

FEDERAL RESERVE BULLETIN

JANUARY, 1928



ISSUED BY THE
FEDERAL RESERVE BOARD
AT WASHINGTON

Business Record of 1927
Return of Italy to Gold Basis
Foreign Exchange Rates, 1919-1927
Condition of all Banks in the United States



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GOVERNMENT PRINTING OFFICE
WASHINGTON
1928

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VOL. 14

JANUARY, 1928

No. 1

REVIEW OF THE MONTH

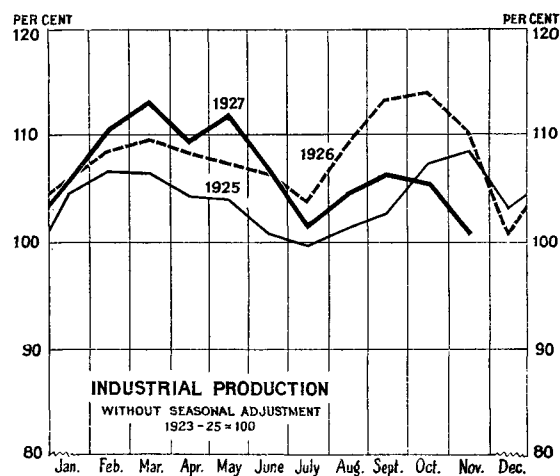
Industrial and trade activity in the United States showed a further decline in the last weeks of 1927, when allowance

Business in 1927 is made for the usual seasonal trend, and at end of the year

production and wholesale trade were in smaller volume than at the close of any year since 1924. Notwithstanding the recession in business in recent months, however, the volume of activity for the year as a whole was nearly as large as the record established in 1926 and larger than in any previous year. The output of mines and factories and the volume of building construction were somewhat smaller than the year before, though larger than in preceding years. Factory employment showed a slight decline for the year and earnings of industrial workers were somewhat reduced, while the value of farm products was larger than in 1926. Distribution of commodities to consumers was maintained on a high level and there was no evidence of undue accumulation of inventories. The general level of commodity prices, which had been declining for about two years, turned upward in the early summer of 1927 and at the close of the year was only about 1 per cent lower than at the end of 1926. Throughout the year bank credit was ample for all classes of enterprise, and money rates were relatively low, particularly after mid-summer and early autumn when discount rates at the reserve banks were reduced from 4 to 3½ per cent. The supply of capital funds arising from national savings was exceptionally large and flotations of domestic and foreign securities were in record volume.

This record for 1927 as a whole and for the entire United States is the resultant of different developments at different times of the year and in the various parts of the country. **Industrial activity** Industry at the beginning of the year

showed increasing activity following upon a recession in the preceding three months. In the first quarter of the year the output of minerals exceeded all previous records, reflecting the large production of bituminous coal, stimulated by the threatened strike. Output of manufactures increased during this period and in the spring months was larger than for the corresponding period of any previous year. With the beginning of the coal strike on April 1, however, mineral production was sharply reduced and later in the spring manufacturers also began to reduce operations.



Except for minor fluctuations, industrial production declined steadily for the remainder of the year, falling in July below the level of 1926 and after October below that of 1925. The accompanying chart shows fluctuations in the daily average volume of industrial production for corresponding months of the past three years, as indicated by the board's index. This index includes both manufactures and minerals, and, as given on this chart, is not adjusted for seasonal variations. A chart appearing on page 11 of this issue shows that, when allowance is made for customary seasonal movements, the production of manufactures in November, the latest month for which com-

plete figures are available, was smaller than in any month since November, 1924.

Increase in manufacturing activity during the early months of the year from the low point

reached in December, 1926, was general throughout most of the industries. Although increases at that time were especially large in iron and steel, automobiles, and rubber tires, the higher level of production in the spring as compared with the corresponding period of 1926 reflected chiefly the output in the textile and leather industries. Cotton and silk consumption was larger in 1927 than in any previous year, and the wool and leather industries, recovering somewhat from the depression of recent years, were more active than for any year since 1923. In October and November these industries showed some decline in output along with other industries but continued somewhat more active than a year earlier. The largest part of the decrease during the last half of the year occurred in the two industries showing the greater increases in the earlier months—iron and steel and automobiles. Production of automobiles, estimated on the basis of figures for 11 months, was smaller in 1927 than in any earlier year since 1922, and the output in November was smaller than in any month since February, 1922. Much of this decline was due to suspension of production in the Ford plants during most of the last half of the year while preparations were under way for the manufacture of the new model. Curtailment of automobile production was a factor in the decline of activity in the iron and steel industry, in which output was in the smallest volume since 1924. In addition to those recorded for the automobile and iron and steel industries, there were decreases in production during the last half of the year also in nonferrous metals, building materials, rubber tires, and food products, and all industries except textiles, leather, petroleum refining, and tobacco manufactures were less active toward the end of 1927 than a year earlier.

Bituminous coal production was curtailed partly as a result of the miners' strike in

union fields and partly in consequence of the large stocks accumulated at the beginning of the year. Although these stocks were reduced somewhat in the autumn, they continued relatively large throughout 1927. Prices for both anthracite and bituminous coal declined during the year. Crude petroleum also was in excess supply owing to large production from new wells, which began in the latter part of 1926 and continued until late in 1927 when there was some curtailment in output. Although consumption of petroleum was the largest on record, stocks were accumulated, and prices fell to the lowest level for the post-war period. Production of nonferrous metals was reduced during the year and totaled somewhat less than in 1926. The smaller production of copper strengthened the market considerably, and in recent weeks the price of copper has advanced.

Building construction continued in large volume during 1927, and the total value of building contracts awarded for the country as a whole during the year was estimated by the F. W. Dodge Corporation as \$6,800,000,000, about \$100,000,000 below 1926 but above any other year. There were decreases of over \$100,000,000 in contracts for residential buildings and of nearly \$200,000,000 in those for industrial buildings, while awards for public works and public utilities increased by nearly \$150,000,000, and there were also increases in institutional, public, religious, and recreational buildings. Considered by sections of the country, there was a large expansion of contract awards in the Middle Western States and small increases in the Middle Atlantic States, while the other areas showed decreases, the largest decline being in the Southeast. The continuation of a high level of building activity during the past year has meant a further large demand for building materials and sustained employment of labor, although decreases in residential building and increases in construction of public works and public utilities resulted in some shifts in the types of materials and labor employed.

Agricultural developments during the year were in contrast to the course of industry.

Agricultural developments Agricultural prospects, which at the beginning of 1927 were not as bright as the industrial outlook, improved considerably in the latter part of the year. At the opening of the year the buying power of agricultural communities had been reduced by relatively small returns from 1926 crops, and, in addition, in the first half of 1927 cotton prices were low, there was a sharp break in hog prices, and a serious delay in the progress of the corn crop; also in this half year occurred the disastrous flood in the Mississippi Valley. Late in the spring prices of agricultural commodities began to rise, reflecting chiefly increases in the price of cotton, corn, and cattle. Subsequently, prices of other products also advanced, and the Department of Agriculture's index of farm commodity prices, which was in April at the lowest point since 1922, rose by about 11 per cent during the next five months. Since wholesale prices of nonagricultural commodities showed little change during this period, the purchasing power of agricultural products increased. Thus during the period from September to November, 1927, farm prices averaged about 6 per cent higher than in the same period of 1926, while wholesale prices of nonagricultural products included in the index of the Bureau of Labor Statistics showed a decline of about 6 per cent for the corresponding period.

Unusually favorable weather in the autumn permitted the harvesting of larger crops than had been expected earlier in the season, and, although yields were nevertheless generally smaller than last year, the total value of about 50 crops at prices prevailing on December 1 was estimated to be about \$635,000,000 larger than in 1926. The estimated aggregate farm value of these crops on December 1 for the past four years was as follows:

Year	Value of 50 farm crops
1924.....	\$9,364,600,000
1925.....	8,948,730,000
1926.....	7,793,480,000
1927.....	8,426,626,000

These figures indicate somewhat smaller returns from crops this year than in 1924 or 1925, but income from cattle and dairy products was larger than in those years. Furthermore, farmers have succeeded in recent years in reducing somewhat their costs of production, so that increase in net returns has been relatively greater than increase in the total value of their products.

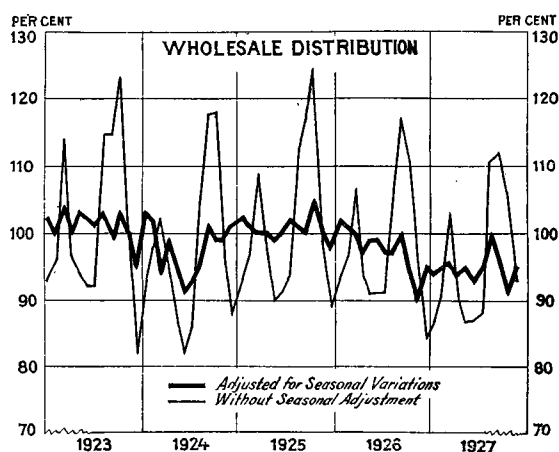
As between different sections of the country, agricultural conditions were far from uniform.

Geographical differences In the cotton region the principal crop was smaller in volume but larger in value than in 1926. Winter-wheat production was smaller than in 1926, owing to decreases in yield in the Southwestern and East North Central States, while the spring wheat crop in the Northwest showed an increase in output of about 50 per cent. Although the corn crop was slightly larger than in 1926, the increases were confined to the Western States, while in the eastern part of the Corn Belt production decreased, and there was also a decline in the returns from hog production. Feeding of hogs was encouraged last year by low corn prices, and when the price of corn rose last spring, large supplies of hogs were offered for sale and prices declined sharply. The Western and Northwestern States, on the other hand, profited in 1927 by higher prices for cattle and dairy products. The cattle market recovered during the past year from the depression consequent upon the general liquidation which has been in process for several years, cattle prices rising to the highest levels since 1920. This improvement has been aided by a similar recovery in the hide and leather markets. Production of dairy products increased in the last half of 1927, and with prices at a higher level, their value exceeded that for 1926.

Changes in the volume of production during the year were reflected in changes in the demand for transportation. In

Distribution of commodities the first few months, when the tonnage of coal mined was the largest on record, and later when manufacturing operations were at a high level, freight-car loadings exceeded those of the corresponding

period of any previous year. Later in the year, when mining and manufacturing activity declined, car loadings also showed a decline when compared with previous years. In the autumn months loadings of grains exceeded those of the same period in 1926, reflecting the influence of this year's larger spring wheat crop, but loadings of all other classes of commodities were smaller than a year earlier. During November and December total car loadings were below those of the same months of any year since 1922, and, when allowance is made for the usual seasonal changes, the movement of miscellaneous commodities and of merchandise in less-than-car-load lots was the smallest since 1924.



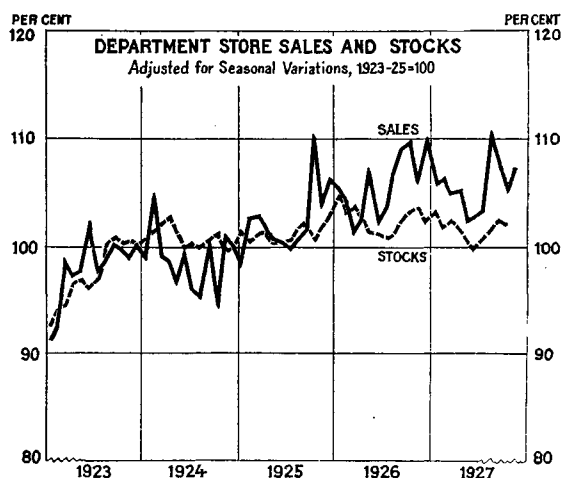
Federal Reserve Board's index of sales in nine lines of wholesale trade combined. Average for 1923-1925=100

Distribution of merchandise at wholesale and retail in 1927, although somewhat smaller than in 1926, when all lines are taken into consideration, continued in large volume. Sales of wholesale firms in the nine lines of trade included in the board's new index of wholesale distribution,¹ as shown on the chart, were about 4 per cent smaller in 1927 than in 1926, this decrease reflecting in part the decline in prices. The largest declines in sales as compared with last year were in dry goods, hardware, groceries, and meats. Sales of men's clothing, boots and shoes, and drugs were in about the same or in slightly larger

¹ See page 23 of this BULLETIN and pp. 817-828 of the BULLETIN for December, 1927.

volume than in 1926. Sales of wholesalers were relatively small during the spring and early summer months, but increased considerably in August, owing to unusually cool weather in that month; in September and October, however, owing to the warmer weather, the sales fell below the level of 1926 and continued below that level in November. In general, the last part of the year showed smaller decreases in wholesale trade as compared with the corresponding period of 1926 than did the first part of the year, and this was particularly true for the western and southern districts, in which crop returns were larger than a year ago.

Department-store sales for the country as a whole, the course of which is indicated on the



Federal Reserve Board's index of sales and stocks of department stores

chart, averaged about the same for 1927 as for 1926. In the first half of the year the volume of sales declined, reaching a low point in the early summer, increased considerably in August, reflecting the influence of the cool weather, and showed somewhat less than the usual seasonal expansion in the three subsequent months. Early reports indicate that the volume of holiday sales in December was somewhat larger than in previous years. For the year as a whole, sales in eastern and central industrial districts, with the exception of Philadelphia, were larger than in 1926, while those for the southern and western districts were smaller. Toward the end of the year, however, there was some improvement in the districts where crop returns were good.

During the year the marketing of industrial and farm products proceeded smoothly, and there appeared to be little

Stocks of commodities tendency toward accumulation of inventories. Stocks of the more than 50 commodities shown in the table on page 6 show about an equal number of increases and decreases for the 12 months ending in November. Supplies of wheat exceed those of last year, owing to the large crop, and those of dairy products and pork also increased during the year, but stocks of cotton, oats, beef, lard, and eggs are smaller than a year ago. Among the minerals, stocks have generally increased somewhat, increases being especially large for coal as a result of reduced consumption and for petroleum owing to the unusually large increase in production. In textiles, manufacturers' stocks of most of the products for which figures are available have increased, while stocks of leather have declined to new low levels. Crude-rubber supplies have increased, but those of tires and tubes held by manufacturers have declined slightly. Changes during the past two years in stocks of these industrial commodities show no important sustained increases except in some of the metals, in fuels, and in crude rubber. Stocks of merchandise carried by wholesale firms were smaller in value in 1927 than in 1926 in most lines from which reports are received, while department-store stocks continued in about the same volume in 1927 as in 1926. Efficient transportation, which assured prompt delivery of orders, and the absence of rapid price advances were among the influences against the undue accumulation of inventories.

For the year as a whole the average level of wholesale commodity prices was lower in 1927 than in any year since 1921.

Commodity prices The downward movement of wholesale prices, which began late in 1925, continued practically without interruption through 1926 and the early months of 1927. The low point of the movement was reached in April and May, when the price index

of the Bureau of Labor Statistics was 94 per cent of the 1926 average, as compared with 105 per cent in March, 1925, the postwar high point. The decline in 1926 was general for all the main groups of commodities except fuels, which were affected by unusual circumstances in that year. The sharpest decreases were in agricultural products, which had shown relatively the most rapid rise in 1924 and 1925. Prices of most of the nonagricultural commodities as indicated by indexes for groups and subgroups, however, declined almost steadily from 1923 to the early months of 1927, when indexes for clothing materials and fuels reached new low points for the postwar period and those for metals, building materials, chemicals and drugs, and house furnishings were the lowest since early in 1922. Farm products and foods, on the other hand, remained above the low points of 1923 and 1924. In the summer months the general level of prices began to rise, a result at first of increases in the prices of corn, wheat, cotton, and hides and later also of advances in livestock, food products, cotton goods, and leather. Prices of most of the other commodities remained relatively stable, while some, notably building materials, fuels, and iron and steel, continued to decline. The all-commodities index rose from 94 in May to 97 in October, and remained near this level for the remainder of the year.

Declining prices and curtailed industrial activity in the course of the year has had the effect of reducing profits of industrial corporations below the high level of 1926. Net profits of 171 corporations, for which reports are summarized by the Federal Reserve Bank of New York, were about 5 per cent smaller for the first three quarters of 1927 than for the same period of 1926, but considerably larger than in the same period of 1925 or 1924. Profits of these corporations in the first quarter of 1927 were in approximately the same volume as in the first quarter of 1926; in the second quarter

however, profits were more than 5 per cent less than in 1926, and the third quarter's returns showed a decrease compared with last year of 10 per cent.

Volume of member bank credit in use increased rapidly during 1927, the growth being largely in investments and in loans on securities; there was no increase in the demand for loans to finance trade and industry owing to the smaller volume of business and the lower level of commodity prices. Reserve bank credit outstanding throughout the year was influenced chiefly by the effects of international gold movements. In the early months of the year large gold imports were used by member banks to reduce their indebtedness at the reserve banks and the volume of reserve bank credit declined considerably below the level of 1926. From May to the end of the year, however, gold exported and earmarked for foreign account far exceeded gold imports, with the consequence that there was an increased demand for reserve bank credit, and at the end of the year total bills and securities of the reserve banks were in larger volume than at any time in the past six years. The growth in the demand for reserve bank credit, however, was met by the reserve banks largely through the purchase of securities in the open market, so that borrowing by the member banks increased less than is usual in the autumn and early winter months, and was in considerably smaller volume at the end of 1927 than at the same period of the two preceding years.

As the consequence of the relatively small volume of indebtedness of member banks at the reserve banks, due largely to security purchases by these banks, conditions in the money market remained easy, notwithstanding the large growth of member bank credit and the export demand for gold, and money rates in the second half of the year were considerably below the levels prevailing at the same season of 1926 and 1925.

REPORTED STOCKS OF AGRICULTURAL AND INDUSTRIAL COMMODITIES AT THE END OF NOVEMBER ¹

Commodity	1927	1926	1925	Per cent of change in 1927 over—	
				1925	1926
AGRICULTURAL					
Cotton (thousands of bales)....	7,520	8,010	6,664	+12.8	-6.1
Cottonseed (thousands of tons)...	1,114	1,392	1,367	-18.5	-20.0
Wheat (thousands of bushels)....	96,468	78,412	49,774	+93.8	+23.0
Corn (thousands of bushels)....	20,439	32,219	3,077	+564.3	-36.6
Oats (thousands of bushels)....	24,429	50,063	68,739	-64.5	-51.2
Cheese (thousands of pounds)....	53,468	81,084	71,927	-25.7	-34.1
Apples (thousands of barrels)....	7,811	10,468	9,398	-16.9	-25.4
Butter (thousands of pounds)....	83,240	64,377	94,983	-12.4	+29.3
Frozen poultry (thousands of pounds).....	84,758	106,854	53,724	+57.8	-20.7
Beef (thousands of pounds)....	65,531	85,977	47,481	+38.0	-23.8
Pork (thousands of pounds)....	420,167	388,228	392,605	+7.0	+8.2
Lard (thousands of pounds)....	45,503	46,744	37,256	+22.1	-2.7
Eggs (thousands of cases)....	2,954	3,215	6,320	-53.3	-8.1
Tobacco (millions of pounds)....	1,804	1,768	1,755	+2.8	+2.0
INDUSTRIAL					
Metals:					
Iron ore (thousands of long tons).....	41,472	42,761	41,686	-0.5	-3.0
Copper, refined (short tons)....	90,874	78,856	67,838	+34.0	+23.0
Copper blister (short tons)....	250,071	277,479	249,064	+0.4	-9.9
Zinc, slab, at refineries (short tons)....	30,320	14,481	6,922	+468.0	+171.5
Lead, crude (short tons)....	155,868	118,311	104,999	+48.0	+31.7
Fuels:					
Bituminous coal (thousands of short tons)....	61,900	43,000	48,000	+29.0	+44.0
Petroleum, crude (thousands of barrels)....	345,357	77,099	296,690	+17.6	+25.9
Gasoline (millions of gallons)....	1,241	1,508	1,590	-19.7	-15.3
Gas and fuel oil east of California (millions of gallons)....	1,394	1,128	1,037	+23.4	+25.3
Building materials:					
Yellow pine, southern (millions of board feet)....	856	812	929	-7.9	+5.4
Yellow pine, western (millions of board feet)....	1,073	1,143	1,102	-2.6	-6.1
Hardwoods (millions of board feet)....	890	898	788	+12.9	-0.9
Flooring, oak and maple (thousands of board feet)....	97,059	93,764	68,276	+42.2	+3.5
Common brick, burned (thousands)....	538,698	451,563	279,188	+93.0	+10.3
Paving brick (thousands)....	66,183	82,721	111,155	-40.5	-20.0
Cement (thousands of barrels)....	15,971	16,243	14,450	+10.05	-1.7
Enameled sanitary ware (thousands of pieces)....	695	829	620	+12.1	-16.2
Textile materials and products:					
Cotton, raw, at warehouses (thousands of bales)....	5,969	6,517	5,207	+14.6	-8.4
Cotton, raw, at mills (thousands of bales)....	1,551	1,493	1,457	+6.5	+3.9
Cotton fabrics, finished (cases)....	41,350	37,113	40,511	+2.1	+11.4
Wool, raw, manufacturers (thousands of pounds)....	175,436	161,943	182,506	-3.9	+8.3
Wool, raw, dealers (thousands of pounds)....	181,671	213,770	190,504	-4.6	-15.0

¹ Stocks in every case are as of Nov. 30 unless otherwise noted. These figures are derived from various sources and all, except those referring to bituminous coal, are published regularly in the Survey of Current Business of the Department of Commerce. Coal stocks are compiled at irregular intervals by the Bureau of Mines.

² Stocks as of Sept. 30.

³ Stocks as of Oct. 31.

⁴ Stocks are as of report dates Nov. 1, 1925, Oct. 1, 1926, and Oct. 1, 1927.

REPORTED STOCKS OF AGRICULTURAL AND INDUSTRIAL COMMODITIES AT THE END OF NOVEMBER—Continued

Commodities	1927	1926	1925	Per cent of change in 1927 over—	
				1925	1926
Textile materials and products—Continued.					
Silk, raw, at warehouses (bales).....	52,069	47,130	46,813	+11.2	+10.5
Hosiery (thousands of dozen pairs).....	3 7,959	3 6,843	3 5,476	+45.3	+16.3
Knit underwear, (thousands of dozen garments).....	1,073	1,011	957	+12.1	+6.1
Leather:					
Sole leather (thousands of backs, bends, and sides).....	3 2,965	3 4,312	3 6,87	-56.9	-31.2
Upper leather, cattle (thousand of sides).....	3 2,817	3 3,644	3 3,912	-28.0	-22.7
Upper leather, calf and kip (thousands of skins).....	3 5,264	3 5,964	3 6,308	-16.6	-11.7
Upper leather, goat and kid (thousands of skins).....	3 17,521	3 19,352	3 18,360	-4.6	-9.5
Rubber:					
Rubber, crude (long tons).....	3 90,861	3 58,883	3 33,131	+174.2	+54.3
Pneumatic tires.....	3 7,680	7,798	5,216	+46.9	-1.8
Inner tubes.....	3 10,296	12,453	7,119	+44.6	-17.3
Wood pulp and paper:					
Wood pulp, chemical (short tons).....	39,310	43,638	38,888	+1.1	-9.9
Wood pulp, mechanical (short tons).....	141,163	200,932	194,346	-27.4	-29.7
Newsprint (short tons).....	28,543	13,592	17,418	+63.9	+110.0
Book paper (short tons).....	53,212	43,048	45,026	+22.6	+28.3
Wrapping paper (short tons).....	46,871	38,444	46,191	+1.5	+21.9
Fine paper (short tons).....	40,138	42,367	40,207	-0.2	-3.3
Paperboard (short tons).....	41,976	52,014	29,867	+40.5	-19.3

¹ Stocks as of Sept. 30. ² Stocks as of Oct. 31. ³ Preliminary.

CHANGE IN GOVERNORSHIP OF ATLANTA BANK

Gov. M. B. Wellborn, of the Federal Reserve Bank of Atlanta, resigned effective December 31, 1927, and the directors of the Atlanta bank have appointed Eugene R. Black as Mr. Wellborn's successor. Mr. Black has served as class A director of the Atlanta bank since January 1, 1925.

NEW EDITION OF BOARD'S REGULATIONS

Under date of December 22, the Federal Reserve Board issued a revised edition of its regulations, to become effective January 3, 1928, and to be known as "Regulations of the Federal Reserve Board, Series of 1928." The primary purpose of this revision is to bring the regulations into conformity with the provisions of the Federal reserve act as amended by the McFadden Act of February 25, 1927. The board took this occasion to review all of its existing regulations and to make such changes

as experience had proven to be necessary or desirable. The full text of the new regulations and a brief introductory statement calling attention to the more important changes are published in this issue of the BULLETIN, beginning on page 63.

ELECTION OF DIRECTORS

The following directors of Federal reserve banks have been elected for the three-year term beginning January 1, 1928:

CLASS A DIRECTORS

Boston—Edward S. Kennard, Rumford, Me. (reelected).
 New York—Delmer Runkle, Hoosick Falls, N. Y. (reelected).
 Philadelphia—George W. Reily, Harrisburg, Pa.
 Cleveland—O. N. Sams, Hillsboro, Ohio (reelected).
 Richmond—Chas. E. Rieman, Baltimore, Md. (reelected).
 Atlanta—H. Lane Young, Atlanta, Ga.
 Chicago—George B. Reynolds, Chicago, Ill. (reelected).
 St. Louis—Max B. Nahm, Bowling Green, Ky.
 Minneapolis—Karl J. Farup, Park River, N. Dak.
 Kansas City—C. C. Parks, Denver, Colo. (reelected).
 Dallas—J. H. Frost, San Antonio, Tex. (reelected).
 San Francisco—Howard Whipple, Turlock, Calif. (reelected).

CLASS B DIRECTORS

Boston—Charles G. Washburn, Worcester, Mass. (reelected).
 New York—Samuel W. Reyburn, New York, N. Y. (reelected).
 Philadelphia—Arthur C. Dorrance, Camden, N. J.
 Cleveland—S. P. Bush, Columbus, Ohio.
 Richmond—Edmund Strudwick, Richmond, Va. (reelected).
 Atlanta—J. A. McCrary, Decatur, Ga. (reelected).
 Chicago—August H. Vogel, Milwaukee, Wis. (reelected).
 St. Louis—Rolla Wells, St. Louis, Mo. (reelected).
 Minneapolis—John S. Owen, Eau Claire, Wis. (reelected).
 Kansas City—Thos. C. Byrne, Omaha, Nebr. (reelected).
 Dallas—J. R. Milam, Waco, Tex.
 San Francisco—William T. Sesnon, San Francisco, Calif. (reelected).

APPOINTMENT OF CLASS C DIRECTORS

The following class C directors have been appointed for the three-year term beginning January 1, 1928:

Boston—Allen Hollis, Concord, N. H. (reappointed).
 New York—Clarence M. Woolley, New York, N. Y. (reappointed).
 Philadelphia—Alba B. Johnson, Philadelphia, Pa.
 Cleveland—William W. Knight, Toledo, Ohio (reappointed).

Richmond—Frederic A. Delano, Washington, D. C. (reappointed).
 Atlanta—George S. Harris, Atlanta, Ga.
 Chicago—W. A. Heath, Chicago, Ill. (reappointed).
 St. Louis—William McC. Martin, St. Louis, Mo. (reappointed).
 Minneapolis—Homer P. Clark, St. Paul, Minn. (reappointed).
 Kansas City—E. M. Brass, Grand Island, Nebr.
 Dallas—S. B. Perkins, Dallas, Tex. (reappointed).
 San Francisco—Walton N. Moore, San Francisco, Calif. (reappointed).

APPOINTMENT OF CHAIRMEN AND DEPUTY CHAIRMEN

The following have been designated as Federal reserve agents and chairmen of the board of directors of the Federal reserve banks for terms of one year, expiring December 31, 1928:

Boston—Frederic H. Curtiss.
 New York—Gates W. McGarrah.
 Philadelphia—Richard L. Austin.
 Cleveland—George DeCamp.
 Richmond—William W. Hoxton.
 Atlanta—Oscar Newton.
 Chicago—W. A. Heath.
 St. Louis—William McC. Martin.
 Minneapolis—John R. Mitchell.
 Kansas City—M. L. McClure.
 Dallas—C. C. Walsh.
 San Francisco—Isaac B. Newton.

The following have been designated as deputy chairmen of the Federal reserve banks for terms of one year, expiring December 31, 1928:

Boston—Allen Hollis.
 New York—Owen D. Young.
 Philadelphia—Alba B. Johnson.
 Cleveland—Lewis B. Williams.
 Richmond—Frederic A. Delano.
 Atlanta—W. H. Kettig.
 Chicago—James Simpson.
 St. Louis—John W. Boehne.
 Minneapolis—Homer P. Clark.
 Kansas City—W. L. Petriken.
 Dallas—Clarence E. Linz.
 San Francisco—Walton N. Moore.

REVISED FIGURES OF CONDITION OF REPORTING MEMBER BANKS

The board's weekly statements of condition of reporting member banks in leading cities, which for more than nine years have been given to the press currently and published regularly in the FEDERAL RESERVE BULLETIN, have been made up as far as possible on a strictly comparable basis, from month to month and from year to year. The number of banks included has declined from about 800 in 1919

to about 650 in 1927, but this decline has not appreciably impaired the comparability of the figures, because it has reflected for the most part the consolidation of banks that had previously been reporting separately. When a reporting member bank has withdrawn from the system, as has happened at infrequent intervals, it has generally been possible to substitute for it thereafter another member bank of corresponding size in the same city not previously on the reporting list. In general, however, changes in the reporting list have not been of importance, and the figures may be considered as relating in effect to an identical group of banks.

A recent change, however, arising from the consolidation on December 1, 1927, of a large nonmember bank at Chicago with a reporting member bank, occasioned an increase in the total loans and investments of the reporting member banks in that city—and consequently in the corresponding national total for all reporting member banks—of about \$123,000,000; smaller changes were occasioned in the totals for other items shown on the condition statement. In order to enable the board to provide back figures comparable with the new totals the incoming bank has furnished weekly condition statements for all dates back to December 8, 1926, and by using these figures the board has been able to show in each of its weekly statements, beginning with that for December 7, 1927, revised figures for the preceding week and the corresponding week a year ago. In this issue of the BULLETIN, furthermore, all of the regular retrospective tables affected by the revision (those showing monthly averages of weekly figures, pages 17-18) have been put on the new basis for the period December, 1926-December, 1927. At the same time one other revision covering the year 1927 has been made, affecting the figures shown for the different classes of loans in New York City and the corresponding national totals. This revision, which was made necessary by revised reports from two banks in New York City, has had the effect of transferring from the class of "all other loans" to "loans on securities" of an amount aggregating about \$80,000,000 in January and smaller amounts down to about \$30,000,000 in subsequent months. The weekly figures for December shown on pages 96-99 are all on the new basis, and back figures, by weeks, on this basis will appear in the board's next annual report and can be had upon request.

CONDITION OF ALL BANKS IN THE UNITED STATES

At the beginning of October, 1927, according to figures which have recently become available, all banks in the United States, including both members of the Federal reserve system and nonmembers, had loans and investments aggregating about \$54,650,000,000—about \$720,000,000 more than at the end of the first half of the year, as shown by the table, which gives separate figures for member and non-member banks.

LOANS AND INVESTMENTS OF ALL BANKS IN THE UNITED STATES
(In millions of dollars)

	All banks	Member banks	Non-member banks
October 10, 1927:			
Loans.....	37,616	23,492	14,124
Investments.....	17,036	9,959	7,077
Total.....	54,652	33,451	21,201
Change from June 30, 1927:			
Loans.....	+485	+343	+142
Investments.....	+233	+141	+92
Total.....	+718	+484	+234

The increase for the third quarter of the year, which reflected a growth both of loans and of investments, was only about two-thirds as large as that of the second quarter but somewhat larger than for the first quarter of the year.

Figures showing the principal resources and liabilities of all banks on October 10, 1927, are given in detail elsewhere in this issue of the BULLETIN, by Federal districts and by States, with comparative figures for preceding call dates. These figures, as compiled by the Federal Reserve Board, are now available for every call date since June 30, 1923. Back figures are given in Table 72 of the board's annual report for 1926.

FOREIGN EXCHANGE RATES: 1919-1927

Figures showing the movement of rates of exchange at New York City have been published in the FEDERAL RESERVE BULLETIN for several years for a considerable number of countries. These figures are monthly averages (and yearly averages) of daily quotations, and most of them, since July, 1921, are based upon quotations furnished by the Federal Reserve Bank of New York in accordance with tariff legislation passed in May of that year. The others are taken from unofficial sources.

In this issue of the BULLETIN (pp. 56-62) tables are given showing these average rates

of exchange for the entire period for which they have been computed, both by months and years; in most cases the period covered is from November, 1918, to December, 1927.

CHANGES IN MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM

During the third quarter of the year the number of national bank members of the Federal reserve system increased by 8 and the number of State bank members decreased by 20, making a net decline of 12 in the number of member banks in active operation as indicated by the number of banks submitting required reports of condition on June 30 and October 10, 1927. The decrease in the number of member banks was the net result of 57 losses to membership, for the most part the result of suspensions and mergers between member banks, and 45 additions. Changes in the status of banks which affected membership in the system are summarized for the period in the following table:

CHANGES IN MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM, JULY 1, 1927, TO OCTOBER 10, 1927

Class of change	Number of banks
Active member banks, July 1, 1927.....	9,099
Banks joining the system.....	45
Banks withdrawing from the system.....	120
Net increase from banks joining and withdrawing.....	25
Decrease in membership through mergers between member banks, suspensions, and voluntary liquidation.....	37
Net decrease for the period.....	-12
Active member banks, October 10, 1927.....	9,087

¹ Includes 7 withdrawals which were incidental to the absorption of member banks by existing nonmember banks.

As against 45 banks that joined the system there were 20 that withdrew from membership, resulting in a net voluntary accession of 25 banks. Of the banks that joined the system, 24 were newly organized national banks (one of them succeeding a national bank that had previously suspended), 17 were non-member banks that became members—7 as state institutions and 10 taking out charters as national banks—and 4 were banks which resumed operations after having previously suspended. Of the banks that withdrew from the system, 7 were State banks that voluntarily relinquished membership after advance notice to the Federal Reserve Board, 1 was a member State bank which failed to renew its membership in the system at the expiration and renewal of its State charter, 5 were con-

verted into nonmember State banks, and 7 were absorbed by existing nonmember banks.

The net gain in membership from banks joining and withdrawing from membership was more than offset by losses incidental to mergers between member banks and suspensions. Nineteen losses to membership resulted from mergers between member banks, making a total of 127 since the first of the year. Suspensions accounted for the loss of 17 banks and voluntary liquidation for the loss of one. Changes for the period are shown in detail in the following table, by class of member bank:

CHANGES IN THE NUMBER OF MEMBER BANKS IN THE FEDERAL RESERVE SYSTEM, BY CLASS OF MEMBER, JULY 1 TO OCTOBER 10, 1927

Class of change	Number of member banks		
	Total	National	State
Active member banks, July 1, 1927.....	9,009	7,790	1,309
Additions to membership:			
Organization of national bank.....	23	23	-----
Conversion of nonmember bank to national.....	10	10	-----
Admission of State bank.....	7	-----	7
Resumption following suspension.....	4	4	-----
Conversion within the system.....	-----	13	-----
Other additions.....	1	21	-----
Total additions.....	45	41	7
Losses to membership:			
Merger between member banks—			
Intraclass.....	15	12	3
Interclass.....	4	1	3
Voluntary liquidation (terminal).....	1	1	-----
Suspension and insolvency.....	17	11	6
Absorption of member bank by nonmember bank.....	7	5	2
Conversion of member bank to nonmember bank.....	5	3	2
Withdrawal of State bank.....	8	-----	8
Conversion within the system.....	-----	-----	13
Total losses.....	57	33	27
Net change.....	-12	+8	-20
Active member banks, October 10, 1927.....	9,087	7,798	1,289

¹ Succession between members of one class and members of the other without effect on the number of banks in the system.

² National bank organized to succeed a national bank that suspended during the preceding quarter.

³ Includes 1 bank which failed to renew its membership in the system at the time of the expiration and renewal of its State charter.

TREASURY FINANCE

To provide for its cash requirements until March, in so far as these requirements may exceed tax and other receipts, the Treasury announced early in December an offering of one-year 3¼ per cent certificates. This offering was freely subscribed for, as is shown in the table following. Total subscriptions of some \$1,290,000,000 were scaled down in making allotments to \$261,760,000, which was somewhat in excess of the amount,

\$250,000,000, which had been provisionally specified for the issue.

Treasury disbursements on December 15 included payment of interest which came due on that date in the amount of some \$75,000,000; and payment of 4½ per cent Treasury notes—an issue of January, 1923, which matured on December 15 in the amount of some \$336,000,000. These notes were accepted in subscription for the new certificates, but in making allotments no preference was given to such subscriptions over subscriptions in cash.

Payments received December 15 under foreign debt settlements, on account of principal and interest, included a payment by Great Britain of \$92,575,000, which was tendered in the 4½ per cent Treasury notes maturing December 15; and payments in cash received from Belgium, Czechoslovakia, Estonia, Finland, Hungary, Lithuania, and Poland, amounting in the aggregate to some \$3,970,000.

Provisional settlement of the indebtedness of the Greek Government to the United States, amounting on January 1, 1928, to \$19,659,836, principal and interest, was announced by the Secretary of the Treasury on December 5. The Secretary proposed to recommend to Congress the concluding of an agreement for funding this indebtedness over a period of 62 years, on the basis of the British settlement with Greece effected last April. As a part of this settlement, under credits established in 1918-19, a further advance to the Greek Government of \$12,167,000 at 4 per cent is proposed, with provision for amortization over a period of 20 years. This loan will be added to the loans secured on the Greek revenues now under the control of the International Financial Commission, and the proceeds of the loan are to be applied to the work of the refugee settlement commission.

SUBSCRIPTIONS AND ALLOTMENTS, BY FEDERAL RESERVE DISTRICTS

[3¼ per cent Treasury certificates of indebtedness, dated December 15, 1927, maturing December 15, 1928. Series TD-1928]

[In thousands of dollars]

Federal reserve district	Subscriptions	Allotments
Total.....	\$1,290,117	\$261,761
Boston.....	96,171	22,741
New York.....	480,678	82,066
Philadelphia.....	134,354	25,613
Cleveland.....	92,160	20,422
Richmond.....	50,043	12,783
Atlanta.....	59,239	16,619
Chicago.....	131,630	27,119
St. Louis.....	25,604	7,007
Minneapolis.....	14,553	4,247
Kansas City.....	17,839	5,382
Dallas.....	47,345	13,381
San Francisco.....	140,498	24,372

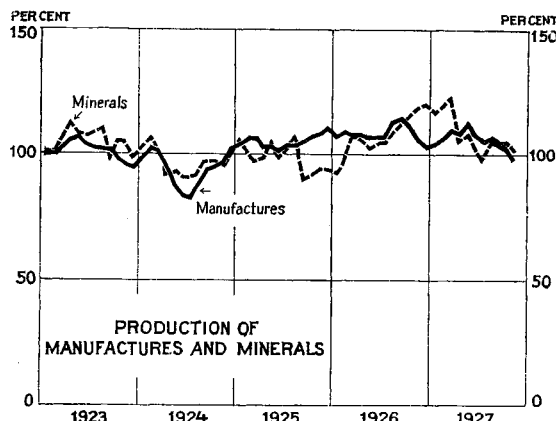
NATIONAL SUMMARY OF BUSINESS CONDITIONS

Industrial activity and freight-car loadings declined further in November, while retail trade showed more than the usual seasonal increase. The general level of wholesale commodity prices, after advancing for four months, remained practically unchanged in October and November.

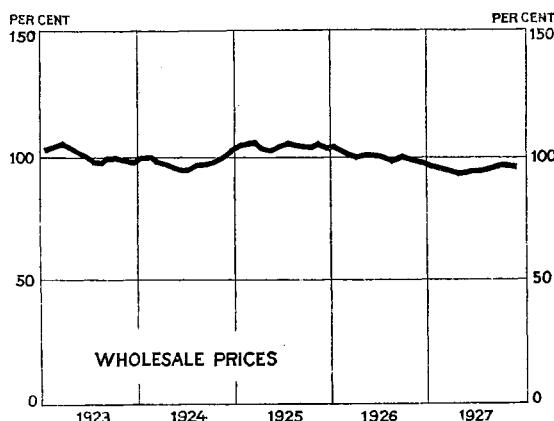
Production.—Output of manufactures and minerals was reduced in November, and the combined index of production, after adjustments for customary seasonal variations, fell below the 1923-1925 average for the first time since 1924. The largest decline was in the output of automobiles, owing largely to prep-

roduction of the 17 principal crops was about 2 per cent less than last year, but 3 per cent above the average of the last 10 years.

Trade.—Retail trade increased slightly more than is usual in November. Compared with a year ago, retail trade of department stores, mail-order houses, and chain stores was larger, while wholesale trade continued in slightly smaller volume in nearly all reporting lines. Freight-car loadings declined during November, and in the early part of December were smaller than in the corresponding period for the past four years. There were large decreases in loadings of all classes of commodities.



Index of production of manufactures and minerals. (1923-1925 average=100.) Latest figures, November



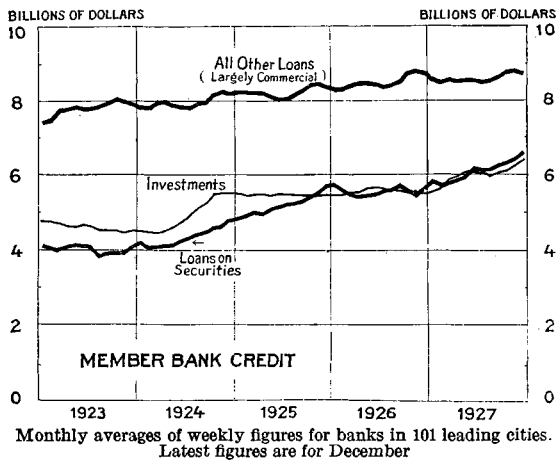
Index of United States Bureau of Labor Statistics. (1926=100, base adopted by bureau.) Latest figure, November

aration for production of new models. Iron and steel production has also declined further and in November was the lowest since 1924. In December, however, inquiries for iron and steel increased. Textile-mill activity was slightly curtailed in November but continued at a higher level than in previous years. There were decreases in the production of coal, building materials, and leather and shoes. Building contract awards showed seasonal declines in November and in the first two weeks of December and were slightly smaller than in the corresponding period of last year.

The total value of about 50 crops in 1927 is estimated by the Department of Agriculture at \$8,430,000,000, an increase of \$635,000,000 over 1926. The greatest increases in value were shown for cotton, corn, barley, and oats, while the largest decrease for any individual crop was shown for potatoes. The physical quantity of

Prices.—The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, after a continuous advance since early in the summer, remained at practically the same level in November as in October. Changes were relatively small in all groups, increases occurring in foods and hides and leather, and decreases in farm products, textiles, fuels, and building materials. In the first two weeks of December prices of wheat, cattle, hogs, cotton, pig iron, and softwood lumber declined, while those of silk, woolen goods, hides, and sole leather advanced.

Bank credit.—Between the middle of November and the middle of December total loans and investments of member banks in leading cities showed a considerable increase, reflecting continued growth in the volume of loans on securities and in the banks' investment holdings. In the same period loans chiefly for



commercial purposes, which reached a seasonal peak in October, showed a further slight decline.

At Federal reserve banks the seasonal increase in currency requirements and the continued demand for gold for export during the four weeks ending December 21 were reflected in a growth in member bank borrowing. At the end of this period the total volume of reserve bank credit in use was larger than on any other date in the past six years.

Somewhat firmer conditions in the money market in December were reflected in increased rates on call money. Rates on prime commercial paper and bankers' acceptances remained unchanged during the month.

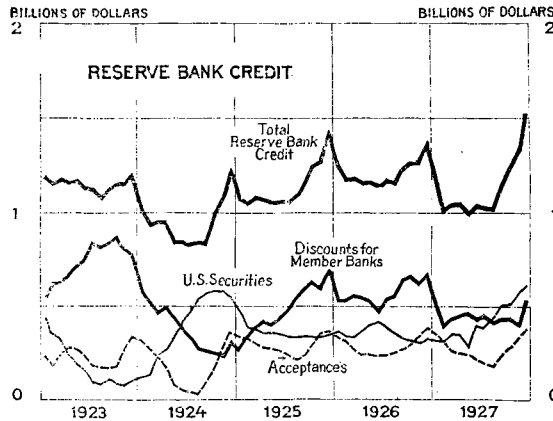
FEDERAL RESERVE BOARD INDEXES OF PRODUCTION, EMPLOYMENT, AND TRADE

Year and month	Industrial production ¹	Production of manufactures ¹	Production of minerals ¹	Building contracts awarded ¹		Railroad car loadings ¹	Wholesale distribution		Factory employment	Factory pay rolls	Department-store sales ¹		Department-store stocks ¹		
				Unadjusted	Adjusted		Unadjusted	Adjusted			Unadjusted	Adjusted	Unadjusted	Adjusted	
						Monthly average 1923-1925=100						Monthly average 1919=100			
1926															
July	107	107	107	126	124	108	91	97	93	104	99	133	125	133	
August	111	111	109	146	129	108	107	97	94	108	105	134	130	130	
September	112	112	111	137	130	109	117	100	96	108	131	144	142	132	
October	111	110	115	126	126	109	111	94	96	112	158	139	153	137	
November	108	106	118	119	130	108	97	98	95	109	156	138	156	138	
December	105	103	119	131	136	106	84	95	94	108	234	146	128	137	
1927															
January	107	105	116	94	123	105	87	94	92	102	114	130	124	130	
February	109	107	118	96	131	109	91	95	94	109	107	139	131	139	
March	111	110	118	151	131	109	103	96	94	110	129	129	142	140	
April	108	109	104	147	128	108	90	94	93	108	143	140	143	138	
May	111	111	108	135	126	107	87	95	93	108	132	127	138	138	
June	108	108	104	154	144	104	87	93	92	106	130	130	129	136	
July	106	106	100	130	128	101	88	95	91	101	97	130	125	133	
August	107	107	106	135	119	104	111	100	91	104	113	144	130	130	
September	105	105	105	127	121	104	112	96	92	104	130	143	143	133	
October	108	102	105	137	137	101	106	91	92	105	151	133	152	136	
November	98	98	101	114	125	96	93	95	90	101	156	139	154	137	

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

FINANCIAL, INDUSTRIAL, AND COMMERCIAL STATISTICS

RESERVE BANK CREDIT



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages for December

RESERVE BANK CREDIT IN USE
[Monthly averages of daily figures. In thousands of dollars]

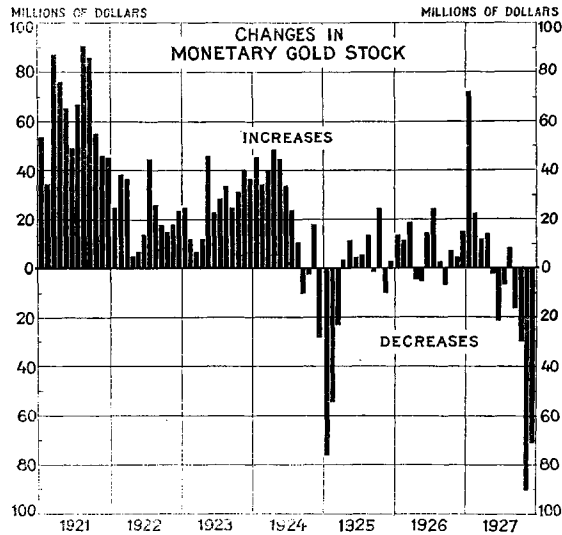
Month	Reserve bank credit in use ¹	Bills discounted for member banks	Bills bought	United States securities
1926—July.....	1,166,564	548,966	231,132	379,745
August.....	1,158,264	555,799	245,094	353,903
September.....	1,225,236	641,797	263,992	315,747
October.....	1,269,356	665,566	294,296	306,413
November.....	1,270,057	618,367	346,859	302,309
December.....	1,380,571	671,722	384,826	321,446
1927—January.....	1,146,523	486,875	345,448	310,637
February.....	1,007,624	393,636	305,013	306,707
March.....	1,029,319	427,716	254,618	344,921
April.....	1,038,857	447,286	248,429	341,081
May.....	999,504	472,984	233,224	291,495
June.....	1,033,123	428,563	205,273	397,754
July.....	1,026,152	453,997	189,774	381,081
August.....	1,021,830	409,439	173,122	438,511
September.....	1,139,342	422,192	215,926	500,637
October.....	1,213,191	424,413	281,903	506,177
November.....	1,331,008	415,216	335,908	579,238
December.....	1,513,119	528,624	377,712	605,841

¹ Total holdings of bills and securities by all Federal reserve banks including "other securities" and foreign loans on gold.

DISCOUNTS AND DEPOSITS OF FEDERAL RESERVE BANKS
[Monthly averages of daily figures. In thousands of dollars]

Month	Total	Federal Reserve Bank											
		Boston	New York	Phila-delphia	Cleve-land	Rich-mond	At-lanta	Chicago	St. Louis	Minne-apolis	Kansas City	Dallas	San Fran-cisco
Discounts:													
1926—June.....	476,044	24,816	117,785	49,243	43,977	47,366	38,384	52,547	28,536	5,254	18,472	11,921	37,743
July.....	548,966	34,529	165,983	48,135	37,221	41,775	42,011	60,854	30,642	7,556	16,164	16,138	47,958
August.....	555,799	36,653	163,270	45,851	33,666	44,918	47,585	54,591	35,196	13,076	12,693	20,139	48,161
September.....	641,797	45,498	182,447	46,224	44,966	46,359	55,345	67,736	43,462	11,212	13,542	25,000	60,006
October.....	665,566	42,180	164,579	49,918	70,386	45,664	55,681	89,224	42,163	11,145	12,455	19,461	62,720
November.....	618,367	38,031	134,908	43,826	75,602	35,516	50,455	105,702	37,548	8,613	16,866	17,223	54,077
December.....	671,722	55,726	154,570	60,785	90,051	29,620	47,553	119,165	37,844	5,101	13,663	10,320	47,324
1927—January.....	486,875	34,476	120,787	44,184	62,107	22,498	34,435	90,847	19,072	4,146	10,256	5,606	38,461
February.....	393,636	28,669	90,232	36,158	39,424	23,409	26,738	78,297	14,531	4,324	9,437	3,215	39,202
March.....	427,716	35,538	114,391	41,819	31,888	22,221	31,389	70,691	14,374	4,609	8,584	3,197	49,015
April.....	447,286	23,201	121,628	43,744	53,890	22,506	34,140	56,281	16,202	6,058	11,902	4,403	53,331
May.....	472,984	37,129	137,765	45,841	43,624	25,450	34,625	52,679	24,024	6,737	17,333	4,670	43,107
June.....	428,563	33,843	91,932	45,227	41,801	22,374	32,618	63,917	26,251	6,514	16,524	6,172	41,390
July.....	453,997	29,689	122,892	46,791	35,393	21,839	36,273	59,685	29,818	5,952	12,460	7,374	45,831
August.....	409,439	29,854	118,418	39,566	27,804	19,671	34,671	40,470	24,749	6,109	9,330	12,742	46,055
September.....	422,192	28,377	142,360	38,240	34,762	26,251	31,085	31,414	27,992	4,435	10,698	10,981	35,597
October.....	424,413	33,290	126,862	38,425	43,720	28,888	25,999	36,483	21,484	2,672	15,730	7,151	43,709
November.....	415,216	36,354	106,511	38,064	46,833	21,516	32,695	46,887	18,135	2,603	18,116	8,388	39,114
December.....	528,624	40,189	171,114	47,854	58,640	24,412	36,084	65,040	19,299	2,990	15,175	5,399	42,428
Deposits:													
1926—June.....	2,241,415	145,362	865,577	135,361	181,333	66,556	72,477	329,191	81,270	51,698	88,155	57,067	167,848
July.....	2,262,420	148,013	857,668	137,621	185,981	71,418	73,453	335,306	82,917	51,538	92,651	57,478	168,876
August.....	2,253,350	145,625	847,061	136,502	188,314	70,054	71,873	340,386	82,092	49,787	94,619	57,595	169,442
September.....	2,273,205	147,447	862,912	137,152	188,048	70,061	72,718	338,071	80,937	50,099	93,706	58,913	173,141
October.....	2,280,180	153,231	853,359	139,637	185,945	72,240	74,640	336,643	83,745	51,574	92,848	60,984	175,334
November.....	2,279,135	155,409	856,416	139,260	184,749	72,626	72,938	332,040	82,771	53,070	91,393	61,148	177,315
December.....	2,289,632	150,252	879,596	139,419	181,215	71,010	71,802	329,801	82,823	52,550	91,127	62,902	177,136
1927—January.....	2,300,204	148,810	885,641	141,195	182,290	73,335	72,723	331,215	83,325	52,278	90,880	62,156	176,356
February.....	2,266,460	149,134	856,053	139,360	183,035	72,276	72,531	329,680	83,754	50,759	91,425	63,763	174,690
March.....	2,284,909	146,177	878,285	138,894	188,427	70,484	71,134	328,167	82,780	51,484	90,789	63,170	175,018
April.....	2,301,120	148,394	882,386	140,451	188,122	71,211	72,766	332,363	83,827	50,371	90,832	62,587	177,810
May.....	2,326,816	148,045	908,188	138,961	188,376	72,586	71,126	338,974	83,193	49,156	89,378	61,645	177,188
June.....	2,355,428	149,846	941,867	137,874	190,247	71,679	68,810	338,545	82,434	49,678	88,342	59,765	176,341
July.....	2,339,478	152,568	918,918	137,993	189,620	74,262	68,471	337,875	82,622	50,607	90,916	60,209	175,417
August.....	2,331,452	151,977	902,138	138,571	192,145	74,478	67,482	345,465	81,589	49,714	91,611	59,759	176,523
September.....	2,350,875	153,393	911,090	140,911	190,489	74,618	68,848	343,955	81,575	52,578	90,155	63,044	180,219
October.....	2,380,556	157,165	921,315	141,539	190,085	74,666	70,827	346,798	84,745	55,623	90,542	66,429	181,122
November.....	2,429,976	161,702	946,306	142,328	192,759	76,719	70,412	345,669	87,920	57,823	94,240	69,165	184,933
December.....	2,435,984	156,775	959,131	140,113	188,794	75,111	70,524	350,010	87,915	56,427	93,282	69,849	188,053

MONETARY GOLD STOCK AND MONEY IN CIRCULATION



MONETARY GOLD STOCK OF THE UNITED STATES¹

[First of month figures. In millions of dollars]

Month	1922	1923	1924	1925	1926	1927	1928
January	3,660	3,929	4,244	4,499	4,399	4,492	¹ 4,380
February	3,685	3,953	4,289	4,423	4,412	4,564	
March	3,723	3,963	4,323	4,369	4,423	4,586	
April	3,760	3,970	4,364	4,346	4,442	4,597	
May	3,764	3,982	4,411	4,350	4,438	4,610	
June	3,771	4,028	4,455	4,361	4,433	4,608	
July	3,785	4,050	4,488	4,365	4,447	4,587	
August	3,829	4,079	4,511	4,370	4,471	4,580	
September	3,855	4,111	4,521	4,383	4,473	4,588	
October	3,873	4,136	4,511	4,382	4,466	4,571	
November	3,888	4,167	4,509	4,407	4,473	4,541	
December	3,906	4,207	4,527	4,397	4,477	4,451	

¹ Revised figures; see BULLETIN for December, 1927, p. 800.

² Preliminary.

UNITED STATES MONEY IN CIRCULATION¹

[First of month figures. In millions of dollars]

Month	1922	1923	1924	1925	1926	1927	1928
January	4,690	4,817	5,044	5,047	5,104	5,095	² 5,005
February	4,441	4,614	4,777	4,802	4,841	4,846	
March	4,491	4,703	4,887	4,853	4,904	4,885	
April	4,497	4,747	4,899	4,818	4,880	4,862	
May	4,468	4,759	4,853	4,789	4,907	4,891	
June	4,455	4,797	4,905	4,841	4,923	4,893	
July	4,463	4,823	4,849	4,815	4,885	4,851	
August	4,424	4,787	4,756	4,795	4,909	4,840	
September	4,480	4,876	4,859	4,867	4,930	4,854	
October	4,608	4,945	4,863	4,916	4,978	4,948	
November	4,646	4,925	4,942	4,969	5,021	4,946	
December	4,704	5,018	5,052	5,044	5,037	4,952	

¹ Revised figures; see BULLETIN for December, 1927, p. 800.

² Preliminary.

INCREASE OR DECREASE (-) IN MONETARY GOLD STOCK

[In thousands of dollars]

Month	1922	1923	1924	1925	1926	1927
January	24,689	23,716	45,473	-76,592	12,199	72,268
February	38,388	10,864	33,794	-53,500	11,540	21,313
March	36,706	6,873	40,496	-23,245	18,386	11,083
April	4,178	11,380	47,327	3,618	-3,392	12,944
May	7,171	46,185	44,204	11,472	-4,768	-1,427
June	13,217	21,719	33,228	3,398	14,007	-20,943
July	43,966	29,250	22,962	5,488	23,719	-7,465
August	26,096	32,639	9,611	12,631	2,008	8,527
September	18,087	25,021	-9,699	-1,212	-7,363	-17,519
October	15,072	30,601	-1,967	25,938	7,688	-30,159
November	18,142	39,997	17,362	-10,037	3,181	-89,723
December	22,801	36,806	-27,178	1,985	15,432	¹ 70,487

¹ Preliminary.

NET IMPORTS OR NET EXPORTS (-) OF GOLD

[In thousands of dollars]

Month	1921	1922	1923	1924	1925	1926	1927
January	30,909	25,708	24,348	44,855	-68,488	16,264	44,465
February	41,591	27,007	6,984	34,606	-46,997	21,565	19,895
March	86,562	32,525	5,559	33,505	-17,768	39,188	10,758
April	80,278	10,665	8,533	44,027	-12,734	-4,768	11,911
May	57,109	5,587	45,332	40,481	-1,997	-6,408	31,702
June	42,803	11,376	18,885	24,913	-2,287	15,544	12,771
July	60,513	42,343	27,407	18,507	5,787	14,751	8,935
August	84,230	18,136	30,655	15,752	2,726	-17,764	6,353
September	63,637	23,066	26,941	2,076	-2,656	-7,094	-11,465
October	39,531	3,275	28,488	15,577	22,702	7,701	-8,642
November	50,691	14,877	39,010	13,173	-13,904	9,011	-53,184
December	29,504	23,730	31,930	-29,401	1,248	9,808	¹ 66,000

¹ Preliminary.

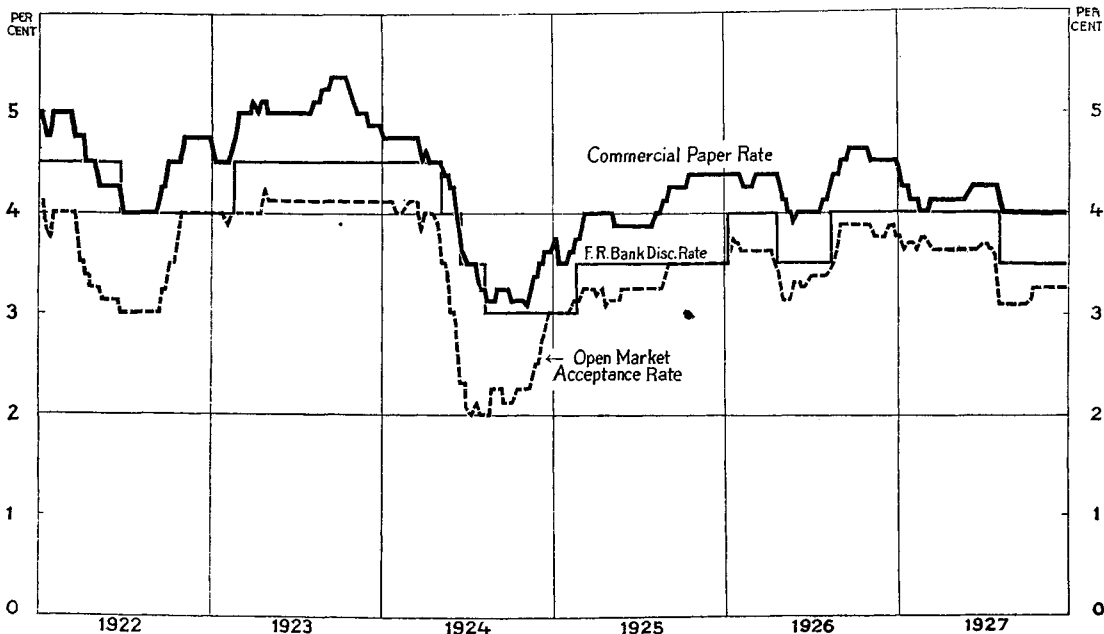
INCREASE OR DECREASE (-) IN GOLD STOCK THROUGH CHANGES IN GOLD UNDER EARMARK FOR FOREIGN ACCOUNT

[In thousands of dollars]

Month	1921	1922	1923	1924	1925	1926	1927
January	3,990		-1,629		-810	-6,043	19,487
February	-1,990		4,329	593	-1,366	-11,000	3,180
March				-2,452	-6,825	-22,988	-1,502
April			1,000	-558	14,850		-1,000
May				1,000	12,725		-95,000
June	-3,000			2,000	5,075	-580	-500
July	5,000		-1,500	-2,583	-3,901	4,000	184
August				-7,984	8,725	19,200	-2,501
September	10,000		500	-13,229	901	-2,400	-9,000
October	8,000	-1,500	-2,000	-17,000	2,870	4	-25,001
November		-200		-500	2,000	-7,498	-40,000
December		-2,000		-1,500	-2,000	1,008	-8,500

NOTE.—Earmarking of gold for foreign account has the effect of decreasing the country's monetary stock and withdrawal from earmark has the opposite effect. The actual increase or decrease in the monetary gold stock, however, during any given month, which is accurately shown in the table at the head of this column, does not correspond exactly with the sum of the figures given in the other two tables because (1) some incoming gold is not in monetary form, (2) gold earmarked in one month is sometimes exported in a subsequent month, and (3) the total change reflects also domestic production of gold and the movement of gold into and out of use in industry and the arts.

MONEY RATES IN NEW YORK CITY



FEDERAL RESERVE BANK RATES

DISCOUNT RATES

[Rates on all classes and maturities of eligible paper]

Federal reserve bank	Rate in effect on Jan. 1	Date established	Previous rate
Boston.....	3½	Aug. 5, 1927	4
New York.....	3½	Aug. 5, 1927	4
Philadelphia.....	3½	Sept. 8, 1927	4
Cleveland.....	3½	Aug. 6, 1927	4
Richmond.....	3½	Aug. 16, 1927	4
Atlanta.....	3½	Aug. 13, 1927	4
Chicago.....	3½	Sept. 7, 1927	4
St. Louis.....	3½	Aug. 4, 1927	4
Minneapolis.....	3½	Sept. 13, 1927	4
Kansas City.....	3½	July 29, 1927	4
Dallas.....	3½	Aug. 12, 1927	4
San Francisco.....	3½	Sept. 10, 1927	4

BUYING RATES ON ACCEPTANCES

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

Maturity	Rate in effect on Jan. 1	Date established	Previous rate
1-15 days.....	3	Aug. 5, 1927	3½
16-30 days.....	3	Aug. 22, 1927	3½
31-45 days.....	3	do	3½
46-60 days.....	3½	Aug. 5, 1927	3½
61-90 days.....	3½	do	3½
91-120 days.....	3½	do	3½
121-180 days.....	3½	July 29, 1927	4

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

OPEN-MARKET RATES

RATES IN NEW YORK CITY

Month or week	Prevailing rate on—			Average rate on—		Average yield on—	
	Prime commercial paper, 4 to 6 months	Prime bankers' acceptances, 90 days	Time loans, 90 days ¹	Call loans ² New	Call loans ² Renewal	U. S. Treasury notes and certificates, 3 to 6 months	Treasury bonds ³
1926							
October.....	4½-4¾	3½	5	4.70	4.75	3.58	3.73
November.....	4½	3½-3¾	4¾	4.60	4.56	3.35	3.68
December.....	4½	3½-3¾	4½-4¾	5.16	5.16	3.11	3.64
1927							
January.....	4-4½	3½-3¾	4½	4.27	4.32	3.23	3.60
February.....	4-4½	3½-3¾	4½-4¾	4.06	4.03	3.29	3.58
March.....	4-4½	3½	4½-4¾	4.13	4.13	3.21	3.48
April.....	4-4½	3½	4½-4¾	4.21	4.18	3.39	3.47
May.....	4-4½	3½	4½	4.27	4.26	3.33	3.44
June.....	4½	3½	4½	4.26	4.33	3.09	3.47
July.....	4½	3½-3¾	4½-4¾	3.95	4.05	2.96	3.48
August.....	4	3½	4-4½	3.66	3.68	2.70	3.45
September.....	4	3½	4-4½	3.84	3.80	2.81	3.44
October.....	4	3½	4½-4¾	3.88	3.90	3.08	3.43
November.....	4	3½	4½-4¾	3.60	3.60	3.04	3.39
December.....	4	3½	4-4½	4.43	4.38	3.16	3.34
Week ending—						3.17	
Dec. 3.....	4	3½	4-4½	4.27	4.10	3.10	3.36
Dec. 10.....	4	3½	4½	4.08	4.20	3.10	3.34
Dec. 17.....	4	3½	4½-4¾	4.00	4.00	3.12	3.35
Dec. 24.....	4	3½	4½-4¾	4.36	4.20	3.23	3.34
Dec. 31.....	4	3½	4½	5.48	5.38	3.25	3.34

¹ Stock exchange call loans; new and renewal rates.

² Stock exchange 90-day time loans.

³ Three issues—3½, 4, and 4½ per cent; yields calculated on basis of last redemption dates—1956, 1954, and 1952.

⁴ Change of issues on which yield is computed.

PREVAILING RATES CHARGED CUSTOMERS BY BANKS IN PRINCIPAL CITIES

The rates shown are those at which the bulk of the loans of each class were made by representative banks during the week ending with the 15th of the month. Rates reported by about 200 banks with loans exceeding \$7,500,000,000.

FEDERAL RESERVE BANK CITIES

Month	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Prime commercial loans												
1926—December.....	4 3/4	4 1/2-4 3/4	4 1/2-4 3/4	1 1/2-6	5 1/2-6	5-6	4 3/4-5	4 3/4-5 1/2	4 1/2-5 1/2	5-5 1/2	4 1/2-6	5-5 1/2
1927—January.....	4 1/2	4 1/2	4 1/2-5	1 1/2-5 1/2	5 1/2-6	5-6	4 1/2-5	4 3/4-5 1/2	4 1/2-5 1/2	5-5 1/2	4 1/2-6	5-6
February.....	4 1/2	4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	5-6	5-6	4 1/2-5	4 3/4-5 1/2	4 1/2-5 1/2	5	4 1/2-6	5-6
March.....	4 1/2-4 3/4	4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	5 1/2-6	4 1/2-6	4 1/2-4 3/4	4 1/2-5	4 1/2-5 1/2	5	4 1/2-6	5-6
April.....	4 1/2	4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	5-6	5-6	4 1/2-4 3/4	4 1/2-5	4 1/2-5 1/2	5	4 1/2-6	4 1/2-5 1/2
May.....	4 1/2	4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	5-6	5-6	4 1/2-5	4 1/2-5	4 1/2-5 1/2	5	4 1/2-6	4 1/2-5 1/2
June.....	4 1/2	4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	4 3/4-6	5-6	4 1/2-4 3/4	4 1/2-5	4 1/2-5 1/2	5	4 1/2-6	4 1/2-5 1/2
July.....	4 1/2-4 3/4	4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	4-5	5-6	4 1/2-5	4 1/2-5	4-5 1/2	5	4 1/2-6	4 1/2-5 1/2
August.....	4-4 1/2	4 1/2-4 3/4	4 1/2-4 3/4	1 1/2-5 1/2	4-5	5-6	4 1/2-5	4 1/2-5	4 1/2-5 1/2	5	4 1/2-6	4 1/2-5 1/2
September.....	4-4 1/4	4 1/2-4 3/4	4 1/2-4 3/4	1 1/2-5 1/2	4 1/2-5	5-5 1/2	4 1/2-4 3/4	4-5	4 1/2-5	5	4-6	4 1/2-5 1/2
October.....	4-4 1/4	4-4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	4 1/2-5	5-5 1/2	4 1/2-4 3/4	4 1/2-5	4 1/2-6	5	4 1/2-6	4 1/2-5 1/2
November.....	4-4 1/4	4-4 1/2	4 1/2-4 3/4	1 1/2-5 1/2	4 1/2-5	5-5 1/2	4 1/2-5	4-5	4 1/2-5 1/2	5	4-6	4 1/2-5 1/2
December.....	4-4 1/4	4 1/2-4 3/4	4 1/2-4 3/4	1 1/2-5 1/2	4 1/2-5	5-5 1/2	4 1/2-4 3/4	4-5	4 1/2-5	5	4 1/2-6	5-6
Loans secured by prime stock exchange collateral												
1927—June.....	4 1/2-4 3/4	4 1/2-5	4 1/2-5	1 1/2-6	6	5-6	4 1/2-5	5-5 1/2	4 1/2-6	5-6	5-7	5-6
July.....	4 1/2	4 1/2-5	4 1/2-4 3/4	1 1/2-6	4 3/4-6	5-6	4 1/2-5	5-5 1/2	4 1/2-6	5-6	5-7	5-6
August.....	4 1/2-4 3/4	4 1/2-5	4 1/2-5	1 1/2-6	5-6	5-6	4 1/2-5	5-5 1/2	4 1/2-6	5-6	5-7	5-6
September.....	4 1/2-4 3/4	4 1/2-5	4 1/2-4 3/4	1 1/2-6	5-6	5-6	4 1/2-5	5	4 1/2-6	5-6	5-6	5-6
October.....	4 1/2-4 3/4	4 1/2-5	4 1/2-4 3/4	1 1/2-6	4 3/4-6	5-6	4 1/2-5	4 1/2-5 1/2	4 1/2-6	5-6	5-7	5-6
November.....	4 1/2-4 3/4	4 1/2-5	4 1/2-4 3/4	1 1/2-6	5-6	5-6	4 1/2-5	4 1/2-5 1/2	4 1/2-6	5-6	5-7	5-6
December.....	4 1/2-4 3/4	4 1/2-5	4 1/2-4 3/4	1 1/2-6	4 3/4	5-6	4 1/2-4 3/4	4 1/2-5 1/2	4 1/2-6	5-6	5-7	5-6
Loans secured by warehouse receipts												
1927—June.....	5	4 3/4-5	5-6	1 5/8-6	5-6	5-6	4 1/2-5 1/2	5	4 1/2-6	5-6	5-7	5-6
July.....	5	4 3/4-5	5 1/2-6	1 5/8-6	6	5-6	4 1/2-5	4 1/2-5	4 1/2-5 1/2	5-6	5-6	5-6
August.....	5	4 3/4-5	5-6	1 5/8-6	5 1/2-6	5-6	4 1/2-5	4 1/2-5	4 1/2-5 1/2	5-6	5-6	5-6
September.....	4 1/2-5	4 1/2-5	4 1/2-6	1 1/2-6	4 1/2-6	5-6	4 1/2-5	4 1/2-5	4 1/2-5	5-6	5-6	5-6
October.....	5	4 1/2-5	5-6	1 1/2-6	5-6	5-6	4 1/2-5	4 1/2-5	4 1/2-5	5-6	5-6	5-6
November.....	5	5	5-6	4 3/4-6	5 1/2	5-6	4 1/2-5	4 1/2-5	4 1/2-5	5-6	5-6	5-6
December.....	5-5 1/2	5	5-6	4 3/4-6	6	5-6	4 1/2-5	4 1/2-6	4 1/2-5 1/2	5-6	5	5-6
Interbank loans												
1927—June.....	4 1/2	4 1/2-5	4 1/2-5	5	5	5-6	5	5-5 1/2	5-6	6	5	5-6
July.....	4 1/2	4 1/2-5	4 1/2-5	5	5-5 1/2	5-6	5	5-5 1/2	5-6	6	5	5-6
August.....	4-4 1/4	4-5	4 1/2-5	5	5	5-6	5	5-5 1/2	5-6	6	5	5-6
September.....	4	4 1/2-4 3/4	4 1/2-5	5	5	5-6	5	5-5 1/2	5-6	6	5	5-6
October.....	4	4-4 1/2	4 1/2	4 3/4-5	5	5-6	5	4 3/4-5 1/2	5-6	6	5-6	5-6
November.....	4	4-4 1/2	4 1/2	4 1/2-5	4 1/2-5	5-6	5	4-5 1/2	5-6	6	5	5-6
December.....	4	4-4 1/2	4 1/2-5	5	4 3/4	5-6	5	4 1/2-5 1/2	4 3/4-6	6	5	5-6

FEDERAL RESERVE BRANCH CITIES

City	Prime commercial loans			Loans secured by prime stock-exchange collateral			Loans secured by warehouse receipts			Interbank loans		
	October	Novem- ber	Decem- ber	October	Novem- ber	Decem- ber	October	Novem- ber	Decem- ber	October	Novem- ber	Decem- ber
Buffalo.....	5-6	5-6	5-6	5-6	5-6	5-6	6	6	6	5	5	4 3/4-5 1/2
Cincinnati.....	5 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6	5-6	5-6	6-7	5 1/2-7	6-7	5-5 1/2	5-5 1/2	5-6
Pittsburgh.....	5-6	5-6	5-6	5-6	5-6	5-6	6	6	6	5-6	5-6	5-6
Baltimore.....	4 1/2-5 1/2	5-5 1/2	4-6	4 1/2-6	5-6	4 1/2-6	6	5 1/2-6	5 1/2-6	5-5 1/2	5-5 1/2	5-6
Birmingham.....	5-6	5-6	5-6	5-6	5-6	5-6	6	6	6	5-6	5-6	5-6
Jacksonville.....	5-6	5-6	5-6	5-8	5-8	5-8	6-8	4 1/2-7	4 1/2-7	6	6	6
Nashville.....	6	6	6	6	6	6	5 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6
New Orleans.....	5 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6	5-6	5 1/2-6	5 1/2-6	5-6	5-6	5-6
Detroit.....	5-6	5-6	4 1/2-6	4 1/2-6	4 1/2-6	5-6	5 1/2-6	5 1/2-6	5-6	5-5 1/2	5-5 1/2	5-6
Little Rock.....	5 1/2-6	5-6	5-6	6-7	6-7	6-7	6-7	5-7	5-7	5 1/2-6	6	6
Louisville.....	5-6	5-6	5-6	5-6	5-6	5-6	6	6	6	5	5	6
Helena.....	8	8	8	8	8	8	6-8	6-8	6-8	6-8	6-8	6-8
Denver.....	4-6	4 1/4-6	6	5 1/2-6	5-6	5 1/2-6	5 1/2-7	5 1/2-8	5 1/2-6	6-6 1/2	6-6 1/2	6-6 1/2
Oklahoma City.....	5-6	5-6	5-6	6	6	6	6	6	6	6	6	6
Omaha.....	4 1/2-6	4 1/2-6	4 1/2-6	5 1/2-6	5 1/2-6	5 1/2-6	6-6 1/2	6-6 1/2	6	5 1/2-6	5 1/2-6	6
El Paso.....	8	8	8	6-8	6-8	6-8	7-8	7-8	7-8	6	6	6
Houston.....	5-6	5-6	5-6	5-6	5-6	5-6	5-6	5-7	5-7	5	5	5-5 1/2
San Antonio.....	4 1/2-6	4 1/2-6	4 1/2-6	6-8	6-7	6-7	6-8	6-8	6-8	5-6	5-6	5-6
Los Angeles.....	6-7	6-7	6-7	6-7	6-7	6-7	6-7	6-7	6-7	6	6	6
Portland.....	6	6	6	6	6	6	6-7	6-7	6-7	6	6	6
Salt Lake City.....	6	6	6	6	6-8	6-7	7-8	7-8	7	6	6	6
Seattle.....	6	6	6	6-7	6-7	6-7	6-7	6 1/2-7	6-7	5-6 1/2	6-6 1/2	6
Spokane.....	6	6	6	6	6	6	7	7	7	6	6	6

1 Revised.

MEMBER BANK CREDIT

MEMBER BANK RESERVE BALANCES AND BORROWINGS AT FEDERAL RESERVE BANKS

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

Month	Reserve balances					Borrowings at Federal reserve banks				
	Reporting member banks			Other member banks	Total	Reporting member banks			Other member banks	Total
	New York City	Other leading cities	Total			New York City	Other leading cities	Total		
1926—December	725,298	960,263	1,685,561	579,291	2,264,852	99,611	347,515	447,126	200,647	647,773
1927—January	717,310	960,239	1,677,549	587,647	2,265,196	75,894	223,259	299,153	177,141	476,294
February	682,026	962,691	1,644,717	584,612	2,229,329	59,907	172,886	232,793	158,791	391,584
March	709,853	961,184	1,671,037	593,492	2,264,529	73,118	195,001	268,119	150,784	418,903
April	687,972	971,108	1,659,080	594,900	2,253,980	78,459	191,883	270,342	151,086	421,428
May	720,255	976,346	1,696,601	593,528	2,290,129	90,167	213,476	303,643	155,476	459,119
June	775,900	973,318	1,749,218	592,650	2,341,868	51,485	219,307	270,792	163,753	434,545
July	723,491	967,002	1,690,493	606,200	2,296,693	59,386	213,252	272,638	160,970	433,608
August	724,240	983,241	1,707,481	606,427	2,313,908	78,865	182,027	260,892	156,858	417,750
September	726,262	982,735	1,709,047	613,709	2,322,756	90,420	176,509	266,929	150,495	417,424
October	728,171	996,927	1,725,098	629,976	2,355,074	74,502	208,435	282,937	145,245	428,182
November	768,193	998,659	1,766,852	633,627	2,400,479	72,923	203,001	275,924	144,600	420,524
December	769,189	1,017,774	1,786,963	623,491	2,410,454	126,850	261,369	388,219	143,342	531,561

LOANS, INVESTMENTS, AND DEPOSITS OF REPORTING MEMBER BANKS

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

Month	Loans and investments					Net demand, time, and Government deposits			
	Total	Loans			Investments	Total	Net demand	Time	Government
		Total	On securities	All other					
In New York City:									
1926—December	6,308,886	4,575,021	2,018,731	2,556,290	1,733,865	6,030,809	5,093,951	901,789	35,069
1927—January	6,341,114	4,593,379	2,167,859	2,425,520	1,747,735	6,080,894	5,127,308	917,608	35,978
February	6,189,052	4,436,661	2,047,374	2,389,287	1,752,391	5,894,478	4,935,006	929,499	29,973
March	6,349,701	4,525,865	2,097,179	2,428,686	1,823,836	6,063,771	5,068,281	929,105	36,387
April	6,421,165	4,570,029	2,156,122	2,413,907	1,851,136	6,079,869	5,066,081	956,045	63,743
May	6,534,882	4,628,567	2,200,557	2,428,010	1,906,315	6,169,518	5,179,092	956,334	34,092
June	6,692,243	4,767,162	2,325,708	2,441,453	1,925,081	6,421,358	5,389,740	1,009,999	21,619
July	6,601,841	4,720,139	2,281,271	2,438,868	1,881,702	6,268,844	5,284,543	992,370	11,931
August	6,578,660	4,748,052	2,275,360	2,472,692	1,830,608	6,229,475	5,213,235	1,010,441	5,799
September	6,705,170	4,910,943	2,313,326	2,597,617	1,794,227	6,291,879	5,224,056	1,006,913	63,910
October	6,782,502	5,009,556	2,369,631	2,639,925	1,772,946	6,371,720	5,254,646	1,014,507	102,567
November	6,953,615	5,115,427	2,464,515	2,650,912	1,838,188	6,527,526	5,429,561	1,055,123	42,552
December	7,124,260	5,227,528	2,605,321	2,622,207	1,806,732	6,633,578	5,570,702	1,034,280	29,066
In other leading cities:									
1926—December ¹	13,740,317	9,889,494	3,675,386	6,214,108	3,850,823	13,006,541	7,975,653	4,938,409	92,479
1927—January ¹	13,651,504	9,824,286	3,670,959	6,153,327	3,827,218	13,079,750	7,976,287	5,010,800	92,663
February ¹	13,657,458	9,771,198	3,657,172	6,114,026	3,886,200	13,096,404	7,981,144	5,035,513	76,747
March ¹	13,910,871	9,856,564	3,693,105	6,163,459	4,054,307	13,303,572	8,000,681	5,138,307	164,584
April ¹	13,912,285	9,830,525	3,697,859	6,132,666	4,081,760	13,307,731	8,003,200	5,147,212	157,319
May ¹	14,007,537	9,873,865	3,740,226	6,133,639	4,133,672	13,352,576	8,035,509	5,233,452	83,615
June ¹	14,087,136	9,917,768	3,820,286	6,097,483	4,169,368	13,403,771	8,058,941	5,228,600	116,230
July ¹	14,080,003	9,896,145	3,832,740	6,063,405	4,183,858	13,431,721	8,075,561	5,290,489	95,671
August ¹	14,062,703	9,917,931	3,849,786	6,068,145	4,144,772	13,439,247	8,096,256	5,296,376	46,615
September ¹	14,240,742	10,002,087	3,908,128	6,093,959	4,238,655	13,611,488	8,150,313	5,344,921	116,254
October ¹	14,439,193	10,098,127	3,955,742	6,142,385	4,341,066	13,778,209	8,191,931	5,409,019	177,259
November ¹	14,504,002	10,077,941	3,945,977	6,131,964	4,426,061	13,836,359	8,304,009	5,427,714	104,636
December ¹	14,599,809	10,113,543	3,988,333	6,125,210	4,486,266	13,860,204	8,333,209	5,456,570	69,925
Total:									
1926—December ¹	20,049,203	14,464,515	5,694,117	8,770,398	5,584,688	19,037,350	13,069,604	5,840,198	127,548
1927—January ¹	19,992,618	14,417,665	5,838,818	8,578,847	5,574,953	19,160,644	13,103,595	5,928,408	128,641
February ¹	19,846,510	14,207,859	5,704,546	8,503,313	5,638,651	18,990,882	12,919,150	5,965,012	106,720
March ¹	20,260,572	14,382,429	5,790,284	8,592,145	5,878,143	19,367,343	13,068,962	6,067,410	230,971
April ¹	20,333,450	14,400,554	5,853,981	8,546,573	5,932,896	19,387,600	13,069,281	6,097,257	221,062
May ¹	20,542,419	14,502,432	5,940,783	8,561,649	6,039,987	19,522,094	13,214,601	6,189,786	117,707
June ¹	20,779,379	14,684,930	6,145,994	8,538,936	6,094,449	19,825,129	13,448,681	6,238,599	137,849
July ¹	20,681,844	14,616,284	6,114,011	8,502,273	6,065,560	19,700,565	13,340,104	6,252,859	107,602
August ¹	20,641,363	14,665,983	6,125,146	8,540,837	5,975,380	19,668,722	13,309,491	6,306,817	52,414
September ¹	20,945,912	14,913,030	6,221,454	8,691,576	6,032,882	19,903,367	13,374,369	6,348,834	180,164
October ¹	21,221,695	15,107,683	6,325,373	8,782,310	6,114,012	20,149,929	13,446,577	6,423,526	279,826
November ¹	21,457,617	15,193,368	6,410,492	8,782,876	6,264,249	20,363,885	13,733,860	6,482,837	147,188
December ¹	21,724,069	15,341,071	6,593,654	8,747,417	6,382,998	20,493,782	13,903,911	6,490,850	99,021

¹ Revised; for explanation see p. 8.

COMMODITY PRICES, SECURITY PRICES, AND SECURITY ISSUES

WHOLESALE PRICES, BY COMMODITY GROUPS¹
[1926=100]

Month	All commodities	Farm products	Foods	Hides and leather products	Textile products	Fuel and lighting	Metals and metal products	Building materials	Chemicals and drugs	House-furnishing goods	Miscellaneous
1926											
September	99.7	99.3	99.8	98.8	98.9	101.5	101.2	99.5	100.2	99.5	94.2
October	99.4	97.9	100.8	101.0	97.7	101.3	101.0	99.5	99.1	99.4	93.4
November	98.4	94.7	100.5	100.4	96.3	102.5	100.8	100.1	98.6	99.1	90.8
December	97.9	94.9	100.7	100.4	95.2	90.4	100.4	99.2	98.8	98.8	89.9
1927											
January	96.6	96.5	96.9	101.0	94.3	97.7	98.8	97.5	97.6	97.9	90.3
February	95.9	95.4	95.9	100.2	94.6	95.8	98.0	96.2	97.6	97.9	90.6
March	94.5	94.2	94.5	100.5	94.0	90.0	98.2	95.3	97.1	97.8	90.9
April	93.7	94.3	94.6	101.7	94.2	84.9	97.8	95.0	97.8	97.8	91.3
May	93.7	96.3	94.4	103.7	93.9	83.9	98.6	95.1	95.4	97.8	91.3
June	93.8	96.5	94.4	107.3	94.3	84.2	98.2	94.6	95.8	98.0	91.3
July	94.1	97.6	93.9	111.7	94.3	84.2	97.7	93.7	95.3	98.0	90.2
August	95.2	102.2	94.2	111.7	96.2	84.1	98.0	92.9	95.4	98.6	89.8
September	96.5	105.9	96.5	112.5	98.5	84.2	97.6	92.1	96.4	98.6	89.2
October	97.0	105.0	100.0	113.0	98.4	83.8	97.1	91.6	97.1	98.5	88.3
November	96.7	104.3	101.5	114.3	97.5	82.9	97.0	90.2	97.4	98.9	88.3

¹ New index of Bureau of Labor Statistics. See BULLETIN for October, 1927, pp. 696-699.

PRICES OF FARM PRODUCTS AT THE FARM¹
[August, 1909-July, 1914=100]

Month	30 commodities	Grains	Fruit and vegetables	Meat animals	Dairy and poultry products	Cotton and cottonseed	Unclassified
1926							
September	134	121	136	148	139	134	93
October	130	123	136	148	144	94	97
November	130	121	142	142	157	88	97
December	127	120	137	140	161	81	91
1927							
January	126	120	140	140	162	85	87
February	127	122	142	143	142	94	84
March	126	121	140	144	133	102	81
April	125	119	147	143	133	101	80
May	126	127	158	137	130	113	79
June	130	140	201	129	124	119	82
July	130	139	195	131	125	124	81
August	132	138	172	136	127	136	81
September	140	134	145	142	137	179	87
October	139	128	188	145	146	169	83
November	137	120	136	141	153	162	86
December	137	123	141	138	158	151	90

¹ Index numbers of Department of Agriculture.

DOMESTIC CAPITAL ISSUES
[In millions of dollars]

Class of issue	November, 1927		January-November—			
	New	Re-fund-ing	1927		1926	
			New	Re-fund-ing	New	Re-fund-ing
Total	379.5	206.9	5,483.8	1,704.7	4,710.8	835.5
Corporate issues	278.0	204.8	4,084.3	1,586.5	3,449.1	778.4
Bonds and notes—						
Long-term	156.8	200.2	2,647.3	1,287.5	2,205.3	617.0
Short-term	14.2		200.6	72.7	236.0	39.0
Stocks	107.0	4.6	1,236.2	226.4	1,007.6	122.4
Farm loan issues	.5		86.9	92.8	91.3	40.2
Municipal issues	101.0	2.1	1,312.7	25.3	1,178.7	16.8
Total new and refunding	586.4		7,188.6		5,546.4	

SECURITY PRICES

Month or week	Common stocks ¹			Bonds: Average price of 40 issues
	197 Industrial stocks ²	31 railroad stocks ³	Total, 229 stocks	
1926—November	157.5	132.4	150.2	95.66
December	161.7	135.2	153.9	96.05
1927—January	158.4	136.7	153.5	96.43
February	163.0	142.1	156.9	96.44
March	165.7	143.1	159.0	96.63
April	165.1	147.4	166.2	97.24
May	174.5	150.5	167.5	97.55
June	175.4	151.9	168.5	97.06
July	179.0	153.9	171.7	97.03
August	189.0	156.0	179.3	97.76
September	197.0	157.1	191.1	98.00
October	197.5	158.9	186.2	98.62
November	202.1	158.6	189.4	98.98
December	208.7	160.6	194.6	99.25
Week ending—				
Dec. 3	205.6	162.5	193.0	99.21
Dec. 10	204.9	159.7	191.7	99.26
Dec. 17	209.3	160.5	195.0	99.28
Dec. 24	211.2	160.9	196.5	99.22
Dec. 31	212.6	159.5	197.0	99.27

¹ Index numbers of Standard Statistics Co.

² Average of 1917-1921 prices=100.

³ Average of yearly high and low prices, 1913-1922=100.

FOREIGN CAPITAL ISSUES
[In millions of dollars]

Class of issue	November, 1927		January-November			
	Govern-ment	Corpo-rate	1927		1926	
			Govern-ment	Corpo-rate	Govern-ment	Corpo-rate
Total	59.4	123.5	922.3	617.8	640.9	528.2
New issues	53.1	69.6	810.9	506.0	534.5	413.4
Europe	24.7	42.9	307.6	236.8	222.7	183.7
Canada and Newfoundland	17.3	7.6	119.0	93.5	66.5	149.3
Latin America	5.8	13.1	258.4	76.7	213.4	30.3
United States insular possessions	5.3	2.0	10.7	19.3	12.2	2.4
Miscellaneous		4.0	114.8	79.6	19.7	47.7
Refunding issues	6.4	53.9	111.4	111.8	106.4	114.8
Total Government and corporate	182.9		1,416.7		1,169.1	

INDUSTRIAL PRODUCTION

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

Month	Index of Industrial Production																	
	Total						Manufactures						Minerals					
	1922	1923	1924	1925	1926	1927	1922	1923	1924	1925	1926	1927	1922	1923	1924	1925	1926	1927
January.....	73	100	100	105	106	107	73	100	99	106	109	105	77	101	102	104	92	116
February.....	76	100	102	105	107	109	75	100	102	106	108	107	85	100	104	100	96	118
March.....	80	103	100	104	107	111	78	103	101	106	108	110	92	103	99	96	106	113
April.....	77	107	95	103	107	108	81	107	95	103	107	109	53	109	92	98	106	104
May.....	81	107	89	103	106	111	86	106	88	103	107	111	54	108	93	104	104	108
June.....	86	105	85	102	107	108	90	104	84	102	107	108	59	108	92	101	106	104
July.....	86	103	83	103	107	106	91	102	82	103	107	106	67	111	92	104	107	100
August.....	84	102	89	103	111	107	87	100	88	102	111	107	62	110	92	108	109	106
September.....	88	100	94	102	112	105	89	101	93	104	112	105	81	98	97	90	111	105
October.....	94	99	94	105	111	103	94	98	95	107	110	102	90	104	89	91	115	105
November.....	97	97	97	106	108	98	98	96	97	109	106	98	94	105	96	94	118	101
December.....	100	96	101	108	105	-----	100	96	101	110	103	-----	100	99	100	93	119	-----
Annual index.....	85	101	95	104	108	-----	87	101	94	105	108	-----	74	105	96	99	107	-----

Month	Index of Production of Manufactures, by Groups												
	Total	Iron and steel	Textiles	Food products	Paper and printing	Lumber	Automobiles	Leather and shoes	Cement, brick, and glass	Non-ferrous metals	Petroleum refining	Rubber tires	Tobacco manufactures
1926													
August.....	111	120	105	102	115	95	128	101	118	110	128	128	113
September.....	112	117	109	103	116	99	124	105	117	112	128	132	113
October.....	110	115	110	102	117	97	105	106	114	112	129	126	116
November.....	106	104	110	98	116	95	88	99	107	119	133	108	115
December.....	103	102	110	96	113	96	65	100	95	118	135	112	111
1927													
January.....	105	105	108	95	112	96	95	99	101	116	135	118	114
February.....	107	113	108	93	113	95	99	102	107	112	134	117	113
March.....	110	114	114	99	113	91	104	98	119	108	135	123	116
April.....	109	115	112	98	114	88	104	98	109	112	134	131	122
May.....	111	116	116	103	113	95	105	100	108	111	132	127	122
June.....	108	104	121	102	112	93	93	105	109	108	134	131	116
July.....	106	102	118	96	113	95	83	113	111	106	136	124	109
August.....	107	101	119	97	111	95	88	106	115	108	136	119	119
September.....	105	97	118	93	113	99	81	112	113	107	139	113	123
October.....	102	93	113	94	113	95	71	109	108	106	142	116	121
November.....	98	87	111	94	111	91	47	98	106	106	140	113	122

Month	Index of Production of Minerals, by Products								
	Total	Bituminous coal	Anthracite coal	Crude petroleum	Iron ore shipments	Copper	Zinc	Lead	Silver
1926									
August.....	109	107	118	105	126	108	120	116	96
September.....	111	109	127	106	116	113	121	117	96
October.....	115	112	125	113	132	113	121	118	93
November.....	118	124	114	117	97	116	120	116	93
December.....	119	121	115	121	-----	112	119	122	107
1927									
January.....	116	119	101	120	-----	114	113	113	97
February.....	118	125	95	123	-----	111	113	112	95
March.....	118	131	88	123	-----	100	114	115	90
April.....	104	87	108	119	-----	106	110	120	90
May.....	108	94	117	120	120	107	108	113	90
June.....	104	91	102	120	101	105	114	112	93
July.....	100	87	75	124	99	101	109	116	94
August.....	106	92	107	123	99	101	114	112	94
September.....	105	92	100	124	87	104	111	111	90
October.....	105	90	107	124	95	102	110	105	91
November.....	101	85	106	124	49	105	107	110	100

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

PRODUCTION OF MANUFACTURES, BY INDIVIDUAL LINES

	November, 1927	October, 1927	November, 1926		November, 1927	October, 1927	November, 1926
Iron and steel:				Leather and products:			
Pig iron.....	90	91	110	Leather, tanning—			
Steel ingots.....	87	93	104	Sole leather ¹	93	99	88
Textiles:				Upper leather—			
Cotton consumption.....	118	120	110	Cattle.....	69	81	102
Wool—				Calf and kid.....	108	114	89
Consumption.....	90	95	93	Goat and kid.....	126	128	117
Machinery activity ¹	92	93	100	Boots and shoes.....	98	111	101
Carpet and rug loom activity ¹	91	87	92	Stone, clay, and glass:			
Silk—				Cement.....	111	115	109
Deliveries.....	139	140	141	Brick—			
Loom activity ¹	103	107	114	Face brick.....	105	107	105
Food products:				Paving brick.....		96	68
Slaughtering and meat packing—				Plate glass.....	104	106	118
Hogs.....	80	81	78	Nonferrous metals:			
Cattle.....	100	93	107	Copper.....	106	106	123
Calves.....	104	96	109	Lead.....	110	105	117
Sheep.....	116	115	114	Zinc.....	107	110	120
Flour.....	97	96	97	Tin ¹	100	104	104
Sugar meltings.....	108	118	127	Chemicals and allied products:			
Paper and printing:				Petroleum refining—			
Wood pulp and paper—				Gasoline ¹	160	162	145
Newsprint.....	94	91	113	Kerosene.....	93	94	103
Book paper.....	108	107	111	Fuel oil ¹	123	124	119
Fine paper.....	113	115	118	Lubricating oil ¹	107	115	118
Wrapping paper.....	98	105	103	Coke production—			
Paper board.....	116	116	115	By-products.....	111	122	119
Wood pulp, mechanical.....	93	94	116	Beehive.....	34	40	84
Wood pulp, chemical.....	103	107	111	Rubber tires and tubes:			
Paper boxes.....	114	127	125	Tires, pneumatic.....	117	121	111
Newsprint consumption.....	127	123	125	Inner tubes.....	83	85	85
Lumber:				Tobacco products:			
Lumber, cut.....	92	93	94	Cigars.....	103	108	104
Flooring.....	91	102	114	Cigarettes.....	140	135	127
Transportation equipment:				Manufactured tobacco and snuff.....	96	95	94
Automobiles.....	47	71	88				
Locomotives.....	33	49	84				
Shipbuilding.....	176	117	168				

¹ Without seasonal adjustment.

FACTORY EMPLOYMENT AND PAY ROLLS

[Index numbers without seasonal adjustment. Monthly average, 1919=100]

Month	Total	Metals and products		Textiles and products			Lumber and products	Railroad vehicles	Automobiles	Paper and printing	Foods and products	Leather and products	Stone, clay, and glass	Tobacco products	Chemicals and products
		Group	Iron and steel	Group	Fabrics	Products									
Employment:															
1926—October.....	96.3	93.3	93.0	93.7	95.9	90.8	100.2	83.9	119.9	109.8	90.4	90.6	126.6	82.7	78.2
November.....	95.2	91.7	91.5	93.6	97.0	89.4	99.4	83.0	110.2	111.1	88.6	89.0	123.9	82.3	78.2
December.....	94.1	90.5	90.4	95.0	97.5	91.9	97.3	82.3	104.0	110.7	86.7	87.1	117.9	81.8	77.8
1927—January.....	92.4	88.9	88.7	95.2	97.6	92.2	92.9	79.8	104.2	108.8	85.1	88.5	109.6	73.5	77.6
February.....	93.6	90.1	90.1	96.9	98.5	94.7	91.8	79.2	117.3	109.0	84.9	88.9	110.1	79.0	77.8
March.....	93.9	90.6	90.3	96.6	98.3	94.5	91.2	78.0	122.4	109.0	84.1	88.6	115.9	78.9	78.2
April.....	93.2	89.9	89.6	95.1	97.5	92.0	91.0	78.4	123.4	108.1	83.1	84.2	121.5	77.3	78.1
May.....	92.6	88.7	88.4	93.6	96.5	89.9	91.6	78.5	123.7	107.3	83.7	82.6	124.0	78.2	75.3
June.....	92.4	87.8	87.5	93.1	96.3	88.9	91.8	78.9	117.2	106.9	87.6	82.2	124.2	80.3	75.9
July.....	90.7	85.7	85.4	91.0	94.8	86.2	91.2	78.2	109.9	106.3	86.7	85.3	119.5	80.3	75.0
August.....	91.2	85.4	85.0	92.3	95.6	88.2	92.4	76.7	114.3	106.9	85.8	88.2	120.2	74.4	75.3
September.....	91.9	85.1	84.7	93.9	96.5	90.5	93.0	76.1	111.0	107.8	88.7	88.5	119.3	83.5	76.9
October.....	91.7	84.4	84.0	94.5	97.0	91.4	92.4	75.5	109.9	108.6	89.2	86.5	116.2	85.3	77.8
November.....	90.1	82.8	82.3	94.2	97.2	90.3	91.2	73.4	100.7	109.7	87.7	81.5	114.7	84.6	78.5
Pay rolls:															
1926—October.....	112.4	102.6	102.2	105.3	108.2	101.7	117.8	93.4	151.3	151.0	105.6	97.3	159.5	91.3	109.0
November.....	108.8	99.3	99.0	102.0	107.3	95.5	116.4	92.1	131.3	152.3	102.9	90.4	154.6	90.6	108.6
December.....	107.8	99.3	99.1	106.3	109.8	102.0	112.9	91.9	111.5	154.7	102.1	88.5	147.6	88.4	109.1
1927—January.....	101.9	94.1	93.8	105.3	107.6	102.6	101.6	84.6	94.0	150.3	99.3	90.0	129.5	76.2	107.0
February.....	108.5	99.1	98.7	111.0	111.7	110.3	103.4	89.3	140.2	150.8	99.3	95.6	136.8	79.2	108.9
March.....	109.9	100.7	100.1	110.8	111.3	110.3	104.6	87.0	153.4	152.2	99.1	93.2	144.9	80.9	111.7
April.....	108.4	99.5	99.1	105.1	108.1	101.4	103.2	88.0	157.7	150.7	98.0	87.0	151.6	77.9	109.9
May.....	108.1	96.8	96.2	103.3	107.6	98.1	105.3	89.8	158.7	150.3	100.7	84.4	157.6	83.6	107.0
June.....	105.8	95.2	94.7	102.8	107.0	97.6	104.8	87.9	131.4	148.2	104.6	85.1	154.5	86.7	109.1
July.....	101.0	87.4	86.7	99.1	102.8	94.6	101.1	83.0	125.2	145.4	103.1	90.2	143.7	85.7	103.6
August.....	104.4	90.4	89.8	102.7	105.8	98.9	105.8	85.4	136.3	147.2	101.7	97.5	149.0	79.7	105.2
September.....	103.8	87.9	87.3	104.8	107.3	101.9	107.3	81.3	128.7	148.9	104.4	95.2	145.7	90.5	105.7
October.....	105.1	88.9	88.2	106.9	108.9	104.3	109.1	83.6	133.6	151.0	104.8	88.5	145.0	91.3	110.0
November.....	101.2	86.0	85.2	102.9	106.9	98.1	106.3	82.2	117.6	149.0	103.0	76.8	140.8	90.5	109.7

NOTE.—This table contains for certain months general index numbers of employment and pay rolls, together with group indexes for important industrial components. The general index is a weighted average of relatives for 34 individual industries. The method of construction was described in detail and indexes for the above groups since January, 1919, were published in the BULLETIN for May, 1925. See also p. 668 of BULLETIN for September, 1925, for certain revisions.

BUILDING

BUILDING CONTRACTS AWARDED ¹

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

Month	Without seasonal adjustment						With seasonal adjustment					
	1922	1923	1924	1925	1926	1927	1922	1923	1924	1925	1926	1927
January.....	48	61	76	75	111	94	70	85	101	101	146	123
February.....	52	71	78	76	99	96	70	97	101	104	136	131
March.....	85	94	109	120	146	151	83	87	99	107	128	131
April.....	102	101	121	138	139	147	82	79	96	112	120	128
May.....	105	109	108	124	134	135	85	89	95	115	125	126
June.....	100	93	101	137	133	154	82	81	91	125	125	144
July.....	102	79	87	133	126	130	92	76	84	128	124	128
August.....	93	75	89	149	146	135	86	72	85	135	129	119
September.....	79	73	87	138	137	127	81	76	90	135	130	121
October.....	73	91	103	129	126	137	71	88	100	129	126	137
November.....	71	80	95	116	119	114	82	90	103	127	130	125
December.....	62	76	83	129	131	116	77	90	94	138	136	121

BUILDING CONTRACTS AWARDED, BY FEDERAL RESERVE DISTRICTS ¹

[Value of contracts in thousands of dollars]

Month	Total	Federal Reserve District										
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas
1926												
September.....	562,371	42,427	151,251	39,189	55,226	38,704	37,194	110,760	35,187	12,955	18,445	21,033
October.....	515,727	29,297	127,176	28,843	55,236	35,250	34,979	108,944	40,981	13,712	22,935	18,374
November.....	487,013	34,584	118,757	28,609	38,733	44,318	40,084	114,456	30,586	9,752	11,979	15,155
December.....	537,396	31,570	228,021	31,018	41,795	22,596	28,232	92,113	22,504	8,588	11,520	19,439
1927												
January.....	384,455	15,848	116,973	32,353	48,509	27,776	32,454	56,372	21,533	4,337	11,419	16,881
February.....	393,583	20,298	105,958	33,088	45,741	24,944	31,928	69,698	25,697	5,548	16,173	14,510
March.....	620,738	42,806	157,873	52,351	62,733	34,694	45,921	121,426	42,704	16,107	16,342	27,781
April.....	604,391	40,649	168,170	52,925	74,366	31,192	31,004	112,070	34,888	13,944	22,644	22,539
May.....	552,349	39,023	141,177	36,172	72,782	39,736	31,100	103,226	31,344	12,999	21,528	23,262
June.....	632,478	33,569	175,991	47,632	72,266	35,502	31,188	138,187	44,171	14,134	17,598	22,240
July.....	534,390	29,658	157,597	37,578	54,707	34,241	28,093	105,070	32,205	15,521	17,203	22,517
August.....	552,488	37,461	143,088	45,433	71,494	31,813	28,176	107,554	34,134	14,468	19,061	19,811
September.....	521,611	32,863	107,969	43,237	61,651	57,464	30,917	104,015	32,573	10,319	22,253	18,350
October.....	562,316	27,486	168,641	32,911	51,273	29,553	26,023	138,662	41,405	12,166	19,317	15,379
November.....	466,393	40,070	131,414	28,702	41,639	24,811	39,151	82,794	27,793	8,526	16,516	24,977

BUILDING CONTRACTS AWARDED, BY TYPES OF BUILDING ¹

[Value of contracts in thousands of dollars]

Month	Residential	Industrial	Commercial	Public works and public utilities	Educational	All other
1926						
September.....	225,516	49,113	97,378	98,167	34,531	57,666
October.....	226,794	46,465	63,601	103,757	23,567	51,543
November.....	229,821	64,781	59,657	50,129	34,572	48,053
December.....	203,966	51,181	75,196	120,290	22,178	64,586
1927						
January.....	167,866	27,875	80,116	58,955	17,012	32,631
February.....	163,088	41,247	67,896	52,180	22,046	47,126
March.....	250,078	48,077	113,766	106,827	36,522	65,468
April.....	267,417	44,602	80,754	116,264	35,678	59,676
May.....	219,980	44,889	72,541	111,368	34,545	69,026
June.....	239,814	33,879	88,122	151,399	42,122	77,142
July.....	186,935	30,303	83,010	143,916	36,434	53,792
August.....	209,456	41,039	76,915	119,741	41,035	64,302
September.....	202,877	48,546	59,617	126,230	29,244	55,097
October.....	243,562	50,712	79,720	108,210	30,170	50,442
November.....	214,963	52,890	43,521	76,089	31,741	47,189

BUILDING PERMITS ISSUED, BY FEDERAL RESERVE DISTRICTS

[Value of permits in thousands of dollars]

Federal reserve district	Number of cities	November, 1927	October, 1927	November, 1926
United States.....	168	251,643	232,308	250,681
Boston.....	14	14,064	8,318	9,605
New York.....	22	92,495	84,423	99,158
Philadelphia.....	14	11,265	12,021	12,611
Cleveland.....	12	14,230	16,893	15,822
Richmond.....	15	9,093	6,574	10,911
Atlanta.....	15	7,851	8,401	9,463
Chicago.....	19	42,983	48,348	50,090
St. Louis.....	5	8,960	5,709	5,782
Minneapolis.....	9	2,427	2,593	3,542
Kansas City.....	14	6,572	9,361	5,519
Dallas.....	9	6,507	5,773	3,888
San Francisco.....	20	35,256	23,894	24,290

¹ Figures for building contracts awarded are for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Adjusted indexes by months from 1910 to date given in the BULLETIN for August, 1927, p. 563.

COMMODITY MOVEMENTS

FREIGHT-CAR LOADINGS, BY LINES

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

Month	Total	Grain and grain products	Live-stock	Coal	Forest products	Merchandise l. c. l. and miscellaneous
1926—October	109	104	97	113	100	110
November	108	93	90	123	94	106
December	106	99	86	124	90	106
1927—January	105	96	88	114	94	108
February	109	102	87	121	95	109
March	109	98	92	122	91	110
April	108	97	92	107	90	110
May	107	100	95	103	93	108
June	104	105	93	96	91	108
July	101	97	89	89	94	107
August	104	98	91	102	95	109
September	104	108	87	102	95	108
October	101	106	94	94	93	106
November	96	94	87	87	87	102

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

AGRICULTURAL MOVEMENTS

[Index numbers, without seasonal adjustment. 1919=100]

Month	Total	Live-stock	Animal products	Grains	Cot-ton	Vege-tables	Fruits	To-bacco
1926—October	190	113	96	125	375	261	435	261
November	165	107	117	99	343	135	204	286
December	138	95	126	82	251	98	104	344
1927—January	115	99	86	86	152	118	99	404
February	104	81	95	84	118	113	97	383
March	103	91	118	71	117	146	100	212
April	85	82	137	50	74	146	128	31
May	94	95	161	63	58	140	174	8
June	94	91	169	84	32	162	127	1
July	95	79	149	135	13	133	140	-----
August	123	93	129	195	80	119	142	60
September	165	87	102	207	205	233	267	255
October	185	111	95	182	284	266	357	323
November	149	105	110	122	244	145	154	328

For description and early figures see BULLETIN for March, 1924, and for certain revisions see p. 739 of the BULLETIN for October, 1925.

WHOLESALE TRADE

INDEX OF WHOLESALE DISTRIBUTION—NINE LINES OF TRADE

[1923-1925 average=100]

Month	Sales with seasonal adjustment						Sales without seasonal adjustment					
	1922	1923	1924	1925	1926	1927	1922	1923	1924	1925	1926	1927
January	79	102	103	102	102	94	72	93	94	93	94	87
February	81	100	102	101	101	95	77	96	98	97	97	91
March	85	104	94	100	100	96	93	114	102	109	107	103
April	83	100	99	100	97	94	80	97	96	98	94	90
May	89	103	95	99	99	95	82	94	87	90	91	87
June	91	102	91	100	99	93	84	92	82	91	91	87
July	86	101	93	102	97	95	79	92	86	94	91	88
August	91	103	95	101	97	100	101	115	105	113	107	111
September	91	99	101	100	100	96	107	115	118	117	117	112
October	93	103	99	105	94	91	110	123	118	124	111	106
November	97	100	99	100	98	95	98	100	97	99	97	93
December	97	95	101	98	95	-----	83	82	88	89	84	-----
Annual average	-----	-----	-----	-----	-----	-----	89	101	98	101	98	-----

SALES IN INDIVIDUAL LINES OF TRADE

Month	With seasonal adjustment									Without seasonal adjustment								
	Gro-ceries	Meats	Dry goods	Men's cloth-ing	Wom-en's cloth-ing	Boots and shoes	Hard-ware	Drugs	Fur-niture	Gro-ceries	Meats	Dry goods	Men's cloth-ing	Wom-en's cloth-ing	Boots and shoes	Hard-ware	Drugs	Fur-niture
1926																		
September	100	117	97	97	70	103	101	109	103	109	125	122	148	101	126	109	116	117
October	95	110	90	83	69	90	97	108	101	107	123	104	105	111	113	109	125	120
November	96	116	99	82	66	99	102	111	106	102	112	98	61	45	104	100	112	111
December	96	113	89	87	66	94	100	107	100	94	106	71	44	42	76	93	100	94
1927																		
January	93	113	83	88	77	112	92	104	100	86	113	78	68	71	92	82	102	88
February	93	112	87	101	75	108	93	103	96	81	107	88	128	95	85	82	94	96
March	96	108	90	105	67	97	98	106	96	94	104	95	144	108	111	102	117	100
April	95	111	86	90	68	94	94	106	95	90	104	76	88	64	100	96	108	96
May	97	109	87	90	69	110	91	104	93	95	109	76	54	39	111	93	98	88
June	98	104	88	94	62	90	92	106	100	101	106	78	48	27	85	96	99	88
July	91	102	88	94	79	134	92	105	104	92	104	81	82	43	107	90	100	85
August	97	109	102	105	72	111	97	112	106	97	111	125	172	98	122	98	110	109
September	94	109	91	96	66	104	99	114	104	102	117	113	146	95	127	106	122	118
October	90	109	86	84	54	91	94	111	96	102	122	99	105	87	114	105	128	114
November	94	105	90	89	67	105	100	112	99	100	101	89	63	45	110	98	113	104

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

RETAIL TRADE

SALES OF DEPARTMENT STORES, MAIL-ORDER HOUSES, AND CHAIN STORES

[Index numbers.¹ Average monthly sales 1919=100]

Month	Sales without seasonal adjustment									Sales with seasonal adjustment								
	De- part- ment stores (359)	Mail- order houses (4)	Chains							De- part- ment stores (359)	Mail- order houses (4)	Chains						
			Gro- cery (27)	5-and- 10-cent (5)	Drug (9)	Cigar (3)	Shoe (6)	Music (4)	Candy (5)			Gro- cery (27)	5-and- 10-cent (5)	Drug (9)	Cigar (3)	Shoe (6)	Music (4)	Candy (5)
1926																		
June.....	130	113	309	204	184	152	153	118	204	130	133	314	222	187	156	144	149	218
July.....	99	97	317	206	195	155	145	108	210	133	131	329	227	194	157	159	145	214
August.....	105	98	296	204	193	148	122	121	194	134	130	310	215	192	151	155	136	193
September.....	131	121	307	211	192	153	142	137	218	144	128	323	227	195	152	148	137	221
October.....	158	151	334	257	206	162	158	151	227	139	116	324	237	202	155	140	125	221
November.....	156	153	347	247	198	150	150	146	232	138	123	344	237	210	151	138	117	244
December.....	234	196	373	466	261	222	215	223	303	146	139	357	252	215	164	164	118	208
1927																		
January.....	114	108	347	177	209	134	106	94	178	130	110	345	243	217	154	140	114	212
February.....	107	107	332	191	201	137	110	98	194	139	118	346	256	222	162	164	119	230
March.....	129	132	392	213	224	153	125	108	216	129	113	361	222	222	168	126	120	213
April.....	143	128	385	244	223	157	198	104	257	140	125	380	261	230	163	170	122	257
May.....	132	106	383	224	206	157	143	88	216	127	119	382	236	209	154	124	106	224
June.....	130	114	399	224	210	151	155	87	215	130	135	405	244	213	155	145	109	229
July.....	97	100	373	221	217	153	145	80	211	130	135	388	243	214	154	159	107	215
August.....	113	113	382	237	215	147	132	98	208	144	150	401	249	215	150	168	110	207
September.....	130	126	384	232	210	146	140	126	223	143	134	404	250	214	146	146	125	226
October.....	151	158	426	278	234	154	157	128	233	133	122	414	257	229	147	139	106	227
November.....	156	160	422	265	223	146	155	128	235	139	128	419	254	237	148	142	103	247

¹ For description of retail trade indexes see BULLETINS for January and March, 1924. Index of sales of grocery chains revised in February, 1925; comparable figures since January, 1919, obtainable from Division of Research and Statistics, Federal Reserve Board.

DEPARTMENT STORE SALES AND STOCKS, BY FEDERAL RESERVE DISTRICTS

[Index numbers Monthly average 1919=100]

	United States	Federal Reserve District									
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	Minne- apolis	Dallas	San Francisco
Sales (unadjusted):											
1926-September.....	131	122	136	116	123	110	92	164	103	114	158
October.....	158	154	177	160	152	154	125	171	109	134	169
November.....	156	157	170	166	147	155	129	169	102	126	168
1927-September.....	130	124	138	110	118	109	101	160	97	109	161
October.....	151	145	168	146	142	141	129	165	109	131	171
November.....	156	156	176	160	139	149	124	176	101	124	176
Sales (adjusted):											
1926-September.....	144	135	155	143	138	129	103	172	102	114	168
October.....	139	139	148	139	138	135	104	156	96	114	155
November.....	138	143	147	128	135	133	112	153	95	110	166
1927-September.....	143	137	157	136	133	128	113	168	97	109	172
October.....	133	131	140	128	129	123	108	150	97	112	157
November.....	139	142	152	123	128	128	107	159	94	109	174
Stocks (unadjusted):											
1926-September.....	142	125	142	180	136	135	122	163	103	126	143
October.....	153	136	152	221	144	146	128	175	105	129	151
November.....	156	141	157	216	150	149	127	177	105	126	156
1927-September.....	143	127	142	194	134	132	126	165	99	115	146
October.....	152	136	151	209	140	143	132	176	103	118	156
November.....	154	139	153	209	145	147	136	179	103	117	160
Stocks (adjusted):											
1926-September.....	132	118	133	168	126	122	111	152	99	112	136
October.....	137	121	137	198	129	126	114	156	97	114	140
November.....	138	122	138	194	133	130	114	157	96	113	143
1927-September.....	133	120	133	181	125	119	116	155	95	103	139
October.....	136	121	136	188	126	123	118	157	95	104	144
November.....	137	120	135	188	128	129	122	159	94	105	146

NOTE.—Number of reporting firms included in sales and stocks indexes, respectively, for department stores are as follows, by Federal reserve districts: United States, 359-314; Boston, 24-24; New York, 63-63; Philadelphia, 22-13; Cleveland, 54-52; Richmond, 23-19; Atlanta, 35-22; Chicago, 63-51; Minneapolis, 23-22; Dallas, 21-19; San Francisco, 31-29.

BANK SUSPENSIONS AND COMMERCIAL FAILURES

BANK SUSPENSIONS, BY CLASS OF BANK

[Amounts in thousands of dollars]

	All banks		Member banks		Nonmember banks	
	Number	Total deposits	Number	Total deposits	Number	Total deposits
1926						
January.....	65	13,384	11	3,992	54	9,392
February.....	52	11,763	10	2,861	42	8,902
March.....	51	10,249	8	710	45	9,539
April.....	56	12,512	6	3,534	50	8,978
May.....	68	16,324	10	4,234	58	12,090
June.....	77	34,229	16	5,318	61	28,911
July.....	140	48,618	5	1,637	135	46,981
August.....	52	10,001	9	2,127	43	7,874
September.....	37	12,050	8	4,317	29	7,733
October.....	88	18,209	19	6,280	69	11,929
November.....	154	45,983	33	19,389	121	26,594
December.....	116	39,166	27	14,413	89	24,753
Total.....	956	272,488	160	68,812	796	203,676
1927						
January.....	133	38,298	27	11,836	106	26,462
February.....	82	32,918	16	8,895	66	24,023
March.....	75	44,813	16	8,969	59	35,844
April.....	48	12,492	10	5,471	38	7,021
May.....	47	14,185	11	7,172	36	7,013
June.....	41	12,072	9	5,521	32	6,551
July.....	38	14,012	2	2,638	36	11,374
August.....	27	20,111	5	9,439	22	10,672
September.....	36	9,206	6	1,315	30	7,891
October.....	44	11,566	9	3,522	35	7,644
November.....	43	12,139	6	3,396	37	8,743
Total, 11 months.....	614	221,892	117	68,604	497	153,288

COMMERCIAL FAILURES, BY CLASS OF ENTERPRISE¹

[Amounts in thousands of dollars]

	Number				Liabilities		
	Total	Manu- factur- ing	Trad- ing	Agents, brokers, etc.	Total	Manu- factur- ing	Trad- ing
1926							
January.....	2,296	510	1,696	90	43,651	16,094	21,502
February.....	1,801	447	1,282	72	34,176	10,822	20,317
March.....	1,984	469	1,424	91	30,623	9,862	18,623
April.....	1,957	494	1,378	85	38,487	16,734	19,094
May.....	1,730	437	1,216	77	33,543	16,157	15,710
June.....	1,708	435	1,160	113	29,408	10,092	15,525
July.....	1,605	390	1,122	87	29,680	11,167	14,614
August.....	1,593	449	1,071	73	28,190	12,516	14,096
September.....	1,437	374	958	105	29,900	10,093	11,243
October.....	1,763	450	1,205	108	33,231	11,650	15,874
November.....	1,830	440	1,285	105	32,604	16,097	14,158
December.....	2,069	404	1,471	104	45,620	16,758	20,579
Total.....	21,773	5,395	15,268	1,110	409,232	158,042	201,335
1927							
January.....	2,465	501	1,842	122	51,290	19,996	24,530
February.....	2,035	411	1,508	116	46,941	10,518	23,406
March.....	2,143	569	1,468	106	57,891	22,368	28,191
April.....	1,968	492	1,342	134	53,156	25,278	22,308
May.....	1,852	444	1,292	116	37,785	13,802	19,978
June.....	1,833	427	1,316	98	34,465	13,587	17,856
July.....	1,756	448	1,187	121	43,150	16,743	16,832
August.....	1,708	438	1,174	96	39,196	14,921	14,702
September.....	1,573	389	1,083	101	32,786	15,349	12,052
October.....	1,787	488	1,170	129	36,236	17,134	14,657
November.....	1,864	478	1,276	110	36,147	12,786	16,949
Total, 11 mos.....	20,984	5,085	14,652	1,247	469,043	182,482	211,461

BANK SUSPENSIONS¹ IN NOVEMBER 1927 BY DISTRICTS

[Amounts in thousands of dollars]

Federal reserve district	All banks		Member banks ²		Nonmember banks	
	Number	Total deposits ³	Number	Total deposits ³	Number	Total deposits ³
Boston.....						
New York.....						
Philadelphia.....						
Cleveland.....	2	813	1	523	1	290
Richmond.....	1	110			1	110
Atlanta.....	6	1,858	1	450	5	1,408
Chicago.....	6	3,831	2	1,956	4	1,875
St. Louis.....	6	2,061			6	2,061
Minneapolis.....	12	2,438			12	2,438
Kansas City.....	8	903	2	467	6	436
Dallas.....	2	125			2	125
San Francisco.....						
Total.....	43	12,139	6	3,396	37	8,743

COMMERCIAL FAILURES, BY DISTRICTS¹

[Amounts in thousands of dollars]

Federal reserve district	Number			Liabilities		
	Nov., 1927	Oct., 1927	Nov., 1926	Nov., 1927	Oct., 1927	Nov., 1926
Boston.....	185	175	221	5,590	3,306	3,426
New York.....	350	276	363	8,368	9,502	5,932
Philadelphia.....	72	51	72	1,487	953	2,620
Cleveland.....	147	175	134	3,449	7,010	2,775
Richmond.....	137	104	120	2,556	1,762	3,068
Atlanta.....	99	101	92	1,205	902	1,875
Chicago.....	210	264	237	3,183	4,857	5,633
St. Louis.....	93	63	69	3,477	1,345	807
Minneapolis.....	68	88	83	1,153	660	721
Kansas City.....	113	99	105	2,194	1,704	778
Dallas.....	68	38	95	818	555	1,543
San Francisco.....	322	353	239	2,668	3,591	3,516
Total.....	1,864	1,787	1,830	36,147	36,236	32,694

¹ Figures furnished by R. G. Dun & Co.

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

² Comprise 5 national banks with deposits of \$1,521,000 and 1 State member bank with deposits of \$1,875,000.

³ Figures represent deposits for the latest available date prior to the suspensions and are subject to revision when information for the dates of suspension becomes available.

⁴ Includes 2 banks for which deposit figures are not available.

DECEMBER CROP REPORT, BY FEDERAL RESERVE DISTRICTS

[District figures derived from revised estimates, by States, made by the Department of Agriculture]

[In thousands of units]

	Corn (bushels)		Total wheat (bushels)		Winter wheat (bushels)		Spring wheat (bushels)	
	Yield, 1926	Estimate Dec. 1, 1927	Yield, 1926	Estimate Dec. 1, 1927	Yield, 1926	Estimate Dec. 1, 1927	Yield, 1926	Estimate Dec. 1, 1927
Boston.....	10,140	8,493	160	92			160	92
New York.....	28,125	26,394	5,771	7,216	5,609	6,994	162	222
Philadelphia.....	51,468	45,929	21,450	18,761	21,450	18,651		110
Cleveland.....	197,337	150,323	46,354	33,931	46,222	33,817	132	114
Richmond.....	158,323	163,753	32,516	25,233	32,516	25,233		
Atlanta.....	195,055	184,477	8,579	4,528	8,579	4,528		
Chicago.....	910,389	800,566	69,715	66,035	66,262	60,731	3,453	5,304
St. Louis.....	393,007	342,426	54,976	42,210	54,574	41,701	402	500
Minneapolis.....	261,095	304,986	161,683	273,522	10,722	19,718	150,961	253,804
Kansas City.....	308,674	612,496	293,519	248,270	283,469	235,557	10,050	12,713
Dallas.....	121,782	134,969	34,860	18,357	34,596	18,214	264	143
San Francisco.....	10,558	11,476	103,226	133,536	63,434	87,240	39,792	46,296
Total.....	2,646,853	2,786,288	832,800	871,691	627,433	552,384	205,376	319,807

	Oats (bushels)		Cotton (bales)		Tobacco (pounds)		White potatoes (bushels)	
	Yield, 1926	Estimate Dec. 1, 1927	Yield, 1926	Estimate Dec. 1, 1927	Yield, 1926	Estimate Dec. 1, 1927	Yield, 1926	Estimate Dec. 1, 1927
Boston.....	9,558	9,215			38,465	37,280	45,968	40,091
New York.....	36,111	36,636			2,493	1,249	32,763	33,152
Philadelphia.....	22,319	24,844			43,560	44,880	21,507	25,998
Cleveland.....	92,130	78,362			143,155	92,002	13,183	21,501
Richmond.....	28,482	26,104	2,272	1,624	629,352	706,036	30,451	40,798
Atlanta.....	21,571	14,282	3,772	2,839	128,897	129,435	10,593	12,303
Chicago.....	490,757	459,849			34,715	31,383	59,417	52,171
St. Louis.....	59,031	40,547	3,349	2,275	304,603	196,722	13,003	14,061
Minneapolis.....	229,006	287,622			2,001	1,897	53,259	65,968
Kansas City.....	143,132	140,303	1,689	926	3,182	2,948	26,452	36,927
Dallas.....	86,680	43,807	6,654	4,947			2,819	3,129
San Francisco.....	31,242	33,435	241	178			41,708	56,050
Total.....	1,250,019	1,195,006	17,977	12,789	1,321,423	1,227,832	356,123	402,149

¹ Includes 17,000 bales grown in miscellaneous territory.² Includes 7,000 bales grown in miscellaneous territory.

FOREIGN BANKING AND BUSINESS CONDITIONS

RETURN OF ITALY TO GOLD BASIS

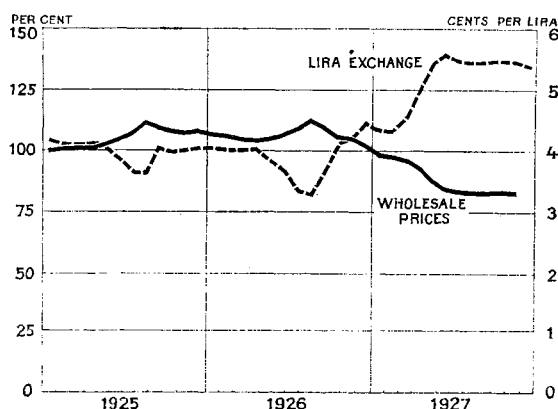
On December 22, 1927, the Italian Government reestablished Italian currency on the gold basis. A decree issued on that date made it compulsory for the Banca d'Italia to redeem its notes on demand in gold coin or foreign currencies of countries on a gold basis at the rate of 3.67 lire in paper for 1 lira in gold. The new lira has a fine gold content of 0.0791911 grammes, and its mint parity is 5.26315 cents, or approximately at the rate of 19 lire to the dollar and 92.46 lire to the pound sterling. In recent months the lira has fluctuated between 18 and 18.5 lire per dollar, so that its new parity will be somewhat lower than its recent exchange value. The Bank of Italy is required to retain gold or foreign gold currency reserves amounting to at least 40 per cent of the total of outstanding note circulation and all other demand liabilities. The bank is authorized to revalue its reserves, which have been carried on its books at the old par of 5.18 to the dollar, on the new basis, and the resulting excess is to be applied in the reduction of the debt of the State to the bank.

In accordance with the practice followed in other European countries when returning to a gold basis and to insure the maintenance of monetary stability the Bank of Italy arranged for a \$50,000,000 credit from a group of private banks headed by J. P. Morgan & Co., and for a \$75,000,000 credit with a group of central banks. According to the arrangement made with the Federal Reserve Bank of New York, in association with other Federal reserve banks, these banks have agreed to buy from the Bank of Italy, if desired, up to a total of \$50,000,000 of prime commercial bills of the kinds and maturities made eligible for purchase by the Federal reserve act. This agreement is similar to those made with the National Bank of Belgium and with the Bank of Poland.

The present measures are the culmination of a series of preparatory developments. In the fiscal year 1925 the Italian budget was balanced for the first time since the war, and the balance then achieved has been maintained. Early in 1926 the terms of Italy's debts to England and to the United States were definitely fixed at amounts that were considered to be within Italy's capacity to pay. During the year a large reduction was effected in the

total of the internal debt; and a notable conversion of short-term into perpetual debt took place.

Banking developments further prepared the ground for the currency reform. In the first half of 1925 borrowing at the Bank of Italy and bank note expansion were still under way, and in June the lira began to decline on the exchanges and prices in Italy rapidly advanced. The Bank of Italy met this situation by three successive increases in its discount rate from 5½ per cent, the level at which it had been since 1922, to 7 per cent, at which point it has remained. Money rates in the open market advanced correspondingly, and this stiffening of money rates, together with strict regulation of exchange transactions, was an



The figures for wholesale prices are those of Professor Bachi's revised index (see p. 63), recomputed on the base 1925-1927=100

influence in bringing the lira back to its previous level in September and in causing prices steadily to decline.

In the spring of 1926, however, the lira broke again, and this break was followed by a series of measures by the Government. On June 30, 1926, the Bank of Italy was made the sole bank of issue in the Kingdom, taking over the circulation of the Bank of Naples and the Bank of Sicily. On September 7, 1926, the bank was given supervisory powers over the entire banking system, and the Government announced several measures designed to bring about "deflation." In the first place, the State undertook to repay gradually its debt to the Bank of Italy. A first reduction was made by transferring to the bank an amount

equal to \$90,000,000 arising from an earlier loan in the United States, thus reducing the debt by 2,500,000,000 lire. A limit was placed on the amount of bank notes outstanding, and the Government undertook to convert its 5 and 10 lire notes into silver coin and to withdraw entirely its 400,000,000 of 25-lire notes outstanding. Meanwhile the Government's finances were in a much strengthened condition, and control of exchange operations was in the hands of the central authorities. Almost immediately the lira began to rise on the exchanges, and wholesale prices began to decline rapidly.

During this period loans and discounts at the Bank of Italy were substantially reduced

by the process of turning over to the bank foreign balances acquired largely through the borrowing abroad by Italian industries and public bodies. Reestablishment of confidence in the lira, together with the higher level of money rates, also led to a considerable movement of funds to Italy from abroad, thus increasing the demand for lira exchange and affording the Bank of Italy the opportunity of strengthening its reserve position by the purchase of foreign balances. Since last July the value of the lira has been stabilized in effect at slightly more than 18 lire to the dollar, and its new parity is thus somewhat lower than the value it has maintained in the market for the past six months.

REPORT OF THE AGENT GENERAL FOR REPARATION PAYMENTS

The report of the Agent General for Reparation Payments, submitted to the Reparations Commission under date of December 10, 1927, and covering the third annuity year, gives a comprehensive account of the execution of the experts' plan, in relation to the German budget, the German public debt, German credit conditions, Germany's foreign trade, and German business conditions in general. It also includes in annexes copies of the Agent General's memorandum of October 20, 1927, to the German Government, calling attention to certain general tendencies believed to be dangerous both to the execution of the experts' plan and the general German economy, the memorandum submitted in reply by the Finance Minister under date of November 5, and the speech of the Finance Minister before the budget committee of the Reichstag on October 26.

The conclusions drawn by the report emphasize the fundamental conceptions of the plan itself, in the light of experience, and point out as the principal lesson to be drawn from the past three years that:

As time goes on, and practical experience accumulates, it becomes always clearer that neither the reparations problem, nor the other problems depending upon it, will be finally solved until Germany has been given a definite task to perform on her own responsibility, without foreign supervision and without transfer protection.

That part of the report (about one-sixth) which deals with credit conditions in Germany is as follows:

GERMAN CREDIT CONDITIONS AND THE CURRENCY

The broad activity which German industry and commerce have maintained during 1927 has been associated with credit expansion and more recently with credit tension. It is true that in this period German business enterprises have been getting the benefits of the searching process of rationalization undertaken two years or more ago, have reemployed often at higher wages by far the greater part of the workers on the unemployment lists last year, and have much enlarged the volume of goods produced and distributed. But industrial and commercial growth has been confined mainly to the internal market, where in recent months the prices of goods entering into consumption have risen; and quickened domestic business has called for a much larger volume of imports than a slowly rising volume of exports has as yet been able to balance. Along with this revival of internal activity, partly the result of it and partly causing it, credit expansion has taken place, not only in the form of increased dependence on the Reichsbank, but also in the shape of further loans and credits from abroad.

The inflow of foreign credit in recent months, by reason of its size and speed, raises the question whether foreign loans in such volume are still serving the purposes of German reconstruction. In so far as they have provided the public authorities with additional spending power at a time when industry was already actively engaged, the incoming foreign loans

have merely stimulated expansion, and so have interfered with the solid work of reconstruction. There remains, no doubt, a proper field for the use of foreign credit, which may include some of the undertakings committed to the charge of the public authorities. At this moment, in fact, the Reich, in cooperation with the States and communes, is engaged in a survey of present conditions and of probable future requirements. It is essential to the stability of German reconstruction that this survey should lead to a general program which will at once maintain the confidence of the foreign investor and adjust the inflow of foreign funds to the dimensions that currency stability presupposes.

Foreign loans.—At the time the experts' plan went into effect, one of the problems at the root of German reconstruction was the replenishment of the stock of working capital lost through the war and scattered during the inflation. The first balance sheet of the reconstituted Reichsbank, issued on October 15, 1924, reported reserves amounting to 818 million reichsmarks, of which 614 millions were in gold and the rest in foreign bills, checks, and deposits, classified together as *devisen*. In addition, Germans possessed an indefinable amount of claims against the rest of the world in the shape of foreign securities, deposits in foreign banks, foreign currencies, and numerous other less liquid items. The second committee of experts estimated that at the end of 1923 German capital abroad of every kind, including capital of varying degrees of liquidity and capital invested in foreign companies and firms, amounted to around 8,000 million gold marks. But in the interval between the making of the estimate and the beginning of operations under the plan, credit stringency at home, together with confidence in the ultimate goodness of the German currency, had attracted back to Germany a large portion of the available funds, but to an amount much less than the estimate.

Manifestly the Reichsbank's reserves plus such German-owned funds held abroad as might still be susceptible of conversion into gold were far too slight to support the credit structure which German rehabilitation demanded. Quite aside from the additional reserves required against a growing currency, credit was required for the uses of agriculture and to cover the ordinary interchanges of commerce and industry. Moreover, the readjustment to conditions of a stable currency was still incomplete

and the expensive process of rationalization was still to be carried through. Over and above these internal requirements, Germany needed foreign goods, particularly raw commodities with which to replenish depleted stocks and to furnish mills and factories with working materials. If it had been necessary for Germany to depend exclusively upon domestic resources for building up so large a fund of credit, the process would have been painfully slow and German reconstruction would have been subject to manifold political and social as well as economic hazards.

The experts themselves made a foreign loan an essential part of their plan. In specifying the purpose of this loan, which was issued in the autumn of 1924 in the effective amount of 800 million gold marks, they said:

External money is indeed an essential part of our scheme, in part for the establishment of a new bank of issue; in part to prevent an interruption of deliveries in kind during the transition period; and essentially, to create the confidence upon which the whole success of the scheme depends. But we do not propose that it should be confined, or devoted specially, to meeting deficits on ordinary expenditure even during a transition period. On the contrary, as will be seen, we think that, from the beginning, internal resources should meet internal ordinary expenditure and at a very early date should suffice in addition to make substantial contributions toward the external debt.

The restrictions mentioned by the experts were in fact applied to the proceeds of the loan when they became available, and the German Government has not since that time issued any foreign loan for the purpose of making up deficits or otherwise.

In addition to the loan for which they themselves provided, the experts looked forward to a more general flow of investment credit toward Germany as a natural consequence of the restoration of confidence. In this connection they said briefly:

* * * the success of our proposals to attain financial stabilization depends essentially upon the return of confidence. Without this the return of German capital invested abroad, the attraction of foreign capital for the purposes mentioned in the scheme and of foreign credits for the current conduct of business, and even the proper collection of taxes, will alike be impossible.

The part which foreign loans have played in building up the reserves of the Reichsbank, in supplying a broader basis for domestic credit, in providing funds for agricultural and industrial rehabilitation, and in replenishing stocks of foreign raw materials and goods, has already been described in previous reports. It needs no further comment here than that

the progress already made could not have been attained without them.

But the question at present is not what foreign funds have done in the past for the benefit of Germany, but how far they can be usefully absorbed in the future and to what extent they might even prevent, if they continue to flow in their recent volume, the consolidation of the advancement already made. This suggests an examination of specific consequences already observed and a discussion of the general function of foreign credit with respect to the German economy as a whole.

Volume of foreign loans.—There have been only brief periods since 1924 when foreign funds in volume have not been flowing toward Germany. At times they have taken the form mainly of long-term loans, at others of short loans, often of both together. The first two months or thereabouts of 1927 covered one of the few periods when foreign funds were not flowing in. This was the period, described in detail in the interim report, when under the influence of a 5 per cent rate at the Reichsbank and low rates in the domestic money market generally, money was being drawn away from Germany. Thereafter, in response to high and rising money rates in Germany, the inflow set in again, but at the outset in the form almost exclusively of short-term loans. The amount involved in this inflow can not be determined exactly, but up to the end of May it was probably not less than 1,000 million reichsmarks, not including commercial and industrial credits.

Long-term borrowing was unimportant from December until June. During that period, the income-tax exemption which had formerly been granted in favor of the foreign lender remained in suspense. On June 3, 1927, however, the Finance Minister announced that he was prepared again to recommend tax exemption "if the loans are to be used for desirable economic purposes and if their conditions correspond to the conditions of the money market." The resumption of the practice of granting tax exemption was immediately followed by renewed negotiations with foreign bankers and by new offerings to the foreign public of German capital issues. These rapidly increased in volume until in the one month of October German capital issues were issued abroad in the nominal amount of about 525 millions. In consequence of the very heavy borrowing during the summer and autumn, and notwithstanding the slight borrowing during the first five months of the year, the total German capital issues offered abroad up to the end of

October, 1927, were above the total for the full year 1925 and not far below the total for 1926.

FOREIGN CAPITAL ISSUES

[In millions of reichsmarks]

	1925	1926	Jan. 1 to Oct. 31, 1927	Total
Loans of the States.....	138.6	270.6	267.3	676.5
Provincial or communal loans.....	256.0	249.5	109.0	614.5
Loans of public and semipublic undertakings:				
(a) Of the Reich.....	161.7	25.2	336.0	522.9
(b) Of the States and communes.....	202.8	346.5	184.7	734.0
Loans of private enterprises.....	470.7	736.5	523.5	1,730.7
Loans of various church organizations.....	25.1	47.1	3.7	75.9
Total.....	1,254.9	1,675.4	1,424.2	4,354.5

The foregoing table does not take account of the German external loan, 1924, issued under the experts' plan in the nominal amount of 960 million gold marks, because its service, in so far as the Reich is concerned, is included in the reparation annuities. Without it, the total German capital issues sold abroad during the three years have been in the nominal amount of about 4,400 million reichsmarks. Since certain of the loans included in that total have already matured and been refunded or otherwise paid off, and because amortization of other loans has made some progress, the present obligation as estimated by the statistical office stands at about 3,950 million reichsmarks; and it has probably been reduced somewhat further by repurchases for German account.

Out of the nominal total, about 1,300 millions represent direct loans to the States, Provinces, and communes, and about 1,250 millions the loans to public and semipublic undertakings. The latter sum is in turn divisible into about 525 millions of loans to undertakings which are related directly to the Reich and 725 millions of loans to undertakings related to the States and communes. The borrowings of undertakings related to the Reich have included, for example, the loans to the Rentenbank Credit Institution for relending to agriculture, and the loan to the United Industries Corporation, known as the Viag, which the Reich owns. The loans to the undertakings related to the States and communes provided funds to a great variety of enterprises, including electric light and power plants, canal concerns, waterworks, industrial concerns, mortgage institutions, electric railways, and concerns for the development and carrying on of agriculture. In each case

these enterprises have an intimate relation to the States, Provinces, and communes; frequently they are owned outright by individual States or communes, sometimes jointly owned by several, and in one or two cases their stock, while in majority owned by public bodies, is in part privately owned. In many instances the issues bear the unconditional guarantee of a State or commune, and often the borrower is not distinguishable except in name from an operating department of the State or commune to which it belongs.

These various foreign loans—that is, the direct loans of the States, Provinces, and communes and the loans of the enterprises related to them—have now reached a nominal amount in round figures of 2,000 million reichsmarks. In the memorandum of October 20, 1927, to the German Government figures of an earlier date were used, in the amount of 1,600 million reichsmarks. In his reply, the Finance Minister, limiting his observations to only such loans as had been dealt with by the advisory office, stated that this total was too high, and that it included loans made to the Rentenbank Credit Institution for relending to agriculture. This statement apparently results from some misunderstanding of the figures. The total given in the memorandum, now increased by 400 millions, did not in fact include the Rentenbank loans, but it took into account loans to various enterprises related to the States and communes which the advisory office for one reason or another did not review. It is noteworthy that in total the loans of this category have somewhat exceeded the loans to private industry. The importance of these loans from the standpoint of State and communal administration has already been dealt with in the chapter on the budget; their relation to the general credit situation will be discussed below.

In addition to the external capital issues of about 4,400 millions nominal amount, there is a large volume of short loans, the amount of which can only be estimated. These comprise foreign deposits in German banks, loans to bankers for stock-market purposes, bankers' loans to States and communes, industrial and commercial credits, and so on. The Reich Minister of Economics, in the course of a hearing before the budget committee of the Reichstag, estimated the short-term credits as at the end of October at 3,600 millions gross amount—that is, without deducting short credits owing to Germans from abroad. The amount of German short-term debt does not appear to have increased appreciably

as compared, for example, with the position in the early summer. The proceeds of certain long-term loans have been used expressly for the purpose of retiring short debt, and favorable rates of exchange may have induced some further repayment of short loans. But foreign bankers continue to offer short money at favorable rates of interest, and when German bankers refuse these offers it is evidence of self-restraint on their part rather than the result of conditions in the local market which make transactions of that sort unprofitable. Short-dated debt owing by the communes to foreign lenders, either directly or through the medium of German banks, remains a pressing and difficult problem. The amount is indefinite but is at present the subject of inquiry at the instance of the Reich.

Effects of foreign loans.—The whole German economy has been under the influence of inflowing foreign credit and in some respects has been dominated by it. To attempt at this point to trace its effects over the entire field of German economic activity would burden unduly this section of the report. Consequently it is intended here merely to outline the bearing which foreign loans have had upon the development of German business conditions in general and upon foreign trade, both of which are treated in detail in subsequent chapters. In addition a somewhat more detailed discussion is given of the effects of these loans upon the foreign exchanges and upon stock-market speculation.

The development of business conditions in Germany during the last year has been entirely characteristic of a period when large supplies of fresh funds become available for production and consumption. Many of the changes manifested were in the direction of relief from conditions which had been seriously adverse. For example, severe and wide-spread unemployment decreased until by October, 1927, more persons were gainfully employed in Germany than at any previous time. The number of commercial failures and the amount of dishonored bills also much diminished. The physical volume of production in the basic industries, which was already high in the latter half of 1926, has been running well above the average for that year, and less precise reports from the finishing industries point in the same direction. Building activity, railway traffic and domestic trade at both wholesale and retail have shown on the whole a similar advancement. The larger volume of goods produced has in general passed into consumption, and only within recent weeks have

reports appeared that stocks of goods ready for consumption were accumulating. The larger volume of goods consumed is explained on the score of wide employment and higher wages. But the price index for consumers' goods at wholesale rose about 18 points from February to October, and now stands at almost the same level as when the arduous process of rationalization was begun. These developments are described individually in a later chapter. To attribute all of these changes to the single fact of foreign borrowing would be a misapprehension, for they were in reality the result of a complicated set of forces. But the stimulating effect of new funds, in this case derived largely from abroad, is to be seen in all of them, whether favorable or the reverse; and the signs of expansion which are visible are largely the reflection of incoming foreign credit.

The growth of German business activity briefly indicated above has brought with it some growth in export trade, but up to the present time exports still remain far below imports. In the interim report of this year it was said:

It is only natural that the first benefits of so sweeping a process of reconstruction should be visible in a strengthening of conditions at home, and in a revival of internal consumption and trade. But the real test of the value of the readjustment depends upon a further question, as to the power of German commerce and industry to compete again with the rest of the world. If what has thus far been done results only in quickening the pace and enlarging the volume of domestic business, the readjustment may be regarded as still incomplete and its present advantages as only transitory. It might even lead to over-development internally with possibilities of new difficulties in the future. But if better domestic markets and the larger production therein implied bring more active foreign trade both ways, export as well as import, then it will be clear that German industry has reestablished itself on a competitive basis and the process of readjustment may be regarded as having been successfully completed.

Since July, it is true, the value of exports has shown an encouraging rise, but the foreign trade deficit for the twelve months ended October 31, 1927, amounted none-the-less to about 3,600 million reichsmarks. While it is to be assumed that some part of the imported raw materials which contributed to the making of this deficit will flow out again in the form of finished goods, the very size of the import balance gives some indication of the strength of the demands of internal consumption.

In paying for the excess of imports, Germany relied mainly on loans and credits from abroad. It is axiomatic that a borrowing country imports the proceeds of its loans in gold (or devi-

sen) or in securities or in goods, but it is, of course, not to be assumed that the making of a loan necessarily precedes the import of goods. In Germany the process has been more complex, in that foreign loans have often been used as the basis for domestic credit, which in turn has stimulated domestic production and consumption, calling for further goods from abroad and further loans. The foreign trade deficit, viewed both as cause and as effect, is intimately bound up with foreign borrowing, and each is a part of the same problem. The narrowing of one is apt to be associated sooner or latter with the narrowing of the other.

For somewhat more than a year the quotations of the reichsmark in the foreign exchanges have moved more or less freely in response to supply and demand. On August 23, 1926, the Reichsbank released the reichsmark from its technical adherence to the dollar, and since then quotations have varied both upward and downward from the rate of 4.20 reichsmarks to the dollar at which it was previously maintained. The dominating influence at all times has been the international flow of funds; international movements of goods or changes in the relative levels of commodity prices from one international market to another have been of distinctly secondary importance.

During the first half of 1927, the reichsmark, for reasons which were explained at length in the interim report, was at a discount in terms of the other principal gold currencies, and within a period of five months the Reichsbank was called upon to supply the market with the equivalent of about 1,000 million reichsmarks from its stock of gold and devisen. During that period the demands upon the Reichsbank diminished as foreign funds for use at short term were attracted to the German market, and when in July the proceeds of long-term loans began again to be available, the value of the reichsmark in the foreign exchanges abruptly increased. As far as the dollar was concerned, this strengthening of the reichsmark received an additional impulse from the reduction of discount rates at the Federal reserve banks early in August, which stimulated further the outflow of American funds to Europe. With respect to sterling, the strength of the reichsmark has been less pronounced, thereby reflecting the rise of sterling in terms of the dollar. But nevertheless, the reichsmark during most of the autumn has been above par with sterling, and on the whole has been one of the strongest gold currencies in the world.

The influence on the exchanges of the incoming funds was magnified by the policy of

the Reichsbank, which declined during this period as a matter of principle to buy the dollars or other foreign currencies derived from State or communal loans. The affects of this policy upon the Reichsbank itself will be described in a later section of this chapter but it may be observed at this point that the abruptness of the fall of the dollar in terms of reichsmarks was largely due to the fact that the States and communes, in realizing in German currency on the proceeds of their foreign loans, had to offer them on the market for what they would bring. The decline of the dollar, while it did not reach the point at which it would be profitable to buy gold in New York and bring it to Germany, did approach the point at which it would pay to convert dollars into sterling, buy gold in London and bring the gold to Germany. That no such transactions took place in any substantial sums was owing mainly to the fact that on October 18 the Reichsbank lowered its buying rate for gold from the statutory mint equivalent of 2,790 reichsmarks per kilo of fine gold to 2,784 reichsmarks, the lowest point at which it is legally qualified to buy gold. This reduction took place on the day before the dollar reached 4.183, the lowest point at which it had been quoted up to that time since stabilization. Early in November, after it became manifest that foreign borrowing by the States and communes would be for a time interrupted, the reichsmark lost some of the strength it had gained. This loss, however, was only temporary; in the last half of November the strength of the reichsmark has proved to be more sustained than at any previous time. This is to be explained, apparently, both on the ground that foreign funds are being borrowed at short term and that Germans are finding it necessary to bring back funds formerly placed abroad, including some funds which had been invested in foreign securities.

The long rise in share prices on German stock exchanges which began at the close of 1925 and continued until May, 1927, was closely related to the inflow of foreign funds, though not fully explained by it. The direct participation of foreign money in the stock markets, aside from loans to banks and brokers, included the purchase of shares by foreigners on speculative or investment account. In some cases foreign syndicates were formed for the purpose of buying interests in German industries, but for the most part they confined themselves to buying and selling shares on the stock market. The foreign participation in

the market has now much diminished, but the speculative profits which have now been withdrawn represent an all but total loss to the German economy.

The rise in stock prices anticipated the revival of German industry and under stress of speculative activity, supported by ample funds, unduly discounted it. At the end of 1926, the average return on stocks listed on the Berlin Bourse, taking into account the dividend rates and the current market prices, was about $3\frac{1}{2}$ per cent; at the end of April, after allowing for the intervening rise in prices and advances in dividends, the average return was still $3\frac{1}{3}$; and by the end of October, when a decline in stock prices had been going on for almost six months, the average return was less than $4\frac{3}{4}$. The precipitating cause of the decline was the decision of the Berlin Bankers' Association, taken on May 12, 1927, to restrict the funds loanable for stock market purposes. Their action was offset to some extent by foreign lenders who furnished funds directly to brokerage houses, but the decline nevertheless has proceeded with occasional periods of recovery up to the present.

Movements of bond prices, in which the speculative factor has been relatively absent, did not rise so far as stock prices and have fallen less. At their highest point, the rate of return was still above 7 per cent and at the end of October was at about $7\frac{1}{2}$. To some extent the high yield on bonds is due to the attitude of the investor whose experience during the inflation with fixed-term securities was disastrous. But more fundamentally it illustrates the scarcity of investment capital which still obtains in Germany, and by contrast with the movements on the stock market it shows the degree to which foreign and domestic funds have been attracted to speculation rather than investment.

Measures of control over foreign borrowing.—No steps have been taken by the public authorities or the Reichsbank to control the access of German private industry and commerce to foreign money markets, unless the occasional suspension of the tax exemption privilege is to be taken in this sense. Generally speaking, it may be assumed with industry and trade that the ordinary safeguards against overspending and overborrowing will prevail, and that private enterprise will not borrow unless it sees its way clear to profit by fresh funds or unless it is driven to it by necessity; and in such cases, it may be expected that the lender on his side will form his own judgments and act accord-

ingly. These considerations furnish a natural check on the borrowings of private industry and commerce, and may be relied upon to provide their own penalties quickly enough in cases of unsound or excessive borrowing.

With respect to the States and communes and the public enterprises the position has been different. Here varying factors entered into the considerations of a loan: Matters of prestige of one city against another; questions of social or political advantage; needs for extension of transportation, lighting and waterworks facilities neglected during the war; demands for housing, agricultural development and so on. The productive activities of State and city administrations in Germany often led them to borrow for extensions and improvements. The proceeds of such loans might easily release for unproductive and nonessential expenditures revenues which in the absence of borrowing would normally have been devoted, in part at least, to productive purposes. The foreign bankers on their part have been mainly interested in the amount of bonded debt already outstanding and in the sufficiency of the revenues to meet the service of the loans. Owing to inflation, State and city debts in Germany, even after revalorization, remain relatively low, and the general taxing power can be relied upon for the service of their securities. Thus, most of the ordinary restraints upon private borrowing have been lacking in the case of the States and communes, not only as regards the borrower but with the lender as well.

The memorandum of October 20, 1927, for the German Government emphasized the general importance of taking effective measures to supervise the borrowings of the States and communes. It recognized, of course, that the Reich does not control the States and communes in these matters. But it pointed out—

when the States and communes go into foreign markets to finance their budgetary expenditures and internal improvements, they raise fundamental questions of foreign policy which have the most direct interest for the Reich. And under the Constitution itself the Reich has a unique opportunity and even responsibility for leadership, not merely because of its large transfers of revenue to the States and communes but also because of its powers to prescribe the fundamental principles and main outlines of their laws in many matters of taxation and public finance. The force of these considerations has been recognized to some extent in the efforts that have been made for the past two years and more to supervise the foreign borrowings of the States and communes through an advisory organization established for this special purpose. These efforts, for whatever reason, have not been successful, and the results appear in the swollen figures

for State and communal borrowings that have already been given.

From the very beginning the efforts to provide a supervisory procedure have presented a vexed problem full of complications. Immediately after the experts' plan went into effect it was seen that the States and communes would be in the market for numerous loans, and that the revival of confidence in German credit would make funds freely available from abroad. On November 1, 1924, the president of the Reich issued a decree, terminable in three months, making it necessary for the States and communes to obtain the approval of the Reich Finance Minister for loans made abroad. Against this the States vigorously protested on the ground that it encroached upon their constitutional rights. Accordingly a compromise arrangement was devised whereby the consent of the Reich was not to be required for loans to the States or for loans to such communes as were already subject to controlling authorities. On this basis, the Finance Minister's approval would be needed only for those communes whose foreign borrowing was not under the control of a State. These principles were incorporated in another decree dated January 29, 1925, and were also put in the form of law under date of March 21, 1925. But by common consent changes had already been made in the control procedure which went considerably beyond the prescriptions of the law.

At the center of the control procedure is the so-called *Beratungsstelle* or advisory office. It is composed of representatives of the Reich Finance Ministry, the Reich Ministry of Economics, and the Reichsbank; two representatives of the States, in the persons of the presidents of the Prussian State Bank and the Bavarian State Bank; and a representative of the State asking its advice. Its deliberations are held in private and no publicity is permitted to minority opinions. Its findings were not made binding in the beginning, nor have the successive changes in the procedure made them so; but in practice they have been generally observed.

It is impossible to summarize within reasonable compass the classes of loans which the regulations require shall be brought before the *Beratungsstelle* for its opinion. There are numerous exceptions and qualifications which are not susceptible of general statement. But the Finance Minister's answering memorandum of November 5, 1927, gave figures recapitulating the *Beratungsstelle's* activities from

January 1, 1925, to September 30, 1927, as follows:

BERATUNGSSTELLE ACTION ON FOREIGN LOANS

[In millions of reichsmarks]

	Applica- tions	Recom- menda- tions
Communal loans.....	1, 076. 8	585. 0
State loans.....	605. 9	350. 5
Agricultural loans (Rentenbank-Kreditanstalt).....	241. 0	241. 0
Industrial loans (with State or communal guarantee).....	262. 0	253. 6
Total.....	2, 185. 7	1, 630. 1

The foregoing table shows that the principal revisory action taken by the Beratungsstelle has been in the case of communal loans. The applications of the Rentenbank Credit Institution have been allowed in full, while State loans and industrial loans guaranteed by the States and communes have been only slightly reduced. Aside from these guaranteed industrial loans, there have been numerous loans to enterprises intimately associated with the States and communes which, for one reason or another, have not been brought before the Beratungsstelle at all, amounting in round figures to nearly 500 million reichsmarks.

According to its own summary of its activities, published in January, 1927, the Beratungsstelle in considering loans takes into account, among other things, whether the terms offered by the bankers are satisfactory, whether the proceeds of a loan are to be used for productive purposes, and—

whether the total amount of foreign loans approved or the number of applications submitted has reached a figure which, in the interests of the currency or of the loan terms which it is desirable to obtain, should not in the meantime be exceeded.

In practice, it does not appear what weight, if any, has been given to the interests of the currency in the votes taken by the Beratungsstelle; the question of productivity, however, has been much emphasized. The term "productivity" has been defined by the Beratungsstelle as meaning—

that foreign loans must be employed for such profit-earning investments as by the direct production of the values guarantee out of their own income the interest and sinking-fund payments on the capital invested, without having recourse to the general income of a public body.

In general, loans for the construction of dwelling houses have not been regarded as productive, particularly, it appears, because they do not result in promoting exports or

restricting imports. The Beratungsstelle also reports that it has been at some pains to make sure that the prospective borrowers had no funds otherwise available or procurable to carry out the purposes which foreign loans were intended to serve.

In applying the principles laid down in the regulations, the decision in each case has usually depended on how the facts were to be interpreted. The pressure on the Beratungsstelle, moreover, has been almost wholly in the direction of liberality, either from the interested States and communes, fully represented on the Beratungsstelle itself, or from the interested representatives of foreign bankers. The Reichsbank under the law is charged with responsibility for regulating the circulation of money and for providing for the utilization of available capital, and as such has a primary obligation to see that the influx of foreign loans does not run counter to the interests of the currency. The Reichsbank's opinion from the beginning has been critical of foreign borrowing, certainly in the proportions which it has assumed; but what weight, if any, its opinion has had on the Beratungsstelle is not a matter of public record.

Toward the end of October a further revision of the regulations governing the action of the Beratungsstelle was undertaken, partly for the purpose of bringing currency considerations more actively into the foreground. The new regulations, it is understood, have received the assent of the States, but up to this time the Beratungsstelle has given no interpretation of them. From the published reports, it appears that the definition of the tests to be applied has undergone no change of any importance, but as a matter of procedure the new regulations provide that if one of the representatives sitting on the Beratungsstelle objects to the opinion of the majority, he may demand a rehearing, and in that case the Reich Finance Minister, the Reich Economics Minister and the president of the Reichsbank will replace their representatives on the board and sit in person.

For the time being, it appears, the Beratungsstelle has discontinued its sessions. It was clear from the volume of loan applications still pending in October, even after the heavy borrowing of that month, that it was essential to obtain a comprehensive survey of the requirements of the States and communes, particularly of their short-dated debts and their uncovered commitments for projects already under way. Questionnaires have accordingly been circulated to all the larger

communes asking for detailed information, but it will still be some weeks before the results are available. This deliberate action has resulted for the time being in a cessation of foreign borrowing, and it may be that further modifications of the supervisory procedure are in prospect.

Relation to reparation payments.—The position of the transfer committee and of the Agent General for Reparation Payments has been entirely clear at all times. It may be worth restating in order to avoid any possibility of misunderstanding.

The German external loan, 1924, is in a class by itself. This loan was issued pursuant to the terms of the experts' plan and the London agreements, and the funds for the service of the loan are provided out of the annuities payable by Germany under the plan. The Reparation Commission, by its decisions of October 13, 1924, made the service of this loan a first charge on all receipts under the plan, a first charge by way of collateral security on the controlled revenues, and a first charge on any other assets or revenues of Germany to which the powers of the commission extend under the treaty of Versailles. The German Government in addition recognized the service of the loan as a direct and unconditional obligation of the Reich, chargeable on all its assets and revenues. The transfer committee, on October 31, 1924, took appropriate action for insuring the service of the loan, recognizing its priority and giving it an absolute right of remittance irrespective of the effect upon the exchange. The German Government, the agent general for reparation payments, the commissioner for the German railways, the trustee for the German railway bonds, and the trustee for the German industrial debentures, all took note of the action of the Reparation Commission and the transfer committee and gave assurance of their cooperation to the same end.

There have been no other external loans of the Reich since the German external loan, 1924, so that no question has arisen in the meantime as to any loan of the Reich. But there have been numerous external loans of the German Federal States within the past three years. As to these loans of the States, it has already been pointed out, in the report of November 30, 1926, that:

The provisions of article 248 of the treaty of Versailles, which affect foreign loans of the States as well as those of the Reich, appear to have exercised less restraining influence than their terms would presuppose. The treaty says:

"Subject to such exceptions as the Reparation Commission may approve, a first charge upon all the assets and revenues of the German Empire and its constituent States shall be the cost of reparation and all other costs arising under the present treaty or any treaties or agreements supplementary thereto or under arrangements concluded between Germany and the Allied and Associated Powers during the armistice or its extensions."

Up to the end of 1926 ten loans of States had been sold in foreign markets, including four loans of German cities which have the standing of States. In none of these cases was any application made to the Reparation Commission for an exception under the treaty provisions, and no such application has been made in connection with any of the five loans placed in 1927. In only one case, that of the Prussian loan of September, 1926, has the German Government brought a loan formally to the attention of the Reparation Commission or the transfer committee, and then on the ground that it was complying with assurances, given the year before, that it would notify the transfer committee simultaneously with the Reparation Commission of any impending foreign payments. The Agent General for Reparation Payments in replying to this notification under date of September 20, 1926, called attention to the fact that the loan prospectus made only a partial quotation of article 248 of the treaty, and said:

In response to their informal inquiries, which were first made some months ago, I have consistently advised both the Finance Ministry of the Reich and the issuing bankers that in the absence of an express exception by the Reparation Commission an external loan of the State of Prussia must be regarded as ranking secondary to the repayment of reparations under the treaty of Versailles as well as under the experts' plan. I have stated, further, that the procedure to be followed, in case such an exception were desired, has already been indicated by the procedure actually followed in connection with the German external loan, 1924. To that loan the Reparation Commission granted a priority over the payment of reparations, and the transfer committee, by appropriate resolution, recognized that priority as against the transfer of reparation payments. Neither the Government of the Reich, nor the Prussian Government, nor the issuing bankers, so far as the transfer committee is advised, have made any application for an exception to article 248 in connection with the external loan of the State of Prussia, and the transfer committee understands, therefore, that the secondary character of the Prussian loan is recognized.

In the same letter, in commenting upon a statement which appeared in the prospectus over the name of the Prussian Finance Minister to the effect that—

Neither German law nor any international engagements assumed by the German Government involve any restrictions upon the acquisition by the free State of

Prussia of the foreign exchange requisite to meet the external obligations to be evidenced by these bonds—the Agent General said:

The transfer committee finds itself unable to accept this statement, and feels that in the absence of an express exception under article 248 of the treaty of Versailles this statement can not properly be made, when any loan of the Reich or any of the Federal States is concerned, unless qualified by reference to the priority of reparation payments and transfers. In view of the secondary character of the external loan of the State of Prussia, as regards both reparation payments and reparation transfers, and in view also of the relatively large share of the annual budget of the State of Prussia which is financed by transfers of revenue from the German Reich, the transfer committee considers that the service of the Prussian external loan must necessarily be regarded as secondary to the obligations in respect to the transfer of reparation payments which the German Government has assumed by virtue of the experts' plan and the London agreements.

Wherever the question has arisen, in other words, the transfer committee and the Agent General for Reparation Payments have made full reservations of the legal rights of the creditor powers under the treaty of Versailles and the experts' plan. This, indeed, was their manifest duty.

The plan did not give to the transfer committee or the Agent General for Reparation Payments any power to supervise or control the issue of foreign loans of the German Reich, the States or the communes, or of German companies or other undertakings, and except in the case of the German external loan, 1924, the funds for the service of these loans, whenever issues, do not pass through the hands of the transfer committee or the Agent General. With the one exception, therefore, of the German external loan, 1924, the transfer committee and the Agent General for Reparation Payments have always stated, in answer to inquiries, that they were not in a position to give any assurances whatever as to the service of any of these loans that might be floated abroad. The general powers of the transfer committee and the Agent General with respect to the transfer of reparation payments and the German exchange are matters of public record, in the treaty and the plan. In substance, therefore, the position is that bankers and investors have been left free to make up their own minds as to the investment merits of foreign loans issued by German public authorities or private undertakings, in much the same manner as would be done with any other investments.

General observations.—In its broadest sense German foreign borrowing has been and continues to be a phase in the redistribution of credit throughout the world. As long as confi-

dence exists between lender and borrower, and as long as natural forces continue to have free play, the international flow of funds tends to equalize differences in the credit supply from one country to another. Since the war these differences have been extraordinarily wide; in certain countries, as, for example, in the United States, the supply of credit on the whole has been ample, whereas in other countries, as, for example, in Germany, the supply of credit has been deficient. Under such conditions, particularly as confidence in the goodness of loans to Germany has remained high, it was to be assumed that Germany should become a large borrower from the United States and from European countries having funds to lend.

Prevailing interest rates furnish a fair measure of the supply of available credit, and if in one country they are far out of line with the rates in another, they provide the stimulus for one country to lend and the other to borrow. In recent years the international movement of funds which follows disparity in interest rates has exerted a dominating influence over the German foreign exchange, and has been of far greater importance in that respect than the fluctuations in the volume of Germany's exports and imports of goods.

Generally speaking, the value of the dollar in terms of reichsmarks has risen whenever the private discount rate in Berlin has declined toward the bill rate in New York; and, on the other hand, the value of the dollar in terms of reichsmarks has fallen whenever the private discount rate in Berlin has risen far above the bill rate in New York. Though these interest rates are not strictly comparable, they relate to highly liquid paper demanding favored rates in both markets, and in each case their variations are fairly symptomatic of market conditions as a whole.

As the foreign exchange rate itself indicates, this disparity of interest rates has exerted a powerful influence in drawing foreign funds to the German market. The import of credit is temporarily the equivalent of an import of gold, upon which a further structure of domestic credit is erected. In fact, one of the deceptive aspects of the import of credit is that it provides the lawful basis upon which further internal credit expansion can be carried out. In a country adhering to the gold standard, domestic credit expansion based upon domestic resources comes to a natural end when the limit of the note-issuing power is reached. But foreign credit is capable of constantly enlarging the basis of domestic credit, and the limit is not reached until the

foreigner declines to lend or the borrower declines to take.

The management of foreign credit, in its volume and in the rate at which it flows in, is a matter of first importance, surpassing even the management of Reichsbank credit in the effects it may have on German economy. Throughout the period since the experts' plan went into effect, German borrowers have had constant access to foreign credit in one form or another and have thus been able to exempt themselves in large degree from such measures of credit control as the Reichsbank administration thought it timely to undertake. A high discount rate at the Reichsbank, aimed at the restriction of credit expansion, has usually furnished all the greater attraction to foreign funds and to this extent has defeated itself. A low discount rate, such as that during the first five months of 1927, resulted at the outset in a withdrawal of funds from Germany but it also stimulated the use of Reichsbank credit; as soon as the bulk of existing paper eligible for rediscount at the Reichsbank had passed into its portfolio, foreign funds flowed in again in response to rising interest rates, and carried the expansion still further.

The bank law and banking practice surround the use of Reichsbank credit with many restrictions and safeguards. Yet the management of foreign credit, which since stabilization has exercised an influence on German economy certainly equal to that of Reichsbank credit, has been subject to rules, in so far as they apply at all, which have almost completely overlooked the broad bearing of foreign loans on currency and credit in general. The *Beratungstelle*, the work of which has already been described, appears to have engaged itself principally with the nominal productivity of State and communal loans. Certainly a loan should be productive, but under the conditions which have prevailed the question of productivity is distinctly secondary to the effects which borrowing is bound to have on the economy as a whole. Nor does the argument that "the amount of foreign indebtedness is not disturbing in view of the magnitude of the values given as security" have any bearing on the fundamental question as to whether foreign money has been entering Germany in an amount and at a speed leading to undue expansion.

The answering memorandum of the Finance Minister, dated November 5, 1927, while it referred to numerous obstacles in the way of setting up a direct control over the finances of the States and communes, said that the govern-

ment of the Reich "recognizes it to be its duty to bring this difficult problem to an early solution which will take into account the well-understood reconstruction and entire interests of Germany."

Domestic credit.—Ever since the early part of 1927, dating approximately from the issue of the internal loan of the Reich, the domestic market has shown a much reduced capacity to absorb new capital issues; industry and commerce have had to rely mainly on foreign loans or upon bank credit to supply the funds which their rising activity required. In consequence, a very large increase has taken place in bank credit, which has been reflected in increased demands upon the Reichsbank and in higher rates for money. While internal savings have made some further progress, the monthly increases reported recently by the savings offices have been running somewhat smaller than last year, as is not unusual in times of growing economic activity.

Reichsbank policy.—The central problem of Reichsbank policy has been to reestablish contact between its discount rate and the money market. The inflow of foreign funds, for reasons already explained, has often displaced the Reichsbank from its normal position as the elastic medium between credit supply and credit demand, and has frequently contributed toward making its rate ineffective. For at least a year and a half, except for a period of about six weeks at the beginning of 1927, the Reichsbank rate has been out of touch with the market; and only recently, that is, since about the middle of October, have indications developed that contact has again been tentatively established.

It will be recalled that in the summer and autumn of 1926 money rates in Germany were low, whereas during the entire period the Reichsbank discount rate remained at 6 per cent. On January 11, 1927, the Reichsbank reduced its rate to 5 per cent, thereby recognizing existing market conditions and bringing itself more nearly into relation with them. As was described at length in the previous report, this action had the result of stimulating the flow of funds away from Germany and ultimately of increasing with great rapidity the demands for Reichsbank credit. Within six weeks or thereabouts from the time the Reichsbank rate was reduced, domestic money rates were again rising and were again attracting foreign funds, in this case almost exclusively at short term, to the German market. The Reichsbank, however, did not raise its discount rate to 6 per cent until June 10, 1927, mainly

on the ground that if it had acted sooner the inflow of foreign funds would have been all the greater. In the interval the Reichsbank rate was the lowest representative money rate in Germany.

At the beginning of the summer, the Reichsbank found itself with a large portfolio of domestic bills which the higher discount rate did not reduce but only temporarily kept in check. By early autumn further increases in interest rates put additional pressure on the Reichsbank, and on September 30 the Reichsbank's loans and discounts, together with the amount of currency in circulation, stood at the highest point since stabilization. The Reichsbank accordingly on October 4 raised its discount rate from 6 to 7 per cent and its rate on collateral loans from 7 to 8 per cent.

The situation which the increase in rates thus recognized dated back to the previous spring, when the Reichsbank lost control of the market. Whether the 7 per cent discount rate, which still remains in force, will prove in the long run sufficient to reestablish control, can not be foretold. Up to the present, neither the Reichsbank's portfolio nor the total currency in circulation has risen to the level of last September, but in part at least these moderations are characteristic of the season. Money rates have also fallen slightly in the market, but the standard borrowing rate at the principal banks, which varies according to changes in the Reichsbank rate, still stands at 10 per cent.

In the five months ended May 31, 1927, the Reichsbank's stock of gold and devisen decreased about 1,000 million reichsmarks, of which about 450 millions had been reported as part of the reserve against bank notes. This decrease has been only partially replaced. On November 30, 1927, the total reported reserves of gold and devisen stood at 2,139 millions, an increase since May of about 250 millions. In addition, the Reichsbank's stock of devisen not included among the reserves has risen by an unstated amount. Altogether, it appears that the increase since May has been somewhat less than half the decrease during the preceding five months.

The slow increase in the reserves during a period when foreign funds were flowing freely toward Germany calls for special comment. It has already been observed in the section dealing with foreign exchange that the Reichsbank, as a matter of principle, declined to buy the proceeds of loans placed abroad by the States and communes and confined itself to buying such odd amounts of exchange as represented

the day's excess in the market. This policy had much to do with the abrupt rise in the international value of the reichsmark which took place in July and again in October. The policy does not appear to have had any effect in deterring the States and communes from borrowing abroad, notwithstanding the fact that it may have reduced appreciably the reichsmark proceeds of the loans. On the other hand, the refusal of the Reichsbank to buy these foreign funds even at a favorable price can hardly have failed to stimulate the import of goods. An effect perhaps even more important, and bearing on the position of the Reichsbank itself, was that it accounted in some degree for the expansion of the Reichsbank's portfolio of domestic bills. This arose from the fact that borrowers who desired to use the proceeds of their foreign loans in reichsmarks—and the States and communes belonged peculiarly to this category—were obliged to sell the proceeds in the market, which in turn had to look to the Reichsbank for the additional currency required, using domestic bills for the purpose when necessary. In the late autumn the Reichsbank modified its policy to the extent of purchasing the proceeds of a loan issued for agricultural purposes, and saw to it that the domestic portfolio was relieved correspondingly. The working of these forces is illustrated by a diagram.

The reserves shown on the diagram are confined to the two items of the Reichsbank statement covering gold and eligible devisen, and leave out of account such devisen as are not reported. The fluctuations since May are accounted for mostly by the changes which have taken place in the holdings of eligible devisen; the gold stock has increased only 41 millions, the result mainly of imports from Russia. The line on the diagram representing loans and discounts combines the two statement items reporting bills and checks and collateral loans. These are the principal fluctuating elements of the loan classification.

The administration of the public funds.—The administration of the public and quasi-public funds has placed serious obstacles in the way of a consistent Reichsbank policy and has frequently proved a disturbing element in credit conditions as a whole. The successive phases of the problem have been discussed at length in previous reports.

The amount of idle treasury funds at the disposal of the Reich, the States, and communes is now much reduced, and their practical influence over the money markets has dimin-

ished correspondingly. In so far as the public authorities in charge of administrative funds are concerned, the main point of difference between their financial policy and the credit policy of the Reichsbank has largely shifted from a question of managing idle balances to a question of the use of credit. This latter aspect of public financial practice has already been discussed in preceding sections of this report.

The German Government, in replying to those passages of the memorandum of October 20, 1927, which dealt with the question of public funds and other matters of divergent policy, made the following statement:

The objections made against a credit policy of the public authorities having a credit policy distinct from the credit policy of the Reichsbank may be disposed of by the statement that, in negotiations between the Reichsbank and the authorities in question, an agreement has now been reached which provides for common leadership in relation to the money market and covers important fields of investment of public funds. In those cases where agreement has not yet been reached, endeavors are being continued. The government of the Reich too is of the opinion that any thwarting by other administrations of the currency and credit policy followed by the Reichsbank must be avoided in the interests of the uniformity and effectiveness of Reichsbank policy. As it has done hitherto, the government of the Reich will meet together with the Reichsbank at the briefest possible intervals with a view to keeping the monetary and credit policy in harmony with internal and external policy in general.

This general declaration of policy is of the highest importance. No information is available as to the nature and extent of the cooperation with the Reichsbank which may already have been arranged, but it is to be hoped that the Government's declaration will have a determining influence on the development of public funds administration in the future.

It will be recalled that the issue last February of a long-term internal loan of the Reich in the nominal amount of 500 million reichsmarks revived for the time being the problem of administering its temporarily idle funds. Under the conditions prevailing since its issue this loan has had other consequences as well. While it was nominally sold, its distribution to the private investor proved to be very limited, owing largely to the low rate of return from the 5 per cent coupon at the offering price of 92. Notwithstanding efforts to support it, the market price gradually declined below the offering price, until by the middle of August quotations stood at 85.9. The later stages of the decline were in anticipation of the lifting of the restrictions on the transferability of the bonds. These restrictions were applicable to about two-thirds of the 300 millions sold to the banks

and the public, and were due to expire on the 15th of August.

Shortly before this date, the Finance Minister of the Reich took the unusual step of increasing the interest rate to 6 per cent, for part of the life of the loan. The new rate was made to apply as from August 1, 1927, and continues in effect until July 31, 1934, the date when the first drawings of bonds are due to take place. The increase calls for the disbursement on the part of the Reich of about 5 million reichsmarks a year in additional interest charges. In the market, the quotation for the bonds rose to 87.5, and it has stood at about that point ever since; but apparently further support from time to time has been required.

The Finance Minister of the Reich has recently announced his intention of issuing no further long-term loans during the remainder of the current year or even during the next financial year. This declaration should give important relief to the long-term market.

Under the bank law, it will be recalled, the Reich is entitled to borrow at the Reichsbank for administrative purposes up to the limit of 100 million reichsmarks, but on the understanding that the Reich is not to be indebted to the bank at the end of any business year. Aside from the short credit facilities thereby provided, an amendment of the bank law, which became effective on July 14, 1926, made treasury bills of the Reich eligible for rediscount or purchase by the Reichsbank when brought to it from the market. Up to the present, the Reich has offered no treasury bills to the market, and consequently the authority granted by the amendment has never been used. The German market is notably deficient in this kind of security, which of itself would help provide a medium for the investment of public funds arising from other branches of the public administration. The development of an adequate market for the highest type of short-term obligations is a matter of importance, furthermore, to the credit situation as a whole.

The general changes in respect to public funds administration have already been noted. The diminution of the funds at the disposal of the authorities in charge of public and quasi-public enterprises should lead, in due course, to closer relations with the Reichsbank if for no other reason than that the Reichsbank serves as a source of credit. Some special problems, however, will require attention, as for example, the handling of the funds accumulating under the new unemployment in-

insurance law. The arrangement, moreover, between the Verkehrs-Kreditbank and the Gold Discount Bank for handling a portion of the funds of the railway company, which was described in the interim report, is still on a temporary basis, as is the Gold Discount Bank itself.

The present position of the Verkehrs-Kreditbank, in relation to the finances of the railway company, has already been discussed in an earlier chapter of this report. There is also the question of the Reichs-Kredit-Gesellschaft, which is indirectly owned by the Reich and operates as an ordinary banking institution in competition with the private banks. Its position has been summarized in previous reports, and apparently remains unchanged.

Volume of domestic credit.—Full use has been made during the past year of such credit facilities as the internal market afforded, but these facilities have varied widely from one branch of the credit market to another. For nine months the market for internal capital issues has been very narrow, whereas the volume of bank credit has continued to expand. The dislocation between these two sections of the credit market, which appeared in a fair way to disappear a year ago, reasserted itself when the long-term market was overtaxed in the first quarter of 1927, and has continued ever since. The open market for bills has scarcely existed except as the Reichsbank in its capacity as commissioner has been a buyer for the account of certain of the public offices.

The revival of the domestic market for capital issues, which for a time furnished one of the most hopeful signs of German reconstruction, began tentatively in February, 1926, reached its maximum about a year later, and then passed into a decline. The turning point was the issue in February, 1927, of the internal loan of the Reich in the nominal amount of 500 million reichsmarks, but before that offering was made numerous internal loans of the States and communes had drained off a large part of the funds available in the market. In the second and third quarters of 1927, the only issues of important size were offerings by mortgage banks and other real estate credit institutions of bonds based on mortgages. The following table is made up from figures published by the Reich statistical office.

The loans of the Reich, the States, and the communes, as reported by the statistical office for the first nine months of 1927, amounted to approximately 1,000 millions, of which half was accounted for by the Reich

internal loan. The total was substantially five times the amount of the bond issues of private concerns, chiefly industrial enterprises. The total issues of bonds based on mortgages have amounted during the period to about 1,325 millions; these are almost exclusively the so-called Pfandbriefe, which are secured by mortgages on real estate including agricultural land, and are sold from time to time and at varying prices according to the market.

BOND ISSUES ON THE GERMAN MARKET

[Face value in millions of reichsmarks]

	Reich, States, communes, etc.	Associations or enterprises under public law	Real estate credit institutions, Giroverbände and related institutions		Private concerns	Total
			Communal loans	Mortgage bonds		
1907-1913 quarterly average.....	293	1	29	197	100	629
1925—First quarter.....	12	5	12	304	21	337
Second quarter.....	5	11	11	288	42	346
Third quarter.....	10	10	10	124	24	158
Fourth quarter.....	15	17	5	124	26	187
1926—First quarter.....	88	9	40	290	9	436
Second quarter.....	369	8	165	337	177	956
Third quarter.....	180	2	92	451	102	827
Fourth quarter.....	167	26	169	550	141	1,053
1927—First quarter.....	523	10	203	534	86	1,356
Second quarter.....	133	68	476	97	774	
Third quarter.....	33	5	35	313	6	392
October.....			8	66		74

¹ Including 40 million reichsmarks of the Klöckner Werke A. G., the distribution of which over the various months is not known.

Issues of shares, as tabulated by the statistical office, have found a fair market; the volume of offerings, while limited, has not fluctuated in the same degree as in the case of bonds.

SHARE ISSUES

[Price actually paid in millions of reichsmarks]

	1925	1926	1927
First quarter.....	219	99	379 ¹
Second quarter.....	142	120	432 ²
Third quarter.....	151	305	245 ³
Fourth quarter.....	149	374	110 ⁴
Total.....	661	898	1,168

¹ October only.

² 10 months only.

The fundamental importance of increasing agricultural production, in order not only to reduce the amount of foodstuffs imported from abroad but to improve the well-being of a large section of the German population, has led to vigorous efforts to supply new credit facilities for agriculture and to refund its short

debt. Progress has been made during the last year in both directions.

AGRICULTURAL CREDIT

[In millions of reichsmarks]

	Dec. 31, 1925	June 30, 1926	Dec. 31, 1926	June 30, 1927	Oct. 31, 1927
Mortgage credits.....	1,011	1,465	2,048	2,493	2,667
Intermediate credits.....	26	47	72	92	147
Short-term credits.....	2,158	2,194	1,893	2,332	2,300
Total.....	3,195	3,706	4,013	4,917	5,114

The foregoing table, made up from figures published by the Institut für Konjunkturforschung, shows that the principal changes during the last two years have had to do with the aggregate of mortgage credits, which has steadily increased. In the last year the proportion of mortgage credit to the total reported borrowings of agriculture has risen from 46 to 52 per cent, owing less to long-term funds raised on the domestic market than to funds borrowed abroad. The two loans of the Rentenbank Credit Institution issued in 1927 in the nominal amount of 336 million reichsmarks were not fully available during the period covered by the table.

Apparently the increase in the actual amount of short-term credits since the end of 1926 is to be explained in part on the ground that heavy commercial credits given for the supply of machinery, fertilizer, and other goods have found their way into the reported figures, which also include the Reichsbank's holdings of bills covering the supply of goods to farmers. On the other hand a substantial amount of short credit not previously included in the statistics is stated to have been converted in the interval into mortgage credits.

Notwithstanding the efforts made, agriculture has still to face a serious problem in the repayment of credits falling due in the near future. The relatively high prices at which the last crop was sold have been of some assistance, but there remains a certain volume of agricultural debts which for the time being are not liquid. On November 30, 1927, as will be seen from the section on the currency, the Rentenbank was due to pay nearly 240 millions into the retirement fund for Rentenbank notes, representing the remainder of the final installment of agricultural bills then maturing. Agriculture was able to pay only a part of these maturing bills, and a substantial amount had to be provided for by other means, in order that the full requirements of the law

might be met. Even after the repayment of these bills, agriculture is under a continuing charge of 60 to 80 millions a year for the further retirement of Rentenbank notes.

The total of 5,114 millions of agricultural credits listed in the table given above leaves out of account two important parts of the existing agricultural debt. The Institut für Konjunkturforschung estimates in round figures that at the end of 1926 there were 1,800 millions of additional floating debts, including merchandise debts; by now this figure has presumably been somewhat reduced because of conversion or repayment. In addition, also, agriculture has revalorized remainder of its old mortgage debt, which is estimated to have amounted before the war to around 13,000 millions. This debt has now been reduced to around 3,500 millions.

Except as it receives support from the Reichsbank, through its purchases of bills for the account of certain public offices, an open discount market in Germany can scarcely be said to exist at all. This is owing not only to a narrow demand but to a very limited supply of prime bankers' acceptances. The whole amount of bills circulating on the private discount market probably does not exceed 600 million reichsmarks, and of that amount by far the largest proportion is held by the Reichsbank as commissioner. The Reich has not yet issued treasury bills and for the most part the States and communes depend upon bank credit for short-term requirements.

New tendencies have been at work to restrict the supply of bills. Large industrial and commercial concerns have formed the practice of keeping larger cash balances than in pre-war times and are thereby enabled in a measure to finance themselves. The high rates carried in the domestic market have resulted also in an increased dependence upon foreign credit, and in some branches of the exporting industries transactions are financed by the importer either in his own country or in centers where rates are favorable. Furthermore, as in some other markets, a tendency has developed to rely upon bank credit rather than upon such credit as is available in the open market.

The investor, for his part, has found little to attract him to the open discount market. Rates carried by bills in the so-called private discount market often fall below but almost never equal the Reichsbank discount rate, and have usually proved themselves lower than other rates for money. Collateral loans on the stock market, for example, frequently carry rates $1\frac{1}{2}$ to 2 per cent higher than bills.

The main field of expansion, in so far as domestic credit is concerned, has been in credit given by the banks. How much of this expansion has been in the nature of lending and relending deposits received from abroad can not be stated, because the periodical returns made by the banks do not distinguish deposits so derived; but more or less casual estimates indicate that the inflow of foreign deposits was heavy during the first half of 1927. Thereafter, particularly when the proceeds of capital issues began again to come in, acceptance of deposits in foreign currencies became less general, and among certain banks the policy was introduced of declining them altogether. In some cases it appears that proceeds of foreign loans have been used to repay foreign currency deposits.

The following tabulation combines the principal items from the returns of six private banks, which together represent about three-quarters of the nonpublic banking strength of Germany. The infrequency with which these returns are published and the period of time which elapses between the date of the statement and the date of publication take away much of the value to the German economy which these returns might otherwise have. Returns are published once in two months and, except in the case of the December 31 statement, become available one month after the statement date; in the case of the December 31 statement it has proved to be impossible to assemble the annual reports from these six reporting banks until some three months after the end of the year. Steps are now under way to revise the make-up of the statements themselves; it would add much to their utility if they were produced frequently and promptly, for in that case they would furnish a guide to the credit situation which the Germany economy now lacks.

SIX PRIVATE BANKS

[In millions of reichsmarks]

	Jan. 1, 1927	Oct. 31, 1926	Dec. 31, 1926	June 30, 1927	Oct. 31, 1927
Cash and amounts due from banks and bankers.....	565	912	1,048	1,061	1,137
Bills and treasury notes.....	42	1,413	1,556	1,373	1,509
Loans and advances.....	609	3,787	4,021	4,060	5,042
"Gläubiger"—mainly time and demand deposits.....	1,058	5,517	5,970	6,409	6,872
Acceptance liabilities.....	2	264	316	384	387

From the foregoing table it appears that the rapid expansion of private bank credit noted in previous reports has continued throughout

the past year, with the exception of a period in May and June when the policy of restricting stock market credits was instituted. The decline during these two months was neutralized, from whatever cause, during the next bi-monthly period, and then during September and October a further sharp rise brought the total to a new maximum since stabilization. The volume of credit reported by the six banks increased 1,350 million reichsmarks or 26 per cent during the year ended October 31, 1927. Of this increase less than 100 millions was due to the growth of the bill portfolio.

The "Gläubiger," which are composed mainly of time and demand deposits, have moved in a course almost exactly parallel to that of credits during the past three years. The increase for the year ended October 31, 1927, was 1,355 million reichsmarks or nearly 25 per cent. The acceptance liabilities of the banks remain low and have shown no increase during the past six months, but they are 123 millions, or nearly 47 per cent, higher than a year ago.

The loans of the principal State and provincial banks have shown a somewhat larger relative expansion during the past year than those of the private banks whose statements were summarized above. The increase in credits during the 12 months ending October 31, 1927, for 20 State and provincial banks, including the Prussian State Bank, known as the Seehandlung, was 480 million reichsmarks, or 28 per cent. This is in striking contrast to the previous 12-month period during which the credits of the State banks remained almost at a standstill. The "Gläubiger," or deposits have shown a similar expansion for the year.

TWENTY STATE AND PROVINCIAL BANKS, INCLUDING SEEHANDLUNG

[In millions of reichsmarks]

	Oct. 31, 1926	Apr. 30, 1927	June 30, 1927	Aug. 31, 1927	Oct. 31, 1927
Cash and amounts due from banks and bankers.....	370	253	234	324	300
Bills and treasury notes.....	380	491	474	428	410
Loans and advances.....	1,346	1,481	1,617	1,652	1,796
"Gläubiger"—mainly time and demand deposits.....	2,058	2,247	2,319	2,421	2,521

The rate of expansion in the credits of the Girozentralen, the central institutions through which the various savings offices and communal banks are interrelated, has been greatly reduced during the past six months and the total increase for the year was considerably less than during the previous twelve-month period. The credits are granted largely out the proceeds of

long-term loans issued by the Girozentralen and the decline in their rate of increase corresponds with a period of comparative inactivity on the market for new security issues. There has been some disposition during the year on the part of the Girozentralen to restrict their ordinary banking activities.

FIFTEEN GIROZENTRALEN

[In millions of reichsmarks]

	Oct. 31, 1926	Apr. 30, 1927	June 30, 1927	Aug. 31, 1927	Oct. 31, 1927
Cash and amounts due from banks and bankers.....	207	252	194	266	240
Bills and treasury notes.....	165	154	133	116	104
Loans and advances.....	1,300	1,550	1,638	1,707	1,742
"Gläubiger"—mainly time and demand deposits.....	1,127	1,218	1,193	1,261	1,236

The statements of the public banks covered in the foregoing tabulations are issued once in two months, and one month after the respective statement dates. In this the publications correspond with those of the private banks, but December 31 figures are not assembled in such a way that they can be combined into composite statements. It may be hoped that such changes as are to be effected in the private bank statements will be made to apply whenever possible to the statements of the public banks also. Up to the present, it will be recalled, the Verkehrs-Kreditbank and the Reichs-Kredit-Gesellschaft have limited their statements to annual reports.

Savings deposits in Germany as reported by the savings offices (Sparkassen) have increased during the past six months at the rate on the average of 100 million reichsmarks a month. This is much above the monthly increase in pre-war years but lower than the average for 1926, or the first four months of 1927. It is also slightly lower, as a rule, than during the months of depression in 1926. Such a falling off in times of business activity was entirely characteristic of the course of savings deposits in Germany before the war. At the end of October, 1927, the total was about 23 per cent of the accumulation in 1913.

Until recently the private banks in Germany had not established savings accounts, although in the payment of interest they have distinguished between demand deposits and time deposits. But as from November 1, 1927, the Berlin Bankers Association (Stempelvereinigung) has agreed that its members may take savings deposits at 5 per cent interest. This rate compares with a present rate of 4½ per cent at the savings offices.

SAVINGS DEPOSITS IN GERMANY

[End of month figures in millions of reichsmarks]

	Savings deposits	Month to month increase
1926 average.....	2,434.0	121.8
1926—November.....	2,956.1	124.2
December.....	3,090.8	134.7
1927—January.....	3,381.1	1290.3
February.....	3,572.8	191.7
March.....	3,718.8	146.0
April.....	3,854.0	135.2
May.....	3,965.6	111.6
June.....	4,022.7	57.1
July.....	4,122.4	99.7
August.....	4,245.9	123.5
September.....	4,340.3	94.4
October.....	4,444.4	104.1

¹ Including interest.

The savings reported by the Sparkassen constitute of course only a portion of the annual savings fund of Germany, but they are the only part susceptible of approximately accurate statement. Even the Sparkassen savings are perhaps open to qualification on the score that other funds occasionally find their way into these accounts, but the savings offices endeavor to make the distinction as clear as possible. As to other components of the savings fund as a whole, such as insurance and business profits reinvested, no accurate figures are available.

The German currency.—The German currency, the stability of which was one of the primary objects of the experts' plan, continues to satisfy all the requirements of the gold standard. In its external value, as measured in the foreign exchanges, it has been for many weeks above parity with the other principal gold currencies of the world, the result of the heavy inflow of credit from abroad and not the reflection of a favorable trade balance or a falling price level. On the contrary, the level of prices, which furnishes the measure of the internal value of the currency, has risen; but up to the present the decline in the purchasing power of the currency is to be regarded not so much as a matter already of grave consequence as a tendency to be taken into serious account in fixing, borrowing, and spending policies, particularly on the part of the public authorities.

Except for such influences as the seasons exert, the volume of the German currency has continued to rise with remarkable regularity ever since stabilization. The total circulation has now reached about the same level as in 1913, when it fluctuated around 6,000 millions. Whether the various factors of difference between the pre-war period and the present, such as a higher world price level, a more general use of checks and other means of settlement, the

disappearance of gold from the circulation, a smaller German territory at home and abroad and a smaller population, offset one another in such a way as to make the 1913 circulation suit present conditions of production and trade, can not now be foreseen. A better test is more likely to be the course which German prices take in comparison with prices in gold standard countries.

The gradual change in the composition of the currency noted in previous years has continued during the past twelve months; that is, the volume of Reichsbank notes and coins has continued to increase while Rentenbank notes have been further reduced. Reichsbank notes composed nearly 70 per cent of the total circulation at the end of November, 1927, as compared with about 62 per cent a year before. During that period Reichsbank notes increased 800 million reichsmarks or about 300 millions more than the total increase in circulation, due to the fact that Reichsbank notes replaced the greater part of the Rentenbank notes withdrawn from circulation. Reichsbank notes are practically the only elastic element in the currency and after the circulation of coins has reached the saturation point any changes in currency requirements must be reflected almost entirely in changes in the volume of Reichsbank notes. Outside of the Rentenbank notes which are due to be retired within the next seven years, the inelastic element of the currency is relatively small, consisting of notes of private banks of issue and coins. The maximum amount which the private note banks may issue is 194 million reichsmarks and the amount in actual circulation during the year ended November 30, 1927, varied between 172 and 189 millions.

Coins in circulation increased 108 million reichsmarks during the year, due in part to putting into circulation new 5-reichsmark pieces, which are designed to replace the 5-rentenmark notes of the Rentenbank. On October 31, 1927, there were 35 million reichsmarks of these new 5-reichsmark pieces in circulation, nearly all of which had been issued in September and October. Altogether, the coins in circulation now amount to nearly 13 reichsmarks per head of the population as against a legal maximum of 20 reichsmarks, exclusive of gold coins, of which none are now in circulation. Further issues of 5-reichsmark coins are to be expected, since at the end of October there were still 253 millions of Rentenbank notes of that denomination in circu-

lation. But for smaller coins the needs of the public are apparently already well supplied.

Substantial progress was made during the last six months in reducing the Reichsbank's stock of unissued or redundant coins. On November 30, 1927, the Reichsbank held 55 million reichsmarks of such coins, as compared with about 98 millions at the end of May. This reduction was due in part to the action of the Reich in taking back 50-pfennig pieces held by the Reichsbank but unfit for circulation. New 50-pfennig coins are now in process of minting and some have appeared in circulation.

GERMAN CIRCULATION

[End of month figures in millions of reichsmarks]

	Reichsbank notes	Rentenbank notes	Private bank notes	Coins	Total	Percentage of Rentenbank notes in the total
1925 average.....	2,513.8	1,621.4	171.6	490.1	4,796.9	33.8
1926 average.....	3,132.0	1,290.4	177.7	655.0	5,255.1	24.6
1926—November..	3,374.5	1,199.0	175.3	692.2	5,441.0	22.0
December.....	3,735.5	1,164.0	180.6	749.6	5,829.7	20.0
1927—January....	3,409.6	1,108.1	172.3	721.1	5,411.1	20.5
February.....	3,465.2	1,114.0	177.2	720.9	5,477.3	20.3
March.....	3,588.7	1,095.5	181.7	723.4	5,589.3	19.6
April.....	3,676.2	1,060.2	182.9	717.3	5,637.1	18.8
May.....	3,719.2	1,033.2	185.9	722.8	5,661.1	18.3
June.....	3,815.2	1,017.1	188.8	725.6	5,746.7	17.7
July.....	3,928.2	1,008.2	185.4	733.5	5,855.3	17.2
August.....	3,934.7	1,007.2	184.7	740.2	5,866.8	16.2
September.....	4,182.4	988.9	188.3	762.7	6,122.3	16.2
October.....	4,230.6	896.3	188.1	788.7	6,103.7	14.7
November ¹	4,181.3	780.7	187.0	801.0	5,950.0	13.1

¹ Provisional figures.

Rentenbank notes composed about 13 per cent of the total circulation at the end of November, 1927, compared with about 22 per cent a year before. Up to the end of October, 1927, the total redemption of Rentenbank notes had aggregated 1,059 million rentenmarks. The funds for redemption came from the following sources:

[In millions]

Interest on the general mortgage on agricultural land.....	195
Payments by the Reich.....	180
Share of the Reich in Reichsbank earnings.....	72
Repayments of agricultural bills.....	612
Total.....	1,059

The bills last mentioned in the foregoing summary were part of the so-called economic credits granted in the early days of stabiliza-

tion through the medium of the Reichsbank and the private banks of issue. They were mainly for the benefit of agriculture. On October 11, 1924, the date when the Rentenbank liquidation law went into effect, there were outstanding in virtue of these credits 880,334,583 rentenmark notes of equal value with reichsmarks. The law provided that these credits should mature in equal installments by November 30 of the three years 1925, 1926, and 1927, and that the proceeds should be used for the retirement of Rentenbank notes.

The repayment of the 1927 installment of approximately 293 millions was in part anticipated. In its most recent statement, that for October 31, the Rentenbank reported that the credits outstanding amounted to 238 millions and that 25 millions of the November 30 installment had already been paid into the retirement funds. On the due date the last part of the final installment was paid in full, but agriculture was able to repay in cash only an unstated fraction of the amount. A considerable part of it was covered through the

help of other banks, among them the Rentenbank Credit Institution (as distinguished from the Rentenbank itself), the Gold Discount Bank and the Prussian Zentralgenossenschaftskasse.

With this retirement, the redemption of Rentenbank notes reached the total amount of 1,327 millions, plus such other minor contributions as were payable during the month of November. This is about 100 millions less than the organizing committee of the Reichsbank expected would take place in the first three years. Their estimate, which was given in a letter to the Reparation Commission on July 11, 1924, fixed the total at about 1,440 millions. But they included an item of 110 millions for profits on these credits, which apparently the Rentenbank has not utilized in the way outlined, but has applied, as appears from its annual reports, toward meeting the capital amount of the installments themselves or for the benefit of agriculture. The application of the interest receipts in this way was the result of an agreement between the Reich, the Reichsbank, and the Rentenbank.

FINANCIAL STATISTICS FOR FOREIGN COUNTRIES

CONDITION OF CENTRAL BANKS

[Figures are for the last report date of month]

	1927			1926		1927			1926
	No- vember	October	Sep- tember	No- vember		No- vember	October	Sep- tember	No- vember
Bank of England (millions of pounds sterling):					National Bank of Bulgaria (millions of leva):				
Issue department—					Gold ¹	1,274	1,272	1,266	43
Gold coin and bullion.....	148.6	150.3	149.5	151.4	Foreign bills, etc.....	648	550	602	607
Notes issued.....	168.3	170.0	169.2	171.2	Loans and discounts.....	923	1,037	1,105	1,732
Banking department—					Advances to State.....	4,514	4,514	4,516	5,450
Gold and silver coin.....	1.3	1.5	1.6	1.5	Note circulation.....	3,902	4,039	4,104	3,659
Bank notes.....	31.4	34.3	32.7	33.2	Deposits.....	2,898	2,781	2,719	3,308
Government securities.....	41.3	40.7	56.3	33.3					
Other securities.....	57.4	53.0	50.9	74.4	Central Bank of Chile (millions of pesos):				
Public deposits.....	18.4	21.0	25.7	23.8	Gold at home.....	61	60	60	146
Other deposits.....	95.2	90.8	97.5	100.8	Gold abroad.....	422	423	433	426
Ratio of gold and note re- serve to deposit liabilities (per cent).....	28.9	32.0	27.9	27.9	Loans and discounts.....	27	32	37	41
Bank notes in circulation ¹	80.7	79.5	80.3	81.8	Note circulation.....	256	263	268	365
Currency notes and certificates.....	295.8	292.5	294.8	284.7	Deposits.....	124	115	117	191
Bank of France (millions of francs):					Bank of the Republic of Colom- bia (thousands of pesos):				
Gold reserve ¹	3,681	3,681	3,682	3,684	Gold at home.....	20,378	20,223	20,314	18,413
Silver reserve.....	343	343	343	340	Gold abroad.....	23,687	23,683	23,077	17,983
Gold, silver, and foreign exchange.....	2,355	2,338	2,282	1,450	Loans and discounts.....	14,494	13,099	13,849	12,885
Credits abroad.....	58	56	58	82	Note circulation.....	42,077	40,671	40,182	37,784
Loans and discounts.....	3,482	3,296	3,567	6,514	Deposits.....	8,000	8,229	8,892	6,362
Advances to the Government.....	24,450	24,850	24,400	35,700					
Miscellaneous assets.....	24,628	24,080	23,733	4,832	Czechoslovak National Bank (millions of Czechoslovak crowns):				
Note circulation.....	54,962	54,700	54,156	53,263	Gold and silver.....	1,058	1,058	1,057	1,034
Total deposits.....	11,000	10,786	10,439	4,385	Foreign balances and currency.....	2,235	2,133	2,132	1,789
					Loans and advances.....	63	94	142	221
German Reichsbank (millions of reichsmarks):					Assets of banking office in liqui- dation.....	514	519	522	620
Gold at home.....	1,784	1,785	1,786	1,578	Note circulation.....	7,566	7,662	7,650	7,442
Gold abroad.....	73	67	67	177	Deposits.....	1,016	659	699	1,247
Reserves in foreign exchange.....	282	161	154	418					
Bills of exchange and checks.....	2,483	2,802	2,746	1,286	Bank of Danzig (millions of Dan- zig gulden):				
Miscellaneous assets.....	512	571	494	581	Balances with Bank of England..	17	18	18	18
Deposits.....	485	608	630	528	Foreign bills, etc.....	36	37	41	17
Reichsmarks in circulation.....	4,181	4,231	4,182	3,374	Loans and discounts.....	18	20	19	16
Rentenmarks in circulation.....	798	1,021	1,041	1,175	Note circulation.....	36	37	38	35
					Deposits.....	2	4	1	4
Bank of Italy (millions of lire):					National Bank of Denmark (mil- lions of kroner):				
Gold reserve.....	1,174	1,174	1,173	1,141	Gold.....	182	182	182	209
Credit and balances abroad.....	1,546	1,548	1,478	1,052	Foreign bills, etc.....	75	84	78	29
Loans and discounts.....	5,116	5,623	5,931	7,616	Loans and discounts.....	81	73	85	124
Advances to the Government.....	4,227	4,227	4,227	4,229	Note circulation.....	346	365	351	378
Note circulation for commerce.....	13,757	13,865	13,796	13,977	Deposits.....	21	19	19	27
Note circulation for the State.....	4,227	4,227	4,227	4,229					
Total deposits.....	3,259	3,187	3,422	2,939	National Bank of Egypt (thou- sands of Egyptian pounds sterling):				
					Gold.....		3,706	3,676	3,527
Bank of Japan (millions of yen):					English Government securities.....		28,605	27,105	25,704
Gold.....	1,063	1,063	1,063	1,058	Egyptian Government securities.....		23,487	21,441	26,325
Advances and discounts.....	913	927	903	351	Note circulation.....		31,143	29,602	28,370
Advances on foreign bills.....	10	15	5	51	Government deposits.....		19,328	17,332	20,882
Government bonds.....	153	159	167	277	Other deposits.....		18,868	17,529	15,047
Total note and deposit liabilities.....	2,252	2,291	2,306	1,920					
Notes issued.....	1,237	1,320	1,163	1,212	Bank of Estonia (millions of Esto- nian marks):				
Total deposits.....	1,015	972	1,142	708	Gold.....	512	512	512	505
Austrian National Bank (millions of schillings):					Cash in foreign currency.....	46	39	40	26
Gold.....	84	84	84	48	Foreign correspondents' account.....	1,062	843	576	177
Foreign bills of the reserve.....	377	389	392	479	Foreign bills.....	56	58	76	89
Other foreign bills.....	251	251	245	139	Loans and discounts.....	5,557	5,632	5,600	6,073
Domestic bills.....	71	83	81	86	Note circulation.....	2,283	2,248	2,048	1,921
Treasury bills.....	173	173	173	178	Total deposits.....	4,405	4,283	4,290	4,518
Note circulation.....	926	953	946	873					
Deposits.....	34	30	32	46					
National Bank of Belgium (mil- lions of belgas):									
Gold.....	699	684	674	620					
Foreign bills and balances in gold.....	438	468	466	466					
Domestic and foreign bills.....	509	519	505	510					
Loans to State.....	400	400	400	400					
Note circulation.....	1,975	1,998	1,996	1,745					
Deposits.....	103	112	97	303					

¹ Notes issued, less amounts held in banking department and in currency note account.
² Not including gold held abroad.

³ Figures previous to 1927 carried at par.

CONDITION OF CENTRAL BANKS—Continued

	1927			1926		1927			1926
	Novem-ber	Octo-ber	Sep-tember	Novem-ber		Novem-ber	Octo-ber	Sep-tember	Novem-ber
Bank of Finland (millions of Finnish marks):					Bank of Poland (millions of zlotys):				
Gold.....	318	319	321	328	Gold at home.....	277	327	182	136
Balances abroad and foreign credits.....	1,390	1,325	1,231	1,006	Gold abroad.....	231			
Foreign bills.....	49	63	69	101	Foreign exchange, etc.—		441	243	138
Domestic bills.....	611	577	592	564	Serving as note cover.....	651			
State debts.....	122	122	124	154	All other.....	230			
Note circulation.....	1,447	1,483	1,476	1,296	Loans and discounts.....	465	488	470	378
Demand liabilities.....	651	685	491	527	Note circulation.....	940	929	844	558
					Current account of the Treasury.....	398	96	125	48
					Other current accounts.....	246	119	130	95
National Bank of Greece (millions of drachmae):					Bank of Portugal (millions of escudos):				
Gold and balances abroad.....			2,433	2,377	Gold.....		9	9	9
Government loans and securities.....			3,893	3,822	Balances abroad.....		174	157	259
Loans and discounts.....			3,038	3,351	Bills.....		223	229	204
Note circulation.....			5,126	4,763	Note circulation.....		1,807	1,828	1,844
Total deposits.....			4,105	4,253	Deposits.....		125	78	55
National Bank of Hungary (millions of pengö):					National Bank of Rumania (millions of lei):				
Gold.....	197	197	197	169	Gold.....	150	149	148	144
Foreign bills, etc.....	106	103	93	117	Bills.....	9,001	9,143	9,087	9,013
Loans and discounts.....	316	329	310	193	Advances to State.....	16,359	16,359	16,359	10,679
Advances to treasury.....	115	115	115	144	Note circulation.....	21,023	21,032	21,022	20,943
Other assets.....	258	260	273	287	Deposits.....	10,312	10,006	10,183	9,072
Note circulation.....	456	508	477	447	State Bank of Russia (note-issuing department; thousands of chervonts):				
Deposits.....	314	267	261	247	Gold.....	18,880	18,447	17,363	16,346
Miscellaneous liabilities.....	197	203	224	186	Foreign currency.....	7,881	7,682	7,440	5,751
					Loans and discounts.....	80,900	80,532	76,838	65,672
Bank of Java (millions of florins):					Bank notes.....	106,847	107,654	102,657	88,433
Gold.....		184	184	198	National Bank of the Kingdom of Serbs, Croats, and Slovenes (millions of dinars):				
Foreign bills.....		26	25	22	Gold.....	88	88	88	85
Loans and discounts.....		138	139	108	Foreign notes and credits.....	369	382	384	361
Note circulation.....		321	321	327	Loans and discounts.....	1,580	1,550	1,543	1,433
Deposits.....		77	75	68	Advances to State.....	2,966	2,966	2,966	2,966
					Note circulation.....	5,702	5,793	5,763	5,896
Bank of Latvia (millions of lats):					Deposits.....	1,187	1,294	1,310	609
Gold.....	24	24	24	24	South African Reserve Bank (thousands of pounds sterling):				
Foreign exchange reserve.....	49	48	43	28	Gold.....	7,393	7,536	7,992	7,144
Bills.....	74	72	72	71	Foreign bills.....	7,325	6,390	6,186	5,592
Loans.....	51	53	54	54	Domestic bills.....	621	1,362	1,646	876
Note circulation.....	34	31	30	29	Note circulation.....	7,713	8,446	8,586	7,779
Government deposits.....	93	96	95	75	Total deposits.....	7,359	6,308	7,063	5,151
Other deposits.....	60	62	62	57	Bank of Spain (millions of pesetas):				
					Gold.....	2,603	2,603	2,598	2,557
Bank of Lithuania (millions of litas):					Silver.....	685	678	678	676
Gold.....	33	32	32	31	Balances abroad.....	33	33	39	31
Foreign currency.....	49	42	38	35	Bills discounted.....	453	509	464	697
Loans and discounts.....	73	66	63	49	Checks and drafts.....	1,213	1,258	1,241	1,667
Note circulation.....	98	97	88	83	Note circulation.....	4,129	4,193	4,142	4,286
Deposits.....	58	49	46	29	Deposits.....	1,035	990	985	975
Netherlands Bank (millions of florins):					Bank of Sweden (millions of kronor):				
Gold.....	390	386	386	418	Gold.....	231	231	231	225
Foreign bills.....	145	128	127	182	Foreign bills, etc.....	232	228	216	169
Loans and discounts.....	283	304	273	200	Loans and discounts.....	228	225	285	268
Note circulation.....	811	854	796	849	Note circulation.....	519	522	560	512
Deposits.....	67	40	35	18	Deposits.....	104	95	98	80
Bank of Norway (millions of kroner):					Swiss National Bank (millions of francs):				
Gold.....	147	147	147	147	Gold.....	451	462	471	443
Foreign balances and bills.....	41	23	31	66	Funds on demand abroad.....	52	46	26	17
Domestic credits.....	256	268	266	474	Loans and discounts.....	343	362	374	376
Note circulation.....	318	324	325	321	Note circulation.....	841	861	877	807
Foreign deposits.....	5	5	5	30	Deposits.....	96	101	84	98
Total deposits.....	101	86	97	328	Bank of the Republic of Uruguay (thousands of pesos):				
Reserve Bank of Peru (thousands of libras):					Gold.....		55,422	55,421	54,944
Gold.....	4,156	4,198	4,199	4,803	Loans and discounts.....		99,655	98,563	96,010
Gold against demand deposits.....	260	218	217	228	Note circulation.....		62,641	63,195	63,547
Foreign exchange reserve.....	758	748	750	690	Deposits.....		76,562	76,096	68,476
Bills.....	1,816	1,769	1,724	1,462					
Note circulation.....	5,894	5,938	5,949	6,193					
Deposits.....	521	437	435	460					

* Not including gold held abroad.

* Revised.

CONDITION OF COMMERCIAL BANKS

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

	1927			1926		1927			1926
	Novem-ber	Octo-ber	Sep-tember	Novem-ber		Octo-ber	Sep-tember	August	Octo-ber
Nine London clearing banks (millions of pounds sterling):					Three commercial banks of France (millions of francs):				
Money at call and short notice.....	134	142	134	118	Bills and national defense bonds.....		12,656	12,659	15,278
Advances and discounts.....	1,148	1,150	1,131	1,106	Loans and advances.....			5,198	5,311
Investments.....	236	238	234	252	Demand deposits.....		23,636	23,523	22,969
Deposits.....	1,694	1,710	1,668	1,648	Time deposits.....			450	281
Tokyo banks (millions of yen): ¹					Six Berlin banks (millions of reichs-marks):				
Cash on hand.....	285	195	272	132	Bills and treasury notes.....	1,509		1,429	1,413
Total loans.....	2,297	1,925	1,923	2,582	Due from other banks.....	921		880	762
Total deposits.....	1,942	1,837	1,879	1,952	Miscellaneous loans.....	5,042		4,788	3,787
Total clearings.....	2,224	1,856	1,794	3,550	Deposits.....	6,872		6,600	5,517
					Acceptances.....	410		399	283
					Four private banks of Italy (mil-lions of lire):				
					Cash.....	1,242		1,348	1,217
					Bills discounted.....	8,897		8,849	8,895
					Due from correspondents.....	5,454		5,538	5,544
					Due to correspondents.....	13,790		13,756	13,342
					Deposits.....	2,567		2,533	2,460
					Joint-stock banks of Norway (millions of kroner):				
Chartered banks of Canada (millions of dollars):					Loans and discounts.....	1,633	1,626	1,635	1,837
Gold coin and bullion ²	70	70	69	71	Due from foreign banks.....	92	86	83	96
Current loans and discounts.....	1,333	1,312	1,288	1,248	Due to foreign banks.....	170	174	152	235
Money at call and short notice.....	483	461	446	417	Rediscounts.....	138	131	133	178
Public and railway securities.....	519	533	536	506	Deposits.....	1,726	1,754	1,789	1,890
Note circulation.....	186	172	167	187	Joint-stock banks of Sweden (millions of kroner):				
Individual deposits.....	2,405	2,347	2,295	2,257	Loans and discounts.....	4,141	4,144	4,151	4,350
Gold reserve against Dominion notes.....	112	109	106	116	Foreign bills and credits abroad.....	278	234	197	141
Dominion note circulation.....	192	183	186	193	Due to foreign banks.....	129	124	119	131
Joint-stock banks of Denmark (millions of kroner):					Rediscounts.....	71	117	115	84
Loans and discounts.....	1,904	1,888	1,896	1,979	Deposits.....	3,575	3,561	3,557	3,556
Due from foreign banks.....	62	56	54	55	Swiss Cantonal banks (millions of francs):				
Due to foreign banks.....	92	87	121	128	Loans and discounts.....	1,785	1,774	1,761	1,728
Deposits and current accounts.....	2,090	2,056	2,011	2,119	Mortgages.....	2,859	2,849	2,841	2,744
Joint-stock banks of Finland (millions of Finnish marks):					Foreign bills.....	24	23	20	25
Loans and discounts.....	7,982	7,973	7,955	7,162	Due from banks and correspond-ents.....	307	302	310	248
Due from abroad.....	475	414	437	186	Commercial deposits.....	728	725	708	646
Due to abroad.....	357	356	326	327	Savings deposits.....	1,560	1,560	1,560	1,464
Deposits.....	6,933	7,001	7,116	6,007					

¹ Beginning in November figures are included for ten banks not previously covered by the reports.
² Not including gold held abroad.

DISCOUNT RATES OF 33 CENTRAL BANKS

[Prevailing rates, with date of last change]

Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—
Austria.....	6½	Aug. 25, 1927	Estonia.....	8	Oct. 1, 1926	Japan.....	5.48	Oct. 10, 1927	Portugal....	8	July 27, 1926
Belgium.....	4½	Nov. 16, 1927	Finland.....	6	Nov. 24, 1927	Java.....	6	May 3, 1925	Rumania....	6	Sept. 4, 1920
Bulgaria.....	10	Aug. 31, 1924	France.....	4	Dec. 29, 1927	Latvia.....	7	Jan. 1, 1927	Russia.....	8	Mar. 22, 1927
Chile.....	6½	Dec. 12, 1927	Germany....	7	Oct. 4, 1927	Lithuania... 6	Nov. 9, 1927	South Africa	6	Sept. 10, 1927	
Colombia.....	7	May 15, 1924	Greece.....	10	June 6, 1927	Netherlands 4½	Oct. 13, 1927	Spain.....	5	Mar. 23, 1923	
Czechoslovakia	5	Mar. 8, 1927	Hungary....	6	Aug. 26, 1926	Norway.....	5	Nov. 1, 1927	Sweden....	3½	Jan. 1, 1928
Danzig.....	6	June 21, 1927	India.....	7	Dec. 22, 1927	Peru.....	6	Apr. 1, 1923	Switzerland.. 3½	Oct. 22, 1925	
Denmark.....	5	June 24, 1926	Italy.....	7	June 18, 1925	Poland.....	8	May 13, 1927	Yugoslavia.. 6	June 23, 1922	
England.....	4½	Apr. 21, 1927									

Changes: Central Bank of Chile from 7 to 6½ per cent on December 12, 1927; Imperial Bank of India from 6 to 7 per cent on December 22, 1927; Bank of France from 5 to 4 per cent on December 29, 1927; Bank of Sweden from 4 to 3½ per cent on January 1, 1928.

MONEY RATES IN FOREIGN COUNTRIES ¹

Month	England (London)				Germany (Berlin)			Netherlands (Amsterdam)		Switzerland
	Bankers' acceptances, 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Private discount rate	Money for 1 month	Day-to-day money	Private discount rate	Money for 1 month	Private discount rate
1926										
January	4.76	4.78	4.00	3	6.28	8.07	7.04	2.95	2.93	2.44
February	4.31	4.25	4.00	3	5.46	6.66	6.03	2.19	2.40	2.22
March	4.37	4.34	4.26	3	5.00	6.73	5.63	2.67	2.82	2.18
April	4.33	4.34	3.92	3	4.88	6.02	4.77	2.90	2.93	2.30
May	4.37	4.43	4.18	3	4.69	5.53	4.80	2.95	2.94	2.38
June	4.27	4.29	3.82	3	4.53	5.81	4.76	2.83	3.00	2.38
July	4.26	4.29	3.86	3	4.54	5.73	4.93	2.74	2.72	2.37
August	4.45	4.55	3.99	3	4.61	5.80	4.85	2.63	2.50	2.34
September	4.54	4.65	3.99	3	4.88	6.21	4.77	2.78	2.81	2.52
October	4.69	4.80	4.07	3	4.82	6.14	4.75	2.83	2.75	2.90
November	4.57	4.80	3.95	3	4.63	6.12	4.45	3.21	3.23	2.96
December	4.53	4.60	3.78	3	4.72	7.13	5.88	3.39	3.96	3.35
1927										
January	4.16	4.21	3.76	3	4.21	5.82	3.78	2.97	2.92	3.16
February	4.18	4.32	3.93	3	4.28	5.77	5.19	3.46	3.66	2.87
March	4.34	4.36	4.09	3	4.59	6.91	4.87	3.48	3.53	2.98
April	4.11	4.04	3.64	2-2½	4.59	6.57	5.63	3.46	3.78	3.13
May	3.90	3.84	3.54	2½	4.90	6.95	5.99	3.45	3.78	3.19
June	4.34	4.36	3.44	2½	5.39	7.73	5.79	3.57	3.87	3.42
July	4.34	4.33	3.50	2½	5.90	8.49	7.06	3.52	3.25	3.47
August	4.34	4.35	3.61	2½	5.83	8.37	5.81	3.45	3.40	3.44
September	4.32	4.33	3.57	2½	5.90	8.30	6.00	3.55	3.82	3.39
October	4.33	4.33	3.58	2½	6.74	8.72	7.19	4.08	4.29	3.38
November	4.34	4.34	3.65	2½	6.76	8.72	6.03	4.47	4.72	3.39

Month	Belgium (Brussels)	France (Paris)	Italy (Milan)	Austria (Vienna)		Hungary		Sweden (Stockholm)	Japan (Tokyo)	
	Private discount rate	Private discount rate	Private discount rate	Private discount rate	Money for 1 month	Prime commercial paper	Day-to-day money	Loans up to 3 months	Dis-counted bills	Call money overnight
1926										
January	6.71	4.57	8.18	7½-8¼	8 -11½	(9¼)	7 -10½	4½-5½	6.75-9.13	4.56-8.03
February	6.59	4.27	8.00	7¼-7¾	7½-10½	10½-11½	7 -11	4½-5½	6.57-8.76	4.38-7.30
March	6.75	4.25	8.00	7¼-7¾	7¼-10½	10 -11½	6½-7	4½-5½	6.57-8.40	4.75-7.67
April	6.75	4.25	8.00	6½-7¼	6½-10½	10 -11½	7	4½-5½	6.75-8.76	6.02-7.30
May	6.65	5.15	8.00	6½-6¾	6½-9½	9½-10½	7	4½-6	6.75-8.76	4.76-7.30
June	6.65	5.73	8.17	6¼-6½	6½-9½	9 -10	7	4½-6	7.12-8.76	5.11-8.76
July	6.70	6.00	8.50	6 -6¾	6½-9¼	8¼-10	6 -7	4½-6	6.94-8.76	5.11-8.03
August	6.75	7.00	8.50	5¾-6	6 -8¼	8¼-10	6 -7	4½-6	6.75-8.40	5.84-7.48
September	6.72	6.98	8.50	5¾-6	5½-8½	7½-9	6 -7	4½-6	6.39-8.40	4.93-7.30
October	6.64	7.25	8.96	6½-6¾	6½-8¾	7½-8½	5½-7	4½-6	6.21-8.40	5.11-7.12
November	5.77	6.69	9.25	6½-6¾	7½-9	7 -8½	6 -7	4½-6	6.39-8.40	4.75-7.48
December	4.34	5.77	9.25	6½-6¾	7½-9¾	7 -8½	6 -7½	4½-6	6.75-8.76	5.11-8.03
1927										
January	3.90	4.99	9.25	5¼-6½	6½-8¾	6½-8	5½-6¾	4½-6	6.39-8.76	4.56-7.30
February	3.99	4.45	9.25	4¾-5	6 -7½	6½-7½	5½-6¾	4½-6	6.21-8.03	2.92-7.30
March	4.19	3.89	9.25	4¾-5¼	6½-7¾	6½-7½	6 -6¾	4½-6	5.84-7.67	4.38-6.21
April	4.33	3.17	9.25	5½-6¼	6½-7½	6½-7½	5¾-6½	4 -6	5.84-8.03	4.38-5.29
May	4.23	2.46	8.50	5½-6¼	6½-8	6½-7½	5¾-6¾	4 -6	6.57-7.67	4.38-4.75
June	4.17	2.25	7.60	5½-6¼	6½-7¾	7 -7¾	5¾-6¾	4 -6	6.57-8.76	4.38-5.11
July	3.84	2.13	7.00	5½-6¾	7 -8¾	7¼-8	6 -7	4 -6	6.21-8.40	3.65-5.11
August	3.84	2.04	7.00	6¼-6¾	7½-8¾	7½-8½	6 -7¾	4 -6	5.48-8.03	3.65-4.75
September	3.75	2.01	6.81	6¼-6¾	7 -8½	7½-8½	6 -7½	4 -6	5.11-7.67	2.19-4.38
October	3.87	1.82	6.50	6¼-6¾	7 -8½	7½-8½	6 -7½	4 -6	4.75-7.30	2.19-4.38
November	4.09	2.75	6.27							

¹ For sources used, methods of quotation, and back figures, see the FEDERAL RESERVE BULLETIN for November, 1926. Rates for Belgium, France, and Italy, added to this table in April, 1927, are from the same source as the figures for Switzerland—viz, Bulletin Mensuel, Banque National Suisse—and are quoted in the same way.

GOLD MOVEMENTS

[In thousands of dollars]

Month	United States			Germany			Great Britain			Netherlands			South Africa	India
	Im-ports	Ex-ports	Net imports or ex-ports (-)	Im-ports	Ex-ports	Net imports or ex-ports (-)	Im-ports	Ex-ports	Net imports or ex-ports (-)	Im-ports	Ex-ports	Net imports or ex-ports (-)	Net imports or ex-ports (-)	Net imports or ex-ports (-)
1926														
January	19,351	3,087	16,264	5,517	823	4,694	22,021	11,913	10,108	6,615	35	6,580	-19,952	8,619
February	25,416	3,851	21,565	14,030	740	13,290	16,809	7,611	9,198	156	483	-327	-14,892	7,062
March	43,413	4,225	39,188	9,561	768	8,793	6,278	12,750	-6,472	619	20	599	-8,479	17,233
April	13,116	17,884	-4,768	1,393	604	789	7,188	3,489	3,699	87	28	59	-29,737	6,838
May	2,935	9,343	-6,408	898	693	145	18,687	6,852	11,835	270	200	70	-18,003	12,317
June	18,890	3,346	15,544	371	631	-60	16,103	4,851	11,252	1,010	51	959	-21,002	7,241
July	19,820	15,069	4,751	626	621	5	19,510	6,210	13,300	350	2,014	-1,684	-22,668	4,078
August	11,979	29,743	-17,764	10,631	634	9,997	18,867	8,959	9,908	130	60	76	-15,723	4,404
September	15,987	23,081	-7,094	23,608	702	22,906	12,137	5,017	7,120	800	656	144	-8,686	4,839
October	8,857	1,156	7,701	36,343	869	35,474	16,916	21,262	-4,346	580	150	430	-29,082	4,004
November	16,738	7,727	9,011	16,462	902	15,560	18,561	24,590	-6,029	464	174	290	-13,376	3,466
December	17,004	7,196	9,808	18,407	858	17,549	14,531	18,609	-4,078	108	2,613	-2,505	-10,553	3,530
Total	213,504	115,708	97,796	137,987	8,720	129,267	187,608	132,146	55,468	11,174	6,483	4,691	-212,152	83,627
1927														
January	59,355	14,890	44,465	14,088	525	13,563	11,514	18,181	-6,667	1,303	74	1,228	-17,522	2,518
February	22,309	2,414	19,895	10,329	659	9,670	15,742	15,480	262	411	411	411	-14,079	6,543
March	116,382	5,625	110,757	6,576	840	5,736	7,526	6,894	632	488	39	449	-20,718	10,041
April	14,503	2,592	11,911	935	771	164	24,678	3,735	20,943	281	1,334	-1,053	-23,146	4,941
May	34,212	2,510	31,702	705	673	32	16,464	26,580	-10,116	47	3,015	-2,968	-15,717	4,890
June	14,611	1,840	12,771	711	662	49	8,435	9,674	-1,239	2,653	5,190	-2,537	-17,470	7,122
July	10,738	1,803	8,935	705	685	20	13,071	6,061	7,010	203	4,623	-4,420	5,936	
August	7,877	1,524	6,353	11,259	680	10,579	21,469	5,782	15,687	105	2,477	-2,372	2,860	
September	12,979	24,444	-11,465	1,483	876	607	8,381	7,637	744	125	47	78	3,315	
October	2,056	10,698	-8,642	1,668	969	699	6,126	4,726	1,400	189	35	154	2,685	
November	2,082	55,266	-53,184				15,012	21,709	-6,696	433	102	331		
December	2 16,000	2 76,000	2 -66,000											

¹ Revised.

² Preliminary estimate.

MOVEMENTS TO AND FROM UNITED STATES
[In thousands of dollars]

Country of origin or destination	1927				1926	
	November		January-November		Calendar year	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
England	1		39,304	14	1,212	
France	28		21,048		351	18
Germany			1	13,994	1	47,550
Netherlands			15,075	5		
Canada	716	20,059	54,364	25,657	82,543	42,392
Central America	100		1,140	253	1,516	3,855
Mexico	512	581	5,777	6,416	23,913	6,202
Argentina			23	31,649	18	438
Brazil		33,000		33,000		369
Chile	30		7,000		21,180	
Colombia	158		1,387	1,001	1,663	2,019
Ecuador	106		2,136		1,307	6
Peru	190		2,235		2,644	
Venezuela	40		491	380	647	1,700
Australia			21,917		51,119	
British India		104		298		578
British Malaya		296		2,612		3,332
China and Hong Kong		870	1,674	5,562	6,540	4,495
Dutch East Indies		350	1,380	1,309	1,707	2,231
Japan			20,000		14,000	60
Philippine Islands	118		1,458		1,990	
All other countries	83	5	606	1,456	1,157	463
Total	2,082	55,266	197,104	123,606	213,504	115,708

¹ Revised.

MOVEMENTS TO AND FROM GREAT BRITAIN
[In thousands of dollars]

Country of origin or destination	1927				1926	
	November		January-November		Calendar year	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
France	44	463	627	4,548	802	8,257
Netherlands		424	2,291	6,294	1,175	14,704
Russia	142		1,049	7,731	12,349	5,144
Spain and Canaries		122		7,437		2,099
Switzerland		1,281		5,574		4,242
United States			50	28,042	180	1,138
South America	18		2,012	6,959	168	1,543
British India		1,115		11,455		12,818
British Malaya		490		2,907		7,752
Egypt		374		3,549		1,190
Rhodesia	121		5,453		9,842	
Transvaal	14,360		124,214		153,240	
West Africa	281		4,485	19	6,293	36
All other countries	47	17,439	8,237	41,945	3,557	73,207
Total	15,012	21,709	148,419	126,463	187,607	132,138

FOREIGN EXCHANGE RATES

[Monthly averages of daily quotations.¹ In cents per unit of foreign currency]

	EUROPE											
	Austria (schilling)	Belgium (belga)	Bulgaria (lev)	Czechoslovakia (crown)	Denmark (krone)	England (pound)	Finland (markka)	France (franc)	Germany (reichsmark)	Greece (drachma)	Hungary (pengo)	
Par value.....	14. 07	13. 90	19. 30	.....	26. 80	486. 65	2. 52	19. 30	23. 82	19. 30	17. 49
1926—December....	14. 0802	13. 9108	. 7244	2. 9620	26. 6369	485. 1250	2. 5210	3. 9492	23. 7958	1. 2643	17. 5654	
1927—May.....	14. 0674	13. 8968	. 7238	2. 9615	26. 6784	485. 7020	2. 5201	3. 9168	23. 6924	1. 3211	17. 4556	
June.....	14. 0625	13. 8900	. 7218	2. 9616	26. 7207	485. 6088	2. 5194	3. 9169	23. 6923	1. 3430	17. 4438	
July.....	14. 0695	13. 8980	. 7232	2. 9626	26. 7276	485. 5056	2. 5196	3. 9112	23. 7428	1. 3232	17. 4376	
August.....	14. 0629	13. 9107	. 7230	2. 9627	26. 7785	486. 0233	2. 5189	3. 9193	23. 7859	1. 3083	17. 4363	
September.....	14. 0816	13. 9220	. 7246	2. 9626	26. 7680	486. 3528	2. 5189	3. 9200	23. 8004	1. 3243	17. 4688	
October.....	14. 0820	13. 9260	. 7229	2. 9627	26. 7932	486. 9676	2. 5187	3. 9236	23. 8624	1. 3262	17. 4624	
November.....	14. 0874	13. 9467	. 7230	2. 9629	26. 7988	487. 4012	2. 5191	3. 9288	23. 8629	1. 3242	17. 4658	
December.....	14. 0946	13. 9885	. 7235	2. 9630	26. 8192	488. 2542	2. 5191	3. 9396	23. 8904	1. 3294	17. 4773	
	Italy (lira)	Netherlands (florin)	Norway (krone)	Poland (zloty)	Portugal (escudo)	Rumania (leu)	Russia ² (chervonetz)	Spain (peseta)	Sweden (krona)	Switzerland (franc)	Yugoslavia (dinar)	
Par value.....	19. 30	40. 20	26. 80	11. 22	108. 05	19. 30	514. 60	19. 30	26. 80	19. 30	19. 30	
1926—December....	4. 4350	39. 9927	25. 2858	11. 2665	5. 1196	. 5206	² 515. 0000	15. 2365	26. 7196	19. 3192	1. 7653	
1927—May.....	5. 4016	40. 0196	25. 8360	11. 3816	5. 1220	. 6176	² 515. 0000	17. 5912	26. 7480	19. 2324	1. 7579	
June.....	5. 5819	40. 0515	25. 8896	11. 3065	5. 0419	. 5664	² 515. 0000	17. 1988	26. 7792	19. 2365	1. 7577	
July.....	5. 4488	40. 0600	25. 8352	11. 2500	5. 0008	. 6094	² 515. 0000	17. 0856	26. 7784	19. 2528	1. 7585	
August.....	5. 4396	40. 0719	25. 9374	11. 2240	4. 9574	. 6163	² 515. 0000	16. 9000	26. 8203	19. 2759	1. 7596	
September.....	5. 4432	40. 0776	26. 3620	11. 2168	4. 9288	. 6181	² 515. 0000	17. 1504	26. 8752	19. 2816	1. 7604	
October.....	5. 4616	40. 1920	26. 3404	11. 2096	4. 9456	. 6193	² 515. 0000	17. 2540	26. 9236	19. 2868	1. 7607	
November.....	5. 4458	40. 3612	26. 4871	11. 2063	4. 9396	. 6155	² 514. 1700	16. 9400	26. 9246	19. 2850	1. 7607	
December.....	5. 3800	40. 4381	26. 6169	11. 2204	4. 9550	. 6188	² 515. 0000	16. 6623	27. 0015	19. 3150	1. 7615	
	NORTH AMERICA			SOUTH AMERICA								
	Canada (dollar)	Cuba (peso)	Mexico (peso)	Argentina (peso-gold)	Bolivia ² (boliviano)	Brazil (milreis)	Chile (peso)	Colombia ² (peso)	Ecuador ² (sucres)	Peru ² (libra)	Uruguay (peso)	
Par value.....	100. 00	100. 00	49. 85	96. 48	38. 93	32. 44	12. 17	97. 33	20. 00	486. 65	103. 42	
1926—December....	99. 9342	99. 9150	46. 6718	93. 2792	33. 7500	11. 8542	12. 0362	97. 3069	18. 3125	357. 3269	101. 2588	
1927—May.....	100. 0658	99. 9606	46. 5867	96. 2008	34. 0000	11. 8084	12. 0204	97. 4688	18. 3125	364. 6400	100. 7088	
June.....	99. 9390	99. 9150	46. 4197	96. 4373	34. 4231	11. 8050	12. 0235	97. 4196	19. 6019	374. 4231	100. 3708	
July.....	99. 8520	99. 9288	46. 5383	96. 5540	34. 5950	11. 7916	12. 0224	97. 5345	19. 5760	374. 6000	99. 1684	
August.....	99. 9404	100. 0073	47. 3931	96. 8448	34. 7546	11. 8237	12. 0292	98. 2798	19. 3750	374. 9626	100. 1381	
September.....	100. 0497	99. 9524	47. 7219	97. 1248	34. 8000	11. 8596	12. 0736	97. 9872	19. 3750	388. 5600	100. 4052	
October.....	100. 1099	99. 9387	47. 6667	97. 1572	34. 8000	11. 9172	12. 1712	97. 4736	19. 3750	384. 1600	101. 8796	
November.....	100. 1369	99. 9289	47. 9125	97. 0521	34. 8000	11. 9333	12. 1763	97. 4950	19. 3750	376. 1458	103. 3658	
December.....	99. 8974	99. 9154	48. 4506	97. 2304	34. 8000	11. 9677	12. 2062	97. 7381	19. 3750	389. 8500	103. 8692	
	SOUTH AMERICA—continued			ASIA							AFRICA	
	Venezuela ² (bolivar)	China ⁴ (Mexican dollar)	China ⁴ (Shanghai tael)	Hong Kong ⁴ (dollar)	India (rupee)	Japan (yen)	Java ² (florin)	Persia (kran)	Straits Settlements (Singapore dollar)	Turkey (Turkish pound)	Egypt (Egyptian pound)	
Par value.....	19. 30	48. 11	66. 85	47. 77	36. 50	49. 85	40. 20	9. 46	56. 78	439. 65	494. 31	
1926—December....	19. 0508	43. 7735	58. 9704	47. 5938	36. 0465	48. 9373	40. 2476	9. 2723	55. 9400	50. 1900	497. 3392	
1927—May.....	18. 7500	45. 6136	62. 1680	49. 2716	36. 2332	47. 0832	40. 1838	9. 5692	55. 9896	52. 2332	497. 9792	
June.....	18. 7820	45. 5077	62. 7362	49. 0742	36. 1973	46. 6896	40. 2079	9. 6562	55. 9807	51. 9992	497. 8950	
July.....	19. 1280	44. 6004	62. 2760	48. 9772	36. 1108	47. 1312	40. 1963	9. 6976	55. 9600	51. 0544	497. 7768	
August.....	19. 1552	43. 3807	60. 3781	48. 1600	36. 1252	47. 3322	40. 1740	9. 6375	55. 9711	49. 9774	498. 2344	
September.....	19. 1700	43. 9572	61. 2068	48. 4980	36. 3356	46. 8248	40. 1675	9. 6132	55. 9908	50. 9640	499. 2900	
October.....	19. 1700	44. 7376	61. 8328	48. 8552	36. 4092	46. 5864	40. 2618	.....	56. 0332	52. 9624	499. 2900
November.....	19. 1700	45. 5858	63. 2663	49. 7917	36. 4504	45. 9796	40. 4090	.....	56. 0687	52. 4871	499. 6888
December.....	19. 1700	45. 9092	63. 7884	50. 3085	36. 7369	46. 1881	40. 5319	.....	56. 7269	.....	.....

¹ Based on noon buying rates for cable transfers in New York as certified to the Treasury by the Federal Reserve Bank of New York, in pursuance of the provisions of sec. 522 of the tariff act of 1921.

² Averages based on daily quotations of closing rates as published by New York Journal of Commerce.

³ Nominal.

⁴ Silver currency. Parity represents gold value of unit in 1913 computed by multiplying silver content of unit by New York average price of silver for 1913. This average price was \$0.61241 per fine ounce, which compares with an average price of \$0.58267 for December, 1927, \$0.57787 for November, 1927, and \$0.53778 for December, 1926. The corresponding London prices (converted at average rate of exchange) were \$0.58765, \$0.58244, and \$0.54046.

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES

WHOLESALE PRICES

ALL COMMODITIES

Month	United States (Bureau of Labor Statistics) ¹	Europe												Norway (Oslo)	
		Austria (gold basis)	Belgium	Bulgaria	Czechoslovakia ²	Denmark ³	England (Board of Trade)	Finland (gold basis)	France		Germany ⁴ (Federal Statistical Bureau)	Hungary (gold basis)	Italy ⁵ (Bachi)		Netherlands
1926															
March	100	119	583	2,844	938	158	144	141	632	545	133	123	592	145	204
April	100	119	621	2,774	923	157	144	141	650	565	133	123	590	143	198
May	101	118	692	2,938	928	158	145	140	688	597	132	122	596	144	196
June	101	124	761	2,842	926	157	146	141	739	631	132	122	605	144	195
July	100	126	876	2,838	948	153	149	141	836	704	133	123	618	142	196
August	99	126	836	2,759	962	162	149	143	770	691	134	122	633	140	196
September	100	123	859	2,723	973	162	151	143	787	691	135	122	622	140	197
October	99	125	856	2,716	972	178	152	143	752	695	136	125	597	143	188
November	98	128	865	2,739	978	170	152	143	684	662	137	127	594	147	182
December	98	127	860	2,718	978	158	146	144	627	592	137	126	574	146	176
1927															
January	97	130	856	2,706	979	157	144	144	622	591	136	127	558	146	178
February	96	130	854	2,688	975	156	143	144	632	595	136	129	556	145	160
March	95	133	858	2,649	976	153	141	143	641	600	135	128	545	144	160
April	94	135	846	2,592	979	152	140	143	636	610	135	130	521	143	159
May	94	137	848	2,751	988	152	141	142	629	618	137	133	496	146	160
June	94	142	851	2,823	990	152	142	144	623	605	138	133	473	148	159
July	94	140	845	2,775	992	152	141	144	617	590	138	133	467	150	160
August	95	133	850	2,745	983	153	141	147	618	578	138	134	465	149	161
September	97	130	837	2,736	975	153	142	148	601	574	140	133	465	150	158
October	97	129	839	2,747	966	154	141	148	587	554	140	133	468	150	157
November	97	127	838		967	154	141	149	595	545	140		466	152	157
December									604		140			156	

Month	Europe—Continued					Canada	Peru	Asia and Oceania					Africa		
	Poland ⁶	Russia ⁷	Spain	Sweden	Switzerland ⁸			Australia	China (Shanghai)	Dutch East Indies	India (Calcutta)	Japan (Tokyo)	New Zealand	Egypt (Cairo)	South Africa
1926															
March	158	194	183	149	151	160	204	163	164	160	151	184	157	134	120
April	178	196	179	150	148	161	204	168	163	160	149	181	156	133	120
May	197	197	179	151	147	157	206	167	160	157	146	177	156	128	120
June	191	189	177	150	145	156	204	163	156	156	147	177	155	129	120
July	181	183	178	148	145	156	204	162	157	156	145	179	156	129	122
August	188	182	180	147	146	154	204	162	161	155	147	177	154	129	120
September	190	180	178	146	146	153	202	158	164	156	146	175	153	129	120
October	192	179	179	148	145	151	202	164	171	158	144	174	153	129	126
November	193	178	185	148	147	152	198	155	174	157	146	171	151	130	120
December	195	178	186	150	148	151	199	155	172	156	146	170	153	130	120
1927															
January	195	177	184	146	147	151	200	154	173	156	146	170	151	126	128
February	197	179	180	146	145	150	204	153	172	157	148	171	147	124	120
March	200	179	179	145	147	149	206	150	175	154	146	171	147	124	120
April	206	177	177	143	147	149	201	151	173	154	145	170	147	122	126
May	208	175	172	145	147	152	207	152	171	155	146	171	145	124	120
June	206	174	171	146	147	154	206	155	169	155	149	173	146	123	120
July	207	173	168	146	147	152	205	161	171	153	150	170	146	118	120
August	207	171	168	146	147	152	204	165	171	154	151	167	146	117	120
September	206	170	169	148	148	151	205	170	172	153	150	169	146	120	120
October	206	170	169	147	148	152	200	173	169		147	170	146	118	122
November	208	170	168	148	149	152	200	166	166		148	168		115	120
December		170					199		164						

¹ New index—1926=100.

² First of month figures.

³ New index.

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

WHOLESALE PRICES—Continued

GROUPS OF COMMODITIES

[Pre-war=100]

ENGLAND—BOARD OF TRADE

	1927					1926
	November	October	September	August	July	November
All commodities.....	141	141	142	141	141	152
Total food.....	152	153	153	151	154	157
Cereals.....	152	156	157	157	156	156
Meat and fish.....	138	138	142	135	134	153
Other foods.....	166	164	160	162	171	161
Total, not food.....	135	136	136	136	135	150
Iron and steel.....	114	115	116	117	118	135
Other minerals and metals.....	114	113	114	115	115	185
Cotton.....	167	172	178	168	160	141
Other textiles.....	161	159	159	158	157	153
Miscellaneous.....	144	144	142	142	142	144

ITALY—CHAMBER OF COMMERCE OF MILAN

	1927					1926
	November	October	September	August	July	November
All commodities.....	484	484	484	485	491	641
Total food.....	525	520	509	513	534	656
Vegetable foods.....	549	541	533	549	563	689
Animal foods.....	496	495	490	470	497	615
All industrial products.....	468	470	474	474	475	636
Textiles.....	441	447	456	443	436	572
Chemicals.....	446	450	453	455	455	567
Minerals and metals.....	441	447	456	465	471	744
Building materials.....	535	537	541	554	566	684
Other vegetable products.....	495	474	465	457	445	632
Sundries.....	553	548	535	540	540	634

FRANCE—STATISTICAL BUREAU

	595	587	601	618	617	684
All commodities.....	595	587	601	618	617	684
All foods.....	543	530	558	585	597	657
Animal foods.....	505	486	529	537	551	593
Vegetable foods.....	551	547	564	618	624	695
Sugar, coffee, cocoa.....	594	577	591	599	622	697
All industrial material.....	636	633	636	645	640	706
Minerals.....	535	530	542	557	574	709
Textiles.....	773	790	813	830	804	748
Sundries.....	638	625	611	613	606	693

SWEDEN—BOARD OF TRADE

	148	147	148	146	146	148
All commodities.....	148	147	148	146	146	148
Vegetable products.....	141	144	147	148	151	146
Animal products.....	146	143	142	135	127	145
Fuels and oils.....	113	114	114	116	117	124
Raw materials for manufacture in iron and metal industry.....	115	115	117	117	117	127
Paper pulp and paper.....	157	167	158	159	168	171
Raw materials for manufacture in leather industry.....	140	135	130	122	122	122
Raw and manufactured chemicals.....	166	167	167	168	169	171
Raw materials.....	142	140	137	138	137	142
Semifinished materials.....	149	149	152	151	151	148
Finished materials.....	150	150	151	148	148	152
Producers' goods.....	137	137	137	137	138	136
Consumers' goods.....	156	156	157	154	153	159

GERMANY—FEDERAL STATISTICAL BUREAU

	140	140	140	138	138	137
All commodities.....	140	140	140	138	138	137
Total agricultural products.....	137	138	139	139	138	143
Vegetable foods.....	142	144	144	150	162	153
Cattle.....	109	115	121	116	111	120
Animal products.....	163	154	152	138	129	157
Fodder.....	142	142	142	146	151	141
Provisions.....	132	131	130	129	130	129
Total industrial raw materials and semi-finished products.....	134	134	134	133	132	128
Coal.....	131	131	130	130	130	135
Iron.....	124	124	124	126	127	127
Nonferrous metals.....	105	104	105	107	106	115
Textiles.....	152	163	166	159	155	138
Hides and leather.....	153	145	139	136	134	121
Chemicals.....	124	124	124	124	123	124
Artificial fertilizers.....	80	83	82	81	80	81
Technical oils and fats.....	120	121	121	123	125	131
Rubber.....	46	42	42	45	44	51
Paper materials and paper.....	152	151	151	150	151	147
Building material.....	161	162	162	161	161	147
Total industrial finished products.....	155	153	151	148	147	144
Producers' goods.....	132	131	131	130	130	130
Consumers' goods.....	172	169	166	162	160	154

SWITZERLAND—DR. J. LORENZ

	149	148	148	147	147	147
All commodities.....	149	148	148	147	147	147
Consumers' goods.....	160	159	157	157	156	157
Agricultural products.....	126	124	123	125	126	118
Industrial products.....	144	145	146	144	144	146

1 First-of-month figures.

AUSTRALIA—BUREAU OF CENSUS AND STATISTICS

	1927					1926
	October	September	August	July	June	October
All commodities.....	147	150	151	150	149	144
Cereals.....	133	136	142	138	140	140
Pulses.....	155	155	158	152	155	157
Tea.....	180	181	182	188	179	150
Other foods.....	172	170	171	169	171	157
Oil seeds.....	142	145	145	151	155	133
Raw jute.....	87	92	114	108	90	86
Jute manufactures.....	146	156	161	152	139	146
Raw cotton.....	180	201	181	185	169	136
Cotton manufactures.....	161	163	158	155	154	161
Other textiles.....	127	123	124	127	129	127
Hides and skins.....	121	109	102	102	110	107
Metals.....	129	133	130	130	132	135
Other articles.....	149	153	160	161	155	145

RETAIL FOOD PRICES AND COST OF LIVING

RETAIL FOOD PRICES

[Pre-war=100]

Month	United States (61 cities)	European countries												Other countries						
		Austria (Vienna)	Belgium ¹	Bulgaria	Czechoslovakia	England ²	Estonia ³	France (Paris)	Germany	Greece (Athens)	Italy (Milan)	Netherlands	Norway	Russia ²	Switzerland	Canada ²	Australia	India (Bombay)	New Zealand	South Africa
1926																				
March	157	114	137	2,719	832	165	136	497	141	1,805	654	147	205	234	161	154	159	151	152	118
April	159	114	139	2,652	832	159	139	503	142	1,821	645	146	198	241	161	153	163	150	151	119
May	158	113	146	2,808	837	158	139	522	142	1,817	664	146	195	250	159	152	163	150	151	119
June	157	116	155	2,717	861	158	139	544	143	1,870	657	146	194	243	159	149	162	152	151	118
July	154	115	177	2,713	876	161	139	574	145	1,849	654	146	198	236	159	149	159	155	149	117
August	153	117	187	2,637	878	161	138	587	146	1,871	660	146	196	234	157	150	157	153	149	117
September	156	116	184	2,641	878	162	128	590	145	1,890	652	145	193	231	158	147	155	152	148	117
October	157	117	194	2,597	888	163	127	624	145	1,933	654	146	191	230	160	147	153	153	147	120
November	158	117	204	2,618	902	169	127	628	148	1,986	630	147	186	234	159	148	155	152	146	119
December	159	118	206	2,598	912	169	128	599	150	1,973	631	146	184	235	159	151	158	154	149	117
1927																				
January	156	119	207	2,586	914	167	131	592	151	2,002	625	147	180	208	158	153	158	155	148	118
February	153	119	210	2,569	914	164	132	585	152	1,995	642	146	177	208	157	151	153	152	146	117
March	151	118	201	2,533	915	162	129	581	151	1,997	635	146	173	205	156	149	151	152	146	118
April	151	119	200	2,478	923	155	130	580	150	2,021	617	145	169	203	156	146	151	151	145	119
May	152	119	196	2,630	930	154	130	589	151	2,063	565	145	169	201	156	145	152	150	145	121
June	155	122	201	2,699	949	154	131	580	153	2,063	541	145	172	199	157	146	153	151	144	120
July	150	122	205	2,653	962	159	134	557	156	2,059	524	144	175	199	157	147	152	154	144	119
August	149	120	202	2,625	914	156	130	539	150	2,044	518	143	175	199	157	147	155	155	143	118
September	151	119	206	2,615	910	157	122	532	151	2,070	509	143	174	198	158	147	157	151	143	117
October	153	120	210	2,626	907	161	123	520	152	2,071	509	146	173	198	158	148	159	148	143	119
November	153	119				163		500	152			148	171	199	161	149	157	147		119
December						163		523					171	200			149			

COST OF LIVING

[Pre-war=100]

Month	Mas-sachusetts	European countries													Other countries					
		Bel-gium ¹	Czecho-slovakia	Eng-land ²	Fin-land	France (Paris)	Ger-many	Greece (Ath-ens)	Hun-gary	Italy (Milan)	Neth-erlands	Nor-way	Po-land	Spain	Swe-den	Swit-zer-land	Can-ada ²	Aus-tralia	India (Bombay)	South Africa
1926																				
March	161	136	692	172	1,172	451	138	1,706	119	647	174	225	169	185		163	154	157	155	131
April	161	137	690	168	1,163		140	1,731	119	642			177	187	173	162	153		153	131
May	159	142	697	167	1,159		140	1,741	118	652			185	183		160	152		153	132
June	159	150	698	168	1,175	485	141	1,791	116	650	171	218	184	183		160	160	161	155	131
July	159	166	723	170	1,183		142	1,808	117	649			178	186	172	160	160		157	130
August	158	175	728	170	1,213		143	1,818	116	652			182	178		159	160		155	130
September	158	174	727	172	1,203	539	142	1,833	114	647	164	217	189	187		159	149	158	155	130
October	158	184	732	174	1,197		142	1,862	114	672			193	190	171	160	149		155	131
November	159	191	740	179	1,193		144	1,895	116	657			197	191		159	150		154	131
December	159	195	741	179	1,197	546	144	1,889	116	657	168	213	199	193		159	151	157	156	129
1927																				
January	158	198	747	175	1,187		145	1,900	119	655			202	196	171	160	152		156	130
February	157	200	746	172	1,189		145	1,896	120	667			201	190		160	151		155	130
March	156	195	744	171	1,183	524	145	1,898	119	663			200	194		159	150	156	155	131
April	156	195	749	165	1,173		146	1,911	119	651	166	203	203	196	170	158	148		153	131
May	157	193	756	164	1,166		147	1,935	119	612			205	179		159	148		152	132
June	156	196	761	163	1,184	525	148	1,951	121	586			205	179		160	149	155	154	132
July	155	199	753	166	1,203		150	1,960	119	548	167	201	199	189	169	160	149		156	132
August	155	198	739	164	1,237		147	1,951	119	543			201	221		160	149		157	131
September	155	202	736	165	1,230	507	147	1,955	119	537	167	197	202	226		161	149		154	131
October	155	207	734	167	1,237		150	1,956		536			205	227	172	161	150		151	132
November	157			169	1,251		151						210	225		162	150		150	132
December				169								195							151	

¹ 1921=100. The cost of living index for Belgium has been changed from an average of seven provinces, on April, 1914, base, to a workingman's budget in 59 cities, on a 1921 base.

² First of the month figures.

NOTE.—Information as to the number of foods and items included, the original base periods, and sources may be found on page 276 of the April, 1925, issue of the BULLETIN.

FOREIGN EXCHANGE RATES, 1919-1927

[NOTE.—For explanation see pages 9 and 52]

YEARLY AVERAGES

[In cents per unit of foreign currency]

	Monetary unit	Par of exchange	1919	1920	1921	1922	1923	1924	1925	1926	1927
Europe:											
Austria	Schilling	14.07							14.0612	14.0740	14.0764
Belgium	Franc	19.30	12.7670	7.3800	7.4461	7.6829	5.2160	4.6438	4.7580	3.2649	
Belgium	Belga	13.90									13.9157
Bulgaria	Lev	19.30				.6883	.8837	.7281	.7317	.7210	.7235
Czechoslovakia	Crown					2.4151	2.9550	2.9542	2.9656	2.9618	2.9622
Denmark	Krone	26.80	23.2850	15.7750	17.7965	20.9470	18.3643	16.7328	21.1310	26.2257	26.7251
England	Pound	486.65	442.5800	366.4270	384.9056	442.9165	457.4825	441.7064	482.8044	485.8235	486.1024
Finland	Markka	2.52				2.1634	2.6831	2.5076	2.5218	2.5209	2.5197
France	Franc	19.30	13.6820	7.0400	7.4554	8.2013	6.0811	5.2368	4.7671	3.2427	3.9240
Germany	Reichsmark	23.82	3.0440	1.7510	1.2045	.2323	.0020		23.8013	23.7996	23.7638
Greece	Drachma	19.30				3.3059	1.7141	1.7900	1.5614	1.2579	1.3173
Hungary	Pengo	17.49								17.5612	17.4741
Italy	Lira	19.30	11.3690	4.9700	4.2036	4.7559	4.6016	4.3580	3.9776	3.8804	5.1560
Netherlands	Florin	40.20	39.1470	34.4190	33.6470	38.4975	39.1005	38.2109	40.1601	40.0984	40.1065
Norway	Krone	26.80	24.5760	16.5300	14.9071	17.5016	16.6710	13.9403	17.8836	22.3347	26.0477
Poland	Zloty	11.22							17.7432	11.1796	11.2881
Portugal	Escudo	108.05				6.6700	4.2527	3.3850	5.0397	5.1254	5.0290
Rumania	Leu	19.30				.6069	.4937	.4982	.4832	.4620	.6042
Russia	Chervonetz	514.60								515.0000	514.9340
Spain	Peseta	19.30	19.8230	15.9380	13.5314	15.4828	14.4529	13.3375	14.3443	14.8959	17.0592
Sweden	Krona	26.80	25.5420	20.4940	22.5397	26.1661	26.5548	26.5223	26.8479	26.7646	26.8148
Switzerland	Franc	19.30	18.9830	16.9030	17.3539	19.0632	18.0600	18.2228	19.3268	19.3130	19.2618
Yugoslavia	Dinar	19.30				1.3524	1.0722	1.2818	1.7054	1.7647	1.7598
North America:											
Canada	Dollar	100.00	95.5970	89.2760	89.5549	98.4783	98.0352	98.7322	99.9615	99.9889	99.9720
Cuba	Peso	100.00				99.8516	99.9508	99.9783	99.9359	99.8310	99.9675
Mexico	Peso	49.85				48.7150	48.5405	48.5143	49.3926	48.3087	47.2049
South America:											
Argentina	Peso (gold)	96.48	99.0180	90.7040	72.9999	81.8166	78.5727	78.1308	91.3822	92.1497	96.2950
Bolivia	Boliviano	38.93							34.0941	34.3913	
Brazil	Milreis	32.44	26.7350	22.5130	13.1153	12.9486	10.2285	10.9403	12.1962	14.4357	11.8383
Chile	Peso	12.17	22.5550	18.4540	12.0574	12.2159	12.2423	10.5448	11.6031	12.0766	12.0652
Colombia	Peso	97.33								98.4547	97.4899
Ecuador	Sucre	20.00								20.0571	18.9724
Peru	Libra	486.65								374.0665	373.7739
Uruguay	Peso	103.42				79.3966	79.0615	82.2695	98.4009	101.4740	101.3361
Venezuela	Bolivar	19.30								19.2565	18.9835
Asia:											
China	Mexican dollar	148.11				54.6337	52.0153	52.3642	55.5471	49.9159	45.0315
China	Shanghai tael	166.85	129.8350	118.5990	70.7787	74.9281	72.0248	72.6314	75.7738	68.4214	62.0994
China	Yuan dollar	147.60				55.6073	52.6223	52.6973	56.9066	49.9807	43.9414
Hong Kong	Dollar	147.77				55.7126	52.8985	52.4691	56.5199	53.3290	49.2085
India	Rupree	36.50	40.2950	38.8790	26.2198	28.7409	31.1103	31.7835	36.2642	36.3267	36.3117
Japan	Yen	49.85	51.1840	50.3680	48.2485	47.8037	48.5845	41.1857	41.0362	47.1163	47.4113
Java	Florin	40.20								40.2862	40.2377
Straits Settlement	Singapore dollar	56.78				50.7733	53.4984	51.2523	56.1546	56.2705	56.0476
Turkey	Turkish pound	439.65								52.2549	
Africa:											
Egypt	Egyptian pound	494.31								498.0954	

¹ Silver currency. Parity represents gold value of unit in 1913 computed by multiplying silver content of unit by New York average price of silver for 1913.

MONTHLY AVERAGES

[In cents per unit of foreign currency]

	Austria	Belgium ²	Bulgaria	Czecho-slovakia	Denmark	England	Finland	France	Germany ³	Greece	Hungary
1918											
November					26.9000	476.5801		18.3800			
December					27.0640	476.5300		18.3550			
1919											
January					26.7000	476.5800		18.3500			
February					26.1340	476.4860		18.3500			
March					25.8940	471.4700		17.7000			
April		15.8700			25.1880	466.1700		16.6900			
May		15.4800			24.3200	466.7600		15.8000			
June		15.1700			23.8900	462.1100		15.6500			
July		13.9700			22.8300	442.8700		14.3900			
August					21.8600	427.2000		12.7600			
September		12.4688			22.0260	417.9000		11.7600	4.2300		
October		11.7500			21.6400	418.4000		11.6200	3.7100		
November		11.1500			20.8300	409.8200		10.6200	2.6400		
December		9.6060			18.7830	381.2300		9.2420	2.1000		

² Quotations for Belgian franc from April, 1919, to October, 1926, inclusive.

³ Quotations for paper mark from September, 1919, to October, 1924, inclusive.

FOREIGN EXCHANGE RATES, 1919-1927: MONTHLY AVERAGES—Continued

[In cents per unit of foreign currency]

	Austria	Belgium	Bulgaria	Czecho- slovakia	Denmark	England	Finland	France	Germany	Greece	Hungary
1926											
January	14. 0566	4. 5360	0. 7007	2. 9616	24. 8044	485. 7860	2. 5211	3. 7708	23. 8012	1. 3541	17. 5532
February	14. 0556	4. 5432	. 7046	2. 9618	25. 3786	486. 3363	2. 5206	3. 6782	23. 8068	1. 4349	17. 5618
March	14. 0607	4. 2341	. 7204	2. 9618	26. 1130	486. 0825	2. 5216	3. 5804	23. 8030	1. 3744	17. 5552
April	14. 0662	3. 6742	. 7232	2. 9618	26. 1738	486. 2185	2. 5208	3. 3885	23. 8019	1. 2762	17. 5631
May	14. 0735	3. 1176	. 7238	2. 9617	26. 2020	486. 1544	2. 5209	3. 1508	23. 8028	1. 2742	17. 5584
June	14. 0796	2. 9558	. 7219	2. 9618	26. 4846	486. 6096	2. 5209	2. 9415	23. 8050	1. 2413	17. 5585
July	14. 0832	2. 4250	. 7266	2. 9616	26. 5015	486. 3450	2. 5209	2. 4658	23. 8035	1. 1758	17. 5704
August	14. 0787	2. 7538	. 7262	2. 9618	26. 5442	485. 8608	2. 5206	2. 8327	23. 8096	1. 1160	17. 5604
September	14. 0837	2. 7228	. 7246	2. 9618	26. 5540	485. 4168	2. 5209	2. 8548	23. 8120	1. 1609	17. 5620
October	14. 0842	2. 7784	. 7260	2. 9618	26. 5744	485. 0328	2. 5211	2. 9404	23. 8028	1. 2087	17. 5616
November	14. 0845	13. 9088	. 7271	2. 9620	26. 6159	484. 8758	2. 5208	3. 4167	23. 7488	1. 2343	17. 5642
December	14. 0802	13. 9108	. 7244	2. 9620	26. 6369	485. 1250	2. 5210	3. 9492	23. 7958	1. 2643	17. 5654
1927											
January	14. 0794	13. 9072	. 7230	2. 9618	26. 6488	485. 2648	2. 5208	3. 9584	23. 7216	1. 2895	17. 5332
February	14. 0841	13. 9023	. 7242	2. 9618	26. 6495	485. 0282	2. 5208	3. 9232	23. 6977	1. 2979	17. 5314
March	14. 0738	13. 9000	. 7246	2. 9616	26. 6456	485. 4025	2. 5205	3. 9126	23. 7137	1. 2898	17. 5074
April	14. 0736	13. 9000	. 7249	2. 9616	26. 6681	485. 6546	2. 5206	3. 9188	23. 7011	1. 3295	17. 4773
May	14. 0674	13. 8968	. 7238	2. 9615	26. 6784	485. 7020	2. 5201	3. 9168	23. 6924	1. 3211	17. 4556
June	14. 0625	13. 8900	. 7218	2. 9616	26. 7207	485. 6088	2. 5194	3. 9169	23. 6923	1. 3430	17. 4438
July	14. 0695	13. 8980	. 7232	2. 9626	26. 7276	485. 5056	2. 5196	3. 9112	23. 7428	1. 3232	17. 4376
August	14. 0629	13. 9107	. 7230	2. 9627	26. 7785	486. 0233	2. 5189	3. 9193	23. 7859	1. 3083	17. 4363
September	14. 0816	13. 9220	. 7246	2. 9626	26. 7680	486. 3528	2. 5189	3. 9200	23. 8004	1. 3243	17. 4688
October	14. 0820	13. 9260	. 7229	2. 9627	26. 7932	486. 9676	2. 5187	3. 9236	23. 8624	1. 3262	17. 4624
November	14. 0874	13. 9467	. 7230	2. 9629	26. 7988	487. 4012	2. 5191	3. 9288	23. 8629	1. 3242	17. 4658
December	14. 0946	13. 9885	. 7235	2. 9630	26. 8192	488. 2542	2. 5191	3. 9396	23. 8904	1. 3294	17. 4773
1918											
November	15. 7600	42. 1530	27. 5000					20. 1000	28. 2000	20. 1200	
December	15. 7500	42. 6730	28. 0140					20. 0600	29. 1120	20. 6200	
1919											
January	15. 7500	42. 3070	27. 9340					20. 1700	28. 8900	20. 6600	
February	15. 7500	41. 3520	27. 4000					20. 3940	28. 2190	20. 4900	
March	14. 9700	40. 8710	26. 7590					20. 7090	27. 7700	20. 4500	
April	13. 6600	40. 4520	25. 8970					20. 3220	26. 8970	20. 2800	
May	12. 5800	39. 8300	25. 4520					20. 2400	25. 9430	19. 9600	
June	12. 5500	39. 1220	25. 3220					20. 0100	25. 8800	18. 9000	
July	11. 9000	38. 0000	24. 1000					19. 4000	25. 0000	18. 0800	
August	10. 8700	37. 2200	23. 4200					19. 2000	24. 6700	17. 7300	
September	10. 2100	37. 5300	23. 2400					19. 0600	24. 5600	17. 8900	
October	9. 8430	38. 0000	23. 0500					19. 2100	24. 3880	17. 8600	
November	8. 4600	37. 7640	22. 2600					19. 7800	23. 0900	18. 1500	
December	7. 6630	37. 8510	20. 6000					19. 5100	21. 6000	18. 4200	
1920											
January	7. 1430	37. 8000	19. 1900					18. 9100	20. 7000	17. 8900	
February	5. 5100	37. 3000	17. 3000					17. 4500	18. 6000	16. 4740	
March	5. 3190	36. 7900	18. 1790					17. 6000	20. 3680	16. 9500	
April	4. 4600	37. 1160	19. 8340					17. 4770	21. 8730	17. 9300	
May	5. 1700	36. 6000	18. 6300					16. 8000	21. 2200	17. 7322	
June	5. 1930	36. 1360	17. 5440					16. 5600	21. 8270	18. 2110	
July	5. 7800	34. 6720	16. 5200					15. 9600	21. 8500	17. 6200	
August	4. 8900	32. 8970	14. 9900					15. 1000	20. 5900	16. 6500	
September	4. 3400	31. 2890	13. 9850					14. 7550	20. 2100	16. 2800	
October	3. 9400	30. 8659	13. 7900					14. 3300	19. 7000	15. 9000	
November	3. 6200	30. 1860	13. 3800					13. 0300	19. 0990	15. 5340	
December	3. 4890	30. 6520	14. 7400					13. 0700	19. 5900	15. 3900	
1921											
January	3. 5520	32. 8800	17. 6300					13. 5100	21. 4000	15. 6800	
February	3. 6544	34. 2010	17. 7800					14. 0200	22. 2570	16. 3610	
March	3. 8500	34. 4000	16. 1000					13. 6700	22. 8300	17. 0800	
April	4. 6010	34. 7500	15. 9700					13. 9500	23. 5700	17. 3600	
May	5. 2960	35. 5600	15. 7700					13. 5900	23. 4900	17. 8600	
June	4. 9770	33. 2840	14. 6100					13. 0800	22. 5600	17. 0100	
July	4. 5264	31. 7810	13. 3800	0. 0516	12. 0880	1. 3995		12. 8200	21. 0400	16. 5460	2. 5634
August	4. 3156	31. 0000	13. 0700	. 0489	10. 0700	1. 2383		12. 8900	21. 1120	16. 8170	2. 3300
September	4. 2000	31. 6600	12. 8600	. 0256	9. 4160	. 9574		13. 0200	21. 7800	17. 2000	1. 9122
October	3. 9708	33. 4544	12. 6444	. 0212	9. 6228	. 7785		13. 2520	22. 9564	18. 2352	1. 5227
November	4. 1213	34. 9722	14. 1209	. 0290	8. 4152	. 6569		13. 7165	23. 2335	18. 8035	1. 8058
December	4. 4865	36. 3104	15. 2327	. 0313	8. 0196	. 8008		14. 6496	24. 5281	19. 3919	1. 5366

¹⁰ Quotations for Polish mark from July, 1921, to May, 1924, inclusive.

FOREIGN EXCHANGE RATES, 1919-1927: MONTHLY AVERAGES—Continued

[In cents per unit of foreign currency]

	Canada	Cuba	Mexico	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Uruguay
1918											
November	98.2284			102.1000		25.8000	22.8000				
December	98.4450			102.5100		26.7820	25.8170				
1919											
January	97.9669			101.9100		25.8000	25.8400				
February	98.0507			101.9500		25.9640	27.7000				
March	97.9262			101.5000		26.1000	29.6000				
April	97.4622			100.3000		26.2000	26.4000				
May	97.1610			100.8150		27.6900	24.7400				
June	97.1250			99.0400		27.8700	25.8000				
July	96.6082			97.1400		27.3170	19.3500				
August	95.8430			96.2700		26.0000	18.1800				
September	96.3300			96.5800		25.3700	18.9400				
October	96.3800			96.4800		25.7800	20.0700				
November	95.8600			97.6600		27.5160	19.2000				
December	92.8050			98.3130		28.7550	18.7260				
1920											
January	91.5100			98.2340		27.5340	20.7400				
February	86.5000			98.5390		26.1900	21.3300				
March	89.3800			98.7150		26.5000	21.4000				
April	91.6100			98.3100		26.8400	21.2650				
May	90.0400			97.0550		26.3344	19.7000				
June	88.1030			96.1090		25.1000	18.9850				
July	88.0750			92.2660		22.8000	19.1080				
August	88.6400			87.1000		20.7210	18.1000				
September	90.3700			84.5740		18.2900	16.7900				
October	90.8500			81.3710		17.5100	15.5900				
November	89.2670			76.8740		16.6000	14.0000				
December	86.3150			78.7340		15.2500	14.2150				
1921											
January	87.6370			79.3820		15.1390	14.3200				
February	88.0700			80.3900		15.5970	14.4030				
March	87.8053			78.2020		15.1300	14.7600				
April	89.0589			73.9580		14.0160	12.9840				
May	89.6473			71.8480		13.7000	11.8690				
June	88.7600			69.8570		11.6470	10.8570				
July	88.1973	99.0232	48.9113	65.7990		10.4490	10.4430				60.6890
August	89.7819	99.3225	48.4954	66.5550		11.7600	10.2400				63.9050
September	89.8519	99.3233	48.5990	69.6300		12.3700	10.7080				64.8900
October	91.3906	99.5258	48.4113	73.0780		12.7080	11.7300				66.4388
November	91.5082	99.5892	48.2895	73.4739		12.5996	11.0380				66.4126
December	92.7744	99.6402	48.4180	74.8042		12.6692	10.7837				68.9077
1922											
January	94.8222	99.7256	48.6898	77.1892		12.5752	10.1302				72.6472
February	96.3114	99.8542	48.8076	82.5764		13.2459	10.3958				79.2391
March	96.8604	99.8878	49.2888	82.7785		13.6678	11.4050				80.7326
April	97.7580	99.8145	49.3574	80.7480		13.5096	11.2775				78.1116
May	98.7880	99.8517	49.0768	82.4088		13.7365	11.8667				79.7627
June	98.8401	99.8357	48.4812	81.8554		13.7215	12.6394				80.9450
July	98.9231	99.7981	48.5229	81.8468		13.5520	12.9701				81.3956
August	99.7481	99.8729	48.5314	82.0852		13.3752	13.7496				80.8474
September	99.9332	99.8700	48.3006	81.0832		12.5392	13.7276				78.0132
October	100.0807	99.8826	48.2917	81.4140		11.3476	13.6068				77.0756
November	100.0290	99.8779	48.7620	82.2283		11.9488	12.3825				79.4613
December	99.4484	99.9450	48.4468	85.5688		11.9452	12.4064				84.2120
1923											
January	99.0943	99.9508	48.9082	84.7354		11.3796	12.8177				84.6050
February	98.6724	99.9554	49.0234	84.2164		11.4282	11.9941				83.1582
March	98.0570	99.9858	48.8605	84.1452		11.0874	12.6725				84.5496
April	98.0201	99.9998	48.4463	83.1484		10.6364	12.3104				83.7348
May	97.9403	99.9977	48.4267	81.6785		10.3477	12.8250				80.8638
June	97.6578	99.9753	48.3721	80.4669		10.4254	13.4012				80.8492
July	97.4204	99.9303	48.3692	77.7376		10.3685	12.6340				79.1884
August	97.6666	99.8818	48.3432	74.4581		9.7481	12.2115				73.9662
September	97.6506	99.8818	48.5692	74.8533		9.7317	12.3754				74.4592
October	98.5518	99.9086	48.4303	73.6581		9.4758	11.7512				73.6381
November	98.1334	99.9886	48.3449	71.1450		8.7563	11.0775				72.1304
December	97.5920	99.9530	48.4994	72.3308		9.3436	10.6592				77.2416
1924											
January	97.3645	99.9736	48.0737	73.6542		10.8523	10.3631				79.6808
February	96.9380	99.9713	48.2222	76.4517		11.9757	10.1335				78.2648
March	96.9569	100.0505	48.2309	76.5527		11.4462	9.7712				76.6927
April	98.0871	100.0396	48.2652	74.8019		11.2288	10.5354				77.5073
May	98.3048	100.0375	48.2265	74.6308		11.0458	10.9719				78.0273
June	98.4401	100.0143	48.2199	73.8912		10.7488	10.5956				77.5880
July	99.2555	99.9436	48.6047	74.1188		9.9219	10.1100				76.6392
August	99.8537	99.9194	48.9031	76.6558		9.9162	10.0004				78.5162
September	99.9431	99.9281	48.9818	80.0272		10.0904	10.4368				83.4448
October	99.9743	99.9459	48.8575	83.5458		11.2215	11.0485				88.5946
November	99.9866	99.9530	48.7777	85.4865		11.4709	11.2730				95.4626
December	99.6543	99.9586	48.8114	88.3177		11.5058	11.3327				97.7408

FOREIGN EXCHANGE RATES, 1919-1927: MONTHLY AVERAGES—Continued

[In cents per unit of foreign currency]

	Canada	Cuba	Mexico	Argentina	Bolivia ¹¹	Brazil	Chile	Colombia ¹¹	Ecuador ¹¹	Peru ¹³	Uruguay
1925											
January	99.6895	99.9561	48.8800	91.0754		11.7150	11.3469				99.0319
February	99.8620	100.0114	49.2673	90.3314		11.2673	10.8432				95.4572
March	99.8714	99.9504	49.7439	89.7115		11.0381	11.0985				95.3146
April	99.9439	99.9273	49.8718	86.8835		10.6342	11.1692				94.3773
May	99.9975	99.9974	49.8962	90.2444		10.3080	11.3972				96.0228
June	99.9982	99.9695	49.6641	91.3304		10.8919	11.3173				96.9738
July	100.0293	99.9148	49.6777	91.7477		11.3619	11.6912				98.5281
August	100.0334	99.8907	49.5826	91.7042		12.1335	11.9138				99.8935
September	99.9860	99.8500	49.3519	91.7096		13.5188	12.0156				99.9492
October	100.0914	99.9209	49.1664	93.3565		14.8131	12.0565				101.1273
November	100.0788	99.9385	48.7879	94.4391		14.6126	12.1913				102.4773
December	99.9569	99.9145	48.7507	94.2131		14.1738	12.1558				101.6428
1926											
January	99.8001	99.8976	48.5050	94.1328	34.5000	14.8368	12.0404	98.6250	22.5000	389.1200	102.8820
February	99.6539	99.9612	48.4993	93.2718	34.5000	14.7818	12.1214	98.6250	22.5000	384.5909	103.1050
March	99.6301	99.9542	48.5585	90.3333	34.5000	14.4893	12.0815	98.6250	22.5000	385.4722	102.1818
April	100.0385	99.9213	48.6571	90.7873	34.5000	14.0085	12.1165	98.6250	22.5000	378.2019	103.7138
May	100.0744	99.9446	48.2787	91.3100	34.5000	14.6784	12.0372	98.6250	22.5000	368.9000	103.0012
June	100.1027	99.9317	48.8495	91.6635	34.0962	15.5196	12.0438	98.9279	20.9856	368.4230	101.7108
July	100.1265	99.9187	48.8692	92.0504	33.8077	15.5631	12.0500	99.2885	17.6827	376.5865	100.2504
August	100.1448	99.9206	48.7823	91.9573	33.7500	15.3715	12.1162	99.3750	16.8000	383.1600	100.1900
September	100.1382	99.9362	48.7301	92.2012	33.7500	15.1908	12.1292	98.2650	18.1875	389.1200	100.4096
October	100.0685	99.9252	48.0545	92.7536	33.7500	13.9768	12.1000	97.6656	18.1875	364.2200	100.2104
November	100.1331	99.9496	47.1958	92.3864	33.7500	12.9696	12.0517	97.3200	18.2135	359.3958	99.9004
December	99.9342	99.9150	46.6718	93.2792	33.7500	11.8542	12.0362	97.3969	18.3125	357.3269	101.2588
1927											
January	99.8393	99.9466	46.8267	93.8488	33.7500	11.6752	12.0236	98.0280	18.3125	361.1200	101.5220
February	99.8382	100.0679	47.0737	94.7186	33.9432	11.8382	12.0005	97.9468	18.3096	366.3636	101.4623
March	99.9019	100.0265	47.0084	95.9811	34.0000	11.8452	12.0041	97.5663	18.3125	366.5926	101.2763
April	100.0942	100.0260	46.8681	96.1738	34.0000	11.7965	12.0327	95.0181	18.3125	363.3077	101.9750
May	100.0658	99.9606	46.5867	96.2008	34.0000	11.8084	12.0204	97.4688	18.3125	364.6400	100.7088
June	99.9860	99.9150	46.4197	96.4373	34.4231	11.8050	12.0235	97.4196	19.6019	374.4231	100.3708
July	99.8520	99.9288	46.5383	96.5540	34.5950	11.7916	12.0224	97.5345	19.5750	374.6000	99.1684
August	99.9404	100.0073	47.3931	96.8448	34.7546	11.8237	12.0292	98.2798	19.3750	374.9626	100.1381
September	100.0497	99.9524	47.7219	97.1248	34.8000	11.8596	12.0736	97.9872	19.3750	388.5600	100.4052
October	100.1099	99.9387	47.6667	97.1572	34.8000	11.9172	12.1712	97.4736	19.3750	384.1600	101.8796
November	100.1369	99.9289	47.9125	97.0521	34.8000	11.9333	12.1763	97.4950	19.3750	376.1458	103.3658
December	99.8974	99.9154	48.4506	97.2304	34.8000	11.9677	12.2062	97.7381	19.3750	389.8500	103.8692

	Vene- zuela	China (Mexican dollar)	China (Shanghai tael)	China (Yuan dollar)	Hong Kong	India	Japan	Java	Straits Settle- ments	Turkey	Egypt
1918											
November			123.5000			35.7500	54.2190				
December			124.3200			35.8800	52.8700				
1919											
January			124.3000			35.7500	51.9900				
February			118.7000			35.7500	51.5400				
March			112.1600			35.8300	51.0590				
April			113.4500			35.5240	51.3800				
May			123.1100			38.3300	51.7450				
June			124.8800			42.1000	51.4560				
July			123.5000			41.6000	51.1000				
August			130.0000			41.7000	51.0000				
September			132.1900			43.9400	50.8700				
October			138.6000			43.6800	50.9100				
November			153.9000			43.3000	50.9400				
December			161.8800			45.5300	50.4180				
1920											
January			161.3000			44.0050	49.9700				
February			161.0000			47.6000	48.5450				
March			148.7000			47.8000	47.5100				
April			138.4000			46.8200	48.6250				
May			119.8380			43.3100	51.4500				
June			106.0500			41.0000	51.4100				
July			103.5500			38.3800	51.6200				
August			112.1000			36.4000	51.5750				
September			106.9000			33.6100	51.4100				
October			98.7400			30.5800	51.3000				
November			91.3000			29.7000	50.7500				
December			78.8300			26.9000	50.3450				
1921											
January			76.9000			28.6100	48.7000				
February			68.4000			27.7000	48.6900				
March			64.2250			25.9500	48.5900				
April			67.2970			26.3000	48.5000				
May			68.2700			26.4700	48.5480				
June			66.3500			24.5490	47.9740				
July		48.6684	66.8250		49.3200	23.0588	48.0114		41.9840		
August		49.4291	67.8580		50.0700	24.2240	48.3690		41.8090		
September		52.5764	73.0000		52.4400	26.3900	48.2000		42.4600		
October		56.8638	78.4016		56.4892	27.4188	47.6552		43.9204		
November		54.5870	75.9043		54.1404	26.8739	47.8961		45.4739		
December		54.6027	75.3162		54.2569	27.4488	47.9219		46.8612		

¹¹ Averages based on daily quotations of closing rates as published by New York Journal of Commerce.

FOREIGN EXCHANGE RATES, 1919-1927 MONTHLY AVERAGES—Continued

[In cents per unit of foreign currency]

	Vene- zuela ¹⁴	China (Mexican dollar)	China (Shanghai tael)	China (Yuan dollar)	Hong Kong	India	Japan	Java ¹⁴	Straits Settle- ments	Turkey	Egypt
1922											
January		54.1040	74.1456	54.7536	54.9864	27.8104	47.6244		47.9296		
February		52.7445	72.1532	54.3632	53.9795	28.1427	47.3727		49.2959		
March		51.6275	70.7541	53.3489	53.1767	27.8215	47.3485		49.5307		
April		53.9196	73.9396	55.0540	54.7284	27.8066	47.3628		49.9928		
May		57.3781	78.9400	57.9819	57.7796	28.7508	47.3554		50.7592		
June		57.1935	79.0342	57.6223	57.7208	28.9112	47.7504		51.1435		
July		56.7528	77.8176	57.3824	57.9404	28.8908	47.7688		50.7184		
August		56.2559	76.9637	57.0533	57.5422	29.0144	47.7019		51.3974		
September		56.1500	77.0140	56.9696	57.3060	28.7412	48.0996		51.6440		
October		54.5508	74.8500	55.6424	55.9552	28.8424	48.0732		51.7840		
November		52.4842	71.8725	53.4783	53.8150	29.5108	48.3720		52.0058		
December		52.0288	71.0444	52.8144	53.2288	30.6488	48.8500		53.0100		
1923											
January		52.2085	71.9331	52.8262	53.4246	31.7262	48.7454		54.1412		
February		52.0505	71.8191	52.8741	52.9801	31.8495	48.4359		54.8532		
March		54.5333	75.5300	55.3144	55.3804	31.5659	48.4559		54.8133		
April		53.8192	74.4964	54.6136	54.3180	31.3460	48.6936		54.7328		
May		53.8415	74.5342	54.5512	54.7658	31.0812	49.0785		54.2635		
June		52.1315	72.1746	53.2738	53.2085	30.9919	49.0450		53.8458		
July		50.8260	70.0292	52.1588	52.0356	30.8036	48.7892		53.2684		
August		50.5015	69.7096	51.0748	51.8746	30.4608	48.8765		53.2485		
September		51.1579	70.7850	51.3058	52.3821	30.6017	48.8200		53.1896		
October		50.6923	69.9465	51.1050	51.8512	31.0627	48.8092		52.9831		
November		50.7375	70.7600	50.9250	50.8592	30.8600	48.3742		51.7292		
December		51.3358	72.2480	51.2148	50.8648	31.0052	47.0104		50.8476		
1924											
January		50.3727	70.2704	50.4138	50.2081	30.4473	44.8965		50.3481		
February		51.0109	71.2026	50.8748	50.6070	30.3235	45.4265		50.5587		
March		50.3858	69.9965	50.4650	50.4927	29.8623	42.8015		50.2777		
April		50.5235	69.7423	50.9015	51.1292	30.4035	40.9300		50.5012		
May		51.3058	70.8777	51.7958	51.7965	30.5796	40.1865		50.5312		
June		51.2844	71.3724	51.9372	51.9368	30.4876	41.0824		50.1892		
July		51.4646	71.0708	52.3115	52.2962	31.2531	41.3492		50.5196		
August		52.7200	73.3254	53.0692	53.3154	32.2642	41.2608		51.9831		
September		53.9044	75.2680	53.7176	53.4596	32.5188	40.5972		51.5144		
October		55.0792	76.9792	55.1500	54.3600	33.6922	38.7942		51.8312		
November		55.3100	76.3099	55.6743	54.8587	34.3922	38.5185		53.1065		
December		55.2112	75.4669	56.2000	55.2481	35.2888	38.4400		53.9905		
1925											
January		55.4962	75.3423	56.7150	55.5458	35.7065	38.4546		55.3104		
February		55.0834	75.2614	56.4095	55.3495	35.7309	39.0791		55.3423		
March		53.6488	73.3612	54.8958	54.2692	35.6662	40.9699		55.1608		
April		53.5530	73.2320	54.8050	54.9373	35.6023	41.7592		55.4304		
May		54.2324	74.2588	55.6656	54.6240	36.2324	41.0136		56.3680		
June		55.8931	76.0881	56.9085	56.0223	36.4815	40.8258		56.5823		
July		56.1400	76.5569	57.4646	56.8469	36.6104	41.0781		56.6300		
August		56.5546	77.2938	57.6658	57.3088	36.6227	40.9877		56.7035		
September		57.5656	78.4664	59.2848	59.3152	36.6332	40.7488		56.5876		
October		57.4269	77.9004	59.1508	59.3369	36.5973	40.9723		56.5127		
November		55.7704	75.8161	57.2074	57.8143	36.6187	42.3252		56.6265		
December		55.1781	75.6788	56.6581	57.7119	36.6412	43.1931		56.6254		
1926											
January	19.3500	54.2888	74.7528	55.7232	58.0748	36.6852	44.1696	40.7526	56.6156	52.6500	498.0496
February	19.3886	53.7464	73.7351	55.5132	57.8636	36.7600	45.4045	40.5347	56.6327	52.2905	498.6159
March	19.4000	52.8466	72.7118	54.6885	56.3130	36.5756	45.3915	40.3856	56.6256	51.5152	498.4222
April	19.4000	51.4431	70.8746	52.5431	54.6377	36.1823	46.6442	40.3630	56.5535	50.3331	498.6135
May	19.4000	52.0716	71.7764	52.8508	55.0800	36.2592	46.9472	40.4838	56.2004	52.8196	498.4404
June	19.4000	52.2712	72.1704	52.9306	55.2185	36.2946	46.8454	40.4315	56.2069	53.1850	498.8758
July	19.3231	51.7104	71.3031	50.8196	54.5919	36.2862	47.0685	40.4736	56.2092	55.1773	498.5858
August	19.3500	50.1462	68.6931	49.8431	53.1954	36.3642	47.8031	40.4700	56.1512	55.0500	498.6780
September	19.0000	48.2468	66.0028	47.3080	52.2816	36.3258	48.4000	40.3163	56.0736	52.4312	497.6740
October	19.0000	44.6668	59.9760	42.5356	47.7084	36.1496	48.6612	40.3125	56.0728	51.0884	497.2896
November	19.0000	43.7688	59.4254	42.5542	47.4567	36.0267	49.0650	40.2813	55.9796	50.2083	497.1150
December	19.0508	43.7735	58.9704	42.4900	47.5938	36.0465	48.9373	40.2476	55.9400	50.1600	467.3392
1927											
January	19.0600	45.2068	61.6688	43.9196	49.0632	36.4164	48.8108	40.2375	55.9616	50.4452	497.4668
February	18.7641	46.5273	63.7764	45.1186	50.3605	36.2968	48.8350	40.1756	55.9623	50.8801	497.2877
March	18.7500	44.1341	60.5048	42.8956	48.6855	36.3004	49.1411	40.1702	55.9556	50.3122	497.6670
April	18.7500	45.5388	62.0138	43.9062	49.6865	36.1423	48.3738	40.1503	55.9535	50.9035	497.8981
May	18.7500	45.6136	62.1680	43.9664	49.2716	36.2332	47.0832	40.1638	55.9896	52.2232	497.9792
June	18.7620	45.5077	62.7362	44.5215	49.0742	36.1973	46.6896	40.2079	55.9807	51.5692	497.8950
July	19.1280	44.6004	62.2760	43.5804	48.9772	36.1108	47.1812	40.1963	55.9600	51.0544	497.7768
August	19.1552	43.3807	60.3781	42.6259	48.1600	36.1252	47.3322	40.1740	55.9711	49.9774	498.2844
September	19.1700	43.9572	61.2068	43.2164	48.4980	36.3356	46.8248	40.1675	55.9908	50.9640	
October	19.1700	44.7376	61.8328	44.0600	48.8552	36.4062	46.5664	40.2618	56.0332	52.9624	499.2900
November	19.1700	45.5958	63.2663	44.8638	49.7917	36.4504	45.9796	40.4090	56.0687	52.4671	499.6858
December	19.1700	45.9092	63.7884	45.1877	50.3085	36.7369	46.1881	40.5319	56.7269		

¹⁴ Averages based on daily quotations of closing rates as published by New York Journal of Commerce.

LAW DEPARTMENT

REGULATIONS OF THE FEDERAL RESERVE BOARD

WASHINGTON, December 22, 1927.

To All Member Banks:

The Federal Reserve Board transmits herewith a new issue of all of its regulations applicable to member banks. Since the issuance of the last edition of the board's regulations under date of August 15, 1924, the Federal reserve act has been amended by the act of February 25, 1927, and it has become necessary to amend certain of the board's regulations to conform to the amendments contained in that act. The board has also taken this occasion to make a number of other amendments to its regulations which experience has proven to be necessary or desirable.

Regulation A has been amended in a number of minor details, and there has been inserted in the regulation the substance of the board's rulings with regard to the rediscount by Federal reserve banks of paper acquired from nonmember banks.

Regulation D has been amended in several particulars, the most important of which is Section IV dealing with penalties for deficiencies in reserves, which has been changed in such a way as to require member banks in cities where Federal reserve banks or branches thereof are located and member banks in such other cities as the Federal Reserve Board may designate from time to time to compute their reserves on the basis of average daily net deposit balances covering semiweekly periods instead of weekly periods as heretofore. Provision has also been made for the better enforcement of the provisions regarding the maintenance of reserves.

Regulation F has been changed so as to regulate more completely the exercise of trust powers by national banks, and a provision has been inserted to cover the situation where a State bank, trust company, or savings bank having trust business consolidates with a national bank under the provisions of the act of November 7, 1918, as amended by the act of February 25, 1927.

Regulation G, which formerly regulated the making of loans by national banks on farm land and other real estate, has been eliminated altogether in view of the provisions of the act of February 25, 1927, conferring regulatory powers upon the Comptroller of the Currency; and there has been inserted, in lieu of the previous Regulation G, the regulation promulgated by the board under date of December 9, 1926, governing the rediscount of notes secured by adjusted service certificates, which was formerly designated as Regulation M, Series of 1926.

Regulation H has been amended so as to conform to the amendments made to section 9 of the Federal reserve act by the act of February 25, 1927.

Regulation I has been amended in a few minor particulars and the provision regarding the surrender of Federal reserve bank stock by a member bank which goes into voluntary liquidation has been simplified.

Regulation K was not amended except by the incorporation therein of amendments adopted from time to time during the year 1927, which have previously been announced.

No material changes have been made in Regulations B, C, J, and L.

This issue of the board's regulations becomes effective on January 3, 1928. The Federal reserve banks

are requested to see that each member bank in their respective districts receives at least one copy of this official edition of the board's regulations.

Instructions which govern only Federal reserve agents or Federal reserve banks will be covered in separate letters or regulations, as in the past.

By order of the Federal Reserve Board.

WALTER L. EDDY, *Secretary.*

REGULATION A, SERIES OF 1928

(Superseding Regulation A of 1924)

DISCOUNTS UNDER SECTIONS 13 AND 13a

ARTICLE A. NOTES, DRAFTS, AND BILLS OF EXCHANGE

SECTION I.—*General statutory provisions*

Any Federal reserve bank may discount for any of its member banks any note, draft, or bill of exchange: *Provided—*

(a) It has a definite maturity at the time of discount of not more than 90 days, exclusive of days of grace; except that (1) if drawn or issued for an agricultural purpose or based on livestock, it may have a maturity at the time of discount of not more than nine months, exclusive of days of grace, and (2) certain bills of exchange payable at sight or on demand are eligible even though they have no definite maturity (see Section VII, below);

(b) It has been issued or drawn for an agricultural, industrial, or commercial purpose, or the proceeds have been used or are to be used for such a purpose, or it is a note, draft, or bill of exchange of a factor issued as such making advances exclusively to producers of staple agricultural products in their raw state;

(c) It was not issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States;

(d) The aggregate of notes, drafts, and bills bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, discounted for any one member bank, whether State or National, shall at no time exceed 10 per cent of the unimpaired capital and surplus of such bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values;

(e) It is indorsed by a member bank; and

(f) It conforms to all applicable provisions of this regulation.

No Federal reserve bank may discount for any member State bank or trust company any of the notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than that which could be borrowed lawfully from such State bank or trust company were it a national banking association.

Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days, provided that they are

secured by notes, drafts, bills of exchange, or bankers' acceptances which are eligible for discount or for purchase by Federal reserve banks, or by the deposit or pledge of bonds or notes of the United States.

SECTION II.—General character of notes, drafts, and bills of exchange eligible

The Federal Reserve Board, exercising its statutory right to define the character of a note, draft, or bill of exchange eligible for discount at a Federal reserve bank, has determined that—

(a) It must be a negotiable note, draft, or bill of exchange which has been issued or drawn, or the proceeds of which have been used or are to be used in the first instance, in producing, purchasing, carrying, or marketing goods¹ in one or more of the steps of the process of production, manufacture, or distribution, or for the purpose of carrying or trading in bonds or notes of the United States, and the name of a party to such transaction must appear upon it as maker, drawer, acceptor, or indorser.

(b) It must not be a note, draft, or bill of exchange the proceeds of which have been or are to be advanced or loaned to some other borrower, except as to paper described below under Sections VI (b) and VIII.

(c) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for permanent or fixed investments of any kind, such as land, buildings, or machinery, or for any other capital purpose.

(d) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for investments of a purely speculative character.

(e) It may be secured by the pledge of goods or collateral of any nature, including paper which is ineligible for discount, provided it (the note, draft, or bill of exchange) is otherwise eligible.

SECTION III.—Applications for discount

Every application for the discount of notes, drafts, or bills of exchange must contain a certificate of the member bank, in form to be prescribed by the Federal reserve bank, that—

(1) To the best of its knowledge and belief, such notes, drafts, or bills of exchange have been issued or drawn, or the proceeds thereof have been or are to be used, for such a purpose as to render them eligible for discount under the terms of this regulation; and

(2) That such notes, drafts, or bills of exchange have not been acquired from a nonmember bank, or, if so acquired, that the applying member bank has received permission from the Federal Reserve Board to discount with the Federal reserve bank paper acquired from nonmember banks.

In the case of a member State bank or trust company, every such application must contain a certificate or guaranty to the effect that the borrower is not liable, and will not be permitted to become liable during the time his paper is held by the Federal reserve bank, to such bank or trust company for borrowed money in an amount greater than that which could be borrowed lawfully from such State bank or trust company were it a national banking association.

SECTION IV.—Promissory notes

(a) **Definition.**—A promissory note, within the meaning of this regulation, is defined as an uncon-

¹ When used in this regulation the word "goods" shall be construed to include goods, wares, merchandise, or agricultural products, including livestock.

ditional promise, in writing, signed by the maker, to pay, in the United States, at a fixed or determinable future time, a sum certain in dollars to order or to bearer.

(b) **Evidence of eligibility and requirement of statements.**—A Federal reserve bank must be satisfied by reference to the note or otherwise that it is eligible for discount, and the member bank shall certify in its application whether a financial statement of the borrower is on file with it.

A recent financial statement of the borrower must be on file with the member bank if it has discounted the note for a nondepositor or a nonmember bank, and in all other cases unless—

(1) It is secured by a warehouse, terminal, or other similar receipt covering goods in storage, by a valid prior lien on livestock which is being marketed or fattened for market, or by bonds or notes of the United States; or

(2) The aggregate of obligations of the borrower discounted and offered for discount at the Federal reserve bank by the member bank is less than a sum equal to 10 per cent of the paid-in capital of the member bank and is less than \$5,000.

Whenever the borrower has closely affiliated or subsidiary corporations or firms, the borrower's financial statement shall be accompanied by separate financial statements of such affiliated or subsidiary corporations or firms, unless the statement of the borrower clearly indicates that such note is both eligible from a legal standpoint and acceptable from a credit standpoint or unless financial statements of such affiliated or subsidiary corporations or firms are on file with the Federal reserve bank.

A Federal reserve bank shall use its discretion in taking the steps necessary to satisfy itself as to eligibility. Compliance of a note with Section II (c) may be evidenced by a statement of the borrower showing a reasonable excess of quick assets over current liabilities. A Federal reserve bank may, in any case, require the financial statement of the borrower to be filed with it.

SECTION V.—Drafts, bills of exchange, and trade acceptances

(a) **Definition.**—A draft or bill of exchange, within the meaning of this regulation, is defined as an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay in the United States, at a fixed or determinable future time, a sum certain in dollars to the order of a specified person; and a trade acceptance is defined as a draft or bill of exchange, drawn by the seller on the purchaser of goods sold,² and accepted by such purchaser.

(b) **Evidence of eligibility and requirement of statements.**—A Federal reserve bank shall take such steps as it deems necessary to satisfy itself as to the eligibility of the draft, bill, or trade acceptance offered for discount and may require a recent financial statement of one or more parties to the instrument. The draft, bill, or trade acceptance should be drawn so as to evidence the character of the underlying transaction, but if it is not so drawn evidence of eligibility may consist of a stamp or certificate affixed by the acceptor or drawer in a form satisfactory to the Federal reserve bank.

² A consignment of goods or a conditional sale of goods can not be considered "goods sold" within the meaning of this clause. The purchase price of goods plus the cost of labor in effecting their installation may be included in the amount for which the trade acceptance is drawn.

SECTION VI.—*Agricultural paper*

(a) **Definition.**—Agricultural paper, within the meaning of this regulation, is defined as a negotiable note, draft, or bill of exchange issued or drawn, or the proceeds of which have been or are to be used, for agricultural purposes, including the production of agricultural products, the marketing of agricultural products by the growers thereof, or the carrying of agricultural products by the growers thereof pending orderly marketing, and the breeding, raising, fattening, or marketing of livestock, and which has a maturity at the time of discount of not more than nine months, exclusive of days of grace.

(b) **Paper of cooperative marketing associations.**—Under the express terms of section 13a, notes, drafts, bills of exchange, or acceptances issued or drawn by cooperative marketing associations composed of producers of agricultural products are deemed to have been issued or drawn for an agricultural purpose, if the proceeds thereof have been or are to be—

(1) Advanced by such association to any members thereof for an agricultural purpose; or

(2) Used by such association in making payments to any members thereof on account of agricultural products delivered by such members to the association; or

(3) Used by such association to meet expenditures incurred or to be incurred by the association in connection with the grading, processing, packing, preparation for market, or marketing of any agricultural product handled by such association for any of its members.

These are not the only classes of paper of such associations which are eligible for discount, however, and any other paper of such associations which complies with the applicable requirements of this regulation may be discounted on the same terms and conditions as the paper of any other person or corporation.

Paper of cooperative marketing associations the proceeds of which have been or are to be used (1) to defray the expenses of organizing such associations, or (2) for the acquisition of warehouses, for the purchase or improvement of real estate, or for any other permanent or fixed investment of any kind, are not eligible for discount, even though such warehouses or other property are to be used exclusively in connection with the ordinary operations of the association.

(c) **Eligibility.**—To be eligible for discount, agricultural paper, whether a note, draft, bill of exchange, or trade acceptance, must comply with the respective sections of this regulation which would apply to it if its maturity were 90 days or less.

(d) **Discounts for Federal intermediate credit banks.**—Any Federal reserve bank may discount agricultural paper for any Federal intermediate credit bank; but no Federal reserve bank shall discount for any Federal intermediate credit bank any such paper which bears the indorsement of any nonmember State bank or trust company which is eligible for membership in the Federal reserve system under the terms of section 9 of the Federal reserve act as amended. In discounting such paper each Federal reserve bank shall give preference to the demands of its own member banks and shall have due regard to the probable future needs of its own member banks; and no Federal reserve bank shall discount paper for any Federal intermediate credit bank when its own reserves amount to less than 50 per cent of its own aggregate liabilities for deposits and Federal reserve notes in actual circulation. The aggregate amount of paper discounted by all Federal reserve banks for any one Federal in-

termediate credit bank shall at no time exceed an amount equal to the paid-up and unimpaired capital and surplus of such Federal intermediate credit bank.

(e) **Limitations.**—The Federal Reserve Board prescribes no limitation on the aggregate amount of notes, drafts, bills of exchange, and acceptances with maturities in excess of three months, but not exceeding six months, exclusive of days of grace, which may be discounted by any Federal reserve bank; but the aggregate amount of notes, drafts, bills of exchange, and acceptances with maturities in excess of six months, but not exceeding nine months, which may be discounted by any Federal reserve bank shall not exceed 10 per cent of its total assets.

SECTION VII.—*Sight drafts secured by bills of lading*

A Federal reserve bank may discount for any of its member banks bills of exchange payable at sight or on demand which—

(a) Are drawn to finance the domestic shipment of nonperishable, readily marketable, staple agricultural products; and

(b) Are secured by bills of lading or other shipping documents conveying or securing title to such staples.

All such bills of exchange shall be forwarded promptly for collection, and demand for payment shall be made promptly, unless the drawer instructs that they be held until arrival of car, in which event they must be presented for payment within a reasonable time after notice of arrival of such staples at their destination has been received. In no event shall any such bill be held by or for the account of a Federal reserve bank for a period in excess of 90 days.

In discounting such bills Federal reserve banks may compute the interest to be deducted on the basis of the estimated life of each bill and adjust the amount thus deducted after payment of such bills to conform to the actual life thereof.

SECTION VIII.—*Factors' paper*

Notes, drafts, and bills of exchange of factors issued as such for the purpose of making advances exclusively to producers of staple agricultural products in their raw state are eligible for discount with maturities not in excess of 90 days, exclusive of days of grace, irrespective of the requirements of Sections II (a) and II (b).

SECTION IX.—*Paper acquired from nonmember banks*

(a) Except with the permission of the Federal Reserve Board, no Federal reserve bank shall discount any paper acquired by a member bank from a nonmember bank or bearing the signature or indorsement of a nonmember bank; except that Federal reserve banks may discount bankers' acceptances and other eligible paper bearing the signature or indorsement of a nonmember bank, if such paper was bought by the offering bank in good faith on the open market from some party other than the nonmember bank.

(b) Applications for permission to rediscount paper acquired from nonmember banks shall be made in writing by the member banks which desire to offer such paper for rediscount and shall state fully the facts which gave rise to each application and the reasons why the applying member banks feel justified in seeking such permission. Such applications shall be addressed to the Federal Reserve Board, but shall be filed with the Federal reserve agent, who shall forward them promptly to the Federal Reserve Board with his recommendations.

(c) The Federal Reserve Board hereby grants its permission for Federal reserve banks to discount for member banks paper bearing the signature or indorsement of Federal intermediate credit banks, if such paper is otherwise eligible under the law and this regulation.

ARTICLE B.—BANKERS' ACCEPTANCES³

SECTION X.—*Definition*

A banker's acceptance within the meaning of this regulation is defined as a draft or bill of exchange, whether payable in the United States or abroad and whether payable in dollars or some other money, of which the acceptor is a bank or trust company, or a firm, person, company, or corporation engaged generally in the business of granting bankers' acceptance credits.

SECTION XI.—*Eligibility*

A Federal reserve bank may discount any such bill bearing the indorsement of a member bank and having a maturity at the time of discount not greater than that prescribed by Section XII (a), which has been drawn under a credit opened for the purpose of conducting or settling accounts resulting from a transaction or transactions involving any one of the following:

(1) The shipment of goods between the United States and any foreign country, or between the United States and any of its dependencies or insular possessions, or between foreign countries, or between dependencies or insular possessions and foreign countries;

(2) The shipment of goods within the United States, provided shipping documents conveying security title are attached at the time of acceptance; or

(3) The storage in the United States or in any foreign country of readily marketable staples,⁴ provided that the bill is secured at the time of acceptance by a warehouse, terminal, or other similar receipt, conveying security title to such staples, issued by a party independent of the customer, and provided further that the acceptor remains secured throughout the life of the acceptance. In the event that the goods must be withdrawn from storage prior to the maturity of the acceptance or the retirement of the credit, a trust receipt or other similar document covering the goods may be substituted in lieu of the original document, provided that such substitution is conditioned upon a reasonably prompt liquidation of the credit. In order to insure compliance with this condition it should be required, when the original document is released, either (a) that the proceeds of the goods will be applied within a specified time toward a liquidation of the acceptance credit or (b) that a new document, similar to the original one, will be resubstituted within a specified time.

Provided, That acceptances for any one customer in excess of 10 per cent of the capital and surplus of the

³ For regulations governing the acceptance by member banks of drafts and bills of exchange drawn on them, see Regulation C, p. 67.

⁴ A readily marketable staple within the meaning of these regulations may be defined as an article of commerce, agriculture, or industry of such uses as to make it the subject of constant dealings in ready markets with such frequent quotations of price as to make (a) the price easily and definitely ascertainable and (b) the staple itself easy to realize upon by sale at any time.

accepting bank must remain actually secured throughout the life of the acceptance, and in the case of the acceptances of member banks this security must consist of shipping documents, warehouse receipts, or other such documents, or some other actual security growing out of the same transaction as the acceptance, such as documentary drafts, trade acceptances, terminal receipts, or trust receipts which have been issued under such circumstances, and which cover goods of such a character, as to insure at all times a continuance of an effective and lawful lien in favor of the accepting bank, other trust receipts not being considered such actual security if they permit the customer to have access to or control over the goods.

A Federal reserve bank may also discount any bill drawn by a bank or banker in a foreign country or dependency or insular possession of the United States for the purpose of furnishing dollar exchange as provided in Regulation C, provided that it has a maturity at the time of discount of not more than three months, exclusive of days of grace.

SECTION XII.—*Maturities*

(a) *Legal requirements.*—No such acceptance is eligible for discount which has a maturity at the time of discount in excess of 90 days' sight, exclusive of days of grace, except that acceptances drawn for agricultural purposes and secured at the time of acceptance by warehouse receipts or other such documents conveying or securing title covering readily marketable staples may be discounted with maturities at the time of discount of not more than six months' sight, exclusive of days of grace.

(b) *General conditions as to maturity of domestic acceptances.*—Although a Federal reserve bank may legally discount an acceptance having a maturity at the time of discount not greater than that prescribed under (a), it may decline to discount any acceptance the maturity of which is in excess of the usual or customary period of credit required to finance the underlying transaction or which is in excess of that period reasonably necessary to finance such transaction. Since the purpose of permitting the acceptance of drafts secured by warehouse receipts or other such documents is to permit of the temporary holding of readily marketable staples in storage pending a reasonably prompt sale, shipment, or distribution, no such acceptance should have a maturity in excess of the time ordinarily necessary to effect a reasonably prompt sale, shipment, or distribution into the process of manufacture or consumption.

SECTION XIII.—*Evidence of eligibility*

A Federal reserve bank must be satisfied, either by reference to the acceptance itself or otherwise, that the acceptance is eligible for discount under the terms of the law and the provisions of this regulation. The bill itself should be drawn so as to evidence the character of the underlying transaction, but if it is not so drawn evidence of eligibility may consist of a stamp or certificate affixed by the acceptor in form satisfactory to the Federal reserve bank.

REGULATION B, SERIES OF 1928

(Superseding Regulation B of 1924)

OPEN MARKET PURCHASES OF BILLS OF EXCHANGE, TRADE ACCEPTANCES, AND BANKERS' ACCEPTANCES UNDER SECTION 14**SECTION I.—General statutory provisions**

Section 14 of the Federal reserve act provides that, under rules and regulations to be prescribed by the Federal Reserve Board, Federal reserve banks may purchase and sell in the open market, at home or abroad, from or to domestic or foreign banks, firms, corporations, or individuals, bills of exchange of the kinds and maturities made eligible by the act for discount and bankers' acceptances, with or without the indorsement of a member bank.

SECTION II.—General character of bills and acceptances eligible

The Federal Reserve Board, exercising its statutory right to regulate the purchase of bills of exchange and acceptances, prescribes that—

(a) Any banker's acceptance or bill of exchange which is eligible for discount under the terms of Regulation A is eligible for purchase by Federal reserve banks in the open market, with or without the indorsement of a member bank, if—

(1) It has been accepted by the drawee prior to purchase; or

(2) It is accompanied or secured by shipping documents or by warehouse, terminal, or other similar receipts conveying security title; or

(3) It bears a satisfactory bank indorsement;

(b) A banker's acceptance growing out of a transaction involving the importation or exportation of goods may be purchased if it has a maturity not in excess of six months, exclusive of days of grace, provided that it conforms in other respects to the applicable requirements of Regulation A; and

(c) A banker's acceptance growing out of a transaction involving the storage within the United States of goods actually under contract for sale and not yet delivered or paid for may be purchased, provided that the acceptor is secured by the pledge of such goods, and provided further, that the acceptance conforms in other respects to the applicable requirements of Regulation A.

SECTION III.—Statements

A bill of exchange, unless indorsed by a member bank, is not eligible for purchase until a satisfactory statement has been furnished of the financial condition of one or more of the parties thereto.

A banker's acceptance, unless accepted or indorsed by a member bank, is not eligible for purchase until the acceptor has furnished a satisfactory statement of its financial condition in form to be approved by the Federal reserve bank and has agreed in writing with a Federal reserve bank to inform it upon request concerning the transaction underlying the acceptance.

REGULATION C, SERIES OF 1928

(Superseding Regulation C of 1924)

ACCEPTANCE BY MEMBER BANKS OF DRAFTS AND BILLS OF EXCHANGE¹**ARTICLE A. ACCEPTANCE OF DRAFTS OR BILLS OF EXCHANGE DRAWN AGAINST DOMESTIC OR FOREIGN SHIPMENTS OF GOODS OR SECURED BY WAREHOUSE RECEIPTS COVERING READILY MARKETABLE STAPLES****SECTION I.—Statutory provisions**

Under the provisions of the sixth paragraph of section 13 of the Federal reserve act, as amended, any member bank may accept drafts or bills of exchange drawn upon it, having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples.² This paragraph limits the amount which any bank shall accept for any one person, company, firm, or corporation, whether in a foreign or domestic transaction, to an amount not exceeding at any time, in the aggregate, more than 10 per cent of its paid-up and unimpaired capital stock and surplus. This limit, however, does not apply in any case where the accepting bank remains secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance. A trust receipt which permits the customer to have access to or control over the goods will not be considered by Federal reserve banks to be "actual security" within the meaning of section 13. A bill of lading draft, however, is "actual security" even after the documents have been released, provided that the draft is accepted by the drawee upon or before the surrender of the documents. The law also provides that any bank may accept such bills up to an amount not exceeding at any time, in the aggregate, more than one-half of its paid-up and unimpaired capital stock and surplus; or, with the approval of the Federal Reserve Board, up to an amount not exceeding at any time, in the aggregate, more than 100 per cent of its paid-up and unimpaired capital stock and surplus. In no event, however, shall the aggregate amount of acceptances growing out of domestic transactions exceed 50 per cent of such capital stock and surplus.

¹ For regulations governing the rediscount of bankers' acceptances by Federal reserve banks, see Regulation A, p. 66.

² A readily marketable staple within the meaning of these regulations may be defined as an article of commerce, agriculture, or industry of such uses as to make it the subject of constant dealings in ready markets with such frequent quotations of price as to make (a) the price easily and definitely ascertainable, and (b) the staple itself easy to realize upon by sale at any time.

SECTION II.—Regulations

(1) Under the provisions of the law referred to above the Federal Reserve Board has determined that any member bank, having an unimpaired surplus equal to at least 20 per cent of its paid-up capital, which desires to accept drafts or bills of exchange drawn for the purposes described above, up to an amount not exceeding at any time, in the aggregate, 100 per cent of its paid-up and unimpaired capital stock and surplus, may file an application for that purpose with the Federal Reserve Board. Such application must be forwarded through the Federal reserve bank of the district in which the applying bank is located.

(2) The Federal reserve bank shall report to the Federal Reserve Board upon the standing of the applying bank, stating whether the business and banking conditions prevailing in its district warrant the granting of such application.

(3) The approval of any such application may be rescinded upon 90 days' notice to the bank affected.

ARTICLE B. ACCEPTANCE OF DRAFTS OR BILLS OF EXCHANGE DRAWN FOR THE PURPOSE OF CREATING DOLLAR EXCHANGE

SECTION III.—Statutory provisions

Section 13 of the Federal reserve act also provides that any member bank may accept drafts or bills of exchange drawn upon it having not more than three months' sight to run, exclusive of days of grace, drawn, under regulations to be prescribed by the Federal Reserve Board, by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

No member bank shall accept such drafts or bills of exchange for any one bank to an amount exceeding in the aggregate 10 per cent of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security. No member bank shall accept such drafts or bills in an amount exceeding at any time in the aggregate one-half of its paid-up and unimpaired capital and surplus. This 50 per cent limit is separate and distinct from and not included in the limits placed upon the acceptance of drafts and bills of exchange as described under Article A of this regulation.

SECTION IV.—Regulations

Any member bank desiring to accept drafts drawn by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange shall first make an application to the Federal Reserve Board setting forth the usages of trade in the respective countries, dependencies, or insular possessions in which such banks or bankers are located.

If the Federal Reserve Board should determine that the usages of trade in such countries, dependencies, or possessions require the granting of the acceptance facilities applied for, it will notify the applying bank of its approval and will also publish in the Federal Reserve Bulletin the name or names of those countries, dependencies, or possessions in which banks or bankers

are authorized to draw on member banks whose applications have been approved for the purpose of furnishing dollar exchange.

The Federal Reserve Board reserves the right to modify or on 90 days' notice to revoke its approval either as to any particular member bank or as to any foreign country or dependency or insular possession of the United States in which it has authorized banks or bankers to draw on member banks for the purpose of furnishing dollar exchange.

REGULATION D, SERIES OF 1928

(Superseding Regulation D of 1924)

RESERVES OF MEMBER BANKS

SECTION I.—Statutory provisions

Section 19 of the Federal reserve act provides, in part, as follows:

BANK RESERVES

SEC. 19. Demand deposits within the meaning of this act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits.

Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain reserve balances with its Federal reserve bank as follows:

(a) If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however,* That if located in the outlying districts of a reserve city or in territory added to such a city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraph (a) hereof.

(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however,* That if located in the outlying districts of a central reserve city or in territory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraphs (a) or (b) thereof.

The required balance carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.

In estimating the balances required by this act, the net difference of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which required balances with Federal reserve banks shall be determined.

The various Liberty bond acts (act of April 24, 1917, sec. 7; act of September 24, 1917, sec. 8; act of April 4, 1918, sec. 8) provide, in part, as follows:

That the provisions * * * with reference to the reserves required to be kept by national banking associations and other member banks of the Federal reserve system, shall not apply to deposits of public moneys by the United States in designated depositories.

SECTION II.—Definitions

(a) **Demand deposits.**—The term "demand deposits" shall include all deposits which are payable within 30 days except "savings accounts," "time certificates of deposit," and "postal savings deposits," as defined below.

(b) **Time deposits.**—The term "time deposits" shall include all "time deposits, open accounts," all "savings accounts," all "time certificates of deposit," and all "postal savings deposits," as defined below.

(c) **Time deposits, open accounts.**—The term "time deposits, open accounts" shall mean deposits not evidenced by certificates of deposit or savings pass books, in respect to which a written contract is entered into with the depositor at the time the deposit is made that neither the whole nor any part of such deposit may be withdrawn, by check or otherwise, except on a given date, not less than 30 days after the date of deposit, or on written notice which must be given by the depositor a certain specified number of days in advance, in no case less than 30 days.

(d) **Savings accounts.**—The term "savings accounts" shall mean those deposits in respect to which—

(1) The pass book, certificate, or other similar form of receipt must be presented to the bank whenever a withdrawal is made,

(2) The depositor may at any time be required by the bank to give notice of an intended withdrawal not less than 30 days before a withdrawal is made, and

(3) The bank's printed regulations, accepted by the depositor at the time the account is opened, include the above requirements.

(e) **Time certificates of deposit.**—A "time certificate of deposit" is defined as an instrument evidencing the deposit with a bank, either with or without interest, of a certain sum specified on the face of the certificate payable in whole or in part to the depositor or on his order—

(1) On a certain date, specified on the certificate, not less than 30 days after the date of the deposit, or

(2) After the lapse of a certain specified time subsequent to the date of the certificate, in no case less than 30 days, or

(3) Upon written notice, which the bank may at its option require to be given a certain specified number of days, not less than 30 days, before the date of repayment, and

(4) In all cases only upon presentation of the certificate at each withdrawal for proper indorsement or surrender.

(f) **Postal savings deposits.**—The term "postal savings deposits" shall mean deposits of postal savings funds in banks under the terms of the postal savings act, approved June 25, 1910, as amended.

(g) **Government deposits.**—The term "Government deposits" shall mean deposits of public moneys by the United States in designated depositories.⁷

SECTION III.—*Computation of reserves*

(a) **Amounts of reserves to be maintained.**—Every member bank of the Federal reserve system is required by law to maintain on deposit with the Federal re-

⁷ Deposits made by United States postmasters of Government funds, other than postal savings deposits, received by them in their official capacity, constitute "Government deposits" within the meaning of this regulation and, when made in designated depositories, are exempt from the reserve requirements of section 19. The following classes of deposits, however, are not "Government deposits" within such meaning and are not exempt from reserve requirements:

(1) Deposits of Philippine funds made by the Philippine Government and carried under the title, "Treasurer of the Philippine Islands currency reserve fund account."

(2) Deposits of Porto Rican funds made by the Porto Rican Government.

(3) Deposits of Indian funds under the control of the Department of the Interior.

(4) Deposits of States, counties, or municipalities.

(5) Deposits of the United States Shipping Board and the Emergency Fleet Corporation.

serve bank of its district an actual net balance equal to 3 per cent of its time deposits plus—

Seven per cent of its demand deposits if not in a reserve or central reserve city.

Ten per cent of its demand deposits if in a reserve city, except that if located in an outlying district⁸ of a reserve city or in territory added to such city by the extension of the city's corporate limits such bank may, upon the affirmative vote of five members of the Federal Reserve Board, be permitted to maintain 7 per cent reserves against its demand deposits.

Thirteen per cent of its demand deposits if located in a central reserve city, except that if located in an outlying district⁸ of a central reserve city or in territory added to such city by the extension of the city's corporate limits, such bank may, upon the affirmative vote of five members of the Federal Reserve Board, be permitted to maintain 7 per cent or 10 per cent reserves against its demand deposits.

No reserves are required to be maintained against Government deposits as defined above.

A member bank exercising trust powers need not maintain reserves against trust funds which it keeps segregated and apart from its general assets or which it deposits in another institution to the credit of itself as trustee or other fiduciary. If, however, such funds are mingled with the general assets of the bank, as permitted to national banks under authority of section 11(k) of the Federal reserve act, a deposit liability thereby arises against which reserves must be maintained. In computing reserve requirements, trust funds deposited in a member bank by another bank to the credit of such other bank as trustee or other fiduciary must be classified by the member bank as individual deposits rather than bank deposits.

(b) **Deductions allowed in computing reserves.**—Member banks in determining the amount against which reserves must be carried may deduct:

(1) From gross demand deposits, all Government deposits as defined above.

(2) From the amount of balances *due to* other banks, the amount of balances *due from* other banks (except Federal reserve banks and foreign banks), including in the amount *due to* other banks certified, cashiers', and treasurers' checks outstanding, and including in the amount *due from* other banks out of town items placed in the mail and charged to the account of correspondent banks, items with a Federal reserve bank in process of collection, checks drawn on banks located in the same city, and exchanges for clearing houses.

(c) **Availability of checks as reserve.**—Checks forwarded to a Federal reserve bank for collection or credit can not be counted as part of the minimum reserve balance to be carried by a member bank with its Federal reserve bank until such time as may be specified in the appropriate time schedule referred to in Section IV of Regulation J. If a member bank draw against checks before such time, the draft will be charged against its reserve balance if such balance be sufficient in amount to pay it; but any resulting impairment of reserve balances will be subject to all the penalties provided by the act and by this regulation.

SECTION IV.—*Penalties for deficiencies in reserves*

Inasmuch as it is essential that the law with respect to the maintenance by member banks of the required minimum reserve balances be strictly complied with,

⁸ The term "outlying district" is construed to mean that portion of a city which is located outside of, and at a considerable distance from, the recognized business and financial center of such city, and includes all suburban districts within the corporate limits of such city.

the Federal Reserve Board, under authority vested in it by section 19 of the Federal reserve act, hereby prescribes the following rules governing penalties for deficiencies in reserves:

(a) **Basic penalty.**

(1) Deficiencies in reserve balances of member banks in cities where Federal reserve banks or branches thereof are located and in such other reserve cities as the Federal Reserve Board may designate from time to time will be computed on the basis of average daily net deposit balances covering semiweekly periods. Deficiencies in reserve balances of member banks in all other reserve cities will be computed on the basis of average daily net deposit balances covering weekly periods. Deficiencies in reserve balances of other member banks will be computed on the basis of average daily net deposit balances covering semimonthly periods.

(2) Such computations shall be made as at the close of business on days to be fixed by the Federal reserve banks with the approval of the Federal Reserve Board.

(3) Penalties for such deficiencies will be assessed monthly on the basis of average daily deficiencies during each of the reserve computation periods ending in the preceding calendar month.

(4) Such penalties shall be assessed at a basic rate of 2 per cent per annum above the Federal reserve bank discount rate on 90-day commercial paper, in effect on the first day of the calendar month in which the deficiencies occurred.

(b) **Notice to directors of banks deficient in reserves.**—Whenever it shall appear that a bank is not paying due regard to the maintenance of its reserves, the Federal reserve agent will address a letter to each director of such bank calling attention to the situation and advising him of the requirements of the law and of this regulation regarding the maintenance of reserves and the personal liability of the directors permitting violations of the law.

(c) **Progressive penalty.**—The Federal Reserve Board will also prescribe for any Federal reserve district, upon the application of the Federal reserve bank of that district, an additional progressive penalty for continued deficiencies in reserves, in accordance with the following rules:

(1) When a member bank which is required to compute its reserves on a semiweekly basis has an average deficiency in reserves for 12 consecutive semiweekly periods, there shall be assessed, in addition to the penalty at the basic rate, a progressive penalty on semiweekly deficiencies occurring thereafter, until such member bank has maintained the required average reserve for eight consecutive semiweekly periods.

(2) When a member bank which is required to compute its reserves on a weekly basis has an average deficiency in reserves for six consecutive weekly periods, there shall be assessed, in addition to the penalty at the basic rate, a progressive penalty on weekly deficiencies occurring thereafter, until such member bank has maintained the required average reserve for four consecutive weekly periods.

(3) When any other member bank has an average deficiency in reserves for three consecutive semimonthly periods, there shall be assessed, in addition to the penalty at the basic rate, a progressive penalty on semimonthly deficiencies occurring thereafter, until such member bank has maintained the required average reserve for two consecutive semimonthly periods.

(4) Such progressive penalty shall be at the rate of 1 per cent per annum for the first calendar month in which same is effective and shall increase at the rate

of 1 per cent per annum for each consecutive calendar month thereafter in which the bank's reserve deficiencies are subject to the progressive penalty; provided that the maximum penalty charged shall not exceed 10 per cent per annum.

(d) **Continued deficiencies.**—Whenever any member bank has an average deficiency in reserves for each reserve computation period during six consecutive months, the Federal reserve agent shall promptly report the fact to the Federal Reserve Board with a recommendation as to whether or not the board should:

(1) In the case of a national bank, direct the Comptroller of the Currency to bring suit to forfeit the charter of such national bank pursuant to section 2 of the Federal reserve act; or

(2) In the case of a State member bank, institute proceedings to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership pursuant to section 9 of the Federal reserve act; or

(3) In either case, take such other action as the Federal reserve agent may recommend or the Federal Reserve Board may consider advisable.

SECTION V.—Loans and dividends while reserves are deficient

It is unlawful for any member bank the reserves of which are at any time deficient to make any new loans or pay any dividends unless and until the total reserves required by law are fully restored, and the payment of penalties for deficiencies in reserves does not exempt member banks from this prohibition of law. As provided above, penalties for deficiencies in reserves are computed on the basis of the average reserve balances for semiweekly, weekly, or semimonthly periods; but this prohibition of law applies whenever the reserves are deficient for one day or more, regardless of whether or not the average reserve balances for the semiweekly, weekly, or semimonthly period are deficient.

REGULATION E, SERIES OF 1928

(Superseding Regulation E of 1924)

PURCHASE OF WARRANTS

SECTION I.—Statutory requirements

Section 14 of the Federal reserve act reads in part as follows:

Every Federal reserve bank shall have power—

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board.

SECTION II.—Definitions

Within the meaning of this regulation—

The term "warrant" shall be construed to mean "bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months."

The term "municipality" shall be construed mean "State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts."

The term "net funded indebtedness" shall be construed to mean the legal gross indebtedness of the municipality (including the amount of any school district or other bonds which depend for their redemption upon taxes levied upon property within the municipality) less the aggregate of the following items:

(1) The amount of outstanding bonds or other debt obligations made payable from current revenues;

(2) The amount of outstanding bonds issued for the purpose of providing the inhabitants of a municipality with public utilities, such as waterworks, docks, electric plants, transportation facilities, etc.: *Provided*, That evidence is submitted showing that the income from such utilities is sufficient for maintenance, for payment of interest on such bonds, and for the accumulation of a sinking fund sufficient for their redemption at maturity;

(3) The amount of outstanding improvement bonds, issued under laws which provide for the levying of special assessments against abutting property in amounts sufficient to insure the payment of interest on the bonds and the redemption thereof at maturity: *Provided*, That such bonds are direct obligations of the municipality and included in the gross indebtedness of the municipality; and

(4) The total of all sinking funds accumulated for the redemption of the gross indebtedness of the municipality, except sinking funds applicable to bonds described in (1), (2), and (3) above.

SECTION III.—*Class of warrants eligible for purchase*

Any Federal reserve bank may purchase warrants issued by a municipality in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues, provided—

(a) They are the general obligations of the entire municipality; it being intended to exclude as ineligible for purchase all such obligations as are payable from "local benefit" and "special assessment" taxes when the municipality at large is not directly or ultimately liable;

(b) They are issued in anticipation of taxes or revenues which are due and payable on or before the date of maturity of such warrants; but the Federal Reserve Board may waive this condition in specific cases. For the purposes of this regulation, taxes shall be considered as due and payable on the last day on which they may be paid without penalty;

(c) They are issued by a municipality—

(1) Which has been in existence for a period of 10 years;

(2) Which for a period of 10 years previous to the purchase has not defaulted for longer than 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it;

(3) Whose net funded indebtedness does not exceed 10 per centum of the valuation of its taxable property, to be ascertained by the last preceding valuation of property for the assessment of taxes.

SECTION IV.—*"Existence" and "nondefault"*

Warrants will be construed to comply with that part of Section III (c) relative to term of existence and nondefault, under the following conditions:

(1) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such warrants, consolidated with or merged into an existing political division which meets the requirements of these regulations, will be deemed to be the warrants of such political division: *Provided*, That such warrants were

assumed by such political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(2) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such warrants, wholly succeeded by a newly organized political division whose term of existence, added to that of such original political division or of any other political division so succeeded, is equal to a period of 10 years will be deemed to be warrants of such succeeding political division: *Provided*, That during such period none of such political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it: *And provided further*, That such warrants were assumed by such new political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(3) Warrants issued by or in behalf of any municipality which, prior to such issuance, became the successor of one or more, or was formed by the consolidation or merger of two or more, preexisting political divisions, the term of existence of one or more of which, added to that of such succeeding or consolidated political division, is equal to a period of 10 years, will be deemed to be warrants of a political division which has been in existence for a period of 10 years: *Provided*, That during such period none of such original, succeeding, or consolidated political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it.

SECTION V.—*Limitations*

(a) Except with the approval of the Federal Reserve Board, no Federal reserve bank shall purchase and hold an amount in excess of 25 per cent of the total amount of warrants outstanding at any time and issued in conformity with provisions of section 14(b), above quoted, and actually sold by a municipality.

(b) Except with the approval of the Federal Reserve Board, the aggregate amount invested by any Federal reserve bank in warrants of all kinds shall not exceed at the time of purchase a sum equal to 10 per cent of the deposits kept by its member banks with such Federal reserve bank.

(c) Except with the approval of the Federal Reserve Board, the maximum amount which may be invested at the time of purchase by any Federal reserve bank in warrants of any single municipality shall be limited to the following percentages of the deposits kept in such Federal reserve bank by its member banks:

Five per cent of such deposits in warrants of a municipality of 50,000 population or over;

Three per cent of such deposits in warrants of a municipality of over 30,000 population, but less than 50,000;

One per cent of such deposits in warrants of a municipality of over 10,000 population, but less than 30,000.

(d) Any Federal reserve bank may purchase from any of its member banks warrants of any municipality,

indorsed by such member bank, with waiver of demand, notice, and protest if such warrants comply with Sections III and V (b) of these regulations, except that where a period of 10 years is mentioned in III (c) hereof a period of 5 years shall be substituted for the purposes of this clause.

SECTION VI.—Warrants of small municipalities

Warrants of a municipality of 10,000 population or less shall be purchased only with the special approval of the Federal Reserve Board.

The population of a municipality shall be determined by the last Federal or State census. Where it can not be exactly determined the Federal Reserve Board will make special rulings.

SECTION VII.—Opinion of counsel

Opinion of recognized counsel on municipal issues or of the regularly appointed counsel of the municipality as to the legality of the issue shall be secured and approved in each case by counsel for the Federal reserve bank.

REGULATION F, SERIES OF 1928

(Superseding Regulation F of 1924)

TRUST POWERS OF NATIONAL BANKS

SECTION I.—Statutory provisions

The Federal reserve act as amended by the act of September 26, 1918, provides in part:

SEC. 11. The Federal Reserve Board shall be authorized and empowered:

(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, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this act.

National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets held in any fiduciary capacity from the general assets of the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the State authorities to the same extent as the books and records of corporations organized under State law which exercise fiduciary powers, but nothing in this act shall be construed as authorizing the State authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection.

No national bank shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board.

In the event of the failure of such bank the owners of the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the bank.

Whenever the laws of a State require corporations acting in a fiduciary capacity, to deposit securities with the State authorities for the protection of private or court trusts, national banks so acting shall be required to make similar deposits and securities so deposited shall be held for the protection of private or court trusts, as provided by the State law.

National banks in such cases shall not be required to execute the bond usually required of individuals if State corporations under similar circumstances are exempt from this requirement.

National banks shall have power to execute such bond when so required by the laws of the State.

In any case in which the laws of a State require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice president, cashier, or trust officer of such national bank may take the necessary oath or execute the necessary affidavit.

It shall be unlawful for any national banking association to lend any officer, director, or employee any funds held in trust under the powers conferred by this section. Any officer, director, or employee making such loan, or to whom such loan is made, may be fined not more than \$5,000, or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.

In passing upon applications for permission to exercise the powers enumerated in this subsection, the Federal Reserve Board may take into consideration the amount of capital and surplus of the applying bank, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly: *Provided*, That no permit shall be issued to any national banking association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers.

SECTION II.—Applications

A national bank desiring to exercise any or all of the powers authorized by section 11(k) of the Federal reserve act, as amended by the act of September 26, 1918, shall make application to the Federal Reserve Board, on a form approved by said board, for a special permit authorizing it to exercise such powers. In the case of an original application—that is, where the applying bank has never been granted the right to exercise any of the powers authorized by section 11(k)—the application should be made on F. R. B. Form 61. In the case of a supplemental application—that is, where the applying bank has already been granted the right to exercise one or more of the powers authorized by section 11(k)—the application should be made on F. R. B. Form 61-b. Both forms are made a part of this regulation and may be obtained from the Federal Reserve Board or any Federal reserve bank.

In the case of the organization of a new national bank, the conversion of a State bank or trust company into a national bank, the consolidation of two national banks, or the consolidation of a State bank or trust company with a national bank under the charter of the latter, application for such a permit may be made in advance on behalf of the new, converted, or consolidated national bank, and the permit may be issued simultaneously with the consummation of such organization, conversion, or consolidation. In the case of the organization of a new national bank, the application may be made on behalf of the new national bank by the organizers thereof. In the case of the conversion of a State bank or trust company into a national bank, the application may be made by the State bank or trust company on behalf of the national bank into which it is to be converted. In the case of the consolidation of two or more national banks or the consolidation of a State bank or trust company with a national bank under the charter of the latter, the application may be made by the national bank the charter of which is to be retained.

SECTION III.—Consolidation of two or more national banks

Where two or more national banks consolidate under the provisions of the act of November 7, 1918, and any one of such banks has, prior to such consolidation, received a permit from the Federal Reserve Board to act in fiduciary capacities, the rights existing under such permit pass by operation of law to the consolidated bank and the consolidated bank may exercise such fiduciary powers in the same manner and to the same extent as the bank to which such permit was originally

issued. In order that the consolidated bank's records may be complete and its right to exercise such fiduciary powers may not be questioned, however, it is advisable for the consolidated bank to obtain from the Federal Reserve Board a permit to exercise fiduciary powers in its own name. Such a permit may be applied for in advance of the consolidation and may be issued in the name of the consolidated bank effective when the consolidation is consummated.

SECTION IV.—*Consolidation of State bank with National bank*

Section 3 of the act of November 7, 1918, as amended by section 1 of the act of February 25, 1927, which authorizes any bank, trust company, savings bank, or other banking institution incorporated under the laws of any State or of the District of Columbia to be consolidated directly with a national bank located in the same county, city, town, or village under the charter of such national bank, provides in part that when such consolidation is effected—

* * * all the rights, franchises, and interests of such State or district bank so consolidated with a national banking association in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national banking association into which it is consolidated without any deed or other transfer, and the said consolidated national banking association shall hold and enjoy the same and all rights of property, franchises, and interests including the right of succession as trustee, executor, or in any other fiduciary capacity in the same manner and to the same extent as was held and enjoyed by such State or district bank so consolidated with such national banking association.

The words "State bank," "State banks," "bank," or "banks," as used in this section, shall be held to include trust companies, savings banks, or other such corporations or institutions carrying on the banking business under the authority of State laws.

The purpose of this provision is to make clear the right of such a consolidated national bank to succeed to the specific trusteeships, executorships, and other fiduciary appointments under which the State institution was acting prior to the consolidation or in which it had been appointed or designated to act under wills or other instruments which had not become effective at the time of consolidation through the death of a testator, the probate of a will or otherwise; but it does not confer upon such national banks the right to act generally in fiduciary capacities or to undertake any new trust business. It is necessary for the consolidated national bank to have a permit from the Federal Reserve Board to act in fiduciary capacities, therefore, before undertaking to act generally in fiduciary capacities or to accept any new trust business. If the national bank does not desire to act generally in fiduciary capacities or to accept any new trust business, but desires merely to continue to execute the specific trusteeships, executorships, and other fiduciary affairs which were actually being executed by the State institution at the time of the consolidation or which the State institution had been designated to execute under wills or other instruments which had not yet become effective through the death of the testator, the probate of the will or otherwise, it is not technically necessary for the national bank to have a permit from the Federal Reserve Board in order to execute such specific trusts; but it is advisable for the national bank to have such a permit, in order that its right to continue to execute these trusts may not be questioned. In all cases involving the consolidation of a State institution having a trust business with a national bank under the provisions of the above-mentioned act, therefore, the national bank should obtain from the Federal Reserve Board a permit to act in fiduciary capacities before the

consolidation becomes effective, unless such national bank already has such a permit.

SECTION V.—*Separate trust departments*

Every national bank which obtains from the Federal Reserve Board a permit to act in fiduciary capacities shall establish a separate trust department. Such department shall be established before such bank undertakes to act in any fiduciary capacity and shall be placed under the management of an officer or officers whose duties shall be prescribed by the board of directors of the bank, either by an amendment to the by-laws of the bank or by a resolution duly entered in the minutes of the board of directors.

SECTION VI.—*Deposit of securities with State authorities*

Whenever the laws of a State require corporations acting in a fiduciary capacity to deposit securities with the State authorities for the protection of private or court trusts, every national bank in such State which obtains a permit from the Federal Reserve Board to act in fiduciary capacities shall, before undertaking to act in such capacities, make a similar deposit of securities. Such securities shall be deposited with the State authorities, unless the State authorities refuse to accept them. If the State authorities refuse to accept such securities, they shall be deposited with the Federal reserve agent of the district in which such national bank is located. Securities so deposited shall be held for the protection of private or court trusts, as provided by the State law.

SECTION VII.—*Custody of trust securities and investments*

The securities and investments held in each trust shall be kept separate and distinct from the securities owned by the bank and separate and distinct one from another. Trust securities and investments shall be placed in the joint custody of two or more officers or other employees designated by the board of directors of the bank and all such officers and employees shall be bonded.

SECTION VIII.—*Funds awaiting investment or distribution*

(a) **In general.**—Funds received or held in the trust department of a national bank awaiting investment or distribution shall be invested or distributed as soon as practicable and shall not be held uninvested by the bank any longer than is reasonably necessary.

(b) **Deposits in commercial or savings department of trustee bank.**—Funds received or held in the trust department of a national bank awaiting investment or distribution may be deposited in the commercial department or savings department of the bank to the credit of the trust department; provided that the bank first delivers to the trust department, as collateral security—

(1) Bonds, notes, or certificates of indebtedness of the United States; or

(2) Other readily marketable securities of the classes in which State trust companies or State banks exercising trust powers are authorized or permitted to invest trust funds under the laws of the State in which such bank is located; or

(3) Other readily marketable securities of the classes defined as "investment securities" pursuant to section 5136 of the Revised Statutes of the United States as amended by the act of February 25, 1927.

The United States bonds or other securities so deposited as collateral shall be owned by the bank and shall at all times be at least equal in market value to the amount of trust funds so deposited in the commercial department.⁹

SECTION IX.—*Investment of trust funds*

(a) **Private trusts.**—Funds held in trust must be invested as soon as practicable in strict accordance with the terms of the will, deed, or other instrument creating the trust. Where the instrument creating the trust contains provisions authorizing the bank, its officers, or its directors to exercise their discretion in the matter of investments, funds held in trust may be invested only in those classes of securities which are approved by the directors of the bank or a committee of directors appointed for that purpose. Where the instrument creating the trust does not specify the character or class of investments to be made and does not expressly vest in the bank, its officers, or its directors a discretion in the matter of investments, funds held in trust shall be invested in any securities in which corporate or individual fiduciaries in the State in which the bank is located may lawfully invest.

(b) **Court trusts.**—Except as hereinafter provided, a national bank acting as executor, administrator, or in any other fiduciary capacity, under appointment by a court of competent jurisdiction, shall make all investments under an order of that court, and copies of all such orders shall be filed and preserved with the records of the trust department of the bank. If the court by general order vests a discretion in the national bank to invest funds held in trust, or if under the laws of the State in which the bank is located corporate fiduciaries appointed by the court are permitted to exercise such discretion, the national bank so appointed may invest such funds in any securities in which corporate or individual fiduciaries in the State in which the bank is located may lawfully invest.

SECTION X.—*Compensation of bank*

A national bank acting in a fiduciary capacity is entitled to receive for its services such fee or compensation as may be allowed by State law or provided for in the will, deed, court order, or other instrument creating the trust. If the amount of such fee or compensation is not regulated by State law or stipulated or provided for in the instrument creating the trust, the national bank may charge or deduct not more than a reasonable fee or compensation. Where the bank is acting in a fiduciary capacity under appointment by a court, it may receive such fee or compensation as shall be allowed or approved by that court.

After the deduction of a proper fee or compensation, determined in the manner prescribed above, all income derived from the investment of the funds of a trust shall be paid over to, or credited to the account of, such trust.

SECTION XI.—*Books and accounts*

All books and records of the trust department shall be kept separate and distinct from other books and records of the bank. All accounts opened shall be so kept as to enable the national bank at any time to

⁹ The act requires that the bank shall set aside in the trust department "United States bonds or other securities approved by the Federal Reserve Board." This provision of the regulations is intended as a general approval by the Federal Reserve Board of all securities which comply with the requirements thereof and specific approval by the Federal Reserve Board is unnecessary as to such securities. The board will not approve any securities which do not comply with these requirements.

furnish information or reports required by the Federal or State authorities, and such books and records shall be open to the inspection of such authorities.

SECTION XII.—*Examinations*

Examiners appointed by the Comptroller of the Currency or designated by the Federal Reserve Board will be instructed to make thorough and complete examinations of the cash, securities, accounts, and investments of the trust department of the bank at the same time that examination is made of the banking department, and may make such examinations at any other time.

SECTION XIII.—*Insolvency or voluntary liquidation of bank*

(a) **Insolvency.**—Whenever a national bank exercising fiduciary powers becomes insolvent and a receiver is appointed therefor by the Comptroller of the Currency, such receiver will, pursuant to the instructions of the Comptroller of the Currency and to the orders of the court or courts of appropriate jurisdiction, proceed to close such trusts and estates as can be closed promptly and transfer to substitute fiduciaries all trusts and estates which can not be closed promptly.

(b) **Voluntary liquidation.**—Whenever a national bank exercising fiduciary powers is placed in voluntary liquidation, the liquidating agent shall, in accordance with the laws of the State in which such national bank is located, proceed at once to liquidate the affairs of the trust department as follows:

1. All voluntary trusts which can be canceled shall be canceled as soon as possible and all assets and papers thereof shall be delivered to the rightful owner or owners.

2. All court trusts and estates under the jurisdiction of a court shall be closed or disposed of as soon as possible in accordance with the orders or instructions of the court having jurisdiction.

3. All other trusts which can be closed promptly shall be closed as soon as possible and final accounting made therefor.

4. All other trusts which can not be closed promptly shall be transferred by appropriate legal proceedings to substitute trustees or other fiduciaries.

SECTION XIV.—*Conformity with State laws*

Nothing in these regulations shall be construed to give a national bank exercising the powers permitted under the provisions of section 11 (k) of the Federal reserve act, as amended, any rights or privileges in contravention of the laws of the State in which the bank is located within the meaning of that act.

SECTION XV.—*Changes in regulations*

These regulations are subject to change by the Federal Reserve Board; provided, however, that no such change shall prejudice any obligation undertaken in good faith under regulations in effect at the time the obligation was assumed.

REGULATION G, SERIES OF 1928

(Superseding Regulation M of 1926)

REDISCOUNT OF NOTES SECURED BY ADJUSTED SERVICE CERTIFICATES

SECTION I.—*Statutory provisions*

Under the terms of the World War adjusted compensation act as amended, loans may lawfully be made to veterans upon their adjusted service certificates

only in accordance with the provisions of section 502 thereof.

Any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia is authorized, after the expiration of two years after the date of the certificate, to loan to any veteran upon his promissory note secured by his adjusted service certificate any amount not in excess of the loan value of the certificate, which is stated on the face of the certificate. The law provides that the rate of interest charged upon the loan by the lending bank shall not exceed by more than 2 per cent per annum the rate charged at the date of the loan for the discount of 90-day commercial paper by the Federal reserve bank of the Federal reserve district in which the lending bank is located.

Upon the indorsement of any bank, which shall be deemed a waiver of demand, notice and protest by such bank as to its own indorsement exclusively, and, subject to regulations to be prescribed by the Federal Reserve Board, any such note secured by an adjusted service certificate and held by a bank is made eligible for rediscount with the Federal reserve bank of the Federal reserve district in which such bank is located, whether or not the bank offering the note for rediscount is a member of the Federal reserve system and whether or not it acquired the note in the first instance from the veteran or acquired it by transfer upon the indorsement of any other bank; provided that at the time of rediscount such note has a maturity not in excess of nine months, exclusive of days of grace, and complies in all other respects with the provisions of the law, the regulations of the United States Veterans' Bureau, and the regulations of the Federal Reserve Board.

SECTION II.—Definitions

Within the meaning of this regulation—

(a) The term "the act" shall mean the World War adjusted compensation act as amended;

(b) The term "director" shall mean the Director of the United States Veterans' Bureau;

(c) The term "certificate" shall mean an adjusted service certificate issued under the provisions of section 501 of the World War adjusted compensation act as amended;

(d) The term "veteran" shall mean any person to whom an adjusted service certificate has been issued by the director under the provisions of the World War adjusted compensation act as amended;

(e) The term "bank" shall mean any national bank or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia;

(f) The term "note" shall mean a promissory note, negotiable in form, secured by an adjusted service certificate, and evidencing a loan made by a bank on the security of such certificate in full compliance with the provisions of the World War adjusted compensation act as amended and the regulations of the United States Veterans' Bureau.

SECTION III.—Eligibility

In order to be eligible for rediscount at a Federal reserve bank, any such note must—

(a) Arise out of a loan made by a bank to a veteran in full compliance with the provisions of the act and of any regulation which the director may prescribe;

(b) Be secured by the certificate issued to the maker, which certificate must accompany the note;

(c) Be held by the offering bank in its own right at the time it is offered for rediscount;

(d) Be negotiable in form and otherwise in the form approved by the director;

(e) Have a maturity at the time of rediscount not in excess of nine months, exclusive of days of grace;

(f) Evidence a loan the amount of which does not exceed the loan value of the certificate for the year in which such loan was made;

(g) Be payable with interest accruing after the date of the note at a rate stated in the face of the note, which rate must not exceed by more than 2 per cent per annum the rate charged at the date of the loan for the discount of 90-day commercial paper by the Federal reserve bank of the Federal reserve district in which the lending bank is located;

(h) Bear the indorsement of the bank offering it for rediscount, which indorsement shall be deemed a waiver of demand, notice, and protest by such bank as to its own indorsement exclusively;

(i) Be accompanied by the evidence of eligibility required by this regulation and such other evidence of eligibility as may be required by the Federal reserve bank to which it is offered for rediscount; and

(j) Comply in all other respects with the requirements of the law and of this regulation.

SECTION IV.—Evidence of eligibility

(a) **General.**—The Federal reserve bank to which a note is offered for rediscount must be satisfied either by reference to the note itself or otherwise that the loan evidenced by the note or any sale, discount, or rediscount thereof complies in all respects with the provisions of section 502 of the act and that the note is eligible for rediscount by a Federal reserve bank under the terms of the law and the provisions of this regulation.

(b) **Affidavit of lending bank.**—Any note offered to a Federal reserve bank for rediscount must be accompanied by the affidavit required by section 502 (h) of the act and the regulations of the director, in form approved by the director, made by an officer of the bank which made the loan, before a notary public or other officer designated for the purpose by regulation of the director, stating that—

(1) Such bank has not charged or collected, or attempted to charge or collect, directly or indirectly, any fee or other compensation in respect of any loan made by such bank to any veteran under section 502 of the act, except the interest authorized by such section;

(2) The person who obtained the loan evidenced by such note is known to be the veteran named in the certificate securing such note;

(3) Such bank has notified the director that it has made a loan to the veteran named in the certificate, as required by the regulations of the director; and

(4) Such bank has notified the veteran by mail at his last known post-office address of any sale, discount, or rediscount of such note by such bank, as required by section 502 (b) of the act.

(c) **Affidavit of other banks.**—If such note is offered for rediscount by a bank other than the bank which made the loan thereon, it must also be accompanied by an affidavit of an officer of the offering bank and an affidavit of an officer of each other bank which has sold, discounted, or rediscounted such note, which affidavit shall be in form approved by the director and shall state that the bank of which the affiant is an officer has promptly notified the veteran by mail at his last known post-office address of the sale, discount,

or rediscount of such note by such bank, as required by section 502(b) of the act.

SECTION V.—Application for rediscount

Every application for the rediscount of such notes shall be made on a form approved by the Federal reserve bank to which such note is offered and shall contain a certificate of the offering bank to the effect that, to the best of its knowledge and belief, such note arose out of a loan made in full compliance with the provisions of the act and the regulations of the director and is eligible for rediscount under the provisions of section 502 of the act and of this regulation.

SECTION VI.—Proper bank for rediscount

No such note shall be rediscounted by any Federal reserve bank for any bank not located in its own Federal reserve district, except that such notes may be rediscounted by any Federal reserve bank for any other Federal reserve bank.

SECTION VII.—Rate of rediscount

The rate of interest charged by any Federal reserve bank on any such note rediscounted by it shall be the same as that charged by it for the rediscount of 90-day notes drawn for a commercial purpose, except that when such notes are rediscounted for another Federal reserve bank the rate shall be that fixed by the Federal Reserve Board.

SECTION VIII.—Rediscounts for nonmember banks

No Federal reserve bank shall rediscount such notes for any nonmember bank until such bank has furnished to the Federal reserve bank such information as it may request in order to satisfy itself as to the condition of such bank and the advisability of making the rediscount for it.

REGULATION H, SERIES OF 1928

(Superseding Regulation H of 1924)

MEMBERSHIP OF STATE BANKS AND TRUST COMPANIES

SECTION I.—Banks eligible for membership

1. **Incorporation.**—In order to be eligible for membership in a Federal reserve bank, a State bank or trust company must have been incorporated under a special or general law of the State or district in which it is located.

2. **Capital stock.**—Under the terms of section 9 of the Federal reserve act as amended, no applying bank can be admitted to membership in a Federal reserve bank unless—

(a) It possesses a paid-up, unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national bank act; or

(b) It possesses a paid-up, unimpaired capital of at least 60 per cent of such amount, and, under penalty of loss of membership, complies with the rules and regulations herein prescribed by the Federal Reserve Board fixing the time within which and the method by which the unimpaired capital of such bank shall be

increased out of net income to equal the capital required under (a).

In order to become a member of the Federal reserve system, therefore, any State bank or trust company must have a minimum paid-up capital stock at the time it becomes a member, as follows:

If located in a city or town with a population—	Minimum capital if admitted under clause (a)	Minimum capital if admitted under clause (b)
Not exceeding 3,000 inhabitants.....	\$25,000	\$15,000
Exceeding 3,000 but not exceeding 6,000 inhabitants.....	50,000	30,000
Exceeding 6,000 but not exceeding 50,000 inhabitants.....	100,000	60,000
Exceeding 50,000 inhabitants (except as stated below).....	200,000	120,000
In an outlying district ¹⁰ of a city with a population exceeding 50,000 inhabitants; provided State law permits organization of State banks in such location with a capital of \$100,000 or less.....	100,000	60,000

¹⁰ The term "outlying district" is construed to mean that portion of a city which is located outside of, and at a considerable distance from, the recognized business and financial center of such city, and includes all suburban districts within the corporate limits of such city.

Any bank admitted to membership under clause (b) must also, as a condition of membership—the violation of which will subject it to expulsion from the Federal reserve system—increase its paid-up and unimpaired capital within five years after the approval of its application by the Federal Reserve Board to the amount required under (a). For the purpose of providing for such increase, every such bank shall set aside each year in a fund exclusively applicable to such capital increase not less than 50 per cent of its net earnings for the preceding year prior to the payment of dividends, and if such net earnings exceed 12 per cent of the paid-up capital of such bank, then all net earnings in excess of 6 per cent of the paid-up capital shall be carried to such fund, until such fund is large enough to provide for the necessary increase in capital. Whenever such fund shall be large enough to provide for the necessary increase in capital, or at such other time as the Federal Reserve Board may require, such fund or as much thereof as may be necessary shall be converted into capital by a stock dividend or used in any other manner permitted by State law to increase the capital of such bank to the amount required under (a): *Provided, however,* That such bank may be excused in whole or in part from compliance with the terms of this paragraph if it increases its capital through the sale of additional stock: *Provided, further,* That nothing herein contained shall be construed as requiring any such bank to violate any provision of State law, and in any case in which the requirements of this paragraph are inconsistent with the requirements of State law the requirements of this paragraph may be waived and the subject covered by a special condition of membership to be prescribed by the Federal Reserve Board.

3. **Branches.**—In order to be eligible for membership in a Federal reserve bank, a State bank or trust company must relinquish any branch or branches established by it after February 25, 1927, beyond the corporate limits of the city, town, or village in which the parent bank is situated.

SECTION II.—*Application for membership*

Any eligible State bank or trust company may make application on F. R. B. Form 83a, made a part of this regulation, to the Federal Reserve Board for an amount of capital stock in the Federal reserve bank of its district equal to 6 per cent of the paid-up capital stock and surplus of such State bank or trust company. This application must be forwarded direct to the Federal reserve agent of the district in which the applying bank or trust company is located and must be accompanied by Exhibits I, II, and III, referred to on page 1 of the application blank.

SECTION III.—*Approval of application*

In passing upon an application the Federal Reserve Board will consider especially—

(1) The financial condition of the applying bank or trust company and the general character of its management;

(2) Whether the corporate powers exercised by the applying bank or trust company are consistent with the purposes of the Federal reserve act; and

(3) Whether the laws of the State or district in which the applying bank or trust company is located contain provisions likely to prevent proper compliance with the provisions of the Federal reserve act and the regulations of the Federal Reserve Board made in conformity therewith.

If, in the judgment of the Federal Reserve Board, an applying bank or trust company conforms to all the requirements of the Federal reserve act and these regulations, and is otherwise qualified for membership, the board will approve the application subject to such conditions as it may prescribe pursuant to the provisions of the Federal reserve act. When the conditions imposed by the board have been accepted by the applying bank or trust company and the applying bank or trust company has made a payment to the Federal reserve bank of its district of one-half of the amount of its subscription, i. e., 3 per cent of the amount of its paid-up capital and surplus, the appropriate certificate of stock will be issued by the Federal reserve bank and a certificate of membership will be issued by the Federal Reserve Board. The remaining half of its subscription shall be subject to call when deemed necessary by the Federal Reserve Board.

SECTION IV.—*Conditions of membership*

Pursuant to the authority contained in the first paragraph of section 9 of the Federal reserve act, which provides that the Federal Reserve Board may permit applying banks to become members of the Federal reserve system "subject to the provisions of this act and to such conditions as it may prescribe pursuant thereto," the Federal Reserve Board will prescribe the following conditions of membership for each bank or trust company hereafter applying for admission to the Federal reserve system, in addition to such other conditions as the board may consider necessary or advisable in the particular case—

(1) Except with the permission of the Federal Reserve Board, such bank or trust company shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.

(2) Such bank or trust company shall at all times conduct its business and exercise its powers with due regard to the safety of its depositors.

(3) Except after applying for and receiving the permission of the Federal Reserve Board, such bank or trust company shall not acquire an interest in any other bank or trust company, through the purchase of stock in such other bank or trust company.

(4) Such bank or trust company shall maintain its loans within the limits prescribed by the laws of the State in which it is located.

(5) Such bank or trust company shall reduce to an amount equal to 10 per cent of its capital and surplus all balances in excess thereof, if any, which are carried with banks or trust companies which are not members of the Federal reserve system, and shall at all times maintain such balances within such limits.

(6) Such bank or trust company may accept drafts and bills of exchange drawn upon it of any character permitted by the laws of the State of its incorporation; but the aggregate amount of all acceptances outstanding at any one time shall not exceed the limitations imposed by section 13 of the Federal reserve act, that is, the aggregate amount of acceptances outstanding at any one time which are drawn for the purpose of furnishing dollar exchange in countries specified by the Federal Reserve Board shall not exceed 50 per cent of its capital and surplus, and the aggregate amount of all other acceptances, whether domestic or foreign, outstanding at any one time shall not exceed 50 per cent of its capital and surplus, except that the Federal Reserve Board, upon the application of such bank or trust company, may increase this limit from 50 per cent to 100 per cent of its capital and surplus: *Provided, however,* That in no event shall the aggregate amount of domestic acceptances outstanding at any one time exceed 50 per cent of the capital and surplus of such bank or trust company.

(7) The board of directors of said bank or trust company shall adopt a resolution authorizing the interchange of reports and information between the Federal reserve bank of the district in which such bank or trust company is located and the banking authorities of the State in which such bank is located.

SECTION V.—*Establishment or maintenance of branches*

Every State bank which is, or hereafter becomes, a member of the Federal reserve system will be required to comply strictly with the following provision of section 9 of the Federal reserve act as amended by the act of February 25, 1927:

Any such State bank which, at the date of the approval of this act, has established and is operating a branch or branches in conformity with the State law, may retain and operate the same while remaining or upon becoming a stockholder of such Federal reserve bank; but no such State bank may retain or acquire stock in a Federal reserve bank except upon relinquishment of any branch or branches established after the date of the approval of this act beyond the limits of the city, town, or village in which the parent bank is situated.

This has been interpreted to mean that—

1. Any State member bank which, on February 25, 1927, had established and was actually operating a branch or branches in conformity with the State law is permitted to retain and operate the same while remaining a member of the Federal reserve system, regardless of the location of such branch or branches.

2. Any nonmember State bank which, on February 25, 1927, had established and was actually operating a branch or branches in conformity with State law may, if otherwise eligible, become a member of the Federal reserve system and retain and operate such branches, regardless of their location.

3. In order to remain a member of the Federal reserve system, every State member bank must relinquish any branch or branches established after Febru-

ary 25, 1927, beyond the corporate limits of the city, town, or village in which the parent bank is situated.

4. Any State member bank which establishes any branch or branches after February 25, 1927, beyond the corporate limits of the city, town, or village in which the parent bank is situated must either (a) relinquish such branch or branches or (b) forfeit all rights and privileges of membership and surrender its stock in the Federal reserve bank.

5. No State bank which has established any branches subsequent to February 25, 1927, beyond the corporate limits of the city, town, or village in which the parent bank is situated may become a member of the Federal reserve system except upon relinquishment of every such branch.

6. State member banks may establish branches within the corporate limits of the city, town, or village in which the parent bank is situated without obtaining permission of the Federal Reserve Board.

SECTION VI.—Powers and restrictions

Every State bank or trust company while a member of the Federal reserve system—

(1) Shall retain its full charter and statutory rights as a State bank or trust company, subject to the provisions of the Federal reserve act, to the regulations of the Federal Reserve Board, and to the conditions prescribed by the Federal Reserve Board and agreed to by such State bank or trust company prior to its admission;

(2) Shall enjoy all the privileges and observe all those requirements of the Federal reserve act and of the regulations of the Federal Reserve Board made in conformity therewith which are applicable to State banks and trust companies which have become member banks; and

(3) Shall comply at all times with any and all conditions of membership prescribed by the Federal Reserve Board at the time of the admission of such member bank to the Federal reserve system.

SECTION VII.—Examinations and reports

Every State bank or trust company, while a member of the Federal reserve system, shall be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

In order to avoid duplication, examinations of State banks and trust companies made by State authorities will be accepted in lieu of examinations by examiners selected or approved by the board wherever these are satisfactory to the directors of the Federal reserve bank, and examiners from the staff of the board or of the Federal reserve banks will, whenever desirable, be designated by the board to act with the examination staff of the State in order that uniformity in the standard of examination may be assured.

Every State bank or trust company, while a member of the Federal reserve system, shall be required to make in each year not less than three reports of condition on F. R. B. Form 105. Such reports shall be made to the Federal reserve bank of its district on call of such bank, on dates to be fixed by the Federal Reserve Board. They shall also make semiannual reports of earnings and dividends on F. R. B. Form 107. F. R. B. Forms 105 and 107 are made a part of this regulation.

REGULATION I, SERIES OF 1928

(Superseding Regulation I of 1924)

INCREASE OR DECREASE OF CAPITAL STOCK OF FEDERAL RESERVE BANKS AND CANCELLATION OF OLD AND ISSUE OF NEW STOCK CERTIFICATES

SECTION I.—Increase of capital stock

(a) **New national banks.**—Each new national bank, while in process of organization (including each non-member State bank converting into a national bank,¹¹ while in process of such conversion) shall file with the Federal reserve bank of its district an application to the Federal Reserve Board on F. R. B. Form 30 (or as to a nonmember State bank converting into a national bank, on F. R. B. Form 30a), made a part of this regulation, for an amount of capital stock of the Federal reserve bank of its district equal to 6 per cent of the paid-up capital stock and surplus of such new national bank. Such application shall be forwarded promptly to the Federal Reserve Board, and if it is found to be in proper form the Federal Reserve Board will grant its approval effective if and when the Comptroller of the Currency issues to such bank his certificate of authority to commence business. If its application is approved, the applying bank shall thereupon make a payment to the Federal reserve bank of its district of one-half of the amount of its subscription, i. e., 3 per cent of the amount of its paid-up capital and surplus; and upon receipt of this payment the Federal reserve bank will issue a receipt therefor, place the amount in a suspense account, and notify the Federal Reserve Board that it has been received. When the Comptroller of the Currency issues to such applying bank his certificate of authority to commence business the Federal reserve bank shall issue a stock certificate to the applying bank, and the capital stock of the Federal reserve bank represented by such certificate shall be considered as issued as of the date upon which the Comptroller of the Currency issues his certificate of authority to commence business. The remaining half of the subscription of the applying bank shall be subject to call when deemed necessary by the Federal Reserve Board.

(b) **State banks becoming members.**—Any State bank or trust company desiring to become a member of the Federal reserve system shall make application as provided in Regulation H, and when such application has been approved by the Federal Reserve Board and all requirements of Regulation H have been complied with the Federal reserve bank shall issue an appropriate certificate of stock as provided in Regulation H.

(c) **Increase of capital or surplus by member banks.**—Whenever any member bank shall increase the aggregate amount of its paid-up capital stock and surplus, it shall file with the Federal reserve bank of which it is a member an application on F. R. B. Form 56,

¹¹ Whenever any State member bank is converted into a national bank under sec. 5154 of the Revised Statutes, as amended by sec. 8 of the Federal reserve act, it may continue to hold as a national bank its shares of Federal reserve bank stock previously held as a State bank, and need not file any application for Federal reserve bank stock, unless the aggregate amount of its capital and surplus is increased, in which event it should file an application for additional stock, as provided in Section I (c). The certificate of stock issued in the old name of the member bank, however, should be surrendered and canceled, and a new certificate should be issued in lieu thereof, in the new name of the member bank, as provided in Section III.

made a part of this regulation, for an additional amount of the capital stock of the Federal reserve bank of its district equal to 6 per cent of such increase. After such application has been approved by the Federal reserve agent and by the Federal Reserve Board, the applying member bank shall pay to the Federal reserve bank of its district one-half of the amount of its additional subscription, and when this amount has been paid the appropriate certificate of stock shall be issued by the Federal reserve bank. The remaining half of such additional subscription shall be subject to call when deemed necessary by the Federal Reserve Board.

(d) **Consolidation of member banks.**—Whenever two or more member banks consolidate and such consolidation results in the consolidated bank acquiring by operation of law¹² the Federal reserve bank stock owned by the other consolidating bank or banks, and which also results in the consolidated bank having an aggregate capital and surplus in excess of the aggregate capital and surplus of the consolidating member banks, such consolidated bank shall file an application for additional stock, as provided in Section I (c).

(e) **Certifying increases of Federal reserve bank stock.**—Whenever the capital stock of any Federal reserve bank shall be increased the board of directors of such Federal reserve bank shall certify such increase to the Comptroller of the Currency on F. R. B. Form 58, which is made a part of this regulation. Such certifications shall be made as of the last days of June and December of each year. A duplicate copy of each certificate shall be forwarded to the Federal Reserve Board.

SECTION II.—*Decrease of capital stock*

(a) **Reduction of capital or surplus by member bank.**—Whenever a member bank reduces the amount of its paid-up capital stock and, in the case of reduction of the paid-up capital of a national bank, such reduction has been approved by the Comptroller of the Currency and by the Federal Reserve Board in accordance with the provisions of section 28 of the Federal reserve act, it shall file with the Federal reserve bank of which it is a member an application for the surrender and cancellation of stock on F. R. B. Form 60, which is made a part of this regulation. When a member bank reduces the amount of its surplus, it is not required to, but may at its option, file with the Federal reserve bank of which it is a member an application for the surrender and cancellation of stock on said F. R. B. Form 60. When an application so filed as the result of a reduction in a member bank's paid-up capital stock or surplus has been approved by the Federal reserve

¹² Sec. 5 of the Federal reserve act provides that "Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated." This provision prevents a transfer of Federal reserve bank stock by purchase, but does not prevent a transfer by operation of law. When there is a merger of member banks involving the liquidation of one of such banks and the purchasing of the assets of the liquidating bank by the bank continuing in existence, it is necessary for the liquidating bank to surrender its Federal reserve bank stock and for the purchasing bank to apply for new stock. On the other hand, if member banks consolidate, under a statute which does not require the liquidation of any of the consolidating banks, and the assets and obligations of the consolidating banks are transferred to the consolidated bank by operation of law, the consolidated bank becomes the owner of the Federal reserve bank stock of the consolidating banks as soon as the consolidation takes effect and such stock technically need not be surrendered. The certificates of stock issued in the names of the consolidating banks, however, should be surrendered and canceled, and a new certificate should be issued in lieu thereof, in the new name of the consolidated bank, as provided in Sec. III. A consolidation of national banks under the act of Congress entitled "An act to provide for the consolidation of national banking associations," approved Nov. 7, 1918, meets all of these conditions.

agent and the Federal Reserve Board, the Federal reserve bank shall accept and cancel the stock which the applying bank is entitled to surrender and shall refund to the member bank the proportionate amount due such bank on account of the stock canceled.

(b) **Insolvency of member bank.**—Whenever a member bank shall be declared insolvent and a receiver appointed by the proper authorities, such receiver shall, within six months from the date of his appointment, file with the Federal reserve bank of which the insolvent bank is a member an application on F. R. B. Form 87, which is made a part of this regulation, for the surrender and cancellation of the stock held by such insolvent member bank, and for the refund of all balances due to it. If the receiver shall fail to make such application within the time specified, the Federal reserve agent shall report the facts to the Federal Reserve Board with a recommendation as to the action to be taken, whereupon the Federal Reserve Board will either issue an order to cancel such stock or, if the circumstances warrant it, grant the receiver additional time in which to file such an application. Upon approval of such an application by the Federal reserve agent and the Federal Reserve Board, or upon the issuance of such an order by the Federal Reserve Board, the Federal reserve bank shall cancel such stock and shall adjust accounts between the member bank and the Federal reserve bank by applying to any indebtedness of the insolvent member bank to such Federal reserve bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per cent per month from the period of last dividend, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized receiver of such insolvent member bank.

(c) **Voluntary liquidation of member bank.**—Whenever a member bank goes into voluntary liquidation, the liquidating agent or some other person duly authorized by the stockholders or board of directors to act on behalf of such bank shall, within six months from the date of the vote to place such bank in voluntary liquidation, file with the Federal reserve bank of which the liquidating bank is a member an application on F. R. B. Form 86, if a national bank, and on F. R. B. Form 143, if a State bank, which forms are made a part of this regulation, for the surrender and cancellation of the stock held by it and for the refund of all balances due to such liquidating member bank. If such application is not filed within the time specified, the Federal reserve agent shall report the facts to the Federal Reserve Board with a recommendation as to the action to be taken, whereupon the Federal Reserve Board will either issue an order to cancel such stock, or, if the circumstances warrant it, grant additional time in which to file such an application. Upon approval of such an application by the Federal reserve agent and the Federal Reserve Board, or upon the issuance of such an order by the Federal Reserve Board, the Federal reserve bank shall cancel such stock and shall adjust accounts between the liquidating member bank and the Federal reserve bank by applying to the indebtedness of the liquidating member bank to such Federal reserve bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per cent per month from the period of last dividend, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized liquidating agent of such liquidating member bank.

(d) **Consolidation of member banks.**—Whenever there is a consolidation of two or more member banks which results in the consolidated bank acquiring by

operation of law (see note 12 on p. 79) the Federal reserve bank stock owned by the other consolidating banks, and which also results in the consolidated bank having a paid-up capital less than the aggregate paid-up capital of the consolidating member banks, the consolidated bank shall file with the Federal reserve bank of which it is a member an application for the surrender and cancellation of stock on F. R. B. Form 60a, which is made a part of this regulation. Upon the approval of this application by the Federal reserve agent and the Federal Reserve Board, the Federal reserve bank shall accept and cancel the stock which the applying bank is entitled to surrender, and shall refund to the applying bank the proportionate amount due such bank on account of the stock canceled.

(e) **Certifying reductions of Federal reserve bank stock.**—All reductions of the capital stock of a Federal reserve bank shall, in accordance with the provisions of section 6 of the Federal reserve act, be certified to the Comptroller of the Currency by the board of directors of such Federal reserve bank on F. R. B. Form 59, which is made a part of this regulation. Such certifications shall be made as of the last days of June and December of each year. A duplicate copy of each certificate shall be forwarded to the Federal Reserve Board.

SECTION III.—*Cancellation of old and issue of new stock certificates*

Whenever a member bank changes its name or, by consolidation with another member bank, acquires by operation of law (see note 12 on p. 79) the Federal reserve bank stock previously held by such other member bank, it shall surrender to the Federal reserve bank the certificate of Federal reserve bank stock which was issued to it under its old name, or which was issued to such other member bank. The certificate so surrendered shall be indorsed by the member bank surrendering it or by the member bank to which it was originally issued and shall be accompanied by proper proof of the change of name or consolidation. Upon receipt of such certificate of stock so indorsed, together with such proof, the Federal reserve bank shall cancel the certificate so surrendered and shall issue in lieu thereof to and in the name of the member bank surrendering it a new certificate for the number of shares represented by the certificate so surrendered, or if the member bank is entitled to surrender some of the stock which is represented by the surrendered certificate, and an application for the surrender and cancellation of such stock is at the same time made in accordance with this regulation, the new certificate shall be for the number of shares represented by the surrendered certificate less the number of shares canceled pursuant to such application. All cases where certificates of stock are surrendered and new certificates issued in lieu thereof and in a different name shall be reported to the Federal Reserve Board by the Federal reserve agent.

REGULATION J, SERIES OF 1928

(Superseding Regulation J of 1924)

CHECK CLEARING AND COLLECTION

SECTION I.—*Statutory provisions*

Section 16 of the Federal reserve act authorizes the Federal Reserve Board to require each Federal reserve bank to exercise the function of a clearing house for its member banks, and section 13 of the Federal reserve

act, as amended by the act approved June 21, 1917, authorizes each Federal reserve bank to receive from any nonmember bank or trust company, solely for the purposes of exchange or of collection, deposits of current funds in lawful money, national bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills, provided such nonmember bank or trust company maintains with its Federal reserve bank a balance sufficient to offset the items in transit held for its account by the Federal reserve bank.

SECTION II.—*General requirements*

In pursuance of the authority vested in it under these provisions of law, the Federal Reserve Board, desiring to afford both to the public and to the various banks of the country a direct, expeditious, and economical system of check collection and settlement of balances, has arranged to have each Federal reserve bank exercise the functions of a clearing house and collect checks for such of its member banks as desire to avail themselves of its privileges and for such nonmember State banks and trust companies as may maintain with the Federal reserve bank balances sufficient to qualify them under the provisions of section 13 to send items to Federal reserve banks for purposes of exchange or of collection. Such nonmember State banks and trust companies will hereinafter be referred to as nonmember clearing banks.

Each Federal reserve bank shall exercise the functions of a clearing house and collect checks under the general terms and conditions hereinafter set forth, and each member bank and nonmember clearing bank shall cooperate fully in the system of check clearance and collection for which provision is herein made.

SECTION III.—*Checks received for collection*

(1) Each Federal reserve bank will receive at par from its member banks and from nonmember clearing banks in its district, checks¹³ drawn on all member and nonmember clearing banks, and checks drawn on all other nonmember banks which are collectible at par in funds acceptable to the Federal reserve bank of the district in which such nonmember banks are located.

(2) Each Federal reserve bank will receive at par from other Federal reserve banks, and from all member and nonmember clearing banks in other Federal reserve districts which are authorized to route direct for the credit of their respective Federal reserve banks, checks drawn on all member and nonmember clearing banks of its district, and checks drawn on all other nonmember banks of its district which are collectible at par in funds acceptable to the collecting Federal reserve bank.

(3) No Federal reserve bank shall receive on deposit or for collection any check drawn on any nonmember bank which can not be collected at par in funds acceptable to the Federal reserve bank of the district in which such nonmember bank is located.

SECTION IV.—*Time schedule and availability of credits*

(1) Each Federal reserve bank will publish a time schedule showing the time at which any item sent to it will be counted as reserve and become available for withdrawal or other use by the sending bank. For all checks received, the sending bank will be given

¹³ A check is generally defined as a draft or order upon a bank or banking house, purporting to be drawn upon a deposit of funds, for the payment at all events of a certain sum of money to the order of a certain person therein named, or to him or his order, or to bearer, and payable on demand.

immediate credit, or deferred credit, in accordance with such time schedule, and as provided below.

(2) For all such checks as are received for immediate credit in accordance with such time schedule, immediate credit, subject to final payment, will be given upon the books of the Federal reserve bank at full face value in the reserve account or clearing account upon day of receipt, and the proceeds will at once be counted as reserve and become available for withdrawal or other use by the sending bank.

(3) For all such checks as are received for deferred credit in accordance with such time schedule, deferred credit, subject to final payment, will be entered upon the books of the Federal reserve bank at full face value, but the proceeds will not be counted as reserve nor become available for withdrawal or other use by the sending bank until such time as may be specified in such time schedule,¹⁴ at which time credit will be transferred from the deferred account to the reserve account or clearing account subject to final payment and will then be counted as reserve and become available for withdrawal or other use by the sending bank.

SECTION V.—*Terms of collection*

The Federal Reserve Board hereby authorizes the Federal reserve banks to handle such checks subject to the following terms and conditions; and each member and nonmember clearing bank which sends checks to any Federal reserve bank for deposit or collection shall by such action be deemed (a) to authorize the Federal reserve banks to handle such checks subject to the following terms and conditions, (b) to warrant its own authority to give the Federal reserve banks such authority, and (c) to agree to indemnify any Federal reserve bank for any loss resulting from the failure of such sending bank to have such authority.

(1) A Federal reserve bank will act only as agent of the bank from which it receives such checks and will assume no liability except for its own negligence and its guaranty of prior indorsements.

(2) A Federal reserve bank may present such checks for payment or send such checks for collection direct to the bank on which they are drawn or at which they are payable, or in its discretion may forward them to another agent with authority to present them for payment or send them for collection direct to the bank on which they are drawn or at which they are payable.

(3) A Federal reserve bank may in its discretion and at its option, either directly or through an agent, accept either cash or bank drafts in payment of or in remittance for such checks and shall not be held liable for any loss resulting from the acceptance of bank drafts in lieu of cash, nor for the failure of the drawee bank or any agent to remit for such checks, nor for the nonpayment of any bank draft accepted in payment or as a remittance from the drawee bank or any agent.

(4) Checks received by a Federal reserve bank on its member or nonmember clearing banks will ordinarily be forwarded or presented direct to such banks, and such banks will be required to remit or pay therefor at par in cash or bank draft acceptable to the collecting Federal reserve bank, or at the option of such Federal reserve bank to authorize such Federal reserve bank to charge their reserve accounts or clearing accounts; provided, however, that any Federal reserve bank may reserve the right in its check-collection cir-

cular to charge such items to the reserve account or clearing account of any such bank at any time when in any particular case the Federal reserve bank deems it necessary to do so.

(5) Checks received by a Federal reserve bank payable in other districts will be forwarded for collection, upon the terms and conditions herein provided, to the Federal reserve bank of the district in which such checks are payable.

(6) The amount of any check for which payment is actually and finally collected funds is not received shall be charged back to the forwarding bank, regardless of whether or not the check itself can be returned.

SECTION VI.—*Other rules and regulations*

Each Federal reserve bank shall also promulgate rules and regulations not inconsistent with the terms of the law or of this regulation, governing the details of its check clearing and collection operations. Such rules and regulations shall be set forth by the Federal reserve banks in their letters of instruction to their member and nonmember clearing banks and shall be binding upon any member or nonmember clearing bank which sends any check to such Federal reserve bank for collection or to any other Federal reserve bank for the account of such Federal reserve bank for collection.

REGULATION K, SERIES OF 1928

(Superseding Regulation K of 1927)

BANKING CORPORATIONS AUTHORIZED TO DO FOREIGN BANKING BUSINESS UNDER THE TERMS OF SECTION 25(a) OF THE FEDERAL RESERVE ACT

SECTION I.—*Organization*

Any number of natural persons, not less in any case than five, may form a Corporation¹⁵ under the provisions of section 25(a) for the purpose of engaging in international or foreign banking or other international or foreign financial operations or in banking or other financial operations in a dependency or insular possession of the United States either directly or through the agency, ownership, or control of local institutions in foreign countries or in such dependencies or insular possessions.

SECTION II.—*Articles of association*

Any persons desiring to organize a corporation for any of the purposes defined in section 25(a) shall enter into articles of association (see F. R. B. Form 151, which is suggested as a satisfactory form of articles of association) which shall specify in general terms the objects for which the Corporation is formed, and may contain any other provisions not inconsistent with law which the Corporation may see fit to adopt for the regulation of its business and the conduct of its affairs. The articles of association shall be signed by each person intending to participate in the organization of the Corporation and when signed shall be forwarded to the Federal Reserve Board in whose office they shall be filed.

¹⁴ For rules for computation of reserves and penalties for deficiencies in reserves, see Regulation D, Secs. III and IV, pp. 69-70.

¹⁵ Whenever these regulations refer to a corporation spelled with a capital C, they relate to a corporation organized under section 25(a) of the Federal reserve act.

SECTION III.—*Organization certificate*

All of the persons signing the articles of association shall under their hands make an organization certificate on F. R. B. Form 152, which is made a part of this regulation, and which shall state specifically:

First. The name assumed by the Corporation.

Second. The place or places where its operations are to be carried on.

Third. The place in the United States where its home office is to be located.

Fourth. The amount of its capital stock and the number of shares into which it shall be divided.

Fifth. The names and places of business or residences of persons executing the organization certificate and the number of shares to which each has subscribed.

Sixth. The fact that the certificate is made to enable the persons subscribing the same and all other persons, firms, companies, and corporations who or which may thereafter subscribe to or purchase shares of the capital stock of such Corporation to avail themselves of the advantages of this section.

The persons signing the organization certificate shall acknowledge the execution thereof before a judge of some court of record or notary public who shall certify thereto under the seal of such court or notary. Thereafter the certificate shall be forwarded to the Federal Reserve Board to be filed in its office.

SECTION IV.—*Title*

Inasmuch as the name of the Corporation is subject to the approval of the Federal Reserve Board, a preliminary application for that approval should be filed with the Federal Reserve Board on F. R. B. Form 150, which is made a part of this regulation. This application should state merely that the organization of a Corporation under the proposed name is contemplated and may request the approval of that name and its reservation for a period of 30 days. No Corporation which issues its own bonds, debentures, or other such obligations will be permitted to have the word "bank" as a part of its title. No Corporation which has the word "Federal" in its title will be permitted also to have the word "bank" as a part of its title. So far as possible the title of the Corporation should indicate the nature or reason of the business contemplated and should in no case resemble the name of any other corporation to the extent that it might result in misleading or deceiving the public as to its identity, purpose, connections, or affiliations.

SECTION V.—*Authority to commence business*

After the articles of association and organization certificate have been made and filed with the Federal Reserve Board, and after they have been approved by the Federal Reserve Board and a preliminary permit to begin business has been issued by the Federal Reserve Board, the association shall become and be a body corporate, but none of its powers except such as are incidental and preliminary to its organization shall be exercised until it has been formally authorized by the Federal Reserve Board by a final permit generally to commence business.

Before the Federal Reserve Board will issue its final permit to commence business, the president or cashier, together with at least three of the directors, must certify (a) that each director elected is a citizen of the United States; (b) that a majority of the shares of stock is owned by citizens of the United States, by corporations the controlling interest in which is owned

by citizens of the United States, chartered under the laws of the United States, or by firms or companies the controlling interest in which is owned by citizens of the United States; and (c) that of the authorized capital stock specified in the articles of association at least 25 per cent has been paid in in cash and that each shareholder has individually paid in in cash at least 25 per cent of his stock subscription. Thereafter the cashier shall certify to the payment of the remaining installments as and when each is paid in, in accordance with law.

SECTION VI.—*Capital stock*

No Corporation may be organized under the terms of section 25 (a) with a capital stock of less than \$2,000,000. The par value of each share of stock shall be specified in the articles of association, and no Corporation will be permitted to issue stock of no par value. If there is more than one class of stock, the name and amount of each class and the obligations, rights, and privileges attaching thereto shall be set forth fully in the articles of association. Each class of stock shall be so named as to indicate to the investor as nearly as possible what is its character and to put him on notice of any unusual attributes.

SECTION VII.—*Transfers of stock*

Section 25(a) provides in part that—

A majority of the shares of the capital stock of any such corporation shall at all times be held and owned by the citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a State of the United States, or by firms or companies the controlling interest in which is owned by citizens of the United States.

In order to insure compliance at all times with the requirements of this provision after the organization of the Corporation, shares of stock shall be issuable and transferable only on the books of the Corporation. Every application for the issue or transfer of stock shall be accompanied by an affidavit of the party to whom it is desired to issue or transfer stock, or by his or its duly authorized agent, stating—

In the case of an individual.—(a) Whether he is or is not a citizen of the United States and, if a citizen of the United States, whether he is a natural-born citizen or a citizen by naturalization, and if naturalized, whether he remains for any purpose in the allegiance of any foreign sovereign or State; (b) whether there is or is not any arrangement under which he is to hold the shares or any of the shares which he desires to have issued or transferred to him, in trust for or in any way under the control of any foreign State or any foreigner, foreign corporation, or any corporation under foreign control; and if so, the nature thereof.

In the case of a corporation.—(a) Whether such corporation is or is not chartered under the laws of the United States or of a State of the United States. If it is not, no further declaration is necessary, but if it is it must also be stated (b) whether the controlling interest in such corporation is or is not owned by citizens of the United States, and (c) whether there is or is not any arrangement under which such corporation will hold the shares or any of the shares if issued or transferred to such corporation in trust for or in any way under the control of any foreign State or any foreigner, or foreign corporation, or any corporation under foreign control; and if so, the nature thereof.

In the case of a firm or company.—(a) Whether the controlling interest in such firm or company is or is not owned by citizens of the United States; and, if so, (b) whether there is or is not any arrangement under which such firm or company will hold the shares or

any of the shares if issued or transferred to such firm or company in trust for or in any way under the control of any foreign State or any foreigner, or foreign corporation, or any corporation under foreign control; and if so, the nature thereof.

The board of directors of the Corporation, whether acting directly or through an agent, may, before making any issue or transfer of stock, require such further evidence as in their discretion they may think necessary in order to determine whether or not the issue or transfer of the stock would result in a violation of the law. No issue or transfer of stock which would cause 50 per cent or more of the total amount of stock issued or outstanding to be held contrary to the provisions of the law or these regulations shall be made upon the books of the Corporation. The decision of the board of directors in each case shall be final and conclusive and not subject to any question by any person, firm, or corporation on any ground whatsoever.

If at any time by reason of the fact that the holder of any shares of the Corporation ceases to be a citizen of the United States, or, in the opinion of the board of directors, becomes subject to the control of any foreign State or foreigner or foreign corporation or corporation under foreign control, 50 per cent or more of the total amount of capital stock issued or outstanding is held contrary to the provisions of the law or these regulations, the board of directors may, when apprised of that fact, forthwith serve on the holder of the shares in question a notice in writing requiring such holder within two months to transfer such shares to a citizen of the United States, or to a firm, company, or corporation approved by the board of directors as an eligible stockholder. When such notice has been given by the board of directors the shares of stock so held shall cease to confer any vote until they have been transferred as required above and if on the expiration of two months after such notice the shares shall not have been so transferred, the shares shall be forfeited to the Corporation.

The board of directors shall prescribe in the by-laws of the Corporation appropriate regulations for the registration of the shares of stock in accordance with the terms of the law and these regulations. The by-laws must also provide that the certificates of stock issued by the Corporation shall contain provisions sufficient to put the holder on notice of the terms of the law and the regulations of the Federal Reserve Board defining the limitations upon the rights of transfer.

SECTION VIII.—*Operations in the United States*

No Corporation shall carry on any part of its business in the United States except such as shall be incidental to its international or foreign business. Agencies may be established in the United States with the approval of the Federal Reserve Board for specific purposes, but not generally to carry on the business of the Corporation.

SECTION IX.—*Investments in the stock of other corporations*

It is contemplated by the law that a Corporation shall conduct its business abroad either directly or indirectly through the ownership or control of corporations, and accordingly the Federal Reserve Board hereby consents that a Corporation may invest in the stock, or certificates of ownership, of any other corporation organized—

(a) Under the provisions of section 25(a) of the Federal reserve act;

(b) Under the laws of any foreign country or a colony or dependency thereof;

(c) Under the laws of any State, dependency, or insular possession of the United States;

Provided, first, That such other corporation is not engaged in the general business of buying or selling goods, wares, merchandise, or commodities in the United States; and second, that it is not transacting any business in the United States except such as is incidental to its international or foreign business.

Except with the approval of the Federal Reserve Board, no Corporation shall invest an amount in excess of 15 per cent of its capital and surplus in the stock of any corporation engaged in the business of banking, or an amount in excess of 10 per cent of its capital and surplus in the stock of any other kind of corporation.

No Corporation shall purchase any stock in any other corporation organized under the terms of section 25(a) or under the laws of any State, which is in substantial competition therewith, or which holds stock or certificates of ownership in corporations which are in substantial competition with the purchasing Corporation. This restriction, however, does not apply to corporations organized under foreign laws.

SECTION X.—*Branches*

No Corporation shall establish any branches except with the approval of the Federal Reserve Board, and in no case shall any branch be established in the United States.

SECTION XI.—*Issue of debentures, bonds, and promissory notes*

A Corporation is not required by law or by this regulation to make application to or obtain the approval of the Federal Reserve Board before making an issue of its debentures, bonds, notes, or other obligations, but Corporations issuing their debentures, bonds, notes, or other obligations must comply with the rules, regulations, and conditions hereinafter set forth.

(a) **General conditions.**—All debentures, bonds, notes, or other such obligations issued by a Corporation (except notes payable to banks or bankers within one year) shall—

(1) Be payable only in gold coin of the United States of the standard of weight and fineness existing at the time of issue;

(2) Be payable not more than 20 years after the date of issue;

(3) Be secured by collateral which shall—

(i) Consist of lawful money of the United States and/or securities, notes, drafts, bills of exchange, acceptances, including bankers' acceptances, and other evidences of indebtedness and/or shares of stock in which the Corporation is authorized by law to invest its funds;

(ii) Have an aggregate market value equal at all times to not less than 110 per cent of the aggregate principal amount of the obligations issued or to be issued against such securities; and

(iii) Be transferred and delivered free of any prior lien, charge, or encumbrance thereon of any kind whatsoever, to a financially responsible bank or trust company, which is a member of the Federal reserve system, as trustee under a trust indenture executed by the Corporation as security for the obligations of the Corporation issued or to be issued thereunder, which trust indenture shall prescribe the general form of such obligations and shall require that every such obligation

shall be authenticated by the certificate of the trustee noted thereon.

(b) **Requirements after issuance.**—Within 10 days after the issuance of any such debentures, bonds, notes, or other obligations (other than promissory notes payable to banks or bankers within one year) the Corporation issuing the same shall file with the Federal Reserve Board—

(1) A statement verified by the affidavit of its president or a vice president and its treasurer, cashier, or comptroller setting forth—

(i) That the requirements of this regulation in respect of the issue of debentures, bonds, notes, or other obligations have been complied with in all respects;

(ii) The aggregate amount of the debentures, bonds, notes, or obligations issued under the trust indenture and the net price received by the Corporation therefor;

(iii) The various items of the collateral security pledged under the trust indenture and the market value, at the time of the issue of such obligations, of each and every item thereof; and

(iv) The financial condition of the Corporation and, in detail, all its assets and liabilities (fixed and contingent) as of the day immediately following such issue.

(2) A copy of the trust indenture pursuant to which such obligations of the Corporation were issued, certified as correct by the trustee therein named.

(3) A certificate of the trustee under such trust indenture setting forth—

(i) That it has accepted the trust created by such trust indenture and is acting as trustee thereunder;

(ii) The securities and/or cash which have been delivered to it and which it holds as trustee under the trust indenture; and

(iii) The name and address of the counsel for the trustee.

(4) The latest published balance sheet of the Corporation, certified as correct by the president or a vice president and by the treasurer, an assistant treasurer, the cashier or assistant cashier or the comptroller of the Corporation.

(5) An opinion of the counsel for the trustee under the trust indenture to the effect that—

(i) The trust indenture has been validly executed in pursuance of due corporate action;

(ii) That all necessary legal formalities have been complied with to make such obligations, when executed by the Corporation and authenticated by the trustee, valid and enforceable obligations of the Corporation entitled to the benefits afforded by the trust indenture; and

(iii) That the transfers executed to the trustee of the collateral security held by it under the trust indenture are in appropriate and sufficient form.

(6) Copies of all prospectuses and other literature issued by the Corporation or its officers or bankers describing or affecting such issue.

In case there shall be any substitution of or change in the securities at any time held under any such trust indenture securing an issue of debentures, bonds, notes, or other obligations the Corporation, each time it makes a report to the Federal Reserve Board pursuant to the provisions of Section XVI, shall file with the Federal Reserve Board a statement, verified by the affidavit of the president or a vice president and the treasurer, cashier, or comptroller of the Corporation—

(1) Giving the details of such substitution or change; and

(2) Certifying that such substitution or change has not resulted in a reduction of the aggregate market

value of the collateral to an amount below 110 per cent of the aggregate principal amount of the obligations issued or to be issued against such securities.

Such statement shall be accompanied by an acknowledgment by the trustee under the trust indenture that there has been delivered to it and that it holds as such trustee the additional collateral specified in such statement.

The Federal Reserve Board reserves the right to make public whenever it believes it to be necessary in the public interest any documents filed with it under this subsection.

(c) **Advertisements.**—No circular, prospectus, letter, advertisement, or other statement published or issued in any form or manner by a Corporation shall contain any matter to indicate that any issue of debentures, bonds, notes, or other obligations by such Corporation or the collateral securing same has in any way received the approval of the Federal Reserve Board or that the collateral securing same has been appraised or approved in any way by the Federal Reserve Board. This requirement will be strictly enforced in order that there may be no possibility of the public obtaining the impression that the Federal Reserve Board has approved in any way any such issue of debentures, bonds, notes, or other such obligations or the collateral securing same.

SECTION XII.—*Sale of securities with guaranty or indorsement*

Whenever a Corporation sells, discounts, or negotiates with its indorsement or guaranty any securities, notes, drafts, bills of exchange, acceptances, bankers' acceptances, or other evidence of indebtedness, it shall enter on its books a proper record thereof, describing in detail each such evidence of indebtedness so sold, discounted, or negotiated, the amount thereof, the parties thereto, the maturity thereof, and the nature of the Corporation's liability thereon. Every financial statement of the Corporation submitted to the Federal Reserve Board or made public in any way shall show the aggregate amount of all such liabilities outstanding as of the date on which such statement purports to show the financial condition of the Corporation.

SECTION XIII.—*Acceptances*

Kinds.—Any corporation may accept (1) drafts and bills of exchange drawn upon it which grow out of transactions involving the importation or exportation of goods, and (2) drafts and bills of exchange which are drawn by banks or bankers located in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in such countries, dependencies, and possessions, provided, however, that no Corporation shall exercise its power to accept drafts or bills of exchange if at the time such drafts or bills are presented for acceptance it has outstanding any debentures, bonds, notes, or other such obligations issued by it.

Maturity.—No Corporation shall accept any draft or bill of exchange which grows out of a transaction involving the importation or exportation of goods with a maturity in excess of six months, or shall accept any draft or bill of exchange drawn for the purpose of furnishing dollar exchange with a maturity in excess of three months.

Limitations.—(1) Individual drawers: No acceptances shall be made for the account of any one drawer in an amount aggregating at any time in excess of 10 per

cent of the subscribed capital and surplus of the Corporation, unless the transaction be fully secured or represents an exportation or importation of commodities and is guaranteed by a bank or banker of undoubted solvency. (2) **Aggregates:** Whenever the aggregate of acceptances outstanding at any time (a) exceeds the amount of the subscribed capital and surplus, 50 per cent of all the acceptances in excess of the amount shall be fully secured; or (b) exceeds twice the amount of the subscribed capital and surplus, all the acceptances outstanding in excess of such amount shall be fully secured. (The Corporation shall elect whichever requirement (a) or (b) calls for the smaller amount of secured acceptances.) In no event shall any Corporation have outstanding at any one time acceptances drawn for the purpose of furnishing dollar exchange in an amount aggregating more than 50 per cent of its subscribed capital and surplus.

Reserves.—Against all acceptances outstanding which mature in 30 days or less a reserve of at least 15 per cent shall be maintained, and against all acceptances outstanding which mature in more than 30 days a reserve of at least 3 per cent shall be maintained. Reserves against acceptances must be in liquid assets of any or all of the following kinds: (1) Cash; (2) balances with other banks; (3) acceptances of other banks or bankers; and (4) obligations of the Government of the United States.

SECTION XIV.—*Deposits*

In the United States.—No Corporation shall receive in the United States any deposits except such as are incidental to or for the purpose of carrying out transactions in foreign countries or dependencies of the United States where the Corporation has established agencies, branches, correspondents, or where it operates through the ownership or control of subsidiary corporations. Deposits of this character may be made by individuals, firms, banks, or other corporations, whether foreign or domestic, and may be time deposits or on demand.

Outside the United States.—Outside the United States a Corporation may receive deposits of any kind from individuals, firms, banks, or other corporations: *Provided, however,* That if such Corporation has any of its bonds, debentures, or other such obligations outstanding it may receive abroad only such deposits as are incidental to the conduct of its exchange, discount, or loan operations.

Reserves.—Against all deposits received in the United States a reserve of not less than 13 per cent must be maintained. This reserve may consist of cash in vault, a balance with the Federal reserve bank of the district in which the head office of the Corporation is located, or a balance with any member bank. Against all deposits received abroad the Corporation shall maintain such reserves as may be required by local laws and by the dictates of sound business judgment and banking principles.

SECTION XV.—*General limitations and restrictions*

Liabilities of one borrower.—The total liabilities to a Corporation of any person, company, firm, or corporation for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed 10 per cent of the amount of its subscribed capital and surplus: *Provided, however,* That the discount of bills of exchange drawn in good faith against actually existing values,

the discount of commercial or business paper actually owned by the person negotiating the same, and the purchase of readily marketable bonds, notes, and other investment securities offered for sale in the open market, shall not be considered as money borrowed within the meaning of this paragraph. The liability of a customer on account of an acceptance made by the Corporation for his account is not a liability for money borrowed within the meaning of this paragraph unless and until he fails to place the Corporation in funds to cover the payment of the acceptance at maturity or unless the Corporation itself holds the acceptance.

Aggregate liabilities of the Corporation.—The aggregate of the Corporation's liabilities outstanding on account of acceptances, average domestic and foreign deposits, debentures, bonds, notes, guaranties, indorsements, and other such obligations shall not exceed at any one time ten times the amount of the Corporation's subscribed capital and surplus. In determining the amount of the liabilities within the meaning of this paragraph, indorsements of bills of exchange having not more than six months to run, drawn and accepted by others than the Corporation, shall not be included.

Operations abroad.—Except as otherwise provided in the law and these regulations, a Corporation may exercise abroad not only the powers specifically set forth in the law but also such incidental powers as may be usual in the determination of the Federal Reserve Board in connection with the transaction of the business of banking or other financial operations in the countries in which it shall transact business. In the exercise of any of these powers abroad a Corporation must be guided by the laws of the country in which it is operating and by sound business judgment and banking principles.

SECTION XVI.—*Reports and examinations*

Reports.—Each Corporation shall make at least two reports annually to the Federal Reserve Board at such times and in such form as it may require.

Examinations.—Each Corporation shall be examined at least once a year by examiners appointed by the Federal Reserve Board. The cost of examinations shall be paid by the Corporation examined.

SECTION XVII.—*Amendments to regulations*

These regulations are subject to amendment by the Federal Reserve Board from time to time: *Provided, however,* That no such amendment shall prejudice obligations undertaken in good faith under regulations in effect at the time they were assumed.

REGULATION L, SERIES OF 1928

(Superseding Regulation L of 1924)

INTERLOCKING BANK DIRECTORATES UNDER THE CLAYTON ACT

SECTION I.—*Definitions*

Within the meaning of this regulation—

The term "member bank" shall apply to any national bank and any State bank or trust company which is a member of the Federal reserve system.

The term "national bank" shall be construed to apply not only to national banking associations but

also to banks, banking associations, and trust companies organized or operating under the laws of the United States, including all banks and trust companies doing business in the District of Columbia, regardless of the sources of their charters.

The term "resources" shall be construed to mean an amount equal to the sum of the deposits, capital, surplus, and undivided profits.

The term "State bank" shall include any bank, banking association, or trust company incorporated under State law.

The term "private banker" shall apply to any unincorporated individual engaging in one or more phases of the banking business as that term is generally understood and to any member of an unincorporated firm engaging in such business.

The term "Edge Act" shall mean section 25(a) of the Federal reserve act, as amended December 24, 1919.

The term "Edge corporation" shall mean any corporation organized under the provisions of the Edge Act.

The term "city of over 200,000 inhabitants" includes any city, incorporated town, or village of more than 200,000 inhabitants, as shown by the last preceding decennial census of the United States. Any bank located anywhere within the corporate limits of such city is located in a city of over 200,000 inhabitants within the meaning of the Clayton Act, even though it is located in a suburb or an outlying district at some distance from the principal part of the city.

SECTION II.—Prohibitions of Clayton Act

Under section 8 of the Clayton Antitrust Act—

(1) No person who is a director or other officer or employee of a national bank having resources aggregating more than \$5,000,000 can legally serve at the same time as director, officer, or employee of any other national bank, regardless of its location.

(2) No person who is a director in a State bank or trust company having resources aggregating more than \$5,000,000 or who is a private banker having resources aggregating more than \$5,000,000 can legally serve at the same time as director of any national bank, regardless of its location.

(3) No person can legally be a director, officer, or employee of a national bank located in a city of more than 200,000 inhabitants who is at the same time a private banker in the same city or a director, officer, or employee of any other bank (State or National) located in the same city, regardless of the size of such bank.

The eligibility of a director, officer, or employee under the foregoing provisions is determined by the average amount of deposits, capital, surplus, and undivided profits as shown in the official statements of such bank, banking association, or trust company filed as provided by law during the fiscal year next preceding the date set for the annual election of directors, and when a director, officer, or employee has been elected or selected in accordance with the provisions of the Clayton Act it is lawful for him to continue as such for one year thereafter under said election or employment.

When any person elected or chosen as a director, officer, or employee of any bank is eligible at the time of his election or selection to act for such bank in such capacity his eligibility to act in such capacity is not affected by reason of any change in the affairs of such bank from whatsoever cause until the expiration of one year from the date of his election or employment.

SECTION III.—Exceptions

The provisions of section 8 of the Clayton Act—

(1) Do not apply to mutual savings banks not having a capital stock represented by shares.

(2) Do not prohibit a person from being at the same time a director, officer, or employee of a national bank and not more than one other national bank, State bank, or trust company, where the entire capital stock of one is owned by the stockholders of the other.

(3) Do not prohibit a person from being at the same time a class A director of a Federal reserve bank and also an officer or director, or both an officer and a director, in one member bank.

(4) Do not prohibit a person who is serving as director, officer, or employee of a national bank, even though it has resources aggregating over \$5,000,000, from serving at the same time as director, officer, or employee of any number of State banks and trust companies, provided such State institutions are not located in the same city of over 200,000 inhabitants as the national bank and do not have resources aggregating in the case of any one bank more than \$5,000,000.

(5) Do not prohibit a person from serving at the same time as director, officer, or employee of any number of national banks, provided no two of them are located in the same city of over 200,000 inhabitants and no one of them has resources aggregating over \$5,000,000.

(6) Do not prohibit a person who is not a director, officer, or employee of any national bank from serving at the same time as officer, director, or employee of any number of State banks or trust companies, regardless of their locations and resources.

(7) Do not prohibit a person who is an officer or employee but not a director of a State bank from serving as director, officer, or employee of a national bank, even though either or both of such banks have resources aggregating over \$5,000,000, provided both banks are not located in the same city of over 200,000 inhabitants.

(8) Do not prohibit a person who is an officer or employee but not a director of a national bank from serving at the same time as director, officer, or employee of a State bank, even though either or both of such banks have resources aggregating over \$5,000,000, provided both banks are not located in the same city of over 200,000 inhabitants.

(9) Do not apply to persons who have obtained the consent or approval of the Federal Reserve Board under the provisions of the Kern amendment, section 25 of the Federal reserve act, or the Edge Act, as hereinafter provided.

Exceptions cumulative.—The above exceptions are cumulative.

SECTION IV.—Permission of the Federal Reserve Board under Kern amendment

By the Kern amendment, approved May 15, 1916, as amended May 26, 1920, the Clayton Act was amended so as to authorize the Federal Reserve Board to permit any private banker or any officer, director, or employee of any member bank or class A director of a Federal reserve bank to serve as director, officer, or employee of not more than two other banks, banking associations, or trust companies coming within the prohibitions of the Clayton Act, provided such other banks are not in substantial competition with such private banker or member bank.

Substantial competition.—If the institutions involved are not in substantial competition, the board is authorized, in its discretion, to grant, withhold, or revoke such consent; but if they are in substantial competition, the board has no discretion in the matter and must refuse such consent.

The board has adopted the following statement of general principles for its guidance in determining whether banks are in substantial competition within the meaning of the Kern amendment to the Clayton Act:

In general, two banks will be deemed to be in substantial competition if they actually compete for a considerable amount of business, i. e., if a considerable portion of the business of each is of the same character and in doing or seeking such business they actually compete for the same customers or prospective customers, regardless of whether or not it is probable or possible that an interlocking directorate between them would result in injury to the public by making credit less available. If the statements of two banks show that each has a considerable amount of the same class of deposits or loans and it appears from the evidence submitted that they are so located as to be in a position to serve the same customers conveniently, the board will presume, in the absence of evidence to the contrary, that they are in substantial competition. This presumption may be rebutted, however, by any evidence showing that they are not actually competing for such business, e. g., that they actually serve different classes of customers, that the business in question is not actually sought by one bank but is merely incidental to its other business, or that competition has already been eliminated through common stock ownership. The existence of substantial competition, however, may be shown by evidence other than that described above.

This is not intended as a precise definition of the term "substantial competition," but merely as a broad statement of the general principles which will be observed by the Federal Reserve Board in determining whether banks are in substantial competition. Whether or not substantial competition exists in any particular case is a question of fact which must be determined in the light of all the facts and circumstances involved in such case.

Burden of proof.—Inasmuch as the Federal Reserve Board has no power to permit a person to serve two or more banks coming within the prohibitions of the Clayton Act unless the institutions involved are not in substantial competition, the applicant for such permission has the burden of proving to the board that such institutions are not in substantial competition.

When obtained.—Inasmuch as the Kern amendment excepts from the prohibitions of the Clayton Act only those "who shall first procure the consent of the Federal Reserve Board," it is a violation of the law to serve two or more institutions in the prohibited classes before such consent has been obtained. Such consent should be obtained, therefore, before becoming an officer, director, or employee of more than one bank in the prohibited classes. Such consent may be procured before the person applying therefor has been elected as a class A director of a Federal reserve bank or as a director of any member bank.

Applications for permission.—A person wishing to obtain the permission of the Federal Reserve Board to serve banks coming within the prohibitions of the Clayton Act should—

(1) Make formal application on F. R. B. Form 94, or, if a private banker, on F. R. B. Form 94d. Each of these forms is made a part of this regulation.

(2) Obtain from each of the banks involved a statement on F. R. B. Form 94a, which is made a part of this regulation, showing the character of its business, together with a copy of its last published statement of condition, and, if a private banker, make a statement

on F. R. B. Form 94e showing the character of his or his firm's business.

(3) Forward all these papers to the Federal reserve agent of his district, who will attach his recommendation on F. R. B. Form 94b, which is made a part of this regulation, and forward them in due course to the Federal Reserve Board.

Approval or disapproval.—As soon as an application is acted upon by the board, the applicant will be advised of the action taken.

If the board approves the application, a formal certificate of permission to serve on the banks involved will be issued to the applicant.

Rehearing.—If the board decides that the banks are in substantial competition and that it can not approve the application, it will, upon petition of the applicant, reconsider its decision and afford him every opportunity to present any additional facts or arguments bearing on the subject.

Effect of permits.—Permission once granted is continuing until revoked, and need not be renewed.

Revocation.—All permits, however, are subject to revocation at any time in the discretion of the Federal Reserve Board. The issuance of a permit to any person shall have the effect of revoking any or all permits which may have been issued previously to that person.

SECTION V.—Permits under section 25 of the Federal reserve act

With the approval of the Federal Reserve Board, any director, officer, or employee of a member bank which has invested in the stock of any corporation principally engaged in international or foreign banking or financial operations or banking in a dependency or insular possession of the United States, under the provisions of section 25 of the Federal reserve act, may serve as director, officer, or employee of any such foreign bank or financial corporation.

Applications for approval.—The approval of the Federal Reserve Board for such interlocking directorates may be obtained through an informal application in the form of a letter addressed to the Federal Reserve Board either by the officer, director, or employee involved, or in his behalf by one of the banks which he is serving. Such application should be sent directly to the Federal Reserve Board.

SECTION VI.—Permits to serve Edge corporations

With the approval of the Federal Reserve Board—

(1) Any officer, director, or employee of any member bank may serve at the same time as director, officer, or employee of any Edge corporation in whose capital stock the member bank shall have invested.

(2) Any officer, director, or employee of any Edge corporation may serve at the same time as officer, director, or employee of any other corporation in whose capital stock such Edge corporation shall have invested under the provisions of the Edge Act.

Applications for approval.—Such approval may be obtained through an informal application in the form of a letter addressed to the Federal Reserve Board either by the director, officer, or employee involved, or in his behalf by one of the banks or corporations involved. Such applications should be sent directly to the Federal Reserve Board.

Changes in State Bank Membership

The following list shows the changes affecting State bank membership during the month ended December 21, 1927, on which date 1,284 State institutions were members of the system:

ADMISSIONS

	Capital	Surplus	Total resources
<i>District No. 2</i>			
People's Trust Co., Dunellen, N. J.....	\$100,000	\$50,000	\$150,000
Cohocton State Bank, Cohocton, N. Y..	50,000	25,000	613,999
<i>District No. 10</i>			
Fidelity Savings State Bank, Topeka, Kans.....	200,000	40,000	1,637,273
First Security Bank, Rock Springs, Wyo.....	100,000	100,000	2,576,334

CHANGES

<i>District No. 6</i>			
Engineers Bank & Trust Co., Birmingham, Ala. (title changed to Southern Bank & Trust Co.).			
Bank of Locust Grove, Locust Grove, Ga. (voluntary withdrawal).....	\$25,000	\$12,000	\$138,000
<i>District No. 8</i>			
Planters Bank & Trust Co., Ruleville, Miss. (voluntary withdrawal).....	50,000	33,000	290,000
<i>District No. 9</i>			
Bank of Boulder, Boulder, Mont. (voluntary withdrawal).....	25,000	15,000	312,000
<i>District No. 11</i>			
Avery State Bank, Avery, Tex. (insolvent).....	25,000	15,000	115,000
First Guaranty State Bank, Tioga, Tex. (succeeded by nonmember).....	30,000	11,000	114,000
First State Bank, Richland, Tex. (absorbed by First National Bank of Richland).....	25,000	25,000	324,000
First State Bank, Denton, Tex. (succeeded by nonmember).....	50,000	4,000	504,000

Fiduciary Powers Granted to National Banks

During the month ended December 21, 1927, the Federal Reserve Board approved applications of the national banks listed below for permission to exercise one or more of the fiduciary powers named in section 11 (k) of the Federal reserve act as amended, as follows: (1) Trustee; (2) executor; (3) administrator; (4) registrar of stocks and bonds; (5) guardian of estates; (6) assignee; (7) receiver; (8) committee of estates of lunatics; (9) in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Location	District No.	Name of bank	Powers granted
Boston, Mass.....	1	Commercial Security National Bank.	1 to 9.
Marblehead, Mass. . .	1	National Grand Bank..	1 to 9.
Ellsworth, Me.....	1	Liberty National Bank..	1 to 9.
Irvington, N. J.....	2	Irvington National Bank.	1 to 9.
Newark, N. J.....	2	Mount Prospect National Bank.	1 to 9.
Auburn, N. Y.....	2	Cayuga County National Bank.	9. ¹
Cortland, N. Y.....	2	National Bank of.....	1 to 9.
Niagara Falls, N. Y..	2	National Bank of Niagara and Trust Co.	9. ¹
Westbury, N. Y.....	2	Wheatley Hills National Bank.	1 to 9.
Lewisburg, Pa.....	3	Lewisburg National Bank.	1 to 9.
Shamokin, Pa.....	3	National Bank of.....	1 to 9.
Swarthmore, Pa.....	3	Swarthmore National Bank.	1 to 9.
York, Pa.....	3	Drovers & Mechanics National Bank.	1 to 9.
Pikeville, Ky.....	4	First National Bank.....	1 to 8.
Bellaire, Ohio.....	4	First National Bank.....	3 and 5. ¹
Dayton, Ohio.....	4	Merchants National Bank and Trust Company.	2, 3, 5 to 8. ¹
Hamilton, Ohio.....	4	First National Bank and Trust Co.	2, 3, 5 to 7. ¹
Pittsburgh, Pa.....	4	Exchange National Bank.	1 to 9.
Pittsburgh, Pa.....	4	Forbes National Bank..	1 to 9.
Dothan, Ala.....	6	Houston National Bank..	2 to 9. ¹
Mobile, Ala.....	6	First National Bank.....	9. ¹
Vicksburg, Miss.....	6	Merchants National Bank.	1 to 9.
Winchester, Tenn.....	6	Farmers National Bank..	1 to 3. 5 to 9.
Chicago, Ill.....	7	National Builders Bank..	1 to 9.
Paris, Ill.....	7	First National Bank.....	1 to 9.
Greenwood, Miss.....	8	First National Bank.....	2, 3, 5 to 8. ¹
Springfield, Mo.....	8	McDaniel National Bank.	1 to 9.
Golden, Colo.....	10	Rubey National Bank..	1 to 9.
Waco, Tex.....	11	Citizens National Bank.	1 to 9.
Orange, Calif.....	12	First National Bank.....	1 to 9.

¹ Supplemental.

Changes in National Bank Membership

The Comptroller of the Currency reports the following increases and reductions in the number and capital of national banks during the period from November 19 to December 23, 1927, inclusive:

	Number of banks	Amount of capital
New charters issued.....	13	\$1,695,000
Restored to solvency.....	0	0
Increase of capital approved ¹	18	12,000,000
Aggregate of new charters, banks restored to solvency, and banks increasing capital.....	31	13,695,000
Liquidations.....	19	2,035,000
Reducing capital ²	1	100,000
Total liquidations and reductions of capital.....	20	2,135,000
Consolidation of national banks under act of Nov. 7, 1918.....	1	100,000
Consolidation of a national bank and a State bank under act of Feb. 25, 1927.....	2	35,100,000
Total consolidations.....	3	35,200,000
Aggregate increased capital for period.....		13,695,000
Reduction of capital owing to liquidations, etc.....		2,135,000
Net increase.....		11,560,000

¹ Includes two increases in capital aggregating \$10,050,000 incident to consolidations of State banks under act of Feb. 25, 1927.

² Incident to a consolidation under act of Nov. 7, 1918.

DETAILED BANKING STATISTICS FOR THE UNITED STATES

FEDERAL RESERVE BANKS

RESOURCES AND LIABILITIES, BY WEEKS

[In thousands of dollars]

RESOURCES

	Total	Federal Reserve Bank											
		Boston	New York	Phila- delphia	Clevel- land	Rich- mond	At- lanta	Chi- cago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Gold with Federal reserve agents:													
Dec. 7	1,530,667	108,989	300,068	117,305	202,372	34,925	141,312	257,767	45,476	47,995	53,445	30,014	191,019
Dec. 14	1,585,009	107,475	340,067	121,677	204,036	34,151	141,670	257,767	47,267	45,395	57,052	30,224	198,228
Dec. 21	1,505,998	114,906	285,067	113,117	182,892	33,107	141,134	247,767	39,365	47,031	58,140	33,544	199,028
Dec. 28	1,469,255	128,096	225,067	103,211	179,339	32,318	144,817	247,767	41,896	48,729	59,246	34,569	218,200
Gold redemption fund with United States Treasury:													
Dec. 7	46,190	3,972	12,354	8,042	3,402	3,239	2,150	2,803	2,127	2,152	1,968	1,633	2,339
Dec. 14	47,952	4,674	15,502	9,594	2,420	3,276	1,848	1,726	1,674	1,872	2,007	1,572	1,787
Dec. 21	53,925	6,634	14,185	6,847	4,749	3,423	2,127	5,614	1,901	1,997	1,563	2,131	2,756
Dec. 28	54,681	7,841	17,941	4,959	4,222	3,505	1,646	4,582	1,673	2,532	2,136	1,436	2,298
Gold held exclusively against Federal reserve notes:													
Dec. 7	1,576,857	112,941	312,422	125,347	205,774	38,164	143,471	260,570	47,603	50,147	55,413	31,647	193,358
Dec. 14	1,632,961	112,149	355,569	131,271	206,456	37,427	143,418	259,493	48,941	47,267	59,059	31,596	200,015
Dec. 21	1,559,023	121,540	299,250	119,964	197,641	36,530	143,261	253,881	41,266	49,028	53,703	35,675	201,784
Dec. 28	1,523,936	135,937	243,008	114,170	183,561	35,823	146,463	252,349	43,569	51,261	61,382	30,005	220,408
Gold settlement fund with Federal Reserve Board:													
Dec. 7	586,044	35,925	191,978	38,509	50,446	30,722	6,710	90,079	26,455	16,953	31,774	19,723	46,770
Dec. 14	487,463	25,642	155,545	31,773	48,138	27,168	3,155	71,828	18,192	18,393	27,339	15,939	43,351
Dec. 21	554,358	27,712	235,205	25,017	24,800	20,691	6,907	97,850	19,354	14,416	25,819	14,831	38,696
Dec. 28	595,110	11,163	225,313	28,305	53,875	20,353	10,045	118,007	23,207	18,186	28,657	16,623	41,176
Gold and gold certificates held by banks:													
Dec. 7	663,834	34,179	431,088	24,825	39,589	7,994	8,095	55,153	11,120	6,498	6,414	7,872	31,507
Dec. 14	671,778	33,023	436,433	25,695	39,087	8,565	8,279	56,248	12,015	6,176	7,203	7,997	31,707
Dec. 21	628,942	31,873	408,892	23,851	37,545	7,967	6,995	50,608	10,780	6,104	6,422	7,819	30,583
Dec. 28	620,054	36,288	393,607	24,240	36,800	9,336	7,293	52,640	10,655	4,788	6,334	7,279	30,744
Total gold reserves:													
Dec. 7	2,826,735	183,045	935,488	188,681	295,809	76,880	158,276	405,802	85,178	73,598	93,601	58,742	271,635
Dec. 14	2,792,202	170,814	947,547	188,739	293,631	73,169	154,832	387,569	80,148	71,836	93,601	55,232	275,073
Dec. 21	2,742,323	181,125	946,347	168,882	259,989	65,188	157,223	401,839	71,400	69,548	91,944	57,825	271,063
Dec. 28	2,739,100	183,388	892,128	166,715	274,236	65,562	163,801	422,996	77,431	74,235	96,373	59,907	292,328
Reserves other than gold:													
Dec. 7	126,540	13,098	23,658	6,554	9,264	4,887	13,420	15,703	12,568	4,225	5,674	9,563	7,926
Dec. 14	125,764	12,860	23,220	5,772	9,152	5,426	14,357	15,344	12,781	4,330	5,688	9,420	7,414
Dec. 21	115,219	12,568	19,866	5,284	8,927	5,140	13,128	13,773	11,538	3,803	5,750	8,809	6,633
Dec. 28	123,096	12,499	22,191	5,799	10,666	6,359	11,376	15,555	12,680	3,700	5,444	8,922	7,855
Total reserves:													
Dec. 7	2,953,275	196,143	959,146	195,235	305,073	81,767	171,696	421,505	97,746	77,823	99,275	68,305	279,561
Dec. 14	2,917,966	183,674	970,767	194,511	302,783	78,586	169,209	402,913	92,929	76,166	99,289	64,652	282,487
Dec. 21	2,857,542	183,693	966,213	174,116	268,916	70,328	170,351	415,612	82,938	73,351	97,694	66,634	277,696
Dec. 28	2,862,196	195,837	884,319	172,514	284,902	71,921	175,177	438,551	90,111	77,985	101,817	68,329	300,183
Nonreserve cash:													
Dec. 7	53,728	6,665	16,586	819	2,926	4,592	3,913	5,466	3,470	725	2,345	2,066	4,155
Dec. 14	56,310	7,262	16,509	997	4,043	4,461	3,640	6,308	3,686	1,031	2,193	2,343	3,837
Dec. 21	55,211	7,049	16,609	952	3,499	4,415	3,525	5,833	3,433	1,103	2,040	2,007	3,846
Dec. 28	69,647	8,071	21,009	1,293	4,911	6,176	4,522	7,861	4,303	1,226	2,827	2,770	4,678
Bills discounted:													
Secured by U. S. Government obligations—													
Dec. 7	294,613	26,652	89,769	22,456	31,500	7,099	11,310	45,033	7,693	718	6,705	2,766	42,012
Dec. 14	347,586	26,898	100,046	27,067	43,869	6,722	11,781	68,452	9,822	1,473	7,737	3,060	39,759
Dec. 21	390,830	19,948	141,827	35,441	57,397	8,879	13,317	49,694	17,537	1,586	8,558	3,081	33,565
Dec. 28	410,174	21,361	197,994	43,325	58,145	9,022	9,482	37,909	12,476	494	9,230	1,991	8,755
Other bills discounted—													
Dec. 7	149,294	9,506	42,740	10,873	12,775	12,710	23,422	14,440	4,756	1,834	8,361	2,755	5,122
Dec. 14	147,387	19,826	28,387	13,441	12,257	14,118	21,825	15,482	4,084	2,069	8,268	2,879	4,751
Dec. 21	187,326	21,083	50,967	13,688	18,242	19,872	22,422	18,750	5,294	1,985	8,041	1,797	5,185
Dec. 28	199,035	19,602	65,496	12,504	12,427	19,614	23,203	23,850	7,109	1,750	6,690	590	6,203
Total bills discounted:													
Dec. 7	443,907	36,158	132,509	33,329	44,275	19,899	34,732	59,473	12,449	2,552	15,066	5,521	48,034
Dec. 14	494,973	46,724	128,433	41,408	56,126	20,840	33,606	83,934	13,606	3,542	16,005	5,939	44,510
Dec. 21	578,156	41,031	192,794	49,129	75,639	28,751	35,739	68,444	22,831	3,571	16,599	4,878	38,750
Dec. 28	609,209	40,963	263,487	55,829	70,572	28,636	32,685	61,769	19,585	2,234	15,920	2,581	14,968

RESOURCES AND LIABILITIES, BY WEEKS—Continued

[In thousands of dollars]

RESOURCES—Continued

	Total	Federal Reserve Bank											
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	At- lanta	Chi- cago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Bills bought in open market:													
Dec. 7	379,998	43,078	119,651	32,554	17,324	49,282	2,541	53,743	4,387	20,335	8,309	22,678	6,116
Dec. 14	381,125	50,579	104,433	32,677	19,702	49,881	2,302	60,323	4,387	20,129	8,622	22,236	5,864
Dec. 21	365,772	45,022	76,896	41,661	19,745	50,976	2,302	66,203	4,569	19,034	7,975	21,750	9,639
Dec. 28	385,527	48,738	95,931	42,279	19,794	48,352	2,251	64,109	4,959	17,872	8,072	22,685	10,485
U. S. Government securities:													
Bonds—													
Dec. 7	266,243	14,489	48,682	16,713	34,194	5,957	5,932	47,443	18,360	11,292	20,544	17,491	25,146
Dec. 14	270,980	15,021	50,009	17,072	34,611	6,091	5,869	47,983	18,615	11,484	20,883	17,766	25,576
Dec. 21	276,390	15,516	51,471	17,433	35,028	6,225	5,946	48,894	18,869	11,678	21,223	18,101	26,006
Dec. 28	287,746	15,173	63,120	17,433	35,028	6,225	5,988	48,904	18,869	11,678	21,222	18,100	26,006
Treasury notes—													
Dec. 7	56,105	2,601	8,551	6,526	9,171	810	2,476	5,989	7,523	4,480	3,024	2,489	2,465
Dec. 14	59,245	3,335	9,205	6,744	9,424	892	2,547	6,215	7,677	4,597	3,230	2,654	2,725
Dec. 21	53,907	2,464	9,315	6,398	8,974	713	1,145	5,575	7,433	4,411	2,723	2,444	2,312
Dec. 28	62,531	2,404	16,890	6,398	8,974	713	893	6,825	7,433	4,411	2,723	2,494	2,313
Certificates of indebtedness:													
Dec. 7	281,853	17,869	114,917	22,191	17,856	5,649	6,810	32,149	12,116	8,004	14,735	11,370	18,187
Dec. 14	267,670	17,897	101,113	22,106	17,757	5,616	6,782	32,341	12,055	7,959	14,654	11,306	18,084
Dec. 21	257,655	18,197	93,242	21,833	17,509	5,514	6,692	31,744	11,861	7,811	14,396	11,099	17,757
Dec. 28	252,849	17,479	88,669	21,833	17,509	5,514	6,692	32,229	11,861	7,811	14,397	11,090	17,756
Total U. S. Government securities:													
Dec. 7	604,201	34,959	172,150	45,430	61,221	12,416	13,218	85,581	37,999	23,776	38,303	31,350	45,798
Dec. 14	597,895	36,253	160,327	45,922	61,792	12,599	15,198	86,539	38,347	24,040	38,767	31,726	46,385
Dec. 21	587,952	36,177	154,028	45,664	61,511	12,452	13,783	86,213	38,163	23,900	38,342	31,644	46,075
Dec. 28	603,126	35,116	168,679	45,664	61,511	12,452	13,573	87,958	38,163	23,900	38,342	31,693	46,075
Other securities:													
Dec. 7	915			100			260			555			
Dec. 14	950			100			260			590			
Dec. 21	980			100			260			620			
Dec. 28	980			100			260			620			
Total bills and securities:													
Dec. 7	1,429,021	114,195	424,310	111,413	122,820	81,507	52,751	198,797	54,835	47,218	61,678	59,549	99,948
Dec. 14	1,474,943	133,556	393,193	120,107	137,620	83,320	51,366	230,796	56,640	48,301	63,394	59,901	96,749
Dec. 21	1,532,860	122,230	423,718	136,554	156,895	92,179	52,084	220,860	65,563	47,125	62,916	58,272	94,464
Dec. 28	1,598,842	124,817	523,097	143,872	151,877	89,440	48,769	213,826	62,707	44,626	62,384	56,959	71,518
Due from foreign banks:													
Dec. 7	566	37	213	47	52	25	20	67	21	15	18	17	34
Dec. 14	566	37	213	47	52	25	20	67	21	15	18	17	34
Dec. 21	569	37	216	47	52	25	20	67	21	15	18	17	34
Dec. 28	568	37	215	47	52	25	20	67	21	15	18	17	34
Uncollected items:													
Dec. 7	647,516	63,229	160,311	54,800	57,688	53,224	25,769	75,580	34,541	15,560	41,424	28,526	36,864
Dec. 14	828,912	82,256	225,041	72,372	75,326	66,874	20,772	94,232	38,570	15,357	45,045	34,638	49,429
Dec. 21	759,246	68,471	197,059	66,128	71,848	57,403	30,585	94,354	35,683	16,904	45,187	30,247	45,377
Dec. 28	728,018	68,407	192,263	61,223	69,233	56,839	29,743	79,728	33,207	16,323	42,338	29,564	44,150
Bank premises:													
Dec. 7	60,067	3,946	16,284	1,749	7,119	2,737	2,904	8,774	3,958	2,774	4,476	1,827	3,519
Dec. 14	60,176	3,946	16,287	1,749	7,119	2,843	2,904	8,774	3,957	2,774	4,476	1,827	3,520
Dec. 21	60,190	3,946	16,297	1,749	7,119	2,843	2,908	8,774	3,957	2,774	4,476	1,827	3,520
Dec. 28	60,185	3,946	16,297	1,749	7,119	2,843	2,908	8,774	3,957	2,774	4,476	1,827	3,515
All other resources:													
Dec. 7	14,176	87	5,315	217	1,247	460	1,383	1,335	764	1,439	568	492	869
Dec. 14	14,759	175	5,897	193	1,275	435	1,357	1,331	769	1,419	556	481	871
Dec. 21	14,462	91	5,515	190	1,286	360	1,528	1,411	740	1,435	425	579	872
Dec. 28	14,383	91	5,899	212	1,320	434	1,336	1,289	746	1,236	451	492	877
Total resources:													
Dec. 7	5,158,349	384,302	1,582,165	364,280	496,925	224,312	238,436	711,524	195,335	145,554	269,784	160,782	424,950
Dec. 14	5,353,632	410,906	1,627,907	389,976	528,218	236,544	258,268	744,421	196,572	145,063	214,971	163,859	436,927
Dec. 21	5,280,080	396,417	1,625,627	379,736	509,615	227,583	261,001	746,911	192,335	142,707	212,756	150,583	425,809
Dec. 28	5,333,839	401,256	1,648,099	380,910	519,414	227,678	262,475	750,096	200,052	144,085	214,261	160,458	424,955

LIABILITIES

Federal reserve notes in circulation:													
Dec. 7	1,749,795	141,968	366,496	142,659	217,099	78,276	147,957	249,877	54,409	61,234	66,979	40,245	173,596
Dec. 14	1,766,735	145,713	368,618	149,036	221,624	77,936	146,122	253,911	55,524	61,264	67,135	48,655	171,803
Dec. 21	1,821,332	150,681	383,684	150,354	227,284	81,122	149,379	265,110	57,300	62,072	68,447	49,650	176,249
Dec. 28	1,813,198	151,697	377,204	146,469	225,939	80,263	147,230	271,754	57,536	61,526	68,045	48,789	176,746

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

[In thousands of dollars]

	Federal Reserve Bank												
	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Federal reserve notes received from comptroller:													
Dec. 7.....	2,975,476	239,856	779,892	214,505	294,664	121,353	230,704	457,720	78,801	85,601	112,721	75,236	284,423
Dec. 14.....	3,017,610	238,362	797,465	216,676	298,929	121,078	231,762	473,929	80,302	85,601	114,448	74,546	284,512
Dec. 21.....	3,037,792	251,193	800,992	216,117	296,484	122,435	231,026	473,074	80,460	85,237	114,837	73,765	292,672
Dec. 28.....	3,043,440	249,382	795,517	214,211	296,131	121,646	233,209	483,311	80,940	84,435	113,443	74,371	296,844
Federal reserve notes held by Federal reserve agent:													
Dec. 7.....	800,190	63,000	276,480	40,200	46,830	24,839	52,220	150,800	17,620	16,894	37,390	17,917	56,000
Dec. 14.....	794,750	51,600	276,480	38,000	43,080	24,829	54,480	160,500	16,930	18,434	37,140	17,327	56,000
Dec. 21.....	776,640	57,000	276,480	33,000	39,330	26,299	52,000	150,700	16,490	17,319	35,620	15,102	57,300
Dec. 28.....	779,860	52,100	276,480	30,100	39,330	23,959	53,640	156,800	16,570	16,929	35,320	15,732	62,900
Federal reserve notes issued to Federal reserve bank:													
Dec. 7.....	2,175,286	176,856	503,412	174,305	247,834	96,514	178,484	306,920	61,181	68,707	75,331	57,319	228,423
Dec. 14.....	2,222,860	186,762	520,985	178,676	255,899	96,249	177,282	313,429	63,372	67,167	77,308	57,219	228,512
Dec. 21.....	2,261,152	194,193	524,512	183,117	257,154	96,136	179,026	322,374	63,970	67,918	78,717	58,663	235,372
Dec. 28.....	2,263,580	197,282	519,037	184,111	256,801	97,687	179,569	326,511	64,370	67,506	78,123	58,639	233,944
Collateral held as security for Federal reserve notes issued to Federal reserve bank:													
Gold and gold certificates—													
Dec. 7.....	405,467	35,300	205,150	-----	40,000	29,830	18,117	-----	7,500	12,267	-----	17,303	40,000
Dec. 14.....	405,778	35,300	205,150	-----	40,000	29,831	18,077	-----	7,450	12,667	-----	17,303	40,000
Dec. 21.....	406,579	35,300	205,150	-----	40,000	29,831	18,978	-----	7,350	12,667	-----	17,303	40,000
Dec. 28.....	407,928	35,300	205,150	-----	40,000	29,831	18,977	-----	7,200	14,167	-----	17,303	40,000
Gold redemption fund—													
Dec. 7.....	100,783	14,669	19,918	8,828	12,372	5,096	7,895	2,767	2,476	728	3,585	4,211	18,239
Dec. 14.....	99,126	13,175	19,917	11,200	14,036	4,320	5,993	2,767	2,317	728	3,192	3,521	17,960
Dec. 21.....	100,483	10,606	19,917	13,240	12,892	3,276	8,656	2,767	1,515	2,364	4,280	3,241	17,729
Dec. 28.....	106,794	18,796	19,917	11,334	14,339	2,487	8,240	2,767	1,196	1,562	3,386	5,266	17,504
Gold fund—													
Dec. 7.....	1,024,417	59,000	75,000	108,477	150,000	-----	115,300	255,000	35,500	35,000	49,860	8,500	132,780
Dec. 14.....	1,080,105	59,000	115,000	110,477	150,000	-----	117,500	255,000	37,500	32,000	53,860	9,500	140,268
Dec. 21.....	998,036	69,000	60,000	99,877	140,000	-----	113,500	245,000	30,500	32,000	53,860	13,000	141,299
Dec. 28.....	954,533	74,000	-----	97,877	125,000	-----	117,600	245,000	33,500	33,000	55,860	12,000	160,696
Eligible paper—													
Dec. 7.....	790,318	79,236	232,211	57,816	61,140	65,636	37,207	112,940	16,792	22,626	23,283	28,152	53,279
Dec. 14.....	826,502	97,303	209,485	63,759	74,875	67,513	35,813	144,118	18,184	23,174	24,501	28,129	48,648
Dec. 21.....	907,392	86,053	257,048	76,646	93,734	73,539	37,950	134,478	27,351	22,100	24,473	26,579	47,432
Dec. 28.....	938,890	89,701	335,773	75,505	88,496	71,498	34,811	125,687	24,499	19,814	23,891	25,217	23,998
Total collateral:													
Dec. 7.....	2,320,985	188,205	532,279	175,121	263,512	100,561	178,519	370,707	62,268	70,621	76,728	58,166	244,208
Dec. 14.....	2,411,511	204,778	540,552	185,436	278,911	101,664	177,363	401,885	65,451	68,569	81,653	58,453	246,876
Dec. 21.....	2,412,490	200,959	542,115	189,763	286,626	106,646	179,093	382,245	66,716	69,131	82,613	60,123	246,460
Dec. 28.....	2,408,145	217,797	560,840	184,716	267,835	103,816	179,628	373,454	66,395	68,543	83,137	59,786	242,198

MATURITY DISTRIBUTION OF BILLS, CERTIFICATES OF INDEBTEDNESS, AND MUNICIPAL WARRANTS HELD BY FEDERAL RESERVE BANKS

[In thousands of dollars]

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	Over 6 months
Bills discounted:							
Dec. 7.....	443,907	386,039	17,465	21,386	11,440	6,320	1,257
Dec. 14.....	494,973	438,526	16,835	19,288	11,844	6,625	1,855
Dec. 21.....	578,156	515,415	20,455	20,781	13,368	6,704	1,433
Dec. 28.....	609,209	537,482	18,330	26,892	18,617	6,423	1,465
Bills bought in open market:							
Dec. 7.....	370,998	155,324	77,774	115,489	29,346	2,065	-----
Dec. 14.....	381,125	153,976	88,522	107,092	29,673	1,862	-----
Dec. 21.....	365,772	141,772	99,627	98,268	24,786	1,319	-----
Dec. 28.....	385,527	172,348	110,201	78,434	23,207	1,337	-----
Certificates of indebtedness:							
Dec. 7.....	281,853	59,932	-----	-----	-----	170,301	51,620
Dec. 14.....	267,670	46,165	-----	-----	-----	168,593	52,912
Dec. 21.....	257,655	22,479	-----	-----	157,098	65,853	12,225
Dec. 28.....	252,849	20,851	-----	-----	153,370	66,013	12,615
Municipal warrants:							
Dec. 7.....	155	-----	155	-----	-----	-----	-----
Dec. 14.....	190	-----	100	90	-----	-----	-----
Dec. 21.....	220	100	120	-----	-----	-----	-----
Dec. 28.....	220	100	120	-----	-----	-----	-----

FEDERAL RESERVE BANKS—AVERAGE DAILY RESERVES AND DEMAND LIABILITIES IN DECEMBER AND NOVEMBER, 1927

[Amounts in thousands of dollars]

Federal reserve bank	Total cash reserves		Total deposits		Federal reserve notes in circulation		Reserve percentage	
	December	November	December	November	December	November	December	November
Boston.....	193,933	199,110	156,775	161,702	147,245	137,749	63.8	66.5
New York.....	941,022	1,028,086	959,131	946,306	378,762	371,836	70.3	78.0
Philadelphia.....	184,282	191,792	140,113	142,328	148,813	134,981	63.8	69.2
Cleveland.....	294,502	298,660	188,794	192,759	222,525	212,307	71.6	73.7
Richmond.....	76,368	77,115	75,111	76,719	79,830	76,246	49.3	50.4
Atlanta.....	171,775	180,160	70,524	70,412	148,408	153,033	78.5	80.6
Chicago.....	421,954	431,038	350,010	345,669	259,758	238,034	69.2	73.7
St. Louis.....	89,255	88,061	87,915	87,920	56,214	53,375	61.9	62.3
Minneapolis.....	74,479	74,782	56,427	57,823	61,613	62,458	63.1	62.2
Kansas City.....	99,453	93,392	93,282	94,240	67,587	65,754	61.8	58.4
Dallas.....	66,743	65,477	69,849	69,165	49,142	50,484	56.1	54.7
San Francisco.....	279,651	283,073	188,053	184,931	175,020	171,921	77.0	79.3
Total.....	2,893,417	3,011,346	2,435,984	2,429,976	1,794,917	1,729,078	68.4	72.4

GOLD SETTLEMENT FUND—INTERBANK TRANSACTIONS FROM NOVEMBER 17 TO DECEMBER 21, 1927, INCLUSIVE

[In thousands of dollars]

Federal reserve bank	Transfers for Government account		Transit clearing		Federal reserve note clearing		Changes in ownership of gold through transfers and clearings		Balance in fund at close of period
	Debits	Credits	Debits	Credits	Debits	Credits	Decrease	Increase	
Boston.....	34,200	8,400	1,142,822	1,166,260	6,262	4,408	4,216	27,713	
New York.....	186,550	212,200	4,106,856	4,136,113	12,577	19,458	61,808	238,205	
Philadelphia.....	33,000	16,000	1,052,643	1,069,475	7,472	5,656	1,984	25,017	
Cleveland.....	15,000	32,600	917,129	885,518	10,797	4,823	19,985	24,800	
Richmond.....	23,000	10,400	953,579	947,407	3,173	4,030	17,915	20,691	
Atlanta.....	28,000	5,600	400,517	413,207	3,666	4,925	8,391	6,968	
Chicago.....	25,000	32,200	1,642,853	1,641,425	9,447	8,659	4,954	97,850	
St. Louis.....	1,000	26,800	778,649	739,464	2,116	4,117	11,884	19,355	
Minneapolis.....	8,600	245,885	245,885	238,948	2,128	2,011	1,546	14,415	
Kansas City.....	3,000	23,800	605,414	589,237	2,940	3,236	4,913	25,818	
Dallas.....	15,000	5,550	469,923	481,223	1,941	2,234	2,143	14,530	
San Francisco.....	35,000	17,100	618,343	626,286	3,648	2,616	10,989	38,696	
Total 5 weeks ending—									
Dec. 21, 1927.....	398,750	398,750	12,934,623	12,934,623	66,173	66,173	75,364	75,364	554,358
Nov. 16, 1927.....	163,200	163,200	13,189,794	13,189,794	68,078	68,078			603,855
Dec. 22, 1926.....	148,000	148,000	11,647,788	11,647,788	62,442	62,442			657,024
Nov. 17, 1926.....	59,000	59,000	11,885,383	11,885,383	66,914	66,914			709,239

FEDERAL RESERVE BANKS—HOLDINGS OF BILLS AND SECURITIES, NOVEMBER, 1927

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
HOLDINGS ON NOV. 30, 1927													
Total bills and securities.....	1,380,515	111,826	366,240	117,560	117,942	81,396	57,618	194,858	61,061	48,144	66,518	62,679	94,673
Bills discounted.....	477,025	38,570	148,115	40,682	39,987	18,953	39,899	60,896	18,723	3,723	19,439	6,784	41,254
Bills bought in open market.....	354,740	30,021	104,063	32,048	17,095	50,026	2,546	49,947	4,439	20,590	8,926	18,414	7,622
United States securities.....	547,835	34,235	114,062	44,730	60,857	12,417	14,913	84,015	37,899	23,276	38,153	37,481	45,797
Other securities.....	915			100			260			555			
Bills Discounted													
Rediscounted bills:													
Commercial and agricultural paper, n. e. s.....	94,954	16,675	6,552	8,431	4,034	6,554	17,506	15,877	5,855	1,821	7,621	519	3,509
Demand and sight drafts.....	391						29		345		6	11	
Bankers' acceptances.....	28										28		
Trade acceptances.....	1,539	52	101	35	224	254	744	32	40				57
Secured by United States Government obligations.....	237	54		1	7	14	54	50	48	2	6	1	
Member bank collateral notes:													
Secured by United States Government obligations.....	345,558	21,789	132,873	27,489	33,477	10,585	12,973	43,444	11,374	1,802	10,397	2,686	36,669
Otherwise secured.....	34,318		8,589	4,726	2,245	1,546	8,593	1,493	1,061	98	1,381	3,567	1,019
Total discounted bills ¹	477,025	38,570	148,115	40,682	39,987	18,953	39,899	60,896	18,723	3,723	19,439	6,784	41,254

¹ Includes \$20,005 secured by adjusted-service certificates held under discount for nonmember banks and \$1,122,707 held under discount for Federal Intermediate Credit Banks.

FEDERAL RESERVE BANKS—HOLDINGS OF BILLS AND SECURITIES, NOVEMBER, 1927

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	At- lanta	Chi- cago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
HOLDINGS ON NOV. 30, 1927—Continued													
Bills Bought													
Bills payable in dollars:													
Bankers' acceptances based on—													
Imports.....	84,989	8,311	25,049	5,744	3,303	15,326	710	12,966	1,726	3,980	2,482	4,479	913
Exports.....	109,139	8,508	30,289	9,070	5,451	17,544	1,325	14,786	1,361	7,746	3,689	5,976	3,394
Domestic transactions.....	81,880	16,163	19,064	8,688	3,010	9,736	470	11,750	475	3,603	1,421	4,939	2,561
Dollar exchange.....	8,188	891	2,872	1,310	231	490	-----	1,153	162	896	2	181	-----
Shipments between on storage of goods in foreign countries.....	64,185	4,770	23,265	6,142	4,043	6,917	30	9,253	690	4,358	1,323	2,830	564
All other.....	4,680	359	2,952	1,070	109	-----	-----	4	14	-----	-----	-----	172
Trade acceptances based on—													
Imports.....	446	-----	436	-----	10	-----	-----	-----	-----	-----	-----	-----	-----
Domestic transactions.....	66	-----	66	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Bills payable in foreign currencies.....	1,167	19	70	24	941	13	11	35	11	7	9	9	18
Total bills purchased.....	354,740	39,021	104,063	32,048	17,098	50,026	2,546	49,947	4,439	20,590	8,926	18,414	7,622
United States Securities													
United States bonds.....	264,732	14,054	47,946	16,346	33,963	5,931	5,680	46,489	18,267	11,042	20,412	19,542	25,060
Treasury notes.....	55,611	2,654	8,305	6,472	9,130	811	2,413	5,379	7,516	4,441	3,013	3,012	2,465
Certificates of indebtedness.....	227,492	17,527	57,811	21,912	17,764	5,675	6,820	32,147	12,116	7,793	14,728	14,927	18,272
Total United States securities.....	547,835	34,235	114,062	44,730	60,857	12,417	14,913	84,015	37,899	23,276	38,153	37,481	45,797
DAILY AVERAGE HOLDINGS DURING NOVEMBER, 1927													
Total bills and securities.....	1,331,008	108,453	327,931	112,418	130,867	82,976	49,582	182,999	62,215	50,454	68,134	62,988	91,991
Bills discounted.....	415,216	36,354	106,511	38,064	46,833	21,516	32,695	46,887	18,135	2,603	18,116	8,388	39,114
Bills bought.....	335,908	38,720	93,960	28,723	18,283	48,656	2,335	45,180	4,937	19,782	10,668	18,519	6,145
United States securities.....	579,238	33,379	127,460	45,531	65,751	12,804	14,526	90,932	39,143	27,549	39,350	36,081	46,732
Other securities.....	646	-----	-----	100	-----	-----	26	-----	-----	520	-----	-----	-----

FEDERAL RESERVE BANKS—VOLUME OF DISCOUNT AND OPEN MARKET OPERATIONS DURING NOVEMBER, 1927

[Amounts in thousands of dollars]

	Total	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	At- lanta	Chi- cago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Total Volume of Operations.	14,139,022	356,347	1,526,548	235,326	514,932	160,871	84,160	474,397	145,256	53,577	112,832	99,266	375,515
Bills discounted for member banks ¹	2,504,200	251,537	842,015	143,695	354,570	122,833	70,653	181,064	99,355	9,541	59,588	62,171	307,178
Bills bought:													
In open market.....	385,051	55,690	163,537	22,595	11,569	19,133	2,236	46,727	2,694	10,420	4,985	15,623	29,842
From other Federal reserve banks.....	14,602	-----	-----	-----	1,100	4,801	-----	-----	900	4,700	1,301	1,800	-----
United States securities bought:													
In open market.....	1,229,141	48,521	519,371	68,335	147,274	14,059	10,971	245,206	42,157	28,846	46,779	19,272	38,350
From other Federal reserve banks.....	5,698	599	1,620	701	419	45	40	1,400	150	-----	179	400	145
Municipal warrants bought.....	70	-----	-----	-----	-----	-----	-----	-----	-----	70	-----	-----	-----
Bills Discounted													
Rediscounted bills:													
Commercial and agricultural paper, n. e. s.....	79,156	3,219	4,713	6,091	3,210	3,950	14,066	20,694	13,367	710	5,070	336	3,730
Demand and sight drafts.....	1,703	-----	-----	-----	-----	-----	208	-----	1,172	-----	14	309	-----
Bankers' acceptances.....	28	-----	-----	-----	-----	-----	-----	-----	-----	-----	28	-----	-----
Trade acceptances.....	1,144	35	95	22	250	226	425	23	24	-----	-----	-----	44
Secured by U. S. Government obligations.....	174	4	-----	-----	-----	9	8	-----	16	-----	-----	135	-----
Member bank collateral notes:													
Secured by U. S. Government obligations.....	1,973,182	150,370	654,997	117,521	319,928	74,118	35,374	151,796	75,846	8,629	49,068	51,327	284,208
Secured by eligible paper ²	448,813	97,909	182,210	20,061	31,182	44,530	20,572	8,551	8,930	202	5,406	10,064	19,196
Total.....	2,504,200	251,537	842,015	143,695	354,570	122,833	70,653	181,064	99,355	9,541	59,588	62,171	307,178

¹ Includes \$260,000 Federal Intermediate Credit Bank debentures.

² Includes \$1,000 secured by adjusted-service certificates discounted for nonmember banks; also \$125,000 discounted for the Federal Intermediate Credit Bank of St. Louis, Mo., and \$1,900,000 discounted for the Federal Intermediate Credit Bank of Berkeley, Calif.

³ Includes bills taken under a resale contract.

FEDERAL RESERVE BANKS—VOLUME OF DISCOUNT AND OPEN MARKET OPERATIONS DURING NOVEMBER, 1927—
Continued

[Amounts in thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Bills Discounted—Continued													
Average rate (365-day basis), per cent.....	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Average maturity (in days):													
Member bank collateral notes.....	5.89	6.34	5.10	8.82	4.06	3.24	12.69	13.32	6.18	5.91	7.00	4.22	4.42
Rediscounted bills.....	50.58	42.69	49.97	43.88	50.91	47.29	48.01	51.58	30.82	119.35	96.18	33.72	74.41
Number of member banks on Nov. 30.....	9,067	413	935	779	837	508	464	1,291	596	741	971	805	667
Number of member banks accommodated during month.....	2,350	145	345	344	231	166	136	400	175	75	193	41	99
Per cent accommodated.....	25.9	35.1	36.9	44.2	27.6	29.2	29.3	31.0	29.4	10.1	19.9	5.1	14.8
Bills Bought in Open Market													
From member banks.....	76,191	16,585	11,823	2,088	5,760	7,059	2,236	17,985	822	3,890	1,592	3,455	2,896
From nonmember banks, banking corporations, etc.:													
Bought outright.....	115,923	10,465	23,549	20,507	5,809	12,074		18,098	1,872	6,530	3,393	7,907	5,719
Bought with resale agreement.....	192,937	28,640	128,165					10,644				4,261	21,227
Total.....	385,051	55,690	163,537	22,595	11,569	19,133	2,236	46,727	2,694	10,420	4,985	15,623	29,842
Bills payable in dollars:													
Rates charged—													
3 per cent.....	133,130	13,450	28,384	10,642	10,086	6,876	428	32,601	2,332	9,027	4,239	8,174	6,891
3¼ per cent.....	1,847	155	36	82		783		730		17		38	6
3½ per cent.....	237,036	41,773	134,186	11,549	1,466	8,721	1,119	7,078	315	1,309	639	6,007	22,874
3¾ per cent.....	9,746	312	410	322	7	2,657		4,972	47	67	106	789	57
4 per cent.....	3,096		377		10	87	689	1,303			1	615	14
4½ per cent.....	167		144					23					
5 per cent.....	9					9							
5½ per cent.....	15							15					
6 per cent.....	5							5					
Average rate (365-day basis), per cent.....	3.22	3.24	3.25	3.22	3.11	3.27	3.32	3.19	3.12	3.11	3.12	3.21	3.20
Average maturity (in days) ⁴	47.18	56.86	32.92	60.47	37.73	62.94	60.13	42.53	41.82	41.25	42.34	48.21	44.58
Class of bills:⁴													
Bankers' acceptances based on—													
Imports.....	40,364	5,276	6,610	4,492	2,370	3,750	513	8,096	854	2,864	1,749	2,770	1,020
Exports.....	62,324	6,307	13,851	6,099	4,155	5,582	1,285	10,872	955	3,106	1,690	3,656	4,766
Domestic transactions.....	52,054	10,711	8,652	6,661	2,501	5,732	363	9,063	350	1,807	861	2,956	2,367
Dollar exchange.....	4,799	884	795	935	223	240		902	162	405	2	251	
Shipment between or storage of goods in foreign countries.....	31,205	3,872	5,166	3,788	2,210	3,664		7,060	343	2,238	683	1,719	462
All other.....	1,210		150	620	100	165	75	90				10	
Trade acceptances based on imports.....	158		148		10								
Bills payable in foreign currencies.....													
Total.....	192,114	27,050	35,372	22,595	11,569	19,133	2,236	36,083	2,694	10,420	4,985	11,362	8,615
United States Securities Bought in Open Market													
Bought outright:													
United States bonds.....	14,084	1,331	3,442	1,397	921	101	469	2,992	366	974	693	1,072	326
Treasury notes.....	25,176	1,908	5,575	1,934	1,693	390	958	6,423	880	1,358	1,263	1,539	1,255
Certificates of indebtedness.....	1,171,111	42,524	504,815	65,004	144,660	13,568	9,544	226,657	40,911	26,514	44,623	15,522	36,769
Bought with resale agreement.....													
Total.....	1,229,141	48,521	519,371	68,335	147,274	14,059	10,971	245,206	42,157	28,846	46,779	19,272	38,350

⁴ Exclusive of bills bought under a resale contract.
⁵ Includes special 1-day certificates issued by the Treasury to Federal reserve banks as follows: Boston, \$35,000,000; New York, \$479,000,000; Philadelphia, \$53,000,000; Cleveland, \$136,500,000; Richmond, \$11,000,000; Atlanta, \$6,000,000; Chicago, \$211,500,000; St. Louis, \$36,000,000; Minneapolis, \$21,500,000; Kansas City, \$33,000,000; Dallas, \$9,000,000; and San Francisco, \$28,500,000; and excludes \$35,000,000 of special 1-day certificates sold under repurchase agreement and subsequently repurchased.

BROKERS' LOANS

LOANS TO BROKERS AND DEALERS, SECURED BY STOCKS AND BONDS, MADE BY REPORTING MEMBER BANKS IN NEW YORK CITY

[In thousands of dollars]

	Demand and time loans				Demand loans				Time loans			
	Total	For own account	For account of out-of-town banks	For account of others	Total	For own account	For account of out-of-town banks	For account of others	Total	For own account	For account of out-of-town banks	For account of others
Dec. 7.....	3,562,805	1,220,398	1,366,278	976,129	2,735,343	899,519	998,625	837,199	827,462	320,879	367,653	138,930
Dec. 14.....	3,558,355	1,230,124	1,374,106	954,125	2,729,454	900,757	1,004,555	824,142	828,901	329,367	369,551	129,983
Dec. 21.....	3,644,331	1,302,333	1,337,183	1,004,815	2,799,974	962,073	962,524	875,377	844,357	340,260	374,659	129,438
Dec. 28.....	3,717,622	1,373,536	1,338,291	1,005,795	2,864,107	1,029,490	959,575	875,042	853,515	344,046	378,716	130,753

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

[Net borrowings. In thousands of dollars]

Date	Total			Borrowings from—					
	Total	On demand	On time	New York banks and trust companies			Private banks, brokers, foreign banking agencies, etc.		
				Total	On demand	On time	Total	On demand	On time
1926—Dec. 31.....	3,292,860	2,541,682	751,178	2,803,585	2,127,996	675,589	489,275	413,686	75,589
1927—Jan. 31.....	3,138,786	2,328,340	810,446	2,670,144	1,963,554	706,590	468,642	364,786	103,856
Feb. 28.....	3,256,459	2,475,498	780,961	2,757,385	2,084,852	672,533	499,074	390,646	108,428
Mar. 31.....	3,289,781	2,504,688	785,093	2,790,080	2,111,565	678,515	499,701	393,123	106,578
Apr. 30.....	3,341,210	2,541,306	799,904	2,864,957	2,146,447	718,510	476,253	394,859	81,394
May 31.....	3,457,869	2,673,993	783,876	2,967,546	2,254,153	713,393	490,323	419,840	70,483
June 30.....	3,568,967	2,756,969	811,998	3,064,975	2,316,440	748,535	503,992	440,529	63,463
July 30.....	3,641,695	2,764,511	877,184	3,144,977	2,343,316	801,661	496,718	421,195	75,523
Aug. 31.....	3,673,891	2,745,571	928,320	3,169,736	2,330,261	839,525	504,105	415,310	88,795
Sept. 30.....	3,914,628	3,017,675	896,953	3,339,649	2,538,526	801,123	574,979	479,148	95,831
Oct. 31.....	3,946,137	3,023,238	922,899	3,363,010	2,548,572	814,438	583,127	474,666	108,461
Nov. 30.....	4,091,836	3,134,027	957,809	3,519,121	2,674,722	844,399	572,715	459,305	113,410
Dec. 31.....									

COMMERCIAL PAPER OUTSTANDING¹

[In thousands of dollars]

End of—	1922	1923	1924	1925	1926	1927
January.....	704,567	806,803	817,880	819,868	654,171	550,918
February.....	717,894	838,041	806,551	819,746	654,943	577,047
March.....	760,315	863,845	889,053	812,690	668,000	605,415
April.....	792,045	867,031	870,956	801,262	662,852	598,704
May.....	790,558	887,644	851,551	775,517	668,226	581,529
June.....	795,443	885,216	863,684	759,091	652,452	579,323
July.....	805,030	854,156	879,060	727,199	654,944	568,618
August.....	807,166	830,743	910,530	721,817	638,110	591,158
September.....	804,615	802,676	914,637	708,374	612,058	599,673
October.....	774,755	815,263	925,379	683,903	593,288	610,945
November.....	747,938	799,223	888,256	665,953	560,194	603,145
December.....	721,688	763,493	797,605	621,312	525,952	

¹ Paper maturing within 7 months. Figures reported by 26 dealers to the Federal Reserve Bank of New York.

BANKERS' ACCEPTANCES OUTSTANDING

[In thousands of dollars]

End of—	All reporting banks ¹			Banks in New York City			Banks outside New York City		
	1925	1926	1927	1925	1926	1927	1925	1926	1927
January.....	834,825	788,254	773,604	588,501	574,042	567,554	246,324	214,212	206,050
February.....	808,359	767,127	785,488	562,405	559,731	574,202	245,954	207,396	211,286
March.....	800,137	745,660	809,446	560,007	543,502	598,536	240,130	202,158	210,910
April.....	757,074	720,611	810,966	544,603	524,808	604,052	212,471	196,003	206,914
May.....	680,346	685,333	774,720	499,509	506,012	579,698	180,837	179,321	195,022
June.....	607,942	621,949	751,270	451,844	461,508	561,274	156,098	160,441	189,996
July.....	569,356	600,487	741,258	425,725	440,797	555,262	143,661	159,690	185,996
August.....	555,167	582,635	782,055	404,247	420,545	573,019	150,920	162,090	209,036
September.....	607,025	614,151	863,823	447,387	442,999	632,139	159,638	171,152	231,684
October.....	674,168	681,647	975,167	502,810	500,186	714,098	171,358	181,461	261,069
November.....	689,768	726,395	1,029,490	507,592	632,166	752,763	182,176	194,229	276,728
December.....	773,736	755,360	.....	579,836	560,964	.....	193,900	194,396	.....

¹ Figures collected and compiled by American Acceptance Council.

LAND BANKS AND INTERMEDIATE CREDIT BANKS

LOANS OF FEDERAL AND JOINT-STOCK LAND BANKS

[In thousands of dollars]

Date	Net amount of loans outstanding		
	Total	Federal land banks (12 banks)	Joint-stock land banks (54 banks)
1926			
Jan. 31.....	1,566,844	1,011,088	555,756
Feb. 28.....	1,587,030	1,019,486	567,544
Mar. 31.....	1,606,818	1,027,361	579,457
Apr. 30.....	1,620,214	1,033,045	587,169
May 31.....	1,632,413	1,038,385	594,028
June 30.....	1,644,105	1,043,955	600,150
July 31.....	1,653,902	1,048,184	605,718
Aug. 31.....	1,664,130	1,053,336	610,794
Sept. 30.....	1,671,856	1,057,217	614,639
Oct. 31.....	1,682,273	1,063,056	619,217
Nov. 30.....	1,692,826	1,068,596	624,230
Dec. 31.....	1,710,295	1,077,819	632,476
1927			
Jan. 31.....	1,724,821	1,085,170	639,651
Feb. 28.....	1,745,404	1,097,642	647,762
Mar. 31.....	1,765,365	1,109,354	656,011
Apr. 30.....	1,732,395	1,117,914	614,481
May 31.....	1,741,275	1,124,055	617,220
June 30.....	1,738,165	1,130,648	607,517
July 31.....	1,742,575	1,134,896	607,679
Aug. 31.....	1,749,393	1,139,502	609,891
Sept. 30.....	1,752,665	1,143,130	609,535
Oct. 31.....	1,757,185	1,147,135	610,050
Nov. 30.....	1,758,834	1,150,943	607,891

LOANS OF INTERMEDIATE CREDIT BANKS

[In thousands of dollars]

Class of loan	1927						1926
	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31	Dec. 31	
Direct loans outstanding on—							
Cotton.....	13,818	13,976	14,176	14,906	14,944	25,676	
Tobacco.....	4,741	4,639	4,539	4,382	4,299	13,747	
Wheat.....	2,532	2,542	2,527	2,537	2,537	3,501	
Canned fruits and vegetables.....	1,266	1,250	1,217	1,176	1,142	1,464	
Rasins.....	5,400	5,700	5,850	5,850	5,950	4,700	
Wool.....	562	553	534	458	411	977	
Rice.....	1,619	1,760	1,879	1,983	1,815	2,413	
All other.....	739	766	912	905	893	227	
Total.....	30,677	31,186	31,634	32,149	31,991	52,705	
Rediscounts' outstanding for—							
Agricultural credit corporations.....	23,089	22,957	22,721	22,604	22,520	23,864	
National banks.....	11	12	10	10	7	27	
State banks.....	166	162	155	157	161	251	
Livestock loan companies.....	18,660	19,394	20,305	20,649	21,220	15,542	
Savings banks and trust companies.....	16	16	16	16	16	73	
Total.....	41,942	42,541	43,207	43,436	43,924	39,757	

BANK DEBITS

DEBITS TO INDIVIDUAL ACCOUNTS BY FEDERAL RESERVE DISTRICTS

[In thousands of dollars]

	Number of centers	November, 1927	October, 1927	November, 1926
New York City.....	1	33,281,668	34,090,832	25,790,318
Outside New York City	140	23,808,741	25,116,744	21,593,299
Federal reserve district:				
Boston.....	11	3,019,481	3,082,754	2,666,956
New York.....	7	34,098,534	34,992,766	26,555,199
Philadelphia.....	10	2,265,642	2,353,126	2,108,355
Cleveland.....	13	2,464,748	2,647,308	2,386,738
Richmond.....	7	796,815	845,513	732,881
Atlanta.....	15	1,126,168	1,276,939	1,100,578
Chicago.....	21	5,729,394	6,047,944	5,226,893
St. Louis.....	5	1,294,180	1,332,106	1,229,843
Minneapolis.....	9	858,626	1,014,455	712,588
Kansas City.....	15	1,287,696	1,340,962	1,239,058
Dallas.....	10	710,014	756,320	647,026
San Francisco.....	18	3,439,111	3,517,383	2,777,562
Total.....	141	57,090,409	59,207,576	47,383,617

PAR COLLECTION SYSTEM ¹

MEMBERSHIP BY FEDERAL RESERVE DISTRICTS

[Number of banks at end of November]

Federal reserve district	Member banks		Nonmember banks			
			On par list		Not on par list	
	1927	1926	1927	1926	1927	1926
United States.....	9,067	9,301	13,306	13,991	3,913	3,925
Boston.....	413	416	248	245	.....	.....
New York.....	935	911	411	412	.....	.....
Philadelphia.....	779	760	497	509	.....	.....
Cleveland.....	837	856	1,029	1,075	10	8
Richmond.....	568	584	659	693	601	635
Atlanta.....	464	481	313	336	1,019	1,066
Chicago.....	1,291	1,342	3,701	3,699	188	227
St. Louis.....	596	617	1,893	2,011	454	427
Minneapolis.....	741	771	771	943	1,144	1,094
Kansas City.....	971	990	2,395	2,563	239	205
Dallas.....	805	833	675	720	200	197
San Francisco.....	667	722	714	785	58	66

¹ Incorporated banks other than mutual-savings banks.

TABLE 4.—ALL BANKS IN THE UNITED STATES 1—PRINCIPAL RESOURCES AND LIABILITIES ON OCTOBER 10 AND JUNE 30, 1927,² BY STATES

[In thousands of dollars]

Table with columns for State, Loans and investments (Total, Loans, Investments), Deposits (exclusive of bank deposits), Rediscouints and bills payable, and Number of reporting banks. Rows include various states like New England, Middle Atlantic, East North Central, etc.

¹ Includes all National, State, and private banks in the United States except a certain number of nonreporting private banks not under State supervision.

² Figures for State institutions are taken from the table on p. 107, and represent in some cases the condition of banks as of dates other than Oct. 10 and June 30.

³ Includes acceptances of other banks and foreign bills of exchange sold with indorsement by member banks.

⁴ Includes bonds borrowed.

⁵ Includes due to banks.

⁶ Includes other liabilities.

TABLE 5.—NATIONAL BANKS—PRINCIPAL RESOURCES AND LIABILITIES ON OCTOBER 10 AND JUNE 30, 1927
 [In thousands of dollars]

State	Loans and investments						Deposits (exclusive of bank deposits)		Rediscounts and bills payable		Number of reporting banks	
	Total		Loans		Investments		October	June	October	June	October	June
	October	June	October	June	October	June						
New England:												
Maine.....	146,709	143,829	74,712	74,025	71,997	69,804	135,928	131,682	1,890	1,877	57	57
New Hampshire.....	67,805	66,919	40,354	39,964	27,451	26,955	58,960	54,872	1,593	3,207	55	55
Vermont.....	64,947	63,599	37,685	37,419	27,262	26,180	56,310	54,133	1,000	2,021	46	46
Massachusetts.....	1,218,573	1,166,834	865,033	832,152	353,540	334,682	1,097,256	1,047,780	19,935	37,465	153	153
Rhode Island.....	56,443	55,535	34,518	33,482	21,925	22,053	45,615	44,422	563	187	13	13
Connecticut.....	261,456	253,126	179,579	173,634	81,877	79,492	240,637	233,651	2,701	4,898	65	65
Middle Atlantic:												
New York.....	4,607,861	4,483,375	3,150,248	3,027,681	1,457,613	1,455,694	4,060,983	4,197,605	69,389	56,815	560	554
New Jersey.....	822,362	801,212	502,438	498,353	319,924	302,859	782,664	764,317	14,653	23,161	294	291
Pennsylvania.....	2,537,188	2,557,255	1,547,860	1,544,753	1,039,328	1,012,502	2,222,190	2,218,116	40,955	52,589	867	868
East North Central:												
Ohio.....	727,181	715,732	476,376	473,086	250,805	242,646	672,266	669,189	14,334	10,662	338	340
Indiana.....	343,521	342,266	232,219	236,116	111,302	106,150	317,640	315,710	3,129	4,776	231	233
Illinois.....	1,414,088	1,411,232	1,064,740	1,052,674	349,348	358,558	1,263,672	1,268,551	8,369	16,750	489	490
Michigan.....	442,962	449,996	295,124	307,855	147,838	142,121	432,200	445,747	7,794	8,072	133	134
Wisconsin.....	370,780	372,622	251,162	254,075	119,618	118,567	352,033	344,695	2,454	8,092	156	156
West North Central:												
Minnesota.....	520,662	497,020	332,903	313,077	187,759	183,943	492,758	477,005	1,251	1,038	281	277
Iowa.....	277,804	273,462	190,793	191,237	87,011	82,225	263,838	258,926	2,089	2,902	286	287
Missouri.....	506,762	501,868	374,800	371,554	131,962	130,314	422,086	402,150	6,402	19,655	135	135
North Dakota.....	74,254	72,255	49,830	49,052	24,424	23,203	84,545	73,400	745	1,412	142	141
South Dakota.....	57,882	55,440	35,804	34,949	22,078	20,491	63,011	57,322	595	1,043	98	98
Nebraska.....	171,286	165,275	130,352	126,457	40,934	38,818	154,239	149,693	2,745	2,341	154	153
Kansas.....	191,277	190,567	132,938	134,466	58,339	56,101	191,646	190,967	2,291	2,990	258	257
South Atlantic:												
Delaware.....	22,683	21,630	12,402	12,176	10,281	9,454	19,241	18,192	501	703	19	19
Maryland.....	259,496	244,852	160,004	157,189	99,492	87,663	230,718	212,397	5,315	12,153	84	84
District of Columbia.....	126,278	125,286	94,344	92,923	31,934	32,363	123,994	125,471	1,017	169	13	13
Virginia.....	333,186	324,083	271,261	267,069	61,925	57,014	281,559	279,587	11,978	6,839	167	167
West Virginia.....	167,738	167,817	129,591	130,241	38,147	37,576	154,380	154,168	3,406	3,769	122	122
North Carolina.....	153,920	147,765	129,566	126,540	24,354	21,225	141,238	132,160	7,201	7,841	76	77
South Carolina.....	104,642	101,201	77,497	76,791	27,145	24,410	102,816	98,490	1,102	2,045	65	65
Georgia.....	220,462	207,394	180,913	170,951	39,549	36,443	204,445	192,219	2,364	4,363	83	83
Florida.....	203,173	212,184	123,803	133,814	79,370	78,370	193,205	211,095	6,567	6,117	63	62
East South Central:												
Kentucky.....	254,056	247,085	178,373	176,910	75,683	70,175	215,738	207,203	4,913	7,220	141	142
Tennessee.....	200,038	195,906	168,056	165,031	31,982	30,875	181,378	179,109	4,297	2,439	104	104
Alabama.....	182,038	158,388	139,788	118,761	42,250	39,627	176,752	148,084	2,305	5,344	106	105
Mississippi.....	74,983	72,724	54,635	51,237	20,348	21,487	72,460	71,835	3,714	2,773	36	36
West South Central:												
Arkansas.....	79,358	75,809	60,399	58,027	18,959	17,782	74,960	75,179	2,171	1,087	78	79
Louisiana.....	94,320	91,197	81,092	78,709	13,228	12,488	86,364	82,467	3,468	2,100	32	32
Oklahoma.....	306,866	304,501	197,562	197,698	109,304	106,803	332,136	334,997	5,300	2,728	349	350
Texas.....	774,758	735,967	604,959	575,474	169,799	160,493	753,754	706,507	6,229	8,313	651	649
Mountain:												
Montana.....	70,205	66,253	45,438	42,597	24,767	23,656	80,651	71,829	211	717	74	74
Idaho.....	43,055	42,758	28,216	28,847	14,839	13,911	48,053	45,013	677	1,104	52	52
Wyoming.....	32,421	32,666	21,388	21,857	11,033	10,809	36,144	34,232	245	172	30	30
Colorado.....	207,411	198,249	126,528	119,212	80,883	79,037	220,574	211,583	2,438	1,646	124	124
New Mexico.....	23,537	23,248	15,282	14,305	8,255	8,943	25,754	24,723	306	219	29	29
Arizona.....	20,864	20,581	13,617	13,609	7,247	6,972	24,275	23,561	608	336	15	15
Utah.....	42,145	42,311	30,073	31,578	12,072	10,733	38,372	37,745	497	391	20	20
Nevada.....	15,685	15,298	10,854	10,508	4,831	4,790	15,262	14,972	423	-----	10	10
Pacific:												
Washington.....	254,218	245,224	156,141	153,545	98,077	91,679	262,673	254,344	1,342	1,478	110	109
Oregon.....	175,708	170,305	104,100	103,203	71,608	67,102	182,745	177,491	464	1,670	95	95
California.....	1,612,388	1,417,735	1,160,215	1,024,933	452,173	392,802	1,578,129	1,381,952	32,331	22,953	239	240
Total.....	20,987,435	20,347,836	14,375,565	13,959,796	6,611,870	6,388,040	19,268,247	18,906,538	316,330	368,042	7,798	7,790

TABLE 6.—STATE BANKS 1—PRINCIPAL RESOURCES AND LIABILITIES ON OCTOBER 10 AND JUNE 30, 1927, 2 BY STATES

[In thousands of dollars]

State	Loans and investments						Deposits (exclusive of bank deposits)		Rediscounts and bills payable		Number of reporting banks	
	Total		Loans		Investments		October	June	October	June	October	June
	October	June	October	June	October	June						
New England:												
Maine.....	269,910	266,072	124,081	122,125	145,829	143,947	254,081	250,785	2,607	3,533	86	87
New Hampshire.....	215,580	215,580	100,027	100,027	115,553	115,553	199,407	199,407	88	88	68	68
Vermont.....	172,302	171,996	115,716	117,630	56,586	54,366	167,640	168,291	1,107	1,182	59	59
Massachusetts.....	2,764,345	2,714,735	1,853,493	1,823,854	910,852	890,881	2,617,842	2,568,021	10,785	14,042	289	289
Rhode Island.....	459,826	457,989	240,666	240,864	219,160	217,125	452,002	450,733	40	24	24	24
Connecticut.....	920,041	905,964	493,042	484,452	426,999	421,512	869,801	856,601	3,016	3,481	167	167
Middle Atlantic:												
New York.....	10,135,465	10,169,752	7,164,507	7,125,391	2,970,958	3,044,361	9,973,070	10,011,771	82,576	50,498	590	597
New Jersey.....	1,464,476	1,454,212	970,403	966,463	494,073	487,749	1,382,606	1,384,758	21,099	20,698	278	277
Pennsylvania.....	2,914,124	2,853,847	1,601,197	1,592,927	1,252,927	1,257,586	2,611,295	2,565,861	33,624	46,264	772	772
East North Central:												
Ohio.....	1,881,944	1,839,950	1,457,022	1,426,274	424,922	413,676	1,839,178	1,788,598	20,014	29,726	725	724
Indiana.....	538,634	538,634	437,647	437,647	100,987	100,987	515,628	515,628	43,958	43,958	832	832
Illinois.....	2,298,272	2,253,980	1,693,437	1,649,572	604,835	604,408	2,255,837	2,208,896	13,585	19,549	1,348	1,353
Michigan.....	1,406,642	1,385,377	600,389	603,282	806,253	782,095	1,372,711	1,348,636	10,779	25,072	616	609
Wisconsin.....	527,440	532,328	371,325	379,434	156,115	152,894	549,900	548,615	3,881	6,330	814	817
West North Central:												
Minnesota.....	396,982	399,076	229,825	233,564	167,157	165,512	402,658	406,081	6,748	7,794	893	918
Iowa.....	514,758	509,827	489,533	484,761	25,225	25,066	561,305	559,917	5,393	5,937	1,084	1,096
Missouri.....	739,822	740,434	519,838	519,562	219,984	220,872	759,640	769,473	17,885	14,313	1,304	1,322
North Dakota.....	58,516	56,790	52,105	50,828	6,411	5,962	72,587	62,861	1,372	2,274	387	389
South Dakota.....	67,355	64,836	57,683	56,032	9,672	8,804	81,567	73,173	1,250	2,260	320	319
Nebraska.....	242,562	239,324	208,669	212,240	33,893	27,084	274,618	267,024	4,319	5,323	867	872
Kansas.....	207,766	210,112	172,215	177,049	35,551	33,063	225,453	227,210	3,098	4,537	910	923
South Atlantic:												
Delaware.....	113,298	110,027	68,106	66,253	45,192	43,774	99,139	97,774	572	576	30	28
Maryland.....	543,649	543,649	319,222	319,222	224,427	224,427	519,554	519,554	5,394	5,394	160	160
District of Columbia.....	114,991	116,241	87,291	88,913	27,700	27,328	116,553	116,835	127	785	29	30
Virginia.....	212,930	212,930	190,664	190,664	22,266	22,266	177,609	177,609	7,077	7,077	330	330
West Virginia.....	196,999	197,583	168,582	169,679	28,417	27,904	187,695	191,528	5,762	5,849	216	217
North Carolina.....	249,838	240,082	222,792	215,905	27,046	24,177	250,224	232,250	11,183	11,528	389	393
South Carolina.....	79,680	79,524	66,051	67,262	13,629	12,262	86,907	78,066	1,796	4,265	214	216
Georgia.....	146,430	144,905	127,548	126,994	18,882	17,911	142,344	128,518	7,781	9,978	386	388
Florida.....	181,927	189,760	134,581	144,616	47,346	45,144	190,080	214,282	10,279	6,925	259	265
East South Central:												
Kentucky.....	230,472	230,472	193,611	193,611	36,861	36,861	206,602	206,602	4,687	4,687	461	461
Tennessee.....	187,386	187,386	169,142	169,142	18,244	18,244	209,144	209,144	5,992	5,992	416	416
Alabama.....	102,654	113,587	91,579	102,906	11,075	10,681	116,483	111,677	2,747	6,460	250	251
Mississippi.....	151,519	139,805	122,135	111,827	29,384	27,978	163,843	146,323	7,039	4,548	290	289
West South Central:												
Arkansas.....	124,556	123,044	112,910	112,502	11,646	10,542	130,368	124,637	7,715	7,139	375	376
Louisiana.....	305,239	306,744	252,890	253,230	52,349	53,514	290,184	290,773	19,699	21,364	200	200
Oklahoma.....	67,100	66,135	48,437	47,678	18,663	18,457	81,973	81,788	975	1,169	344	346
Texas.....	216,853	206,890	187,014	180,802	29,839	26,088	246,576	218,802	3,313	7,722	765	767
Mountain:												
Montana.....	65,305	63,990	41,511	41,229	23,794	22,761	76,545	69,269	385	803	135	136
Idaho.....	32,019	30,506	19,522	18,976	12,497	11,530	38,233	34,496	439	728	92	92
Wyoming.....	19,347	19,053	15,671	15,510	3,676	3,543	23,234	21,129	393	720	57	58
Colorado.....	57,793	57,793	40,148	40,148	17,645	17,645	63,017	63,017	938	938	173	173
New Mexico.....	14,889	8,530	10,631	5,956	4,258	2,574	16,717	9,202	309	146	30	30
Arizona.....	41,534	41,364	28,760	28,925	12,774	12,439	48,492	47,660	844	693	31	31
Utah.....	101,858	98,564	84,126	79,960	17,732	18,604	86,172	83,260	2,088	1,784	87	87
Nevada.....	20,593	20,448	17,448	17,394	3,145	3,054	23,154	23,139	---	---	25	25
Pacific:												
Washington.....	165,560	161,496	109,743	107,688	55,817	53,808	173,555	167,601	1,201	1,984	247	249
Oregon.....	84,854	82,683	57,416	57,683	27,438	25,000	93,875	89,125	1,294	2,445	156	158
California.....	1,532,712	1,712,395	1,134,718	1,289,678	397,994	422,717	1,518,919	1,718,729	21,143	18,940	297	304
Total.....	33,558,747	33,486,401	23,135,069	23,071,665	10,423,678	10,414,736	32,816,017	32,705,129	418,356	447,538	18,867	18,990

1 Includes all State and private banks in the United States except a certain number of nonreporting private banks not under State supervision.

2 Or dates nearest thereto for which figures are available.

3 Includes bonds borrowed.

4 Includes due to banks.

5 Includes all other liabilities.

NOTE.—All figures used in the June columns are as of June 30 except as follows: Connecticut, savings banks, Mar. 31; Tennessee, May 18; Missouri, Apr. 12; Kentucky, June 30, 1926.

All figures in the October columns are as of Oct. 10 except as follows: Maine, Sept. 24; New Hampshire, June 30; Massachusetts, savings banks, Oct. 31; Rhode Island, State banks, Sept. 7, savings banks, June 30; Connecticut, savings banks, Mar. 31; New York, State banks, Sept. 30, savings banks, June 30; New Jersey, Sept. 30; Pennsylvania, Oct. 5; Ohio, Sept. 12; Indiana, June 30; Wisconsin, Oct. 3; Minnesota, Nov. 7; Missouri, Aug. 25; Nebraska, Sept. 30; Kansas, Sept. 12; Maryland, June 30; Virginia, June 30; North Carolina, Nov. 4; Georgia, Oct. 3; Kentucky, June 30, 1926; Tennessee, May 18; Alabama, Oct. 17; Louisiana, Sept. 28; Colorado, June 30; Utah, Sept. 30.

FEDERAL RESERVE DISTRICTS

