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FEDERAL RESERVE BOARD.

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SUBSCRIPTION PRICE OF BULLETIN.

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

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

SECOND EDITION OF THE INDEX DIGEST.

The Federal Reserve Board has had prepared a second edition of the Index Digest of the Federal Reserve Act, by Hon. Charles S. Hamlin, member of the Federal Reserve Board, the first edition of which was published in 1915. While the edition is primarily for the use of the Board, enough copies will be printed to supply the demand of banks and others who may desire to purchase them. Those who desire copies (bound in paper) should at once remit \$1 or (bound in cloth) \$1.25 to the Federal Reserve Bank of the district in which the subscriber is resident. Copies of the edition, when published, will be transmitted to the respective Federal Reserve Banks for distribution.

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No. 1

REVIEW OF THE MONTH.

The year 1917 will stand in financial history as the beginning of a new and wholly unprecedented period in American public finance and banking, due to the entrance of the United States into the European war, and the far reaching economic changes resulting therefrom. For the Federal Reserve system it will likewise mark an epoch due to the assumption of new duties and relationships which have greatly enlarged its duties and responsibilities.

In reviewing the year just closed, the country can not but regard with profound satisfaction the part played by its banking system under the leadership and with the support of the Federal Reserve Banks. The way in which the Federal Reserve System has withstood every test to which it has been subjected shows the wisdom with which it was conceived, and that in it the country now possesses a financial foundation of unrivalled solidity.

Financing of the war has, however, placed unexpected and heavy burdens not only upon the Federal Reserve Banks but on the banks of the country generally. The zeal and efficiency with which they have responded to the call made upon them is evidenced by the results which have been achieved in a year which will forever be a memorable one. Under the leadership of the Secretary of the Treasury the banks have done their duty admirably in placing both the short and long term securities of the Government. As long as the war lasts their services in these directions will doubtless have to be relied upon in the future as much as in the past. But

there are other services of equal, if not of greater, consequence in the successful financing of the war in which the help of the banks of the country will be needed. In extending a word of greeting to its member banks with the opening of the new year and as we approach the threshold of our second year in the war, the Board feels it proper to point out certain fundamental methods in which it believes the banks can help in placing the financing of the war upon a foundation of unshakeable strength.

War financing in the last analysis means putting the Government in possession of goods and services. Financing by loans means the sale to the Government of goods on credit. To win the war our Government and the Governments with which we are associated must have goods and services. It is of as much importance, therefore, that the Government should be helped to obtain the goods it requires as it is that it should be helped to procure the credit it requires with which to pay for goods. In neither respect are the American people as yet cooperating to a sufficient degree, primarily because they have not yet been adequately impressed with the paramount importance of their cooperation. They have not yet been made thoroughly to realize the fact that the success or failure of the war—in brief, the fate of the country—lies in their hands. In the great work of educating the people of the country to an appreciation of their part in the effective conduct of the war the banks of the country have an opportunity to make themselves leaders. In the communities they serve they should endeavor to make it clear that the amount of goods that can be

produced, even in a country as large and as rich as ours, is limited; that saving, therefore, is necessary and that by saving goods the people are serving their country in four ways:

(1) They enable our own Government and our allied Governments to obtain the goods required with the requisite speed. As everybody knows, time is a most important factor at this juncture. Coal, copper, steel, and food-stuffs are cases in point.

(2) By saving goods not required by the Government they release corresponding quantities for export to other countries, in exchange for which needed supplies may be secured. To illustrate: If everybody in the United States would cut down consumption of cotton and woolen goods, even to a slight amount, goods to the value of millions of dollars would be available for export and could be made the basis of exchange to pay for much-needed supplies of copper and nitrates for ourselves and beef and wheat for the use of our allies obtained in South America.

(3) By consuming goods in smaller amounts not only are goods saved but money is saved, and the people thus put in a position to absorb and pay for the war loans of the Government out of savings.

(4) By diminishing the consumption of goods and by paying for Government bonds out of savings instead of from funds borrowed from the banks both the rapid rise of prices of goods is retarded as well as banking inflation, which accelerates the rise of prices.

It can not have escaped the attention of the banks that, since the beginning of the war, deposits have increased at a rapid rate and that loans, discounts, and investments have grown at an even more rapid rate. It is true that the Federal Reserve's holdings of gold have also increased to a point where they are larger than those of any other country, but the percentage of the gold reserves against deposits and notes has decreased. This is a familiar phenomenon in time of war and to a certain extent perhaps unavoidable, but it must nevertheless be our constant concern to keep

every dangerous tendency in the banking situation under control and particularly to retard the too rapid expansion of banking credit, as far as this can be done without jeopardizing the main business of the country at this time—the winning of the war.

Events are, however, every day making it clearer that the conservation of our financial strength is not of itself sufficient to insure the successful financing of the war. The financing of the war is only in part a money problem; in very large part it is an economic problem—a problem of conserving the economic as well as the financial strength of the Nation and developing our resources and productive power to the point where they will be equal to sustain the great military operations which are in prospect and all that is incident to them.

Nobody should, therefore, consume goods except to the extent that their consumption is necessary to maintain health and vigor.

Nobody should draw upon the credit resources of the country except to finance transactions which are essential for a nation at war.

Credit should be saved as much as goods.

Conservation of credit as regards nonessential enterprises is necessary in order to provide, without undue expansion, the credit required by the Government and by business essential to the success of the war and the well-being of the country.

The Board most earnestly invites serious consideration of these and kindred steps in the development of a program of national economy and bespeaks the cooperation of all the banks of the country in behalf of their adoption in their several communities. The banks are urged to teach in their districts the meaning and necessity of saving and its relation to the successful financing of the war; to tell the city merchant and the country storekeeper that this is not the time to buy and stock up, especially with luxuries. Let the people everywhere be encouraged to consume fewer things and let those be the simple and substantial things that are necessary to health and strength. Let the public realize that it is more respectable in such

war times as confront us to be seen in old clothes than in new ones. Let the banks tell the people of their communities and their authorities, the mayors and governors, that this is not the time for cities to be spending money on public works; rather should they be considering the suspension of existing work with the view of releasing men and material for the use of the Government and so as not to compete with the Government for the savings of the people, thereby weakening the ability of the Government to place its loans.

"There is neither an unlimited supply of men or of goods or of credit. This is therefore the time for both large and small enterprises, not engaged in the production or handling of essentials, to reduce inventories and thereby free goods and productive power and banking credit for essential uses.

Gigantic operations of the Government will cause a further growth of bank deposits and loans. Our credit structure should therefore be strengthened as far as possible, and to this end the banks should bend their efforts toward three things:

(1) Absorption of Government loans by savings;

(2) Conservation of credit for public and other essential uses with curtailment to non-essential enterprises; and

(3) Increase of the gold holdings of the Federal Reserve Banks so as to maintain an adequate basis for our growing credit structure.

The latter result can be achieved if the banks and the public, like those of England and France—and Germany as well—unite in a determined effort to concentrate gold and gold certificates with the Federal Reserve Banks, using Federal Reserve notes instead for general circulation.

We must look to the future, and prepare unceasingly for further demands which may be made upon us. The President of the United States, in a statement issued on October 13, called attention to the fact that "the extent to which our country can withstand the financial strains for which we must be prepared,

will depend largely upon the strength and staying power of the Federal Reserve Banks," and urged the importance of developing to the maximum degree our banking power, and of providing financial machinery adequate for the very great financial requirements imposed upon our country by reason of the war. He pointed out that all banks should cooperate in strengthening the reserves of the Federal Reserve System, thereby enlarging the Nation's banking power. The reserve requirements in a few States practically prohibit the cooperation of State banks and trust companies with the Federal Reserve System, and make it impossible for them to exchange their Federal Reserve notes for gold, and the Board would urge State banking institutions in these States to endeavor to obtain such legislative action as will enable them to discharge what the President has termed a "solemn obligation." In those States where the legislatures do not meet for a year or more, the banks might well petition their governors to call a special session of the legislature. No State can afford not to do its full duty at this time in helping the national cause.

The Board therefore ventures to call upon the banks, member and nonmember, each in its community, to join in promoting and carrying on a campaign of education along the lines which have been indicated, confident that it may count upon their willing and effective cooperation.

The outstanding feature of the year has been the financing of the Treasury Department with its issues of nearly \$6,000,000,000 in bonds and in short-term certificates issued in anticipation of the sale of these bonds. The Federal Reserve Banks, whose fiscal functions had previously formed only a minor element in their duties, have found one of their chief responsibilities in the management of Government deposits and in placing United States securities. By the act of June 21, 1917, Congress changed the relation of the Federal Reserve system to the member banks, and altered in an important degree the status of the Federal Re-

serve note. These changes have given to the Federal Reserve Banks a broader scope and larger capacity to accommodate the Government and the member banks dependent upon them. Important accessions to the membership of the system, bringing within its scope approximately 75 per cent of the liquid banking resources of the Nation, have been the result of a general feeling of need for unity of action, as well as of recognition of the more liberal conditions of membership offered by the amendatory act in question. Thus has been brought to a successful conclusion the plan of uniting into a compact organization the banks of the whole country. In consequence of its largely increased activity in dealing both with the Government and its member banks, the Federal Reserve System shows a marked growth in its earnings. Its holdings of gold have greatly increased, reaching a maximum of \$1,671,133,000 on December 28, while its liabilities have grown more than proportionately, leaving the reserve percentage at the close of the year at 63.6 per cent against notes and deposits. As compared with December 29, 1916, the gold reserves on December 28, 1917, have increased by the sum of 93 4.9 millions and the free gold—over and above the total required reserves—has increased 300 millions. The problems which must be faced by the system in common with the whole banking and financial community of the Nation during the year 1918 are many and serious, but the system has shown itself equal to its responsibilities, and has furnished a means of bringing about a coordination and unity in American banking heretofore unknown.

A second issue of Treasury certificates of indebtedness, intended primarily for purchase by large taxpayers, was announced by the Secretary of the Treasury on December 15, the conditions of issue being substantially the

same as those governing the first sale of these certificates which occurred during the latter part of November. The issue accordingly bears interest at the rate of 4 per cent, and the purchase price is payable between January 2 and January 15, the certificates themselves maturing on June 25, 1918. It is expected to leave the offer open for some time in order to enable the Federal Reserve Banks widely and properly to distribute these securities.

The Board has pointed out to Reserve Banks that to attain the results contemplated in this instance, special efforts must be made to reach the taxpayer, both large and small, who wishes to anticipate or spread payments due in June. The certificates can not be used in payment of future Liberty Loan installments, and they are not designed ultimately as an investment for banks. While the Treasury seeks through these issues to raise money and welcomes subscriptions from other than taxpayers, the ultimate object of the issue is to relieve the congestion of the money market which would ensue if approximately two billions of tax payments were made by the tax payers in June. The banks have been advised that it is of great importance, therefore, that the largest possible number of taxpayers be reached and encouraged to purchase the certificates maturing June 25, and that a vigorous effort be made not only to place these certificates in the first instance as far as possible among taxpayers, but to the extent that they and the similar certificates dated November 30 are in the first instance subscribed for by banks and other than taxpayers, to continue the process of education with a view to obtaining a large secondary distribution among taxpayers.

It has been further suggested to Federal Reserve Banks that, with the foregoing purposes in mind, they should consider the advisability of creating a small special organization whose efforts should be devoted entirely or

primarily to the work of distributing these particular certificates. The success of the first sale has already been described in the December issue of the Bulletin, the first block of certificates providing for some \$691,622,000. During the month \$1,197,013,000 of certificates of indebtedness were paid off and the second installment on account of the second Liberty loan, due on December 15, was paid at the Federal Reserve Banks, \$597,614,026 being received on that account. All Government deposits made against "payments by credit" by subscribing banks on account of Liberty loan subscriptions were called and paid during the month.

The annual election of directors whose terms expire on December 31, 1917, has been held by the various Federal Reserve Banks, while the Board has selected Class C directors in those cases where the terms of the present incumbents expire with the close of the year. Very few changes have taken place except in cases where change of occupation, or other similar conditions, have rendered existing holders of directorships ineligible for continuance. The only change among Federal Reserve Agents is at the Federal Reserve Bank of Kansas City, where Mr. Asa E. Ramsay has succeeded Mr. Charles M. Sawyer. In San Francisco Mr. James K. Lynch, formerly a director, has become governor of the Federal Reserve Bank of San Francisco, and Mr. Charles A. Morss has succeeded Mr. Alfred L. Aiken as governor of the Federal Reserve Bank of Boston. One or two vacancies still remain to be filled. In general, the striking feature of the outcome in the selection of directors of Classes A and B (chosen by the member banks) has been the failure of the members to participate as actively as might reasonably have been expected in the process of choosing directors. The following table shows the names of the directors elected by the banks, the number of banks authorized to cast ballots, and the number of banks actually voting:

	Group.	Number of banks entitled to vote.	Number of votes cast.	Number of votes received.
District No. 1—Boston:				
Class A—T. P. Beal, Boston, Mass.....	1	132	76	74
Class B—Chas. A. Morss, Boston, Mass.....	1	132	76	73
District No. 2—New York:				
Class A—Robert H. Treman, Ithaca, N. Y.....	2	224	84	79
Class B—Wm. B. Thompson, Yonkers, N. Y.....	2	224	84	83
District No. 3—Philadelphia:				
Class A—Jos. Wayne, jr., Philadelphia, Pa.....	1	164	142	142
Class B—Edwin S. Stuart, Philadelphia, Pa.....	2	89	73	70
District No. 4—Cleveland:				
Class A—Robt. Wardrop, Pittsburgh, Pa.....	1	235	195	184
Class B—Thos. A. Combs, Lexington, Ky.....	1	235	195	173
District No. 5—Richmond:				
Class A—Edwin Mann, Bluefield, W. Va.....	3	172	72	60
Class B—D. R. Coker, Hartsville, S. C.....	2	177	100	100
District No. 6—Atlanta:				
Class A—P. R. Kittles, Sylvania, Ga.....	3	113	65	42
Class B—Edgar B. Stern, New Orleans, La.....	1	140	66	66
District No. 7—Chicago:				
Class A—E. L. Johnson, Waterloo, Iowa.....	3	306	76	73
Class B—M. B. Hutchison, Ottumwa, Iowa.....	2	360	86	85
District No. 8—St. Louis:				
Class A—Walker Hill, St. Louis, Mo.....	1	154	78	68
Class B—Le Roy Percy, Greenville, Miss.....	3	162	35	28
District No. 9—Minneapolis:				
Class A—L. B. Hanna, Fargo, N. Dak.....	2	244	55	52
Class B—Norman B. Holter, Helena, Mont.....	3	233	45	43
District No. 10—Kansas City:				
Class A—C. E. Burnham, Norfolk, Nebr.....	3	322	64	64
Class B—H. W. Gibson, Muskogee, Okla.....	3	322	64	64
District No. 11—Dallas:				
Class A—E. K. Smith, Shreveport, La.....	2	221	27	27
Class B—J. J. Culbertson, Paris, Tex.....	3	201	15	15
District No. 12—San Francisco:				
Class A—J. E. Fishburn, Los Angeles, Cal.....	2	178	71	42
Class B—A. B. C. Dohrmann, San Francisco, Cal.....	1	178	80	80

Earnings of Federal Reserve Banks have been heavy in 1917. At the end of the year 1916 the twelve Federal Reserve Banks together showed aggregate arrears in dividends of about \$3,649,000 on an estimated total average capital of \$54,462,000, or about thirteen months' arrears for the twelve banks. At the end of this year back dividends amounted to only \$805,000 on an estimated total average capital of \$62,002,000, or about two and one-half months' arrears for the twelve banks.

Dividends have been declared by all Federal Reserve Banks. Eight banks have paid their dividends to the end of the year 1917. The four remaining banks have paid all dividends to June 30, 1917, so that arrears still to be paid under the cumulative requirements of the law are now quite small. The dividends thus authorized at the several banks, and the dates to

which in each case dividends have been paid, are stated in the following table:

Bank.	From—	To—	Rate.	Total amount of dividends.
			<i>Per cent.</i>	
Boston.....	Jan. 1, 1916	Dec. 31, 1917	6	\$597,829
New York.....	Jan. 1, 1916	Dec. 31, 1917	6	1,466,720
Philadelphia.....	Jan. 1, 1916	June 30, 1917	6	466,768
Cleveland.....	Jan. 1, 1916	June 30, 1917	6	539,805
Richmond.....	July 1, 1917	Dec. 31, 1917	6	105,254
Atlanta.....	Jan. 1, 1917	Dec. 31, 1917	6	145,465
Chicago.....	July 1, 1916	Dec. 31, 1917	6	1,660,000
St. Louis.....	Jan. 1, 1916	Dec. 31, 1916	6	167,000
Minneapolis.....	July 1, 1916	Dec. 31, 1917	6	1,220,000
Kansas City.....	July 1, 1916	June 30, 1917	6	183,513
Dallas.....	Nov. 1, 1916	June 30, 1917	6	1,110,000
San Francisco.....	Oct. 1, 1915	Dec. 31, 1916	6	1,295,000

¹ Estimate.

There never was any reason to doubt that, in due time, with even a normal volume of business, it would be possible for the banks, if wisely and economically managed, to pay their dividends in full and earn in addition a considerable surplus. The first two and a half years of the system's life were exceptional, because of the abundance of the member banks' lending power due to the change in reserve requirements and to the great increase of gold in the country resulting from our heavy favorable balance of trade. It may reasonably be expected that from this time on the facilities of the reserve banks will normally be called upon more extensively, even without the added stimulus produced by the present great volume of operations on Government account.

Judged from the point of view of earning capacity, one of the most satisfactory aspects of the operations of the Federal Reserve Banks during the past year is the fact that the Federal Reserve Board was able on their behalf to pay into the Treasury in round figures \$1,000,000 of surplus earnings. This has been done under the provisions of section 7 of the Federal Reserve Act, which specifies that after the cumulative dividend claims have been fully met, "all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such earnings

shall be paid into a surplus fund until it shall amount to 40 per centum of the paid-in capital stock of each bank." In the event of the liquidation of a Federal Reserve Bank, the surplus thus accumulated becomes the property of the United States, subject, of course, to such losses or deficiencies as may occur during the operation of the banks and which in ordinary corporation accounting would be a charge against an undivided profit and loss account. Theoretically, therefore, the \$1,000,000 paid into the Treasury by the Federal Reserve Board is only one-half of the actual earnings derived by the Government, since it retains a contingent claim upon the assets of Federal Reserve Banks to an equal amount. The sum actually paid in, may, under provision of law, be used to supplement the gold reserves held against outstanding United States notes, or may be applied to the reduction of the outstanding bonded indebtedness of the Government at the discretion of the Secretary of the Treasury. While the success or failure of the Federal Reserve Banks or the value of their services must never be judged by their earnings, it is gratifying to state that at this time they are adding to the national strength not merely through service and the conservation of banking resources, but through these direct contributions from earnings. With the arrears of the cumulative dividends practically disposed of, another year of activity equal to the last may be expected to provide a corresponding increase in the volume of surplus earnings. It should be borne in mind that the amount now paid to the United States has been arrived at after making all allowances from the earnings of Federal Reserve Banks from the beginning for operating expenses, depreciation, and other proper allowances. The Federal Reserve Act differs from the charters of most foreign central banking institutions in that it names no specific annual franchise tax, but provides first for the payment of dividends to the stockholding banks

at a moderate rate of return, leaving the excess of earnings, whatever it may be, for the Government.

On December 21 the Federal Reserve Bank of New York adopted a general increase in its discount rates of about one-half of 1 per cent, thereby bringing its schedule into line with those of other Federal Reserve Banks as announced in the Bulletin for November. It was held desirable to delay this action until after December 15 owing to the heavy payments on Liberty Loan account to be made during the first half of December, the withdrawal by the Treasury of the large amounts on deposit against payments on credit on Liberty Loan bonds, the vast shifting of funds in connection with the payment of maturing certificates of indebtedness, all of which were expected to cause increasing demand for accommodation at metropolitan banks. This moderate increase in rates was not expected to have a far-reaching direct effect upon the commercial rate of interest in the community, but serves a valuable purpose as an indication of policy, besides occupying a place of significance in connection with the handling of accommodations based on Government obligations. The process of completing the December payments on the second Liberty Loan has imposed heavy responsibilities upon the banks of the eastern seaboard particularly, and it has been a satisfaction to know that the Federal Reserve System has again proved its worth by affording machinery through which the Federal Reserve Board has been able to equalize banking resources. This end has been accomplished in part through the redistribution of acceptances among the several banks, and through the undertaking of inter-reserve bank rediscounts, as authorized by section 10 of the act. The result has been to maintain an even and steady apportionment of reserve funds throughout the country and to avoid, as in the past, any relative shortage of accommodation or any disturbance of the financial market due to public financing.

Minor changes in the schedule of discount rates, published in the last issue of the Bulletin, have been made during the month of December. These in practically all cases have been for the purpose of standardizing and harmonizing the rates now prevalent at the various banks. The revised schedules are published on page 66 of this issue. As there set forth the comparative schedule shows greater uniformity in the rates established by the 11 banks which have acted than has existed heretofore. It has been the desire of the Board to simplify the rate schedule and the means of acting upon changes in rates. There are now only two schedules for 15-day paper, one for commercial paper and collateral notes secured by commercial paper (including commodity paper and trade acceptances) and the other for collateral notes and customers' paper secured by Government securities. Heretofore there were four rates, as some banks charged a different rate for a note secured by commercial paper than for 15-day commercial paper discounted, and some had a rate one-half per cent higher for member banks' customers' notes secured by Government securities than for a collateral note secured in the same way. Some banks had a special quotation for the 15-day trade acceptance.

The 15-day rate for commodity paper remains merged with the 15-day rate for commercial paper, even though a special rate for longer time commodity paper may later be established. Fifteen-day trade acceptances will be taken under whichever classification may be the lower. If one of the banks has a trade acceptance rate of $3\frac{1}{2}$ per cent for 1 to 60 days, and a 15-day commercial paper rate of 4 per cent, 15-day trade acceptances will accordingly be taken by that bank at $3\frac{1}{2}$ per cent. If, at another bank, the rate be $3\frac{1}{2}$ per cent for trade acceptances from 1 to 60 days and 3 per cent for 15-day commercial paper, the trade acceptance would in that case be taken at the commercial paper rate of 3 per cent. The Board holds the view that when commercial paper or

trade acceptances have run down to 15 days, the difference in classification is not of sufficient importance to warrant a special quotation.

Between November 23 and December 21 the 59 New York Clearing House banks reported a reduction of \$481,752,000 in average weekly loans and investments as against a gain of \$88,072,000 in average demand deposits and practically no change in average legal reserves. Their average Government deposits fluctuated between \$871,102,000 for the week ending November 23 and \$966,010,000 for the week ending December 7. Large withdrawals during the subsequent two weeks reduced the average aggregate Government balances with these banks to \$427,347,000 for the week ending December 22. The average excess of loans and investments over total, including Government deposits, which stood at \$396,274,000 for the week ending November 23, has gone down to \$233,709,000 for the corresponding week in December, indicating substantial liquidation of investments, largely Government securities. Considerable decreases in the loan and investment account are shown for the week ending December 14 and more particularly for the subsequent weeks following the redemption by the Government on December 6, 11, and 15 of outstanding certificates of indebtedness of the September 17, September 26, and October 24 issues. On December 15 payment of the second installment on the second Liberty Loan was due, while on the same date the Government made the first interest payment on the first Liberty Loan.

As the result of these operations combined average figures of vault cash and legal bank reserves of all the 59 clearing-house banks, which between November 23 and December 14 had increased by \$48,881,000, show a decline for the following week of \$53,718,000 while average demand deposits for the week ending December 21 fell below the average shown for the initial week in November. The reserve percentage for all clearing-house banks, representing the ratio of net demand deposits

to aggregate cash in vault plus amounts due from legal depositaries, including Federal Reserve Banks, which had risen from 19.4 per cent to about 20 per cent for the first three weeks in December, declined to 18.8 per cent for the week ending December 21, this decline apparently reflecting the large withdrawal of Government deposits preceding the redemption of over 500 millions of certificates of indebtedness presented on December 15 at the New York bank. For those clearing-house banks which are members of the Federal Reserve System a similar course is shown, their reserve percentage, figured on the basis of average weekly balances due from the Federal Reserve Bank only (exclusive of vault cash), rising from 16 per cent for the week ending November 23 to 16.8 per cent for the week ending December 7, but declining to 15.6 per cent for the week following. Figured on the same basis the actual reserve percentage of the 54 member banks in New York City reporting to the Board shows an increase from 15.5 for December 7 to 17 on December 14 and a decline to 15.5 on December 21.

For the trust companies in Greater New York reserve percentages as figured by the State Banking Department stood at 23 per cent for the week ending December 7 as against 21.8 per cent for the initial week in November. Since then the percentage declined to 22.8 for the week ending December 14 and to 20.8 for the week ending December 21, figures for the latter week indicating decreases since December 7 of \$234,981,000 in combined loans and investments and of \$237,262,000 in aggregate deposits.

According to the weekly statements of the Boston Clearing House average loans and investments of its 11 member banks show a continuous reduction from \$520,693,000 for the week ending November 24 to \$488,988,000 for the week ending December 22, while average deposits (including Government deposits, but excluding bank deposits) declined during the same period from \$456,261,000 to \$387,218,000. The ratio of average deposits, as above shown,

to item "Cash in bank and in Federal Reserve Bank" shows an increase from 12.9 for the week ending November 24 to 14.4 for the week ending December 22.

Similar reductions in aggregate loans and investments from \$617,952,000 for the week ending November 24 to \$577,825,000 for the week ending December 22, are indicated for the 34 members of the Philadelphia Clearing House. Government deposits show an even larger decline from \$77,903,000 to \$22,289,000 for the same weeks. For the members of the Federal Reserve System the reserve percentage, representing the ratio of reserve with Federal Reserve Bank to net demand deposits shows a decline from 12.3 per cent for the week ending November 26 to 11.2 per cent for the week ending December 22.

Liquidation on a large scale of member banks' collateral notes, especially notes secured by Liberty bonds and certificates of indebtedness, is the outstanding feature of recent developments in the field of Federal Reserve banking. During the first half of December the Government redeemed large amounts of outstanding certificates of indebtedness issued in anticipation of payments due on Liberty Loan subscriptions and used as principal collateral for member banks' notes. Between November 30 and December 21 the holdings by the Federal Reserve Banks of notes protected by war loan securities decreased from \$405,608,000 to \$146,819,000, this reduction being due in a large measure to the redemption of the securities underlying the discounted paper. Another factor which accounts probably for some reduction in the amounts of collateral notes held by the reserve banks is the provision in the war revenue act of October 3, effective December 1, which imposes a tax of 2 cents per 100 dollars or any fractional part thereof on promissory notes (held to include collateral notes tendered for discount by member banks to their Federal Reserve Banks).

Other classes of discounts show substantial increases with the result that the decrease in total discounts on hand since November 23,

when a record total of \$756,398,000 is shown, has been only \$62,948,000, or considerably less than the decrease shown in the holdings of collateral notes. Acceptances are likewise held in larger volume than at the end of the previous month, the total amount given for December 21, \$277,943,000, being the largest on record and comprising in all probability the greater part of bank and foreign trade acceptances outstanding. A relatively large increase is noted in the holdings of customers' paper secured by war loan securities, the total shown for December 21 being \$142,602,000, as against \$93,657,000 at the end of November.

Favorable discount rates, taken in conjunction with a "buy-and-borrow" campaign, which was widely fostered in all districts, was largely responsible for this growth, the whole movement, moreover, being assisted by the certain knowledge that any district could count upon temporary accommodation of the reserves of other districts through the provisions of the Federal Reserve Act which under the direction of the Board permits one Federal Reserve Bank to rediscount for another. The exercise of this function enabled the Board to equalize the holdings between Federal Reserve Banks. During the last month the Board in the exercise of its power was able speedily and effectively to equalize reserves among Federal Reserve Banks, thus proving the wisdom and utility of one of the basic principles of the Federal Reserve Act.

Investments of the Federal Reserve Banks in United States bonds decreased from \$53,962,000 to \$50,458,000, as the result of liquidation of Liberty bonds held by certain banks pending final adjustment of their Liberty loan accounts. No material change is shown in the total of short-term United States securities on hand, the reserve banks' purchases of certificates of indebtedness being on the whole moderate in volume, of a temporary character and for the exclusive purpose of accommodating member banks.

During the period under review the banks' gold reserves increased from \$1,604,704,000 to \$1,645,543,000, while the ratio of their total

reserves to combined deposit and note liabilities decreased from 64.7 to 62.9 per cent.

In the following table are shown the changes between November 23 and December 21 in the totals of discounted and purchased bills held by each of the Federal Reserve Banks, also changes in the aggregates of other classes of earning assets:

[000 omitted.]

Federal Reserve Bank.	Nov. 23.	Dec. 21.	Net increase.	Net decrease.
Boston.....	\$67,808	\$70,158	\$2,350	.....
New York.....	401,451	397,450	.....	\$4,001
Philadelphia.....	48,518	65,331	16,813	.....
Cleveland.....	61,231	77,921	16,690	.....
Richmond.....	29,560	44,644	15,084	.....
Atlanta.....	17,380	23,765	6,385	.....
Chicago.....	108,754	116,194	7,440	.....
St. Louis.....	25,120	47,897	22,777	.....
Minneapolis.....	19,906	23,050	3,144	.....
Kansas City.....	37,658	35,356	.....	2,302
Dallas.....	19,193	25,157	5,964	.....
San Francisco.....	34,928	44,529	9,601	.....
Total bills.....	865,907	971,452	105,545	.....
Total United States securities.....	111,812	108,568	.....	3,244
Total municipal warrants.....	1,422	1,102	.....	320
Total investments held.....	979,141	1,081,122	101,981	.....

Further progress has been made during the past month in the development of the Board's policy with respect to the establishment of branches. Shortly after the opening of the new year there will have been established branches of Federal Reserve Banks at New Orleans, Seattle, Portland, Spokane, Louisville, Cincinnati, Pittsburgh, Detroit, and Baltimore. Of these, all except the three last named are already in operation. Further modifications of a minor character have been made in the standard draft of by-laws suggested for use at branches, these changes being intended to adapt the by-laws more closely to local conditions. The general fact, already noted in former issues of the Bulletin, remains—namely, the recognition of two distinct types of branches, the one possessing an assigned territory and segregated capital, the other and later type, providing for a clientele consisting of banks which have voluntarily chosen to transact their business with the branch rather than with the parent office.

For the four weeks ending December 14 the net outward movement of gold and exports totaled \$3,426,000, compared with \$4,101,000 for the five weeks immediately preceding. Since April 6 of the present year the net outward gold movement totaled \$78,041,000, or at a weekly rate of \$2,168,000, as against a weekly average of about \$856,000 for the four weeks ending December 14. Gold imports for these four weeks, totaling \$2,702,000, are credited largely to Mexico, Canada, South America, and the Dutch East Indies, while gold exports, totaling \$6,128,000, were consigned largely to Chile and Mexico. Since January 1 of the present year the country's stock of gold increased through net imports by \$183,906,000, while the gain since August 1, 1914, is given as \$1,052,668,000, as shown in the following exhibit:

[000's omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914.....	\$23,253	\$104,972	¹ \$81,719
Jan. 1 to Dec. 31, 1915.....	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916.....	685,745	155,793	529,952
Jan. 1 to Dec. 14, 1917.....	552,417	368,511	183,906
Total.....	1,713,370	660,702	1,052,668

¹ Excess of exports over imports.

A further change in methods of administering the present regulations as to the shipment of precious metals has occurred during the month. Control of all applications for the exportation of manufactures of gold or silver when the metal value of the article shipped is distinctly small as compared with the cost of labor or of other material employed in its production has been transferred to the War Trade Board, the Federal Reserve Board confining its attention to applications for shipment of coin, or fine bullion. The reexportation of gold imported into the United States with the expectation of reshipment is being in general forbidden, except in those cases where the gold is returned to the country from which it came. This permits gold to continue to leave the United

States for countries which have shipped it here for refining with the understanding that the refined proceeds of such shipment will come back to them. It, however, cuts off dealings in gold which have in the past been undertaken to some extent for the purpose of reexporting coin at a profit to other countries. The movement of silver out of the country has been heavy, indications being that in a variety of cases it has been substituted for gold in the liquidation of international balances.

No system for the definite regulation of foreign exchange has been applied during the month of December, pending the issuance of an Executive order designed

Foreign exchange regulations.

to carry into effect the executive powers granted by Congress for that purpose. In view of the numerous problems now coming before the Board with reference to foreign exchange and the probability of an enlargement of its responsibilities in this regard, the Board has appointed Mr. F. I. Kent as foreign exchange adviser, Mr. Kent being for this purpose granted leave of absence by the Bankers Trust Co. of New York, of which he is a vice president. It was announced on December 14 that the War Trade Board had authorized the payment of drafts accepted on or before December 14, 1917, drawn on funds to the credit of a person who is an "enemy" or "ally of enemy," or acting for or on behalf of an "enemy" or "ally of enemy," or on which such a person appears as drawer or indorser, when such drafts are presented for payment in the United States, provided that when such drafts are collected for or on behalf of any person who is an "enemy" or "ally of enemy" or person acting for or on behalf of an "enemy" or "ally of enemy," the proceeds of collection be at once reported by the person making such collection to and be held subject to the disposition of the Alien Property Custodian. No drafts can be accepted, or transferred or dealt in before acceptance, which are drawn on funds to the credit of any person who is an "enemy" or "ally of enemy," or acting for or

on behalf of an "enemy" or "ally of enemy," or drawn by or to the order of such a person, or on which such person appears as indorser, unless a license is first obtained from the Bureau of Enemy Trade. The War Trade Board has authorized the payment of travelers' checks, not exceeding \$100 in amount, on which there appears the indorsement of a person who is an "enemy" or "ally of enemy," or acting for or on behalf of an "enemy" or "ally of enemy," without obtaining a license therefor. The Board notified Federal Reserve Banks of the action thus taken and requested them to notify member banks accordingly.

Acceptance Liabilities of American Banking Institutions.

In continuation of similar figures shown on page 664 of the September, 1917, Bulletin there are presented below summary data of acceptance liabilities of national banks in principal cities, supplemented by like data for State banks and trust companies in New York, Boston, Baltimore, and St. Louis. Between June and September there was apparently a slight decrease in the amounts of acceptances outstanding, the New York banks and trust companies, particularly, reporting decreases in their acceptance liabilities for the latter date. November figures for the New York banks and trust companies show but little change from figures for the earlier dates.

Between September 9 and November 23, the Fridays nearest the dates of the Comptroller's calls, the Federal Reserve Banks increased their holdings of acceptances from \$173,199,000 to \$209,905,000. Further increases are shown for the more recent dates, the holdings on December 21 being \$277,943,000. It is evident, therefore, that increasing amounts of acceptances have been finding their way into the portfolios of the Federal Reserve Banks in addition to the substantial amounts of acceptances purchased or discounted by accepting institutions and reported with their other loans and discounts.

Acceptance liabilities of American banking institutions.

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

	June 20, 1917.	Sept., 1917.	Nov., 1917.
All national banks.....	144,414	1,138,231	(²)
Trust companies in State of New York:			
Greater New York.....	94,485	³ 90,452	⁴ 97,188
Outside Greater New York.....		⁵ 973	⁶ 1,080
State banks in State of New York:			
Greater New York.....	5,957	³ 7,025	⁴ 5,767
Outside Greater New York.....		⁵ 331	⁶ 16
Trust companies and State banks:			
In Boston.....	16,979	³ 17,544	16,370
In St. Louis.....	60	⁶ 916	⁷ 1,867
In Baltimore.....	1,765	¹ 285	² 70
Total.....	263,660	255,757	.....

¹ Sept. 11. ³ Sept. 8. ⁵ Sept. 6. ⁷ Nov. 29.
² Nov. 20. ⁴ Nov. 14. ⁶ Sept. 21.

Acceptance liabilities of national banks in principal cities of the United States on specified dates.

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

	June 20, 1917.	Sept. 11, 1917.	Nov. 20, 1917.
New York.....	79,473	72,717	66,296
Boston.....	30,681	31,873	.....
Philadelphia.....	8,513	9,649	7,462
Cleveland.....	1,494	535	.....
Cincinnati.....	1,578	751	.....
Baltimore.....	1,966	568	.....
New Orleans.....	1,394	465	.....
Charleston, S. C.....	660	137	.....
Chicago.....	3,357	5,554	.....
Minneapolis.....	1,468	991	.....
San Francisco.....	5,646	5,008	.....
All other.....	8,184	9,983	.....
Total.....	144,414	138,231	.....

Excess Profits Paid Into Treasury.

The law requires that the Federal Reserve Banks, after paying all necessary expenses, together with 6 per cent cumulative dividends to their stockholders, shall carry one-half of excess profits remaining to their surplus fund until the surplus amounts to 40 per cent of the capital, and shall pay the other half of excess profits to the United States Government as a franchise tax, the entire excess profits to be paid to the Government after the surplus of a Federal Reserve Bank reaches 40 per cent of its capital. The Federal Reserve Banks of Boston, New York, Chicago, Atlanta, Richmond, and Minneapolis have paid their dividends to stockholders to December 31, 1917,

and on January 4 paid into the Treasury of the United States as a franchise tax the sum of \$1,134,234.48, the amounts being paid by the banks as follows: Boston, \$75,100; New York, \$649,363.57; Chicago, \$215,799.18; Atlanta, \$40,000; Richmond, \$116,471.73; Minneapolis, \$37,500. These banks have also established on their books a surplus fund in amounts equal to the sums paid the Government.

Fiduciary Powers for National Banks.

The following opinion, rendered by the Attorney General of the United States, passes upon the power of the Federal Reserve Board to grant to national banks the power to exercise fiduciary powers:

NOVEMBER 26, 1917.

SIR: I have your letter dated November 16, 1917, with reference to the authority of the Federal Reserve Board to grant to national banks located in New York the power to act as trustee, executor, and administrator. I am of opinion that the Reserve Board has no such authority under existing laws.

Section 11 (k) of the Federal Reserve Act of December 23, 1913, c. 6, empowers the Reserve Board—

SEC. 11 (k). To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said Board may prescribe. (38 Stat. 251, 262.)

The congressional enactment therefore authorizes the special permit only "when not in contravention of State or local laws."

The act of April 16, 1914, Article V, section 223, Laws of New York, 1914, c. 369, p. 1371, provides:

No corporation other than a trust company organized under the laws of this State shall have or exercise in this State the power to receive deposits of money, securities, or other personal property from any person or corporation in trust, or have or exercise in this State any of the powers specified in subdivisions one, four, five, six, seven, and eight of section one hundred eighty-five of this article, nor have or maintain an office in this State for the transaction of, or transact, directly or indirectly, any such or similar business, except that a Federal reserve bank may exercise the powers conferred by subdivision one of such section if authorized so to do by the laws of the United States * * *

Subdivisions 1, 4, 5, 6, 7, and 8 of section 185 of Article V referred to confer authority upon trust companies to act as registrar of stocks and bonds, as executor and administrator, and as trustee in various capacities.

The laws of New York empower only trust companies organized under the laws of that State to act as trustee, executor, and administrator. This is not a case where the local law simply authorizes State banks to assume trust company functions. *Fellows v. First National Bank* (192 Mich., 640). Corporations other than those organized in New York are expressly prohibited from exercising such powers. Since the national banks in question are not organized under the laws of New York, a special permit to act as trustee would be plainly in contravention of the State law.

I find nothing in the opinion of Mr. Chief Justice White in *First National Bank v. Fellows* (244 U. S. 416), which would justify, in the present matter, a different construction of the unambiguous provisions of the controlling statutes. The language of the present Chief Justice demonstrates the power of the national legislature to confer authority upon national banks to act as trustee, executor, and administrator, where such powers are exercised by State trust companies, even though the State law discriminates against the national agencies in this regard. The power of Congress to determine how far national banks may be subject to State control is settled, and State regulations which conflict with the congressional enactments are invalid. (*Davis v. Elmira Bank*, 161 U. S. 275; *Easton v. Iowa*, 188 U. S. 220; *Van Reed v. National Bank*, 198 U. S. 554.) But in this case Congress has not exerted its power. By section 11 (k) it has explicitly constituted the local statutory provisions as the criterion of the corporate capacity of national banks. The New York statute, therefore, can not fairly be said to deny to national banks operating in New York a power Congress intended they should have.

Very respectfully,

T. W. GREGORY, *Attorney General*.

The PRESIDENT.

Cashing Bond Coupons.

Secretary McAdoo on December 20 authorized the following statement:

"I am informed that a few banks and trust companies are making a charge for cashing the

Liberty bond coupons. Though I realize that the service rendered by banks and trust companies in cashing coupons is a substantial one, I desire to point out that the coupons are payable at any Federal Reserve Bank or Sub-treasury as well as at the Treasury Department in Washington, and that any national bank which is a general depository of Government funds is required to cash the coupons without charge. I am confident, also, that no bank or trust company which is a depository of the proceeds of Liberty bonds or Treasury certificates of indebtedness will make a charge for collecting the coupons and paying the cash to the holder, and it is my earnest hope that even those banks and trust companies which have not become such depositories will perform this service without charge as a patriotic duty."

Acceptances to 100 Per Cent.

Since the issue of the December Bulletin the following banks have been authorized to accept drafts and bills of exchange up to 100 per cent of their capital and surplus:

National Union Bank, Boston, Mass.
Columbia Trust Co., New York, N. Y.
Union Trust Co., Pittsburgh, Pa.
First National Bank, Richmond, Va.
First National Bank, Hutchinson, Kans.
Fourth National Bank, Macon, Ga.
Cleveland Trust Co., Cleveland, Ohio.
Mercantile Bank of the Americas, New York, N. Y.
Continental & Commercial National Bank, Chicago, Ill.

Directors of Federal Reserve Banks.

The Federal Reserve Board has appointed the following Class C directors, Federal Reserve Agents, and deputy chairmen of Federal Reserve Banks to fill vacancies where terms expire on December 31, 1917. Terms of directors are for three years. Terms of Federal Reserve Agents and deputy chairmen are for one year.

CLASS C DIRECTORS.

District No. 1, Boston—Frederic H. Curtiss.
District No. 2, New York—W. L. Saunders.
District No. 3, Philadelphia—Richard L. Austin; Charles C. Harrison (1-year term).
District No. 4, Cleveland—D. C. Wills.
District No. 5, Richmond—Caldwell Hardy.
District No. 6, Atlanta—M. B. Wellborn.
District No. 7, Chicago—James Simpson.

District No. 8, St. Louis—John W. Boehne.
 District No. 9, Minneapolis—John H. Rich.
 District No. 10, Kansas City—Asa E. Ramsay.
 District No. 11, Dallas—W. F. Ramsey.
 District No. 12, San Francisco—John Perrin.

FEDERAL RESERVE AGENTS AND DEPUTY CHAIRMEN.

District No. 1, Boston:
 Chairman and Federal Reserve Agent—Frederic H. Curtiss.
 Deputy chairman—Allen Hollis.
 District No. 2, New York:
 Chairman and Federal Reserve Agent—Pierre Jay.
 Deputy chairman—George F. Peabody.
 District No. 3, Philadelphia:
 Chairman and Federal Reserve Agent—Richard L. Austin.
 Deputy chairman—H. B. Thompson.
 District No. 4, Cleveland:
 Chairman and Federal Reserve Agent—D. C. Wills.
 Deputy chairman—Lyman H. Treadway.
 District No. 5, Richmond:
 Chairman and Federal Reserve Agent—Caldwell Hardy.
 Deputy chairman—James A. Moncure.
 District No. 6, Atlanta:
 Chairman and Federal Reserve Agent—M. B. Wellborn.
 Deputy chairman—Edward T. Brown.
 District No. 7, Chicago:
 Chairman and Federal Reserve Agent—Wm. A. Heath.
 Deputy chairman—James Simpson.
 District No. 8, St. Louis:
 Chairman and Federal Reserve Agent—Wm. McC. Martin.
 Deputy chairman—John W. Boehne.
 District No. 9, Minneapolis:
 Chairman and Federal Reserve Agent—John H. Rich.
 Deputy chairman—Wm. H. Lightner.
 District No. 10, Kansas City:
 Chairman and Federal Reserve Agent—Asa E. Ramsay.
 Deputy chairman—F. W. Fleming.
 District No. 11, Dallas:
 Chairman and Federal Reserve Agent—W. F. Ramsey.
 Deputy chairman—W. B. Newsome.
 District No. 12, San Francisco:
 Chairman and Federal Reserve Agent—John Perrin.
 Deputy chairman—Walton N. Moore.

Class A and B Directors Elected.

The following Class A and B directors have been elected by the Federal Reserve Banks for the 3-year term beginning January 1, 1918:

District No. 1—Boston
 Class A—T. P. Beal, Boston, Mass.
 Class B—Chas. A. Morss, Boston, Mass.

District No. 2—New York:
 Class A—Robert H. Treman, Ithaca, N. Y.
 Class B—Wm. B. Thompson, Yonkers, N. Y.
 District No. 3—Philadelphia:
 Class A—Joseph Wayne, jr., Philadelphia, Pa.
 Class B—Edwin S. Stuart, Philadelphia, Pa.
 District No. 4—Cleveland:
 Class A—Robert Wardrop, Pittsburgh, Pa.
 Class B—Thos. A. Combs, Lexington, Ky.
 District No. 5—Richmond:
 Class A—Edwin Mann, Bluefield, W. Va.
 Class B—D. R. Coker, Hartsville, S. C.
 District No. 6—Atlanta:
 Class A—P. R. Kittles, Sylvania, Ga.
 Class B—Edgar B. Stern, New Orleans, La.
 District No. 7—Chicago:
 Class A—E. L. Johnson, Waterloo, Iowa.
 Class B—M. B. Hutchison, Ottumwa, Iowa.
 District No. 8—St. Louis:
 Class A—Walker Hill, St. Louis, Mo.
 Class B—LeRoy Percy, Greenville, Miss.
 District No. 9—Minneapolis:
 Class A—L. B. Hanna, Fargo, N. Dak.
 Class B—Norman B. Holter, Helena, Mont.
 District No. 10—Kansas City:
 Class A—C. E. Burnham, Norfolk, Nebr.
 Class B—H. W. Gibson, Muskogee, Okla.
 District No. 11—Dallas:
 Class A—E. K. Smith, Shreveport, La.
 Class B—J. J. Culbertson, Paris, Tex.
 District No. 12—San Francisco:
 Class A—J. E. Fishburn, Los Angeles, Cal.
 Class B—A. B. C. Dohrmann, San Francisco, Cal.

Directors of Branch Banks.

Directors of branch banks have been named, as follows:

CINCINNATI BRANCH.

(Federal Reserve Bank of Cleveland.)

Manager: L. W. Manning.
 Directors: W. S. Rowe, L. W. Manning, W. C. Proctor, Judson Harmon, Chas. A. Hinsch, Cincinnati, Ohio.

DENVER BRANCH.

(Federal Reserve Bank of Kansas City.)

Manager: C. A. Burkhardt.
 Directors: C. C. Parks, A. C. Foster, C. A. Burkhardt, John Evans, Denver; Alva Adams, Pueblo, Colo.

LOUISVILLE BRANCH.

(Federal Reserve Bank of St. Louis.)

Manager: W. P. Kincheloe.
 Directors: George W. Norton, W. P. Kincheloe, F. M. Sackett, Louisville; W. C. Montgomery, Elizabethtown, Ky.; Chas. E. Hoge, Frankfort, Ky.

NEW ORLEANS BRANCH.

(Federal Reserve Bank of Atlanta.)

Manager: Marcus Walker.
 Directors: J. E. Bouden, jr., Marcus Walker, Edgar B. Stern, Jas. E. Zunts, New Orleans; Frank Roberts, Lake Charles, La.; H. B. Lightcap, Jackson, Miss.; A. P. Bush, Mobile, Ala.

OMAHA BRANCH.

(Federal Reserve Bank of Kansas City.)

Manager: W. B. Hughes.
 Directors: Luther Drake, J. C. McNish, W. B. Hughes, Omaha, Nebr.; P. L. Hall, Lincoln, Nebr.; R. O. Marnell, Nebraska City, Nebr.

PITTSBURGH BRANCH.

(Federal Reserve Bank of Cleveland.)

Manager: George DeCamp.
 Directors: R. B. Mellon, Chas. W. Brown, James D. Callery, T. H. Given, George DeCamp, Pittsburgh, Pa.

PORTLAND BRANCH.

(Federal Reserve Bank of San Francisco.)

Manager: W. N. Ambrose, acting.
 Directors: A. L. Mills, J. C. Ainsworth, W. N. Ambrose, Nathan Strauss, Thomas C. Burke, Portland, Ore.

SEATTLE BRANCH.

(Federal Reserve Bank of San Francisco.)

Manager: C. J. Shepherd.
 Directors: M. F. Backus, N. H. Latimer, C. J. Shepherd, Chas. H. Clarke, Chas. E. Peabody, Seattle, Wash.

SPOKANE BRANCH.

(Federal Reserve Bank of San Francisco.)

Manager: Chas. A. McLean.
 Directors: E. T. Coman, D. W. Twohy, Chas. A. McLean, Peter McGregor, G. I. Toevs, Spokane, Wash.

Bonds to Protect Notes.

The Comptroller of the Currency reports as of December 12 that United States Government bonds held on November 30 last, as security for circulating notes of national banks, amounted to \$681,565,810, having shown an increase since March 31 of more than \$17,000,000, or an average increase of more than \$2,000,000 per month during this period.

New National Bank Charters.

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

national banks during the period from December 1, 1917, to December 28, 1917, inclusive:

	Banks.	
New charters issued to.....	18	
With capital of.....		\$735,000
Increase of capital approved for.....	5	
With new capital of.....		200,000
Aggregate number of new charters and banks increasing capital.....	23	
With aggregate of new capital authorized.....		935,000
Number of banks liquidating (other than those consolidating with other national banks).....	4	
Capital of same banks.....		150,000
Number of banks reducing capital.....	1	
Reduction of capital.....		50,000
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks).....	5	
Aggregate capital reduction.....		200,000
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was.....		935,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of.....		200,000
Net increase.....		735,000

Fiduciary Powers.

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

- DISTRICT No. 1.
 Trustee, executor, administrator, and registrar of stocks and bonds:
 Merchants National Bank, Leominster, Mass.
- DISTRICT No. 4.
 Trustee and registrar of stocks and bonds:
 Painesville National Bank, Painesville, Ohio.
- DISTRICT No. 5.
 Trustee, executor, administrator, and registrar of stocks and bonds:
 First National Bank, Hyattsville, Md.
- DISTRICT No. 7.
 Trustee, executor, administrator, and registrar of stocks and bonds:
 First National Bank, Flint, Mich.

DISTRICT NO. 10.

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

Farmers National Bank, Oklahoma City, Okla.

DISTRICT NO. 11.

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

Royall National Bank, Palestine, Tex.

Commercial Failures Reported.

Continued reduction in the country's commercial mortality in comparison with recent preceding years is disclosed by the failure returns, and commercial defaults for three weeks of December, as reported to R. G. Dun & Co., number 707, against 873 in the same period of 1916. The statement for November—the latest month for which complete statistics are available—shows fewer insolvencies than in any November since 1909, the number being only 981, and the liabilities of \$13,635,605 are the smallest for that month back to 1910. Comparing with 1916, the November failures were less numerous in all of the twelve Federal Reserve districts, except the eighth, ninth, and eleventh, and the decreases were especially marked in the fifth and sixth districts. In respect to the liabilities, the totals were larger than last year in the third, sixth, eighth, and eleventh districts, but smaller in all other instances, the falling off in the second district being about \$1,500,000.

Failures during November.

District.	Number.		Liabilities.	
	1916	1917	1916	1917
First.....	145	131	\$1,772,161	\$1,350,120
Second.....	225	198	5,112,920	3,673,166
Third.....	81	58	828,863	1,860,028
Fourth.....	79	60	559,256	465,607
Fifth.....	79	31	687,100	312,259
Sixth.....	119	48	1,072,404	1,529,627
Seventh.....	150	137	1,989,510	1,882,045
Eighth.....	58	62	330,795	1,067,403
Ninth.....	43	47	324,232	201,235
Tenth.....	46	39	325,794	253,853
Eleventh.....	45	57	345,757	421,936
Twelfth.....	181	113	755,829	618,326
Total.....	1,251	981	14,104,621	13,635,605

State Banks and Trust Companies Admitted.

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

	Capital.	Surplus.	Total resources.
Bank of Kimberly, Kimberly, Idaho	\$35,000	\$10,250	\$389,592
Metropolitan Trust Co., Boston, Mass.	300,000	300,000	5,787,080
The Plainfield Trust Co., Plainfield, N. J.	300,000	200,000	8,749,434
The Bank of Genesee, Batavia, N. Y.	100,000	100,000	1,151,907
American State Bank, Athens, Ga.	100,000	20,000	538,635
Bank of Rosalia, Rosalia, Wash.	25,000	5,000	308,777
Conrad Trust & Savings Bank, Helena, Mont.	200,000	80,000	3,042,678
Commercial Trust Co., Philadelphia, Pa.	1,000,000	1,750,000	24,796,108
Camden Safe Deposit & Trust Co., Camden, N. J.	500,000	800,000	10,352,726
Bloomfield Trust Co., Bloomfield, N. J.	200,000	100,000	3,213,787
Morrill & Janes Bank, Hiawatha, Kans.	100,000	50,000	1,143,410
German American Bank, New York City	750,000	250,000	8,404,825
Union Trust & Savings Bank, Flint, Mich.	100,000	135,000	3,848,355
Citizens Bank & Trust Co., Tampa, Fla.	250,000	500,000	3,550,995
Charles River Trust Co., Cambridge, Mass.	200,000	200,000	2,893,283
Butler Banking Co., Hood River, Oreg.	100,000	20,000	909,708
Niles City Bank, Niles, Mich.	100,000	20,000	699,175
Trust Company of Georgia, Atlanta, Ga.	1,000,000	1,000,000	3,893,161
St. Anthony Falls Bank, Minneapolis, Minn.	300,000	60,000	3,763,062
Joliet Trust & Savings Bank, Joliet, Ill.	100,000	25,000	766,311
Highland Park State Bank, Highland Park, Mich.	1,000,000	400,000	20,976,678
First State Bank of Detroit, Detroit, Mich.	500,000	150,000	8,275,489
Rochester Savings Bank, Rochester, Mich.	50,000	10,000	556,346
Romeo Savings Bank, Romeo, Mich.	50,000	30,000	1,081,181
Rahway Trust Co., Rahway, N. J.	100,000	25,000	385,277
Pittsburgh Trust Co., Pittsburgh, Pa.	2,000,000	1,000,000	21,067,764
Harris Trust & Savings Bank, Chicago, Ill.	2,000,000	2,000,000	33,570,255
The Dime Savings Bank, Detroit, Mich.	1,000,000	1,000,000	32,769,194
Peninsular State Bank, Detroit, Mich.	2,500,000	1,000,000	27,270,333
Citizens Savings Bank, Gilman, Iowa	25,000	11,000	383,801
Union State Savings Bank & Trust Co., Kewanee, Ill.	100,000	25,000	1,170,562
Detroit Savings Bank, Detroit, Mich.	750,000	750,000	19,524,470
United States Trust Co., New York, N. Y.	2,000,000	12,000,000	77,455,087
Effingham State Bank, Effingham, Ill.	50,000	10,000	721,719
First Standard Bank & Trust Co., Maysville, Ky.	175,000	60,000	1,418,794
H. C. McLachlen & Co. State Bank, Petosburg, Mich.	25,000	5,000	362,541
State Savings Loan & Trust Co., Quincy, Ill.	1,000,000		8,092,397
State Bank of Wilbur, Wilbur, Wash.	50,000	5,000	919,175
Grand Haven State Bank, Grand Haven, Mich.	75,000	50,000	1,662,949
First Savings Bank, Sutherland, Iowa	50,000		320,201
Boies State Savings Bank, Hudson, Mich.	75,000	25,000	734,295
Pender State Bank, Pender, Nebr.	50,000	3,000	403,036
Security Trust & Savings Bank, Cedar Falls, Iowa	50,000	5,000	254,487
Madison County Trust & Deposit Co., Oneida, N. Y.	164,100	94,870	2,224,326
Eaton County Savings Bank, Charlotte, Mich.	100,000	20,000	925,622

	Capital.	Surplus.	Total resources.
Central Savings Bank, Detroit, Mich.....	\$500,000	\$100,000	\$11,962,743
Suburban Trust & Savings Bank, Oak Park, Ill.....	100,000	10,000	379,251
Maryland Trust Co., Baltimore, Md.....	1,000,000	.....	3,974,128
Rome Trust Co., Rome, N. Y.....	300,000	60,000	3,627,406
Chemung Canal Trust Co., Elmira, N. Y.....	600,000	400,000	7,301,858
Metropolitan Bank, Seattle, Wash.....	200,000	100,000	3,559,260
American State Bank, Detroit, Mich.....	500,000	185,130	7,243,617
Volusia County Bank, Deland, Fla.....	100,000	100,000	1,217,313
Discount and Deposit State Bank, Kentland, Ind.....	70,000	35,000	549,592
Newark Trust Co., Newark, Ohio.....	200,000	125,000	2,655,417
City Bank, Syracuse, N. Y.....	500,000	148,000	7,442,110
Citizens Bank, West Point, Ga.....	50,000	.....	172,477
Wilmington Trust Co., Wilmington, Del.....	1,000,000	500,000	13,141,081
Oceana County Savings Bank, Hart, Mich.....	40,000	13,000	427,901
Commercial & Savings Bank, St. Clair, Mich.....	50,000	10,000	746,874
Old State Bank, Fremont, Mich.....	50,000	25,000	875,831
Trust Company of Fulton County, Gloversville, N. Y.....	200,000	100,000	527,339
American Exchange Bank, Milwaukee, Wis.....	250,000	50,000	4,721,622
The Northwestern State Bank, Bellingham, Wash.....	100,000	45,000	1,474,055
Pennsylvania Co. for Insurances on Lives and Granting Annuities, Philadelphia, Pa.....	2,000,000	5,000,000	43,602,088
Kirchman State Bank, Cicero, Ill.....	100,000	25,000	613,746
Interstate Trust & Banking Co., New Orleans, La.....	750,000	500,000	9,171,943
Lansing State Savings Bank, Lansing, Mich.....	150,000	100,000	2,632,821
Farmers State Bank, Reardan, Wash.....	25,000	7,500	639,855
Farmers State Bank, Vail, Iowa.....	50,000	8,000	264,040
Gladstone State Savings Bank, Gladstone, Mich.....	50,000	15,000	571,986
Martinsville State Bank, Martinsville, Ill.....	50,000	17,000	388,031
First State Bank, La Crosse, Wash.....	60,000	8,000	715,454
Steubenville Bank & Trust Co., Steubenville, Ohio.....	125,000	50,000	1,713,784
Brighton State Bank, Brighton, Iowa.....	50,000	10,000	672,810
Total.....	28,919,100	32,050,750	488,728,420

Two hundred and fifty State institutions are now members of the system, having a total capital of \$229,039,800, total surplus of \$296,165,730, and total resources of \$4,999,427,655.

Tax on Parcel Post Packages.

The Commissioner of Internal Revenue has advised the Federal Reserve Board that Federal Reserve Banks are subject to the war stamp tax imposed by subdivision 14 of Schedule A, act of October 3, 1917, upon parcel post packages, and states that this tax applies to all packages on which postage required to be paid amounts to 25 cents or more. The commissioner advises that postal authorities are prohibited from transporting such packages until a stamp or stamps representing the tax due shall have been affixed thereto, and that there is no exemption provided by the

act for those agencies or departments of the Government, including the Federal Reserve Banks, mailing such packages, where postage is to be paid thereon.

Resources of National Banks.

The Comptroller of the Currency on December 20 issued a statement as to resources of national banks in reserve and central reserve cities, as follows:

Statements just compiled show that the resources of the national banks in the reserve and central reserve cities of the United States at the time of the last call, November 20, 1917, amounted to 10,505 million dollars, exceeding by 1,408 million dollars the greatest resources ever previously shown, and were greater than those of November 17, 1916, by 1,885 million dollars.

The total deposits of the national banks in reserve and central reserve cities amounted on November 20, 1917, to 8,593 million dollars, an increase over the call of September 11, 1917, of 1,087 million dollars, and an increase over May, 1917, the greatest heretofore reported, of 1,023 million dollars. The increase over November 17, 1916, was 1,336 million dollars.

The compilation of the country bank reports has not yet been finished, but of the six States whose reports have been completed, all but one show materially increased deposits, including Louisiana with an increase of 15 millions, and North Carolina with an increase of 22 million dollars.

Loans and discounts in reserve and central reserve cities November 20, 1917, were 5,356 million dollars, an increase as compared with September 11, 1917, of 266 million dollars, and an increase over November 17, 1916, of 655 million dollars.

On November 20, 1917, loans and discounts in reserve and central reserve cities amounted to 51 per cent of total resources, as compared with a ratio of loans and discounts to resources of 58 per cent on November 17, 1916.

The increases in deposits and loans are largely due to transactions relating to the Second Liberty Loan.

The increase in deposits in the three central reserve cities of New York, Chicago, and St. Louis, as compared with September 11, 1917, was 640 million dollars, of which increase 577 millions was in New York City.

Forty-three out of 54 reserve cities show an increase in deposits, and only 11 cities show a reduction. The total increase in deposits in

the 43 other reserve cities which showed increases amounted to 477 million dollars.

The reserve cities reporting an increase in deposits of 10 million dollars or more were, in round figures: Boston, 94 millions; Philadelphia 77, Pittsburgh 37, Dallas 26, San Francisco 25, Richmond 17, Atlanta and Fort Worth 14 each, Washington and Kansas City, Mo., 13 each, Houston and Minneapolis 12 each, Oklahoma City 11, and New Orleans 10 million dollars.

Of the 11 cities showing a reduction in deposits the only cities in which the reduction amounted to as much as two million dollars, were: Indianapolis 9 millions, Des Moines 5, Cedar Rapids and Omaha 4 each, Cleveland 3, and Sioux City 2 millions dollars.

Paper Currency Outstanding.

The paper currency of each denomination outstanding on November 30, 1917, was as follows:

Denominations.	United States notes.	Treasury notes of 1890.	Federal Reserve notes.	Federal Reserve bank notes
One dollar.....	\$19, 149, 313	\$336, 238	.....	.....
Two dollars.....	18, 201, 220	208, 767	.....	.....
Five dollars.....	221, 174, 130	466, 995	\$192, 965, 980	\$3, 817, 425
Ten dollars.....	60, 567, 426	506, 920	389, 108, 580	5, 040, 000
Twenty dollars.....	12, 255, 052	226, 630	384, 714, 350	3, 985, 940
Fifty dollars.....	1, 300, 775	9, 350	72, 120, 400	.....
One hundred dollars.....	2, 133, 600	92, 100	87, 435, 300	.....
Five hundred dollars.....	1, 686, 500	.....	.....	.....
One thousand dollars.....	11, 223, 000	69, 000	.....	.....
Five thousand dollars.....	.....	.....	.....	.....
Ten thousand dollars.....	10, 000	.....	.....	.....
Fractional parts.....	.....	.....	.....	.....
Total.....	347, 681, 016	1, 916, 000	1, 126, 344, 610	12, 843, 365
Deduct:				
Unknown, destroyed.....	1, 000, 000	.....	.....	.....
Held in Treasury.....	6, 828, 891	3, 941	17, 560, 005	86, 480
Held by Federal Reserve agents.....	.....	.....	64, 480, 424	.....
Redeemed but not asserted by denominations.....	.....	.....	.....	.....
Net.....	339, 852, 125	1, 912, 059	1, 044, 304, 181	12, 758, 885

Denominations.	National bank notes.	Gold certificates.	Silver certificates.	Total.
One dollar.....	\$342, 072	.....	\$230, 337, 999	\$250, 165, 622
Two dollars.....	163, 392	.....	60, 374, 078	78, 947, 457
Five dollars.....	112, 749, 590	.....	156, 339, 772	687, 513, 892
Ten dollars.....	297, 431, 410	\$404, 344, 090	12, 105, 841	1, 169, 104, 267
Twenty dollars.....	242, 138, 160	312, 523, 724	16, 746, 780	972, 590, 636
Fifty dollars.....	29, 955, 800	79, 493, 955	8, 463, 710	191, 343, 990
One hundred dollars.....	34, 975, 500	109, 335, 400	280, 320	234, 252, 220
Five hundred dollars.....	88, 000	29, 030, 000	15, 500	30, 800, 000
One thousand dollars.....	21, 000	135, 939, 500	16, 000	147, 268, 500
Five thousand dollars.....	.....	142, 630, 000	.....	142, 630, 000
Ten thousand dollars.....	.....	820, 970, 000	.....	820, 980, 000
Fractional parts.....	56, 936	.....	.....	56, 936
Total.....	717, 921, 860	2, 034, 266, 669	484, 680, 000	4, 725, 653, 520
Deduct:				
Unknown, destroyed.....	.....	.....	.....	1, 000, 000
Held in Treasury.....	14, 374, 836	640, 454, 700	10, 212, 595	689, 521, 448
Held by Federal Reserve agents.....	.....	238, 899, 980	.....	303, 380, 404
Redeemed but not asserted by denominations.....	869, 795	.....	.....	869, 795
Net.....	702, 677, 229	1, 154, 911, 989	474, 467, 405	3, 730, 881, 873

Report of the Secretary of the Treasury.

The Secretary of the Treasury, in his annual report on the finances, sent to the Speaker of the House of Representatives on December 3, 1917, says in part:

America's entry into the European war, April 6, 1917, brought the country face to face with unparalleled and unusual financial problems, both in their variety and magnitude. To these were added the inevitable accompaniment of many other problems arising out of essential economic readjustments necessitated by the war and the transformation of an unarmored and peaceful Nation into a formidable armed combatant. Many of the familiar phenomena, inseparable from such a transformation, have appeared and will continue to appear until these readjustments have been completed. They have caused unavoidable losses and hardships. Such things can no more be avoided in time of war than sacrifices of blood if the rights of the Nation are to be vindicated and made safe for the future and a just peace is to be secured for the world. We must face these trials with philosophy, resolution, and calmness. We must see in them not alone the inspiration but the call to supreme effort.

When these readjustments have been completed, it will be found that all the brains and energy of the Nation which have been released from occupations nonessential to the war will be required in enterprises and activities which are essential to the war, and that the welfare and prosperity of the country as a whole will not be impaired.

"Business as usual" can not, of course, be adopted as the guiding principle in time of war. It is a wholly wrong theory and should find no advocacy or acceptance by the sensible and patriotic people of America. Business must be readjusted to the war-making function of the Nation.

What is of superlative importance in the readjustment that must take place is that our people shall be impressed with the necessity of economizing in the consumption of articles of clothing, food and fuel, and of every other thing which constitutes a drain upon the available supplies, materials, and resources of the country. Everything wasted now is nothing short of criminal. So far as I have been able to observe, the American people are not sufficiently aroused to the necessity of economy and of saving in this really serious time, not only in the life of America but of the nations of the world. Up to the present there has been

a relatively small denial of pleasures, comforts, and conveniences on the part of the average citizen. He is drawing upon the general store of supplies in the country with almost the same freedom as before America came into the war. This can not continue without serious hurt to the Nation and to the world. The great financial operations of the Government can not be carried forward successfully unless the people of the United States economize in every possible direction, save their money and lend it to the Government. By saving money they give up some of their needless pleasures; they reduce their demand upon the general supply of food, clothing, and other materials in the country, releasing thereby that much more for the use of our own armies and the armies and civilian populations of the nations which are fighting the common danger with us. They are at the same time increasing their own material prosperity by their savings, and they are directly helping their Government by lending it the money with which it can buy the necessary supplies and command the necessary services to make our fighting forces stronger and more effective in the field; and this means an earlier victory for American arms.

The great difficulty is to impress this lesson of economy upon the American people. It will require widespread propaganda and constant effort. With this in view, it was my privilege to suggest to the Congress the raising of \$2,000,000,000 by the sale of war-savings stamps and thrift stamps, so that the American people would have the opportunity, as well as the direct encouragement, to economize and save money by putting within their reach the opportunity of lending their savings, in such small amounts even as 25 cents, to their own Government.

We have therefore organized a war-savings campaign upon a wide scale and shall bring to the attention of every man, woman, and child in the country the privilege now offered to them of serving themselves and serving their country by depositing their savings with the Government of the United States upon the safest security in the world. The Government will accept these savings and issue its direct obligations for them in the form of war-savings stamps and thrift stamps.

These stamps are not issued by the Government as an investment for the rich. They are intended for people of small means primarily. They are intended to bring within the reach of everyone in the United States the opportunity of investing in the obligations of the United States Government upon terms unusually ad-

vantageous to the investor and to encourage everyone to save his money and lend it to the Government.

The plan offers the most direct incentive to economize and save ever offered to the people of the country. When the Government makes it possible for everyone to know that by saving 25 cents, which otherwise would have been wasted, he can invest that 25 cents in a Government obligation, it is a definite objective to which each one's economy may be directed. In other words, it is possible to transmute one's economies into a specific obligation of the Government, and each one who saves is able to know that his economy is producing a concrete result advantageous to himself, of benefit to his Government, and a direct contribution to the winning of the war.

I look upon the war-saving campaign which the department has now inaugurated as promising the most wholesome benefits to the American people, and producing fundamental conditions that will be of immense help in financing, as well as in successfully prosecuting, the war.

Interlocked with the question of "small savings" which can be invested in war-savings stamps at interest is the question of "large savings" which can be invested in Liberty bonds at interest. The men and women of large and moderate means owe a greater duty, because they have a larger margin of income, to cut off self-indulgences, to deny themselves useless and needless luxuries, to make sacrifices of comforts, pleasures, and conveniences that will effect genuine economies and set an example to the Nation. Every dollar saved represents actual supplies saved and made available for heroic soldiers and suffering civilians in Europe and America.

It is easy to visualize the course of a dollar saved from waste and invested in Government bonds: First, it goes to the Government as a loan for the war; second, it is expended by the Government for food, clothing, and ammunition which go directly to a gallant soldier or sailor, whose fighting strength is kept up by the food, whose body is kept warm by the clothing, and whose enemy is hit by the ammunition. It has not been expended in the purchase of needless food and clothing for the man at home, and is therefore released for the use of the soldier; it is *saved* wealth to the man at home and can be loaned to his Government at interest, with resulting benefit to himself and to his Government.

The man who subscribes for a Government bond, and is advertised as a patriot for doing so, is not a patriot if he immediately sells that bond on the market when he does not impera-

tively need the money. It is not mere subscription to a bond that helps the Government; it is the actual purchase of the bond and the keeping of the bond that really helps. The people must *save* and *invest* in Government bonds. It is by actually lending money to the Government and not by merely promising it and shifting the load to some one else that the citizen really helps in this great time. If loans are made to the Government and bonds are taken therefor, the lender is supposed to deny himself something which releases, in turn, a demand on the vital supplies or stores of the country and puts the Government in position to buy the supplies thus released and to furnish them to our armies and navies. But if the lender immediately sells his bonds, relieves himself of the obligation to save vital supplies, and goes on wasting them, he does his country a grievous injury and hurts himself as well.

I want to make it clear that there is no desire on the part of the Government to prevent or to interfere with freedom of *legitimate* trading in Government bonds—that is, trading in good faith.

We must realize that the Government's credit is vital to the success of the war; that it underlies every activity. It is a sacred duty of every citizen, and it should be regarded as a glorious privilege by every patriot to uphold the Government's credit with the same kind of self-sacrifice and nobility of soul that our gallant sons exhibit when they die for us on the battle fields of Europe. It is as imperative to sustain the Government's credit as it is to sustain our armies, because our armies can not be sustained unless the Government's credit is always above reproach.

I have indulged the hope that additional bonds could be sold on such reasonable terms that the remainder of the funds required to meet the estimated expenditures for the fiscal year 1918 might be raised by that means and thus escape additional revenue legislation at this session of the Congress. It is my earnest conviction that the general economy of the country should be permitted to readjust itself to the new revenue laws before consideration should be given to the imposition of additional tax burdens. If a situation should develop where the Government could not sell convertible and partly tax-exempt bonds upon a 4 per cent basis, it would, I believe, become necessary to seriously consider further revenue legislation. In my judgment an increase in the rate of interest on such bonds would be extremely unwise and hurtful. The higher the rate on

Government bonds, the greater the cost to the American people of carrying on the war and the greater will be the depreciation in all other forms of investment securities. We can not regard without concern serious declines in the general value of fixed investments. It should be the earnest endeavor of everyone to prevent this, and I earnestly hope that the processes of education and of unselfish consideration of the problem from the standpoint of the general interest will provide the necessary remedy.

The Government must, if necessary, absorb the supply of new capital available for investment in the United States during the period of the war. This, in turn, makes it essential that unnecessary capital expenditures should be avoided in public and private enterprises. Some form of regulation of new capital expenditures should be provided. The subject is having deep study, and I hope to be able to submit some suggestions during the session of the Congress which will be of a constructive, as well as of a regulatory, nature. It may also become necessary to concert some constructive measures through which essential credits may be provided for those industries and enterprises in the country essential to the efficient and successful conduct of the war. The subject requires the best thought and study. It is receiving the most earnest consideration.

The courage and resources of the Nation are so abundant that America's success in the war is beyond question if they are properly organized and intelligently used. The economic and financial condition of the country was never so strong and America's spirit was never more aroused to the importance and necessity of going forward, resolutely and regardless of sacrifices, to the accomplishment of the great task to which God has called us.

* * * * *

LOANS TO FOREIGN GOVERNMENTS.

By the acts of Congress of April 24, 1917, and September 24, 1917, authority was vested in the Secretary of the Treasury, on behalf of the United States, with the approval of the President, to establish credits in favor of foreign Governments engaged in war with the enemies of the United States, and, to the extent of the credits so established, from time to time, to purchase at par from such foreign Governments, respectively, their several obligations, such obligations under the authority of the act of April 24 to bear the same rate of interest and to contain in their essentials the

same terms and conditions as those of the United States issued under authority of the act, and under the terms of the act of September 24, to bear such rate or rates of interest, not less than the bonds of the United States, to mature at such date or dates, not later than the bonds of the United States then last issued under authority of either act, and to contain such terms and conditions as might from time to time be determined by the Secretary of the Treasury.

A total appropriation of \$7,000,000,000 was provided for these purposes, \$3,000,000,000 by the earlier act and \$4,000,000,000 by the later. Under these authorizations credits have been established in favor of the Governments of Great Britain, France, Italy, Russia, Belgium, and Serbia, and advances have been made to those Governments as indicated in the following tabulation, which includes all such credits and advances up to November 1, 1917:

Country.	Loans and credits agreed upon.	Loans made.	Balances under established credits.
Great Britain.....	\$1,425,000,000	\$1,425,000,000	.....
France.....	820,000,000	820,000,000	.....
Italy.....	500,000,000	255,000,000	\$245,000,000
Russia ¹	325,000,000	159,700,000	165,300,000
Belgium.....	58,400,000	54,500,000	3,900,000
Serbia.....	3,000,000	3,900,000	.....
Total.....	3,131,400,000	2,717,200,000	414,200,000

¹ Of the credits and loans in favor of the Russian Government, \$5,000,000 represents a loan to the Roumanian Government, the advance being made in this manner through the Russian Government in the absence of a Roumanian representative in the United States who could negotiate a direct loan to his Government.

The established credits indicated in the above table cover the period from the date of the passage of the earlier act, April 24, 1917, up to November 1, 1917, or a little more than six months. On the basis of the requests being made on the Treasury it was estimated that credits aggregating approximately \$500,000,000 per month would be required to meet the urgent war needs of the foreign Governments receiving advances from the United States. With a balance of about \$4,000,000,000 remaining available for the period beginning November 1, 1917, and with these credits averaging about \$500,000,000 monthly, it is anticipated that the appropriation will be ample to meet the requirements to the close of the fiscal year.

In negotiating these loans the judgment of the Secretary has been determined very largely by what was represented to him as the actual necessities for the purchase of supplies and materials and other requirements in carrying on

the war. After obtaining all light possible as to the reasons for such necessities, if it was determined that a loan should be made it was then submitted to the President, and, if he approved, a credit of the sum indicated was established and drawn against from time to time as the cash was needed to meet those requirements.

The obligations which have been purchased under the terms of the acts referred to are in the form of short-term or demand certificates of indebtedness signed by the duly authorized representatives of the respective Governments receiving advances of funds. These obligations under their terms shortly will be converted, at par, with an adjustment of accrued interest, into an equal par amount of gold bonds of the Governments concerned. Interest on these demand obligations was first placed at 3 per cent per annum, and shortly thereafter increased to 3½ per cent per annum, these rates being established to conform to the rates paid by the Government of the United States on its short-term certificates of indebtedness issued under authority of the act of April 24, 1917, in anticipation of receipts from the sale of the bonds of the first Liberty loan. Subsequently, and coincident with the sale of these bonds, the rate was raised to 3¾ per cent per annum, thus conforming with the rate carried by the bonds. For obligations purchased since the approval of the act of September 24, 1917, the rate was placed at 4½ per cent per annum.

By the terms of this act the normal rate of interest to be borne by the obligations of the United States issued thereunder could not exceed 4 per cent per annum. At the same time it rendered the bonds thus issuable exempt from certain classifications of taxes, thereby substantially increasing the cost to the Government of the money received from the sale of its obligations by diminishing the amount which it might in turn take from its citizens in taxes. The rate of interest to be charged on the loans to foreign Governments under the terms of the act was not definitely fixed, but was left in the discretion of the Secretary, though a minimum was fixed. In the exercise of that discretion it was determined to fix the rate at 4½ per cent per annum, the additional one-quarter per cent being added to compensate in part at least the loss to the Government due to the tax-exemption features on its own obligations above referred to and the cost incurred by the United States of issuing its own bonds. This rate in turn will be further increased in case there should be higher rates

of interest paid by the United States during the continuance of the war for the moneys that it may invest in the purchase of foreign obligations.

THE STOCK OF GOLD.

The gold monetary stock (coin and bullion used as money) in the United States on November 1, 1917, is estimated at \$3,041,500,000. The increase in the past 10 months has been \$174,500,000; in the past three years \$1,236,500,000; while in the past five years it has been \$1,161,333,000. In five years the portion of the world's gold monetary stock held by the United States has increased from approximately one-fifth to more than one-third.

CONVERSION OF 3½ PER CENT BONDS OF THE FIRST LIBERTY LOAN.

In consequence of the issue of the second Liberty loan at 4 per cent the right to convert the 3½ per cent bonds of the first Liberty loan into 4 per cent bonds arose on November 15, the date borne by the bonds of the second Liberty loan. At the time of this writing it is not known whether the conversion privilege will be exercised in large measure or not. As conversion operations must be handled coincident with the issue of the bonds of the second Liberty loan, and just before the first interest payment date for the bonds of the first Liberty loan, the facilities of the Treasury Department and of the Federal reserve banks will be strained to the utmost to care for the situation, particularly if any great number of holders of the bonds of the first issue immediately present their bonds for conversion. To care for the situation, in a measure, coupon interest payments on bonds converted will be made through adjustment coupons attached to the 4 per cent bonds issued upon conversion. These special coupons will care for interest at 3½ per cent from June 15 to November 15 and at 4 per cent from November 15 to December 15, or at 3½ per cent from June 15 to December 15.

The conversion provisions are covered in Treasury Department Circular No. 93.

DEPOSITS OF PUBLIC FUNDS.

Under the provisions of the acts approved April 24 and September 24, 1917, authorizing the issuance of certificates of indebtedness and bonds to meet expenditures incident to the

war, authority was given to deposit with incorporated banks and trust companies subscribing to the various issues of bonds and certificates the proceeds arising from their subscription payments thereto.

While such deposits were necessarily of a temporary character, they nevertheless served to prevent any unusual disturbance of the money market or business conditions throughout the country.

In connection with the issues of certificates of indebtedness prior to the first Liberty loan, 134 national and 100 State banks and trust companies in six Federal reserve districts made application and were accordingly designated as depositories for these funds.

Subsequently, 1,251 national and 780 State banks and trust companies in the 12 Federal reserve districts made application and were designated as depositories of public moneys to enable them to make payment by credit for bonds of the first Liberty loan and to receive cash deposits of funds realized from the sale of said bonds. A total of \$860,117,491.91 of Liberty loan funds was deposited with these banks, every dollar of which has since been gradually withdrawn through the Federal reserve banks and credited in the Treasurer's general account.

Prior to the second Liberty loan, the number of special depositories was further increased by 83 national and 72 State banks and trust companies which subscribed for certificates of August 9.

The above deposits were made under Department Circular No. 81.

All designations made subsequent to August 9 and prior to October 6 covered deposits to be made on account of the sale of both certificates of indebtedness and Liberty loan bonds, and were made under Department Circular No. 81. Designations made after October 6 likewise covered the issue of both certificates and bonds, and were made under the provisions of Department Circular No. 92.

At the close of business on November 13, 1917, the Secretary had designated 1,903 national and 1,343 State banks and trust companies with authority to receive deposits on account of their subscriptions to any one or all of the various issues of bonds and certificates of indebtedness without the necessity of making application and being designated each time they subscribe to certificates and bonds and desire to pay for them by credit.

Summarizing the foregoing by Federal reserve districts:

Number of national banks and State banks and trust companies in each Federal reserve district designated as special depositories.

District.	Number of national banks.	Number of State banks and trust companies.	Total number of depositories created.
Boston.....	173	92	265
New York.....	280	210	490
Philadelphia.....	206	115	321
Cleveland.....	205	120	325
Richmond.....	204	180	384
Atlanta.....	125	87	212
Chicago.....	250	226	476
St. Louis.....	119	97	216
Minneapolis.....	172	186	358
Kansas City.....	162	73	235
Dallas.....	137	41	178
San Francisco.....	195	163	358
Total.....	2,228	1,590	3,818

Interest at the rate of 2 per cent per annum is charged for these deposits, and at the close of business October 31, 1917, the Federal reserve banks had reported that there had been collected through them \$1,443,956.42.

The following table shows the amounts of interest collected upon all public deposits during each of the past five fiscal years:

Year ending June 30—	
1913.....	\$122,218.89
1914.....	1,409,426.07
1915.....	1,222,706.93
1916.....	791,671.45
1917.....	1,061,992.07

EXPORTS OF COIN, BULLION, AND CURRENCY AND TRADING WITH THE ENEMY.

The act of June 15, 1917, vested in the President the power to prohibit by proclamation the export from this country of any article mentioned in such proclamation except at such time and under such regulations as the President might prescribe. Accordingly the President on September 7, 1917, issued a proclamation to the effect that—

except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: Coin, bullion, and currency shall not, on and after the 10th day of September, in the year one thousand nine hundred and seventeen, be exported from or shipped from or taken out of the United States or its Territorial possessions * * *

By Executive order of the same date the President directed that the regulations, orders, limitations, and exceptions prescribed in rela-

tion to the exportation of coin, bullion, and currency be administered by and under the authority of the Secretary of the Treasury, and upon the recommendation of the Secretary of the Treasury prescribed regulations providing that application for permission to export coin, bullion, or currency must be filed with a Federal reserve bank, which would transmit the application to the Federal Reserve Board. The board, subject to the approval of the Secretary of the Treasury, was authorized to permit or refuse the exportation.

In pursuance of the Executive order the Federal Reserve Board, with the approval of the Secretary of the Treasury, issued regulations governing the administrative procedure with regard to the exportation of coin, bullion, and currency.

At the time of issue of the above proclamation the United States was practically the only large country freely parting with the precious metals, and as a result there was a tendency to transfer to New York by means of exchange operations balances due by foreign countries and to export gold from the United States in payment of such balances. In these circumstances it became necessary for the protection of the gold reserve of the United States to place restrictions on the export of gold.

In the exercise of these powers no obstacle has been placed in the way of the free exportation of silver bullion or silver coin of foreign mintage, nor upon the export of United States notes, national-bank notes, or Federal reserve notes, nor upon Canadian silver coin or currency; but the exportation of gold has not been permitted except in those cases in which unusual circumstances have seemed to justify the issue of licenses for its export. The department has not, however, rested content with a negative policy of prohibition, but has initiated a series of negotiations having for their purpose the substitution of arrangements which, while avoiding the necessity for large exports of gold, would yet stabilize the exchanges between the United States and neutral countries. Progress in these negotiations has been made in various directions, although none of the negotiations has yet been carried to a final conclusion. By stabilizing the exchanges between the United States and any neutral country it will be possible to maintain with such country a course of trade much more nearly normal than if exchange rates continued subject to violent and erratic fluctuations. It is a pleasure to record that neutral countries have entered on these negotiations in a cordial

spirit of cooperation, and it is hoped that arrangements may shortly be concluded with various countries.

Under the act approved October 6, 1917, commonly known as the trading-with-the-enemy act, wide powers were vested in the President, which, under Executive order of October 12, 1917, the President allocated to various departments of the Government.

Assessment by Federal Reserve Board.

Acting under the provisions of the Federal Reserve Act, the Federal Reserve Board on December 12 voted an assessment of 0.00135 upon the capitalization of Federal Reserve Banks to cover the estimated general expenses of the Board from January 1 to June 30, 1918. The assessment is based upon a capital of \$138,096,000, as of December 7, 1917. The rate of assessment will yield \$186,430. The resolution of the Board, with the figures on which the assessment is based and a detailed statement of expenditures and commitments as a basis of estimate, are given below. This assessment is slightly larger than that made for the previous six-month period. This is due to the enlargement of the activities of the Federal Reserve Board and the increased work which it has been and will be called upon to perform.

Whereas under section 10 of the act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semiannually upon the Federal Reserve Banks in proportion to their capital stock and surplus an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts, and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year; and

Whereas it appears from estimates submitted and considered that it is necessary that a fund equal to one hundred and thirty-five thousandths of 1 per cent (0.00135) of the capital stock of the Federal Reserve Banks be created for the purposes hereinbefore described, exclusive of the cost of engraving and printing of Federal Reserve notes: Now, therefore,

Be it resolved, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby levies an assessment upon the several Federal Reserve Banks of an amount equal to one hundred and thirty-five thousandths of 1 per cent (0.00135) of the total capital stock of such banks, and the fiscal agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of this Board, a receipt for payment made. Such assessment will be collected in two installments of one-half each; the first installment to be paid on January 1, 1918, and the second half on March 1, 1918.

Estimate for January, 1918, assessment.

Average monthly encumbrance for period July 1, 1917, to Dec. 31, 1917.....	\$21, 870. 42
Estimated monthly requirements, January to June, 1918, inclusive.....	\$30, 811. 24
Estimated monthly increase.....	\$8, 940. 82
Estimated requirements, January to June, 1918, inclusive.....	\$184, 867. 44
Estimated unencumbered balance Jan. 1, 1918.....	0. 00
Total capitalization of Federal Reserve Banks Dec. 7, 1917.....	\$138, 096, 000
Rate of assessment to produce \$184,867.....	0. 0013387
Rate of assessment to produce \$186,430.....	. 00135
Rate of assessment to produce \$193,334.....	. 0014
Rate of assessment to produce \$207,144.....	. 0015

In view of all conditions I have the honor to recommend that an assessment of one hundred and thirty-five thousandths of 1 per cent be levied.

SHERMAN ALLEN,
Fiscal Agent.

Approved for 0.00135.

F. A. DELANO,
C. S. HAMLIN,
A. C. MILLER,

*Committee on Organization,
Expenditures, and Staff.*

Detailed statement of expenditures and commitments as a basis of estimate.

	July 1 to Nov. 30, 1917.	Estimate for December.	Total for 6 months.	Monthly average for 6 months.	Estimated monthly re- quirements, Jan. 1 to June 30, 1918.
Personal services:					
Board and its clerks.....	\$37,040.56	\$7,458.33	\$44,498.89	\$7,416.48	\$7,458.33
Secretary's office.....	11,885.00	2,430.82	14,315.82	2,385.97	2,430.82
Counsel's office.....	9,013.33	1,846.66	12,764.84	1,810.00	1,846.66
Division of audit and examination.....	10,149.83	2,614.96	12,764.84	2,127.47	2,614.96
Division of reports and statistics.....	7,083.34	1,447.66	8,531.00	1,421.83	1,447.66
Division of issue.....	4,203.99	1,041.64	5,245.63	874.27	1,041.64
Messengers.....	2,485.83	493.33	2,979.16	496.53	493.33
Charwomen.....	327.05	66.00	393.05	65.51	66.00
Contingent.....					2,609.91
Total.....	82,188.98	17,399.40	99,588.38	16,598.06	20,009.31
Nonpersonal services:					
Transportation and subsistence—					
Board and its clerks.....	774.37	100.00	874.37	145.73	200.00
Secretary's office.....	18.00		18.00	3.00	20.00
Division of audit and examination.....	3,802.03	700.00	4,502.03	750.34	1,000.00
Division of reports and statistics.....	40.05		40.05	6.68	10.00
Counsel's office.....	22.90		22.90	3.82	10.00
Messengers.....	10.00	5.00	15.00	2.50	3.00
Communication service:					
Telephone.....	870.98	180.00	1,050.98	175.16	250.00
Telegraph.....	3,227.70	800.00	4,027.70	671.28	1,000.00
Postage.....		20.00	20.00	3.33	5.00
Printing, binding, etc.....	10,938.46	1,500.00	12,438.46	2,073.08	2,000.00
Contract repairs.....	35.09		35.09	5.85	20.00
Electricity (light and power).....	150.00	30.00	180.00	30.00	30.00
Steam (heat).....	30.00	15.00	45.00	7.50	15.00
Other (nonpersonal).....	873.23	50.00	923.23	153.87	50.00
Supplies:					
Stationery.....	646.69	150.00	796.69	132.78	150.00
Periodicals.....	150.80		150.80	25.13	25.00
Other.....	260.09	50.00	310.09	51.68	100.00
Equipment:					
Furniture and office supplies.....	3,540.74	300.00	3,840.74	640.12	500.00
Books.....	142.40		142.40	23.73	25.00
Gold settlement fund.....	805.91	150.00	955.91	159.32	200.00
Rent.....	555.79	188.93	744.72	124.12	188.93
Contingencies.....		500.00	500.00	83.33	5,000.00
Total.....	26,895.23	4,738.93	31,634.16	5,212.36	10,801.93
Grand total.....	109,084.21	22,138.33	131,222.54	21,870.42	30,811.24

GOLD SETTLEMENT FUND.

Shifting of funds and credits through the gold settlement fund from the interior to New York in connection with the second Liberty Loan and other fiscal operations of the Government account largely for the heavy volume of clearings effected through the fund during the 4 weeks ending December 20, 1917. For the latter week, which witnessed payment of the second installment on the second Liberty Loan, combined clearings and transfers totaled \$1,063,988,000, which is only slightly below the record total of \$1,092,920,000 shown for the week ending November 22, following the payment of the first installment of that loan. Combined clearings and transfers for the 4-week period totaled \$3,619,667,000, averaging \$904,916,750 per week compared with a like average of \$870,525,800 for the preceding 5 weeks. Changes in the ownership of gold in the fund amounted to 2.27 per cent of the obligations settled, as against 1.77 per cent for the 5 weeks ending November 22 and 1.74 per cent for the period from May 20, 1915, to December 20, 1917.

As the result of the shifting of funds Chicago, New York, and Kansas City show considerable

gains of gold in the fund largely at the expense of the Philadelphia, Richmond, and St. Louis banks. Balances in the fund, including amounts standing to the credit of Federal Reserve Agents, show an increase for the 4 weeks of \$61,735,490 and stand now at \$799,347,600, compared with \$272,320,000 at the beginning of the year.

Below are given figures showing changes in the fund between November 22 and December 20, inclusive:

Amounts of clearings and transfers, Federal Reserve Banks, from Nov. 30 to Dec. 20, 1917, inclusive.

[In thousands of dollars.]

	Total clearings.	Balances adjusted.	Transfers.
Settlement of—			
Nov. 30, 1917.....	694,329	51,329	62,500
Dec. 6, 1917.....	711,686	59,729	135,000
Dec. 13, 1917.....	823,664	34,885	123,500
Dec. 20, 1917.....	947,889	74,731	116,099
Total.....	3,177,568	220,674	442,099
Previously reported for 1917.....	20,414,495	1,886,082	2,249,505.5
Total since Jan. 1, 1917.....	23,592,063	2,106,756	2,691,604.5
Total transfers Jan. 1, 1917, to date.....	2,691,604.5		
Total for 1916, including transfers.....	5,633,966		
Total for 1915, including transfers.....	1,052,649		
Total clearings and transfers, May 20, 1915, to Dec. 20, 1917.....	32,970,282.5		

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank of—	Total to Nov. 22, 1917.		From Nov. 22 to Dec. 20, 1917, inclusive.				Total changes from May 20, 1915, to Dec. 20, 1917.	
	Decrease.	Increase.	Balance to credit Nov. 22, 1917, plus net deposits of gold since that date.	Balance Dec. 20, 1917.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		\$18,444	\$9,915	\$14,101		\$4,186		\$22,630
New York.....	\$600,116		21,101	6,002		27,103	\$573,013	
Philadelphia.....		74,048	36,956	12,837	\$24,119			49,929
Cleveland.....		102,669	63,737	60,930	2,807			99,862
Richmond.....		42,296	48,622.2	23,407.2	25,215			17,081
Atlanta.....		52,024	7,545	9,970		2,425		54,449
Chicago.....		50,499	41,232.2	79,280.2		38,048		88,547
St. Louis.....		35,039	32,370	10,842	21,528			13,511
Minneapolis.....		19,007	15,177.5	10,328.5	4,849			14,158
Kansas City.....		51,247.5	26,668.7	36,971.7		10,303		61,550.5
Dallas.....		50,847.5	21,162	17,590	3,572			47,275.5
San Francisco.....		103,995	19,239	19,264		25		104,020
Total.....	600,116	600,116	301,523.6	301,523.6	82,090	82,090	573,013	573,013

¹ Debit.

Gold settlement fund—Summary of transactions from Nov. 22 to Dec. 20, 1917, inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Nov. 22, 1917.	Gold.		Transfers.		Weekly statements, Nov. 22 to Dec. 20, 1917.				Dec. 20, 1917, balance in fund after close of business.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$16	\$1	\$9,900	\$51,000	\$57,000	\$20,983	\$266,139	\$264,325	\$19,169	\$14,101
New York.....	28,507	105,000	55,392	95,000	265,000	142,897	1,094,989	952,072	29,471	6,002
Philadelphia.....	33,511	69,570	73,015	45,000	1,000	9,590	317,400	337,281	29,471	12,837
Cleveland.....	58,485.6	2,128.6	7,378	48,000	.....	.....	265,322	310,515	45,193	60,980
Richmond.....	44,371.5	1.3	4,232	55,000	.....	.....	123,957	153,742	29,785	23,407.2
Atlanta.....	13,545	9,900	3,900	7,000	.....	.....	103,937	109,762	12,632	9,970
Chicago.....	74,938.7	60,531.5	26,825	30,999	38,000	3,207	392,799	422,838	30,147	79,280.2
St. Louis.....	26,140	7,700	13,930	20,000	.....	.....	197,620	195,082	8,110	10,842
Minneapolis.....	15,894	7,000	6,233.5	10,000	10,000	9,638	117,471	112,622	9,649	10,328.5
Kansas City.....	30,217.3	12,006	8,457.4	22,000	.....	.....	112,691	144,964	32,303	36,971.7
Dallas.....	19,204	3,042	5,000	14,000	10,000	3,787	85,332	85,760	4,215	17,590
San Francisco.....	31,069	20,640	8,810	45,000	61,099	16,074	103,591	87,517	.....	19,264
Total.....	375,899.1	297,518.4	223,142.9	442,099	442,099	220,674	3,177,568	3,177,568	220,674	301,523.6

Federal reserve agent's fund—Summary of transactions from Nov. 22 to Dec. 20, 1917.

[In thousands of dollars.]

Federal Reserve Agent at—	Balance last statement Nov. 22, 1917.	Gold withdrawn.	Gold deposited.	Balance, Dec. 20, 1917.	Federal Reserve Agent at—	Balance last statement Nov. 22, 1917.	Gold withdrawn.	Gold deposited.	Balance, Dec. 20, 1917.
Boston.....	\$2,000	.....	.....	\$2,000	St. Louis.....	\$33,805	\$13,900	\$7,500	\$27,405
New York.....	.....	\$25,000	\$100,000	75,000	Minneapolis.....	14,500	5,000	7,000	16,500
Philadelphia.....	54,624	68,215	69,020	55,429	Kansas City.....	28,300	500	12,000	39,800
Cleveland.....	30,000	.....	.....	30,000	Dallas.....	10,874	5,200	2,800	8,474
Richmond.....	31,500	1,500	.....	30,000	San Francisco.....	30,501	9,200	20,320	41,621
Atlanta.....	38,070	4,500	9,400	42,970	Total.....	361,713	152,459	288,570	497,824
Chicago.....	87,479	19,444	60,530	128,565					

OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, NOV. 16 TO DEC. 15, 1917.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Items drawn on banks in other districts (daily average).		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of non-member banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston.....	2,869	\$15,856,369	36,658	\$4,836,680	3,340	\$6,643,603	43,367	\$27,386,652	3,012	\$2,226,271	399	242
New York.....	5,266	75,656,535	40,519	30,692,125	22,664	13,479,967	68,449	119,828,627	16,506	7,259,097	651	343
Philadelphia.....	15,489	17,713,945	19,916	3,136,378	10,140	11,991,578	45,545	32,841,901	2,316	1,326,072	628	310
Cleveland.....	1,599	3,500,772	20,049	10,675,135	1,609	2,990,266	23,257	17,166,173	785	288,232	763	565
Richmond.....	1,276	4,792,088	20,562	6,420,140	2,095	5,519,584	23,933	16,731,812	390	184,456	529	266
Atlanta.....	1,430	2,535,167	12,269	2,975,150	1,409	2,851,859	15,108	8,362,176	688	810,919	391	326
Chicago.....	7,128	19,607,090	18,020	4,196,000	1,738	728,000	26,886	24,531,000	3,029	1,475,000	1,084	2,331
St. Louis.....	2,557	9,219,408	12,564	3,170,070	204	2,057,179	15,325	14,452,657	4,490	1,468,199	479	997
Minneapolis.....	2,614	6,832,748	13,242	1,339,248	906	1,868,518	16,762	10,040,514	203	84,065	773	1,033
Kansas City.....	2,245	8,295,012	17,334	7,920,237	778	8,425,755	20,357	24,641,003	690	3,367,000	959	1,527
Dallas.....	1,403	2,237,551	13,812	6,361,821	566	1,389,507	15,781	9,988,879	315	1,666,674	633	211
San Francisco.....	3,802	5,476,844	15,811	2,661,777	404	513,136	20,017	8,651,757	1,382	8,023,068	534	1,170
Totals:												
Nov. 16 to Dec. 15..	47,678	171,723,439	240,756	84,440,761	46,353	58,458,952	334,787	314,623,152	33,806	27,179,053	7,823	9,321
Oct. 16 to Nov. 15..	47,574	166,552,773	232,723	64,296,210	45,393	53,089,827	325,690	283,938,810	30,426	17,496,974	7,826	9,210
Sept. 16 to Oct. 15..	40,591	128,271,466	212,935	47,476,204	40,216	44,984,581	293,742	220,732,251	26,797	13,518,566	7,747	9,052
Aug. 16 to Sept. 15..	36,306	100,331,694	182,191	41,323,621	32,564	40,648,168	251,061	182,303,483	23,492	11,006,515	7,718	8,934
July 16 to Aug. 15..	36,727	98,075,919	175,625	40,353,273	31,273	37,981,022	243,625	176,410,219	19,533	9,701,569	7,683	8,337
June 16 to July 15..	38,476	109,722,256	182,622	41,004,720	33,941	46,762,698	255,039	197,489,674	19,100	11,637,899	7,666	8,805
May 16 to June 15..	37,898	97,322,883	179,193	38,599,461	33,150	38,314,393	250,241	174,236,737	16,344	4,414,508	7,651	8,789
Apr. 16 to May 15..	33,767	87,370,859	171,093	36,473,163	33,428	36,836,934	238,288	160,680,956	15,925	3,597,865	7,634	8,926
Mar. 16 to Apr. 15..	31,162	60,288,002	168,607	32,666,959	32,008	34,693,542	231,777	127,648,503	12,582	2,643,408	7,625	8,607

CHANGES IN PRINCIPAL ASSETS AND LIABILITIES OF THE NEW YORK CLEARING HOUSE BANKS SINCE APRIL, 1917.

Between the weeks ending April 7 and December 15 of the present year average weekly loans and investments of the 59 banks, members of the New York Clearing House Association, increased by about 1 billion dollars from 3,639.2 millions to 4,638.5 millions, as shown in the tables below and accompanying diagrams. During the same period average net demand and time deposits as shown in the body of the weekly clearing-house statement show a decrease from 3,913.5 to 3,768.8 millions. These deposits are, however, exclusive of Government war-loan deposits, and in comparing the movement of the items the increasing volume of these Government deposits should be considered. These deposits first assumed importance during May, reached a total in excess of 300 millions after the completion of the first Liberty Loan, and fluctuated between 150 to 200 millions during the summer until the latter part of September.

Further Government financing in connection with the second Liberty Loan apparently accounts for the more recent increases, the high level of 966 millions for the week ending December 8 following the issue of the latest series of 691.6 millions of certificates of indebtedness. Considerable net withdrawals of Government deposits are noted for the subsequent two weeks, the latest figure

(for the week ending December 22) being 538.7 millions below the maximum of 966 millions shown for the first week in December.

Curve 1 in the first and third diagrams, indicating the movement of average loans and investments, is seen to cross beyond curve 3 (indicating the movement of average deposits including deposits on Government account) during the latter part of June following the consummation of the first war loan, falling, however, below the latter at the beginning of July and moving on a lower level during the subsequent months. Since October 20, i. e., the time of the consummation of the second Liberty Loan, the loan and investment curve has been running continuously above the average deposit curve, though for the more recent weeks the excess of loans and investments over total deposits has shown decreasing amounts.

Separate figures and diagrams are given for clearing-house banks which are members of the Federal Reserve system and for those which at the various dates were outside the system. A glance at the second diagram indicates somewhat the intensity of the movement into the system on the part of the larger trust companies and State banks in Greater New York. This movement may be said to have fairly started only on October 6, when the Guaranty Trust Co. joined the system.

Average loans and investments, deposits, cash in vault, and excess reserves of the members of the New York Clearing House Association since week ending Apr. 7, 1917.

Week ending—	Loans, discounts, investments, etc.			Net demand deposits and time deposits.			Special Government deposits.		
	1	2	3	4	5	6	7	8	9
	Members of the Federal Reserve System.	Nonmembers of the Federal Reserve System.	Total.	Members of the Federal Reserve System.	Nonmembers of the Federal Reserve System.	Total.	Members of the Federal Reserve System.	Nonmembers of the Federal Reserve System.	Total.
Apr. 7.....	\$2,298,297,000	\$1,340,907,000	\$3,639,204,000	\$2,539,773,000	\$1,373,683,000	\$3,913,456,000	.....	.....	.....
14.....	2,324,082,000	1,353,009,000	3,674,091,000	2,542,395,000	1,363,506,000	3,935,901,000	.....	.....	.....
21.....	2,301,945,000	1,371,581,000	3,673,526,000	2,492,322,000	1,413,840,000	3,906,142,000	.....	.....	.....
28.....	2,287,918,000	1,394,979,000	3,678,927,000	2,470,105,000	1,439,417,000	3,918,522,000	.....	.....	.....
May 5.....	2,251,600,000	1,373,292,000	3,624,892,000	2,401,217,000	1,405,501,000	3,806,718,000	89,075,000	.....	89,075,000
12.....	2,243,428,000	1,338,739,000	3,582,167,000	2,375,021,000	1,374,486,000	3,749,507,000	39,622,000	.....	39,622,000
19.....	2,280,311,000	1,341,087,000	3,621,398,000	2,336,645,000	1,379,658,000	3,776,303,000	63,785,000	\$25,882,000	89,667,000
26.....	2,313,391,000	1,356,628,000	3,670,019,000	2,435,911,000	1,397,685,000	3,833,546,000	49,598,000	16,923,000	66,521,000
June 2.....	2,354,533,000	1,364,093,000	3,718,616,000	2,434,662,000	1,374,936,000	3,809,598,000	91,792,000	23,679,000	115,471,000
9.....	2,402,401,000	1,344,958,000	3,747,359,000	2,448,618,000	1,345,367,000	3,793,985,000	73,939,000	20,162,000	94,071,000
16.....	2,451,509,000	1,349,703,000	3,801,272,000	2,411,191,000	1,331,743,000	3,745,934,000	109,401,000	31,787,000	141,188,000
23.....	2,488,516,000	1,325,095,000	3,813,611,000	2,318,906,000	1,288,508,000	3,606,814,000	99,353,000	32,149,000	131,532,000
30.....	2,471,511,000	1,358,558,000	3,825,069,000	2,302,855,000	1,305,063,000	3,607,918,000	151,284,000	60,160,000	211,444,000
July 7.....	2,482,878,000	1,370,137,000	3,853,015,000	2,381,692,000	1,294,725,000	3,676,327,000	207,320,000	95,476,000	302,796,000
14.....	2,502,142,000	1,366,252,000	3,868,394,000	2,499,562,000	1,320,183,000	3,819,745,000	127,719,000	62,412,000	190,131,000
21.....	2,487,579,000	1,369,685,000	3,857,264,000	2,375,069,000	1,333,204,000	3,708,284,000	100,028,000	50,368,000	150,396,000
28.....	2,417,083,000	1,354,537,000	3,771,620,000	2,436,651,000	1,331,343,000	3,767,994,000	100,863,000	48,279,000	149,142,000
Aug. 4.....	2,388,951,000	1,363,794,000	3,752,745,000	2,460,363,000	1,333,042,000	3,793,405,000	100,960,000	48,655,000	149,616,000
11.....	2,441,667,000	1,354,322,000	3,795,989,000	2,480,450,000	1,324,262,000	3,804,652,000	103,258,000	41,448,000	144,706,000
18.....	2,507,695,000	1,343,252,000	3,850,947,000	2,423,802,000	1,299,201,000	3,725,003,000	155,996,000	49,226,000	205,222,000
25.....	2,478,427,000	1,337,922,000	3,816,349,000	2,423,684,000	1,305,607,000	3,729,291,000	131,442,000	38,642,000	170,084,000
Sept. 1.....	2,511,485,000	1,357,923,000	3,869,408,000	2,460,110,000	1,306,408,000	3,766,518,000	117,783,000	33,784,000	151,547,000
8.....	2,526,532,000	1,321,123,000	3,856,655,000	2,422,972,000	1,290,021,000	3,712,993,000	120,041,000	31,477,000	151,518,000
15.....	2,486,991,000	1,321,285,000	3,808,276,000	2,412,552,000	1,316,552,000	3,718,134,000	125,652,000	28,503,000	153,555,000
22.....	2,545,376,000	1,329,599,000	3,874,965,000	2,445,524,000	1,278,224,000	3,693,748,000	209,901,000	52,196,000	262,097,000
29.....	2,577,468,000	1,318,412,000	3,895,880,000	2,454,225,000	1,277,731,000	3,731,956,000	185,251,000	39,234,000	224,485,000
Oct. 6.....	2,635,421,000	1,320,000,000	3,955,421,000	2,474,760,000	1,288,460,000	3,763,220,000	193,963,000	41,856,000	235,819,000
13.....	3,077,812,000	911,802,000	3,989,615,000	2,914,308,000	889,545,000	3,803,853,000	185,071,000	14,791,000	200,465,000
20.....	3,153,246,000	924,184,000	4,077,430,000	2,976,295,000	897,304,000	3,873,599,000	174,030,000	17,956,000	191,989,000
27.....	3,501,143,000	672,893,000	4,174,036,000	3,150,989,000	648,009,000	3,799,079,000	391,631,000	14,888,000	316,522,000
Nov. 3.....	4,400,372,000	470,013,000	4,870,385,000	3,351,720,000	443,111,000	3,794,831,000	539,260,000	19,222,000	558,482,000
10.....	4,117,312,000	438,744,000	4,556,056,000	3,399,000,000	414,934,000	3,813,934,000	563,064,000	19,499,000	582,103,000
17.....	4,321,698,000	306,613,000	4,628,311,000	3,549,524,000	274,885,000	3,824,409,000	631,390,000	16,276,000	647,666,000
24.....	4,490,010,000	200,654,000	4,690,664,000	3,461,335,000	175,568,000	3,636,901,000	859,883,000	11,219,000	871,102,000
Dec. 1.....	4,444,031,000	192,483,000	4,636,514,000	3,508,705,000	166,800,000	3,675,505,000	751,706,000	10,443,000	762,149,000
8.....	4,679,753,000	180,010,000	4,859,763,000	3,570,914,000	165,017,000	3,735,931,000	957,765,000	8,245,000	966,010,000
15.....	4,456,785,000	181,759,000	4,638,544,000	3,608,433,000	169,312,000	3,768,775,000	746,745,000	4,622,000	751,367,000
22.....	3,992,477,000	180,869,000	4,173,346,000	3,539,325,000	169,959,000	3,709,284,000	424,126,000	3,221,000	427,347,000

Week ending—	Cash in vault.			Reserve in depositories.			Excess reserves.		
	10	11	12	13	14	15	16	17	18
	Members of the Federal Reserve System.	Nonmembers of the Federal Reserve System.	Total.	Due from the Federal Reserve Banks.	Due non-members from approved legal depositories.	Total.	Members of the Federal Reserve System.	Nonmembers of the Federal Reserve System.	Total.
Apr. 7.....	\$339,961,000	\$158,923,000	\$498,884,000	\$233,558,000	\$58,990,000	\$292,548,000	\$124,000,610	\$24,532,130	\$148,532,740
14.....	326,965,000	149,379,000	476,344,000	227,982,000	61,342,000	289,324,000	105,278,420	33,977,260	139,255,700
21.....	305,175,000	168,342,000	473,517,000	220,913,000	61,931,000	282,844,000	83,899,070	30,882,930	114,782,020
28.....	278,972,000	171,182,000	450,154,000	218,928,000	63,007,000	311,935,000	90,181,560	31,742,760	121,924,350
May 5.....	297,403,000	155,297,000	452,700,000	217,128,000	61,320,000	278,448,000	60,884,130	15,718,130	79,602,260
12.....	270,253,000	162,540,000	432,793,000	244,075,000	60,352,000	304,427,000	95,819,080	28,064,110	123,983,790
19.....	286,145,000	179,326,000	465,471,000	237,512,000	60,294,000	297,776,000	100,837,390	45,700,950	146,628,340
26.....	264,861,000	182,771,000	447,632,000	232,864,000	61,617,000	314,481,000	87,825,810	46,050,170	133,875,980
June 2.....	285,780,000	163,351,000	449,131,000	229,202,000	60,251,000	289,453,000	84,959,910	28,805,910	113,816,820
9.....	242,036,000	159,812,000	401,848,000	233,699,000	58,978,000	292,677,000	42,385,130	18,564,000	60,949,130
16.....	213,798,000	146,211,000	360,009,000	247,992,000	58,355,000	306,347,000	35,304,830	14,797,250	50,102,080
23.....	176,989,000	129,902,000	306,891,000	266,869,000	56,028,000	322,897,000	33,756,730	2,951,220	36,707,950
30.....	127,811,000	142,762,000	270,573,000	335,034,000	59,946,000	394,980,000	56,008,430	15,001,450	71,009,880
July 7.....	161,635,000	148,453,000	310,088,000	419,748,000	59,414,000	479,162,000	218,524,440	22,786,130	241,310,570
14.....	110,207,000	136,014,000	246,221,000	410,841,000	63,614,000	474,255,000	92,032,340	13,358,970	105,391,310
21.....	97,432,000	135,783,000	233,215,000	353,102,000	65,732,000	418,834,000	52,002,800	13,000,750	65,153,550
28.....	99,615,000	151,716,000	251,331,000	411,733,000	65,826,000	477,559,000	102,599,470	17,322,630	120,922,100
Aug. 4.....	95,219,000	135,468,000	230,687,000	453,467,000	79,239,000	523,717,000	141,659,710	17,322,630	158,982,340
11.....	92,745,000	135,732,000	228,477,000	425,419,000	69,354,000	494,773,000	111,264,800	14,815,860	126,080,660
18.....	91,114,000	131,117,000	222,231,000	362,227,000	62,286,000	424,513,000	54,934,940	10,257,140	65,192,080
25.....	87,166,000	127,636,000	214,802,000	379,989,000	63,943,000	443,942,000	63,879,180	12,272,650	76,151,830
Sept. 1.....	84,958,000	115,616,000	200,574,000	365,688,000	77,165,000	442,853,000	53,810,200	8,727,310	62,537,510
8.....	75,910,000	109,309,000	185,219,000	349,875,000	80,077,000	429,952,000	42,489,440	7,558,590	50,048,030
15.....	80,282,000	104,542,000	184,824,000	363,497,000	97,335,000	460,832,000	57,457,840	18,307,000	75,765,440
22.....	80,315,000	100,600,000	180,915,000	383,397,000	86,838,000	470,235,000	76,906,980	8,417,140	85,324,020
29.....	83,898,000	92,944,000	176,842,000	371,747,000	91,407,000	463,154,000	60,285,500	5,719,180	66,005,080
Oct. 6.....	86,955,000	84,856,000	171,811,000	380,403,000	112,387,000	492,790,000	66,695,300	16,215,710	82,911,010
13.....	97,612,000	65,489,000	163,101,000	454,144,000	71,783,000	525,927,000	87,907,360	10,729,300	98,636,660
20.....	100,814,000	62,240,000	163,054,000	457,772,000	76,272,000	534,044,000	83,694,550	11,248,250	94,942,800
27.....	97,034,000	52,025,000	149,059,000	451,292,000	52,927,000	504,219,000	58,121,430	9,289,850	6

INFORMAL RULINGS OF THE BOARD.

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

Trade Acceptances.

I have received your letter of December 13, inclosing a copy of a letter from a member of the Trade Acceptance Council.

The Federal Reserve Board has ruled on several occasions that a bill of exchange drawn by the seller of goods and accepted by the purchaser of those goods is a trade acceptance, regardless of whether or not the purchaser intends to resell the goods or to use them for his own purpose, and that, therefore, a retail dealer may finance the sale of his goods to a retail customer by means of the trade acceptance.

The Board believes, therefore, that a bill drawn by a retail dealer on his retail customer to finance the sale of goods to that customer is a trade acceptance within the meaning of the Board's regulations, even though it is drawn after the purchaser has failed to remit promptly on an open account.

The Board is also of the opinion, however, that to attempt to use the trade acceptance in this manner as a means of liquidating an otherwise slow account would involve considerable danger to the primary purposes of the trade-acceptance movement, and would subordinate the trade acceptance to the open account by suggesting it as a last resort for bad debts. While, therefore, trade acceptances of this character should probably be considered eligible as a matter of law, nevertheless member banks and Federal Reserve Banks should be encouraged to discriminate against them as far as possible for the reason just stated.

DECEMBER 24, 1917.

Perishable Food Products.

I have your letter of December 12, and the inquiry made therein whether it is possible to amend our regulations on the eligibility of

commodity paper for rediscount so that staple perishable food products, such as butter, cheese, eggs, poultry, frozen fish, etc., carried for seasonal periods in cold storage under negotiable warehouse receipts, may be made eligible.

I beg to say that papers of this kind would be eligible if offered with the indorsement of a member bank at the usual rate for 90-day commercial paper. The so-called commodity rate was established some time ago in order to give a preferential rate particularly to farmers during the crop moving-season. In view of the fact, however, that the present time and present circumstances do not warrant any particular preference of this sort, the commodity rate has been abolished for the time being and has been merged with the general commercial rate. I ought to add also that this commodity rate was granted only in such cases where the borrower gave an undertaking that he had advanced the money to the farmer at a rate not exceeding 6 per cent.

DECEMBER 15, 1917.

Loans on City Real Estate.

The Federal Reserve Board has considered the questions presented in your letter with reference to the right of national banks not located in central reserve cities to make loans on city real estate.

The Board has heretofore ruled that the provisions of section 24 of the Federal Reserve Act authorize a national bank to purchase or discount a mortgage on city real estate, provided its maturity is not more than one year. The Board has also ruled that a national bank may discount a note payable within a year secured by a mortgage or mortgages with a maturity greater than a year. (See ruling of the Board printed on page 602 of the November, 1916, Federal Reserve Bulletin.)

With reference to the last question which you present, namely, whether a national bank may invest in mortgage certificates issued by a trust company as the direct obligation of that company and secured by mortgages, I wish to say that if the security for the trust company certificate is another note which in turn is secured by real estate, then, under the decisions of the Supreme Court, the loan is authorized by law, on the ground that it is a

loan on personal security, and not a loan upon the security of real estate, so that the question of whether or not a national bank may invest in such mortgage certificates does not involve a construction of section 24 of the Federal Reserve Act, which authorizes loans upon real estate. Of course, transactions should be made in good faith and not merely for the purpose of technically evading prohibition of the law. If, however, the mortgage certificate is secured directly by a mortgage or deed of trust on realty, then the provisions of section 24 would have to be complied with.

DECEMBER 18, 1917.

Warehouse Receipts.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of the 23d instant, inclosing copy of a letter from the president of the _____ National Bank of _____. In his letter to you the president of this bank says:

"With a view to obtaining bank acceptances, some of our mills are taking out registration for their storehouses in their own name, and some others are organizing their clerks and bookkeepers as separate corporations to register. This last is a mere subterfuge, and yet the claim is made that warehouse receipts of the latter are more favorably considered than the first."

You ask to be advised as to the attitude of the Board in this matter. While the Board desires to encourage in every way the creation of a proper discount market for acceptances and the use of this form of negotiable instrument, it desires the banks to carefully observe the spirit as well as the letter of the law in developing this market. The Board has heretofore ruled that warehouse receipts offered as security for bills accepted by member banks under authority of section 13 of the Federal Reserve Act must be issued by warehouses which are independent of the borrower. It recognizes the separate entity of a corporation issuing the receipt when such corporation is not itself the borrower. Where a corporation is formed, however, as a subterfuge for the purpose of evading the spirit of the Board's ruling, this fact should be taken into consideration by

the member bank accepting a bill and by the Federal Reserve Bank to which it is offered for discount.

If the borrower exercises such control over the corporation issuing the warehouse receipt as to give him control over the goods in storage, the purpose of requiring a receipt of the independent warehouseman would be defeated. The corporation issuing such receipt must be organized in good faith as an independent corporation, and its affairs must be administered by duly authorized officers and agents independent of the borrower in order to comply with the rulings of the Board referred to.

NOVEMBER 30, 1917.

Revenue Stamps on Time Drafts.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of the 1st instant, and in reply I would say that the Commissioner of Internal Revenue has ruled that a draft payable on arrival, or a draft payable on demand after arrival of goods is, in effect, a time draft and must therefore have revenue stamps affixed. Your attention is called to the fact that a draft drawn payable on arrival of goods is open to serious doubt as to its negotiability. It seems preferable, therefore, that banks should have their customers draw such drafts simply as demand drafts which are not subject to a stamp tax. There does not seem to be anything to prevent a bank from giving in its letter of transmittal such instructions as it may see fit as to the presentation or holding of the draft.

DECEMBER 4, 1917.

Election of Branch Bank Directors.

(To a Federal Reserve Agent.)

The Board has ruled that directors of the branches of Federal Reserve Banks should be elected annually, and you are requested, therefore, to bring this to the attention of your directors at the next meeting in order that they may reelect those branch bank directors which are chosen by your bank or make such changes as may be deemed proper.

DECEMBER 18, 1917.

LAW DEPARTMENT.

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

Drafts drawn to finance sales to the United States Government.

Drafts drawn in connection with sales to the United States Government of lumber or other material can not be treated as bills of exchange drawn against actually existing value and are subject to the limitations of section 5200, Revised Statutes, when discounted by national banks. Such drafts do not conform to the requirements of commodity paper as defined by the Federal Reserve Board and should not be discounted at the rate prescribed for such paper.

NOVEMBER 30, 1917.

SIR: The accompanying letter transmits for your consideration an inquiry received from one of the member banks of the Fifth District to the following effect:

"A certain company is selling the Government a large amount of supplies. Could we loan them on these sales under the head of commodity paper, and would this be subject to the 10 per cent limit?"

The opinion of this office has been asked on the questions raised.

Commodity paper is defined in Regulation A, series of 1917, as "A note, draft, bill of exchange, or trade acceptance accompanied and secured by shipping documents or by a warehouse, terminal, or other similar receipt covering approved and readily marketable, nonperishable staples properly insured."

While the attached letter is not specific on the subject, it is unlikely that the sales of the Government are made or can be made in a manner which will enable the seller to offer paper representing the purchase price of such sales in a form which will comply with the requirements of commodity paper.

As understood by this office, the custom in such case is for the Government to require delivery of the goods and to subsequently issue a voucher in favor of the seller for the amount due.

Under section 3477, Revised Statutes, these vouchers, which represent claims against the Government, are not assignable. After the delivery of the goods to the Government, therefore, the holder of the obligation of the seller would have recourse only against the seller on the note or bill executed by him. This being true, such paper would not comply with the requirements of commodity paper and would not be entitled to the rate of discount prescribed for such paper.

Inasmuch as the claim of the Government is not assignable and a note or bill executed by the seller will, therefore, embody the obligation of the seller only, such notes or bills could not be treated as commercial or business paper actually owned by the person negotiating the same or as bills of exchange drawn against actually existing value. They would, therefore, be subject to the limit of 10 per cent prescribed by section 5200, Revised Statutes.

The letter suggests that the matter be taken up with the Treasury Department for the purpose of determining whether in such cases a warrant or other obligation may not be issued by the Government which would aid those who are furnishing supplies to finance themselves through their own banking institutions.

In reply to this suggestion attention is called to circular letters of the Board sent to Federal Reserve Banks and to Federal Reserve Agents, respectively, under dates of March 21 and March 31, 1917. These letters, which appear on page 288 of the April, 1917, Bulletin, will make clear the difficulty in carrying out the suggestion made.

Unless section 3477, Revised Statutes, is repealed or amended the War Department can not issue a negotiable voucher for claims against it.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,

Governor Federal Reserve Board.

Sales corporations.

A draft drawn by a lumber corporation upon a sales corporation which it and a number of other lumber concerns have organized will, when accepted, become a trade acceptance, even though the selling corporation is a stockholder of the sales corporation, provided the latter is organized in good faith and not merely to act as an agent for the purpose of evading the law.

DECEMBER 12, 1917.

SIR: The accompanying letter presents the following situation for the consideration of the Board:

A sales corporation has been organized in New York by eight large southern lumber concerns. These concerns, which are stockholders in the sales corporation, sell their lumber through the sales corporation on a 5 per cent commission basis. The lumber corporations draw drafts or bills of exchange against the sales corporation, which accepts these drafts and offers them for rediscount as trade acceptances. The writer states that the business is conducted on a legitimate basis and that if the acceptances are not issued by way of credit in excess of consignments they could be said to be issued against actual existing values. He is doubtful, however, about this paper coming strictly within the classification of trade acceptances and asks for a ruling of the Board on the subject.

If the sales corporation purchased outright lumber from the lumber corporations and executed its acceptance or drafts in payment, these drafts might be treated as trade acceptances, although the selling corporation is a stockholder of the sales corporation, provided, of course, that the sales corporation is organized in good faith and not merely for the purpose of evading the law. If, however, the sales corporation is merely the agent of the lumber corporation and lumber is not actually sold to that corporation, the draft of the lumber company against its agent for the purpose of procuring

funds should not be treated as a trade acceptance within the meaning of the Board's regulation which defines such acceptance as "a bill of exchange drawn by the seller or the purchaser of goods sold and accepted by such purchaser."

Respectfully,

M. C. ELLIOTT,
Counsel.

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

Farm loan bonds.

Farm loan bonds are issued by Federal farm land banks incorporated under Federal law, and are not obligations of the United States, so that they are not eligible as collateral for promissory notes of member banks.

NOVEMBER 26, 1917.

SIR: In the accompanying letter the Board is asked whether or not in its opinion bonds issued by a Federal land bank are eligible as collateral for a member bank's 15-day note.

Section 13 of the Federal Reserve Act provides in part that—

Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding fifteen days * * * provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal Reserve Banks under the provisions of this act, or by the deposit or pledge of bonds or notes of the United States.

Inasmuch as farm loan bonds are not bonds of the United States, but are issued by farm land banks incorporated under Federal law, it is clear that they do not come within the classification of securities acceptable as collateral for promissory notes of member banks.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

Section 5200.

If Bank A, which has discounted a note for one of its customers, later sells that note without recourse to Bank B, such note becomes subject to the limitations imposed by section 5200 so far as Bank B is concerned.

DECEMBER 12, 1917.

SIR: The accompanying file has been referred to this office for a consideration of the legal question raised. Briefly stated, the case presented appears to be as follows:

Bank A having discounted certain notes for its customer subsequently sells these notes without recourse or without its indorsement to Bank B. Query: Are such notes in the hands of Bank B subject to the limitations imposed by section 5200? That is to say, may Bank B purchase such notes in an amount equal to more than 10 per cent of its unimpaired capital and surplus?

In the opinion of this office these notes should be treated as if they had been discounted in the first instance by Bank B, and should be held subject to the limitations of section 5200. They do not constitute a loan by rediscount to Bank A, but by becoming the purchaser of these notes Bank B is merely substituted for Bank A, and, in effect, has made a loan to the customer of Bank A.

Any other ruling by your office would make it possible for any national bank to violate the provisions of section 5200 merely by acquiring customers' notes through another banking institution.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

SUMMARY OF BUSINESS CONDITIONS DECEMBER 23, 1917.

	District No. 1— Boston.	District No. 2— New York.	District No. 3— Philadelphia.	District No. 4— Cleveland.	District No. 5— Richmond.	District No. 6— Atlanta.
General business.....	Good on war orders; retarding on domestic business.	Generally active; some lines very quiet.	Good.....	Fairly satisfactory.	Restricted only by supplies; retail trade brisk.	Good.
Crops:						
Condition.....			Fair.....	Good.....		
Outlook.....		Moderately favorable.	do.....	do.....	Favorable.	
Industries of the district.	For the most part busy.	Generally active, with some exceptions.	War industries very busy; business in other lines falling off.	Restricted output.	Running full on satisfactory basis.	D
Construction, building, and engineering.	Nearly up to last year, but because of war orders.	Dull.....	Big decrease from last year in Philadelphia; some increase in other parts of district.	Rapidly declining in volume.	Private building limited; large volume Government work.	Poor.
Foreign trade.....		Practically unchanged.	Decrease compared with last month.		Limited by restrictions and scarcity of freight room.	
Bank clearings.....	Increase.....	Decrease.....	Very large, but slightly less than record figures made in October.	Increase.....	Increase.....	Increase.
Money rates.....	Increasing.....	Steady, at firm rates.	Firm, with tendency to increase.	Increasingly firm..	Hardening; 6 per cent current rate.	Steady.
Railroad, post-office, and other receipts.	Decrease, except post office.	Heavy.....	Increase.....	Increase.....	Railroad, irregular; post office, volume large.	
Labor conditions...	Unsatisfactory....	Labor scarce.....	Labor scarce and inefficient.	More settled.....	Scarce and wages high.	Fair.
Outlook.....	For expansion of industries engaged in war work.	Further adjustments to war conditions expected.	Unsettled.....	Unsettled.....	Some uncertainty, but generally satisfactory.	Good.
Remarks.....	Coal shortage a cause for grave concern.		Practically all business dependent on war conditions; solution of transportation question would solve many difficulties.	Inability of railroads to take care of traffic is greatest drawback in business situation.	Bank deposits high; strong demand at full rates.	

	District No. 7— Chicago.	District No. 8— St. Louis.	District No. 9— Minneapolis.	District No. 10— Kansas City.	District No. 11— Dallas.	District No. 12— San Francisco.
General business.....	Generally good....	Good.....	Good.....	Good.....	Good.....	Large volume.
Crops:						
Condition.....	Good except corn.			Fair.....	Good.....	
Outlook.....	Good.			do.....	Good.....	Lack of precipitation.
Industries of the district.	Very active with few exceptions.	Very busy.....	Active.....	Good.....	Active.....	Active and expanding.
Construction, building, and engineering.	Very dull.....	Quiet.....	Fair to good....	Improving.....	Building operations dull; Government orders predominate.	Tending to decrease.
Foreign trade.....					Decrease.....	In dollars about 20 per cent increase. About 30 per cent increase.
Bank clearings.....	Decrease from last month and about equal to same period last year.	Increase.....	Little change....	Good increase....	Increase.....	
Money rates.....	Firm.....	Firm.....	Very firm.....	Steady to firm....	Steady.....	Firmer.
Railroad, post office, and other receipts.	Increase.....	Post-office receipts increased.	No change.....		Increase.....	Increasing.
Labor conditions...	Easy at this time..	Scarce and wages high.	Fair.....	Settled.....	Some unsettlement.	More settled.
Outlook.....	Good; scarcity of materials, etc., only unfavorable feature.	Good.....	Good.....	Very good.....	Good.....	For great activity.
Remarks.....		Fuel and transportation conditions unsatisfactory.			Drought still seriously felt and those portions of district report unsatisfactory conditions, though good business in more favored sections tends to offset.	The definite tendency is to increase in industries contributing to war and decrease in others.

GENERAL BUSINESS CONDITIONS.

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

DISTRICT NO. 1--BOSTON.

So many conflicting factors arising from the war are entering into the business situation that it can not be said that the trend of business is in any definite direction. In fact, there are now two distinct lines of endeavor apparent, one devoted to the requirements of the war and the other continuing on domestic trade. The former is becoming increasingly active, with demand pressing, while the latter is being slowly retarded.

The coal situation is very acute, and unless relief is found many manufacturers will be obliged to close. Public-utility corporations are reducing their service, and even householders are restricting their use of coal in this emergency. Economy is becoming more general, especially among those who have always been accustomed to luxuries and who are now affected by continual demands for contributions in connection with the war.

In addition, the stock and bond markets are low, and even when their losses are only on their books the effect is to cause a restriction of expenditures. On the other hand, many people are making more money than ever before, especially the laboring class. It is this class that is doing the buying. Retail Christmas trade is spotty and not up to last year, with fewer luxuries being purchased and business turning to useful presents.

The boot and shoe industry shows no change, with business of manufacturers, outside of Government orders, quiet. Retail business is better, but this is attributed to Christmas buying. Woolen and worsted mills con-

tinue busy, with attention turned almost entirely to the needs of the Government. The wool trade is hesitant, awaiting the outcome of the new requirement necessitating the offering to the Government of all wool imported if purchased after December 15 at July 30 prices less 5 per cent. There is a great difference of opinion among the trade as to the effect on prices of this regulation.

Cotton-cloth prices remain very firm, owing to increased production costs and the high price for the staple. Business is mixed, with some mills reporting good inquiries and some a much smaller volume.

Plain goods are much more active than fancies, and there are some inquiries for contracts for January delivery. It is thought from this that the market is low on goods. The print-cloth market is very strong, with prices advancing. The additional capital required to conduct business on the present high plane is a serious problem, especially to the small manufacturer.

The money market has been exceedingly firm during December. Payments on account of Liberty Loan subscriptions and withdrawal of Government funds on deposit with qualified banks, together with great activity in local industries in connection with Government orders, has brought about a condition where banks have been able to meet only the necessary demands of their customers. Banks have availed themselves to a considerable extent of the facilities of the Federal Reserve Bank to care not only for commercial demands but also for demands arising out of subscriptions to Liberty Loan bonds. On call, money to brokers is firm at 6 per cent; commercial paper ranges from 5½ per cent to 6 per cent with year money 6 per cent.

The exchanges of the Boston Clearing House for the week ending December 15, 1917, were \$298,274,211, compared with \$280,152,120 for the corresponding week last year and \$287,400,525 for the week ending December 8, 1917.

Building and engineering operations in New England from January 1 to December 12, 1917, amounted to \$195,943,000, as compared with \$201,259,000 for the corresponding period of 1916, the highest previous year recorded.

The receipts of the Boston post office for November, 1917, show an increase of \$119,021.35, or about 26 per cent more than November, 1916. For the first 15 days of December, 1917, receipts were about 4 per cent, or \$21,702.17, more than for the corresponding period of last year.

Boston & Maine Railroad reports net operating income, after taxes, for October, 1917, as \$1,185,265, as compared with \$1,385,762 for the corresponding month of 1916. New York, New Haven & Hartford Railroad reports operating income, after taxes, for October, 1917, as \$1,874,774, as compared with \$2,061,176 for the same month last year.

Loans and discounts of the Boston Clearing-House banks on December 15, 1917, amounted to \$485,833,000, as compared with \$501,874,000 last month and \$440,560,000 on December 16, 1916. Demand deposits on December 15, 1917, amounted to \$411,627,000, as compared with \$448,815,000 on November 17, 1917, and \$366,561,000 on December 16, 1916. Time deposits on December 15, 1917, totaled \$23,743,000, as compared with \$25,560,000 on November 15, 1917, and \$30,210,000 on December 16, 1916. The amount "Due to banks" on December 15, 1917, was \$121,753,000, as compared with \$153,431,000 on November 17, 1917.

DISTRICT NO. 2—NEW YORK.

Business developments during the past month have been along the line of further curtailment of industries regarded as nonessential, with continuation and increase of intense activity in the essential lines. Activity in lines doing war work has led to the ready absorption of labor released in lines which show decreasing output and the general level of business activity can hardly be said to have changed as it has for months past been at full capacity. In many cases factories have been able to

change their product to adjust themselves to the war situation, a noteworthy instance being found in the automobile industry where companies making both pleasure cars and trucks have concentrated their efforts on trucks and are running to fullest capacity, with orders booked far ahead, so that their output is in excess of the prewar production. Other manufacturers, whose products are of a character likely to be considered nonessential are considering ways and means of changing their output to war supplies or goods of an essential character.

A tendency to economy is now distinctly manifest. Business in several lines which have been active during the fall is now reported as slightly depressed, particularly in such lines as jewelry, cut-glass ware, clothing, dry goods, etc. A quiet period is reported in the theater business, ascribed to the public's realization of the necessity for conservation of resources and energy. A natural reaction has been the neglect of the theater.

The effects of the economy movement, however, are not uniform among the lines that at first thought would appear to be luxuries. Dealers in confectionery, for example, report excellent business up to date. Dealers in groceries, wines, liquors, etc., report excellent business. Lack of sugar alone has prevented heavy increases in sales of candy. Sales of wines and liquors to dealers have shown abnormal increase, ascribed to their desire to protect themselves prior to the imposition of war taxes and to higher prices caused by discontinuance of distilling and import of highly alcoholic liquors. Chain stores report steady increases in business during the year, despite increased costs of merchandise and shortage of labor.

Sales of men's and women's clothing have fallen off distinctly and the number of pairs of shoes being sold is estimated at 20 per cent to 25 per cent less than a year ago, though the money volume of sales holds up.

In the dry goods line, lessened activity is reported, particularly in silks and woolsens

though sales of cotton goods continue strong, with large orders for export. Silk has not advanced in price to the same relative extent as cotton and wool and is being bought as a substitute, but, in spite of this and the larger volume of transactions in the volume of sales in dollars than ever before, the yardage sales are smaller than last year. Silk production now appears to be in excess of consumption and the price has dropped. There is a feeling of depression in this line here, though sales are reported better in the West, Middle West, and South.

The drug and chemical lines continue unsettled, with high prices and retarded consumption, though the volume of business expressed in money is maintained at high levels. Inability to receive and deliver goods is particularly troublesome in this line.

Narrowing profits are reported in the paper manufacturing industry, increases in the selling prices of paper having been more than offset by increases in wages and other costs of production. Difficulty is being experienced, also, in obtaining and transporting pulp wood.

A reflection of the lack of activity in building is found in the reports of lumber dealers who state that an increasing proportion of their output is being devoted to supplying the Government or manufacturers having Government work with lumber and box shooks.

In the metals trade, activity centers on Government work. The demand for lead and zinc appears to have fallen below the supply and business is quiet in these lines. Steel stocks during the past few weeks have shown an increase, ascribed to ocean and railroad embargoes, which have permitted the completion of domestic business instead of supplying export tonnage. By far the greater portion of the business received by the steel trade is due to the activities of this Government and the allies. Though production of pig iron is being pushed to capacity, serious handicaps are encountered through the difficulties of transporting raw materials, particularly coke, while the coke manufacturers,

owing to labor shortage and inadequate car supply are unable to ship anything like their full capacity. A shortage of pig iron during the next year appears imminent.

The demand for machine tools is in excess of manufacturers' capacity to produce, and regular commercial work has been almost entirely put aside in favor of Government orders.

The course of the stock market has been downward and stock and bond prices are at unprecedentedly low levels.

Money market conditions during the last part of November and the first three weeks of December have been stable, with commercial paper selling at $5\frac{1}{4}$ per cent to $5\frac{3}{4}$ per cent. Call money rates which were quite easy from November 23 to 28 advanced on November 30 to 6 per cent and, except for a few days in early December, have since been steady at that rate. Rates for time money on stock exchange collateral have ranged from $5\frac{1}{4}$ per cent to $6\frac{1}{4}$ per cent with little money offered.

DISTRICT NO. 3—PHILADELPHIA.

Industries of this district engaged in producing supplies for war purposes have been running at as near capacity as possible. Other industries, however, have felt to a considerable extent the circumstances which are cutting down their output; the demand for their product has decreased, and they have been unable to meet the wages which the munitions factories offer, so their position is far from satisfactory.

Reports that we have received indicate that Christmas trade is rather disappointing and not up to normal. The impression is conveyed that shoppers have been influenced by the economy and conservation campaigns. Furthermore, many merchants are not carrying as large stocks as has been their custom heretofore, owing to their unwillingness to put in many goods at prevailing high prices and because of their inability, in many instances, to secure goods from the manufacturers. Many people are not buying Christmas gifts.

The coal situation is now receiving nationwide attention. Coal is being mined in greater quantity than ever before, notwithstanding the shortage of labor, but shipments are curtailed by the inability to obtain transportation facilities. The situation has been considerably aggravated by the appearance of early cold weather. Some manufacturing plants have been forced to operate on a margin of one or two days' supply of coal. Retail dealers are selling a limited amount to each individual.

Advices concerning the movement of freight by the railroads are conflicting, but the majority of the reports indicate that there has been no material improvement and the situation is still bad.

Building operations have practically ceased, except where absolutely necessary. There is a decided scarcity of houses for working people. It will not pay builders to erect houses for renting at the prevailing prices of materials and the uncertain conditions of labor, particularly if it is felt that it is only a matter of time before there will be a material decline in rentals. At the present time the building material industries are considerably depressed.

The farmers are most seriously handicapped by the scarcity of labor, and no remedy is in sight. Owing to this difficulty the acreage of winter wheat is not expected to be as great as was hoped.

The prevailing prosperity of labor would make it seem that calls on charity organizations would be very few this winter, but the greater cost of food has resulted in the demand for charitable help being as large as last year.

The total of the Christmas savings funds carried by the banks in this district is upward of \$10,000,000, which is about \$500,000 ahead of last year. The number of depositors is approximately 350,000.

Payments on account of Liberty loan subscriptions have caused a shrinkage in loanable funds, and money rates have been firm as a result. Call money advanced to 6 per cent and the rates for commercial paper to 5½ per cent.

Financial indicators.

	December 17, 1917.	Per cent increase or decrease compared with—	
		Pre-vious month.	Last year.
Philadelphia banks:			
Loans.....	\$588,129,000	- 4	+ 8
Deposits.....	640,987,000	- 5	+ 2
Federal Reserve Bank:			
Discounts and collateral loans.....	34,819,052	+116	+463
Cash reserve, per cent.....	49	- 26	- 9
90-day discount rate, per cent.....	4½	1 4	1 4
Commercial paper, per cent.....	5½	1 5½	1 4½
	November, 1917.	Pre-vious month.	Last year.
Bank clearings:			
In Philadelphia.....	\$1,532,651,531	- 2	+20
Elsewhere in district.....	99,531,560	- 9	+11
Total.....	1,632,213,091	- 3	+20
Port of Philadelphia:			
Exports.....	32,309,000	-49	-22
Imports.....	4,106,000	- 8	-31
Building permits in Philadelphia.....	1,712,520	-15	-62
Post-office receipts in Philadelphia.....	1,077,115	+11	+30
Commercial failures in district (per Bradstreet's).....		1 65	1 86

¹ Actual.

DISTRICT NO. 4—CLEVELAND.

This is a period of readjustment and curtailment. Manufacturers are remodeling their plants to make the essentials and are eliminating the nonessentials. Merchants report many customers buying those articles which are necessary to the support of life and leaving on the counters the unnecessary. The key words are "essential" and "necessary." Along these lines business is readjusting itself.

Business, except on Government contracts and strictly necessary lines, is not good. The manufacturing industries, such as glass, pottery, steel, etc., for domestic use, wait on transportation and labor, the controlling factors of the situation. Until these two elements are able to do their part, no decided betterment can be expected.

Agriculture.—Winter wheat is reported doing well. The heavy snows in most localities have protected it from the severe weather. The unmaturing corn is being fed to cattle and hogs. In many cases the farmers are purchasing from the stockyards underweight and undeveloped animals and fattening them with the unmarketable corn. By this means a profit is made and the meat supply of the country increased.

The cold weather has retarded the marketing of the tobacco crop, and it is not as yet well under way. However, it is selling at the highest price in its history, and should soon relieve any money stringency in the tobacco districts.

Manufacturing.—The output in many lines is being curtailed by the transition from regular activities to the making of strictly war goods, by the increasing strictness of Governmental requirements whereby nonessentials are sidetracked, and by the shortage of coal, coke, labor, and transportation.

The rumor of lower prices for the beginning of the year in the steel business has unsettled the market and confined buying largely for the account of the Government. Orders on hand are in fair volume, and Government orders are increasing.

The clay industry is very quiet, and shipments are about one-third the volume of last year.

The coal trade is badly handicapped by lack of cars. In some quarters mines have been compelled to close down on this account.

Mercantile lines.—Jobbers for the most part are experiencing the usual holiday slackening in trade, and orders are of the "fill-in" variety.

In the retail trade Christmas shopping holds the way and promises to exceed last year's business in money value. In many quarters it is reported that purchases are confined largely to those articles which are useful and necessary rather than to decorative novelties and the unnecessary.

Collections.—Collections are reported prompt and satisfactory, probably partly due to scarcity of goods, prompt payment being a requisite for securing future consignments.

Increases in wages and unusually large pay rolls at this season of the year should continue to keep collections at normal.

Transportation.—In some localities the car shortage is very serious, compelling the closing of mines and factories and causing hardships and discomforts in many places from lack of fuel and necessary foodstuffs.

Railroad officials are hopeful concerning the situation and believe that traffic conditions will be ameliorated.

Labor.—Generally both skilled and common labor continue scarce and exacting. In one quarter there was reported unemployed labor occasioned by the shutting down of a large plant engaged in the manufacture of non-essentials. This, however, is the exception, and in this instance employment was soon given in the same plant, it having been remodeled to accept Government contracts.

Women continue to take places in the labor world formerly occupied exclusively by men. They are said to do the work satisfactorily. Employers and employees are gradually adjusting themselves to the changed conditions, and, as a whole, there is believed to be a slight improvement.

Building operations.—The severe cold weather has interfered with building operations. The demand for dwellings is still strong, but the cost of materials deters contractors from attempting new projects, and consequently the line, with few exceptions, shows a steady decline in volume.

Money and investments.—The money market is firm. Legitimate business is experiencing little difficulty in securing funds for financing its normal needs. Banks, however, report that money for speculative purposes and those not in harmony with the spirit of the times is not advanced. It is probable that the demand for money reached its peak the week of December 15.

Investment markets are lethargic and continue to give the right of way to Government finance.

The rediscount demands with the Federal Reserve Bank of Cleveland from member banks are very heavy, as the appended comparative table will show.

Rediscounts during second Liberty loan, 1917:	
Nov. 15.....	\$18,938,681.00
Dec. 1.....	31,880,178.38
Dec. 15.....	49,117,574.12
Rediscounts during same period last year, 1916:	
Nov. 15.....	\$289,656.06
Dec. 1.....	245,805.71
Dec. 15.....	1,477,077.53
Rediscounts during first Liberty loan, 1917:	
June 15.....	\$3,524,117.20
July 2.....	9,098,426.51
July 16.....	7,423,364.84

DISTRICT NO. 5—RICHMOND.

There is little change in local conditions and activities in the district during the past month. Reports indicate irregular and in some cases adverse conditions as heretofore, mixed with singularly general prosperity. The people in general appear to be well supplied with money and retailers particularly have had a demand for goods in excess of available supplies. Food products in some lines are only in limited supply, but there has been no real deprivation, and the current discussions on the subject have bordered on exaggeration, to say the least.

Agricultural activities are naturally at a standstill at this season, and unprecedentedly severe weather, even for this time of the year, a heavy fall of snow being one of the accompanying features, has brought serious discomfort and has interfered considerably with transportation and general activities.

National financing has been the most important factor dealt with during the month, both in discussion and in its practical bearing on the finances of the district. The unavoidable delay in the delivery of the definitive Government bonds, due to the unprecedented task involved in the printing and physical preparation of them, has apparently increased to a considerable extent the borrowing necessary in the financing of them. It has apparently delayed and interfered with the distribution and final absorption of them, but subscribers should appreciate the difficulties attending such enormous and unexpected financing, and regard any little inconvenience they may have suffered, and which has been absolutely unavoidable, as a part of the self-sacrifice all are called on to make.

The industries of the district are actively employed, production only limited by scarcity of supplies and labor. There is a general tendency to economy and thrift, although the view is expressed in some quarters that high wages have had a tendency to increase food consumption among wage earners.

Collections are reported good; clearings continue to indicate an increase of about 27 per

cent, and deposits in banks are high. The embargoes on freights, however, particularly at the ports where cotton shipments are largely handled, are creating a large demand on the banks for financing. Shipments are delayed in coming in and have to be financed until arrival, and are slow in going out, resulting in delay in realizing on them. These conditions, coupled with Government financing, referred to above, have resulted in hardening rates and the active employment of banking resources, supplemented by borrowing to a very considerable extent from the Federal Reserve Bank. Loans and discounts in the bank have reached the highest figure ever attained.

Supplementing the appeal of the President to State banks and trust companies to become members of the Federal Reserve System, all banks in the district have had the matter urged upon their attention. This is being followed by personal correspondence direct from the bank, and from a committee of the American Bankers' Association and the State Council for National Defense. This has aroused some interest among nonmember banks, several of the largest banks and trust companies in the district have joined the system, and other applications are anticipated. We quote the following from a circular recently issued by the commissioner of banking in one of the States of our district:

"As I view it, the matter is both a patriotic duty and an economic expediency. Aside from the great need at this time for an efficient mobilization of the banking resources to fortify our Nation in meeting extraordinary war conditions, in my opinion, membership is going to prove very helpful in solving future problems and meeting contingencies that are sure to arise during the readjustment period after the war. Just now our Nation and the Federal Reserve System need the support of the banks; later the banks are going to need the support of the system, and now is the time to make the alliance."

DISTRICT NO. 6—ATLANTA.

There has been no unusual developments in the general business situation of this district during the month of December. Reports from

all over the district indicate a heavy Christmas trade, and the district enters the new year under the most prosperous conditions and with the brightest prospects.

The closing of the second Liberty Loan and the payments of installments appear to show but little disturbance in financial circles. Large expenditures of the Government for materials and provisions incident to supplying the many Army camps in this section largely offset the withdrawal of funds on account of Liberty bond sales.

The exceptional cold wave during the latter part of the month interfered considerably with general business, and especially with transportation, and general products and fruits have reached higher price levels. The weather, however, has proved very favorable for the killing and packing of meats for winter use, and the farmer is better prepared in this respect than in former years. The sugar refineries at Savannah, which have been closed on account of the inability to procure the raw supplies, are expected to resume operations after January 1, when the new crop of sugar from Cuba will begin to come in. The citrus crop will be short, being estimated at 3,500,000. The freeze last spring reduced the crop of celery in Florida from 25 to 30 per cent, cutting down the average yield to 500 crates per acre. This year the acreage is somewhat below that of last year, but with an ordinary year the yield will be greater.

The one item of special interest in the industrial activities is the growing shortage of coal. At several of the largest centers a number of the schools have been forced to close, and we have reports of one or two large plants being shut down on account of lack of fuel. Miners and operators in the Tennessee field and also in the Alabama field recently held conferences and appear to have made general headway toward a satisfactory agreement, and some relief from the shortage of coal is promised.

The proposed establishment of Government nitrate plants and powder mills at Mussel Shoals, in northern Alabama, has created unusual activity in that section. One of the large

operating companies recently announced additional expenditures of \$11,000,000 for their shipbuilding project near Mobile.

The labor situation, while somewhat acute in certain parts of the district, has improved in the coal mining district. Quite a number of the negro miners have returned from the northern fields.

Generally speaking, the industrial expansion is limited only by productive capacity and transportation facilities.

DISTRICT NO. 7—CHICAGO.

Business in practically all lines is moving at a rapid pace and the principal factor is the scarcity of the essentials of labor, transportation, fuel, and materials. A few industries, however, through the lack of fuel and material, have been compelled to cut down their working force. There is little effort for new business, as concerns are working at capacity to turn out that which comes to them unsought. Holiday trade will probably be less than usual.

The investment market has been narrowed to such an extent that adjustments looking to reduction of forces are taking place. Investment activities are practically confined to short term corporate notes and municipals. It is reported that the large November and December maturities in investors' hands have been satisfactorily met. The corn crop is in itself a great disappointment, though there is some solace in the fact that this condition has augmented, to a considerable degree, the feeding of live stock. Heavy snow has been decidedly favorable to winter wheat and rye. Cold weather has, if anything, operated to the improvement of the corn situation. Large acreage of winter wheat is reported. The bean and potato crop is not being freely marketed owing to transportation difficulties.

Money rates are expected to remain hard indefinitely, due to Government financing, immense business activity, and soft corn situation which brings the farmers to the banks as borrowers at a time when they are usually in funds.

Scarcity of labor and materials is a matter of serious consideration to agricultural implement manufacturers; otherwise, a good spring business is anticipated and collections are good.

Automobile concerns are seeking to divert their facilities into other channels, such as the manufacture of aeroplane engines and bodies, trucks, and ordnance parts, which will secure for them Government contracts. Pleasure automobile business will be greatly restricted. Collections have tightened somewhat.

Building is practically at a standstill, due to the season and to scarcity of materials and the car shortage. Collections are good generally, though some complaint is heard with regard to country collections.

Coal miners are unable to satisfy demand, the extremely cold weather depreciating the efforts made to fill the already pressing requirements of manufacturers. Car shortage is also an unfavorable element.

Export demand would afford a broad market for distillers' products were it not for the difficulty with shipping restrictions and scarcity of ocean bottoms. Domestic business is quiet and no activity is anticipated for the duration of the war.

It is suggested that hoarding of stock is responsible for some of the advanced prices at which dry goods are being sold. Wholesalers report a considerable volume of speculative buying. A satisfactory volume of retail business has resulted from the seasonable weather of the past few weeks. Collections are better than normal.

Furniture houses are reasonably well occupied with new business; factories are retaining most of their employees, though orders are rather light. Collections are good.

Considering the large crops of wheat, corn, and oats, prices have ruled high. Corn of good quality brings a high price, though there has naturally been some decline in the lower grade, which was forced to the markets on account of its poor quality. Speculation is blamed for small receipts of oats, though transportation deficiency likewise operates to

maintain this grain at high levels. A fairly good export business prevails.

Wholesale grocers find a ready sale for their products with the scarcity of material a factor. Cannerymen face high prices for sweet corn, tomatoes, beans, and the like. Volume is about normal and collections very satisfactory.

Hardware concerns report a satisfactory volume of business for this time of year. Purchase of necessities and Christmas goods form the bulk of trade in this line. Conditions are normal. Collections are unusually good.

The month of November saw a falling off in the jewelry business, though the period from the first of 1917 showed a fair increase over the corresponding period in 1916. Business continues to decline for the first two weeks of December, 1917. A dull holiday season is anticipated. Collections are good.

The leather industry reports extreme quiet in civilian business. Government orders are keeping some houses at capacity, while those without Government contracts are slowing down with little promise for the future. Heavy hides for Government work are in strong demand. Collections vary from good to excellent.

The live-stock situation continues to be affected by soft corn. As reported last month, this has resulted in an unprecedented demand for feeding cattle and banks serving agricultural communities are experiencing a brisk demand for funds. Receipts of animals at yards are somewhat lighter, the quality apparently good. It is said that meatless days are affecting domestic demand, though, of course, foreign demand is very active. One authority questions the food value of soft corn and suggests that this may tend to bring inferior products to market. An agreement recently reached between the Food Administration and the railroads as to hauling of live stock from prescribed zones will regulate the volume of receipts. Prices trend downward. Collections are good.

In the lumber business the car shortage is acute, but it will work no particular hardship at this time, which is usually slow. Building

operations are practically at a standstill. Collections are fair.

Mail-order houses report business at about the same volume as last year.

Piano manufacturers are experiencing the customary holiday demand with little hope of filling all orders due to subordination of their transportation requirements to those of the Government. Collections are very good, with a scarcity of skilled labor. There is a disposition to be noncommittal as to prices and deliveries for 1918.

Shipbuilders are still employed to capacity and labor is scarce.

The steel industry is working at capacity to fill war orders. Constructional steel is not in great demand. Production of pig iron is not keeping pace with orders and there is some concern among consumers. Lack of transportation is seriously affecting production. It is noteworthy that the month of November saw the smallest decrease in United States steel unfilled tonnage (8,897,106) since the decrease began in May, 1907, from the high point (12,183,083) in April, 1917. It is believed that steel buyers have given up hope of lower prices or greater ability to fill orders.

Wool purchases are being made for immediate requirements. Still, prices remain firm, as imports are curtailed, owing to the unwillingness of the importers to comply with requirements of the Trade Council in securing import licenses. This will cause encroachment on present stocks.

Clearings in Chicago for the first 19 days of December were \$1,338,000,000, being \$1,000,000 less than for the corresponding 19 days in December, 1916. Clearings reported by 23 cities in the district outside of Chicago amounted to \$303,000,000 for the first 15 days of December, 1917, as compared with \$304,000,000 for the first 15 days of December, 1916. Deposits in the twelve Central Reserve City member banks in Chicago were \$845,000,000 at the close of business December 19, 1917, and loans were \$606,000,000. Deposits show an increase of approximately \$8,000,000 over last month and loans an increase of approximately \$12,000,000.

DISTRICT NO. 8—ST. LOUIS.

Business activity in this district has continued unabated during the closing month of the year. Holiday shopping had a stimulating effect on retail trade, and department stores and merchants handling holiday goods report that a large volume of business was transacted. Some state that the volume was greater than that of 1916. This, however, would seem to mean that, measured in dollars, the volume was larger, but the number of transactions was doubtless less than last year. An interesting feature of this year's holiday purchasing was the fact that the public bought more useful articles.

Manufacturing industries in this district continue active, Government orders being an important factor. Clothing manufacturers are working overtime, and manufacturers of shoes are also busy. Manufacturers of munitions, machinery, tools, implements, and allied lines, are working to capacity, and the drug and chemical lines are also extremely active.

That there is a feeling of confidence in this district is evidenced by the fact that both manufacturers and distributors are buying freely and some new enterprises are being launched. Business men are becoming reconciled to the taxes and restrictions imposed by the Government and are settling down in a grim determination to bring the war to a successful conclusion.

Prices on commodities continue high, but have not yet reached a point where the demand is curtailed. The supply to consumers of certain commodities is being limited to so much per family within a specified time.

Snowfalls throughout the district during December furnished the much-needed moisture for the winter wheat, and this should help it materially. Government reports issued during December indicate that approximately 42,170,000 acres in the United States were sown in winter wheat this fall. The condition of the winter wheat on December 1 was reported to be 79.3, as compared with a 10-year average condition on the same date of 89.3. It is forecasted that the present acreage of winter wheat

will yield 540,000,000 bushels. This is somewhat below the mark set by the Government, and already steps are being taken to insure a large increase in the acreage of wheat to be planted next spring.

The total production of cotton in the States within this district during 1917 was estimated by the Department of Agriculture on December 1 to be 2,247,000 bales, as compared with 2,270,948 bales in 1916, and 2,507,723 bales for the last five-year average. In Arkansas and Tennessee the crop this year was considerably less than last year.

The shortage of cars continues to be a serious handicap to business. Largely on this account, in some localities it has been impossible to get enough coal to meet the demand, and it has been necessary for some shops in this district to shut down on account of lack of coal.

During the past month, there has been a decided decrease in the receipts of all live stock in the St. Louis market, except horses and mules, which show quite an increase over the previous month. However, there have been increases over the previous month in the sales of live stock, with the exception of hogs, the sales of which show a decrease.

The postal receipts for November in St. Louis, Louisville, Memphis, and Little Rock all show substantial increases over the corresponding month last year.

Reports from the leading cities in this district indicate that during the month of November there has been a decrease in both the number of building permits issued and the estimated cost of construction in comparison with the corresponding month last year.

During December the outstanding financial features in this district have been the withdrawal by the Government of over \$60,000,000 of the funds on deposit in the banks in this territory, and the second payment on the Liberty Loan bonds, amounting to approximately \$17,000,000. These were effected with no disturbance to business, due to the Federal Reserve Bank. Such member banks as found it necessary rediscounted paper with it.

There has been a good demand for money, especially in the large centers. This has been due to the general business activity and also to the fact that the increased cost of materials and higher wages require considerably more money to conduct business enterprises than formerly. The bank rate to customers continues at from 5½ to 6 per cent, with the rate in the outlying districts somewhat higher.

As a rule, the large city banks have not been in the market for commercial paper. There has been a fair demand, however, from country banks in certain localities for commercial paper. The rate has ranged from 5¾ to 6 per cent, the former applying mainly to short maturities and the latter to maturities of from four to six months.

On December 3, 1917, the Louisville branch of the Federal Reserve Bank of St. Louis was opened.

DISTRICT NO. 9—MINNEAPOLIS.

Threats of serious labor troubles in St. Paul and Minneapolis, growing out of friction between the operating company and street-railway employees, promised during the early part of the month to involve numerous labor unions in a sympathetic strike. The action of the State Public Safety Commission in Minnesota brought about an adjustment of the situation, and the danger of serious interference with business and industrial activities was averted.

Labor conditions elsewhere have been satisfactory, and with all industrial concerns running to capacity and large orders ahead, labor is fully employed at good rates of pay.

Banking conditions show little change. The demand continues good, with rates very firm. Retail trade has been satisfactory, except that at the larger centers holiday buying has not been quite as brisk as a year ago.

A serious situation developed during the month through investigation of agricultural experts, who have been unable to find any considerable amount of seed corn for next year's planting. Exceptionally early frosts

prevented the greater part of the corn in the Ninth Federal Reserve District from maturing, and most of it was caught in October by severe freezing weather, followed in November by warm, foggy days, the combined effect of which was to produce mold and destroy the seed value of a large amount of corn that otherwise might have been saved. North Dakota is practically without seed. It is estimated that less than 20 per cent of the corn crop in Minnesota will germinate, while only about 4 per cent is what would be called good seed corn in an ordinary year. In view of the seriousness of the situation, the cooperation of all the banks in all parts of the district was invited, and during the month seed-corn warnings were sent out to many thousands of farmers cautioning them to go over any corn on hand and immediately select, dry, and test the seed ears in order to provide their own supplies for spring.

Efforts were also put in motion to ascertain what amounts of surplus seed individual farmers may have and arrange for its purchase and shipment to points where there is no seed to be had. It is very possible that even with the most active cooperation of banks, business men, and farmers that it will be impossible to secure and distribute enough seed to prevent a sharp reduction in the corn acreage planted in 1918. Attention is also being given to the seed problem as it affects small grains and to the conditions in parts of North Dakota and Montana, where because of the crop failure this year farmers are very short of feed and forage. As a consequence of the feed situation a considerable amount of stock has been shipped out of both North Dakota and Montana, including many breeding animals that farmers have not found it possible to carry over the winter.

DISTRICT NO. 10—KANSAS CITY.

Agriculture.—The wheat movement in November was less than one-half as large as a year ago and less than one-third that of two years ago. Under the supervision of the food administration, mills have been able to operate

at practically full capacity for the first time in some months, with an increased output of 5 per cent over the same month a year ago and some wheat accumulation in the smaller mills. Millers are complying with the regulations of the authorities in the finest spirit of cooperation, but are finding it difficult to set flour prices within the rules, as a slight fluctuation in wheat receipts produces fluctuation in cost. The steady decrease in stocks of wheat and corn in the elevators during the past months has been checked, wheat stocks increasing 62 per cent during the month and corn supplies doubling those of October.

The car shortage slightly affected the corn movement for November, which was, however, about normal, while an urgent demand kept the prices higher than ever before. With hay selling at more than double the price a year ago, there was a larger movement on the local market than for any previous month this year. The hay crop of Nebraska is now estimated at about 28 per cent less than last year.

Owing to a continued general drought and a shortage of labor, Kansas farmers failed to reach the wheat acreage goal of 10 millions set by the national food administration. The total wheat acreage of that State is nine and a half millions, or 1 per cent less than for last year. The general condition of winter wheat in Kansas is 70 per cent, in Oklahoma 51 per cent, and in Nebraska about 80 per cent. A strenuous effort has been started in Nebraska to secure a large acreage of spring wheat to offset the winter shortage.

The value of Colorado crops for this year is said to be a half greater than for any other previous year, and the cultivated acreage about 15 per cent greater. The bean crop in that State has been greatly increased till it will be nearly a sixth of that for the entire country last year. Notwithstanding some damage by frost, the potato crop of that State shows a third increase over 1916.

Live stock.—The demand for hogs has been strong, with prices maintaining a high level, prices declining during early December from the former high figure. Those offered have

been of the highest grade marketed this season, averaging 18 per cent heavier than for last year. Receipts for November declined 40 per cent from a year ago, owing to the shortage of last year's corn crop and the lack of late summer feed.

The prices for cattle broke from \$1 to \$3, but rallied 50 cents by the end of November. The big range movement of cattle is almost over for the year. It continued this season longer than usual because of the drought conditions in the Southwest, causing a scarcity of pasture in the wheat fields and in the grass regions of southwest Texas. The large war contracts for meat resulted in a demand for the common class of cattle, but the demand for higher grades used in local trade was light.

An increase in sheep receipts was registered, due to the late movement of feeding lambs through the market. Prices were much higher.

The movement of both cattle and hogs from the markets for feeding on the farms has been strong all year. The soft condition of the corn became apparent in October. This greatly stimulated winter feeding, so that during November shipments to the farms increased over November last year nearly a half for cattle and six times for hogs. For the first 11 months of the year compared with the same period a year ago the stocker movement increased a fifth for cattle and one and one-half times for hogs. The former prediction of a more plentiful meat supply for next year seems now to be even more justified than when it was made.

Mining.—The Missouri-Kansas-Oklahoma lead and zinc district this year produced nearly a third more zinc and a fourth more lead than last year. The zinc market has been unsettled for some time, averaging far below the figures for a year ago. During the one month of November there was a decline of 11 per cent. Smelters have been advancing money on shipments and storing the ore, but are no longer able to do so. This condition, coupled with the falling market, has resulted in the closing of many mines in Kansas and Oklahoma. The prices for lead have averaged a fourth more

than last year and were increasing at the beginning of December.

Colorado has this year increased her coal output a fourth and reports that their difficulty is not lack of fuel but lack of cars to move it. The possibility that alien enemies may be excluded from the vicinity of the mines caused some apprehension in the mining districts, where most of the workers are Austrians who have not yet become fully naturalized and are unable to secure final naturalization papers on account of the condition of war.

According to the reported statement of a scientist in a Kansas State institution, there is enough sulphur now going to waste at the zinc smelters of this district to supply all the needs of the country for sulphur and sulphuric acid and in form to be obtained at a profit by commonly used methods.

Oil.—The most important feature of the oil situation in this district has been the gradual decline of stocks and a lessened development in the Mid-Continent field for November. As there has been less difficulty in getting supplies and labor than formerly and the weather averaged no dryer, the only reason that has been given for the checking is a psychological one.

The total number of wells brought in in the United States for November fell off a seventh and production from them was more than a third less than for October. The same proportions hold for the Mid-Continent field, although Kansas doubled her production of a year ago.

Operations continue active in Wyoming and Colorado. In the first-mentioned State 30 wells were completed in November. The production of these new wells would equal nearly half the entire production of the State last year. Operators are expecting to continue the work of drilling through the winter.

In Colorado a survey of the shale-oil resources has been arranged for under State supervision. A Government official has been quoted as estimating the total possibilities at 20,000,000,000 barrels, from which 2,000,000

barrels of gasoline could be obtained, together with vast quantities of ammonium sulphate for fertilizer. A new and shorter process has been patented for extracting the oil from shale, and pioneer development along this line is now going on.

Casinghead, a gas that escapes from the mouths of oil wells, is now being utilized in making gasoline in Oklahoma, and its value is proving greater even than was first estimated when its conservation was first undertaken by the State.

Lumber and construction.—The lumber trade is beginning to recover from the depression of the past few months. Building in the cities shows an increase over a year ago, but is confined to the construction that must be done for business purposes.

Mill stocks are badly broken on account of supplying unusual Government needs, and shipments are made with increasing difficulty in securing cars. Many country dealers allowed their stocks to become low during the fall when demand was so light. They are now ordering to supply the building that farmers are doing and are finding it difficult to get their orders filled and shipped. Local dealers are optimistic notwithstanding the fact that they expect the transportation troubles to become more acute and not to be relieved till next spring or summer.

Labor.—The demand for laborers of all classes continues strong. The condition of soft corn has checked the demand on the farms and the increased use of gasoline for power purposes has assisted, but the great demand caused by the withdrawal of young men for the Army has not been entirely satisfied. Nebraska reports indicate that the State council of defense, acting with national authorities, handled the farm labor problem in a most satisfactory manner.

While the economic questions that have brought about strikes have not, of course, been disposed of, for the time being, the strike situation is very satisfactory. No disturbance of any importance has occurred since the settle-

ment of the coal mine troubles, and so far as reported none are contemplated.

Mercantile.—Trade continues very active in nearly every line and collections are good. The cold weather has stimulated heavy buying in winter clothing of all kinds, and the holiday trade has been very heavy. In this connection there has been especial development in the sales of all forms of goods and articles for personal use in the Army.

Sugar is scarce. Lumber sales are increasing. Hats, shoes, clothing, groceries, and provisions are moving rapidly, and in many cases the difficulty is not in selling but is in getting the goods. Distributing houses find it difficult to keep up with the demand of the country dealers, in all forms of farm machinery and gasoline-power machines. The slowing up of sales of pleasure automobiles continues, as does the increased sales of trucks, tractors, tires, and accessories.

Failures have been few and confined to businesses whose capital was too small to properly handle purchases and credits at the present high prices. They are nearly a half less than for a year ago, as compared with a reduction of a tenth for the entire country. The liabilities of those concerns failing averages about \$6,000.

Financial.—The continued business activity is shown in bank clearings during November, two-thirds greater than for the month last year and more than twice as great as two years ago. Money rates have not changed and the demand remains about the same, being perhaps slightly less than for the previous month.

DISTRICT NO. 11—DALLAS.

Extremely cold weather has prevailed during December, and has been especially beneficial to wholesale and retail trade. Dealers in the larger cities who handle such lines report that they have enjoyed a good volume of business during the month, and sales are ahead of last year. Manufacturers are active, with collections good. Mail-order houses are enjoying a large business. Manufacturers of saddles and harness are exceptionally active, and dealers in

hardware, paints, and similar lines report increased sales.

As the crops of the past season have all been marketed, there is little of interest to report of agricultural conditions. The heavy freeze the early part of the month killed insects, and the scattered rains have put the ground in generally good condition for preparations for next year's crops. Reports indicate that farmers are preparing their land for 1918, and the acreage will be materially increased. More rain is badly needed in some sections before the ground can be sufficiently worked.

While there will probably be a curtailment in the purchase of luxuries and nonessential articles, which is a condition quite desirable, reports indicate that the volume of holiday trade will be heavy, and probably equal that of 1916, when merchants in the larger cities of this district had an unprecedented business.

While building operations continue dull, and reports from the larger cities state that the number and value of permits issued during November were small, manufacturers of brick and other building materials report that the car situation has improved, and their November business was better than in recent months, with collections good. Demand for lumber from the interior trade is more than sufficient to employ whatever cars are available, and while the volume of shipments is not up to normal, prices are satisfactory, and collections in the trade are good. The production is probably not more than 85 per cent of normal, due to various conditions and a shortage of labor. All of the mills in the "long leaf" territory are busily engaged in the production of lumber for shipbuilding from such portion of their timber as is adapted to this purpose. At Orange, Tex., which is in the center of the lumber region of southeast Texas, some 40 Government vessels are now under construction, furnishing employment for 4,000 men, with a weekly pay roll of \$50,000. This activity has made business good in all lines.

The concentration of shipping at the North Atlantic ports has reduced water transporta-

tion via the southern Gulf ports to a marked extent, and exports from Galveston consequently show a decrease. Texas City, also one of the largest ports in the district, has suffered greatly. Reports received indicate that on account of the congestion at the northern ports there will be a diversion of shipments to the South at an early date, when it is expected exports from Galveston, Texas City, and other ports in the district will materially increase.

The banking situation is satisfactory. An analysis of the reports received from member banks, on the Comptroller's call of November 20, discloses heavy deposits, especially in more favored agricultural sections, and a generally sound condition. Banks in the sections mentioned are carrying heavier deposits than at the same period of 1916, when all previous records were broken. The demand for money continues good. Some banks are purchasing prime commercial paper as an employment of their surplus funds. There has been no noticeable increase in interest rates, and they remain easy. The campaign for the purchase of War-Savings Certificates is now on, and is meeting with good results.

Clearings at the larger cities during November, reflecting the heavy fall and winter business, were \$351,898,194, an increase of 36 per cent over November, 1916.

Post office receipts at the principal cities for November show an increase of 51 per cent. The increased postage rate, of course, accounts for a substantial portion of the increase, as well as the seasonal business in parcel-post shipments.

There has been little change in the cattle industry. There were few losses from the extremely cold weather of the month, but range conditions have not improved. Ranchmen are burning cactus in some sections to keep their herds alive. The outlook is not good.

Labor conditions have not changed within the month. There is a general shortage of men, and notwithstanding attractive wages the situation shows no improvement.

DISTRICT NO. 12—SAN FRANCISCO.

Lack of precipitation has been an unfavorable agricultural factor throughout this district during the fall. In Washington fall plowing was restricted by dry weather, and wheat, which was planted in the dust, did not germinate effectively. Rains in the first part of December in the Walla Walla (Wash.) district and snow in the region of Spokane (Wash.) have tardily bettered the prospects for winter wheat. In California the precipitation for the season beginning October 1 has not been 10 per cent of normal. It is, of course, not a definite indication that there will not be abundant moisture later, so as to assure the crops for 1918, but the continued dry weather occasions concern.

The Pacific Coast potato crop is reported as 48,105,000 bushels, an increase over last year of 3,105,000 bushels, an increase of 7 per cent. The acreage however increased from 216,000 to 328,000 or 52 per cent. The barley crop in California aggregated 40,000,000 bushels, which was an increase of 17,000,000 bushels over 1916.

There has been a general effort to increase acreage and this has been the cause of an increase in some products. The season, however, which has just closed has not been generally favorable for agricultural products in this district. It is in spite of this that the summary of totals shows that the aggregate tonnage was exceptional.

The supply of farm laborers, which has been inadequate during the past year, and which has been diminished by the draft, promises to be materially short of the needs during the coming year. The suggestion is being made with increasing frequency that a large number, perhaps 200,000, of Chinese farmers be brought to this country, under bond for their return, to raise crops during the war. Cuba has pursued this course to secure labor for handling the crop of sugar cane. Apparently no objection is made to the proposal except by labor unions.

Curtaiment of available range for feeding, the high price of feed, and inability to secure labor have resulted in the marketing of much

live stock in the Northwest. In Oregon, Washington, and Idaho the holdings of hogs are at present 2,550,000 head, compared with 3,920,000 head at the same time a year ago; of cattle 915,000 head, compared with 1,790,000 head a year ago; and 380,000 dairy cows, compared with 510,000 in 1916. Holdings of sheep and lambs alone show an increase, being 4,340,000 head compared with 4,260,000 head a year ago. The campaign for more sheep and more wool has been influential for an increase, but extraordinary prices have likewise been a potent influence.

Labor conditions, which have been very unsettled during the year, appear to have reached a state of greater stability. There have been strikes in copper mines of Arizona, in lumber mills of the Northwest, in shipyards and allied metal trades, not only in San Francisco, but also in Portland and Seattle. There has been a telephone strike at Seattle and a bitter and violent street car strike in San Francisco. The intervention of the Federal Wage Adjustment Board, Secretary of Labor Wilson coming himself to the Pacific Coast, was effective in reaching settlements in several cases. The intervention ordinarily resulted in prevailing upon employers to concede the demands, in large part, of the striking workmen, but at all events a basis was usually reached under which the processes of production were resumed.

In southern California canning tuna fish has become an important industry, large contracts having been made with the Government for Army needs. The salmon pack of the Northwest, however, is the great fish industry. The value of the 1917 salmon pack in Alaska alone is placed at \$30,000,000, comparing with \$21,000,000 in 1916.

Shipbuilding has advanced with huge strides. Both steel and wooden ships are under construction in large numbers at Seattle and Portland, while San Francisco is doubling and quadrupling her facilities for building chiefly steel ships, and Los Angeles is also engaged in important construction.

The construction of buildings is decreasing, reports from the principal cities of this district showing a decrease of 17 per cent during the past five months.

Imports and exports, measured in dollars, are at record figures in spite of deficient tonnage. Seattle leads San Francisco in foreign trade, the estimated figures for 1917 being, respectively, \$410,000,000 and \$320,000,000.

Petroleum production in California during November was 8,112,170 barrels, while shipments were 9,303,660 barrels. This excess of consumption reduced stored stocks by 1,191,490 barrels to 32,603,625. On December 31, 1915, stored stocks were 57,147,051 barrels.

Bank deposits and bank clearings continue to expand. Lending rates of member banks have tended to greater firmness and there has been considerable rediscounting with Federal Reserve Bank, but all legitimate requirements of borrowers are being readily met. The influence of Federal Reserve Bank in imparting financial stability and confidence is very marked. This influence is being steadily enhanced as the exchange is made of Federal Reserve notes for gold, the banks' reserve thereby being continually expanded. The issue of Federal Reserve notes is frequently referred to as being an addition to the money in circulation and evidencing a corresponding inflation. The fact, however, is that for the most part gold has been drawn into the reserve of the Federal Reserve Bank pari passu with the issue of Federal Reserve notes. Everyone who uses a Federal Reserve note instead of gold really places the gold in the reserve of the Federal Reserve Bank and thereby performs a patriotic service in adding to the financial fortification of the country. A study of the weekly published statement of Federal Reserve Bank will show not only the large issue of Federal Reserve notes, but also the great increase thereby in the gold reserve.

After setting apart the gold and gold certificates legally required as vault reserves, California State banks and trust companies have now such vault cash that they could exchange approximately \$20,000,000 gold and gold certificates for Federal Reserve notes. As the Federal Reserve Bank would pay transportation charges both ways, this could be done not only without expense to them but also without impairing their reserve position. Such an addition of \$20,000,000 gold to the reserves of the Federal Reserve Bank would add \$30,000,000 to its lending power if proceeds were paid in Federal Reserve notes. The opportunity for patriotic service in thus strengthening the Federal Reserve system to meet the Nation's financial strain is open to every California State bank whether small or large and whether member or nonmember.

At the end of the year 1917, Federal Reserve Bank of San Francisco paid a semiannual dividend amounting to approximately \$298,000, covering accrued dividends upon its outstanding stock at the rate of 6 per cent per annum from October 1, 1915, to December 31, 1916. The semiannual dividend paid June 30, 1917, amounted to approximately \$108,000, making a total paid during the year of approximately \$406,000. The dividend requirements at 6 per cent per annum are about \$240,000 per annum.

It would be of great value to any member or nonmember bank, whether small or large, if, as a means of gaining information concerning the methods of the Federal Reserve Bank, it would arrange to have a skilled employee of the grade of assistant cashier or chief clerk enter for a few months the employ of the Federal Reserve Bank. Positions are available for a few such men either immediately or after a little notice. A bank having on its staff one who had had such experience could not fail to derive important benefit through the knowledge gained of how best to avail of the advantages of the Federal Reserve System.

DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

During the month of November discount operations of the Federal Reserve Banks totaled \$3,206,486,771, or nearly 20 per cent in excess of the previous record total for October of the current year. Over 80 per cent of the paper offered for rediscount was in the shape of member banks' collateral notes secured by Liberty bonds and certificates of indebtedness, the New York bank alone reporting \$2,398,184,883 of this class of paper for the month. Collateral notes, otherwise secured, constituted about 13 per cent of the total discounts for the month, while over 6 per cent is represented by customers' paper, including paper secured by Government bonds and certificates.

Total discounts for the month include in addition \$6,959,770 of trade acceptances both in the foreign and domestic trades, compared with \$4,442,261 for October, and an average of about \$1,516,850 for the first ten months of the present year; also \$2,577,256 of commodity paper, compared with \$1,659,491 for October and an average of \$867,927 for the ten months ending October of the present year.

Discounts for the 11 months of the present year aggregated \$8,076,570,193, of which \$7,356,434,988, or over 90 per cent were collateral notes, \$22,128,269 trade acceptances, \$11,256,523 commodity paper, and \$686,750,413 customers' notes, including bills secured by Government bonds and certificates. As compared with corresponding 1916 figures, discounts of trade acceptances with the Reserve banks increased nearly five-fold, while discounts of commodity paper declined about 30 per cent.

Owing to the large preponderance of collateral notes, about 94 per cent of the total discounts of the month is reported as 15-day paper (i. e., maturing within 15 days from date of discount with the Federal Reserve Bank), this proportion being as high as 99 per cent in the case of the New York bank.

On the last Friday in November the Federal Reserve Banks held a total of \$756,398,000 of discounted bills, as against \$397,094,000 at the end of October. Paper directly traceable to war loan financing, i. e., member banks' collateral notes and customers' paper secured by Liberty bonds and certificates, aggregated nearly 500 millions and constituted about two-thirds of the total discounts held by the banks about the close of the month, the remainder comprising \$120,813,000 of member banks collateral notes, secured by commercial paper, \$121,678,000 of customers' (secured and unsecured) paper, \$8,731,000 of agricultural, and \$6,261,000 of live stock paper. About 72 per cent of the agricultural paper was held by the Chicago and Minneapolis banks, while an equal percentage of the live stock paper is credited to the Kansas City and Dallas banks.

During the month the number of member banks increased from 7,783 to 7,846, largely as the result of admission to membership of State banks and trust companies. The number of members accommodated during the month through the discount of paper is given as 2,102, or nearly double the number shown for October. The total number of member banks in each Federal Reserve district on November 30, and the number of members discounting during the month of November, were as follows:

Federal Reserve district.	Number of member banks.	Number of banks accommodated.
Boston.....	401	229
New York.....	659	175
Philadelphia.....	634	116
Cleveland.....	762	102
Richmond.....	529	102
Atlanta.....	388	133
Chicago.....	1,082	843
St. Louis.....	476	78
Minneapolis.....	779	108
Kansas City.....	960	115
Dallas.....	633	61
San Francisco.....	543	40
Total.....	7,846	2,102

Bills discounted during the month of November, 1917 and 1916, and the 11 months ending November, 1917 and 1916, distributed by classes.

Federal Reserve Bank.	Member banks' collateral notes.		Trade acceptances.	Commodity paper.	All other discounts.	Total.
	Secured by Liberty bonds or U. S. certificates of indebtedness.	Otherwise secured.				
Boston.....	\$4,916,958	\$15,535,000	\$436,894	.....	\$39,648,948	\$60,537,800
New York.....	2,398,184,883	213,905,000	1,102,357	.....	50,475,052	2,663,667,292
Philadelphia.....	9,209,425	7,755,505	100,139	\$29,000	14,384,533	31,478,602
Cleveland.....	13,074,250	14,362,000	819,959	131,360	19,195,135	47,582,704
Richmond.....	15,280,366	35,195,902	544,291	134,125	5,124,606	56,279,200
Atlanta.....	5,289,550	12,298,500	1,350,141	1,354,252	2,756,926	23,049,369
Chicago.....	78,537,698	45,798,250	12,788	.....	38,550,614	162,899,350
St. Louis.....	12,971,600	10,948,000	651,754	310,689	7,431,652	32,313,695
Minneapolis.....	12,630,000	2,098,215	35,679	25,400	4,089,909	18,879,203
Kansas City.....	23,113,500	40,273,404	378,141	.....	6,234,004	69,999,049
Dallas.....	5,384,000	5,281,281	37,528	23,921	2,108,966	12,835,696
San Francisco.....	7,059,500	9,004,800	1,490,099	568,509	8,841,813	26,964,721
Total, November, 1917.....	2,585,651,730	412,455,857	6,959,770	2,577,256	198,842,158	3,206,486,771
Total, November, 1916.....	5,587,895	.....	853,300	1,047,000	10,415,905	17,904,100
Total, January-November, 1917.....	7,356,434,988	.....	22,128,269	11,256,523	686,750,413	8,076,570,193
Total, January-November, 1916.....	9,075,047	.....	4,109,300	15,996,500	114,973,653	144,154,500

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

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

Banks.	Agricultural paper.	Live-stock paper.	Commercial and industrial paper.		Member banks' collateral notes.		All other discounts.	Total.
			Secured by Liberty bonds and U. S. certificates of indebtedness.	Otherwise secured.	Secured by Liberty bonds or U. S. certificates of indebtedness.	Otherwise secured.		
Boston.....	6	.....	31,408	10,013	2,170	4,475	.....	48,072
New York.....	36	.....	34,487	20,887	345,832	51,407	1,033	453,632
Philadelphia.....	84	.....	12,219	3,463	4,660	3,577	.....	24,003
Cleveland.....	33	23	7,650	4,586	5,483	7,052	7,780	32,612
Richmond.....	544	1	1,544	4,770	2,463	5,593	1,820	16,735
Atlanta.....	400	217	10	4,360	2,918	5,768	178	14,351
Chicago.....	5,025	157	5,275	33,924	24,322	18,716	.....	88,029
St. Louis.....	97	115	172	9,010	4,602	3,670	172	17,838
Minneapolis.....	1,263	797	169	3,352	2,515	518	.....	9,114
Kansas City.....	464	2,039	219	3,900	5,758	13,823	.....	27,103
Dallas.....	296	1,544	.....	1,811	1,550	1,078	.....	6,279
San Francisco.....	483	463	175	9,519	2,724	5,136	100	18,600
Total.....	8,731	6,261	93,308	110,595	405,607	120,813	11,083	756,398
Per cent.....	1.2	0.8	12.3	14.6	53.6	16.0	1.5	100.0

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

Date.	Bankers' acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22.....	393,000					393,000		393,000
Apr. 5.....	3,653,000	\$7,820,000	\$10,000	\$110,000		11,593,000		11,593,000
May 3.....	5,038,000	8,189,000	10,000	110,000		13,347,000		13,347,000
June 7.....	5,242,000	4,516,000	10,000	192,000		9,960,000		9,960,000
July 3.....	4,342,000	5,267,000		161,000		9,770,000		9,770,000
Aug. 2.....	5,350,000	5,407,000	20,000	332,000		11,129,000		11,129,000
Sept. 6.....	6,087,000	6,305,000	20,000	472,000		12,884,000		12,884,000
Oct. 4.....	9,000,000	4,898,000	132,000	343,000		14,373,000		14,373,000
Nov. 1.....	8,477,000	4,331,000	253,000	204,000		13,265,000		13,265,000
Dec. 6.....	12,311,000	5,172,000	275,000	396,000		18,154,000		18,154,000
1916.								
Jan. 3.....	15,494,000	7,160,000	362,000	822,000		23,838,000		23,838,000
Feb. 7.....	15,681,000	7,876,000	336,000	1,456,000		25,349,000	\$489,000	25,838,000
Mar. 6.....	17,182,000	8,670,000	408,000	1,781,000		28,041,000	462,000	28,503,000
Apr. 3.....	21,000,000	13,573,000	473,000	3,262,000		38,308,000	722,000	39,030,000
May 1.....	24,875,000	15,400,000	585,000	3,430,000		44,290,000	1,477,000	45,767,000
June 5.....	24,680,000	17,029,000	644,000	7,007,000		49,360,000	2,208,000	51,568,000
July 3.....	32,989,000	18,921,000	471,000	11,830,000		64,211,000	3,422,000	67,633,000
Aug. 7.....	39,695,000	19,060,000	738,000	13,940,000		73,433,000	4,225,000	77,658,000
Sept. 4.....	41,413,000	20,356,000	726,000	12,491,000		74,986,000	3,673,000	78,659,000
Oct. 2.....	37,798,000	21,782,000	712,000	9,944,000		70,236,000	2,306,000	72,542,000
Nov. 6.....	37,770,000	29,474,000	1,014,000	12,147,000		80,405,000	2,378,000	82,783,000
Dec. 4.....	47,748,000	33,232,000	1,630,000	16,069,000		98,679,000	4,487,000	103,166,000
1917.								
Jan. 1.....	66,803,000	34,625,000	1,502,000	18,224,000		121,154,000	4,585,000	125,739,000
Feb. 5.....	50,361,000	23,511,000	972,000	13,775,000	\$140,000	88,759,000	4,041,000	92,800,000
Mar. 5.....	53,238,000	32,518,000	1,090,000	20,581,000	354,000	107,837,000	2,535,000	110,366,000
Apr. 2.....	43,979,000	20,328,000	639,000	16,830,000	200,000	82,026,000	1,144,000	83,170,000
May 7.....	49,192,000	19,650,000	236,000	19,177,000	94,000	88,349,000	1,679,000	90,028,000
June 4.....	69,262,000	27,611,000	584,000	21,077,000	239,000	118,773,000	3,022,000	121,795,000
July 14-16.....	108,597,000	30,390,000	3,333,000	33,082,000	3,805,000	184,785,000	4,660,000	189,445,000
July 31.....	112,433,000	43,107,000	2,584,000	20,782,000	1,087,000	179,973,000	4,242,000	184,215,000
Aug. 31.....	94,597,000	33,273,000	2,312,000	18,086,000	1,369,000	149,637,000	4,952,000	154,589,000
Sept. 29.....	131,997,000	14,987,000	2,193,000	21,708,000	2,286,000	173,171,000	6,942,000	180,113,000
Oct. 31.....	150,301,000	3,147,000	1,307,000	21,083,000	2,153,000	177,991,000	6,224,000	184,216,000
Nov. 30.....	171,723,000	5,333,000	753,000	18,201,000	3,163,000	199,178,000	6,275,000	205,453,000

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

Banks.	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$14,243,721	\$125,490	.....	\$14,369,211	\$9,918,861	\$727,951	.....	\$10,646,812
New York.....	2,623,764,467	611,575	.....	2,624,376,042	1,245,417	3,787,828	.....	5,033,245
Philadelphia.....	17,462,072	397,439	.....	17,859,511	708,987	2,666,308	.....	3,375,295
Cleveland.....	28,180,622	582,381	.....	28,763,003	5,174,169	3,764,148	.....	8,938,317
Richmond.....	50,924,399	557,000	.....	51,481,399	663,990	3,108,928	.....	3,772,918
Atlanta.....	18,868,473	1,509,175	.....	20,377,648	1,328,520	1,088,826	.....	2,417,346
Chicago.....	127,880,288	.....	.....	127,880,288	5,105,413	.....	.....	5,105,413
St. Louis.....	25,530,285	.....	.....	25,530,285	1,423,566	1,165,039	.....	2,588,605
Minneapolis.....	14,904,674	302,502	.....	15,207,176	520,369	3,019,821	.....	3,540,190
Kansas City.....	63,996,325	195,222	.....	64,191,547	960,006	840,288	.....	1,800,294
Dallas.....	10,981,317	.....	.....	10,981,317	387,235	2,908,200	.....	3,295,435
San Francisco.....	18,261,156	1,057,341	.....	19,318,497	2,073,355	4,670,733	.....	6,744,088
Total.....	3,014,997,799	5,338,125	.....	3,020,335,924	29,509,888	27,748,070	.....	57,257,958
Per cent.....	.....	.....	.....	88.9	.....	.....	.....	1.7

Banks.	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$4,086,615	\$3,604,120	.....	\$7,690,735	\$32,169,170	\$7,184,772	.....	\$39,353,942
New York.....	6,708,561	16,355,869	.....	23,064,430	31,948,847	40,640,605	.....	72,589,452
Philadelphia.....	1,575,537	7,458,126	\$33,500	9,067,163	11,731,106	8,844,702	.....	20,575,808
Cleveland.....	6,346,481	9,619,062	.....	15,965,543	7,857,827	8,894,597	.....	16,752,424
Richmond.....	1,526,664	3,640,613	.....	5,167,277	3,163,887	3,069,252	.....	6,233,139
Atlanta.....	1,886,530	821,513	2,550	2,710,593	951,589	1,215,103	\$7,489	2,174,181
Chicago.....	14,101,738	.....	.....	14,101,738	12,267,641	983,265	.....	13,250,906
St. Louis.....	3,090,450	2,501,055	.....	5,591,505	2,239,404	3,873,410	.....	6,112,514
Minneapolis.....	1,683,851	3,422,234	.....	5,106,085	1,213,629	3,332,642	.....	4,546,271
Kansas City.....	1,769,514	2,671,327	.....	4,440,841	2,071,544	1,312,430	.....	3,383,974
Dallas.....	790,518	5,796,379	.....	6,586,897	383,571	5,364,434	.....	5,748,005
San Francisco.....	3,803,274	9,143,049	.....	12,946,323	2,655,771	7,540,620	.....	10,196,391
Total.....	47,369,733	65,033,347	36,050	112,439,130	108,653,986	92,255,832	7,489	200,917,307
Per cent.....	.....	.....	.....	3.3	.....	.....	.....	5.9

Banks.	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$119,433	\$194,015	.....	\$313,448	\$60,537,800	\$11,836,348	.....	\$72,374,148	83.6	16.4	.....	100.0
New York.....	900	113,051	.....	113,951	2,663,667,292	61,395,877	.....	2,725,063,169	97.7	2.3	.....	100.0
Philadelphia.....	23,605	137,488	.....	161,093	31,473,602	19,479,626	\$33,500	50,991,728	61.7	38.2	0.1	100.0
Cleveland.....	350	90,146	.....	90,496	47,582,704	22,907,676	.....	70,580,380	67.4	32.6	.....	100.0
Richmond.....	14,257	11,000	\$120,534	145,791	56,279,290	10,465,939	.....	66,745,229	84.3	15.7	.....	100.0
Atlanta.....	3,544,270	62,849	.....	3,607,119	23,049,369	4,645,617	130,573	27,825,559	82.8	16.7	.5	100.0
Chicago.....	29,990	238,333	.....	268,323	162,899,350	1,046,114	.....	163,945,464	99.4	.6	.....	100.0
St. Louis.....	556,680	.....	.....	556,680	32,313,695	7,777,837	.....	40,091,532	80.6	19.4	.....	100.0
Minneapolis.....	1,201,660	.....	.....	1,201,660	18,879,203	10,077,199	.....	28,956,366	65.2	34.8	.....	100.0
Kansas City.....	293,055	.....	.....	293,055	69,996,049	5,019,367	.....	75,015,316	93.3	6.7	.....	100.0
Dallas.....	171,165	.....	.....	171,165	12,835,696	14,069,013	.....	26,904,709	47.7	52.3	.....	100.0
San Francisco.....	.....	.....	.....	.....	26,964,721	22,411,743	.....	49,376,464	54.6	45.4	.....	100.0
Total.....	5,955,365	846,882	120,534	6,922,781	3,206,486,771	191,222,256	164,073	3,397,873,100	94.4	.6	.....	100.0
Per cent.....	.....	.....	.....	.....	.....	.....	.....	100.0	.....	.....	.....	.....

Maturities of discounts, acceptances, and municipal warrants held by each Federal Reserve Bank on Friday, Nov. 30, 1917.

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

Banks.	1 to 15 days.				16 to 30 days.			
	Bills dis- counted.	Acceptances bought.	Municipal warrants.	Total.	Bills dis- counted.	Acceptances bought.	Municipal warrants.	Total.
Boston.....	5,289	6,252	.....	11,541	7,727	6,401	.....	14,128
New York.....	406,683	3,141	505	410,329	6,434	3,139	.....	9,573
Philadelphia.....	9,449	5,089	.....	14,538	5,523	5,768	.....	6,291
Cleveland.....	17,075	7,370	3	24,448	2,964	5,902	2	8,868
Richmond.....	10,106	2,895	.....	13,001	1,574	4,011	.....	5,585
Atlanta.....	10,691	1,026	9	11,726	1,099	1,617	13	2,729
Chicago.....	33,246	1,056	.....	34,302	26,554	800	.....	27,354
St. Louis.....	10,688	1,472	.....	12,160	2,360	2,067	.....	4,457
Minneapolis.....	4,660	2,138	.....	6,798	1,495	1,725	.....	3,220
Kansas City.....	20,875	1,722	.....	22,597	1,138	866	.....	2,004
Dallas.....	3,658	2,013	.....	5,671	938	2,695	.....	3,633
San Francisco.....	10,460	4,192	.....	14,652	2,156	2,347	.....	4,503
Total.....	542,380	38,366	517	581,763	54,992	37,338	15	92,345
Per cent.....				60.4				9.6

Banks.	31 to 60 days.				61 to 90 days.			
	Bills dis- counted.	Acceptances bought.	Municipal warrants.	Total.	Bills dis- counted.	Acceptances bought.	Municipal warrants.	Total.
Boston.....	5,444	5,514	.....	10,958	29,612	4,871	.....	34,483
New York.....	11,473	20,612	.....	32,085	20,072	29,298	511	58,881
Philadelphia.....	3,705	9,330	44	13,079	10,326	3,355	.....	13,681
Cleveland.....	5,802	12,605	7	18,414	6,769	1,537	.....	8,306
Richmond.....	2,503	4,592	.....	7,095	2,537	1,842	.....	4,379
Atlanta.....	1,696	1,322	.....	3,021	3,320	924	141	1,885
Chicago.....	15,133	3,321	3	18,454	9,341	907	.....	10,248
St. Louis.....	3,362	2,744	.....	6,106	1,351	1,977	.....	3,328
Minneapolis.....	1,414	3,617	25	5,056	904	107	.....	1,011
Kansas City.....	2,363	1,414	.....	4,277	1,194	7	.....	1,201
Dallas.....	812	8,388	46	9,246	360	1,580	.....	1,940
San Francisco.....	4,327	8,425	.....	12,752	1,458	1,461	.....	2,919
Total.....	58,534	81,884	125	140,543	93,744	47,866	652	142,262
Per cent.....				14.6				14.8

Banks.	Over 90 days.				Total.				Percentages.			
	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal war- rants.	Total.
Boston.....	.....	.....	.....	.....	48,072	23,038	.....	71,110	67.6	32.4	.....	100.0
New York.....	.....	.....	.....	.....	453,662	56,190	1,016	510,868	88.8	11.0	0.2	100.0
Philadelphia.....	.....	.....	.....	.....	24,003	23,542	44	47,589	50.4	49.5	0.1	100.0
Cleveland.....	2	.....	.....	2	32,612	27,414	12	60,038	54.3	45.7	.....	100.0
Richmond.....	15	.....	.....	15	16,735	13,340	.....	30,075	55.6	44.4	.....	100.0
Atlanta.....	45	.....	120	165	14,351	4,889	286	19,526	73.5	25.0	1.5	100.0
Chicago.....	3,755	.....	.....	3,755	88,029	6,084	.....	94,113	93.5	6.5	.....	100.0
St. Louis.....	47	.....	.....	47	17,838	8,260	.....	26,098	68.4	31.6	.....	100.0
Minneapolis.....	641	.....	.....	641	9,114	7,587	25	16,726	54.5	45.4	0.1	100.0
Kansas City.....	1,033	.....	.....	1,033	27,193	4,009	.....	31,112	87.1	12.9	.....	100.0
Dallas.....	511	.....	.....	511	6,279	14,676	46	21,001	29.9	69.9	0.2	100.0
San Francisco.....	199	.....	.....	199	18,600	16,425	.....	35,025	53.1	46.9	.....	100.0
Total.....	6,248	.....	120	6,368	756,398	205,454	1,429	963,281	78.5	21.3	0.2	100.0
Per cent.....				0.6				100.0				

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

Federal reserve banks.	Bills dis- counted for members and F. R. Banks.	Bills bought in open market.			Municipal warrants.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston.....	\$60,537,800	\$11,336,466	\$499,882	\$11,836,348				
New York.....	2,663,667,292	60,324,276	1,071,601	61,395,877				
Philadelphia.....	31,478,602	18,786,857	692,769	19,479,626			533,500	\$33,500
Cleveland.....	47,582,704	22,913,336	84,340	22,997,676				
Richmond.....	56,279,290	10,465,939		10,465,939				
Atlanta.....	23,049,369	4,645,617		4,645,617		\$125,023	5,550	130,573
Chicago.....	162,899,350	1,046,114		1,046,114				
St. Louis.....	32,313,695	7,777,837		7,777,837				
Minneapolis.....	18,879,203	9,969,921	107,278	10,077,199				
Kansas City.....	69,999,049	5,019,267		5,019,267				
Dallas.....	12,835,666	14,069,013		14,069,013				
San Francisco.....	26,964,721	20,521,156	1,890,587	22,411,743				
Total, November, 1917.....	3,206,486,771	186,875,799	4,316,457	191,222,256		125,023	39,050	164,073
Total, November, 1916.....	17,904,100	45,928,700	2,618,400	48,547,100	\$7,043,700	427,600	93,800	7,565,100
Total, 11 months ending November, 1917.....	8,076,570,193	777,363,414	27,323,138	904,686,552	15,645,355	260,115	720,548	16,626,018
Total, 11 months ending November, 1916.....	144,154,500	304,916,700	14,407,800	319,223,500	82,277,200	4,084,500	920,300	87,282,000

Federal Reserve Banks.	United States bonds and Treasury notes.						Total investment operations.			
	2 per cent.	3 per cent.	3½ per cent.	4 per cent.	1-year Treasury notes.	Total.	November, 1917.	November, 1916.	Novem- ber, 1917.	Novem- ber, 1916.
Boston.....							\$72,374,148	\$16,026,800	<i>Per ct.</i> 2.1	<i>Per ct.</i> 20.1
New York.....			\$5,350	\$325,000		\$330,350	2,725,393,519	24,729,000	80.2	31.0
Philadelphia.....							50,991,728	9,462,600	1.5	11.9
Cleveland.....	\$2,000	250,000		504,000		756,000	71,336,880	5,421,700	2.1	6.8
Richmond.....							66,897,279	2,106,900	2.0	2.7
Atlanta.....			50	9,050		9,100	27,834,659	3,389,800	0.8	4.3
Chicago.....							163,945,464	5,852,400	4.8	7.3
St. Louis.....							40,091,532	3,214,600	1.2	4.0
Minneapolis.....				27,950		27,950	28,984,352	2,013,400	0.9	2.5
Kansas City.....							75,018,316	1,026,800	2.2	1.3
Dallas.....							26,904,709	2,197,900	0.8	2.8
San Francisco.....			500			500	49,376,964	4,202,700	1.4	5.3
Total, November, 1917.....		2,000	255,900	1,018,050		1,275,950	3,399,149,050		100.0	
Total, November, 1916.....	\$5,397,100	231,000		200		5,628,300		79,644,600		100.0
Total, 11 months end- ing November, 1917.....	13,997,200	188,540	44,581,610	1,081,950	\$7,059,000	66,908,300	9,064,791,063			
Total, 11 months end- ing November, 1916.....	42,878,350	3,878,880		4,153,200	300,000	51,210,430		601,870,430		

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

Federal Reserve Bank.	United States bonds with circulation privi- lege.				United States securities without circulation privilege.					Total.	
	2 per cent consols of 1930.	2 per cent Panamas of 1936- 1938.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 per cent conversion bonds of 1946-47.	3 per cent 1-year Treasury notes.	3 per cent loan of 1961.	3½ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942.		United States cer- tificates of indebted- ness.
Boston.....	\$750				\$529,000	\$2,194,000		\$80,000		\$262,000	\$3,065,750
New York.....	50		\$50,000		1,255,500	4,493,000		630,100	\$347,950	4,655,000	11,431,600
Philadelphia.....		\$100			549,200	2,548,000		1,100		205,000	3,303,400
Cleveland.....	6,400	467,200	2,653,660	\$2,378,200	414,800	3,221,000		2,026,100	348,300	3,414,500	14,930,160
Richmond.....	915,100	237,000				1,969,000		42,900	81,550	395,000	3,640,550
Atlanta.....	640,600	21,000			10,300	1,491,000		215,950	9,300	1,920,000	4,308,150
Chicago.....	1,862,500	367,300	2,581,000	1,768,000	427,400	3,368,000	\$400	7,000,000		809,000	18,183,600
St. Louis.....	100		1,080,000		1,153,300	1,444,000				249,000	3,926,400
Minneapolis.....	323,050	16,260	1,199,180	206,250	114,800	1,340,000	500		27,950	473,500	3,701,490
Kansas City.....	7,155,850	22,240		825,000	838,500	1,784,000		7,500		438,000	11,071,090
Dallas.....	2,450,900	281,500			1,233,600	1,430,000		2,400	3,400	1,823,000	7,224,800
San Francisco.....	2,428,750					1,500,000		11,250		365,000	4,305,000
Total.....	15,784,050	1,412,600	7,563,840	5,177,450	6,526,400	26,782,000	900	10,017,300	818,450	15,009,000	89,091,990

Total United States bonds with circulation privilege, \$29,937,940. Total United States securities without circulation privilege, \$59,154,050.

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, Nov. 30 to Dec. 21, 1917.

RESOURCES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates in vault:													
Nov. 30.....	32,506	312,190	17,815	24,735	6,163	5,820	33,197	5,407	14,064	3,136	12,617	32,237	499,887
Dec. 7.....	30,223	317,141	17,461	24,685	6,250	5,725	32,526	5,446	14,400	1,587	12,687	32,520	500,656
Dec. 14.....	26,345	322,850	16,740	24,446	6,165	5,603	32,602	5,464	14,751	1,789	12,781	33,274	502,840
Dec. 21.....	24,266	338,355	18,427	30,200	6,210	5,667	32,526	5,507	14,796	1,550	12,535	34,311	524,350
Gold settlement fund—Federal Reserve Board:													
Nov. 30.....	825	40,660	23,091	60,833	42,495	11,238	65,198	22,975	21,043	43,658	27,974	35,246	395,236
Dec. 7.....	1,083	76,795	24,456	36,085	40,200	11,046	66,417	20,773	12,882	36,066	25,611	25,414	376,778
Dec. 14.....	15,106	113,858	27,176	38,749	19,340	8,644	73,404	12,680	12,192	32,093	19,436	21,132	363,810
Dec. 21.....	4,101	23,002	24,867	50,950	18,526	13,470	68,314	10,842	10,329	37,349	22,590	20,264	304,604
Gold with foreign agencies:													
Nov. 30.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Dec. 7.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Dec. 14.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Dec. 21.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Gold with Federal Reserve Agents:													
Nov. 30.....	29,921	171,097	52,025	51,995	31,867	42,341	104,783	45,831	34,197	30,146	29,023	38,598	661,824
Dec. 7.....	26,280	170,875	56,804	53,899	31,816	44,554	106,698	45,818	35,156	41,123	30,092	40,814	683,939
Dec. 14.....	31,657	167,489	57,080	53,816	31,695	49,391	112,074	40,403	30,981	42,091	25,075	41,646	683,378
Dec. 21.....	35,600	230,777	53,078	54,677	31,652	45,801	120,961	32,381	30,936	42,052	25,062	43,130	746,107
Gold redemption fund:													
Nov. 30.....	1,000	5,000	1,500	13	574	618	480	750	719	514	1,054	56	12,278
Dec. 7.....	1,000	10,000	1,500	91	551	676	535	745	732	513	1,083	59	17,485
Dec. 14.....	933	10,000	1,500	64	509	808	562	741	871	513	1,092	57	17,710
Dec. 21.....	1,000	10,000	1,500	18	496	846	585	933	873	509	1,205	17	17,982
Legal-tender notes, silver, etc.:													
Nov. 30.....	5,623	42,931	940	641	165	849	1,521	569	303	60	641	243	54,486
Dec. 7.....	4,797	42,154	793	564	161	588	1,013	549	308	54	665	303	51,949
Dec. 14.....	4,800	41,340	475	548	182	426	775	412	336	42	616	194	50,146
Dec. 21.....	4,492	40,184	371	205	155	454	456	409	390	51	566	394	48,127
Total reserves:													
Nov. 30.....	73,550	589,990	99,046	142,942	83,101	62,441	212,529	77,632	72,426	80,139	73,147	109,268	1,676,211
Dec. 7.....	67,023	635,077	104,689	120,049	80,815	64,184	214,539	75,431	65,578	81,968	71,076	101,998	1,683,307
Dec. 14.....	82,576	673,679	106,626	122,348	59,728	66,447	226,767	61,800	61,231	79,153	60,838	99,191	1,700,394
Dec. 21.....	73,134	660,430	101,918	140,775	58,876	67,813	230,192	52,172	59,424	84,136	63,796	101,004	1,693,670
Bills discounted for Members and Federal Reserve Banks:													
Nov. 30.....	48,072	453,662	24,003	32,612	16,735	14,351	88,029	17,838	9,114	27,103	6,279	18,600	756,398
Dec. 7.....	83,383	350,518	23,886	33,905	18,475	15,275	91,976	20,152	8,538	25,384	4,938	20,472	686,902
Dec. 14.....	80,426	342,950	28,191	44,746	22,631	14,791	78,176	30,291	12,036	29,138	9,390	20,665	713,431
Dec. 21.....	65,417	258,796	44,272	50,716	30,921	16,469	107,167	40,316	13,645	33,626	9,297	22,867	693,509
Bills bought in open market:													
Nov. 30.....	23,038	56,190	23,542	27,414	13,340	4,889	6,084	8,260	7,587	4,009	14,676	16,425	205,454
Dec. 7.....	10,093	61,658	22,467	23,153	13,397	7,203	5,331	7,700	6,748	3,146	15,887	13,899	190,682
Dec. 14.....	4,927	115,396	21,846	26,090	13,774	7,308	5,462	8,169	10,425	2,287	15,587	23,157	254,428
Dec. 21.....	4,741	138,654	21,059	27,205	13,723	7,296	9,027	7,581	9,405	1,730	15,860	21,662	277,943
United States Government long-term securities:													
Nov. 30.....	609	2,287	550	8,295	1,277	897	14,007	2,233	1,888	8,849	3,972	2,440	47,304
Dec. 7.....	610	2,159	1,049	8,295	1,299	2,097	14,007	2,233	1,888	8,849	4,272	2,440	49,198
Dec. 14.....	610	2,119	5,440	8,270	1,292	2,339	14,007	2,233	1,888	8,849	4,272	2,455	53,774
Dec. 21.....	610	2,095	6,894	8,268	1,221	4,897	7,007	2,233	1,888	8,849	4,021	2,455	50,438
United States Government short-term securities:													
Nov. 30.....	2,456	9,148	2,753	6,636	2,364	3,411	4,177	1,693	1,814	2,222	3,253	1,865	41,792
Dec. 7.....	2,456	14,196	4,464	7,014	3,169	3,391	3,603	1,444	1,414	3,534	3,475	2,264	50,424
Dec. 14.....	2,194	20,510	2,688	4,706	3,049	2,922	3,428	1,444	1,341	1,784	2,070	1,910	43,046
Dec. 21.....	2,294	4,640	2,648	34,221	1,969	1,491	3,368	1,444	1,341	1,784	1,430	1,500	58,130
Municipal warrants:													
Nov. 30.....		1,016	44	12		286			25		46		1,429
Dec. 7.....		511	44	12		276			25		46		914
Dec. 14.....		511	44	9		350			25		46		994
Dec. 21.....		511	44	9		363			25		150		1,102
Due from other Federal Reserve Banks—net:													
Nov. 30.....			2,094			1,686	12,999	4,521		8,228	1,126	1,112	
Dec. 7.....			11,743	5,700	2,265	4,969			11,104	9,421		7,640	126,332
Dec. 14.....		5,192	1,729	10,286	6,224	7,554	1,237	6,647	4,086	4,267	1,501	1,912	131,494
Dec. 21.....	4,909		2,302	4,664	7,206			12,175	7,100	2,247		18,139	141,375
Uncollected items:													
Nov. 30.....	25,981	95,834	51,043	24,622	23,586	21,984	41,521	16,979	12,728	21,779	14,769	22,334	373,160
Dec. 7.....	16,795	67,658	34,069	17,829	21,555	25,265	43,705	18,670	12,724	22,726	15,719	13,857	310,572
Dec. 14.....	24,233	78,997	39,772	19,216	15,442	23,880	39,836	18,545	10,832	25,302	12,762	10,839	319,656
Dec. 21.....	19,655	75,882	32,765	22,549	16,521	19,612	50,271	18,403	11,579	26,535	13,318	16,484	323,574

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

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at the close of business on Fridays, Nov. 30 to Dec. 21, 1917—Continued.

RESOURCES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
5 per cent redemption fund against Federal Reserve Bank notes:													
Nov. 30.....										400	137		537
Dec. 7.....										400	137		537
Dec. 14.....										400	137		537
Dec. 21.....										400	137		537
All other resources:													
Nov. 30.....					25	204	113	1,009	908		175	65	2,499
Dec. 7.....					155	378		945	681		695	114	2,968
Dec. 14.....					35	396	34	639	551		1,155		2,810
Dec. 21.....					172	364		517	580		1,045		2,678
Total resources:													
Nov. 30.....	173,706	1,208,127	203,075	242,533	140,428	110,149	379,459	130,165	106,490	152,729	117,580	172,109	3,104,784
Dec. 7.....	180,360	1,131,777	202,411	215,966	141,130	123,018	363,161	140,203	108,700	155,428	117,145	162,684	3,001,836
Dec. 14.....	194,966	1,239,354	206,336	235,671	122,175	125,996	368,947	129,768	102,415	151,180	107,768	160,129	3,125,554
Dec. 21.....	170,760	1,141,008	211,902	285,570	128,067	125,511	407,032	134,841	104,987	159,307	109,054	184,111	3,142,956

LIABILITIES.

Capital paid in:													
Nov. 30.....	5,744	18,059	5,613	7,866	3,613	2,723	8,646	3,441	2,589	3,379	2,791	4,036	68,500
Dec. 7.....	5,762	18,143	5,850	7,929	3,650	2,785	8,681	3,442	2,591	3,393	2,796	4,076	69,048
Dec. 14.....	5,804	18,173	5,850	8,019	3,653	2,819	8,793	3,443	2,605	3,399	2,796	4,086	69,440
Dec. 21.....	5,804	18,207	5,889	8,019	3,664	2,811	9,032	3,474	2,615	3,396	2,795	4,146	69,852
Government deposits:													
Nov. 30.....	11,720	25,966	10,209	22,282	14,289	4,680	39,300	12,635	11,681	11,834	13,438	42,928	220,062
Dec. 7.....	9,415	21,057	8,448	5,514	23,102	13,462	12,685	17,074	13,597	8,689	13,778	21,747	168,568
Dec. 14.....	4,619	66,299	2,434	6,769	4,850	13,416	2,146	3,076	6,723	5,397	2,692	10,864	129,235
Dec. 21.....	8,029	23,760	8,440	60,465	10,219	8,043	28,549	8,307	8,501	12,631	5,330	39,487	221,761
Due to members—reserve account:													
Nov. 30.....	67,347	746,163	72,562	98,168	46,532	34,472	160,477	46,789	40,404	68,876	45,492	62,088	1,489,370
Dec. 7.....	76,614	656,353	78,297	104,682	43,926	34,953	165,873	50,231	41,026	73,123	44,938	67,158	1,437,174
Dec. 14.....	80,684	730,965	77,598	116,466	44,604	38,526	175,977	51,517	41,015	72,870	47,601	70,907	1,546,030
Dec. 21.....	70,272	633,645	77,062	99,007	41,834	37,069	162,297	49,463	39,772	69,208	45,058	64,747	1,389,434
Collection items:													
Nov. 30.....	19,087	62,398	36,468	16,161	15,057	10,401	23,776	13,044	4,066	13,634	8,162	9,522	231,776
Dec. 7.....	13,895	40,068	28,832	14,438	14,594	10,893	20,937	13,752	4,289	13,111	6,531	10,531	188,561
Dec. 14.....	17,818	43,281	33,098	15,522	11,739	8,223	22,333	13,276	4,168	10,109	6,519	10,691	196,767
Dec. 21.....	14,612	47,660	27,348	17,368	13,397	12,019	26,667	13,981	4,917	11,528	6,977	9,345	205,819
Due to other Federal Reserve Banks—net:													
Nov. 30.....	7,726	1,240		20,609	7,364				1,918				17,091
Dec. 7.....	9,875	28,479					609				1,184		
Dec. 14.....	19,141												
Dec. 21.....		13,865					4,215				1,114		
Other deposits, including foreign Government credits:													
Nov. 30.....		11,309		102		71	4,697	190	47	2		3,055	19,473
Dec. 7.....		8,770		98		79	3,480	115	45	2		2,997	15,586
Dec. 14.....		7,971		227		74	2,711	221	33	4		3,041	14,282
Dec. 21.....		9,021		181		83	2,372	84	21	28		2,468	14,258
Federal Reserve notes in actual circulation:													
Nov. 30.....	61,443	342,336	77,635	76,910	53,573	57,802	142,563	54,066	45,785	46,693	47,697	50,480	1,056,983
Dec. 7.....	63,876	358,004	82,403	83,043	55,858	60,896	150,824	55,589	47,152	48,799	47,918	56,175	1,110,537
Dec. 14.....	66,038	369,667	86,830	88,208	57,279	62,938	156,987	57,935	47,871	51,040	48,150	60,442	1,153,385
Dec. 21.....	70,976	381,544	92,543	99,899	58,953	65,486	173,806	59,532	49,161	54,119	47,780	63,483	1,227,642
Federal Reserve Bank notes in circulation—net liability:													
Nov. 30.....										8,000			8,000
Dec. 7.....										8,000			8,000
Dec. 14.....										8,000			8,000
Dec. 21.....										8,000			8,000
All other liabilities:													
Nov. 30.....	639	650	588	435						311			2,629
Dec. 7.....	923	913	581	262			72			311			3,062
Dec. 14.....	862	2,998	586	460						361		98	5,365
Dec. 21.....	1,067	3,306	620	631			94			397		75	6,190
Total liabilities:													
Nov. 30.....	173,706	1,208,127	203,075	242,533	140,428	110,149	379,459	130,165	106,490	152,729	117,580	172,109	3,104,784
Dec. 7.....	180,360	1,131,777	202,411	215,966	141,130	123,018	363,161	140,203	108,700	155,428	117,145	162,684	3,001,836
Dec. 14.....	194,966	1,239,354	206,336	235,671	122,175	125,996	368,947	129,768	102,415	151,180	107,768	160,129	3,125,554
Dec. 21.....	170,760	1,141,008	211,902	285,570	128,067	125,511	407,032	134,841	104,987	159,307	109,054	184,111	3,142,956

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

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Nov. 30 to Dec. 21, 1917.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Federal Reserve notes received from agent—net:													
Nov. 30.....	63,641	376,917	81,355	80,495	55,485	59,157	147,358	58,828	47,193	40,475	48,039	58,402	1,126,345
Dec. 7.....	65,610	395,515	87,134	87,199	57,728	62,820	157,673	58,815	48,152	53,277	48,126	62,618	1,184,667
Dec. 14.....	67,877	411,329	93,390	91,116	58,637	64,657	161,259	59,940	48,977	55,398	48,677	67,750	1,229,007
Dec. 21.....							179,371	61,258	50,032	57,428	48,226	70,234	1,295,069
Federal Reserve notes held by bank:													
Nov. 30.....	2,198	34,531	3,720	3,585	1,912	1,355	4,795	4,762	1,408	2,782	342	7,922	69,362
Dec. 7.....	1,734	37,511	4,731	4,156	1,870	1,924	6,849	3,226	1,000	4,478	208	6,443	74,130
Dec. 14.....	1,839	41,662	6,580	2,908	1,358	1,719	4,272	2,005	1,106	4,358	527	7,308	75,622
Dec. 21.....							5,565	1,726	871	3,309	446	6,391	67,427
Federal Reserve notes in actual circulation:													
Nov. 30.....	61,443	342,336	77,635	76,910	53,573	57,802	142,563	54,066	45,785	46,693	47,697	50,480	1,056,983
Dec. 7.....	63,876	358,004	82,403	83,043	55,858	60,896	150,824	55,589	47,152	48,799	47,918	56,175	1,110,537
Dec. 14.....	66,038	369,667	86,830	85,208	57,279	62,938	156,987	57,935	47,871	51,040	48,150	60,442	1,153,385
Dec. 21.....							173,806	59,532	49,161	54,119	47,780	63,843	1,227,762
Gold deposited with or to credit of Federal Reserve Agent:													
Nov. 30.....	29,921	171,097	52,025	51,995	31,867	42,341	104,733	45,831	34,197	30,146	20,023	38,598	661,824
Dec. 7.....	26,290	170,875	56,804	53,899	31,816	44,554	106,698	45,818	35,156	41,123	30,092	40,814	683,939
Dec. 14.....	31,657	167,489	57,060	53,816	31,695	49,391	112,074	40,403	30,981	42,091	25,075	41,646	683,378
Dec. 21.....	35,600	230,770	53,078	54,677	31,652	45,801	120,961	32,581	30,936	42,052	25,062	43,130	746,307
Paper delivered to Federal Reserve Agent:													
Nov. 30.....	33,758	207,362	29,359	29,558	30,147	16,875	43,186	13,012	13,392	19,777	20,000	34,506	490,982
Dec. 7.....	39,359	239,601	30,356	33,348	32,076	18,852	51,620	14,203	13,544	12,534	20,825	30,155	536,473
Dec. 14.....	36,369	276,858	38,192	37,419	36,492	16,218	49,843	21,464	21,046	13,442	24,977	30,647	602,967
Dec. 21.....	37,376	201,458	46,451	48,363	44,873	21,753	59,114	38,792	21,425	16,398	25,157	40,914	602,074

Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, Nov. 30 to Dec. 31, 1917.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
FEDERAL RESERVE NOTES.													
Received from Comptroller:													
Nov. 30.....	91,480	605,480	111,480	102,880	73,800	80,340	191,720	69,700	61,480	70,740	67,540	64,200	1,590,340
Dec. 7.....	95,120	623,680	113,980	103,680	74,820	86,020	202,280	70,820	61,480	72,740	67,540	68,440	1,640,600
Dec. 14.....	95,680	646,680	117,420	112,720	74,820	87,020	209,260	70,820	63,480	74,740	67,540	73,640	1,693,820
Dec. 21.....	97,680	659,880	124,600	117,720	78,100	88,020	222,220	72,580	65,480	76,740	68,500	76,240	1,747,760
Returned to Comptroller:													
Nov. 30.....	17,259	115,143	16,045	8,445	14,815	10,243	6,062	7,962	9,197	11,865	11,851	5,798	234,185
Dec. 7.....	17,810	115,365	16,906	8,541	14,972	10,330	6,147	7,975	9,238	11,563	11,964	5,822	236,638
Dec. 14.....	18,543	118,751	17,050	8,664	15,223	10,493	6,501	8,390	9,663	11,742	12,043	5,896	242,953
Dec. 21.....	18,600	118,963	17,932	8,803	15,370	10,532	6,589	8,412	9,708	11,812	12,194	606	239,571
Chargeable to Federal Reserve Agent:													
Nov. 30.....	74,221	490,337	95,435	94,435	58,485	70,097	185,658	61,738	52,283	59,375	55,689	58,402	1,356,155
Dec. 7.....	77,310	508,315	97,074	95,139	59,848	75,690	196,133	62,845	52,242	61,177	55,576	62,618	1,403,967
Dec. 14.....	77,137	527,929	100,370	104,056	59,597	76,527	202,759	62,430	53,817	62,998	55,497	67,750	1,450,367
Dec. 21.....	79,080	540,917	106,668	108,917	62,730	77,438	215,631	64,168	55,772	64,928	56,306	75,694	1,508,189
In hands of Federal Reserve Agent:													
Nov. 30.....	10,580	113,420	14,080	13,940	3,000	10,940	38,300	2,910	5,090	9,900	7,650	.....	229,810
Dec. 7.....	11,700	112,800	9,940	7,940	2,120	12,870	38,460	4,030	4,030	7,900	7,450	.....	219,300
Dec. 14.....	9,260	116,600	6,980	12,940	960	11,870	41,500	2,490	4,840	7,000	6,820	.....	221,860
Dec. 21.....	6,260	111,600	10,660	5,940	2,800	9,970	36,260	2,910	5,740	7,500	8,080	5,400	213,120
Issued to Federal Reserve Bank, less amount returned to Federal Reserve Agent for redemption:													
Nov. 30.....	63,641	376,917	81,355	80,495	55,485	59,157	147,358	58,828	47,193	40,475	48,039	58,402	1,126,345
Dec. 7.....	65,610	395,515	87,134	87,199	57,728	62,820	157,673	58,815	48,152	53,277	48,126	62,618	1,184,667
Dec. 14.....	67,877	411,329	93,390	91,116	58,637	64,657	161,259	59,940	48,977	55,398	48,677	67,750	1,229,007
Dec. 21.....	72,820	429,317	96,008	102,977	59,930	67,468	179,371	61,258	50,032	57,428	48,226	70,234	1,295,069

Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, Nov. 30 to Dec. 31, 1917—Con.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
FEDERAL RESERVE NOTES—													
continued.													
Collateral held as security for													
outstanding notes:													
Gold coin and certificates													
on hand—													
Nov. 30.....	24,410	162,820	4,220	18,237	.....	3,608	.....	2,513	13,102	.....	14,080	.....	242,985
Dec. 7.....	20,810	162,820	4,220	19,202	.....	3,604	.....	2,513	13,102	.....	14,080	.....	240,351
Dec. 14.....	26,209	156,920	4,220	19,186	.....	3,603	.....	2,513	13,102	.....	14,080	.....	239,833
Dec. 21.....	30,210	145,420	4,220	14,154	.....	3,603	.....	2,513	13,102	.....	14,080	.....	227,302
In gold redemption													
fund—													
Nov. 30.....	3,511	8,277	4,001	3,758	367	3,068	152	2,013	1,595	1,786	2,469	2,717	33,714
Dec. 7.....	3,480	8,055	4,730	4,697	316	2,980	67	2,500	1,554	2,263	2,438	2,693	35,773
Dec. 14.....	3,448	10,569	4,586	4,630	1,695	2,818	484	2,485	1,379	2,231	2,521	2,625	39,471
Dec. 21.....	3,390	10,537	5,029	5,523	1,652	2,728	396	2,463	1,334	2,192	2,508	3,709	41,281
Gold settlement fund,													
Federal Reserve Board—													
Nov. 30.....	2,000	.....	43,804	30,000	31,500	35,670	104,631	41,305	19,500	28,360	12,474	35,881	385,125
Dec. 7.....	2,000	.....	47,854	30,000	31,500	37,970	106,631	40,805	20,500	38,860	13,574	38,121	407,815
Dec. 14.....	2,000	.....	48,254	30,000	30,000	42,970	111,590	35,405	16,500	39,860	8,474	39,021	404,074
Dec. 21.....	2,000	75,000	43,829	35,000	30,000	39,470	120,565	27,405	16,500	39,860	8,474	39,421	477,524
Eligible paper, required													
minimum ¹ —													
Nov. 30.....	33,720	205,820	29,330	23,500	23,618	16,816	42,575	12,997	12,996	19,329	19,016	19,804	464,521
Dec. 7.....	39,320	224,640	30,330	33,300	25,912	18,266	50,975	12,997	12,996	12,154	18,034	21,804	500,728
Dec. 14.....	36,220	243,840	36,330	37,300	26,942	15,266	49,135	19,537	17,996	13,307	23,602	20,104	545,629
Dec. 21.....	37,220	198,540	42,930	48,300	28,278	21,667	58,410	28,877	19,096	15,376	23,164	27,104	548,962
Total—													
Nov. 30.....	63,641	376,917	81,355	80,495	55,485	59,157	147,358	58,828	47,193	40,475	48,030	58,402	1,126,345
Dec. 7.....	65,610	395,515	87,134	87,199	57,728	62,820	157,673	58,815	48,152	53,277	48,126	62,618	1,184,667
Dec. 14.....	67,877	411,329	93,390	91,116	58,637	64,657	161,259	59,940	48,977	55,398	48,677	67,750	1,229,007
Dec. 21.....	72,820	429,317	96,008	102,977	59,930	67,468	179,371	61,258	50,032	57,428	48,226	70,234	1,295,069

¹ For actual amounts see item "Paper delivered to Federal Reserve Agent," on p. 60.

Member Bank Condition Statement.

Under date of November 19, 1917, the following letter was sent out to all Federal Reserve Banks:

In view of the extensive fiscal operations which will be undertaken by the Government during the period of the war, it seems most desirable that those in charge of these operations and the member banks themselves should be able to have a clear view at all times of the financial situation. To this end the Federal Reserve Board has decided that the member banks in 82 of the most important cities should be requested to transmit once a week to their respective Federal Reserve Banks, a condensed statement showing the principal items, such as deposits, loans, investments, cash, Government obligations owned, and loans on such securities. The preparation of these statements will involve but little labor and when tabulated they will reflect quite accurately the changing conditions in money and credit. The information given will be most valuable to the business community and to the banks. It is intended that the figures be reported to the

Federal Reserve Banks at the close of business Friday of each week, beginning December 7, and that a summary be made by each Federal Reserve Bank and telegraphed to the Federal Reserve Board not later than the following Thursday, for publication when the Board's weekly statement is issued on Saturday.

As the leading State banks and trust companies are now members of the system, it will be possible for the first time regularly to publish statistics which will include figures from both the national banks and the State banking institutions. The necessary forms are transmitted herewith and you are requested to instruct the member banks of those cities on the list which are in your district. If you desire to have any additional cities in your district added to the list, please notify the Board promptly.

Your usual cordial and effective cooperation will be appreciated by the Board.

Three of the Federal Reserve Banks, in response to this letter, requested permission to add cities in their district to the list prepared by the Board, and their requests were granted. This resulted in increasing the list to 96 cities.

Almost all of the banks in these cities have furnished the requested data and it is hoped that the few banks which have not as yet done so will join the list of reporting banks in the near future, thus making the weekly figures complete and comparable. Below is given a list of the 96 cities selected, including, beside the 57 reserve cities, 39 other cities.

RESERVE CITIES.	OTHER LARGE CITIES.	RESERVE CITIES.	OTHER LARGE CITIES.
Boston, Mass.	Hartford, Conn. Providence, R. I. New Haven, Conn. Springfield, Mass.	Chicago, Ill. Detroit, Mich. Milwaukee, Wis. Indianapolis, Ind. Des Moines, Iowa. Sioux City, Iowa. Cedar Rapids, Iowa. Dubuque, Iowa.	Grand Rapids, Mich. Peoria, Ill. Joliet, Ill.
New York, N. Y. Brooklyn, N. Y. Albany, N. Y.	Buffalo, N. Y. Newark, N. J. Rochester, N. Y. Syracuse, N. Y. Jersey City, N. J. Bridgeport, Conn.	St. Louis, Mo. Louisville, Ky.	Memphis, Tenn. Evansville, Ind. Little Rock, Ark.
Philadelphia, Pa.	Scranton, Pa. Camden, N. J. Wilmington, Del.	Minneapolis, Minn. St. Paul, Minn. Kansas City, Mo. Omaha, Nebr. Denver, Colo. St. Joseph, Mo. Lincoln, Nebr. Kansas City, Kans. Topeka, Kans. Wichita, Kans. Pueblo, Colo. Muskogee, Okla. Oklahoma City, Okla. Tulsa, Okla.	Duluth, Minn.
Cleveland, Ohio. Pittsburgh, Pa. Cincinnati, Ohio. Columbus, Ohio.	Toledo, Ohio. Erie, Pa. Canton, Ohio. Youngstown, Ohio. Dayton, Ohio.	Dallas, Tex. Houston, Tex. Fort Worth, Tex. San Antonio, Tex. Waco, Tex. Galveston, Tex.	El Paso, Tex. Shreveport, La.
Richmond, Va. Baltimore, Md. Washington, D. C. Charleston, S. C.	Charleston, W. Va. Huntington, W. Va. Norfolk, Va. Lynchburg, Va. Roanoke, Va. Charlotte, N. C. Raleigh, N. C. Wilmington, N. C. Columbia, S. C.	San Francisco, Cal. Los Angeles, Cal. Portland, Oreg. Seattle, Wash. Spokane, Wash. Tacoma, Wash. Salt Lake City, Utah. Ogden, Utah.	Oakland, Cal.
Atlanta, Ga. New Orleans, La. Nashville, Tenn. Chattanooga, Tenn. Birmingham, Ala. Savannah, Ga.	Jacksonville, Fla. Knoxville, Tenn.		

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities as at close of business on Fridays, Dec. 7 and 14, 1917.

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

1. TOTAL FOR ALL REPORTING BANKS.

	Boston.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Number of banks reporting:													
Dec. 7.....	36	94	43	73	67	28	79	32	17	65	31	42	607
Dec. 14.....	36	94	43	71	67	35	83	32	17	64	36	42	620
U. S. securities owned:													
Dec. 7.....	\$55,258	\$1,179,896	\$46,861	\$142,224	\$39,561	\$29,774	\$91,076	\$40,415	\$14,521	\$30,832	\$30,465	\$62,242	\$1,763,125
Dec. 14.....	51,522	1,009,659	65,204	163,995	39,115	35,825	76,479	35,833	11,485	28,378	27,822	56,808	1,602,125
Loans secured by U. S. bonds and certificates:													
Dec. 7.....	41,753	230,028	22,936	17,743	9,280	2,072	28,946	9,122	1,005	3,178	2,087	5,997	373,517
Dec. 14.....	42,880	224,335	23,754	20,750	10,457	4,316	31,503	8,530	1,082	1,655	2,613	5,80	376,955
All other loans and invest- ments:													
Dec. 7.....	654,724	4,168,407	540,629	795,861	328,213	186,979	1,228,727	354,960	216,889	428,064	176,431	462,371	9,542,255
Dec. 14.....	644,397	4,086,521	499,277	926,415	318,225	264,893	1,230,978	356,824	214,185	421,633	170,608	466,364	9,618,320
Reserve with Federal Re- serve banks:													
Dec. 7.....	54,741	626,724	54,533	74,833	28,800	16,015	126,161	35,249	18,094	42,868	17,969	41,728	1,137,765
Dec. 14.....	55,086	714,222	55,120	91,548	29,173	26,036	133,026	35,952	17,882	42,684	19,143	46,360	1,266,239
Cash in vault:													
Dec. 7.....	28,083	134,756	22,655	37,936	19,292	10,676	58,570	12,269	13,094	17,599	10,501	22,797	388,228
Dec. 14.....	22,054	128,103	22,251	40,295	17,531	14,119	59,949	13,243	10,226	18,116	12,461	23,008	381,356
Net demand deposits on which reserve is com- puted:													
Dec. 7.....	532,269	4,107,195	499,096	598,570	263,606	130,284	913,088	264,915	163,016	331,060	166,873	370,903	8,390,965
Dec. 14.....	550,236	4,178,671	502,511	656,399	261,204	203,983	989,398	267,693	164,266	331,150	184,847	374,257	8,714,615
Time deposits:													
Dec. 7.....	79,077	325,832	18,986	179,254	54,678	56,421	274,350	86,600	37,100	41,157	19,300	87,151	1,269,906
Dec. 14.....	77,229	307,234	18,633	204,678	46,143	64,408	280,140	85,222	37,716	48,183	20,437	90,190	1,280,215

2. MEMBER BANKS IN CENTRAL RESERVE CITIES.

CENTRAL RESERVE CITIES.													
Number of banks reporting:													
Dec. 7.....		54					36	15					105
Dec. 14.....		54					36	15					105
U. S. securities owned:													
Dec. 7.....		\$1,120,417					\$53,124	\$26,834					\$1,200,375
Dec. 14.....		955,471					41,791	22,425					1,019,687
Loans secured by U. S. bonds and certificates:													
Dec. 7.....		201,829					18,881	7,834					228,544
Dec. 14.....		199,289					19,612	6,950					225,851
All other loans and invest- ments:													
Dec. 7.....		3,750,170					\$13,388	\$52,325					4,815,883
Dec. 14.....		3,721,542					311,728	255,919					4,789,219
Reserve with Federal Re- serve bank:													
Dec. 7.....		590,525					94,110	28,117					712,752
Dec. 14.....		676,663					96,974	28,527					802,164
Cash in vault:													
Dec. 7.....		116,015					39,433	6,815					162,263
Dec. 14.....		110,685					39,070	7,459					157,214
Net demand deposits on which reserve is com- puted:													
Dec. 7.....		3,730,971					661,905	187,598					4,580,474
Dec. 14.....		3,796,197					698,278	188,324					4,682,799
Time deposits:													
Dec. 7.....		287,854					120,535	76,598					493,987
Dec. 14.....		269,947					130,125	66,139					466,211

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities as at close of business on Fridays, Dec. 7 and 14, 1917—Continued.

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

3. MEMBER BANKS IN RESERVE CITIES.

	Boston.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
OTHER RESERVE CITIES.													
Number of banks reporting:													
Dec. 7.....	14	16	33	48	41	20	30	8	13	65	29	40	357
Dec. 14.....	14	16	33	49	42	26	34	8	13	64	29	40	368
U. S. securities owned:													
Dec. 7.....	\$41,894	\$41,902	\$40,561	\$126,265	\$25,169	\$23,761	\$27,233	\$7,030	\$12,099	\$30,832	\$26,225	\$50,853	\$462,833
Dec. 14.....	38,063	37,892	58,788	151,311	25,430	29,234	24,113	6,613	9,386	28,378	24,152	54,710	488,070
Loans secured by United States bonds and certificates:													
Dec. 7.....	34,238	12,764	22,465	16,284	7,820	1,999	7,913	1,019	916	3,178	2,024	4,984	115,604
Dec. 14.....	35,592	15,592	28,270	19,116	8,799	4,158	9,340	1,017	965	1,655	2,553	4,651	126,708
All other loans and investments:													
Dec. 7.....	480,168	264,135	486,479	638,441	241,229	155,475	354,770	49,800	182,307	428,064	146,528	448,253	3,920,699
Dec. 14.....	471,017	231,247	459,920	828,707	243,871	228,058	366,555	51,781	180,195	421,633	151,460	453,316	4,087,760
Reserve with Federal Reserve Bank:													
Dec. 7.....	43,999	25,318	50,876	67,955	23,067	13,780	28,795	3,878	15,972	42,868	15,510	40,773	372,791
Dec. 14.....	44,355	24,088	50,915	84,433	24,134	23,573	32,710	4,077	15,625	42,684	16,967	45,385	408,946
Cash in vault:													
Dec. 7.....	20,878	10,130	20,046	32,886	15,115	9,280	16,440	2,619	10,778	17,599	8,697	22,176	180,644
Dec. 14.....	15,164	10,011	19,908	35,175	13,763	12,219	18,895	2,769	8,413	18,116	10,690	22,321	186,944
Net demand deposits on which reserve is computed:													
Dec. 7.....	413,763	233,636	451,475	519,549	197,114	108,892	223,113	37,762	138,074	381,060	142,080	357,559	3,204,077
Dec. 14.....	438,611	235,528	453,906	594,631	199,905	178,365	256,712	40,182	139,340	381,150	160,928	361,060	3,435,318
Time deposits:													
Dec. 7.....	29,271	22,315	13,893	152,274	41,115	44,966	116,234	8,947	25,593	41,157	13,180	86,617	595,562
Dec. 14.....	27,979	22,102	13,532	182,100	33,832	52,078	121,470	8,832	25,607	48,183	16,122	89,661	641,548

4. REPORTING BANKS OUTSIDE RESERVE CITIES.

COUNTRY BANKS.													
Number of banks reporting:													
Dec. 7.....	22	24	10	25	26	8	13	9	4	.....	2	2	145
Dec. 14.....	22	24	10	22	25	9	13	9	4	.....	7	2	147
U. S. securities owned:													
Dec. 7.....	\$13,364	\$17,577	\$6,300	\$15,959	\$14,392	\$6,013	\$10,719	\$6,542	\$2,422	.....	\$4,240	\$2,389	\$99,917
Dec. 14.....	13,459	16,296	6,416	12,684	13,685	6,591	10,575	6,795	2,099	.....	3,670	2,093	94,368
Loans secured by United States bonds and certificates:													
Dec. 7.....	7,515	15,435	471	1,459	1,460	73	2,152	260	89	.....	63	383	29,369
Dec. 14.....	7,288	9,454	484	1,634	1,658	158	2,551	563	117	.....	60	429	24,396
All other loans and investments:													
Dec. 7.....	174,556	154,052	54,150	112,420	86,984	31,504	60,569	52,835	34,582	.....	29,903	14,118	805,673
Dec. 14.....	173,380	133,732	39,357	97,708	74,354	36,835	61,695	49,094	33,990	.....	28,148	13,048	741,341
Reserve with Federal Reserve Bank:													
Dec. 7.....	10,742	10,881	3,657	6,928	5,733	2,235	3,256	3,254	2,122	.....	2,459	955	52,222
Dec. 14.....	10,731	13,478	4,205	7,115	5,039	2,463	3,342	3,348	2,257	.....	2,176	975	55,129
Cash in vault:													
Dec. 7.....	7,295	8,611	2,609	5,050	4,177	1,396	2,697	2,835	2,316	.....	1,804	621	39,321
Dec. 14.....	6,890	7,407	2,343	5,120	3,768	1,900	2,484	3,015	1,813	.....	1,771	687	37,198
Net demand deposits on which reserve is computed:													
Dec. 7.....	118,506	142,588	47,621	79,021	66,582	21,392	28,070	39,555	24,942	.....	24,793	13,344	606,414
Dec. 14.....	116,625	146,946	48,605	61,768	61,299	25,618	34,408	39,187	24,926	.....	23,919	13,197	596,498
Time deposits:													
Dec. 7.....	49,806	15,663	5,093	26,980	13,563	11,455	28,581	10,055	11,507	.....	6,120	534	170,357
Dec. 14.....	49,250	15,185	5,101	22,578	12,261	12,330	28,547	10,251	12,109	.....	4,315	529	172,456

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

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

Banks.	Average balances for the month of the several classes of earning assets.				
	Bills dis- counted, mem- bers and F. R. Banks.	Bills bought in open mar- ket.	United States securities.	Municipal warrants.	Total.
Boston.....	\$24,939,976	\$26,354,677	\$3,191,750	.....	\$54,486,403
New York.....	309,990,240	48,661,057	33,075,779	\$1,016,525	392,743,601
Philadelphia.....	15,756,446	23,909,654	3,495,700	25,634	43,187,434
Cleveland.....	21,199,920	31,789,651	12,008,676	12,159	65,010,406
Richmond.....	13,050,494	10,667,544	3,619,084	.....	27,337,122
Atlanta.....	12,594,541	4,476,948	8,510,148	197,813	25,779,450
Chicago.....	79,690,446	6,156,392	23,071,967	.....	108,918,805
St. Louis.....	19,177,484	5,944,533	3,956,400	.....	29,078,417
Minneapolis.....	12,697,200	3,740,600	3,851,100	25,400	25,314,300
Kansas City.....	32,981,954	4,861,153	11,063,890	.....	48,906,997
Dallas.....	9,346,503	10,263,862	6,769,067	46,265	26,425,697
San Francisco.....	16,927,037	13,809,363	5,326,983	.....	36,063,383
Total.....	568,352,241	195,635,434	117,940,544	1,323,796	883,252,015

Banks.	Earnings from—					Calculated annual rates of earnings from—				
	Bills dis- counted, members and F. R. Banks.	Bills bought in open market.	United States securi- ties.	Municipal war- rants.	Total.	Bills dis- counted, members and F. R. Banks.	Bills bought in open market.	United States securi- ties.	Municipal war- rants.	Total.
Boston.....	\$75,287	\$79,043	\$5,376	.....	\$160,206	<i>Per cent.</i> 3.67	<i>Per cent.</i> 3.65	<i>Per cent.</i> 3.03	.....	<i>Per cent.</i> 3.45
New York.....	798,928	147,822	76,729	\$3,030	1,026,509	3.03	3.57	2.48	3.50	3.05
Philadelphia.....	47,258	65,373	8,696	85	121,412	3.64	3.32	3.02	4.05	3.42
Cleveland.....	67,361	88,620	29,307	44	185,332	3.87	3.39	2.97	4.44	3.47
Richmond.....	40,897	30,454	8,191	.....	79,542	3.81	3.47	2.75	.....	3.54
Atlanta.....	38,991	13,028	24,436	599	77,054	3.77	3.54	3.49	3.68	3.64
Chicago.....	236,986	17,393	60,401	.....	314,780	3.36	3.54	3.82	.....	3.46
St. Louis.....	57,980	15,949	8,906	.....	82,835	3.68	3.26	2.74	.....	3.47
Minneapolis.....	40,070	23,757	8,750	100	72,677	3.84	3.31	2.77	4.77	3.49
Kansas City.....	108,324	12,925	21,286	.....	142,535	3.98	3.24	2.34	.....	3.55
Dallas.....	30,222	30,539	15,089	154	76,004	3.83	3.57	2.67	4.00	3.45
San Francisco.....	55,174	42,856	11,324	.....	109,354	3.95	3.78	2.58	.....	3.68
Total.....	1,597,478	567,759	278,991	4,012	2,448,240	3.42	3.53	2.86	3.69	3.37

GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States.

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

	Week ending—				Total since Jan. 1, 1917.	Total corresponding period during 1916.
	Nov. 23, 1917.	Nov. 30, 1917.	Dec. 7, 1917.	Dec. 14, 1917.		
IMPORTS.						
Ore and base bullion.....	355	295	397	196	15,231	12,509
United States mint or assay office bars.....					114	4,460
Bullion, refined.....	391	119	306	421	392,283	438,512
United States coin.....	9	125	80	1	53,907	3,122
Foreign coin.....			7		90,882	149,661
Total.....	755	539	790	618	552,417	608,264
EXPORTS.						
Domestic:						
Ore and base bullion.....		25	15		250	271
United States mint or assay office bars.....					46,594	16,768
Bullion, refined.....	3,157	716	3	11	42,787	7,631
Coin.....	316	898	522	321	271,629	103,803
Total.....	3,473	1,639	540	332	361,260	128,473
Foreign:						
Bullion, refined.....					31	1,458
Coin.....	110		15	19	7,220	19,876
Total.....	110		15	19	7,251	21,334
Total exports.....	3,583	1,639	555	351	368,511	149,807

Excess of gold imports over exports since Jan. 1, 1917, \$183,906; excess of gold imports over exports since Aug. 1, 1914, \$1,052,668.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank approved by the Federal Reserve Board up to Dec. 31, 1917.

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

¹ Rate of 3 to 4½ per cent for 1-day discounts in connection with the loan operations of the Government.

Note 1.—Rate for acceptances purchased in open market, 3 to 4½ per cent, except for Boston, Chicago, and Minneapolis, whose rates range from 3 to 5 per cent.

Note 2.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate trade acceptances maturing within 15 days will be taken at the lower rate.

FOREIGN EXCHANGE RATES.

Monthly ranges of exchange rates on leading foreign money centers, quoted in New York City during the 6 months ending December, 1917.

[In continuation of figures published in the July, 1917, Bulletin.]

	July.		August.		September.		October.		November.		December.	
	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.
London:												
60-day bankers' bills...dolls. for £1..	4.715	4.7175	4.715	4.7175	4.7125	4.7175	4.7125	4.7125	4.7125	4.7125	4.7125	4.7125
Sight drafts.....do.....	4.75375	4.7565	4.7555	4.7555	4.7530	4.7555	4.7515	4.7530	4.75125	4.7520	4.7515	4.7525
Paris.....francs for 100 dolls..	579.25	578	578.50	576.375	579.875	576.875	579.50	571	576.625	573.50	574	573
Berlin.....dolls. for 100 marks..												
Petrograd.....dolls. for 100 rubles..	21.10	23.90	17.75	21.65	14.50	18	13.50	15.75	12	13.50	12.75	13.50
Vienna.....dolls. for 100 kronen..												
Milan.....lire for 100 dolls..	728	718	751	728.50	781	752.50	799	772	898	794	846	799
Amsterdam.....dolls. for 100 florins..	41.125	41.4667	41.50	42.375	41.875	42.125	42.125	45.75	43	45.25	43.50	44.50
Stockholm.....dolls. for 100 kroner..	30.30	33.10	32.75	35.85	33.45	34.40	34.90	42	36.34	45.50	33	37.25
Copenhagen.....dolls. for 100 kroner..	28.95	29.50	29.75	30.40	30.20	31.15	31.125	35.75	32.50	38.75	31.50	38.75
Zurich.....francs for 100 dolls..	480	452	437	438	481	450	471	440	450	434	437.50	427
Buenos Aires.....dolls. for 100 paper pesos..	43.19	43.97	42.91	43.25	42.76	43.23	42.85	44.21	44.66	47.01	45.59	47.65
Rio de Janeiro.....dolls. for 100 paper milreis..	24.68	26.82	24.78	25.64	24.71	25.22	25.15	25.64	25.22	26.25	25.90	26.90
Valparaiso ¹.....dolls. for 100 pesos..	24.35	24.60	24.65	24.78	26.78	30.02	26.78	29.93	25.28	28.63	28.03	28.27
Yokohama.....dolls. for 100 yen..	51	51.25	50.875	51	50.90	51.375	50.50	52	51.25	52.125	50.65	51.80
Hongkong.....dolls. for \$100 Mex..	60.50	64.75	63.50	76.25	73	82	62.50	80	69.50	80	71	74.50
Shanghai.....dolls. for 100 Shangh. taels..	91.50	95.875	93.50	117	106	120	91.50	106	89	105	101	110

London prices of silver at nominal rate of \$4.8665 per £ sterling.

Month.	Low.	High.	Average.	Month.	Low.	High.	Average.
1917.				1917.			
January.....	78.916	82.067	80.412	August.....	87.959	100.837	94.409
February.....	81.793	84.260	82.721	September.....	100.837	120.566	111.965
March.....	78.231	81.793	79.844	October.....	91.795	105.770	97.170
April.....	80.149	83.163	81.102	November.....	93.713	99.467	95.557
May.....	82.752	83.574	83.163	December.....	92.617	95.357	94.329
June.....	83.300	87.411	85.712				
July.....	86.589	90.425	87.913	Year 1917.....	78.231	120.566	89.525

¹ Chilean rates on New York.

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