the formation of capital in Germany is yet possible, but that from a knowledge of the international balance of payments and of the conditions of production and consumption the general limits within which the surplus of production must lie can be determined. The surplus of production, in turn, after deducting the amount of capital imported (other than that used for currency cover),

provides the basis for the estimate of the annual formation of capital. The underlying qualification was made, however, that the surplus of production often comprises items which can not be converted into cash without causing a heavy fall in prices.

Taking the estimated surplus of production at 12,000,000,000 reichsmarks, and deducting imported capital, except such as was used for currency cover, the Reichs-Kredit-Gesellschaft arrived at the conclusion that net capital formation in Germany during 1927 amounted to 7,600,000,000 reichsmarks. The detailed estimates for 1928 have not yet been published, but in its report covering the first half of 1928 the Reichs-Kredit-Gesellschaft estimated that domestic capital formation during the first half of 1928 had proceeded apparently at about the same average rate as in 1927.

2. *Banking and other short-term credit.*—It was inherent in the conditions of credit shortage in the first years after stabilization that the first marked growth in the volume of credit should have taken place in bankers' and other short-term credits. It was not until the early part of 1926 that it became possible to issue long-term obligations in the domestic market, thereby relieving somewhat the pressure theretofore concentrated on the short-term market. In the meantime short-term credit has continued to rise, but its total volume has gradually assumed a more normal relation with respect to that of outstanding long-term issues.

The total credits of the six large private banks, which together represent about three-fourths of the private banking strength of Germany, increased about 2,000,000,000 reichsmarks, or 30 per cent, during the year ended October 31, 1928. This compares with an increase of 26 per cent during the previous 12 months. Deposits increased in about the same proportion as credits during each of the two years. No doubt a substantial part of the expansion during the past two years was based upon deposits received from abroad. In default of actual figures this important factor in the banking position remains a matter of conjecture, but some indication of the volume of foreign deposits in German banks appears from the public statements made in connection with the final balance sheets for 1927, when certain banks reported that foreign deposits were between 30 and 40 per cent of their total deposits. A striking item in the bank statements is a rise in their holdings of bills and treasury notes which increased 823,000,000 reichsmarks, or more than 50 per cent, during

the last 12 months. In part, this is merely a shift from the Reichsbank to the private banks, inasmuch as the Reichsbank's holdings of bills and checks declined about 450,000,000 during the same period.

Since last March there has been further expansion among the State and provincial banks, but at a rate considerably less than with the private banks. From the end of March to the end of October, 1928, the total credits of 21 State and provincial banks increased 69,000,000 reichsmarks, or a little more than 3 per cent, as compared with an increase of about 13 per cent for the six private banks during the same period. The deposits of the State banks rose by about 11 per cent.

The Giro-Zentralen, the central institutions through which the various savings offices and communal banks are interrelated, have continued to expand their credits at a comparatively rapid rate. The total credits of 17 of these institutions increased 15 per cent between March 31 and October 31 of this year. These credits were granted largely out of the proceeds of long-term loans issued by the Giro-Zentralen, in some cases abroad.

The volume of bills drawn during October, as reflected in the returns of the stamp tax, was higher than for any previous month. In its main outline the changes in the volume of bills drawn coincides with changes in the volume of production and trade. The recent increase does not appear to be wholly attributable to that cause, but probably reflects the better market for bills which now prevails and also some increased inclination to rely on bill credit for transactions formerly done on a cash basis or carried in the form of banking credits.

The open discount market has developed somewhat greater vitality in recent months. Aside from prime bankers' acceptances, which have formed the principal offerings on the market heretofore, Reich treasury bills have also been offered in greater volume. Small quantities of such bills began to appear on the market last February, the first in recent years. At the end of November the total amount outstanding was nearly 400,000,000 reichsmarks, the maximum permitted under the present law. Up to this time very few have been offered to the Reichsbank from the market either for rediscount or as collateral for advances. The largest amount so held up to the present was on December 7, 1928, when the total stood at 57,000,000 reichsmarks.

3. *New capital issues and the security markets.*—In the last four years the German

domestic market has absorbed about 14,000,000,000 reichsmarks of new capital issues. During 1925, the first year after the experts' plan went into operation, the market was very narrow, and practically no new securities were offered except for moderate amounts of securities issued by the real estate credit institutions and various issues of shares. But since the beginning of 1926 new issues in considerable variety have been offered in the market at the rate of about 4,300,000,000 reichsmarks each year.

The domestic demand for long-term issues has been subject to periodic interruptions. At almost all times the volume of loans overhanging the market has been greater than the market could absorb. Accordingly, at those times and seasons when funds have appeared in the market, offerings have been made in undue amount and frequency, with the result that the market has been more or less promptly overtaxed. For example, the Reich loan offered in February, 1927, in the nominal amount of 500,000,000 reichsmarks, proved beyond the strength of the market, and it was not until a year later that new accumulations of investment funds permitted a resumption of public offerings in volume. In order to avoid a second exhaustion of the market, the bankers and the financial authorities of the Reich and Prussia discouraged too frequent offerings, but insistent demands from the States and communes and the requirements of agriculture made their efforts only partly successful. Recently, in common with somewhat easier money conditions, there has been a moderate resumption of demand.

[In millions of reichsmarks]

Domestic capital issues	1907-1913 yearly average	1925	1926	1927	1928, Jan. 1 to Oct. 31
German bonds:					
Reich, States, com- munes, etc.	1,172	15	654	698	440
Associations under pub- lic law	4	22	366	16	224
Real estate credit insti- tutions, Giroverbände and related institu- tions:					
(a) Communal loans	116	38	465	349	432
(b) Mortgage bonds	788	840	1,628	1,597	1,258
Private concerns	400	79	322	194	208
Total bonds	2,480	994	3,435	2,854	2,562
German shares	740	661	898	1,373	1,057
Total German securi- ties	3,220	1,655	4,333	4,227	3,619
Foreign securities	472			58	
Grand total	3,692	1,655	4,333	4,285	3,619

The foregoing table, made up from figures published by the Reich statistical office, reports the volume of bonds and similar obligations at the nominal amount of the new issues, but gives the volume of new shares at the paid-in amount, omitting new shares issued in connection with the consolidation of enterprises.

Mortgage bonds issued by real estate credit institutions have continued as in previous years to form the largest single item in the list of new issues. These obligations, known as Pfandbriefe, have composed more than one-third of the total new issues each year since stabilization. They are secured by mortgages on real estate, including agricultural land, and are sold from time to time and at varying rates according to the market. Their issue is far more constant than in the case of other new securities. Issues during 1928 have almost all carried 8 per cent interest on the nominal amount, but they have always been offered below par and so have yielded a return to the investor considerably above that rate.

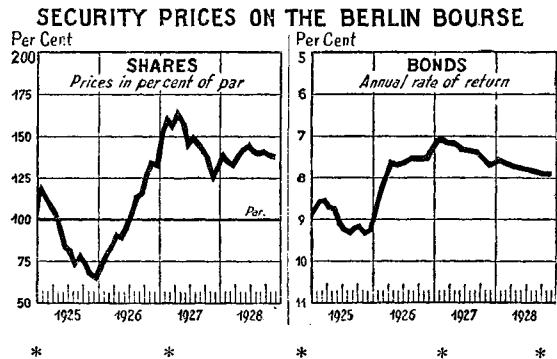
One of the main reasons for high interest rates on new issues, as well as for the frequent periods of inactivity which have prevailed on the domestic market, is the pressure to which it has been continually subjected from the Reich, the States, and the communes. The Reich loan issued in February, 1927, has not yet been fully absorbed and has required special market support in order to maintain its price. The strained cash position of the Reich treasury, which has obliged it to issue a large volume of short-term obligations, as already mentioned, has also exerted an indirect influence over the long-term market. Moreover, since the passage of the war damages liquidation law of March 30, 1928, about 350,000,000 reichsmarks of so-called registered debt certificates of the Reich have been distributed to claimants who have offered a considerable volume of them to the banks or for sale on the various stock exchanges. These, together with the various classes of loan liquidation debt, revalorizing the paper-mark debts of the Reich, have placed an exceptionally large burden upon the market. Furthermore, offerings of the States and communes which might otherwise have been placed abroad have in a measure been shifted to the domestic market because of the obstacles in the way of foreign issues to which reference has already been made. The new capital issues by the States, Provinces, and communes during the first 10 months of 1928 aggregate about 840,000,000 reichsmarks compared with about 540,000,000 during the cor-

responding period of 1927. This amount was about evenly divided between sales to the public through the medium of bankers' syndicates and offerings through real estate credit institutions, Giroverbände, and related institutions.

The high yields carried by domestic issues have attracted many foreign purchasers to all branches of the market. The extent of such participations can not be determined, but it appears to have been an important item in the balance of payments, supplementing direct borrowing at long and short term abroad.

The markets for outstanding securities have continued quiet throughout the year, and the volume of trading has apparently been small. Share prices recovered somewhat in the first half of 1928, and since then they have changed on the whole very little. During the first 10 months of 1928 the average return on shares listed on the Berlin Bourse was 4.88 per cent, as compared with 3.92 per cent during the full year 1927, owing chiefly to an increase in dividends. The latter largely related to business done in 1927.

Bond prices on the Berlin Bourse declined gradually from the early part of 1927 until November, 1928; but in recent weeks they have shown considerable resistance, partly as a result of the easier money conditions recently prevailing. The average yield on outstanding bonds in November, 1928, was 7.9 per cent, as compared with 7.65 per cent a year earlier.



c. **The German currency.**—In the preceding pages various instances of the return of normal influences have been observed with respect to credit conditions in general. It remains to take note briefly of the changes which have occurred in the particular field of the currency. These changes have all been in the direction of bringing the currency into normal relations with the Reichsbank, on the one hand, and with the needs of the German public, on the

other. The accomplishment of these objects presupposed the maintenance of currency stability, which has continued to satisfy all practical requirements.

At the beginning of 1924, when the experts were preparing their report, the Reichsbank was only beginning to regain its normal position toward the currency which had been completely lost during the inflation. The gold value of the currency then outstanding was about 3,250,000,000 marks, an amount quite insufficient to meet ordinary requirements. The Reichsbank's own notes were still denominated in paper marks which had the value of a million millions of paper marks to 1 gold mark, and notwithstanding the fantastic nominal total its equivalent in terms of gold was less than 500,000,000 marks, or less than one-sixth of the aggregate circulation. The principal element of the German currency was composed of the new notes of the Rentenbank in the amount of 1,400,000,000 reichsmarks. The rest was made up of emergency currency issued by the railways and industries, gold loan certificates of various sorts which circulated as currency, and a moderate amount of gold-secured notes issued by individual banks.

The problem of dealing with these various forms of money involved replacing them with a unified and fully responsive currency, while at the same time maintaining essential stability. The new notes of the Reichsbank issued in the form of reichsmarks after the reconstitution of the bank on October 11, 1924, served this function. As far as the minor issues were concerned, they disappeared with considerable promptness as the Reichsbank, consistently with its improved relation to the credit market in general, gained control over the circulation. The Rentenbank notes remained for some time as an important though diminishing element in the total German circulation, but with the reduction of Rentenbank currency to its present moderate proportions the notes of the Reichsbank have assumed their normal position as the principal element in the German circulation.

Except for the usual seasonal fluctuations the year-to-year increase in the volume of the currency, in common with the general volume of credit, has been continuous and fairly regular since stabilization. The average increase from 1925 to 1926, for example, was 440,000,000 reichsmarks; from 1926 to 1927, a period of rapid business and credit expansion, the increase was 540,000,000. During the first half of 1928 the year-to-year increase reverted to

about 440,000,000, whereas during the past three months the increase over the corresponding period of 1927 has been about 310,000,000. This narrowing of the margin in recent months reflects precisely the same tendencies as have been observed elsewhere—the expansion at the end of 1927 has been counteracted and more normal forces have reasserted themselves.

As in previous years, the Reichsbank notes have furnished the principal element of increase in the currency. Indeed, the increase in Reichsbank notes has been somewhat larger than the increase in the circulation as a whole. The progressive retirement of Rentenbank notes has been compensated by an increase in the circulation of the Reichsbank and also by an increase in the circulation of coins, particularly of the 5-reichsmark denomination. At the end of November, 1928, Reichsbank notes composed about 74 per cent of the total circulation, as compared with about 70 per cent a year ago and about 62 per cent two years ago.

The circulation of Rentenbank notes on November 30, 1928, amounted to 524,000,000 reichsmarks, representing only 8 per cent of the total circulation as against somewhat more than 42 per cent four years ago. These notes have never had any gold backing of their own; but inasmuch as the Reichsbank has been prepared to accept them and pay them out, they have constituted a contingent charge against the Reichsbank's gold and devisa reserves. Their reduction to the present moderate total practically eliminates a factor of weakness in the German currency position. It will be recalled, in this connection, that a law providing for the gradual liquidation of the Rentenbank notes was passed at the same time with the other laws making the experts' plan effective. Up to November 30, 1928, Rentenbank notes have been retired in conformity with its provisions in the following amounts and from the following sources:

	In millions
Interest on the general mortgage on agricultural land.....	275
Payments by the Reich.....	240
Share of the Reich in Reichsbank earnings.....	78
Repayments of agricultural bills.....	880
Total.....	1,473

In addition, Rentenbank notes to the amount of about 70,000,000 have been withdrawn from circulation and placed under earmark at the Reichsbank, representing the equivalent of the Reichsbank's share in the profits earned on the so-called economic credits granted in the early days of stabilization. According to the origi-



nal plan of retirement, the share of the Reichsbank in these profits was to have been applied to the liquidation of Rentenbank notes, and notes to this amount have been set aside under earmark in order to make good the deficiency on this account.

The Reichsbank is required by law to maintain reserves against its own notes but not against Rentenbank notes. These reserves must amount to a minimum of 40 per cent of gold and eligible devisen, with the additional proviso that the devisen counted as reserve shall never exceed one-third of the gold. The Reichsbank's reserves since the time of the bank's reconstitution have consistently stood at or above the legal minimum as far as its own notes are concerned. But the gradual retirement of Rentenbank notes and their partial replacement by Reichsbank notes have placed a burden upon the reserves far heavier than the increase in the general circulation of the currency itself would have required. Further, as has already been indicated, the notes of the Rentenbank have constituted a contingent liability which the Reichsbank has had to recognize in accumulating adequate gold reserves. Accordingly, it is important to note in the diagram (on p. 135) not simply the course of the Reichsbank's reserves in relation to its own circulation, but in relation to the Rentenbank's circulation in addition.

On November 30, 1928, the Reichsbank's reserves of gold and eligible devisen stood in relation to the combined circulation of the Reichsbank and Rentenbank at the highest point yet reached.

#### VII. GERMANY'S FOREIGN TRADE

\* \* \* \* \*

e. **The balance of payments.**—In preceding annual reports analyses have been made of the balance of payments within such limits as the available figures permitted. The essential parts of these analyses are repeated below, along with a similar statement for the past year. Inasmuch as many of the so-called invisible items entering into a fully comprehensive balance of payments are necessarily matters of estimate and deduction, no effort has been made to work to a mathematical balance between the debit and credit sides of the several accounts. The figures used have been based upon the complete but partially conjectural statements published by the Institut für Konjunkturforschung; but these have been adjusted to cover somewhat different periods of time to suit the annuity years.

Wherever the merchandise balance enters into the statement, imports and exports have been adjusted according to the coefficients of the Institut für Konjunkturforschung in order to correct the overstatement of imports and the understatement of exports inherent in the official figures. It should also be explained that wherever reparation payments enter into the calculations the figures used have been those for transfers made in foreign currencies only. Deliveries in kind have been omitted for the sake of simplicity from both sides of the balance; their value has been given neither among the exports from Germany nor among the payments made by Germany.

It would be desirable, of course, to state the balances for all four years in tabulated form, but such a table would tend to obscure the essential qualifications to which the figures are subject. Accordingly, the records of the four years are given separately, but in as nearly comparable form as possible.

1. *Balance during the first annuity year, 1924-25.*—In the 12 months' period from September, 1924, to August, 1925, the excess of merchandise imports over exports, as corrected, amounted to about 3,400,000,000 reichsmarks. To this deficiency should be added the payments made in foreign currencies on reparation account, 271,000,000 gold marks; a further addition must be made to cover the year's increase in the Reichsbank's gold stock, 622,000,000 reichsmarks; and an indefinite amount covering the increase in devisen holdings, a figure not reported for this period. In total and disregarding certain smaller items, such as interest on foreign debt, travelers' expenditures, wages of foreign workmen, insurance, and so on, the net deficiency may be put at about 4,500,000,000 reichsmarks.

There were only two items, even stated approximately, to be entered on the other side of the account. One was the volume of long-term public issues placed abroad, including the German external loan, 1924, amounting in terms of effective yield to Germany to a total of about 1,200,000,000 reichsmarks. The other item, adapted from the figures of the Reich statistical office, was the net amount paid to Germans on shipping and transportation account, estimated at about 250,000,000 reichsmarks. These items reduced the deficiency to about 3,050,000,000. Conjecturally, this was covered by short loans, the volume of deposits placed by foreigners in German banks over and above the deposits placed by Germans abroad,

the further return of German property previously held abroad, the purchase by foreigners of property in Germany and retained there, and other smaller items. The value to be placed upon these several factors remains a matter of opinion.

2. *Balance during the second annuity year, 1925-26.*—In the 12 months' period from September, 1925, to August, 1926, the official figures showed a small deficit in the merchandise balance of trade, but after correction according to the precedent of the Institut für Konjunkturforschung the value of exports showed an excess over imports in the round amount of 300,000,000 reichsmarks. Shipping and transportation earnings increased the surplus further by about 300,000,000. In addition, foreign credit in the shape of long-term loans produced the effective amount of 1,750,000,000 reichsmarks. Without taking into account any other items for which figures are not available, such as purchases of property and shares of stock by foreigners, or remittances of emigrants or other receipts from abroad, the surplus for the year stood at 2,350,000,000 reichsmarks.

Against this surplus were to be placed only two items of known size. One was the net figure for reparation transfers in foreign currencies, amounting to 416,000,000 gold marks, and the other was the reported increase for the year in the Reichsbank's stock of gold and devisen amounting to 495,000,000 reichsmarks. These items, amounting to about 900,000,000, reduced the surplus to about 1,450,000,000. This amount remained conjecturally to cover such items as the repayment of short debt, the service of long-term loans, some repurchase of long-term German obligations placed abroad, purchases of securities of foreign origin, credit given to foreigners in the form of increased deposits in foreign banks, and other smaller items.

3. *Balance during the third annuity year, 1926-27.*—In the 12 months' period from September, 1926, to August, 1927, the position of the German balance of payments was much changed from the foregoing. The merchandise balance reverted to the condition of 1924-25 and became heavily adverse. The value of imports exceeded exports after correction by a round amount of 2,700,000,000 reichsmarks. To this deficit should be added the reparation transfers in foreign currencies amounting to 683,000,000 gold marks, and a further slight addition made to cover the year's increase in the Reichsbank's reserves of gold and devisen amounting to 20,000,000 reichsmarks. In total

and disregarding such undetermined items as stock market and other profits removed from Germany by foreigners, interest on foreign debt, travelers' expenditures and so on, the deficiency may be said to have been about 3,400,000,000 reichsmarks.

Against this deficit were again only two items which can be stated even approximately. The first was the effective amount of capital issues placed abroad during the period, estimated at about 1,275,000,000 reichsmarks. The other was a net estimate for the amounts paid by foreigners to Germans on shipping and transportation account, in the sum of about 300,000,000. These items reduced the deficiency to about 1,800,000,000. Conjecturally, this deficit, together with such supplements as are represented in various undetermined items, was covered by short loans, larger deposits of foreign money in German banks, sales of foreign securities for German account, and so on.

4. *Balance during the fourth annuity year, 1927-28.*—In the 12 months' period from September, 1927, to August, 1928, the deficit in the merchandise trade balance after correction amounted to about 2,600,000,000 reichsmarks. To this deficit must be added the reparation transfers in foreign currencies, amounting to 943,000,000 gold marks. A further substantial addition must be made to cover the year's increase in the Reichsbank's reserves of gold and devisen, amounting to 433,000,000 reichsmarks. In total, and disregarding undetermined items, such as interest on foreign debt, travelers' expenditures, wages of foreign workmen, and so on, the deficiency may be said to have been about 4,000,000,000 reichsmarks.

Against this deficit are to be placed only two items which can be stated even approximately. The first is the effective amount of capital issues placed abroad during the period, with a fair allowance for foreign participations in domestic issues, estimated altogether at 1,800,000,000 reichsmarks. The other item covers the net amount estimated to have been paid to Germans on shipping and transportation account, about 350,000,000. These items reduce the deficiency to about 1,850,000,000, about the same as that for the preceding year. Conjecturally, this deficit, together with such supplements to it as are represented in various undetermined items, was covered by short loans, the return to German possession of property held abroad, increased deposits in German banks, and so on.

5. *Summary.*—From the foregoing analysis, though it is necessarily superficial and in its balancing items conjectural, the character of

the four years is apparent. In the first annuity year there was a substantial increase in the German debt owing abroad both at long and short time. In the second annuity year the increase in the sum total of German debt was slightly less than the increase in the Reichsbank's stock of gold and devisa. In the third annuity year the debt was again much increased without substantial increase in the Reichsbank's stock of gold and devisa. In the fourth annuity year there was again an increase in the sum total of the German debt owing abroad, but with a considerable offset in the shape of further increments to the Reichsbank's stock of gold.

\* \* \* \* \*

#### IX. CONCLUSIONS

The first committee of experts was invited by the Reparation Commission in its decision of November 30, 1923, to "consider the means of balancing the budget and the measures to be taken to stabilize the currency" of Germany; but it was not within its competence to consider the definitive fixation of Germany's reparation liabilities. It would, indeed, have been impossible, in the state of confusion which then existed, to reach any final decision as to the number and amounts of the annuities which Germany would have to pay or as to the total amount of the reparation debt. Accordingly, the committee presented a plan which it described as providing a "settlement extending in its application for a sufficient time to restore confidence," and as being so framed as to permit a final and comprehensive agreement "as soon as circumstances make this possible."

This report, with those which have preceded it, presents the record of what has been accomplished during the four years in which the experts' plan has been in operation. Fundamentally, confidence has been restored, and Germany has been reestablished as a going concern on a relatively high level of economic activity. From the very outset, moreover, the plan has realized its primary object by securing the expected reparation payments and transfers

to the creditor powers. But the fact that there was still no final determination of Germany's reparation liabilities has left an element of uncertainty in the plan itself and in the affairs of all the countries concerned in reparations, and it has become increasingly clear that a final settlement of the problem to be achieved by mutual agreement would be in the best interests of the creditor powers and of Germany alike.

A decisive step has now been taken in this direction. Representatives of the Governments of Germany, Belgium, France, Great Britain, Italy, and Japan reached an agreement at Geneva on September 16, 1928, on "the necessity for a complete and definite settlement of the reparation problem and for the constitution for this purpose of a committee of financial experts" to be nominated by the six Governments." Since that date the six Governments which joined in this decision have been engaged in further negotiations with respect to the practical steps to be taken to carry it into effect. These negotiations have resulted in an agreement, announced December 22, 1928, on the constitution of the new committee of experts, which is to meet as soon as possible and which will receive from the six Governments a mandate along the following lines:

The German, Belgian, French, British, Italian, and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby intrust to the committee the task of drawing up proposals for a complete and final settlement of the reparation problem; these proposals shall provide for a settlement of the obligations resulting from the existing treaties and agreements between Germany and the creditor powers. The committee shall address its report to the Governments which took part in the Geneva decision and also to the Reparation Commission.

The new experts' committee, in other words, is to draw up "proposals for a complete and final settlement of the reparation problem," and it is thus expressly empowered by the Governments concerned to consider the fundamental problem still remaining to be solved and to carry to its logical conclusion the work of the first committee of experts.

# FINANCIAL STATISTICS FOR FOREIGN COUNTRIES

## CONDITION OF CENTRAL BANKS

[Figures are for the last report date of month]

	1928			1927		1928			1927
	December	November	October	December		December	November	October	December
<b>Bank of England</b> (millions of pounds sterling):					<b>National Bank of Bulgaria</b> (millions of leva):				
Issue department—					Gold.....	1,323	1,319	1,317	1,277
Gold coin and bullion.....	153.8	159.1	163.5	151.5	Net foreign exchange.....	2,258			
Notes issued.....	413.8	419.1	183.2	171.2	Total foreign exchange.....	3,267	1,390	1,092	477
Banking department—					Loans and discounts.....	1,261	1,205	1,238	948
Gold and silver coin.....	3	8	1.5	.9	Government obligations.....	3,781	4,421	4,471	4,514
Bank notes.....	25.5	52.1	48.7	32.5	Note circulation.....	4,173	4,379	4,610	3,727
Government securities.....	67.3	52.2	42.6	48.6	Other sight liabilities.....	3,425	2,664	2,234	1,387
Other securities.....	18.9	20.2							
Discounts and advances.....	25.9	13.6	42.6	74.4	<b>Central Bank of Chile</b> (millions of pesos):				
Public deposits.....	13.0	21.5	14.1	14.6	Gold at home.....	61	61	61	61
Bankers deposits.....	69.5	62.4	103.5	124.0	Deposits abroad.....	477	505	571	402
Other deposits.....	37.5	37.2			Loans and discounts.....	49	11	11	45
Reserve ratio <sup>1</sup> (per cent).....	21.5	43.6	42.6	24.1	Note circulation.....	332	319	312	274
Bank notes in circulation <sup>2</sup> .....	388.2	367.0	78.3	82.5	Deposits.....	157	162	235	107
Currency notes and certificates.....			291.6	299.8					
<b>Bank of France</b> (millions of francs): <sup>3</sup>					<b>Bank of the Republic of Colombia</b> (thousands of pesos):				
Gold.....	31,977	31,600	30,786		Gold at home.....		25,049	24,950	20,510
Sight balances abroad.....	13,510	13,386	13,983		Gold abroad.....		41,714	41,729	23,711
Foreign bills.....	19,215	18,865	18,525		Loans and discounts.....		7,920	7,001	18,237
Foreign exchange loaned.....		1,300	1,720		Note circulation.....		52,077	51,091	46,370
Loans and discounts.....	7,889	5,535	6,252		Deposits.....		11,546	11,777	7,109
Negotiable bonds.....	5,930	5,930	5,930						
Note circulation.....	63,916	62,660	61,327		<b>Czechoslovak National Bank</b> (millions of Czechoslovak crowns):				
Public deposits.....	12,214	12,576	11,928		Gold and silver.....	1,199	1,159	1,159	1,108
Other deposits.....	7,018	6,119	6,880		Foreign balances and currency.....	2,510	2,339	2,129	2,424
<b>German Reichsbank</b> (millions of reichsmarks):					Loans and advances.....	483	392	491	126
Gold reserve.....	2,671	2,538	2,447	1,783	Assets of banking office in liquidation.....	430	437	445	498
Gold abroad.....	86	86	86	81	Note circulation.....	8,466	7,818	7,825	8,417
Reserves in foreign exchange.....	155	173	163	282	Deposits.....	830	777	563	690
Bills of exchange and checks.....	2,627	2,211	2,348	3,129					
Miscellaneous assets.....	530	513	513	499	<b>Bank of Danzig</b> (thousands of Danzig gulden):				
Deposits.....	816	473	494	779	Balances with Bank of England.....	18,242	17,211	15,475	14,139
Reichsmarks in circulation.....	4,930	4,724	4,672	4,564	Foreign bills, etc.....	18,047	18,559	20,412	34,605
Rentenmarks in circulation.....	537	637	558	740	Loans and discounts.....	22,512	22,560	22,356	22,238
<b>Bank of Italy</b> (millions of lire):					Note circulation.....	39,416	38,567	37,886	36,008
Gold at home.....		5,052	5,052	4,547	Deposits.....	3,636	2,513	2,121	2,920
Credits and balances abroad.....		5,992	6,125	7,559					
Loans and discounts.....		4,841	5,198	5,414	<b>Danish National Bank</b> (millions of kroner):				
Total note circulation.....		17,119	17,236	17,992	Gold.....	173	173	173	182
Public deposits.....		300	300	1,106	Foreign bills, etc.....	114	96	105	97
Other deposits.....		2,157	2,319	2,724	Loans and discounts.....	71	63	74	95
<b>Bank of Japan</b> (millions of yen):					Note circulation.....	360	354	361	354
Gold.....	1,062	1,063	1,063	1,063	Deposits.....	53	26	33	47
Advances and discounts.....	897	813	826	888					
Advances on foreign bills.....	81	29	29	78	<b>National Bank of Egypt</b> (thousands of Egyptian pounds sterling):				
Government bonds.....	198	192	190	228	Gold.....			3,829	3,720
Notes issued.....	1,773	1,258	1,306	1,682	English Government securities.....			28,960	24,305
Total deposits.....	545	943	884	702	Egyptian Government securities.....			22,135	22,055
<b>Austrian National Bank</b> (millions of schillings):					Note circulation.....			31,637	27,471
Gold.....	169	169	169	84	Government deposits.....			19,618	16,967
Foreign bills of the reserve.....	243	237	246	379	Other deposits.....			15,061	16,797
Other foreign bills.....	386	327	323	274					
Domestic bills.....	208	145	147	132	<b>Bank of Estonia</b> (thousands of kronas):				
Treasury bills.....	116	166	166	173	Gold.....		6,414	10,015	5,137
Note circulation.....	1,067	984	1,007	1,005	Net foreign exchange.....		26,684	24,287	11,957
Deposits.....	56	63	47	40	Loans and discounts.....		30,186	28,465	56,621
<b>National Bank of Belgium</b> (millions of belgas):					Note circulation.....		37,709	38,896	23,623
Gold.....	903	829	813	719	Deposits—				
Foreign bills and balances in gold.....	567	539	544	525	Government.....		17,182	17,688	37,54
Domestic and foreign bills.....	682	637	617	585	Bankers.....		1,561	1,192	1,192
Loans to State.....	( <sup>4</sup> )	366	371	394	Other.....		4,018	3,509	8,725
Note circulation.....	2,322	2,306	2,325	2,043					
Deposits.....	231	109	81	214					

<sup>1</sup> Ratio of gold and notes in banking department to deposit liabilities.

<sup>2</sup> Notes issued, less amounts held in banking department and in currency note account.

<sup>3</sup> New form of bank statement adopted in June.

<sup>4</sup> Figures not yet available.

<sup>5</sup> Figures for November 30, 1927.

CONDITION OF CENTRAL BANKS—Continued

[Figures are for the last report date of month]

	1928			1927		1928			1927
	December	November	October	December		December	November	October	December
<b>Bank of Finland</b> (millions of Finnish marks):					<b>Bank of Poland</b> (millions of zlotys):				
Gold.....	304	305	306	317	Gold at home.....	426	426	408	353
Balances abroad and foreign credits.....	732	710	683	1,360	Gold abroad.....	195	182	195	164
Foreign bills.....	19	26	41	48	Foreign exchange, etc.—				
Domestic bills.....	1,378	1,289	1,208	640	Serving as note cover.....	527	508	482	688
State debts.....				122	All other.....	187	194	197	207
Note circulation.....	1,513	1,502	1,539	1,514	Loans and discounts.....	732	709	727	497
Demand liabilities.....	492	410	339	634	Note circulation.....	1,295	1,270	1,313	1,003
					Current account of the treasury.....	287	286	249	361
					Other current accounts.....	237	247	227	299
<b>Bank of Greece</b> (millions of drachmae): <sup>6</sup>					<b>Bank of Portugal</b> (millions of escudos):				
Gold.....		548	543		Gold.....	9	9	9	9
Net foreign exchange in reserve.....		3,628	3,540		Balances abroad.....	292	279	286	161
Total foreign exchange.....		4,565	4,490		Bills.....	249	240	240	213
Government obligations.....		3,790	3,790		Note circulation.....	1,976	1,924	1,945	1,832
Note circulation.....		5,599	5,759		Deposits.....	73	70	59	96
Other sight liabilities.....		2,112	1,851						
<b>National Bank of Hungary</b> (millions of pengo):					<b>National Bank of Rumania</b> (millions of lei):				
Gold.....	201	201	201	197	Gold at home.....		156	156	150
Foreign bills, etc.....	54	57	52	114	Loans and discounts.....		12,425	12,388	11,416
Loans and discounts.....	417	384	411	332	Advances to State.....		10,679	10,679	10,679
Advances to treasury.....	97	104	104	111	Note circulation.....		21,756	21,959	21,026
Other assets.....	105	111	107	244					
Note circulation.....	513	476	542	487	<b>State Bank of Russia</b> (note issuing department; thousands of cherwonts):				
Deposits.....	241	259	213	309	Gold.....	17,856	17,819	15,838	18,858
Miscellaneous liabilities.....	94	96	93	179	Foreign currency.....	7,846	7,910	8,530	7,350
					Loans and discounts.....	82,536	82,490	83,721	77,445
					Bank notes.....	112,256	112,130	112,328	104,404
<b>Bank of Java</b> (millions of florins):					<b>National Bank of the Kingdom of Serbs, Croats, and Slovenes</b> (millions of dinars):				
Gold.....		171	171	178	Gold.....	91	91	91	89
Foreign bills.....		38	33	24	Foreign notes and credits.....	231	267	271	346
Loans and discounts.....		111	109	128	Loans and discounts.....	1,724	1,660	1,710	1,683
Note circulation.....		315	321	320	Advances to State.....	2,966	2,966	2,966	2,966
Deposits.....		65	61	54	Note circulation.....	5,528	5,598	5,786	5,743
					Deposits.....	812	639	643	1,087
<b>Bank of Latvia</b> (millions of lats):					<b>South African Reserve Bank</b> (thousands of pounds sterling):				
Gold.....	24	24	24	24	Gold.....	7,746	7,299	8,226	
Foreign exchange reserve.....	72	77	84	49	Foreign bills.....	6,168	7,720	7,702	
Bills.....	87	86	84	79	Domestic bills.....	1,951	695	1,197	
Loans.....	46	42	42	53	Note circulation.....	9,283	7,980	9,309	
Note circulation.....	45	44	45	40	Deposits—				
Government deposits.....	108	105	103	97	Government.....	2,121	1,703	1,963	
Other deposits.....	66	71	77	56	Bankers.....	5,183	5,279	4,923	
					Others.....	275	237	164	
<b>Bank of Lithuania</b> (millions of litas):					<b>Bank of Spain</b> (millions of pesetas):				
Gold.....	34	34	34	33	Gold.....	2,559	2,559	2,609	2,604
Foreign currency.....	44	43	44	52	Silver.....	698	698	693	685
Loans and discounts.....	91	91	89	81	Balances abroad.....	94	91	39	37
Note circulation.....	85	87	90	97	Loans and discounts.....	1,983	1,916	2,058	1,730
Deposits.....	80	78	73	65	Note circulation.....	4,377	4,327	4,381	4,202
					Deposits.....	954	933	946	1,079
<b>Netherlands Bank</b> (millions of florins):					<b>Bank of Sweden</b> (millions of kronor):				
Gold.....	435	435	435	400	Gold.....	236	237	237	230
Foreign bills.....	220	207	187	168	Foreign bills, etc.....	216	179	156	264
Loans and discounts.....	219	172	199	247	Loans and discounts.....	465	308	308	374
Note circulation.....	854	818	829	797	Note circulation.....	546	538	517	526
Deposits.....	56	39	34	99	Deposits.....	285	112	116	268
<b>Bank of Norway</b> (millions of kroner):					<b>Swiss National Bank</b> (millions of francs):				
Gold.....	147	147	147	147	Gold.....	533	469	470	517
Foreign balances and bills.....	41	31	31	47	Foreign balances and bills.....	254	263	238	729
Domestic credits.....	272	281	274	261	Loans and discounts.....	300	197	234	449
Note circulation.....	316	302	307	331	Note circulation.....	953	878	885	917
Foreign deposits.....	2	2	2	5	Demand deposits.....	196	109	92	* 153
Total deposits.....	92	105	95	95					
<b>Reserve Bank of Peru</b> (thousands of libra):					<b>Bank of the Republic of Uruguay</b> (thousands of pesos):				
Gold.....	4,097	4,105	4,091	3,994	Gold.....		66,086		57,357
Gold against demand deposits.....	319	311	325	422	Loans and discounts.....		100,973		99,638
Foreign exchange reserve.....	1,350	1,463	1,185	785	Note circulation.....		65,571		71,787
Bills.....	1,366	1,160	1,493	1,865	Deposits.....		82,153		79,023
Note circulation.....	6,122	6,059	5,994	6,036					
Deposits.....	639	621	650	843					

<sup>6</sup> New form of bank statement adopted in May.

<sup>7</sup> Foreign balances only.

<sup>8</sup> Total deposits.

## CONDITION OF COMMERCIAL BANKS

[Figures are for the last report date of month except for London clearing banks, which are daily averages]

	1928			1927	
	De- cember	No- vember	Octo- ber	De- cember	
<b>Nine London clearing banks</b> (mil- lions of pounds sterling):					
Money at call and short notice.....		143	145	155	
Advances and discounts.....	1,190	1,187	1,149		
Investments.....	241	243	234		
Deposits.....	1,752	1,753	1,729		
<b>Six Berlin banks</b> (millions of reich- marks):					
Bills and treasury notes.....	2,399	2,332	1,858		
Due from other banks.....	1,059	1,016	1,034		
Miscellaneous loans.....	6,361	6,208	5,101		
Deposits.....	9,176	8,923	7,008		
Acceptances.....	399	400	394		
<b>Tokyo banks</b> (millions of yen):					
Cash on hand.....	203	340	371	273	
Total loans.....	2,093	2,038	2,051	2,292	
Total deposits.....	2,096	2,117	2,139	1,932	
Total clearings.....	2,716	2,427	2,660	2,943	
	1928			1927	
	No- vember	Octo- ber	Sep- tember	No- vember	
<b>Banks of Buenos Aires, Argentina</b> (millions of gold pesos):					
Gold—					
Bank of the Nation.....	140	140	152	69	
Other banks.....	12	12	12	11	
Other cash—					
Bank of the Nation.....	155	153	161	164	
Other banks.....	217	217	218	195	
Loans and discounts—					
Bank of the Nation.....	501	498	487	509	
Other banks.....	806	791	776	736	
Deposits—					
Bank of the Nation.....	783	776	774	718	
Other banks.....	988	984	970	888	
<b>Chartered banks of Canada</b> (mil- lions of dollars):					
Gold coin and bullion.....	67	68	68	69	
Current loans and discounts.....	1,477	1,476	1,430	1,329	
Money at call and short notice.....	527	546	555	522	
Public and railway securities.....	488	442	486	488	
Note circulation.....	187	190	193	181	
Individual deposits.....	2,633	2,585	2,510	2,521	
Gold reserve against Dominion notes.....	109	84	82	135	
Dominion note circulation.....	237	220	197	214	
	1928			1927	
	No- vember	Octo- ber	Sep- tember	No- vember	
<b>Joint-stock banks of Denmark</b> (mil- lions of kroner):					
Loans and discounts.....	1,701	1,821	1,879	1,882	
Due from foreign banks.....	157	140	139	53	
Due to foreign banks.....	82	91	92	102	
Deposits and current accounts.....	1,931	1,928	1,975	2,059	
<b>Joint-stock banks of Finland</b> (mil- lions of Finnish marks):					
Loans and discounts.....	9,551	9,717	9,621	8,066	
Due from abroad.....	244	219	279	391	
Due to abroad.....	485	463	460	372	
Deposits.....	7,309	7,626	7,613	6,868	
<b>Three commercial banks of France</b> (millions of francs):					
Bills and national-defense bonds.....		19,675	20,074	14,863	
Loans and advances.....		8,673	8,285	5,527	
Demand deposits.....		32,274	31,753	24,642	
Time deposits.....		492	477	432	
<b>Four private banks of Italy</b> (millions of lire):					
Cash.....		1,126		1,242	
Bills discounted.....		8,855		8,897	
Due from correspondents.....		5,144		5,454	
Due to correspondents.....		13,735		13,700	
Deposits.....		2,925		2,567	
<b>Joint-stock banks of Norway</b> (mil- lions of kroner):					
Loans and discounts.....	1,383	1,393	1,394	1,509	
Due from foreign banks.....	102	104	123	79	
Due to foreign banks.....	89	94	110	174	
Rediscouunts.....	139	137	137	133	
Deposits.....	1,562	1,576	1,591	1,706	
<b>Joint-stock banks of Poland</b> (mil- lions of zlotys):					
Loans and discounts.....	4,769	760	744	534	
Due from foreign banks.....	4,34	34	30	26	
Due to foreign banks.....	4,157	146	131	79	
Rediscouunts.....	4,149	149	149	110	
Deposits.....	4,479	471	476	353	
<b>Joint-stock banks of Sweden</b> (mil- lions of kroner):					
Loans and discounts.....	4,155	4,145	4,147	4,116	
Foreign bills and credits abroad.....	313	319	323	1,303	
Due to foreign banks.....	139	136	135	147	
Rediscouunts.....	138	165	231	70	
Deposits.....	3,511	3,574	3,562	3,553	

1 Checks formerly included under "Acceptances" are included under "Bills and treasury notes" beginning with the March, 1928, statement.

2 Not including gold held abroad.

3 Figures are for October, 1927.

4 Preliminary.

## DISCOUNT RATES OF 33 CENTRAL BANKS

[Prevailing rates, with date of last change]

Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—
Austria.....	6½	July 17, 1928	Estonia.....	7½	Jan. 2, 1928	Japan.....	5.48	Oct. 10, 1927	Portugal....	8	July 27, 1926
Belgium.....	4	June 30, 1928	Finland.....	7	Nov. 15, 1928	Java.....	6	May 3, 1925	Rumania....	6	Sept. 4, 1920
Bulgaria.....	9	Dec. 15, 1928	France.....	3½	Jan. 19, 1928	Latvia.....	6-7	Apr. 1, 1928	Russia.....	8	Mar. 22, 1927
Chile.....	6	Oct. 22, 1928	Germany.....	6½	Jan. 12, 1929	Lithuania...	7	Feb. 1, 1925	South Africa	5½	Jan. 9, 1928
Colombia.....	7	May 15, 1924	Greece.....	8	Jan. 5, 1929	Netherlands	4½	Oct. 13, 1927	Spain.....	5½	Dec. 19, 1928
Czechoslovakia	5	Mar. 8, 1927	Hungary.....	7	Oct. 2, 1928	Norway.....	5½	Mar. 27, 1928	Sweden.....	4½	Aug. 24, 1928
Danzig.....	6	June 21, 1927	India.....	7	Dec. 13, 1928	Peru.....	6	May 17, 1928	Switzerland..	3½	Oct. 22, 1925
Denmark.....	5	June 24, 1926	Italy.....	6	Jan. 7, 1929	Poland.....	8	May 13, 1927	Yugoslavia...	6	June 23, 1922
England.....	5½	Feb. 7, 1929									

Changes: Bank of Greece, from 9 to 8 per cent on January 5, 1929; Bank of England, from 4½ to 5½ per cent on February 7, 1929.

MONEY RATES IN FOREIGN COUNTRIES

Month	England (London)				Germany (Berlin)			Netherlands (Amsterdam)		Switzerland
	Bankers' acceptances, 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Private discount rate	Money for 1 month	Day-to-day money	Private discount rate	Money for 1 month	Private discount rate
1927										
January	4.17	4.21	3.65	3	4.20	6.06	3.78	2.97	2.93	3.16
February	4.10	4.32	3.93	3	4.23	5.77	5.19	3.47	3.62	3.40
March	4.33	4.36	4.07	3	4.59	6.91	4.87	3.50	3.55	2.98
April	4.04	4.04	3.64	3-2½	4.61	6.57	5.63	3.47	3.72	3.13
May	3.88	3.84	3.73	2½	4.90	6.95	5.99	3.46	3.76	3.19
June	4.34	4.36	3.43	2½	5.39	7.73	5.79	3.57	3.87	3.42
July	4.33	4.33	3.50	2½	5.90	8.49	7.06	3.53	3.25	3.47
August	4.33	4.35	3.61	2½	5.82	8.38	5.81	3.45	3.40	3.44
September	4.32	4.38	3.55	2½	5.90	8.30	6.00	3.56	3.82	3.39
October	4.32	4.33	3.37	2½	6.69	8.72	7.19	4.11	4.29	3.38
November	4.33	4.34	3.62	2½	6.76	8.72	6.03	4.50	4.73	3.39
December	4.31	4.31	3.44	2½	6.87	9.10	7.24	4.49	4.85	3.40
1928										
January	4.19	4.13	3.49	2½	6.27	7.66	5.16	4.29	4.10	3.29
February	4.18	4.18	3.63	2½	6.20	7.30	6.06	3.97	3.80	3.12
March	4.12	4.07	3.63	2½	6.72	7.51	6.81	3.97	3.89	3.20
April	4.02	4.01	3.57	2½	6.71	7.57	6.64	4.18	3.93	3.29
May	3.97	3.95	3.58	2½	6.66	7.80	7.00	4.27	4.17	3.32
June	3.82	3.80	3.26	2½	6.59	8.08	6.37	4.18	4.11	3.40
July	3.99	3.97	3.27	2½	6.74	8.18	7.74	4.10	3.84	3.44
August	4.27	4.26	3.50	2½	6.68	8.19	6.12	4.13	3.90	3.41
September	4.23	4.19	3.55	2½	6.65	8.58	6.65	4.39	4.35	3.38
October	4.35	4.37	3.80	2½	6.57	8.26	6.70	4.40	4.42	3.38
November	4.38	4.30	3.64	2½	6.28	8.15	6.70	4.44	4.74	3.35
December	4.37	4.37	3.22	2½	6.28	8.77	7.30	4.42	4.67	3.32
Month	Belgium (Brussels)	France (Paris)	Italy (Milan)	Austria (Vienna)		Hungary		Sweden (Stockholm)	Japan (Tokyo)	
	Private discount rate	Private discount rate	Private discount rate	Private discount rate	Money for 1 month	Prime commercial paper	Day-to-day money	Loans up to 3 months	Discounted bills	Call money overnight
1927										
January	3.90	4.99	9.25	5¼-6¼	6¾-8¾	6¾-8	576-6¾	4½-6	6.39-8.76	4.56-7.30
February	3.99	4.45	9.25	4¾-5	6-7½	6½-7½	576-6¾	4½-6	6.21-8.03	2.92-7.30
March	4.19	3.89	9.25	4¾-5¼	6¼-7¾	6½-7½	6-6¾	4½-6	5.84-7.67	4.38-6.21
April	4.33	3.17	9.25	5½-5¾	6½-7½	6½-7½	5¾-6½	4-6	5.84-8.03	4.38-5.29
May	4.23	2.46	8.50	5¾-6¾	6½-8	6½-7½	5¾-6¾	4-6	6.57-7.67	4.38-4.75
June	4.17	2.25	7.60	5¾-5¾	6¾-7¾	7-7¾	5¾-6¾	4-6	6.57-8.76	4.38-5.11
July	3.84	2.13	7.00	5¾-6¾	7-8¾	7¼-8	6-7	4-6	6.21-8.40	3.65-5.11
August	3.84	2.04	7.00	6¼-6¾	7¾-8¾	7½-8½	6-7¾	4-6	5.48-8.03	3.65-4.75
September	3.75	2.01	6.81	6¼-6¾	7-8½	7½-8½	6-7½	4-6	5.11-7.67	2.19-4.38
October	3.87	1.82	6.50	6¼-6¾	7½-8¾	7½-8½	6-7¾	4-6	4.75-7.30	2.19-4.38
November	4.09	2.75	6.27	6¼-6¾	7½-8½	7-8½	5¾-7¾	4-6	5.11-7.30	2.74-4.02
December	4.15	2.95	6.00	6¼-6¾	6¾-8¾	7½-8½	5½-7¾	4-6	5.48-7.67	2.19-5.84
1928										
January	4.08	2.81	6.00	5¾-6¾	6¾-8	7½-8½	5½-7¾	4-6	4.38-7.67	1.64-5.11
February	3.90	2.75	5.89	5¾-5¾	6½-7½	7¾-8½	5¼-7¾	4-6	4.38-6.21	1.46-4.02
March	4.10	2.72	5.75	5¾-6¾	6½-7½	7¼-8½	5-7¾	4-6	4.02-5.84	2.92-4.02
April	4.25	2.62	5.49	5¾-5¾	6½-7½	7¼-8½	5¼-7¾	4-6	4.75-5.84	2.56-4.02
May	4.25	2.62	5.25	5¾-5¾	6½-7½	7¼-8½	5¼-7¾	4-6	4.75-5.84	1.46-4.02
June	4.27	2.90	5.25	5¾-5¾	6¾-8¾	7½-8½	5¾-7¾	4-6	4.38-5.84	1.46-4.02
July	4.02	3.12	5.25	5¾-6¼	6¾-8¾	7½-8½	5¾-7¾	4-6	4.38-5.84	1.46-4.02
August	4.00	3.23	5.25	6¾-6¾	7¼-8½	7¼-8½	5¾-7¾	4½-6½	4.38-5.84	2.92-4.02
September	3.96	3.26	5.25	6¾-6¾	7½-8½	7¼-8½	5¾-7¾	4½-6½	4.75-5.84	2.92-4.02
October	3.94	3.37	5.25	6¾	7½-8½	7¼-9	6½-8¾	4½-6½	4.75-6.21	2.92-4.02
November	3.94	3.37	5.45	6¾	7½-8½	7¼-9	6½-8¾	4½-6½	4.75-6.75	2.01-4.02
December	3.94	3.41	5.50	6¾	7½-8½	7¼-9	6½-8¾	4½-6½	4.75-6.75	2.01-4.02

NOTE.—For sources used, methods of quotation, and back figures, see the FEDERAL RESERVE BULLETIN for November, 1926, and April, 1927.

## GOLD MOVEMENTS

[In thousands of dollars]

Month	United States			Germany			Great Britain			Netherlands			South Africa	India
	Im-ports	Ex-ports	Net imports or exports (-)	Im-ports	Ex-ports	Net imports or exports (-)	Im-ports	Ex-ports	Net imports or exports (-)	Im-ports	Ex-ports	Net imports or exports (-)	Net imports or exports (-)	Net imports or exports (-)
1927														
January	59,355	14,890	44,465	14,088	525	13,563	11,514	18,181	-6,667	1,303	74	1,228	-18,899	2,518
February	22,309	2,414	19,895	6,231	659	5,572	15,742	15,480	262	411	39	411	-15,036	6,543
March	16,382	5,625	10,757	6,576	840	5,736	7,526	6,894	632	488	1,394	-1,053	-16,924	10,941
April	14,503	2,592	11,911	935	666	269	24,678	3,785	20,943	281	1,394	-1,053	-21,785	4,941
May	34,212	2,510	31,702	705	673	32	16,464	26,580	-10,116	46	3,015	-2,969	-14,720	4,890
June	14,611	1,840	12,771	711	662	49	8,435	9,674	-1,239	2,653	5,190	-2,537	-16,923	7,122
July	10,738	1,893	8,845	705	685	20	15,071	6,061	7,010	202	4,623	-4,421	-21,896	5,936
August	7,877	1,524	6,353	11,259	680	10,579	21,469	5,782	15,687	103	2,477	-2,373	-12,053	2,860
September	12,979	24,444	-11,465	1,483	876	607	8,381	7,637	744	125	47	78	-23,004	3,315
October	2,056	10,698	-8,642	1,668	969	699	6,126	4,726	1,400	189	35	154	-15,435	2,685
November	2,082	55,266	-53,184	1,627	975	652	15,012	21,709	-6,696	433	102	331	-16,436	4,408
December	10,431	77,849	-67,418	1,635	925	710	9,485	10,546	-1,060	4,204	2	4,262	-19,087	3,916
Total	207,535	201,455	6,080	47,622	9,135	38,487	157,905	137,008	20,896	10,498	16,937	-6,439	-212,279	59,175
1928														
January	38,320	52,086	-13,766	1,113	704	409	20,042	10,875	9,167	12,725	8	12,716	-12,834	8,590
February	14,686	25,806	-11,120	6,074	844	5,230	13,026	19,257	-6,231	227	1,147	-920	-21,339	6,952
March	2,683	97,536	-94,853	9,018	1,008	8,010	6,289	73,605	-72,316	192	7	185	-18,303	9,544
April	5,319	96,469	-91,150	29,834	822	29,012	11,760	2,943	8,816	66	19	47	-17,923	8,250
May	1,868	83,689	-81,721	1,175	688	487	18,746	5,498	13,248	157	379	-222	-17,359	8,664
June	20,000	99,932	-79,932	11,276	707	10,569	39,672	6,409	33,263	89	38	51	-21,028	6,238
July	10,331	74,190	-63,859	28,024	632	27,392	23,958	9,436	14,522	107	31	76	-16,919	2,128
August	2,445	1,698	747	14,053	765	13,288	24,055	20,180	3,875	125	22	103	-22,300	2,994
September	4,273	3,810	463	37,084	783	36,301	19,233	28,247	-9,014	389	3	386	-15,315	1,680
October	14,331	992	13,339	34,146	844	33,302	15,824	45,597	-29,773	856	36	820	-22,300	4,604
November	29,591	22,916	6,676	23,261	943	22,318	22,261	41,989	-19,728	414	23	392	-16,436	4,408
December	24,940	1,636	23,304	26,923	802	26,121	17,792	25,502	-7,710	170	65	5	-19,087	3,916
Total	168,887	560,759	-391,872	221,986	9,542	212,444	232,658	294,539	-61,881	15,417	1,778	13,639	-212,279	59,175

## MOVEMENTS TO AND FROM GREAT BRITAIN

[In thousands of dollars]

From or to—	1928				1927	
	December		January-December		Calendar year	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
France	750	297	912	97,178	627	14,769
Germany	23,191	258	102,423	190	17,034	17,034
Netherlands	19	56	145	7,081	2,313	16,494
Russia	69	18,582	1,892	7,732	1,892	7,732
Spain and Canaries	8	9,733	199	7,445	1,892	7,445
Switzerland	549	13,493	6,213	6,213	6,213	6,213
United States	32,532	32,132	8,567	28,042	28,042	28,042
South America	25	1,166	1,074	2,017	19,392	19,392
British India	534	10,770	12,462	12,462	12,462	12,462
British Malaya	331	71	1,810	3,452	3,452	3,452
Egypt	1,309	1,309	1,384	3,799	3,799	3,799
Rhodesia	385	5,280	5,958	5,958	5,958	5,958
Transvaal	13,876	144,482	124,348	124,348	124,348	124,348
West Africa	357	3,384	16	4,705	20	20
All other countries	1,001	536	14,803	26,978	18,079	134,566
Total	17,792	25,502	232,658	294,539	157,697	141,421

## MOVEMENTS TO AND FROM BRITISH INDIA

[In thousands of dollars]

From or to—	1928				1927	
	November		January-November		Calendar year	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
England	1,014	10,333	13,780	13,780	13,780	13,780
United States	12	4,086	525	525	525	525
Aden and depend- encies	92	829	1,288	1,288	1,288	1,288
Arabia	107	736	6	1,089	1,089	1,089
British Oceania	626	4,752	2,224	2,224	2,224	2,224
Bahrein Islands	285	730	730	730	730	730
Ceylon	5	720	1,023	1,023	1,023	1,023
China	23	150	186	186	186	186
Mesopotamia	228	1,399	1,160	1,160	1,160	1,160
Straits Settlements	1	200	375	375	375	375
Egypt	978	6,235	91	91	91	91
Natal	3,341	36,438	29,486	29,486	29,486	29,486
All other countries	44	44	49	49	49	49
Total	6,427	1	66,163	94	59,280	104

<sup>1</sup> Revised annual figures.



FOREIGN EXCHANGE RATES

[Monthly averages of daily quotations.<sup>1</sup> In cents per unit of foreign currency]

	EUROPE										
	Austria (schilling)	Belgium (belga)	Bulgaria (lev)	Czechoslovakia (crown)	Denmark (krone)	England (pound)	Finland (markka)	France (franc)	Germany (reichsmark)	Greece (drachma)	Hungary (pengo)
Par value.....	14. 07	13. 90	0. 72	( <sup>2</sup> )	26. 80	486. 65	2. 52	3. 92	23. 82	1. 30	17. 49
1928—January.....	14. 0936	13. 9444	. 7234	2. 9628	26. 7829	487. 5330	2. 5187	3. 9308	23. 8264	1. 3255	17. 4748
June.....	14. 0685	13. 9615	. 7199	2. 9625	26. 8173	488. 0262	2. 5171	3. 9311	23. 8009	1. 3023	17. 4475
July.....	14. 0852	13. 9351	. 7212	2. 9624	26. 7349	486. 3571	2. 5171	3. 9163	23. 8626	1. 2991	17. 4350
August.....	14. 0860	13. 9070	. 7213	2. 9623	26. 6890	485. 3525	2. 5169	3. 9070	23. 8327	1. 2952	17. 427
September.....	14. 0783	13. 8988	. 7213	2. 9624	26. 6662	485. 0516	2. 5166	3. 9055	23. 8287	1. 2937	17. 4251
October.....	14. 0799	13. 8959	. 7203	2. 9627	26. 6578	484. 9500	2. 5167	3. 9091	23. 8143	1. 2893	17. 4256
November.....	14. 0602	13. 8966	. 7193	2. 9626	26. 6541	484. 9213	2. 5173	3. 9066	23. 8254	1. 2925	17. 4220
December.....	14. 0628	13. 9073	. 7190	2. 9624	26. 6368	485. 2442	2. 5170	3. 9098	23. 8325	1. 2924	17. 4195
1929—January.....	14. 0598	13. 8958	. 7191	2. 9605	26. 6704	484. 9878	2. 5171	3. 9082	23. 7694	1. 2917	17. 4246
	Italy (lira)	Netherlands (florin)	Norway (krone)	Poland (zloty)	Portugal (escudo)	Rumania (leu)	Russia <sup>3</sup> (chervonetz)	Spain (peseta)	Sweden (krona)	Switzerland (franc)	Yugoslavia (dinar)
Par value.....	5. 26	40. 20	26. 80	11. 22	108. 05	19. 30	514. 60	19. 30	26. 80	19. 30	19. 30
1928—January.....	5. 2881	40. 3334	26. 5985	11. 2402	4. 9285	. 6177	<sup>4</sup> 515. 0000	17. 0975	26. 8780	19. 2695	1. 7625
June.....	5. 2607	40. 3331	26. 7845	11. 2094	4. 4258	. 6152	<sup>4</sup> 515. 0000	16. 4681	26. 8334	19. 2754	1. 7605
July.....	5. 2406	40. 2479	26. 7270	11. 2011	4. 4565	. 6136	<sup>4</sup> 515. 0000	16. 4759	26. 7843	19. 2612	1. 7602
August.....	5. 2334	40. 1056	26. 6881	11. 2053	4. 5260	. 6110	<sup>4</sup> 515. 0000	16. 6101	26. 7619	19. 2521	1. 7598
September.....	5. 2303	40. 0946	26. 6656	11. 2032	4. 4966	. 6098	<sup>4</sup> 515. 0000	16. 5325	26. 7556	19. 2491	1. 7596
October.....	5. 2365	40. 0908	26. 6543	11. 2012	4. 4993	. 6072	<sup>4</sup> 515. 0000	16. 1798	26. 7378	19. 2447	1. 7591
November.....	5. 2385	40. 1374	26. 6511	11. 1985	4. 4708	. 6042	<sup>4</sup> 515. 0000	16. 1201	26. 7278	19. 2494	1. 7581
December.....	5. 2369	40. 1748	26. 6728	11. 1913	4. 4082	. 6065	<sup>4</sup> 515. 0000	16. 2348	26. 7633	19. 2729	1. 7587
1929—January.....	5. 2337	40. 1096	26. 6560	11. 1883	4. 4281	. 6018	515. 0000	16. 2954	26. 7392	19. 2405	1. 7580
	NORTH AMERICA				SOUTH AMERICA						
	Canada (dollar)	Cuba (peso)	Mexico (peso)	Argentina (peso-gold)	Bolivia <sup>5</sup> (boliviano)	Brazil (milreis)	Chile (peso)	Colombia <sup>6</sup> (peso)	Ecuador <sup>7</sup> (sucres)	Peru <sup>8</sup> (libra)	Uruguay (peso)
Par value.....	100. 00	100. 00	49. 85	96. 48	36. 50	11. 96	12. 17	97. 33	20. 00	486. 65	103. 42
1928—January.....	99. 8159	99. 9157	48. 6946	97. 1136	34. 8000	11. 9977	12. 2098	98. 0036	19. 3750	390. 3400	102. 7734
June.....	99. 7605	99. 9495	47. 8267	96. 9438	34. 8000	11. 9924	12. 1980	98. 1046	20. 0000	399. 5000	102. 2513
July.....	99. 7894	99. 9344	47. 2920	96. 1408	34. 8000	11. 9385	12. 1390	98. 1024	20. 0000	400. 4800	102. 2849
August.....	99. 9858	99. 9667	47. 4859	95. 8955	35. 3007	11. 9404	12. 0779	97. 2604	20. 0000	398. 0000	102. 5100
September.....	100. 0382	99. 9441	47. 8517	95. 6642	36. 4900	11. 9293	12. 0860	97. 2596	20. 0000	398. 1250	102. 1055
October.....	99. 9667	99. 9270	47. 5742	95. 6933	36. 4900	11. 9477	12. 0843	97. 5146	20. 0000	399. 0385	101. 8431
November.....	100. 0043	99. 9300	47. 8901	95. 8150	36. 4900	11. 9429	12. 0603	97. 1109	20. 0000	400. 3043	102. 3049
December.....	99. 7872	99. 9332	47. 9841	95. 7504	36. 4696	11. 8900	12. 0678	97. 0900	20. 0000	400. 4000	102. 6083
1929—January.....	99. 7509	99. 9583	48. 3678	95. 7642	36. 3308	11. 9160	12. 0630	97. 0900	20. 0000	400. 0000	102. 7469
	SOUTH AMERICA—continued	ASIA									AFRICA
	Venezuela <sup>9</sup> (bolivar)	China (Mexican dollar) <sup>10</sup>	China (Shanghai tael) <sup>11</sup>	China (Yuan dollar) <sup>12</sup>	Hong Kong (dollar) <sup>13</sup>	India (rupee)	Japan (yen)	Java <sup>14</sup> (florin)	Straits Settlements (Singapore dollar)	Turkey (Turkish pound)	Egypt (Egyptian pound)
Par value.....	19. 30	44. 97	62. 48	44. 48	44. 65	36. 50	49. 85	40. 20	56. 78	439. 65	494. 31
1928—January.....	19. 1700	45. 7410	63. 7548	45. 1408	50. 4096	36. 7224	46. 8784	40. 5596	56. 7650	51. 5040	499. 8315
June.....	19. 2500	47. 7830	66. 2821	47. 4815	50. 5411	36. 4613	46. 6149	40. 2327	56. 1426	51. 0877	500. 4409
July.....	19. 2500	47. 0840	65. 2332	46. 8483	49. 9917	36. 2571	45. 8476	40. 1528	56. 0416	50. 8384	498. 9014
August.....	19. 2500	46. 9617	64. 9965	46. 8549	49. 8974	36. 2501	45. 0505	39. 9752	55. 9815	51. 4607	497. 8298
September.....	19. 2500	46. 1813	63. 6945	45. 9461	49. 7146	36. 3312	45. 7832	40. 0300	56. 0731	51. 6896	497. 4590
October.....	19. 2500	46. 5591	64. 0374	46. 1963	49. 9471	36. 4541	46. 2019	40. 1161	56. 3404	50. 8354	497. 4003
November.....	19. 2839	46. 5538	64. 0020	46. 1675	49. 9763	36. 4563	46. 3503	40. 1226	56. 4409	50. 0867	497. 2970
December.....	19. 3800	46. 0455	63. 5510	45. 6808	49. 7879	36. 4653	45. 8940	40. 1396	56. 2488	49. 2924	-----
1929—January.....	19. 3400	45. 6837	63. 1168	45. 4070	49. 8101	36. 4487	45. 5102	40. 0623	56. 0027	-----	-----

<sup>1</sup> Based on noon buying rates for cable transfers in New York as certified to the Treasury by the Federal Reserve Bank of New York, in pursuance of the provisions of sec. 522 of the tariff act of 1922. For back figures see BULLETIN for January, 1928, pp. 56-62.  
<sup>2</sup> The National Bank of Czechoslovakia opened Apr. 1, 1926, under the obligation "to maintain the relation of the Czechoslovak crown to the undepreciated foreign gold currencies at the level of the last two years." During the period Apr., 1924, to Mar., 1926, inclusive, the range of the Czechoslovak crown was between 2.9193 cents and 3.0312 cents; the quotation on Mar. 31, 1926, was 2.9616 cents.  
<sup>3</sup> Averages based on daily quotations of closing rates as published by New York Journal of Commerce.  
<sup>4</sup> Nominal.  
<sup>5</sup> Silver currency. The figure given for parity represents gold value of unit in January, 1929, computed by multiplying silver content of unit by New York average price of silver for January, 1929, which was \$0.57329 per fine ounce. On the same basis, parity in January, 1928, for the Chinese Mexican dollar was 45.13 cents; for the Shanghai tael, 62.71 cents; for the Yuan dollar, 44.64 cents; and for the Hong Kong dollar, 44.81 cents.

## PRICE MOVEMENTS IN PRINCIPAL COUNTRIES

## WHOLESALE PRICES

## ALL COMMODITIES

Month	United States (Bureau of Labor Statistics) <sup>1</sup>	EUROPE													
		Austria (gold basis)	Belgium	Bulgaria	Czechoslovakia	Denmark	England (Board of Trade)	Finland (gold basis)	France		Germany (Federal Statistical Bureau)	Hungary (gold basis)	Italy (Bachi)	Netherlands	Norway (Oslo)
									Statistical Bureau	Federal Reserve Board					
1927															
April.....	94	135	846	2,592	979	152	140	143	636	610	135	130	521	143	159
May.....	94	137	848	2,751	988	152	141	142	629	618	137	133	496	146	160
June.....	94	142	851	2,823	990	152	142	144	623	605	138	133	473	148	159
July.....	94	140	845	2,775	992	152	141	144	617	590	138	133	497	150	160
August.....	95	133	850	2,745	983	153	141	147	618	578	138	134	465	149	161
September.....	97	130	837	2,736	975	153	142	148	601	574	140	133	465	150	158
October.....	97	129	839	2,747	966	154	141	148	587	554	140	133	468	150	157
November.....	97	127	838	2,707	967	154	141	149	595	545	140	133	466	152	157
December.....	97	127	841	2,739	975	154	140	148	604	567	140	135	463	152	156
1928															
January.....	96	129	851	2,782	982	153	141	144	607	569	139	135	463	154	157
February.....	96	128	848	2,826	985	152	140	143	609	569	138	134	461	151	157
March.....	96	129	848	2,839	978	153	141	144	623	587	139	135	464	153	157
April.....	97	131	847	2,891	984	154	143	145	619	601	140	136	464	153	156
May.....	99	131	844	2,906	987	155	144	143	632	617	141	135	465	152	156
June.....	98	133	844	2,866	986	155	143	145	626	621	141	135	462	152	158
July.....	98	133	841	2,911	979	155	141	145	624	613	142	133	453	148	160
August.....	99	133	831	2,990	996	154	139	147	616	607	142	134	456	145	153
September.....	100	131	830	2,805	986	151	138	146	620	598	140	137	458	146	153
October.....	98	129	835	2,844	971	150	138	146	617	585	140	138	463	146	151
November.....	97	128	847	-----	957	151	138	145	626	580	140	137	466	148	150
December.....	97	127	855	-----	955	151	138	144	624	588	140	-----	-----	148	150
1929															
January.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	149

Month	EUROPE—continued					Canada	Peru	ASIA AND OCEANIA					AFRICA		
	Poland <sup>2,4</sup>	Russia <sup>2</sup>	Spain	Sweden	Switzerland <sup>3</sup>			Australia	China (Shanghai)	Dutch East Indies	India (Calcutta)	Japan (Tokyo)	New Zealand	Egypt (Cairo)	South Africa
1927															
April.....	101	177	177	143	140	149	201	151	173	154	145	170	147	122	126
May.....	102	175	172	145	142	152	207	152	171	155	146	171	145	124	-----
June.....	102	174	171	146	141	154	206	155	169	155	149	173	146	123	-----
July.....	102	173	168	146	141	152	205	161	171	153	150	170	146	118	120
August.....	101	171	168	146	143	152	204	165	171	154	151	167	146	117	-----
September.....	101	170	169	148	144	151	205	170	172	153	150	169	146	120	-----
October.....	101	170	169	147	145	152	200	173	169	152	147	170	146	118	122
November.....	102	170	168	148	147	152	200	166	166	151	148	168	147	115	-----
December.....	101	170	169	148	146	152	199	162	164	150	148	168	148	114	-----
1928															
January.....	100	171	166	148	145	151	199	163	163	150	145	169	150	114	120
February.....	99	171	166	147	144	151	195	160	164	149	144	169	147	114	-----
March.....	102	171	165	149	145	153	193	160	163	149	144	169	147	116	-----
April.....	105	171	166	151	146	153	197	162	163	150	146	170	147	120	121
May.....	103	171	164	152	145	153	195	159	165	151	147	171	148	117	-----
June.....	103	172	164	151	145	150	195	158	160	150	145	169	148	117	-----
July.....	102	172	164	150	144	150	193	157	159	150	148	169	148	117	119
August.....	100	173	166	149	145	149	190	154	157	148	143	170	147	119	-----
September.....	100	173	168	146	145	150	188	153	156	149	142	174	148	120	-----
October.....	104	176	174	145	145	150	187	152	159	149	143	174	147	126	-----
November.....	106	176	176	145	145	149	186	-----	159	-----	146	173	-----	129	-----
December.....	-----	177	-----	145	-----	147	185	-----	160	-----	145	174	-----	126	-----
1929															
January.....	-----	177	-----	-----	-----	-----	-----	-----	160	-----	-----	-----	-----	-----	-----

<sup>1</sup> New index—1926=100.<sup>2</sup> First of month figures.<sup>3</sup> New official index.<sup>4</sup> 1927=100.

NOTE.—These indexes are in most cases published here on their original bases, usually 1913 or 1914, as determined by the various foreign statistical offices which compile the index numbers and furnish them to the Federal Reserve Board. In several cases, however, viz, France, Netherlands, Japan, New Zealand, and South Africa, they have been recomputed from original bases (1901-1910; 1901-1910; October, 1900; 1909-1913; 1910) to a 1913 base. Index numbers of commodity groups for most of the countries are also available in the office of the Division of Research and Statistics and may be had upon request. Further information as to base periods, sources, numbers of commodities, and the period of the month to which the figures refer may be found on pages 769-770 of the BULLETIN for November, 1927.

WHOLESALE PRICES—Continued

GROUPS OF COMMODITIES

[Pre-war=100]

ENGLAND—BOARD OF TRADE

	1928					1927
	De-cem-ber	No-vem-ber	Octo-ber	Sept-ember	Aug-ust	De-cem-ber
All commodities.....	138	138	138	138	139	140
Total food.....	148	149	148	148	151	151
Cereals.....	140	143	142	141	146	151
Meat and fish.....	145	142	138	141	143	140
Other foods.....	158	159	165	160	163	161
Industrial products.....	133	132	132	132	133	135
Iron and steel.....	112	112	112	112	112	114
Other minerals and metals.....	115	114	113	112	110	114
Cotton.....	164	161	160	158	162	161
Other textiles.....	160	159	158	162	166	162
Miscellaneous.....	138	138	141	141	143	146

FRANCE—STATISTICAL BUREAU

	1928	1928	1928	1928	1928	1928
All commodities.....	624	626	617	620	616	604
All foods.....	601	608	595	603	589	564
Animal foods.....	602	604	573	565	545	546
Vegetable foods.....	597	608	604	594	586	558
Sugar, coffee, cocoa.....	592	598	610	690	676	604
All industrial material.....	642	641	635	634	639	636
Minerals.....	547	551	536	535	525	540
Textiles.....	808	807	794	784	812	756
Sundries.....	624	620	624	627	629	644

GERMANY—FEDERAL STATISTICAL BUREAU

	1928	1928	1928	1928	1928	1928
All commodities.....	140	140	140	140	142	140
Total agricultural products.....	134	135	135	134	138	136
Vegetable foods.....	126	127	132	134	145	144
Cattle.....	118	119	119	119	120	105
Animal products.....	162	164	155	149	142	158
Fodder.....	137	139	140	139	149	141
Provisions.....	125	128	129	131	136	130
Total industrial raw materials and semifinished products.....	134	138	133	134	134	134
Coal.....	137	135	135	133	133	131
Iron.....	128	128	128	128	128	125
Nonferrous metals.....	110	109	107	105	105	107
Textiles.....	154	152	152	155	160	159
Hides and leather.....	143	142	145	149	151	161
Chemicals.....	127	127	127	127	127	124
Artificial fertilizers.....	84	83	82	81	96	81
Technical oils and fats.....	128	129	127	125	124	119
Rubber.....	25	25	26	25	28	50
Paper materials and paper.....	151	152	152	151	151	152
Building material.....	158	159	159	160	160	158
Total industrial finished products.....	160	160	160	160	160	156
Producers' goods.....	138	139	139	138	138	134
Consumers' goods.....	176	176	176	176	176	172

ITALY—CHAMBER OF COMMERCE OF MILAN

	1928	1928	1928	1928	1928	1928
All commodities.....	497	495	492	488	486	483
Total food.....	500	503	503	509	503	525
Vegetable foods.....	574	581	587	577	576	550
Animal foods.....	543	539	532	515	502	493
All industrial products.....	472	469	465	464	464	466
Textiles.....	450	447	450	446	447	434
Chemicals.....	450	448	435	435	435	445
Minerals and metals.....	439	438	432	428	428	435
Building materials.....	529	525	519	516	517	532
Other vegetable products.....	515	504	504	519	513	503
Sundries.....	555	554	556	556	556	563

SWEDEN—BOARD OF TRADE

	1928					1927
	De-cem-ber	No-vem-ber	Octo-ber	Sept-ember	Aug-ust	De-cem-ber
All commodities.....	145	145	145	146	149	148
Vegetable products.....	130	131	131	134	140	142
Animal products.....	150	147	144	145	143	142
Fuels and oils.....	115	115	113	112	111	113
Raw materials for manufacture in iron and metal industry.....	116	116	115	115	114	115
Paper pulp and paper.....	162	160	160	161	161	157
Raw materials for manufacture in leather industry.....	141	139	141	145	146	144
Raw and manufactured chemicals.....	165	166	165	164	164	166
Raw materials.....	141	140	139	139	147	142
Semifinished materials.....	145	144	145	147	149	150
Finished materials.....	148	148	148	149	149	149
Producers' goods.....	137	136	136	137	141	137
Consumers' goods.....	153	152	152	154	155	156

CANADA—DOMINION BUREAU OF STATISTICS

	1928	1928	1928	1928	1928	1928
All commodities.....	147	149	150	150	149	152
Total raw materials.....	146	148	150	150	149	153
Total manufactured goods.....	146	147	147	148	148	148
Vegetable products.....	142	143	146	144	148	157
Animal products.....	150	156	159	161	152	150
Textiles.....	164	163	164	163	166	171
Wood and paper products.....	155	155	154	156	156	154
Iron and its products.....	141	141	139	139	139	142
Nonferrous metals.....	97	98	96	95	96	96
Nonmetallic minerals.....	173	*173	172	172	172	170
Chemicals.....	147	148	149	149	149	151

AUSTRALIA—BUREAU OF CENSUS AND STATISTICS

	1928	1928	1928	1928	1928	1928
All commodities.....	154	152	152	153	154	162
Metals and coal.....	172	172	174	174	174	175
Textiles.....	160	154	152	152	155	167
Agricultural products.....	161	155	158	157	157	176
Dairy products.....	149	146	146	147	145	145
Groceries and tobacco.....	164	165	164	165	165	169
Meat.....	111	114	112	116	117	123
Building materials.....	161	160	161	161	162	148
Chemicals.....	189	186	186	186	186	186

INDIA (CALCUTTA)—DEPARTMENT OF STATISTICS

	1928					1927
	No-ven-ber	Octo-ber	Sept-ember	Aug-ust	July	No-ven-ber
All commodities.....	146	143	142	143	148	148
Cereals.....	139	135	136	133	133	139
Pulses.....	183	164	159	154	155	154
Tea.....	143	133	128	143	154	192
Other foods.....	153	151	152	153	160	167
Oil seeds.....	151	148	147	143	139	138
Raw jute.....	100	99	94	111	112	86
Jute manufactures.....	148	145	145	160	166	146
Raw cotton.....	164	159	149	154	180	180
Cotton manufactures.....	160	161	161	161	162	153
Other textiles.....	140	140	133	139	144	127
Hides and skins.....	131	124	121	115	115	141
Metals.....	127	126	124	124	121	126
Other articles.....	138	139	140	140	142	148

\* Revised.



## LAW DEPARTMENT

**Form of trade acceptances.**

On page 510 of the FEDERAL RESERVE BULLETIN for July, 1927, there was published a copy of the opinion of the Supreme Court of Texas, in the case of Lane Company v. Crum, in which it was held that a trade acceptance is rendered nonnegotiable by a statement thereon as follows: "The obligation of the acceptor hereof arises out of the purchase of goods from the drawer, maturity being in conformity with the original terms of purchase." Because of the doubt thrown on the negotiability of the standard form of trade acceptance by that decision the Federal Reserve Board suggested the advisability of changing the standard form by eliminating the clause giving rise to the doubt and by inserting in lieu thereof "The transaction which gives rise to this instrument is the purchase of goods by the acceptor from the drawer." The Court of Civil Appeals of Texas has recently rendered a decision in which it holds that a trade acceptance containing the clause "The obligation of the acceptor arises out of the purchase of goods from the drawer" is nevertheless negotiable, and distinguishes the holding of the Supreme Court of Texas in the Crum case. The following is a copy of the opinion of the court in the recent case referred to:

AMERICAN EXCHANGE NATIONAL BANK V. STEELEY  
(No. 10216)

Court of Civil Appeals of Texas, Dallas, October  
13, 1928

Rehearing denied November 10, 1928

Action by the American Exchange National Bank against C. R. Steeley. Judgment for defendant, and plaintiff appeals. Reversed and remanded.

JONES, C. J. This suit was instituted by appellant, American Exchange National Bank of Dallas, against appellee, C. R. Steeley, as acceptor of three trade acceptances, each for the sum of \$203, drawn by Cascade Products Co., indorsed by such company to Howard P. Maye & Co., and pledged by the latter company with appellant.

A general demurrer was sustained to appellant's pleadings, a judgment adverse to appellant entered, and the appeal is duly perfected to this court. The petition contains all necessary allegations for a recovery of the amount of the three trade acceptances, on the theory that appellant was a holder in due course, and further alleged that the indebtedness of Howard P. Maye & Co. to appellant was in excess of any collateral security held.

Among other defenses pleaded by appellee was that of failure of consideration, in that there was a written

agreement between the Cascade Products Co. and appellee under which certain goods were purchased by appellee on the conditions mentioned in the agreement, and the three trade acceptances would only become valid obligations of appellee in the event the Cascade Products Co. performed its part of such agreement, and that such company had failed in this respect. Appellee's pleading of this defense contained all allegations necessary for a valid defense to appellant's cause of action. Appellant, by supplemental petition, admitted that there was such failure of consideration on the part of the Cascade Products Co., but denied that appellant had any actual or constructive notice of such agreement.

The trade acceptances were drawn by the Cascade Products Co. in the ordinary form of such instruments, are of date May 14, 1924, accepted by appellee on said date, and matured, respectively, in 60, 90, and 120 days thereafter. As shown by the petition, each of these acceptances contain the following clause: "The obligation of the acceptor arises out of the purchase of goods from the drawer."

On the theory that the above-quoted clause of the trade acceptances rendered them nonnegotiable, and because of appellant's admission in pleading that the consideration for their issuance had failed, the trial court sustained the general demurrer and entered the judgment adverse to appellant. If the three trade acceptances were rendered nonnegotiable because of the insertion in each of this clause, then appellee could interpose in this suit any defense that he could have interposed, if the suit had been instituted against him by the drawer, the Cascade Products Co., and the admission by appellant of the failure of consideration for the issuance of this paper would destroy appellant's cause of action and render its pleading subject to the general demurrer sustained by the trial court. Consequently the character of these instruments as to their negotiability determine the issues of this appeal. Appellant, by proper assignment of error, supported by appropriate propositions of law, presents the theory that the trade acceptances are negotiable instruments and that its pleadings are not subject to demurrer, while appellee, by appropriate counterpropositions, presents the opposite theory.

(1, 2) It may be stated as the general rule that wherever a bill of exchange or promissory note contains a reference to some extrinsic contract in such a way as to make the bill or note subject to the terms of that contract, the negotiability of the paper is destroyed. Rule announced and cases cited in Strand Amusement Co. v. Fox (205 Ala. 183; 87 So. 332; 14 A. L. R. 1126-1129; 33 A. L. R. 1174; 37 A. L. R. 655; 3 R. C. L. 883). It is also the general rule that where the reference in a bill of exchange or promissory note is simply a recital of the consideration for which the paper was given, or is merely a reference to the origin of the transaction, its negotiability is not affected thereby. (Art. 5932, sec. 3, 1925 Rev. Stat.; 14 A. L. R. 1129-1133; 33 A. L. R. 1174-1175; 37 A. L. R. 655; 3 R. C. L. supra.) Section 3 of article 5932 declares in specific terms that an unqualified order or promise to pay is unconditional, within the meaning of our negotiable instruments act, "though coupled with \* \* \* a statement of the transaction which gives rise to the instrument." This en-

actment is merely declaratory of the general rule of law above announced.

(3, 4) It remains to determine whether the reference to the extrinsic contract to the effect that the obligation carried by the trade acceptances arose from the purchase of goods by the acceptor from the drawer destroyed the negotiability of these instruments. This question must be determined by the application of the rules of law above announced to the language employed in this reference. It is deducible as a corollary to the rule above announced that, if the reference to the extrinsic contract reasonably and fairly conveys the fact that the contract, forming the basis for the issuance of the trade acceptances, is an executed one—that is, such contract was completed by the execution of the trade acceptances—then the language employed in such reference does not destroy the negotiability of the paper. Does the reference in the trade acceptances in the instant case reasonably and fairly convey the idea that their issuance was the final act in an executed contract between the drawer and acceptor? It must be borne in mind that the statute above referred to charged appellee with knowledge that if he accepted the obligations drawn by Cascade Products Co., containing no other reference to the contract between them than a statement of the transaction from which the obligations arose, he would, by his acceptance of such obligations, create a negotiable instrument with all of the attendant rights of such paper accruing to a holder in due course. Notwithstanding this knowledge, appellee accepted obligations carrying on their face a promise to pay to the order of the Cascade Products Co. within a specified time a named sum of money, in which was shown only the consideration for, or origin of, the transaction. To our minds the only reasonable conclusion to be drawn from the face of these trade acceptances is that their execution completed the contract between the parties and that the promise to pay was unqualified. We therefore conclude that the language of the obligation is no more than a statement of the consideration or a reference to the origin of the transaction and did not destroy the negotiability of the instruments.

It is strenuously insisted by appellee that the case of *Lane Co. v. Crum et al.* (291 S. W. 1084), a decision by the Commission of Appeals, is conclusive authority against the conclusion announced in this case. When the decision in the reported case is analyzed in the light of the language of the reference clause in the trade acceptances then under consideration, we believe it is clearly distinguishable from the instant case. The reported case was tried on its merit, and there was shown to exist the defense of failure of consideration based upon the same extrinsic contract that the pleadings of appellee show to have existed in this case—that is, that the trade acceptances would not become binding until the drawer had performed certain conditions that he failed to perform, and the same conditions that appellant in the instant case admits a failure of performance. The reference to the

extrinsic contract in the reported case is in the following language:

"The obligation of the acceptor hereof arises out of the purchase of goods from the drawer, maturity being in conformity with the original terms of purchase."

It will be noted that to the reference in the instant case there is added in the reported case the additional language, "maturity being in conformity with the original terms of purchase." This added clause reasonably and fairly carries notice to a third person, contemplating the purchase of those instruments, that he must look to the terms of the contract upon which the goods were purchased to determine what elements enter into their maturity, while, in the instant case, there is no language suggesting to a third person that he should look beyond the instruments themselves to determine their maturity. The instant case imports an executed contract between the parties to these trade acceptances; the reported case imports the existence of a contract of purchase whose terms determine the maturity of the trade acceptances. In the instant case the trade acceptances represent an unqualified promise to pay a certain sum at a certain time; in the reported case, the trade acceptances represent a promise to pay, qualified by an existing contract between the parties. We conclude, therefore, that the reported case is not contrary to the holding in the instant case.

It necessarily follows, in our opinion, that the trial court erred in sustaining the general demurrer, and that the case must be reversed and remanded.

Reversed and remanded.

#### Amendment to Regulation J.

Effective February 1, 1929, the Federal Reserve Board has amended paragraph (4) of Section V of its Regulation J, series of 1928, by striking out that provision authorizing a Federal reserve bank to reserve the right in its check collection circular to charge checks to the reserve account or clearing account of a drawee bank at any time when in any particular case the Federal reserve bank deems it necessary to do so. The paragraph referred to, as amended, reads as follows:

(4) Checks received by a Federal reserve bank on its member or nonmember clearing banks will ordinarily be forwarded or presented direct to such banks, and such banks will be required to remit or pay therefor at par in cash or bank draft acceptable to the collecting Federal reserve bank, or at the option of such Federal reserve bank to authorize such Federal reserve bank to charge their reserve accounts or clearing accounts.

**Changes in State Bank Membership**

The following list shows the changes affecting State bank membership during the month ended January 21, 1929, on which date 1,215 State institutions were members of the system:

**ADMISSIONS**

	Capital	Surplus	Total resources
<i>District No. 2</i>			
Colonial Trust Co., Newark, N. J.....	\$300,000	\$150,000	\$2,069,960
Rochelle Park Bank, Rochelle Park, N. J.....	50,000	20,000	75,033
<i>District No. 5</i>			
American Bank & Trust Co., Richmond, Va.....	1,200,000	150,000	3,204,104

**CHANGES**

<i>District No. 1</i>			
Rhode Island Hospital Trust Co., Providence, R. I., member, has absorbed the following banks: Mechanics Savings Bank, Woonsocket, R. I. (nonmember) National Globe Bank, Woonsocket, R. I.....	\$100,000	\$331,410	\$4,614,810
Liberty Trust Co., Boston, Mass. (consolidated with and under title of the Beacon Trust Co., Boston, Mass., member).....	750,000	750,000	13,461,700
<i>District No. 2</i>			
Bank of the Manhattan Co., New York, N. Y., has absorbed the following banks: Bronx Borough Bank, New York, N. Y. First Bank of Brooklyn, N. Y.....	1,000,000 1,000,000	1,136,000 1,500,000	25,000,000 24,672,000
<i>District No. 4</i>			
Lodi State Bank, Lodi, Ohio (voluntary withdrawal).....	40,000	60,000	704,000
<i>District No. 5</i>			
Shenandoah Valley Bank & Trust Co., Martinsburg, W. Va. (consolidated with and under title of the Peoples Trust Co., Martinsburg, W. Va., member).....	100,000	25,000	775,000
<i>District No. 7</i>			
First State Savings Bank, Crosswell, Mich. (consolidated with and under title of State Bank of Crosswell, Mich., member).....	30,000	6,000	653,000
Carroll County State Bank, Mt. Carroll, Ill.....	100,000	50,000	1,582,000
First State Bank, Mt. Carroll, Ill. (Above members consolidated under title of First Carroll County State Bank, nonmember.)	100,000	25,000	1,562,000
<i>District No. 8</i>			
Farmers & Merchants Trust Co., St. Louis, Mo., member (absorbed by South Side National Bank of St. Louis).....	400,000	200,000	6,486,560
<i>District No. 11</i>			
Lamar State Bank & Trust Co., Paris, Tex. (absorbed by First National Bank of Paris).....	150,000		1,168,000
State Bank of Commerce, Commerce, Tex. (insolvent).....	50,000	10,000	298,000
First State Bank & Trust Co., Waxahachie, Tex. (succeeded by Republic Bank & Trust Co., nonmember).....	200,000	23,500	1,209,176
Farmers State Bank, Georgetown, Tex. (voluntary withdrawal).....	50,000	30,000	557,553
<i>District No. 12</i>			
Bank of Farmington, Farmington, Wash. (closed).....	25,000	10,000	334,494

**Fiduciary Powers Granted to National Banks**

During the month ended January 21, 1929, the Federal Reserve Board approved applications of the national banks listed below for permission to exercise one or more of the fiduciary powers named in section 11 (k) of the Federal reserve act as amended, as follows: (1) Trustee; (2) executor; (3) administrator; (4) registrar of stocks and bonds; (5) guardian of estates; (6) assignee; (7) receiver; (8) committee of estates of lunatics; (9) in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Location	District No.	Name of bank	Powers granted
Granville, N. Y.....	2	Washington County National Bank.	1,2,3 and 5. <sup>1</sup>
Norton, Va.....	5	National Bank of Norton.....	1 to 9.
Sullivan, Ind.....	8	Peoples National Bank & Trust Co.	8. <sup>1</sup>
St. Louis, Mo.....	8	South Side National Bank...	1 to 9.

<sup>1</sup> Supplemental.

**Changes in National Bank Membership**

The Comptroller of the Currency reports the following increases and reductions in the number and capital of national banks during the period from December 22, 1928, to January 25, 1929, inclusive:

	Number of banks	Amount of capital
New charters issued.....	9	\$595,000
Restored to solvency.....	0	0
Increase of capital approved <sup>1</sup> .....	44	13,478,000
Aggregate of new charters, banks, restored to solvency, and banks increasing capital.....	53	14,073,000
Liquidations.....	27	8,345,000
Reducing capital <sup>2</sup> .....	6	402,500
Total liquidations and reductions of capital.....	33	8,747,500
Consolidation of national banks under act of Nov. 7, 1918.....	3	3,562,500
Consolidation of a national bank and a State bank under act of Feb. 25, 1927.....	6	3,145,000
Total consolidations.....	9	6,707,500
Aggregate increased capital for period.....		14,073,000
Reduction of capital owing to liquidations, etc.....		8,747,500
Net increase.....		5,325,500

<sup>1</sup> Includes 6 increases in capital aggregating \$1,020,000 incident to consolidations of State banks under act of Feb. 25, 1927.

<sup>2</sup> Includes 2 reductions in capital aggregating \$187,500 incident to consolidations under act of Nov. 7, 1918.

**Acceptances to 100 Per Cent**

The following member institution has been authorized by the Federal Reserve Board to accept drafts and bills of exchange up to 100 per cent of its capital and surplus: Chatham Phenix National Bank & Trust Co., New York, N. Y.





FEDERAL RESERVE BANKS—RESOURCES AND LIABILITIES AT END OF MONTH

[In thousands of dollars]

	1929		1928	
	Jan. 31,	Dec. 31	Jan. 31	
<b>RESOURCES</b>				
Total gold reserves.....	2,656,550	2,584,232	2,797,414	
Reserves other than gold.....	164,354	124,608	168,651	
Total reserves.....	2,820,904	2,708,840	2,966,065	
Nonreserve cash.....	87,814	79,885	84,994	
Bills discounted.....	805,388	1,056,466	423,310	
Bills bought:				
Outright.....	384,046	439,003	332,693	
Under resale agreement.....	55,771	50,066	45,976	
Total bills bought.....	439,817	489,069	378,669	
United States securities:				
Bought outright.....	199,017	199,410	431,196	
Under resale agreement.....	2,710	28,655	6,050	
Total United States securities.....	201,727	228,065	437,246	
Other securities.....	9,025	9,885	500	
Total bills and securities.....	1,455,957	1,783,485	1,230,725	
Due from foreign banks.....	730	728	568	
Reserve bank float <sup>1</sup> .....	27,407	24,468	14,170	
Total reserve bank credit outstanding.....	1,484,094	1,808,681	1,254,463	
Federal reserve notes of other reserve banks.....	22,361	28,706	19,616	
Other uncollected items not included in float.....	597,761	659,500	563,143	
Bank premises.....	58,608	58,591	58,755	
All other resources.....	8,312	7,340	10,439	
Total resources.....	5,079,854	5,351,543	4,957,475	
<b>LIABILITIES</b>				
Federal reserve notes:				
Held by other Federal reserve banks.....	22,361	28,706	19,616	
Outside Federal reserve banks.....	1,632,948	1,809,488	1,561,727	
Total notes in circulation.....	1,655,309	1,838,194	1,581,343	
Deposits:				
Member bank—reserve account.....	2,362,002	2,388,964	2,301,373	
Government.....	16,854	23,472	19,900	
Foreign bank.....	6,231	5,775	4,590	
Other deposits.....	22,454	21,475	19,010	
Total deposits.....	2,407,541	2,439,686	2,434,873	
Deferred availability items.....	597,761	659,500	563,143	
Capital paid in.....	148,810	146,936	134,441	
Surplus.....	254,398	254,398	253,319	
All other liabilities.....	16,035	12,829	10,356	
Total liabilities.....	5,079,854	5,351,543	4,957,475	
Contingent liability on bills purchased for foreign correspondents.....	312,814	324,699	237,203	

<sup>1</sup> Uncollected items (exclusive of Federal reserve notes of other Federal reserve banks) in excess of deferred availability items.

KINDS OF MONEY IN CIRCULATION

[End of month figures. In thousands of dollars]

	Total	Gold coin	Gold certificates	Standard silver dollars	Silver certificates	Treasury notes of 1890	Subsidiary silver	Minor coin	United States notes	Federal reserve notes	Federal reserve bank notes	National bank notes
1928—Jan. 31.....	4,677,055	389,364	1,015,888	46,764	372,485	1,312	276,105	109,727	283,119	1,560,763	4,237	617,290
Feb. 29.....	4,690,430	385,856	1,003,880	46,412	368,938	1,311	275,101	109,640	286,187	1,570,063	4,178	638,866
Mar. 31.....	4,748,934	383,116	1,024,875	46,188	372,709	1,308	274,544	109,922	290,046	1,588,391	4,138	653,696
Apr. 30.....	4,748,458	381,203	1,026,267	46,154	377,946	1,306	276,089	110,306	293,119	1,585,904	4,096	652,068
May 31.....	4,744,074	379,684	1,013,139	46,228	379,604	1,305	277,404	110,921	296,189	1,586,975	4,072	648,552
June 30.....	4,796,621	377,017	1,019,149	46,223	384,577	1,304	278,174	111,067	298,438	1,626,433	4,029	650,212
July 31.....	4,700,535	374,980	977,077	46,082	384,159	1,301	279,072	111,400	293,235	1,592,137	3,985	637,109
Aug. 31.....	4,802,820	373,558	981,785	46,241	391,047	1,300	280,661	111,937	300,563	1,662,249	3,948	649,532
Sept. 29.....	4,846,198	372,909	977,673	46,411	397,589	1,298	283,296	112,431	303,110	1,698,908	3,916	648,656
Oct. 31.....	4,806,230	373,202	959,652	46,298	394,328	1,296	285,350	113,427	300,659	1,689,171	3,880	638,965
Nov. 30.....	4,990,114	374,306	1,030,546	46,342	404,860	1,295	288,002	114,641	306,015	1,770,184	3,848	650,077
Dec. 31.....	4,973,163	395,310	990,996	46,475	410,334	1,294	291,314	115,613	294,199	1,808,053	3,820	615,761
1929—Jan. 31 <sup>1</sup> .....	4,656,964	380,984	923,243	44,586	381,671	1,291	280,821	114,090	282,172	1,631,412	3,775	612,914

<sup>1</sup> Preliminary.

FEDERAL RESERVE BANKS—AVERAGE DAILY RESERVES AND DEMAND LIABILITIES IN JANUARY, 1928, AND DECEMBER, 1928

[In thousands of dollars]

Federal reserve bank	Total cash reserves		Total deposits		Federal reserve notes in circulation		Reserve percentages	
	January	December	January	December	January	December	January	December
Boston	170,746	207,161	152,354	150,683	143,925	164,306	57.6	65.0
New York	906,036	830,845	953,202	939,104	333,814	355,373	70.4	64.2
Philadelphia	185,394	188,415	139,351	136,830	131,801	153,237	68.4	65.0
Cleveland	260,428	237,123	190,097	186,225	205,441	221,580	65.8	58.1
Richmond	89,489	94,540	71,934	71,710	81,275	86,643	58.4	59.7
Atlanta	113,999	119,840	69,123	69,557	130,349	136,689	57.2	58.1
Chicago	461,262	443,729	358,213	357,218	295,618	315,845	70.5	65.9
St. Louis	87,670	86,459	85,919	85,293	61,571	63,701	59.4	58.0
Minneapolis	78,366	81,870	55,297	56,413	62,024	64,845	66.8	67.5
Kansas City	116,079	105,734	95,591	94,367	68,283	69,327	70.8	64.6
Dallas	64,878	67,842	73,346	73,664	44,400	49,039	55.1	55.3
San Francisco	243,416	251,186	191,823	193,958	163,617	171,379	68.5	68.8
Total	2,777,763	2,714,744	2,436,250	2,415,052	1,722,118	1,851,969	66.8	63.6

FEDERAL RESERVE BANKS—RESOURCES AND LIABILITIES, BY WEEKS

RESOURCES

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
<b>Gold with Federal reserve agents:</b>													
Jan. 2	1,233,332	103,109	198,684	119,142	118,811	53,536	83,875	213,217	29,303	46,967	57,131	27,325	182,232
Jan. 9	1,219,166	101,093	198,684	116,230	117,907	52,215	76,931	233,217	32,685	46,884	58,722	26,694	158,504
Jan. 16	1,196,417	78,615	192,458	110,905	127,627	50,679	78,162	233,114	32,239	47,756	56,985	26,107	161,770
Jan. 23	1,223,392	66,346	242,371	110,328	128,743	54,894	76,532	233,060	27,618	46,981	56,295	20,061	160,663
Jan. 30	1,207,793	53,999	242,272	108,201	137,021	52,503	74,760	232,907	30,443	46,485	55,211	19,184	154,807
<b>Gold redemption fund with United States Treasury:</b>													
Jan. 2	73,693	4,882	19,875	5,224	7,348	2,545	3,691	9,516	7,222	3,235	3,514	2,732	3,909
Jan. 9	73,400	6,296	18,383	6,180	9,091	3,086	4,585	8,577	5,500	3,605	1,522	2,646	3,829
Jan. 16	68,979	8,174	17,136	4,837	7,869	2,187	4,017	7,305	6,134	1,859	2,839	2,413	4,209
Jan. 23	70,648	9,884	15,952	5,813	6,933	1,434	4,166	9,006	5,197	2,363	3,055	2,547	4,298
Jan. 30	66,686	6,535	14,128	7,035	6,622	2,268	4,583	7,625	5,483	2,583	3,634	2,509	3,681
<b>Gold held exclusively against Federal reserve notes:</b>													
Jan. 2	1,307,025	107,991	218,559	124,366	126,159	56,081	87,566	222,733	36,525	50,202	60,645	30,057	186,141
Jan. 9	1,292,566	107,389	217,067	122,410	126,998	55,301	81,516	241,794	38,085	49,989	60,244	29,340	162,433
Jan. 16	1,265,396	86,789	209,594	115,742	135,496	52,866	82,179	240,419	38,373	49,615	59,824	28,520	165,979
Jan. 23	1,294,040	76,230	258,323	116,141	135,676	55,828	80,698	242,066	32,815	49,344	59,350	22,608	164,961
Jan. 30	1,274,479	60,534	256,400	115,236	143,643	54,771	79,343	240,532	35,926	49,068	58,845	21,693	158,488
<b>Gold settlement fund with Federal Reserve Board:</b>													
Jan. 2	685,346	47,105	160,926	32,324	73,045	11,227	15,781	173,418	29,888	22,085	45,681	30,066	43,800
Jan. 9	684,091	25,101	211,842	26,931	75,450	9,629	14,899	163,438	24,968	21,995	46,718	27,114	36,006
Jan. 16	704,819	30,344	264,790	29,877	66,187	10,008	13,886	142,737	22,925	20,567	40,352	22,754	40,392
Jan. 23	683,066	30,926	280,225	25,476	72,847	5,730	11,276	119,077	20,603	19,974	41,118	22,055	33,759
Jan. 30	725,160	41,514	282,271	23,669	68,355	10,428	16,373	134,014	21,880	22,827	44,363	21,690	37,776
<b>Gold and gold certificates held by banks:</b>													
Jan. 2	595,256	35,581	358,968	24,514	40,339	12,585	5,216	61,725	9,450	5,262	6,254	7,335	28,027
Jan. 9	655,015	36,388	410,023	25,890	42,556	14,592	6,018	62,790	10,829	3,989	6,027	7,416	28,497
Jan. 16	660,355	33,493	415,642	28,264	43,492	14,920	6,189	60,998	11,202	4,112	6,180	7,523	28,340
Jan. 23	670,984	31,047	422,438	31,517	44,786	15,176	6,528	55,928	11,639	3,684	6,262	12,734	29,245
Jan. 30	667,545	29,689	419,602	34,103	45,394	14,933	6,538	53,501	11,767	3,817	5,886	12,870	29,445
<b>Total gold reserves:</b>													
Jan. 2	2,587,627	190,677	738,453	181,204	239,543	79,893	108,563	457,876	75,863	77,549	112,580	67,458	257,068
Jan. 9	2,631,672	168,878	838,932	175,231	245,004	79,522	102,433	468,022	73,882	75,973	112,989	63,870	226,936
Jan. 16	2,630,570	150,626	773,883	245,175	245,175	77,794	102,254	444,154	72,500	74,294	106,356	58,797	234,711
Jan. 23	2,648,090	138,203	960,986	173,134	253,309	76,734	98,502	417,071	65,057	73,002	106,730	57,397	227,965
Jan. 30	2,667,184	131,737	958,273	173,008	257,392	80,132	102,254	428,047	69,573	75,712	109,094	56,253	225,709





FEDERAL RESERVE BANKS—RESOURCES AND LIABILITIES, BY WEEKS—Continued

LIABILITIES—Continued

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
<b>Deposits—Continued.</b>													
<b>Total deposits:</b>													
Jan. 2.....	2,563,733	152,100	1,056,690	140,677	188,967	72,976	71,600	363,350	88,527	56,734	98,679	75,333	198,100
Jan. 9.....	2,452,239	151,589	965,514	138,806	188,604	71,868	70,483	357,180	87,598	56,125	96,611	75,100	192,761
Jan. 16.....	2,477,582	151,708	982,186	141,188	189,817	69,559	68,482	367,857	84,471	55,719	95,061	72,754	193,780
Jan. 23.....	2,397,090	151,141	928,018	137,128	187,998	70,303	67,413	360,784	85,599	54,510	94,822	73,644	185,730
Jan. 30.....	2,437,097	147,884	977,294	135,719	187,016	72,871	68,782	353,353	84,919	52,611	95,213	73,702	187,733
<b>Deferred availability items:</b>													
Jan. 2.....	776,626	85,472	203,361	65,299	76,393	61,522	25,315	92,044	35,371	13,010	42,033	33,679	43,127
Jan. 9.....	629,574	64,920	162,470	53,893	56,125	47,705	22,478	70,692	31,775	11,313	35,190	28,856	44,157
Jan. 16.....	713,457	75,680	188,503	58,216	68,304	52,074	25,703	86,535	34,312	11,794	36,889	31,422	44,025
Jan. 23.....	648,570	63,550	161,117	54,366	63,491	49,596	27,901	76,214	34,312	11,106	33,946	28,662	44,309
Jan. 30.....	591,235	60,574	150,394	49,081	59,499	46,044	21,167	70,672	28,442	10,047	33,359	25,909	36,047
<b>Capital paid in:</b>													
Jan. 2.....	146,952	10,156	50,124	14,536	14,419	6,142	5,239	18,478	5,416	3,021	4,224	4,329	10,868
Jan. 9.....	146,826	10,156	50,064	14,536	14,419	6,066	5,254	18,478	5,416	3,021	4,221	4,327	10,868
Jan. 16.....	147,856	10,165	50,844	14,536	14,564	6,158	5,224	18,518	5,416	3,020	4,219	4,324	10,868
Jan. 23.....	148,356	10,165	51,311	14,536	14,561	6,154	5,247	18,526	5,416	3,020	4,232	4,319	10,869
Jan. 30.....	148,810	10,165	51,870	14,536	14,561	6,166	5,258	18,589	5,414	3,028	4,235	4,308	10,868
<b>Surplus:</b>													
Jan. 2.....	254,398	19,619	71,282	24,101	26,345	12,399	10,554	36,442	10,820	7,082	9,086	8,690	17,978
Jan. 9.....	254,398	19,619	71,282	24,101	26,345	12,399	10,554	36,442	10,820	7,082	9,086	8,690	17,978
Jan. 16.....	254,398	19,619	71,282	24,101	26,345	12,399	10,554	36,442	10,820	7,082	9,086	8,690	17,978
Jan. 23.....	254,398	19,619	71,282	24,101	26,345	12,399	10,554	36,442	10,820	7,082	9,086	8,690	17,978
Jan. 30.....	254,398	19,619	71,282	24,101	26,345	12,399	10,554	36,442	10,820	7,082	9,086	8,690	17,978
<b>All other liabilities:</b>													
Jan. 2.....	13,641	465	4,157	241	1,293	900	1,009	2,312	1,093	853	562	376	380
Jan. 9.....	14,615	693	4,208	330	1,421	949	1,134	2,411	1,044	880	573	423	549
Jan. 16.....	15,373	662	4,655	376	1,475	956	1,150	2,550	1,068	890	578	434	579
Jan. 23.....	15,812	803	4,140	484	1,520	1,008	1,219	2,831	1,134	917	621	490	645
Jan. 30.....	16,696	917	4,400	524	1,604	1,009	1,253	2,919	1,175	912	619	540	824
<b>Total liabilities:</b>													
Jan. 2.....	5,584,714	427,696	1,739,493	385,093	522,474	239,816	248,342	834,297	205,347	145,460	225,274	170,687	440,735
Jan. 9.....	5,242,914	397,407	1,586,237	360,391	496,562	220,929	241,278	790,133	198,565	141,701	214,989	163,318	431,404
Jan. 16.....	5,300,968	398,680	1,623,873	366,314	502,182	221,561	240,787	804,216	197,345	140,484	213,889	161,523	430,114
Jan. 23.....	5,125,198	379,269	1,538,418	356,935	494,448	218,121	240,541	775,388	197,585	136,909	209,781	158,639	419,159
Jan. 30.....	5,093,730	371,216	1,575,060	354,271	488,218	215,639	234,210	757,146	190,826	133,650	208,577	154,111	410,806
<b>MEMORANDA</b>													
<b>Ratio of total reserves to Federal reserve note and deposit liabilities combined (per cent):</b>													
Jan. 2.....	61.9	66.8	54.1	66.9	62.2	55.4	57.5	68.7	59.9	65.8	69.9	59.1	72.9
Jan. 9.....	66.3	62.6	67.0	68.4	64.3	58.1	56.3	73.1	61.3	65.8	71.9	57.8	66.7
Jan. 16.....	67.0	58.3	70.8	67.8	65.6	58.9	57.4	70.0	62.0	65.5	69.0	56.1	69.4
Jan. 23.....	69.3	55.2	80.0	68.2	68.1	58.9	56.1	67.7	62.4	66.2	68.7	55.2	69.6
Jan. 30.....	69.4	53.9	77.0	68.6	69.7	60.6	58.1	70.8	60.9	69.8	71.5	55.5	69.1
<b>Contingent liability on bills purchased for foreign correspondents:</b>													
Jan. 2.....	325,064	24,227	93,131	30,688	33,594	16,474	13,567	44,901	13,890	8,722	11,629	11,306	22,935
Jan. 9.....	333,971	24,358	104,546	31,600	33,574	15,141	12,837	45,095	13,167	8,229	10,862	10,862	23,700
Jan. 16.....	332,338	24,783	98,910	32,150	34,160	15,406	13,061	45,882	13,396	8,373	11,052	11,052	24,113
Jan. 23.....	325,443	24,195	97,559	31,388	33,350	15,040	12,752	44,794	13,079	8,174	10,790	10,790	23,541
Jan. 30.....	317,774	23,539	96,059	30,538	32,446	14,633	12,406	43,580	12,724	7,952	10,497	10,497	22,903
<b>Own Federal reserve notes held by Federal reserve banks:</b>													
Jan. 2.....	449,928	48,672	111,456	50,503	37,716	18,796	35,559	45,928	11,858	6,864	9,428	10,174	62,974
Jan. 9.....	497,390	51,610	137,656	60,505	34,521	21,571	34,976	48,293	13,348	7,161	10,951	9,361	67,437
Jan. 16.....	484,653	38,441	142,062	57,008	39,732	21,702	32,588	42,497	13,016	5,834	10,426	10,797	70,550
Jan. 23.....	462,483	31,477	135,231	53,808	35,692	22,171	33,025	38,592	13,349	8,304	10,718	10,817	69,299
Jan. 30.....	433,672	26,714	127,279	50,491	33,010	21,890	31,493	33,730	12,422	8,112	9,883	10,121	68,527

## FEDERAL RESERVE NOTES—FEDERAL RESERVE AGENTS' ACCOUNTS, BY WEEKS

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
<b>Federal reserve notes received from comptroller:</b>													
Jan. 2.....	3,013,124	241,956	776,190	221,042	279,403	124,614	225,774	462,619	89,328	87,153	110,328	68,461	326,256
Jan. 9.....	3,001,234	239,940	774,800	219,530	275,899	123,294	224,391	458,143	89,090	86,570	111,019	67,830	330,723
Jan. 16.....	2,982,912	237,462	773,270	217,205	275,939	121,758	223,102	452,331	87,744	85,942	109,282	67,243	331,634
Jan. 23.....	2,963,997	235,193	772,586	215,428	277,355	120,473	223,472	446,403	87,603	85,167	108,592	66,198	325,527
Jan. 30.....	2,941,893	235,846	770,904	213,301	274,133	118,581	221,999	440,521	86,428	84,671	107,508	65,330	320,671
<b>Federal reserve notes held by Federal reserve agent:</b>													
Jan. 2.....	733,832	33,400	310,855	30,300	26,630	19,941	55,590	95,020	13,350	15,529	30,210	10,007	93,000
Jan. 9.....	758,582	37,900	304,445	30,300	31,730	19,781	58,040	104,920	13,830	16,129	30,760	12,547	98,200
Jan. 16.....	800,957	58,175	304,805	32,300	34,530	19,641	60,840	117,520	13,470	18,129	30,800	12,547	98,200
Jan. 23.....	840,547	69,725	314,805	35,300	41,130	19,641	62,240	127,220	13,950	16,589	30,800	12,547	96,600
Jan. 30.....	862,727	77,075	323,805	34,500	41,930	19,541	63,310	131,620	13,950	16,589	31,560	14,247	94,600
<b>Federal reserve notes issued to Federal reserve bank:</b>													
Jan. 2.....	2,279,292	208,556	465,335	190,742	252,773	104,673	170,184	367,599	75,978	71,624	80,118	58,454	233,256
Jan. 9.....	2,242,652	202,040	470,355	189,230	244,169	103,513	166,351	353,223	75,260	70,441	80,259	55,283	232,528
Jan. 16.....	2,181,955	179,287	468,465	184,905	241,409	102,117	162,262	334,811	74,274	67,813	78,482	54,696	233,434
Jan. 23.....	2,123,450	165,468	457,781	180,128	236,225	100,832	161,232	310,183	73,653	68,578	77,792	53,651	228,927
Jan. 30.....	2,079,166	158,771	447,699	180,801	232,203	99,040	158,689	308,901	72,478	68,082	75,948	51,083	226,071
<b>Collateral held as security for Federal reserve notes issued to Federal reserve bank:</b>													
<b>Gold and gold certificates—</b>													
Jan. 2.....	371,273	35,300	177,998	-----	50,000	6,690	27,350	-----	7,500	14,167	-----	17,268	35,000
Jan. 9.....	371,273	35,300	177,998	-----	50,000	6,690	27,350	-----	7,500	14,167	-----	17,268	35,000
Jan. 16.....	365,153	35,300	171,880	-----	50,000	6,690	27,350	-----	7,500	14,167	-----	17,268	35,000
Jan. 23.....	360,155	35,300	171,880	-----	50,000	6,690	27,350	-----	7,500	14,167	-----	12,268	35,000
Jan. 30.....	360,145	35,300	171,880	-----	50,000	6,690	27,350	-----	7,500	14,167	-----	12,258	35,000
<b>Gold redemption fund—</b>													
Jan. 2.....	98,442	9,809	15,686	13,165	13,811	7,846	8,525	2,217	1,803	1,800	3,771	3,057	16,952
Jan. 9.....	101,271	17,793	15,686	11,653	12,907	6,525	6,581	2,217	2,085	1,217	3,362	4,426	16,819
Jan. 16.....	94,958	15,315	15,578	9,328	12,627	4,989	4,812	2,114	3,739	2,589	3,625	3,539	16,403
Jan. 23.....	96,968	13,046	15,491	12,551	13,743	3,704	8,682	2,060	3,118	1,814	2,935	3,793	16,031
Jan. 30.....	90,144	10,699	15,392	10,424	12,021	6,813	7,210	1,907	1,943	3,851	2,926	2,926	15,640
<b>Gold fund—</b>													
Jan. 2.....	763,617	58,000	5,000	105,977	55,000	39,000	48,000	211,000	20,000	31,000	53,360	7,000	130,280
Jan. 9.....	746,622	48,000	5,000	104,577	55,000	39,000	43,000	231,000	23,000	31,000	55,360	5,000	106,685
Jan. 16.....	736,304	28,000	5,000	101,577	65,000	39,000	46,000	231,000	21,000	31,000	53,360	5,000	110,367
Jan. 23.....	766,269	18,000	55,000	97,777	65,000	44,000	40,500	231,000	17,000	31,000	53,360	4,000	109,632
Jan. 30.....	757,504	8,000	55,000	97,777	75,000	39,000	40,200	231,000	21,000	31,000	51,360	4,000	104,167
<b>Eligible paper—</b>													
Jan. 2.....	1,562,351	110,450	613,800	71,656	139,534	62,536	86,985	213,068	49,606	30,846	40,915	42,169	100,786
Jan. 9.....	1,314,853	115,438	400,092	74,580	133,405	60,308	89,974	169,825	45,616	31,678	36,099	40,914	116,924
Jan. 16.....	1,262,034	123,827	340,626	76,742	122,714	56,404	84,488	190,523	43,022	32,958	40,931	42,025	107,774
Jan. 23.....	1,197,449	133,568	258,080	74,473	117,900	54,744	85,772	200,712	50,277	31,496	39,854	43,662	106,911
Jan. 30.....	1,217,957	136,702	311,848	78,546	110,353	55,073	84,437	180,700	44,206	27,118	39,160	43,194	106,620
<b>Total collateral:</b>													
Jan. 2.....	2,795,683	213,559	812,484	190,798	258,345	116,072	170,860	426,285	78,909	77,813	98,046	69,494	283,018
Jan. 9.....	2,534,019	216,531	598,776	190,810	251,312	112,523	166,905	403,042	78,201	78,062	94,821	67,608	275,428
Jan. 16.....	2,458,451	202,442	533,084	187,647	250,341	107,083	162,650	423,637	75,261	80,714	97,916	68,132	269,544
Jan. 23.....	2,420,841	199,914	500,451	184,801	246,643	109,138	162,304	433,772	77,895	78,477	96,149	63,723	267,574
Jan. 30.....	2,425,750	190,701	554,120	186,747	247,374	107,576	159,197	413,607	74,649	73,603	94,371	62,378	261,427

**MATURITY DISTRIBUTION OF BILLS, CERTIFICATES OF INDEBTEDNESS, AND MUNICIPAL WARRANTS**

[In thousands of dollars]

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	Over 6 months
<b>Bills discounted:</b>							
Jan. 2.....	1,151,464	1,011,198	38,475	54,282	31,148	15,111	1,250
Jan. 9.....	876,547	741,362	37,238	49,880	35,162	11,782	1,123
Jan. 16.....	821,824	688,297	36,022	50,422	31,801	13,160	2,122
Jan. 23.....	782,114	636,529	33,076	58,933	40,430	11,009	2,137
Jan. 30.....	820,634	677,446	37,802	51,437	42,387	9,454	2,108
<b>Bills bought in open market:</b>							
Jan. 2.....	484,358	156,817	89,215	129,680	104,083	4,563	-----
Jan. 9.....	477,100	146,784	89,543	139,511	97,221	4,041	-----
Jan. 16.....	481,239	156,899	77,198	141,846	100,252	5,044	-----
Jan. 23.....	454,218	132,608	81,392	160,109	76,359	3,750	-----
Jan. 30.....	435,609	133,502	95,602	156,122	46,947	3,436	-----
<b>Certificates of indebtedness:</b>							
Jan. 2.....	70,469	19,885	-----	28	22,995	7,403	20,158
Jan. 9.....	73,151	23,020	-----	-----	22,888	7,408	19,835
Jan. 16.....	63,186	12,965	-----	22,913	-----	7,273	20,035
Jan. 23.....	51,307	780	-----	22,928	-----	7,224	20,375
Jan. 30.....	50,600	-----	-----	23,073	1,049	6,564	19,884
<b>Municipal warrants:</b>							
Jan. 2.....	60	60	-----	-----	-----	-----	-----

**GOLD SETTLEMENT FUND—INTERBANK TRANSACTIONS FROM DECEMBER 20, 1928, TO JANUARY 23, 1929, INCLUSIVE**

[In thousands of dollars]

Federal reserve bank	Transfers for Government account		Transit clearing		Federal reserve note clearing		Changes in ownership of gold through transfers and clearings		Balance in fund at close of period
	Debits	Credits	Debits	Credits	Debits	Credits	Decrease	Increase	
Boston.....	4,400	2,000	1,257,150	1,218,535	7,105	4,771	43,349	-----	30,927
New York.....	18,200	69,900	4,378,573	4,458,196	12,822	18,905	-----	137,406	280,224
Philadelphia.....	7,500	-----	1,077,427	1,073,617	7,604	6,809	12,105	-----	28,476
Cleveland.....	4,000	2,800	1,006,872	1,032,852	10,934	6,515	-----	20,061	72,847
Richmond.....	10,000	6,500	984,378	996,694	4,001	3,454	21,731	-----	5,730
Atlanta.....	10,500	-----	431,405	431,453	3,165	5,274	8,343	-----	11,275
Chicago.....	6,000	6,900	1,816,718	1,786,615	12,750	10,490	31,463	-----	119,077
St. Louis.....	-----	800	740,436	722,648	3,562	4,543	16,007	-----	20,603
Minneapolis.....	-----	2,600	233,863	223,848	2,512	2,778	7,149	-----	19,974
Kansas City.....	1,000	6,100	530,002	524,436	3,377	3,406	437	-----	41,119
Dallas.....	10,500	300	457,827	464,858	2,111	2,714	2,506	-----	22,055
San Francisco.....	27,000	1,500	566,678	577,577	3,568	3,852	14,317	-----	33,759
Total five weeks ending—									
Jan. 23, 1929.....	99,100	99,100	13,481,329	13,481,329	73,511	73,511	157,467	157,467	683,066
Dec. 19, 1928.....	134,200	134,200	14,469,842	14,469,842	62,181	62,181	-----	-----	736,445
Jan. 25, 1928.....	22,000	22,000	13,536,560	13,536,560	70,397	70,397	-----	-----	636,955
Dec. 21, 1927.....	398,800	398,800	12,934,623	12,934,623	66,173	66,173	-----	-----	554,359







## WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES—Continued

## PRINCIPAL RESOURCES AND LIABILITIES BY WEEKS—Continued

[Revised series; see p. 96. In millions of dollars]

	Total	Federal Reserve District											
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
<b>Due from banks:</b>													
Jan. 2.....	1,381	70	200	83	119	61	89	276	60	59	136	71	157
Jan. 9.....	1,190	55	159	62	97	49	86	227	56	53	125	67	154
Jan. 16.....	1,221	53	160	63	104	52	90	232	59	48	135	69	155
Jan. 23.....	1,170	48	148	60	104	55	85	226	62	48	127	66	139
Jan. 30.....	1,121	48	142	60	107	51	80	212	57	46	115	65	140
<b>Due to banks:</b>													
Jan. 2.....	3,418	134	1,270	204	229	116	129	511	149	97	234	128	216
Jan. 9.....	3,099	122	1,077	183	218	110	128	482	149	93	223	118	196
Jan. 16.....	3,026	120	1,037	172	224	105	124	459	148	86	224	115	212
Jan. 23.....	2,962	112	1,026	167	225	104	120	451	146	86	220	112	191
Jan. 30.....	2,864	110	946	165	218	105	116	451	146	83	219	110	196
<b>Borrowings from Federal reserve bank:</b>													
Jan. 2.....	930	33	455	48	76	30	35	144	27	7	22	15	39
Jan. 9.....	655	26	247	41	71	22	38	95	23	9	15	16	51
Jan. 16.....	598	28	184	39	62	20	36	116	22	10	17	17	45
Jan. 23.....	554	41	119	35	59	20	40	123	28	10	14	19	44
Jan. 30.....	580	49	170	35	58	20	37	106	21	7	13	19	44

LAND BANKS AND INTERMEDIATE CREDIT BANKS

LOANS OF FEDERAL AND JOINT-STOCK LAND BANKS

[In thousands of dollars]

Date	Net amount of loans outstanding		
	Total	Federal land banks (12 banks)	Joint-stock land banks <sup>1</sup>
1927			
Jan. 31.....	1,724,821	1,085,170	639,651
Feb. 28.....	1,745,404	1,097,642	647,762
Mar. 31.....	1,765,365	1,109,354	656,011
Apr. 30.....	1,732,395	1,117,914	614,481
May 31.....	1,741,275	1,124,055	617,220
June 30.....	1,738,165	1,130,648	607,517
July 31.....	1,742,575	1,134,896	607,679
Aug. 31.....	1,749,393	1,139,502	609,891
Sept. 30.....	1,752,665	1,143,130	609,535
Oct. 31.....	1,757,185	1,147,135	610,050
Nov. 30.....	1,758,834	1,150,943	607,891
Dec. 31.....	1,765,121	1,155,644	609,477
1928			
Jan. 31.....	1,767,515	1,158,717	608,798
Feb. 29.....	1,778,338	1,168,354	609,984
Mar. 31.....	1,786,862	1,175,858	611,004
Apr. 30.....	1,791,341	1,180,420	610,921
May 31.....	1,793,035	1,183,672	609,363
June 30.....	1,794,236	1,184,656	609,580
July 31.....	1,793,610	1,185,714	607,896
Aug. 31.....	1,796,591	1,187,365	609,226
Sept. 30.....	1,797,796	1,189,345	608,451
Oct. 31.....	1,797,910	1,190,278	607,632
Nov. 30.....	1,797,319	1,191,724	605,695
Dec. 31.....	1,799,045	1,193,846	605,199

<sup>1</sup> Number of banks, 1927: January-March, 55; April-May, 54; June-August, 53; September-November, 52; December, 51. 1928: January-April, 51; May-November, 50; December, 49.

BANK DEBITS

DEBITS TO INDIVIDUAL ACCOUNTS, BY FEDERAL RESERVE DISTRICTS

[In thousands of dollars]

	Number of centers	December, 1928	November, 1928	December, 1927
New York City.....	1	52,727,136	45,469,235	38,938,261
Outside New York City.....	141	29,659,008	25,879,883	26,502,520
Federal reserve district:				
Boston.....	11	3,157,853	2,950,274	3,215,624
New York.....	7	53,805,631	46,437,991	39,888,916
Philadelphia.....	10	3,075,534	2,657,730	2,596,178
Cleveland.....	13	3,335,466	2,758,040	2,944,796
Richmond.....	7	862,277	737,635	866,005
Atlanta.....	15	1,350,219	1,205,135	1,269,666
Chicago.....	21	7,829,706	6,612,726	6,516,965
St. Louis.....	5	1,523,407	1,295,503	1,400,516
Minneapolis.....	9	839,418	839,350	777,042
Kansas City.....	15	1,488,329	1,316,627	*1,401,062
Dallas.....	10	870,275	758,472	780,331
San Francisco.....	18	4,248,029	3,779,635	3,783,680
Total.....	141	82,386,144	71,349,118	*65,440,781

\* Revised.

LOANS OF INTERMEDIATE CREDIT BANKS

[In thousands of dollars]

Class of loan	1928				1927
	Dec. 31	Nov. 30	Oct. 31	Sept. 30	Dec. 31
Direct loans outstanding on—					
Cotton.....	23,100	19,549	16,684	4,172	14,944
Tobacco.....	1,565	1,676	1,768	1,955	4,299
Wheat.....	2,483	2,519	2,517	2,123	2,537
Canned fruits and vegetables.....	2,118	2,370	2,723	2,983	1,142
Raisins.....	4,679	4,696	4,627	5,039	5,950
Wool.....	564	663	769	946	411
Rice.....	1,360	1,397	650	415	1,815
All other.....	305	259	205	108	893
Total.....	36,174	33,129	29,943	17,741	31,991
Rediscounts outstanding for—					
Agricultural credit corporations.....	20,991	23,745	27,112	30,461	22,520
National banks.....	50	3	3	3	7
State banks.....	188	195	192	305	161
Livestock loan companies.....	23,784	21,482	19,198	19,992	21,220
Savings banks and trust companies.....	90	131	99	117	16
Total.....	45,103	45,556	46,604	50,878	43,924

PAR COLLECTION SYSTEM

MEMBERSHIP, BY FEDERAL RESERVE DISTRICTS

[Number of banks end of December]

Federal reserve district	Member banks		Nonmember banks			
			On par list		Not on par list <sup>1</sup>	
	1928	1927	1928	1927	1928	1927
United States.....	8,844	9,034	12,643	13,247	3,911	3,910
Boston.....	408	413	251	248	-----	-----
New York.....	938	937	410	411	-----	-----
Philadelphia.....	778	777	493	501	-----	-----
Cleveland.....	817	835	1,007	1,027	9	10
Richmond.....	547	564	627	657	572	587
Atlanta.....	453	464	315	312	959	1,016
Chicago.....	1,253	1,290	3,570	3,695	213	190
St. Louis.....	588	594	1,757	1,891	490	452
Minneapolis.....	719	735	672	761	1,123	1,137
Kansas City.....	934	968	2,234	2,369	282	256
Dallas.....	781	799	626	667	208	204
San Francisco.....	628	658	681	708	55	58

<sup>1</sup> Incorporated banks other than mutual savings banks.

# EARNINGS AND EXPENSES OF FEDERAL RESERVE BANK DURING 1928

## EARNINGS

	Total	Boston	New York	Phila- delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Discounted bills.....	\$38,334,140	\$2,465,266	\$12,210,527	\$3,498,453	\$3,438,719	\$1,943,947	\$2,529,951	\$5,427,825	\$1,928,302	\$490,751	\$1,034,216	\$869,514	\$2,096,669
Purchased bills.....	13,020,535	1,486,467	3,482,649	932,744	1,249,560	685,830	687,533	1,301,910	206,700	609,535	521,901	680,664	1,175,042
United States securities.....	10,827,702	454,142	2,421,172	914,403	1,393,522	166,544	245,502	1,722,821	725,490	512,433	778,027	685,693	807,953
Deficient reserve penalties.....	277,401	12,791	46,009	7,468	28,838	36,496	32,906	44,287	15,023	7,763	15,232	13,837	16,661
Miscellaneous.....	1,593,082	46,676	322,685	41,478	139,914	24,831	82,174	439,575	26,410	89,822	248,592	69,958	60,967
<b>Total earnings.....</b>	<b>64,052,860</b>	<b>4,465,342</b>	<b>18,483,042</b>	<b>5,394,546</b>	<b>6,250,553</b>	<b>2,857,648</b>	<b>3,578,156</b>	<b>8,936,418</b>	<b>2,901,925</b>	<b>1,710,304</b>	<b>2,597,968</b>	<b>2,119,666</b>	<b>4,757,292</b>

## CURRENT EXPENSES

Salaries:													
Bank officers.....	2,554,649	120,000	531,920	138,916	215,800	176,500	207,183	307,419	168,215	117,503	169,900	155,299	245,994
Clerical staff.....	11,786,262	869,837	3,115,314	901,090	1,060,447	592,288	405,562	1,712,899	558,968	350,432	621,265	520,235	1,077,925
Special officers and watchmen.....	870,712	35,745	187,333	49,293	104,232	55,675	36,511	129,351	47,812	29,962	66,840	42,732	85,226
All other.....	1,848,181	94,104	481,534	93,669	254,012	84,098	37,656	275,378	83,202	65,636	173,036	75,508	130,348
Governors' conferences.....	6,392	212	694	230	400	243	398	344	400	687	644	602	1,458
Federal reserve agents' conferences.....	3,538	207	210	204	206	187	67	269	430	587	278	295	598
Federal Advisory Council.....	14,078	676	706	533	792	832	1,089	1,054	1,300	1,150	1,300	1,346	3,800
Directors' meetings.....	150,617	6,983	18,605	7,094	7,450	8,128	22,651	9,797	14,003	6,793	25,076	8,547	15,490
Traveling expenses <sup>1</sup> .....	222,178	4,860	33,023	14,705	19,148	15,970	19,368	23,687	21,849	20,146	10,970	17,367	21,085
Assessments for Federal Reserve Board's expenses.....	697,677	51,885	199,975	66,695	71,837	34,939	28,590	95,764	29,622	18,931	24,961	24,138	50,340
Legal fees.....	108,745	1,981	10,620	4,960	6,584	1,946	11,323	3,444	2,187	27,839	7,600	16,397	13,864
Insurance (other than currency and se- curity shipments).....	413,432	28,789	70,186	35,428	34,818	21,093	24,374	31,603	23,748	30,899	39,433	27,548	45,513
Insurance on currency and security shipments.....	612,459	84,334	119,751	91,508	70,981	34,934	35,600	67,496	14,132	14,163	18,400	21,877	39,263
Taxes on banking house.....	1,426,929	122,220	403,230	40,640	130,922	38,370	61,045	281,601	58,309	86,306	93,648	34,059	76,579
Light, heat, and power.....	328,050	20,299	72,999	20,513	34,867	10,388	15,182	35,136	18,713	17,370	44,785	19,785	18,013
Repairs and alterations, banking house.....	193,329	6,856	26,828	44,529	30,455	2,038	18,891	21,373	9,363	7,656	10,664	10,144	4,532
Rent.....	264,303	480	21,291	1,420	92,863	19,943	6,120	5,134	19,337	90		8,841	88,789
Office and other supplies.....	404,965	22,354	90,587	30,632	37,648	19,431	21,659	61,235	20,021	19,403	28,777	17,211	36,007
Printing and stationery.....	457,648	40,995	77,456	32,620	41,975	26,649	30,321	76,749	27,678	19,370	22,626	22,622	38,584
Telephone.....	202,593	20,649	58,950	26,179	14,708	7,019	6,243	20,638	12,296	7,639	5,120	8,153	14,997
Telegraph.....	484,788	6,041	50,662	13,416	33,204	34,825	64,419	41,758	38,818	17,817	60,001	52,269	71,558
Postage.....	1,860,311	211,423	306,755	177,196	159,525	125,174	99,074	243,679	90,722	63,880	148,795	93,209	140,879
Expressage.....	457,085	40,549	117,172	66,665	33,547	32,082	36,918	55,671	13,976	8,399	13,889	16,162	22,055
Miscellaneous expenses.....	729,989	39,565	196,586	51,382	53,150	31,088	35,621	82,894	37,852	47,814	45,647	41,536	66,854
<b>Total, exclusive of cost of currency.....</b>	<b>26,098,910</b>	<b>1,831,064</b>	<b>6,192,387</b>	<b>1,909,517</b>	<b>2,509,571</b>	<b>1,373,820</b>	<b>1,225,865</b>	<b>3,584,373</b>	<b>1,312,963</b>	<b>977,973</b>	<b>1,636,174</b>	<b>1,235,962</b>	<b>2,309,251</b>
Federal reserve currency, including shipping charges:													
Original cost.....	678,721	26,860	221,701	64,720	74,826	23,376	19,914	90,615	19,051	20,992	20,577	5,855	90,234
Cost of redemption.....	127,179	12,079	30,177	12,005	12,417	5,196	7,355	21,691	4,790	1,509	5,229	3,662	11,069
<b>Total current expenses.....</b>	<b>26,904,810</b>	<b>1,870,003</b>	<b>6,444,265</b>	<b>1,986,242</b>	<b>2,596,814</b>	<b>1,402,392</b>	<b>1,253,134</b>	<b>3,696,679</b>	<b>1,336,794</b>	<b>1,000,474</b>	<b>1,661,980</b>	<b>1,245,479</b>	<b>2,410,554</b>

**PROFIT AND LOSS ACCOUNT**

Earnings.....	\$64,052,860	\$4,465,342	\$18,483,042	\$5,394,546	\$6,250,553	\$2,857,648	\$3,578,156	\$5,936,418	\$2,901,925	\$1,710,304	\$2,597,968	\$2,119,666	\$4,757,292
Current expenses.....	26,904,810	1,870,003	6,444,265	1,986,242	2,596,814	1,402,392	1,253,134	3,696,679	1,336,794	1,000,474	1,661,980	1,245,479	2,410,554
Current net earnings.....	37,148,050	2,595,339	12,038,777	3,408,304	3,653,739	1,455,256	2,325,022	5,239,739	1,565,131	709,830	935,988	874,187	2,346,738
<b>Additions to current net earnings:</b>													
Withdrawn from reserve for probable losses.....	375,065								86,065	289,000			
All other.....	196,412	2,532	97,169	1,481	3,193	1,057	5,462	11,833	3,957	42,879	17,996	5,491	3,362
<b>Total additions.....</b>	571,477	2,532	97,169	1,481	3,193	1,057	5,462	11,833	90,022	331,879	17,996	5,491	3,362
<b>Deductions from current net earnings:</b>													
Bank premises—depreciation.....	1,959,289	122,048	545,545		273,532	129,151	85,673	192,810	166,745	91,982	168,188	42,551	141,064
Furniture and equipment.....	638,840	43,101	142,768	38,873	56,027	64,697	49,980	68,872	51,596	32,026	22,889	51,992	16,119
Reserve for probable losses.....	580,766					50,000	403,018	23,658					104,090
Reserve for self-insurance.....	627,973		58,706		19,267	50,000			250,000	250,000			
All other.....	1,790,638	116,200	370,494	88,271	127,391	43,605	97,828	202,803	401,653	52,997	103,147	71,680	114,569
<b>Total deductions.....</b>	5,597,506	281,349	1,117,513	127,144	476,217	337,353	636,499	488,143	869,994	427,005	294,224	166,223	375,842
<b>Net deductions from current net earnings.....</b>	5,026,029	278,817	1,020,344	125,663	473,024	336,296	631,037	476,310	779,972	95,126	276,228	160,732	372,480
<b>Net earnings available for dividends, surplus, and franchise tax.....</b>	32,122,021	2,316,522	11,018,433	3,282,641	3,180,715	1,118,960	1,693,985	4,763,429	785,159	614,704	659,760	713,455	1,974,258
Dividends paid.....	8,458,463	590,830	2,743,725	843,755	856,843	370,683	312,259	1,099,761	321,855	181,203	253,254	258,544	625,751
Transferred to surplus account.....	21,078,899	1,725,692	8,274,708	2,438,886	2,323,872	74,828	558,425	3,663,668	423,011	43,350	40,651	183,301	1,348,507
Franchise tax paid United States Government.....	2,584,659					673,449	823,301		40,293	390,151	365,855	291,610	

**REIMBURSABLE EXPENDITURES OF FISCAL AGENCY DEPARTMENT**

Salaries.....	\$242,727	\$6,796	\$12,112	\$9,960	\$16,345	\$11,992	\$5,289	\$81,152	\$10,201	\$13,640	\$56,180	\$8,657	\$10,403
All other.....	128,535	2,012	76,697	2,360	5,827	3,308	2,321	16,507	3,580	6,212	4,528	1,797	3,386
<b>Total.....</b>	371,262	8,808	88,809	12,320	22,172	15,300	7,610	97,659	13,781	19,852	60,708	10,454	13,789

<sup>1</sup> Other than those connected with governors' and agents' conferences and of the advisory council.

<sup>2</sup> Includes net loss of \$1,594,749 on United States securities sold.

# FEDERAL RESERVE DISTRICTS

